FROM BRIC TO BRICS

Report on the Proceedings of the International Workshop on SOUTH AFRICA'S EMERGING POWER ALLIANCES: IBSA, BRIC, BASIC

FRIEDRICH EBERT STIFTUNG

Institute for Global Dialogue
IGD

Edited by Francis A. Kornegay & Lesley Masters

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Institute for Global Dialogue IGD Better Africa • Better World

Edited by Francis A. Kornegay & Lesley Masters

Published in May 2011 by the Institute for Global Dialogue

ISBN 978-1-920216-31-3

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Editor: Beth le Roux
Design and layout: Andri Steyn
Printer: Business Print, Pretoria

Images: Shutterstock

CONTENT

ACRONYMS AND ABBREVIATIONS

ACP	African, Caribbean and Pacific group of states
AOSIS	Alliance of Small Island States
AU	African Union
BASIC	Brazil, China, India and South Africa
BRIC	Brazil, Russia, India, China (now BRICS following South Africa's inclusion)
DIRCO	Department of International Relations and Cooperation (South Africa)
EAC	East African Community
EU	European Union
G20	Group of 20
G77	Group of 77
GG	global governance
IBSA	India, Brazil, South Africa
IBSAMAR	India, Brazil, South Africa maritime exercises
IGD	Institute for Global Dialogue
IMF	International Monetary Fund
ECOWAS	Economic Community of West African States
FDI	foreign direct investment
NAM	Non-Aligned Movement
OECD	Organisation for Economic Co-operation and Development
PTA	preferential trade agreement
SADC	Southern African Development Community
TRIPS	trade-related aspects of intellectual property rights
UN	United Nations
WTO	World Trade Organisation

NOTES ON THE CONTRIBUTORS

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Professor Bava is the Chairperson and Professor of European Studies at the Centre for European Studies, School of International Studies, Jawaharlal Nehru University, New Delhi, India. She also serves as guest faculty at the Foreign Service Institute, Ministry of External Affairs (New Delhi), and is Associate Fellow of the Asia Society (New York). Recent publications may be found in *Does South Asia Exist? Prospects for Regional Integration* (Washington DC, Brookings, 2010); *Regional Leadership in the Global System: Ideas, Interests and Strategies of Regional Powers* (London, Ashgate 2010); *Partnerships for Effective Multilateralism: EU Relations with Brazil, China, India and Russia* (Paris, Chaillot Paper No. 109, May 2008) and *Europe-Asia Relations: Building Multilateralisms* (London, Palgrave, 2008). She is fluent in English, Hindi, and German.

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Mr Carim has a BA Specialist Honours in International Relations and Development Economics from the University of Toronto, Canada, and an MA in International Studies from Rhodes University, Grahamstown. He was a Research Fellow at the Centre for Southern African Studies and Lecturer in International Studies at the University of the Western Cape, between 1993 and 1995. He then joined the Department of Trade and Industry's multilateral trade section, in 1995, and was South Africa's representative to the WTO in Geneva from 1998 until 2002. Mr Carim has been Chief Director in the International Trade and Economic Division of the DTI, responsible for FTA and WTO trade negotiations, since 2002 and was appointed Deputy Director-General in 2007.

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Mr Freemantle is currently an economist concentrating on Africa's external relations with the world and internal structural growth dynamics for the Standard Bank Group.

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Mr Kornegay is a Research Associate at the Institute for Global Dialogue (IGD), with a Master's degree in African Studies from Howard University and in International Public Policy from the School of Advanced International Studies at Johns Hopkins. He served two stints in the US Congress as a professional foreign affairs staffer and established the Research and Evaluation Unit for the African Development Foundation, an independent US agency. In South Africa, he served as the country director of the African-American Institute (AAI) and was involved in electoral support activities. His research includes global geopolitical issues, South African and US foreign policies and South-South co-operation issues, on which he has written and published extensively. He is a former 'Cape to Cairo' *Business Day* columnist, managed a Ford Foundation-funded project on IBSA, and has organised seminars on IBSA both in South Africa and India. In Brazil, he presented a paper on South Africa as an emerging power and presented another on IBSA, BRIC and South-South co-operation at a Stellenbosch seminar in September 2010. In 2009, he authored the *Global Insight* on 'South Africa's South-South Dilemmas: Will a BRIC fall on IBSA?'

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Ambassador Ngombane currently holds the position of Deputy Director-General for Asia and the Middle East at the Department of International Relations and Cooperation (DIRCO). He formerly served as South Africa's High Commissioner to Malaysia from 2007 to 2010 and before that, as South Africa's Ambassador to the Democratic Republic of the Congo (DRC) from 1999 to 2007, where he was tasked with assisting in bringing peace to the DRC so that elections could be held and government institutions could be set up. In the DRC, Ambassador Ngombane facilitated the conclusion of the Lusaka Ceasefire Agreement to commence negotiations to reach a peaceful settlement in the DRC. He also played a role in all the processes for the holding of elections, the integration of armed groups and the training of the police force to ensure safe elections. Whilst serving as South Africa's Ambassador to the Ivory Coast from 1995 to 1999, Ambassador Ngombane was also accredited to Togo, Benin, Burkina Faso and Niger.

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Dr Qobo was formerly Head of the Emerging Powers Programme, South African Institute of International Affairs (SAIIA). His research expertise includes the foreign policies of emerging powers and key African states, global governance challenges, and South Africa's regional and multilateral economic relations. He joined SAIIA at the end of 2009, having previously served as Chief Director responsible for trade policy development at the Department of Trade and Industry (DTI). He holds a PhD in Politics from the University of Warwick, United Kingdom. He obtained his MA in International Studies from the University of Stellenbosch, and BA from the University of Cape Town. His previous experience includes a doctoral fellowship with the World Trade Organisation (WTO) in Geneva, Switzerland, and a Mellon post-doctoral research fellowship with the University of Stellenbosch. He holds professional Associateships with the Midrand Group, the Lausanne-based Evian Group, and the Centre for the Study of Globalisation and Regionalisation at the University of Warwick.

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Ms van Wyk lectures in International Politics at the University of South Africa. She obtained an MA (Political Science) from the University of Stellenbosch and is currently a doctoral candidate at the University of Pretoria, on the theme of South Africa's nuclear diplomacy from 1990 to 2010. She has published on political event management, elites and leadership, international relations, foreign policy, space politics, South African politics, environmental issues and the international political economy. She is Fulbright alumna and a member of the Suid-Afrikaanse Akademie vir Wetenskap en Kuns, and has served as the review editor of *Politikon* (Taylor & Francis) and the editor of *Politeia* (Unisa Press). She has lectured at the South African National Intelligence Academy, the South African National Defence College, the South African War College and the South African Diplomatic Academy, and completed consultancies for the World Bank, UNESCO, the Institute for Security Studies, the South African Department of Foreign Affairs and Consultancy Africa Intelligence. In June 2010, she was appointed by the Minister of Trade and Industry to serve on the South African Council for Space Affairs (SACSA).

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Dr Vickers is Head of Research and Policy in the International Trade and Economic Development (ITED) division of the Department of Trade and Industry. Previously he held the position of Programme Head: Global Economy and Development at the Institute for Global Dialogue and worked in the Policy Unit in the Presidency. He has also lectured at various South African universities and Goldsmiths College in London. He holds a PhD in Politics from the University of London through the award of a Commonwealth Scholarship and an MA (cum laude) from the University of Johannesburg. He has published extensively on South Africa's international relations and political economy debates, including a co-edited volume (with Amrita Narlikar of Cambridge University) on *Leadership and Change in the Multilateral Trading System* (2009, Marthinus Nijhoff/Republic of Letters) and a study on investment climate reform for the World Bank's 2005 World Development Report.

PREFACE

A debate on the ways in which emerging powers could cooperate more effectively to translate the potential benefits of shifts in global power into real diplomatic advantage and benefits is essentially about consolidating a common institutional and policy agenda to guide their participation in international diplomacy. This comes against the backdrop of emerging powers, where a small number of developing countries have acquired more power currency to influence and shape the global public policy agenda. The old centres of global power are in gradual decline with falling populations, struggling economies and a lowering of their international prestige. This creates a space for emerging powers not merely to participate, but to exercise real agency in global affairs through agenda-setting.

A small number of developing countries have acquired more power currency to influence and shape the global public policy agenda

There is, however, a discernible power asymmetry within the global South itself with the likes of Brazil, India and China leading the pack, followed by countries such as Mexico, Turkey and South Africa. These nations are individually different, bringing various idiosyncratic advantages to the growing Southern multilateralism. But they all share a desire to shape a new world order, one that recognises the need for a fair sharing of global power through global governance reform and just global public policies through the embrace of an over-arching developmental agenda. In turn, the old global powers are bargaining on this by calling on the emerging powers to take on more responsibility for solving global problems like poverty and conflict.

Emerging powers face a host of challenges. Chief amongst them is unity of purpose and action, given the temptation for each to individually pursue national interests to their own advantage. The second is the growing rift between major developing countries and the rest of the global South as witnessed at the Climate Change Conference in Copenhagen in December 2009. Related to this is their possible co-option into the agenda of the old powers through deal-making and by their invitation to extended outdated clubs like the G8.

There is a cacophony of voices from the South, which are calling for emerging powers to influence global affairs much more coherently by building effective strategic alliances amongst them. Only on this basis can they make good use of the spaces open to them for global agenda-setting in favour of reform and of strengthening the influence of the developing world generally.

Just what this entails in practical terms, what policy agenda would enable these alliances to grow, and what regional leadership acumen would be required for this purpose, are some of the questions that were discussed at the international seminar on which this report is based. The three anchor presentations effectively outline what might be perspectives from Brazil, India and South Africa on the necessary ingredients for a common global agenda on which their alliances should be built. They also demonstrate the linkages between each country's regional leadership, bilateral relations, and their collective diplomatic capital globally. It is on this basis then that the envisaged institutional and substantive coherence across various platforms of Southern multilateral diplomacy, including BASIC, IBSA and BRIC (now BRICS), could be achieved.

We are grateful to our long-standing partner, the FES (Johannesburg, Beijing and New Delhi), for their assistance in making this international seminar possible. The IGD's Senior Research Fellow, Francis Kornegay, deserves appreciation too for he conceptualised and executed the project and edited this proceedings report. Dr Lesley Masters, IGD's senior researcher, assisted in editing this report.

Siphamandla Zondi, PhD
Director: Institute for Global Dialogue
February 2011

'Twas the day before Christmas, Pretoria was stirring with tidings from Beijing of a forum that beckoned.

Come Brasilia, come Moscow, come Delhi and who?

Pretoria came knocking, we welcome you too!

There are BRICS to be made instead of a BRIC to be laid.

Come four, come five, come all emerge together.

There are seats to be sat at a Club called P5.

They hear us knocking, but can we come in?

Washington and Moscow for Delhi, London for Pretoria too.

Beijing, Beijing, tidings from Beijing?

BRICS are being made and BRICS are being laid at a forum that beckons.

'Twas the day before Christmas, Pretoria was stirring with tidings from where? To where? To the forum in Beijing, that's where!

Out with BRIC in 2010. The World Cup is over.

In with BRICS in 2011. The World Cup forever?

Brasilia? Moscow? Pretoria we need you.

But who needs who the most? Mother Africa beckons to all who are emerging, to all who have emerged – and to those in decline!

Twas the day before Christmas, Pretoria was stirring…

"There can be no two opinions that Beijing made a smart move. Its decision to anoint South Africa as a new member of BRIC (Brazil, Russia, India and China) will be projected as based on economic grounds, but there are any number of other dimensions.

The decision was hugely significant politically, and its announcement showed delightful timing – Christmas Eve. It also has vast geopolitical potential and it is undoubtedly based on strategic considerations. The choice of South Africa can even be spotted as a gutsy move to disprove a prediction from Jim O'Neill, chairman of Goldman Sachs Asset Management and guru of the BRIC concept, that Nigeria was better placed to make the grade.

The next BRIC summit – or BRICS as it will now be known – is scheduled for April in Beijing, where for the first time South Africa will participate as a member of the group."

MK Bhadrakumar
Asia Times Online
4 January 2011

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"…the big news on our economic front is our impending membership of the Bric group of nations. Again, some analysts are downplaying the importance of this alliance with Brazil, Russia, India and China, advancing the baffling argument that our economy is too small to be of interest to them and the only interest they have in us is 'political' because we are the investment gateway to Africa.

Precisely. But investment is an economic rather than a political matter. I have long punted the argument that investors should wake up to the fact that SA is the investment gateway to Africa; that we can be to the rest of Africa what Hong Kong has been to China…"

Allister Sparks
Business Day
5 January 2011

BACKGROUND AND CONTEXT

The poetry of South Africa's anticipated entry into the BRIC Forum, coming literally on the eve of Christmas at the invitation of China, is one thing, while the prose of emerging power geopolitics is something else altogether. That South Africa was invited was no surprise. It was expected. It was the timing and how quickly it occurred that was noteworthy. Beijing's Christmas Eve invitation has already generated a string of 'pro' and 'con' critical commentaries from observers, analysts and policy makers who track Pretoria's foreign policy moves and the developments in such groupings as BRIC, IBSA and BASIC. Indeed, one could do worse than read MK Bhadrakumar's provocative interpretation of 'China BRICS up Africa', to appreciate the strategic 'fun and games' as 2011 barely got underway. More on that later. Meanwhile, what has been unfolding is emblematic of many of the issues raised at the 5 November 2010 'Dewali' workshop on South Africa's emerging power alliances. The workshop was, in fact, at least partially inspired by the prospect of South Africa's entry into BRIC. This had generated spirited debate and discussion throughout 2010, in part influenced by what this would mean for the India-Brazil-South Africa (IBSA) Trilateral Dialogue Forum.

The poetry of South Africa's anticipated entry into the BRIC Forum, coming on the eve of Christmas at the invitation of China, is one thing

While South Africa was controversially excluded from BRIC at its 2009 launch in Yekaterinburg (in Russia), its inclusion in the Brazil-South Africa-India-China forum (BASIC, from which Russia is absent) for influencing ongoing climate change negotiations represented yet another dimension of the importance of emerging power diplomacy in Pretoria's foreign policy calculus. Hence, the rationale for the 5 November workshop billed as a focus on 'South Africa's Emerging Power Alliances: IBSA-BRIC-BASIC'. Furthermore, the realisation that IBSA was only three years away from its tenth anniversary, having been launched in Brasilia in 2003, seemed added reason for reflecting on South Africa's emerging power relationships and their future prospects.

In the run-up to the 5 November workshop, the Department of International Relations and Cooperation (DIRCO) had decided that preoccupations with the IBSA-BRIC dilemma made it necessary for there to be an internal forum on South Africa's options well ahead of what the Institute for Global Dialogue (IGD) was planning. Therefore, DIRCO partnered with IGD in convening a discussion forum on 'South Africa as an Emerging Power – IBSA/BRIC: Now and in the future' at its OR Tambo headquarters on 30 June 2010. Involving both government and non-governmental specialists and officials, the roundtable was held in conjunction with DIRCO's Policy Research and Analysis Unit (PRAU).

South Africa, meanwhile, was already well advanced in its BRIC diplomacy. This raised several questions among a number of informed observers and analysts regarding what South Africa would gain from being in BRIC apart from the prestige of being in the premier emerging powers club that had been originally coined in the West by financial power-house, Goldman Sachs. Was South Africa's membership of BRIC being carefully thought through given the country's lack of global great power status in league with the BRIC mega-states? These emerging powers, moreover, were clearly pursuing an activist African agenda in accessing the continent's resources and increasingly vibrant markets. Also, what would this mean for IBSA which, clearly, was a more definitively strategic expression of South-South cooperation among democratic regional powers on the three 'global South' continents of Africa, Asia and Latin America?

It remains to be seen where Pretoria will place its emphasis between IBSA and BRIC

Notions that South Africa's exclusion from BRIC might indicate Brazilian and Indian abandonment of IBSA in favour of a more avowedly great power alignment and/or the possibility that South Africa's entry into BRIC might make IBSA somehow redundant, were among concerns raised. In short, 'Will a BRIC Fall on IBSA?' was the question, as posed by IGD's July 2009 *Global Insight*.[1] Apart from a growing sense that IBSA should not be abandoned in favour of joining the BRIC 'big league,' there were other related questions about whether or not South Africa really needed to be in BRIC, especially since, in objective terms, it was not a BRIC country but, as some have been stressing, a second or third tier emerging market. While some have held that South Africa should not be in BRIC or be preoccupied with it, there has also been a general sense that BRIC versus IBSA was a non-issue since the two groupings did not constitute a zero-sum calculus. But now that South Africa is a member of what will become 'BRICS,' will this assumption actually hold up in the cut and thrust of emerging power geopolitics or is it wishful thinking?

Going into the November workshop, it was becoming increasingly apparent that South Africa was going to be accepted into BRIC and that this was not supposed to adversely affect IBSA. Still, it remains to be seen where Pretoria will place its emphasis between IBSA and BRIC and how it prioritises its African and emerging power agendas – and how each of these agendas impacts on the other. Apart from those considerations, there continues to be a need to interrogate such groupings as IBSA, BRIC and BASIC; not just because of whether or how Pretoria's national interests are served in how it relates to them, but for assessing the intrinsic viability of such formations in their own right and their significance for the changing global strategic landscape.

1 Francis A. Kornegay. "South Africa's South-South Dilemmas: Will a BRIC fall on IBSA?" *Global Insight*. IGD, Issue 88/July 2009. 6pp.

Thus, in partnership with the Friedrich Ebert Stiftung (FES), it was deemed important for such a workshop to solicit 'think pieces' to engage an Indian and Brazilian perspective on how India and Brazil relate to such emerging power alliances, 'alliances' being employed in the loose sense of the term since neither IBSA, BRIC nor BASIC are conceived as formal alliance structures. Rather, they are more reflective of limited alignments of convergence in specific areas of global governance; an additional reason for their not necessarily reflecting zero-sum options in terms of which grouping to belong to. But, in an attempt to glean their implications for a changing global order and the role of emerging powers that are also regional power-houses on their respective continents, such forums as provided by the November workshop are instructive of efforts being made by scholars, researchers and practitioners in the field of international relations and in related policy areas of diplomacy to come to grips with the changing geopolitical terrain of the global political economy.

Such efforts have been underway over several years since IBSA was launched in 2003 and should gain greater impetus under BRICS. The November workshop was the latest in what has been an extensive range of IBSA and South-South cooperation-related research, academic and policy dialogue activities. Many of these, until recently, were supported by the Ford Foundation as well as FES and by the Brazilian Foreign Ministry's foundation within Itamaraty, the *Fundação Alexandre de Gusmão* (FUNAG). (Gusmão sustains such country-specific studies programmes as the *Centro de Estudos Brasil-Àfrica do Sul* headed up by Paulo G. Fagundes Visentini at the *Universidade Federal do Rio Grande do Sul*, while FUNAG, in fact, convened the first IBSA academic forum in 2007. The 2010 academic forum was funded and organised by the International Policy Centre for Inclusive Growth under the UNDP's Poverty Practice, Bureau for Development Policy.) FES and several other German institutions have been at the forefront, among Western institutions, of sponsoring and supporting emerging power or IBSA-BRIC dialogues and research. The Ford Foundation, until recently, was also a major supporter of IBSA research. This was especially the case with Ford's Brazil office headed up by former ActionAid representative, Ana Toni, after Mariano Aguirre, who had launched the IBSA research programme at Ford's New York office, left to set up, the *Fundación para las Relaciones Internacionales y el Diálogo Exterior* (FRIDE) in Madrid. In India, the Research and Information System for Developing Countries (RIS), established as a backstop to the Non-Aligned Movement, has played a major role as an academic forum, along with such economic research and analysis institutions as CUTS International (Consumer Unity and Trust Society) in Jaipur.

Neither IBSA, BRIC nor BASIC are conceived as formal alliance structures

Panellists at the 5 November workshop, including Professor Alcide Costa Vaz, Vice-Chairman of the Institute of International Relations at the University of Brasilia and Ummu Salma Bava, Chair and Professor of the Centre for European Studies at Jawaharlal Nehru University (JNU) in New Delhi, are among a network of scholars who have found support within this funding context, albeit one that

It remains to be seen to what extent the policy research and 'track 2' activities needed to inform strategic decision-making in the fluid terrain of the current international landscape will find the necessary support

is fast fading, raising serious questions about emerging powers research generally. Both Professors Bava and Costa Vaz were involved in a Ford-funded international research project on India, Brazil and South Africa focusing on 'Intermediate States, Regional Leadership and Security', resulting in a volume edited by Costa Vaz and published by the University of Brasilia in 2006.[2] This editor was introduced into this network by Prof. Monica Hirst, of Universidad Torcuato Di Tella in Argentina. South African organisations such as the South African Institute for International Affairs (SAIIA) and Centre for Policy Studies (CPS) as well as IGD have also been engaged in IBSA-related research and dialogue initiatives funded within this same framework, though on a somewhat smaller scale than was the case in Brazil under the Ford Foundation. This editor, having begun his emerging powers journey at SAIIA as a Bradlow Fellow (followed by a stint as a 'Cape to Cairo' columnist for *Business Day*), was involved with two CPS dialogues in Johannesburg and New Delhi, the latter in partnership with the Institute of Social Studies. Researchers and scholars from the Institute for Defence Studies and Analysis (which has an MoU partnership with SAIIA) as well as with JNU and other institutions were involved. Although emerging powers research and South-South cooperation have not been major preoccupations on Washington's policy agenda, the Woodrow Wilson International Centre for Scholars did host a seminar addressed by Bava, Costa Vaz and Kornegay in May 2009 focusing on IBSA which preceded the launching of BRIC.[3]

As South Africa and its IBSA-BRIC partners expand the scope of their emerging power collaboration, it remains to be seen to what extent the policy research and 'track 2' activities needed to inform strategic decision-making in the fluid terrain of the current international landscape will find the necessary support to carry on a much-needed dialogue. Specifically with regard to what is now BRICS, the Institute for Applied Economic Research (IPEA) in Brazil's Secretariat for Strategic Affairs has established the *Centro de Estudos e Pesquisas – BRIC* (BRIC Policy Centre). The New Delhi-based Observer Research Foundation (ORF), meanwhile, which did the preparatory work for the inaugural BRIC summit, occupies pole position as a major think-tanking back-stop. Predating South Africa's entry into BRIC, the ORF recently published a volume titled *BRIC in the New World Order: Perspectives from Brazil, China, India and Russia*, edited by Nandan Unnikrishnan and Samir Saran. As China prepared to host a BRICS think tank symposium on 24 and 25 March 2011, it may be important, going forward for both the IBSA and BRICS processes to converge in motivating much-needed inclusivity and networking among scholars and researchers who have been

2 Alcides Costa Vaz, ed. *Intermediate States, Regional Leadership and Security: India, Brazil and South Africa*. Brasilia, Fundaçáo Universidade de Brasília, 2006. Included is an essay by Salma Bava on 'India: An emerging power in international security?'

3 Woodrow Wilson International Centre for Scholars. *Emerging Powers: India, Brazil and South Africa (IBSA) and the Future of South-South Cooperation*. Washington, D.C. August 2009. Special Report.

involved on the sidelines of both forums. The different networking strands among these academic forum constituencies need to be brought together for the mutual enrichment of IBSA and BRICS alike.

A major weakness in the South African approach to the international relations of both IBSA and BRICS is a confusion between what is considered 'academic' in the sense of university-to-university linkages and collaboration in diverse sectors and disciplines, and international relations, cooperation and peace and security-related think-tank-based research having to do with Pretoria's foreign policy objectives within IBSA, BRICS and BASIC as well. As currently configured, these objectives are mismatched under the Department of Education as the designated focal point for organising IBSA academic forums, a situation not found in other IBSA and BRICS member states. Indeed, the 'think-tank' focus under BRICS as in the 3rd Think-Tank Symposium held in Beijing might provide a more appropriate model for think tanks situated both within and outside academic institutions focusing on one or another aspect of international studies.

The fact that South Africa is now a member of BRIC by no means ends the IBSA-BRIC debate, although it is one that may have been overdrawn to begin with, with its unnecessary zero-sum overtones. South Africa's official statement on becoming a full member of BRIC dispels any notion of BRIC gaining at the expense of IBSA, as BRIC and IBSA are seen as co-existing in complementary synergy from Pretoria's vantage point (see Appendix 1). Moreover, though not to pre-empt the dialogue in these pages that follows, there are advantages in South Africa being a member of BRIC both in its own national interest and in the broader pan-African interest. This is especially the case given certain strategic decisions and coordinating in global economic and financial diplomacy that may be made at the level of BRIC as the leading emerging power 'caucus' within the G20.

The 'think-tank' focus under BRICS might provide a more appropriate model for think tanks

Yet scepticism in the wake of the Christmas Eve decision on Pretoria's full BRIC membership remains. The fact that South Africa's accession is based on its 'strategic' importance as the largest economy in Africa and pivotal positioning as the central transit point and 'gateway' to Africa's markets and resources begs the question as to why it was excluded from BRIC membership from the very beginning. Indeed, South Africa's strategic importance was recognised in the ORF's preparatory research in the run-up to the Yekaterinburg launch, concluding with the observation: "*It may be useful for BRIC to engage with countries like South Africa, both to enhance trade possibilities between Brazil and the other three nations [using South Africa as a transit point] but to also tap into the trade possibilities with regional trade partners of each of the BRIC countries*. This might help create a trade enhancing network of FTAs [free trade agreements]" (italics added).

The fact that Pretoria had to lobby (even beg?) for entry into BRIC instead of being taken in from the beginning has raised concerns as to whether or not the country's independence as Africa's premier emerging power and democracy may not have been compromised in the process; i.e. whether or not it is on its way to becoming a 'BRIC colony' given its smaller stature compared to its mega-state partners in what becomes BRICS. These are concerns that do not arise in the normatively-based IBSA, where China is not a member. However, given the observation, according to a Reuters analysis, that "South Africa's biggest backer for BRIC has been its largest trading partner, China," it is possible that the politics of South Africa's entry into BRIC could, down the line, have implications for IBSA.[4] For the Reuters analysis interpreted South Africa's entry as one more feather in the cap of Beijing's African diplomacy although this hardly diminishes its importance for Pretoria. But the question that goes begging is at what price, South Africa's BRIC entry?

"South Africa's biggest backer for BRIC has been its largest trading partner, China"

In the meantime, if becoming a full member of BRIC motivates South Africa to up its game and speed up the development of its port and transport communications infrastructure, jobs creation and skills development, value-added manufacturing and economic diplomacy and trade within the rest of Africa, and to shift from priorities around African integration as the be all and end all of Africa's development towards a greater focus on the imperatives of governance than the politics of intra-elite positioning, the making of BRICS instead of the BRIC that was originally laid may vindicate 'the night before Christmas.' The discourse emerging from the 5 November workshop on South Africa's emerging power 'alliances' in IBSA, BRIC and BASIC provides, therefore, a fitting build-up to the anticipated decision that arrived on Christmas Eve. What follows are the proceedings from this discourse accompanied by written presentations commissioned by FES in support of this workshop.

Francis A. Kornegay
Senior Research Associate
Institute for Global Dialogue

4 Jon Herskovitz, 'Analysis: S. Africa not just another BRIC on the wall' (Reuters), 29 December 2010.

SUMMARY OF PROCEEDINGS

In opening remarks introducing the workshop, IGD director, Dr Siphamandla Zondi and the country representative of FES, Axel Schmidt, established the rationale for the workshop. There was a need to take stock of the phenomenon of 'club diplomacy' relating more broadly to global governance as reflected in IBSA and even a prospective BRICS, were South Africa to join BRIC as established in 2009. It was observed that there has been a mushrooming of alliances. This raised concerns about how emerging powers can better cooperate in building upon the shift in power underway from developed to developing countries. While developed economies may be in decline, they have not collapsed. Furthermore, power asymmetries between North and South are accompanied by symmetries within the global South as well. More power brings with it pressures for assuming more responsibility internationally and at the level of strategic alliances or 'partnerships' among emerging powers. Hence the increasing importance attached to groupings such as IBSA, BRIC and BASIC.

There was a need to take stock of the phenomenon of 'club diplomacy' relating more broadly to global governance

As such, there were questions that needed to be raised concerning the long-term usefulness of these multilateral groupings, in terms of their effectiveness in shaping regional and global agendas at the club diplomacy level. It was suggested that this type of diplomacy is expensive for emerging powers. To play a significant role in the international relations of global governance, they need resources – capacity, finance, time, expertise and manpower. Big powers have these resources. The question is whether South Africa has the resources needed to invest appropriately in these alliances. Can South Africa continue punching above its weight in concert with such big powers, traditional and emerging alike? Where should its priorities of engagement lie in terms of its commitments to such groupings and what are the complementarities among them?

Emerging Power Alliances in Perspective I: IBSA, BRIC, BASIC

Presentations Summary

These opening remarks followed up by an overview of the workshop laid the basis for the morning presentations by Professors Ummu Salma Bava and Alcides Costa Vaz and Francis Kornegay, the purpose of which was an attempt to place in perspective such emerging power groupings as IBSA, BRIC and BASIC from the vantage points of India, Brazil and South Africa. There were several observations

Panel I (Left to Right): Mzukisi Qobo, Siphamandla Zondi, Francis Kornegay, Salma Bava, Alicides Costa Vaz and Axel Schmidt.

made during these presentations that reflected broadly on the interactive multipolar-multilateral terrains governing the 'club diplomacy' of emerging powers as well as 'national interest' references. These related to how groupings such as IBSA, BRIC and BASIC fit within the club diplomacy strategies of India, Brazil and South Africa, with the three countries being emblematic of a much larger and more diverse echelon of emerging powers.

Non-alignment remains a principle of continuity informing the normative underpinnings of Indian foreign policy

India and the challenges of global governance

Professor Bava's presentation went some way towards setting a conceptual point of reference for much of what followed, apart from its India focus. What India brought to the changing geopolitical terrain of global governance as a major emerging power was a foreign policy that had evolved from its post-independence point of departure of non-alignment, towards a more expansive post-Cold War omni-directional focus on multilateralism and multipolarity in managing the 'push and pull' dynamics of cooperation and competition; and managing these dynamics with the aim of catapulting India out of its South Asian regional constraints, a major compulsion in New Delhi's strategic calculus. Non-alignment remains a principle of continuity informing the normative underpinnings of Indian foreign policy. But this normative dimension is reinforced by a strategic pragmatism governing relations with traditional powers and emerging powers alike in New Delhi's approach to coalition-building. This has informed participation in forging such limited multilateral strategic groupings as IBSA, BRIC and BASIC within the larger framework of 'club governance' (i.e. the G20 and, before that, the G8+ 'Outreach Five').

Against this backdrop, at a broader level, ongoing shifts in the distribution of power were seen as containing possibilities for changing the dynamics of how countries and regions interact. As such, there was a possibility that multilateral groupings may continue morphing into different formations (with South Africa's accession to BRIC perhaps indicative). But this was accompanied by the caveat that, while, at a global governance level there was considerable dynamism in regard to the global economy, this was not matched by a similar dynamism in global politics. Rather, what was reflected was the status quo overall, although there was a multiplicity of regional 'community building' Initiatives. Indeed, this latter point may actually be suggestive of a level of dynamism at a political level that could potentially converge with global economic governance. Both in terms of political and economic dimensions, these are considerations that pertain to the prospects of global governance reform that were raised at the outset in laying the context for how India approaches issues addressing reform at this level of international engagement and in terms of how this relates to specific groupings such as IBSA, BRIC and BASIC.

IBSA looked at the world from a South perspective as an expression of 'the solidarity of the South'

IBSA looked at the world from a South perspective as an expression of 'the solidarity of the South' which, while limited trilaterally to India, Brazil and South Africa, reached out to other developing countries through its trilateral development fund. BASIC, on the other hand, while limited in its focus on climate change (which, in fact, intersects with so many other issues such as food, energy and the environment), is more expansive in its South focus to what can be considered 'BASIC +' in as much as it interacts closely with the G77 and other global South groupings. In a very real sense, IBSA + BASIC along with older formations such as the G77 and the Non-Aligned Movement, all combined, are indicative of the global South's geopolitical potential in the power shift underway from developed to emerging developing countries.

Also alluded to, in terms of IBSA, was its strategic potential reflected in the IBSAMAR naval initiative linking maritime security in the Indian and South Atlantic oceans. While one may argue that the IBSA partners, by themselves, cannot alter major international issues, IBSAMAR, as a multidimensional naval exercise, nevertheless points to an expanding defence capacity of the three countries. As an initiative, it focuses attention on the construction of a new security community that could be crucial to keeping the sea lanes of communication open which has serious implications for international trade. For India, such naval exercises serve to enhance maritime security in the Indian Ocean, a major if not central priority in its security calculus.

BRIC, on the other hand, comprising states that together constitute a quarter of the earth's land mass and 40 per cent of the global population, was depicted as posing an interesting challenge in that they form an economic grouping that could be moving towards a geopolitical alignment if not a formal alliance (though here, much may hinge on China and India becoming 'Chindia'). Raising this potential placed all the more in perspective the significance of South Africa's membership of BRIC in terms of how it could tilt Africa's international relations in the shifting global balance of forces, BRIC – now BRICS (or BRICSA) – effectively constituting the emerging power economic 'directorate' within the club diplomacy of global economic governance.

This survey of the distinguishing characteristics of IBSA, BRIC and BASIC, as emerging power alliances, amplified issues raised at the outset concerning prospects for reform in the global governance architecture, and the fact that major state actors are responding to three factors – multipolarity, interdependence and multilateralism – defined by the triple realities of asymmetry, networking and selectivity. Each of these three dimensions may be perceived as being in play in the IBSA-BRIC-BASIC trichotomy with important complementarities defining a division of labour that informs the diplomacies of India, Brazil and South Africa within both an IBSA and an expanded BRIC/BRICS/A context.

Brazil's interest in international coalition-building lies in the strengthening of multilateral institutions in an asymmetric world

Brazil and the question of 'international coalitions'

Reference was made to how these different groupings may interact at the individual state level, and as a coalition within the United Nations Security Council in 2011/12, anticipating an expanded focus on the Security Council dimension during the presentation on South Africa's stakes in IBSA, BRIC and BASIC. Meanwhile, with particular reference to Brazil, the extent to which international coalitions have undergone significant changes in terms of focus and composition is seen as having a major bearing on Brasilia's emerging power diplomacy. This seems especially the case, it might be added, as a result of changes in Brazil's domestic politics. Here, the effect has been to orient Brazil more towards the emerging powers and global South spectrum than in previous iterations of a foreign policy that was more Western-oriented. Not only have international coalitions undergone significant changes, it was pointed out that they have indelibly become the driving forces of change in international relations.

Brazil has become a coalition partner for instrumental value in national identity, but also to helping the country to promote changes in the international system – changes that favour power distribution imbalances for overcoming economic gaps. The question was asked if the idea of club diplomacy is acting in favour of promoting true and effective change in power distribution. Is it more of the same?

Or will it really shape processes and institutions not just for a part of the global South but the whole of it?

Brazil's interest in international coalition-building lies in the strengthening of multilateral institutions in an asymmetric world (amplifying the earlier reference to the asymmetries of multipolarity). Given power asymmetries in the world order, multilateralism was depicted as having evolved generationally in terms of changes in scope and interests reflected in the nature of more recent coalitions. Professor Vaz's interjection of the generational dimension was a particularly important input given the fact that earlier iterations of Southern multilateralism remain very much part and parcel of the international relations of developing countries, including emerging powers.

First generation coalitions from the 1950s such as the Non-Aligned Movement (NAM) were characterised by large-scale multilateralism and shared conditions (marginalisation, underdevelopment, technology transfer) based on a comparatively idealistic approach with demands for greater international cooperation (and global economic transformation à la the 'new international economic order'). Second generation coalitional multilateralism (such as IBSA, BRIC, BASIC, and the G20) highlights what was seen as an erosion of the undisputed but contested grip of Western powers on economic and political institutions and the symmetrical interdependence of their global reach. Such coalitions are being formed from a small group of developing countries reaching beyond their regional boundaries. They are emerging as formations that are independent of the traditional major powers.

Unlike India, which was at the forefront of first-generation international coalition-building, Brazil's insertion into the geopolitics of the global South also formerly known as the 'third world' was in the second generation

Unlike India, which was at the forefront of first-generation international coalition-building, Brazil's insertion into the geopolitics of the global South also formerly known as the 'third world' was in the second generation. It was argued, however, that the idea of a global South is misleading. While it serves a political function, it was seen as not capturing the full meaning of changing global realities. Nevertheless, it would be a mistake to depict these second-generation coalitions as more homogenous than the first generation. They are very different in terms of military, economic and political capabilities. This results in a complex phase of convergence on issue areas which makes them unpredictable when engaging in international relations. As such, coalition arrangements become subject to political evaluation by individual member countries.

These fora, nonetheless, have been significant in advancing Brazil's interests internationally. They have allowed the projection of the country internationally to emerge independently from the region, and to engage globally without bringing the burdens of regional commitments, a situation that similarly pertains to India but, arguably, not South Africa. In Brazil's case, this presents a problem in so far as it raises the prospect of Brazil leaving its neighbours, the region, indeed, perhaps the continent behind. Yet the importance of these coalitions for Brazil is that they provide it with independence in taking up opportunities to shape international agendas and processes. This has a strong political appeal for Brazilian foreign policy, as they can help to deal with issues such as trade, South-South relations, and the reform of international regimes without the costs of bringing the region together first.

International coalitions respond to different interests. IBSA's role emphasises role reform, security, development and social challenges. It is a coalition that offers political leverage at relatively low cost domestically and internationally, whereas relevance and effectiveness is derived from the countries working together. IBSA still has to consolidate itself in the foreign policies of each of its members and there is still much to be done in terms of translating its potential into effective outcomes. Yet IBSA remains an important initiative. BRIC, by itself, was not seen as having brought Brazil closer to the centres of international relations. Therefore, IBSA and BASIC are not to be excluded from consideration as important platforms in the politics of international coalitions. All are being included in achieving Brazil's foreign policy objectives.

These coalitions are to be distinguished from more solidly based alliances and are limited in their multilateral character

What about the challenges? There are no incentives at this point to merge these coalitions. This is despite the fact that they may overlap in terms of composition and agendas. Furthermore, it was ventured that there is no clear sign that this lack of incentive will change. Each coalition serves a different purpose, allowing Brazil to play a significant role from different vantage points. All these initiatives – IBSA, BRIC, BASIC, G20 – rely on individual countries to privilege them in their individual foreign policy strategies. In this regard, the G20 was depicted as not going through a process of consolidation. All the groupings in question were observed as having hit roadblocks whenever the individual interests of member states appear to be threatened.

BRIC remains particularly subject to political decisions on privileging (or not) the arrangement, depending on the strategic calculations of its four members. There is still a high value placed on acting independently at the global level as well as working together. The main challenge that Brazil faces is the management of its reliance on coalitions that are also driven by a strong sense of independence in international behaviour among member states. The point stressed here was that there are uncertainties in the strategy of working together if other national interests are at stake. As a result, these coalitions are to be distinguished from more solidly based alliances and are limited in their multilateral character, a definitional point of reference explored further when the focus shifted to South Africa. From this vantage point, the lead-in presentation referencing the Indian perspective on emerging power alliances was seen as having provided a useful working conceptual framework on global governance within which to join the issues of IBSA-BRIC-BASIC and other limited coalitional groupings. This was seen especially to be the case regarding the reference made to 'selective multilateralism.'

South Africa and 'selective multilateralism': BRIC as an incentive?

Building on that offering was a suggestion that these groupings could be conceptualised as *limited multilateral strategic partnerships* (or, just as apt, Costa Vaz's reference to 'coalitions'). In their limited coalitional nature, they reflect the diverse agendas of converging interests between the states comprising them. Their limits in terms of membership may reflect 'strategic triangles' or quadrilateral arrangements at head-of-state or ministerial level with global governance reform and developmental agendas of varying scope and depth. As they are multilateral though of limited number in membership, they intersect strategic partnerships of a bilateral nature and thereby, may present challenges to the bilateral dimensions of relationships among the states constituting these groupings, depending on their nature.

Here, it was suggested that to gain a handle on South Africa's emerging power alliances amongst IBSA, BRIC and BASIC within this changing order, how these different groupings comparatively stack up against one another, and where South Africa itself fits within the emerging power scheme of things, one need look no further than the new UN Security Council line-up awaiting 2011 as a place to begin making some assessments. Both South Africa (second term) and India (first term) will serve as non-permanent members of the Security Council for 2011/12, overlapping with Brazil and Nigeria and accompanied by Germany and by Russia and China (serving as two of the permanent five). This make-up reflects the following limited multilateral strategic partnerships or coalitional dynamics:

The UN Security Council can be viewed as a veritable microcosm of global geopolitical conflict and accommodation

- **IBSA**: India, Brazil, South Africa
- **BRIC**: Brazil, Russia, India, China
- **BASIC**: Brazil, South Africa, India, China
- **RIC**: Russia, India, China
- **G4 Security Council reformers**: Germany, India, Brazil (minus Japan)
- **African Agenda**: South Africa, Nigeria, Gabon (whose former foreign minister is the incumbent, Jean Ping, who chairs the AU Commission)

Because these interlocking alignments are all simultaneously embedded in the new UN Security Council line-up, especially over the course of 2011, the Council can be viewed as a veritable microcosm of global geopolitical conflict and accommodation that will shape the strategic landscape perhaps well beyond 2011/12. It may well determine the balance within the Council between maintaining the status quo or moving it towards reform and expansion. As such, it can be viewed as something of a testing ground for the efficacy of these diverse multilateral strategic partnerships in regard to how they are able to advance each of their targeted agendas as they relate to the Security Council. In the process, it will also test the nature and credibility of the foreign policy identities of the presumptive new members of an expanded Security Council, especially among the IBSA three – India, Brazil and South Africa – as they navigate among the established Western powers of the P5, including the US, Britain and France, counter-balanced by the BRIC members of the P5, Russia and China.

By the same token, the real intentions of the P5, established and emerging alike, may also be exposed irrespective of their stated positions on matters of UN Security Council reform as well as on many of the critical issues of global and regional security governance that will come before the Council. In this sense, both BRIC as well as IBSA will come under the spotlight for critical review along with the foreign policies of the member states that make up these particular limited strategic partnerships. Thus has the context in which South Africa resumes its stint on the Security Council changed considerably from when it first served.

Assessing South Africa's performance this time around will have to involve much more than whether or not it strictly adheres to a narrowly defined human rights agenda. South Africa's second term on the Council will have to be judged within the context of a coordinated IBSA strategy among Delhi, Brasilia and Pretoria – or the lack thereof – and in terms of its BRIC aspirations as well as the relevance of BRIC within a Security Council context where Moscow and Beijing represent the P5 status quo while Brazil and India (and South Africa, Ezulweni notwithstanding) aspire to join as permanent members in an expanded Council.

For if South Africa aspires to be a BRIC country, it is going to have to transition into a federated Southern Africa

An added dimension mentioned was Nigeria's presence on the Security Council, which would require additional 'balancing' in terms of synergy between Pretoria and Abuja on 'African agenda' issues, most notably Sudan but also, of equally pressing importance since the end of 2010, Côte d'Ivoire. But apart from the UN Security Council microcosm of interacting limited strategic partnerships and coalitions, a more targeted focus that revisited the initial launching of BRIC and concerns raised about implications for IBSA demonstrated that there was no zero-sum dimension at play. IBSA, as it approached its 10th anniversary in 2013, was presented with a need to reflect on how it could build on its achievements and comparative advantages, including its geostrategic maritime connectivity between the Indian and South Atlantic oceans.

As far as Pretoria might be concerned, its aspirational quest for South Africa to become a member of BRIC could enhance its pivotal role in IBSA as the Gondwanan point of connectivity between India and Brazil if this motivates it to become more strategically coherent in its own governance as a precondition for accelerated economic growth, development and integration within the SADC region and beyond. *For if South Africa aspires to be a BRIC country, it is going to have to transition into a federated Southern Africa* alongside the federation that the East African Community is trying to become, and perhaps join with the EAC in a larger Eastern and Southern African federation buttressed by the tripartite COMESA-SADC-EAC 'Cape to Cairo' economic zone bordering the Indian Ocean.

At this point, BRIC takes on an incentivising role for South Africa in as much as both BRIC proponents and sceptics tend to be united on the integration imperative. And here, it was suggested, an analogy could be made with Germany within the European Union: there might be every to reason to expect that South Africa's embedded leadership in a politically, as well as economically, integrated African sub-continent (and perhaps in the continent) would be analogous to Germany's resurgent economic hegemony within an integrated Europe that was central to Europe's post-war Western agenda. It was ventured that if such a scenario has validity, it should necessarily make the pan-African project the cornerstone of South African alliance formation.

Counterpoint: Discussant summary

As discussant to the three presentations, Muzkisi Qobo, head of the Emerging Powers Programme at the South African Institute of International Affairs (SAIIA), offered several thought-provoking observations and questions. It was observed that although there were different speakers from different countries, there was, nevertheless, a common thread throughout the presentations. Global governance is about rules and norms, but it is also needs-driven and tends to be exclusivist. As such, it was suggested that there was a need for more reflection and clarification on a number of points raised. To begin with, a distinction needed to be made between 'agenda-setting' and 'decision-making.' Implied here seemed to be a suggestion that the elite nature of global governance could not be separated from impasses experienced by civil society activism on issues of reform, where there is a clamour for a different order. This generated questions concerning 'who leads and how,' 'who benefits and who does not' and how aggressive a global governance reform agenda could be mustered – if at all, whether or not this was actually what emerging powers were aiming for?

The elite nature of global governance could not be separated from impasses experienced by civil society activism

It was suggested that there still appears to be a situation wherein efforts of emerging economies seem not so much aimed at overhauling the global political economy as much as at sustaining the status quo with a different set of actors. Here, mention was made of the United States appearing to be co-opting emerging powers, a point that acknowledged continuing American global hegemony. Hence, in clarifying the concept framed by Samuel Huntington, *uni-multipolarity*, the reality of continuing US strategic 'full-spectrum dominance' at the military level accompanied by a more level multipolar economic playing field could be taken as defining the status quo in question. Thus, counter-intuitively, the question was posed: 'what if the new states would actually want to maintain the status quo?' (Although this begs only more questions as quantitatively, an expansion of emerging power representation within the existing global governance context would seem to have to reach a 'critical mass' that has qualitative impact and that also compels a need to examine what the status quo actually is at a given point in time). Put another way, in terms of reference made to the emergence of a 'post-Western order,' the counter to this was: 'What if what is really at play is not a post-Western order, but a Western order that is not driven solely by Western powers?'

It was argued that there was growing 'westernisation' in these countries, especially among the middle classes and business elites who are globally connected, a veritable bourgeois global societal integration cutting across North-South, developed-developing fault-lines. However, if 'multipolarity' is accepted as part of the definition of the economic dimension of a uni-multipolar status quo then, perhaps, emerging powers understandably do have a quasi-revisionist stake in maintaining such a status quo. These considerations, more broadly, revisited the three key factors offered up at the outset as underpinning the global system – multipolarity, interdependence, multilateralism – in terms of states having the capacity to leverage them. Given what was seen as an 'extreme stratification' in global politics, perhaps the asymmetry of multipolarity is what comes through most tellingly and the selectivity of multilateralism to a few key/pivotal/anchor states among emerging powers, is just another form of elitism in the international system. These concerns bear directly on the democratisation and legitimacy of global governance and how it impacts on the socio-economic situations within emerging powers.

South-South commitments and the African agenda might be contributing to a foreign policy identity problem for Pretoria

They are also implicitly suggestive of socio-economic dynamics within the world of emerging powers and the global South, wherein middle-class expansions driving the 'economic growth' momentum of consumer capitalism are matched by widening class divides between rich and poor and by growing ecological challenges. As such, it was ventured that 'we are drawn into the current global governance agenda rather than asking what is not there' – i.e. an examination of the current shaping of the G20 where much of the agenda is still packaged in the interest of Western countries: macro-economic imbalances, and limiting the surplus countries (such as China's export propensity and 4 per cent cap on surplus). Then, closer to home in terms of South Africa's interests: 'what should be on the agenda, especially for Africa?' In as much as Africa, except for South Africa, is not included in the G20. Yet, most of the development challenges and environmental issues affect the continent. When elevated to head of state or government level, this was to be the new centre, a vehicle for global governance where developing countries would have a greater say, but this has not happened.

The counterpoints on IBSA and BRIC basically amplified the presentations with the caveat that since all three countries – India, Brazil, South Africa – were comparatively 'weak,' in global or great power terms, they needed to club together and work collectively towards reforming global governance which, indeed, is what IBSA is all about. It is also seen as an expression of global South solidarity though it was stressed that this 'solidarity' of the South should not be taken uncritically since, using India as an example, it was suggested that there could be perceived 'solidarity' between India and the US on some critical issues, especially those pertaining to their security interests. Furthermore, a question was raised about Brazil's ambition for change in terms of its coalitional ties to IBSA and BRIC, and whether or not Brazil saw any incentive in merging the two coalitions. Otherwise, in IBSA's case, there was a need for demonstration of 'movement' beyond statements (perhaps informed by the 10th anniversary of the Brasilia Declaration?). It was acknowledged, however that, as coalitions, IBSA and BRIC serve different purposes, implicitly reinforcing the notion that they do not represent either/or, zero-sum options for their member states.

As far as South Africa was concerned, there was a possibility that South-South commitments and the African agenda might be contributing to a foreign policy identity problem for Pretoria. For while South Africa is actively engaged in the IBSA, now BRIC, and G20 processes, these exclude Africa. Of course the counter here is that South Africa, as the continent's default leader, is representing Africa's interests in these limited multilateral partnership coalitional groupings. But a perceived 'identity crisis' might have other aspects: an idealist commitment to pan-Africanism and global South solidarity on the one hand, and on the other, a more realist 'socialisation' into the incumbent Western order via such mechanisms as the OECD, the former G8+5, the EU-SA strategic partnership (which the EU also has with India and Brazil as well as other major developing states such as Egypt) and deepening relations with Britain; this latter tendency reflecting the inexorable dictates of economic interests and compulsions. Also inexplicable was why South Africa might feel marginalised from BRIC when other worthies such as Turkey, Mexico and Indonesia were also left out of what, after all, might be considered another example of 'Western anointment' in Goldman Sach's conferring of such exulted status on Brazil, Russia, India and China – to the exclusion of South Africa. Moreover, taking on both BRIC as well as IBSA commitments (among others) might risk 'institutional overstretch' in Pretoria's capacity to meet the demands of both.

Inexplicable was why South Africa might feel marginalised from BRIC when other worthies such as Turkey, Mexico and Indonesia were also left out

The foregoing were but were but a sampling of issues raised by the presentations that suggested a broader terrain in need of exploration in placing emerging power alliances in perspective. But with particular focus on IBSA-BRIC considerations, the normative dimension needed should not be ignored in terms of the democratic deficits of Russia and China in co-habitation with democratic India and Brazil – and now South Africa. Indeed, with South Africa becoming a member of BRIC as well as IBSA, will this tip the balance within what now becomes BRICS in terms of how it positions itself on global governance issues, or could South Africa turn out to be China's proxy within both BRIC and IBSA? And where South Africa is especially concerned, there was a need to concentrate on how both IBSA and BRICS will relate to the African agenda in terms of Pretoria's regional and continental interests. On a broader plan, there would need to be a more elaborated definition of what should constitute global governance reform and the role of IBSA and BRIC in such a reform agenda. These and a whole host of other questions raised, emerging from the morning session of the workshop, generated a spirited question and answer period.

DISCUSSION

The ensuing discussion offered an opportunity to expand and elaborate on points made during the presentations. Regarding 'decision-making' versus 'agenda-setting,' it was suggested that decision-making is about the international structure, the nuts and bolt. Hence the challenge: what is the template of action in terms of multilateralism? Here, the suggestion made earlier of a linkage between the 'multilateral utility' of limited international partnerships or coalitions and larger regional and club governance formations may have relevance here. There are naturally questions concerning points of convergence as the rise of the IBSA countries (and other emerging powers) differs, but do they work differently and what might this difference be? This evoked Fukuyamian 'end of history' notions wherein modernity is ideationally conflated with the Western trajectory of development. In point of fact, how non-Western powers are emerging into modernity may have more to do with something akin to 'convergent evolution' and 'parallelism' than with any properties inherent in the West that have been assimilated by the non-West. And this includes contestation over norms and values in contesting the terms of modernity.

Emerging powers are advancing Western modernity and a Western-oriented status quo

Whatever the case may be in the contested notion of a Western link to modernity, there remained the political reality of resistance by the established order to the shift of power from west to east, from developed to emerging developing powers transcending traditional balance of power considerations. Recognition that such a transition is, in fact, underway at least at the geo-economic level, is what tended to inspire notions of an emerging 'post-Western' world order in response to a question raised about the validity of what might be termed 'post-Westernism.' As such, the point made about how associated notions of 'civilisational transformation' are an over-statement of what is actually transpiring in this west to east economic power-shift, is well taken. This also holds for the assertion that emerging powers are advancing Western modernity and a Western-oriented status quo with different actors when, in fact, the materialist compulsions of economic modernity are universal. For emerging non-Western powers, the challenge in effecting anything along the lines of a post-Western civilisational transformation rested on the normative content of change in a contested international terrain.

This normative challenge in the global transition found further elaboration in a later but related point made that the post-Western trend might be uneven and discernibly different at different levels of the international order. Thus, although India and China had a heritage of civilisation norms and values that could inform an 'ethical modernity,' they are countries, nevertheless, that are scrambling for economic growth to meet population demands. This meant that their traditional norms and values were likely being overtaken by the urgency attached to economic growth. As a result, there is yet to be an adaptation to the new situation in normative terms, reflecting a time lag on this front.

Given the contested terrain overall, it was suggested that it would be a disservice to perceive of the West as homogenous. (Indeed, instead of 'communism,' American right-wing paranoia has come to be directed at 'Europeanisation' and an unchanged Cold War hostility towards post-Soviet Russia.) There are key distinctions within the West, including their engagement with the emerging powers. It was further pointed out that Asia is far from being homogeneous, there being multiple patterns of Asian development just as there are multiple differences in democracy in South. What these differences reflect, whether within the West or within Asia and the global South are realities of multipolar pluralism reflected in the emergence of smaller multilateral groupings of countries in such formations as IBSA, BRIC and BASIC, coalitions reflecting different agendas and targeted interests.

Interests within these small groupings are not identical. This aspect was further elaborated on at a later point in differentiating these groupings from conventional alliances; the fact that, as limited multilateral strategic partnerships, IBSA, BRIC and BASIC have different agendas. For instance, IBSA has a normative profile, while BRIC has an economic agenda. BRIC was not seen as becoming a normative grouping. But this still begged a question of identity between 'group' and 'member states' in such coalitions. Thus, on climate change, BASIC was not self-representative as a group separate from the countries that comprise it and their specific needs dictating their strategies and policies. Is BASIC a group or is it simply a collection of the countries that comprise it?

Among the countries of the South, a new kind of cooperation has emerged indicative of shifts in a global status quo that must accommodate changing realities

The answer posed was that it is a bit of both. They may diverge when, as individual states, they have to look after their own domestic concerns, as in the question of the two-level game. Therein may lie questions concerning the capacities of such groups and what they can actually deliver beyond their communiqués. This raised a question about whether or not they were prone to aspirational overreach. This is a process that has not reached the end of the journey. It will be slow, both driven and hampered by international and domestic constraints. It is a process that will be matched by concerns about enhancing domestic capacity in addressing an earlier concern raised about institutional overreach, especially in regard to South Africa's capacities.

On new groupings, it was cautioned that global governance is very deceptive. What we are getting in such groupings is a reflection of variable geopolitical dynamics. This observation could be especially apt in the case of BRIC with the different geostrategic imperatives and foreign policy priorities of its different members. Given such considerations, it might be asked whether or not there is a clear alternative in place of a Washington consensus that has been found wanting since 2008. The countries that we are looking at, in terms of these groupings, might suggest that there will not be a consensus, as such, for a long time but, rather, a multiple set of alternative ideas that are articulated. In the interaction between emerging and developed countries, India adopts both the status quo and a revisionist pose, reflecting a duality in its occupation of both postures. India is a rule recipient. But where it has developed, it may undertake a challenge.

Within this context, IBSA-BRIC-BASIC as groupings are a reflection of the changes in international relations from which such status-quo/revisionist dualities are emerging as individual powers like India navigate what is clearly the fluidity of a shifting international terrain. India is one of the largest contributors to peacekeeping. India is, therefore, definitely an engager. At the same time, however, it will not go beyond UN mandates. On the economic front, there is a much faster response to these changes in international relations whereas, on the political front, adaptation among states is slow to follow (and laws pertaining to binding commitments even slower). Countries, however, can and do work together. This does not preclude a coming together of North and South. But among the countries of the South, a new kind of cooperation has emerged indicative of shifts in a global status quo that must accommodate changing realities.

Within BRIC, Brazil and India are democracies whereas China and Russia are not

Concerning Brazil's level of ambition on global reforms, it was pointed out that there tends to be a preoccupation with projecting global identity rather than with reform per se. There are discernible levels of ambition in these relations in the clubs which may or may not provide incentive for there being mergers. On the lack of incentives to merge IBSA and BRIC, given that they may be perceived as consuming limited resources with implications for institutional capacities, should this not be incentive enough for consolidation? At this stage, the incentives were not seen as strong enough for such rationalisation among groupings. Yet there may be more important considerations pertaining to whether or not IBSA and BRIC should be merged than whether it is in South Africa's interests considering the country's institutional capabilities.

The fact that these groupings have different, though complementary (and in some cases overlapping), agendas has influenced a consensus among the IBSA three that, at least for the foreseeable future, IBSA and BRIC should not be merged. And there have been pointed pronouncements to this effect, notably by Indian Prime Minister Manmohan Singh. The normative dimension underpinning democratic governance plays a major role here in defining the boundaries between IBSA and BRIC, something Indian veteran diplomat and balance-of-power guru, MK Bhadrakumer, finds unconvincing. He is of the view that IBSA and BRIC should merge. One possibility to contemplate, however, is the potential of BRIC, having expanded to include South Africa, evolving into something akin to an original African National Congress (ANC) vision of a 'G8' of the South (though Russia's inclusion muddles the picture). All it would take would be the inclusion of Mexico (formerly a member of the G8 'Outreach Five'), Indonesia and possibly Turkey to fulfil this dream.

Ultimately, however these groupings mutate, individual countries, in their foreign policies, still act in accordance with their interests rather than club interests. This involves a balancing of idealism and pragmatism (with idealism often rationalising essentially national interest-driven pragmatic calculations). Here, the example of the introduction of capital controls in Brazil and India was referenced with an open-ended question of how capital controls as a policy instrument might benefit emerging powers in general, and the IBSA countries particular. This led into other issues of divergence and convergence on the normative plane, and the fact that, within BRIC, Brazil and India are democracies whereas China and Russia are not; in normative terms, this makes for possibilities of convergence with any number of European countries. Such possibilities are important in terms of UN Security Council and Bretton Woods reform, where there is a growing recognition that to sustain global governance, Western governance needs to make accommodations. These are trade-offs of necessity as there is no philanthropy in global governance.

Ignoring global change was depicted as 'mercantilist' in the competitively selfish sense. Hence, states have to rely on more than soft power in a competitive global environment. This, in turn, feeds scepticism concerning notions of the 'solidarity' of the global South which was deemed a notion belonging more to civil society organisations, not states. Civil society was not composed of 'unitary' and 'rational' actors in international affairs, but rather, were diverse and heterogeneous. To the extent that such considerations have a bearing on global governance reform, the focus is necessarily on how state-to-state relations unfolding within the crucible of club diplomacy relate to reform prospects, and whether the nature and consequence of club diplomacy fosters reforms or just reproduces asymmetric patterns? Here, it was suggested that there may be two alternative answers.

None of these groupings – IBSA-BRIC-BASIC – had a 'hard power' (military) dimension but, rather, a soft power focus

The optimistic one is that there is the beginning of an incremental process of structural change taking place at the economic level. This will provide emerging countries with the possibility of joining the restrictive clubs shaping the institutions and practices of governance. But as an incremental process we have to be positive that in the mid-to-long term this could bring about change in patterns of behaviour. How might this be visible? Perhaps to the extent that a clear set of norms emerge from the G20 process accompanied by new regulations. If norms do not change, then there is the second alternative answer which in essence is a default position: countries are driven by national interests in international relations which will ultimately see more of the same with regard to these coalitions. The interests would affect (and/or reflect) power distributions. On this basis, it was reiterated that none of these groupings – IBSA-BRIC-BASIC – had a 'hard power' (military) dimension but, rather, a soft power focus.

Yet IBSA, with its geostrategic 'Gondwanan' profile, faces challenges on issues in the security arena such as the South Atlantic from the Brazilian perspective and the Indian Ocean in terms of India's security interests. This maritime security dimension raised by Costa Vaz is suggestive of a hard power potential reflected in Bava's initial references to IBSAMAR and in the South African presentation, both suggestive of how IBSA trilateralism might be strengthened. Hence, the possibility if not probability that India, Brazil and South Africa may choose to sharpen IBSA's strategic profile in factoring in a hard power calculus by placing security issues more firmly on the agenda in these coalitions, and the IBSA agenda in particular. This, in turn, may prove particularly challenging to South Africa which, having become a member of BRIC, is likely to face increasing pressure to play a role in Indian Ocean security, especially in combating the piracy threat which has migrated ever southward from its Gulf of Aden locale into the Mozambique Channel. Indeed, this is an example of how BRIC and IBSA could turn out to be mutually reinforcing in terms of certain expectations of responsibilities that emerging powers in BRICS are expected to assume in non-BRICS situations such as IBSA, which may illuminate the complementary nature of the two groupings.

With specific regard to South Africa, given its BRIC aspirations that have become reality, such considerations bring into focus the challenge Pretoria brings on itself by being seen to be seeking to 'punch above its weight.' This becomes an especially compelling issue where South Africa is expected to undertake leadership initiatives, mindful of the need for buy-in from the rest of the continent so as not to be seen as hegemonic, yet still exercising a leadership role. The 'hard power' implications of Indian Ocean security and a potential role for IBSAMAR could become a case in point in testing both South Africa's strategic will and IBSA's strategic potential given Pretoria's ascension to BRIC. In short, now that BRIC has become BRICS, Pretoria will be expected to take on more 'heavy lifting' on Africa's behalf. This contrasts with the more 'globalist' proclivities of India and Brazil; India proverbially seeking to catapult itself out of its South Asian regional straitjacket, Brazil seeking more to consolidate an international profile on global governance reform in influencing the global agenda and international institutions rather than assuming a role as regional leader. This is seen as source of ambiguity by Brazil's neighbours regarding its international relations.

Coalitions such as IBSA, BRIC and BASIC allow Brazil to play an international role without having to obtain consensus from the region

Certainly, Brazil's leadership role in launching UNASUR and the CSN would seem to reinforce this enigma, giving rise to the question: Is it a hegemon or is it seeking more favourable terms in its own negotiations at the international level? Indeed, are these distinctions mutually exclusive? As such, disclaimers aside, Brazil has a pragmatic approach to its region which was acknowledged as being much closer to a pattern of hegemonic power. It has implemented a proactive process in the region in forging regional institutions, South American institutions, while being proactive in multilateral fora. Furthermore, Brazil has brought the South American region into global affairs. Relations with the EU and summits with Africa, the Middle East and Asian are indicative. This demonstrates a linkage between regional and extra-regional agendas evoking updated analyses in 'regional world' theory by such proponents as Amitay Acharya of the American University in Washington, D.C.[5]

At the same time, coalitions such as IBSA, BRIC and BASIC allow Brazil to play an international role without having to obtain consensus from the region,

5 Amitay Acharya. *Regional Worlds in a Post-hegemonic Era*. SPIRIT Working Papers. June 2009.

which was depicted as a split between the leadership of Brazil and the leader of the Bolivarian vanguard, Venezuela. In other words, Brazil does not have to wait for the region and seek consensus. Thus, it can take advantage of movement on any number of issues. At this moment there are no functional ties between the region and 'plurilateral' groups.[6] Should they be articulated, then it would be a positive development but conditions are not yet favourable. At the moment still, two different tracks are in play. But this brings with it costs. Thus, Brazil has paid the price of leading even when decisions it takes may not correspond to the expectations of some of its allies. Here, the World Trade Organization (WTO) was cited as an example, as it changed perspective in converging with the West which evoked strong reactions.

South Africa's relations in balancing between its region and continent on the one hand, and the global level of diplomacy on the other have similarly been burdened by ambivalence even as Pretoria has not shied away from assuming a default representational role in advancing African interests. But here – and this is perhaps a function of South Africa's comparative small size and lack of great power ambitions at a global level – Pretoria, unlike New Delhi and Brasilia, feels itself more beholden to calibrating its global engagements with as much of an African consensus or common position as can be attained as it may feel itself more vulnerable to finding itself isolated on the continent. This, South African cannot afford as the rest of Africa is South Africa's first line of economic advancement of its own developmental national interests.

Pretoria, unlike New Delhi and Brasilia, feels itself more beholden to calibrating its global engagements with as much of an African consensus as can be attained

Against this backdrop, the implications of South Africa's return to the UN Security Council as a non-permanent member were explored in terms of the broader issue of global governance reform and the role of emerging powers and their coalitional groupings. For South Africa, these considerations were seen as raising issues of foreign policy identity in balancing Africa and the global South agendas on the one hand and an emerging power agenda on the other, given the latter's distinctively co-optive implications. Regarding Pretoria's projection of its identity and authority in the region and beyond, three tendencies were discerned. First, there was a perceived urge on Pretoria's part for global integrationist prestige and convergence with the West (i.e. engagement with the OECD, relations with Britain and the EU-SA Strategic Partnership). This has its genesis in the 1990s when there was a push to have South Africa join the WTO as a 'developed country.'

The second tendency was described as combining pan-Africanism and South-South solidarity motivated by an historically based high idealism with an

6 For a discussion of 'plurilateralism,' see the report produced by the 2010 IBSA academic forum: *Poverty in Focus: What can IBSA offer to the global community – a policy dialogue (um dialogo de politicas)*. Brasilia, IPC-IG/UNDP, 2010. See 'IBSA, Plurilateralism and the Global South', by Kamal Mitra Chenoy and 'IBSA: The prospects of a plurilateral arrangement', by Alcides Costa Vaz.

assumption that such idealism was based on seeing the world as a benign place trailing behind the pace of change. It was argued that this was a misreading of reality as the world is no longer structured along clear North-South polarities as these divisions have become blurred. Third, there was a more pragmatic tendency that has emerged, sharpening assessments in favour of a balancing of relations between North and South, with priority being given to what is in South Africa's national economic interests in given situations. This outlook also acknowledges the realities of power in the global system and considers an appropriate balance between development interests and norms in global governance mechanisms, but remains largely development orientated.

South Africa's second term on the UN Security Council will test the tensions inherent in these tendencies, especially with it now being a member of BRICS as well as IBSA within the 2011 Security Council line-up. On this score, it was suggested that Security Council reform needed greater definition. This was seen as especially compelling in terms of the balance that needed to be achieved and how this resonates more broadly in terms of global governance reform. This was followed by the comment that the instruments developed countries use creates an unevenness in the international playing field. For most emerging powers (at the rhetorical level of their leaders), prestige, recognition and aspiration to become a great power are drivers of engagement. This did not just pertain to reforming global governance. This was seen as going to the heart of the issue of sources of power in the sense of economic historian Susan Strange's conception of the role of ideas, military and wealth, in delineating sources of identity and leadership, how are they are constructed and then projected in terms of what she conceptualises as the 'market-political authority nexus.' In this regard, it was suggested that rather than a 'victory,' the folding down of the G8 actually signified the point of a co-optive defeat for emerging powers.

Are emerging powers ready to take on more decisive leadership positions in setting the global governance agenda?

The G8 still exists within the G20 (but possibly more as an 'inner sanctum' G7 than a G8) but with no defined interlocutor, the implication is that this dimension of club diplomacy might have been better served in the G8+5 – except that some in the 'outreach' G5 found being on the periphery of the G8 unpalatable to their aspirational great power aims. And, whereas a G13 might have better served emerging powers, this was not in keeping with the desires of certain members of the G8, notably Germany. The point being made was that when the G8 existed, developing countries could be more effectively engaged on their issues. While there is concern in some African quarters that the G20 expansion has threatened to dilute African concerns, this was not necessarily borne out by the Seoul summit which, among other things, emerged with an unprecedented statement in support of what ultimately must be the bottom line of African development and of Pretoria's potentially enhanced clout within BRICS: African integration. In any case, the G8 had, in this sceptical view of the G20, socialised emerging powers in subtle ways, raising the question: are emerging powers ready to take on more decisive leadership positions in setting the global governance agenda?

With the discussion ending on this 'big picture' note, the richly comparative critique of IBSA, BRIC and, to a lesser extent, BASIC as they relate to India, Brazil and South Africa, set the stage for the follow-up afternoon presentations and discussant commentaries homing in more specifically on South African foreign policy and economic diplomacy. Here, the focus shifted away from the global governance implications of South Africa's emerging power 'alliances' and considerations of strategic comparative advantages towards a more targeted economic assessment of what is at stake for South Africa. The South African private corporate sector is also a major stakeholder in Pretoria's emerging powers alliance diplomacy and therefore is very relevant to the IBSA-BRIC-BASIC discourse. This perspective was missing from the June DIRCO-IGD roundtable but was factored into the November workshop discussions.

Emerging Power Alliances in Perspective II: South Africa's foreign policy and economic diplomacy

Presentations summary

The perspectives of the Department of International Relations and Cooperation and of the Department of Trade and Industry were presented by, respectively, the Deputy Director General for Asia and the Middle East, Ambassador Sisa

While the definition of emerging powers can be broad, in the main, it applied to those countries having a greater impact in the international relations of global economic affairs

Panel II (Left to Right): Brendan Vickers, Xavier Carim, Keith Campbell, Jo-Ansie van Wyk, Simon Freemantle.

Ngombane, and Xavier Carim, Deputy Director General of DTI's International Trade and Economic Division. The private sector corporate perspective was provided by Standard Bank economist and specialist on BRIC-African economic relations, Simon Freemantle. Unisa's Jo-Ansie van Wyk presided over the ensuing discourse. From DIRCO's vantage point, on the question of emerging powers, a number of different perspectives from different constituencies were weighed. Reflecting on the spirited roundtable in June, it was noted that the BRIC focus of this debate had become particularly charged regarding the importance of South Africa being in or out of this grouping, the implications of which can have an impact on the country's positioning among global powers. In this regard, the geopolitical terrain was complex; not simply one of a power shift from west to east. There was also a Latin American component. Moreover, with implications for where South Africa stood within this power-shifting dynamic, it was observed that while the definition of emerging powers can be broad, in the main, it applied to those countries having a greater impact in the international relations of global economic affairs. Placed in historical perspective, this emerging powers trend was seen as having started with the rise of Japan and the so-called Asian tigers or NICs (newly industrialising countries), followed by the ascendancy of China and India. The Asian tigers gave a signal of what was to come, especially in terms of overcoming their financial crisis in the mid-90s.

If there have been Asian tigers, there can also be African lions

The diplomatic calculus

If there have been Asian tigers, there can also be African lions. In this regard, there has been an African attempt to galvanise support from the continent's larger economies, Africa's 'lions.' Deloitte noted in an October 2010 report that Africa is emerging as the 'last frontier,' one of the fastest growing regions in the world. It was pointed out that, as major BRIC countries, India and China have helped give impetus to African economies. This trend has been extensively tracked by Standard Bank. It was within this context that South Africa has been campaigning to join BRIC, in the hopes that this will lend further momentum to the dynamism of Africa's emerging markets on the continent. Joining BRIC would stimulate South Africa's export markets. In this regard, it was acknowledged that there was a view that South Africa, as a 'third tier' economy among emerging markets, might not be likely to be admitted to BRIC because it has a smaller economy than other BRIC states.

At the same time, there seemed not to be any factoring in of the role played by the EU in its strategic relationship with South Africa, which has enhanced its position as an emerging power, despite its comparatively small economy. This has much to do with South Africa's strategic centrality in Africa. Thus, in answering the question, what does South Africa want in these fora?, the answer was seen as residing in how Africa is set for rapid development and if positioned properly could ensure a quick take-off. Here, South Africa is in a position to play a major role in these groupings, especially at a time of growing interest from the emerging powers looking to the continent for natural resources. By being in a position to mediate these prospects, the opportunity exists for South Africa to make an impact in shaping the global order.

It was stressed that this is a process that is gaining momentum and South Africa should not be a stranger to this process; one which centres around the emergence of BRIC. This calculus is reinforced from the trade and industry perspective as it was pointed out that the rise of new economic powers, new sources of growth and trade and investment reflects shifts in GDP growth rates and purchasing power as well as increasing sources of growth. Significantly, projections in the next 40 years were said to indicate that developing countries' market share of world trade is set to double. The projection cited over this period was an increase from 37 per cent to 69 per cent. The underlying trend was currently one of OECD countries emerging from recession with steep debt while emerging powers recovered with stronger debt positions. Thus, developed economies are in a weaker competitive position in comparison to developing countries.

The trade picture

Reference was made to a McKenzie report and the IMF's regional outlook for sub-Saharan Africa, which described Africa's potential within this overall developing country upbeat trend, including the continent's enormous resources, agricultural land, a young population and improved levels of governance. These factors could play a major role in Africa's insertion in this developing world growth and development surge. But this picture has to be balanced, it was pointed out, by the fact that traditional powers still exert enormous value. It is important not to lose perspective as the industrial economies still dominate the world economy while developmental challenges in India and China remain enormous, even with the west-to-east shift. US consumption, alone, still commands the greater share of world GDP. The role of the traditional powers should not be underestimated.

South Africa's approach should be influenced by the fact that those conditions that support emerging countries internationally would also be favourable to South Africa

Meanwhile, there are vast levels of poverty, unemployment and social deficits in emerging and developing countries. These considerations raise questions about how South Africa positions itself, what it is trying to achieve and how it will address its own developmental problems. The growth strategy proposed by the Department of Economic Development (the New Growth Path) was described as an overall strategy which identifies these challenges. The problems entwined in South Africa's economic agenda are how to support economic growth and development across Africa as well as internally. These are critical elements in South Africa's strategy that have to also factor in growing traditional as well as emerging power involvement in the continent.

It was suggested that South Africa's approach should be influenced by the fact that those conditions that support emerging countries internationally would also be favourable to South Africa. Within such an outlook, aligning with like-minded countries takes on the meaning of advancing overall objectives. South

Africa, in fact, has been heavily involved in trying to establish developing country alliances over a long period of time. Back in 1999 the government started to look towards the global South to articulate common positions in international fora. Here, reference was made to the DTI's 'butterfly strategy.' This was cited as a precursor to the formation of IBSA. South Africa was also a founding member of the G20 group on agriculture and played a central role in the establishment of the NAMA Group of Eleven on industrial tariff negotiations. Developing countries have become increasingly clear in articulating positions on the international agenda. BASIC, which South Africa was also involved in forming (along with Brazil, China and India), was seen as reflecting a trend towards alliances that are practical, issue specific and organic in their development.

It was pointed out that different trends have emerged in reaction to these changes. One could observe increased cooperation on the one hand with pressures towards growing protectionism in the North as a result of the rise in the South, and intensified contestation for markets. In taking precedence over the G8, the G20 has brought in all the major emerging powers, acknowledging the greater need for cooperation. The OECD has reached out to enhance the engagement process and strengthen interaction on a range of issues. Yet there has been a rise in protectionism as well as increased investment restrictions for companies from the South in the North. In addition, there have been strong elements of defensive industrial policies, stopping the migration of businesses to other economies as well as new non-tariff barriers emerging. Carbon taxes, food miles, and attempts to impose higher standards of intellectual property protection in developed countries (TRIPS, WTO, World Postal Organisation) were cited.

No country can afford to overlook the markets of India, Brazil, and China, but in the South African context caution was counselled

Contestation in the Doha round continues around the opening of markets in developing countries' industrial sectors without reciprocal willingness by developed countries to open their agricultural sector to developing countries. The EU's Economic Partnership Agreement negotiations have seen it attempt to lock in the markets of the African, Caribbean and Pacific (ACP) countries. Any advantage extended to Asia, Brazil, and China would then also have to be given to the EU. Moreover, the dominant economic orthodoxy finds itself under challenge by alternative models like those in China which challenge our thinking by fashioning new development paradigms.

No country can afford to overlook the markets of India, Brazil, and China, but in the South African context caution was counselled. It was stressed that South Africa's economic agenda of opening its markets to other emerging market powers could actually harm its development. South Africa's markets were described as fragile. However, IBSA has managed to achieve a range of cooperation agreements across a number of sectors with some areas seeing significant progress. But this was an uneven process. Preferential trade agreements have fostered complementarities rather than competition. But it was pointed out that tariff lines needed to be chosen carefully (not just opening up of markets). South Africa, comparatively, is already more open than many of its emerging power allies. Moreover, tariffs are not the only challenge. Other obstacles include transport linkages and various non-tariff barriers. Within the context of IBSA (but also relevant to South Africa's BRICS membership), the Southern African Customs Union-MERCOSUR agreement has been ratified by the South African parliament. It must still be ratified in South America.

Importantly, India and MERCOSUR have concluded their own agreement (which strengthens the interregional linkage between South America and South Asia without this linkage being dependent on South Africa). This leaves a SACU-India agreement to be developed. India, formerly, did not feature in the Top 20 of South Africa's trading partners. Now India is in the Top 10, while China became South Africa's number one trading partner in 2009. With Beijing, there is the Comprehensive Strategic Partnership Agreement. For South Africa, the biggest promise was seen as lying in a large flow of inward investment in sectors identified in industrial development policy. In engaging with Russia there has been a focus on export and trade opportunities as well as extensive cooperation at private sector company levels and a focus on technology sharing in minerals, space, water, education and science and technology. It was foreseen that the relationship with Russia would deepen. With Russia rounding out how South Africa's prospects are shaping up with the BRIC forum countries with which it is about to join, the stage was set to shift focus towards a private sector perspective on BRIC as a factor in Africa's developmental momentum and in relation to South Africa. What was presented was an elaboration on the monthly Standard Bank BRIC-Africa reports that have analytically tracked Africa-BRIC economic relations.

The data being gathered indicates that the continent is being 'nourished' by the BRIC countries as they engage ever more deeply in Africa's economic development

BRICs in Africa and South Africa's comparative advantage

Amplifying earlier observations, the context framing BRIC-Africa relations was one wherein the world has fundamentally shifted. BRIC reflects the emergence of a wider distribution of global economic power. This is accompanied by stagnant projections for the developed world with growth momentum in developing world. However, this does not necessarily imply irreversible decline of the North making for an either-or situation. Rather, what is reflected is a situation that is genuinely multipolar. But with particular reference to Africa and BRIC, the data being gathered indicates that the continent is being 'nourished' by the BRIC countries as they engage ever more deeply in Africa's economic development. China was described as the continent's largest trading partner, with trade surpluses indicating that China is actually bringing a lot more than what they are getting from African countries. In any case, the Sino-African connection was indicative of a trend towards Africa-BRIC trade integration. This was offset, however, by the BRIC being described as 'underweight' in investment although, based on the recent trajectory of the Indian private sector's stepped-up activities on the continent, this could well change. Otherwise, this background led into more specific observations on how South Africa stacked up comparatively with the BRIC countries and how this factored into Pretoria's BRIC inclusion aspirations.

The original idea inspiring the BRIC 'brand' was that the BRIC states had out-performed other economies of a similar population size and growth factor as that which defined this grouping. This accounted for Goldman Sachs leaving South Africa out of what was an exclusive 'emerging market' category rather than the geopolitical statement BRIC has become by dint of the four countries formalising themselves into a forum. Intra-BRIC trade promotion formed a major agenda of this group while Africa had become a major attraction for individual BRIC countries. In this regard, South Africa has received particular attention from the BRIC states. This no doubt fed South Africa's aspirational quest for BRIC membership. Yet, as much importance as Standard Bank attaches to BRIC-African, including South African, economic relations, this importance has not extended to an actual focus on BRIC as a forum. On this score, the projection offered was that South Africa would not add an S to BRIC. In this observation, it was suggested that BRIC did not represent the kind of multilateral platform that would be useful for South Africa. The size of the South African economy meant that the country's ability lags far behind its desire – aspirational overstretch? This observation was not meant to convey that South Africa does not matter. Rather, it was suggested that South Africa needed to build upon its comparative advantages irrespective of BRIC. Here, South Africa's relative strength was seen as being in its corporate sector.

South Africa's corporates punch above their weight, placing the country on a par with the corporate sectors of Taiwan

South Africa's corporates punch above their weight, placing the country on a par with the corporate sectors of Taiwan (which are heavily invested in China) and Singapore. Moreover, it was pointed out that many of these companies are already entrenched within BRIC economies. This was something which South Africa needed to focus on. South Africa has also demonstrated an ability to attract and retain foreign direct investment (FDI): South Africa has been triumphant in attracting FDI, accompanied by an ample number of mergers and acquisitions in the course of 2010 alone. When it comes to the corporates of America and Europe, they know little about Africa, which is an area that South Africa can exploit (and which would presumably apply to emerging market corporates as well and no doubt reflects why Standard Bank is in partnership with the Industrial and Commercial Bank of China). South Africa's footprint in the rest of Africa is potent. This is backed up by regulatory frameworks and institutional capacities which South Africa needs to build on with an eye to Africa's growing market potential. Africa's growing consumer population, with the largest urbanisation rate in the world, was highlighted as a major strength that South Africa focuses on. Thus, while South Africa was not a BRIC, it was stressed that 'we don't have to be one as we have our assets and it is a matter of strategically aligning to be competitive.'

While BRIC obviously could not be ignored, South Africa's corporates, nevertheless, were 'blazing the trail.' The problem is that there is a systemic disconnect between the South African government and the corporate or private sector. There is a need for synergies between government and private sector initiatives with the corporate sector buying into South Africa's developing economic diplomacy. If South Africa's corporates can appreciate the benefits of engaging in Africa, 'We can move forward. Otherwise, we are being held back.' Beyond South Africa's comparative advantages which need to be focused and built upon, this needs to be accompanied by a more expansive focus on external partners. In this regard, it was pointed out how Malaysia is one of the biggest emerging market investors in Africa. Thus, it was advised that there needs to be a broader view beyond a pure BRIC fixation. But this very point could just as well reinforce the attractiveness of BRIC as a South African coalition of choice within the context of an increasingly upbeat assessment of Africa's expanding market potential, with South Africa serving as the gateway. BRIC would simply be the tip of the iceberg of a much broader emerging market interest in tapping into the African market.

Counterpoints: Discussant Summaries

The points raised by Freemantle, Carim and Ambassador Ngombane stimulated more critical thoughts on how South Africa should approach its alliances with particular focus on the pros and cons of BRIC. These were supplied by former IGD senior researcher and current Chief Director of DTI's Research and Policy Unit in its International Trade and Economic Development Division, Brendan Vickers, and Senior Deputy Editor of Creamer Media's *Engineering News*, Keith Campbell. The observation was made that from an international trade perspective, the widely recognised and documented shift in the global economy presents both opportunities and challenges for South Africa. Emerging developing countries represent the future in terms of savings, consumers, innovation, and production. As such, there is a need to consider a much broader range of emerging economies that have been excluded from BRIC as well as the so-called Next 11 (or N11). These all comprise what might be considered, vis-à-vis the West, the rise of the rest, carrying political and economic advantages for South Africa.

Emerging developing countries represent the future in terms of savings, consumers, innovation, and production

On this basis, the building of alliances could be used to contest existing power arrangements. IBSA, the NAMA 11 (the Non-Agricultural Market Access countries: Argentina, Brazil, Egypt, India, Indonesia, Namibia, Philippines, South Africa, Tunisia, and Venezuela) and other such groupings reflect pragmatic and flexible alignments rather than what was reflected in older, more rigid blocs. They were held together by common interests rather than purely by identity. They have significant economic potential for Africa. What was required, it was suggested, was for strategic integration to gain momentum rather than a competitive race to the bottom. One of the big advantages offered by the BRIC states was that relations between them and Africa, South Africa included, are more flexible than what is on offer from the EU's Economic Partnership Agreement, which is more prescriptive.

As to the question of where to from here, it was suggested that any either-or decision between IBSA and BRIC would be premature. Each grouping has its comparative advantages, an observation that implies a complementarity between them. The IBSA three share a common set of norms and values. Furthermore, IBSA is a more institutionalised forum while there have been questions concerning the future of BRIC, alluding to its geopolitical contradictions. Thus, while there may be a necessity to discuss South Africa's joining BRIC, especially following the financial crisis, there is very little in common that keeps the members of BRIC together, quite apart from whether or not South Africa is a member. Indeed, it was asserted that China could actually be regarded as the only real 'bric'. As such, given Beijing's African agenda, attention needs to be given to Africa's potential as a growing market. Within this context, South Africa could strengthen its global role by exerting more regional influence in Southern Africa, an observation that translates into the ever urgent imperative of regional integration. These observations were followed up by a suggestion that more was needed in the realm of acknowledging practical realities.

It was suggested that in South Africa there tends to be a focus on abstract frameworks for what is happening and what could happen, based on assumptions rather than serious investigation. Changes were seen as happening at a pace that was outrunning theoretical discussions. For example, with implied reference to the BRIC forum, the question was asked 'Who is the core West?' By some estimates, this includes Russia. Thus, divisions between east and west are increasingly blurred in reality (in the notion of the west-to-east power shift). Following on this track, it was suggested that the biggest strategic twist is the nuclear treaty between India and the US. India has been incorporated into the nuclear fold without signing the non-proliferation treaty. The US, therefore, has made great power space for India on New Delhi's terms. Within BRIC, stresses between India and China cannot be ignored. Indeed, this reflects additional stresses among Asian powers (i.e. China vs. Japan, China vs. Vietnam and China vs. India). As such, the prevailing discourses reflect a failure to grasp the real dynamics as opposed to the assumed dynamics.

Developed countries were observed to be more willing to accommodate rising powers than it has generally been assumed

Developed countries were observed to be more willing to accommodate rising powers than it has generally been assumed. In this vein, it was recommended that South Africa might focus more on the G20. This would give the country real influence as it is a functioning body. In this view, it was suggested that the G20 may have more significance than the UN Security Council, with the assertion made that decisions arrived at in the G20 tend to be 'rubber stamped' by the Security Council. To the extent that this might be the case (which is debatable), this cast another light on earlier workshop discussions on global governance: how the politics of global governance is lagging behind the economic. Perhaps the economics of global governance provides a cover for the political? That being the presumed case, it was felt that the slower the change process the better, with more chance that change, in terms of the unfolding global shifts, will be peaceful. Because of this highly fluid environment, it was foreseen that South Africa may need to navigate trade wars and exchange wars with states that have not been previously considered as Africa has become a zone of competition between emerging powers. Unilateral responses are not always as effective as multilateral ones in such a context, a view which tends, at base, to reinforce the validity of South Africa's emerging power alliances.

Discussion

The ensuing discussion revisited some of the earlier themes with an initial query into the purpose of such alliances, and the fact that alliances are created to serve certain agendas animating the global governance terrain. What emerged were more questions than answers; hence, there needs to be clarity on the reforms in global governance that need to be achieved. Given that the IMF has reformed, reducing quotas – especially European – to include other countries, does it follow that the goal is to free up more space for the new economic heavyweights? Where, then, would this leave other reform challenges, including UN Security Council reform and reform, more broadly, of the UN's economic, social and security machinery? The answer to these questions were seen as holding major implications for how global governance and its reform would serve Africa's interests. Such was particularly the case in determining the usefulness of alliances such as IBSA, BRIC and BASIC in advancing norms for the common good. Herein entered scepticism pertaining to the possibility that new alliances might simply be about changing old alliances. If this were the case, would Africa's challenges be addressed any better?

Is there a movement from the Washington Consensus to a Beijing Consensus?

Here, an interesting observation was tabled regarding Brazil and South Africa: a suggestion of utilising these platforms to propel each country into international relations, as both have been accused of being overly eager in embracing these fora. On this score, it was suggested that there is a need for guidance for South Africa when it engages in these fora. Again, begging the question of the usefulness of such alliances-cum-coalitions as IBSA, BRIC and BASIC, a concern was voiced as to whether they could drive revisionist impulses emerging from the global financial crisis. Once again, this places the global governance economic agenda in the forefront (as opposed to political reform). After all, both the US and the EU have been weakened as upholders of capitalist economic orthodoxy. Is there a movement from the Washington Consensus to a Beijing Consensus? Whether any such alternatives to Western orthodoxy exist or are in prospect inspired, in turn, questions about global leadership. But this also raised its corollary: a greater voice equals greater responsibility. This also raised issues of costs and who is paying?

Such questions, inevitably, get around to delving into that fertile terrain of discourse surrounding the scramble for Africa's resources and concern over how the emergence of new cooperation partners is affecting relations on the continent, in particular what this holds in prospect for extractive industries. This is an area of special concern for South Africa and its extractive minerals-industrial complex and investment promotion on the continent. Hence, concern emerged about whether or not South Africa is taking advantage of the opportunities presented by emerging powers from the global South accessing Africa's resources in a manner that furthers Pretoria's interests as the premier power on the continent. While there are individual national interests among IBSA, BRIC and BASIC powers, there are still global challenges that require cooperation which, again, raises issues of leadership and responsibility. The observation was made that Brazil, for example, is looking at specific issues such as agriculture while India and South Africa were perceived as not having focused in the same manner as Brazil.

There was also the question of how development is linked to the BRIC states and the role of the N11 in global positioning. Indeed, classification of these groupings was seen as highly problematic (which is why a term like limited multilateral strategic partnerships or coalitions seems apt as an expression of multilateral utility in a multipolar environment). Therefore, to reiterate a point earlier made, it is misleading to think of such groupings as alliances in 20th century terms. IBSA is based on shared values and a developmental cooperation agenda but is avowedly not an alliance. BRIC, as a forum, is an economic grouping, not an alliance, while BASIC is an issues-based coalition, with all of these blocs focusing on 'soft issues'.

Africa and South Africa need to move towards a common position on issues and challenges facing the continent

Concerning the N11, South Africa is not a member but Nigeria is. Is there, then, the possibility brewing of competitiveness within the multipolar environment of club diplomacy? It may rather be a case of 'polipolarity' or the power of poles on certain issues, which may yet overlap with other issues. Obviously, it seems, multilateral utility as a motive force in the emergence of such groupings can be multi-dimensional. While, in the main, there appears to be a focus on development, this is nevertheless accompanied by doubts as to development outcomes as there are few indicators to measure progress. Masses of people are still being left behind in the widening rich-poor gap within the emerging powers. The private sector and government are moving emerging powers forward but, in South Africa's case, there is a widely recognised absence of a shared vision between these two sectors as the private sector is not always informed by national interest.

Africa and South Africa need to move towards a common position on issues and challenges facing the continent. This was needed in order to strengthen Africa's positioning within a changing global order that is, in turn, focusing a great deal of attention on Africa's resources and market potential. Strategically, therefore, the view was articulated that Pretoria should embrace and form its own alliances within Africa and the immediate region to strengthen its own position, a view that implies greater integration. This was a particularly crucial point raised and needs much greater emphasis in the unfolding discourse on emerging power alignments. For indeed, there is a growing concern over which is receiving greater priority: emerging powers or Africa? This raises crucial questions of foreign policy and economic diplomacy synergy between Pretoria's African and emerging power agendas. As far as South Africa's domestic priorities are concerned, these considerations pose a challenge for determining how government, in addressing development challenges (via the New Growth Path) can leverage engagement internationally and deepen trade links. In so doing, it was suggested that this would have to take account of the region in South Africa's development strategy. SACU and SADC would, thus have to be placed at the core of South Africa's international agenda – assuming, that is, that this agenda is informed by an overall Africa focus.

The importance of such a path was seen as being underlined by the extent to which the global economy has become favourable to growth in the South, which means that it is favourable for South Africa. Hence, the rationale for Pretoria's focus on emerging powers and the global South. Emerging countries have developed in an organic way and are translating this internationally on an issue-specific basis in terms of how they see themselves affected by the global economy. As a result, the direction of South Africa's trade has been shifting, which needs to be taken into account. But again, this point seemed to stress a pre-conditional focus on consolidating an African base as it was reiterated that Pretoria should focus on strengthening continental (and regional) integration and lend support to intra-African trade (which South Africa, in fact, is doing through the SADC free trade area and participation in the COMESA-SADC-EAC tripartite arrangement). Reference was made to descriptions of intra-African trade amounting to only 10 per cent of the continent's total trade. Interestingly, however, an UNCTAD report has established that if oil exports are taken out, intra-African trade actually jumps to about 25 per cent. This amounts to just the beginning of an industrialisation process that needs to be supported.

Can South Africa sustain its level of international presence and commitment in club diplomacy to advance its economic national interests and those of the continent?

These observations reflect back on the question of a shared vision between government and business as this would be a requirement in pursuing strategic synergies in Africa and globally. As has been noted many times before, there is a problem of distrust and wariness between the South African public and private sectors. Larger corporates such as Anglo-American could afford to go it alone, but medium-sized companies need assistance which they are not getting, a basic fundamental in fashioning economic diplomacy. There was acknowledgment, however, that responsibility does not reside primarily with government. Companies are also to blame for the disconnect with government. In the South African context, part of the problem from the private sector side was seen as being related to the weakness of the country's business councils. They were described as being largely ineffectual. In India, in contrast, they are observed to have significant clout (for instance, the Bombay Chamber of Business was said to have a stake in government's discussions).

Without such a support infrastructure uniting government and the private sector, can South Africa sustain its level of international presence and commitment in club diplomacy to advance its economic national interests and those of the continent? Here, the level of South Africa's capacity was questioned. After all, it was ventured, the problem of a disconnect between government and business can make states vulnerable and can bring down firewalls. As well taken as this point was, there was a counterpoint offered that government and business in South Africa agree that more needs to be done to strengthen collaboration. However, since it has not been long since the democratic transition, this might take some time. Recently, though, there has been a better level of coordination as there have been large delegations that have included business on visits to emerging countries (though this still left a number of other areas to be addressed on the back end such as the economic, trade and investment capacities of diplomatic missions, and the levels of participation of business councils or chambers).

The discussion ended on a welter of questions, concerns and observations revisiting a number of issues raised over the course of the workshop. These pertained to the BRIC-IBSA equation, prospects for progress on trade initiatives spawned by IBSA involving MERCOSUR and India, implications of an impending (at the time) changing of the presidential guard in Brazil for IBSA (and BRIC) and appropriate regulatory mechanisms that would benefit emerging power and South-South cooperation while, at the same time, contributing to a climate that would prevent trade wars from arising between developed and emerging countries. On the issue of IBSA, BRIC and club diplomacy, the point was made that the frequency of such diplomacy increased its value as if creating its own self-generating momentum in affecting multilateral dynamics. But the staying power of fora such as BRIC and IBSA would be determined by how useful these fora turn out to be. And here, there has been some admission by officials from BRIC member states that, so far, this forum has been little more than a 'talk shop' with a need for action.

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What kind of action this will turn out to be, especially with South Africa joining, remains to be seen, especially in terms of its implications for IBSA and its possible reconfiguration. Where, in different ways, IBSA and BRIC might make a difference in the current world-changing scenario is in serving as platforms for a rebalancing of multilateralism. This inevitably involved expectations that the big economies will take the lead and create the space for other countries (including Africa) to join larger club governance fora such as the G20. From an African perspective, it was suggested that there needs to be a coordination of positions at the G20 with AU positions so as to ensure that the G20 serves Africa's interests at a time when the continent is experiencing a growth surge.

Given South Africa's role in both groupings and China's ascendancy in the economic affairs of the continent, the bilateral dimension of Pretoria-Beijing relations will be scrutinised in terms of what they hold for both BRIC and IBSA and what they portend more broadly for Sino-African relations. With particular reference to Sino-South African economic relations, it was pointed out that China's government has been actively encouraging its entrepreneurs to invest in South Africa in sectors apart from minerals. On that note, feeding into concerns about the balance of trade between South Africa and China, it was pointed out that the picture is complicated by what statistics are used in defining trade between the two countries. The problem for South Africa is that it continues to export primary commodities rather than manufactured goods although 60 value-added products had been identified for the Chinese market. Further, beneficiation at source is a Chinese concept when investing abroad and there were said to be 40 major investors in South Africa.

South Africa, however, is not alone in its balance of trade concerns with China. Similar concerns are shared by IBSA-BRIC partners India and Brazil and fellow BRICS member, Russia. Regarding concerns of averting possible future trade wars, it was suggested that China needed to engage and discuss trade issues with other countries as such economic conflict will have negative consequences globally. China, after all, has clearly emerged as a first among equals among emerging powers. From South Africa's vantage point in its interactions with its partners in IBSA and BRICS, it was recommended that, in terms of trade, a legal framework needed to be established to address non-tariff barriers through preferential trade agreements. This is a particularly important point if South Africa is to benefit from what now becomes intra-BRICS trade. It is within these parameters of discussion that the workshop concluded.

Postscript

The debate over whether South Africa should or should not be a member of what now becomes BRICS, is academic, a non-debate. Whether or not South Africa, small as it is in population and market size, belongs in this club is similarly immaterial. Indeed, South Africa's unique strategic profile and positioning should have justified it being in this grouping from the very beginning as the country is not exactly as small as it appears on the surface. Its omission at the outset carried undertones of international race relations hierarchy that, from any pan-African perspective, is unacceptable. In addition, it is rich that prognosticators from discredited Wall Street finance houses should be indulged in their arrogance as they take it upon themselves to define the emerging powers or global South terrain. One would have thought that this type of cultural imperialism had been consigned to the ash-heap of history long ago. Apparently not. On the other hand, becoming a part of BRICS does present major intellectual and policy challenges for South Africa in how it navigates and calibrates what is going to have to be a carefully state-crafted omni-directional foreign policy linked to Pretoria's developmental state agenda.

The debate over whether South Africa should or should not be a member of what now becomes BRICS, is academic, a non-debate

The fact that some analysts had already read heavily loaded geopolitical projections of Chinese Africa policy one-upmanship into South Africa's inclusion in BRICS signals the magnitude of this omni-directional challenge. Further underlining the stakes regarding its second term on the UN Security Council, the *Sunday Times*, in its 16 January 2011 editorial, asserts that 'South Africa will be expected to pay a price for the privilege of a seat at this table.' Will it? If so, it is suggested that this is likely to be in a manner that forces Pretoria to 'burn more of its credibility with the highly industrialised world by voting in lock-step with China and Russia on global security issues,' while, 'When it comes to the advancement of human rights, this is not the company that polite states keep. Because it is the smallest of the Brics countries in every respect – geographical area, population, armed forces and GDP – South Africa will be in a weak position to push back.'

The implication here reflects a suspicion that, unlike in the case of IBSA which reflects a norms and values motivated democratic emerging powers alignment, South Africa, within the confines of BRICS, will align itself in what becomes a norms and values-neutral utilitarian realist Sino-Russian strategic triangle, which, were this to actually happen, might call into question the validity of IBSA. And this at a time when Beijing's and Moscow's values neutrality may be placing them both on the wrong side of history amid the regionally revisionist revolutionary scenario emanating from the Middle East and North Africa (MENA). Little wonder then, that arch realist, MK Bhadrakumar, writing in *Asia Times Online*, could comment on how 'the logical thing would be to simply merge BRIC and IBSA (India, Brazil and South Africa)' except that 'India seems to have turned down the idea.' Here, the geopolitical prose becomes thick and heavy. Perhaps such conjuring up notions of almost Cold War-like rivalry in Africa between China on the one hand and Washington and New Delhi on the other as a result of Beijing's invitation to Pretoria goes a mite overboard – not that Beijing might not prefer for IBSA to fade out of existence. This is not something that, for South Africa's own credibility, Pretoria can afford.

It is not as if South Africa's membership in BRIC was not vetted among all four members of the forum in a diplomatic process

However, it is not as if South Africa's membership in BRIC was not vetted among all four members of the forum in a diplomatic process that saw state visits to each member by President Jacob Zuma, including the back-to-back IBSA-BRIC summit hosted by Brazil. In the unlikely event that there is an Indian caveat regarding BRICS (as opposed to BRIC), this will show up in 2012 when it is Delhi's turn to host the summit – or perhaps even sooner if South Africa's entry into BRICS triggers another dimension of Sino-Indian rivalry with BRICS and IBSA as proxies.[7] Otherwise, the geopolitical ramifications of BRIC becoming BRICS, and how this plays out in Pretoria's balancing its different foreign policy agendas, remain to be seen. To his credit, Zuma appears resolute in holding the line against Zanu-PF in Harare on satisfying preconditions prior to any elections being held – and the need for those elections to be heavily monitored. Where such a calculus could potentially run into complications between Pretoria's emerging powers-cum-BRICS agenda and its African agenda is in the vexed peace and security crisis of Côte d'Ivoire where Russia's Lukoil, its second largest oil producer, has stakes in three deep-water blocks off the Ivorian coast, part of a largely untapped 1 000 km-long oil frontier.

Moscow has been reticent about heaping more UN Security Council-backed pressure led by the Economic Community of West African States (ECOWAS) on Côte d'Ivoire's electorally defeated incumbent president Laurent Gbagbo in

7 MK Bhadrakumar, 'Arab revolt reworks the world order,' *Asia Times Online*, 10 March 2011.

favour of internationally accredited president-elect Alassane Ouattara. Further complicating this picture are contradictory inter-African dynamics involving Angola's regional interests in west-central Africa and the high place Luanda enjoys in the Zuma administration's Africa policy, a dimension currently being played out on the AU's mediation panel on Côte d'Ivoire of which South Africa is a member. Moreover, this calculus must also factor in Franco-South African economic relations, in addition to Paris' interests in its former colony, as one of the P5 on the Council. How Pretoria navigates these conflicting interests and agendas with Nigeria, with which it shares a non-permanent Security Council membership, throughout the course of 2011 will be something to watch. Côte d'Ivoire, already de facto partitioned between north-south Islamic and non-Islamic fault-lines straddling Africa's Sudano-Sahelian belt, could join Sudan in breaking up into two states (a predicament that should also include the balkanisation of the Somali coast). This will generate ever more urgency for the African integration agenda as the continent risks further fragmentation.

In any case, as preparations got underway for the BRICS summit in April, Moscow, New Delhi and Brasilia as well as Beijing will be looking to see what Pretoria brings to the BRICS forum as China seems keen to set an agenda that moves this grouping beyond a 'talk shop' to something more substantive as a caucus within the global governance confines of the G20. Here, BRICS is still trying to establish its identity, perhaps one that may see it become a counterpart directorate to the G7/8 which continues to exist within the ambit of the G20. Dialectically there is an inexorable logic for BRICS to evolve into something akin to the South African vision of a 'G8 of the South' in counterpoise to the G7 inner sanctum thesis, on route to the G20 becoming the vehicle of universal responsibility reflecting a higher level of synthesis in global governance. In the meantime, DIRCO's preoccupation is to avoid duplication in any multilateral working groups that may emerge in BRIC with those already existing in IBSA though there could some overlap when it comes to an issue like climate change. Otherwise, a BRICS agenda geared to the G20 could conceivably take shape around working groups focusing on global monetary issues, agriculture, the intersection between food and energy security, infrastructural development and a closely related concern when factoring in the African agenda, support for African integration.

There is an inexorable logic for BRICS to evolve into something akin to the South African vision of a 'G8 of the South'

Notably, the Seoul G20 summit set a precedent in coming out with a communiqué explicitly singling out international support for Africa's integration, no doubt something that would satisfy everyone's appetite for tapping into the continent's growing market potential. As such, to the extent that the African market advances towards significant regional and continental economies of scale, this would have to have a potentially stimulating impact on the global economy with Africa's projected population expansion topping two billion by 2050 (surpassing both China and India, with India projected to surpass China). This reinforces the point, increasingly being pressed home, that the beginning and end of African

policy has to be a regional and continental integration agenda. African integration is the pan-African agenda. The point, for Pretoria, is the importance of advancing Africa's interests (and its own) in managing a BRICS agenda that reflects complementarities rather than competitiveness with IBSA.

Should the Atlantic Community simply be defined as a North Atlantic Euro-American construct?

IBSA, meanwhile, as a result of South African entry into BRIC, is sorely in need of reviewing its track-record as it moves toward its 10th anniversary in 2013. The fact that IBSA has already provided a point of synergy for South Africa for coordinating with India and Brazil at the UN in mobilising post-referendum aid for Sudan is indicative of IBSA's practical strategic value within a broader BRICS context. Yet, there has long been speculation about whether or not the Indo-Brazilian-South African troika might not wish to advance their trilateralism to another level; one that is geostrategic given the Gondwanan logic of their respective regional positionings astride the South Atlantic-Indian Ocean sea lanes, where South Africa serves as the central pivot. Certainly, IBSAMAR evokes the potential for a trilateral maritime security agenda that intersects with the security interests of other powers, notably the US, NATO and the EU as well. The piracy challenge in the Indian Ocean which has migrated further southwards towards the Mozambique channel brings into focus diplomatic pressures South Africa has been under to commit itself to a more active anti-piracy engagement.

No doubt were IBSAMAR to take on a more robust maritime security agenda this would not pass without notice in Beijing, not to mention the attention of other powers and their strategic policy communities ever attuned to expectant notions of Sino-Indian rivalry in the Indian Ocean. But then there is also the South Atlantic which, without anything like the existing Indian Ocean Rim-Association for Regional Cooperation (IOR-ARC) – which India chairs throughout 2011 (followed by Australia) – would seem ripe for a multilateral security dialogue, also involving other littoral African state actors, notably Nigeria and ECOWAS as well as UNASUR and inevitably their northern trans-Atlantic counterparts, all of which has to do with multi-vector balancing in navigating the geopolitical dynamics between traditional and emerging powers.

The fact is, IBSA, as the incipient normative caucus within an expanding normatively neutral BRICS, should be considered a vehicle for the proactive, indeed, pre-emptive, redefining of the security terrain embracing the southern sea lanes. (For that matter, should the Atlantic Community simply be defined as a North Atlantic Euro-American construct?) This is all the more reason why the three countries need to be on the UN Security Council as the fashioning of a more coherent multilateral global maritime security regime has to be considered fundamental in applying the principle of universal responsibility to global security interdependence in the 21st century. Responsibility for the southern oceans should be vested in IBSAMAR. In any case, with South Africa hosting the 8th IBSA summit in 2011 following its inaugural entry into what in April becomes BRICS, the next year or two (with Pretoria being on the Security Council) should turn out to be most informative about where South Africa is headed as it navigates its emerging power alliances in the unfolding new world order.

section 1

EMERGING POWER ALLIANCES IN PERSPECTIVE I: IBSA, BRIC, BASIC

PERSPECTIVE: INDIA

Prof. Ummu Salma Bava

I bring an Indian perspective to the discussion on the new groupings in international politics, in particular the group of countries called IBSA, BRIC and BASIC and often referred to as the emerging powers. The discussion on *emerging powers* assumes significance within the over-arching context of *global challenges and the role of global governance*. In particular the literature on this theme has drawn attention to the role of such global institutions and their reform.

Changing Geopolitics and Global Governance

Any discussion on global governance should be situated in the context of a proper definition that brings all within the same framework. In the post-Cold War period, the changing contours of international politics and in particular the shift in the distribution of power between states has called attention to the contours of the existing international order. Increasingly the debate has focused on the hegemony of the post-war rules of regulation of international politics and institutions and their embeddedness in the international system.

Global governance could be defined as the following:

- management of international relations or cooperative, multilateral politics;
- regulation and encouragement of global interdependence;
- regulation of interdependent relations in the absence of an overarching political authority (James Rosenau);
- cooperative problem-solving arrangements (Thomas G. Weiss).

In essence the discussion on global governance is about political regulation at the international level of global public goods (Brand 2005: 155). Governance is about rules and norms which are prescriptive and, given their elite nature of making, seek to create or maintain a hegemonic system. Expanding global cooperation and the idea of global leadership assumes importance in the light of the perceptible power shift visible in the global order. At the core is the issue who leads and how? The international institutions of global governance have been selective in membership and leadership and this reinforces the notion that it is *club governance*. In light of the recent financial crisis there has also been an argument posited that the role of

Governance is about rules and norms which are prescriptive and, given their elite nature of making, seek to create or maintain a hegemonic system

the G8 was about political re-regulation of economic globalisation (Brand 2005: 157).

The discourse assumes salience given the visible multipolarity in the sense of Nye's description of global politics as a three-dimensional chess set – emphasising that at the security, economic and transnational issues level there are different state capabilities and impacts. The role of the major actors will be defined within this context and three factors will further significantly impact it:

- Multipolarity;
- Interdependence;
- Multilateralism.

If one looks at a rules-based international order and the regulation of global public goods then each of these factors has the ability to transform global politics and the outcome. The present engagement of states in dealing with global challenges such as climate change, the Doha Round/WTO negotiations, financial crisis, and security threats emanating from terrorism underscore that we have *asymmetrical multipolarity, networked interdependence* and *selective multilateralism*.

The most significant feature of security threats in the post-Cold War period is the shift from defined to diffuse threats

It is interesting that the major actors are engaging the emerging powers given their economic power and their ability to construct ad hoc coalitions to become game changers at the regional and global level.

Beyond ideational proximity, countries leverage to achieve the best win sets out of negotiations for such regional and global public goods. The American-created and led post-War international regime is harnessing or co-opting new states to keep the status quo. The EU on the other hand has advocated the concept of *effective multilateralism* to engage the emerging powers.

Identifying Threats to Global Security

The most significant feature of security threats in the post-Cold War period is the shift from defined to diffuse threats. Secondly, globalisation acts as a medium of transmission by which threats are transmitted faster. In this regard, the UN High Level Panel identified six key threats to global security:

- War between states;
- Violence within states, including civil wars, large-scale human rights abuses and genocide;
- Poverty, infectious disease and environmental degradation;
- Nuclear, radiological, chemical and biological weapons;
- Terrorism;
- Transnational organised crime (UN Secure World Report).

With the end of Cold War, at the ideational level there has been an endorsement of a uniform political and economic ideological or development template that endorses democracy and consumerism and has integrated global financial flows, which also threatens to heighten the new security risks. Evolving threats show that there is a shift from *threat to vulnerability* that all societies face today and the asymmetry in exposure to these vulnerabilities.

Role of Multilateral Institutions

In addressing these new security threats the single most critical question is whether the existing institutions of global governance are representative, legitimate and capable. The need for reform has been raised for over a decade now and one can argue that reform itself is a work in progress. Coupled to that is the issue of whether good governance institutions can be apolitical, and whether this is a necessity for delivery.

There are signs of change, but how should this be interpreted? Managing political differences between states will be critical in the creation of global public goods. This has become more significant given the role of the emerging powers in global governance. It will be necessary to adapt the membership and governance of most of the major international political and economic institutions to the changing economic structure.

The evidence for reform has been minimal. At best the process can be described as institutional atrophy that reinforces the status quo of current power configurations that came into play after the end of the Second World War in 1945.

IBSA looks at the world from a South perspective

THE 'I' IN IBSA, BASIC AND BRIC

The three groupings reflect different political and economic configurations. India's presence and engagement in all three can be interpreted as a sign of its increasing political and economic presence in international politics.

IBSA

Established in 2003 as a coordinating mechanism between the three large countries of the South, which are all multi-ethnic and multicultural democracies, IBSA looks at the world from a South perspective. Given the geographical dimension of coordinating policies, the best outcome can be achieved at the regional level of the Indian Ocean and the Atlantic, with South Africa being the lynchpin for engagement with India and Brazil on both sides. IBSA's importance lies in that it can become a highly effective medium for coordinating responses to issues of good governance. Four summits have taken place since its launch: the first was in 2006 in Brazil, in 2007 in South Africa, in 2008 in India and in 2010 in Brazil. The next IBSA Summit is slated for 2011 in South Africa.

While one may argue that the three by themselves cannot alter major international issues, the coordination between them, especially in addressing a broad swathe of development, political and economic issues, is critical. A new dimension was added to these by the conduct of joint naval exercises through IBSAMAR I and II (2008 and 2010). Such a multidimensional naval exercise is indicative of the expanding defence capacity of the three countries, thereby focusing attention on the construction of a new security community that will be crucial to keeping the sea lanes of communication open, which has serious implications for international trade. For India these naval exercises serve to enhance maritime security in the Indian Ocean. The three navies, with their different capabilities, offer opportunities for cooperation. IBSAMAR is a clear example of how maritime multilateralism has emerged as a tool for nations, and how relations between the three can be strengthened and convergence built to address larger regional and international issues.

Speaking during the IBSA ministerial meeting, Krishna said: "With our shared values and ideologies and common priorities, the IBSA countries should be in a position to collaborate closely on major issues… I think we all agree that our collaboration should focus foremost on reform of the UN Security Council to make the organisation representative of contemporary global realties," he added, saying that the three countries are also major peacekeeping nations. Krishna said, "We have built up a large reservoir of experience and tools. We look forward to exchanging views on this important area as well."

The four countries combined cover a quarter of the world's land and constitute 40 per cent of the global population

BRIC

BRIC has become something more than a Goldman Sachs acronym in international relations, it is the manifestation of an economic idiom that has become political. It marks the beginning of a shift in the international balance of economic power.

The four countries combined cover a quarter of the world's land and constitute 40 per cent of the global population. BRIC can be seen as another acronym for the variable institutional geometry that is visible in issues of global governance today. From the first summit in Yekaterinburg in Russia in 2009 that signalled a political presence, and the second in Brazil in April 2010, it has become more than an ad hoc coalition, with the potential to leverage international negotiations. BRIC's emergence has altered (and will alter) the balance and distribution of power within these institutions or the substantive content of the policies.

The idea of BRIC has become so relevant and topical that even within international politics, countries have started focusing on how the group responds to global issues and how this would impact on global and regional negotiations and outcomes. BRIC is posing an interesting challenge in that they constitute an economic grouping that is moving towards a geopolitical alliance.

While there are possibilities for constructing positions that are beneficial to all, the fact remains that there are vast differences, as it is a very heterogeneous group, with differences in political and economic systems – democracies and autocracies, differences in industrial production, energy exporters and importers – all of which can limit their ability to speak collectively. BRIC has come to the UNSC as of January 2011 with the new non-permanent members changing the composition of the UNSC. One can argue that finally the political reality is catching up to the slow transition in economic power.

BASIC

Just prior to the Copenhagen Summit on Climate Change in December 2009 a third grouping emerged, which has also shown its ability to leverage the international system. Going by the acronym BASIC (Brazil, South Africa, India and China), the group has become very active in coordinating positions that came out of the Copenhagen Summit. Since December 2009, five Ministerial Meetings on climate change have been held with the last being in China in October 2010. Their aim has been to work together to ensure a comprehensive and balanced outcome in accordance with the mandate of the Bali Roadmap. The group has adopted the so called BASIC-plus approach which is to work together with the G77, African Group, AOSIS, and the Arab Group and through that it aims at enlarging the stakeholders of the Climate Change negotiations.

India will be hosting the next, sixth BASIC Ministerial Meeting on Climate Change shortly after Cancún in February 2011. BASIC has shown that when countries work together they can not only consolidate their positions but also leverage the system better in achieving their preferred outcomes.

India's Role at the Global Level

During the Cold War, Indian foreign policy was distinguished by its approach of Non-Alignment. Its bilateral relations were based on the principles of *Panchsheel*, whose main features are: mutual respect for each other's territorial integrity and sovereignty, mutual non-aggression, mutual non-interference in each other's internal affairs, equality and mutual benefit and peaceful co-existence. Ideationally close to the West in terms of political ideology and institutions, India found itself caught up in Cold War politics and was close to the Soviet Union.

The end of the Cold War has presented India with a range of challenges and unprecedented opportunities. In addition, the robust and sustained economic growth of the last 15 years has put India firmly on the global economic map. At the global level the pull and push factors have contributed to both elements of *cooperation and competition* being a part of India's policy option. Indian foreign policy has expanded from non-alignment to an omni-directional engagement.

Indian foreign policy has expanded from non-alignment to an omni-directional engagement

India wants to expand its role and status. It has given priority to the UN and financial institutions. Endorsing multilateralism and multipolarity, there has been reluctance as with some other countries to adopt strong good governance as it constrains their actions. At the ideational level in foreign policy, India is reinforcing the normative element with a pragmatic approach. This can be defined as the shift from the *power of the idea* to the *idea of power*. India is both a status quo power and a challenger of existing global structures. It has also sought to build consensus with different groups in trying to address some of the issues of global governance be it regarding Climate Change or the WTO.

India is today seeking convergence on issues and interest beyond NAM to a 'new multilateralism' that has the ability to influence outcomes in international politics. Leadership prominence will also be important in such multilateral negotiations that can emphasise a pro-developing country approach which could shape negotiations and outcomes.

Conclusion

India's commitment to IBSA, BRIC and BASIC is clear. It sees value in engaging the three groups as different entities given that they address specific issues of global governance.

IBSA, BRIC and BASIC are perceived as having the capability to restructure the rules of the game

The phenomenon of emerging power coalition-building has arrived and is here to stay. One can address it by different names – 'club governance' or the emergence of 'ad hoc coalitions' or a 'strategic triangle'. The rise of the IBSA, BRIC and BASIC groups of emerging powers has drawn attention to the rules of managing international politics. In essence, there is a growing contestation between the established and emerging powers around global governance. As the economic performance of the emerging powers brings them to the high table of politics, IBSA, BRIC and BASIC are perceived as having the capability to restructure the rules of the game. There is a move beyond joint statements to consolidating action. Both IBSA and BRIC are in the UNSC. The process of democratising the UNSC will be high on the agenda and even though IBSA and BRIC are in, it will not automatically translate into UN reform.

IBSA is also about the idea of convergence on some issues among the three countries of the South. However, it is critical to consider whether IBSA, BRIC and BASIC are soft balancing tools or more than that, especially when looking at their combined weight in international politics.

The alphabet soup has grown. Does more mean better or worse or that there is more room for the expression of different constellations? The increase in the number of groupings has also led to an ad hoc approach to issues of global governance and the groups reflect this growing trend. The groupings also show that the normative convergence is not a prerequisite for group formation and that pragmatism can overtake idealism at the decision-making level. The notion of club governance seems to be becoming more rooted, but it is important to ask whether these clubs have the potential now or later to change the international political architecture, to influence outcomes by collective bargaining or only by bandwagoning.

IBSA and BRIC are pillars that support the values base espoused by the West; it is increasingly being questioned as to how this value base be infused by the view from the global South. Indian Prime Minister, Manmohan Singh, said in Brasilia in April 2010 that the IBSA grouping 'has entered a phase of consolidation'. There is a recognition of the political and economic value of cooperation. In a sense the 'power squad' shows how the group morphs into different blocs. This will grow further because institutions have become arenas for power struggles over norms, rules, and decision making. How much India invests in each of these groupings will also reveal the value addition of the three to Indian foreign policy. While it appears that one group can overshadow the other, there is an incremental value addition that each of the three brings to India in terms of sectoral cooperation. India finds that articulating national interest in an economically interdependent world is facilitated by bandwagoning with countries having like-minded views on select issues.

Undoubtedly, there is a differentiated global governance architecture marked by small groups that also lack legitimacy. The ability to bring about large-scale reform is limited, and this has pushed the creation of groups that see value in cooperation due to convergence in positions and interests. Dent's concept of 'multilateral utility' is an expression of this thinking. This could lead to these groups becoming 'multilateral utilities' of regional organisations that perform 'subsidiary' clearing-house and agenda-setting functions for global multilateral forums. There is a process of increasing interface between regionalism and multilateralism. It is critical that new groups like IBSA, BRIC and BASIC do not set ambitious agendas and goals that they cannot deliver on and they need to be careful to avoid falling into the trap of *aspirational over-reach* while lacking the necessary capability and capacity to play global roles.

It is critical that new groups like IBSA, BRIC and BASIC do not set ambitious agendas and goals that they cannot deliver on

The global economy is very dynamic and reflects the shift in economic power, whereas global politics is very status quo and resists the expansion of leadership. Multiple forms of community building also reflect the emerging redistribution of power or, more specifically, influence at the global level after the Cold War. Integrating emerging powers in international organisations – not just the global economy – will be essential and it will be critical to dismantle gatekeeping at the entry point to organisations.

PERSPECTIVE: BRAZIL

Prof. Alcides Costa Vaz

This text provides a brief analysis of the importance that international coalitions of emerging countries have acquired in the context of Brazilian foreign policy in the present decade. It argues that international coalitions have undergone important changes to their composition and focus, thus becoming both driving forces and expressions of political transformation in the international system in the sense that they provide opportunities for emerging countries to enhance their international profile as global actors. As Brazil intends to project and consolidate itself as a recognised global actor, it has actively promoted and resorted to these coalitions not only for their instrumental value in helping the country forge its international identity but also for their potential for bringing about desired systemic changes that favour a less uneven pattern of power distribution and help overcome the enduring political and economic asymmetries that have characterised international politics and the world economy in the last decades.

International coalitions have undergone important changes to their composition and focus, thus becoming both driving forces and expressions of political transformation

Historically, Brazilian interest in international coalitions has been directly linked to the importance assigned to the strengthening of multilateral institutions as instruments to level power asymmetries and to channel the demands and concerns of the developing world. As multilateralism has evolved, reflecting the transformations in the international system, the scope and the reach of international coalitions has also changed.

It is possible to identify two major generations of international coalitions in contemporary world politics. The first generation of developing countries coalitions comprised large, multilateral initiatives largely based on shared conditions – notably underdevelopment and marginalisation – and shared interests, which were basically expressed in the quest for autonomy in political terms, and the demand for a more equitable economic order and for more favourable conditions for technology transfer. They were also based on an idealistic approach to international politics, having the strengthening of international institutions, the demand for greater international cooperation and technology transfer and the plea for the reform of North-South relations as their cornerstones. The most representative examples of this first generation of international coalitions were the Non-Aligned Movement (NAM) and the G77. Brazil was not a member, only an observer, of NAM, so it did not seek to take any political advantage of its relatively distant position regarding NAM. The G77, in contrast, provided a valuable opportunity for an active Brazilian engagement in the context of the General Assembly of the UN. Through it, Brazil voiced demands for disarmament, trade reforms and a more equitable international economic order and gained some international visibility and prestige, especially among other developing nations. In the context of the General Agreement on Trade and Tariffs (GATT), Brazil joined the Cairns Group, a smaller and more focused grouping that was a key element in demanding the reduction of barriers to agriculture exports.

The participation in these instances certainly allowed Brazil to gain international visibility and some prestige at the multilateral level, but it did not bring about a meaningful change in its relative position in the international system. It was rather Brazil's very positive economic performance from the fifties into the early eighties, and the change of its economic profile to that of an emerging industrial economy, that contributed more decisively to projecting it as a global trader. Its participation in multilateral coalitions had a positive, though limited, impact in this regard and did not suffice to grant Brazil the status of a global actor.

These new groupings have been useful for projecting Brazil as an emerging global actor

Conditions would change significantly into the nineties and particularly in the present decade as the scope of international coalitions also changed. Instead of heterogeneous arrangements comprising large numbers of countries in the pursuit of broadly defined political objectives, this new generation of international coalitions is best represented by more selective groupings of emerging economies in search of a new international political status –BRIC, IBSA and G20 are the best examples of them. As novel elements in the context of contemporary world politics, these groupings have served as privileged instruments for the articulation of interests of a small, but heterogeneous group of countries also recognised as emerging powers. Their changing international status and the influence of the coalitions they have made up add to the most patent global challenges in making the reform of major structures of global political and economic governance necessary.

These new international groupings have acquired both greater visibility and functionality in specific domains, thus becoming important referents in the international political landscape. By playing a leading role in articulating the interests of emerging countries in the framework of the Doha Round negotiations, bringing together South Africa and India to the IBSA forum, and by being willing to keep a high profile in framing the debate on top global issues like climate change and economic governance, Brazil has resorted to international coalitions as core instruments of its international action. Relations with other emerging countries have become, therefore, a central dimension of its foreign policy. Due to their own nature and composition, these coalitions would find different levels and forms of political and economic functionality for advancing Brazilian international interests. Distinct from first-generation arrangements, these new groupings have been useful for projecting Brazil as an emerging global actor, an intent long and unsuccessfully pursued in previous times.

In this sense it is possible to state that the new generation of international coalitions of emerging countries is simultaneously a source and an expression of an incremental transformation of the prevailing pattern of international (soft) power redistribution that has been ongoing since the end of the Cold War. This transformation is the outcome of the convergence of three major processes: first, the consolidation of a pattern of interdependence of truly and unprecedented global reach; second, the gradual erosion of the influence of Western powers on international political and economic institutions; and third, the recent economic rise of countries like China, Russia, India and Brazil who became able and willing to project influence beyond their regions and who are also willing to be more proactive politically and economically.

It would, however, be a mistake to depict these new examples of second-generation international coalitions as more homogeneous than their predecessors. On the contrary, though much more limited in their composition and agendas, they comprise countries with very different attributes in terms of their respective political, economic, military and technological capabilities and with different defining patterns of regional and international insertion. This results in complex and largely undetermined patterns of convergence across different issues, limiting their functionality to a relatively small cluster of issue areas while making them subject to different political valuation by each member country.

It is against this background that we must assess the place, the relevance and the prospects of international coalitions of emerging countries for Brazilian foreign policy. As previously mentioned, IBSA, BRIC and the G20 have been important in advancing Brazilian interests at the global level thus enhancing its profile as a global actor in unprecedented ways. More than that, they have allowed such a projection to take place independently from its alleged condition of a regional power or its contested legitimacy as a regional leader. Such ambiguous conditions could become a possible source of major political constraints to its initiatives at the global stage. Finally, they have proved to be useful for Brazil to voice its interests and concerns regarding the need to challenge power concentration without raising major political resistance to its changing international profile. If seen from this perspective, it becomes relatively easy to understand the strong political appeal that these coalitions have had for Brazilian foreign policy in recent years, as they have allowed Brazil to deal actively with different issues such as multilateral trade negotiations, incremental South-South relations, development assistance, global governance and the reform of international regimes and political institutions, without bearing the costs of necessarily having to bring its own region together as a pre-condition to play globally. In other words, they directly contribute to sheltering its condition of a rising global actor from the burdens of its unclaimed but resisted regional leadership.

They have proved to be useful for Brazil to voice its interests and concerns regarding the need to challenge power concentration without raising major political resistance to its changing international profile

At the same time, it is important to highlight the fact that those international coalitions also respond to different priorities and possibilities regarding Brazil's international interests. The WTO G20 was important for effectively bringing the development agenda into the core of multilateral trade negotiations. Even though the Doha Round had been proclaimed as the Development Round, it was only with and through the action of the G20, under the leadership of Brazil and India, in the context of the Cancún Ministerial Conference, that a political debate centred on development concerns was clearly set. It was successful in affecting the balance of power in trade negotiations in a very sensitive issue with no less of a meaningful impact for the prospects of achieving a successful and balanced outcome of the whole Doha Round.

IBSA, in turn, has become a space of opportunity to promote South-South political dialogue regarding some global issues, mainly the reform of the United Nations, the implementation of the Millennium Development Goals, the enhancement of development cooperation and other issue areas like security, fighting poverty and social policies. Largely perceived with some degree of scepticism as to its feasibility over the long term, it has been challenged by recent international developments. Nevertheless, IBSA has managed not only to subsist, but also to find niches for opportunities to consolidate itself as a privileged forum and channel for South-South cooperation. Despite its broad agenda and the lack of effective content in many of the areas it has embraced, IBSA has proved to be an initiative that might provide political leverage at relatively low costs for the three countries domestically and internationally.

IBSA has become a space of opportunity to promote South-South political dialogue regarding some global issues

The relevance and effectiveness of IBSA, however, cannot be accessed solely in relation to the existence of a formal trilateral agenda that grants it a programmatic sense; neither through the ability of the three countries in pursuing and carrying out a common political strategy in response to the most important issues of the global agenda. The relevance of IBSA and its international credibility must derive from the ability of the three countries to translate the opportunities of working together into practical outcomes in each of the three pillars that comprise it.

Before being or becoming an important referent in the context of international politics IBSA still has to consolidate itself as an important referent to the foreign policies of each of its members in those areas which might be relevant for them individually and collectively. In this regard, it cannot easily be escaped that IBSA is still valued differently to a large extent by each of its three members. Even though India, Brazil and South Africa seem to be willing to sustain IBSA, the emergence of BRIC (Brazil, Russia, India and China) has cast some doubt as to its prospects. These doubts are, however, unjustified. IBSA shall remain a useful initiative for Brazil's quest for a more assertive international profile and enhanced status quo on the global stage. It is functional for Brazil to convey a sense of compromise with the ideals, concerns and objectives of the so-called global South in the realm of international cooperation and also in security.

BRIC, in turn, has emerged for Brazil as a possible stance from which it would eventually accede to the status of a recognised international actor in the framework of a selected grouping that might respond to global governance concerns. While IBSA and the WTO G20 touch upon issues relating to economic development and South-South cooperation, BRIC poses the possibility of bringing the country closer to the core of international politics. However, this possibility is not automatic. It depends to a great extent on the willingness of China, Russia and India to work together on issues such as international security, climate change, international finance and others. So far, since its inception as a formal grouping, BRIC has managed to coordinate to advance positions only in favour of the consolidation of the G20 as the main forum for the political debate on economic and financial issues, thus replacing the G8 and its expanded version (G13) and in the restructuring of the decision-making capabilities of the International Monetary Fund. There are no clear indications that it will project itself in other more politically divisive issue areas such as international security, the UN Security Council reform or climate change. Even so, those achievements in forging new structures for economic and financial global governance are of the utmost importance for Brazil due to their political implications and the greater influence that country might have in shaping international norms, institutions and decision-making procedures.

As to the G20, mentioned above, it has been the most influential initiative that Brazil has helped forge and spur, as it has emerged as the single most relevant sign of change affecting the pattern of a high concentration of decisional power in the hands of the developed economies that had prevailed since the Bretton Woods institutions were set forth. So far, the G20 is the only instance of governance that has managed to challenge the prominence of the G8 and to effectively reflect the greater political and economic importance of emerging powers. They are now playing an active decisional role instead of the secondary and largely defensive role they used to play.

BRIC is more suitable to address the challenge of forging new parameters and mechanisms of global economic and political governance and to bring Brazil closer to the universe of world high politics. There should be no competing or excluding valuations of IBSA, BRIC and the G20 from a Brazilian perspective. Rather, they should be assumed as complementary dimensions for the Brazilian willingness to change its international status quo from a regional power to that of an independent, proactive and influent global actor.

BRIC is more suitable to address the challenge of forging new parameters and mechanisms of global economic and political governance and to bring Brazil closer to the universe of world high politics

All this indicates that it would not be in the Brazilian interest to merge IBSA and BRIC, despite the fact that they may eventually overlap. There are no signs that this will change in the near future. Each of these coalitions has served different purposes by allowing Brazil to play simultaneously in different fora and issue areas, thus enhancing the profile of a global actor it intends to consolidate.

Brazil's main liability regarding the functionality of these groupings is that they all rely heavily on the incentives and political willingness of individual countries to privilege them in their respective foreign policy strategies. Even though signs have been positive in this regard, it is important to keep in mind that neither

IBSA nor BRIC or the two G20s are bound to a natural process of consolidation. On the contrary, all of them are still subject to political setbacks whenever the incentives for one of their actors to play alone become stronger than the benefits and costs of collective action. Apart from IBSA, where Brazil may be able to persuade its two other partners to keep investing political capital in its development and consolidation, the other groupings – BRIC in particular – are largely dependent on the uncertain and unpredictable political reasoning of actors that, like Brazil itself, are driven by a strong sense and valuation of independence in their international behaviour. If, on the one hand, coalitions like IBSA and BRIC derive their political appeal from the individual attributes of their members and from the potential transformations, this may induce working together, on the other hand they are still highly vulnerable to the uncertainties of their political commitment to the strategy of working together when competing national interests or differently valued outcomes are at stake.

So far, there seem to be no strong incentives for Brazil to support the idea of either merging or changing these initiatives as it has benefited, so far, from the different possibilities they have brought about for it to manage different agendas in different contexts, exercising flexibility and independence according to what diplomatic discourse calls the diplomacy of 'changing geometries'. By now, the best option for Brazil can be stated in economic terms: to continue to pour more political capital into them in order to make them apt to expand their margin of utility in the mid term.

There seem to be no strong incentives for Brazil to support the idea of either merging or changing these initiatives

PERSPECTIVE: SOUTH AFRICA

Francis A. Kornegay

This analysis of South Africa's emerging power alliances, with particular focus on IBSA, BRIC and BASIC, is intended to offer some differentiated assessments of these groupings as they relate to South Africa's global South and emerging power diplomacy, while considering their future prospects and potential in terms of Pretoria's foreign policy priorities. They constitute what might be conceptualised as *limited multilateral strategic partnerships* reflecting diverse agendas of converging interests between the states comprising them. Their limits in terms of membership may reflect 'strategic triangles' or quadrilateral arrangements at heads-of-state or ministerial level with global governance reform and developmental agendas of varying scope and depth. As they are multilateral, though of limited number in membership, they intersect with strategic partnerships of a bilateral nature and thereby present challenges to the bilateral dimensions of relationships among the states constituting these groupings, depending on their nature.

What is emerging is very much a post-Western world order

Strategic though they may be, they do not necessarily reflect an identity of interests between the states that are party to them and, indeed, may contain very fundamental and unresolved conflicts of interest occasionally bordering on confrontation. But as limited strategic partnerships that are multilateral in nature, they reflect a uni-multipolar international terrain very much in transition in terms of the distribution of geopolitical and economic power; one in which emerging powers with convergent interests in the restructuring of the terms of global security and economic governance are tending to coalesce in 'caucuses' within larger 'club governance' frameworks to advance agendas of reform in an international system that used to only cater to the primarily Western powers of the developed global North. Indeed, what is emerging is very much a post-Western world order.

UN Security Council Reform Blues

-- *"I hear ya knockin but ya can't come in…" 'Fats' Domino* (1955)[8]

8 Antoine 'Fats' Dominique was one of black America's iconic rhythm & blues pianists and singer-songwriters out of New Orleans in the 1950s.

To gain a handle on South Africa's emerging power alliances amongst IBSA, BRIC and BASIC within this changing order, how these different groupings comparatively stack up to one another, and where South Africa itself fits within the emerging power scheme of things, one need look no further than the new UN Security Council line-up awaiting 2011 as a place to begin making some assessments. Both South Africa (second term) and India (first term) will serve as non-permanent members of the Security Council for 2011/12, overlapping with Brazil and Nigeria and accompanied by Germany and Russia and China (serving as two of the permanent five). This reflects the following limited multilateral strategic partnership dynamics:

- **IBSA**: India, Brazil, South Africa
- **BRIC**: Brazil, Russia, India, China
- **BASIC**: Brazil, South Africa, India, China
- **RIC**: Russia, India, China
- **G4 Security Council reformers**: Germany, India, Brazil (minus Japan)
- **African agenda**: South Africa, Nigeria, Gabon (whose former foreign minister is the incumbent, Jean Ping, who chairs the AU Commission)

BRIC as well as IBSA will come under the spotlight for critical review along with the foreign policies of the member states

Because these interlocking alignments are all simultaneously embedded in the new UN Security Council line-up, especially over the course of 2011, the Council, over this period, can be viewed as a veritable microcosm of global geopolitical conflict and accommodation that will shape the strategic landscape perhaps well beyond 2011/12. It may well determine the balance within the Council between maintaining the status quo or moving it towards reform and expansion. As such, it can be viewed as something of a testing ground for the efficacy of these diverse multilateral strategic partnerships in regard to how they are able to advance each of their targeted agendas as they relate to the Security Council. In the process, it will also test the nature and credibility of the foreign policy identities of the presumptive new members of an expanded Security Council, especially among the IBSA three – India, Brazil and South Africa – as they navigate amongst the established Western powers of the P5, including the US, Britain and France, counter-balanced by the BRIC members of the P5, Russia and China.

By the same token, the real intentions of the P5, established and emerging alike, may also be exposed irrespective of what their stated positions are on matters of UN Security Council reform as well as on many of the critical issues of global and regional security governance that will come before the Council. In this sense, both BRIC as well as IBSA will come under the spotlight for critical review along with the foreign policies of the member states that make up these particular limited strategic partnerships. Thus has the context in which South Africa resumes its stint on the Security Council changed considerably from when it first served.[9] Assessing South Africa's performance this time around will have to involve much more than whether or not it strictly adheres to a narrowly defined human rights agenda. South Africa's second term on the Council will have to be judged within the context of a coordinated IBSA strategy among Delhi, Brasilia and Pretoria – or the lack thereof – and in terms of its BRIC aspirations as well as the relevance of BRIC within a Security Council context where Moscow and Beijing represent the P5 status quo while Brazil and India (and South Africa, Ezulweni notwithstanding) aspire to join as permanent members in an expanded Council.

Renewing an Abuja-Pretoria Axis?

For South Africa, Nigeria's overlapping non-permanent membership on the Council further raises the stakes in terms of how and whether or not Pretoria and Abuja can constitute themselves as an axis of synergy in advancing the African Union (AU) agenda and/or whether or not they can jointly take leadership in exercising a degree of leverage that supplements that agenda and lends it more international, not just African, credibility. The AU, for example, has shielded Sudanese President Omar El-Bashir from the International Criminal Court (ICC) arrest warrant and collectively taken a position prioritising a peace settlement in Sudan's Darfur province. The challenge for South Africa and Nigeria is whether or not this shielding of Bashir should not be linked to the self-determination referendum in South Sudan, whether or not that referendum takes place, is otherwise frustrated and/or involves a North-South return to war scenario; in other words, whether or not an informal, non-binding sub-Saharan African removal of the shield against the ICC should not serve as a deterrent to the pain of Khartoum's informal isolation, at least within the diplomatic domain of sub-Saharan Africa.

Nigeria's overlapping non-permanent membership on the Council further raises the stakes

In fact, this would not even have to be a consensus AU position which would be unlikely in any case. It would, however, presuppose the emergence of a strategic axis in the networking of key African states such as Kenya and other East African Community members supportive of the Government of South Sudan as well as South Africa and other members of the Southern African Development Community (SADC) like Botswana in tandem with Nigeria and key members of the Economic Community of West African States (ECOWAS).

The likely emergence of Sudan as a flashpoint issue in the Security Council is illustrative of how the African agenda may challenge South Africa's performance during its second sitting on the Council. Apart from whether or not South Africa and Nigeria (while it remains on the Council) can and will leverage an African

9 Adam Habib, 'SA has much to prove at UN top table', *Sunday Times*, 17 October 2010, p. 5. Also see: 'South Africa's foreign policy: Human rights? What's that? Nelson Mandela's successors have other fish to fry abroad', *The Economist*, 14 October 2010.

position that other emerging powers among BRIC would be expected to factor into their diplomacies informing their own national interest agendas on Africa, there are broader concerns about Pretoria striking a balance in the Africa-emerging powers equation. This is a concern informed by perceptions that BRIC and the emerging powers may be overshadowing South Africa's African agenda when, in fact, the concentric circular paradigm of South African foreign policy places Africa at the core of a strategy extending outward to the global South accompanied by an emphasis on strategic partnerships in the North as well as what is referred to as 'North-South bridge-building.' If this, then, is the Afrocentric point of departure for evaluating South Africa's emerging power alliances as buttressing Pretoria's default leadership on the continent, it becomes important on this basis to review the comparative advantages of IBSA and BRIC and, to a lesser extent, BASIC.

BRIC: It did not fall on IBSA after all[10]

Pretoria's exclusion from BRIC appeared to signal its marginalisation at the very instance when a 'new scramble' for Africa's resources was gaining momentum

There was a notion that emerged in 2009 that IBSA, as an innovative trilateral dialogue forum of democratic southern regional powers, was losing momentum. This perception gained currency after the launch of BRIC as a formalised quadrilateral forum without South Africa at Yekaterinburg in Russia. The BRIC launch happened in close proximity to the trilateral ministerial summit of Russia-China-India (RIC) and the summit of the Shanghai Cooperation Organisation (SCO). In the wake of the BRIC launch, the IBSA summit in Brazil was scrapped with little notion of what was afoot until it was suddenly rescheduled in the back-to-back IBSA-BRIC summit convened earlier this year in April. Given South Africa's post-apartheid lobbying for the mobilisation of a 'G8 of the South,' out of which IBSA emerged, it appeared as if India and Brazil might be leaving Pretoria in the lurch for bigger and better things in an exclusive club of big emerging powers going up against the US and the established powers of the North. For one thing, the club governance of the G8 which consigned China along with the IBSA countries and Mexico to an 'Outreach Five' on the sidelines of G8 summits (rather than expanding the G8 into a G13) was not in keeping with the emerging power ambitions of either China, India and Brazil.

Russia, meanwhile had become something of an 'outlier' within the G8 as its energy security geopolitical resurgence was increasingly causing tensions with the West. Given South Africa's default leadership of Africa within various fora of club governance, Pretoria's exclusion from BRIC appeared to signal its marginalisation at the very instance when a 'new scramble' for Africa's resources was gaining momentum from the very BRIC powers with whom South Africa might increasingly find itself in competition with in its own continental backyard. Moreover, the global financial meltdown emanating out of the North Atlantic and its recessional acceleration of the west to east shift in the world's economic

10 Francis A. Kornegay, *South Africa's South-South Dilemmas: Will a BRIC fall on IBSA?* Global Insight, Issue 88/July 2009. Johannesburg, Institute for Global Dialogue.

centre of gravity was underlining for a newly minted Zuma administration the importance of re-focusing its economic diplomacy on the BRIC states and the global South.

In the event, beyond the high politics of currency multipolarity as a move away from global US dollar dominance, the BRIC forum's collective weight in global governance decision-making is yet to be firmly established whereas both India and Brazil have made clear their continued commitment to IBSA which, as we go into 2011, will be approaching its 10th anniversary in 2013. At the same time, Pretoria's default leadership of Africa within the G20 and in the climate-focused multilateral strategic partnership with India, Brazil and China in BASIC continues to confirm South Africa's emerging power status at global levels of club governance. (Within BASIC, South Africa's presence is unavoidable as it is one of the world's largest emitters of greenhouse gases, and the largest on the African continent.) While President Jacob Zuma's economic diplomacy in 2010 has politically positioned South Africa for entry into BRIC, whether or not that occurs, in as much as South Africa is not objectively speaking a BRIC country, the notion of a zero-sum choice between BRIC and IBSA is no longer an urgent matter as IBSA's staying power is increasingly acknowledged.

Can IBSA articulate a more proactively strategic profile in both the South Atlantic and Indian Oceans?

To the extent that BRIC sticks to a predominantly global currency agenda, there is a question as to what there is for South Africa to gain from being a member of BRIC. While the initial Moscow-Beijing offensive against the dollar as the world's sole reserve currency has lost momentum, there has been a very active Chinese policy of switching away from the dollar as a currency of bilateral trade with Russia, Brazil, Turkey, Iran and perhaps a growing list of emerging economic powers. There are no signs that Pretoria is ready to embark on the multipolar currency road. It is a major unaddressed issue on Africa's regional and continental integration agenda regarding what form monetary integration should take within the context of trade integration, especially within the Eastern and Southern African COMESA-SADC-EAC 'Cape to Cairo' corridor bordering the Indian Ocean.

With reference to the Indian Ocean, this is where IBSA's comparative advantage as a limited multilateral strategic partnership comes more clearly into focus: its utterly geostrategic logic in its Gondwanan connectivity of the South American 'southern cone,' the Southern African subcontinent ranging up the Eastern African Indian Ocean littoral to the South Asian subcontinent. The question for IBSA, as it approaches its first decade in 2013, is where to from its current trans-oceanic interregionalism of functional cooperation through its numerous sectoral working groups? Can IBSA articulate a more proactively strategic profile in both the South Atlantic and Indian Oceans before options may be foreclosed by the US, EU and/or NATO security priorities, especially in redefining the geostrategic scope of an expanded Atlantic community?

IBSA: What next as the 10th anniversary of Brasilia approaches?

The challenges awaiting IBSA are not to be under-estimated. As South Africa prepares to host the 2011 IBSA summit, the Nehruvian idealist depiction of the trilateral grouping by Indian Prime Minister Manmohan Singh as a "largely peoples project" which is also a "strong moral force in today's unsettled world" needs to be taken on board as Pretoria and its IBSA partners separately and jointly navigate the utterly realist calculus of the UN Security Council. As for IBSA itself and the notion of it being a people-oriented rendition of South multilateralism fostering civil society interaction, this conception will challenge how much the three governments, separately and jointly, are willing to invest in sustaining this characterisation of their trilateralism as a reality and not just a hope.[11] Indeed, it is this very non-governmental matrix of trans-Atlantic interaction that contributed to the Euro-American Atlantic community's hegemony at the apex of global power. Why not a comparable South Atlantic-Indian Ocean dynamic in the global South that balances the Atlanticism of the Euro-American North at a time when power is shifting east and south?

The building of interregional South Atlantic-Indian Ocean cooperation communities as multilaterally federated building blocs may constitute the next phase of global governance

If this is indeed in prospect, there is potential for IBSA's trilateralism to become a driving force for moving interregionalism among the three continents towards what might be considered the next phase of multilateralism: a *federated multilateralism* of deeper inter-governmental and inter-societal interaction spanning the three continents. But then this will also have to take in a more clearly resolved strategic dimension in terms of where Delhi, Brasilia and Pretoria want to take IBSA. In this regard, the bilateral dimensions of the overall trilateral relationship take on enhanced importance: a New Delhi-Pretoria axis within the Indian Ocean Rim-Association for Regional Cooperation aimed at enhancing functionalism within an Indian Ocean community where trans-regional integration in Eastern and Southern Africa converges interactively with regional economic cooperation, trade and commerce within, hopefully, a post-conflict South Asia; and where a similar axis between Pretoria and Brasilia leads to a more inclusive interregionalism on both sides of the South Atlantic.

In short, the building of interregional South Atlantic-Indian Ocean cooperation communities as multilaterally federated building blocs may constitute the next phase of global governance. A further inclusive dimension of IBSA might be to expand the scope of its development fund into an IBSA development foundation emphasising grassroots development within each of the three countries and their surrounding regions in addition to the kind of LDC focus already being implemented under UNDP.

11 A thought-provoking analysis of these characterisations of IBSA is explored in an unpublished paper titled 'IBSA in the foreign policy of a rising India: Identity, interests and Southern multilateralism', by Priya Chacko. An equally thought-provoking counter-point is '"Security Council seat will test India's mettle', by MK Bhadrakumar, *Asia Times Online*, 16 October 2010.

Such a scenario is suggestive of how IBSA and BRIC could intersect with regard to how South Africa relates to both 'alliances.' The positive potential in South Africa's aspirational quest to become a member of BRIC could enhance its pivotal role in IBSA as the Gondwanan point of connectivity between India and Brazil if Pretoria's quest motivates it to become more strategically coherent in its own governance as a precondition for accelerated economic growth, development and integration within SADC and beyond. For if South Africa aspires to be a BRIC country, it is going to have to become a federated Southern Africa alongside the federation that the East African Community is trying to become and perhaps join with the EAC in a larger Eastern and Southern African federation buttressed by the tripartite COMESA-SADC-EAC 'Cape to Cairo' economic zone bordering the Indian Ocean.

The South African presidency will have to fashion a more robustly centralised policy-making and implementation architecture for the comprehensive coordination and synergising of what is now a largely silo-configured government. There will have to be an accelerated professionalisation (as opposed to politicisation) of governance interacting with a revamped wage, salary and incentive structure so that remuneration reflects national development priorities in driving a more dynamic economy in South Africa's other aspirational quest: developmental state construction. A revolution in education and human resource development will be integral to such a quest. If, in summary, BRIC can motivate South Africa to 'walk the walk' instead of just 'talking the talk' in accelerating its developmental momentum as an emerging power, the quest will have been well worth it.

If BRIC can motivate South Africa to 'walk the walk' instead of just 'talking the talk' in accelerating its developmental momentum as an emerging power, the quest will have been well worth it

Conclusion

In the final analysis, if South Africa can transform itself into the human security developmental state that it aspires to become, while advancing the regional and continental integration agenda in Eastern and Southern Africa, it will enhance its strategic depth as something akin, in Africa, to the niche occupied by Germany in Europe. There is every to reason to expect that South Africa's embedded leadership role in a politically as well as economically integrated African subcontinent would be analogous to Germany's resurgent economic hegemony within the integrated Europe that was central to the post-war Western agenda in Europe. If such a scenario has validity, it necessarily makes the pan-African project the cornerstone of South African alliance formation. Pan-Africanism becomes preconditional in charting Pretoria's contribution to the construction of a federated multilateral order in the global South and in the world at large.

section 2

EMERGING POWER ALLIANCES IN PERSPECTIVE II: SOUTH AFRICAN FOREIGN POLICY AND ECONOMIC DIPLOMACY

PERSPECTIVE: DEPARTMENT OF TRADE AND INDUSTRY

Xavier Carim

Introduction

My presentation will focus on South Africa's economic relationship with Brazil, Russia, India and China, the so-called BRICs. However, before addressing this question, it will be important to provide some context and a sense of how we view developments from a South African perspective.

Changing global economy

The current trajectory of a changing global economy is undeniable. Profound shifts are underway, notably the rise of new poles of global economic growth and new sources of trade and investment flows. This shift in economic power is broadly from North to South and West to East. Brazil, Russia, India and China are key players in this emerging new economic geography.

This shift in economic power is broadly from North to South and West to East

The figures for economic growth, trade and investment tell the story of these important changes. We are witnessing relative shifts in GDP growth rates, shares of global trade in goods and services, investment flows and purchasing power from developed to developing countries.

It is projected that developing countries' share of world trade will double over the next 40 years, from 37 per cent in 2007 to 69 per cent in 2050.[12] The global economic crisis appears to have accelerated this underlying trend.

While the global crisis has left most OECD countries with high levels of debt and weakened competitiveness, the rising economies have emerged stronger from the crisis with stable, sustainable debt levels and increased competitive positions.

Recent reports by the McKinsey Global Institute and the IMF point to Africa's improved economic prospects. Based on the current trajectory, these reports predict that Africa is well placed to realise its potential over the coming decades. Africa's enormous reserves of raw materials, 60 per cent of unused arable agricultural land, a young population and improved economic governance lay the basis for the continent to be the next centre and source of global economic growth.

12 Shimelse Ali and Bennett Stancil, 'Developing Countries Changing the World of Trade', Carnegie Endowment International Economic Bulletin, November 2009.

However, it is important to keep these trends in perspective. While emerging economies are clearly on the rise, industrial economies still retain enormous advantages. For example, industrial economies still contribute around 70 per cent to world GDP. While the US contribution is 18 per cent of global GDP, China only contributes 3 per cent. Collectively, China and India's consumption is only one sixth of that of the US. In addition, as a regional bloc, the EU still remains South Africa's most important trade and investment partner.

Moreover, while emerging economies are growing their share of global trade, the gains of global trade growth – measured by trade in sophisticated, high-value and high technology content – still accrues disproportionately to the North. And notwithstanding their impressive economic performance, emerging economies still confront severe socio-economic development challenges. These include widespread poverty, inequality and unemployment.

South Africa's position

Broadly speaking, a global economy and global rules that are favourable to developing countries in general, would be favourable to South Africa

An important question is how South Africa should position itself in this unfolding landscape. The starting point must involve an assessment of how our international engagements support South Africa's national social and economic development strategies, and assist us to overcome our own structural impediments to growth and development. These engagements must also contribute to Africa's development by promoting deeper regional integration, economic diversification, infrastructural development and industrialisation of African economies.

Broadly speaking, a global economy and global rules that are favourable to developing countries in general, would be favourable to South Africa. It is against this background that alliances with like-minded countries take on real meaning. South Africa has been heavily involved in alliance building to advance our national, regional, continental and global interests. In 1999, the idea of a G-South was floated. Our global economic strategy of 2001 talked about a 'butterfly' strategy, essentially an approach to diversify trade and investment relations beyond the North and towards Africa and the South.

In the World Trade Organisation (WTO), we were founding members of the G20 (demanding fairer global agricultural trade) and the NAMA 11 (demanding a fair and developmental formula for industrial tariff liberalisation given our particular circumstances following the Uruguay Round[13]). Together with the G33, these coalitions have for the first time shifted the negotiating dynamic in multilateral trade negotiations in favour of developing countries. We have also worked closely with the Africa Group in the WTO and other fora to better coordinate and adopt

13 Since South Africa (and SACU due to a common external tariff) undertook developed country tariff cuts in the previous Uruguay Round, our average bound tariff rates are almost half the average of comparable developing countries (e.g. Argentina, Brazil and India).

common positions. Within the climate change negotiations, the BASIC group has also emerged as a strong force.

Importantly, these Southern groups are all practical, issue-specific alliances. They have emerged organically to advance the interests of emerging developing economies.

Emerging dynamics following the global crisis

Within this shifting global economy, there are signs of new cooperation, but also growing protectionism and stronger contestation in trade and investment.

Cooperation

Given their growing political and economic weight in the world, emerging economies such as India, Brazil, China and South Africa are being wooed into a dialogue ('enhanced engagement') with the OECD. The emergence of the G20 demonstrates that emerging economies need to be brought into global decision-making.

Given their growing political and economic weight in the world, emerging economies such as India, Brazil, China and South Africa are being wooed into a dialogue ('enhanced engagement') with the OECD

But there are also many signs of protectionism in the world economy. Investment restrictions on the basis of strategic considerations are evident. The large bailouts by industrial countries in response to the economic crisis reflect strong elements of a defensive industrial policy, which has a negative impact on international flows of trade and investment, particularly in developing economies.

This protectionist impulse is also evident in the climate change negotiations, especially with the emergence of new non-tariff barriers, carbon taxes and food miles. There are also attempts to impose higher standards of intellectual property protection inside and outside of multilateral organisations. Notably, the Anti-Counterfeiting Trade Agreement (ACTA) is a proposed plurilateral agreement that seeks to establish higher international standards on intellectual property rights enforcement, beyond TRIPS obligations.

Contestation

In the WTO's Doha Round we have witnessed a steady erosion of the development mandate. Developed countries have had a strong market-opening agenda directed at the emerging developing economies in the areas of industrial tariffs and services, while seeking greater flexibility that would maintain high levels of protection in agriculture.

The response to intensifying competition from emerging economies is evident also in the series of recent bilateral and regional trade negotiations, notably the Economic Partnership Agreements (EPAs). The EPAs would lock African, Caribbean and Pacific (ACP) countries into trading relations with the EU, and could inhibit ACP efforts to diversify markets and take advantage of the new opportunities that are emerging in the world economy. The Most Favoured Nation (MFN) clause illustrates the case most poignantly. Under the MFN clause, ACP would be obliged to extend to the EU any concession given to other developed economies as well as Brazil, India or China in future trade negotiations. The latter dimension undermines the very logic of and rationale for South-South cooperation.

More recently we have seen contestation in currency movements, particularly to stimulate economic growth by promoting exports.

Trends in Economic Policy Thinking

In the wake of the crisis, we are witnessing shifts in economic policy thinking that are challenging the dominant economic orthodoxy (i.e. market capitalism). The debate on the role of the state in economic development has been re-opened. Emerging powers offer alternative paradigms and models of development, *inter alia* by leveraging South-South cooperation.

This is an important development as it opens up the space to pursue a mix of policy instruments to promote development.

South-South trade is a major priority for South Africa

Approach to engagement with the BRICs

South-South trade is a major priority for South Africa. However, given the relative size and competitiveness of the BRIC states, we need to design our approach and construct our arrangements carefully. For a developing country like South Africa that confronts its own developmental challenges, we cannot open markets if doing so leads to destructive competition, de-industrialisation or the exacerbation of already high levels of unemployment.

We should structure South-South trade agreements to foster complementarities in our industrial, agricultural and service sectors. The improved competitiveness of developing country firms can also be underpinned by cooperative arrangements in the critical areas of transport, communication, and technology sharing for industrial upgrading.

Our experience suggests that tariffs are not always the most important barrier faced in foreign markets, and hence negotiating outcomes must deal more effectively with non-tariff barriers (NTBs). We will also need to give attention to forging sectoral co-operation agreements to support South Africa's industrial development objectives.

The IBSA Dialogue Forum is a wide ranging trilateral cooperative arrangement. There is cooperation across many economic sectors, reflected in IBSA's 16 sectoral working groups and 20 bilateral agreements.

Within the IBSA framework, there are specific trade dimensions:

- SACU-Mercosur PTA was signed in 2009 and ratified by the South African Parliament. The PTA's immediate commercial value would be to encourage trade on the basis of new tariff preferences for around 2 000 products.
- Importantly, the PTA creates a legal and institutional setting for conducting trade relations in future. It also includes an in-built agenda to continue negotiations in areas of mutual interest notably to expand tariff concessions.
- Agreements reached with India and Brazil to address NTBs.
- We are preparing for SACU-India PTA negotiations.
- These arrangements lay the basis for a SACU-Mercosur-India trilateral trade arrangement in the future.

Trade among the IBSA countries has increased substantially, from US$3.9 billion in 2003 to just over US$10 billion in 2008 (with target of US$25 billion by 2015). There are also growing investment flows in a variety of sectors.

Trade between Brazil and South Africa is currently R19 billion. It is still small, but tripled in the three years before the crisis. India is South Africa's eighth largest trading partner. Trade grew by 30 per cent per annum over the three years leading up to the global crisis.

China has now emerged as South Africa's biggest trading partner

China has now emerged as South Africa's biggest trading partner. In 2008, bilateral trade was worth over R116 billion. During President Zuma's recent state visit to China, South Africa and China signed a Comprehensive Strategic Partnership Agreement with the commitment to promote value-added exports to China and attract investment in minerals beneficiation. This investment potential is of significant value.

There is also considerable potential to increase bilateral trade with Russia. We are already engaged in extensive cooperation, joint ventures and technology sharing in mineral resources, energy, outer space, transport, agriculture, water resources and forestry.

PERSPECTIVE: STANDARD BANK IS THERE AN IBSA-BRIC BUSINESS FUTURE?

Simon Freemantle[14]

Introduction: the world assumes a new economic shape

The global economic centre of gravity is shifting. Increasingly, emerging markets from the east and south are exerting greater influence, becoming shapers of change and magnets for commercial activity. The ongoing economic downturn has underlined these seismic alterations, with emerging markets leading the global recovery. Where once the G7 industrialised nations were the primary arbiter of global economic concerns, the expanded G20 now presides. To be sure, a host of emerging champions have become shareholders in global commerce, yet it is clear that the BRIC (Brazil, Russia, India, and China) economies have led the charge. While not an exhaustive list of the pioneering agents of a new multi-polar global economy, the BRIC states, by virtue of their size and shaping potential, provide a powerful conduit for an understanding of the nature and tone of the future. Indicatively, earlier in 2010, China overtook Japan to become the second-largest economy in the world, having in 2009 outpaced Germany to become the world's largest exporter. In 1990 the BRIC economies' share of world gross domestic product (GDP) was less than 6 per cent; by 2009 this figure had tripled to over 15 per cent (Figure 1).

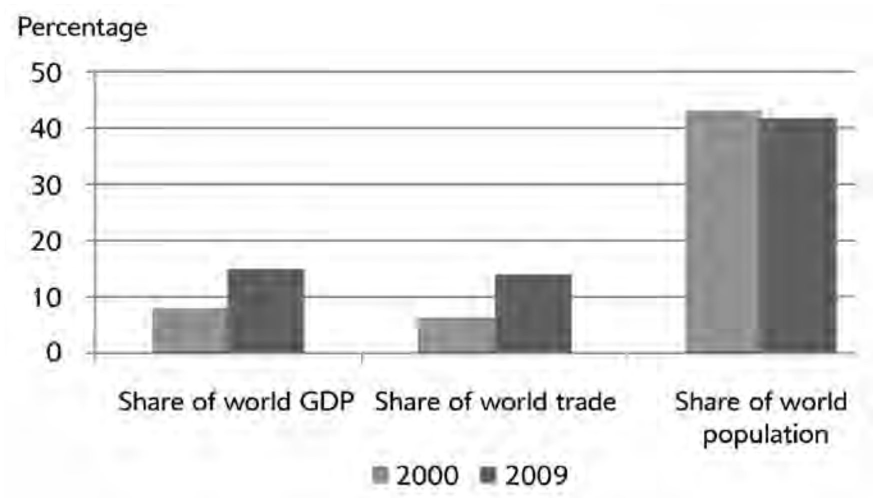
In 2010, China overtook Japan to become the second-largest economy in the world

Moreover, BRIC's outward foreign direct investment (FDI) stock has increased, from US$100 (billion) bn in 2000 to over US$700 bn in 2009. In 2009, the BRIC countries' share of world total FDI flows stood at 10 per cent, up from less than 1 per cent in 1998. These shifts have been necessitated by the irreversible forces of globalisation. Never before has the world been as intimately intertwined; it has become implausible to operate exclusively in nationalistic silos. In a search for yield, advanced world corporations have converged on rapidly advancing emerging markets, desperate to ensure sustained global profitability and relevance. Intra-emerging market trade and investment has elevated equally as dramatically. In 2001 China's trade with Brazil, Russia and India combined was

14 For an updated analysis since South Africa's invitation to join BRIC, see: *Beyond the diplomatic applause: threats and opportunities underlying South Africa's BRIC invitation* by Simon Freemantle & Jeremy Stevens in the Standard Bank 'Economic Strategy: BRIC and Africa' series, 26 January 2011.

less than US$18 bn; by 2009 this figure had swelled to over US$120 bn. Similar advances in intra-BRIC trade are evident for Russia, India and Brazil (Figure 2).

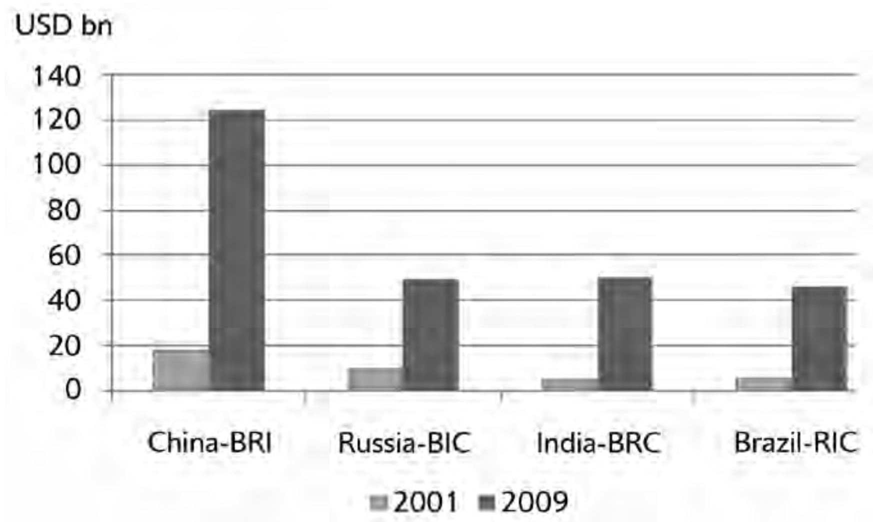
Figure 1: The BRICs have elevated their global stature



Sources: International Monetary Fund (IMF), International Trade Centre (ITC), United Nations (UN), Standard Bank Research

These developments have been underscored by a strongly improved macroeconomic performance throughout Africa

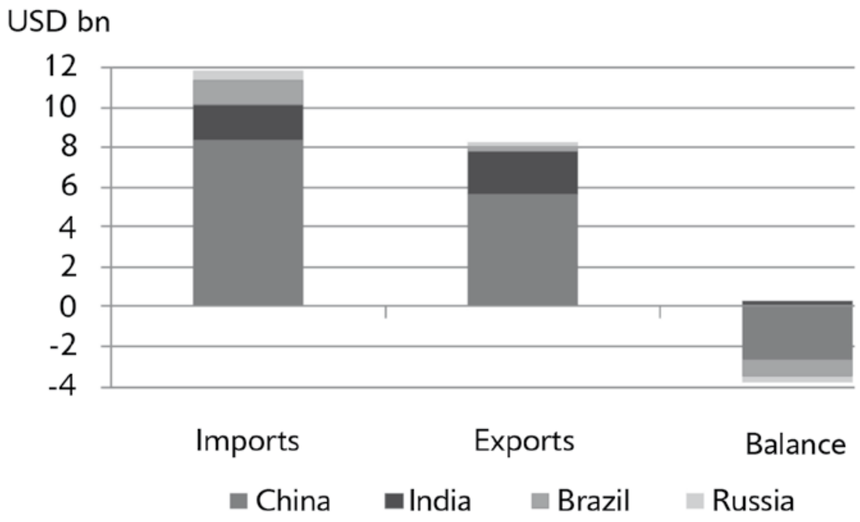
Figure 2: Intra-BRIC trade has blossomed



Sources: ITC, Standard Bank Research

These developments have been underscored by a strongly improved macroeconomic performance throughout Africa. Increasingly, the continent's substantial latent potential is being unlocked as economies begin to adequately capitalise on their inherent competitive advantages. As the most powerful and well-regulated economy on the continent, South Africa has benefited tremendously from Africa's resurgence and the wider shifts towards a more multipolar globe. Strong historical ties with key advanced economies have been bolstered by dramatic enhancements in South Africa's commercial interactions with the emerging world. In 2009, South Africa's trade with the BRIC states amounted to over US$20 bn (Figure 3), US$14 bn of which was with China alone.

Figure 3: South Africa-BRIC trade, 2009



Source: ITC, Standard Bank Research

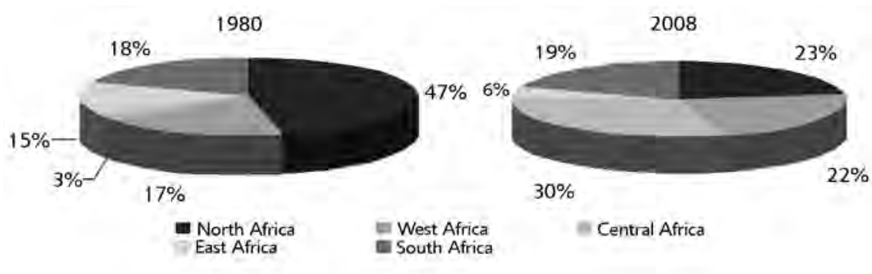
A wide range of African countries are touched by contemporary interactions with BRIC

Yet, clearly, it has not only been South Africa which has been nourished by the BRIC states' economic resurgence. To be sure, a wide range of African countries are touched by contemporary interactions with BRIC. Between 2000 and 2008 BRIC-Africa trade advanced dramatically, expanding from around US$20 bn to exceed US$180 bn. As of December 2009, African trade constituted 2.9 per cent, 6.4 per cent and 6.3 per cent of China, India and Brazil's total trade, respectively. By 2008, on the back of robust individual bilateral trade growth, seven African nations held BRIC trade levels of above 30 per cent of GDP. Meanwhile, BRIC-Africa trade as a proportion of Africa-world trade grew from 4.6 per cent in 1993 to over 19.2 per cent in 2008.

Figure 4: BRIC-Africa trade to GDP (1980 – 2008)

Sources: World Trade Organisation (WTO), Standard Bank Research

Figure 5: Geographical spread of BRIC-Africa trade, 1980 vs. 2008

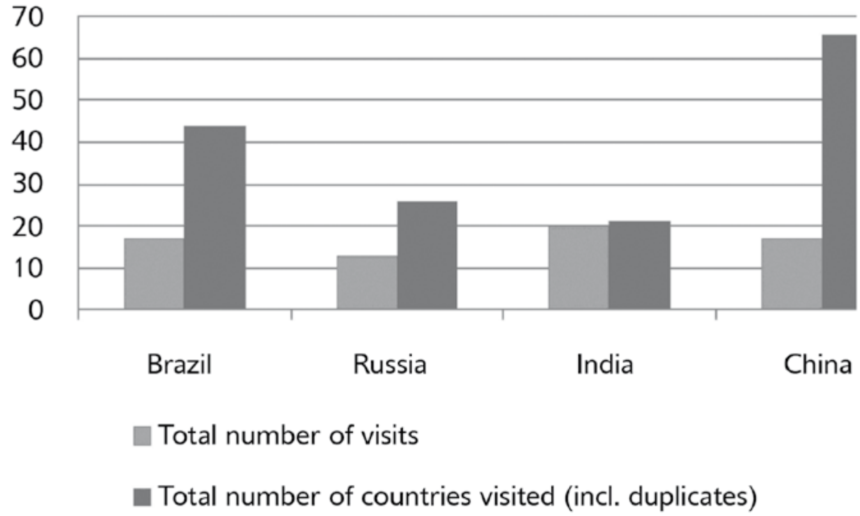


Source: WTO, Standard Bank Research

Importantly, the BRIC states have used diplomacy as a beachhead into African markets

Importantly, the BRIC states have used diplomacy as a beachhead into African markets. As such, commercial and development assistance in Africa has been inspired by unprecedented diplomatic initiatives by the BRICs, most prominently Brazil and China. Since coming to power in 2003, Brazil's President Lula has paid more official visits to Africa, covering more countries, than any other BRIC head of state.

Figure 6: Total BRIC visits and African countries covered (2000 – 2009)



Source: Standard Bank Research

Given its elevated clout, South Africa has absorbed a majority of the BRICs diplomatic interest on the continent (Figure 7). BRIC diplomatic engagements with South Africa have been vigorously reciprocated. Over the course of 2010, President Jacob Zuma paid official visits to all four BRIC nations, each time accompanied by a sizeable South African business delegation. South Africa's diplomatic engagement with the BRIC countries is further bolstered by its status as a member of the India-Brazil-South Africa Dialogue Forum (IBSA), which provides a formal undercurrent to growing commercial ties. Moreover, in December 2009 at the Copenhagen conference on climate change, South Africa joined Brazil, India and China to form the BASIC alliance as a counter-weight to the collective influence of the advanced world in issues relating to shared environmental concerns and obligations.

Given its elevated clout, South Africa has absorbed a majority of the BRICs diplomatic interest on the continent

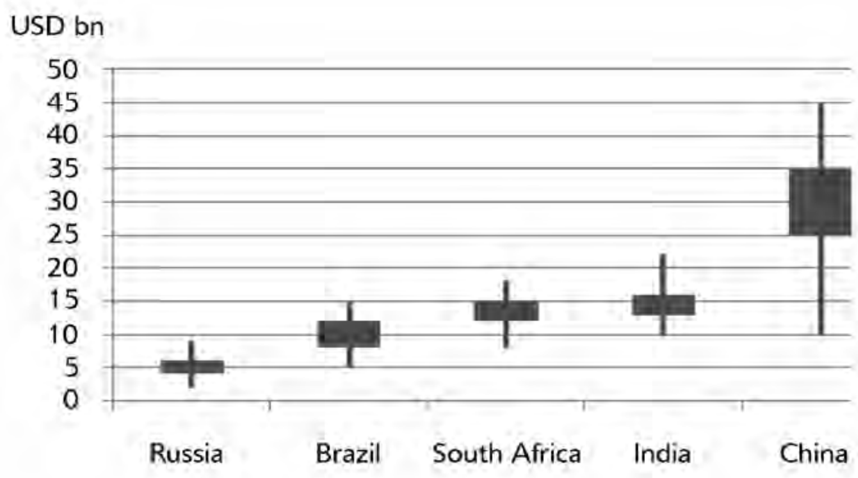
Figure 7: Total high-level BRIC visits to Africa (2000 – 2009)

Source: Standard Bank Research

While FDI flows from the developed world continue to dominate Africa, the interests of developing economies, driven primarily by China and India, on the continent are growing in absolute and relative terms

Moreover, while FDI flows from the developed world continue to dominate Africa, the interests of developing economies, driven primarily by China and India, on the continent are growing in absolute and relative terms. As such, the share of developing economies in Africa's FDI flow has increased, from 17.7 per cent between 1995 and 1999 to 20.8 per cent between 2000 and 2008.

Figure 8: Estimation of cumulative FDI inflows into Africa, 2007 – 2009



Source: Standard Bank Research

Given all of the above, the question of whether there is a BRIC-IBSA business future is a somewhat moot one. In essence, the contemporary nature of the international economy renders such business linkages as virtually inherent; the fundamentals support the ongoing deepening of vibrant and meaningful commercial ties between the BRIC economies and South Africa.[15] However, whether correct strategic support is being lent to facilitate such engagements to the maximum potential is less certain. A salient point of departure for such pursuits is to understand what South Africa's core competitive advantages are within the altered global landscape, thus framing how the country absorbs and inspires deeper BRIC investment and trade. That said, South Africa's ability to generate a coherent contemporary strategy for BRIC is contingent on the shedding of misguided ideals around formal BRIC membership.

South Africa's misplaced bid to become the S in BRICS

The South African government's stated desire to become the fifth component of the BRIC dialogue forum is deeply misplaced given two contemporary realities. First, South Africa's size and global relevance is dwarfed by that of the individual BRIC economies, let alone the collective, as well as a host of other prominent emerging markets. Second, while a neat encapsulation of prominent and clearly influential emerging markets, the BRIC forum is more of a symbolic than a practical grouping of countries within a structured bilateral framework.

South Africa's size and global relevance is dwarfed by that of the individual BRIC economies, let alone the collective

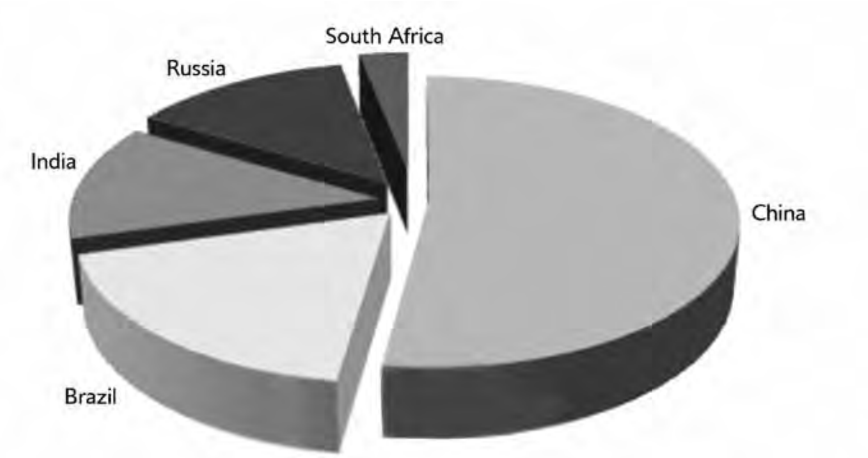
This latter point was adequately constructed during the prior Institute of Global Dialogue (IGD) and Department of International Relations and Cooperation (DIRCO) discussion forum held on 30 June 2010 and need therefore not be dealt with exhaustively in this piece. Essentially, while alluring, the gatherings of the BRIC leaders in Russia in 2009 and Brazil in 2010 were largely ineffectual, and the ability of BRIC to effect structural global change is, rightly, subservient to that of the G20. It is unlikely that the BRIC countries will continue to robustly pursue a deepening of the quadrilateral forum on a political and strategic level. Certainly, as appeared to be the consensus at the aforementioned 30 June discussion forum, South Africa stands to gain significantly more from elevating ties within the IBSA Dialogue Forum, particularly if the forum is extended to include China, as has been regularly proposed. Meanwhile, bilateral relations with individual BRIC economies should continue to form the structural crutch of commercial ties.

An analysis of South Africa's relative position vis-à-vis the BRIC economies is a sobering endeavour. South Africa's GDP of US$330 bn is a fraction of the BRIC economies' enormous US$9 trillion (tr) collective GDP. Even compared to the two smallest economies in the BRIC grouping, Brazil and Russia, which each

15 See 'BRIC and Africa: Tectonic shifts tie BRIC and Africa's economic destinies', 14 October 2010; 'BRIC and Africa: BRIC display divergent strategies in Africa: an illustration using five gateway nations'; and 'BRIC and Africa: South Africa: leading or lagging the BRIC thrust in Africa?', 6 July 2010.

have a GDP of around US$1.5 tr, South Africa lags meaningfully (Figure 9). In United States dollar terms, in 2010, South Africa's economy is the 28th largest in the world, compared to China (2nd), Brazil (8th), Russia (10th) and India (11th). In terms of its relative individual purchasing power, South Africa's global stature plummets to 70th in the world.

Figure 9: South Africa's economy is dwarfed by the BRICs



Sources: IMF, South African Reserve Bank (SARB), Standard Bank Research

In relative terms, South Africa is a less prominent market than all larger emerging markets and a host of smaller emerging economies

Further underlining South Africa's marginalised position is its relatively poor recent growth record. Since 2000, China (10.5 per cent), Russia (7.1 per cent) and India (7.1 per cent) have all grown at a significantly faster annual average rate than South Africa (4.3 per cent). Between 1990 and 2007 South Africa ranked as the 90th fastest-growing economy in the world, slower than all but a handful of prominent emerging markets.

South Africa's marginal position is also reflected in its unremarkable trade performance, which is broadly framed by its relative economic size and purchasing power. As such:

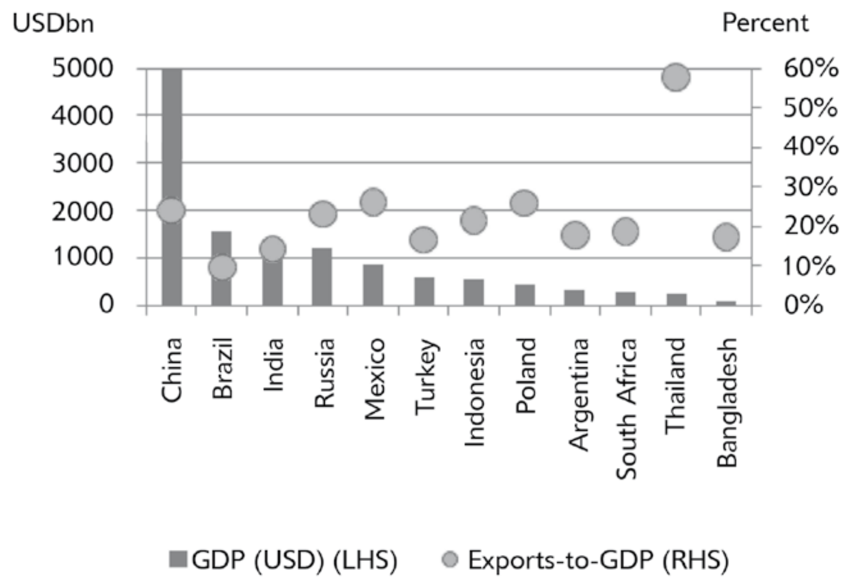
South Africa is the 36th largest importer in the world, importing a peak of US$87.5 bn in 2008 – before falling to US$63.7 bn in 2009. In relative terms, South Africa is a less prominent market than all larger emerging markets (except Argentina, Iran and Venezuela) and a host of smaller emerging economies, such as Malaysia and Thailand.

Similarly, with exports peaking at US$73 bn in 2008, before falling to US54 bn in 2009, South Africa currently ranks as the 40th largest exporter in the world. Compared to the other large emerging markets, only Argentina exports less into global markets than South Africa. In absolute terms, South Africa's exports are not only a mere fraction of China's US$1.2 tr, but also one-fifth the size of Russia's, a quarter the size of India's, one-third the size of Brazil's, Malaysia's and Thailand's, and half the size of Turkey's exports.

South Africa's trade relations with the BRIC states exemplify an imbalance in relative importance. For instance, where South Africa accounts for a mere 0.6 per cent of China's total trade, China accounts for 12 per cent of South Africa's trade.

South Africa's degree of externalisation also lags behind the emerging markets average. As such, South Africa's exports-to-GDP ratio stands at 18.8 per cent compared to an emerging market average of 22 per cent (Figure 10).

Figure 10: South Africa's externalisation lags the emerging world



Source: IMF, Standard Bank Research

South Africa's trade relations with the BRIC states exemplify an imbalance in relative importance

South Africa's core competitive advantages in unlocking the potential of ties with the BRICs

The manner in which South Africa nominally lags behind the BRIC economies is in no way a refutation of the importance or potential of the commercial linkages which are inherent in contemporary ties. Indeed, it is clear that the BRIC states are already providing vital avenues of economic nourishment for South Africa, as evidenced by the robustness of the bilateral trade figures identified above. An analysis of South Africa's current placement in relation to the BRICs reveals two identifiable and strategically important truths.

Firstly, South Africa's core strength lies in the elevated clout of its global-minded corporate champions. Several large multinational corporations (MNCs) originating in South Africa have developed strong ties with the BRIC economies and are providing vital exposure for the South African economy to these new and vibrant global growth nodes.

Secondly, South Africa has been broadly triumphant in attracting and sustaining foreign direct investment (FDI) from the BRIC economies. An increasing volume of BRIC firms are establishing or expanding existing bases in South Africa – to unlock South Africa's domestic potential, benefit from strong institutional frameworks, and, perhaps most importantly, use South Africa as a base for more pioneering expansion strategies north of the border into the rest of sub-Saharan Africa.

South Africa punches above its weight – led by global-minded corporate champions

South Africa's corporate footprint is strikingly more imposing and material than macroeconomic variables would suggest

South Africa's corporate footprint is strikingly more imposing and material than macroeconomic variables would suggest. According to Forbes (2010), based on a weighted combination of sales, profit, assets and market value, South Africa has the 17th most large companies in the world (22 companies out of a list of 2000).[16] These South African companies have combined assets of US$430 bn and collective market capitalisation of US$200 bn. Even more impressively, out of the Boston Consulting Group's list of 40 African Corporate Challengers (2010), nearly half (18) originate from South Africa.[17] South Africa has produced a larger number of sizeable companies than several advanced economies, most remarkably Denmark, Greece, the Netherlands and Norway, and core emerging markets, such as Argentina, Indonesia, Mexico and Poland. Moreover, in terms of the number of corporates in the Forbes 2000 list, South Africa sits virtually on a par with Brazil, Italy, Russia and Spain, even though the South African economy is no more than one-fifth their respective sizes. Hence, while there is an obvious, statistically significant, positive correlation between an economies' size and the number of global corporate heavyweights, South African corporates clearly punch above the domestic economy's weight.

South Africa has been broadly triumphant in attracting investment from the BRICs and beyond

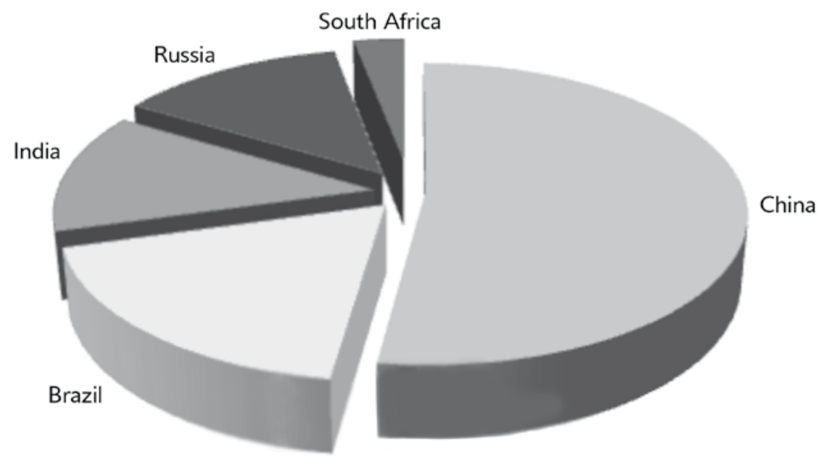
In September 2010, South Africa was ranked 19th by the United National Conference on Trade and Development (UNCTAD) in its World Investments

16 AngloGold Ashanti, Assore, Aveng, Bidvest, FirstRand, Impala Platinum, Imperial Holdings, Gold Fields, Harmony Gold, Remgro, MTN Group, Murray & Roberts, Naspers, Sappi, Sasol, Sanlam, Shoprite, Standard Bank Group, Steinhoff Holdings, Telkom and Tiger Brands.

17 Allied Electronics, Anglo American, Aspen Pharmacare, Barloworld, Bidvest, Datatec, Imperial Holdings, MTN Group, Murray & Roberts, Naspers, Old Mutual, SAB Miller, Sappi, Sasol, Shoprite, Standard Bank Group, Steinhoff International and Vodacom.

Prospects Survey 2010–2012,[18] in which it ranked countries according to their eligibility as 'top priority' host economies for FDI. China ranked first in the survey, followed by India, Brazil, the US and Russia. The survey marked the first occasion that the BRIC economies were all ranked within the top five investment destinations. In 2009, South Africa had a total inward FDI stock of US$125 bn. While one-quarter the size of China's inward FDI stock, recall that the South African economy is more than fifteen times smaller than the Chinese economy. Comparisons between South Africa and India are even more alluring. In 2009 India had an inward FDI stock of US$164 bn, only US$39 bn more than South Africa despite India's economy being four times larger than South Africa's. As such, South Africa's inward FDI stock-GDP ratio in 2009 stood at 44 per cent, compared to 9.4 per cent for China, 25 per cent for Brazil, 21 per cent for Russia, and 13 per cent for India.

Figure 11: South Africa ranked 28th in the world in terms of inward FDI stock in 2009



Sources: UNCTAD, Standard Bank Research

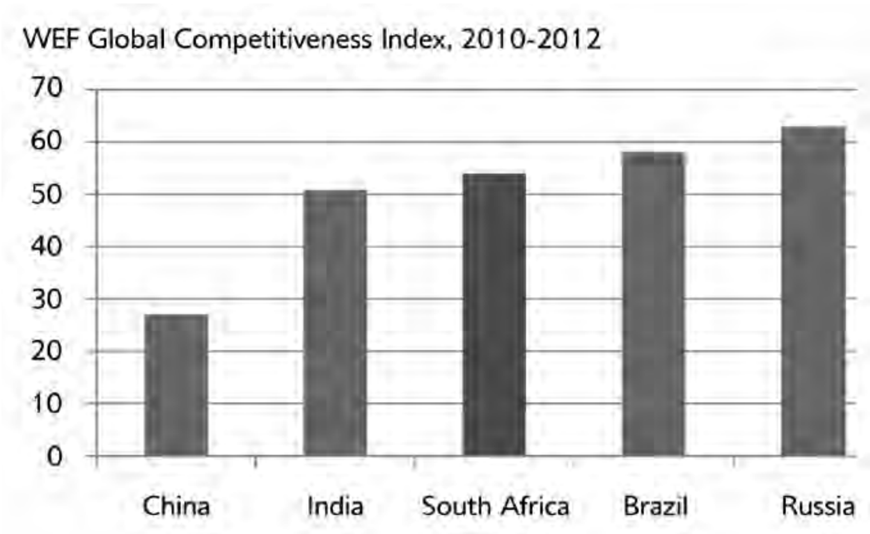
South Africa's ability to attract and sustain inward FDI is emblematic of its competitiveness

South Africa's ability to attract and sustain inward FDI is emblematic of its competitiveness. In the World Economic Forum's (WEF) Africa Competitiveness Report for 2009, South Africa ranked second in Africa, behind Tunisia and ahead of Botswana, Mauritius and Morocco in the top five. In the report, South Africa ranked 22nd (globally) in terms of the strength of its institutions. More recently, South Africa's regulatory framework has been adjusted to support future capital flows. As outlined by Finance Minister Pravin Gordhan in October 2010, South Africa is attempting to embark on reforming the prudential framework, which covers offshore investment by domestic individuals and companies. To this end,

18 The annual survey is based on responses to a questionnaire from 236 transnational corporations and 116 investment promotion agencies.

and to make South Africa more attractive as a corporate investment destination and to encourage investment in the rest of the African continent, in 2011 non-South African companies will be allowed deploy (and raise) capital offshore without exchange control approval. In addition, exchange controls on domestic companies will be reformed to remove barriers to their international expansion from a domestic base.

Figure 12: South Africa's competitiveness inspires FDI from abroad



Sources: IMF, UNCTAD, WEF, Standard Bank Research

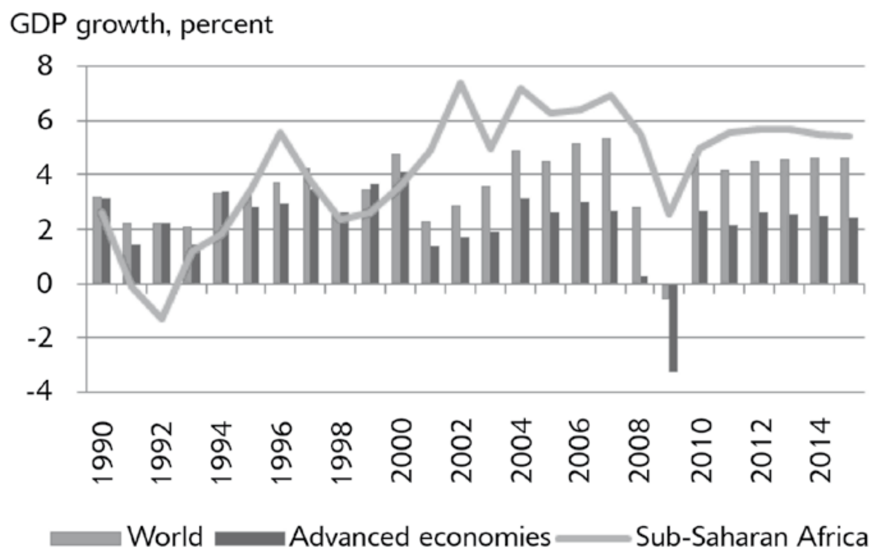
A range of stimulants have led to a dramatic adjustment in Africa's commercial prospectus

In May, South Africa's Trade and Industry Minister Rob Davies outlined in his annual budget speech how South Africa is targeting the world's rapidly advancing emerging markets to reach a target of R115 bn in foreign investment projects by 2013. Minister Davies added that the BRIC economies have been identified as core target markets, as well as Japan, the US and the Middle East.

South Africa offers a gateway to the rest of Africa

A range of stimulants have led to a dramatic adjustment in Africa's commercial prospectus. Developments in sub-Saharan Africa have been most remarkable. Emerging from the quagmire, the destinies of a wide range of African economies have been fundamentally elevated over the course of the past decade.

Figure 13: SSA has outpaced the global growth average



Source: IMF

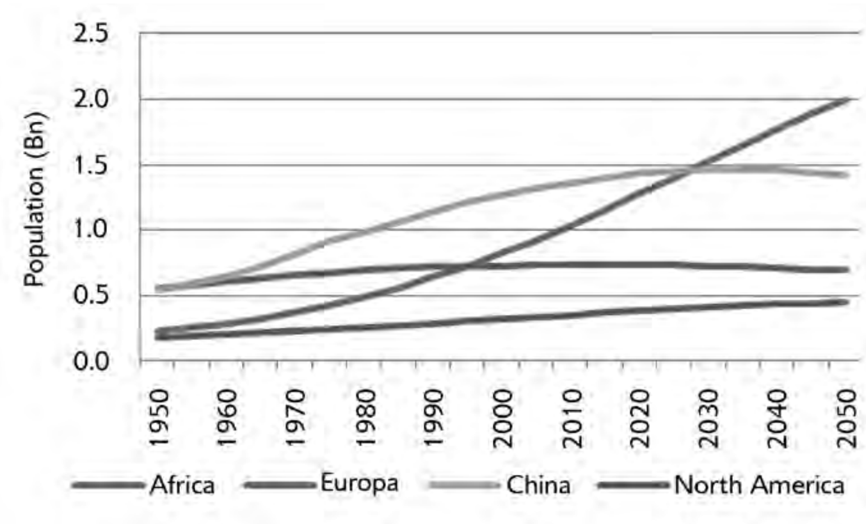
To be sure, the BRIC states have played their role in sub-Saharan Africa's stellar gains. Despite global advances, Africa's share of global trade shrank from 4.6 per cent in 1983, declining steadily to bottom out in 2002 at 1.7 per cent, before rising to over 3 per cent in 2009, almost entirely on the back of enhanced trade relations with the BRIC economies. The manner in which the BRICs have invigorated ties in Africa has been instructive for a host of the continent's more traditional partners, igniting a greater sense of urgency in re-engaging Africa in order to secure a stake in its ongoing resurgence. Perhaps most compelling in terms of future potential is Africa's dormant consumer base. Inspired by a rapidly swelling population, which is expected to reach two billion by 2050 (Figure 14), African consumers are increasingly being courted by a range of advanced and emerging world agents.

Inspired by a rapidly swelling population. African consumers are increasingly being courted by a range of advanced and emerging world agents

Importantly, while in 2008 Africa's combined consumer spending amounted to around US$850 bn, this figure could swell to almost US$1.5 tr by 2020 should GDP growth be sustained (McKinsey Global Institute, 2010). Further indications suggest that, by 2020, over 120 million African households will enjoy discretionary income. Africa already has a larger amount of middle-class households (defined as those with incomes of US$20 000 or above) than India. These trends are being supported by rapid urbanisation. East Africa, for example, has the highest urbanisation rate in the world. Cities in Africa's four most advanced economies

– Egypt, Morocco, South Africa and Tunisia – have gained more than 10 million households over the course of the past decade.

Figure 14: Africa's booming population

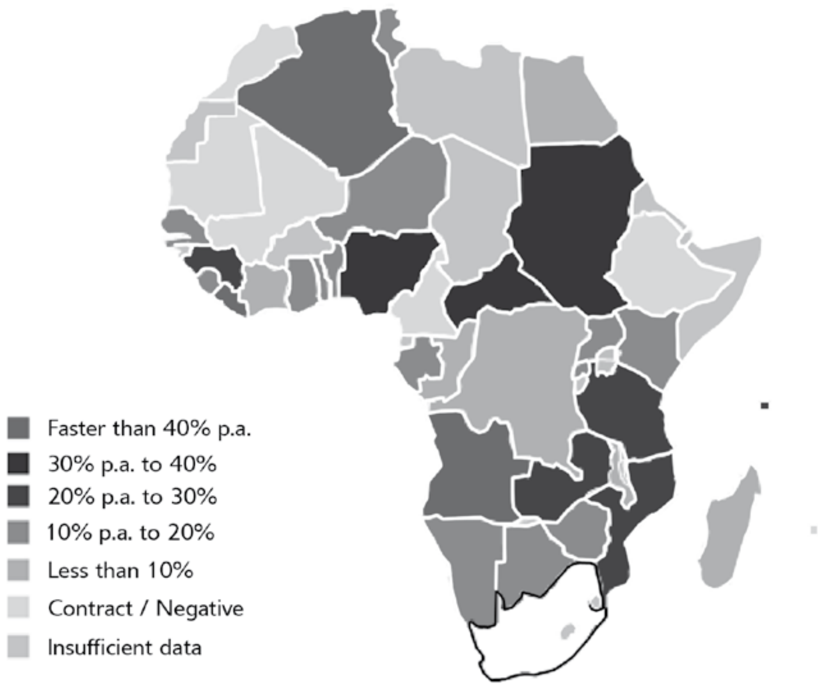


Source: UN, Standard Bank Research

Private South African companies have undoubtedly led the charge in terms of unlocking sub-Saharan Africa's emerging potential

Private South African companies have undoubtedly led the charge in terms of unlocking sub-Saharan Africa's emerging potential. Reflecting rapid advances in export growth to the rest of Africa (Figure 15), a host of South African corporate champions (such as Shoprite, MTN and Standard Bank) have expanded meaningfully into key African emerging markets.

Figure 15: Growth in South Africa's exports since 2000



Source: IMF, ITC, Standard Bank Research

Given that sub-Saharan Africa's commercial terrain remains challenging, South African corporates with an existing pan-African presence are attracting significant foreign investor interest. The planned bid by US retail giant Wal-Mart for a majority stake in South Africa's Massmart Holdings is indicative of the allure for foreign firms of buying into an established South African operation. Further underlining this potential, in July 2010, Japan's biggest telecommunications operator, Nippon Telegraph and Telephone Corporation (NTT), agreed to purchase South Africa's London-listed information technology group, Dimension Data, in an all-cash deal that valued the company at US$3.2 bn.

To be sure, South Africa Inc.'s superior ability to negotiate the often challenging African commercial terrain; benefit from enabling trade and investment incentives under an increasing range of regional agreements; and leverage its base in one of the world's soundest environments in terms of corporate best practice positions the country optimally to form a bridge for non-African entities looking to engage more fully in the continent's growth trajectory.

South Africa Inc.'s superior ability to negotiate the often challenging African commercial terrain positions the country optimally to form a bridge for non-African entities looking to engage more fully in the continent's growth trajectory

Conclusion: the lingering caveats to more fluid BRIC-South Africa business relations

Returning to the critical question posed as a central theme for this piece: 'is there a BRIC-IBSA business future?' the answer is, and must be, unequivocally affirmative. South Africa cannot afford to ignore the potency of commercial ties with the BRIC economies, and it is deeply encouraging to see the depth of the current commercial and diplomatic thrust by South Africa to foster more intimate, balanced and mutually beneficial relations. Nevertheless, certain structural impediments linger, which are threatening the ultimate fluidity of BRIC-South Africa ties.

Firstly, there is a significant disconnect between the objectives and initiatives of the South African private and public sectors in engaging the BRIC economies. The South African companies which are currently expanding their activities in the BRIC states have, by and large, remained distant from state-led initiatives from Pretoria. The reasons for such a disconnect are myriad, as South Africa's global-minded MNCs have largely expanded on their own terms and have yet to appreciate the benefits of engaging more intimately with supportive state organs. Certainly, these MNCs have the necessary scale to support unaccompanied international directives, yet the disconnect with the state is, almost certainly, hindering the expansion of smaller, more recent, South African corporate champions from engaging more fluidly in the challenging BRIC economies.

South Africa's large corporate players can and should have a more active role in the direction of South Africa's foreign policy

Moreover, absent of a strong state-private drive, South Africa's ability to negotiate more suitable terms of trade and investment with the BRIC economies is lessened. At the heart of this disconnect is a weak appreciation of the benefits that commercial and economic diplomacy can yield for both the government and big business. To be sure, South Africa's large corporate players can and should have a more active role in the direction of South Africa's foreign policy, particularly as it relates to the formulation of positions on international standards which have a direct and intimate impact on business. For the government, leveraging South Africa's above-weight corporate strength would elevate its ability to act as an agent of change on the global multilateral stage. Recent moves by the South African government to create a more central role for the private sector in guiding foreign policy in order to entrench economic interests abroad are commendable. Yet, not enough has been done to bridge the chasm in communication and confidence between the state and global-minded business agents – and the results are telling.

Secondly, and related to the initial point, South Africa's business councils and dialogue forums mandated with enhancing relations with the BRIC states are, largely, ineffectual. Crucially, these business councils have mostly failed to inspire buy-in from corporate South Africa and, as a result, lack the scale to implement supportive mechanisms to bolster wider commercial engagements. South Africa's deficit stands in stark contrast to the BRIC states, most prominently India and Brazil. India's myriad industry-led organisations (most prominently the Confederation of Indian Industry (CII), Federation of Indian Chambers of Commerce and Industry (FICCI), and the Bombay Chamber of Commerce and Industry (BCCI)) provide meaningful support to the private sector's international ambitions. For foreign investors looking to secure a stake in India's vibrant domestic economy, linkages with one of the aforementioned industry-led organisations is imperative. The same cannot be said for the South African context, where insufficient resources and a history of ineffectiveness hinder the creation of mutual growth-enhancing partnerships.

South Africa should, therefore, look to address these concerns and focus on realistic targets in enhancing and facilitating business linkages with BRIC. As a strategic point of departure, proposed bids for membership of the BRIC forum must be shelved, and intensified efforts directed to deepening the effectiveness of the IBSA Dialogue Forum in effecting real trade and investment-enabling policy shifts and incentives. Meanwhile, South Africa must guard against the distracting allure of the BRIC bloc and ensure that strategies to engage the BRIC states are developed within a wider South-South platform which enables the rightful allocation of resources and energy to stimulate more vigorous ties with other equally enticing emerging markets. Foremost on this list should be Malaysia, Turkey, Indonesia, Vietnam, Mexico and Iran. Yet others, including Venezuela, Saudi Arabia and Bangladesh, should not be ignored.

Inherent in any contemporary strategy must be an appreciation of the core strengths South Africa enjoys

Inherent in any contemporary strategy must be an appreciation of the core strengths South Africa enjoys, namely its ability to generate global corporate champions, its ability to attract and sustain relatively large levels of FDI, and its ability to offer a sound base for expansion into the rest of the African continent. In doing so, South Africa will ensure that the structural base for engagement is coherent, focused and, ultimately, best positioned to offer genuine future nourishment from an unprecedented range of new and traditional commercial actors.

ANNEXES

APPENDIX I

South African Minister of International Relations Nkoana-Mashabane on South Africa's full membership of BRICS

Minister Maite Nkoana-Mashabane was informed by the Minister of Foreign Affairs of the People's Republic of China, Mr Yang Jiechi, that BRIC (Brazil, Russian Federation, India, China) invites South Africa into BRICS (Brazil, Russian Federation, India, China and South Africa) as a full member.

On 23 December 2010, the Minister of International Relations and Cooperation of the Republic of South Africa, Ms Maite Nkoana-Mashabane, received a telephone call from the Minister of Foreign Affairs of the People's Republic of China, Mr Yang Jiechi, informing her that China, in its capacity as the rotating Chairperson of the BRIC (Brazil, Russian Federation, India, China) formation, based on agreement reached between the BRIC member states, invites South Africa as a full member into BRICS (Brazil, Russian Federation, India, China and South Africa). He further indicated that President Hu Jintao had also issued a letter of invitation to President Jacob Zuma to attend the Third BRICS Leaders' Summit to be held in China in 2011. Minister Yang conveyed that China believed that South Africa's accession would promote the development of BRICS and enhance cooperation among emerging market economies.

On behalf of President Zuma and the South African government, Minister Nkoana-Mashabane expressed South Africa's sincere appreciation for the invitation to join BRICS, as well as the invitation from President Hu to attend the summit. The Minister emphasised that South Africa was ready to step up communication and coordination with China and other BRICS member states for mutually beneficial cooperation.

Minister Nkoana-Mashabane wrote to her BRIC counterparts in 2009 to raise the possibility of South Africa's BRIC membership. President Zuma subsequently met with BRIC leaders in the course of 2010.

"The rationale for South Africa's approach was in consideration of a matter of crucial importance to BRICS member states, namely the role of emerging economies in advancing the restructuring of the global political, economic and financial architecture into one that is more equitable, balanced and rests on the important pillar of multilateralism," said Minister Nkoana-Mashabane.

"Our approach to intensifying our relations with emerging powers and other countries of the South is, of course, through active and strong bilateral engagement. In addition, however, we also see the NAM and the G77 as important for South-South interaction, especially within the framework of the United Nations.

"At another level, we see the formation of IBSA and our membership of that body as a mechanism not only for enhancing our trilateral partnership with India and Brazil, but also as an important pillar for strengthening the muscle of the South in global affairs.

"We believe that the IBSA will get a better balance, and become even stronger, with South Africa now as a member of the BRICS. We remain convinced that South Africa's diversified foreign policy objectives and interests allow for both groupings (IBSA and BRICS) to co-exist. It is our belief that the mandates of BRICS and IBSA are highly complementary," concluded Minister Nkoana-Mashabane.

South Africa and BRICS member states have already collaborated and will continue to collaborate closely in various international organisations and formations such as the United Nations, the G20 and the IBSA Dialogue Forum. All BRICS countries will serve on the UNSC in 2011 as permanent (China, Russian Federation) or non-permanent members (Brazil, India and South Africa), which augurs positively for enhanced cooperation efforts in terms of the salient issues of common interest as quoted above.

For more information, please speak to DIRCO's Spokesperson, Mr Clayson Monyela, at 082 884 5974.

Issued by the Department of International Relations and Cooperation
460 OR Tambo Building
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0084

24 December 2010

APPENDIX II

Speech by Minister Maite Nkoana-Mashabane to the South African Institute of International Affairs (SAIIA) on the topic 'The relationship between South Africa and the Emerging Global Powers', 1 November 2010

Programme Director,
Chairperson of SAIIA Council,
National Director of SAIIA,
Excellencies Ambassadors and High Commissioners,
Business leaders,
Staff and students of the University of the Witwatersrand,
Senior management of DIRCO and staff,
Ladies and gentlemen,

When the Administration of President Jacob Zuma changed our name from the Department of Foreign Affairs to the Department of International Relations and Cooperation, we did so to affirm a better understanding of ourselves – what we are about and what we do – and the complex character of the world we live in today. This understanding of ourselves has its foundation in the call contained in the Freedom Charter that "There shall be peace and friendship", and that "South Africa shall be a fully independent state which respects the rights and sovereignty of all nations; [and] … shall strive to maintain world peace and the settlement of all international disputes by negotiation – not war".

We are indeed about peace and friendship. We are about collaboration, cooperation and building partnerships; not confrontation and thriving in competition or rivalry. This is what informs not only our approach to the world, but also to opportunities provided to us and the world by the rise of countries we call the "emerging powers". I must therefore thank SAIIA for inviting us to give our perspective on South Africa's relations with these emerging powers. We take note of the work you do as SAIIA and appreciate the amount of resources and sheer labour that goes into all your research and the many articles and books you produce. We thank you for helping us do our work smarter and being a dependable ally!

Programme Director,

The world we live in today has changed significantly since the end of the Cold War. A new group of economically influential countries such as Brazil, Russia, India and China are on the ascendancy, and are re-mapping the contours of political and economic power in the global system.

We are at the brink of a world envisaged in the Freedom Charter. We are far more aware today of the importance of global interdependence than at any time in history. And it is evident that forging fruitful partnerships and a stronger global governance template requires cooperation between the developed and developing countries.

In his work, *The Evolution of Cooperation*, Robert Axelrod reminds us that, “friendship is hardly necessary for cooperation ... Under suitable circumstances, cooperation can develop even between antagonists”. In this complex and fluid global system we live in today, nurturing conditions for cooperation is crucial if we are to construct a different global order where power is more diffused and responsibilities are appropriately shared.

History is replete with lessons of the dangers that failure to cooperate can generate, and with implications for future generations. We will obviously not want to repeat these mistakes. More will need to be done to turn the dream of a safe and better world into a reality, where developing countries have a greater say in decision-making.

In the past, the images of power and the pillars of international relations were largely constructed according to a narrow and one-sided template. Despite their shared ideological outlook, our partners of the North were by and large inward-looking, viewed each other as competitors, and failed to grasp new opportunities to provide enlightened leadership that would create new foundations of global governance. They still viewed the world and economic relations very much in adversarial terms and as a zero-sum game.

Also, new challenges related to climate change, energy security, and those to do with coordination of trade and finance have become more salient today than ever. The reality of interdependence is a reality in the global system today. We have shared concerns and aspirations. Overcoming these challenges and achieving a safer and better world requires concerted efforts by both the developed and the developing world.

The simple lesson to draw from recent history as we come to terms with the geopolitical shifts expressed in the rise of emerging powers is that astute management of global interdependence and deepening of cooperation is essential for a strong and stable global governance mechanism. Emerging powers are an important force in shaping the coordinates of a better global system, characterised by greater representation, fairness and equity.

Failure to cooperate can generate outcomes that have further-reaching implications for the future than those experienced by the advanced industrial countries in the early to mid-1990s. It is abundantly clear that no country can sustain global governance on its own. Not even a small group of like-minded countries can effectively address the complex cross-border challenges that confront us today.

Similarly, the apocalyptic image of the world that was painted by Samuel Huntington in his book, *The Clash of Civilisations*, where he suggested that fragmentation along civilisational lines could animate the forces of disintegration and conflict in the post-Cold War era, has not happened. The force of cooperation trumps the tendencies of disintegration in the global society.

Difference does not have to lead to disintegration and conflict. Cooperation is possible among friends and antagonists alike. As we become acutely conscious of our shared challenges and opportunities that lie ahead of us, the more prone we will be to strengthen the bonds of interdependence and cooperation.

Ladies and gentlemen,

The rise of emerging powers has helped to increase a sense of optimism amongst developing countries. Opportunities that were previously not existing to influence the evolving global system have opened up for developing countries as a result of the geopolitical shifts occasioned by the rise of emerging powers.

There is general agreement among students and practitioners of international relations that a dramatic global realignment appears to be in progress and quickening. The three emerging third world powers of Brazil, India and China plus Russia, are forming new alliances with nations extending from Asia and Africa and Latin America.

The Big Four, as the BRIC have come to be known, is a powerful economic alliance of the four fast-growing nations, two of which have the biggest populations of any country on earth. This group is battling to give greater recognition to the developing giants.

On another front, is the progressive trend that has taken sway over the direction of many governments in Latin America which has posed a serious challenge to the dominance of the neo-liberal development model and how natural resources of the South have hitherto been exploited to the detriment of our countries and people. This phenomenon, together with the increasing geopolitical weight of emerging powers of the South, is shaking the balance of forces in international affairs.

As South Africa, we should remember that some of the countries that we characterise as emerging powers have been our fellow travellers as Africans in the struggle against colonialism. We have over the decades forged strong ties of solidarity and partnerships with these countries, with a view to promoting development and reconfiguring the structures of power in international relations in favour of developing countries.

The seeds of South-South cooperation were laid in the 1955 Bandung Conference, when African and Asian nations cemented political and cultural ties. The creation of the Non-Aligned Movement in 1961 and the UNCTAD G77 in 1964 was birthed out of this partnership and shared objectives for a different global template that is more sensitive to the interests of developing countries. Subsequently, various other initiatives were multiplied from this progressive impulse.

This is an important history to draw upon. As the South African government, we are also aware that history has marched on. The age of globalisation requires us to elevate these partnerships to a different level, building on the wells of goodwill and solidarity, and generate mutually beneficial economic relations. The shared historical ties make it much easier to share lessons about pursuing development paths. Building economic ties with these countries has become all the more easy, because there is an understanding of the kind of challenges that we face as developing countries.

We share similar perspectives about the reform of global governance, in particular the imperative for enhanced representation and voice of developing countries in decision-making processes.

Significantly, we share a common view that multilateralism and rules-based global governance mechanism is the best guarantor of stability, and provides a better framework for asserting our values and interests.

We also share the desire to augment our agenda-setting capabilities so that we can engage effectively in multilateral processes, while also defending our policy space and flexibility given the massive development responsibilities our countries carry.

When we presented the budget vote in the National Assembly on 22 April 2010, we underscored the need to intensify our bilateral relations with countries of the South, especially with those that are strategic to us because of their economy, history and geopolitical orientation.

Our approach to intensifying our relations with emerging powers and other countries of the South is, of course, through active and strong bilateral engagement. In addition, however, we also see the NAM and the G77 as important for South-South interaction, especially within the framework of the United Nations.

At another level, we see the formation of IBSA and our membership of that body as a mechanism not only for enhancing our trilateral partnership with India and Brazil, but also as an important pillar for strengthening the muscle of the South in global affairs.

We believe that IBSA will get a better balance, and become even stronger, if South Africa could become a member of the BRIC. We remain convinced that South Africa's diversified foreign policy objectives and interests allow for both groupings

(IBSA and BRIC) to co-exist. It is our belief that the mandates of BRIC and IBSA are highly complementary.

IBSA, together with its partners, was also hailed at UNGA65 as an exceptional developmental initiative through its Hunger and Poverty Alleviation Facility, known as the IBSA Trust Fund. This Trust Fund was indeed honoured, during UNGA65, with the prestigious MDG Award for its various innovative and successful projects in countries such as Haiti, Guinea Bissau, Cape Verde, Burundi, Palestine and Cambodia. This type of cooperation was recognised as "a breakthrough model of South-South technical cooperation".

Furthermore, it is worth noting that on 14 April 2010, business representatives from the IBSA and BRIC member countries held meetings under four subject panels – energy, information technology, infrastructure and agribusiness – in order to discuss these issues and identify trade and investment opportunities between our countries.

We believe that IBSA and indeed the BRIC are best placed to serve as models for development cooperation in a South-South context.

We also note that the Copenhagen Accord was made possible due, in part, to the efforts of BASIC countries. We therefore look forward to the Cancun Conference to advance our goals under the UN Framework Convention on Climate Change.

Ladies and gentlemen,

In the recent past, we have been intensifying our diplomatic relations with China, India and Brazil (among others). We have recently elevated our relations with China to a comprehensive strategic partnership level, for example.

The state visits undertaken to these countries in the past twelve months or so have helped in deepening our relations. Our business sector has been part of these delegations, signifying the importance of trade and investment in diplomatic relations in the 21st century.

This is significant especially as it holds prospects for attracting investments in our economy, contributing to the growth of our exports, and creating conditions for employment creation. This is in line with one of our commitments to cast our foreign policy in the mould of our domestic development priorities.

We believe South Africa should embrace all available opportunities to establish partnerships and alliances, which have proven dependable during global negotiations dealing with issues such as world trade, economy and finance. It is our conviction that alliances are important and the more we have as a country, the better – especially at an economic level.

As a country, South Africa supports partnerships that have potential for ensuring there is dynamic growth and development for us in a regional context, and not stagnation.

Emerging powers offer possibilities for South Africa and other African countries in terms of an important avenue for trade and investment linkages, technology transfers, and technical cooperation on a range of sectors.

In terms of the numbers, BRIC-Africa trade has increased nearly eightfold between 2000 and 2008; and BRIC's share of African trade increased from 4.6 per cent in 1993 to almost 20 per cent in 2008. Today, China, India and Brazil rank as Africa's 2nd, 6th and 10th largest trading partners respectively.

Many economists have even gone to the extent of suggesting that the BRICs, combined together, have moved Africa from the periphery of the global economy into a wider and inclusive centre. They argue that BRIC economies have supplemented Africa's economic growth trajectory.

Programme Director,

In the past decade the winds of change have swept across the African continent. Africa is a lot more stable than it was in the 1980s and early 1990s. Political instability has abated. In the 1980s there were only four democracies, and parts of the continent took on an image of a war zone. Many countries had written off the African continent as a lost cause with little hope that it could ever rise from the ashes.

In the late 1990s this picture had begun to change. Many processes that Africans themselves initiated and owned contributed to this changing image. A number of countries in the continent took the initiative to create political stability, and complementing this with macro- and micro-economic reforms. By early 2010, 30 African countries had acceded to the African Peer Review Mechanism.

South Africa has always regarded the African continent as the centrepiece of its foreign policy, and mobilising a significant amount of resources towards peace-building, post-conflict reconstruction, and through infrastructure development using the spatial development initiatives. South Africa continues to be heavily involved in various parts of the continent.

The recent wave of interest in the African continent, exhibited by emerging powers, can only be a welcome opportunity as it offers Africa an alternative platform to integrate into global economic relations.

A number of African countries have solidified relations with emerging powers at a bilateral level. Countries such as China and India have established a mechanism for working with African countries collectively and with the African Union.

As a result of growing demand for its commodities, largely from Asia's emerging powers, and also as a reflection of gradual diversification of various economies in the continent, Africa registered an average growth of six per cent in the period between 1995 and the onset of the global financial crisis in 2008.

A few days ago I received the Foreign Minister of Congo Brazzaville who shared with me one of the positive stories of his country that its economy is growing at two digits at this time when others are battling the recession.

South Africa is open to working with emerging powers and other players that have an interest in Africa's development towards advancing the African agenda. The NEPAD programme provides a platform to widen partnerships on sustaining momentum for Africa's development.

But as Africa, we have to do more to join the ranks of emerging powers. Already, as a continent, we have the bit of ability to influence the behaviour of other states. We also have the ability to influence, in whatever small way, the structural power balance at the international level. But this relational and structural power that we possess collectively, we must admit, is not at the level that can allow us to pursue our interests as we would have wanted. We are still the most challenged of the three continents that constitute the global South.

If Africa is to realise its full potential, I believe that there are critical and urgent interventions, in addition to steps already taken, we must make in four areas – all with a capital I: that is: Infrastructure, Intra-trade, Industry and Integration.

Our work on infrastructure has to build on NEPAD initiatives in the areas of rail and roads, ICT and connectivity, agriculture and food security, water and sanitation, and energy. South Africa is currently chair of the infrastructure sub-committee established by the African Union at its last summit at the initiative of President Zuma. This sub-committee is to lead our continent in the championing of five high-impact priority infrastructure projects to reinvigorate the work of NEPAD in this area.

Our success in implementing these infrastructure projects will enhance intra-trade among our countries, boost our industrialisation, and accelerate the integration of our continent for greater unity, building on our regional economic communities. A united Africa will leverage its one billion people as a resource and market for the growth of our economies.

Indeed, interventions in infrastructure, intra-Africa trade promotion, accelerated industrialisation of our countries, and for the deep integration of our continent – all have to go hand-in-hand with the investment in our people. Our people are our resource.

Our interventions in the four areas listed above (the four capital I's) will enable our private sector and investment partners from outside our continent, to have more confidence in working with us to grow our economies – to create decent work and conditions for a better life for our people.

We will also need to study closely examples coming out of Latin America on how best we can manage and leverage our national resources for the benefit of our countries and people.

South Africa will play its part to contribute to the rise of our continent as an emerging power. Some have referred to our country as what they call an 'emerging market'. But we believe that our strength is in how we will marshal our collective muscle that will bring together countries such as Angola, Nigeria, Egypt, Algeria, Kenya and Uganda – into a formidable force. South Africa is only strong and indeed stronger when it is and behaves like an inseparable part of this continent.

I can only echo here what President Zuma said in his address to the South Africa-Egypt Business Forum during his state visit to Egypt, "We remain firm in the view that after Asia and Latin America, Africa is the next zone of economic growth and development."

However, while deepening our relations with countries on our continent and emerging powers, South Africa will continue to strengthen the partnerships that we have with the countries of the North. Our recent summit in Brussels to strengthen our strategic partnership framework with the European Union is but one example of this.

As the South African government we are intent on building relations with different countries in the world to realise the values and interests that we hold dear: to create opportunities for our people, ensuring economic prosperity; and to work with other countries in strengthening multilateralism.

We will be going to the next G20 summit to be held in South Korea in the next few days to continue to call for a greater voice and representation for our continent and other developing countries in the governance of the international system. We welcome steps announced recently towards the reform of the Bretton Woods institutions, but we believe more must still be done if these institutions are to be more democratic, transparent and accountable.

Ladies and gentlemen,

Developing countries are indeed amplifying their voices and confidently defining the outlines of global governance in the 21st century. They are increasingly seen as equal partners in shaping the ideas and processes that would give birth to new global governance mechanisms.

The rise of emerging powers such as Brazil, India and China offers a powerful demonstration effect for other developing countries. These countries could lend a significant weight to restructuring global governance mechanisms, and amplifying the development interests of developing countries.

The growing space of influence by developing countries in structures of global governance is something to be welcomed. The rise of emerging powers is a development that reflects a multiplicity of civilisations and political identities, and this should be regarded as a source of strength rather than weakness in international relations.

It should be seen as a critical element for forging deeper cooperation rather than a sign of the emergence of new rivalries. Diversity in global governance processes can empower decision-making, broaden our vision, enrich our normative concepts and language, and further enlighten our interests.

Recent research has shown that emerging economies contribute a large share of global growth. There is further evidence borne out by research that other low and middle-income countries have registered positive growth as a result of integrating closely with emerging economies.

There is also a weight of expectation from the developed world, including the IMF, that emerging powers such as China and India will sustain global growth for many years to come. This will be the first time in 200 years that global growth is driven by emerging powers. This is expected to change the face of global commerce, with innovation, product designs and value chains driven by emerging powers. This newly found economic strength could potentially translate itself into an enhanced political voice in a global governance mechanism.

The reality of emerging powers is here to stay. The economic centre of gravity is shifting to the South. This shift should not be regarded as a zero-sum game. It is an opportunity to be harnessed to strengthen collective global responsibility and achieve developmental gains for developing countries, and Africa in particular.

I must point out, however, that this current trend, which we view as positive from the perspective of the South, will not be without challenges. While some will view this trend as the basis for building a strong and working multipolar world, others may see it as a threat.

On the other hand, the emerging powers will also have the challenge to ensure that their dominance is for the general good of the South and the entire humanity.

As a country, the geopolitical shifts and the need to establish global governance on a firm foundation requires us to refocus our foreign policy tools as South Africa. This is the objective we have in mind with the White Paper process, the Foreign Policy Council we intend to establish, and the envisaged South African Development Partnership Agency.

The global system requires that we work on managing global interdependencies and strengthening cooperation in order to overcome common challenges related to development, climate change, energy security, and trade and finance.

SAIIA, as a non-state actor, is an invaluable partner. We are pleased that you have been visibly active in our activities, including the consultation we organised recently on the Discussion Document on our White Paper.

We count on actions by organisations like yourselves to work together with us to realise the dream of a new Africa that Patrice Lumumba once spelt out in his Independence Day speech of June 1960. Lumumba's vision is as relevant today as it was fifty years ago when many of our African countries gained their independence: He said:

The Republic of the Congo has been proclaimed, and our country is now in the hands of its own children. Together, my brothers, my sisters, we are going to begin a new struggle, a sublime struggle, which will lead our country to peace, prosperity, and greatness. Together, we are going to establish social justice and make sure everyone has just remuneration for his labour… We are going to show the world what the black man can do when he works in freedom… We are going to keep watch over the lands of our country so that they truly profit her children… We are going to put an end to suppression of free thought and see to it that all our citizens enjoy to the full the fundamental liberties foreseen in the Declaration of the Rights of Man… We are going to do away with all discrimination of every variety and assure for each and all the position to which human dignity, work, and dedication entitles him. We are going to rule not by the peace of guns and bayonets but by a peace of the heart and the will..

Working together we can do more to realise this dream!

We are about peace and friendship. We are about collaboration, cooperation and building partnerships, not confrontation, competition or rivalry.

I thank you!

APPENDIX III

Recommendations made at the BRICS Think-Tank Symposium to the Third BRICS Leaders' Meeting
24–25 March 2011, Beijing

We, experts and scholars of think tanks from China, Russia, Brazil, India and South Africa, met from March 24 to 25, 2011 in Beijing for a BRICS Think-Tank Symposium. The debut of South African colleagues was welcomed. It is believed that the Third BRICS Leaders' Meeting to be held in April in Sanya, China, will draw global attention to the growing influence and role of emerging economies in the global political and economic system. The Leaders' Meeting will help expand consensus and cooperation among BRICS countries and enhance its positive image among the international community. Think tanks from the five BRICS countries would like to make their own contribution to a successful meeting.

To this end, we focused on the theme of 'Development, Cooperation and Shared Prosperity' and discussed issues of common interest, such as the current international situation, BRICS' role in advancing global economic governance, practical cooperation among BRICS countries and interactions among BRICS think tanks. The following recommendations are proposed for the consideration of the BRICS Leaders' Meeting:

- That the current crisis in the Middle East and North Africa (MENA) regions should be resolved expeditiously in the interests of regional stability and in conformity with the aspirations of the peoples of MENA. This current crisis demonstrates that the global governance system needs to be more responsive.
- That the Leaders' Meeting should give attention to the changing international context, sluggish economic recovery, governance issues, reform of the international economic and financial architecture, sustainable development and climate change.
- That the Leaders' Meeting should articulate common positions on international peace and security, peaceful resolution of conflicts, promotion of positive interdependence, development and cooperation.
- That the Leaders' Meeting strive for consultation and coordination of positions within international fora on issues of common concern, including international institutions such as the IMF. Similarly, the BRICS should work

to strengthen the rules-based multilateral trade system and for conclusion of the Doha Round. The coordinated voice of BRICS should continue to play an important role in formulating the post-crisis modalities at the G20.

- That the BRICS countries enhance their future cooperation. Efforts should be made to increase practical cooperation in finance, trade, agriculture, resources, health, energy, the hi-tech sector, and infrastructure, as well as exchanges and interactions between businesses, think tanks and NGOs. They should also explore new areas of cooperation, particularly in cultural exchanges.
- That BRICS, as a new platform for developing and emerging economies, is capable of helping create new partnerships while serving as a bridge between developed and developing countries. BRICS should consider ways and means of assisting the Least Developed Countries (LDCs) particularly in Africa.
- That in the conduct of international affairs, BRICS should uphold the principles of openness and transparency, solidarity and mutual assistance. This is important for sustaining development and ensuring global prosperity.
- That the BRICS consider promoting and stimulating joint research and academic exchanges in potential areas of cooperation amongst them.

We resolve to participate in the interactions among BRICS think tanks with commitment and a constructive attitude. In coordination with BRICS Leaders' Meetings, we shall convene a think tank symposium at least once a year and host relevant thematic meetings.

We encourage more bilateral and multilateral activities and joint research projects including the establishment of appropriate study groups on relevant global issues. These think tank meetings are expected to help build confidence, dispel misunderstandings and come up with recommendations for cooperation among BRICS countries.

We highly appreciate the warm hospitality and commend the positive efforts that the China Center for Contemporary World Studies and China Foundation for Peace and Development made towards the success of this Think-Tank Symposium.

We look forward to the next Think-Tank Symposium at the host country of the Fourth BRICS Leaders' Meeting. We will continue to be active participants and give full support within our capacity.

We wish the Third BRICS Leaders' Meeting well.

APPENDIX IV

SOUTH AFRICA & EMERGING POWER ALLIANCES: IBSA, BRIC, BASIC

Hosted by the Institute for Global Dialogue (IGD) / Friedrich Ebert Foundation (FES)

Burgers Park Hotel, Pretoria, 5 November 2010

PROGRAMME

08h30 – 09h30	**Arrivals and Registration**
09h30 – 10h00	**Opening and Welcome remarks** **Siphamandla Zondi,** *Director: IGD* ***Axel Schmidt,*** *Country Director: FES* **Overview of Workshop** ***Francis Kornegay,*** *Associate, Emerging Powers: IGD* **Chair:** ***Siphamandla Zondi,*** *IGD*
10h00 – 11h30	**Emerging Power Alliances in Perspective: IBSA, BRIC, BASIC** **Perspective: India** ***Ummu Salma Bava,*** *Chair & Prof. Centre of European Studies, Jawaharlal Nehru University* **Perspective: Brazil** ***Alcides Costa Vaz,*** *Vice-Director, Institute of International Relations, University of Brasilia* **Perspective: South Africa** ***Francis Kornegay,*** *IGD* **Discussant:** ***Mzukisi Qobo,*** *Programme Director, Emerging Powers, SAIIA*

11h30 – 11h45	**Coffee/Tea Break**
11h45 – 13h00	**Discussion**
13h00	**Lunch**

AFTERNOON SESSION

14h00 – 15h15	**Chair:** ***Jo-Ansie Van Wyk,*** *UNISA* **The SA's IBSA-BRIC Dilemma: BRIC or No-BRIC?** ***Amb Sisa Ngombane,*** *Deputy Director General, Asia and the Middle East, DIRCO* **Economic and Trade Implications of IBSA-BRIC** ***Xavier Carim,*** *Deputy Director General, International Trade & Economic Development, DTI* **Is There an IBSA-BRIC Business Future?** ***Simon Freemantle,*** *Standard Bank, Economist – East Africa* Discussant I: ***Brendan Vickers,*** *Chief Director, Research & Policy, International Trade & Economic Development, DTI (IGD Research Associate)* Discussant II: ***Keith Campbell,*** *Senior Deputy Editor, Creamer Media (Engineering News)*
15h15 – 15h30	Coffee/ Tea Break
15h30 – 17h30	Discussion/ Roundtable **This concluding session will bring in everyone who has presented to reflect on the foregoing presentations and discussions.**
17h30	Conclusion & Vote of Thanks

APPENDIX V: ATTENDANCE LIST

NAME	ORGANISATION
Government	
Amb. Sisa Ngombane	DIRCO
Ansie Stegen	DIRCO
Bernard Raubenheimer	DIRCO
Deon Seals	DIRCO
Gareth Res	DIRCO
Judika Tladi	DIRCO
Maditsi Dikgale	DIRCO
Mxolisi Nkosi	DIRCO
S. Watson	DIRCO
Zanethemba Mkalipi	DIRCO
Simon Qobo	DOC
Brendan Vickers	DTI
Mzwakhe Mbatha	DTI
Phemelo Maikhane	DTI
Xavier Carim	DTI
Dumi Sobekwe	Justice
Amb. Welile Nhlapo	The Presidency
Tyrone Gunnie	The Presidency
Chwayita Tyala	Treasury
Civil Society	
Alexis L. Mabele	SPOC
Ngola Etoja	SPOC
Victor Baelongandi	SPOC
Business	
Andrea Africa	SASOL Petroleum Int.
Simon Freemantle	Standard Bank
Jeremy Stevens	Standard Bank
*Research Organisations_*	
Nancy Kachingwe	Action Aid
Line Tresseli	African World Heritage Fund

NAME	ORGANISATION
Solani Ngobeni	AISA
Brian Sepuru	Ceasefire
Shirley Palesa	Ceasefire
Lisa Haagensen	CDE
Themba Belle	CSIR
Axel Schmidt	FES
Olivier Serrao	FES
Cynthia Sinclair-Maluleke	FES
Siphamandla Zondi	IGD
Francis Kornegay	IGD
Lesley Masters	IGD
Penelope Masenamela	IGD
Mzukisi Qobo	SAIIA
Folashade Soule-Kohndou	SAIIA
Academia	
Ummu Salma Bava	Jawaharlal Nehru University
Yolanda Spies	UP
Anton du Plessis	UP
Iqbal Jhazbhay	UNISA
Jo-Ansie van Wyk	UNISA
Alcides Costa Vaz	University of Brasilia
Malefo Mosimanyane	YCLSA
Media	
Jean-Jacques Cornish	Radio 702
Li Xuehua	Science & Technology Daily
Diplomatic Corps	
Ingrid Skjolaas	Norweigan Embassy
Shambhu Kumaran	Indian High Commission
Philippe Orliange	French Embassy
Chen Huixin	Chinese Embassy
Everly Cisneros	US Embassy
Marjaana Sall	Embassy of Finland

ISBN 978 -1-920216-31-3