

UNIVERSITY OF ZULULAND



**AN ASSESSMENT OF SOUTH AFRICA'S MEMBERSHIP IN THE BRICS
FORMATION IN RELATION IBSA AND SADC**

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Dedication

To My Mother, Chwebeshane Zichazile Shoba, who made me!

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DECLARATIONS

I declare that this Masters project is my own unaided work. It is submitted for the degree of Master of Arts in Development Studies, in the Department of Anthropology and Development Studies at the University of Zululand, KwaDlangezwa Campus. It has not been submitted for any other degree or examination at any other university.

ABSTRACT

The role and importance of the so-called BRICS and the integration of South Africa into the grouping has been debated in the parlance of international relations. Many accounts have been made on this topic focusing mainly on the question of why South Africa sought BRICS membership and why it was granted the membership. These accounts do not only ignore the questions around the benefits and constraints for South Africa, but also bypasses the critical question of the impact of the grouping on the international monetary system and international financial institutions. This study therefore has been motivated by the desire to explore the prospects and the pros and cons that befall South Africa for being a member of the BRICS grouping. The study is also driven by the need to assess (to a lesser extent) the implications of the rise of the grouping to the international financial institutions. In order to fulfil these aims, a qualitative research method has been chosen. The study is strictly based on secondary sources such as textbooks, official documents from the Department of International Relations and Cooperation of South Africa, articles, magazines and newspapers, as well as internet resources. The analysis has been made possible through the employment of two theoretical frameworks: constructivism approach and theory of regional integration, both of which underpinned the study. Through extensive engagement with the literature reviewed and the historical analysis, the study found there are more prospects than constraints for the rainbow nation. The study also argues that the BRICS grouping would not make any substantial change to the nature of the international financial system at this stage, but would only make an additional balance of payment available to the countries requiring it. Therefore as recommendation, South Africa must think outside the framework of these groupings, and rely less on them for its advancements.

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LIST OF ABBREVIATIONS

ANC:	African National Congress
APRM:	African Peer Review Mechanism
AU:	African Union
BRIC:	Brazil, Russia, India & China
BRICS:	Brazil, Russia, India, China & South Africa
BOP:	Balance of Payment
CBO:	Community Based Organisations
COMESA:	Common Market for East and Southern Africa
CRA:	Contingent Reserve Agreement
DTI:	Department of Trade and Industry
DIRCO:	Department of Cooperation and International Relations
DRC:	Democratic Republic of Congo
EMDC:	Emerging Market and Developing Countries
IBSA:	India, Brazil and South Africa
IFIs:	International Financial Institutions
IMS:	International Monetary System
IMF:	International Monetary Fund
IR:	International Relations
FD:	Fortaleza Declaration
FDI:	Foreign Direct Investment
FPA:	Fortaleza Plan of Action
G7:	Group of Twenty
G8:	Group of Eight
GDP:	Gross Domestic Product
GS:	Goldman Sachs

GASM:	Goldman Sachs Assets Management
MOU:	Memorandum of Understanding
NAM:	Non-Aligned Movement
NEPAD:	New Partnership for Africa's Development
NDARC:	New Development Bank Africa Regional Centre
NDB:	New Development Bank
NGO:	Non-Government Organisations
PRC:	People's Republic of China
RSA:	Republic of South Africa
RIA:	Regional Integration Agreement
SA:	South Africa
SACU:	Southern Africa Customs Union
SADC:	Southern Africa Development Community
SSA:	South Sub-Sahara Africa
UN:	United Nations
UNSC:	United Nations Security Council
UNCTAD:	United Nations Conference on Trade and Development
WB:	World Bank

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CHAPTER 1

INTRODUCTION

1.1 Background

The post-Cold War political dispensation has ushered in a new global order in which there is a fundamental shift in the conception of geo-politics from the Global North to the Global South (Chiyemura, 2014). New powers and zones of influence have emerged in which countries such as China, India, South Africa, and Brazil, amongst others, command a measurable size of influence in the global world (Chiyemura, 2014). Chiyemura further contends that these emerging powers contribute to the development of a multi-polar system in the architecture of world politics. With the rise of the Global South attention has quite often been given to China and India and their potential role in the re-balancing of the world order.

In addition, Gobo and Carmordy (2013) state this narrative not only bypasses the possibility of a balanced world order in which Latin America and Africa are included, but it also reduces the Global North domination in international relations. Some contend that the emergence of BRICS - Brazil, Russia, India, China and South Africa - tends to portray an emerging new world order that may pose a threat to the western nations, or at least destabilise their domination (Voronkova, 2015). This has emerged as an area of much debate in the post-global financial crisis of 2008.

South Africa became the fifth member of the BRICS group in 2010. This happened after a lot of diplomatic effort put in by the South African government expressing its wish to join the alliance of the emerging economies' in the world. It was announced by South Africa's Minister of International Relations and Cooperation, Maite Nkoane Mashabane (Department of International Relation and Cooperation, 2010). The introduction and integration of South Africa into the BRICS bloc suggests a significant rise of multilateralism in international relations with southern characteristics (Prashad, 2013 cited in Chiyemura, 2014).

The BRICS bloc is made up of the nations who are the leaders of the political and economic agendas in their respective zones. Given this single but important characteristic, one can argue that this bloc has something important to offer in the international relations system. Specifically, these countries may help lessen Global North supremacist in the international relations system. Further, these countries seek to help fund the infrastructural development projects and other programs in the developing countries (Fortaleza Declaration, 2014).

In addition, the integration of South Africa into the bloc has potential economic benefits for South Africa and brings Africa into play in global economic trajectories. Some contend that the integration of South Africa into BRICS seems to be an era of great economic potential for the Rainbow Nation to influence policymaking and alignment among the non-industrialised developing countries within economic considerations – in particular Africa (Chiyemura, 2014). It however, remains unclear and has not been fully explored, whether South Africa's incorporation into BRICS will bring the much desired political and economic benefits and create new investment partnerships for South Africa and Africa. Dube (2013) argues that the evidence of multilateralism seems to suggest that there are also constraints, risks and uncertainties in forum-based frameworks, such as that of the BRICS formation.

Some contend that South Africa does not deserve membership of the BRICS bloc. Those who criticised South Africa's integration into the BRICS bloc interestingly included the man behind the formation of BRIC, Mr O'Neill. He questioned the reasoning behind the political inclusion of South Africa into the group where he stated that the country was not in the same league as the BRIC countries (O'Neill, 2010). Thamsanqa and Mduduzi (2012) argue that South Africa's role in Africa as the gateway to the continent merits its inclusion as a BRIC member is very weak.

They further contended that South Africa is in danger of committing to global and emerging market pressure at the expense of its own wellbeing, given its economic outlook. In same way, Professor Patrick Bond of Wits argued that South Africa's participation in BRICS is nothing but the extension of the supremacist imperialist agenda led by China and India in Africa (Bond, 2013).

However, O'Neill later conceded that South Africa could more than justify its presence (in BRICS) if it helped Africa to fulfil its remarkable potential (O'Neil, 2012). In support of this claim, Besada, Tok and Winter (2013) argue that despite the economic presence of South Africa being far below that of the other members, South Africa's per capital income is larger than that of both China and India, and it has one of the highest ratios of market capitalisation in the world.

It is against the above background and contestations that this study attempts to do an appraisal of South Africa's involvements in BRICS. The study does so by specifically looking at the prospects, pros and cons for South Africa in BRICS through which South

Africa's participation in BRICS could be examined. This study is driven by the research questions and objectives below.

1.2 Aims and Objectives

This research aims to investigate the opportunities, prospects and challenges for South Africa's association with BRICS.

To reach this aim the following objectives guides the study:

- To investigate the challenges of South Africa's integration into BRICS
- To assess the extent of prospects and benefits accruable to South Africa's membership of BRICS
- To investigate the essence of BRICS as against other groups with South African membership like India, Brazil and South Africa (IBSA) and Southern African Development Community (SADC)
- To analyse the implications of the New Development Bank (NDB) and Contingent Reserve Agreement (CRA) for the international monetary system.

1.3 Research Questions

The study addresses the following questions:

- What are South Africa's prospects and benefits from BRICS membership?
- How is South Africa's membership of BRICS different from its membership of other organizations like IBSA and SADC?
- What are prospects and problems associated with South Africa's membership of BRICS?
- Will the establishment of the NDB and CRA usher in a new architecture for the international monetary system?

1.4 Rationale of the Study

The wide range of the available scholarship has partly overlooked the main political, economic and social prospects, and the pros and cons for South Africa in the BRICS formation. A small number of studies have engaged with the question of South Africa in BRICS specifically on the issue of why it was invited to play in the club as a fifth member state. This project is fundamentally imperative as it seeks to explore further, not only the reasons for the country's invitation to the club, but also the pros and cons, and the

implications of the establishment of the NDB and CRA by the BRICS countries to the international monetary system. The study seeks to add knowledge to this debate and probably opens new debates specifically on how a reform agenda of global governance can be realised by BRICS. The study also recognises that, except for the motives that led to the invitation of South Africa to BRICS, the political, economic and social prospects and constraints are also important for Pretoria's policy considerations. This study does not simply rewrite or reproduce available arguments presented elsewhere (maybe by politicians, statesman or heads of states), it endeavours to detach rhetoric from reality through an attempt to offer a critical perspective of South Africa's BRICS participation as a whole.

1.5 Literature Review

This section highlight the key themes, events and notions dealt with in relation to the participation of South Africa in the BRICS formation. Firstly, Pretoria began lobbying for the BRICS membership around 2008 to 2009 until granted an invitation on Christmas Eve in 2010 by the Minister of Foreign Affairs of the People's Republic of China, Mr. Yang Jiechi (Department of International Relations and Cooperation, 2010). This happened after years and months of lobbying by President Jacob Zuma who maintained that this was an important group to be part of, given that the emerging economies had a significant role to play in restructuring political, economic and financial institutions to become more equitable and balanced (Besada, Tok and Winters, 2013).

However, South Africa's entry into the club came with lot of controversy (Gauteng Province Report, 2013). South Africa's admittance to the BRICS club has generated much debate about its suitability to be part of this formation. One of the real issues raised is that the Rainbow Nation does not measure up to other BRICS members, in terms population, economic performance, trade and growth rates (Hartzenburg et al., 2013). Mduduzi and Thamsanqa (2013) contend that the South African government has placed an undue focus on BRICS; that its inclusion into the grouping has made it feel as if it has arrived, while it is certain that South Africa has not arrived; and that, in fact, this BRICS membership is likely to leave the country limping. They further suggest that the country needs the full participation of Sub-Sahara Africa. Therefore, the "S" in BRICS should be for Sub-Saharan Africa (SSA) not South Africa.

Further, South Africa with its 54.1 million population (StatsSA, 2015) and gloomy Gross Domestic Product (GDP) size of merely US\$408.2 billion is a drop in the ocean of BRIC

countries. Essentially, the “S” should be for SSA because of its solid population size of 879 million, with an aggregate GDP of US\$1.3 trillion (Thamsanqa and Mduduzi, 2013). South Africa needs the rest of the SSA, both economically and politically, to play a meaningful role in the grouping. Smith (2013) indicates that even within Africa, South Africa's growth – wracked by high unemployment and industrial unrest – is sluggish compared to many of its neighbours.

Similarly, Clarke (cited in Smith, 2013) adds that South Africa is a declining economic power in Africa. South Africa in GDP and demographic terms does not make the grade, but there is not a single criterion for BRICS membership. Patel (2012) says that South Africans are well aware that Nigeria is on course to take over from South Africa as the largest economy on the continent, so there is little for them to gain from this bloc. South Africa's economy is too small compared to other BRICS members and yet it is willing to pour billions into the BRICS Development Bank. All these assertions are made on the basis that the country, as mentioned by Hartzenburg et al. (2013) does not measure up to the other BRICS economies.

The foregoing assertions therefore make it important to outline briefly the contributions of each member state to the BRICS initiative, more especially the contribution of South Africa. In the CRA of the BRICS countries, it is stated that Pretoria (South Africa) will contribute \$5 billion (ZAR 51 billion) and China \$41 billion, while the other three countries will contribute \$18 billion each to the \$100 billion contingency plan - the CRA (Andrianova & Biryukov, 2015). It has also been suggested that this plan will, inter alia, help member states fund their current account deficits. The input of South Africa is the least to both CRA and NDB; this is of course because the country is the smallest economy in the bloc (SouthAfricaInfo, 2013).

The former also makes it imperative to bring into cognisance that domestically, South Africa is embroiled with high levels of unemployment, illiteracy, inequality etc. Also a rising current fiscal deficit (which is currently 6% of GDP) has weakened the Rand, eroding real personal incomes and mining investment contracts (Finweek, 2015). However, Recknagel (2013) believes that South Africa, as the smallest BRICS economy, stands to gain the highest return from this regional economic integration since it is "highly likely" that a significant portion of the infrastructure projects funded by the “BRICS bank” will be in Africa. This is so not only because Africa is relatively undeveloped but also because the development of African economies is strategically important to the BRICS members, especially as a source of raw materials.

Diallo and Tapsoba (2014) note that since South Africa joined the grouping there have been stronger trade and financial ties with the other member states and the rest of the world. Diallo and Tapsoba further postulate that BRICS member states have become not only key markets for Sub-Saharan Africa (SSA) and Africa exports and imports but also for financiers, investors, and donors, therefore acting as important growth powerhouses. This notion seems to support the position of South Africa's President that the country represents and promotes the African agenda in BRICS. He maintained that the country is the voice and messenger of the continent in the international community as it sits on different forums such as the G20. Supporting this notion, Stuenkel (2013) notes that South Africa's level of economic development coupled with its relatively high infrastructure development capacity, offers a favourable and conducive climate and environment through which other BRICS members can engage with Africa via Pretoria while enabling it to engage with the international players. This implies that the BRICS platform acts as an avenue through which South Africa may advance its national interest, while promoting the African continent.

The South African government report (2014) states that South Africa's reintegration into the global community has seen its diplomatic, political and economic relations expand rapidly to include countries with which it previously had no relations. Further, according to SA info (2014), by 2012, the number of foreign diplomatic missions and international organisations in South Africa had increased to 315, the second largest number of diplomatic offices accredited to any country after the US. This further indicates that South Africa's participation in BRICS and other international forums revolves on its national interest. The realist claim that states are self-centred actors in pursuit of self-interest in international politics, suitably explains South Africa's acts in the international community.

South Africa, as mentioned, boasts of being the voice of the African continent, as President Jacob Zuma commented:

The country has served on the United Nations Security Council for a two year non-permanent term, become a member of influential emerging economy blocs BRICS and IBSA (the India, Brazil, South Africa Dialogue Forum), and is still the only African country on the G20. To promote the interests of developing countries, South Africa has pushed for a rules bound international political and economic order, and sought to transform north-south relations through dialogue while consolidating south-south collaboration by participation in groupings like the Non-Aligned Movement

(NAM) and the UN Conference on Trade and Development (UNCTAD). South Africa also works with other African states and multilateral organisations like the UN, African Union (AU) and Southern African Development Community (SADC) to promote international respect for human rights, democracy and good governance (the Presidency 2014).

He further stated the country has helped Madagascar, Zimbabwe and South Sudan resolve their problems and assisted with peacekeeping in Ethiopia/Eritrea, the Democratic Republic of the Congo (DRC) and Burundi, among others. What the President was saying is important in the debate about whether South Africa is the window into Africa. Clark (2013) noted that South Africa comes out on top in a study by Visa among 11 African economies that looked at the level of economic integration of those countries with the world around them.

In summary, the above review traces a wide range of scholarly and academic viewpoints presented by different scholars on South Africa's participation in BRICS formation. This review of the available scholarship shows that South Africa's membership in the BRICS formation has been propelled by its national interest in the disguise of representing the entire continent. It is also clear that most studies available have mainly focused on the question of why the country was granted the invitation into the BRICS formation with the little attention on how and to what extent the country has benefit from this invitation. There is also little if nothing on the prospects, pros and cons for South Africa and its being a member of BRICS. This may be as result of the fact that the scholarship on South Africa's participation in BRICS is still relatively new or as a result of the scarcity of scholarship in the field. This study therefore seeks to explore the prospects, pros and cons of South Africa's membership in BRICS. Chapter 4 will deal specifically with the prospects and challenges for South Africa in BRICS.

1.6 Research Method and Data Collection

As the title of the study indicates, the study focuses on analysing the presence of South Africa in the BRICS community and its impact on the country with the particular emphasis on the question of whether the country is benefitting from being a member of this bloc. The study appraises the country's involvement in this group and ascertains the prospects, opportunities and challenges. To achieve this, the study employs a textual analysis of the literature. A strictly qualitative desktop research approach is the basis for this study. The study provides a perspective on the scope and scale of economic trade between South Africa and BRICS

available in key literatures, government gazettes, reports and key announcements from all the members of BRICS. This information has been obtained from libraries, newspaper archives, government departments, universities, websites, Non-Government Organisations (NGOs) and Community Based Organisations (CBO).

In collecting data from the documents mentioned above, Scott's four criteria for assessing the quality of documents have been applied. These are:

- i. Authenticity: That is, whether the evidence gathered for the thesis is genuine and of unquestionable origin;
- ii. Credibility: To find out the extent to which the evidence gathered is free from error and distortion;
- iii. Representativeness: That is, whether the evidence obtained is typical of its kind or not; and finally
- iv. Meaning: To find out the extent to which the evidence gathered is clear and comprehensible (Scott, 1990)

To meet the afore-mentioned criteria, the researcher has gathered comprehensible and clear information from authentic and credible sources. It is also known that study on the BRICS initiative is relatively not new. The various sources for the data include the following:

- a. Official texts and documents such the Senya Declaration, the eThekweni Declaration, the Fortaleza Declaration etc.
- b. Works of the BRICS Academic Forum and inter-ministerial committees joint reports
- c. The press statements and minutes of the meetings of the BRICS countries.
- d. Information from textbooks, articles and journals on the regional economic integration
- e. Mass media outputs such as newspapers and magazines
- f. Virtual outputs such as Internet resources. For instance, because of the inability to travel to the Embassies Secretariats (due to financial constraints), the internet has been relied on, for the various pieces of information.
- g. Agreements signed between the BRICS countries.

1.7 Ethical and Safety Issues

This is a mainly desktop-based research, so there have been no special ethical and safety issues arising from the study. However, for the purpose of correctness, appropriate consideration of ethical and safety issues requirements were observed and respected as per the University of Zululand's Policy and Procedures on Research Ethics. The proposal for pursuit of this study received the approval of the Higher Degree Ethics Committee of the University of Zululand

1.8 Limitations of Study

Firstly, the fact that this is a mainly desktop-based research constitutes a major limitation for this study. It is the researcher's opinion that if interviews could have been conducted, a much more solid position on the subject would have been established. The financial position of the researcher prohibited him from engaging in this exercise. The funding provided by the research office did not allow the researcher to travel for instance to the Embassies Secretariats of BRICS member states, and therefore relied mainly on the internet for the various pieces of information. These internet pieces could have been problematic as it can be sometimes difficult to assess their validity, credibility and authenticity. To alleviate such limitations, Scott's four criteria for assessing the quality of documents as detailed in the methodology section, have been applied.

Secondly, the novelty of BRICS itself is a limitation because, as indicated earlier, there are very few scholarly studies on BRICS with reference to South Africa's participation in this formation. This could be understandable since the BRICS grouping is still evolving in agenda and institutional set up. The future direction of BRICS is still largely un-determined. There has been speculation as to whether or not additional countries will be invited to join BRICS, although, considering the complexities of added members to the group, it is probably unlikely that the BRICS group will formally expand. Otherwise, it is only further research in the upcoming years that will tell exactly what the BRICS will be like.

1.9 Chapter Summary

The thesis consists of five chapters:

Chapter 1 is the introductory chapter. It sets the scene by establishing the background to the research problem, the aim of and objectives of the study. It also briefly engages the literature

on BRICS with reference to South Africa's participation in BRICS. Further, it outlines the methodological approach and limitations of the study.

Chapter 2 gives a background on South Africa, the theory component and the conceptual frameworks of the study. To a lesser extent, the study maps South Africa's history and current economic and international status. In addition, the chapter engages the concept of BRICS as an original Bandung.

Chapter 3 focuses on the key themes and events of the BRICS countries leading towards an institutionalised grouping after South Africa's first participation in Senya 2011. It further deals with the implications of the emergence of the BRICS NDB and CRA for the international monetary system.

Chapter 4 discusses the political, economic and social constraints for South Africa's membership of BRICS. In this chapter, the study evaluates the possible risks and uncertainties for South Africa in BRICS.

Chapter 5 gives the conclusion to the research work. Specifically, key research findings and summary are presented in this chapter based on what has been discussed in the preceding chapters of the thesis.

CHAPTER 2

BACKGROUND AND THEORETICAL FRAMEWORK OF THE STUDY

2.1 Introduction

This chapter provides the historical background of South Africa, outlines its pragmatic foreign policy position, and the theoretical frameworks of the study. For the thorough understanding of the ideas presented in this thesis, the former points are as important as they are elementary and they form the central theme of the study. History helps to provide the standpoint from which to explore and better understand the present and future. The theoretical framework is central to the vitality and development of a field of practice – not to mention its recognition and credibility from those not yet initiated into the field. The theoretical foundations of a field describe and inform the practice and provide the primary means to guide future developments (Garrison, 2000). From this assertion, it can be argued that a theoretical framework influences practice of and research, reveals new knowledge and suggests alternatives. In addition, the chapter gives an overview of BRICS, outlines its strengths and weaknesses and to lesser extent explores its position in the G20¹.

This chapter is organised as follows. The first two sections deal with the history and foreign policy pursuit of South Africa. The next section addresses the theoretical part of the study. In this section, Constructivism and the Theory of Regional Integration are elucidated in relation to the subject of the study. The four last sections are divided into a BRICS overview; its strengths and weaknesses; the relation of the BRICS countries with developing countries of the South; and finally deals to a lesser extent with the implications of BRICS for the North countries.

2.2 South Africa: From the Past to the Present

The document of the African National Congress (ANC) titled *Perspective on Foreign Policy in a Democratic South Africa* stated, “no longer are we the pariah of the world. Our policies and programmes have, by and large, been accepted by the international community as realistic and the endeavour to transform South Africa into a truly free, peaceful, prosperous and non-racial society has been acclaimed by the very world which previously applied sanctions and punitive measures against us” (Dube, 1996). During the Apartheid Era, from 1948 to 1994, the ruling Nationalist Party, dominated by white Afrikaners, formulated and

¹ G20, stands for Group of twenty, can be defined as an assembly of governments and leaders from the 20 largest economies in the world.

passed laws, institutionalised legal segregation, formalised racial categories and restrictions on movement, and embedded apartheid physically in the landscape (Findley & Ogbu, 2016). These unjust laws and practices formulated, passed and applied by the apartheid government led to the isolation of the country by the international community pressurising the colonial apartheid government to bow down and free South Africa.

The year 2016 marks twenty-two years since the country made the transition from apartheid to constitutional democracy. Yet the legacy of apartheid continues to shape the current economic, political and social development patterns in the Republic of South Africa (Shivambu, 2014). Given this unfortunate situation, a vast economic inequality exists among the majority of the country's population, and the government faces an uphill struggle in extending opportunities to all and improving the delivery of public services (Yanacopolos, 2010). While the country has made some significant strides in terms of attaining some of the Millennium Developmental Goals (MDGs), poverty and inequality continue to affect the country's population, especially those from the working class. South Africa's transition to democracy in the mid-1990s also helped shape its foreign policy, with development assistance primarily targeting other African nations.

Landsberg (cited in Chiyemura, 2014) noted that the end of apartheid in 1994 ushered in a new political dispensation of democracy in South Africa that contributed to the country gaining re-admission in the international community after 34 years (1960-1994) of political and economic isolation due to apartheid sanctions. The country's former President Nelson Mandela and his successor Thabo Mbeki sought to invigorate the conduct of international affairs with reference to South Africa's unique transition and its moral stature (Alden & Pere, 2004). In the main, the country's national interest and aim was to regain confidence, trust and establish new fruitful relations with the international community. On this Chiyemura (2014) wrote that to re-gain its international confidence, South Africa re-invigorated its foreign policy through the transformation of diplomatic relations and the re-establishment of relations with other nations (developed and developing) so as to attract increased trade, aid and investment flows. It can be argued that this contributed to South Africa's participation in regional (Southern African Development Community-SADC), continental (African Union-AU) and bilateral and multilateral arrangements. The country has continued to expand its presence in the international platforms and forums. The participation in BRICS is one of the multilateral platforms referred to.

Given the participation of the country in many prestigious international platforms and forums, one may argue that it has now fully reintegrated itself into the international community. The country has even taken an active role in trying to forge a new international order, in particular in Africa and United Nations (UN) where it is serving its second term in the Security Council. The country has been able to host some prestigious international events, such as COPE 17, the football World Cup 2010 and the Durban 2001 World Conference against racism. All these could attest to its achievements as indeed a legitimate international actor.

The country also regards itself a gateway to Africa, the messenger and voice of the African continent (Draper & Scholvin, 2012). Its invitation to BRICS is regarded as one of the best achievements of the country's foreign policy in the past years (Stuenkel, 2013). The country's foreign policy under the leadership of Nelson Mandela was based on a commitment to promote human rights, democracy and on a belief that its foreign policy must mirror a deep commitment to the consolidation of the country's democracy (Dube, 1996). On the other hand, the leadership of former President Thabo Mbeki emphasised the importance of domestic economic developments, transformation and security concerns as at the top of its priority list. With this in mind, Landsberg (cited in Chiyemura, 2014) argued that the country's foreign policy had not been cohesive and consistent due to this contradiction from former presidency to the latter.

2.3 South Africa's Developmental Foreign Policy Pursuit

During the presidencies of Nelson Mandela, Thabo Mbeki, and the interim president Kgalema Motlanthe— from 1994 to 2010—the African National Congress (ANC) led government pursued a three-pronged strategy of uniting Africa, building South-South cooperation with other developing countries and emerging economies, while also endeavouring to forge alliances with key industrial powers of the North, the US and Europe (Landsberg, 1999).

Since the end of apartheid rule in South Africa, a core strategy of the country's foreign policy has been to position itself as not only a voice for less influential African states and developing countries, but also as a leader in forging strategic alliances to advance their common interests in global forums and negotiations (Mbeki, 2000). The examples are the strategic alliances such as between India, Brazil and South Africa, the IBSA dialogue, NEPAD and BASIC. The first democratically elected president of South Africa also believed that the country's foreign engagements and its foreign policy should be moralistic in its

outlook. This was based on the idea that the ANC had received material, moral, financial and logistical support from developed and developing countries in its campaign against colonialism and apartheid and therefore in government, the ANC had a moral debt to repay in its relations with the world. Former President Mandela argued that South Africa's moral obligations were to promote human rights, peace, democracy and racial and ethnic inclusivity, both at home and abroad. But South Africa, as one of the last African countries to achieve full democracy, also wanted to bring peace and stability—a precondition for development and growth—in Africa.

South Africa's developmental foreign policy under the leadership of President Zuma has been pursued under three broad themes: the national interest; working with continental Africa; and improving regional integration with the rest of the Southern African Development Community (SADC) (Landsberg, 2010).

When the President assumed office in 2009, he proclaimed that his executive would prioritise the national interest in pursuit of foreign policy. In his own words, he said, “the national interest would be a beam that guides our foreign policy paradigm” and he further stated, “the medium term goal of government is to ensure that our foreign relations contribute to the creation of an environment conducive to sustainable economic growth and development” (Zuma, 2009).

This statement by the President seems to be drawing from the aforementioned ANC policy document titled *Foreign Policy Perspective in a Democratic South Africa* which stated that: “Foreign Policy being an integral part or an extension of national policy and interest becomes consequently an important component in our strategy for development and social purposes”. This according to the International Relations and Cooperation Minister, Nkoane Mashabane, means that the country's foreign policy engagement and international partnerships must show the symbiotic relationship between our national priorities and South Africa's regional, continental and international engagements (DIRCO, 2011). The national priorities of South Africa as stated by President Zuma in his 2009 State of the Nation Address included “Education and Skills Development; Job Creation and Sustainable Livelihoods; Improving the Quality and Quantity of Health, Rural Development and Agrarian reform; and the Fight Against Crime and Corruption”. These national priorities were an integral part of the country's national interest that encompassed the following:

- to ensure the stability of the country, its constitutional order and its institutions;

- to create an environment in which South Africans are and feel secure, and are free from want and hunger;
- the sustainable growth and development of the South African economy;
- the sustainable growth and development of the Southern African (SADC) region;
- to commit ourselves to working for a stable African continent that enables peace and development to take root; and
- to work towards the creation of a just and equitable world order (DIRCO, 2011).

There are however growing concerns that South African developmental foreign policy is not consistent with its primary objective which is the national interest as declared by the President in 2009. In his master's thesis Chiyemura (2014) explains.

At present, president Zuma's foreign policy seems to be more concerned with processes rather than outcomes. Foreign policy processes are defined as the steps and stages that are taken, including the processes of consultations, formulations and implementations. In South Africa, the *de facto* one party state system in which the ANC heads the government enjoys greater monopoly over the day to day running of the government. This gives ultimate power and influence to president Zuma to preside over key foreign policy issues regardless of inputs from the general public. For example, Zuma recently deployed soldiers to the Central Africa Republic without proper consultations leading to unnecessary loss of life. Additionally president Zuma chooses to suppress Taiwan Republic's call for independence from China by avoiding tabling such a dialogue at United Nations.

Paul-Simon Handy a visiting distinguished scholar of international relations at Rhodes University who lamented in October, that the foreign policy of the Republic under the leadership of Zuma is enshrined within the broader horizons of advancing its economic development priorities at the expense of human rights (Handy, 2013 cited in Chiyemura, 2014). Handy further claims that president Zuma has chosen to pursue economic diplomacy as a means of capitalising returns on foreign direct investment and increasing trade within his foreign policy ideals. In response to China's lobbying, Zuma's administration has denied a visa to the Dalai Lama to visit South Africa several times.

Internationally, Pretoria assumes the role of spokesperson for the African continent by the virtue of its regional hegemonic power, as has been mentioned earlier. Such a critical role is

challenging and demanding for the country and in most cases strains its national budget (Chiyemura, 2014).

Minster of DIRCO, Nkoane Mashabane, confirmed that the country leadership role in the continent and serving in the UN Security Council (UNSC) as a non-permanent member, is challenging for the country (DIRCO, 2011). This position could be a challenge since serving in the UNSC bears the primary responsibility of the maintenance of international peace and security. Therefore, South Africa, being a regional leader, is expected to exercise its leadership in the region and the continent to ensure that there is peace and stability. This however can strain the country's limited resources as mentioned by Chiyemura in his master's thesis.

The tenure of former President Thabo Mbeki saw the revitalisation of the regional frameworks such as Southern African Development Community (SADC), Southern Africa Customs Union (SACU), Common Market for East and Southern Africa (COMESA), the transformation of the Organisation of Africa Unity (OAU) to African Union (AU), New Partnership for Africa's Development (NEPAD), African Peer Review Mechanism (APRM) and many other frameworks of operations (Landsberg, 2010). Along with these, the government of South Africa also introduced the term African Renaissance. The objectives of the African Renaissance include among others the recovery of African continent as a whole; the need to break neo-colonial relations between Africa and the world super powers; and the mobilisation of African people to take their destiny into their own hands, thus preventing the continent from being a place of attainment of geo-political and strategic interest of the most powerful countries of the world (Mbeki, 2000). These regional engagements and the activism of South Africa promoted regional integration in the continent that in turn projected it as a legitimate superpower. According to Chiyemura (2014), this neo-liberal approach pursued by South Africa positioned it be a strong and certain candidate for BRICS membership.

However, it should also be noted that BRICS membership was as a result of many efforts, including the country's participation in the IBSA forum. The South African Minister of International Relations and Cooperation, Nkoane Mashabane believed that

“IBSA has become even stronger now that South Africa is a member of BRICS. The rationale for South Africa's joining BRICS 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. The mandates of both BRICS and IBSA are similar and complementary. We will actively promote trade and investment which enhances industrialization and promotes job creation. New areas of cooperation within BRICS are also being explored in science and technology, culture, sport, climate change and energy” (DIRCO, 2011).

It is worth noting that South Africa and its BRICS partners have collaborated and continue to collaborate in various forums and formations. All BRICS members’ states have served on the UNSC as non-permanent members, with the exception of Russia and China who are permanent members. BRICS partners have also participated in different multilateral formations that include the G20, G77 and Non Aligned Movements (DIRCO, 2011).

2.4 Theoretical Frameworks

The international relations between South Africa and its BRICS partners is arguably centred on and driven by political and economic interest. These political and economic imperatives are specifically based on trade, investment, financial aid and the reform of global governance structures (these include the World Trade Organisation, World Bank, International Monetary Fund and United Nations Security Council). According to Chiyemura (2014), the formation of BRICS to a certain extent resembles a similar social value as a rejection of North’s domination in international politics amongst others. Such social values could best be explained within the constructivism perspective. The BRICS formation also may be argued to resemble regional integration formed by states as a response to threats of globalisation. Regional integration has been generally perceived as a vehicle to overcome and advance economic and political relations by states. In this regard, to fully understand the pros and cons for South Africa associated with its membership of BRICS the following theoretical frameworks, constructivism and regional integration, are employed as the two approaches to inform the study.

2.4.1 Theory of Regional Integration

The integration of South Africa into BRICS can be understood within the framework of regional integration theory. Theorising related to regional integration started mainly in Europe where regional integration began in early 1950s with the European Coal and Steel Community in 1952. Since then, regional integration has been favoured as a tool that has the potential to promote growth and reduce poverty through the increase of exports of domestic

goods. The models of regional integration include transnationalism, federalism and most importantly functionalism, which forms the centre of this section.

The general thinking of the functionalist theorist is that forming regional groupings and creating alliances will help a country improve its economic state and provide a platform for growth and development. It is usually regarded as the most simple and effective way to protect a state's interest socially, economically and politically. Theories of regional integration and economic cooperation have shown that both these elements have negative and positive impacts on countries (Tau, 2000). Maydo (2008) notes that economic theory predicts that free trade will improve the welfare of member countries, but the question is whether regional integration agreements (RIAs) improve the welfare of member countries in reality. Kibret and Geda (2002) highlight the challenges associated with regional integration where they indicate that the performance of regional blocs is mainly constrained by problems of variation in initial conditions, compensation issues, real political commitment, overlapping membership, policy harmonisation and poor private sector participation. The overlapping membership issues may pose a problem for BRICS in relation to the fact that within BRICS there is also IBSA where India, Brazil and South Africa are the participants. However, the SA's Minister of International Relations and Cooperation believes that the intentions of these groups are complementary to each other.

According to the FDID Report (2014), the problem is that regional integration is a collective good, whereas leaders and ruling elites tend to be driven by a desire to control what material benefits of state sovereignty they can muster to strengthen their political authority, as well as to benefit personally from policy initiatives. The report further points out that political elites need to support the implementation of regional policies for regional integration efforts to progress. If this is not a case then the regional integration project may result in a failure to implement or to sustain implementation (FDID Report, 2014).

Therefore, it is important for the political elites in charge of the integration and foreign policy programs to make sure they formulate policies that support the regional integration project. In this regard, cooperation therefore becomes a matter of importance and states involved in integration programs need to ensure that they maintain cooperation among their states. However, for cooperation to take place there needs to be a favourable political climate and right policies in place. Koahane (cited in Sønnesyn, 2014) suggests that cooperation may take place when the policies actually followed by one government are regarded by its partners as

facilitating the realisation of their own objectives, as the result of a process of policy coordination (Sønnesyn, 2014). The latter point is important in the context of the BRICS group. For cooperation to take place, it is not in itself sufficient that the actions of one state serve another state's interest. For example, Russia and China would not cooperate (by definition) with Brazil, India and South Africa by having the same policies as the latter three, towards reforming the IMF. As is known, the latter three countries are not equal in voting power to the other two because of not being permanent members of the Security Council.

In addition, from a realist informed perspective, the relations between South Africa and its BRICS partners may be argued to exist within the premises of the political and economic objectives. In light of globalisation, states form regional groupings to shield themselves from threats of globalisation. Therefore, the formation of BRICS may also be seen as a state-led response to globalisation. Furthermore, from a realist informed point of view again, the membership of South Africa in BRICS also allows for the advancement of national interest, regional and international interests (Chiyemura, 2014).

2.4.2 Constructivism Approach

The study of South Africa's integration into BRICS and its implications for the country – specifically the prospects, pros and cons associated with being a member of this formation – may also be understood within the premise of the constructivism approach. The constructivism approach originates from the works done by, among others, Nicholas Onuf, Richard Ashle, Friedch Kratochwil and John Rugie. Nonetheless, the known constructivist scholar of the current time is Alexander Wendt. In his famous article, titled *Anarchy is What States Make of it: the Social Construction of Power Politics*. Wendt (1992) noted that international politics has been widely understood from liberal and realist points of view, but needed to be understood in a socially constructed system. In this theoretical outline, Wendt argues that power politics is not given by nature, rather it is constructed and transformed by ideational human acts.

The constructivist thinkers believe that the world is socially constructed. This means that constructivists can investigate the global change and transformation-taking place in international relations. In this regard, Chiyemura (2014), from a constructivism informed approach, suggests that the participation of South Africa in BRICS is, among other factors, a socially constructed one. Chiyemura continues,

“South Africa believes on [sic] the need to redress issues of global governance, a belief shared by India and Brazil respectively - and to a certain extent China. Thus, South Africa as a state understands [the] BRICS grouping as a possible platform that has similar interests and values; in particular - issues pertaining to [the] reform of global governance” (Chiyemura, 2014).

BRICS represents the club of like-minded nations with almost similar features and ambitions, such as the fact that all the BRICS member states are leaders in their respective regions. They are all fighting for the reform of global governance and perceived themselves as outside the current global governance structure to more or less the same extent and have, on many occasions, confronted the representatives of the old power (the so-called West, in general, and the US, in particular) (Petropoulos, 2013).

For instance, Russia and China have long been engaging Western interests within the Security Council and other international forums, while Brazil has confronted the US on the Free Trade Area of the America (FTAA) and other issues, and India of course still remembers the West’s support of Pakistan. South Africa has also been engaging the US on a number of issues. The other is that the country has been defending its region’s sovereignty against Western interference in the Zimbabwe issue (Petropoulos, 2013).

The above-shared aims and experiences by the BRICS nations make the application of the constructivism approach more useful and relevant since common interest, beliefs and identity are critical components of constructivism. Constructivists also maintain that everything in the world of politics is socially constructed, especially the interests and identity of the nation-state. Specifically, constructivists maintain and emphasise the social construction of world affairs, as opposed to the realist idea that international politics is shaped by rational choice behaviour/ and the decisions of egoist actors (the states) who pursue their interests by making utilitarian calculations to maximise their benefits and minimise their losses, hence the materiality of international structures (Wendt, 1994). Simply put, constructivists dismiss the idea that states are driven by materialistic forces. Finally, while appreciating all other theoretical paradigms, this study is mainly informed by the theory of regional integration and the constructivist approach. These two paradigms form the lenses through the integration of South Africa into BRICS is understood.

2.5 BRICS Overview

BRICS refers to the group of five developing countries and emerging economies – Brazil, Russia, India, China and South Africa – who meet regularly to discuss a wide range of issues including trade, investments, the global economy, international security, agriculture, innovation, energy security and global governance reform (BRICS Declarations, 2009–2015).

The proponents of the group such as Professor Oliver Stuenkel and Economist Jim O’Neil believe that the group represents emerging economies and has the potential to challenge the power of the Global North countries in the near future. While its detractors such as Professor Patrick Bond dismiss the group as a new sub-imperialist one with no prospect of matching the power of the North; and question its membership in that it excludes important emerging powers such as Nigeria, Indonesia and Turkey from the serious talks of the international system.

The group’s regular meetings or Summits enable the heads of states from the BRICS countries to sit around a table to delve into the important global issues. The forum also enables the ministers, policy makers and think tanks from the BRICS countries to engage in discussion and debate on critical issues, while engaged in a peer learning processes which in turn will help these countries in their quest in the global order (Fortaleza Declaration, 2014).

The BRIC(S) thesis posits that China and India will become the world's dominant suppliers of manufactured goods and services, respectively, while Brazil and Russia will become similarly dominant as suppliers of raw materials (O’Neil, 2003). It is important to note that the Goldman Sachs thesis was not that these countries are a political alliance (like the European Union) or a formal trading association, but that they have the potential to form a powerful economic bloc (Latey, 2015). The BRICS today is used as a more generic marketing term to refer to these five emerging economies of the world.

BRICS does not have a formal organisation or any written articles of association. However, from the summit declarations, its fundamental aims and objectives can be outlined. BRICS aims to act as a platform for dialogue and cooperation amongst its members for the promotion of peace, security and development in a multi-polar, interdependent and increasingly complex, globalised world (Fortaleza Declaration, 2014). It envisions a future marked by global peace, economic and social progress and enlightened scientific temper. In brief, it stands for an alternative multi-polar world order based on the universally recognised norms of international law and multi-lateral decision-making to deal with the challenges and

opportunities before the present world (DIRCO, 2014). Therefore, BRICS demands strengthened representations of emerging and developing countries in the institutions of global governance. BRICS is not satisfied with the prevailing global order under the hegemony of the U.S. and other western developed countries (BRICS Joint Statement, 2014).

O'Neil's point was that these four emerging economies represent 40% of global population and produce 25% of the global GDP. O'Neil was of the view that these four economies are complementary to each other and have huge potential for growth. The first report of Goldman Sachs titled 'Dreaming with BRICS: the path to 2050' made reference to the likeness of these countries and argued that the complementary nature of their economies would facilitate their higher growth in coming years.

The first follow-up report of Goldman Sachs to advance the BRIC thesis was published in 2004. This report predicted that the number of middle class people in these countries would rise to 800 million within a decade, which would fuel economic growth in these countries in a self-sustained manner. The second follow-up report was published in 2007, and was mainly concerned with India's growth potential in the coming decades. It postulates that the internal demands for goods and services would increase due to the rise of an urban middle class population. This would raise demand for urban infrastructure, real estate and services and lead to faster economic growth than earlier projected.

The latest report in this series titled, 'EM Equity in Two Decades: A Changing Landscape' was published in 2010. The report discusses the financial conditions of the BRIC(S) countries. It says that China might overtake the US in equity market capitalisation by the year 2030. China is likely to emerge as the single largest financial market in the world at that time. The report notes that the combined BRICS countries will account for 41 percent of world's market capitalisation by 2030.

Motivated by the above thesis, these four countries came together and formed BRIC. The first meeting of foreign ministers of four BRIC countries was held in 2008, where the idea of BRIC took concrete shape. As previously indicated, South Africa then joined the group in 2010 and thus the transformation of 'BRIC' acronym from investment term to a household name of international politics and a recently semi-institutionalised political outfit called 'BRICS' (Stuenkel, 2015).

2.6 BRICS: Strength and Weaknesses

There are no specifically defined strengths and weaknesses of BRICS as a group. However, the strengths and weaknesses of each member states may be used to define them for the group. In this regard, the following strengths and weaknesses are the suggestions by the author based on the observations he has made on the subject. Specifically, the researcher joined the discussion on BRICS during my undergraduate years and further when I was doing my honours project and since then have been following the group with much enthusiasm and fascination. This experience and the observations made so far, made the current researcher disposed to strong and weak points on the subject. However, the researcher used certain reports and articles to reach my conclusions as to which to include as strengths and weakness. These reports are BRICS Joint Statistical Publications of 2013, 2014 and 2015, BRICS Report of 2012, the Gauteng BRICS Report of 2013 and the *Global Competitiveness Report* of 2012, 2013 and 2014.

Table 01: Strengths and Weaknesses Breakdown

Country	Strengths	Weaknesses
BRAZIL	<ul style="list-style-type: none"> _Abundant natural resources (iron ore, hydropower, timber, coffee, soya beans, sugar cane, iron and crude oil) _Politically stable _Model Democracy _Relatively low unemployment rate 	<ul style="list-style-type: none"> _Lacking economic infrastructure _Poor investment in road, rail ports and energy _Very high lending interest rate (@16.25% average) _High socio-economic inequality _Social upheavals which have engulfed the country recently
RUSSIA	<ul style="list-style-type: none"> _Permanent member of UNSC _Nuclear power _Strong military _Stable political environment _Relatively good foreign investment 	<ul style="list-style-type: none"> _Becoming an authoritarian state _Suspended from the G8 and facing sanctions _ Stagnant economic growth
INDIA	<ul style="list-style-type: none"> _Strong information and technology and service sector _Has coal, manganese and natural gas _Huge human capital base 	<ul style="list-style-type: none"> _Large Public Debts _ Poor infrastructure _ Unemployment Rate

	<ul style="list-style-type: none"> _ Model Democracy _ Politically stable _ Moderate foreign investment - large market base 	
CHINA	<ul style="list-style-type: none"> _ Permanent member of UNSC _ Largest economy in BRICS _ BRICS Bank Headquarters in Shanghai _ Very strong manufacturing _ Strong foreign financial investment _ Most industrialised economy 	<ul style="list-style-type: none"> _ Non-democratic state (one party state) _ Increasing income inequality causing social tensions _ Currency undervaluation _ Environmental insecurity
South Africa	<ul style="list-style-type: none"> _ Best constitution in the world _ Stable political environment _ Democratic State _ Fair electoral system _ Member of the G20, UNSC & BRICS _ Regional leader in Sub Sahara Africa 	<ul style="list-style-type: none"> _ High level of unemployment _ Most unequal society in the world _ Labour unrest threatening the country's backbone of the economy (the mines) _ Poor education system _ Lowest economy in BRICS

Source: Gauteng BRICS Report, 2013, BRICS Joint Statistical Publications, 2013, -2014, Global Competitive Index, 2012/13, Chiyemura Masters report on *BRICS: Prospects and Constraints*, 2014

2.7 Critiques of BRICS and South African participation

Since Christmas Eve in 2010 when South Africa was granted an invitation to join the BRICS club, a serious debate among ordinary people, politicians, academics and commentators has ensued. Many people question the motive behind the country's invitation. Some never missed the opportunity to suggest that the country was in not in any way in the same league as the other BRICS countries. Among the critiques was the mastermind behind the formation of BRICs, Mr Jim O'Neil, a notable economist and former chairman of Goldman Sachs Assets Management. In wake of the news that the country has scored BRICS membership, O'Neil responded "While this is clearly good news for South Africa, it is not entirely obvious to me why the BRIC countries should have agreed to invite it. Surely a more robust and exciting economy — Turkey, Mexico, or South Korea — would be a better fit?" Indeed the mentioned countries are the largest and most exciting developing economies. However they lack certain characteristics that South Africa possesses. This quality has been explained in the preceding sections but will be further described in this part.

In his famous article, *“One of these BRICS is Not Like the Other: South Africa is a mess. So why does it get to sit at the BRICS big boy table?”* Roy Robins writes that “the country’s inclusion in the consortium had everything to do with politics, and very little to do with economic equivalency, developmental dynamics, or societal similarities. The invitation was about “location, location, location” — and a favor from some very powerful friends. In return for which the BRIC states get political capital, increased trading ties, and a steadfast African ally”. This is a very interesting analysis and reading between the lines one may be able to point out the characteristic that South Africa possesses which made it unique from its rivals. This quality is location as the writer correctly pointed out.

The country’s integration into the group is based on political and economic grounds, which entails the prospects, pros and cons for the country. Analysing the country’s integration into the group from a constructivist-informed point of view, one may argue that identity, norms, beliefs and common interests are the driving factors. Borrowing from the functionalist thinker of our time, Ernst Haas, one would argue that cooperation in one area leads to cooperation in another area within the framework of integration. This point is important for BRICS-South Africa relations. Leaders of South Africa’s liberation movements namely the African National Congress, South Africa Communist Party and Pan African Congress among others, have a particular history with Russia, China, India and Brazil.

Another critique of BRICS comes from Professor Patrick Bond of the University of the Witwatersrand who is also a former director of the Civil Society Centre at the University of KwaZulu-Natal. Professor Bond like any other critic of BRICS, particularly the inclusion of South Africa, seems to bypass certain points and some important epistemological foundations. On the *Links International Journal* there is a series of articles written by Professor Bond and some co-authored with the Brazilian Political Economist Ana Garcia, focusing specifically on BRICS. In one of his recent articles (Bond, 2015) titled *“BRICS: ‘Anti-imperialist’ or ‘sub-imperialist’?”* and in another titled *“BRICS bankers will undergird – not undermine – Western financial decadence”*, he dismisses outright BRICS and its potential to provide any fundamental change in the world of politics, particularly in relation to the domination of the international system by the Global North countries.

Instead they argue that BRICS is mostly (if not already) a new sub-imperialist. They cite the rising of BRICS in Africa and in particular China’s presence on the continent. The actions of Russia in Crimea are also one of the issues that the two scholars pointed out. In addition, they

cite diversity as one of the limiting factor for the countries. Like any other detractors of BRICS and most importantly the integration of South Africa into the group, the two never missed the opportunity to cite the fact that South Africa is not like the other BRICS. This is to say that South Africa does not measure up to the other BRICS countries in terms of economic size, population etc.

However, while the critiques of BRICS do excellently, they almost all miss certain important points. Firstly, for the left thinkers like Patrick Bond to suggest BRICS as a new ‘Sub Imperialist’ colonising other developing nations and especially the Chinese presence in Africa as an imperialist project, misses the Marxist understanding of both colonialism and imperialism. Colonialism is by its popular definition has to do with control over the land, having the goal of what Marx himself called, the annihilation of self-earned private property. On imperialism, the term can be viewed as a competitive world system, where nations compete for the diminishing land and for domination and control of key strategic regions. Now the question is: has BRICS done of any of the latter mentioned things? Certainly, the answer is ‘no’.

Looking at the current world imperialist system as it stands in relation to the above definition of the terms, clearly and objectively the major imperialist power is the United States of America and the sub imperialist ones may be the UK, Germany and France. China may have the potential of becoming an emerging imperialist power, but currently its nature is different from the Western capitalist model of military domination and supremacy, which makes it difficult to then classify the country as an imperialist force. The Chinese put investment and trade at the forefront of their engagements with the world, while the West wants to dominate. Basically, BRICS wants to invest and trade. It appears that it is only when Russia or China would begin to build military bases in Africa, Latin America and Europe, that that would be when one may reasonably speak of BRICS being a new ‘sub imperialist’ or imperialist power.

Furthermore, despite being a very diverse group, BRICS has some synergies (Ghosh, 2013). These countries do share similar experiences and common challenges in the international system and domestically. The experiences of these countries are explained in the previous section of this chapter and in other chapters as well. In this regard, at least four of these problems deserve to be mentioned.

The first challenge relates to the continuing global crisis and the near certainty that the Northern economies led by the US and Europe are most unlikely to provide stimulus to the global economy (Ghosh, 2013). The BRICS countries should exploit this area through diversification of exports and increased bilateral currency trade that would encourage more trading between the BRICS countries. This is indeed desirable. However, Ghosh (2013) says that the current state of the global economy suggests the need for greater ambition from the developing countries and the BRICS countries (in particularly China and Russia) are uniquely placed to take this process forward. This process would entail the developing mechanisms in financing imports by countries with low incomes and low levels of development, simultaneously delivering markets to other developing nations and more development potential to the recipient countries (Ghosh, 2013).

The other challenges are domestic ones, but they seem to be common across all the BRICS countries. According to Moody Investors' Services (cited in Lossan, 2015), the main common problem with BRICS is that their economies have become stagnant and are not growing at the same pace. They indicate that the old GDP growth rate of seven percent per year is shown only by China and to some extent India, while Brazil and Russia are experiencing stagnation and recession, and South Africa is struggling.

The BRICS economies share some common domestic and socio-economic challenges that must be addressed independently of their group activism in order to accomplish their major goals as a group, namely inequality (economic, social and political), corruption, improvements in health care and education, and human rights, to name just a few (Karackattu, n.d.). The issue of inadequate productive employment generation has been a central feature of the past growth processes, and this is clearly linked with the growing inequality in these countries. Therefore, the BRICS policy makers must formulate policies with this mind and in particular how to force the creation of decent working conditions (Ghosh, 2013).

Finally, BRICS shares the challenge of infrastructure deficiency in their countries and regions. Infrastructure is particularly important for economic growth and, for the emerging economies of the BRICS countries. In the age of globalisation, infrastructure becomes important if they are to have a role in the global economy and to participate in the global value chains. The key areas of infrastructure development needed in the BRICS countries are in energy; telecommunication; transport (particularly road and rail); and access to improved

water and sanitation (Singh & Saia, 2013). The BRICS member states have made significant strides in this regard and some are moving toward implementing infrastructural plans or have implemented such plans already.

2.8 South-South Relations

What are the relations of the BRICS countries with the other developing nations from the Global South? Firstly, to attempt to define the relations between the BRICS and the Global South, what the Global South is and how it relates to the BRICS nations will be explained.

Global South refers primarily to the developing nations located in the Southern hemisphere (Ki-Moon, 2007), while South-South refers to the collaboration of the developing countries in the areas of political, economic, cultural, environmental and technical domains (Ki-Moon, 2007). In connection with the latter definition, the South-South countries can be argued to be synonymous to members of BRICS, engaged in a peer learning exercise where they share knowledge and skills in different areas. Brazil, China, India and South Africa arguably fall within the Global South, while with Russia this is a different matter altogether. It is also not clear how China fits in the Global South given that it is now among the largest economies, in fact it is the largest economy in the world second only to the United States.

Russia served in the Group of Eight countries (the G8) which are considered as the most industrialised and advanced economies in the world. This was while it served a fulltime membership in BRICS until it was relieved from the group due to its doing in Crimea. This raises the questions of who exactly belongs to the Global South and what the requirements are for such belonging. It also raises the question regarding the position of China and Russia in the world of politics. According to Pauwelyn (2013), Russia and China cannot be treated as developing nations. They form part and parcel of the great nations. As has been repeatedly mentioned in the other sections, these two countries also serve in the United Nation Security Council as permanent members. This feature alone defines these countries as being outside the developing countries and locates them with the developed nations, as argued by Pauwelyn. From a political and economic perspective this is different given the position of these countries in the world. Chiyemura (2014) writes that the South should not only be understood within geopolitical points but also on the socio- economic and political considerations.

Coming now to the question of what the relations of BRICS and South-South nations are, Gosh (2013) argues that it is important to see whether BRICS will ignore or substitute for the

views of the G77 or other bigger international bodies of developing nations whose voices are too rarely heard in the international arena. The events of 2012 where South Africa attempted to include all almost all African countries as observers at the Durban BRICS summit was in a sense welcome. However it poses the question of whether this was simply a publicity stunt to pretend as if there was wider representation than actually existed. The second issue in BRICS' relations with the Global South is whether the BRICS countries in dealing with other developing countries follows desirable patterns of engagement or whether they replicate what the Western countries have been doing in most developing countries. This issue relates to many questions that have been asked by academics, politicians and scholars like Patrick Bond who referred to BRICS as mini-imperialist or sub-imperialist based on its activities in the developing countries, in particular the Chinese presence on the African continent. This issue is also for the BRICS countries to address, even though the author believes that his analysis misses the Marxist understanding of both imperialism and colonialism (which has been elucidated in the previous section).

So there have been growing fears that the increasing trade and investments links of the BRICS nations with the poor developing countries may follow traditional patterns of engagement with them, which seek to exploit the natural resource base of these countries, siphoning them off in ways that are ecological damaging, inherently unequal and of small benefit to the locals. In addition, there are concerns that cheaper exports from these countries undermine the competitiveness of the local production in the poorer nations. China is said to be leading this project, dumping its products across the world, and using the resulting foreign surplus to invest and provide aid to authoritarian regimes that gives its access to these natural resources. India is also said to be leading the land grabbing project in North Africa. However true all this may or may not be, does not qualify for BRICS to be labelled as new “mini-imperialist” or “sub imperialist” and new “coloniser” in the world of politics. From the Marxist comprehension of imperialism and colonialism, BRICS cannot be classified as such. However, BRICS needs to work on its relations with the other Global South countries to maintain a smooth relation.

2.9 BRICS and Its Implications for the G8 (North Countries)

The G8 is considered an informal forum of countries deserving the status of Great Powers. Together the eight countries making up the G8 represent about 14% of the world's population, but they represent about 60% of the world's wealth and 60% of the gross world product as measured by gross domestic product (Laub et al., 2015).

The forum originated with a 1975 summit hosted by France that brought together representatives of six governments: France, West Germany, Italy, Japan, the United Kingdom and the United States, thus leading to the name **Group of Six** or **G6**. The summit became known as the **Group of Seven** or **G7** in 1976 with the addition of Canada. The G7 is composed of the seven wealthiest developed countries on earth (by national net wealth or by GDP), and it remained active even during the period of the G8. Russia was added to the group from 1998 to 2014, which then became known as the **G8**. However, Russia was later suspended from the group and subsequently became a part of BRICS formation.

The statements released by the G7 stated, “this Group came together because of shared beliefs and shared responsibilities. Russia's actions in recent weeks are not consistent with them” (The Moscow Times, 2014). It further stated that international law prohibits the acquisition of part or all of another state's territory through coercion or force (Moscow Times, 2014). Of course to do so is not within the ambits of international law and is not within the principles upon which the international system is constructed (Lunn, 2014). Accordingly, the membership of the Russian Federation had to be suspended.

However, John Barret the president of the Canadian Nuclear Association (cited in Lunn, 2014) was concerned about the implications for the G7 with regard to its decision to suspend Russia from the Group. He pointed out the important issue of the nuclear program and stated that Russia was a very prominent player in enhancing global nuclear security issues. He referred to the United Nations Security Council, and its efforts to work with Iran and its nuclear program. He commented: “Russia is a key player in that. We need to maintain a sort of cohesion within that group to address Iran, to address North Korea”. In addition, Laub and McBride (2015) write that isolating Russia does more harm than good to the G7. Russia responded to the sanctions levelled against it by imposing its own sanctions against some prominent European officials. Moreover, the business leaders from Europe have indicated that the isolating of Russia was doing them no good. The response from the Prime Minister of Canada, Stephen Harper, stated that business needed to understand that there may be risks to them and government would take those risks because, at some point in time, the government's foreign and security priorities become of paramount importance.

Furthermore, Laub and McBride (2015) note that with the rise of the BRICS nations and other developing countries and emerging economies, and the suspension of Russia, the future of the G7 is uncertain. In this regard, it important to note that the BRICS group comprises

43% of the world population and are among the fastest developing countries and growing economies of the 21st century. Given such characteristics, the G7 may of course have reasons to be concerned about BRICS and the rise of other developing countries and emerging economic zones.

Additionally, there are more disadvantages than advantages for G7 countries since the emergence of the BRICS bloc. BRICS countries are increasingly taking a stand which is against the position adopted by the G7 countries on a wide range of global issues, the most recent being the rejection of sanctions against Russia post its annexation of Crimea. Russia, which was added into the G7 in 1998, was recently suspended from the group as a result of its annexation of Crimea. The collective assertion of BRICS is a reflection of the new economic reality.

Further there are concerted efforts in pursuit of reforming the world financial institutions and the United Nations. Even though China and Russia are part of the Security Council, they still feel that the voice of the Global South is not as equally heard as the one from the Global North. The other three BRICS members are in the Council as non-permanent members. Every effort to reorder this arrangement seems to fall on the wayside at the general assembly. This is in fact ironical since most members of the General assembly are from the global South, they often vote along the lines of their creditors in the Global North. Thus the need by BRICS to establish the BRICS development Bank and BRICS itself that does not necessarily seek to oppose the Global North but is more concerned with the balancing of power and providing funding with easy conditions for the developing countries. This could shake if not destabilise the hegemony of the United States-led Global North.

2.10 Conclusion

Post-apartheid South Africa reinvigorated its foreign policy identity after the collapse of apartheid rule to meet domestic and international standards. The country's developmental foreign policy pursuit was explained – under Mbeki and Mandela and to some great extent under the leadership the sitting president Zuma.

It has been said that in the post-cold war era, many countries have perceived regional integration as a vehicle to achieve collective objectives. Specifically, functionalist thinking forms and create alliances will help a country improve its economic state and provide a platform for growth and development. Regional integration is perceived as an effective and simple way to shield a country's interests socially, economically and politically. The chapter

then discussed the constructivism approach as a key theoretical foundation that informs the study.

CHAPTER 3

RISE OF EMERGING ECONOMIES: FROM DELHI, DURBAN TO FORTALEZA (2012 -2014) AND TO THE BIRTH OF NEW DEVELOPMENT BANK (NDB) AND CONTINGENT RESERVE AGREEMENT (CRA)

3.1 Introduction

This chapter describes the definitive themes and events of the BRICS grouping after South Africa's first participation in Senya in 2011, which includes the New Delhi Summits (2012), Durban Summits (2013) and Fortaleza Summits (2014). The chapter focuses on these three summits mainly because at New Delhi, the new entrant (South Africa), it could be argued, would have settled in well into BRICS, having successfully participated in Senya in 2011. At the Durban Summit, South Africa assumed the presidency for the first time and the summit also marked the first full cycle of hosting the summit by all BRICS countries. Fortaleza marked the beginning of the second cycle as all members had already hosted one summit each. In addition, it marked the birth of the New Development Bank along with the creation of the Contingent Reserve Agreement to help the BRICS countries and other emerging markets economies that encountered financial pressure. The chapter begins by outlining the impact of the emerging economies in the twenty-first century in the context of BRICS grouping.

3.2 BRICS Countries in Context of Emerging Economies

Over the past 50 years, dramatic and continuous changes have been observed in international relations (IR): the breakdown of the socialist system, the internationally changing economic structures, persisting security concerns, and in particular, the economic growth of developing countries. These changes are reflected in the adjustments in the balance of power among the world's major economic actors. Developing countries have also caused significant changes in the macroeconomic sphere. Gradually they became important players in the global economy that came along with changes in political orientations, social policies and institutions (Voronkova, 2015).

The Business Redefined published an article with interesting assumptions that said, "It would not be an exaggeration to say that the 21st century will be characterised by the rise of emerging economies (Business Refined, n.d.)". Indeed this could be seen unfolding in

international relations. As some commentators point out “Year by year, developed economies account for a much lower proportion of the global wealth” (Ciravegna, Fitzgerald & Kundu, 2013); and the “Rise of emerging economies and their emergence after years of being relatively minor actors in the global economy – is causing one of the most significant shifts in the global economic and geopolitical structure since the starting of the industrial revolution” (Ciravegna et al., 2013). This shift in the global economy has been well captured by the emergence of the BRIC(S) grouping as postulated by the Goldman Sachs Economists back in 2001 (Mpoyi, 2012).

Since the birth of BRIC(S) in 2001, questions like what keeps the emerging economies of BRICS from robustly cooperating have abounded in the literature. The progress of BRICS countries represents a “new economic growth” and how sustainable is it? or what are the factors behind the rapid development of emerging economies in the early years of the twenty first century? Brazil, Russia, India, China and to some degree, South Africa, are classified as emerging economies (Petropoulos, 2013).

To this end, the definition of the term ‘emerging economies’ is important. However, it is vital to hasten to clarify the difference between emerging economies and emerging markets. The latter according to Hoskisson et al. (cited in Eva, 2012) is defined as low-income, rapid-growth countries using economic liberalisation as their primary engine of growth. While Chuan (cited in Voronkova, 2015) clarifies the former as follows:

First, they [the emerging economies] are regional economic powerhouses with large populations, large resource bases and large markets. Second, they are transitional societies that are undertaking domestic economic and political reforms. They adopt open-door policies to replace their traditional state interventionist policies that failed to produce sustainable economic growth. Third, they are the world's fastest growing economies, contributing to a great deal of the world's explosive growth of trade. Their economic success will spur development in the countries around them; but if they experience an economic crisis, they can bring their neighbors down with them (Voronkova, 2015).

The latter point is important. An unprecedented decrease in the Chinese market as it devalued its currency resulted in South Africa’s Rand weakening against the US dollar to an unprecedented level, reaching R14,10 against the dollar in year 2014. This predicament in Chinese markets has been felt even by the well-developed economies.

In his PhD thesis, Voronkova (2015) writes that emerging economies can also be characterised by a high poverty rate, a large pool of highly skilled, but relatively cheap labour force, the struggle for global market access by eliminating trading barriers and an on-going industrialisation process (i.e. secondary- and tertiary-sector development). The emerging markets of the BRICS countries play a significant role in today's global economy and business.

As have been mentioned earlier, the five countries represent over 40 % of the world's population, over 20 % of the world's Gross Domestic Product (GDP) and around 20 % of total world trade. Even in a situation where the formation of a strong bloc is unlikely, such numbers warrant attention (Sønnesyn, 2014). Although these countries have shown such a remarkable performance, they still experience structural challenges of high unemployment, poverty and inequality, all of which represent an obstacle in the path of rapid economic growth. The growing influence of emerging economies has generated the new political and economic phenomenon of global regionalisation. Regionalism tends to design new cooperating societies between states and regions which comes along with a need for reviewed policies and institutions. Hence, the BRICS countries have argued for the reform of the traditional international structures of governance and their policies. These countries have used their yearly meetings as a platform on which to raise these issues. In the next section, the focus is turned onto some of the yearly meetings that include the New Delhi, the Durban and the Fortaleza.

3.3 The 2012 Summit in New Delhi

The fourth BRICS summit took place in New Delhi in 2012 a year later after the successful assimilation of South Africa in Senya in 2011. This summit can be argued to have been one of the most significant meetings of the leaders of the emerging economies and developing countries of the 21st century. It was at this meeting that these nations signalled their seriousness and readiness to institutionalise their cooperation. As Stuenkel writes, "After inclusion of South Africa in 2011, the BRICS grouping continued to slowly institutionalize and expand intra-BRICS cooperation" (Stuenkel, 2015). In the same way, Monmohan Singh (cited in Stuenkel, 2015) pointed out that after South Africa's addition "the agenda of BRICS has gone beyond the purely economic to include issues such as international terrorism, climate change and food and energy security".

Similarly, Mahapatra, prior to the summit, wrote “Beside addressing global issues” the BRICS countries “would be expected to take steps to strengthen mutual relations particularly in the field of economic developments and in developing common mechanisms towards various global issues. That BRICS grouping, signifying the rise of multipolar world, has emerged as a global player with a strong voice” (Mahapatra, 2012). In the same way, Patel (2012) wrote also prior the summit, that the five emerging economies and developing countries of BRICS would be expected to agree on the something concrete together at New Delhi.

There was a two-day BRICS academic forum held in New Delhi prior the summits. The two-day meeting hosted by the Observer Research Foundation included scholars and academics from all the BRICS countries. The forum gave 18 useful recommendations for the BRICS countries that would improve their cooperation and utility in international relations. The theme for the meeting was “Stability, Security and Growth”. The forum indicated that “the imperative of economic growth cannot be substituted”, and hence “BRICS must continue to create synergies for enhancing this growth through greater engagement with one another as well as with the rest of the world”. The forum emphasised that the countries must study the feasibility of the establishment of financial institutions such as a Development Bank and an Investment Fund that can assist in the development of BRICS and other developing countries (BRICS Academic Forum, 2012). This can be argued to be one of the imperative recommendations made at the forum.

The statement from the forum reads as follows

As home to nearly half of the world’s population, BRICS have a responsibility to create pathways for sustainable development. BRICS could learn from policy successes as well as failures of the past from within and outside BRICS, and seek to implement policy solutions for sustainable development. In this context BRICS must bring to the fore inclusive growth and equitable development as the central narrative at global fora such as Rio+20 (BRICS Academic Forum, 2012).

The statement further pointed out that “they also must share experiences of integrating natural assets with their national macroeconomic policies”. The forum also tapped into the Eurozone crisis and said “given the state of the euro zone and the continued ripples created by the global financial crisis, greater emphasis must be given to creating frameworks for enabling viable and timely responses to both endogenous and exogenous financial shocks

within and outside BRICS. For this, a systematic approach must be articulated to respond to any further economic downturns in the global economy” (BRICS Academic Forum, 2012). These were among others the most important recommendations of the BRICS Academic Forum to the fourth BRICS summit. The leaders of the BRICS countries at the New Delhi Summits heeded the call made by the forum and declared that “They would study the viability of a New Development Bank, which at the time was seen as a significant step towards institutionalising of the BRICS grouping” (Stuenkel, 2015). The number of issues discussed at the summit increased yet again, ranging from geopolitical issues and the Syrian crisis to the economic crisis and the domestic challenges affecting each country, including education, unemployment and healthcare (Stuenkel, 2015).

However, while the BRICS member states’ cooperation seemed to be slowly institutionalising at the New Delhi summits and its growing influence on the global stage seemed to gain momentum, the weakness in the attributes of national governance also persisted. The corruption scandals ballooned in all BRICS countries. In Brazil, for instance, two cases of corruption with one known as the mensalao vote buying scandal emerged (Cooper, 2016). In India, *The Guardian* newspaper reported a scandal involved the corrupt deals of overstated contracts for the 2010 Commonwealth Games (theguardian, 2011).

Also in Russia, massive corruption allegations emerged pertaining to the construction projects for the APEC summit and the Winter Olympics games in Sochi, as well as a serious embezzlement of state funds (Cooper, 2016). In China a *Reuters* correspondent reported “Chinese authorities have seized assets worth at least 90 billion yuan (\$14.5 billion) from family members and associates of retired domestic security tsar Zhou Yongkang, who is at the centre of China's biggest corruption scandal in more than six decades” (Blanchard, 2014). While in South Africa President Zuma is accused of having wrongfully used millions of Rands of taxpayers’ money to build a home in Nkandla (Smith, 2013).

Further to the above-mentioned national governance issues within the BRICS states, the counter-mobilisations against the BRICS countries also emerged. As Cooper writes, “the growing protests within BRICS both foreshadowed the emergence of a more concerted opposition to the BRICS summits and highlighted a growing gap between the increasing influence of the member countries in the global stage and their relative success in meeting the expectations of their peoples with respect to domestic issues” (Cooper, 2016). The specific case of this was the protestation in New Delhi during the fourth BRICS Summit. The protest

was not direct against BRICS but was against the visit of the Chinese president to New Delhi. As the NDTV Correspondent wrote, “Chinese President's visit to New Delhi provokes Tibetan protests (NDTV Correspondent, 2012)” and the protesters were reported to have tried to storm the hotel where the President, Hu Jintao, and his delegation were staying (Sreeja, 2012). One protester set fire to himself and subsequently died. China responded heavily to the act calling it politically motivated and anti-Buddhism teachings (NDTV Correspondent, 2012).

However, despite all the issues and challenges, the BRICS bloc continued to strengthen its cooperation. As Stuenkel write in his new book entitled “The BRICS and the Future of Global Order” that “despite the criticism, the BRICS grouping served as an important vehicle and channel to strengthen ‘South–South dialogue’”. He further stated “By slowly institutionalising the grouping, BRICS countries assumed ownership of the concept that Jim O’Neill had intended it to be” (Stuenkel, 2015). This showed that these nations were serious about cementing their bilateral relations and the institutionalisation of the group.

Subsequently, these countries took a historical decision to promote trade in local currencies, as they signed the Master Agreement on Extending Credit Facility in Local Currency and the Multilateral Letter of Credit Confirmation Facility Agreement to replace the US dollar as the main unit of trade amongst them. The trade ministers of the respective countries also emphasised the tightening of inter-BRICS trade to counter the European sovereign debt crisis. The countries also agreed to launch a benchmark equity index derivative allowing investors in one BRICS country to bet on the performance of stock markets in the other four members without currency risk (Delhi Declaration, 2012).

Further on, the multilateral financial institutions of all five countries called for an urgent need to implement the 2010 Governance and Quota Reform before the 2012 IMF-World Bank Annual Meeting (Delhi Declaration, 2012). The countries also wanted the comprehensive review of the quota formula to reflect economic weights and to enhance the voice and representation of emerging markets and developing countries by January 2013. All five countries also called for candidates from developing world for the position of the President of the World Bank. Elections for the President of the World Bank were to be held in 2012, which for the first time featured non-United States candidates (India’s Ministry of External Affairs, 2012).

It is illuminating from the above standpoint that the frustration of the BRICS countries with the Bretton Wood Institution was growing as “they called for urgency in the enhancing of the voice and representation of emerging market and developing countries” in these institutions in order to “better reflect economic weights” (Thakur, 2014). It is also illuminating that their confidence about being the drivers of the reconfiguration of the new world order and the voice of the emerging economies and developing countries had matured (Thakur, 2014). It is also noteworthy that the New Delhi Summit witnessed the finalisation of the Master Agreement on Extending Credit Facility in Local Currency and the Multilateral Letter of Credit Confirmation Facility Agreement (Delhi Declaration, 2012). No doubt, this was instrumental in promoting the intra-BRICS trade.

Finally, like the other previous BRICS summits, the New Delhi one received attention from the Western media outlets and commentators (Stuenkel, 2015). The West’s rhetorical attacks on BRICS continued. Bhadrakumar cogently summarised these attacks as follows

- BRICS countries subscribe to “different values”.
- The rest of the BRICS abhor China’s rise.
- Russia is a “declining country” and doesn’t have “much in common” with the rest of the BRICS as a significant player in the world economy, apart from its vast energy reserves.
- Therefore, BRICS countries aren’t “natural allies”.
- Indians are frightened of encirclement by China and are full of angst about the “very big imbalance” between them, although they have “lots of economic interests in common”.
- China, in turn, is concerned about the spectre of a US-led Asian alliance arrayed against it, which includes India.
- South Africa is struggling to sustain growth; Russia remains “volatile”; Brazil shows promise, while China and India are massive countries with extraordinary potential and highly impressive records. The BRICS isn’t a “natural grouping (Bhadrakumar, 2012).

Without doubt, there is some extent of or absolute merit in some of the above points. However, the BRICS forum has been institutionalising and enlarging its intra-cooperation. There are particular experiences and synergies that these nations share which bind them

together. These experiences and synergies have been illuminated in the previous chapters and some are also touched in Chapter 4.

3.4 From New Delhi to Durban and Africa

The fifth BRICS summit took place on the 27 March 2013 in Durban in South Africa. South Africa for the first time since its inclusion into the forum assumed the presidency of the summit - from India. The summit was held under the overarching rubric “BRICS and Africa: Partnership for Development Integration and Industrialisation”. This was the first time that the summit was held on African soil after South Africa had successfully participated in New Delhi 2012.

This can be argued to have been the major one of all BRICS summits since their first meeting in Yekesiking in 2009. As has been indicated in the introduction, this summit marked the full hosting cycle of the BRICS summits by all member countries. The summit further marked the new era of the consolidation of BRICS and the internationalisation of BRICS and South Africa and ultimately Africa. For South Africa, according to Dube (2013) “it was also an opportunity for the country to prove its worth and value in the group, and it chose to do this through the ‘Africa’ ticket, bearing in mind that the campaign for membership was premised on the ‘South Africa as a gateway to Africa’ ticket. It is evident that the BRICS 2013 Summit was very much centred on South Africa and Africa”. This can be seen from the fact that more than eleven heads of state and their delegations from African countries were present at the summit.

In addition, the extended number of the events that were held prior the summit distinguished it from the previous summits. These events included: the meeting of the BRICS Academic Forum in Durban on March 13 - 14, 2013; the BRICS Financial Forum on March 26, 2013 and a meeting of BRICS finance ministers, the latter being hosted for the first time in the BRICS summits. This meeting can be understood as the platform from which BRICS leaders expected reports from their respective finance ministers.

As they had in their previous summits in New Delhi, the summit declared “We have considered the possibility of setting up a new Development Bank for mobilizing resources for infrastructure and sustainable development projects in BRICS and other emerging economies and developing countries, to supplement the existing efforts of multilateral and regional financial institutions for global growth and development. We direct our Finance Ministers to

examine the feasibility and viability of such an initiative, set up a joint working group for further study, and report back to us by the next Summit”.

The summit adopted the eThekweni Declaration and eThekweni Action Plan that touched on various issues. Among others, the adopted declaration presented an evaluation of the current global political and economic situation. The issues of international security were among others discussed at length at the summit. Stuenkel notes that prior the meeting, “the Syrian President Bashar Al Assad had asked the BRICS group to mediate in the conflict in his country”. Of course, China and Russia wielding their veto powers at the Security Council and being members of the BRICS group were better placed to respond to this issue. They had indeed for several times blocked the attempts to impose sanctions on Assad.

The common approaches of BRICS countries to the multilateral cooperation are also reflected in the declaration. The agreements on cooperation in field of the “green economy” and on co-financing of infrastructural projects in Africa, and the statement by BRICS leaders on the establishment of the BRICS-led development bank were signed.² For deepening economic engagement, specifically the enhancement of intra- BRICS trade focused on the improvement of the value-added component, the establishment of the BRICS Business Council also was announced.

Specifically the declaration emphasised the need for growing the level of intra-BRICS cooperation. Article 14 of the Declaration states the following:

We note the following meetings held in the implementation of the Delhi Action Plan:

- Meeting of Ministers of Foreign Affairs on the margins of UNGA.
- Meeting of National Security Advisors in New Delhi.
- Meetings of Finance Ministers, and Central Bank Governors in Washington DC and Tokyo.
- Meeting of Trade Ministers in Puerto Vallarta.
- Meetings of Health Ministers in New Delhi and Geneva.

Stuenkel argues that the eThekweni Action Plan was the broadest of any BRICS declaration yet, as it for the first time included:

² Available : <http://www.brics.utoronto.ca/docs/index.html>

- Meeting of BRICS Ministers of Foreign Affairs on the margins of UNGA.
- Meeting of BRICS National Security Advisors.
- Mid-term meeting of Sherpas and Sous-Sherpas.
- Meetings of Finance Ministers and Central Bank Governors in the margins of G20 meetings, WB/IMF meetings, as well as stand-alone meetings, as required.
- Meetings of BRICS Trade Ministers on the margins of multilateral events, or stand-alone meetings, as required.
- Meeting of BRICS Ministers of Agriculture and Agrarian Development, preceded by a preparatory meeting of experts on agro-products and food security issues and the Meeting of Agriculture Expert Working Group.
- Meeting of BRICS Health Ministers and preparatory meetings.
- Meeting of BRICS Officials responsible for population on the margins of relevant multilateral events.
- Meeting of BRICS Ministers of Science and Technology and meeting of BRICS Senior Officials on Science and Technology.
- Meeting of BRICS Cooperatives.
- Meetings of financial and fiscal authorities in the margins of WB/IMF meetings as well as stand-alone meetings, as required.
- Meetings of the BRICS Contact Group on Economic and Trade Issues (CGETI).
- Meeting of the BRICS Friendship Cities and Local Governments Cooperation Forum.
- Meeting of the BRICS Urbanisation Forum.
- Meeting of BRICS Competition Authorities in 2013 in New Delhi.
- 5th Meeting of BRICS Heads of National Statistical Institutions.
- Consultations amongst BRICS Permanent Missions and/or Embassies, as appropriate, in New York, Vienna, Rome, Paris, Washington, Nairobi and Geneva, where appropriate.
- Consultative meeting of BRICS Senior Officials in the margins of relevant sustainable development, environment and climate related international fora, where appropriate.

New areas of cooperation to be explored

- BRICS Public Diplomacy Forum.
- BRICS Anti-Corruption Cooperation.

- BRICS State Owned Companies / State Owned Enterprises.
- National Agencies Responsible for Drug Control.
- BRICS virtual secretariat.
- BRICS Youth Policy Dialogue.
- Tourism.
- Energy.
- Sports and Mega Sporting Events.

Additionally, one of the major differences between the Durban BRICS Summit and the previous ones was the fact that the summit was for the first time attended by not only BRICS member states but also leaders from the African continent. From this, it is evident that the summit was centred on South Africa and Africa. As Stuenkel writes “the fifth BRICS summit in Durban focused on what the grouping considered to be one of the most important phenomena in international affairs in the early 21 century; the rise of Africa”. The BRICS countries are important for Africa and Africa is important for the BRICS countries, as they are among the countries commonly referred to as the ‘emerging powers’ or ‘developing economies’ of the twenty first century.

These countries’ involvement in Africa has become a source of curiosity and at the same time contention, particularly as they have sought to define their own engagement with Africa, differently from that of developed countries (Dube, 2013). The BRICS countries are argued to be fundamentally altering the dynamics on the African continent that was once a recipient of Western aid (Stuenkel, 2015).

As has been indicated in the previous sections, the trade between BRICS and Africa has been on an upward slope since 2001. As Stuenkel writes “BRICS-Africa trade is set to increase threefold, from \$150 billion in 2010 to \$539 billion in 2015/16”. It is also important to note in this regard that China has overtaken the United States as Africa’s largest trading partner, while the other three countries are also increasing their presence in the resource-rich continent.

According to Stuenkel (2015) Brazil and India currently rank between 5 and 7 Africa’s largest trading partners respectively. South Africa also claims to be the gateway to Africa and the spokesperson of the continent sought to demonstrate these claims by inviting continental

institutions, regional blocs and head of states from African countries to the fifth BRICS summit. These institutions, regional bodies and head states were part of the summit as observers and fully participated in the first “BRICS Leaders-Africa Dialogue Forum Retreat” on the afternoon of 27 March 2013 under the theme “Unlocking Africa’s potential: BRICS and Africa co-operation on infrastructure”.

However, Dube (2013) argues that though this act was commendable it would have perhaps earned more plaudits if the engagement between South Africa and these institutions and head of states had taken place prior to the summit, which would have afforded an opportunity for these institutions and head of states to present their views and input to the preparation of the summit. Dube (2013) suggest “engaging with the African leaders after the Summit created the impression that having held their Summit, whose theme placed Africa at the core of the discussions, the BRICS were then presenting their decisions to Africa as a *fait accompli*”. Nonetheless, it is believed that this marked the new beginning of the continuous meaningful engagements between BRICS and Africa. It is further believed that African states would have been able to leverage on this opportunity provided upon them by the BRICS member states.

3.5 Fortaleza

In the aftermath of the first complete cycle of the BRICS summits hosted by all member states, the sixth BRICS summit of the five leaders of the emerging economies and developing countries of the twenty-first century took place in Fortaleza on 15 July 2014 in Brazil (Fortaleza Declaration, 2014). The summit was initially set to happen in March 2014, but took place in mid-July, as the Chinese President had scheduled the bilateral visit to Brazil during the end of the World Cup, and his country indicated that its president was reluctant to travel to Brazil twice in the same year. As a result, the summit was postponed (Stuenkel, 2015).

The decision to postpone the summit had a significant impact and outcome. Now that the meeting was postponed Monmohan Singh, who had been part of all the previous summits, would no longer participate, but the new Prime Minister of India, Narendra Modi, joined in, allowing for his debut in BRICS and on the global stage. The summit afforded him an opportunity to present his vision to the forum as the newly inaugurated Prime Minister of India. This was one of his first international trips and served as a litmus test for India’s continued commitment to the BRICS forum (Stuenkel, 2015).

The summit discussed a wide range of international issues and intra-BRICS cooperation policies, such as environmental and anti-corruption cooperation and population related topics (Fortaleza Declaration, 2014). The meeting can be argued to have been a resounding success, as it achieved its major goal of the establishment of the New Development Bank (NBD) and the creation of the Contingent Reserve Agreement. The idea of the Bank had been discussed for several years among the BRICS nations. This according to Stuenkel came as huge surprise to the Western commentators who consistently argued that the BRICS countries were too different from each other to ever agree on much. Moreover, the sixth BRICS summit is likely to be remembered for the creation of the US\$100 billion New Development Bank and the Contingent Reserve Arrangement (Fortaleza Declaration, 2014). For a group doubted since its inception, creating an institution that may be a rival to the International Monetary Fund was an accomplishment in itself (Lopes, 2015).

Subsequently, the principles of engagement slowly but surely started changing in BRICS as their cooperation has expanded and concrete step to institutionalise the grouping were taken, establishing the bank and the financial facility to help in times of financial crisis in BRICS countries and other emerging economies (Fortaleza Declaration, 2014). According to experts, the development of large and effective BRICS institutions, like the BRICS bank and the Contingent Reserve Arrangement, can provide a valuable platform for BRICS advancing reforms in the international financial and development architecture that favour developing and emerging countries in general (Jones, 2014).

In addition, the fifth BRICS summit declaration underscored the existing bodies responsible for dealing with international finance lacked legitimacy and criticises their resort to *ad hoc* arrangements. This refers to the continuing stalemate over the rebalancing of and lack of reforms at the international financial institutions (IFIs) such as the World Bank and International Monetary Fund (Singh, 2014). At their sixth summit, the Head of States and Governments of BRICS noted the following:

We remain disappointed and seriously concerned with the current non-implementation of the 2010 International Monetary Fund (IMF) reforms, which negatively impacts on the IMF's legitimacy, credibility and effectiveness. The IMF reform process is based on high-level commitments, which already strengthened the Fund's resources and must also lead to the modernization of its governance structure so as to better reflect the increasing weight of Emerging Market and Developing

Countries (EMDC) in the world economy. The Fund must remain a quota-based institution. We call on the membership of the IMF to find ways to implement the 14th General Review of Quotas without further delay. We reiterate our call on the IMF to develop options to move ahead with its reform process, with a view to ensuring increased voice and representation of EMDCs, in case the 2010 reforms are not entered into force by the end of the year. We also call on the membership of the IMF to reach a final agreement on a new quota formula together with the 15th General Review of Quotas so as not to further jeopardize the postponed deadline of January 2015 (Fortaleza Declaration, 2014).

As a matter of fact, according to the IMF (2013) and Sønnesyn (2014), the BRICS countries represent over 40 percent of the world's population, contribute over 20 percent of the world's Gross Domestic Product (GDP) and around 20% of total world trade as has been mentioned earlier. However, these countries still have only 11 percent of the voting rights at the World Bank (Singh, 2014). Certainly, this is not just that the leaders of the emerging economies who are contributing dynamically to the maintenance of the world order are still under-represented in the strategic global institutions such as the IFIs. Thus, a call for reforms or rebalancing of the IFIs by these countries has legitimacy and merit. The establishment of the development bank and the financial facility by these countries signalled their growing frustration with the lack of reforms in the IFIs. It should be noted however, that these countries are not an anti-American grouping, but that they significantly differ with the West when it comes to dealing with issues of global order.

3.6 A Litmus Test for the BRICS Group

Reading from the above information on the fourth, fifth and sixth BRICS summits, it is illuminating that the BRICS grouping took the fundamental steps to set up the New Development Bank and the Contingent Reserve Agreement - a mortar that will significantly bind their cooperation. The BRICS grouping had been, since its inception, lacking the mortar to bind them and to propel their cooperation beyond their usually rhetorical Declarations and Action Plans. Although they shared similar experiences and the rejection of the neoliberal development model of the Western dominated IMF and World Bank as they have long called for reform in these IFIs, they however still lacked that fundamental mortar to bond their cooperation.

Therefore, the establishment of the New Development Bank and the Contingent Reserve Agreement can be argued as the initial stage of an institutionalised financial cooperation (Stuenkel, 2015). In addition, according to Stuenkel, this was a litmus test for the grouping. He asked the following double barrel questions in relation to the NDB and CRA: How will loans be tied to a monitoring and surveillance mechanisms and conditionalities? What will they look like? According to which paradigm they will be developed, if not following World Bank inspired logic?

Overall, the fundamental question here is whether the BRICS grouping establishments will differ from the traditional IFIs when dealing with other developing markets economies or will they follow the same North-South cooperation. Stuenkel (2015) writes that many analyses of the South-South cooperation (the category to which NDB and CRA belong) are based on the implicit assumption that the South-South cooperation would be somehow less exploitative than the North-South cooperation and would be highly responsive to the needs of the South.

According to Chidaushe (2009), the concept of the South-South cooperation rested on the belief that those in the South should collaborates on a wide range of areas including science, technology development, education, health, and cultural exchanges. In the same way according to Stuenkel (2015), the concept of the South-South cooperation evokes the positive image of hope and solidarity between developing countries through the exchange of resources, expertise and technology. However, this narrative remains highly contested by various scholars and academics. It is against this background therefore that the next sections will analyse the NDB and CRA in an attempt to respond to these contestations.

3.7 The New Development Bank

The BRICS countries have regularly expressed frustration with the broken paradigm of a system that according to them privileges Western powers and is inept for the new realities of the world. These deficiencies erode the legitimacy and credibility of the IFIs and foster distrust between the countries of the Global North and South (Thakur, 2014).

At the New Delhi summit, it appeared that the frustration of these nations with the Bretton Wood Institutions had grown beyond measure, so they declared their intention to initiate a reciprocal payments scheme in national currencies that would exclude the US Dollar and the Euro from internal trade transactions among BRICS members (Vishnevsky, 2012). India is said to have proposed that the BRICS countries should establish a development bank, at the time drafted as a “South-South Bank”, for the member countries (Vishnevsky, 2012). The

leaders of the BRICS countries therefore instructed their finance ministers to study the feasibility and viability of establishing such a bank.

A year later, the finance ministers of BRICS presented a report to the fifth BRICS Summit held in Durban. After which a declaration was released which read “Following the report from our Finance Ministers, we are satisfied that the establishment of a new development bank is feasible and viable. We have agreed to establish the New Development Bank” (eThekweni Declaration, 2013). The fundamental aim of the new development bank would be to mobilise resources for infrastructure and sustainable development projects in BRICS and other emerging economies and developing countries, complementing the existing efforts of multilateral and regional financial institutions for global growth and development (Mail & Guardian, 2014).

According to Stuenkel (2015), this makes the BRICS New Development Bank the first large multilateral lender to emerge since the European Bank for Reconstruction and Development in 1991. The sixth BRICS summit then marked the finalization of the creation of the New Development Bank for the BRICS countries.

BRICS announced that “BRICS, as well as other emerging markets and developing countries (EMDCs), continue to face significant financing constraints to address infrastructure gaps and sustainable development needs. With this in mind, we are pleased to announce the signing of the Agreement establishing the New Development Bank (NDB), with the purpose of mobilizing resources for infrastructure and sustainable development projects in BRICS and other emerging and developing economies. We appreciate the work undertaken by our Finance Ministers. Based on sound banking principles, the NDB will strengthen the cooperation among our countries and will supplement the efforts of multilateral and regional financial institutions for global development, thus contributing to our collective commitments for achieving the goal of strong, sustainable and balanced growth” (Fortaleza Declaration, 2014).

Finally yet importantly, at the Fortaleza summit, the final declaration was made:

The Bank shall have an initial authorized capital of US\$ 100 billion. The initial subscribed capital shall be of US\$ 50 billion, equally shared among founding members. The first chair of the Board of Governors shall be from Russia. The first chair of the Board of Directors shall be from Brazil. The first President of the Bank

shall be from India. The headquarters of the Bank shall be located in Shanghai. The New Development Bank Africa Regional Center shall be established in South Africa concurrently with the headquarters. We direct our Finance Ministers to work out the modalities for its operationalization (Fortaleza Declaration, 2014).

3.8 Reception of the Bank

It is interesting that the BRICS development bank was established with the philosophy of financing the development of the infrastructural and sustainable projects in the countries in the South - South – as it is known that these countries are not as developed and industrialised as those in the West. The lack of well advanced infrastructure is one of the biggest barriers to development and growth in the developing countries and emerging economies (Jones, 2014). Therefore the establishment of this Bank was welcomed.

More fascinatingly, the Bank would be open to its members and non-members for borrowing. If things go right, this could lead to a positive trajectory for developing countries and emerging economies in the world and in particular the countries from the African continent (Stones, 2014; eThekweni Declaration, 2013). The establishment of this Bank shows that the BRIC(S) and other emerging economies were booming, integrating into the global economy, and learning to assert their interests more gradually (Brainard, 2010).

Although the BRICS countries remained concerned and disappointed by the slow developments in reform at the IMF and other financial institutions, these countries seemed not to be intending to build an institution that would substitute or replace the current institutions. As Principle 4 of the Bank states, “It shall also cooperate with international organizations and other financial entities, and provide technical assistance for projects to be supported by the Bank” (Fortaleza Declaration, 2014). This sounds like the bank would be serving as a complement to these institutions, not being a rebellion, as some have said.

Furthermore, it is believed that there would be a particular focus on Africa with the regional branch of the NDB located in Johannesburg. However, there are critics who say that the NDB could lead to further exploitation of African mineral resources. Behind the facade of humane development, BRICS could be the means by which international capital can push further into the mineral rich continent (Bolton, 2015). Further to this critique, it is also interesting though why the Bank is headquartered in Shanghai, China. Many South Africans had hoped that the Bank was going to be located in land of the Rainbow Nation. Nevertheless, there is going to be a branch of the bank in country established concurrently with the headquarters. According

to the SA's former minister of finance, Mr Nhlanhla Nene, this branch will boost the country's economy and help further strengthen its relationship with its BRICS partners and the African continent at large. Given the leadership role of South Africa in Southern Africa and the rest of the African continent, this integration would help fuel the country's power and help its to maintain its position.

3.9 The Contingent Reserve Agreement

The Contingent Reserve Agreement of the BRICS countries was established at the sixth BRICS summit in Fortaleza, Brazil on 15 July 2014 (Fortaleza Declaration, 2014). The members would contribute US\$ 100 billion to the CRA of which China would contribute US\$ 41 billion, Brazil, India and Russia would each contribute US\$ 18 billion and South Africa would contribute US\$ 5 billion (Fortaleza, 2014). The rational of CRA was to help member countries to forestall short-term liquidity pressures, provide mutual support and further strengthen financial stability. This would also contribute in strengthening the global financial safety net and complement existing international arrangements as an additional line of defence.

Many commentators view the creation of the CRA by the BRICS countries as a threat to the hegemony of the traditional international financial institutions (IFIs) and would have great impact on the international monetary system (IMS). As Russia's Times (2014) remarked "the idea of the creation of the lending fund will lessen the independence on the west and create a more multi-polar world, at least financially". In the same edition, Russia's President Putin hailed the creation of both the NDB and CRA as he remarked, "This mechanism creates the foundation for an effective protection of our national economies from a crisis in financial markets" (Russia's Times, 2014).

In this regard, it is important to understand the international monetary system (IMS) in order to be able to assess whether the CRA presents any challenge to the established IFIs and will be able to indeed help the EMDCs with the balance of payments (BOP) in times of financial crisis. Although the member countries have indicated that the establishment both the NDB and CRA seek to complement the existing IFSs.

The International Monetary Fund (IMF) was founded in 1944 to help stabilise exchange rates and provides loans to countries in need (Pettinger, 2012). The fundamental role of the IMF was (and still is) to ensure a stable and growing world economy (Pettinger, 2012a). International money can be understood from the context of the IMF because that is where it is

controlled and managed. Agarwal (2015) defines international money as follows: “under current system the international money consists of the quotas that countries have at the IMF and their stocks of convertible currencies mainly dollars”. This means that the BRICS countries do not yet control the international money because there is no new international money created by these countries. The IMF still controls the international monetary system.

However, the IMF has been criticised for its lack of accountability and willingness to lend to countries with bad human rights record (Pettinger, 2012a). The organisation has also been heavily criticised on the conditions of its loans. Further, the quota system and voting rights of the institution have also been criticised.

The IMF budget is \$780 billion with the \$300 billion of loanable funds (Stuenkel, 2015; Pettinger, 2012) which means therefore that the IMF is much larger than the CRA both in terms of resources and in terms of size. For that reason, the claim that the creation of a \$100 billion contingency relief arrangement is a bid to sow the seeds of an alternative financial architecture for the EMDCs and present a particular challenge to the IMF, is largely unfounded (Stuenkel, 2015). So logically, the CRA present no challenge whatsoever to the current international monetary system.

Besides this logic, it is public knowledge that the accounts deficits of Brazil, South Africa and India are currently larger than what they can borrow from the CRA (Agarwal, 2015). In the CRA’s \$100 billion, the amount that each country can borrow from the fund is a multiple of what the country contributed. China’s multiplier is 0.5, 1 for Brazil, India and Russia and 2 for South Africa. Therefore, China can borrow up to US\$ 20.5 billion, Brazil, India and Russia each can borrow US\$18 billion while South Africa can borrow US\$10 billion (CRA, 2014, Article, 5). This means South Africa can borrow from the fund twice as much as its contribution given its multiplier; this is relatively good for the country.

So finally, will the BRICS CRA usher in a new architecture for the international money system as some claim? The answer is no. as has been indicated above. Agarwal (2015) cogently captured the reason why BRICS CRA will not yet usher in a new architecture to the IMS when he remarked, “the loans to countries requiring BOP financing will be in convertible currencies, but the agreement specifies only the dollar, and will be repaid in dollars. Since no new international money is created the BRICS countries will have no influence over the supply of international money which will continue to be mainly managed

by the US". This implies that the BRICS countries will make more BOP financing available for the countries in crisis, but will not yet make any substantial difference to the IMS.

3.10 Conclusion

This chapter has offered a chronological narrative of analysis of the definitive themes and events of the BRICS grouping after South Africa's first participation in Senya in 2011, which included the New Delhi Summit (2012), the Durban Summit (2013) and the Fortaleza Summit (2014). The chapter focused on the events because of their particular importance in the BRICS formation that are explained in the chapter. The chapter unpacked the New Development Bank and the creation of the Contingent Reserve Agreement, and analysed the implications of these establishments for the international monetary system against the claim that the establishment of these institutions may usher in a new architecture to the IMS, and subsequently pose a serious challenge to the hegemony of the West. Against the observation and analysis made, it then argued that that these establishments will not yet usher in a new architecture to the IMS since there is no new international money system created by the BRICS grouping. In addition, it to a lesser extent offered an analysis of the emerging economies in the twenty first century in the context of the BRICS countries.

CHAPTER 4

THE OPPORTUNITIES AND CONSTRAINTS FOR SOUTH AFRICA'S MEMBERSHIP IN BRICS

4.1 Introduction

Since the end of the apartheid epoch in 1994, South Africa has been very active making sure that it establishes and re-establishes its relations with other nations around the globe. The country's diplomats and policy makers have made sure that the country embraces bilateral relations with the world (Chiyemura, 2014). This was because the international community in the quest to force the apartheid government to bow down and free South Africa had isolated the country and imposed serious sanctions. There were many types of sanctions imposed on the country, amongst them were economic sanctions that were seen to be very effective and also political sanctions which also played a vital role.

In 1994 alone, the country established relations with many countries in the world, in particular the African countries (Byrnes, 1996). The regional and international groupings had re-invited the country to join or reactivate its membership. These regional and international bodies included the Organisation of African Unity (now known as African Union), the Southern Africa Development Community (SADC), and the United Nations (UN). Further, South Africa re-entered into international bilateral sports, academic and scientific activities. Its relations with the countries of the former Soviet Union, the Eastern Europe and Central Europe improved (Byrnes, 1996). A new Ministry of Foreign Affairs was put into effect that was going to position and project the country in the world.

The country continued joining different international organisations, and it re-joined the Commonwealth of Nations in June 1994 (Byrnes, 1996). The country also participated in different international prestige events, became a 12th member of the South Atlantic Peace and Cooperation Zone, and attended that organisation's meeting in Brasilia. Furthermore, the country signed a declaration affirming the South Atlantic as a nuclear weapons free zone, as well as making agreements on trade and environmental protection in the region (Byrnes, 1996).

The country became part of the formation of the India, Brazil and South Africa Dialogue (IBSA) in 2003, when the head of states from these countries met alongside the Summits of Great Eight in Evian. The countries signed the Brasilia Declaration focused on issues of common concern including the reform of the United Nations, threats to security, social equity and inclusion, racial discrimination and gender equality (Arkhangelskaya, 2011). This showed that the country had indeed been serious about relations with the other nations from the Global South. The country then joined the elite club of the BRIC(S) nations on Christmas Eve in December 2010. The country's inclusion into BRIC(S) has generated much debate in international relations, as has been said in the preceding chapters.

It has been argued that South Africa's membership into the BRICS elite club has entailed a number of prospects and challenges for the country. These advantages are said to relate to trade and market access, foreign direct investments, and above all increased bargaining power and a voice in international issues. It is further believed that BRICS membership would enable South Africa to absorb the shocks and threats of globalisation. The country's membership would also enhance its reputation as one of the leading advocates for the reform of multilateral institutions, including the World Trade Organisation, the World Bank, the International Monetary Fund and the United Nations Security Council (Mashabane, 2012).

While there are celebrations and projections about the country's possible accruable prospects, there are also challenges. These constraints relate to some other issues that have already been noted in the preceding chapters. The main constraint, which has been a criticism of BRICS, especially from the Western observers, is that the countries are too diverse to ever represent a coherent force, and that what separates them heavily outweighs what unites them (Sonnesyn, 2014). This may be the reason why the countries have not yet constituted a major power in international relations. There is also the issue of overlapping interests among the BRICS countries, which also constitutes a major constraint. Most of the challenges are political but there are also socio-economic challenges, such as the continued labour unrest in the mining industry and the increasing gap between the haves and have nots. These challenges seem to be common among the BRICS countries.

This chapter therefore attempts to deal with these issues. It is divided into two independent but connected sections. The first section of the chapter looks at the prospects for South Africa in BRICS. The second section deals with the challenges for South Africa in BRICS. By extension, it will delve into the bilateral trade of each the BRICS countries in a lesser scale.

This is done in the process of outlining both the potential prospects and challenges of the country in this formation.

4.2 Socio Economic Prospects for South Africa

According to the World Bank (2016) in 2014 and 2015, South Africa's ratings were downgraded by the most prominent rating agencies citing poor growth prospects and rising government debt as well as high deficits on the current account. The World Bank further suggests that South Africa remains a dual economy with one of the highest inequality rates in the world, perpetuating inequality and exclusion. With an income Gini of around 0.70 in 2008 and a consumption Gini of 0.63 in 2009, the top decline of the population accounts for 58% of the country's income, while the bottom decline accounts for 0.5% and the bottom half less than 8% (World Bank, 2016). This is surely not good. How could South Africa use its membership in BRICS to maximise its economic prospects and curtail the risks and uncertainties? Further, to what extent does the country stand to benefits from BRICS? Below is an attempt to deal with these issues.

4.3 Free Trade/Easy trade conditions

South Africa's membership in BRICS has huge prospects for the country of establishing free trade/easy trade with the BRICS countries and other developing countries. Chiyemura (2014) suggests that "South Africa's membership in BRICS has a prospectus of creating and increasing intra-BRICS trade. Multilateral schemes or arrangements generate fair gains for the participating countries. South Africa has already witnessed high trade volume increase with China and little progress with the other BRICS nations". This will accordingly give the country the opportunity to alleviate some of its challenges and achieve its goals and objectives as set out in the National Development Plan (NDP). The increased trade with other BRICS countries also has a potential to elevate the countries position regionally, continentally and internationally.

The Department of Trade and Industry is responsible for coordinating trade and foreign related business engagement with South Africa. Although a Free Trade Agreement is not yet in place, BRICS has already been discussing the terms for creating the new free trade agreement regime among the countries. Russia's Deputy Minister of Economic Development, Mr Alexei Likhachev stated in 2015, "We are already discussing the terms of the agreement regime... The correct decision is we do not rush events and not grind out an agreement on free trade zone now". This would be a significant step further in boosting commerce between the rising powers. It would create a uniform economic zone for more than 2.8 billion

consumers and eliminate many of the hurdles that obstruct trade across the five countries today (The BRICS Post, 2015).

The Russian Federation is said to be the one pushing aggressively for the establishment of this BRICS free trade zone. Its Deputy Minister of Economic Development further commented on the creation of BRICS free trade zone as follows:

At first it will be a declarative document that will inspire our countries to cooperate more actively. Then it could be non-preferential agreements, which optimize regulatory system, simplify customs and investment procedures, create the so called “green corridors” for goods. The third phase is a preferential regime – concessions that we will make in terms of commodity trade (The BRICS Post, 2015)

In the same way, South Africa’s president Jacob Zuma also commented that the trade relations between South Africa and BRICS had increased tremendously up to 70 percent in the year 2014. He further stated that in total South Africa’s trade with BRICS was R382 billion in the year 2014, up from R268 billion in 2011. Africa had doubled its total trade with BRICS since 2007 to \$340billion (R4.2trillion) in 2012 and this was projected to reach \$500 billion in 2015 (SouthAfrica.info, 2015). This confirms the assumptions of the economic theory that trade gains are wider when the great suites of countries are involved. Schiff and Winters (1998) define trade creation as the displacement of the higher cost of domestic production through lower and fewer barriers within regional integration arrangements. In line with this definition, South Africa stands to benefit from BRICS since it will be easy for it to engage in business with the BRICS countries if the Free Trade Area is put into effect. Even if the trade tariffs are not completely eliminated, South Africa will still benefit from its trade with the BRICS countries.

Sandry and Jansen (2013) made an interesting analysis on a possible Free Trade Agreement (FTA) among BRICS. The scholars recognise the fact that these FTA’s between the countries are not yet in place. Therefore, they undertake two base scenario runs utilising the Global Trade Analysis Project computer model. The first scenario run was (a) where all bilateral tariffs are reduced by 50 percent between the BRICS, while the second was (b) where all bilateral tariffs are reduced by 25 percent. In both cases, 50 percent and 25 percent, there are still lots of benefits for South Africa and of course for its BRICS partners. They also make two scenarios runs where all bilateral tariffs would have been reduced by 2 percent and 1

percent, and in both cases, it would still be beneficial for the BRICS countries and South Africa in particular.

The simulation of the base scenario run of 50% indicates that South Africa's welfare gains were significant. Even in the cases of 2% and 1%, the gains for the Rainbow Nation still looks good. Accordingly the two scholars suggest that South Africa makes bigger gains in the labour markets, as the increase in both semi-skilled and skilled labour in South Africa of 0,3% and 0,32% respectively are significantly higher than elsewhere (Sandry & Jansen, 2013). It is further suggested that the agricultural sector is where more gains would be made for South Africa, Brazil and India. South Africa has the highest unemployment rate so the creation of employment remains its apex priority. So this would be a wonderful opportunity for the country to take advantage of. Sundry and Jansen conclude that even if there were zero reduction on bilateral tariffs, the trade between the BRICS countries would still be beneficial to all the countries and to South Africa in particular.

In light of the fact that there is no joint intra-BRICS Trade Agreement at the moment, it is important to note the trade between the BRICS countries in general. Currently, China is South Africa's leading trading partner. As of 2015 the two countries has inked 26 new agreements valued at R94-billion which was intended to go some way to address the trade imbalance between the countries, as there have been growing concerns over the trade balance between the nations (Marrian & Maqutu, 2015). At the inward buying mission meeting hosted by South Africa, President Zuma said that this meeting helped to shape the structure of the countries bilateral relations, as well as the industrialisation of the two nation's economies; while the President of China, Mr Jin Ying said that China was willing to deepen ties with the country (Marrian & Maqutu, 2015). President Zuma further described the relations with China as "at best level ever". This statement by the President downplays the idea given by scholars like Patrick Bond that China is pursuing an imperialist agenda on the African continent through South Africa and the BRICS framework.

Moving on to South Africa's bilateral trade with India and Brazil, the IBSA dialogue, the bilateral relations between these three country's stand to be elevated more that they now participate in BRICS as well as in IBSA. According to the South African Minister of International Relations and Cooperation, Maite Mashabane, the existence of the IBSA dialogue was complementary to BRICS as the objectives of these two groups complement each other. Campbell (2013) stated that bilateral trade between South Africa and India

increased by 135% between 2007/8 and 2011/12, while Indian companies have invested \$328.25million in this country over the past five years. The Indian Commissioner to South Africa, Vrendra Gupta, (cited by Campbell, 2013) stated that “There is a very rapidly growing economic and commercial relationship [between India and South Africa]. Hardly a week passes by without us hearing about a new investment decision, either by a South African company in India or an Indian company in South Africa. The relationship has not reached a plateau.” South Africa is currently the second largest of Africa’s trading partners with India, second to Nigeria which ranked number one. According to Vrendra Gupta (cited by Campbell, 2013), India and South Africa share a special relationship which included that the Indian Activist Mahatma Gandhi spent years in the country fighting for civil rights. Politically there is that shared similarity of the colonial/imperial past and also that the African National Congress (ANC) and the India National Congress shared long-term relations. This shared commonality shows that the relations between these countries are also socially constructed which attest to the constructivism standpoint that underlies this study.

South Africa’s bilateral relations with BRICS has increased quite remarkably as Pretoria pursues its foreign policy objectives which are to strengthen its relations with the emerging economies and developing countries in the world, and in particular with the nations from the Global South. Traditionally, Brazil has been a South African ally as it helped South Africa with military assistance in the form of warfare training and logistics (Wikipedia, 2015). South Africa and Brazil are both in the IBSA dialogue alongside India as has been mentioned. While the two countries have been allies for such a long time their engagements have not been fully utilised. As South Africa’s former Deputy Minister of Trade and Industry, Elizabeth Thabethe, stated, “Both Brazil and South Africa have globally competitive expertise and products in a range of value adding sectors which we are sharing with global trading partners, but not necessarily yet with each other (SouthAfrica.info, 2013)”. She further stated that though the bilateral relations between these countries are solidly grounded but there was still a huge untapped potential between them (SouthAfrica.info, 2013).

Finally, on South Africa and Russia, a number agreements have been signed between these two nations, such as the legal instruments and mechanisms that affirm the strategic relationship between the two countries including the Protocol on Political Consultations signed in 1994, the Joint Committee on Scientific and Technological Cooperation signed in 1995, the Declaration of Principles on Friendly Relations and Partnership signed in 1999, and the Intergovernmental Committee on Trade and Economic Cooperation (ITEC) signed in

1999 (South Africa Government News Agency, 2015). There are also the Joint Inter-governmental Commission on Military-Technical Cooperation established in 2002, the Treaty of Friendship and Partnership signed in 2006 and the Declaration on Strategic Partnership between the Republic of South Africa and the Russian Federation signed in March 2013 (Arkhangelskaya & Shubin, 2013). Although not all these agreements necessarily speak to trade, they signalled the readiness of these countries to take their cooperation to a certain level.

There have been also a considerable number of agreements that have been entered into regulating various aspects of trade and development issues. These include agreements on the promotion and reciprocal protection of investment; avoidance of double taxation; co-operation in the peaceful uses of atomic energy; and the intergovernmental agreement on co-operation in exploration, extraction, processing and mineral processing (Arkhangelskaya & Shubin, 2013). South Africa remains Russia's leading partner in Africa (SouthAfrica.info, 2014). The bilateral trade between these nations in 2002 amounted to \$138.1 million and to almost \$1 billion in 2012 (Sandry & Jansen, 2013). The trade balance is in favour of the Rainbow Nation. This is indeed beneficial to South Africa and of course signalled that even if there are zero tariff reductions in BRICS, South Africa would still benefit as Sandry & Jansen suggested in their Tralac³ report of BRICS intra-trade with South Africa. Further, this shows that if the FTAs could be implemented, there would most likely be a blossoming of bilateral trade among the BRICS countries.

4.4 Trading with BRICS: SA Companies

The Doing Business Report⁴ in South Africa correctly stated:

Over the last two decades, South Africa has made notable strides in moving away from the legacy of its apartheid past and in consolidating the institutions and practices of democracy. The political transition and a vast number of policy reforms have brought not only economic growth for a privileged few, but more opportunities for society at large, including those previously excluded. Economic growth has moved from a historically erratic trajectory to a steady, albeit modest course with an annual average GDP growth rate of 3% in the first post-apartheid decade, to above 5% for 3

³ Non-profit organisation focussing on effective participation by individual Southern African countries and SADC in the global economy.

⁴ Doing Business Report is the annual work of the World Bank that profiles all the countries in terms of doing business in those countries.

consecutive years immediately preceding the financial crisis of 2008 (Doing Business Report, 2015).

South Africa is the second largest economy in Africa and a regional leader in Southern Africa. It is also closely integrated with the global economy, a specific feature that provides for further growth and development (Doing Business Report, 2016). Despite all this, unemployment has sky rocketed in the country, making the country the most income unequal society in the world. South Africa's BRICS membership may help elevate this gloomily situation, now the question is 'how?' This will be answered later in this section. Firstly, it is important to provide the business perspective on South Africa's participation in this bloc. After the Durban BRICS Summit, Chairperson of Wesizwe Platinum, Dawn Mokhobo, stated, "South Africa is already attracting the attention of Chinese investors in certain key sectors, the mining sector being one of them. In my capacity as the Chairperson of Wesizwe Platinum Group, it is my privilege to sit at the helm of the first Chinese/South African corporate partnership in the platinum mining sector in South Africa. As a result, Wesizwe is uniquely positioned to take a view on the challenges and opportunities in South Africa's mining industry from a first hand and fairly recent experience" (Mokhobo, 2013). In the same way, Chiyemura (2014) writes that South African business entities have embraced the BRICS platform as an opportunity for greater investments abroad. Given the BRICS platform, South African companies such as SAB Miller, MTN, Massmart, Shoprite, Tiger Brands and the Standard Bank Group, have an opportunity to enter the global markets.

Therefore, it can be argued that BRICS membership provides South Africa's companies the platform to leverage their potential in the global markets. This platform could also provide space for partnerships between South Africa's companies and those from its BRICS partners. This would be beneficial in a number of aspects, such as information sharing, finances and technological expertise and of course the replication of each other's way of doing business. As the Wesizwe Chairperson writes, "It is my firm belief that South Africa can successfully replicate the economic success stories of its fellow BRICS members by maximising the growing influence and global standing of BRICS and the opportunities for growth and cooperation that it presents" (Mokhobo, 2013). Wesizwe Platinum is one of the South African companies that have established strategic relations with other companies from the BRICS nations.

The tables below show a number of South Africa's companies doing business in each of the BRICS countries.

Table 02: South Africa's companies operating in Brazil

Company	Business Sector
AngloGold Ashanti	Mining
Naspers	Media
FirstRand Bank	Banking and Financial Sector
Aspen Holdings	Health
Grindrod	Transport
Standard Bank Group	Banking and Financial Sector
Airports Company South Africa (ACSA)	Industrial-Ports

(Extracted from Chiyemura (2014) Master's thesis "SA in BRICS: Prospects & Constraints". Original source: Labour Research Services/MNC Monitor: May 2014 South African Companies Operating Abroad)

The above Table 02 illustrates that there have been quite a number of South Africa's companies operating in Brazil. This attests to the long shared relations between the two countries that began long before they even entered into the BRICS bloc. According to Chiyemura (2014), this might be because of a less red-tape approach to economy by the Brazilian government in relation to South Africa. Chiyemura further notes that in 2012, the Airports Company South Africa (ACSA) won the bid to expand and maintain operations in one of Brazil's busiest airport, Guarulhos in Sao Paolo (Makgale cited in Chiyemura, 2014). He also suggests that Brazil seems to be following a free market approach. Given this, one may suggest that this is why South Africa companies have done considerably well in the country.

Table 03: South Africa's companies operating in Russia

Company	Business Sector
Mondi Group	Paper and Packages

Naspers	Media
Barloworld	Diversified Holdings

(Extracted from Chiyemura (2014) Master's thesis "SA in BRICS: Prospects & Constraints". Original source Labour Research Services/MNC Monitor: May 2014 South African Companies Operating Abroad)

The information in the above table is contrary to the fact that South Africa is Russia's leading partner in Africa and Southern Africa. This shows that, despite the relations enjoyed between these nations, South African companies have failed to penetrate the Russian markets. This is not looking good and this is an area that Pretoria needs to address going forward, but South African companies must exploit the opportunities provided by BRICS as President Zuma has always insisted in most of his speeches.

Table 04: South Africa's companies operating in India

Company	Business Sector
SAB Miller	Food and Beverages
Naspers	Media
FirstRand Bank	Banking and Financial services
Altron	Industrial
Sanlam	Banking and Financial services
Adcorp Holdings	Health
Airports Company South Africa (ACSA)	Industrial-Ports

(Extracted from Chiyemura (2014) Master's thesis "SA in BRICS: Prospects & Constraints". Original source Labour Research Services/MNC Monitor: May 2014 South African Companies Operating Abroad)

South Africa and India are seriously engaged in doing business with each other. This is shown by the number platforms for South African-Indian business interactions that already exist, including the SA-India CEOs Forum and, multi-laterally, the India, Brazil, South Africa (IBSA) Business Forum and the BRICS Business Forum. However, there is still room for South Africa's companies to expand in this country.

Table 05: South Africa's companies operating in China

Company	Business Sector
SAB Miller	Food and Beverages
Naspers	Media

Aveng	Construction
Sanlam	Banking and Financial services
Discovery	Banking and Financial services
Standard Bank	Banking and Financial services
Exxaro	Mining
Sasol	Extractive Industry

(Extracted from Chiyemura (2014) Master's thesis "SA in BRICS: Prospects & Constraints". Original source Labour Research Services/MNC Monitor: May 2014 South African Companies Operating Abroad)

Chiyemura notes that, despite being South Africa's biggest bilateral trading partner in the world, the country's companies have not fully engaged in businesses in China. He however noted that they are slowly but surely entering the Chinese economy. The Chinese model of economy development has been so complicated due to the government's increased participation and the regulatory frameworks in business.

Finally, as it can be seen from the tabularised presentation above on South African companies doing business in BRICS nations that, despite being in the same alliance with these nations South African companies have not fully entered the economies of these countries. This may be because of bureaucratic models and regulations governing the ways of doing business in these countries or that South African companies are yet to engage in these endeavours. The Doing Business Report (2015) ranks South Africa better than its BRICS partners when it comes to doing business in the other countries for both local and international companies. More precisely, Doing Business ranks South Africa at number 41, followed by Russia at number 92, followed by China at 96 and lastly Brazil at 116 out of 189 nations. This may be the reason that accounts for the slow entering of South Africa's companies in BRICS.

4.5 Industrialisation of South Africa through BRICS

The blueprint of South Africa, the National Development Plan Vision 2030, acknowledges that many developing countries in the world have had to revisit and evaluate their programmes aimed at stimulating and sustaining economic development and growth. The plan recognises that industrialisation coupled with infrastructural developments is not only essential to foster economic growth and higher employment, but it is also essential to promotes inclusive growth, providing citizens with the means to improve their own lives and boost their incomes. Essentially the plan emphasises that infrastructure is essential to development (National Planning Commission, 2011). In this regard, the national development plan is closely aligned with the government's policy on industrialisation of the country's economy and the Industrial Policy Action Plan (IPAP), and coincidentally in line with the apex priority of the BRICS group, that of infrastructural developments.

In connection with the above, the IPAP cogently states, “South Africa’s participation in BRICS provides important opportunities to build its domestic manufacturing base, enhance value-added exports, promote technology sharing, support small business development and expand trade and investment opportunities. Innovative proposals relating to the establishment of a BRICS-led Development Bank contributes to enhanced financial support for domestic and sub-continental infrastructure and regional industrial integration” (Industrial Policy Action Plan, 2016).

The latter articulation from the IPAP underlies the fact that infrastructural development and financing of the infrastructural projects and programs in the developing nations is one of the cardinal pillars of the BRICS bloc. This is cogently captured in BRICS New Development Bank’s aim “to utilize resources at its disposal to support infrastructure and sustainable development projects, public or private, in the BRICS and other emerging market economies and developing countries, through the provision of loans, guarantees, equity participation and other financial instruments” (New Development Bank, 2014).

The SA Minister of International Relations and Cooperation, Nkoane Mashabane, in her speech at the New Age Business Briefing under the theme “South Africa's Role in the BRICS, and its Benefits to Job Creation and the Infrastructure Drive in South Africa” emphasises that infrastructure development is indeed one of the country’s priorities and explained how BRICS fits in this regard.

Accordingly, she pointed out:

Again in our State of the Nation Address in February 2012, we publicly singled out infrastructure development as a key vehicle for improving the quality of life and of providing a more focused access to basic services, competitiveness and jobs (Mashabane, 2012).

And she further stated:

Since then, we had begun working intensively on our infrastructure strategy. The reason we singled out infrastructure is precisely because we know that the bedrock of new growth on the African Continent will come from economic integration and infrastructure development. Our BRICS partners have an important role to play in this regard. We have to take them on board, work with them in order to realise the

measurable benefits of this partnership. Infrastructure is therefore at the heart of how we will change the lives of our people in the next decade (Mashabane, 2012).

So given the above fact that industrial development and infrastructural development forms part of the apex priorities of BRICS and coincidentally part of South Africa's National Development Plan, one may argue that South Africa has a lot to benefit from the BRICS bloc given this coincidence. Put simpler, industrial development and infrastructure-financing cooperation is one of the mostly anticipated economic outputs of the BRICS nations (Chiyemura, 2014). Currently, one of BRICS member states, China, within the China-South Africa industrialisation partnership has pledged \$50billion towards industrialisation projects in South Africa and the African continent (Mail & Guardian, 2015). It was further said that "the Chinese government would also provide 50 technical experts who are experienced in "building and upgrading of industrial parks, building of new power plants, 40 000 training opportunities in different sectors" (Mail & Guardian, 2015)". Speaking to the Mail & Guardian, the Deputy Minister of Commerce, Mr Zhang Xiangchen said, "China-Africa industrialisation partnerships will be at the forefront of any development in the continent followed by agricultural activities. China will also increase investments in Africa especially in the Special Economic Zones and provide training in those sectors" (Mail & Guardian, 2015).

Further, the BRICS New Development Bank has pledged to issue finance to South African parasatatal, Eskom, to help fund it to connect more renewable energy to the national grid (Fabricius, 2016). This finance will be a total of R2.25 billion (FIN24, 2016). This was part of the first finances coming from the New Development Bank as its executive announced that the bank was going to issue a set of finances to its countries (FIN24, 2016). This is indeed a confirmation that these countries are serious about industrial revolution. For South Africa, this is a huge benefit, as this has the potential to help reduce the country's global warming carbon emissions by two million tons a year. The spokesperson of the NDB confirmed this and was quoted in Fin24 as stating "there are many more new projects in the pipeline including projects from Russia. They are at various stages of consideration or appraisal" (FIN24, 2016). Furthermore Steyn (2014) wrote that South Africa is the nation that stands to benefit the most from the BRICS' New Development Bank, which will grant it access to cheaper money for infrastructure projects as well as a crisis fund, which will double its emergency credit line in the event of a balance of payments crisis. The latter is important. The fact that the BRICS New Development Bank would provide finance-to-finance

infrastructural programmes in the developing and emerging economies means that the country would indeed benefit immensely. This is given the fact that over the decades post-World War II the Western institutions such as the IMF and World Bank had dominated this space, issuing finances to developing countries with hard conditions attached (Stuenkel, 2013).

The developing countries and emerging economies now have an option whether to choose BRICS Bank or the western traditional institution when they are in need. This will strategically position South Africa in Africa, and helps keep its status of the gateway to Africa. In recent times, one of the top South African state-owned enterprises, Transnet, received a significant loan from the Development Bank of China (Paton & Magubane, 2015). The loan will be totalling R30 billion. This finance from China would help South Africa's state enterprise as it has embarked on its biggest recapitalisation to date, that includes a R50 billion program to procure 1 064 locomotives (Paton & Magubane, 2015). In addition, BRICS countries and in particular China play a large role elsewhere on the continent in financing infrastructural projects. This may indicate that although BRICS does not seek to oppose international financial institutions (IFI), such as the IMF and World Bank, it does provide an alternative for these countries. Traditionally, these kind of loans were issued by the IMF and World Bank (Desai, 2013), but these countries are now able to access them from BRICS New Development Bank and elsewhere.

Finally, in connection with all the above, the fact that the BRICS New Development Bank (NDB) and Contingent Reserve Arrangement (CRA) were launched formally in 2014; that a year later, BRICS leaders witnessed the signing of the Agreement on the New Development Bank in Fortaleza of Brazil; and then that only one year later the preparation and organisation work of NDB has been completed, all that reflects "BRICS speed", as well as the vitality and efficiency of this mechanism (Xuejun, 2015). In addition, two years later the NDB has issued its first loans to the BRICS countries (FIN24, 2016). This further signalled the urgency, preparedness and progression of the BRICS bloc. This is important and is one of the major achievements of BRICS and South Africa in particular, thus far, given the fact that the country is the smallest economy in the bloc and would have had to ask IMF and World Bank for these finances, which were of course going to be issued with harsh conditions attached.

4.6 Socio-Political Benefits

In the wake of the news that BRIC(S) had through the Chinese Ministry of Foreign Affairs, invited South Africa to join BRIC(S), O'Neil wrote "South Africa's BRICS score not all doom and gloomy" (O'Neil, 2012). This raises the questions: what are the political implications of South Africa's inclusion in the BRICS bloc? Has South Africa's inclusion into the bloc delegitimise it or legitimatise it? The BRICS membership elevated the South Africa's position in international relations and has helped (and continues to help) the country to further its voice on global issues and its being a spokesperson for the African continent's agenda. The BRICS platform has in all its resounding and historical summits spoken on the global issues, such terrorism, global peace and security, climate change, food security, and most importantly the reform of global governance (BRICS Declarations).

Surely, South Africa, without being on the BRICS platform, would have engaged with those issues, but would not have received much attention from nor carried much weight with the international community, as they have when they have come from South Africa as part of the BRICS bloc. Certainly, BRICS has elevated South Africa's standing in the globe. In support of this claim, Chiyemura (2014) suggested that South Africa's global position stands to be elevated to a bigger podium than it used to be, as BRICS plays a pivotal role in reshaping global governance and finance and trade (Chiyemura, 2014). Dube further cogently captured this view as follows: "the political gains of South Africa in BRICS are all centred on the bigger voice bigger influence scenario. Imagine a situation where South Africa is speaking to an issue as South Africa and a situation where South Africa is speaking to an issue backed by China, Russia, Brazil and India. That changes the dynamics completely. South Africa in BRICS has a more amplified voice" (Dube, 2014).

This is not however to downplay South Africa's participation in other regional and multilateral groupings. The country is part of the Southern African Development Community (SADC) at regional level, part of African Union (AU) at continental level and United Nations at international level, and indeed the country covers a variety of issues within these organisations. It is part of different network groups and alliances such as IBSA, BASIC, G20, and G77 and this is just a few of many. Chiyemura (2014) believes that South Africa through its BRICS membership is gaining in diplomatic bargaining power in global politics with a political voice with scenarios backed by China, Russia, India and Brazil. This finds expression in Dube's above-mentioned exemplary scenarios of how South Africa's voice has gained international credibility in being backed by BRICS.

Furthermore, the proliferation of regional integration initiatives and geopolitical forums and blocs such as BRICS are changing the economic and political landscape (Besada, Tok & Winters, 2013). Surely, this platform offers political leverage for South Africa, with some advocating that it should pursue alliances in key sectors. One of the strategic areas in which South Africa can influence the agenda of the BRICS group is that of renewable energy. In addition, South Africa's membership also generates geographic representation for Africa both within the BRICS group and in international forums representing the interests of the African continent and BRIC countries, and allowing the group to speak more widely on behalf of emerging economies and arguably on behalf of the developing world (Stuenkel, 2013). Given this privilege, South Africa is able to stand and articulate its views on global political and financial matters with a much more solid and backed voice.

Moreover Naidu (2014) cited by Chiyemura emphasises that South Africa in BRICS has more power than South Africa outside or being alone. Influence that comes from multilateral actions gives a great opportunity for South Africa to influence reform more effectively than if it was on its own. Again, this claim supports the Dube's exemplary scenarios mentioned earlier.

4.7 Socio-Cultural Benefits

From a general viewpoint, the BRICS group being so diverse in its nature provides its participant countries with an opportunity to learn and assimilates each other's norms and practices. Actually, it provides room for them (in particular South Africa) to assimilate each other's culture. Culture's influence ranges from economic practices, politics and ideological perspectives to religious thinking (Ferguson, 2001).

The culture has a profound influence in the way in which politicians, policymakers and strategist may perceive and respond to certain issues of national and international importance. It has power to influence the way which they think about issues of war, global peace and security, and a deeper understanding of cultural matters may reduce policy failures and advance national interest (Pethiyagoda, 2016).

Further, according to Degaut and Meacham (2015 cited in Booth,) believe "culture has influence on the form in which one state interact with others concerning security measures, includes national traditions, habits, values, ways of behaviours, symbols, approaches and special processes which to influence external environment and the ways of solution of problems and to threats or using force". Against the above background, it can be seen that

culture is so inclusive and encompassing to the extent that it may even be difficult to grasp and operationalise.

South Africa being the youngest democracy and smallest economy in the BRICS club stands to gain many things in the club from a cultural point of view. There are three types of socio-cultural phenomena that the country (South Africa) could benefit from in BRICS. These include political culture, organisational culture and strategic culture. Ferguson explains these concepts as follows:

4.7.1 Political culture

Political culture is all of the discourses, values, and implicit rules that express and shape political action and intentions, determine the claims groups may and may not make upon one another, and ultimately provide logic of political action (Ferguson, 2001).

4.7.2 Organisational culture

Organisational culture refers to typical ways societies structure power relations in institutions, organise groups to achieve goals, and promote economic activities. Patterns of leadership, manager-worker relations, styles of cooperation and conflict, patterns of openness and secrecy, can be affected by broader cultural conceptions (Ferguson, 2001).

4.7.3 Strategic culture

Strategic culture overlaps with many of the features of political culture. Strategic culture essentially concerns the methods nations and other groups choose to achieve their goals, and the cultural factors which affect the way they seek cooperation or competition in the international scene (Ferguson, 2001).

In connection with the above, it worth noting the BRICS formation as conceptualised in its New Delhi Declaration (2012): "BRICS is a platform for dialogue and cooperation among countries that represent 43% of the world's population, for the promotion of peace, security and development in a multipolar, interdependent and increasingly complex, globalising world. Coming, as we do, from Asia, Africa, Europe and Latin America, the transcontinental dimension of our interaction adds to its value and significance".

The latter part of this conceptualisation of the group is important in relation to the socio-cultural benefits for BRICS and for South Africa in particular. The BRICS participants' countries come from all regions of the world. Their diversity and dimensionality indeed adds value and significance in their engagement as indicated in the New Delhi Declaration. The

BRICS countries are members of many multilateral organisations and international agencies. BRICS is an established brand, respected worldwide and has a voice to articulate on international matters. It is indeed a great prospect for South Africa to learn from this forum.

South Africa has an enormous advantage in assimilating the organisational culture of its BRICS partners. Given the fact that BRIC(S) had an annual economic growth of above 6 percent prior the integration of South Africa into the group indicates that these countries have a strong organisational culture. South Africa is presented with a particular occasion to navigate through the ways of how the corporations of the BRIC(S) countries engage in their practices

The country will also learn the political culture of these countries even though they differ from each other in terms of state configuration. It is known that two of the countries (China and Russia) are not clear democracies, while the three (South Africa, India and Brazil) are democracies. This is good experience on its own for South Africa. The strategic cultural practices of these countries will also help South Africa with certain economic methods and other practices from the club.

Recently, BRICS has formulated the long-term visa policy for the business executives from each country. South Africa's Minister of Home Affairs, Malusi Gigaba, in a statement said, "Effective from 23 December 2014, as authorized by section 10A of the Immigration Act of 2002, I have approved the issuance of port of entry visas to BRICS (Brazil, Russia, India and China) business executives for up to 10 years, with each visit not to exceed 30 days" (South African Government News Agency, 2015). This will foster strategic and organisational culture among these countries, as, while doing their intended business activities, they will impart knowledge to each other. The BRICS business forum also provides an opportunity for them to assimilate each other's business practices and values. This is another great avenue for South Africa to obtain opportunities in BRICS.

Finally, the constructivism approach, one of the theoretical paradigms that underlies this study, make use of ideas, norms, identity, interest and values as the fundamental components to shape international relations. With this in my mind, South Africa stands to gain from socio-cultural experiences drawn from other BRICS nations as have been illuminated in this section.

4.8 Challenges of South Africa in BRICS

The BRICS has its similarities and dissimilarities. These have been used by both proponents and detractors of BRICS, especially, in respect of South Africa's integration into BRICS grouping. The proponents of the grouping existence and configuration have used the similarities of the group to back up its rationale. While the detractors have used the grouping dissimilarities to criticize the grouping configuration saying that the group is too diverse to ever constitute a major bloc in international relations. Detractors of the grouping argue that what separates BRICS heavily outweighs what unites them. This short section seeks therefore to outline the constraints of the BRICS formation and ultimately shows how these constitute a problem for South Africa.

4.8.1 The Dominance of China in BRICS: Implications for South Africa

It has been repeatedly noted that China is currently the largest economy in the world, second only to the United States of America, with some arguing that it has already overtaken the US. The Goldman Sachs Report made projections that power would shift from the US-led economy to a BRIC(S) led one by 2025, with China emerging as world leader. An extract from a 2001 Goldman Sachs Report titled *Building Better BRICs* compiled by its former chairman Jim O'Neil reads as follows:

Over the next 10 years, the weight of the BRICs and especially China in world GDP will grow, raising important issues about the global economic impact of fiscal and monetary policy in the BRICs (O'Neil, 2001)

Another Goldman Sachs report released in 2003 titled *Dreaming With BRICs: The Path to 2050* included:

The results are startling. If things go right, in less than 40 years, the BRICs economies together could be larger than the G6 in US dollar terms. By 2025 they could account for over half the size of the G6. Currently they are worth less than 15%. Of the current G6, only the US and Japan may be among the six largest economies in US dollar terms in 2050 (GS Report, 2003).

Stiglitz argues that "2014 was the last year in which the United States could claim to be the world's largest economic power. China enters 2015 in the top position, where it will likely remain for a very long time, if not forever. In doing so, it returns to the position it held through most of human history" (Stiglitz, 2015). However, this is disputed by Kaplowitz as he argues "even though China appears to be gaining a huge amount of global influence I

hesitate in saying that China will ultimately achieve the rank of a true global power, at least not yet” (Kaplowitz, 2015). In the same way, Brautigam argues that “A giant among other developing countries, China is still no superpower when it comes to aid. And Xi Jinping’s September pledges make sense as a modest evolution, not a revolution” (Brautigam, 2015).

Whichever way it may be, the fact is that the economic powers and influences of China are on an upward trajectory. China has been pumping money into countries all over the globe and certainly, those investments come with strings attached. China has moved into Africa, the Middle East, Australia and further into Asia (Kaplowitz, 2015). The rising dominance of China is also seen in BRICS. The country is indeed a leading force in the formation having dominated the contribution into the club’s NBD and CRA and having been able to influence the countries to allow the NBD to be headquartered in Beijing. The dominance of the Chinese economy and its role in trade relations with its BRICS partners makes BRICS much more a China-with-partners group than a union of equal members (Movchan, 2015). In this regard, one could argue that China is an agenda setter and decider in BRICS. China is also seen as a controlling its BRICS partners in some instances. This may signal the beginning of China’s control in the formation. This may not look good for South Africa as it projects an image of being submissive and conformist to China. The issue of the Tibetan Leader, the Dalai Lama, is a classic example in this regard. Conversely, should China not be able to maintain its domestic affairs as suggested by some scholars, it would culminate in the fall of the group seeing as it is dependent on China. Finally, this China's dominance within the grouping could complicate their professed goals for establishing a democratic global architecture of governance. Also quite ironically, an internally imbalanced BRICS has sought to create a more balanced global order. This is interesting and precisely not good for South Africa.

4.8.2 Overlapping Economic Interest

It has been shown earlier in this chapter that South Africa’s trade numbers with the BRICS states are very low, despite being in the same alliance with these nations. This may be because the BRICS nations have incompatible and overlapping interests. For instance China and Brazil have been expanding their economic activities in Africa, while India has also been seen coming into Africa, a space where South Africa also seeks to dominate in business. It is very often the differences between the BRICS countries that are emphasised more than what they have in common but this is not to say that there is nothing that they have in common, it is due to the fact that their dissimilarities are more visible than their similarities (Ribeiro,

2014). This may confirm the assertion that what separates these nations outweighs what unites them. Ribeiro cogently put this into context as follows:

It is impossible not to imagine conflicts of interest between Brazil and China in the African continent where both countries are increasingly present through state and private companies (Ribeiro, 2014).

In the same way Movchan (2015) emphasises that the BRICS countries lack mutual economic interests. Trade between them is now less than 320 billion dollars a year and declining. Their trade with the US and EU is 6.5 times higher. China's trade with the rest of the world is 12.5 times higher than its trade with BRICS nations. Bilateral trade between China and South Korea is almost as large as that between BRICS nations. Movchan further argues that "BRICS members are too similar in some key areas. All members (apart from Russia) hold huge foreign reserves (15-35% of GDP) and have low external debt (15% to 37% of GDP.) Apart from Russia, they are heavily integrated into consumer goods production with the West" (Movchan, 2015).

The BRICS countries are competitors in the third world markets. They have overlapping interests in various areas. From clothing (China, India and Brazil), through economic influence in Africa (China, South Africa and India) to international aircraft and military equipment markets (China, Russia and Brazil), BRICS countries compete with one another. All are able to re-engineer and copy technologies, which means sharing R&D results and innovations and the development of cross-country scientific cooperation has limited potential.

With the above background, one may ask what are the implications of all this for the South Africa? Given the fact that South Africa within the African continent is already struggling and facing serious competition from countries like Nigeria, and has been reported to have been at risk of being surpassed by Egypt, does it really need extra competitors, especially the more competent and advanced like the BRIC countries? This should be an area of concern to South African policymakers that they would need to evaluate in the future as it may pose a serious problem for the country. As Chiyemura (2014) argues

"South Africa has industrial and manufacturing base that may not be competitive enough to face the fellow BRICS nations. Its membership in BRICS may lead to these sectors to be usurped by the established Chinese, Indian, Russian and Brazilian companies."

Therefore, this constitutes one of the fundamental constraints for the Rainbow Nation in BRICS.

4.8.3 Economic and Political uncertainty

Despite the fact that the BRICS group has been able to establish a coordinated position on a number of serious and important global matters and has posed as a prominent actor in international relations, its economic prospects remain largely characterised by uncertainty. Most of the issues that lead to this economic uncertainty about the BRICS are internal rather than external. These range from issues of corruption scandals, to a high rate of unemployment, and to stagnant economic growth.

The Executive Editor of China International Strategy Review in his article published by the world economic forum cogently expressed this as follows:

The BRICS' future remains uncertain, owing to strong economic headwinds. Brazil is wracked by corruption scandals and stagnating output. Russia is probably in recession, owing largely to Western sanctions imposed in response to its intervention in Ukraine. India has been suffering from a depreciating currency and soaring public debts. China's GDP grew by only 7.4% last year, the lowest rate in 24 years. And South Africa's growth has been weak, not least due to energy shortages (Zhao, 2015).

This has led to a situation where the detractors of the group, especially those from the West, suggest that BRICS is broken. Morgan Stanley's Ruchir Sharma (cited in (Zhao, 2015) has emphasized that the winners of the last decade may not continue to win in this one. Even Jim O'Neill, the man behind the formation of BRIC(S) has turned his attention to the "MINT" economies – Mexico, Indonesia, Nigeria and Turkey – the BRICS' key emerging-country competitors (Zhao, 2015). Western observers believe that this is the beginning of the fall of the BRICS formation. The unemployment rate in two of these countries is skyrocketing. In South Africa, the current unemployment rate is sitting above 25 percent (StatsSA, n.d.), while in Brazil it moved from 7 percent in 2015 to an unbelievable 10.9 percent in the first quarter of 2016 (Ferreira, n.d.). In the other three countries, India, Russia and China, things are relatively stable in this regard. In Brazil, there has been wide protests throughout the nation over the corruption scandals. While in China there have been some issues with the country's currency that shocked the markets, and Russia is faced with numerous sanctions from the West-led brigade.

However, it is important to note that not everything is bearish in BRICS. Zhao maintains that the BRICS members are not broken and they remain an economic force to be reckoned with in international relations, accounting for 25.7% of world GDP, 42% of the global population, and 17% of total trade. They attract more than 18% of the global total of foreign investment, hold 40% of all foreign exchange reserves, and account for 30% of total foreign holdings of US Treasury bonds (Zhao, 2015).

Another issue is that the political ideologies of the BRICS countries seem to be incompatible. To begin with, China, according to Lawrence and Martin (2012) is a one party state, a dictatorial state without a dictator. Chiyemura (2014) argues that China is an undemocratic state due to its one party system enshrined within the Chinese Communist Party. China tends to suppress people particularly in labour issues through its state-led capitalism (Li, 2012). Moving to Russia, the Russian political system is said to be one of the more recent to embrace democracy but remains deeply flawed in terms of its democratic credentials, overwhelmingly tainted by corruption, and massively influenced by the power and personality of one man, Vladimir Putin (Bershidsky, 2014).

Bershidsky further argues that the Russian regime under the leadership of Putin has been on the verge of transitioning from mild authoritarianism to a total dictatorship. While the other three members of the formation, Brazil, India and South Africa, are all democratic states that totally embrace the multiparty system. This divergence means that the former two are standing on their own, while the latter three are stand on their own as well. This also raises the question of unity in the group and also the question of how South Africa could learn from its peers. Essentially, which country would it be inspired by among its BRICS peers? What would happen if it were inspired by China and Russia? This is one of the issues that is viewed as a constraint to South Africa's membership in BRICS.

Furthermore, the BRICS countries were heavily downgraded by the AON at the end of 2014. The Head of Political Risk, Matthew Shires at AON, commented on BRICS by saying "today we unveiled our 2014 Political Risk Map which identifies an increased risk rating for all five emerging market BRICS countries. As a result [sic], countries representing a large share of global output experienced a broad based increase in political risk including political violence, government interference and sovereign non-payment risk" (AON Report, 2014). These downgrades on BRICS nations were as follows.

- Brazil's rating was downgraded; political risks have been increasing from moderate levels as economic weakness has increased the role of the government in the economy. This is of particular concern given this year's [2014] World Cup and the 2016 Olympics.
- Russia's rating was downgraded largely due to recent developments with the Ukraine and the annexation of Crimea. Political strains and focus on geopolitical issues have exacerbated an already weak operating environment for business and exchange transfer risks have increased following the risk of new capital controls. Russia's economy continues to be dominated by the government, so economic policy deadlock has brought growth to a standstill and with it an increase in the risk of political violence.
- India's rating was downgraded with legal and regulatory risks elevated by ongoing corruption and moderately high levels of political interference. Territorial disputes, terrorism, and regional and ethnic conflicts also contribute to elevated risks of political violence.
- China's rating was downgraded to moderately high. This deterioration in political risk, including an increase in political violence, has occurred at a time of slowing economic growth, which suggests that the economic policy deadlock and economic sluggishness are mutually reinforcing.
- South Africa's rating was downgraded; despite having strong political institutions, South Africa is struggling from recurrent strikes, which have become the major means of wage setting, and which weaken the outlook for business and raise financing costs (AON Report, 2014).

The image is certainly not good for BRICS and of course for South Africa, given that the country as the smallest economy in the forum is expecting to accomplish high gains. However, if the BRICS countries are being downgraded and are said to have an increase political risk, it not good for South Africa. As suggested earlier, the BRICS nations are affected by challenges that are more internal than external. The high levels of political violence, conflicts, demonstrations and strikes featured in almost all the BRICS countries in the above findings of AON.

4.8.4 Diversity of Cultures

The forums like BRICS interconnect the countries from different geographic landscapes and provide them with platforms to share cultural values and practices (Gibson et al., 2008). As

has been indicated earlier in this chapter, the BRICS forum gives its participant members a particular opportunity to assimilate each other's organisational culture, political culture and strategic culture. This can serve as an empowering entity for these nations and can support economic development, stimulate and provide information availability and assist in developing a global village and in particular advance Global South cooperation (Gibson et al., 2008). The groupings like BRICS have the potential to mobilise the resources, empower people and create employment opportunities (Gibson et al., 2008).

However, the groupings of this nature can also be problematic, disempower people, and lead to colonisation (Gibson et al., 2008). This is what Professor Patrick Bond of Wits has been stating in most of his work on BRICS, where he has described the formation as an emerging imperialist group led by China (Bond, 2014). This is a severe potential implication for the involved countries and in particular South Africa, which joined the forum in 2010/11 to advance its national interest and strengthen its cooperation with the countries of the South-South (Mashabane, 2012). The country is in BRICS to learn from its BRICS peers, from the Chinese in particular (Mashabane, 2012).

South Africa is running a risk of selling out its identity while trying to cooperate in the BRICS formation. The South African government through the Department of Basic Education announced that the country had signed an agreement with China to allow South African schools to teach Mandarin, the Chinese language. This has been criticised by many commentators and academics in South Africa. Former Vice Chancellor of the University of Free State, Prof Jansen described this as the selling out of the country's identity to BRICS (Businesstech, 2015). He questioned the rationale of teaching a Chinese language in South Africa while the country could not even teach its official languages. This may strengthen the views of Patrick Bond that China through BRICS is pursuing its imperialist project. This may be described as one of the progressive points among BRICS countries as this signalled that they are willing to foster their cultural engagement. However, this may also be described as selling out one's identity in the guise of cultural configuration. Therefore, this is one of the constraints for South Africa's membership in the BRICS formation.

Furthermore, on the cultural diversity issues, it probably goes without saying that doing business in a foreign country is difficult and challenging due to cultural barriers (Hamdi, 2015). The languages of communication constitute a major barrier in this regard. BRICS is too diverse in terms of culture. The languages that are spoken in the member countries range

from Portuguese in Brazil, Russian from Russia, English in India, Mandarin in China, to English in South Africa (Pegg, 2016). This seriously makes cooperation between these nations very difficult and challenging makes things difficult among these nations, as they often, if not always, require an interpreter in most of their interaction. This was seen during the BRICS Durban Summit where the President of Brazil and of Russia both addressed the summit in their respective languages.

Chiyemura notes that one of the SA officials from the Department of Trade and Industry once raised a concern that translating documents from China, Russia and Brazil is really a involved process which delays the progress of the forum from functioning efficiently. It also takes time in most cases to de-construct the policy documents written either in Russian, Chinese or Portuguese (Chiyemura, 2014). Situations are even made worse in terms of visa requirements and applications, since they need to be translated in most instances to the domestic languages of these nations (Chiyemura, 2014). These are some of the bureaucratic hurdles which constrain South Africa to fully tap and embrace available opportunities in other BRICS nations.

Further, Chiyemura (2014) believes that language is a barrier to international trade, business and relations when the countries involved have different languages. Movchan (2015) argues that the phases of economic development, ideologies, definitions of poverty and other cultural differences mean BRICS members lack common understandings about priorities that are necessary for the productive sharing of experiences. This constitutes a serious constraint on South Africa in particular, as it seeks to advance its interest in BRICS.

4.9 Conclusion

This chapter has done two things: (i) first, it outlined the prospects of South Africa's membership in BRICS, and (ii) second, it unpacked the challenges associated with such membership. The results from the observation made are interesting and surprising. It can be seen from the data presented above that the BRICS countries relations are characterised by convergence and divergence, the similarities and 'disimilarities'. It has been shown that the BRICS countries have been able to establish a well-articulated and coordinated position on a number of serious issues of global governance reform. Through their yearly meetings, the BRICS countries have been able to consolidate a solid position calling for the reform of global governance structures, including the World Trade Organisation, the World Bank, the International Monetary Fund and the United Nations Security Council. This is a convergence.

The BRICS countries have attempted to accelerate their bilateral trade relations. This can be seen in the fact that South Africa's relations with its BRICS partners have been dominated by issues of trade and investment. In their yearly meetings, these nations have spoken so much about bilateral trade and investment. However, South Africa's investment and trade with its BRICS partners are not at the level that they should be, considering the fact that this subject has been mooted at almost all their yearly meetings. They have consistently spoken of BRICS Preferential Trade Agreement but it is still nowhere to be found. This is further seen from the fact that the trade between these nations is now less than US\$ 320 billion a year and declining, as has been noted above. Their trade with the US and EU is 6.5 times higher than the trade between themselves. This is further observed from the fact that China's trade with the rest of the world is 12.5 times higher than its trade with the BRICS nations. Also bilateral trade between China and South Korea is almost as large as that between the BRICS nations. This is a serious divergence.

On the other hand, it has been noted that South Africa's inclusion into the BRICS forum helped the country elevate its position in international relations and has helped (and continues to help) the country to further its voice on global issues and of course its 'gateway to Africa' role. It was also noted that the political implications for South Africa's inclusion into the group is that it legitimised the group in terms of representation, making sure that all leaders from all regions of the world are included. Without a participant from the African continent, the developing countries were not all included in the forum. Therefore, it can be argued that this globalised the group and made it a more legitimate spokesperson of the developing world. This is a similarity.

On the other hand, two BRICS countries are not clearly democracies, China and Russia, while the other three, Brazil, India and South Africa, embraced the popular concept of democracy. The first two, China and Russia, are also permanent members of UNSC, while the other three are merely serving on UNSC as non-permanent members without any voting power. This means that two nations are walking on one side while the other three are walking on their side. It has been mentioned that the BRICS countries are competitors in the third world markets. They all seem to be competing over Africa, for example. China and Brazil have increased their footprint on the continent while India is also coming in, at the same time as South Africa is also focusing on the continent. It was further noted that Chinese dominance within the grouping could complicate their professed goals for establishing a democratic

global architecture of governance. It was also indicated that it quite ironic for an unbalanced BRICS to seek for an balanced global order. This is a 'dissimilarity'.

This is almost a digression. Overall, this chapter outlined the prospects and challenges for South Africa associated with being a member of the BRICS forum. The chapter noted that, though South Africa is a member of the BRICS forum, its bilateral trade with these countries is marginal. It can be seen that the country's companies still find it hard penetrating into China's and Russia's markets due to their closed economic set-ups. Such bureaucratic hurdles make things difficult for South Africa.

All in all, there are potential benefits for the Rainbow Nation. These are in the areas of economy (should BRICS established the Preferential Trade Agreement) and in the areas of culture and politics. The challenges noted range from the group level to the domestic level. These issues include unemployment rates, declining economy, labour unrest, corruption scandals and many others and seem to be common among all the BRICS nations. The chapter traced how these can possibly contribute to the constraints for South Africa in the group. They will have unfavourable effects for South Africa as its joined the group to advance its national interest, which is intertwined with improving infrastructure, alleviating poverty and curbing the unemployment rate. The dominance of China in the group was also noted and that this might have detrimental results for the group and in particular for South Africa in the future.

CHAPTER 5

Summary of the findings

This chapter provides a summary of the findings that were accomplished in the research project. These findings are compared to the results of previous empirical studies and theoretical works. The study set out to undertake an appraisal of South Africa's membership in BRICS formation, with the aim of exploring the prospects, pros and cons for South Africa associated with being member of BRICS.

In addition, the study has sought to investigate (to a lesser extent) the claim that the emergence of the BRICS grouping with its recently established New Development Bank and Contingent Reserve Agreement may present a challenge to the established IFIs, thereby posing a threat to the West, and thus usher in a new architecture for the IMS.

The study utilised the two entry angles, the constructivism approach and the theory of integration, to support the thematic analysis of the prospects, pros and cons for South Africa associated with being a member of the club of the leaders of the EMEDCs.

The study first outlined the history of South Africa with the BRIC countries in the quest to understand why the country sought membership of the club, and why it was granted such membership over the large economies of Turkey, Nigeria and Indonesia. It was shown that the country has a long history with all the BRICs countries and the international community. The country's present standing in international relations is significantly shaped and enhanced by this history which has enabled the country, South Africa, to have membership in various international organisations, multilateral forums and regional political and economic development frameworks, among other factors.

Thus, the study sought to do an appraisal of South Africa membership in BRICS formation from historical trajectories merged with the current realities. In so doing, multiple realities were found with regard to South Africa's position, membership, participation and potential prospects and constraints in BRICS. It was found that South Africa's history with the other BRICS countries contributed to its admittance into the BRICS forum and explains why the country sought such membership. The key findings of the study are presented below.

The main research question of the study was: what are the prospects and problems associated with South Africa's membership in BRICS? In this regard, the study explored the potential

prospects and constraints for South Africa in BRICS on issues of trade, foreign direct investment, global governance and socio-cultural aspects. Utilising the existing literature, empirical studies, the opinion of prominent scholars and the theoretical frameworks, the study confirms that South Africa's membership and integration into the club of the fast growing countries and emerging economies of the twenty first century, was not based on the economic size of the country. The findings of the study reveal that the country's admittance was rather based on political and social solidarity. This has been a weapon used by many, particularly those from the Western scholarship, to criticise the country's inclusion into the grouping as they claimed that the country does not measure up to its partners in terms of economy, population and international status. So therefore, the study claims in this regard that economic size does not matter.

The study also reveals that the addition of South Africa to the forum was by virtue of its being the leader of Africa (then) and a regional leader of the SADEC region. The BRICS formation is argued to resemble the institutionalisation of the South-South cooperation, so without the leader of the African continent the grouping would not have completely represented all the EMDCs of the South –South. The study further finds that South Africa's integration into the club helped increase the group's visibility as the leaders of the emerging economies. This therefore dismisses the claim that South Africa is just a mere additional member to the forum. The country's inclusion fundamentally altered the nature of the grouping and turned it into being fully representative of the emerging markets and developing countries.

Furthermore, on the question of the prospects and challenges of the country associated with being a member of BRICS, the study's findings reveal that there are more prospects than challenges for South Africa, as the country stands to benefit from its membership in BRICS. This is given the fact that the BRIC(S) countries are gradually becoming South Africa's leading partners as explained in Chapter 4, thus replacing the traditional European Union and the US. These countries of northern extractions have used their economic powers over the South-South countries for many years and for the former's advantage. In the process, this has led to a situation where the success of the less developed country favours primarily its developed partner countries of the Northern hemisphere. This is not to say however that the less developed country, South Africa, is in the same place with the BRIC(S) countries but as

have been repeatedly mentioned, the BRICS countries are all developing economies with a common purpose of leading the reform of the global governance structure.

The findings of the study further reveal that the BRICS countries differ considerably from each other in many ways: politically, economically, culturally, and demographically. What the BRICS countries do share, however, is an aspiration to be the game changers in global governance as has been indicated. Reading from the various summit declarations, it can be seen that the one unifying characteristic between these countries is agreement on the protection of the sovereignty of the nation state against unilateral external intervention. Further, they have a common understanding that the established IFIs are not democratic in nature and do not represent the emerging markets and developing countries, and that therefore there should be serious reforms in these institutions.

The study further shows that South Africa stands to benefit in the area of trade and investment from its BRICS membership. As was shown in Chapter 4, the BRICS countries have tried to accelerate their bilateral engagements. It can be noted however that South Africa's investment and trade with its BRICS partners are not at the level that they should be at, considering the fact that this has been mooted at almost all their yearly meetings. These countries have in all their yearly meetings spoken of establishing BRICS Preferential Trade Agreement but it is still not in existence. Their bilateral trade with the EU and US is higher than the trade between the member states. Although, BRICS is still institutionalising its cooperation, one would expect that by now they would have something concrete in regards to bilateral trade and investment, considering that this has been on an agenda for a long time.

The findings of the study further show that South Africa's position in the international relations stands to be elevated because of its membership in BRICS. The study shows that the country's admittance into the BRICS formation helped the country further its voice on the global issues and enhanced its 'gateway to Africa position'. Overall, the international status of South Africa is enhanced by its BRICS membership. On the other hand, the country's participation in BRICS is not without controversy. As has been mentioned, the BRICS countries are too diverse in nature and this may be a challenge for South Africa. Two BRICS countries, China and Russia, are not clearly democracies, while the other three, Brazil, India and South Africa have fully embraced the concept of democracy. The former two are also permanent members of the UNSC, while the latter three are just mere serving members with no special privileges. The study further indicated that BRICS countries are potential

competitors in the third world markets. The study also reveals that South Africa's companies still find it hard to penetrate into BRICS markets despite being in the same forum. The BRICS countries have however spoken of their intention to establish a free trade area to accelerate their trade engagement.

Additionally, the study sought to analyse the implications of the New Development Bank and Contingent Reserve Agreement for the international monetary system. To achieve this the following question was asked: will the establishment of the NDB and CRA usher in a new architecture for the international monetary system? This question arises from the claim made by many commentators that the emergence of the NDB and particularly the CRA may change the game in the international monetary system. In this regard, the findings of the study reveal that the establishment of the NDB and CRA by the BRICS countries will not alter the international monetary system. This is simply because there is no new international money created by the BRICS countries. The international money system is still controlled and managed by the IMF, which is arguably, a US led institution.

Therefore, one can presume that lending to countries needing BoP deficit finance will be in convertible currencies, mainly in dollars, and will be rapid in those currencies. This is because there is no new international money system established by the BRICS grouping. Therefore, the BRICS countries will have no control over the supply. This means that the BRICS grouping at this stage makes additional sources of finance available to the countries requiring BOP. Nevertheless, the BRICS' CRA still will not make a substantial alteration in the nature of the international monetary system yet, but this might be the beginning of something big in the international monetary system and signal to the developed countries that the reform of the IFIs should indeed take place sooner. The BRICS countries made it clear that they do not intend to challenge the Bretton Wood Institution. However they would make an additional source of funding available.

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