South Africa and BRICS
An African Perspective

South Africa’s foreign policy contends that its national interests are better safeguarded by not just focusing on its own national interests, but broadly on the interests of our region and our continent.

South Africa, as a member of the BRICS (Brazil, Russia, India, China and South Africa) bloc, is playing an important role towards the shifting and distribution of power internationally. This shift is expected to give rise to a multi-polar world order.

South Africa’s interaction with fellow BRICS states is premised on three levels of engagement: firstly, national, where it advance its national interests; secondly, regional, where it promote regional integration and interaction with specific emphasis on the African Union mandate given to President Jacob Zuma to promote infrastructure development across the continent; and, thirdly, on a global level, where it advocate for a more inclusive global governance system.

The BRICS bloc represents 43 percent of the world’s population, approximately one fifth of global gross domestic product (GDP), estimated at US$13.7tn, as well as combined foreign reserves estimated at US$4.4tn. In 2012, the BRICS countries accounted for approximately 11 percent of global annual foreign direct investment flows and 17 percent of world trade.

South Africa’s membership of BRICS contributes to further leveraging economic opportunities for its development agenda as well as that of the continent. The Fifth BRICS Summit scheduled on March 26-27, 2013 in Durban will constitute another high-level opportunity to further support key priority areas of the African agenda.

The BRICS investment portfolio in Africa is very encouraging and promising. In 2010, Standard Bank economists predicted that BRICS-Africa trade will “see an additional increase in the velocity of BRIC-Africa engagements, with trade and investment spearheading the commercial charge”.

The exponential growth potential of BRICS over the years to come will impact considerably on the future of emerging markets and developing economies especially in the case of Africa.

As part of the developing world, South Africa faces the challenges of poverty, unemployment and inequality. BRICS Leaders engage in peer learning and share best practices and development models. The Indian Prime Minister, Manmohan Singh, outlined 10 specific priority areas at the New Delhi Summit in 2012. These included job creation; skills upgrading; energy, food and water security; sustainable growth through expanded trade opportunities; clean energy; income inequality; urbanisation; and the impact of the external geo-political environment.

BRICS partners view South Africa as a springboard into the African continent and a partner for economic development opportunities. At the New Delhi Summit, President Zuma met with captains of industry from fellow BRICS member states and invited them to join hands with South African companies in the development of Africa, pointing out that in the infrastructure sector alone, US$480bn in investments will be required over the next 10 years.

BRICS leaders already expressed support in the Sanya Declaration for infrastructure development in Africa. They are committed to the continent’s industrialisation within the framework of the New Partnership for Africa’s Development (NEPAD).

In the Delhi Declaration, the leaders expressed further support for Africa’s industrialisation, saying they “attach the highest importance to economic growth that supports development and stability in Africa, as many of these countries have not yet realised their full economic potential”.

(www.brics5.co.za, 18.01.13)
Brazil, Russia Enter In Strategic Cooperation

The leaders of Russia and Brazil, two giants of the world economy seeking a more powerful global role, sealed a strategic cooperation pact to promote their interests jointly in a multipolar world.

Brazil and Moscow seek to merge their international policies, not only to promote a multipolar world but to push the reform of organisations like the International Monetary Fund (IMF) and the UN.

Rousseff made it clear that the two countries maintain “a constant dialogue on reforming the IMF and international financial institutions.” Trade between Russia and Brazil doubled between 2005 and 2008, a rate of growth halted by the world economic crisis but that made a comeback in 2012.

(www.hispanicallyspeakingnews.com, 14.12.12)

India, Russia to Focus on SMEs

Major Indian and Russian trade bodies launched an initiative to focus on small and medium sized enterprises (SMEs) and B2B (business-to-business) interactions to step up trade between India and Russia.

"The trade target between India and Russia is US$20bn by 2015. Medium size companies in the market are not in a position to either discover new instruments of fund-raising or find new partners for business. Therefore, joint ventures should be created at all levels of business," Director General, Export Insurance Agency of Russia, Petr Fradkov said.

At present, over 300 Indian private and government companies are operating in Russia, while several Russian firms like Sistema have their presence in India. In 2011-12, the bilateral trade between the two countries stood at US$6.40bn.

(www.rusembassy.in, 17.10.12)

India Fastest Growing Trading Nation

Rising bilateral trade with China, growing consumer wealth and high confidence level among its traders will push India to the top league of trading nations beginning 2013 and it is set to retain the fastest growth rate till 2020, says HSBC.

"With a score of 135, India is the most confident country. Optimism has improved in the past six months with 71 percent of importers and exporters surveyed expecting trade volume to increase and another 24 percent anticipating business to remain at current levels," said the report that covered 5,800 exporters, importers and traders over the past six months in 23 markets.

As per the report, India and China will be joined by emerging trading nations like Vietnam, Indonesia, Egypt, Turkey, Mexico and Poland to record significant trade growth in the next three years. (Moneycontrol, 04.12.12)

Russia, China seek stronger economic ties

Russian and Chinese delegates to an economic and trade summit in Moscow agreed to strengthen ties between the two countries. Participants noted the successful trade relations have been a cornerstone of the relationship between the two countries, and joint projects in energy and transportation are making progress.

Gao Hucheng, China’s Deputy Minister of Commerce, called the relationship "at a crucial transitional stage," emerging from expansion in scale to improvements in quality.

Russian Minister of Economic Development Andrei Belousov, urged both countries to overcome global economic turbulence to concentrate on expanding their mutual investments, a reference to slowing global growth and the Eurozone debt crisis, the news agency said.

(www.upi.com, 31.10.12)

SA-India Trade Targets to Reach US$15bn

The value of bilateral trade between South Africa and India was likely to reach US$5bn in the current financial year, the High Commissioner of India in South Africa Virenda Gupta said.

The countries had initially expected to reach this target only in 2014, but the value of bilateral trade between the two countries had already reached about US$14bn during the 2011-12 financial year.

Gupta stated that the leaders of South Africa and India would in the year 2013 have the opportunity to discuss and revise their future bilateral trade targets. India’s gross domestic product (GDP) growth could be slightly above six percent in 2012, and Gupta said he was confident that the country’s economy would start expanding at yearly rates closer to eight or nine percent in the "very short term".

(EN, 21.11.12)

Remove Non-tariff Barriers Hampering intra-BRICS Trade

The South African government urged Brazil, Russia, India, China and South Africa (BRICS) to identify and remove non-tariff barriers (NTBs) hampering intra-BRICS trade, saying Pretoria is now prioritising to promote further trade in value-added products within BRICS grouping.

"The priority is now to ensure that further trade increases is concentrated in value-added products in support of our industrial policy framework,” South African Deputy Minister of International Relations and Cooperation Marius Fransman said.

He said that BRICS approach is that of building sustainable international relations for global peace and stability. Pretoria would like to see this influencing work to South Africa’s and Africa’s benefit.

According to Standard Bank, BRICS-Africa trade will increase threefold, from US$150bn in 2010 to US$530bn in 2015. Between 2010 and 2015, BRICS share of Africa’s total trade will increase from one-fifth to one-third and BRICS foreign direct investment (FDI) stock in Africa will swell from around US$60bn in 2009 to more than US$150bn by 2015.

(www.china.org.cn, 22.11.12)
Russia-S. Africa Strengthens Nuclear Cooperation
A South African delegation led by the Department of Trade and Industry has been in Russia on a two-day “reconnaissance visit”, Russian nuclear company Rusatom Overseas, part of the giant State-owned Rosatom group, reported.

During their visit, the South Africans visited the head office of Rosatom subsidiary Nizhny Novgorod Engineering Company Atomenergoproekt (NIAEP), which specialises in engineering services in turnkey nuclear power plant projects.

“We are presenting a full range of our capabilities to [our] South African colleagues: from the projects on a computer screen through its [sic] implementation on site. This is more convincing than any words,” stated NIAEP (www.engineeringnews.co.za)

India Seeks Russian Investments in DMIC
India sought Russian investments in the infrastructure sector particularly in the government’s ambitious US$100bn Delhi-Mumbai Industrial Corridor (DMIC). The DMIC project aims to create globally competitive environment and latest infrastructure to activate local commerce, enhance foreign investment, create employment opportunities, enhance exports and attain sustainable development.

The National Manufacturing Policy would be a key enabler for DMIC. It is expected to create 10 crore new jobs by 2022. It is a promising new area where both countries can harness a potential benefits based on strong and knowledge-based comparative advantages. (http://zeenews.india.com)

India-China to Step up Infrastructure Cooperation
Chinese officials said that Strategic Economic Dialogue in New Delhi would help both countries deepen cooperation on investment and infrastructure projects, with one of the largest-ever delegations of Chinese officials set to travel to India for the November 26, 2012 talks.

Chinese Foreign Ministry spokesperson Hua Chunying said that representatives from Chinese “government agencies, enterprises and financial and research institutions” will travel to New Delhi, with a view to “stepping up communication and coordination of macro-economic policies, and deepening and expanding mutually beneficial cooperation in investment, infrastructure, high technology, energy conservation and environmental protection”. (TH, 21.11.12)

Financial Times
Have BRICS Taken an Unhappy Turn?

The new marks of BRIC status are a weakening economy and political dysfunction. Over the past three years, conventional wisdom divided the world’s major economies into two basic groups: the BRICS and sicks. The US and the EU were sick—struggling with high unemployment, low growth and frightening debts.

Now, the BRICS are in trouble. First, for all the hopeful talk of “decoupling”, the BRICS are all affected by weak western economies. Second, all five nations are finding that endemic corruption is eroding faith in their political systems, and imposing a tax on their economies.

Most of the BRICS will continue to grow faster than the sicks for some years. This means that the movement of economic and political power from the west to the emerging world will remain the great story of our time. (FT, 08.10.12)

Market Potential Sparks Cross-Border Investment
Chinese enterprises are stepping up investment in Russia where the market potential is huge and the investment environment has improved in recent years. As China’s key economic areas are moving to the eastern region, India will strengthen economic and trade cooperation with China. The two countries are complementary in terms of economic development.

China and Russia’s sovereign wealth funds are making their first joint investment in Russia to acquire the second-largest timber company in the country. By the end of 2011, China’s accumulated investment in Russia reached US$27.6bn, an annual increase of 63 percent, of which direct investment was nearly US$3.8bn. (CD, 07.12.12)

Falling FDI in South Africa
South Africa’s FDI inflows have dropped by 43.6 percent in the first half of 2012. The decline is the largest among all developing countries. Why is investment capital avoiding South Africa?

The UN’s Global Investment Trends Monitor report suggests a simple answer: the significant fall in FDI inflows in the first half of 2012 is due to slower economic growth in South Africa. The reasons for the stifled economic activity and deteriorating investor sentiments are being widely debated in South Africa. (http://blogs.cfr.org, 14.11.12)
Research and Networking Activities

Brazil

**Future of Trade Regulation in Agriculture and its Impacts for Brazil**

The research on the “Future of Trade Regulation in Agriculture and its impacts for Brazil” aims to identify the main trends on international regulation affecting trade in agriculture, such as the proliferation of private standards, the concerns regarding climate change and environment protection, the effects of agricultural subsidies and the future of WTO negotiations on the subject. The study then focus on the impacts of such trends on the Brazilian exports of agricultural products and on the country’s position as a major exporter in the international agricultural market.

Russia

**G20 Civil Secretariat Meeting with CSO Representatives**

EcoAccord participated in a meeting conducted by G20 Civil Secretariat with representatives of civil society organisations working on issues related to the agenda of G20 Summit in the Administration of the President on November 06, 2012. G20 Civil Secretariat also presented a working plan on bringing civil society position to the G20 Russian Presidency agenda by establishing six working groups including energy and environment sustainability, food security, anti-corruption, MDGs' financial inclusion and financial education, trade and descent employment.

India

**Roundtable of BRICS Ambassadors**

**Significance of the Emerging Economies and the Way Forward for Cooperation**

CUTS International will be organising a roundtable of Ambassadors from the BRICS countries in New Delhi, on February 06, 2013. This discussion will highlight the significance of the emerging economies like BRICS, and will focus on the on-going cooperation. It will also provide an opportunity to throw some light on the way forward after the BRICS Leaders Summit in 2012. Some of the proposed initiatives like the BRICS development bank, green economy, the multilateral energy cooperation within BRICS framework, and the academic evaluation and future long-term strategy for BRICS, among others would be discussed.

China

**FTAs/PTAs among and between BRICS Countries**

The Shanghai WTO Affairs Consultation Centre (SCCWTO) organised BRICS Forum on Trade and Investment in Shanghai on November 07, 2012 in which Li EnHeng, Senior Adviser, SCCWTO was invited. He carried out a research project on SCCWTO’s view on FTAs/PTAs among and between BRICS countries. He analysed the current situation of trade and investment cooperation among BRICS countries and stressed on the fact that these preferential trade agreements and bilateral investment treaties may not be fully-fledged and need to be upgrading. Therefore, concrete work needs to be done for further promotion of trade and investment cooperation among BRICS countries.

South Africa

**BRICS - Trade & Economics Research Network**

South African Institute of International Affairs (SAIIA) will be hosting the next meeting of the BRICS TERN in Durban, South Africa on March 13, 2013. This meeting will be preceded by the BRICS Academic Forum to be held on March 10-12, 2013. Given that the meeting will be in the margins of the BRICS Academic Forum, this would provide an opportunity to invite other scholars and researchers to join discussions. Some of the proposed topics for discussion at this meeting will be: Multilateral Trading System Shared Values of BRICS, Trends in Preferential Trade Agreements and Investment Issues.

Sources

CD: China Daily; EN: Engineering News; TH: The Hindu

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