

South Africa is a worthy member of Brics

They said South Africa didn't belong in Bric. Others argued that South Africa's economy was way too small in comparison to those of Brazil, Russia, India and China - the countries which made up the Bric bloc.



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There were those who believed that the oil-rich Nigeria was probably better suited for the affiliation. But as Sihle Manda writes, South Africa's continuing strong role in Brics is disappointing all the prophets of doom.

Until South Africa became a member in 2010, Bric was the acronym for the grouping of Brazil, Russia, India and China.

Interestingly, leading the charge against the move for South Africa's inclusion into the bloc was the man who first coined the Bric term in 2003, Jim O'Neill of Goldman Sachs, an international finance and investment firm.

In his assessment, O'Neill, speaking to the *Mail & Guardian* in 2012, felt that South Africa's inclusion had weakened the group's power. His comments were probably strengthened by the country's weak economic growth and outlook at the time.

Although it could not be expected that South Africa's inclusion would have automatically improved the country's economic performance overnight nor would it immediately address the country's economic challenges which are mainly structural, membership has certainly changed the country's position in global politics.

South Africa's inclusion in Brics was not a favour extended to Pretoria by the four countries who were initially part of the group. The invitation was a show of confidence in Africa's largest economy and the realisation of the importance of South Africa not only in Africa but on the global stage. It was a strategic move by the Bric bloc, a move that was not only going to benefit South Africa but would ensure Bric nations have a footprint in Africa as a whole considering the influence of South Africa on the continent.

This is what critics of South Africa's inclusion failed to see. But long before the invitation, there was already an appreciation among many countries, particularly in the West, that the power and significance of the grouping could not be ignored.

There is no doubt that South Africa's joining of the grouping further cemented its global political and economic influence and perhaps some felt intimidated by this new reality.

Professor Wang Yong, in his 2012 Economic Diplomacy Programme paper titled: *South Africa's Role in Brics and the G* summed up South Africa's unique role in the alliance when he wrote: South Africa is in a position to make unique contributions, particularly in terms of development of the Brics Africa agenda, promoting global economic governance

reforms, and institution of the Brics as a credible international organisation”.

Already, these five BRICS countries account for 40 percent of the world population and as of this year, their combined nominal GDP amounted to US\$18.6 trillion, about 23.2% of the gross world product.

Trade between the five countries has doubled in seven years, ballooning from R203 billion in 2010 to R462 billion last year.

South Africa's membership also gallops towards the realisation of the country's National Development Plan mandate of eliminating poverty and the reduction of inequality by 2030. This is aligned with Brics' five pillars of priority.

Investment deals between South Africa and its partners has reached fever pitch, with China leading the way. Several Chinese billion-dollar firms have headed south in recent times. Among them mobile and green energy companies such as Hisense, FAW, Beijing Automobile International Corporation, Phalabora Mining Company, China Longyuan Power Group.

A PriceWaterCoopers (PwC) report recently showed that the bilateral trade between Pretoria and New Delhi have grown by 400% between 2004 and 2014. According to the report, the investment deals were in the environmental, financial services, mining, pharmaceuticals, automotive and information technology sectors.

All this could mean one thing - the much-needed job creation. According to the PwC report, the R50 billion investments came with 18,000 jobs in tow.

And that's not all. Russia's corporate world raised its hand in June when its rail rolling stock manufacturer Transmashholding (TMH) announced it would be setting up operations in Boksburg, Ekurhuleni. The 45 000 square metre centre will see a R1 billion rail manufacturing centre being set up.

Efforts to revive the country's weak economy will take more than just being a member of BRICS, but there is no doubt that these partnerships and investments that come with Brics membership will go a long way, turning South Africa's fortunes around. The country's turnaround will also be bolstered by President Cyril Ramaphosa's ambitious plans for the economy.

In April, the President, fresh from being sworn in as the country's fifth democratically-elected President, set an ambitious target of attracting a staggering \$100 billion (R1 trillion) in investment over the next five years. So determined was he to meet this target that he assembled a formidable quartet of investment envoys who would travel the globe in search of investors with deep pockets.

In the team are former Finance Minister Trevor Manuel, former Deputy Finance Minister Mcebisi Jonas, businesswoman Phumzile Langeni as well as retired banker, Jacko Maree. Economist Trudi Makhaya joins the team in her capacity as President Ramaphosa's economic advisor.

The bold plan is within reach, according to Professor Anil Sooklal, SA's ambassador to Brics, who believes the target was “modest” and achievable.

Barely a year into the project, President Ramaphosa's target appears well on course. Early this month, Saudi Arabia vowed to plough in R10 billion into the South African economy. The pledge was made by Saudi king Salman bin Abdulaziz al Saud during a state visit to the monarchy.

South Africa as we know it, is a mere 24-year-old. If it were a human being, it would ideally be just starting its life in employment. Despite the continued regression in economic growth, the country continues to be the bridge connecting the continent, which has for years remained the poorest despite its natural mineral wealth. For now the continent can just pin its hopes on South Africa's membership of powerful blocs like the Brics and the G20 to ensure its voice is heard loud and clear on the global stage.

