POLICY BRIEFING 24

Emerging Powers and Global Challenges Programme

September 2010

BRIC and IBSA Forums: Neo-liberals in Disguise or Champions of the South?

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RECOMMENDATIONS

- South–South forums should move beyond rhetoric and adopt inclusive, practical working methods and action plans that promote a common development agenda, which will benefit the South, especially the weaker countries in Africa, and that build and re-enforce existing South–South mechanisms.
- The IBSA and BRIC countries should urgently adopt an outreach mechanism similar to that of the G8+5 and afford other developing countries observer status, or special recognition, at their summits, in order to promote collectiveness and inclusivity.
- When speaking on behalf of the entire South, BRIC and IBSA countries should be given the opportunity to receive mandates and to report to both regional and global South–South forums, such as the South Summits, NAM Summits, and G77+China Summits, in order to ensure transparency and integrity of the South–South solidarity.

EXECUTIVE SUMMARY

South–South co-operation has existed for many decades and has played a key role in solidifying unity among developing countries. However, the concept of South–South co-operation has evolved from being concerned with geopolitics and opposing imperialism, global racism and colonialism, to an emphasis on geo-economics and political economy. Consequently, the focus has been on achieving sustainable development and growth for the South collectively, against the backdrop of rapid globalisation.

The emergence of China, India and Brazil, as economically and politically influential developing countries, is beginning to reconfigure and reshape the terms of South–South co-operation yet again. These countries are driven by an ambition for global economic dominance and political leadership.

This development raises an important question: what are the benefits and prospects for the entire South? Will these countries take up the challenge and begin to assert South–South solidarity for the benefit of all, or are they using the notion of South–South for their own advantage? No doubt, the BRIC (Brazil–Russia–India–China) and IBSA (India–Brazil–South Africa) countries need to continue working together to improve and assert their dominance. This must not come at the expense of the principles of South–South co-operation, which are meant to protect and to advance the development of the weaker states.

It is therefore imperative for countries of the South, and particularly Africa as the most vulnerable continent, to be circumspect and not take these new South–South alliances at face value. Analysts would also do well to probe and offer a critical appraisal of this new notion of South–South co-operation. This policy brief aims to make a contribution towards the debate.

INTRODUCTION

Excitement surrounding BRIC, as the new centre of South–South co-operation, seems to have reached fever pitch in South Africa. The creation of institutional structures, such as the BRIC Forum and IBSA, is a powerful indication of a newly found confidence among these middle-income developing countries, which have been rushing to form so-called 'strategic partnerships' with each other.

Is there really some substance to the hype about emerging powers? Is this possibly the kind of geopolitical shift that could spur the entire South to a cohesive and sustained economic emancipation? This new development evokes an eerie feeling of nostalgia, which recalls the excitement at the famous Bandung Summit of the 1950s and the talk of New International Economic Order championed by the South in the 1970s. Both were political 'waves' that developed against the background of the Cold War and colonialism. Although not the revolution that obtained total emancipation from the North, these 'waves' were needed to erode the South's dependency on the North, to weaken the North's strong hold on the world economy, and to loosen the vice-like-grip of poverty and underdevelopment on the South.

'Waves' alone are not enough. History shows that major change requires a succession of unrelenting 'tsunamis', in order to break down and completely reverse the neo-liberal globalisation trend and set in motion a truly global development agenda. Both the BRIC and IBSA forums have the potential to turn into such 'tsunamis', but first they need to restructure and occupy the moral high ground by being more inclusive and, specifically, taking on Africa's development interests.

IBSA Trilateral co-operation was launched in 2003 through the Brasilia Declaration. Its formation represents a major policy synchronisation that essentially brings together three continents to strengthen multilateralism and reinvigorate South–South co-operation. BRIC, on the other hand, is the brain-child of investment bank theories and conjectures championed by the 2003 Goldman Sachs report, 'Dreaming with BRIC: The path to 2050'.[2] In a move to put this theory into practice, the BRIC economies met in Yekaterinburg, Russia for the first time on 16 June 2009, with the aim of formalising the alliance. In a manner reminiscent of the new world order talk in the 1970s, the BRIC leaders called for establishment of a multipolar world order. However, no serious attempt was made to explain what this means exactly, or to show how global governance would be anchored in their structures.

It is interesting to note that India and Brazil are both founding members of BRIC and IBSA. No formal pronouncement was made at the BRIC Summit about South Africa's membership, which remains uncertain. However, during a recent visit to the BRIC countries, the president of South Africa, who was accompanied by ministers and senior business people, apparently called for South Africa's inclusion and membership of BRIC, among other things.

For some pundits, the exclusion of South Africa is justified by the BRIC countries' relative economic strength compared to South Africa. Yet, South Africa's membership of the alliance is more than a matter of political idealism. It is of practical importance, given the country's dominant and pivotal role in Africa, coupled with a relatively strong economy, well-developed infrastructure and institutions. As the springboard for investing in Africa, South Africa could play a central role in articulating and championing the development interests of the continent. Indeed, considering the heavy involvement of BRIC countries on the African continent, it is fitting that South Africa plays a unique role in the BRIC Forum.

The Brasilia Declaration, which institutionalised IBSA co-operation, states that the IBSA platform's main objective is economic co-operation. Significantly, a plan of action and mechanism are in place for areas of co-operation. The BRIC Forum, on the other hand, is geared more towards a coalition for global political governance. Paragraph 15 of the Joint Statement of the 2009 BRIC Summit asserts that: 'We have agreed upon steps to promote dialogue and co-operation among our countries in an incremental, proactive, pragmatic, open and

transparent way.' So far, these aspirations and pronouncements have not translated into any precise areas of co-operation or joint co-operation mechanisms.

The lack of a common goal, which is evident from the lack of common areas of co-operation in the BRIC countries, is perhaps indicative of differences in national goals, as well as political and economic tensions among the countries. It could also be that, as a result of the recent global economic downturn, the appetite to enter into more formal structures has been overcome by the desire to look inwards. Whatever the reason, the forum has clearly galvanised and energised support for South–South co-operation, which, like the IBSA co-operation, has the potential to consolidate and deliver on the aspirations of the South.

At the 2010 BRIC Summit, Prime Minister Manmohan Singh of India reiterated the need for the BRIC countries to improve, calling in particular for closer co-operation in the fields of energy, food security, trade and investment, science and technology and infrastructure. It is thus probable that, in the future, some form of co-operation mechanism, similar to IBSA, will be structured to drive BRIC.

SOUTH–SOUTH CO-OPERATION OR INCORPORATED?

In examining the potential for success of the IBSA and BRIC processes, the critical question is whether they will solidify South–South co-operation and generate benefits for Africa and the South. Or, are we witnessing a phenomena of 'South–South Incorporated' led by self-serving, mercantilist countries? The Goldman Sachs report predicts that, by 2050, the BRIC countries could become four of the most dominant economies and collectively larger than the G7 countries. To be part of the same league, and perhaps surpass the G7, should therefore be the core interest of the BRIC countries. Or, are they no longer interested in wearing the garb of South solidarity, except as a way of gaining commercial advantage over Africa, in relation to the developed North's commercial interest in the continent?

It is also interesting to note that, unlike the IBSA trilateral co-operation, the BRIC coalition is not exclusionary. An expansion or incorporation is envisaged, particularly as potential South members are likely to meet criteria that would qualify them as 'emerging economies'. Perhaps even more interesting is Russia, whose status as South or North is unclear, given its formal membership of the G7 club of rich countries and its Organisation for Economic Co-operation and Development accession status. Even so, the latter has somewhat legitimised questions about whether the BRIC alliance is truly championing South–South co-operation.

Being developing and emerging, the BRIC countries would ordinarily have a larger appetite for commercial interests. However, despite such mercantilist tendencies, they appear to set themselves apart from the traditional neo-liberal mercantilist tendencies by being less exploitative, and more sympathetic and responsive to Africa's development agenda.

Nevertheless, countries of the South, in particular African countries outside of IBSA and the BRIC, need to be circumspect when dealing with these emerging powers. Africa should ask probing questions and not take these alliances at face value, as these countries are strong, fast-emerging economies already claiming a serious stake in global economic dominance.

CONCLUSION

Over the next 20–50 years, the BRIC and IBSA countries could become the most dominant economies in their respective regions and in the world. Talk about the rise of the South, and shifts in geopolitics, often refers to the emergence of these giants. They make ideal and attractive long-term strategic economic and/or political partners for both the South and North countries. Significantly for Africa and the South, they are ideal partners to drive the development agenda and promote alternative mechanisms to the neo-liberal globalisation agenda.

These long-term strategic development partnerships should be guided and centred on the South–South co-operation principle adopted

by the 32nd annual meeting of the Ministers of Foreign Affairs of the Member States of the Group of 77 and China on 26 September 2008, in New York, United States of America. Indeed, to avoid turning into yet another rich man's club, the BRIC and IBSA countries should include the entire South in their efforts and partnership. In particular they should remember the following principles:[3]

- South–South co-operation is a common endeavour of peoples and countries of the South, and must be pursued as an expression of South–South solidarity and a strategy for economic independence and self-reliance, based on their common objectives and solidarity;
- South–South co-operation is a development agenda based on premises, conditions and objectives that are specific to the historical and political context of developing countries and their needs and expectations;
- South–South co-operation is based on a strong, genuine, broad-based partnership and solidarity;
- South–South co-operation is based on complete equality, mutual respect and mutual benefit;
- South–South co-operation respects national sovereignty in the context of shared responsibility.

The above principles are only indicative. In reality, the social and economic challenges facing the developing South require pragmatic, unsullied and perhaps alternative solutions to what currently exists. Pragmatism, and not political rhetoric, is critical when designing new solutions from strategic partnerships. If managed well, and with greater sensitivity towards, and inclusion of, African countries, the emergence of BRIC and IBSA could be the needed 'tsunami' that the South has been looking for to shift the pattern of global governance in its favour.

Just as the G7 economies drove the neo-liberal globalisation agenda for a long-time, the BRIC and IBSA countries combined can begin to define, champion and drive a new development. Surely, by remaining true to the cause of the South, and the fundamental principles of South–South co-operation and solidarity, these countries will not only achieve greatness for their people, but will reshape the global system and achieve the goal of a multipolar world. These emerging giants should strive to recognise their historical responsibility. Nothing rings truer than the South–South principle proclaiming that: 'South–South co-operation is based on the collective self-reliance of all developing countries'. Unless the spirit of the collective is infused in the motives and objectives of these emerging powers, the developed North will continue to dominate and 'development' will remain a lofty ideal.

ENDNOTES

1 The author is an official of the Department of Trade and Industry of South Africa working on African's development issues. Views expressed herein are those of the author and not of the organisation. He can be contacted at senonaj@yahoo.com.

2 Wilson D & R Purushothaman, 'Dreaming with BRICS: The Path to 2050', Global Economic Paper, 99. New York: Goldman Sachs, 2003.

3 South Centre, 'South–South Cooperation Principles: An Essential Element in South–South Cooperation', South South Policy Note. Geneva: South Centre, November 2009.

The Emerging Powers and Global Challenges Programme is funded by the Swedish International Development Co-operation Agency and the Danish International Development Agency, facilitated through the Danish Embassy in Pretoria. SAIIA gratefully acknowledges this support.