

Where Brics stands as globe faces new cold war

OPINION / 26 JUNE 2018, 09:21AM / DAVID MONYAE AND BHASO NDZHEDZE



BRICS deputy foreign ministers. PHOTO:Dirco News Agency

It would appear that with each Brics summit, lying at the flank are naysayers criticising and counting down the days for the association, in its 11th year, to crumble.

And yet, the grouping reaps outcomes, no matter how gradually and despite the mounting challenges from within and outside the club of emerging economies.

Perhaps the greatest signifier has been the New Development which has in its infancy issued its first green bond, and raised RMB3billion (R6.2bn) in the Chinese bond market, enabled by the achievement of a triple-A domestic credit rating in China.

The New Development Bank has committed \$1.5bn (R20.3bn) in loans to Brics countries, emphasising its investment on the renewable-energy sector. Plans are underway to reach the target of between \$10bn and \$15bn of loans by 2021 and to expand lending outside the Brics membership. Ever ambitious, the grouping has many plans and there is every reason to believe that it will achieve a sizeable portion of them.

Likely to be on the cards this year is the development of the Brics Rating Agency. The time has never been riper for such a formation. The cry for the rating agency stems from the fact that the post-1945 world order is sagging under the weight of its own contradictions. The need has never been starker for an alternative to the Western-centred world order, and one of the sorest areas in need of this balancing is that of global financial institutions.

The rot is displayed in the fact that US ratings agencies Fitch, Standard & Poor's and Moody's failed to predict the global financial crisis of 2008/9, leading the second Basel Accords to discourage reliance on the ratings agencies by banks. Further symptoms of decay are to be found in the fact that America is bent on a trade war with a myriad states, among them China, Canada and the EU. South Africa has not been spared, particularly its steel sector.

This lends all the more weight to the pragmatic quarters in South African foreign policy-making. The country needs the Brics and the West, and therefore cannot afford over-reliance on either. South Africa must hedge and formulate its foreign policy according to the dictates of its needs.

What the Brics represent, especially for Africa and the global south in general, is the reformulation of a global order along the lines of parallel institutions. Some of the beneficiaries of this are the developed states. With the world in such a fragmented state, the reality is that there has been, and there can be, no attempt at reform. The only option is the reformulation of the global order. This is part of what the Brics represent.

For Africa, this carries a lot of importance. The Brics countries do more trade with African states (even excluding South Africa) than they do with one another. But if they are to represent a shift in the global order, it needs to be concomitant with a shift in relations vis-à-vis the continent. As China and India (along with Japan) propose grand plans of the Belt and Road Initiative and the Asia-Africa Growth Corridor, respectively, they should co-operate with African states so that they can co-plan the infrastructural framework in order to prevent them from replicating the infamously extractive railways and port systems of the colonial era.

This is probably the last Brics summit before the formal declaration of a new cold war. The contours of this are apparent in the rate at which many global players, including the Brics states, are militarily posturing. Notwithstanding the fact that three of them are nuclear powers, the states have got into the business of developing military bases overseas, and particularly in Africa. Nato has seen expansion into new territory into Latin America with the joining of Colombia into the fold. It is clear we are on the brink of seeing the fabric of the international global order shaken as there is an increased fear of developing countries catching up, especially in the areas of hi-tech, artificial intelligence and other signposts of the Fourth Industrial Revolution.

The summit holds a particular importance for South Africa on two fronts.

First, this is to be President Cyril Ramaphosa's first chaired Brics session. Further underlining this is the economic downturn in the country of -2.2 on a year-on-year basis. Unemployment figures are also looking dim, and the rand/dollar exchange reached a six-month low at R14 to the dollar.

Second, South Africa has been elected into the UN Security Council for the 2019/20 term. This represents a golden opportunity for the country to seize. In this area, South Africa's interests include the unemployment crisis. The UN and the UNSC are potential avenues to be harnessed for growth.

The Brics is not a revolutionary force. Contrary to the views held by those in both the ultra-right and the ultra-left who perceive the Brics as bent on upsetting the global order; the latter inevitably reprimand it for not going far enough. In doing so they castigate it for not reaching standards they never declared as aspiring to. In truth, these countries are pursuing only their national interests in the global arena.

They just happen to be peripheral states ascending to the core. What is needed is for South Africa to be just as effective as its Brics counterparts at staking its own claim, with a conscience for the African agenda as well as matters of mutual concern and development that go back to Bandung in 1955, and which have remained at the front burner of the priority list for the global south.

* Dr David Monyae is a senior political analyst and co-director at the University of Johannesburg Confucius Institute and Bhaso Ndzendze is a research co-ordinator at the same institute.

** The views expressed here are not necessarily those of Independent Media.

The Star