BRICS and African Region Partnership: Challenges and Opportunities

Abstract

BRICS (Brazil, Russia, India, China and South Africa) has amplified its regional and global impact. The economic success of BRICS is a motivation to Africa because BRICS and African region have a similar historical background. The partnership between Africa and the BRICS has extended fresh drive and created ample interest in last decades because BRICS is playing an important role in international trade, investment and global governance. Growing economic relations of the BRICS with African region can be exemplary for global world. These relations are prospective of a suitable way of economic change and sustainable progress in the African region. The resource of African region makes many opportunities and challenges among BRICS-African region’s partnership. The interest of western powers also prevail in the African region. This article commences a fair inquiry of the BRICS relation with African region, possible opportunities and challenges.

Key Words: BRICS, Global Governance, Regionalism, WTO, United Nations, African Region, Africa

Introduction

The abbreviation ‘BRIC’ was first invented as a capable economic bloc by Jim O’Neil in 2001 (O’Neill 2001). The bloc has started his first interactions in 2005 at the time of the meeting of G7 Finance Ministers. The first summit of BRIC was taken place in 2009 in Yekaterinburg, Russia during the worldwide financial crisis. Another card from Goldman Sachs in 2003 dynamic development of the world economy is planned in the next 50 years (O’Neill 2003). The results of the documents were sensational and possibly surprising the greater international community. It is anticipated that in the future 50 years; a major power in the worldwide economy could be the BRIC economies. Less than 40 years, the economies of the BRICS collected can be greater than the Group of six G-6. In the year 2025, its size could more than half of the G-6. The investigation is also planned in 2050, the United States and Japan of today developed states could be between the 6th economies in terms of dollars. Table No. 1 describes the details of BRICS summits

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<td>1st summit</td>
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<td>Russia</td>
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<td>2nd summit</td>
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<td>5th summit</td>
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South Africa started struggling to join the BRICS organization in 2010, and the procedure for its proper membership was started in August of the same year. When properly requested by the BRICS for joining the organization, South Africa joined the BRIC on 24 December 2010. BRICS is based on 40% of world population and 30% area of the globe in 2010. The GDP of BRICS was 16% of world GDP in 2000. Now quickly increased and reach 25% of global GDP (Finance, 2012). A major positive development took place in all the BRICS nations during the last two eras (1990–2010).

Theoretical Framework
During the cold war era, the EU (European Union) was the best example of regional integration or economic regionalism in a theoretical framework. Functionalism and Neo-functionalism are the basis of Regional integration theory. The term of functionalism was introduced by David Mitrany (Alexandrescu 2007). According to the functionalist, the foundation of regional organization is to address the common and social problems. Theory of functionalism discovered the application of the institutional arrangements below the regional organization.

Neo-functionalism is an updated version of functionalism in many important ways. The main difference is to basically create a theory of supranational state and achievement of “working peace system” through a method for the organization of international interdependence (Pentland, 1990). The regional alliance established under the umbrella of confirmed active peaceful measures and shared democracy. These measures converted into a Political interdependence. BRICS is establishing its institutional setup on the idea of shared democracy.

As an integrated region, BRICS can also be seen as a neo-functionalist approach. The extension of economic cooperation in the macro-region is the basic approach of BRICS. This approach is viewed in a functionalist way (Konina, 2018). BRICS states that are successful in developing their economies, attaining financial progress and finding an integrated way of success in global politics. Although BRICS has several interests, yet they have established a (NDB) New Development Bank and CRA (Contingent Reserve Arrangement). According to Gregory Chin, the formation of a New Development Bank is based on a Neo-functionalism approach (Chin 2014). Although, the opinions of functionalist deliver all reasons of cooperation of BRICS members. But this research discusses the BRICS partnership with African region. Consequently, challenges and opportunities are persisting in the African region within the broader framework of regionalism also other multilateral frameworks will be debated in the African region.

BRICS interests toward African Region
Brazil
After independence, Brazil mainly focused on North America, Europe and South America for their political and economic interest. This policy was shifted during a Lula DA Silva era in Brazil. Lula changed the foreign policy objective of Brazil and made the African region on his priority. He understood that African region would be the main region of the world and could help the Brazilians making it an emerging power. Lula completed 12 trips and visited 21 states in his presidency. African leaders made 47 visits to the Brazil. In addition, the diplomatic missions of Brazil to Africa were doubled during his presidency. Minister of Foreign

| 6th summit | 15 July 2014 | Fortaleza | Brazil |
| 7th summit | 8 July 2015 | Ufa | Russia |
| 8th summit | 16 October 2016 | Goa | India |
| 9th summit | 3 September 2017 | Xiamen | China |
| 10th summit | 25 July 2018 | Johannesburg | South Africa |

Source: http://www.BRICSIndia.in.
Affairs of Brazil, Celso Amorim, made 67 official trips in 34 African States. Brazil’s attitude towards the African region is based on request to achieve recognition in the African region as major powers in the global world.

Brazil has increased the Foreign Direct Investment (FDI) in African region in present years. In 2001, the amount of Brazil’s FDI in African region was US$69 billion. In 2009, that amount was reached US$214 billion. (World Bank, 2012) The financial institutes of Brazil are playing a very significant part in bringing the state nearer to the African region. The Brazilian Development Bank has special incentives and payments for Sub-Saharan Africa and this amount has been increasing over the past several years. Brazil’s financial institute has played a main part in the expansion of Brazilian business in the African region. The main sector is ethanol industry and housing projects.

Brazil’s commitments to African region have many benefits for Brazil. Firstly, Brazil will maintain support for a permanent seat in the UN Security Council (Stolte, 2013). Secondly, it shows their enthusiasm and capacity to contribute to solve the international problems. Thirdly, wins national political reconnection in Africa; and reduce the dependence of the Brazilian economy from the industrialized economies (Ford, 2013). These objectives are part of what was called Lula, a new political and economic geography of commitment appropriations, that the developing countries have an important voice in the multi-polar world order (He, 2012). At the same time, Brazil focuses on African region and confirms the desire for a security zone in the South Atlantic. The present government continues the policies of the Lula government and stressing that “Brazil and African region share the historical position that developing country.

Russia
After the cold war, Russia had not recognized the African region as an important part of its foreign policy. This policy was changed in 2013 when the Russian has circulated his concept of foreign policy (Arkhangelskaya, A & V Shubin, 2013). In this policy, it was stated that Russia would improve many-sided action with African countries on a mutual basis with an effort on the improvement of political dialogue, the promotion of equal economic benefits, trade collaboration, contribute to resolve and prevent that regional clashes including disasters in Africa. All African states have diplomatic relations with Russia. Russia has 40 embassies in the African region, while 35 African states have consulates in Russia.

The TNC (Transnational corporations) of Russian increased their expansion in African region very rapidly. In 2011, the total amount of TNC was 1 billion US$. There are many attractions in the African region for TNC of Russia. The main attraction is a desire to increase the supplies of raw material. The other attraction is a desire of entrance in local markets. The world’s biggest aluminum producer Russian company has been working in Angola, Guinea, Nigeria and South Africa. Russian financial institutions are moving into African region. Russian banks open their branches in Angola, Namibia and Nigerian.

Russia plays an important role in contributing to peace and security in Africa, particularly with contribution of peacekeeping missions for the United Nations in Africa, especially in states such as the Democratic Republic of the Congo, Liberia and Sudan. As compared to China, India and Brazil, it may assume that the policy of Russia for Africa is most determined. In the contemporary era, the balance of power and geopolitical reflections is essential for Russian foreign policy. The leaders of Russia are realistic about taking action rather than to promote multilateralism and adhere to common rules. In this connection their approach is more principle instrument (Jordan, 2010). “It means that Russian companies in Africa are stronger as Russian foreign-policy instruments (Bulletin 2008).

India
India has a vast political interest in the African region. In this connection India wants to compete China for access to African markets, natural resources for energy security on the continent, to enlarge its diplomatic
impact in the region and to ensure the promotion of development cooperation (Fantu Cheru & Cyril Obi 2011). Consequently, the strength of political relations by India in the African region is specifically significant. India has many political ambitions for African region and support of India is based to achieve these political ambitions. The main political ambition is to acquire a permanent seat in the United Nations Security Council with the help of these states. In India, political relations with African countries are reinforced by geographical proximity in New Delhi for the continent, each seeking their independence from the colonial powers. The Satyagraha movement of Mahatma Gandhi was created in South Africa, India as the global leader in the fight against apartheid in South Africa. India is also in line with African nationalist movements, Owings experiences in the fight against colonialism (Mawdsley, E & G McCann. 2010). After the cold war, the foreign policy of India toward the African Region was based on four main points. Firstly, India wants campaign for economic cooperation between India and African region. Secondly, Inclusion of people of Indian descent in African region. Thirdly, stopping and fighting against terrorism in the African region. Fourthly, to achieve the peace and help the African defense forces. India sees commitment with Africa as a means to enhance the political aspiration to become a great power on the global level; facilitate co-operation in the fight against the global inequality in developing countries.

The main areas of Indian’s investment and immigration are East, West and South African region. At the continental level India, this has decisively on the new partnership for Africa’s development through the expansion of a range of $200 million to finance its operations. His policy of the Exim Bank of India 2002-2007, started “Focus Africa” plans to promote the exports of India in Sub-Saharan Africa. The main countries of this program are South Africa, Nigeria, Mauritius, Kenya, Ethiopia, Tanzania and Ghana. Therefore, India offers concession credit lines to several African countries such as Sudan, Ethiopia, Mauritius and Seychelles (M. Fujita, G. Liang, P. Mallampally & A. Miroux 2007). The total FDI stock of India raised at about US$14 billion in the African region. India is the seventh main investor in the African region.

**China**

As compared to other BRICS states, China has deepest national interest rooted in the African region. It is very difficult to understand the China’s main interest in the African region. In 2009, the former State Councilor Dai Bingguo, firstly exposed the main national interest of China at a press conference. He said that his main interests are national security, sovereignty, territorial integrity, economic and social development. (Xinhua. 2009).

China has vital political interest in the African region. China is searching the countries for import the raw material from the African region and secondly, it is used as a space to practice and maintain their international influence (Gottwald, J & N Duggan, 2011). In 2006, China published official documents and announced common principles of his foreign policy towards African region, honesty, friendship and equality; shared advantage, reciprocity and common prosperity; joint support and coordination; learn each other and seek shared progress; and the "one-China"-principle (Report 2006).

![Graph 1](image_url)

**Sources:** IMF
Forum for China-Africa Cooperation (FOCAC) alone has a diplomatic and geopolitical usefulness of wider international ambitions. In addition, FOCAC helps to solidify a unique, friendly, China Outlook in China for the continent at the same time, even if these objectives are weak, different views of China on the continent. FOCAC is divided on China: African States, which holds not excluded from the 'one-China' policy. The topics on the agenda of the Forum also tend, Chinese interests are reflected. For example, the theme for the Summit of FOCAC 2015 in Africa, South Africa agenda 2063 aspiration encapsulates the vision of China and the African Union: growing together: 2063-program and the dream of China.

China has vital security interests in the African region. In the present situation, political instability and conflicts are the part of African region. China has commercial interests in Africa, so that Beijing is ready, which is protection of personal and economic interests on the continent. In the past, China depended in large part through multilateral institutions, in particular the United Nations, to save their interests in Africa. Currently, Beijing has taken a clear independent approach to the protection of their interests in the African region. Chinese ships were often attacked by Somali pirates, Beijing sent the Peoples Liberation Army (PLA) to give the security for its ships through the Gulf of Aden (Sun, 2014). The PLA has given 16 fleets for the security of 5300 foreign and Chinese boats since 2008. The PLA has also helped the military training staff in eighteen African nations and created exchange treaties with twenty-five African countries. Furthermore, around 1500 Chinese soldiers are backing seven different peacekeeping missions of the United Nations on African region. In addition, China offers economic support to the army of the African Union (AU).

South Africa

The official position of South Africa is very important for BRICS. Its involvement in the BRICS forum should serve not only its own national interests, but also those of the African region. So, at the Durban Summit found under the motto "BRICS and Africa: partnership for development, integration and industrialization" together with the fourteen heads of State Summit of Africans, as well as the head of regional economic communities and the African Union have been invited.

In 2011, South Africa was the fifth biggest owner of FDI in African region. The amount of FDI of South Africa was 18 US$ billion. The majority of this amount was based in the private, non-banking sector. The trade of South Africa with African region is based on manufactured goods. In 2012, the main sectors of exports from South Africa were machinery, base metals, transport equipment, chemical products and mineral products (Partridge 2013). The trade volume of South Africa with African region was $25 billion in 2013. Approximately, 80% of imports from African region are based on minerals and oil-related products (Partridge 2013).

Opportunities for African Region

BRICS club gives the potential for the shifted new concepts for social progress, sustainable technologies and institutional innovation, not only its participants, but also in other emerging states. There are many opportunities among BRICS members like "mutual discovery", learning and sustainable exchange of knowledge - as distinct from the traditional 'developed to developing' country technical assistance process (UNDP, OECD, & World Bank., 2009).

African region has a unique position on the globe. The BRICS partnership deal for African region is based on alliance for the reform of the global trade and geopolitical structure. Members of the BRICS are developing states with huge growth without exploitation, growth and potential markets. "Economies that competitive forces diverse nature of the BRICS and their differences in the specialization and synergistic Exchange Group present, social innovation, technology transfer and Exchange Investment opportunity" among its members (Scott June 2011).
The world order after the cold war, the assumptions and the consensus of the Western world are losing their credibility. BRICS is offering new ideas to provide management and leadership in developing countries. And participating countries provide the place to resolve conflicts constructively the BRICS Alliance, whether commercial, political and diplomatic. BRICS could, such as sand, to clarify over Arunachal Pradesh, northeast India and China State of India, which describes China as "South Tibet" (Sharma, 2012).

BRICS-South Africa has crafted a new strategy that ensures new markets for the products of South Africa and new investors at a time when the biggest European economies are in financial problems. In 2005, South Africa’s percentage of trade with BRICS states was 10 %, while in 2012, the share reached 18 %, this figure shows a decline in trade with old markets of Japan, the European Union and the United States (Agency 2013).

Trade Opportunity
Almost, South- South trade has doubled since last ten years, but BRICS- African region has a significant trade opportunity. BRICS-African trade relations are based on two main features. Firstly, African region export towards BRICS is based on fuels and primary commodities. Secondly, the BRICS export towards the African region is based on manufactured goods. The worth of mutual trade among BRIC and African region is increasing rapidly. In 2001, the value of mutual trade in the BRICS-African region was 8.17% and in 2010 was 18.75% (UNCTAD, 2010). According to the bank of South Africa, BRICS redefined the purpose of African region in the global economy. In 2013, only Chinese investment in African region was $2.3 billion (ECA, 2014).

Food Security Opportunity
Food security is a great opportunity for exporters of food in African region. Food security has a relative benefit in agriculture and raw foods. African countries should increase exports to meet the food security of the BRICS Nations. These exports have much space to grow between African region and BRICS. In 2011, African traders export the food to only 3.7% of the BRICS countries and most beneficiaries was Russia. African Governments ensure that a greater demand in the BRICS countries will raise the national food prices.

Investment Opportunity
The greatest opportunity of Chinese FDI in African region has increased investment in the process of the activities (AERC, 28–30 September 2010). Chinese’s infrastructure investment with their workers and a maximum of the deliveries are found in China. Now some African states have managed to reverse this process. In response to grievances from Nigeria and South Africa, the Chinese Trade Ministry has stimulated the enterprises to the development of technology and staff training in emerging countries. Especially, Hawaii Technologies Limited. of Nigeria setup a training center in Nigeria to educate 2,000 Telecom engineer each year (AERC, 28–30 September 2010). An important opportunity for African region is to increase commodity power through FDI and secure its benefits. Through the Chinese production-sharing opportunity, African firms are preserving a substantial part of value creation within the African economies (Ajakaiye, Olusanya, Francis M. Mwega, Raphael Kaplinsky, & Damiano K. Manda. 11 – 14 November 2009). African Administrations should boost the advantages of market with efficiency looking for FDI in China to ensure the outsourcing activities of indigenous businesspersons; native sourcing of inputs for the increase in production; and the jobs of indigenous labors in fair working conditions.

The political implications for the Governments in Africa are therefore developing and supporting local entrepreneurs, the partner with their Chinese colleagues, qualified personnel, work and investments in
the health of the force to ensure healthy work. Regional organizations like the African Union can play an
important part in the support of the African common position in these important areas.

Development Assistance Opportunity

Although, BRICS flows a small part of ODA (official development assistance) to the African region. It is an
opportunity for the African region in Africa-BRICS cooperation. Several sources of aid are growing in the
African region. China, India, Brazil and South Africa have donated large volumes of ODA in African region.
All economic and development assistance is outlined in the framework of win–win agreements in the
benefits of development and progress, so BRICS is covering problems of poverty, inequality and
unemployment (Kim, February 2013). The prime minister of Ethiopia says, China has remarkable re-
emerged and its guarantee for win-win cooperation with Africa, is the main reason for the foundation of
the African Renaissance (Lintao 2012).

Challenges for African Region

BRICS is very practical for achieving its strategic, economic, trade and geopolitical interests. South Africa
has very unique position in this alliance. South Africa is a representative of African region. The challenge
for African region is that the BRICS can impact the economy of the African region, because several products
of the BRICS to directly compete with local products. BRICS and developed countries all are focusing the
resources of Africa, which is a straight threat to the economy of the African region.

Structural barriers, weak political and economic policies and lack of vision in the administration are
other main Challenges for the progress of African region. The progress of African region is very low except
South Africa. The unemployed of African region are mostly black, unskilled and young. The emerging
trends in the manufacturing sector are not absorbing these unemployment issues. Consequently, the
manufacturing sector of Africa is not growing up to the mark and facing many troubles.

China is strongly supporting the usage of the Yuan rather than the dollar in global trade and loans with
their partners in the emerging states, especially in the African region. According to Standard Bank of South
Africa, China will replace the yuan to the US dollar as a primary currency for trade among China and
African countries. The Standard Bank forecasts that the $100 billion (40%) of trade between China and
Africa will be in Yuan from 2015 (Chief 2011).

The industrialist of Africa says that the arrival of goods from BRICS to African markets is comparatively
easy, but high tariffs from BRICS create more challenge for the African products. Majokweni Nomaxabiso,
under the roof of the corporate organization of BUSA summarizing, “the balancing act is to ease business
transactions while keeping the benefits of industry and production. We are not looking out preferential or
free trade agreements. Rather, we need more transparency with our partners, particularly on tariff plans
and unseen inner taxes” (Majokweni, Nomaxabiso, 2012).

Trade Challenge

Usually, African economies based on natural resources. These natural resources, mostly gain from the
trade of most important raw materials. The gain should be invested in the production of high-quality
(even in production). So, the challenge for these states is to prevent Dutch disease and support
advanced industrial goods for exports. For avoiding this challenge, these countries must invest in physical
infrastructure for steep and logistics to facilitate more trade opportunities. In addition, African producers
closely align with the global value chains, coordinated with them (in order to confirm that the information
and the production of form and time are related) and to meet global standards (Raphael Kaplinsky & Mike
Morris November 2006).
Africa-BRICS trade grew as a percentage of BRICS’s complete trade with developing states, in part because of weak demand in industrial countries. The main reason of growing trade with Brazil, India and China is because they demand energy and natural resources in Africa. South Africa has made heavy gains because, in 2012, South Africa’s trade with emerging economies was 19% of total trade and reduce by 2013 only 5% (Freemantle S & J Stephens, 12 February 2013). With the challenge that the mandate of the regional integration of Africa can overshadow while South Africa enjoys the vast beneficial effects of intra-BRICS cooperation.

Food Security Challenge

Food security is an important challenge for the African region. There are many reasons behind the food security. Food security was a main item on the global agenda through the worldwide food disaster in 2008. In 2009, the first BRICS Summit highlighted food security, calls for a general strategy to ensure the access to food for the more in danger. The agriculture sector of BRICS faces many challenges, with the effect of climate change on productivity, rising input costs, insecurity in the water, volatility of commodity prices, diverted and problems in arable land of the promotion of small agricultural producers (Suresh Singh & Memory Dube 2013, 21 February). These are all problems prevailing in the African region as a challenge.

Investment Challenge

FDI is another important challenge for Africa because it has a direct impact on resource, efficiency and market research investment. The result of the policy of the first type is that the African economies need to invest their earnings from the export of primary commodities, higher value added industry, which should allow the natural resources of African region exporters to develop and diversify their export base, then they move from reliance on the export of minerals.

African Governments should invest in local African national producers that produce these sustainable exports in forging help African economies with higher added-value will strengthen national and foreign companies. It is the challenge of the African governments with investment, market research to ensure acceptable performance in quality, price, delivery and service than domestic suppliers. Moreover, FDI in extractive industries, important sectors such as agriculture and services need for sustainable jobs for the local population and help its growth. In short, the policy should focus on promoting foreign direct investment in productive sectors.

The challenge is for the African economies to invest the flow of resources from the boom of raw materials for the improvement of the investment climate, development of human resources to backing investments in fresh industries and the creation of suitable financial institutions for emerging private industrialists. Positive application of these initiatives in the context of good governance will construct the situations for BRICS. FDI has important connections in African economies.

A report identifies three potential challenges with China’s FDI (UNCTAD, 2010). Firstly, with possible environmental damage to search for resources through foreign direct investment, African Governments
will have to develop capacity in the formulation of appropriate environmental standards and norms. Although the standards should not discourage foreign direct investment and incentives for compliance with the standards. Secondly, China’s FDI is producing poor quality output. African Governments should develop the capacity for the formulation and enforcement of compliance with quality standards. Thirdly, a small industrialist from China can expel the local industrialists; African Governments should develop and implement anti-monopoly policy.

**Development Assistance Challenge**

A main challenge is a debt extension of concessional loans in the African region. Brazil, India and China have the same historical background related to this challenge. Proceeding against the extension, may have a negative influence on the continuum of debt. China shows few indications of reckless lending of African economies (UNCTAD, 2010). So as well as bound is from China, African Governments alert at the negotiation of the conditions that help to promote the cooperation between China’s companies and local colleagues. Consequently, such initiatives increase domestic source of inputs and geared outsource with the tone of domestic industrialists.

**Conclusion**

BRICS is strengthening the growth of regionalism on functionalist bases. The regionalism of BRICS endangers the international order and stability optimistically. That would be positive interpretations in the framework of the African regionalism. It is a very positive sign in global governance if alliance acts as the functional behavior like the EU. Contemporary issues such as trade, investment, development assistance and food security can be solved at regional bases. Earlier mention issues are dominant in economic interdependence and collaboration. The BRICS is a decent block to describe the new measurement of economic regionalism.

This study investigates the BRICS-African partnership as well as opportunities and challenges for the African region. The BRICS’s collective challenges and opportunities are integrated for their mixing in African regionalism. The interdependence among the BRICS and African region has enhanced sharply. This arrangement is to remain in the next scenario. Consequently, these forces are pushing for the mutual adjustment in trade, investment, development policies in these countries. These challenges can be converted into opportunities in the next decade. In this way, BRICS-African region economic relations consider a binding factor in regionalism.
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