

South Africa Livens Up the BRIC Party

By [The Moscow Times](#)

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I have just been to the BRICS conference on the tropical island of Hainan in southern China where the delegations from Brazil, Russia, India, China and, for the first time, South Africa gathered to gab about future cooperation between some of the biggest and fastest-growing markets in the world.

BRIC is now BRICS after the South Africans joined this fashionable club earlier this year, and they were determined to make the most of it: Black delegates were everywhere, and the event was papered in South Africa posters, stand-ups and bumf.

South Africa is the minnow compared with the rest of the BRIC countries and doesn't really belong if you look at it from the point of view of head counts: South Africa has about 49 million people, whereas Russia, the second smallest BRICS country, has 141 million, dwarfed in turn by 's 193 million and China and India with their 1.3 billion and 1.1 billion populations, respectively.

But as the CEO of Standard Bank, the biggest bank in Africa, said, "We fully accept that we are

in the BRICS as a proxy for the whole of Africa."

That is a totally different deal. Sub-Saharan Africa (which is what South Africa actually represents, not the Arab north coast) has a population of well over a billion people; natural resources that compare with, or outstrip that of Russia; and it is home to 10 of the fastest-growing economies in the world. So South Africa's membership looks much more justified in these terms.

And they were aggressively marketing themselves to the other members.

But to be honest, the whole jamboree was a little disappointing. I spend quite a lot of time at investment conferences, and what was absent at this one were the investors.

The talks were still highly political, and the complaints and speeches were still about ethereal goals along the lines of "we are natural partners; look at growth and resources."

Trouble is, while this is completely true, these synergies have not actually translated into much business. Or rather the business that does exist is all done at a political level. The really sexy part of the meeting (to which we humble delegates were not invited) was the meetings between the presidents and economic ministers who signed off on a raft of cooperation agreements and memorandums of understanding.

Still, that is not to say there is not a lot of money flowing between the BRICS. Africa has been the recipient of a massive amount of investment into its natural resources by both the Russians and Chinese (another reason why they are so keen on BRICS).

A economist from Brazil, who was on my panel, pointed out one fact that struck me: exports to China from Brazil, mostly raw materials, have doubled in the last five years and now make up over 40 percent of the countries' total trade volume, while trade with the United States has fallen to less than 20 percent.

I shouldn't complain too much as this is actually the path these relations follow. This was, after all, only the second ever BRIC(S) conference, and usually intertwining economies start off with trading with each other. The rule of thumb is that for every \$8 of trade you get \$1 of investment. At a sovereign level the deal is slightly different, and I suspect that you need a lot more trade to get that \$1 of investment as this trade is organized ministry-to-ministry, so the entrepreneurs and traders on the ground are not meeting, making friends, making money and so making plans to do business together.

Still, the volumes of trade are now so enormous and do like this one increasingly frequent that it can't be long before these economies really do begin to intertwine on the ground as well as at the ministry level.

The final point to note is that, if this event was anything to go by, the West will be totally left out of the process. There was a great party at the end of the conference on the beach (if you want a good party, invite the South Africans) at which I think I was the only Englishman out of a crowd of over a thousand. The growth of the BRICS markets is going to happen among themselves and without the West unless the West makes more of an effort to get involved, which I don't see happening.

An earlier version of this article included incorrect information about the size of Brazil's population. -Ed.

The views expressed in opinion pieces do not necessarily reflect the position of The Moscow Times.

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