South Africa and the Emerging Powers

A África do Sul e as Potências Emergentes

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ABSTRACT

Within the current world order, despite the ongoing economic crisis, neo-liberalism continues to inform the global financial architecture and forms the foundation for the global trading system. It is a normative paradigm which has been accepted by elites in the Global South but which is also being interrogated as the process of neoliberal globalization seems to engender division and inequity across and—crucially—within national territories. Such questions are based on the partial nature of global liberalization, seen to benefit the developed world at the expense of the developing and also the continuation of what South Africa’s previous president, Thabo Mbeki, referred to as “global apartheid”. Within this context, since the 1994 elections, but particularly under the presidency of Mbeki and continuing under Zuma, South African foreign policy has more and more adopted a reformist stance towards the global system. Activism has been particularly focussed on multilateral initiatives and alliance-building amongst like-minded states in order to further an agenda that seeks to ameliorate the perceived negative outcomes of globalisation, whilst also seeking to open up the markets of the developed world. Whilst Pretoria’s diplomacy is, perhaps as expected, implicitly statist, such bargaining coalitions are of increasing interest and importance in pushing positions in the emerging global trade regime. This article seeks to analyse how South Africa fits within this emerging network of coalitions and meeting points, as exemplified by the G-20, India-Brazil-South Africa Dialogue Forum (IBSA) and the BRICS.

Key Words: South Africa. Emerging powers. Neo-liberalism.

RESUMO

Dentro da atual ordem mundial, apesar da crise econômica, o neoliberalismo continua a informar a arquitetura financeira global e constitui a base para o sistema de comércio global. É um paradigma normativo que tem sido aceito pelas elites no Sul Global, mas que também está sendo interrogado enquanto o processo de globalização neoliberal parece gerar divisão e desigualdade em todos - e fundamentalmente – nos territórios nacionais. Tais questões são baseadas na natureza parcial da liberalização global, visto para beneficiar o mundo desenvolvido às custas do desenvolvimento e também promovendo a continuação do que o presidente anterior da África do Sul, Thabo Mbeki, chamou de “apartheid global”. Dentro deste contexto, desde as eleições de 1994, mas particularmente sob a presidência de Mbeki e continuando sob Zuma, a política externa Sul Africana tem cada vez mais adotado uma postura reformista para o sistema global. O ativismo tem sido particularmente focado em iniciativas multilaterais e de construção de alianças entre os estados da mesma opinião, a fim de promover uma agenda que visa melhorar os resultados negativos percebidos da globalização, procurando ao mesmo tempo abrir os mercados do mundo desenvolvido. Enquanto a diplomacia de Pretória é, talvez, como esperado, implicitamente estatista, tais coalizões de negociação são de crescente interesse e importância em empuantar posições no regime emergente do comércio global.

Este artigo procura analisar como a África do Sul se encaixa dentro desta rede emergente de coligações e pontos de encontro, como exemplificado pelo G-20, o Fórum de Diálogo Índia-Brasil-África do Sul (IBAS) e os BRICS.

Dealing with the challenges posed by globalization and the ongoing liberalization of global markets is perhaps the greatest task faced by state elites at the turn of the millennium. This has been neatly summed up by Adams et al. when they assert that:

Globalization is the defining characteristic of our time. The modern system of independent states and distinct national economies is being replaced by a single transnational political economy. While globalization clearly affects all countries, the degree of change has not been uniform throughout the world. A distinction should be drawn between the industrialised nations of the North and the developing nations of the South. The traditional model, where the nation state was perceived as the premier authority for maintaining security and promoting development, is now replaced by a neo-liberal model premised on the dictates of the market and the preferences of supranational organisations.

This neo-liberal model currently informs the global financial architecture and forms the foundation for the ongoing global trading system (BROWN, 1997). It is a system which is making states, whilst certainly not redundant, less salient to understandings of "national" economic activities. At the same time however, it is a system whose more negative outcomes are increasingly being interrogated by key elites in the developing world as the process of globalization seems to engender division and inequity across and—crucially—within national territories. Such questions are based on the partial nature of global liberalization, seen to benefit the developed world at the expense of the developing and also the continuation of what South Africa’s president, Thabo Mbeki, referred to as “global apartheid.”

Within this context, since the 1994 elections, but particularly under the presidency of Mbeki and continuing under Zuma, South African foreign policy has more and more adopted a reformist stance towards the global system. Activism has been particularly focussed on multilateral initiatives and alliance-building amongst like-minded states in order to further an agenda that seeks to ameliorate the perceived negative outcomes of globalisation, whilst also seeking to open up the markets of the developed world. Whilst Pretoria’s diplomacy is, perhaps as expected, implicitly statist, such bargaining coalitions are of increasing interest and importance in pushing positions in the emerging global trade regime (NARLIKAR, 2003). This paper seeks to analyse how South Africa fits within this emerging network of coalitions and meeting points, as exemplified by the G-20, India-Brazil-South Africa Dialogue Forum (IBSA) and the BRICS.

However, it should be pointed out that within such fora, the structural limitations of what is taken to be “globalization” are rarely probed as, it is apparent, “there is no alternative” and neo-liberal principles are largely accepted as inevitable, if not holding potential benefits. Radical ex-socialists such as Brazil’s Lula and Mbeki (ex-member of the South African Communist Party) accepted these limitations: ‘Untrammelled international competition, the celebration of the market, of wealth and self, anti-communism and anti-unionism; all these are no longer propagated as “revolutionary” in the sense of challenging a prevailing consensus of a different content, but they are now part of normal every day discourse;
Africa’s diplomacy into roles that fit with the notion of middlepowerman-
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This essential acceptance of the status quo translates itself in South
continuous improvement and expansion’ [emphasis added], (MBEKI, 2000). This essential acceptance of the status quo translates itself in South Africa’s diplomacy into roles that fit with the notion of middlepowermanship advanced by Cox:

In the middle rank of material capabilities, but...also stand[ing] in the middle of situations of conflict [the middle power] seeks to expand the area of common ground which will make it possible to curtail risk in the management of conflict. Possessing middle range capability (military and economic) is a necessary condition of the ability to play this role, but it is not an adequate predictor of a disposition to play it. An ability to stand a certain distance from direct involvement in major conflicts, a commitment to orderliness and security in interstate relations and to the facilitation of orderly change in the world system are the critical elements of the middle power role (COX, 1989, p. 827).

In short, the middle power in general acts as a facilitating agent to manage the global order on behalf of a particular political and economic model. This model is buttressed and consolidated by particular behavioural norms and rules. The role of middle powers is ‘to affirm the principle of adherence to acceptable rules of conduct by all powers, great or small’ (COX, 1989, p. 834). That is what Pretoria essentially pursues in its multilateral diplomacy in meeting points such as the G-20, G-20+ and even the IBSA:

The G20 provides us with an opportunity to make new allies among the middle powers to engage with the G7 to push for structural change in a world where the inequalities are often reinforced by what, in the post Cold war era, has been a completely lopsided balance of power (MANUEL, 2000a, p. 3).

However, South Africa’s membership and activism within the G-20+ arguably reflects an implicit dissatisfaction with the progress of the G-20 thus far and an experimental attempt to push forward an agenda that is not going to be compromised by the G-7’s tactics—as exemplified at Cancún—in delaying reciprocal liberalisation in the developed world, particularly with regards to agriculture.

It would be correct to argue that the G-20 has proved somewhat of a disappointment to Pretoria (and others) so far.2 As a group of systemically important industrialized and developing countries (i.e. “emerging markets”) whose finance ministers and central bank governors meet annually (since 1999), its achievements to date have been somewhat limited.1 This is not to say however that from Pretoria’s perspective the G-20 is moribund or completely ineffectual. One of the key rationales of the G-20 is that it serves as a forum in “developing a consensus on the underlying fundamentals of [global trade] issues and in directly addressing a number of the most important “stability and growth” questions facing the world economy at the present time” (BERGSTEN, 2004). As a forum for a working dialogue between finance ministers between and across the North-South divide, albeit one limited to a select elite group of countries in the developing world, it does have its uses. For instance, its potential

2. The G20 consists of Argentina, Australia, Brazil, Canada, China, France, Germany, India, Indonesia, Italy, Japan, Mexico, Russia, Saudi Arabia, South Africa, South Korea, Turkey, Great Britain, and the United States, as well as the European Union and representatives from the International Monetary Fund and the World Bank.

3. The G-20’s history started with the G-22 (referred to also as the “Willard Group”) which was established temporarily by President Clinton at the APEC summit in 1997 to organize a gathering of finance ministers and central bank governors to advance the reform of the architecture of the global financial system. The G-22 comprised finance ministers and central bank governors from the G-7 industrial countries and 15 other countries (Argentina, Australia, Brazil, China, Hong Kong SAR, India, Indonesia, Korea, Malaysia, Mexico, Poland, Russia, Singapore, South Africa, and Thailand). It was superseded the G-33 in early 1999. The G-33 organized seminars on the global financial architecture and was convened at the initiative of the finance ministers and central bank governors of the G-7. The G-33 consisted of the finance ministers and central bank governors of Argentina, Australia, Belgium, Brazil, Canada, Chile, China, Côte d’Ivoire, Egypt, France, Germany, Hong Kong SAR, India, Indonesia, Italy, Japan, Korea, Malaysia, Mexico, Morocco, the Netherlands, Poland, Russia, Saudi Arabia, Singapore, South Africa, Spain, Sweden, Switzerland, Thailand, Turkey, the United Kingdom, and the United States. The G-33 gave way to the G-20 later on in 1999. Confusingly, the grouping formed in 1999 and the grouping that emerged at the time of Cancun are both referred to as the G-20, although the latter group is also called the G-22, G-21, G-17 or even the G-x. I use the term G-20+ to differentiate it from the original G-20.
to act as a bridge between the developed and developing world, particularly vis-à-vis financial governance, is of note. Furthermore, increasing dissatisfaction with the uneven process of globalization, as symbolised by the development by the G-20+, means that the motivation for a meeting point whereby the ostensible management at the globally systemic level of the world economy and its processes more and more needs raising to the top of the global agenda. This is certainly what motivates South Africa’s membership of the G-20, which whilst dissatisfied by the infrequent meetings of the G-20, regards it as a useful site of debate: ‘A problem [with the G-20 is] that its meetings [are] too infrequent. But no forum is too unimportant. We’ve got to get our voice heard’ (MANUEL, 2000b).

Of particular dissatisfaction with the management of the global system is the unequal representation within the IFIs, which South Africa sees as particularly damaging to Africa. In two constituencies, 43 African countries share 4.38% of the shareholding (and vote) in the Fund, whereas the G-7 countries between them have a 47.69% shareholding and vote. As a result, according to Trevor Manuel, Minister of Finance for South Africa, ‘The biggest fault-line is in the decision-making process. The constitution requires that a number of decisions require 85% of the shareholders to back it. This gives the US and Europe an effective veto—no US, no decision. No Europe, no decision’ (ibid.).

However, whilst most of the work of the G-20 so far has focused on making the emerging markets less vulnerable to financial crises, it has not touched on the key issue of market access to any great extent, something which has more and more animated concern in key countries of the developing world with relatively strong agricultural export sectors, South Africa included. This failure by developed countries to reduce tariff and non-tariff barriers on exports from developed countries, especially on agriculture and textiles, has more and more animated concern in the developing world.

From a more critical perspective, although the G-7 formed the G-20 to ostensibly have a broader participation, this may have had much more to do with trying to legitimise the global order in the wake of the Asian crisis than it did with reconfiguring the international system to make it more amenable to the developing world and the challenges faced by globalisation and market integration and in fact, may well seek to mask global power configurations. This is not specific to the G-20 but is a broader problem with much multilateral bodies: ‘multilateralism in form is non-hierarchical’ (hence the oft-repeated rhetoric from South African policy-makers regarding the supposed equality of all within a multilateral setting); yet, ‘in reality [this] cloaks and obscures the reality of dominant-subordinate relationships’ (COX, 1997, p. xvi).

Certainly, and problematically, the G-20 was a unilateral creation of the G-7, which ignored (or sought to derail?) the ongoing efforts of a broad number of developing countries to speak collectively through various initiatives. It also has no mechanisms for reporting or for being accountable to the international community, specifically other developing countries, whilst the Scandinavians, who might be expected periodically to speak on behalf of the broader developing world, and carry
with them some financial clout, are excluded (HELLEINER, 2001). Thus though it is without doubt more representative than the G-7/8, its representivity is limited.

Whilst it can be seen as a useful forum for conversations between the G-7 and anointed select elites from the developing world, the G-20 clearly has limitations. And in the context of the impasse at the World Trade Organisation negotiations, has generated a degree of frustration to its developing world members, particularly as the G-7 is seen by many as having an over-dominant position within the grouping and dialogue within the G-20 does not seem to have particularly moved the G-7’s positions very much. The formation of the G-20+ and the IBSA may well signify discontent with such realities.

South Africa’s Reformist Diplomacy

As part of the advance of reformist initiatives, a co-ordinated approach within the developing world is deemed vital by South Africa. This has been long-standing and the G-20, IBSA Forum (India-Brazil-South Africa) and BRICS are but the latest manifestations of this and act in parallel to membership of the G-20. But this trajectory, of seeking to build coalitions of developing countries to try and influence global governance, is relatively mature within Pretoria’s foreign policy. For instance, over five years ago Thabo Mbeki addressed the Non-Aligned Movement (NAM) ministerial meeting and asserted that:

[1] It is vital that the NAM and the Group of 77 plus China should have a common, co-ordinated and strategic approach in their interactions with organisations of the North such as the G8 and European Union. We must ensure that the benefits of the twin processes of globalization and liberalization accrue to all of our countries and peoples and that its potential threats and risks are accordingly mitigated. It is therefore incumbent upon the Movement to continue being in the forefront of efforts to ensure the full integration of the developing countries’ economies into the global economy. It is to our mutual benefit that we continue advocating for a new, transparent and accountable financial architecture. (MBEKI, 1998, p. 3).

In recent times South Africa has exerted a great deal of energy in seeking to construct such a united bloc from which an agenda can be launched. In Cairo in March 2000 South Africa met with Brazil, India, Nigeria and Egypt to launch a developing nations’ trade bloc to challenge the G-7 in the post-Seattle round of World Trade Organization (WTO) negotiations. In Africa, such impulses have been crystallized by the launch in October 2001 of the New Partnership for Africa’s Development (NEPAD) which seeks to craft a relationship between Africa and the G-7 and promote a reformist developmental agenda, but one that accepts a liberalizing world as the starting point (TAYLOR; NEL, 2002). This is a fundamental point in evaluating Pretoria’s stance towards global governance and its take on what globalization implies. Indeed, the NEPAD sees liberal globalization as providing glowing opportunities, with a statement arguing that:

The world has entered a new millennium in the midst of an economic revolution. This revolution could provide the context and means for Africa’s rejuvenation. While globalisation has increased the cost of Africa’s ability to compe-
te, we hold that the advantages of an effectively managed integration present
the best prospects for future economic prosperity and poverty reduction (THE
NEW PARTNERSHIP FOR AFRICA’S DEVELOPMENT, 2001, p. 8).

And indeed, the NEPAD itself fits snugly with the policy aims of
Mbeki’s much-touted “African Renaissance”, which has underpinned
post-apartheid South Africa’s foreign policy, particularly since Man-
dela stepped down (TAYLOR; WILLIAMS, 2001). Yet this Renaissance
and the posture towards “globalization” has been criticised as being
under undue influence from the dominant neo-liberal orthodoxy
(TAYLOR; VALE, 2000). To answer such criticism, Mbeki has pur-
sued a policy of on the one hand embracing neo-liberalism whilst on
the other hand (through high-profile multilateral diplomacy) striking
a public pose of trying to alleviate the worst aspects of globalization.
Thus South Africa promotes a tactical and reform-minded agenda that
promotes a rules based trading regime, from which policy-makers
perceive provide Pretoria with tangible opportunities and benefits.
This is, it is suggested, in part a result of the effect that neo-liberal
restructuring has had/is having. While the African National Congress
(ANC) elite shares with the belief that one cannot “buck the market”
and that there is currently “no alternative” for a state like South Africa
to pursue neo-liberal macroeconomic strictures, it can be argued that
the ANC postures an agenda that strives to ultimately ease the most
harmful effects of this ongoing order. Membership of the G-20 and
G-20+ fit with this policy.

Such a stance serves the important function of exhibiting to its con-
stituency on the Left that the ANC is actively striving for the benefit of
the less advantaged, both within and outside the country’s borders (hence
Mbeki’s active posturing as an (the?) African leader and more broadly, a
Man of the South), while signaling that the government can be trusted to
play by the commonsense rules of the game. As one analysis framed it,
‘South African policy-makers cannot escape the demands for increasing
economic liberalisation emanating from transnational capitalist forces
and international financial institutions in the world political economy.
On the other hand, the feasibility of implementing such policies…unilat-
erally are severely curtailed by the high expectations and demands with
which a future democratic government will have to deal [with]’ (LEY-
SENS; THOMPSON 1997, p. 65).

In short, while as a government in power the ANC adheres to the
essential tenets of neo-liberalism; as a party in alliance with more social-
ist-inclined fractions (the Communist Party and the trade unions) and
having a residual and fairly strong Leftist element within its ranks, the
government must perform a balancing act. Adopting a reformist element
to its foreign policy regarding the global political economy is one way in
which this can be achieved. Indeed, ‘such reformist commitments are a
way of deflecting the perceived negative effects of globalization on the
South African state, and of displaying a commitment to change for the
sake of domestic coalition partners to the Left’ (NEL, 1999, p. 35). This
is reflected in its involvement in initiatives such as the G-20, but more
specifically, the G-20+ and the IBSA.
This is also symbolically typified by Pretoria’s “independent” stance vis-à-vis Washington and the capitalist heartland over such issues as the Iraq war, relations with Fidel Castro or the BRICS. As Bond (1998) notes, Pretoria is ‘willing to snub New World Order opinion by embracing Castro, Gaddafi, and Arafat while playing front-man for the United States where it really counts: control of African geopolitics [and] endorsement of neo-liberal economics’ (BOND, 1998). Such autonomy not only is a useful tool by which the government can deflect criticism of its essentially capitalist post-apartheid foreign policy but also, as in the case of the BRICS actually makes material sense. Thus the government is able to at once send out a message to important constituencies that has not “sold out”, whilst (hopefully) advancing real benefits to the South African economy.

Yet it should also be pointed out that the questioning of particular positions held by Washington or the G-8 does not mean that Pretoria rejects the ongoing liberal global order. The fundamentals remain central: normative principles based on liberal values and shared and propagated by global elites, from whom the leadership of the South African government cannot be separated. Such an understanding suggests why Pretoria has to date restricted itself to policies that are within the ambit of the neo-liberal discourse, but which aim to smooth out difficulties: “problem-solving” in other words. This translates into stances that may at times de-legitimize the dominant (state) powers—in particular their behaviour on global trading matters and the hypocrisy that demands the “opening up” of markets while surreptitiously keeping out exports from the developing world, but which remain firmly reformist, not transformist. In fact, South Africa’s multilateral diplomacy is largely restricted to pragmatically exposing occasions where the rhetoric of free trade is not actually implemented by the powerful (time and again demonstrated within WTO negotiations). The appeal to a rules based regime under the WTO is thus a good example where Pretoria seeks to fit rhetoric with practice, as is South Africa’s membership of the Cairns Group, its stance at forums such as the Non-Aligned Movement and UNCTAD, and the G-20 and G-20+. All are attempts to get the G-7 to take its responsibilities seriously and act in “partnership” with the developing world to alleviate problems and be more sensitive towards the needs of the less developed. But none reject outright neo-liberal globalization.

In short, the policy options currently being pursued by South Africa through its multilateralism seeks to press for increased access to the global market. Far from critically engaging with globalization, Pretoria is pragmatically pushing for greater integration into the global capitalist order, but on re-negotiated terms that favour externally-oriented elites. This position, an essential acceptance of the basic tenets of the ongoing world order, reflects the broader actuality that most elites from the developing world are, more or less, just as interested in maintaining the global system as their colleagues in the developed world. Reflecting on the monumental sea change of the 1980s regarding macro-economic common sense, one account has correctly remarked that,
Third World elites were not the passive victims of the US liquidation of the development project. At least some fractions of such elites [i.e. the externally oriented] were among the strongest supporters of the new Washington Consensus through which the liquidation was accomplished. To the extent that this has been the case, Third World elites have been among the social forces that have promoted the liberalization of trade and capital movements' (SILVER;ARRIGHI, 2000, p. 66-67).

This is because state elites, particularly in countries more or less integrated into the global economy believe that liberalization is the way to proceed: ‘core interests have supported neo-liberalism not only for material gain but also because there has been a genuine belief that it will lead to development. For peripheral interests (LDCs as well as the “emerging market economies” of central and eastern Europe), consent has been given with conviction that participation in the global marketplace will benefit them’ (LEE, 1995, p. 156).

Returning to Pretoria’s diplomacy, South Africa has used its membership and often, chairing, of a variety of organizations to consolidate its reformist agenda and seek to achieve tangible results. Though this has now existed for some time in South Africa’s multilateral policies, the Seattle debacle made it quite clear that a disorganized developing world was at a distinct disadvantage when facing a recalcitrant G-7 vis-à-vis global trading issues (Financial Mail, 2000). This probably accounts for the renewed activism on the part of South Africa within the context of the G-20+ and the IBSA initiative.

Certainly, Pretoria has been particularly keen to forge a common strategy and approach to global trade and development. Foreign Minister Nkosazana Dlamini-Zuma has asserted that a select group of developing countries should ‘form a nucleus of countries in the South that can interact on behalf of developing countries’. This ‘is a serious priority for SA’, she went on to say (ibid). The BRICS etc seems proof of this commitment and is the product of ‘Mbeki’s [long-standing] efforts to forge [an] alliance [as] part of his attempt to play a leading role in pressing for the reform of international organisations, including the UN, to ensure they better serve the needs of poorer countries’ (ibid.).

This policy received a major boost at the G-77 meeting in Havana in April 2000 when the body adopted a resolution that agreed with Mbeki’s vision of a united developing world within global trading bodies such as the WTO. Indeed, the G-77 summit was cast as the starting point of a collective process which would come to affect the future of the global system, sending ‘a clear message to the developed countries that their reluctance to reform the international financial system is a major threat to international peace and security’ (Business Day, 2000). The G-77 agreed to form a Directorate to drive this process of consolidation. This Directorate included Mbeki, along with Olusegun Obasanjo of Nigeria and Mahathir Mohamed of Malaysia (Financial Mail, 2000b).

By constructing a reformist-inclined coalition with key strategic partners, Mbeki hopes to build an alliance that will be taken more seriously than the G-15 and G-77 groupings, which were hamstrung by disparate attitudes towards globalisation and with some of its members being less than credible in the eyes of the G-7. With a form of credibility
derived from Mbeki’s image as a philosopher-king (the “African Renaissance” and now the NEPAD is a vital part of this imagery), and his credentials as a neo-liberalist and the architect of the Growth, Employment and Redistribution programme gaining him sound points in G-8 capitals, Mbeki seems ideally placed to pursue a reformist agenda at the various multilateral bodies that deal with global trade issues (TAYLOR, 2001). Playing a leading role in coalitions such as the G-20, BRICS and the IBSA initiative fits within this analysis.

Problems Facing the BRICS

Although the BRICS Forum is still very new, some problems exist that will not easily go away. These can be framed in part as political questions that will need answering as the Forum evolves. Firstly, does membership of the BRICS compromise the non-aligned status of India? Secondly, where does BRICS fit in with Pretoria’s role as principle promoter of the New Partnership for Africa’s Development (NEPAD)? Thirdly, Brazil and South Africa have positions widely divergent from India vis-à-vis nuclear weapons and have largely adopted a policy at variance with New Delhi. How will this play out within the Forum? Fourthly, the issue of UN Security Council seats. Is the BRICS in fact an elaborate attempt to advance the respective countries claims to Security Council seats? Brazil and India support each other’s candidature for permanent membership on the Security Council but Africa has its own position. Where and how do Brazil and India relate to South Africa’s ambitions regarding an African seat? It is currently inconceivable that Nigeria and Egypt will voluntarily cede their own aspirations to be global power-brokers. And can we really expect Pakistan to allow India to be Asia’s representative? What is good for the BRICS is not necessarily seen as good for the rest of the developing world.

Related to this, the leadership roles of Brazil, India and South Africa within their respective regions are quite problematic and inhibit the potentiality of the three states to “speak” for the developing world. How can this be resolved? Each are the largest and most diversified developing countries in their respective regions, but already, concern is expressed that the BRICS three are throwing their weight around with no mandate. ‘The problem comes when South Africa wants to decide for all of the developing world,’ asserts Hagar Islambouly, Egyptian Ambassador to South Africa. ‘It cannot fly the flag of the whole group until those positions are endorsed by the whole group. We ask: Are three countries enough to represent the developing world? Do you want to tell me that Pakistan, Indonesia and Malaysia are not important Asian countries in the G77? Is it only India?’ (quoted in MCCORMACK, 2004). This situation may be seen to be a result of regionalizing tendencies whereby small areas of relative hegemony develop in which predominant countries enjoy more and more power (TUSSIE; WOODS, 2000). Managing this will require some skill.

Furthermore, in a splintered global trading milieu, bilateralism and agreements with the developed world seem paramount and trump
so-called South-South co-operation strategies. After all, talks between the US and the five-nation Southern African Customs Union (of which Pretoria is the dominant member) appear to be currently far more pressing than building up the BRICS. Besides, the BRICS countries are actually competitors for export shares to the G-8 markets rather than obvious partners for co-operation, certainly on the economic front. Are the BRICS states really ready to forgo advantages in trade between themselves for the greater good of the bloc? Indeed, India currently is reluctant to open its own agricultural markets, whilst Brazil and South Africa are ready to do so. How will the BRICS overcome this and how will such divergences play out in WTO negotiations? Both the BRICS and the G-20+ may well be compelled to choose between ostensible unity and bargaining flexibility.

Finally, and perhaps most crucially, the BRICS, are inherently state-centric attempts to face globalization. Yet globalization is characterized by the increasing importance of non-state actors and the transnationalisation of capital, where markets are increasingly global and integrated, allowing an internationalized ownership of capital and the transit of capital in and out of any number of corporations and territories. This has been massively facilitated by profound technological change which not only has driven change in the structure of global power but has also shifted the productive structure by consolidating power over trade and production from states to private companies. Such a scenario, a.k.a. “globalization”, has led to states effectively losing much of their ability to plan and regulate their national social and economic policies. In a decentralized global system of finance and production, with US$1 trillion circulating at light speed every day on the foreign exchange markets, even short-term illusion that state leaders are the most important actors regulating global foreign and strategic…policies [today] has to begin by recognizing and evaluating transformations in the global political economy, especially in the South’ (SHAW, 1994, p. 18).

Putting the BRICS in their Global Context

It seems that it is the G-8’s apparent insensitivity and intransigence to concerns from the developing world that acts as the spring from which the reformist agenda has emerged. Certainly, concern over the negative effects of globalization and the arrogance of the G-7 vis-à-vis such considerations has provoked a counter-reaction—a global backlash as many assert. Mbeki and the other reformist elites in the developing world seem to perceive this as opening up some strategic space to push their own agenda. Consider Mbeki’s speech at the World Economic Forum in 2001: In order to address the backlash there are a number of imperatives that we need to address...The first key challenge is the reform of international financial and trading institutions to take on board the concerns of the countries of the South. For example in regards to the WTO there is a need to reexamine their rules (governing intellectual property rights, dumping and countervailing measures, subsidies, etc.); the agreements governing market access may need to be renegotiated
so as to benefit both developing countries and developed (perhaps they need to favour developing countries); and the structures of governance require reform to give greater weight to the concerns of the countries of the South. In a sense this would lay a basis to address the profound imbalances in the structure of the global economy. In this regard we think the delay in restarting the Millennium Round of the WTO after the Seattle debacle is unnecessary and unfortunate. Another challenge is that Governments of developed countries need to do more to expand access to their markets for developing countries’ products by lowering tariff exemptions and also providing exemptions from the many non-tariff barriers. In this regard the developed countries need to provide support to developing countries to comply with their sanitary and phyto-sanitary measures governing their imports. Another important challenge is how to ensure greater mobilization of resources for development in countries of the South (MBEKI, 2001, p. 6).

This engagement with the G-7 is clearly based on working within the ongoing financial architecture in a pragmatic fashion and reflects what seems to be quite an earnest interest in a substantial debate with the G-7 over the global trading system. Confrontation with the developed world a la the New International Economic Order (NIEO) has given way to “dialogue”, something that is by now quite long-standing. As Alfred Nzo, the first Foreign Minister in a democratic South Africa put it, ’The previously confrontational and sterile style of the world-wide debate on North-South issues has made way for a vigorous and healthy debate on core issues. This too mirrors our own change in which matters that previously caused division and dissension are now open to wide discussion’ (NZO, 1997, p. 3).

However, such an easy promotion of dialogue carries within it the dangers of emasculating any interrogatory position regarding the inequities of the global system: ’Since the prevailing consensus is the free-market liberalisation model that is promoted by the Bretton Woods institutions and the WTO, [such a position] seems to be seeking a role to be relevant to this model and to be accepted, for instance, by the WTO and the International Chamber of Commerce, rather than to challenge or provide alternatives to the model’ (HORMEKU, 1998, p. 1). In fact, the G-20+’s position is built upon the premise that liberalisation has not gone far enough and the G-7 needs to accept the logic of its own rhetoric regarding free trade. This is one prong of a two-pronged strategy that members of the G-20+ have adopted towards the organisation. The second can be summed up by the view that a world without the WTO or other multilateral institutions would only strengthen the G-7’s ability to extract concessions from the weaker states in the developing world. It is the latent collective bargaining power, shown in Seattle and Cancun, where they pulled the plug on the US and the EU, that has seemingly inspired the G-20+’s formation.

Realising this ‘latent power’ and attempting to harness it by forming a coalition of like-minded reformist partners in the developing world in defence of the WTO’s ostensible agenda is the cornerstone of the G-20+. This turns the tables on the dominant powers in the global economy and highlights their hypocrisy vis-à-vis “free trade” and “liberalization”. Such a stance is expressed in the rhetoric of the rules-based system that the WTO puts forward. Indeed, the former Director-General of the Department of Foreign Affairs suggested a while back that the promotion of
such a global regime is a major plank to South Africa’s foreign policy and is integral to the government’s pro-growth policies:

[T]he creation of a rules-based international system of interaction between states contributes to our domestic agenda. The setting of international standards and rules, the creation of transparent trading and other systems and ensuring that no single country or group of countries can dominate world affairs...creates an environment within which growth and development can take place (SELEBI, 1999, p. 2).

Within such an international system there are ‘obligations’ that member states must abide by. At the same time, there are ‘rights’ which a member state can expect and it is this flip-side of the rules that the G-20+ advances and which Pretoria attempts to push in its engagement with the organization and also within its broader economic diplomacy.

This is based on the understanding that the WTO manages a rules-based trade regime in which even relatively weak states are in principle entitled to confront and challenge the dominant developed powers. Pretoria’s position regarding the WTO has been in support of its broad prescriptions—essentially an endorsement of the liberal themes that underpin the body—whilst pressing for full adherence to the idea of a rules-based regime and a reform of the global system. Although South Africa’s was far more upbeat about the achievements at Seattle than a number of other developing states, it was realised by all that such an impasse and the marginalisation of the developing world in supposedly global trade talks must never happen again (although of course it did). But springing from Seattle, South Africa has been amongst the most active in seeking to formulate a way to reconvene the talks and form a coalition of reformist powers, with an emphasis on developmental issues and other matters related to the developing world. Both the G-20+ and the BRICS initiative are concrete manifestations of this diplomacy.

This then are the essential themes behind the G-20+ and BRICS initiatives. For its part, a certain willingness by the G-7 to listen to such messages (as indicated by the formation of the G-20) probably springs from the realisation that after Seattle and in the wake of the Asian Crisis, an arrogant disdain for the rest of the world’s concerns threatens to overturn the global trading regime. In this light it is better to engage with anointed elites within the G-20, most of whom are essentially fairly moderate in their positions, than risk allowing a process to develop whereby all sorts of “unreasonable” demands might be put on the table. This after all can be seen as one of the key rationales behind the formation of the original G-20: bring in non-G7 members to legitimise the ongoing global order. But this also has/had within it seeds for an eventual process of delegitimisation, particularly if and when no concrete results from such “dialogue” are able to be shown as proof of the wisdom or otherwise (for developing world elites) in joining such groupings. After all, within the G-20 there was always an inherent danger that representatives from the developing world would be effectively preordained to cast influence merely on the margins. Non-G-7 members are granted some appearance of participation, but the real impact this has on policy appears limited. The G-20+ and the BRICS however acts on its initiatives and agendas.
Whether these groupings can take advantage from the apparent current flux in order to advance a new order based on free and fair trade and one sensitive to the concerns of the developing world remains to be seen and is, at present at least, an open-ended question.

Concluding remarks

It is increasingly apparent that South Africa has emerged as a leading reformer on issues related to global trade. Although sensitive to the rest of Africa’s concerns over South African “bullying”, Mbeki has been keen to advance reform-oriented proposals on behalf of Africa. Foreign Minister NkosazanaDlamini-Zuma openly asserts that ‘the responsibility has devolved on South Africa to address more than bilateral issues (with the US) including a process of developing a new world agenda with sustained African development at the centre’ (quoted in Business Day, 2000b). Mbeki admits that ‘there’s clearly a big burden on South Africa—major countries are very keen to have a close interaction with South Africa on African and global issues’ (quoted in ibid.). But it should be pointed out that it is a measure of the basic liberal underpinnings of Mbeki’s diplomacy that newspapers such as the Business Day can endorse Pretoria’s policies with some enthusiasm (whilst at the same time making it clear that the Initiative is not a return to the days of the NIEO):

In talking, as he did repeatedly on his US tour, of the need for a ‘massive transfer of resources’ to Africa, Mbeki may, to some ears, have sounded like a chairman of the Non-Aligned Movement from the 60s demanding reparations for the evils of colonialism. But that was emphatically not what he was saying. He was talking about transfers based on market principles. To be sure, old-fashioned, but better channelled, assistance was still needed. But the really important thing was that Africa be unshackled to attract greatly expanded investment and technology flows, generate jobs and revenue from trade, and reap the benefits of globalisation (ibid).

However, whilst the reformist positions of Pretoria might well be the ideology of pragmatism in the present international context, this means in the final analysis advocating the intensification of international competition for markets in which states have relatively limited control over their own economies. Keeping together a broad-based coalition, particularly if it involves trying to maintain pan-African unity (historically and symbolically important) may prove to be very difficult. Moving forward necessitates that Africa chooses which subjects at the WTO they should negotiate on and also implies, given resource constraints and the lack of capacity, that a key African state is selected to lead any African coalition. But this is much easier said than done and serves to flag caution. Consolidating incompatible interests within any such African bloc (or a broader, developing world grouping, such as the G-20+) is highly problematic and whilst Pretoria may argue (or even think) that what is good for South Africa is good for the rest of the continent, the rest of Africa does not think so and is very suspicious of Pretoria’s intentions. Perhaps that is why South Africa has chosen to direct energies towards building the BRICS for at least there it does not have to expend energies marshalling an African consensus. Rather, joining the BRICS and then presenting
achievements as a fait accompli from which the rest of the continent may benefit seems to be the chosen strategy.

Overall however, in essence Pretoria’s policies towards global trade-related bodies are predicated upon a pragmatic position of making economies in the developing world as attractive as possible to foreign investors, whilst calling attention to the inequities engendered by one-sided trade liberalisation. Whilst this is cast within a broad position that partially questions some aspects of the globalisation process, criticism of the way globalisation is governed is off-set by a wider acceptance of the orthodoxy of neo-liberalism. This position can but be partial and fragmentary, although it is an expedient position for South Africa to take at present. However, the G-20+ and BRICS’s limited scope, which is largely focused on agricultural trade liberalization, and the implicit reluctance to expand the group’s concerns regarding globalization’s effects beyond the push for further trade liberalization, restricts the transformative potentiality of developments so far. Whilst there are clear limitations to the G-20+ (and specifically the BRICS) developing into a nascent opportunity through which an alternative power bloc might be developed, strategic space that has opened up in the last five years or so will remain under-utilised as long as the initiatives remain so constricted in scope.

In fact, whilst the walkout by the G-20+ nations was at first celebrated as a watershed event, the failure of the Group to build on this in any meaningful way has meant that such gestures have accomplished very little. And the subsequent move by Washington to push for bilateral trade agreements has further weakened the potency (and unity) of the G-20+. This demonstrates that coalitions of developing countries can be particularly short-lived and such coalitions can only really be long-term if they spring from a meeting of minds on fundamental issues. In that sense, the development of the BRICS as an “axis of the developing South” may give some hope, although there are problems with this, as mentioned above. Divergences within the much larger G20+ are however quite apparent. For instance, in the main the Latin American states and countries such as South Africa and Thailand are more or less pragmatic reformists interested in opening up markets for their agricultural exporters. They thus generally pursue realistic and flexible positions within the WTO’s confines. However other G-20+ nations are less so, such as Cuba, Pakistan and Venezuela. And India, although now pursuing liberalising policies, is very much hostage to a pretty much brittle consensus in favour of such moves and one that can be derailed by Hindu nationalism and chauvinism at any moment. Such factors, and the reality that it is problematic to think of the developing world as some uniform bloc with shared interests, is problematic for both the G-20+’s unity and the BRICS’s future coherence. The Brazilian and South African positions on this score are much more secure. This will be something to watch for in the future.

Yet the initiatives do, I believe, have some implications for the G-20 as the primary meeting point between the developed and developing world. After all, the rather technocratic and narrow agenda of the G-20 clearly has not resolved major issues vis-à-vis global governance. If the G-20 is to move forward as a serious and sustainable meeting point and
leaders’ forum, then concrete results, tangible to the developing world, needs to be achieved, and fast. The fact that the United States have mooted the idea that the rotating chairmanship of the WTO General Council should go to a developing country, given that Washington now supposes dly recognises the importance of combining trade liberalization with development, suggest that however unilateralist and arrogant the current American administration is, it does have some sensibilities. This can possibly built upon within the G-20, particularly if the G-7 leaders within the G-20 wish to assuage the dissatisfaction held by key elites in the developing world.

Certainly, the emergence of the G-20+ and the BRICS demonstrates that the retreat of the developing world, which staked out the 1980s and 1990s, may be in abeyance as neo-liberal globalisation is being seen to be more and more one-sided. Whilst it is true that much of the rhetoric is ahead of the actual actions (there is still no clear alternative model to be adopted, for instance, and the rhetoric itself is largely reformist in tone), we may be witnessing interesting and significant developments in global politics. But this pregnant agenda needs broadening beyond its current narrow confines if such initiatives are really to come to anything, perhaps something which the G-20 can develop. Certainly, although agriculture has always been at the centre of global trade negotiations, and reducing subsidies in the developed world would clearly benefit farmers in the developing world, it would be a mistake to believe that a reduction in trade distortion measures is the only thing required to level the global playing field, something which both the G-20+ and the BRICS should note. There is certainly a pressing need to manage both globalization and financial governance, particularly financial market volatility, international liquidity and commodity shocks—the G-20’s original remit. And the need to shift the global debate towards the perspectives of the indebted nations remains. If the G-20 is to be seen as a working and worthwhile forum, then from the South African perspective steps to rebuilding a multilateral financial architecture would need to include (among others):

- increasing the representation of important developing countries in key international forums;
- increasing the representation of developing countries in the governance of the IMF and World Bank by increasing the number and importance of basic votes;
- reforming the method of determining quotas to reflect sound policy, progress in policy reform and openness, not just gross domestic product (GDP) per capita;
- establishing a formalised debt restructuring framework;
- coordinating national macro-economic policies better, through cross-regional annual meetings like the G8 and Latin America, the G8 and Africa;
- and better regulating global financial and capital markets, and improving regulation of domestic financial systems through new proposals by the G20, working with the IMF on appropriate capital account policy and supervising capital flows (MANUEL, 2002).
In addition, in order to satisfy the G-20+ the following issues would need to be addressed: the reduction of tariffs; the extension of duty-free and quota-free access to all less developed countries’ exports into all developed countries; ensuring that tariff barriers are not exchanged for other protectionist obstructions; and the agreement on a real and binding schedule for the reduction and eventual elimination of domestic support and export subsidies in the West.

It does of course have to be noted that only a small number of the WTO’s members actually have the capacity and indeed bargaining power to push forward complex trade negotiations, particularly on the key issue of market access. The majority of African countries are actually quite woeful on this score. That is why the G-20+ is so important and potentially exciting. Cancún seemed to show that an effective counter-balance to the G-7 can be found in a group of the large and dynamic developing countries coming together, an emerging bloc of powers within the global trading regime may be nascent. Whether the G-20+ or the BRICS and the blossoming call for a reformed global trading order can move forward and beyond the current global impasse, and in effect try to tip the global scales back into balance, will be one of South African foreign policy’s greatest problems and will likely be a focus of Mbeki’s second term. In doing so, at least two big hurdles will have to be overcome. Firstly, putting together a coherent position that can be advanced as a “developing world” position. And secondly, confronting the almost inevitable US tactic of pursuing bilateral negotiations with individual favoured nations, which can firstly fracture the global trading system and secondly, can quickly undermine any nascent G-20+ unity.

Having said that, debate over trade issues and the appropriate role of both the G-20+ and the BRICS will possibly stake out future relations between the developed and developing world in the immediate future and will almost certainly stake out debate within the G-20. This is unlikely to go away, simply because it is clear that the emerging market economies, systemically important in their own right, who are feeling the burden of reform the hardest. Reformulating the current sharing of both costs and benefits within the global system is more and more important if the system itself is not to fall in on itself. As one commentator noted:

As these countries’ [the G-20+] economic growth accelerates, the battles over who sets the global rules of the economic game will only get more intense. The big Third World countries are gung-ho for exports, but they are far less comfortable with other forms of economic liberalization than the United States, or even the European Union. And this divergence of preferences is unlikely to change soon. If the global southern strategy persists, economic negotiators may soon look back fondly at the days of Seattle and Cancun as relative cakewalks.

(Drezner, 2003, p. 12).

Whilst we may not be witnessing a rebirth of the NIEO, interesting times seem to await us with regard to the debates over global governance and the management of the international system. Interactions involving both the G-20+ and the BRICS will probably be sites of this ongoing debate.
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