

BRICS Brings Huge Opportunities

It happened without anybody noticing because the world was watching China then India, grow in leaps and bounds. Along came BRIC (Brazil, Russia, India and China).

Now South Africa has joined BRIC, turning it into BRICS, adding enormous opportunities for intra-BRICS and Africa trade and investment. Africa's growth is now getting its due — as it should — as the continent's GDP has doubled in a decade. Proof of this growth is the fact that trade between Africa and BRIC, which has been double the global average, is on the increase and all pundits predict an even greater growth trajectory.

Why South Africa and BRIC?

South Africa is by far the biggest economy on the continent with sophisticated financial markets, a soundly-regulated and well-regarded banking system, clear intellectual property adherence rules, a stable and democratic government — and above all, is the biggest investor on the continent. South Africa recognises that its destiny is inextricably linked to that of the continent and that regional growth is fundamental to the continent's massive potential.

At the same time, South Africa is at the forefront of Africa's regional integration efforts by initiating, for example, continental north-south rail and road links, championing infrastructure investment, skills development and a single free-trade zone.

The BRIC countries have long recognised Africa as the next economic frontier, the region with the fastest growth after China and India.

With one billion people making an impact on consumer markets, unexploited mineral wealth, 60 per cent of the world's uncultivated agricultural land and the youngest age profile of any continent, Africa presents huge opportunities for business and trade. There is much more that underpins Africa's bright future, notably, since the early nineties the percentage of functioning democracies in Africa has risen from 10 to 35 and that for every \$40 billion of aid for Africa, the continent raises ten times as much from leveraging through pension funds, bonds and so on. This year, Africa gained a new sovereign state, Southern Sudan.

It is not as if BRICS member countries are governed by a singular approach to global issues, certainly not in a political sense. Its approach to global financial and economic rules and systems is closely aligned. BRICS adopts an approach that takes account of the rapidly emerging and strong countries and the fact that economic might is shifting from west to east and north to south. South Africa's accession to BRICS means that Africa is now also represented and will have its voice heard, not only in BRICS itself but in wider economic and trade discussions and trends.

What do the hard figures tell us about a BRICS future?

According to Goldman Sachs, China, already the world's second largest economy will overtake the USA in just over a decade. In 2025 it is estimated that the number of people in the BRICS earning over \$15 000 a year may reach over 200 million, thus leading to a huge increase in demand, not only for basic goods but for higher-priced goods as well. So, it is not just another grouping South Africa is joining, and certainly not as a junior partner at that.

South Africa is a major growth market in its own right, one which the Virgin Group's chairman, Richard Branson has said: "I do not hesitate to recommend South Africa to other potential investors." President Jacob Zuma, who led the South Africa delegation to China, sees clearly what joining BRICS means: "It will actively promote trade and investment, which enhances industrialisation and promotes job creation." From BRIC to BRICS is the way to a better future for all.