(A collection of press clips from establishment sources below. The gist seems easy to work out... Pretoria's Fransman: "Our presence in BRICS would necessitate us to push for Africa's integration into world trade." DBSA's Ruiters: "Our main focus is... financing large infrastructure cross-border projects, specifically because we find that most of the blockages that exist around infrastructure delivery are those on the cross-border list." DBSA's Dlamini: "We can no longer allow the DBSA to be associated with shoddy work". SADC's Caholo: "There is resentment towards the DBSA in certain quarters because it is in South Africa, and South Africa is the only shareholder. SADC has no say in what the DBSA does and although the bank does work on a bilateral level with SADC countries, we need our own bank." Aside from DBSA - deep in a restructuring crisis after massive unexplained losses last year - the other banks involved in the process included the China Development Bank, Banco Nacional de Desenvolvimento Economico e Social, or BNDES, of Brazil, Russia's Vnesheconombank and the Export-Import Bank of India. But what, exactly, do 'integration' and 'blockage' and 'shoddy' and 'no say' mean, in a ridiculously Resource-Cursed region like ours? Much worse extractivist Dutch-Disease bias, exported profits, corrutped politicians, forced displacement, climate change, air/water pollution and water scarcity? Sure. The ability of civ soc watchdogs to demand transparency, eco-social responsibility and local economic development? Unclear but doubtful, given the precedents.)

http://www.mediaclubsouthafrica.com/index.php?option=com_content&view=article&id=3217:brics-jse-180113&catid=45:economynews&Itemid=114

Brics summit in the spotlight

18 January 2013

Tiisetso Tlelima

The 2013 Brics summit, which takes place from 25 to 27 March in Durban, was the main topic of discussion at Frontier Advisory's monthly seminar held at the Johannesburg Stock Exchange (JSE) on Thursday.

The objective of the Africa Frontiers Forum is to promote an understanding of the business environment in Africa and to raise strategic issues impacting on the continent.

The seminar is attended by leading figures from the realm of business and government who give their insights on a designated topic. It is also a platform for knowledge sharing and networking.

Chaired by Frontier Advisory CEO Martin Davies, the conversation at this month's seminar was centred on the Brics nations and what member states can expect from the upcoming summit.

The Development Bank of Southern Africa's (DBSA) regional manager for development planning, Dr Michele Ruiters, told forum attendees that the bank will hold a meeting on the sidelines of the Brics summit to discuss two main issues. The meeting will highlight collaboration on green economy issues, something that Brazil, India, Russia and China have shown interest in; and infrastructure delivery as infrastructure development is important in the Southern African Development Community (SADC) region.

The DBSA is the largest regional infrastructure bank within the SADC region and it invests 20% of its loan book in the region, according to Ruiters.

She further stipulated that the DBSA is a reference bank within Brics, meaning that it's a member of a financial mechanism forum within the bloc that discusses all the financial issues that might arise in collaboration on the African continent.

Establishing a joint development bank

"Our main focus is on unblocking regional projects which is where the Brics could play a role, that is, around collaboration on co-financing and finding new ways of financing large infrastructure cross-border projects, specifically because we find that most of the blockages that exist around infrastructure delivery are those on the cross-border list," explained Ruiters.

"This is because it's much easier to fund country to country, but when there are three or more countries involved in a financial deal is more difficult."

She added that setting up a Brics bank – a joint development bank – would cater for these cross-border infrastructure delivery projects.

A Brics bank, which will have a starting capital of US$50-billion (R443-billion), would pool resources from partners to unlock infrastructure delivery in Africa.

"What we're hoping from the summit is that we solidify and formulate our collaboration even more," Ruiters said.

Russian ambassador Mikhail Petrakov, however, told delegates that Brics should not be viewed merely in terms of concrete issues such as the development bank, but also as a collaboration on strategic political issues and as an opportunity to create a new world.

"But for the time being, Brics is obviously concentrated on the issues of the economy," said Petrakov. "I presume that discussions at the summit this year will be around key international issues."

He added that Russia was working hard with other Brics partners because the coalition is a priority and one of the country's key foreign policies.

The Brics summit will concentrate on Africa and there will be outreach projects following the summit, he said. "By doing this kind of outreach we attract attention from outside to Brics and we can incorporate other regions in Africa."

He drew attention to the fact that Brics is a young initiative, having only been around for five years, and it has taken a lot of effort to make the forum more structured.

Moving from a socialist philosophy to free markets

Mark Casey, head of the China-Africa Services Group and Deloitte's technology, media and telecoms industry leader, who has travelled to the other four territories, said the Brics nations shared developmental goals and objectives.

Their ideologies and perspectives are similar, and they experience the same challenges, explained Casey.

"All territories in Brics are moving along an evolutionary continuum from a socialism philosophy to a free market one and I think that makes sense from the unique situation each country is in. I think all of them have a desire to accelerate progress towards that free market goal. Capital flow and investor confidence is high."

The importance of Africa producing products and not just being mere suppliers was also discussed at the seminar.

"My biggest fear is that we've just been suppliers and not partners, and we hope that this is something that will change," said Casey. "Africa needs to re-establish itself through partnerships and diversify its economy in the long term future."

South Africa's inclusion

South Africa was invited to join the Brics nations in December 2010 and Brand South Africa was involved in facilitating the process that led to the country being part of the coalition.

South Africa's inclusion into Brics has been criticised with some saying Nigeria should have been included instead.

According to Brand South Africa's research manager Petrus de Kock, the criticism is largely based on South Africa's market size.

"We've got just over 50-million people and when you compare that to other Brics nations there is no comparison in terms of population size," explained De Kock.

But he asserted that South Africa ranked higher than the other Brics nations in most of the categories of the World Bank's Ease of Doing Business index.

"For me, one of the hopeful outcomes of the summit is business leadership, civil society and political leadership that come to the country to just have that direct exposure, and for Brand South Africa to take that opportunity to not only build our reputation but to actively build on previous experiences and mistakes," said De Kock.

He added that it would be important for South Africa to share its multicultural experience with other Brics member states and he hopes that South Africa will play a much stronger role in the future of the organisation.

"The key outcome for me would be heightened awareness of each one of us, of who we are and what our societies look like, and a sense of the unique opportunities as well as challenges."

Read more: http://www.mediaclubsouthafrica.com/index.php?option=com_content&view=article&id=3217:brics-jse-180113&catid=45:economynews&Itemid=114#ixzz2IW2mcKn0

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Brics a gateway for SA into Eastern Europe, says Brand SA CEO

by Khulekani Magubane, 17 January 2013,

Miller Matola. Picture: FINANCIAL MAIL

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SOUTH Africa's membership of the Brics grouping, alongside Brazil, Russia, India and China, is expected to improve its investment prospects from the "unfamiliar" Eastern Europe region, according to Brand SA CEO Miller Matola.

Briefing media at a Brics workshop in Pretoria this week, ahead of the economic group's summit in Durban in March, Mr Matola said only 7% of investors in South Africa were committed and that the country should position itself to attract more investment and tourism.

"In terms of investor perception ... you will see that really there is no familiarity in terms of South Africa as an investment destination," he said. "We believe that being part of the Brics grouping will assist not only in opening new markets for us but also in terms of ensuring both investment and trade."

According to Jerry Matjila, director-general of international relations and co-operation, South African trade with the other Brics nations increased in recent years, with South Africa selling R98bn-worth of goods and services to China last year.

It also sold R55bn-worth of goods and services to Brazil in the same period, close to R89bn-worth to India and R3.8bn-worth to Russia, Mr Matjila said.

Mr Matola said South Africa, the only Brics member in Africa, had done well in marketing itself as a tourism destination but had to develop a reputation as a business and investment destination.

“Issues around labour and health are areas to work on as a country to improve perceptions ... awareness levels in Western Europe are generally higher than in Eastern Europe,” he said.

Mr Matola also said that although South Africa outperformed countries in the sub-Saharan region in terms of potential investors’ perceptions, the country was starting to see competition from other countries — including the “Next Eleven” economies, which include Nigeria, Egypt, Mexico and Pakistan.

“People are more likely to say that they would like to live and work in the country and to a lesser extent visit to invest,” he said. “That means there’s less awareness of that potential, which we need to work on. But again being a member of the Brics works in our favour in this regard.”

The World Economic Forum (WEF) placed South Africa 50th on its Global Competitiveness Index for 2011-12. This is the second-highest placing of any Brics country, with China ranked 26th.

At the Brics Summit, which will take place in Durban on March 26 and 27, South Africa will push for progress in the creation of a development bank for the economic group, with hopes that it could also host such a bank.

Anil Sooklal, deputy director-general of international relations and co-operation, has said there is political will among Brics leaders to launch a development bank.

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Analysis: Brics empowers all of Africa

Jan 16 2013 2:43PM

Maite Nkoana-Mashabane

South Africa’s foreign policy contends that our national interests are better safeguarded by not just focusing on our own national interests, but broadly, on the interests of our region and our continent.

Our country, as a member of the Brazil, Russia, India, China and South Africa bloc, (Brics) is playing an important role towards the shifting and distribution of power internationally. This shift is expected to give rise to a multi-polar world order.

Our interaction with fellow Brics states is premised on three levels of engagement: firstly, national, where we advance our national interests. Secondly, regional, where we promote regional integration and interaction with specific emphasis on the African Union mandate given to President Jacob Zuma to promote infrastructure development across the continent; and, thirdly, on a global level, where we advocate for a more inclusive global governance system.

The Brics bloc represents 43% of the world's population, approximately one fifth of global gross domestic product (GDP), estimated at $13.7 trillion, (R120 trillion) as well as combined foreign reserves estimated at $4.4 trillion.

Last year the Brics countries accounted for approximately 11% of global annual foreign direct investment flows ($465bn) and 17% of world trade.

South Africa's membership of Brics contributes to further leveraging economic opportunities for our own development agenda as well as that of the continent.

We want to ensure that our membership of Brics also benefits people on the entire continent.

The Fifth Brics summit, scheduled for March 26-27 in Durban, will constitute another high-level opportunity to further support key priority areas of the African agenda.

Asset Management Global Chairman Jim O'Neill has publicised an article entitled South Africa's Brics Score: Not All Doom and Gloom.

O'Neil argued objectively that South Africa could more than justify its presence in Brics if it helped Africa to fulfil its remarkable potential by exploring cross-border expansion in trade and infrastructure, as well as improvements in domestic productivity.

Africa is emerging as one of the fastest growing markets with the potential of future growth due to the demographic basis underpinning this growth and the new consumer market that is emerging.

The Brics countries now constitute the largest trading partners of Africa and the largest new investors.

The Brics investment portfolio in Africa is very encouraging and promising.

Over the past decade, we have seen a seismic acceleration of commercial and

Brics has nourished Africa's economic emergence and elevated the continent's contemporary global relevance. The recession and recovery period has enhanced this shift.

In 2010, Standard Bank economists predicted that Brics-Africa trade will “see an additional increase in the velocity of Brics-Africa engagements, with trade and investment spearheading the commercial charge”.

According to Standard Bank, Brics-Africa trade will increase threefold, from $150bn in 2010 to $530bn in 2015.

The exponential growth potential of Brics over the years to come will impact considerably on the future of emerging markets and developing economies – especially in the case of Africa.

South Africa’s membership of this emerging markets bloc must be understood within the context of what we wish to achieve against the current challenges we face as a country and a continent. As part of the developing world, South Africa faces the challenges of poverty, unemployment and inequality. Brics Leaders engage in peer learning and share best practices and development models.

The Indian Prime Minister, Manmohan Singh, outlined 10 specific priority areas at the New Delhi summit last year.

These were job creation, skills upgrading, energy, food and water security, sustainable growth through expanded trade opportunities, clean energy, income inequality, urbanisation, and the impact of the external geo-political environment.

Due to the complex nature of our challenges, the South African government has singled out infrastructure development as a key vehicle for improving the quality of life of the people.

Infrastructure development is also expected to boost our competitiveness and create jobs.

Our Brics partners view South Africa as a springboard into the African continent and a partner for economic development opportunities. At the New Delhi summit, President Zuma met with captains of industry from fellow Brics member states and invited them to join hands with South African companies in the development of Africa, pointing out that in the infrastructure sector alone, $480bn in investments will be required over the next 10 years.

Brics leaders already expressed support in the Sanya Declaration for Infrastructure Development in Africa.

They are committed to the continent’s industrialisation within the framework of the New Partnership for Africa’s Development. In the Delhi Declaration, the leaders expressed further support for Africa’s industrialisation, saying they “attach the highest importance to economic growth that supports development and stability in Africa, as many of these countries have not yet realised their full economic potential”.

The Brics economies, which already constitute between 20% and 25% of global GDP, will link a large part of Africa with the fastest growing economies in the world.

Maite Nkoana-Mashabane is Minister of International Relations and Cooperation

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TimesLive.co.za

Russia, South Africa to work on lacklustre trade ties

by Nick Kotch, February 01 2013

International Relations and Co-operation Minister Maite Nkoana-Mashabane. Picture: TYRONE ARTHUR

- **People:** Maite Nkoana-Mashabane
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RUSSIAN Foreign Minister Sergei Lavrov and his trade and defence colleagues will visit South Africa in mid-February to start raising the less than stellar level of bilateral trade and other ties ahead of the March 26-27 Brics (Brazil, Russia, India, China and South Africa) summit in Durban.

International Relations and Co-operation Minister Maite Nkoana-Mashabane acknowledged the need for an improvement in relations with Russia, particularly given the decades of military and other support the former Soviet Union gave to the ANC in exile.

“We see a lot of potential in working on the historic relations that we have with Russia to improve trade,” she told reporters at a briefing on Thursday. Both were mining countries with mutual investment prospects, she said.

South African officials said Mr Lavrov and his colleagues were expected to arrive on February 12 for a short visit a few weeks ahead of the fifth summit of Brazil, Russia, India, China and South Africa, the grouping that hopes to rival the Group of Eight (G-8) of traditionally wealthy Western nations in the near future.

South Africa’s trade exchanges with Russia are low compared with its other Brics partners.

Russian President Vladimir Putin would be one of the world leaders in Durban and would tack on at least a day to his Brics sojourn to pay an official visit to South Africa, the official sources said.

According to statistics from South African officials, the five Brics countries already control 25% of the global gross domestic product, 30% of the world’s land and 43% of its population.

China was by far the largest economy in the group and South Africa's biggest trading partner, as well as a significant investor, Ms Nkoana-Mashabane said.

Bilateral trade in 2012 stood at R201bn, according to South African Revenue Service figures, she said at a function at the Chinese embassy in Pretoria celebrating the 15th anniversary of diplomatic relations between South Africa and the People's Republic of China.

The trade was skewed in China's favour. "Both sides have agreed to work towards a more equitable trade balance so that both nations benefit from the trade," she said.

South Africa has more than once made clear it hopes the summit will endorse the creation of a Brics development bank and agree it should be located here because of the country's sophisticated financial services industry. Agreement on the issue is far from assured, with some members doubting the need for yet another development bank.

Ms Nkoana-Mashabane chose her words carefully when she spoke at the media briefing of possible outcomes from the summit.

"We should be able to receive a very positive update on the launch of a development bank. The baby doesn't have a name as yet — wait until the baby is born."

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(For financing a new burst of extractivism, is this new Bank necessary? What would be different than the existing Bretton Woods model, aside from slightly diversified control? What difference is there between the logic of the finance ministry in Pretoria - or other BRICS capitals - and the ever-extractivist World Bank and permanently-neolib IMF? Why advertise the BRICS Bank as a 'replacement', when the BRICS just gave $100bn to the IMF? Will SA's own disastrous, incompetent, money-losing, corruption-riddled model - the Development Bank of Southern Africa - be decisive, especially under the guidance of Development Bank International CEO Mo Shaik, who was outed by WikiLeaks as Washington's most valuable mole in Pretoria when he was spook-in-chief? You will not find answers to these questions in the thoroughly boring reports below.)

http://bosco.foreignpolicy.com/posts/2013/01/09/can_the_brics_build_a_bank

Can the BRICS build a bank?

Posted By David Bosco Wednesday, January 9, 2013 - 1:32 PM Share

India's *Business Standard* reports on scheduled meetings of BRICS officials to discuss their plan for a joint development bank:

Officials of BRICS countries are scheduled to meet in Pretoria, South Africa on January 10-11 to look at the viability and feasibility of setting up the bank. In February, finance ministers from these nations will meet to finalise the structure and thereafter, the leaders will approve it in March at the Durban summit.

Officials in India said all the countries are committed to creating the development bank for the region and the chances of a consensus are very high.

“It may start with small paid-up capital from BRICS countries and work on the World Bank‘s model. The bank will have to raise funds from the market at a concessional rate and lend further to the BRICS countries at a low rate,” said a finance ministry official.

By some accounts, negotiations about the bank are endangered by competing visions of its role. Last week, the *Wall Street Journal* reported that China’s notion of a bank devoted to its own members and focused on large infrastructure projects is not accepted by other BRICS members:

South Africa wants the funding to be available for other developing nations. India, which proposed the development bank, likes the idea of infrastructure financing but fears that China wants to run the bank mainly to make yuan loans and further the international use of China’s currency, “One country wants to dominate due to its financial standing, which would not be acceptable to the others,” said Brahma Chellaney, an analyst with the Centre for Policy Research, a New Delhi think tank.

Where to locate the development bank has become another battle. Mr. Liu says India wants the bank headquartered there, while China would “very much appreciate it” if the bank is located in Beijing, Shanghai or Chongqing. China is expected to chip in the largest share of the financing and “money talks,” he said.

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http://www.business-standard.com/india/news/contoursproposed-bank-for-brics-to-be-finalised-in-march/498265/

Contours of proposed bank for BRICS to be finalised in March
Vrishti Beniwal / New Delhi Jan 09, 2013, 00:53 IST

BRICS nations- Brazil, Russia, India, China and South Africa- are likely to finalise the structure of a development bank that will fund infrastructure in the associate nations at the BRICS summit in Durban in March.

The bank, however, may not start functioning before 2014 and is likely to have substantially less initial paid-up capital than the amount of $240 billion that is doing the rounds currently.

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11 to look at the viability and feasibility of setting up the bank. In February, finance ministers from these nations will meet to finalise the structure and thereafter, the leaders will approve it in March at the Durban summit.

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“It may start with small paid-up capital from BRICS countries and work on the World Bank‘s model. The bank will have to raise funds from the market at a concessional rate and lend further to the BRICS countries at a low rate,” said a finance ministry official.

International media reports have said the bank could be created by pooling together about $240 billion in foreign exchange reserves, but officials said this was too high an amount for BRICS countries and the initial investment would be nowhere close to that number.

“India wants to have a figure which is comfortable for all, otherwise the bank would not be feasible,” said the official adding that even a country like South Africa should not find it difficult to participate in the project.

As the sovereign ratings of most BRICS nations are not too good, borrowing at low rates would be difficult.

Thus, the bank will not have an ‘AAA’ rating like the World Bank.

The BRICS Development Bank would provide pooled funds to fund various social sector and infrastructure projects. Though multilateral institutions such as the World Bank, International Monetary Fund (IMF) and Asian Development Bank (ADB) are already doing that job, the BRICS Development Bank would help promote growth specifically in these five countries. It will provide an additional source of funding.

The bank would look at project-based financing. It may not fully fund the projects but would provide credit enhancement.

As India is a co-chair of the BRICS group along with South Africa, it is taking the lead in preparing the framework.

Though the idea of the bank was in the air for some time, it was formally mooted in the New Delhi summit of BRICS last year.

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http://www.polity.org.za/article/india-south-africa-and-the-ibsa-brics-equations-of-2013-2013-01-08

India, South Africa and the IBSA-BRICS equations of 2013

SOUTH AFRICAN FOREIGN POLICY INITIATIVE

Published 08 Jan 2013

For South Africa and India, 2013 promises to be a year of "Chinese interesting times" in navigating the IBSA-BRICS equation at a pivotal juncture for both groupings. The BRICS forum convenes in Africa in March with South Africa hosting the 5th Leaders' Meeting in Durban. Later in the year, in October, India will host the 6th IBSA summit marking the 10th anniversary of the Brasilia Declaration which launched this troika. Meanwhile, the fact that South Africa's hosting of BRICS will reflect a special Afrocentric twist in its thematic emphasis on "BRICS and Africa" has drawn a sharp reaction from one of India's leading civil society BRICS intellectuals, Samir Saran. And this is a good thing.

More often than not the coterie of academics and intellectuals networking the BRICS and IBSA confabs skirt around contradictions amongst ourselves which might upset individual and collective apple carts known as "polite company." This is by avoiding candidly expressing some of what is eating us.

In as much as this reticence tends to be at the expense of genuinely edifying intellectual discourse advancing mutual understanding, Samir Saran has done a much needed service in raising "The Africa Question" in Indian media. And SAFPI has done a great service in disseminating this "question" throughout its African network.

Saran, senior fellow and Vice-President of the Observer Research Foundation (ORF), the think-tank that did the initial spade work on BRICS for its founding summit in Russia in 2009, penned an op-ed in the December 12th edition of The Indian Express voicing exception with South Africa taking upon itself the "onerous task of discovering and representing a unified African voice."

In the process of arguing this point, Saran demonstrates why it is critical that intellectual as well as governing elites of the five countries really make an effort to get to know one another in more depth, where we are all respectively coming from – and really get a handle on what BRICS is all about apart from, as seems to be suggested, simply a collectivity of national interests converging on reforming global governance generally, global economic governance in particular.

From Saran's vantage point there are several flaws in South Africa's approach to BRICS:

- Presumptuously taking it upon itself to speak on behalf of all of Africa;
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- Misunderstands why it has been included in BRICS which is not to be a "proxy" for Africa but, as an emerging power with a unique perspective, to add value to BRICS by itself;
- It's misunderstanding reflects a lack of appreciation for the objective of BRICS which is to convey a counter-narrative on global governance to that of the West and to collectively leverage their individual weights in engaging western incumbents at "the global high table."

Now presumptuous as it might seem for SA to take it upon itself to speak on behalf of Africa, the same question could be posed about who anointed BRICS countries to engage the West at this hierarchical ' global high table' and on whose behalf? Their own individual behalf separately and collectively without regard for the interests of other emerging and developing economies?

And to what purpose if global governance is not about how various and sundry national interests are to be coordinated and if possible harmonized in a manner acknowledging how global economic integration has eroded the prerogatives of national sovereignty? No country is an island in today's world, least of all in its own region.

Some countries are more capacitated than others within their regions to articulate aspirations that are transnational even though there may be (indeed are) national jealousies about the capacity of given regional powers to convey a regional agenda which, in concert with other regional agendas, may add up to a continental agenda. It is not for nothing that, in southern Africa there is a SADC to which South Africa belongs or a Mercosur to which Brazil belongs which, in turn, feed into the respective continental agendas of the African Union and the Union of South American Nations. The same might apply to India within the South Asian Association of Regional Cooperation though it is often pointed out that India aspires to escape its region in ascending to "the high table."

No, no one anoints these members of IBSA as well as BRICS to represent them at the "global high table." Yet there is an unspoken if often grudging understanding that by default, South Africa, Brazil and India are better placed than their neighbours to engage at a global governance level which includes other emerging powers within the G20: Indonesia, Turkey, South Korea, Saudi Arabia, Mexico, Argentina.

Now honing in specifically on South Africa, what pray tell informs this "unique perspective" for adding value to BRICS if this uniqueness is not informed by an African identity on a continent saddled by history with a unique set of problems at a time when all of the BRICS countries are scrambling to avail themselves of Africa's resources? This question strikes at the very heart of what constitutes "The Africa Question" in a manner in which South Asia cannot compare, saddled by history as India and South Asia are with their own unique challenges which, again, ought to inform a South Asian regional sensibility underpinning efforts to come to terms with those challenges.

Now perhaps India is so big, constituting a subcontinental region in itself that some of its sons and daughters may not be able to appreciate a transnational vocation to the same degree that applies to South Africa within Africa. Be that as it may, the national sovereignty that Indians are so attached to simply does not work for South Africa in its relations within a fragmented Africa where national sovereignty is the essence of the continent's weakness; a weakness that South Africa along with other AU members must work to overcome.

This is a contemporary and historical circumstance compelling a pan-Africanist perspective and agenda for any country on the continent that aspires to continental leadership as does South Africa.

This what SA brings to BRICS which is widely understood if not appreciated by some.

South Africa, within its African context, therefore stands apart from other BRICS whose perspectives are informed by what might be termed "big country sovereignty" which is tantamount to continental sovereignty. This is what Africa aspires to and informs South Africa's African and BRICS agendas. This is a perspective informed by the realities of global economic integration which dictates a pan-African future as the only scenario that makes sense for South Africa and Africa – which by the way does not mandate a "united African voice" as such.

Unless BRICS as individual countries and as a collective begin to more consciously approach global governance from the vantagepoint of making economic integration work within their respective continents and regions, its long-term role as a revisionist actor in the politics of the global economy may be limited. Indeed, this is a challenge facing the IBSA countries within BRICS as it relates to their trilateral relations as the Brasilia Declaration approaches its 10 anniversary in 2013. Thus, whereas Saran asks if BRICS should not also concern itself with South Asian "tensions and imperatives" and those exercising China regarding the South China Sea, as South Africa wants to do regarding Africa, in a qualified sense, the answer is "yes."

BRICS should concern itself with these and other regions in which its members are embedded where issues of transnational economic governance arise having a direct bearing on regional and continental integration. This is what South Africa's African agenda relating to its hosting of BRICS is intended to address and Tshwane-Pretoria would open itself to major criticism from elsewhere on the continent if this was not its intent. Other BRICS members may not share the urgency of this imperative regarding their regions and continents as does South Africa regarding Africa.

The urgent need for Africa to overcome its fragmentation through advancing an integrationist agenda cannot be contested and if other members of BRICS cannot be sensitive to this special predicament facing the continent and South Africa's need to address it within the context of BRICS then this raises serious questions about the raison d'etre of South Africa's membership in this grouping if pure "national interest" narrowly defined is the be all and end all of BRICS. BRICS' relevance for Africa and the individual agendas of BRICS members in Africa would consequently come under question.

Regional and continental integration and, indeed, inter-regional cooperation are even more explicit in IBSA given the geostrategic architecture of this grouping in two respects: the economic potential of the Mercosur-SACU-India preferential trade talks, difficult as they are; and the added dimension of security community-building in the Indian and South Atlantic oceans.

If New Delhi fails to hone in on strengthening this southern sea lanes comparative strategic advantage in its hosting of the IBSA summit later in 2013 (while also chairing the Indian Ocean Rim-Association for Regional Cooperation) this trilateral grouping could face declining multilateral utility. This would be in spite of India's strongly held position, with China hovering in the background, of IBSA maintaining its autonomy and identity viz-a-viz BRICS.

2013 therefore should tell a lot about how important IBSA is in New Delhi's strategic calculus regarding BRICS as it cannot avoid the demand of showing leadership on the occasion of the 10th anniversary of the Brasilia Declaration. Will it show the vision and political will to jointly take IBSA to another level with South Africa and Brazil?

As central as its building on IBSAMAR is to a re-energizing of IBSA, Indian Ocean-South Atlantic maritime cooperation is by no means the only challenge facing India in its hosting of the troika's summit.

Here are few other considerations for the three governments:

- Given the elaborate sectoral working group agenda of IBSA and its uneven achievement together with its business, parliamentary and academic forums plus the geostrategic maritime cooperation potential of IBSAMAR, should not this troika contemplate a more formalized structure in the form of a secretariat, perhaps situated in Brasilia? Otherwise, there is a certain superficiality to IBSA and its initiatives which, compared to BRICS, may more and more take on little more than purely symbolic imaging with the real substance of India, Brazil and South Africa residing in BRICS where the leadership edge significantly resides with Sino-Russia.
- Can the three governments continue their south-south tokenism via the IBSA Development Fund run by UNDP's South-South Joint Cooperation Unit with the prospect of the BRICS development bank coming on stream? Could they not negotiate some complementary synergy between the development fund under IBSA and the development bank under BRICS and up the funding level? Additionally, given the pressing developmental needs in all three countries, could not the development fund house a grassroots development "window" or facility for small-scale income-generating community-level projects in the three countries?
- Why did India and Brazil reportedly shoot down a South African proposal that IBSA establish a working group on women/gender instead of addressing gender and status of women's issues at a purely forum level? Given the epidemic of violence

against women in South Africa as well as India and how the matrix of issues surrounding law enforcement, the judiciary and general vulnerability and brutalizing of women were exposed in India at the end of 2012, will New Delhi revisit the more substantive working group versus the superficiality of a forum for gender and women when it hosts the summit in 2013?

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Finally, the structure of the parliamentary forum in particular deviates from the original concept of such an IBSA structure tied as it is under the ministerial focal points of all three governments. The original intent was that it would operate more autonomously like the SADC Parliamentary Forum as one step removed from an actual legislative body. Given the 10th anniversary crossroad challenges facing an IBSA in need of reinvigorating, should not the status of the parliamentary forum be revisited as well and how it would interact with the various sectoral working groups?

All said, as some in India ponder South Africa's commitment to interrogating the BRICS-Africa connection while reflecting on what New Delhi will make of its own hosting of IBSA, there are a raft of issues on the table for the IBSA-BRICS civil society and academic constituencies to grapple with as they try to influence the direction in which these two groupings will develop.

The question we should ask ourselves is whether we are up to it, whether we are able to move from being arm chair theorists into the agenda-setting real world of action!

** This rejoinder to Samir Saran's analysis, "The Africa question", was commissioned from and written by Dr Francis A. Kornegay by SAFPI.*

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BRICS to Strengthen Ties, Establish Development Bank

Editor

» About this writer

With the next BRICS summit set to take place in Durban, South Africa, on 25-27 March next year, member nations are expected to agree upon a strategy for setting up a BRICS Development Bank, which will replace the role currently served by the International Monetary Fund and World Bank. Although the BRICS nations – Brazil, Russia, India, China and South Africa – are represented in the IMF, they reportedly only hold a combined voting share of 11 percent. The new BRICS Development Bank will also facilitate a bailout fund for which an estimated $240 billion will reportedly be set aside. This proposed breakaway from Western-dominated financial institutions comes as China recasts their gold reserves with the aim of pursuing a gold-backed currency system, along with their establishment in September of an oil wholesaling operation designed to bypass the US Dollar and the SWIFT central banking and currency system, seen by analysts as the first move towards creating a new global reserve currency.

In a recent interview, Vice-Minister of Finance Zhu Guangyao noted that the BRICS Development Bank, which is currently undergoing a feasibility study, was part of the ongoing efforts to strengthen economic cooperation between BRICS member countries. He also mentioned that the global economy will continue to face uncertainties in 2013 and he anticipated that there would be less participation in global trade by European banks. Moreover, he noted that BRICS countries are obligated to fight against trade protectionism and thereby 'unleash their potential'.

Trade between BRICS countries was in excess of $320 billion in 2011, representing a six-fold increase in the past decade. China's trade value with the other four member countries amounted to $280 billion in 2011 and had already exceeded $250 billion in the first ten months of 2012, with the country's overseas investment in Brazil, India, Russia and South Africa reaching $23 billion.

Meanwhile the Conference Board in the United States has warned that the BRICS boom is over, predicting that China's double-digit expansion rates will soon be a things of the past, with growth falling to 6.9 percent in 2013, dropping further to 5.5 percent from 2014 through to 2018, before falling even further to 3.7 percent from 2019 to 2025, citing the population aging crisis China faces as one of the reasons behind its dire predictions.

http://www.chinatrade.com/blog/brics-to-strengthen-ties-establish-development-bank

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http://www.iol.co.za/news/shadow-over-foreign-policy-planning-1.1447861#.UO41nXfqqXk

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Shadow over foreign policy planning

January 4 2013 at 11:59pm

By Peter Fabricius

Comment on this story

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SUPPLIED

International Relations Minister Maite Nkoana-Mashabane. Picture: Jacoline Prinsloo

What does 2013 hold in store for South African foreign policy? Hard to predict, because it depends so much on an unpredictable world.

The unfinished Arab Spring as well as uncertain elections in Zimbabwe, Madagascar and Kenya, and unfolding crises in Mali, the Democratic Republic of Congo and now Central African Republic (CAR), could all alter the calendars of President Jacob Zuma and International Relations and Co-operation Minister Maite Nkoana-Mashabane this year.

The last-named country has shown once again how Africa especially can mess up your planning. Zuma dispatched Defence Minister Nosiviwe Mapisa-Nqakula to Bangui on New Year's Eve to assess the predicament of CAR President Francois Bozize, an ally whose troops we are helping to train, even as they retreat rapidly before a very determined rebel advance. Did he send the defence minister because the international relations minister was on holiday still?

For her, the Brics summit in South Africa in March is supposed to be the most important event on the foreign policy calendar this year, though it remains to be seen if events will concur.

She evidently believes getting accepted as the fifth member of Brics late in 2010 was among South Africa's greatest foreign policy achievements to date. And the summit in Durban in March will be the first which South Africa hosts, having attended the two previous ones, in China and Russia.

It will certainly be a big prestigious showcase event for South Africa, bringing to Durban China's new leader Xi Jinping, India's Prime Minister Manmohan Singh, Russian President Vladimir Putin and Brazil's President Dilma Rousseff. For all of the others, including Zuma, it will be a great opportunity to meet Xi and assess if he intends changing the direction of China's politics particularly.

Beyond that, it is much less clear what will be achieved. Pretoria has been highlighting the Brics plan to create a development bank and has expressed the hope that it will be launched at the Durban summit and perhaps even that it will be based in South Africa.

It has also identified the theme of the summit as "Brics and Africa-partnership for development, integration and industrialisation", with the intention that the proposed development bank should focus on channelling the big money from its much wealthier Brics partners to Africa.

But none of this is clear. There are evidently serious disagreements among the Brics countries on how the development bank should operate, with China believing it should finance development only within Brics countries and India fearing that Beijing intends the bank to use only its own yuan currency, to boost the yuan relative to the US dollar in the world economy.

These analysts predict that the disagreements will postpone the launch of the bank beyond the Durban summit.

Pushing a Brics development bank that might help Africa would advance South Africa's African agenda.

Yet for South Africa itself, the real value of its Brics membership ought to be in leveraging the greater access to those economic giants to achieve more trade and investment. Zuma told then Chinese president Hu Jintao last year that South Africa was looking to China to help balance the trade relationship – now heavily skewed in China's favour – by investing in facilities which add value to our raw materials rather than just buying them raw.

Whether that happens remains to be seen. And whether South Africa can use its Brics membership to persuade China and the other Brics countries to open their now quite protectionist markets to more South African goods also still remains a moot point.

Our spat with Brazil last year over chicken imports was not promising. Many experts believe that these conflicting economic agendas are irrelevant at the Brics, which is essentially about creating a political counterpoint to the West.

If that is true, it raises the question which has hung over our membership of Brics from the start; and that is whether we might be a bit out of our league, joining the big boys in sparring with the West, if no economic benefits flow.

The Star

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NSA meet shows growing BRICS synergy

January 10, 2013

By China Media News

Global Times | By Rajeev Sharma

Illustration: Liu Rui

National Security Advisors (NSAs) of BRICS will be converging in New Delhi for the first ever stand-alone meeting of the BRICS' NSAs, which is scheduled for Thursday and Friday.

The development indicates how rapidly the synergy among BRICS is growing even in core areas like security. It is a healthy sign for the growing clout of BRICS, a grouping that accounts for almost half of the world's population and a quarter of the global GDP.

The BRICS NSAs have met on the sidelines of each summit. Russia hosted a formal meeting of BRIC NSAs in May 2009, when South Africa had not then been included in the grouping, to discuss the security implications of the global financial and economic crisis.

The New Delhi meeting will be the fourth meeting of BRIC NSAs, but the first time they will hold a structured meeting of the grouping.

The meeting will discuss the major international security-related issues that would come up for the five nations' top leadership during the fifth BRICS summit in Durban, South Africa, in March. The Durban summit will provide the very first opportunity for Indian Prime Minister Manmohan Singh to interact with the new Communist Party of China leader Xi Jinping on the meeting's sidelines.

Two burning contemporary hot spots will come under the scanner of the BRICS NSAs during their upcoming meeting in New Delhi: the situation in Syria and the developments over sanctions-hit Iran. China and Russia have proactively batted for both Syria and Iran.

The meeting will also have a sharp focus on subjects like the situation in the Middle East and cyber-security, the latter being a major area of interest for the international community in general and BRICS in particular.

The upcoming event will be of special interest for China and India.

There will be significant takeaways for China-India bilateral relations from the meeting as the Chinese point man Dai Bingguo, China's longest-serving chief negotiator on security-related issues as well as the most important designated Chinese official for the vexed boundary dispute with India, is expected to hold crucial bilateral meetings with the Indian top brass.

This will also be Dai's farewell visit to India, as he signs off after a decade of engagement with his Indian interlocutors.

During this period, Dai has been the unchanged Chinese chief negotiator on all security-related and Sino-Indian boundary dispute issues, while his Indian counterparts kept changing.

Dai has interacted with the first Indian NSA Brajesh Mishra, followed by JN Dixit, MK Narayanan and the present NSA Shivshankar Menon.

Indian diplomatic sources said Dai would be given a fitting farewell as he is likely to have meetings with the top Indian political leadership, including External Affairs Minister Salman Khurshid and possibly Prime Minister Manmohan Singh himself. However, the Indian government is yet to confirm these meetings.

Dai, the Chinese Special Representative (SR) designated for the Sino-Indian boundary dispute talks, met his Indian counterpart Shivshankar Menon in Beijing just about a month ago where a host of issues were discussed by the two senior officials.

India and China have thus far held 15 rounds of SR-level talks on the boundary dispute.

Menon had observed after his talks with Dai in Beijing in December 2012 that they had discussed common grounds that had been reached on the boundary question and the broad understanding reached thus far.

The broad contours of this understanding have not been revealed by either side. But straws in the wind suggest that this understanding relates to divergent views expressed by the two sides on boundary issues.

Significantly, the year just gone by has been the year when India and China had the least problems, though the two sides witnessed numerous flashpoints of divergences.

However, much to their credit, India and China have continued to build on convergences and minimize divergences. This is also the way forward for the future.

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Second BRICS health ministers' meet begins in Delhi tomorrow

Source

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Last Updated: Wed, Jan 09, 2013 15:20 hrs

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The second BRICS health ministers' meet will begin with a two-day programme here tomorrow.

While the programme on first day will be held at the Dr. Ramalingaswamy Auditorium in the All India Institute of Medical Sciences (AIIMS), the second day programme will be at the Banquet Hall of the Ashoka Hotel.

The first day's programme will be participated by the health secretaries and senior advisors of BRICS countries. The second day's programme will be participated by the health ministers of BRICS countries i.e. Brazil, Russia, India, China and South Africa.

It might be mentioned here that the first BRICS health ministers' meeting was held in Beijing, China on July 11, 2011 following a decision taken by Heads of BRICS countries through the Sanya Declaration of April 14, 2011.

The Beijing Declaration of the first BRICS health ministers' meeting emphasized the importance and need for technology transfer as a means to empower developing countries; the importance role of generic medicines in the realisation of the right to health; and to establish priorities in research and development as well as cooperation among BRICS countries including support to transfer of technologies and innovation in a sustainable way to foster cooperation among BRICS countries to make available and improve technology.

It was also agreed at Beijing to establish a technical working group to discuss specific proposals.

In the Delhi Declaration issued during the 4th BRICS heads of states meeting held at New Delhi on March 29, 2012, it was urged that meetings of BRICS health ministers be held in an institutionalized manner so that the countries of BRICS could jointly address common goals such as promoting innovation and universal access to health technologies including medicines, especially in the context of increasing costs and the growing burden of both communicable diseases and non-communicable diseases (NCDs) and to encourage flow of knowledge amongst research institutions through joint projects, workshops and exchange of visits, particularly by young scientists in areas relating to pharmaceuticals and health.

Thereafter, during the sidelines of World Health Assembly held at Geneva, Health Ministers of BRICS countries met on 22.5.2012 and discussed various issues.

During the meeting, it was decided that some thematic areas of work under the BRICS Health Platform be identified for each country to be carried forward by the Technical Group. A joint communique was issued after the meeting.

In accordance with this mandate, the Ministry of Health and Family Welfare, Government of India is organizing the two-day BRICS health ministers' meet at New Delhi from tomorrow. (ANI)

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More than just a catchy acronym: six reasons why BRICS matters

Global Times | 2013-1-9 23:08:01

By Samir Saran and Vivan Sharan

Illustration: Liu Rui

There have been heated discussions over the role of BRICS recently. Ian Bremmer, President of the Eurasia Group, a political risk consulting firm, wrote an eye-catching article in the New York Times in late November, proclaiming that BRICS is nothing more than a catchy acronym.

The BRICS nations represent over 43 percent of the global population that is likely to account for over 50 percent of global consumption by the middle class - those earning between $16 and $50 per day - by 2050. On the other hand, they also collectively account for around half of global poverty calculated at the World Bank's $1.25 a day poverty line.

What, then, is the mortar that unites these BRICS?

First, unlike NATO, BRICS is not posturing as a global security group; unlike ASEAN or MERCOSUR, BRICS is not an archetypal regional trading bloc; and unlike the G7, BRICS is not a conglomerate of Western economies laying bets at the global governance high table. BRICS is, instead, a 21st-century arrangement for the global managers of tomorrow.

At the end of World War II, the Atlantic countries rallied around ideological constructs in an attempt to create a peaceful global order. Now, with the shifts in economic weights, adherence to ideologies no longer determines interactions among nations.

BRICS members are aware that they must collaborate on issues of common interest rather than common ideologies in what is now a near "G-0 world," to borrow Bremmer's own terminology.

Second, size does not matter and it never has. Interests do and they always will. Intriguingly, Bremmer expresses his concern over China being a dominant member within BRICS.

Clearly, Bremmer has chosen to ignore the fact that the US accounts for about 70 percent of the total defense expenditure of NATO countries or that it contributes nearly 45 percent of the G7's collective GDP.

Third, BRICS is a flexible group in which cooperation is based on consensus. Issues of common concern include creating more efficient markets and generating sustained growth; generating employment; facilitating access to resources and services; addressing healthcare concerns and urbanization pressures; and seeking a stable external environment not periodically punctuated with violence arising out of a whim of a country with means.

Fourth, it is useful to remember that the world is still in the middle of a serious recession emanating from the West. As Bremmer himself points out, systemic dependence on Western demand is a critical challenge for BRICS nations. Indeed, it is no surprise that they have begun to create hedges. The proposal to institute a BRICS-led Development Bank, instruments to incentivize trade and investments, as well as mechanisms to integrate financial markets and stock exchanges are a few examples.

Fifth, through the war on Iraq, some countries undermined the UN framework. The interventions in Libya reaffirmed that sovereignty is neither sacrosanct nor a universal right. While imposing significant economic costs on the world, they failed to produce the desired political outcome. By maintaining the centrality of the UN framework in international relations, BRICS is attempting to pose a counter-narrative.

Sixth, in the post-Washington Consensus era, financial institutions such as the IMF and the World Bank are struggling to articulate a coherent development discourse. BRICS nations are at a stage where they can collectively craft a viable alternative development agenda.

In the Fourth BRICS Summit in New Delhi in March 2012, there was clear emphasis on sharing development knowledge and further democratizing institutions of global financial governance within the cooperative framework.

BRICS is a transcontinental grouping that seeks to shape the environment within which the member countries exist.

While countries across the globe share a number of common interests, the order of priorities differs. Today, BRICS nations find that their order of priorities on a number of external and internal issues which affect their domestic environments is relatively similar.

BRICS is pursuing an evolving and well thought out agenda based on this premise. And unlike Bremmer, we are not convinced that they are destined to fail.

Samir Saran is vice president and Vivan Sharan an associate fellow at the Observer Research Foundation, New Delhi. opinion@globaltimes.com.cn

http://www.globaltimes.cn/content/754826.shtml

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DBSA to cut equity investments

by Samuel Mungadze, 12 December 2012

Business Day

THE Development Bank of Southern Africa (DBSA) will scale down its equity investments portfolio as it aims to return to profitability, a senior executive said on Tuesday.

The decision follows a spate of bad equity decisions that hurt the bank, which reported a R370m loss last year.

DBSA CEO Patrick Dlamini said: “Equity investments were supposed to be an exception and now we have taken a decision that we are going to be thorough.”

Mr Dlamini was addressing media in Rosebank, Johannesburg, during a presentation of the bank’s turnaround strategy. He said the bank was expected to play a leading role in the planned infrastructure investment programme.

“Infrastructure serves as a catalyst for growth. It cannot be business as usual, the continent requires R93bn infrastructure funding per annum. We want to make sure we are an important part of the economy and infrastructure is very important,” he said.

The government has planned to spend about R845bn over the next three years, and R4-trillion over 15 years, into public infrastructure projects. The Cabinet recently approved the gazetting of a new bill aimed at fast-tracking and enhancing the co-ordination of South Africa’s planned strategic infrastructure projects.

The DBSA has already approved a total of R27.5bn, most of which (86.3%) was dedicated to South Africa for infrastructure projects in the year ended March.

The funding would be spent on a number of projects in the country.

Mr Dlamini said there was an opportunity for the bank to increase lending. He explained that the bank aimed to increase its presence in various market segments.

It wanted to grow its assets in the municipal market to R26bn by 2017 and state-owned enterprises assets to R27bn.

In the Southern African Development Community, the target was R20bn and in private-public partnerships the target was R3.5bn.

Mr Dlamini also said the management of a R9bn jobs fund to create more employment in South Africa was on track. The bank had approved R1.8bn for the fund.

“Close to R1.8bn has been approved and 62,000 sustainable jobs committed to date,” he said.

Mr Dlamini acknowledged that with the new restructuring process, staff would be retrenched and corruption would not be tolerated.

“We can no longer allow the DBSA to be associated with shoddy work, we need to restore the pride of our people because we believe our people deserve better,” he said.

The DBSA has announced a voluntary retrenchment process.

It has been reported that the bank aims to reduce its staff count from 750 to 300.

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DBSA restructuring to lay basis for 'scale-up' of 'core' lending to R91bn

By: Terence Creamer

11th December 2012

The State-owned Development Bank of Southern Africa (DBSA), which is in the midst of a far-reaching restructuring programme, indicated on Tuesday that it was finalising a new strategy and organisational structure that would lay the basis for a doubling of its loan book to R91-billion over the coming five years to 2017.

Consultations were still under way with the National Treasury, but the emerging strategy would involve a scaling up of lending to the eight metropolitan councils, as well the 112 Tier 2 municipalities in a bid to improve service delivery.

But the bank also planned to materially increase its debt exposure to State-owned companies (SoCs), as well as to African infrastructure projects and to public-private partnership (PPP) projects.

By contrast, the development financier would whittle down its equity investments, particularly to entities outside of its core infrastructure focus.

During 2011/12, the bank's assets grew by 10.5%, from R47.4-billion to R52.4-billion, but its financial performance was worse than expected, mainly as a result of impairments and unrealised revaluation losses on equity investments, particularly in the mining sector.

Newly appointed CEO **Patrick Dlamini** said the bank had "paid school fees" in the area of equity investments and that it would be far more circumspect in this area in future.

The current reorganisation, which Dlamini acknowledged was causing some uncertainty within the bank, was designed to realign the institution with its core mandate of supporting basic municipal infrastructure, as well as the development of economic infrastructure.

"It cannot be business as usual," he averred.

The restructuring process could result in retrenchments should the current offer of voluntary-severance and early retirement packages fail to achieve the streamlining being sought. However, Dlamini said it was premature offer precise figures, or to comment on whether any group executives had taken up the offers.

In some cases, the DBSA would also be seeking to recruit new talent to bolster its capacity in the areas of corporate finance, project preparation, risk and credit management.

Over the coming five years, the DBSA expected to raise its lending to the municipal market to R26-billion, with a material ramp-up in lending to Tier 2 municipalities to R8.8-billion.

It was also planning a dramatic increase in lending to SoCs, from R4.8-billion currently to over R27-billion.

Particular emphasis would be given to the smaller SoC's, owing to the fact that Eskom, Transnet, Telkom, PetroSA, the Passenger Rail Agency of South Africa and the Trans-Caledon Tunnel Authority had other funding options.

Dlamini said these "Tier 2 SoCs" would be a more natural match for DBSA's corporate lending and project finance activities.

The third-largest area of focus would be infrastructure developments in the rest of Southern Africa, with the DBSA having set a target of raising its asset profile in the region to R20-billion by 2017. Dlamini said the group would target specific opportunities in the energy, water and sanitation, transport and information communication technology sectors.

The bank had also been given a specific mandate to support regional-integration-supporting infrastructure programmes, including the much-vaunted North-South Corridor.

In the PPP milieu, meanwhile, the DBSA had set a target of increasing its assets to R3.5-billion by 2017. To achieve that target, human and financial resources would be dedicated to increasing pre-financing activities to "unblock" deals.

The R9-billion Jobs Fund and the R800-million Green Fund would continue to fall under the aegis of the DBSA even under the new structure, with Dlamini indicating that yet further funds could be added in future, possibly in partnership with Chinese funders.

He acknowledged early teething problems with the Jobs Fund, but gave an assurance that the initiative was on track to stimulate the creation of 150 000 sustainable jobs over the coming five to seven years.

The application and adjudication processes had been significantly streamlined following earlier problems, which Dlamini said stemmed from the fact that the launch had taken place before "fundamentals" were in place.

The R91-billion vision would be supported by a funding plan comprising internal resources, bond issuances and the securing of favourable credit terms from "strategic partners".

"We really want to make sure that the [reorganised] DBSA goes about its business in a completely difference, and more aggressive manner than has been the case in the past," Dlamini concluded.

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Roundtable Discussion by Deputy Minister Marius Fransman at the University of Stellenbosch on the theme "South Africa: A strong African Brick in BRICS", on 21 November 2012

Programme Director;

Members of the University Management; Staff and Students;

Community Leaders here with us today;

Members of the Media;

Distinguished Guests;

Ladies and Gentlemen;

"We will continue ensuring that Africa continues to have a strong voice in international forums such as the G20, World Economic Forum and many others" so said President Jacob Zuma in his address during the recent Thabo Mbeki Centenary Lecture.

These words are always our guide and an inspiration in the conduct of our foreign policy, in particular our participation in the global system of governance. I urge you to keep them in mind in the course of this lecture.

Programme Director, our theme for today is titled "**South Africa: A strong African Brick in BRICS".** This is a golden opportunity to share with you our thoughts on the present and future of our role in BRICS and its implication for development and growth for South Africa and its mother continent, Africa.

I am thankful to the University of Stellenbosch for agreeing to host me in this magnificent centre of learning. Stellenbosch is one of South Africa's leading institutions in the field of economy and international relations.

It is therefore appropriate that this lecture take place here as it addresses how South Africa's BRICS membership will benefit our economy and that of Africa, as well as promoting healthy international relations between Africa and BRICS countries.

Writing in January 2011 in a paper entitled ***"South Africa and BRICS: Africa moves to centre stage"*** in February 2011, Yingni Lu, a *London-based business development professional,* had the following to say about South Africa's position in the global systems of governance:

"South Africa's position as voice and advocate of the African cause in the shifting sands of global economic power and institutional reform now becomes even more critical as it takes its

place both in the BRICS and the UN Security Council. The invitation of South Africa to become the fifth member of the BRICS - Brazil, Russia, India, China and South Africa - and the South African seat on the United Nations Security Council will ensure that Africa has a voice in all key global fora and will accelerate reform of the UN and global financial, developmental and trade architecture".

The rationale for South Africa's involvement in BRICS

There is no doubt that the 21st century is characterized by an increasingly globalised and interdependent world, which is overturning previously held convictions regarding the international system's prevailing power balances and the emergence of new political and economic powers. Scholars such as Keohane; Nye and Stiglitz have written extensively on globalism/globalization. They have defined globalism as a state of the world involving networks of complex-interdependence at multi-continental distances and the linkages are described as flows and influences of capital and goods, information and ideas and people and forces as well as environmentally and biologically relevant substances. Mr Stiglitz wrote in 2002 that;

"in the current process of globalization we have a system of what I call global governance without global government. International institutions like the World Trade Organization, the IMF, the World Bank, and others provide an ad hoc system of global governance, but it is a far cry from global government and lacks democratic accountability".

In an academic address Minister Maite Nkoana-Mashabane delivered on 1 November 2010, prior to South Africa being invited to join BRICS on the topic ***"The relationship between South Africa and the Emerging Global Powers",*** she contextualised the complex character of the world we live in today. She explained that the historic context of South Africa's foreign policy derived from the Freedom Charter and that it focused on peace and friendship, collaboration and building partnerships and was not about confrontation and thriving in competition and rivalry.

Programme Director,

Our foreign policy further encapsulates this approach and calls for "an African Continent, which is prosperous, peaceful, democratic, non-racial, non-sexist and united, and which contributes to a world that is just and equitable". This is what informs our approach to the world, but also to opportunities provided to us and the world by the rise of countries we call "emerging powers". In the tradition of Robert Axelrod's "The Evolution of Cooperation", Minister Nkoana-Mashabane cited that "friendship is hardly necessary for cooperation... Under suitable circumstances, cooperation can develop even between antagonists". In this complex and fluid global system we live in today, nurturing conditions for cooperation is crucial if we are to construct a different global order where power is more diffused and responsibilities are appropriately shared. As was the case with the advent of the democratic South Africa where we wished to do away with apartheid's legacy , the emerging new world order is also not to be reconstituted in the previous order's zero sum terms and world view.

Africa is at the centre of our foreign policy. This administration has continued to play a crucial role, both bilaterally and multilaterally through the African Union, in promoting peace, good governance, integration and other public goods that are prerequisites for development of the African continent. We do this with a true spirit of Ubuntu, which implies that you are because of me. Allow me the opportunity to elaborate on the important strides Africa has achieved, at close to six per cent, Africa's economies are consistently growing faster than almost any other region. The Africa Progress Panel, chaired by Kofi Annan, had noted that

"For the first time in a generation, the number of people living in poverty has actually fallen – and many countries have witnessed strong progress towards the MDGs."

As President Zuma pointed out in a speech recently, over the past decade, Africa has gone from being the 'Hopeless Continent' to being a 'Rising Star,' the next major growth pole in the world economy.

Ladies and gentlemen,

South Africa's accession to BRICS in January 2011 was the culmination of broad-based thinking and joint efforts. Drawing from the important history of the origins of South-South co-operation laid down in 1955 at the Bandung Conference, as well as with the creation of the Non-Aligned Movement in 1961, the Government of South Africa recognized that we have to be part of the forward march of history. Our accession into BRICS is also an acknowledgement of the fact that the age of globalization requires us to elevate mutual partnerships to a different level. We enter into these alliances, taking advantage of the wells of goodwill and solidarity at our disposal, with a view to leveraging these beneficial political and economic relations.

South Africa's South-South cooperation strategy is anchored on the BRICS partnership mechanism with China, India, Brazil and Russia. Our membership of BRICS has three objectives: to boost job creation and the domestic economy; to support African infrastructure development and industrialization for the realization of the African Renaissance; and to partner with key players of the South on issues related to global governance and its reform. As the host of the next BRICS Summit in early 2013, we have a contribution to make to the realisation of the objective of establishing the BRICS Development Bank.

Our participation in BRICS is focused on the three levels of international engagement.

Firstly, on a national level, we aim strengthen our economic relations with BRICS partners and overall intra-BRICS trade, which is mutually beneficial. One of the concrete outcomes of the Fourth BRICS Summit included the conclusion of the Master Agreement on Extending Credit Facility in Local Currency under BRICS Interbank Cooperation Mechanism and the Multilateral Letter of Credit Confirmation Facility Agreement between our EXIM/Development Banks. The Development Bank of Southern Africa (DBSA) is the South

African party to the BRICS Interbank Cooperation Mechanism. We believe that these Agreements will serve as useful enabling instruments for enhancing intra-BRICS trade in coming years.

South Africa's overall trade with BRICS has grown steadily from US $9.2 billion in 2005 to US$20.4 billion by 2010. The priority is now to ensure that further trade increases is concentrated in value-added products in support of our industrial policy framework. I am of the view that mutually beneficial trade could be further enhanced through the identification and removal of non-tariff barriers that currently impede intra-BRICS trade.

Our focus is logically centred on advancing domestic priorities, notably under auspices of the New Growth Path, Industrial Policy Action Plan (IPAP2 and IPAP3) and the Presidential Infrastructure Coordinating Commission (PICC). South Africa's considerable non-energy in situ mineral wealth (estimated at $ 2.5 trillion) being the world's largest producer of platinum, chrome, vanadium and manganese, and the third-largest gold miner, as well as offering highly sophisticated mining related professional services, contributes significantly to the BRICS resource pool. South Africa is a source of exceptionally sophisticated professional services and financial expertise and it was ranked 4th globally in the 2011/12 World Economic Forum's Global Competitiveness Index's financial market development ranking. The regulation of the Johannesburg Securities Exchange (JSE) was ranked number one in the world, as was the strength of South Africa's auditing and reporting standards. Additionally South Africa is ranked 2nd for both the soundness of banks and the efficacy of corporate boards. With direct access to the rest of the continent and situated between the East, the Americas, Europe and the Middle East, South Africa has many structural advantages which make it an excellent investment destination and ideal partner in the African growth story.

Secondly, on a regional level, South Africa is promoting the infrastructure development programmes which the President as the African Champion has to promote under the auspices of the Presidential Infrastructure Champion Initiative (PICI) and the Programme for Infrastructure Development in Africa (PIDA). A recent exciting initiative in the BRICS context is that of a new Development Bank which South Africa strongly supports. It is intended to mobilise resources for infrastructure and sustainable development projects in BRICS and other emerging economies and developing countries, to supplement the existing efforts of multilateral and regional financial institutions for global growth and development. The Leaders directed the BRICS Finance Ministers to examine the feasibility and viability of such an initiative, set up a joint working group for further study, and report back by the next Summit which South Africa will host in 2013.

I am encouraged by the BRICS investment portfolio in Africa. As you aware South Africa is one of the leading investors among developing countries in the continent. I wish to encourage BRICS companies to take advantage of this unique position and partner with South African companies to explore commercial opportunities in Africa.

I wish to emphasise the comparative strength of the BRICS formation in supporting Africa's repositioning in the global economy. While I am deeply cognisant of the continuing importance of traditional partners for Africa, it is the exponential growth potential that engagement with BRICS can realise that I wish to highlight in this article. An IMF study on the linkage between BRICS and Low Income Countries asserted that the relatively mild deceleration of Low Income Countries' economic growth during the global financial crisis points to the potential benefits of their growing ties with BRICS. Most of these countries were hit hard by the crisis, but growth often slowed less and recovered faster than anticipated. They argued that Sub-Saharan Africa, for instance, would be more resilient to the global financial crisis than conventional wisdom would suggest because of the region's strong trade ties with BRICS, particularly China.

Thirdly, BRICS is a platform for dialogue and cooperation amongst countries that represent 43% of the world's population. The Standard Bank economists have predicted that BRICS share of global output will increase from 15% currently to around 20-25% in 2015, i.e. a fifth if not a quarter of global output. BRICS-Africa trade is projected to increase threefold from $150bn in 2010 to $ 530bn in 2015. BRICS share of Africa's total trade will increase from one fifth in 2010 to one third by 2015. FDI from BRICS countries is projected to increase from $60bn in 2009 to more than $150bn by 2015, i.e. threefold. BRICS foreign reserves are estimated at $4, 5 trillion, which is a major reservoir of capital.

Ladies and Gentlemen;

Many of you may want to know what our membership of BRICS has in store for them. The BRICS countries are working towards a vision of creating a prosperous world for all its citizens.

Our accession to the BRICS placed South Africa in the company of the world's fastest growing and potentially most influential nations. BRICS formation is the model of future international relations for equal partners on equal footing and not the animal farm kind of international relations, which is not sustainable as you see with collapse of economies of the north. If you remember well, recently those countries were bailed out by BRICS. BRICS approach is that of building sustainable international relations for global peace and stability. We would like to see this influence work to South Africa's and Africa's benefit, that of the developing world as well as for every global citizen - that is our hope and vision for the next Summit that President Zuma will host in South Africa and beyond.

Allow me to reflect a bit more in depth on Government's strategic intent when we strive to bring together the triple helix of government, academia and industry, to support Government's growth and development strategies.

UNESCO published a study in 2011 that found that university-industry partnerships have moved high onto the policy agendas of many governments worldwide in recent decades and become a new and expanded phenomenon. The university-industry partnership is conceptualised as a means to bridge the perceived gap between the science base and the productive sector which would allow new knowledge to be transformed rapidly into innovation.

Former Science and Technology Minister Pandor also stated at one of her last engagements as follows: *"The nexus of university and industry holds potential for economic development, entrepreneurship and job creation. We are not taking the opportunities presented to us as vigorously as we should,"* and she further emphasised the need for stronger focus on university, industry and public partnerships. Minister Pandor also reflected that South Africa has made strides in developing its human resources, which is a key focus of the government, but is not seeing an increase in the 1% of GDP currently invested in basic research. Minister Pandor also commented that the government aimed to strengthen international partnerships in the pursuit of new knowledge and innovation for technology transfer opportunities. She cited the Square Kilometre Array (SKA) radio telescope project which entailed significant collaboration between South Africa and international partners, which notably also included our BRICS partners.

Programme Director

The good news is that, according to the World Economic Forum's (WEF's) latest global competitiveness report, South Africa remains the most competitive economy in sub-Saharan Africa. South Africa performed reasonably well in more complex areas such as business sophistication, 38th position; innovation, 42nd position; benefiting from good scientific research institutions, 34th position; and strong collaboration between universities and the business sector in innovation places us in 30th position.

Complementary to these arguments is the fact that the BRICS Summits are always preceded by meetings of both the Academic and Business Forums of BRICS which already provide for various synergies in this regard. DIRCO is partnering through the Department of Higher Education and Training with Higher Education South Africa (HESA) to host the Fifth BRICS Academic Forum a few weeks prior to the Summit. We are currently focusing on developing the themes for this august gathering of some of the world's most prominent academics with exactly the same intent as I just described, i.e. to expand our basic and applied scientific research and development collaborations, as well as to also provide BRICS Leaders with more concrete policy options for our respective societies' developmental challenges. BRICS Leaders pertinently tasked officials at the previous Summit to provide for *"a general academic evaluation and future long-term strategy for BRICS"*. Considering that our BRICS partners all have created dedicated BRICS Think Tanks, our BRICS Sherpa, Ambassador Matjila, met with relevant South African stakeholders to discuss how South Africa could also create its own dedicated BRICS Think Tank. We will provide more information in this regard in the near future following consultations with relevant parties.

I wish to invite all the academics and students present here today, to become part, as appropriate, of these new and exciting opportunities that BRICS academic collaboration will offer us in future.

BRICS Strategic Partnership and the African Renaissance

Distinguished guests, Ladies and gentlemen;

As part of its foreign policy, South Africa promotes the African development agenda, and therefore will also in the BRICS context further build on the support solicited at the Third and Fourth BRICS Summits by its partners in support of the African development agenda. Our membership of BRICS underlines our country's growing international role, including its future significance for potential investors in the expanding African market. As the only African country in BRICS, we are expected to push for Africa's integration in trade and policies with the other four BRICS members.

In order to further strengthen the work it does, the Third BRICS Summit produced the most comprehensive Declaration to date and a detailed Action Plan. This Action Plan pronounced on future areas of cooperation, spanning the fields of Science and Technology, Agriculture, Statistics, Banking Cooperation, Competition Commission, Justice, Think Tanks, Health, Education and Cooperatives. We believe that the afore-mentioned areas are not only of importance to the South African economy but also to the African continent in general.

At the Fourth BRICS Summit in Delhi, India, South Africa utilised its participation in the BRICS Summit to advance the African Agenda, to seek support from BRICS partners for NEPAD infrastructure development and industrialisation initiatives and advocated for reform of global governance institutions. We shall utilise the next Summit, which we are hosting next year to further consolidate the African agenda for the renaissance of our continent.

Our involvement in BRICS includes our efforts to accurately reflect the changing and dynamic global political and economic architecture from a position where economic growth points were primarily located in the industrialized countries of the North, bypassing Africa. Our entry into BRICS is indicative that Africa is going to be a part of the changing world. Our presence in BRICS would necessitate us to push for Africa's integration into world trade.

Furthermore, the AU has set up the Presidential Infrastructure Championship Initiative, a committee of eight NEPAD Heads of State and President Zuma had been given a clear mandate by the leadership of the AU to chair the NEPAD High Level Sub-Committee on Infrastructure. As a result, the President utilized our presence at the third BRICS Summit to highlight Africa's need for infrastructure and industrialization. In the Sanya Declaration, the BRICS countries expressed support for this.

As we enter the BRICS space, our African counterparts will expect South Africa to craft more vigorous trade and investment programmes that ensure that the voice of the continent is heard in the broader international platforms. We believe BRICS presents South Africa and Africa the opportunity to work closely together on issues pertaining to peace and security, including future coordination on issues for deliberation before the UN Security Council. BRICS countries are increasingly assuming an influential role through pronouncement on important issues of global political and economic security evidenced by the common stance adopted by all BRICS countries, ranging from deeming foreign intervention in Syria unacceptable and the statement pronounced by BRICS countries at the New Delhi Summit in March 2012 on Iran, to the effects of monetary policy implementation by Western countries. Russia had further expressed support for the enlargement of the United Nations Security Council and for the candidacies of Brazil, India and South Africa.

Programme Director

Important for us to note, is also that as a group of emerging markets, we share convergent concerns and interests with regard to reform of the global governance mechanism, aspects of under-development, illiteracy, poverty, disease and access to markets, just to mention a few. Collaboration and cooperation are therefore central to this evolving BRICS Mechanism.

Our foreign policy implores us not to solely concentrate on our national interests only, but to share with our region and our Continent. It is for this reason that South Africa is pursuing regional integration with renewed vigour with the objective of linking SADC, EAC and COMESA into a sizeable and integrated Free Trade Agreement (FTA).

We believe this will provide economies of scale, larger markets and position us to better compete in the global economy. The BRICS economies, which already constitute approximately 40% of global GDP, will link a large part of Africa with the fastest growing economies in the world.

Ladies and gentlemen

Being part of BRICS, South Africa will not only contribute considerably to the evolution of BRICS but our presence also bolsters the legitimacy of the BRICS Forum. As the biggest economy in Africa, of one of the fastest growing regions on the globe, South Africa also presents a gateway for investment on the continent, and over the next 10 years the African continent will need $480 billion for infrastructure development.

Africa is also starting to trade more with emerging economies. Between 1993 to 2009 Africa's trade with emerging economies grew from 4,6% of its overall trade to 19%. Enhanced south-south cooperation is crucial for the acceleration of African regional integration and the strengthening of continental institutions which are critical in responding to challenges of poverty, underdevelopment, peace, security and justice.

Over the past decade we have seen a seismic acceleration of commercial and strategic engagements between the BRICS and Africa. The BRICS have nourished Africa's economic emergence and elevated the continent's contemporary global relevance. The recession and recovery period has enhanced this shift. In 2010 Standard Bank economists predicted BRICS-Africa trade will "see an additional increase in the velocity of BRIC-Africa engagements, with trade and investment spearheading the commercial charge. According to Standard Bank BRICS-Africa trade will increase threefold, from USD150 billion in 2010 to USD530 billion in 2015. Between 2010-2015, BRICS share of Africa's total trade will increase from one-fifth to one-third and BRICS foreign direct investment (FDI) stock in

Africa will swell from around USD60 billion in 2009 to more than USD150 billion by 2015. Today the BRICS countries are the largest investors on the continent.

Programme Director

A detailed look at trade between the BRICS countries and Africa clearly demonstrates the increasing strategic importance of BRICS for Africa. Sino-African trade will elevate from USD93 billion in 2009 to USD350 billion in 2015. Africa's trade with India will accelerate most rapidly amongst the BRICs, growing from USD34 billion in 2009 to USD120 billion by 2015. Brazil's trade with Africa recovered to USD28 billion in 2011 after the financial crisis and is estimated to reach USD55 billion by 2015. Russia's trade with Africa will more than triple over the next five years, increasing from USD5 billion in 2009 (having fallen from highs of USD8.5 billion in 2008) to USD17 billion in 2015.

Ladies and gentlemen

In conclusion, South Africa's BRICS membership has a lot to offer. It is in our national interests as it has positive spin-offs to our economy and job creation drive as well as to our foreign policy on Africa – Consolidation of the African Agenda towards regeneration of the African continent, as was foreseen by our forebears such Pixley Isaka ka Seme, OR Tambo, Kwame Nkrumah, Julius Nyerere, Samora Machel, Frans Fanon, Amilcar Cabral and Patrice Lumumba amongst others. It is therefore, imperative for actualization of the African Renaissance which is our national and continental vision. When the sun sets on Western economies, it shines bright on BRICS countries. It is the dawn of a bright new BRICS formation.

I thank you all.

ISSUED BY THE DEPARTMENT OF INTERNATIONAL RELATIONS AND COOPERATION

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Mo Shaik appointed to head DBSA's new international unit

Published 07 Aug 2012

Article by: Terence Creamer

The Development Bank of Southern Africa (DBSA) has appointed **Mo Shaik** as the CEO of its soon-to-be-established Development Bank International (DBI) subsidiary.

Shaik's appointment, which was made within days of confirmation of **Patrick Dlamini**'s selection as the new CEO of the DBSA itself, was effective immediately.

Dlamini had been selected as the permanent replacement for **Paul Baloyi**, following his resignation in April. He was currently serving notice at Air Traffic and Navigation Services and would join the development finance institution (DFI) from September.

Chairperson **Jabu Moleketi** told *Engineering News Online* that Shaik's appointment followed a thoroughgoing selection process overseen by a committee established by the bank's board.

The process included internal and external advertising of the position, as well as a headhunting exercise. Four candidates had been shortlisted to participate in a series of intensive interviews, as well as a psychometric analysis.

Moleketi said Shaik emerged as the "strongest candidate" for the position, notwithstanding his lack of banking experience.

"We have strong internal financial capacity, but were looking for somebody to take a leadership role," he elaborated.

The DBI would take over responsibility for all of the DBSA's non-South African activities, which had historically comprised about 30% of the State-owned group's activities.

The DBSA reported investment approvals of R37.1-billion in 2010/11, of which around 20% was for activities in the rest of the Southern African Development Community.

Moleketi said Shaik's previous diplomatic experience made him an appropriate candidate to lead the DBI at a time when it would be engaging with partner banks in the Brics bloc of Brazil, Russia, India and China, on the creation of a new Brics DFI.

The other banks involved in the process included the China Development Bank, Banco Nacional de Desenvolvimento Economico e Social, or BNDES, of Brazil, Russia's Vnesheconombank and the Export-Import Bank of India.

Prior to joining the DBSA, Shaik held several senior management positions both in the private and public sector. He was CEO at CorpAfrica, consul general in Germany, South Africa's ambassador to Algeria, special adviser to former Foreign Affairs Minister **Nkosazana Dlamini-Zuma**, head of the South African Secret Services at the Ministry of State Security and head of policy research at the Department of Foreign Affairs.

Shaik holds a BSc (Computer Science), a Bachelor of Optometry and a Masters in Optometry, all from the University of Durban Westville (now incorporated into the University of KwaZulu-Natal). He has also completed an advanced management programme at the Harvard Business School, in the US.

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(I'm with an excellent group of scholars gathered by Boris Kagarlitsky in Moscow. We're not sure what to believe amongst hype regarding a BRICS bank. Most in this group don't believe the BRICS elites will get their act together, certainly not by mid-March. Any thoughts?)

http://lab.org.uk/brics-the-worlds-new-banker

BRICS: THE WORLD'S NEW BANKER?

Published on: Thu Dec 13, 2012

Author: Rajeev Sharma

Source: The Diplomat

BRIC countries leaders: big plans

BRIC countries leaders: big plans

The BRICS (Brazil, Russia, India, China and South Africa) bloc has begun planning its own development bank and a new bailout fund which would be created by pooling together an estimated $240 billion in foreign exchange reserves, according to diplomatic sources. To get a sense of how significant the proposed fund would be, the fund would be larger than the combined Gross Domestic Product (GDP) of about 150 countries,according to Russia and India Report.

Many believe the BRICS countries are interested in creating these institutions because they are increasingly dissatisfied by Western dominated institutions like the World Bank and the International Monetary Fund (IMF). For example, although the European debt crisis has allowed BRICS countries to push for more influence at the IMF, they currently only hold about a combined 11% of the Fund's voting shares. By way of comparison, the U.S. holds a 16.75% voting share, allowing it to veto any major decision, which require an 85% supermajority, while the United Kingdom and France both have larger voting shares than any of the BRIC countries singularly.

The new institutions were first discussed in March during the 4th BRICS summit in New Delhi. A subsequent special working group was set up by the BRICS in June to hash out the details. If all goes to plan, the proposed development bank and bailout mechanism will be formally established at the 5th BRICS summit in Durban, South Africa in March 2013.

In setting up the development bank, the BRICS would be mounting a challenge to global institutions like the World Bank and the European Bank for Reconstruction and Development, which attach political conditions to the low-interest loans they disburse to developing countries. In contrast, the BRICS development bank is expected to offer non-conditional loans at a higher interest rate. At the same time, it has been suggested that the BRICS bank could augment the World Bank by funding projects in industries that the World Bank does not, such as biofuels, large dams and nuclear power plants, which don't meet the World Bank's environmental standards.

The proposed bailout mechanism, on the other hand, could act as an alternative to global financial institutions like the International Monetary Fund. If so, the bailout fund could also significantly enhancethe BRICS countries international stature and influence. At the same time, this bloc is reportedly considering linking the bailout fund partially or in whole to the IMF or another Bretton Woods institution, much as ASEAN+3 decided to do in establishing the Chiang Mai Initiative, a similar pooled fund designed to inject liquidity into markets and minimize the impact of external shocks. Earlier this year the Chiang Mai Initiative boosted the size of its fund to $240 billion, the same amount as the BRICS are said to be considering.

One potential stumbling block the BRICS face is deciding what currency(s) to use for the mutual fund and development bank.

For a while now, China has been pushing for its currency, the yuan, to be added to the Special Drawing Rights (SDR), which is the IMF's international reserve asset based on a basket of currencies. China is likely to view the BRICS institutions as an avenue in which to boost the international statue of its currency. Accordingly, it is likely to advocate including the yuan as one of the currencies the proposed institutions will use. The other member states, however, are similarly likely to resist Chinese pressure in this area, and instead push for using the U.S. dollar or the IMF's SDR, which includes the euro, Japanese yen, British pound sterling, and the U.S. dollar.

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http://theweekly.co.za/?p=12462

ANC to push for reform of global institutions

December 14, 2012

The ANC-led government has contributed to building a better Africa and world and the achievement of continental and international solidarity. According to the ANC, this earned the ruling party a good standing internationally.

The ANC's pursuit of good international relations is informed by its guiding document, the Freedom Charter, which emphasises that peace and friendship shall prevail. To achieve this, the ANC uses its international network to achieve this.

The discussion paper dealing with international relations acknowledges the progress the ANC has made in this matter.

Having acknowledged this achievement, the ANC's fourth national policy conference reaffirmed that the party remains committed to the African Union (AU) and its programmes. This commitment is also extended to the Pan African Parliament (PAP), Southern Africa Development Community (SADC) and the Pan African Women's Organisation (PAWO).

These relations also benefit young people through organisations such as the Pan African Youth Movement and the All-Africa Union that needs to be resuscitated.

South Africa has a department of international relation and cooperation (DIRCO), which serves as a link between the country and the global community. Through this department, South Africa will be hosting the BRICS summit in Durban, in March 2013.

The party's commission on international relations recommended that to build a better world, the ANC must educate its members and the country's citizens about BRICS, an international organisation made up of Brazil, Russia, India, China and South Africa. It further agreed that the government should initiate the establishment of a BRICS Bank.

Another recommendation is to intensify the Cuban Five campaign which advocates for the release of the five Cubans detained in the United States (US), with South Africa's parliament passing a resolution calling for their release. The ANC has also called on the international community, especially the US, to remove the economic embargo against Cuba.

The commission reiterated the ANC's support for the Palestinian people whom the commission regarded as victims in the Israel conflict. The ANC supports a just solution and called on the Israeli government to release all political prisoners. In their quest for peace and security, the ANC called on the Palestinian people, in Gaza strip and West Bank, to put aside their differences.

The G20 and G8 are considered a good platform for the international work. The commission agreed that South Africa should ensure that G20 discussions are focused on stabilising the world economy.

This will be achieved through building global partnerships to eradicate global poverty and realise a more equitable global economic system.

There was a call for reform of the International Monetary Fund (IMF) and the World Bank. The recommendation was that the G20 must be a used as a platform to discuss these reforms which would include the representation of the developing countries.

The ANC has also lashed out at the International Criminal Court (ICC) for its selective prosecution of mainly African leaders. Therefore, the ANC called on the ICC to recognise the work done by the African Union, its regional executive committees (REC's) and individual African countries to promote peace.

This also includes ICC's respect for settlements of conflict on the continent and peace treaties. The party has also called on the South African government to encourage the AU to reinvigorate discussions and seminars on the reformation of the United Nations (UN), particularly the Security Council, for Africa to have a consensus view.

The ruling party is also worried about xenophobia. The ANC will develop a position paper on migration, immigration and xenophobia as contained in the 52nd conference resolution.

To deal with this situation, the South African public must engage in dialogue with the ANC through community meetings, to explain the role of non-South Africans in the economic growth of our country.

The ANC called on the Congress of the South African Trade Union (Cosatu) to educate foreign nationals especially Africans on their labour rights on minimum wage.

Other recommendations include accelerating the establishment of the South African Development Partnership Agency (SADPA) to assist the ANC and government in pursuit for better life.

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South Africa stresses need to set up BRICS bank

CAPE TOWN, Nov. 21 (Xinhua) -- The South African government on Wednesday stressed the necessity to establish a BRICS development bank so as to boost development in member countries.

"If this happens it would give a major boost to some of the development needs we have," Deputy Minister of International Relations and Co-operation Marius Fransman said amid reports that the bank is likely to be official launched at the BRICS's fifth Summit'to be held in Durban, South Africa, in March 2013.

Fransman said South Africa "strongly supports" the establishment of BRICS Development Bank.

BRICS embraces emerging economies of Brazil, Russia, India, China and South Africa.

Fransman was speaking at a conference on BRICS cooperation held at the Stellenbosch University near Cape Town.

At the Durban summit, BRICS members were expected to finalize a proposal put forward at the last BRICS summit in New Delhi last year to set up a Brics-led South-South Development Bank, funded and managed by the BRICS and other developing countries, according to Fransman.

South Africa needs to advocate for the BRICS bank to loan money to non- BRICS African nations to ensure the bank fully facilitate national development in the continent, said Daniel Bradlow, a senior Economic Diplomacy Program expert with the South African Institute of International Affairs (SAIIA).

He told Xinhua the bank would put in place policies that would advance Africa business opportunities.

“South Africa needs to advocate for the bank to be able to lend to non-BRICS countries so that it can support infrastructure projects that promote regional integration as well as national development in Africa,” Bradlow said.

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BRICS development bank proposed for intra-BRICS cooperation

By Lu Hui

BEIJING, Dec. 6 (Xinhuanet) – The BRICS countries should strengthen intra-BRICS cooperation, said experts, proposing the establishment of a BRICS development bank.

This roadmap came appeared during a Moscow-Delhi-Beijing video conference Wednesday.

By such a development bank, Xu Qiyuan, researcher at the Institute of World Economics and Politics of the Chinese Academy of Social Sciences, said the BRICS countries can work together to shape a new international monetary system.

He added as export-led economies, the BRICS countries feel the impact sharply each time global financial crisis hits.

Drawing on their successful experience of reform, he added, they have to set up such a bank for their common development according to their own conditions.

Noting that the IMF and World Bank have experienced many failures and setbacks, Xu also warned it’s better for the BRICS countries to build the development bank gradually, as there are “more than one potential risks and problems.”

Valuing the roles of the development bank, Xiong Aizong, also from the Chinese Academy of Social Sciences, said it can support many long-term infrastructure projects in the developing countries while vigorously promoting the investment and economic growth within the BRICS countries.

To build a BRICS development banks is not a new idea as it was talked about at G20 summit in Seoul in 2010, Unnikrishnan Vishvanatan, a former senior Indian diplomat said.

There is a huge amount of savings in the BRICS countries, which is not fully unused. “So the idea started there,” Unnikrishnan added, “It’s about how to use the huge amount of savings which are unused.”

“Money is not a problem,” Nandan Unnikrishnan, Vice-president of India’s Observer Research Foundation, agreed.

“There are enough savings from China, India, and other countries to put into this bank,” he said.

But Nandan said there is one problem, a “philosophical problem” to be solved.

To him, there should be a clear distinction about whether the bank is going to be “in competition” with the IMF and World Bank, or it’s going to be “in cooperation” with them.

Furthermore, confronted with uncertainties brought by European debt crisis and lackluster U.S. recovery, the BRICS countries have difficulties of each own.

Therefore, Nandan stressed, “I believe this bank has to be commercially viable.” “You can not mechanically say there are five countries, so each one will have 20 percent of staff. That is not going to work.”

The BRICS group, which is comprised of Brazil, Russia, India, China and South Africa, has become an engine of global economic growth in recent years. With a total population accounting for about 40 percent of the world’s total, its total gross domestic product accounts for nearly 20 percent of the world’s GDP and contributes half of the growth in global economy.

Editor: Yang Lina

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5 December

The Hindu

China’s caution may slow BRICS bank plan

Ananth Krishnan

There are risks that some countries are pushed aside in decision-making, says Xu Qinghong

Officials in China’s banking regulatory authority and Export-Import (EXIM) bank have indicated their backing to push forward a BRICS development bank, but have voiced caution at recent moves to accelerate setting up the body ahead of next year’s Durban Summit.

Officials in interviews with The Hindu outlined a number of factors that they believed might pose obstacles to the initiative, including differences within the BRICS (Brazil, Russia, India, China and South Africa) grouping and managing Beijing's relations with other multilateral lending institutions, some of which have expressed wariness at the proposal.

Tokyo meeting

Ahead of the meeting between BRICS Finance Ministers this week in Tokyo, the Chinese government brought together officials, economists and members of think-tanks from the five countries to hear concrete proposals about setting up the development bank, at a recent conclave in the south-western municipality of Chongqing. The five governments had tasked think-tanks to come up with ideas following the decision at the Delhi Summit in March to examine the feasibility of a development bank.

Xu Qinghong, section chief of the Banking Supervision Department at the China Banking Regulatory Commission, said he had some concerns about getting all countries on the same page and "non-economic factors" that might pose obstacles. "There are vast differences between us," Mr. Xu said. "Looking at the history of other multilateral institutions, I think such a feasibility study will take a long time and it may test our patience. Since the Delhi Summit, so far in China there have been a lot of doubts about a proposal."

Pushed aside

He also cited the "irrational voting powers" in other multilateral institutions as an indicator of problems that may lie ahead. "There are risks that some countries are pushed aside in decision-making," he said. "We do not hope that the BRICS bank follows the footsteps of the other multinational banks."

Wang Jianye, Chief Economist, EXIM Bank of China, told The Hindu that the bank needed to be "as simple and non-political as possible" in order to "reduce risk of turf fighting".

He said the bank could serve as the "operator" or "manager" of a settlement system between the five countries, which agreed in New Delhi to promote settlement of trade in their own currencies and reduce reliance on the dollar.

Infra funds

While Indian and South African officials see the development bank as a possible source of funds for the much-needed infrastructure projects, Beijing sees the proposal as not only a platform to promote its currency internationally but as also opening up markets for its infrastructure companies.

"If we can have a BRICS bank it will certainly help India solve this problem, but the prerequisite is India has a very clear idea of its development strategy," Ai Ping,a Vice-Minister in the Communist Party's International Department , told The Hindu.

Mr. Ai said the bank could learn from China's own experience with policy banks, that were "a very good combination between the visible hand of the government and the invisible hand of the market."

Concrete progress

Officials from China and South Africa acknowledged in interviews that the BRICS grouping was under pressure to show concrete progress before next year's Durban Summit in South Africa. "The details [on the bank] have not been worked out," Bheki Langa, South Africa's Ambassador to China, told The Hindu.

He said it was important that the countries do not "dwell too long on planning" and get bogged down on discussions regarding structuring the bank. A better approach, he said, was "to prioritise the most important deliverables" and focus on concrete projects, rather than "embrace too wide an agenda that is not properly focussed."

"One can understand the impatience on the part of everybody [as we] would like to see concrete and tangible results coming out of BRICS," Dr. Langa added. "Otherwise it wouldn't make sense for countries to participate if they don't see any tangible benefits."

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BRICS development bank favoured to boost trade

New Delhi, Dec 5 (IANS) With 40 percent of the world market driven by emerging economies in the BRICS nations, including India, there is need for financial cooperation in the five-nation bloc and setting up of a common development bank, experts said Wednesday.

According to speakers from New Delhi, Moscow and Beijing, at a video conference on "BRICS: Anti Crisis Measures in Future", the BRICS Development Bank would help in promoting growth as well as boost trade between the five countries - Brazil, Russia, India, China and South Africa.

Vyacheslav Trubnikov, former Russian envoy to India, said via video link from Moscow that once the BRICS Development Bank is set up it should be ensured that the proceeds are not "bureaucratised" and it "works without any red tape".

The European economic slowdown can impact BRICS countries, but the joint development bank would give money for R&D and support to students, he added.

According to Nandan Unnikrishnan, vice president, Observer Research Foundation, while setting up the bank was a "good idea", there were "philosophical and logistical problems" that needed to be looked into.

“What will the bank do?...Will it supplant or supplement the World Bank and International Monetary Fund (IMF)?” Unnikrishnan asked.

He said the “biggest problem” would be to decide where to locate it. “We will need to have a headquarters and staff...these are ticklish issues. The bank should also be commercially viable,” he added.

H.H.S. Viswanathan, distinguished fellow of the foundation, said intra-BRICS trade had grown 15 times from 2001, when South Africa was not a member, to 2011.

“BRICS aims to reform the global financial institutions, the World Bank and the IMF. Setting up the BRICS Development Bank, an idea propounded by Prime Minister Manmohan Singh, would help us in using the huge savings of the countries of the bloc,” he said.

Viswanathan also said that cooperation between the five countries was continuing in the field of health, energy, food security and people to people. “There is a lot of progress,” he said.

Chinese speaker Xu Tsiyuan, an expert in world finance from the Chinese Academy of Social Sciences, said Beijing has $3 trillion in forex reserves.

“We are thinking what to do with so much forex reserves. China has a lot of expertise in infrastructure building, like railways, highways, airports. Maybe we can have cooperation with BRICS countries to do projects in these areas,” Xu said.

With the West, including the US, hit by an economic slowdown and China also suffering, Beijing was looking for newer markets. “BRICS is very important, its volume in world market is 40 percent,” Xu said.

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Will the emerging powers launch their own development bank?

Posted By David Bosco Wednesday, December 5, 2012 - 2:00 PM Share

The Moscow Times reports that Russian prime minister Dmitry Medvedev wants the Shanghai Cooperation Organization to finance projects jointly:

Prime Minister Dmitry Medvedev on Wednesday called for the countries of the Shanghai Cooperation Organization to speed up work to create mechanisms to finance joint projects.

The organization, which comprises Russia, China, Kazakhstan, Kyrgyzstan, Tajikistan and Uzbekistan, is considering various financing options, including ones involving existing banking institutions as well as new mechanisms, he said, Interfax reported.

Medvedev, who met with his SCO counterparts in the Kyrgyz capital, Bishkek, said that "this would allow for more effective investment in joint economic projects," according to the news agency.

This gambit is just one of several suggesting alternative, emerging-power-led multilateral mechanisms for international finance. There are continuing rumblings about a possible BRICS Development Bank that could serve as an alternative to the World Bank.

It's not likely either mechanism will take off soon. For both possible projects, China's wishes will be decisive. And how keen Beijing is to set up new multilateral mechanisms remains unclear. In October, The Hindu reported that Chinese officials have real doubts about a BRICS bank:

[T]he Chinese government brought together officials, economists and members of think-tanks from the five countries to hear concrete proposals about setting up the development bank, at a recent conclave in the south-western municipality of Chongqing. The five governments had tasked think-tanks to come up with ideas following the decision at the Delhi Summit in March to examine the feasibility of a development bank.

Xu Qinghong, section chief of the Banking Supervision Department at the China Banking Regulatory Commission, said he had some concerns about getting all countries on the same page and "non-economic factors" that might pose obstacles. "There are vast differences between us," Mr. Xu said. "Looking at the history of other multilateral institutions, I think such a feasibility study will take a long time and it may test our patience. Since the Delhi Summit, so far in China there have been a lot of doubts about a proposal."

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Financial Times

September 23, 2012 10:44 pm

Global shift: A bank of and for the Brics is in the air

By Henry Mance

A case of life imitating art or a seminal shift in global power? The idea of a Brics development bank may be both. Few can have expected the Bric acronym – initially put forward in 2001 as an investment concept – to have inspired real-world alliances.

But Brazil, Russia, India and China, recently joined by South Africa, are increasingly adding diplomatic ambitions to their economic assertiveness.

Once an outlandish possibility, the proposed Brics development bank was first discussed at a meeting of the five countries in March.

If it becomes a reality, the institution would be the first major multilateral lender to emerge since the European Bank for Reconstruction and Development in 1991.

While the EBRD symbolised the post-Cold War order, the Brics bank could showcase the 21st century rise of emerging states.

Amrita Narlikar, director of Cambridge university's Centre for Rising Powers says: "This could be the first step towards more proactive agenda-setting by the Brics.

"It's one of the few instances we have when they have gone beyond telling us what they do not want, and offered an idea of how they could be responsible players contributing to the system."

Supporters of the bank have suggested various financing niches that it could fill. Those could include green technologies to counter climate change, as proposed by leading economists Nicholas Stern and Joseph Stiglitz.

Conversely, the bank could finance projects – such as biofuels, large dams and nuclear power plants – that do not meet the World Bank's environmental and social standards.

Nonetheless, reaction to the proposal has been mixed. Sceptics have pointed out the differing interests of China and India.

Jagannath Panda of the Institute for Defence Studies and Analyses, a New Delhi think-tank says: "India sees the Brics as an economic proposition, while the Chinese see it as more political.

"The Chinese are supporting heavily that the bank should be in South Africa, so they will have clout on that continent. India would still like to have the headquarters in India."

Wherever they are located, the bank's offices are unlikely to rival the World Bank's imposing presence in Washington.

Brazilian officials suggest the Brics bank should have a lean structure, like the Andean Development Corporation (CAF).

Other issues yet to be resolved include whether the bank would lend outside of the Brics countries – Brazil's foreign minister has suggested it focus on Africa – and whether it would lend to companies as well as governments.

Domenico Lombardi, a former board member of the World Bank Group, and now a senior fellow of the Brookings Institution, says: "The question is: do these Brics countries have enough in common to make the bank instrumental to their objectives?

"They all have a huge need for infrastructure [investment] and share a dissatisfaction with the lending policies of the World Bank, so there's a base on which they could build."

There are some signs of modest progress. At preparatory meetings in Rio de Janeiro in August, the five countries agreed that the bank should raise money from the market, instead of acting merely as a fund.

Indeed, investors' willingness to lend to emerging markets may have emboldened the countries in the first place.

"Since the financial crisis, it's become clear that you don't need to have a triple-A credit rating to raise money. That is the trigger for the bank," says Mr Lombardi.

A ballpark proposal is that each country would contribute $10bn in initial capital and guarantees.

Equalising contributions would give the institution an equal voting structure, in sharp contrast to the World Bank. Yet it may also limit the eventual size of the bank – given that South Africa's pockets are not as deep as China's.

Negotiations between the Brics, which are usually conducted in English, are likely to continue on the fringes of the IMF and World Bank annual meetings in Toyko in October. Final feasibility studies are due to be presented at the Brics summit next year. "It's going to be at least two years before the bank is established," says Panda.

In the meantime, it remains to be seen what impact the embryonic development bank has on the Brics' commitment to existing international institutions.

The five countries are significant borrowers from the World Bank, with new loans of over $7bn approved in 2011 alone. They are also growing contributors to the IMF. But all have expressed frustration at their marginal role in those bodies' decision-making.

In that context, starting a new development bank provides a bargaining chip. "By entertaining the idea of a Brics bank, they have better negotiating power over voting rights in the IMF and World Bank, as they can always threaten to walk away," says Mr Lombardi.

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http://www.zerohedge.com/news/brics-bank-rival-world-bank-and-imf-and-challenge-dollar-dominance

BRICs Bank To Rival World Bank and IMF and Challenge Dollar Dominance

Outgoing President of the World Bank, Robert Zoellick, after just three days ago dismissing the idea of a BRICs created, new global multi lateral bank, has come around and endorsed a BRICs bank in an interview with the FT.

Zoellick had initially said that a BRICs bank and potential rival to the western and U.S. dominated IMF and World Bank, would be difficult to implement given competing BRIC interests.

He acknowledged that a BRICs bank was being created and said that the World Bank supported such a bank. He said that not having Russia and China as part of "the World Bank system" would be a "mistake of historic proportions".

Leaders of the BRICS nations meeting in India appear to have made much progress in creating a new global bank as the emerging economies seek to convert their growing economic might into collective diplomatic influence.

The five countries now account for nearly 28% of the global economy, a figure that is expected to continue to grow.

On Thursday morning, President Hu Jintao of China, President Dmitry Medvedev of Russia , President Dilma Rousseff of Brazil, President Jacob Zuma of South Africa and Prime Minister Manmohan Singh of India shook hands at the start of the one day meeting in New Delhi.

Top of the agenda was the creation of the grouping's first institution, a so-called "BRICS Bank" that would fund development projects and infrastructure in developing nations.

The initiative would allow the countries to pool resources for infrastructure improvements, and could also be used in the longer term as a vehicle for lending during global financial crises such as the one in Europe, officials said.

Less noticed and commented upon is the aspirations of the BRIC nations to become less dependent on the global reserve currency, the dollar and to position their own currencies as internationally traded currencies.

The leaders of BRIC nations and other emerging market nations have adopted the idea of conducting trade between the five nations in their own currencies. Two agreements, signed among the development banks of Brazil, Russia, India, China and South Africa, say that local currency loans will be made available for trade between these countries.

The five fast growing nations participating in local currency trade will allow participants to diversify their foreign exchange reserves, hedging against the growing risk of a euro or dollar crisis.

The BRICS want to have easy convertibility of currency to make it easier to use the real, ruble, rupee, renminbi and rand amongst themselves without having to always use the US dollar. Higher intra-Brics trade, conducted in their own currencies would shield their economies from economic dislocations in the west.

In the long run, if global dependence and exposure to the dollar is to be reduced, then the BRICs currencies will have to trade amongst themselves, creating an intra Brics currency market. This could lead to a special reserve BRICs currency that could rival the IMF's Special Drawing Rights (SDRs) and in time a regional currency could emerge. However, the EU's experience of a single currency may make this less likely.

Left unsaid so far is the possibility that one of the BRICs or the BRICs in unison might peg the value of their respective currencies to the ultimate store of value and money - gold.

Having a gold standard enforces a form of fiscal self or national control and does not allow any one nation to have an exorbitant privilege in terms of monetary affairs that can be used in order to further selfish national or national corporate or banking interests.

Having a new gold standard or even a quasi gold standard, as proposed by Zoellick himself some months ago, would lead to the end of the greenback as the sole global reserve currency.

This is likely an objective of some of the BRICs, especially China and Russia, and has obvious ramifications which should inform decisions regarding investments, savings and managing wealth in the coming years.

Global diversification and owning the hard monetary asset of gold has never been more important.

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Chinese growth is slowing sharply, from double digits down to seven percent or even less. And the rest of the BRICs are tumbling, too: since 2008, Brazil's annual growth has dropped from 4.5 percent to two percent; Russia's, from seven percent to 3.5 percent; and India's, from nine percent to six percent.

http://www.foreignaffairs.com/articles/138219/ruchir-sharma/broken-brics?page=show

Broken BRICs

Why the Rest Stopped Rising

By Ruchir Sharma

November/December 2012

At first they were known as the BRICs -- Brazil, Russia, India, and China -- the large, rapidly growing developing states ready to remake the world economy. Now, Indonesia and others have been added to the list. But few can say if these new powers will overcome their own challenges, and more, if they will accept the current world order, or change it.

While the grim effects of the 2008 financial crisis still resonate across the globe, the recession wasn't all bad: it triggered fundamental economic restructuring, and the result is a U.S. economy poised to emerge stronger than it was before. Although it's too soon to say with certainty, even Europe may come out ahead.

Over the past several years, the most talked-about trend in the global economy has been the so-called rise of the rest, which saw the economies of many developing countries swiftly converging with those of their more developed peers. The primary engines behind this phenomenon were the four major emerging-market countries, known as the BRICs: Brazil, Russia, India, and China. The world was witnessing a once-in-a-lifetime shift, the argument went, in which the major players in the developing world were catching up to or even surpassing their counterparts in the developed world.

These forecasts typically took the developing world's high growth rates from the middle of the last decade and extended them straight into the future, juxtaposing them against predicted sluggish growth in the United States and other advanced industrial countries. Such exercises supposedly proved that, for example, China was on the verge of overtaking the United States as the world's largest economy-a point that Americans clearly took to heart, as over 50 percent of them, according to a Gallup poll conducted this year, said they think that China is already the world's "leading" economy, even though the U.S. economy is still more than twice as large (and with a per capita income seven times as high).

As with previous straight-line projections of economic trends, however-such as forecasts in the 1980s that Japan would soon be number one economically-later returns are throwing cold water on the extravagant predictions. With the world economy heading for its worst year since 2009, Chinese growth is slowing sharply, from double digits down to seven percent or even less. And the rest of the BRICs are tumbling, too: since 2008, Brazil's annual growth has dropped from 4.5 percent to two percent; Russia's, from seven percent to 3.5 percent; and India's, from nine percent to six percent.

None of this should be surprising, because it is hard to sustain rapid growth for more than a decade. The unusual circumstances of the last decade made it look easy: coming off the crisis-ridden 1990s and fueled by a global flood of easy money, the emerging markets took off in a mass upward swing that made virtually every economy a winner. By 2007, when only three countries in the world suffered negative growth, recessions had all but disappeared from the international scene. But now, there is a lot less foreign money flowing into emerging markets. The global economy is returning to its normal state of churn, with many laggards and just a few winners rising in unexpected places. The implications of this shift are striking, because economic momentum is power, and thus the flow of money to rising stars will reshape the global balance of power.

FOREVER EMERGING

The notion of wide-ranging convergence between the developing and the developed worlds is a myth. Of the roughly 180 countries in the world tracked by the International Monetary Fund, only 35 are developed. The markets of the rest are emerging-and most of them have been emerging for many decades and will continue to do so for many more. The Harvard economist Dani Rodrik captures this reality well. He has shown that before 2000, the performance of the emerging markets as a whole did not converge with that of the developed world at all. In fact, the per capita income gap between the advanced and the developing economies steadily widened from 1950 until 2000. There were a few pockets of countries that did catch up with the West, but they were limited to oil states in the Gulf, the nations of southern Europe after World War II, and the economic "tigers" of East Asia. It was only after 2000 that the emerging markets as a whole started to catch up; nevertheless, as of 2011, the difference in per capita incomes between the rich and the developing nations was back to where it was in the 1950s.

This is not a negative read on emerging markets so much as it is simple historical reality. Over the course of any given decade since 1950, on average, only a third of the emerging markets have been able to grow at an annual rate of five percent or more. Less than one-fourth have kept up that pace for two decades, and one-tenth, for three decades. Only Malaysia, Singapore, South Korea, Taiwan, Thailand, and Hong Kong have maintained this growth rate for four decades. So even before the current signs of a slowdown in the BRICs, the odds were against Brazil experiencing a full decade of growth above five percent, or Russia, its second in a row.

Meanwhile, scores of emerging markets have failed to gain any momentum for sustained growth, and still others have seen their progress stall after reaching middle-income status. Malaysia and Thailand appeared to be on course to emerge as rich countries until crony capitalism, excessive debts, and overpriced currencies caused the Asian financial meltdown of 1997-98. Their growth has disappointed ever since. In the late 1960s, Burma (now officially called Myanmar), the Philippines, and Sri Lanka were billed as the next Asian tigers, only to falter badly well before they could even reach the middle-class average income of about $5,000 in current dollar terms. Failure to sustain growth has been the general rule, and that rule is likely to reassert itself in the coming decade.

In the opening decade of the twenty-first century, emerging markets became such a celebrated pillar of the global economy that it is easy to forget how new the concept of emerging markets is in the financial world. The first coming of the emerging markets dates to the mid-1980s, when Wall Street started tracking them as a distinct asset class. Initially labeled as "exotic," many emerging-market countries were then opening up their stock markets to foreigners for the first time: Taiwan opened its up in 1991; India, in 1992; South Korea, in 1993; and Russia, in 1995. Foreign investors rushed in, unleashing a 600 percent boom in emerging-market stock prices (measured in dollar terms) between 1987 and 1994. Over this period, the amount of money invested in emerging markets rose from less than one percent to nearly eight percent of the global stock-market total.

This phase ended with the economic crises that struck from Mexico to Turkey between 1994 and 2002. The stock markets of developing countries lost almost half their value and shrank to four percent of the global total. From 1987 to 2002, developing countries' share of global GDP actually fell, from 23 percent to 20 percent. The exception was China, which saw its share double, to 4.5 percent. The story of the hot emerging markets, in other words, was really about one country.

The second coming began with the global boom in 2003, when emerging markets really started to take off as a group. Their share of global GDP began a rapid climb, from 20 percent to the 34 percent that they represent today (attributable in part to the rising value of their currencies), and their share of the global stock-market total rose from less than four percent to more than ten percent. The huge losses suffered during the global financial crash of 2008 were mostly recovered in 2009, but since then, it has been slow going.

The third coming, an era that will be defined by moderate growth in the developing world, the return of the boom-bust cycle, and the breakup of herd behavior on the part of emerging-market countries, is just beginning. Without the easy money and the blue-sky optimism that fueled investment in the last decade, the stock markets of developing countries are likely to deliver more measured and uneven returns. Gains that averaged 37 percent a year between 2003 and 2007 are likely to slow to, at best, ten percent over the coming decade, as earnings growth and exchange-rate values in large emerging markets have limited scope for additional improvement after last decade’s strong performance.

PAST ITS SELL-BY DATE

No idea has done more to muddle thinking about the global economy than that of the BRICs. Other than being the largest economies in their respective regions, the big four emerging markets never had much in common. They generate growth in different and often competing ways-Brazil and Russia, for example, are major energy producers that benefit from high energy prices, whereas India, as a major energy consumer, suffers from them. Except in highly unusual circumstances, such as those of the last decade, they are unlikely to grow in unison. China apart, they have limited trade ties with one another, and they have few political or foreign policy interests in common.

A problem with thinking in acronyms is that once one catches on, it tends to lock analysts into a worldview that may soon be outdated. In recent years, Russia’s economy and stock market have been among the weakest of the emerging markets, dominated by an oil-rich class of billionaires whose assets equal 20 percent of GDP, by far the largest share held by the superrich in any major economy. Although deeply out of balance, Russia remains a member of the BRICs, if only because the term sounds better with an R. Whether or not pundits continue using the acronym, sensible analysts and investors need to stay flexible; historically, flashy countries that grow at five percent or more for a decade -- such as Venezuela in the 1950s, Pakistan in the 1960s, or Iraq in the 1970s -- are usually tripped up by one threat or another (war, financial crisis, complacency, bad leadership) before they can post a second decade of strong growth.

The current fad in economic forecasting is to project so far into the future that no one will be around to hold you accountable. This approach looks back to, say, the seventeenth century, when China and India accounted for perhaps half of global GDP, and then forward to a coming “Asian century,” in which such preeminence is reasserted. In fact, the longest period over which one can find clear patterns in the global economic cycle is around a decade. The typical business cycle lasts about five years, from the bottom of one downturn to the bottom of the next, and most practical investors limit their perspectives to one or two business cycles. Beyond that, forecasts are often rendered obsolete by the unanticipated appearance of new competitors, new political environments, or new technologies. Most CEOs and major investors still limit their strategic visions to three, five, or at most seven years, and they judge results on the same time frame.

THE NEW AND OLD ECONOMIC ORDER

In the decade to come, the United States, Europe, and Japan are likely to grow slowly. Their sluggishness, however, will look less worrisome compared with the even bigger story in the global economy, which will be the three to four percent slowdown in China, which is already under way, with a possibly deeper slowdown in store as the economy continues to mature. China's population is simply too big and aging too quickly for its economy to continue growing as rapidly as it has. With over 50 percent of its people now living in cities, China is nearing what economists call "the Lewis turning point": the point at which a country's surplus labor from rural areas has been largely exhausted. This is the result of both heavy migration to cities over the past two decades and the shrinking work force that the one-child policy has produced. In due time, the sense of many Americans today that Asian juggernauts are swiftly overtaking the U.S. economy will be remembered as one of the country's periodic bouts of paranoia, akin to the hype that accompanied Japan's ascent in the 1980s.

As growth slows in China and in the advanced industrial world, these countries will buy less from their export-driven counterparts, such as Brazil, Malaysia, Mexico, Russia, and Taiwan. During the boom of the last decade, the average trade balance in emerging markets nearly tripled as a share of GDP, to six percent. But since 2008, trade has fallen back to its old share of under two percent. Export-driven emerging markets will need to find new ways to achieve strong growth, and investors recognize that many will probably fail to do so: in the first half of 2012, the spread between the value of the best-performing and the value of the worst-performing major emerging stock markets shot up from ten percent to 35 percent. Over the next few years, therefore, the new normal in emerging markets will be much like the old normal of the 1950s and 1960s, when growth averaged around five percent and the race left many behind. This does not imply a reemergence of the 1970s-era Third World, consisting of uniformly underdeveloped nations. Even in those days, some emerging markets, such as South Korea and Taiwan, were starting to boom, but their success was overshadowed by the misery in larger countries, such as India. But it does mean that the economic performance of the emerging-market countries will be highly differentiated.

The uneven rise of the emerging markets will impact global politics in a number of ways. For starters, it will revive the self-confidence of the West and dim the economic and diplomatic glow of recent stars, such as Brazil and Russia (not to mention the petro-dictatorships in Africa, Latin America, and the Middle East). One casualty will be the notion that China's success demonstrates the superiority of authoritarian, state-run capitalism. Of the 124 emerging-market countries that have managed to sustain a five percent growth rate for a full decade since 1980, 52 percent were democracies and 48 percent were authoritarian. At least over the short to medium term, what matters is not the type of political system a country has but rather the presence of leaders who understand and can implement the reforms required for growth.

Another casualty will be the notion of the so-called demographic dividend. Because China's boom was driven in part by a large generation of young people entering the work force, consultants now scour census data looking for similar population bulges as an indicator of the next big economic miracle. But such demographic determinism assumes that the resulting workers will have the necessary skills to compete in the global market and that governments will set the right policies to create jobs. In the world of the last decade, when a rising tide lifted all economies, the concept of a demographic dividend briefly made sense. But that world is gone.

The economic role models of recent times will give way to new models or perhaps no models, as growth trajectories splinter off in many directions. In the past, Asian states tended to look to Japan as a paradigm, nations from the Baltics to the Balkans looked to the European Union, and nearly all countries to some extent looked to the United States. But the crisis of 2008 has undermined the credibility of all these role models. Tokyo’s recent mistakes have made South Korea, which is still rising as a manufacturing powerhouse, a much more appealing Asian model than Japan. Countries that once were clamoring to enter the eurozone, such as the Czech Republic, Poland, and Turkey, now wonder if they want to join a club with so many members struggling to stay afloat. And as for the United States, the 1990s-era Washington consensus -- which called for poor countries to restrain their spending and liberalize their economies -- is a hard sell when even Washington can’t agree to cut its own huge deficit.

Because it is easier to grow rapidly from a low starting point, it makes no sense to compare countries in different income classes. The rare breakout nations will be those that outstrip rivals in their own income class and exceed broad expectations for that class. Such expectations, moreover, will need to come back to earth. The last decade was unusual in terms of the wide scope and rapid pace of global growth, and anyone who counts on that happy situation returning soon is likely to be disappointed.

Among countries with per capita incomes in the $20,000 to $25,000 range, only two have a good chance of matching or exceeding three percent annual growth over the next decade: the Czech Republic and South Korea. Among the large group with average incomes in the $10,000 to $15,000 range, only one country -- Turkey -- has a good shot at matching or exceeding four to five percent growth, although Poland also has a chance. In the $5,000 to $10,000 income class, Thailand seems to be the only country with a real shot at outperforming significantly. To the extent that there will be a new crop of emerging-market stars in the coming years, therefore, it is likely to feature countries whose per capita incomes are under $5,000, such as Indonesia, Nigeria, the Philippines, Sri Lanka, and various contenders in East Africa.

Although the world can expect more breakout nations to emerge from the bottom income tier, at the top and the middle, the new global economic order will probably look more like the old one than most observers predict. The rest may continue to rise, but they will rise more slowly and unevenly than many experts are anticipating. And precious few will ever reach the income levels of the developed world.

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Jim O’Neill: emerging world rising

02 January 2013 Comments (2)

Jim O'Neill, chairman of Goldman Sachs Asset Management, examines the global economic policy outlook for 2013

How will the economic landscape look 2013?

Now that the leadership issues in the United States and China have been settled, we can finally frame the economic outlook for 2013 with the knowledge of who will be pulling the policy levers in the world's two biggest economies.

So, what will they do – and, perhaps more important, what will economic forces do to them?

For starters, the US will face recurring challenges with the "fiscal cliff" until financial markets pressure policymakers into more radical deficit reduction. But, despite this and associated growth disappointments, 2013 will be a stronger year for the global economy than many people expect.

In 2011, China contributed $1.3trn in additional GDP to the world, the equivalent of creating another Greece every 12.5 weeks, or close to another Spain every year. Together, the four BRIC countries (Brazil, Russia, India, and China) contributed around $2.2trn in 2012, equivalent to another Italy every year. (Despite its problems, Italy is still the world's eighth-largest economy, and will be for at least the next couple of years, until Russia and India possibly overtake it).

The eight growth market economies – the BRICs plus South Korea, Indonesia, Mexico, and Turkey – created close to $3 trillion in 2011, more than the United Kingdom in one year. These economies' combined size is now approximately that of the US economy, with total annual output reaching $15-16trn, or roughly 25% of global GDP. Unless their growth rates slow sharply, their contribution to world output will rise dramatically, and global growth will be stronger than worried Western analysts might appreciate. If the "Growth Eight" economies expanded by 10% on average in US dollar terms, they would add $1.5trn to global GDP next year.

A key reason for China's slowdown in 2011-2012 is that officials wanted it

For the decade that began in 2011, we at Goldman Sachs Asset Management have assumed that China, which accounts for about half of total Growth Eight output (probably $8.3trn by the end of 2012), will grow at a 7-8% annual rate in real terms, with inflation around 3%. Unless the renminbi falls in value, this translates into an average nominal increase of at least 10-11% in dollar terms.

China will grow by 7-8% partly because that is what policymakers have decided they want. In late 2009, within a year of their massive policy stimulus in response to the global credit crisis, the Chinese leadership, I believe, decided that 10% annual real growth had outlived its usefulness. Income inequality was rising dramatically, environmental damage was worsening rapidly, and inflation was leading to weak real-income growth for poor households.

Indeed, a key reason for China's slowdown in 2011-2012 is that officials wanted it. While the real GDP growth rate stated in the 12th Five-Year Plan should not be viewed as a fait accompli, the fact that the Plan's growth rate was lowered to 7% is a powerful signal of official intent.

Looking ahead, while China's leadership change is important, the country's leaders cannot decide things with the freedom that one might think. They become leaders partly through commitment to the agreed plan. A potential leader who deviates too much does not stay in the leadership, as we saw in 2012 with the purge of Bo Xilai.

China's 7% growth target, while subject to a number of challenges, is based on maintaining private consumption growth of around 8% (while recognising that exports and investment will not grow as strongly as before), thereby allowing the consumption share of GDP to rise. More focus on innovation and creativity will be accompanied by strong real wage growth, provision of greater rights for urban migrants, and expansion of health care and pensions. If China grows by 7-8% again in 2013, it will be more balanced growth than in 2012.

Beyond China, the other BRICs – Brazil, Russia, and India – all face challenges that their policymakers need to meet to spur stronger growth. But there are plenty of exciting developments elsewhere, including Indonesia, the Philippines, Bangladesh, Nigeria, and Mexico – all part of what I call the "Next 11." South Korea and Turkey, which continue to grow reasonably well, albeit not with the others' momentum, are two of this group's other big members.

It is much more likely that, at least ahead of Germany's autumn 2013 elections, key decisions will be postponed or avoided

The 15 countries that comprise the BRICs and the Next 11 contain more than four billion people, close to two-thirds of the world's population. As they continue to grow, their share of the world economy will continue to rise, boosting global growth beyond what it otherwise would be.

But the global economy could be weaker in 2013 than it was in 2012 if the worst continues to prevail in Europe and the US, particularly if the new US Congress cannot work with a re-elected President Barack Obama to find a budget deal that improves the medium-term credibility of the US fiscal position while avoiding excessive deficit cutting. This is a difficult balance to achieve, and, without pressure from the markets, I am unsure how it will play out.

I should add, however, that if the US government does not cause problems, two private-sector developments seem likely to be helpful. One is growing evidence of a housing recovery; the other is the prospect of steadily declining energy-import costs as domestic production, particularly of natural gas, continues to rise.

As for Europe, many investors still assume that a moment will arrive when we can definitively conclude that European Monetary Union is finished or saved. Unfortunately, it is much more likely that, at least ahead of Germany's autumn 2013 elections, key decisions will be postponed or avoided.

This means that Europe probably faces another challenging year.

But, again, the BRICs' output growth amounts to creating the equivalent of another Italy every 12 months. Unless the European environment deteriorates sharply, Europe's travails will not be the main story for the global economy in 2013.

Jim O'NeillJim O'Neill is chairman of Goldman Sachs Asset Management and a member of the board of the Bruegel think tank.

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http://thebricspost.com/panned-or-praised-brics-influence-likely-to-grow/#.UO44nnfqqXk

Panned or praised, BRICS influence likely to grow

January 9, 2013, 12:18 pm

The end of the Cold War in the 1990s brought to an inevitable conclusion the geopolitical bi-polar chasm that existed between the West and the East, and established the US as the world's only superpower.

But it also signaled the creation of geo-economics as lesser powers shuffled their energies to align political strategy with economic planning.

The seeds for the foundation of powerful political unions shadowing as economic blocs began to grow.

It was during this period, particularly in the wake of the first Gulf War, that the world order was repeatedly challenged. The first venue for this challenge was the United Nations where countries such as Brazil and India demanded reform and expansion of the permanent membership of the Security Council.

Both countries were economic stalwarts, were nuclear-ready (India's programme has already been weaponized), and had been major contributors to the UN both financially, and in men and materiel for peacekeeping operations.

Shifting paradigms

By the mid-1990s, the world's economic focal point had already started shifting.

Terms and phrases such as Asian Tiger, Asian Powerhouse or Asian Dragons signaled that global industrialists were starting to see the waning of the Atlantic as a lucrative investment region while markets began to emerge in the Pacific.

The shift would last well into the new century and beyond.

In 2001, Goldman Sachs Asset Management Chairman Jim O'Neill realized that the emerging markets around the world were beginning to pull focus and energy from the dominant G7 countries.

In his 2001 paper, Building Better Global Economic BRICs, which focused on this trend, O'Neill coined the acronym used in the title to shed light on the growing economic might of Brazil, Russia, India and China as emerging markets.

Given their growth and market purchasing power, O'Neill was able to project that within a decade, their combined GDP would "raise important issues about the global economic impact of fiscal and monetary policy in the BRICs".

As such, BRICs would become the stalwart players in a global economy, O'Neill forecast, adding that the four countries would be among the world's most powerful economies.

"World policymaking forums should be re-organised and in particular, the G7 should be adjusted to incorporate BRIC representatives," he advised.

Advancing globalisation

O'Neill believed that for "globalisation to advance, it had to be accepted by more people … but not by imposing the dominant American social and philosophical beliefs and structures."

In BRICs he saw how geographically disconnected non-Western economies shared common denominators of large populations with rapidly-growing markets, industrialization, modernization and an ambition to become at least regional players.

In a world where Western economies were the paradigm, O'Neill's theories of emerging markets were met with disdain.

Many analysts were perhaps unprepared to accept that post-colonial nations, which less than a 100 years ago where occupied by Western powers, could now be on the verge of introducing new paradigms to global economic theory.

Nevertheless, the past decade has seen the rise and plateau and rise again of BRICs nations.

According to the Financial Times' Gillian Tett (January 15, 2010), "in the past decade, Bric has become a near ubiquitous financial term, shaping how a generation of investors, financiers and policymakers view the emerging markets: companies ranging from Nissan to media group WPP have developed Brics business strategies; several dozen financial institutions now run Brics funds; business schools have launched Brics courses; and this April Phillips de Pury will be holding a Brics-themed auction."

According to data from the World Bank, IMF and the United Nations Development Programme's Human Development Report compiled by Global Sherpa, BRIC's combined share of total world economic output increased from 16 to 22 per cent between 2000 and 2008.

Between 2004 and 2007, Brazil averaged nearly 5 per cent in GDP growth, Russia 5.8 per cent, India 8.9 per cent and China 10.25 per cent.

Such growth invariably fuels the growth of the middle class and urbanization.

In 2004, Goldman Sachs issued a report on the status of BRIC countries. The report predicted that the number of people with a $3000+ income would dramatically increase in BRIC by 2014 thereby expanding the middle class.

The report also said that urbanization would become a major concern for China, Brazil and India in the next decades.

"India has 10 of the 30 fastest-growing urban areas in the world and, based on current trends, we estimate a massive 700 million people will move to cities by 2050. This will have significant implications for demand for urban infrastructure, real estate, and services," the report said.

First Summit

The growth of emerging markets, specifically BRIC, came to a sudden halt in 2008 when the global economic crisis hit and led to recession, sometimes severe, from the US to Europe to Asia.

In 2008, GDP growth fell to just above-zero levels – Russia actually registered negative growth – while inflation rates increased.

BRIC slowly began to recover in 2011 and are expected to jump back in 2013. China, and, to a lesser degree, India appear to have weathered the worst of the recession, although inflation rates were still higher than the golden period a decade ago.

But the data gathered by Global Sherpa also projected between 2011 and 2014 average growth rates in GDP of 4.2 per cent for Brazil, 4.5 per cent for Russia, 8.1 per cent for India and 9.5 per cent for China.

In 2009, BRIC went through a major development, which even O'Neill could not have predicted – the four countries met at a summit in Yekaterinburg, Russia and formalized their relationships into an economic block with a political outlook.

In a joint statement from the summit, the group stressed UN Security Council reform, with emphasis on Brazil and India's aforementioned efforts to expand the body. The summit also said that BRIC nations sought "greater voice and representation in international financial institutions, and their heads and senior leadership should be appointed through an open, transparent and merit-based selection process."

In 2010, Africa's largest economy, South Africa, became the fifth member of BRICS. There have been four summits since 2009, with this year's meeting scheduled for the end of March in Durban, South Africa.

The Durban Summit will discuss BRICS expansion into Africa, seen by many analysts as one of the most lucrative markets to emerge in recent years, and the creation of a joint development bank with the accumulated foreign reserve of over $200 billion.

More importantly, and perhaps learning from the European experience with Greece and Spain since the recession, the new bank will include a bailout fund.

According to the Russia and India Report, the fund will establish a BRICS-specific system of mutual lending allowing nations to bypass the IMF and World Bank.

BRICS – The Fluke?

Since the global economic crisis in 2008, criticism – some of it harsh – of BRICS has intensified with many saying that O'Neill overstated the role emerging markets would have in dominating world trade.

Among the most vehement of critics has been Ruchir Sharma, a Managing Director and the head of the Emerging Markets Equity team at Morgan Stanley Investment Management.

Sharma has said that the international economic convergence brought upon by BRICS is a myth and that the powerful performance of these nations in the past decade was more of a fluke.

"With the world economy heading for its worst year since 2009, Chinese growth is slowing sharply, from double digits down to seven per cent or even less. And the rest of the BRICs are tumbling, too: since 2008, Brazil's annual growth has dropped from 4.5 per cent to two per cent; Russia's, from seven per cent to 3.5 per cent; and India's, from nine per cent to six per cent," Sharma wrote in December's issue of Foreign Affairs.

Sharma was alluding to news from Brazil late in 2012 that its central bank corrected its economic growth forecast from 2.5 to 1.6 per cent.

It also corrected inflation rates from 4.7 to 5.2 per cent.

India was also struggling in the wake of the global recession.

In 2011, India forecast double-digit growth in 2012, but it soon slashed this to just less than 7 per cent.

A Christian Science Monitor article last September said: "High inflation, high interest rates, and a poor monsoon season, coupled with a political crisis that has brought the government to a standstill, have caused business, consumer, and investor confidence to plunge [in India]."

The corrected forecasts of slower than expected growth in BRICS has led to speculation that the group will drag global economies into yet another recession around the corner.

In December, Danske Bank appeared to blame much of the economic crises in Europe on the downturn in BRICS performance.

“In fact, lower growth in BRIC countries is behind around 80 per cent of the decline we have seen in global growth this year,” Danske Bank reported.

Sharma appears to be on the same page. In his Foreign Affairs article, Sharms says: “No idea has done more to muddle thinking about the global economy than that of the BRICs.”

He echoes what many critics have said about the group – that they are physically disparate, have political issues challenging a full transition to democracy, generate growth in different, often contrary, ways, and have little in common when it comes to foreign policy.

“A problem with thinking in acronyms is that once one catches on, it tends to lock analysts into a worldview that may soon be outdated. In recent years, Russia’s economy and stock market have been among the weakest of the emerging markets, dominated by an oil-rich class of billionaires whose assets equal 20 per cent of GDP, by far the largest share held by the superrich in any major economy. Although deeply out of balance, Russia remains a member of the BRICs, if only because the term sounds better with an R,” Sharma says.

Other critics have pointed to internal divisions within BRICS, with some saying regional rivalry often dominates.

“The hope that the Brics countries would help one another through increased trade, investment and political support hasn’t panned out,” said Bob Davis in a January 2 Wall Street Journal article.

Davis goes on to say that while BRICS see their grouping as an alternative to the G7, both groups’ economies are intertwined, for better or for worse.

“When the US financial crisis spread to Europe, it didn’t stop there. The Brics nations weakened because they lost big export markets and sources of financing and investment,” he writes.

Challenging the order

But while criticism of BRICS institutions and power continues, there are two sides to the story.

While the Guardian’s Simon Tisdall admits that some critics accuse BRICS of having achieved little as a group since their first summit in 2009, he goes on to say that there may also be a feeling that no one wants “the established world order as defined by the US-dominated UN security council, the IMF and the World Bank” to be challenged.

But Oliver Stuenkel, Professor of International Relations at the Getulio Vargas Foundation in São Paulo, Brazil, downplays this challenging position and says BRICS is not interested in becoming a mirror of NATO or the EU. Instead, he says, BRICS is moving toward creating economic models that are "less rigid" than the G7, for example.

In an article published on e-International Relations, Stuenkel admits that one of BRICS greatest obstacles is establishing a unified vision.

"Without the ability to find a common denominator, there is little reason to organize yearly summits to debate global issues. From the very beginning, critics of the BRICS outfit have argued that such a vision was an impossible dream," he says.

But he goes on to point that many of BRICS' critics have paid little attention to the growth of ties between the member states from one summit to the other.

"Furthermore, the upcoming summit's agenda indicates the BRICS members are slowly beginning to institutionalize their ties. Aside from a BRICS development bank, a common stock exchange, the elimination of investment barriers and cooperation on maritime security, the BRICS members will seek to build a common regulatory framework to boost intra-BRICS trade," Stuenkel concludes.

Some analysts have also ignored BRICS' ability to carry the rest of the world as it weathered or, in some instances, faltered in the face of the continuing global crisis.

While their numbers were down, emerging markets in BRICS enjoyed growth in 2012, compared to the stalled performance of developed markets, mainly in Europe.

"China and India are so large that their catch-up growth was able to raise the entire worldwide rate of economic growth. That's why the world economy kept growing through the 2008-09 financial calamity," says Slate's Matthew Yglesias.

However, he says this paints a dismal picture as lower GDP figures from BRICS means that they may be unable to again give global economies a boost in the face of a possible recurring recession.

Better than Europe?

Last November, the European Central Bank warned that the Euro zone crisis was growing direr as the member states appeared to be slipping into a double-dip recession.

But the story is far more grim writes Vistula University's Krzysztof Rybinski in the Financial Times

"A critical sign is that public debt levels and unemployment rates are rising fast in the troubled southern European countries of Greece, Italy, Spain and Portugal. For example Greek debt is expected to hit 200 per cent of GDP, and in Spain public debt is growing from below 40 per cent in 2007, to a likely 100 per cent of GDP in 2014," he says.

Meanwhile, the MSCI BRIC Index of the largest emerging markets shot up 22 per cent from last year's low. According to the Economic Times, Reuters global stock market polls indicate that a BRICS rebirth is imminent. The newspaper predicts that investors will lean toward BRICS markets in 2013.

Zhang Jianping, a research fellow at China's Institute for International Economics Research under the National Development and Reform Commission, believes such forecasts are palatable. In remarks made to the China News Service, Jianping examines BRICS statistics and says their economies will begin to rebound in 2013, outperforming European counterparts. HSBC analysts have predicted a Brazilian rebound later in the year.

While some have blamed BRICS for Europe's economic woes and forecast its demise, others have come to the group's defense.

Writing for Forbes, Ken Rapoza says eulogies for BRICS are premature. He says the fact that the IMF lowered global growth forecasts is "not because of China. Not because of the emerging world running around like chickens with their heads cut off."

He indicates that while BRICS growth has slowed compared to the 'golden period' of the mid-noughties, it is still growing faster than Western economies. He points to the austerity measures many in the Euro Zone have to face.

"No one should be counting the BRICs and emerging markets out either," he says.

Investment banking and online stock market forecasting expert Paul Ebeling agrees.

He believes that data indicates that BRICS economies are expected to begin to rebound in 2013, "and grow at a much faster rate than most developed economies, forming a sharp contrast to the developed economies standing now on the brink of recession".

In late 2011, O'Neill wrote a piece for the UAE's National paper in which he examined the viability of the economic 'revolution' he introduced into the global lexicon.

Not only did he reiterate his decade-old forecasts but said that BRICS had performed beyond his expectations. Although, in earlier articles he admitted he was surprised that South Africa had been so quickly admitted into the group, his outlook remained positive.

"I remain optimistic that as the four emerging giants, and some others, continue to grow in size and wealth, their prosperity will not only bolster their role in the world, but also give the more challenged economies a chance for a better future," he wrote.

In an interview with Fortune magazine, O'Neill rejected any notions made by critics that China's growth would falter and crumble.

He did, however, warn that India needed to overcome its reluctance to change policies and allow greater foreign investment.

He also believes that Brazil's main sticking point is that it is dealing with an overvalued currency.

"That added to their second problem, that the non-commodity sector of their economy is not very competitive. Unless they can do something to boost their non-commodity industries, Brazil might continue to struggle. But I add that they've done things to reduce the strength of their currency this year that are risky but quite impressive," he says.

Whether analysts pan or praise BRICS, the group is likely to grow in influence. It is likely to call for greater political roles, perhaps succeeding in expanding Security Council membership, and creating a new world bank.

What started off as a mere acronym a decade ago has steadily progressed into a trading alliance of two permanent Security Council members and three nuclear-ready countries that could be well-positioned to attempt a new economic order.

Postscript: In a travel and airline segment on CBS' This Morning on January 8, 2013, Peter Greenberg, CBS News Travel Editor, predicted 2013 travel trends and said that foreign travelers will dominate the tourism industry.

"It's not us anymore – it's the Chinese, the Russians, the Indians and the Brazilians."

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Jim O'Neill: emerging world rising

02 January 2013 Comments (2)

Jim O'Neill, chairman of Goldman Sachs Asset Management, examines the global economic policy outlook for 2013

How will the economic landscape look 2013?

Now that the leadership issues in the United States and China have been settled, we can finally frame the economic outlook for 2013 with the knowledge of who will be pulling the policy levers in the world's two biggest economies.

So, what will they do – and, perhaps more important, what will economic forces do to them?

For starters, the US will face recurring challenges with the "fiscal cliff" until financial markets pressure policymakers into more radical deficit reduction. But, despite this and associated growth disappointments, 2013 will be a stronger year for the global economy than many people expect.

In 2011, China contributed $1.3trn in additional GDP to the world, the equivalent of creating another Greece every 12.5 weeks, or close to another Spain every year. Together, the four BRIC countries (Brazil, Russia, India, and China) contributed around $2.2trn in 2012, equivalent to another Italy every year. (Despite its problems, Italy is still the world's eighth-largest economy, and will be for at least the next couple of years, until Russia and India possibly overtake it).

The eight growth market economies – the BRICs plus South Korea, Indonesia, Mexico, and Turkey – created close to $3 trillion in 2011, more than the United Kingdom in one year. These economies' combined size is now approximately that of the US economy, with total annual output reaching $15-16trn, or roughly 25% of global GDP. Unless their growth rates slow sharply, their contribution to world output will rise dramatically, and global growth will be stronger than worried Western analysts might appreciate. If the "Growth Eight" economies expanded by 10% on average in US dollar terms, they would add $1.5trn to global GDP next year.

A key reason for China's slowdown in 2011-2012 is that officials wanted it

For the decade that began in 2011, we at Goldman Sachs Asset Management have assumed that China, which accounts for about half of total Growth Eight output (probably $8.3trn by the end of 2012), will grow at a 7-8% annual rate in real terms, with inflation around 3%. Unless the renminbi falls in value, this translates into an average nominal increase of at least 10-11% in dollar terms.

China will grow by 7-8% partly because that is what policymakers have decided they want. In late 2009, within a year of their massive policy stimulus in response to the global credit crisis, the Chinese leadership, I believe, decided that 10% annual real growth had outlived its usefulness. Income inequality was rising dramatically, environmental damage was worsening rapidly, and inflation was leading to weak real-income growth for poor households.

Indeed, a key reason for China's slowdown in 2011-2012 is that officials wanted it. While the real GDP growth rate stated in the 12th Five-Year Plan should not be viewed as a fait accompli, the fact that the Plan's growth rate was lowered to 7% is a powerful signal of official intent.

Looking ahead, while China's leadership change is important, the country's leaders cannot decide things with the freedom that one might think. They become leaders partly through commitment to the agreed plan. A potential leader who deviates too much does not stay in the leadership, as we saw in 2012 with the purge of Bo Xilai.

China's 7% growth target, while subject to a number of challenges, is based on maintaining private consumption growth of around 8% (while recognising that exports and investment will not grow as strongly as before), thereby allowing the consumption share of GDP to rise. More focus on innovation and creativity will be accompanied by strong real wage growth, provision of greater rights for urban migrants, and expansion of health care and pensions. If China grows by 7-8% again in 2013, it will be more balanced growth than in 2012.

Beyond China, the other BRICs – Brazil, Russia, and India – all face challenges that their policymakers need to meet to spur stronger growth. But there are plenty of exciting developments elsewhere, including Indonesia, the Philippines, Bangladesh, Nigeria, and Mexico – all part of what I call the “Next 11.” South Korea and Turkey, which continue to grow reasonably well, albeit not with the others’ momentum, are two of this group’s other big members.

It is much more likely that, at least ahead of Germany’s autumn 2013 elections, key decisions will be postponed or avoided

The 15 countries that comprise the BRICs and the Next 11 contain more than four billion people, close to two-thirds of the world’s population. As they continue to grow, their share of the world economy will continue to rise, boosting global growth beyond what it otherwise would be.

But the global economy could be weaker in 2013 than it was in 2012 if the worst continues to prevail in Europe and the US, particularly if the new US Congress cannot work with a re-elected President Barack Obama to find a budget deal that improves the medium-term credibility of the US fiscal position while avoiding excessive deficit cutting. This is a difficult balance to achieve, and, without pressure from the markets, I am unsure how it will play out.

I should add, however, that if the US government does not cause problems, two private-sector developments seem likely to be helpful. One is growing evidence of a housing recovery; the other is the prospect of steadily declining energy-import costs as domestic production, particularly of natural gas, continues to rise.

As for Europe, many investors still assume that a moment will arrive when we can definitively conclude that European Monetary Union is finished or saved. Unfortunately, it is much more likely that, at least ahead of Germany’s autumn 2013 elections, key decisions will be postponed or avoided.

This means that Europe probably faces another challenging year.

But, again, the BRICs’ output growth amounts to creating the equivalent of another Italy every 12 months. Unless the European environment deteriorates sharply, Europe’s travails will not be the main story for the global economy in 2013.

Jim O’NeillJim O’Neill is chairman of Goldman Sachs Asset Management and a member of the board of the Bruegel think tank.

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-------- Original Message --------

Fransman: “Our presence in BRICS would necessitate us to push for Africa’s integration into world trade.”

Dlamini: “We can no longer allow the DBSA to be associated with shoddy work”

DBSA to cut equity investments

by Samuel Mungadze, 12 December 2012

Business Day

THE Development Bank of Southern Africa (DBSA) will scale down its equity investments portfolio as it aims to return to profitability, a senior executive said on Tuesday.

The decision follows a spate of bad equity decisions that hurt the bank, which reported a R370m loss last year.

DBSA CEO Patrick Dlamini said: “Equity investments were supposed to be an exception and now we have taken a decision that we are going to be thorough.”

Mr Dlamini was addressing media in Rosebank, Johannesburg, during a presentation of the bank’s turnaround strategy. He said the bank was expected to play a leading role in the planned infrastructure investment programme.

“Infrastructure serves as a catalyst for growth. It cannot be business as usual, the continent requires R93bn infrastructure funding per annum. We want to make sure we are an important part of the economy and infrastructure is very important,” he said.

The government has planned to spend about R845bn over the next three years, and R4-trillion over 15 years, into public infrastructure projects. The Cabinet recently approved the gazetting of a new bill aimed at fast-tracking and enhancing the co-ordination of South Africa’s planned strategic infrastructure projects.

The DBSA has already approved a total of R27.5bn, most of which (86.3%) was dedicated to South Africa for infrastructure projects in the year ended March.

The funding would be spent on a number of projects in the country.

Mr Dlamini said there was an opportunity for the bank to increase lending. He explained that the bank aimed to increase its presence in various market segments.

It wanted to grow its assets in the municipal market to R26bn by 2017 and state-owned enterprises assets to R27bn.

In the Southern African Development Community, the target was R20bn and in private-public partnerships the target was R3.5bn.

Mr Dlamini also said the management of a R9bn jobs fund to create more employment in South Africa was on track. The bank had approved R1.8bn for the fund.

“Close to R1.8bn has been approved and 62,000 sustainable jobs committed to date,” he said.

Mr Dlamini acknowledged that with the new restructuring process, staff would be retrenched and corruption would not be tolerated.

“We can no longer allow the DBSA to be associated with shoddy work, we need to restore the pride of our people because we believe our people deserve better,” he said.

The DBSA has announced a voluntary retrenchment process.

It has been reported that the bank aims to reduce its staff count from 750 to 300.

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DBSA restructuring to lay basis for ‘scale-up’ of ‘core’ lending to R91bn

By: Terence Creamer

11th December 2012

The State-owned Development Bank of Southern Africa (DBSA), which is in the midst of a far-reaching restructuring programme, indicated on Tuesday that it was finalising a new strategy and organisational structure that would lay the basis for a doubling of its loan book to R91-billion over the coming five years to 2017.

Consultations were still under way with the National Treasury, but the emerging strategy would involve a scaling up of lending to the eight metropolitan councils, as well the 112 Tier 2 municipalities in a bid to improve service delivery.

But the bank also planned to materially increase its debt exposure to State-owned companies (SoCs), as well as to African infrastructure projects and to public-private partnership (PPP) projects.

By contrast, the development financier would whittle down its equity investments, particularly to entities outside of its core infrastructure focus.

During 2011/12, the bank’s assets grew by 10.5%, from R47.4-billion to R52.4-billion, but its financial performance was worse than expected, mainly as a result of impairments and unrealised revaluation losses on equity investments, particularly in the mining sector.

Newly appointed CEO Patrick Dlamini said the bank had “paid school fees” in the area of equity investments and that it would be far more circumspect in this area in future.

The current reorganisation, which Dlamini acknowledged was causing some uncertainty within the bank, was designed to realign the institution with its core mandate of supporting basic municipal infrastructure, as well as the development of economic infrastructure.

“It cannot be business as usual,” he averred.

The restructuring process could result in retrenchments should the current offer of voluntary-severance and early retirement packages fail to achieve the streamlining being sought. However, Dlamini said it was premature offer precise figures, or to comment on whether any group executives had taken up the offers.

In some cases, the DBSA would also be seeking to recruit new talent to bolster its capacity in the areas of corporate finance, project preparation, risk and credit management.

Over the coming five years, the DBSA expected to raise its lending to the municipal market to R26-billion, with a material ramp-up in lending to Tier 2 municipalities to R8.8-billion.

It was also planning a dramatic increase in lending to SoCs, from R4.8-billion currently to over R27-billion.

Particular emphasis would be given to the smaller SoC’s, owing to the fact that Eskom, Transnet, Telkom, PetroSA, the Passenger Rail Agency of South Africa and the Trans-Caledon Tunnel Authority had other funding options.

Dlamini said these “Tier 2 SoCs” would be a more natural match for DBSA’s corporate lending and project finance activities.

The third-largest area of focus would be infrastructure developments in the rest of Southern Africa, with the DBSA having set a target of raising its asset profile in the region to R20-billion by 2017. Dlamini said the group would target specific opportunities in the energy, water and sanitation, transport and information communication technology sectors.

The bank had also been given a specific mandate to support regional-integration-supporting infrastructure programmes, including the much-vaunted North-South Corridor.

In the PPP milieu, meanwhile, the DBSA had set a target of increasing its assets to R3.5-billion by 2017. To achieve that target, human and financial resources would be dedicated to increasing pre-financing activities to “unblock” deals.

The R9-billion Jobs Fund and the R800-million Green Fund would continue to fall under the aegis of the DBSA even under the new structure, with Dlamini indicating that yet further funds could be added in future, possibly in partnership with Chinese funders.

He acknowledged early teething problems with the Jobs Fund, but gave an assurance that the initiative was on track to stimulate the creation of 150 000 sustainable jobs over the coming five to seven years.

The application and adjudication processes had been significantly streamlined following earlier problems, which Dlamini said stemmed from the fact that the launch had taken place before "fundamentals" were in place.

The R91-billion vision would be supported by a funding plan comprising internal resources, bond issuances and the securing of favourable credit terms from "strategic partners".

"We really want to make sure that the [reorganised] DBSA goes about its business in a completely difference, and more aggressive manner than has been the case in the past," Dlamini concluded.

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Roundtable Discussion by Deputy Minister Marius Fransman at the University of Stellenbosch on the theme "South Africa: A strong African Brick in BRICS", on 21 November 2012

Programme Director;

Members of the University Management; Staff and Students;

Community Leaders here with us today;

Members of the Media;

Distinguished Guests;

Ladies and Gentlemen;

"We will continue ensuring that Africa continues to have a strong voice in international forums such as the G20, World Economic Forum and many others" so said President Jacob Zuma in his address during the recent Thabo Mbeki Centenary Lecture.

These words are always our guide and an inspiration in the conduct of our foreign policy, in particular our participation in the global system of governance. I urge you to keep them in mind in the course of this lecture.

Programme Director, our theme for today is titled "South Africa: A strong African Brick in BRICS". This is a golden opportunity to share with you our thoughts on the present and future of our role in BRICS and its implication for development and growth for South Africa and its mother continent, Africa.

I am thankful to the University of Stellenbosch for agreeing to host me in this magnificent centre of learning. Stellenbosch is one of South Africa's leading institutions in the field of economy and international relations.

It is therefore appropriate that this lecture take place here as it addresses how South Africa's BRICS membership will benefit our economy and that of Africa, as well as promoting healthy international relations between Africa and BRICS countries.

Writing in January 2011 in a paper entitled "South Africa and BRICS: Africa moves to centre stage" in February 2011, Yingni Lu, a London-based business development professional, had the following to say about South Africa's position in the global systems of governance:

"South Africa's position as voice and advocate of the African cause in the shifting sands of global economic power and institutional reform now becomes even more critical as it takes its place both in the BRICS and the UN Security Council. The invitation of South Africa to become the fifth member of the BRICS - Brazil, Russia, India, China and South Africa - and the South African seat on the United Nations Security Council will ensure that Africa has a voice in all key global fora and will accelerate reform of the UN and global financial, developmental and trade architecture".

The rationale for South Africa's involvement in BRICS

There is no doubt that the 21st century is characterized by an increasingly globalised and interdependent world, which is overturning previously held convictions regarding the international system's prevailing power balances and the emergence of new political and economic powers. Scholars such as Keohane; Nye and Stiglitz have written extensively on globalism/globalization. They have defined globalism as a state of the world involving networks of complex-interdependence at multi-continental distances and the linkages are described as flows and influences of capital and goods, information and ideas and people and forces as well as environmentally and biologically relevant substances. Mr Stiglitz wrote in 2002 that;

"in the current process of globalization we have a system of what I call global governance without global government. International institutions like the World Trade Organization, the IMF, the World Bank, and others provide an ad hoc system of global governance, but it is a far cry from global government and lacks democratic accountability".

In an academic address Minister Maite Nkoana-Mashabane delivered on 1 November 2010, prior to South Africa being invited to join BRICS on the topic "The relationship between South Africa and the Emerging Global Powers", she contextualised the complex character of the world we live in today. She explained that the historic context of South Africa's foreign policy derived from the Freedom Charter and that it focused on peace and friendship, collaboration and building partnerships and was not about confrontation and thriving in competition and rivalry.

Programme Director,

Our foreign policy further encapsulates this approach and calls for "an African Continent, which is prosperous, peaceful, democratic, non-racial, non-sexist and united, and which contributes to a world that is just and equitable". This is what informs our approach to the world, but also to opportunities provided to us and the world by the rise of countries we call "emerging powers". In the tradition of Robert Axelrod's "The Evolution of Cooperation", Minister Nkoana-Mashabane cited that “friendship is hardly necessary for cooperation... Under suitable circumstances, cooperation can develop even between antagonists”. In this complex and fluid global system we live in today, nurturing conditions for cooperation is crucial if we are to construct a different global order where power is more diffused and responsibilities are appropriately shared. As was the case with the advent of the democratic South Africa where we wished to do away with apartheid’s legacy , the emerging new world order is also not to be reconstituted in the previous order’s zero sum terms and world view.

Africa is at the centre of our foreign policy. This administration has continued to play a crucial role, both bilaterally and multilaterally through the African Union, in promoting peace, good governance, integration and other public goods that are prerequisites for development of the African continent. We do this with a true spirit of Ubuntu, which implies that you are because of me. Allow me the opportunity to elaborate on the important strides Africa has achieved, at close to six per cent, Africa’s economies are consistently growing faster than almost any other region. The Africa Progress Panel, chaired by Kofi Annan, had noted that

“For the first time in a generation, the number of people living in poverty has actually fallen – and many countries have witnessed strong progress towards the MDGs.”

As President Zuma pointed out in a speech recently, over the past decade, Africa has gone from being the ‘Hopeless Continent’ to being a ‘Rising Star,’ the next major growth pole in the world economy.

Ladies and gentlemen,

South Africa’s accession to BRICS in January 2011 was the culmination of broad-based thinking and joint efforts. Drawing from the important history of the origins of South-South co-operation laid down in 1955 at the Bandung Conference, as well as with the creation of the Non-Aligned Movement in 1961, the Government of South Africa recognized that we have to be part of the forward march of history. Our accession into BRICS is also an acknowledgement of the fact that the age of globalization requires us to elevate mutual partnerships to a different level. We enter into these alliances, taking advantage of the wells of goodwill and solidarity at our disposal, with a view to leveraging these beneficial political and economic relations.

South Africa’s South-South cooperation strategy is anchored on the BRICS partnership mechanism with China, India, Brazil and Russia. Our membership of BRICS has three objectives: to boost job creation and the domestic economy; to support African infrastructure development and industrialization for the realization of the African Renaissance; and to partner with key players of the South on issues related to global governance and its reform. As the host of the next BRICS Summit in early 2013, we have a contribution to make to the realisation of the objective of establishing the BRICS Development Bank.

Our participation in BRICS is focused on the three levels of international engagement.

Firstly, on a national level, we aim strengthen our economic relations with BRICS partners and overall intra-BRICS trade, which is mutually beneficial. One of the concrete outcomes of the

Fourth BRICS Summit included the conclusion of the Master Agreement on Extending Credit Facility in Local Currency under BRICS Interbank Cooperation Mechanism and the Multilateral Letter of Credit Confirmation Facility Agreement between our EXIM/Development Banks. The Development Bank of Southern Africa (DBSA) is the South African party to the BRICS Interbank Cooperation Mechanism. We believe that these Agreements will serve as useful enabling instruments for enhancing intra-BRICS trade in coming years.

South Africa's overall trade with BRICS has grown steadily from US $9.2 billion in 2005 to US$20.4 billion by 2010. The priority is now to ensure that further trade increases is concentrated in value-added products in support of our industrial policy framework. I am of the view that mutually beneficial trade could be further enhanced through the identification and removal of non-tariff barriers that currently impede intra-BRICS trade.

Our focus is logically centred on advancing domestic priorities, notably under auspices of the New Growth Path, Industrial Policy Action Plan (IPAP2 and IPAP3) and the Presidential Infrastructure Coordinating Commission (PICC). South Africa's considerable non-energy in situ mineral wealth (estimated at $ 2.5 trillion) being the world's largest producer of platinum, chrome, vanadium and manganese, and the third-largest gold miner, as well as offering highly sophisticated mining related professional services, contributes significantly to the BRICS resource pool. South Africa is a source of exceptionally sophisticated professional services and financial expertise and it was ranked 4th globally in the 2011/12 World Economic Forum's Global Competitiveness Index's financial market development ranking. The regulation of the Johannesburg Securities Exchange (JSE) was ranked number one in the world, as was the strength of South Africa's auditing and reporting standards. Additionally South Africa is ranked 2nd for both the soundness of banks and the efficacy of corporate boards. With direct access to the rest of the continent and situated between the East, the Americas, Europe and the Middle East, South Africa has many structural advantages which make it an excellent investment destination and ideal partner in the African growth story.

Secondly, on a regional level, South Africa is promoting the infrastructure development programmes which the President as the African Champion has to promote under the auspices of the Presidential Infrastructure Champion Initiative (PICI) and the Programme for Infrastructure Development in Africa (PIDA). A recent exciting initiative in the BRICS context is that of a new Development Bank which South Africa strongly supports. It is intended to mobilise resources for infrastructure and sustainable development projects in BRICS and other emerging economies and developing countries, to supplement the existing efforts of multilateral and regional financial institutions for global growth and development. The Leaders directed the BRICS Finance Ministers to examine the feasibility and viability of such an initiative, set up a joint working group for further study, and report back by the next Summit which South Africa will host in 2013.

I am encouraged by the BRICS investment portfolio in Africa. As you aware South Africa is one of the leading investors among developing countries in the continent. I wish to encourage BRICS companies to take advantage of this unique position and partner with South African companies to explore commercial opportunities in Africa.

I wish to emphasise the comparative strength of the BRICS formation in supporting Africa's repositioning in the global economy. While I am deeply cognisant of the continuing importance of traditional partners for Africa, it is the exponential growth potential that engagement with BRICS can realise that I wish to highlight in this article. An IMF study on the linkage between BRICS and Low Income Countries asserted that the relatively mild deceleration of Low Income Countries' economic growth during the global financial crisis points to the potential benefits of their growing ties with BRICS. Most of these countries were hit hard by the crisis, but growth often slowed less and recovered faster than anticipated. They argued that Sub-Saharan Africa, for instance, would be more resilient to the global financial crisis than conventional wisdom would suggest because of the region's strong trade ties with BRICS, particularly China.

Thirdly, BRICS is a platform for dialogue and cooperation amongst countries that represent 43% of the world's population. The Standard Bank economists have predicted that BRICS share of global output will increase from 15% currently to around 20-25% in 2015, i.e. a fifth if not a quarter of global output. BRICS-Africa trade is projected to increase threefold from $150bn in 2010 to $ 530bn in 2015. BRICS share of Africa's total trade will increase from one fifth in 2010 to one third by 2015. FDI from BRICS countries is projected to increase from $60bn in 2009 to more than $150bn by 2015, i.e. threefold. BRICS foreign reserves are estimated at $4, 5 trillion, which is a major reservoir of capital.

Ladies and Gentlemen;

Many of you may want to know what our membership of BRICS has in store for them. The BRICS countries are working towards a vision of creating a prosperous world for all its citizens.

Our accession to the BRICS placed South Africa in the company of the world's fastest growing and potentially most influential nations. BRICS formation is the model of future international relations for equal partners on equal footing and not the animal farm kind of international relations, which is not sustainable as you see with collapse of economies of the north. If you remember well, recently those countries were bailed out by BRICS. BRICS approach is that of building sustainable international relations for global peace and stability. We would like to see this influence work to South Africa's and Africa's benefit, that of the developing world as well as for every global citizen - that is our hope and vision for the next Summit that President Zuma will host in South Africa and beyond.

Allow me to reflect a bit more in depth on Government's strategic intent when we strive to bring together the triple helix of government, academia and industry, to support Government's growth and development strategies.

UNESCO published a study in 2011 that found that university-industry partnerships have moved high onto the policy agendas of many governments worldwide in recent decades and become a new and expanded phenomenon. The university-industry partnership is conceptualised as a means to bridge the perceived gap between the science base and the productive sector which would allow new knowledge to be transformed rapidly into innovation.

Former Science and Technology Minister Pandor also stated at one of her last engagements as follows: “The nexus of university and industry holds potential for economic development, entrepreneurship and job creation. We are not taking the opportunities presented to us as vigorously as we should,” and she further emphasised the need for stronger focus on university, industry and public partnerships. Minister Pandor also reflected that South Africa has made strides in developing its human resources, which is a key focus of the government, but is not seeing an increase in the 1% of GDP currently invested in basic research. Minister Pandor also commented that the government aimed to strengthen international partnerships in the pursuit of new knowledge and innovation for technology transfer opportunities. She cited the Square Kilometre Array (SKA) radio telescope project which entailed significant collaboration between South Africa and international partners, which notably also included our BRICS partners.

Programme Director

The good news is that, according to the World Economic Forum’s (WEF’s) latest global competitiveness report, South Africa remains the most competitive economy in sub-Saharan Africa. South Africa performed reasonably well in more complex areas such as business sophistication, 38th position; innovation, 42nd position; benefiting from good scientific research institutions, 34th position; and strong collaboration between universities and the business sector in innovation places us in 30th position.

Complementary to these arguments is the fact that the BRICS Summits are always preceded by meetings of both the Academic and Business Forums of BRICS which already provide for various synergies in this regard. DIRCO is partnering through the Department of Higher Education and Training with Higher Education South Africa (HESA) to host the Fifth BRICS Academic Forum a few weeks prior to the Summit. We are currently focusing on developing the themes for this august gathering of some of the world’s most prominent academics with exactly the same intent as I just described, i.e. to expand our basic and applied scientific research and development collaborations, as well as to also provide BRICS Leaders with more concrete policy options for our respective societies’ developmental challenges. BRICS Leaders pertinently tasked officials at the previous Summit to provide for “a general academic evaluation and future long-term strategy for BRICS”. Considering that our BRICS partners all have created dedicated BRICS Think Tanks, our BRICS Sherpa, Ambassador Matjila, met with relevant South African stakeholders to discuss how South Africa could also create its own dedicated BRICS Think Tank. We will provide more information in this regard in the near future following consultations with relevant parties.

I wish to invite all the academics and students present here today, to become part, as appropriate, of these new and exciting opportunities that BRICS academic collaboration will offer us in future.

BRICS Strategic Partnership and the African Renaissance

Distinguished guests, Ladies and gentlemen;

As part of its foreign policy, South Africa promotes the African development agenda, and therefore will also in the BRICS context further build on the support solicited at the Third and Fourth BRICS Summits by its partners in support of the African development agenda. Our membership of BRICS underlines our country's growing international role, including its future significance for potential investors in the expanding African market. As the only African country in BRICS, we are expected to push for Africa's integration in trade and policies with the other four BRICS members.

In order to further strengthen the work it does, the Third BRICS Summit produced the most comprehensive Declaration to date and a detailed Action Plan. This Action Plan pronounced on future areas of cooperation, spanning the fields of Science and Technology, Agriculture, Statistics, Banking Cooperation, Competition Commission, Justice, Think Tanks, Health, Education and Cooperatives. We believe that the afore-mentioned areas are not only of importance to the South African economy but also to the African continent in general.

At the Fourth BRICS Summit in Delhi, India, South Africa utilised its participation in the BRICS Summit to advance the African Agenda, to seek support from BRICS partners for NEPAD infrastructure development and industrialisation initiatives and advocated for reform of global governance institutions. We shall utilise the next Summit, which we are hosting next year to further consolidate the African agenda for the renaissance of our continent.

Our involvement in BRICS includes our efforts to accurately reflect the changing and dynamic global political and economic architecture from a position where economic growth points were primarily located in the industrialized countries of the North, bypassing Africa. Our entry into BRICS is indicative that Africa is going to be a part of the changing world. Our presence in BRICS would necessitate us to push for Africa's integration into world trade.

Furthermore, the AU has set up the Presidential Infrastructure Championship Initiative, a committee of eight NEPAD Heads of State and President Zuma had been given a clear mandate by the leadership of the AU to chair the NEPAD High Level Sub-Committee on Infrastructure. As a result, the President utilized our presence at the third BRICS Summit to highlight Africa's need for infrastructure and industrialization. In the Sanya Declaration, the BRICS countries expressed support for this.

As we enter the BRICS space, our African counterparts will expect South Africa to craft more vigorous trade and investment programmes that ensure that the voice of the continent is heard in the broader international platforms. We believe BRICS presents South Africa and Africa the opportunity to work closely together on issues pertaining to peace and security, including future coordination on issues for deliberation before the UN Security Council. BRICS countries are increasingly assuming an influential role through pronouncement on important issues of global political and economic security evidenced by the common stance adopted by all BRICS countries, ranging from deeming foreign intervention in Syria unacceptable and the statement pronounced by BRICS countries at the New Delhi Summit in March 2012 on Iran, to the effects of monetary policy implementation by Western countries. Russia had further expressed support for the enlargement of the United Nations Security Council and for the candidacies of Brazil, India and South Africa.

Programme Director

Important for us to note, is also that as a group of emerging markets, we share convergent concerns and interests with regard to reform of the global governance mechanism, aspects of under-development, illiteracy, poverty, disease and access to markets, just to mention a few. Collaboration and cooperation are therefore central to this evolving BRICS Mechanism.

Our foreign policy implores us not to solely concentrate on our national interests only, but to share with our region and our Continent. It is for this reason that South Africa is pursuing regional integration with renewed vigour with the objective of linking SADC, EAC and COMESA into a sizeable and integrated Free Trade Agreement (FTA).

We believe this will provide economies of scale, larger markets and position us to better compete in the global economy. The BRICS economies, which already constitute approximately 40% of global GDP, will link a large part of Africa with the fastest growing economies in the world.

Ladies and gentlemen

Being part of BRICS, South Africa will not only contribute considerably to the evolution of BRICS but our presence also bolsters the legitimacy of the BRICS Forum. As the biggest economy in Africa, of one of the fastest growing regions on the globe, South Africa also presents a gateway for investment on the continent, and over the next 10 years the African continent will need $480 billion for infrastructure development.

Africa is also starting to trade more with emerging economies. Between 1993 to 2009 Africa's trade with emerging economies grew from 4,6% of its overall trade to 19%. Enhanced south-south cooperation is crucial for the acceleration of African regional integration and the strengthening of continental institutions which are critical in responding to challenges of poverty, underdevelopment, peace, security and justice.

Over the past decade we have seen a seismic acceleration of commercial and strategic engagements between the BRICS and Africa. The BRICS have nourished Africa's economic emergence and elevated the continent's contemporary global relevance. The recession and recovery period has enhanced this shift. In 2010 Standard Bank economists predicted BRICS-Africa trade will "see an additional increase in the velocity of BRIC-Africa engagements, with trade and investment spearheading the commercial charge. According to Standard Bank BRICS-Africa trade will increase threefold, from USD150 billion in 2010 to USD530 billion in 2015. Between 2010-2015, BRICS share of Africa's total trade will increase from one-fifth to one-third and BRICS foreign direct investment (FDI) stock in Africa will swell from around USD60 billion in 2009 to more than USD150 billion by 2015. Today the BRICS countries are the largest investors on the continent.

Programme Director

A detailed look at trade between the BRICS countries and Africa clearly demonstrates the increasing strategic importance of BRICS for Africa. Sino-African trade will elevate from USD93 billion in 2009 to USD350 billion in 2015. Africa's trade with India will accelerate most rapidly amongst the BRICs, growing from USD34 billion in 2009 to USD120 billion by 2015. Brazil's trade with Africa recovered to USD28 billion in 2011 after the financial crisis and is estimated to reach USD55 billion by 2015. Russia's trade with Africa will more than triple over the next five years, increasing from USD5 billion in 2009 (having fallen from highs of USD8.5 billion in 2008) to USD17 billion in 2015.

Ladies and gentlemen

In conclusion, South Africa's BRICS membership has a lot to offer. It is in our national interests as it has positive spin-offs to our economy and job creation drive as well as to our foreign policy on Africa – Consolidation of the African Agenda towards regeneration of the African continent, as was foreseen by our forebears such Pixley Isaka ka Seme, OR Tambo, Kwame Nkrumah, Julius Nyerere, Samora Machel, Frans Fanon, Amilcar Cabral and Patrice Lumumba amongst others. It is therefore, imperative for actualization of the African Renaissance which is our national and continental vision. When the sun sets on Western economies, it shines bright on BRICS countries. It is the dawn of a bright new BRICS formation.

I thank you all.

ISSUED BY THE DEPARTMENT OF INTERNATIONAL RELATIONS AND COOPERATION

460 Soutpansberg Road

Rietondale

Pretoria

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Mo Shaik appointed to head DBSA's new international unit

Published 07 Aug 2012

Article by: Terence Creamer

The Development Bank of Southern Africa (DBSA) has appointed Mo Shaik as the CEO of its soon-to-be-established Development Bank International (DBI) subsidiary.

Shaik's appointment, which was made within days of confirmation of Patrick Dlamini's selection as the new CEO of the DBSA itself, was effective immediately.

Dlamini had been selected as the permanent replacement for Paul Baloyi, following his resignation in April. He was currently serving notice at Air Traffic and Navigation Services and would join the development finance institution (DFI) from September.

Chairperson Jabu Moleketi told Engineering News Online that Shaik's appointment followed a thoroughgoing selection process overseen by a committee established by the bank's board.

The process included internal and external advertising of the position, as well as a headhunting exercise. Four candidates had been shortlisted to participate in a series of intensive interviews, as well as a psychometric analysis.

Moleketi said Shaik emerged as the "strongest candidate" for the position, notwithstanding his lack of banking experience.

"We have strong internal financial capacity, but were looking for somebody to take a leadership role," he elaborated.

The DBI would take over responsibility for all of the DBSA's non-South African activities, which had historically comprised about 30% of the State-owned group's activities.

The DBSA reported investment approvals of R37.1-billion in 2010/11, of which around 20% was for activities in the rest of the Southern African Development Community.

Moleketi said Shaik's previous diplomatic experience made him an appropriate candidate to lead the DBI at a time when it would be engaging with partner banks in the Brics bloc of Brazil, Russia, India and China, on the creation of a new Brics DFI.

The other banks involved in the process included the China Development Bank, Banco Nacional de Desenvolvimento Economico e Social, or BNDES, of Brazil, Russia's Vnesheconombank and the Export-Import Bank of India.

Prior to joining the DBSA, Shaik held several senior management positions both in the private and public sector. He was CEO at CorpAfrica, consul general in Germany, South Africa's ambassador to Algeria, special adviser to former Foreign Affairs Minister Nkosazana Dlamini-Zuma, head of the South African Secret Services at the Ministry of State Security and head of policy research at the Department of Foreign Affairs.

Shaik holds a BSc (Computer Science), a Bachelor of Optometry and a Masters in Optometry, all from the University of Durban Westville (now incorporated into the University of KwaZulu-Natal). He has also completed an advanced management programme at the Harvard Business School, in the US.

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http://www.armsdeal-vpo.co.za/articles14/denies.html http://amadlandawonye.wikispaces.com/Open+letter+to+Mo+Shaik,+Trevor+Manuel,+S+Times+and+Sindy

http://nicborain.wordpress.com/2009/10/04/pirates-of-polokwane-shaik-their-booty/

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Why Moe Shaik got the DBSA job - Pravin Gordhan

Pravin Gordhan

13 August 2012

Finance minister says bank followed proper processes, appointment was on merit (Aug 9)

STATEMENT BY THE MINISTER OF FINANCE, PRAVIN GORDHAN, ON THE APPOINTMENT OF MR R. SHAIK AS THE CEO OF THE DEVELOPMENT BANK OF SOUTHERN AFRICA'S INTERNATIONAL DIVISION

I have noted the media statement issued by the Democratic Alliance's Shadow Minister of Finance announcing the DA's intention to ask me to explain the process followed in the appointment of Mr R. Shaik as the CEO of Development Bank International (DBI), a division of the Development Bank of Southern Africa (DBSA).

The Chair of the Board of the DBSA and a committee of the Board were responsible for the appointment process. I am informed by the chair that the following process was followed:

The process of selecting the CEO of DBI involved the advertisement of the post internally within the DBSA as well as the appointment of an executive headhunting agency. Nine candidates were identified, of whom four were shortlisted, completed psychometric assessments and were interviewed by a subcommittee of the DBSA board of directors.

In fairness to the four shortlisted candidates, I am not going to disclose their names. Such disclosure would serve no purpose other than to embarrass people who agreed to step forward for consideration as CEO of the DBI on the understanding that their participation in the process would be treated in the strictest of confidence.

After the interviews, two candidates were eliminated and of the remaining two, Mr Shaik was rated as the best fit for the position. In its recommendation, the board found Mr Shaik to have a strong networks and relationships within the SA Development Community, all of which have been assessed as key to the success of the Development Bank International. Mr Shaik also displayed strong analytical skills and a deep understanding of national priorities, all of which can be partly attributed to the various positions that he has occupied in government since 1994. Mr Shaik's lack of experience in running a commercial enterprise is made up for by his recent training at the Harvard Business School.

I believe the DBSA has followed proper processes in making this appointment, which I support.

The DBI has a vital role to play in enhancing the development of infrastructure projects in Southern Africa, which in turn will promote regional integration and create a more dynamic and interconnected economy in this region.

Statement issued by the Treasury on behalf of the Minister of Finance, Pravin Gordhan, August 9 2012

On 8/12/2012 9:25 PM, Patrick Bond wrote:

(What a shame the IOL journalist didn't check her files on Shaik, to report more on not just Washington's spook agenda in Pretoria, but its neoliberal agenda across Africa, now aided by subimperialist deputy-sheriff Shaik building pro-corporate/extrativist infrastructure to better loot Africa. Denial notwithstanding.)

Moe Shaik going full tilt in DBSA job

August 11 2012 at 11:25am

By Marianne Merten

Johannesburg - Former spy chief Moe Shaik has to hit the ground running in his new job - heading a yet-to-be established subsidiary on Africa-wide infrastructure development at the Development Bank of SA (DBSA).

Having spent the past three months on an executive leadership course at Harvard Business School in the US, Shaik was somewhat reluctant to be interviewed, telling Independent Newspapers he wanted first to check with his new bosses.

The DA has already questioned the appointment, promising it would ask Finance Minister Pravin Gordhan to explain it. "South Africans need to be assured that appropriate processes have been followed and that Moe Shaik has not simply been 'deployed' for political reasons," said DA finance spokesman Tim Harris.

However, Gordhan has said he supports the appointment, in which the DBSA has indeed followed "proper processes".

Shaik had been rated the best candidate of the two who remained after the initial list of nine had been whittled down to four for a series of interviews and psychometric tests, he added.

Shaik, according to Gordhan, had been appointed because of "strong analytical skills and a deep understanding of national priorities, all of which can be partly attributed to the various positions that he has occupied in government since 1994".

DBSA board chairman Jabu Moleketi said there was confidence in Shaik. The new position required strategic leadership and a demonstrable ability to operate at the highest level.

Moleketi said plans were in place to have the first memorandum of understanding for the DBSA's new subsidiary, Development Bank International (DBI), in place by the end of this financial year.

The aim was for the DBI to pursue joint ventures with an infrastructure focus in an effort to promote integration across the continent. Building a road or railway from a mine to an export centre of primary resources did not necessarily benefit a country's citizens, nor did it build local economies.

In Africa, it was important to ensure African leaders set the agenda, said Moleketi, adding partnerships would be key.

The DBI would be established under SA laws, with clear governance and ethics criteria and in line with Reserve Bank requirements.

Before his falling-out with State Security Minister Siyabonga Cwele, Shaik moved comfortably in intelligence and international relations circles.

Following a post in the post-1994 state intelligence service, he moved to foreign affairs in 1997. The following year he was appointed consul-general in Hamburg, Germany, and then then ambassador to Algeria.

From 2003 he held positions as ministerial special adviser to then

foreign affairs minister Nkosazana Dlamini Zuma and policy chief in the foreign affairs department.

The former ANC intelligence operative became a household name during the 2003 Hefer Commission hearings when he testified about the claim that the then prosecutions boss Bulelani Ngcuka was an apartheid-era spy listed on his database of such alleged informers. The commission found there was no basis for such claims.

Shaik resigned from foreign affairs in October 2005 - it emerged in a parliamentary reply that he had taken 78 days' leave since 2004 to attend his brother Schabir's fraud and corruption trial - to head Nkobi Holdings. This came after the Supreme Court of Appeal upheld the fraud and bribery conviction of Schabir Shaik, former financial adviser to President Jacob Zuma.

In 2009 he was appointed to head the foreign division of the State Security Agency, which was being established through the amalgamation of spy structures, but left in May this year after the falling out with Cwele.

Shaik was CEO at CorpAfrica, which the official DBSA announcement of his appointment described as "providing consultancy services in the field of cash-flow management planning, legal affairs, regulatory compliance, sustainability planning, review of assets and reputation".

Saturday Star

(The Sunday Times is often wrong in interpretation and prediction, but this is a rather bold statement in the second line, isn't it: "The course is meant to prepare him for a senior post at the Development Bank of Southern Africa.")

Ivy league gent on taxpayer's cent

Caiphus Kgosana | 06 May, 2012 00:56

Sunday Times

The State Security Agency is footing a bill of over R100000 for former spy chief Mo Shaik to take an executive leadership training course at the prestigious Harvard Business School in the US.

The course is meant to prepare him for a senior post at the Development Bank of Southern Africa.

Shaik left for the US with his family this month to begin the all-expenses-paid, three-month course as part of a deal he negotiated when leaving the spy agency after falling out with State Security Minister Siyabonga Cwele.

Insiders said Cwele admitted to staff that the agency was picking up the tab for Shaik's stay at Harvard - where he has been joined by his family- even though Shaik is no longer employed by the spy agency.

The Sunday Times reported last month that high-level talks were under way to move Shaik from intelligence services to the state-owned development finance institution, where he would head its international operations.

News of his imminent arrival at the bank has caused some unhappiness, with questions being raised about his qualifications, experience and suitability for the post.

Contacted for comment this week, Shaik confirmed, via SMS, that he was enrolled for the course at Harvard and had started classes.

He said the agency was footing the bill as part of an exit package he had negotiated. "The payment of fees was part of my separation package from the SSA [State Security Agency] consistent with policy."

Asked if it was standard practice for the agency to pick up the tab for training courses for staff that are exiting for other jobs, Shaik said he had negotiated his departure in this manner.

“All I’m saying is that I structured my exit package in this way, in favour of self-skilling, all of which is within policy,” he said.

Cwele’s spokesman, Brian Dube, refused to comment, saying: “Matters of intelligence training are sensitive and governed by confidentiality agreements.”

Agency insiders said there was a great deal of unhappiness about the decision .

“How can an organisation that you no longer work for pay large sums of money to send you on a course to prepare you for your next job? This is a waste of money,” said one official, who asked not to be named.

Jabu Moleketi, chairman of the DBSA board, told parliament’s finance portfolio committee on Wednesday that the bank had acquired the services of a recruitment agency to help them scout for a new CEO and the head of the international division.

Former CEO Paul Ngobeni left at the end of March to pursue other interests.

Asked by DA finance spokesman, Tim Harris, if Shaik was a candidate to head the international division, Moleketi said anyone with the requisite qualifications and experience was free to apply for the post.

The head of the international division will be responsible for managing the bank’s R15-billion worth of investment projects in Southern African countries.

The successful candidate will also take the lead in identifying suitable investment destinations in other sub-Saharan countries and in developing countries in the Brics (Brazil, Russia, India, China and South Africa) forum.

Shaik is a former adviser to Home Affairs Minister Nkosazana Dlamini-Zuma, when she was foreign affairs minister, and has held various influential positions, including that of South Africa’s consul-general to Hamburg and ambassador to Algeria.

He was a trusted aide of President Jacob Zuma when the latter was head of ANC intelligence in exile and is known to still be extremely close to the president.

His brother, Schabir Shaik, used to be Zuma’s financial adviser and was convicted of fraud after a trial involving bribes paid by a French arms company to secure Zuma’s support in their bid to win arms deal contracts.

Mo Shaik used to head the foreign branch of the State Security Agency and was under pressure to leave following his much publicised spat with Cwele. Their relationship soured when Shaik refused to obey certain instructions from the minister.

Cwele is said to have agreed to pay for the leadership training course because he was eager to get rid of Shaik.

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DBSA mulls establishing a foreign subsidiary

Business Day

The Development Bank of Southern Africa is considering forming a new subsidiary to house its international division, DBSA InternationaL

LINDA ENSOR

Published: 2012/05/02 07:52:49 AM

The Development Bank of Southern Africa (DBSA) is considering forming a new subsidiary to house its international division, DBSA International.

The bank would hold the majority stake in DBSA International with other shareholders including local, regional and international entities. These could include entities from SA's partners in Brics (Brazil, Russia, India and China) who have agreed to seek ways to facilitate greater trade and investment in Africa.

The proposed subsidiary could act as a conduit for development finance from the Brics countries into the rest of Africa.

The bank's initiative to beef up its global division hit the headlines recently when it was reported that former spy chief Mo Shaik was in line to be appointed to head it, allegedly without going through normal procedures. The bank strongly denied this and said headhunters had been appointed to fill the position.

DBSA chairman Jabu Moleketi and acting CEO Tshokolo Nchocho briefed Parliament's standing committee on finance last week on the bank's 2012-13 corporate plan, including the tentative proposal to set up a new subsidiary.

"The intention is to create an organisation that is able to ring-fence its operations from that of the DBSA, allowing for improved risk management and a more focused execution of a regional mandate.

"Furthermore, it will embed existing strategic partnerships with international funders and secure lines of funding to allow for the envisaged growth in the short to medium term," the bank noted in its presentation.

The rationale for setting up the international division as a separate subsidiary had to do with "managing and reducing the risk of the growing regional portfolio to the DBSA as well as harnessing additional funding, especially concessional funding and risk capital from like-minded development and financial institutions and partnerships".

Another key reason was to position the bank's international business in Southern Africa and Africa as a whole as "a strong champion of regional projects with more strategic and financial clout".

The DBSA finances social and economic infrastructure projects in all 15 countries in the Southern African Development Community, but it is now considering markets beyond the region "to capitalise on emerging market opportunities".

Potential future projects under negotiation or consideration include the $227m Kilwa energy project in Tanzania and other energy projects elsewhere to the value of $280m; $150m in the financial services operation Banco Bai in Angola; and a $80m potential project pipeline in various housing projects.

It has traditionally been involved in providing financial and technical assistance to municipalities but since 2010 has been repositioning itself as a "centre for excellence" and a bank for infrastructure development throughout the country.

It is looking towards a recapitalisation and other initiatives to alleviate what it told MPs was its "overdependence on the capital and financial markets".

ensorl@bdfm.co.za

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Bank denies Shaik was in line for executive post

Date: April 12, 2012 =

Business Day Online

THE outcry over the pending appointment of former spy chief Mo Shaik to a top position at the Development Bank of Southern Africa (DBSA) has forced a retreat, with the bank now hiring a head hunter to help fill the position.

Bank chairman Jabu Moleketi denies there was ever any intention to appoint Mr Shaik. But top executives and board members, who spoke on condition of anonymity, say that Mr Moleketi informed the board late last year and again in January that Mr Shaik would be joining the bank as an executive responsible for its international division.

The announcement was conveyed as a political decision supported by Finance Minister Pravin Gordhan and President Jacob Zuma . It was not tabled for discussion by the board, but for noting.

Mr Moleketi said the off-the-record comments amounted to “hearsay” on which he could not comment. “All appointments within the DBSA go through a fair and open recruitment process, whereby all interested candidates have an opportunity to submit their application and whereupon each application is considered on its merits. Hence, this also applies to group executive positions,” he said this week.

He said the board had assigned two head-hunting firms to help fill two top executive positions: the bank’s international division head and the position of CE, which was also vacant.

The appointment of head hunters appeared to have been made after the pending appointment of Mr Shaik was reported in the Sunday Times two weeks ago.

It also came after interviews for the position had already been held and several candidates interviewed. Mr Shaik was not interviewed.

Neither Mr Moleketi nor the bank would say when the head hunters were appointed. Mr Moleketi said he “was not involved in any of the processes”.

Bank spokesman Jacky Mashapu only answered some questions put to him this week and refused to answer the rest.

(This institution has always been the World Bank’s junior wannabe, e.g. as an initial host for Nepad, and though they put some interesting lefty-sounding analysis together in 2005, the DBSA will always be about lubricating the Wash Con through its PPPs and export-led growth. Will Shaik’s golden parachute job screw up this critical subimperialist role?)

Sunday Times

Moe Shaik up for top bank job

CAIPHUS KGOSANA | 01 April, 2012 00:49

Moe Shaik may be in line for a top job at the Development Bank of South Africa Picture: RICHARD SHOREY

Top spy Moe Shaik is set to join the Development Bank of Southern Africa as head of its international division, a move that has caused some unhappiness within the bank.

The Sunday Times has learnt that high-level talks are under way to move Shaik from intelligence services - where he clashed with State Security Minister Siyabonga Cwele - to the state-owned development finance institution as the head of its international operations.

It is understood that President Jacob Zuma is facilitating Shaik’s move through Finance Minister Pravin Gordhan, who is the shareholder representative.

As head of the international division tasked with identifying investment opportunities in the Southern African region and expanding its investments into developing countries such as China, India and Brazil, Shaik will be one of the most powerful executives at the institution.

The bank is planning to invest R45-billion in massive infrastructure projects, R15-billion of which will go to projects in other Southern African countries.

But there are murmurs of discontent within the bank over Shaik's imminent appointment. CEO Paul Baloyi is said to be among those unhappy with the move.

A spokesman for the bank refused to discuss the matter. "We are not aware of such a move, it has not been confirmed internally," said spokesman Jacky Mashapu, declining to comment further.

But bank insiders and intelligence sources said it was almost a done deal.

Shaik - who heads the foreign branch of the State Security Agency - is under pressure to leave following his much-publicised spat with Cwele.

Their relationship soured when Shaik refused to obey certain instructions from Cwele.

Shaik's attempts to get Zuma to intervene on his behalf failed, so the former spy had no option but to find other employment.

State Security Agency head Jeff Maqetuka and head of the agency's domestic branch Gibson Njenje - who also had a fallout with Cwele - have already left the agency.

Negotiations have been going on behind the scenes for months to pave Shaik's way out of the agency, and are said to be at a sensitive stage.

A senior manager at the bank, who spoke on condition of anonymity, said some of his colleagues had raised concerns when they heard Shaik would be joining them.

"What I pick up is fear, people fearing the reputation of his family and its history. They fear what it will do to our reputation," said the insider.

Shaik's brother Schabir - who was Zuma's financial adviser - was convicted for fraud and corruption relating to bribes he solicited from a French arms company, allegedly in return for Zuma's protection of the arms manufacturer against investigation of the multibillion-rand deal.

However, the insider said he favoured Shaik for the position, given his experience as a former ambassador to Algeria; his extensive international contacts and networks; and his access to those in power.

"You need someone who can call the minister of international relations and talk to her directly," the senior manager said.

"Most of our executives do not have that kind of direct access."

The insider said the bank now had a mandate to move beyond Southern Africa and tap into the enormous market offered by South Africa's participation in Brics - the forum of the world's top developing countries.

The bank has been given a role within the Brics Secretariat which will help it identify investment opportunities in India, China, Brazil and Russia, and help similar institutions in those countries gain access to investment opportunities in South Africa.

Shaik, a former adviser to Nkosazana Dlamini-Zuma when she was foreign affairs minister, has held various influential positions, including that of South Africa's consul-general to Hamburg.

He helped wind up Schabir's company, Nkobi Holdings, and pay its debts to the state after his brother was sent to jail.

Presidency spokesman Mac Maharaj had not responded to queries sent to him regarding Zuma's involvement in efforts to secure Shaik a job at the bank at the time of going to press.

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Firm Forced to Halt Minerals Search

Bozo Jenje

21 August 2011

A mining firm has stopped prospecting at Mrima Hills in Kwale County after protests from the local community.

The South African company incorporated in Kenya bowed to pressure at a stakeholders' meeting at Mamba Methodist church and agreed to halt activities until consultations were done.

Mr Yunis Shaik, a director of Pacific Wildcat, a partner of Cortec Mining Kenya, said the company was abiding by a environmental ministry directive to stop prospecting until all disputes were resolved.

"We are aware that residents at Mrima Hill fear being displaced or being exposed to radiation and interference with sacred forests," he said.

Rare earth metals

Mr Shaik said Cortec Mining Kenya is searching for high grade niobium and rare earth metals.

“We do not want to upset the community and undermine the political leadership. Our aim is to improve the economy,” he said.

Mr Shaik admitted that all stakeholders were not consulted in initial exploration activities.

“We apologise for this and I take responsibility,” he said.

“It is not our intention to take your land, destroy sacred forests or evict people. Ours aim is to better the community by providing infrastructure,” he said.

Lunga Lunga District Officer Fredrick Masinjila said resistance to the project was a result of the company’s failure to consult the provincial administration.

“The company never consulted the local administration. They thought they could get away with doing things without following the proper channels,” Mr Masinjia said.

National Environmental Management Authority official Godfrey Wafula said the agency had not granted the firm a mining licence.

“We will only issue a licence once the Environmental Impact Assessment is done,” he said.

Mr Wafula said Nema would not allow the community to suffer at the expense of investors.

“Nema will weigh the benefits and decide to licence the project or not,” he said.

Kwale World Wildlife Fund project official Elias Kimaru said the company had made the right decision.

“Now the rights of the people will be observed in the all-inclusive and transparent process,” he said.

Nominated councillor Murabu Chaka urged residents to be calm as the parties involved thrashed out the issue.

He said the community had resolved that the project could not be forced on to them.

“The Mrima Hills is sacred to us. During the second world war, a virgin was slaughtered at the top of the hill to stop the war between the Germans and British. Our gods are there,” he said.

Dzombo councillor Benson Mtangeli said he opposed the project due to the radioactivity.

“We are the custodians of the land and are not ready to accept any developments without our views being heard,” he said.

***

Firm forced to halt minerals search: SA company bows to pressure from the community until further consultations

Residents hold a peaceful demonstration in Msambweni in protest against prospecting in the sacred forest. They demanded that the mining firm halts the exploration.

A mining firm has stopped prospecting at Mrima Hills in Kwale County after protests from the local community. The South African company incorporated in Kenya bowed to pressure at a stakeholders' meeting at Mamba Methodist church and agreed to halt activities until consultations were done.

Mr Yunis Shaik, a director of Pacific Wildcat, a partner of Cortec Mining Kenya, said the company was abiding by the environmental ministry directive to stop prospecting until all disputes were resolved. "We are aware that residents at Mrima Hill fear being displaced or being exposed to radiation and interference with sacred forests," he said.

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For more information

Contact www.jamaaresourceinitiatives.org

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EXECUTIVE PROFILE*

Yunis Shaik B.PROC.

Lead Independent Non-Executive Director and Member of Audit & Risk Committee, Hosken Consolidated Investments Ltd.

25

25

Age Total Calculated Compensation This person is connected to 25 board members in 3 different organizations across 3 different industries.

See Board Relationships

53 $240,000

BACKGROUND*

Yunis Shaik, B.Proc serves as an Attorney of the High Court and presently in private practice. Mr. Shaik served as Deputy General Secretary of the Southern African Clothing and Textile Workers Union and a Director of Workers' College and has served as the Senior Commissioner to the CCMA in KwaZulu Natal. Mr. Shaik is a South African lawyer, specializes in labour relations. He served as Senior Commissioner on the South African Commission for Conciliation, Mediation and Arbitration from 1999 to 2001. Mr. Shaik has been a lead independent non-executive director and Non-executive Director of Hosken Consolidated Investments Ltd since August 2005. He serves as a Non Executive Director of Seardel Investment Corp. Ltd. He has been a Non Executive Director of Pacific Wildcat Resources Corp., since 2009. Mr. Shaik holds B.Proc.

Collapse Detail

CORPORATE HEADQUARTERS*

478 Bernard Avenue

Kelowna, British Columbia V1Y 6N7

Canada

Phone: 250-860-2950

Fax: 250-860-2957

Board Members MEMBERSHIPS*

2005-Present

Lead Independent Non-Executive Director and Member of Audit & Risk Committee

Hosken Consolidated Investments Ltd.

2008-Present

Independent Non-Executive Director

Seardel Investment Corp. Ltd.

2009-Present

Non-Executive Director

Pacific Wildcat Resources Corp.

-------- Original Message --------

Subject: [Debate] (Fwd) Mole Shaik busted by WikiLeaks

Date: Wed, 26 Jan 2011 09:12:15 -0500

From: Patrick Bond <pbond@mail.ngo.za

Reply-To: pbond@mail.ngo.za, Debate is a listserve that attempts to promote information and analyses of interest to the independent left in South and Southern Africa <debate-list@fahamu.org

To: DEBATE <debate-list@fahamu.org

Wikileaks exposes SA spy boss Mo Shaik

Wikileaks exposes SA spy boss

Julian Rademeyer

Johannesburg - An explosive Wikileaks cable claims that spy boss and President Jacob Zuma confidante Moe Shaik threatened to expose the "political skeletons" of Zuma's enemies and reveals that he was cultivated by the Americans as a key informant within the Zuma camp.

The fresh revelations are likely to shake the Zuma administration as they involve one of the president's key allies and the man tasked with running the country's secret service. They give new insight into the bitter battle which took place between Zuma's allies and those aligned to former President Thabo Mbeki prior to Mbeki's ousting.

The confidential US Embassy diplomatic cable – titled Zuma advisor threatens to expose political skeletons- claims South African Secret Service boss Shaik, brother of convicted fraudster and Zuma funder Schabir, told the Americans that Zuma's legal team would subpoena the country's most influential figures if he lost a bid to have corruption charges against him "re-examined".

The cable said he named Mbeki, the then suspended police commissioner Jackie Selebi, former director of Public Prosecutions Vusi Pikoli, then acting head of public prosecutions Mokotedi Mpshe as well as former Speaker Frene Ginwala as targets.

Shaik has refused to confirm or deny the claims.

The cable – one of 250 000 leaked to Whistleblower website Wikileaks but obtained exclusively by Media24 Investigations – also reveals that the US Embassy in Pretoria actively cultivated Shaik as a key source of information on Zuma's inner circle and the "motivations and strategies of the Zuma camp".

Dated September 10 2008, two days before corruption charges against Zuma were initially dismissed by Judge Chris Nicholson, the cable was sent to the Secretary of State in Washington DC and copied to US consuls in Durban and Cape Town, the CIA, the US Defence Intelligence Agency and the White House National Security Council.

It is one of a number of classified cables recording meetings between Shaik – who was controversially appointed head of the South African Secret Service (SASS), South Africa's foreign intelligence wing, in October 2009 - and an unidentified US embassy political officer.

"Shaik complained that all these people know Zuma is innocent and that he does not understand why they have not come to Zuma's defence before now," the cable noted.

Shared insights

The cable noted that "as usual" Shaik treated the political officer or "PolOff" as "a friend, a child, a confidante, and an adversary all in the same conversation".

"He always shares insights into the motivations and strategies of the Zuma camp, but also expects obvious respect and gratitude for it."

“PolOff does not know if Shaik meets with other diplomats, but presumes his contact within the diplomatic circle is limited.”

“The Australian High Commissioner mentioned he had met Shaik once before...and Shaik admitted he spoke to the Norwegians but did not say if this was on a regular or one-time basis.”

The cable notes that Shaik “used to meet with the French, but cut them off after a French diplomat insulted him immediately before the ANC conference at Polokwane”.

Ousting Mbeki

The political officer reported that the Irish ambassador had approached her to arrange a meeting with Shaik after seeing her and Shaik in a restaurant together, “but Shaik refused, telling PolOff she should guard her contacts more closely”.

A source familiar with Shaik’s interaction with the US diplomats claimed this week that Shaik had been tasked with winning diplomats over to the idea of a Zuma presidency.

An earlier confidential cable, dated May 16 2008 speculated – after a meeting with Shaik – that the “Zuma camp may be looking to oust Mbeki”.

In a cable, dated June 4 2009, that focused on President Zuma’s new cabinet, Shaik is said to have described the appointments of various presidential advisers, among them Collins Chabane – now minister in the presidency for performance monitoring, Ayanda Dlodlo – now deputy minister of public service and administration, Mandisi Mpahlwa – now envoy to Moscow, Lindiwe Zulu, Zuma’s international affairs advisor and Bonisiwe Makhene as concessions to “keep them quiet”.

No comment

Contacted this week, Shaik said: “I will neither confirm nor deny that we had discussions with the Americans on these matters and I will definitely make no comment about the accuracy of those reports. The Americans must deal with accuracy.”

US embassy spokesperson Elizabeth Kennedy-Trudeau said the embassy would not confirm or comment on the contents or veracity of “stolen documents”.

“The nature of cables in themselves is that these are one person’s interpretation of a meeting, not official US public policy. The circumstances, because of the very nature of spot reporting are open to interpretation.”

CityPress

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Mo Shaik threatened to expose Zuma foes

January 24 2011 at 10:15am

Comment on this story

Mo Shaik

Independent Newspapers

Mo Shaik of National Intelligence Agency. Picture: Etienne Creux.

A Wikileaks cable claims that Moe Shaik, spy boss and confidant to President Jacob Zuma, threatened to expose the "political skeletons" of Zuma's enemies and also reveals that he was cultivated by the Americans as a key informant within the Zuma camp, Rapport newspaper reported on the weekend.

The newspaper added that the confidential US embassy diplomatic cable - entitled "Zuma adviser threatens to expose political skeletons" - claims South African Secret Service boss Shaik, brother of convicted fraudster and Zuma funder Schabir, told the Americans that Zuma's legal team would subpoena the country's most influential figures if he lost a bid to have corruption charges against him "re-examined".

The cable said he named former president Thabo Mbeki, the then-suspended police commissioner Jackie Selebi, former director of public prosecutions Vusi Pikoli, then acting head of public prosecutions Mokotedi Mpshe as well as former Speaker Frene Ginwala as targets.

"Shaik has refused to confirm or deny the claims," Rapport said.

The cable - one of 250,000 leaked to whistleblower website Wikileaks but obtained exclusively by Media24 investigations - also reveals that the US embassy in Pretoria actively cultivated Shaik as a key source of information on Zuma's inner circle and the "motivations and strategies of the Zuma camp".

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Is Mo Shaik fit to be the country's spy boss?

Imraan Karolia | 2 Days Ago

Serious questions have been raised around Mo Shaik's integrity as the head of the Secret Service, after he was named in yet more WikiLeaks cables.

The published documents claimed the spy boss threatened to expose so-called political skeletons if President Jacob Zuma's corruption trial went head before he became president.

It also described his close association with the Americans and claimed he leaked information to them about the workings of the Zuma camp.

The Democratic Alliance's (DA) Ross van der Linde said the cables raise concerns about the suitability of Shaik as head of the Secret Service: "Clearly there is a serious question about Mr. Shaik's integrity."

He said Shaik's alleged threats to expose political heavyweights are also concerning.

"It will again raise concerns about the reasons that 783 counts of fraud and corruption were dropped."

Meanwhile, the US Embassy said while it is not commenting on the content of the Shaik WikiLeaks cable, taking an individual report out of context is damaging.

The US Embassy's Elizabeth Kennedy Trudeau said there will be no verification of any of the information in the cables. She reiterated that a cable is not an official US government policy.

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Secret service head slams 'mole' claims

24 January 2011

Secret Service head Mo Shaik on Monday said it was unfortunate that he was branded a mole in the wake of more WikiLeak revelations.

The City Press on Sunday published a front page article with the headline "Mole Shaik". The paper claimed it was in possession of an explosive cable that showed he was used by the United States as a key informer in President Jacob Zuma's camp.

He said he never was and never will be a mole for the U.S. government. He also declined to comment further on the matter because he is a government official.

Shaik questioned the editorial judgement of the paper.

He said, "I think it's a very unfortunate headline that the City Press took..."

The Sunday paper claimed a secret 2008 diplomatic cable showed that Shaik often spoke to officials from the United States about the Zuma camp's strategies and motivations.

He also reportedly threatened to expose the political skeletons of Zuma’s enemies if the corruption charges against him were not re-examined.

(Edited by Dennis Georgiannis)

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SEP. 10, 2008

01:32 PMCONFIDENTIAL

SOURCEEmbassy Pretoria

DEST.

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DCRHEHNSC/NSC WASHDC

C O N F I D E N T I A L PRETORIA 002012

SIPDIS

E.O. 12958: DECL: 08/31/2018

TAGS: PGOV, KJUS, SF

SUBJECT: ZUMA ADVISOR THREATENS TO EXPOSE POLITICAL

SKELETONS (C-AL8-01396)

Classified By: Political Counselor Raymond L. Brown. Reasons 1.4(b) an

d (d).

1. (C) On 28 August, Zuma advisor Mo Shaik told PolOff that Zuma's legal team intends to subpoena "everyone" if Zuma loses his bid to have his case reexamined. Shaik specifically named President Mbeki, suspended National Police Chief Jackie Selebi, former and Acting Head of National Director of Public Prosecutions (NDPP) Vusi Pikoli and Mokotedi Mpshe, and former speaker of Parliament Frene Ginwala as potential witnesses. Shaik complained that all of these people know Zuma is innocent and that he does not understand why they have not come to Zuma's defense before now.

2. (C) Shaik also spoke at length about Zuma's current legal case, complaining that the facts in Zuma's case have been gathered and interpreted by National Prosecuting Authority only as a means of obtaining a conviction and preventing Zuma from becoming President, and not as a means of seeking the truth. Therefore, he said, the question is not whether the rule of law should prevail, but whether its abuse should continue. All Zuma is asking is the chance to explain to the NPA the facts gathered against him, he said. When PolOff asked if this wasn't what the trial was for, he told her she was not listening. Then in a very slow and patient tone, Shaik again "explained" that all the NPA has to do is treat

the Zuma case in an “impartial, non-political, truth-seeking manner, then they (the NPA) will come to understand Zuma is innocent.” (NOTE: In a recent newspaper editorial, Shaik argued a similar case but added that his brother Schabir Shaik’s financial contributions to Zuma were given as a “comrade and friend,” and not given with criminal intentions. The court’s decision in May to have Shaik’s assets forfeited in light of the corrupt relationship with Zuma sharply contradicts Shaik’s reasoning. END NOTE)

3. (U) NOTE: On 12 September, Zuma will learn whether or not the state’s decision to prosecute him without consulting him was legal. If Zuma loses the case, his trial for corruption, racketeering, tax evasion, and fraud will proceed, though a court date has still not been agreed upon by the state and defense. The thrust of Zuma’s case rests on section 179(5)(d) of the Constitution which states that the NDPP may review a decision to prosecute after consulting with the relevant director of public prosecutions (DPP) and after taking representations from the accused. Shaik and Zuma’s lawyers argue the Constitution guarantees the right to make representation when the NPA reverses a decision, and that Zuma was not given the opportunity when NPA “reversed” its decision and decided to recharge Zuma in December 2007. The

state has argued that the decision to recharge Zuma did not amount to a reversal and that the law was not designed to protect the accused, but rather to protect the rights of the DPPs having their decisions overturned by the NDPP without consideration. END NOTE.

4. (C) COMMENT: As usual, Shaik treated PolOff as a friend, a child, a confident, and an adversary all in the same conversation. He always shares insights into the motivations and strategies of the Zuma camp, but also expects obvious respect and gratitude for it. PolOff does not know if Shaik meets with other diplomats, but presumes his contact within the diplomatic circle is limited. The Australian High Commissioner mentioned he had met Shaik once and Shaik QCommissioner mentioned he had met Shaik once and Shaik admitted he spoke to the Norwegians but did not say if this was on a regular or one-time basis. PolOff also knows Shaik used to meet with the French, but cut them off after a French diplomat insulted him immediately before the ANC conference at Polokwane. The Irish Ambassador asked PolOff to facilitate a meeting after seeing Shaik and PolOff together in a restaurant, but Shaik refused, telling PolOff she should guard her contacts more closely. END COMMENT.

BOST

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Analysis: Moe Shaik's first brush with WikiLeaks, a storm in a tea cup

City Press ran a front-page story this weekend about WikiLeaks and Moe Shaik. The most damaging claim may be that Shaik, before his appointment as head of our secret service was giving information to the Americans about goings-on in what was known at the time as the "Zuma camp". But not much more. By STEPHEN GROOTES.

If we were to compile a list of interesting South African political characters, Moe Shaik would be pretty close to the top. He's a man who has been integral to the big political story of the last decade, the rise of Zuma. But what makes him more interesting than the others is his curious mix of secrecy and access. He is, at the moment, a spy, a spook, an intelligence officer, our "M". But he also gives our newspapers and our public a licence to thrill. Because his life has been lived in the public domain, through his tearful testimony at the Hefer Commission (into whether then national director of public prosecutions Bulelani Ngucka had been an apartheid spy), the fact that his brother, Schabir, was the focal point of the biggest political trial we've had since 1994 (I sat next to Moe for most of it), and his service as an ambassador to Algeria, he has a high public profile. Whether it's been cultivated or not, is another story. But there was a time when he was the country's third-most-prominent pipe smoker (after Kader Asmal and someone else you should be able to work out). In short, his name in a headline sells.

The Media 24 investigative unit on Sunday published two US cables starring Moe Shaik, with a third one, from 4 June 2009, mentioning him briefly.

The one from 16 May 2008 mostly deals with the early removal of then-president Mbeki. Shaik claimed that "momentum is building in the ANC for Mbeki's removal" and "that the business community was 'begging' them to do it". He also berated the US for selling South Africa the idea of a "law-enforcement agency with no oversight". (That would be the Scorpions, and in itself is a rather worrying affirmation of Zuma's position on political control of the investigative unit.)

But Shaik's conversation from 10 September 2008 is much more interesting to City Press. That if Zuma were ever properly prosecuted for corruption, other people would find themselves in the witness box. "Shaik specifically named President Mbeki, suspended national police chief Jackie Selebi, former and acting head of national director of public prosecutions Vusi Pikoli and Mokotedi Mpshe, and former speaker of Parliament, Frene Ginwala as potential witnesses", the cable says.

And that that would be an uncomfortable place for them. Some of the people named are obvious suspects. Jackie Selebi was clearly someone with one or two things he would have liked to hide. Vusi Pikoli and Frene Gingwala seem to have been included simply as a way of putting pressure on any prosecution. The only possibility we can think of is that perhaps someone was going to try to smear her with claims about the Arms Deal. Not that Ginwala was involved at all, just that no doubt someone would have claimed she could have acted earlier to stop any wrongdoing.

It’s an old trick. Lawyers hate giving testimony under oath, if they make a decision to prosecute someone, try to get the person who made that decision into the box, and then make them squirm. It doesn’t matter if there’s any truth to it, it’s just about pressure.

What’s really striking about these names, is that this looked like last-throw-of-the-dice stuff for Zuma. Many South Africans now believe the real villain of the piece was the country’s most famous pipe smoker and single-malter. Whether that’s true or not doesn’t matter, the lesson of the entire Zuma prosecution was that the cancer that infected the Selebi case (the pressure to stop Pikoli from charging Selebi, followed by Pikoli’s suspension) was contagious enough to kill the Zuma case.

No doubt there are going to be some people who read City Press and will ask one big question. Why on earth was the man who is now running our spies, giving information to another country? And to the Americans, for goodness sake?

The reason is simple. Moe Shaik is many things, a tinker, a tailor, a soldier and a spy. But he is also a diplomat. He is a man of the world, someone who really does know how it all works. And he will know that it’s vital in almost every situation to keep information flowing. That he who controls that process, wins. That if you allow a situation to develop where people, governments, are making policy, are reacting without actually knowing that’s happening, bad things happen. And he will possibly have taken it upon himself, or just seen an opportunity, to make sure the most powerful country in the world was kept in the loop, no matter how much he disliked it.

Shaik would also have known that there was concern about Zuma, that his duty was to reassure the US about the then newly elected president of the ANC. In other words, Shaik knows that one of the duties of both spies and diplomats is to ensure stability, to make sure that no one of any importance anywhere is surprised by events. In this case, he was probably doing his duty, both to Zuma and possibly to the country at large.

However, he can’t be let off that easily. The fact is Shaik’s motivation at the time was simply to get Zuma off the hook and into the Union Buildings. That might have been because Zuma was a friend, because Shaik truly believed he had done nothing wrong, or that his chances of being chief spook were greater with Zuma in power. The point is, if Shaik had been driven by entirely moral motives, and he knew that the people threatened were corrupt, then why not expose them anyway?

But, of course, the world doesn’t work like that. And no one will know that better than Shaik himself. The wheels of justice are way too often broken by the spanners of real-politicking. And he’ll also know, that he doesn’t have too much to worry about over the latest of the WikiLeaks, no matter how damaging they may sound at first. DM

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City Press

SADC banks on own development bank

23 June 2012 10:26

The Southern African Development Community (SADC) wants another development bank that will rival the Development Bank of Southern Africa (DBSA), City Press can reveal.

SADC deputy executive secretary João Samuel Caholo told reporters this week that a proposal for an SADC development bank is set for final approval at the SADC heads of state meeting, which is due to be held in August.

He said the SADC needs its own bank because the DBSA does not serve SADC interests.

“There is resentment towards the DBSA in certain quarters because it is in South Africa, and South Africa is the only shareholder,” he said.

“SADC has no say in what the DBSA does and although the bank does work on a bilateral level with SADC countries, we need our own bank.” Caholo, a former Angolan minister, said.

He said the name of the DBSA is misleading, as it was established by the apartheid government that saw Southern Africa as consisting of apartheid South Africa and the former homelands.

When asked if South Africa will be expected to contribute, given its expected contribution to the mooted BRICS bank, Caholo said:

“If South Africa has $2 billion to give to the IMF (International Monetary Fund), it shouldn’t have a problem with the other stuff.”

The bank will form part of the infrastructure master plan that will create integrated roads, communications and transport networks in the SADC region, which has several landlocked countries.

The plan is due to be funded through investment by public and private companies. SADC will kick off a roadshow to promote these opportunities, with Britain as the first stop.

Preliminary meetings have already been held in China and Japan.

The SADC infrastructure plan is set to cost about $500 billion (about R4.2 trillion) and one of the outcomes is to ensure 60% of all tourism to Africa comes to SADC countries, up from 40%.

Caholo also trashed the idea of a single currency in SADC, which has been mooted as part of the Free Trade Area that SADC has established.

“A single currency? Is that even necessary? It is a plus but it is not a must. Look at what is happening in Europe now with the euro, we don’t want to go there,” he said.