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The Burdens of Multilateral Engagement and Club Diplomacy for Middle-Income Countries: The Case of South Africa in the BRICS and the G-20

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South African Institute of International Affairs

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ABSTRACT

South Africa is a member of both the G-20 and the BRICS, which is a significant positioning for the country's global strategy. This further enhances the country's weight as Africa's powerhouse. This membership occurs at a time when global governance is in a sustained state of flux, with no discernible leadership anchorage. As a middle power, and as the only African country represented in these groups, South Africa faces the double challenge of trying to reconcile its own individual interests with the often broadly defined, 'African interests' within the G-20 and the BRICS, as well as being able to pursue a strategic approach to issues and taking positions that enhance South African interests. Such approach demands well-articulated foreign policy objectives on the part of South Africa. Given that all the BRICS members are also members of the G-20, there is also the question of how well South Africa uses its BRICS membership to advance its positions in the G-20. This paper explores the political economy of South Africa's membership of both the G-20 and the BRICS. South Africa's approach and positions on major issues such as finance and food security are analysed. Further, the paper looks at the potential linkages between the G-20 and the BRICS in their evolving agenda.

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ABBREVIATIONS AND ACRONYMS

ANC	African National Congress
BRIC	Brazil, Russia, India and China
BRICS	Brazil, Russia, India, China and South Africa
CAADP	Comprehensive Africa Agriculture Development Programme
DAFF	Department of Agriculture, Forestry and Fisheries
DFI	development finance institution
FAO	Food and Agriculture Organization
FSB	Financial Stability Board
G-7	Group of Seven
G-8	Group of Eight
G-20	Group of Twenty
IBSA	India, Brazil and South Africa
IMF	International Monetary Fund
NAM	Non-Aligned Movement
NEPAD	New Partnership for Africa's Development
NPC	National Planning Commission
OECD	Organisation for Economic Co-operation and Development
SOE	state-owned enterprise
UNSC	UN Security Council
WTO	World Trade Organization

INTRODUCTION

The paper assesses South Africa's external relations, focusing on the country's strategic thrust in its participation in the BRICS (Brazil, Russia, India, China and South Africa) and the Group of Twenty (G-20).[1] It also examines the potential linkages between the BRICS and the G-20 in their evolving agenda, since some issues at the heart of these processes are overlapping. The paper's particular focus is on the positioning of South Africa in respect of the major global governance issues related to finance, development, and agriculture and food security.

The paper observes that both the G-20 and the BRICS are new innovations in global governance processes that have weak institutional characters. Although they do not yet offer concrete outlines of future global economic governance, they are important mechanisms to stabilise a system that is emerging from a crisis and is in the process of being redefined. As such, both the BRICS and the G-20 reflect the fact that the global system is in a state of fluidity and transition.

Although the substance of the G-20 is still heavily influenced by traditional leaders from the developed North, the BRICS are positioning themselves as a *counterpoise* rather than a counterweight to the Group of Seven (G-7).[2] They are aware that they are new actors on the platform of global governance, and have no intention of asserting an alternative paradigm beyond gaining recognition as key stakeholders in co-managing the system. Any new institutions they propose, such as the BRICS Bank, for example, are likely to play a complementary role rather than substitute existing multilateral institutions.

For emerging powers and BRICS in particular, recognition and a stronger voice in decision making has value for enhancing their stature and possible influence on global affairs. Being a counterpoise is more about being consulted on major global policy decisions and being given the opportunity to voice an opinion. A counterweight role, on the other hand, would suggest a clash of world views and a zero-sum jostling over agenda-setting in multilateral institutions. There is unlikely to emerge a clear-cut contest between emerging and advanced industrial economies. The world is not structured so rigidly on these terms, and the challenges at the heart of global governance cut across economic geographies.

For South Africa, the BRICS and the G-20 are platforms to enhance its global profile as a leading power in Africa, and as a middle power that has an important contribution to play in advancing developing countries' – especially Africa's – interests in multilateral processes. Apart from reasons of prestige, South Africa is attracted to the BRICS Forum partly by the *promise* of gaining international trade and investment opportunities from the new players whose economic fortunes are on the rise, although the value of such benefits are questionable if they are contested only through club diplomacy. It is also partly motivated by the view that joining up with countries on the rise would help in augmenting its voice on issues related to global governance reforms.

In the context of the G-20, South Africa seems focused on harmonising its economic policies with emerging – and largely Western-driven – global norms, as well as underscoring Africa's developmental challenges. An important benefit that emanates from both the G-20 and the BRICS is that of peer learning, where these countries can share experiences on how to manage their economies and global risks, overcome poverty and social inequality, and develop infrastructure.

The paper is divided into five sections. The first is context setting, and considers the changing global governance system, and examines the possibilities for the emergence of global norms. It argues that given the diversity of actors at the centre of global governance, shared interests rather than norms and values are likely to be the pivot around which co-operation is structured.

The second section briefly evaluates the G-20, with a particular focus on multilateral co-ordination around finance and food security and agriculture. Much of the attention here is on the G-20 developments since the Seoul and the Cannes Summits, as these were quite far-reaching in laying out a development agenda and reinforced the critical importance of agriculture and food security.

The third assesses the rise of the BRICS and discusses its political and economic rationale, highlighting both the group's limitations and strengths. It highlights the evolving peer-learning mechanism as an important step in advancing progress among BRICS countries through sharing best practices. It also assesses the potential of the BRICS Bank as a concrete outcome of co-operative relations among emerging economies.

The paper provides an overview of South Africa's foreign policy in the fourth section, with a particular focus on its multilateral thrust. It explains the forces that shape South Africa's global outlook. South Africa's involvement in both the G-20 and the BRICS is guided by its foreign policy goals, in particular the emphasis on participation in the system of global governance, South–South relations and involvement in the BRICS, and pursuit of the 'African Agenda'.

The fifth section evaluates South Africa's positions within the G-20 and the BRICS Forum. With regard to the G-20, it examines South Africa's positions on food security and finance and development as case studies. The paper concludes with a set of recommendations, particularly in view of South Africa's hosting of the BRICS Summit in 2013.

GLOBAL GOVERNANCE: SETTING THE SCENE

The terrain of global governance that South Africa actively participates in is both complex and fluid. Global threats have not only multiplied but have also intensified in the wake of the global financial crisis. These include financial stability, food security, climate change, security, unsustainable population growth, and critical systems failure.[3] Some commentators view the global financial crisis, which has accelerated the rise of emerging powers in global governance processes, as foregrounding a world that is becoming increasingly more fractured and conflict-prone than one characterised by co-operation.

South Africa views its contribution in this world as a system's stabiliser through its participation in multilateral institutions in which it has no distinct interests to pursue but genuinely, if not naively, aims to build bridges between developing and developed countries. Although it claims to champion Africa's interests, these are not distinctively and coherently laid out apart from broad themes of economic development and poverty, as well as infrastructure development. Nonetheless, South Africa has demonstrated a genuine effort in positively contributing to stabilising a world at risk.

The theme of the global system at risk of fracture and characterised more by uncertainty and the possibility of a zero-sum relationship is explored extensively by

Rachman.[4] Reinforcing this view of uncertainty, Bremmer,[5] in his recent work foresees a world that lacks leadership anchorage with emerging powers less prone to assuming a leadership role,[6] and advanced industrial economies no longer having the capacity and the will to do so – leading to the emergence of what he characterises as a G-Zero (a leaderless global system).

A contrasting perspective is that held by Axelrod in his work on the evolution of co-operation in the early 1980s, in which he viewed co-operation as transcending close alliances. He argued that co-operation is not just limited to friendship but, under suitable conditions, can also take root between antagonists.[7] Axelrod further noted that 'most of life is *not* zero-sum' and mutual co-operation is possible, even though not always achieved.[8] Today such mutual co-operation is likely to be more solid around shared interests, especially since globalisation diffuses risks across countries and amplifies interdependencies.

As such the need for normative convergence, a balance of interests, and shared leadership at the global level has become more apparent. Both the advanced industrial and the developing nations are confronted by similar sets of risks, albeit at varying degrees. Consider, for example, the issue of food insecurity, which threatens both wealthy and poor countries. According to the US Department of Agriculture, 15% of US households were food insecure in 2011.[9] Recent droughts and crop failure in the US have amplified global risks of food insecurity. The effects of climate change cut across national boundaries. Regulating global finance is seen as important by developed and developing countries alike.

Challenges of employment and income inequalities are no longer synonymous with poor countries, but policymakers in the eurozone and the US are also facing its grim realities, and are defining themes for elections. All of this could be a basis for collective action at a global level, at least, to achieve a minimum set of goals and standards for which countries may need to strive. These goals are unlikely to be achieved through prescriptive measures at a global regulatory level. They could only be promoted through indicative targets, sharing best practices, and creating a framework to generate collective support for the most vulnerable nations of the world.

Global regulatory processes and domestic political economy: Challenges for deeper co-operation

A major challenge to international regulatory convergence is the domestic political economy, especially the reluctance of political leaders to antagonise economic groups that may not be in favour of harmonisation at a particular regulatory level. Outside of the EU, which is characterised by high levels of institutionalisation and relatively effective multilateralism, this kind of co-ordination problem makes it difficult to craft global norms that are extended to all participants in a larger structure such as the G-20.

Currently there is very limited appetite by various states to make a big push for collective action, especially given the greater focus political leaders have placed on the domestic economy in the wake of the global financial crisis and eurozone debt crisis. Policymakers are in a defensive mode more than ever before, making it unlikely for significant agreements to be reached at a global level based on large compromises.

This is not to suggest that there may not be a willingness for countries to co-operate and reach agreement on specific issues. However, these are more likely to be agreements based on a lowest common denominator, with a gradualist approach to effecting reforms in the global governance system.

Indeed, the agreement on the need for reform of international financial systems, including the upward re-adjustment of quotas for developing countries and emerging economies, is a sign of there being space for co-operation.[10] The inclusion of more developing country representation in the Financial Stability Board is, no doubt, another example of existing space of convergence, however constrained, among a diverse set of countries.

The willingness of various countries to co-operate was expressed again recently in the BRICS countries' commitment to provide resources towards building a financial firewall around the eurozone to prevent contagion beyond Europe. Much of this was driven less by common norms or values and more by interests, especially the domino effect of the eurozone's implosion on other economies dependent on that market. This can be taken as a sign of a global system that may in future shift away from norms as determinants of the kind of interests countries pursue, to interests as norms.

In the current mode, the underpinning norms built into the system by the G-7 seem to prevail, although they are not always an obvious reference point. Bradlow suggests that:[11]

> While these countries (the G7) accepted the G20's pre-eminence in economic matters, they have not surrendered their control over the global economic agenda, which is dominated by the regulatory and governance issues of most interest to them. The shifting balance of power merely means that the rising powers in the G20 can participate in the discussions on these agenda items and can influence their prioritization.

Writing in the aftermath of the crisis, Wade argues that the global system, in particular the global governance system, is characterised by three modes of participation. The first mode is that of hegemonic incorporation of the rising powers, which presupposes inclusion, while the rules are essentially written by the core countries (hegemons). The second is that of multilateral co-operation, marked by a great deal of compromise in the system in order to reach consensual agreements. The third mode is what he calls Westphalian assertion, in which countries view themselves as sovereign entities, focusing more on blocking initiatives of others than on advancing innovative thinking.[12] All three modes play themselves out in different institutions at different times, depending on the nature of interests and issues involved as well as the prevailing power balances. It is evident that the first mode of hegemonic incorporation centered norms is dominant, but supplemented by the second one, which is more applicable to the pursuit of interests.

THE RISE OF THE G-20: A NEW MECHANISM FOR GLOBAL GOVERNANCE

The G-20 heads of government (G-20 Leaders) was established as a response to the 2008 global financial crisis. This followed consultations between the US president, George W Bush, and the French prime minister, Nicolas Sarkozy, on 18 October 2008 in Camp

David to agree on a blueprint and a new format of institutional regulation to manage the crisis.[13] The US was more in favour of a summit that would include the G-20 Leaders, whereas France wanted to keep crisis prevention as a Group of Eight (G-8) issue, given the normative convergence that existed in the smaller group. This was also in line with the EU's position of effective multilateralism.

The EU, and France in particular, did not want to lose clout as the main interlocutor with the US on resolving global policy challenges – a privilege rooted in history. For them the G-20, with its numerical preponderance of rising powers, was synonymous with an emerging China threatening to eclipse the EU in multilateral processes. In the end, the US view prevailed and Bush convened the G-20 Leader's Summit in Washington on the 15 November 2008:[14]

> Stabilising financial markets; reforming the global financial institutions; co-ordinating financial and regulatory reform; and launching a global stimulus to increase demand, were some of the themes of the G-20 agenda. These were more short-term in nature. This emphasis lent the G-20 the character of a crisis management committee.

Although the long term is not clear, in the medium term the G-20 seeks to steer the global economy, in particular setting a broad framework for regulating the behaviour of financial markets. In addition, it aims to foster stronger risk-management systems within financial institutions. In the short to medium term, stimulating growth and sustaining demand in the global economy are important objectives. In the long term, some of the probable challenges facing policymakers include dealing with global imbalances, in particular redirecting China's growth pattern from export-oriented to consumption-led; and intensifying international co-operation, especially with respect to global macro-economic co-ordination.

One of the G-20's early harvests in 2009 was an agreement to treble the resources of the International Monetary Fund (IMF) to $750 billion to support new Special Drawing Rights at $250 billion, with a further $250 billion allocated towards trade finance, and $100 billion towards support for conditional lending by multilateral development banks. It also agreed to allocate additional resources from IMF gold sales to provide concessional finance for poor countries. These were mostly stabilising measures, with the objective of stimulating economic activity and restoring confidence in the global economy.

Another positive step relates to reforms aimed at increasing the quota of emerging economies in the IMF. The G-20 countries committed to shifting 5% of the IMF quota share from over-represented countries to under-represented countries; and to increase the voting power of developing and transitioning countries in the World Bank by 3%. As the board put it, the reform package would 'realign quota and voting shares of countries with their relative weight and role in the global economy, and thus the participation and voice of emerging and low income countries in the 185 IMF.'[15]

It is unclear what benefits these generated for the African continent. The primary beneficiaries of this reform are large emerging markets rather than African countries. Although Europe had expressed support in principle to reforming the board representation, it opposed its application.

Seoul development pillars

At the Seoul Summit in 2010, a major step was taken towards strengthening global co-ordination, especially on issues that are central to developing countries' concerns. The power of the G-20 presidency was also quite marked, for example, in casting the agenda and focusing attention on a few critical areas. The summit offered a more expansive development agenda under the rubric of 'shared and inclusive growth'. The Seoul Development Consensus for Shared Growth is based on the premise that rebalancing the global economy concerns more than macroeconomic imbalances. It is also about closing the poverty and development gap.

As such, nine development pillars were identified: investment and infrastructure; human resource development; trade capacity and access to markets; private investment and job creation; food security; growth with resilience; financial inclusion; domestic growth mobilisation; and knowledge sharing. A multi-year action plan to bring into effect these pillars of growth was subsequently adopted. The institutional weakness of the G-20 lies in the fact that its agenda is dependent on the Chair and, as such, there might not be continuity in the agenda.

On the positive side, when Korea chaired the G-20 it initiated a 'Development Consensus', broadening the G-20's agenda to reflect the interests of developing countries and with emphasis on strengthening the linkage between the G-20 and low income countries. That there has not been any country that has removed this framework from the agenda could be a sign of gradual institutionalisation of the agenda, at least. It is important, as a matter of principle, to develop a more institutionalised way to generate the agenda and ensure continuity rather than rely on the benign bent of the Chair.

France, which presided over the G-20 in 2011 and hosted the Summit in Cannes, put across six priorities: reforming the international financial system; strengthening financial regulation; combating commodity price volatility; supporting employment and strengthening the social dimension of globalisation; fighting corruption; and development.[16] In essence, the French presidency brought a sense of urgency regarding actions required to deal with issues that were already on the agenda. Issues such as innovative financing and the financial transactions tax received some prominence.[17]

THE RISE OF THE BRICS

Background

There are two developments that have come to shape much of academic and policy thinking on the BRICS. One was research undertaken by the Goldman Sachs team under the leadership of its then chief economist, Jim O'Neill, who sought to map the merging terrain of rising powers, and how this was affecting wealth redistribution across the world. Table 1 illustrates how power has shifted over time since 1820 to the current phase. It also makes projections to 2050. Select BRICS countries (China, India and Russia) are compared with select advanced industrial economies.

Table 1: Historic power shift in global economic output (%), 1820–2050

1820		1870		1950		2000		2050	
China	33	China	17.2	US	27.3	US	22.2	China	28.1
India	16	India	12.2	USSR	9.6	China	14.6	US	21.9
France	5.5	UK	9.1	UK	6.7	Japan	6.6	India	17.2
Russia	5.4	US	8.9	Germany	6.5	India	5.9	Japan	4.8
UK	5.2	Russia	7.6	China	5.0	Germany	4.1	Brazil	4.4

Source: OECD (Organisation for Economic Co-operation and Development) Goldman Sachs, Marber P, *Seeing the Elephant: Understanding Globalization from Trunk to Tail*. New Jersey: John Wiley & Sons, 2009, p. 4.

Table 1 highlights that relative economic power is not static; it has always changed. The BRICS – especially Brazil, India and China – will in future overtake the advanced industrial economies. China is set to overtake the US between 2016 and 2026; India will overtake Japan and the UK between 2020 and 2030; and Brazil and other emerging economies will overtake the major European countries and Japan by 2050.[18] There is, however, nothing qualitatively novel about the shift of economic power from one group of countries to another.

Research by Goldman Sachs is one of the pioneering works in recent times to provide detailed discussion on the current global shifts. This work suggests countries such as the BRIC group are on an upward trajectory and are scaling the heights of the global economy based on indicators mainly to do with growth rates and demographics.[19] The report also points to a corresponding bleaker outlook for the advanced industrial countries, such as the US, Japan, Germany, the UK, Canada, France, and Italy. These economies appear likely to produce much slower growth.

The Goldman Sachs research narrates a story of a global economy whose weight is shifting more in favour of emerging economies, and advises would-be investors to take cognisance of this new reality. Although arbitrary in its grouping of these disparate countries, given their institutional diversities and points of tension among each other, the research underlines the growing economic influence of countries that over two decades ago were not taken very seriously. Goldman Sachs' extensive research constitutes one of the few major analytic efforts thus far to chronicle the shifts in the structure of global economy.

The second strand of discourse on the BRICS can be regarded as socially constructed and facilitated by diplomatic arrangements among the various countries that were under the spotlight of the Goldman Sachs Report. These countries, including South Africa, have taken advantage of the spotlight cast upon them by the Goldman Sachs report to establish themselves as a counterpoise[20] to the G-7 group of countries; and to reinforce their position in asserting a claim to co-define a new global order, post global financial crisis.

The BRIC bloc was launched at a summit hosted by Russia in Yekaterinburg in 2009. Although not explicitly referring to the Goldman Sachs designation, the BRIC countries saw this as auspicious for them to make a political statement echoing their economic rise.

For Russia, in particular, it would seem the BRIC Forum played a setting for buttressing its re-emergence on the global stage.

Russia championed the establishment of the BRICS group from the outset as part of defining its version of multipolarity and, perhaps, utilising the BRICS as a platform for augmenting its weight in global governance processes, such as the G-20. One common thread that runs through all the BRICS countries is global activism: they are all part of major multilateral institutions, including the World Trade Organization (WTO), the G-20, and the UN Framework Convention on Climate Change process. Most of them have also participated in the OECD-enhanced engagement with emerging economies, with Russia seriously exploring the possibility of accession.

The two distinct processes, the Goldman Sachs geo-economic mapping and the diplomatically driven initiative launched by leaders of the BRICS, are what has elevated the discourse on the BRICS and attracted a great deal of attention for these emerging powers. They have, in different ways, helped to shape how the rise of emerging powers is conceptualised. They have also helped to position these countries advantageously in global governance processes.

One area that has recently received a great deal of attention is that of the BRICS Development Bank. The idea of the BRICS Bank was raised ahead of the New Delhi Summit in 2012. One of the outcomes of the summit was to direct BRICS countries to undertake a feasibility study to establish a new development bank that would play a role in financing infrastructure, promoting sustainable development, and offering support towards the social sector. This idea is in response to recognition of deficiencies in infrastructure development in many developing countries, not least in Africa, despite the existence of various multilateral development financing mechanisms. Presumably, the BRICS Bank will complement these efforts.

BRICS experts undertaking work on the feasability of the development bank met in Rio on 15–16 August 2012 to solicit views from other technical institutions such as credit rating agencies and regional development banks, as well as to better understand the potential value of the bank in light of existing multilateral development banks.

BRICS countries seem to be attracted to models of the CAF Latin American Development Bank and the Asian Development Bank in setting out the institutional processes, procedures, and laying the investment strategy of the BRICS Bank. It is clear that the intention is not for the bank to act as a substitute for the work already undertaken by the World Bank and other regional development banks. Rather it aims to complement multilateral development banks, especially to fill in areas of deficiency in infrastructure development.

However, it is inevitable that rivalries will emerge, including with regional development banks and development finance institutions (DFIs) at the domestic level. Since nothing much has been done to further the establishment of the BRICS Bank, details remain sketchy. Challenges related to common norms and rules of conduct of the bank may surface, especially given the different cultures of DFIs that exist in the different BRICS countries. The Export–Import Bank of China, for example, has traces of policy directions where it invests, whereas DFIs in other BRICS countries such as India, Brazil, and South Africa are relatively autonomous from the state. There are many other questions that this BRICS Bank mechanism raises. In the authors' conclusions, a few cautionary thoughts and recommendations for future research on this area are expressed.

SOUTH AFRICA'S FOREIGN POLICY STRATEGY

South Africa is still a new actor in international relations, having only started to participate confidently following democratic changes to the country in the early 1990s. As soon as South Africa was accepted to the international community after a long period out in the cold owing to apartheid rule, it pinned its colours on the mast of multilateralism.[21] The governing party's multilateralist predilections were influenced by several related factors.

The first has to do with the sharp spotlight shone upon the country at the dawn of democracy, and the international goodwill that the remarkable political transition generated. The conciliatory tone associated with President Nelson Mandela, and his universalist image, attracted favourable attention to South Africa and positioned the country on the global map. Every country, from the capitalist West to the former communists, wanted to associate with South Africa.

There was also a great deal of interest regarding how South Africa would go about transferring its nascent norms of human rights, fairness, equity, and peace building to the rest of the African continent and the world beyond. Upon assuming power in 1994, the African National Congress (ANC) was also keen on burnishing the country's credentials as a responsible internationalist that was ready to play an active and constructive role in global affairs. It felt compelled to act the part and cultivate an image of a responsible international stakeholder.

The second factor concerns the governing party's cultivated solidarity with other former colonies or 'Third World' revolutionary movements on the African continent. A key pillar of the ANC's struggle against apartheid role was mobilising international solidarity, and establishing a strong presence in key capitals in the world. As such the ANC cut a fine balance of being simultaneously an African nationalist and a cosmopolitan organisation. It identified strongly political movements in countries that were part of the South. This had a powerful influence in shaping South Africa's foreign policy bias towards Africa and South–South co-operation.

Post-apartheid South Africa became active in the Non-Aligned Movement (NAM) (the ANC participated in the 1955 Bandung Conference that founded NAM); and the UN Conference on Trade and Development G-77 processes. It pioneered the G-South, which later crystallised into the India–Brazil–South Africa (IBSA) mechanism. South Africa's initial thinking regarding South–South commitment was that this would act as a counterweight to advanced industrial economies such as the G-7. This South–South thinking remains a central pillar in South Africa's foreign policy, alongside its African Agenda and participation in the system of global governance, including the UN, WTO and the G-20.

South Africa's multilateralist predisposition was also reinforced by the role played by leading political figures, both within the ANC and elements of the old guard who were intent on positioning the country in multilateral processes. The former Ministers of Trade and Industry, Trevor Manuel (who later became the Minister of Finance) and Alec Erwin, demonstrated a passionate commitment to the liberal internationalist order, in particular to the multilateral reduction of tariffs, and the pursuit of open and integrated global markets.

As such, South Africa became active in championing multilateralism in trade and later in the regulation of global finance in the context of the G-20. To a considerable degree, South Africa utilised the multilateral platform to position itself as a bridge-builder, and simultaneously to play a mediating role between the developing South and the developed North – something that marked it out as a middle power.[22] Theoretical discussions on the character of middle powers are discussed extensively by Cooper and Nossal and Stubbs.[23]

Traits of this middle-power image in South Africa's external engagements are evident in both the BRICS Forum and at the G-20 level. The core idea shaping South Africa's multilateralist commitments is both defensive and proactive: that multilateralism provides the space within which smaller countries' interests can be protected; and through multilateralism hope for reforming the workings of global governance institutions can be realised. As such, South Africa is less committed to advancing positions that are defined narrowly based on its domestic interests, and views itself more as a systems stabiliser and a bridge-builder between the interests of developed and developing countries. This seems to be the case in South Africa's positions on food security and finance, which are articulated more in general terms than informed by South Africa's own domestic policies.

SOUTH AFRICA IN THE G-20

Finance and development

South Africa is one of the nine non-OECD countries that are part of the G-20 Leaders' Summit. The others are Brazil, Russia, India, China, Indonesia, Saudi Arabia, Argentina and Turkey. These countries participate alongside OECD countries such as the US, UK, Mexico, Italy, Japan, South Korea, Germany, France, Canada and Australia. Given the crisis origins of the G-20, much of its effort is aimed primarily at stabilising the global economy in order to create a strong basis for sustained growth.

There are several areas that South Africa has been vocal on in the G-20 agenda since the Cannes Summit hosted by France in 2011. These are mostly cast in general terms rather than unique positions linked to any domestic policy or strategy. The first regards the stability of the eurozone. The second area concerns invigorating growth, creating jobs, and addressing social challenges. These issues are also of utmost concern for countries such as Spain, Argentina and Australia in the G-20 Finance Stream. In the Los Cabos G-20 Summit, South Africa and the other BRICS countries made pledges towards the IMF bail-out fund aimed at creating a firewall around the eurozone to prevent further contagion. Brazil, Russia and India pledged $10 billion each, with China pledging $43 billion and South Africa $2 billion.

South Africa also seeks improved IMF surveillance and governance in order to detect crises as they emerge, and to resource the IMF to be more effective in performing its systemic support role. In addition, South Africa is contesting a third chair on the IMF Executive Board for sub-Saharan Africa, as it considers Africa to be under-represented on the executive board. The country is also working towards increasing its representation on the Financial Stability Board (FSB) to two seats instead of the current arrangement of one seat. This is in line with the practice of other countries that have a seat for a representative of the Central Bank and another for the Ministry of Finance.

On financial inclusion, in particular, South Africa has an interest in participating in peer-learning exercises and showcasing its own best practices in encouraging the banks to broaden their offerings to include the socially marginalised and small, medium and micro enterprises. Financial inclusion is one of the pillars in the Seoul Multi-Year Developmental Consensus, and South Africa plays a positive role in sharing its own experiences.

South Africa has highlighted the need to address challenges of development, especially the importance of the nine-pillar Seoul multi-year action plan on development, including measures aimed at addressing food security and the humanitarian crisis in the Horn of Africa. Resource mobilisation for infrastructure development by both the private and public sectors are other areas that South Africa has put forward in its G-20 engagements.

Finally, South Africa has also articulated the need to support innovative finance, reducing cost to remittance transfer, domestic resource mobilisation (reform of tax institutions), and the speedy delivery of overseas development-assistance commitments. On the latter set of issues, it has pushed for the FSB to undertake an assessment on the implementation and impact of the regulatory standards on the emerging markets and developing countries.

South Africa has expressed a concern that the Basel III proposals could have unintended consequences of slowing down growth for developing countries. As such, the country asserts the need for special and differential treatment for low-income and developing countries in order to exempt them from such provisions. South Africa too would want to have more policy space.

A number of issues that South Africa is underscoring in its engagements at the G-20 are also part of the BRICS agenda on economic co-operation. It is in the Development Working Group where much of its efforts are concentrated, and it is also here that South Africa highlights Africa's developmental challenges.

Food security[24]

A key area in the work of the G-20 is that of food security. This is an area that has strong linkages with other global policy issues such as climate change, energy, finance, and development. It also powerfully expresses the interdependent nature of the global system. According to the Economist Intelligence Unit DuPont Global Food Security Index, food security can be defined as 'when people at all times have physical, social, and economic access to sufficient and nutritious food that meets their dietary needs for a healthy and active life'. The G-20 Pittsburgh communiqué, following the G-8 L'Aquila Summit in 2009, underlined the importance of food security alongside these other global challenges, adopting the G-8's L'Aquila Agriculture and Food Security Initiative.

At the L'Aquila Summit, G-8 leaders issued a comprehensive statement on agriculture and food security. This G-8 focus on agriculture was initiated by the spike in the global food price, coinciding with the global financial crisis in 2008. The World Bank Food Price Index rose by 184% from January 2000 to June 2008, and spiked again in February 2011. Rising food prices also brought to light serious under-investment in agriculture, a lack of productivity, and poor land and water use and land management in developing countries.

In 2010 food security was identified as one of the nine pillars of growth under the G-20 Seoul Development Consensus. In the same year, 10 international bodies were commissioned by the G-20 at the Seoul Summit in November 2010 to develop a policy report with recommendations on how to better mitigate and manage risks associated with commodity price volatility and food insecurity. Under the French G-20 presidency in 2011, the G-20 prioritised the food security and infrastructure development pillars of the Seoul Development Consensus and, for food security, the attendant problem of commodity price volatility.

In an effort to find solutions to excessive commodity price volatility and to improve international co-operation and co-ordination on the issue and on food security, France convened the first G-20 Agriculture Ministers' Meeting on 22–23 June 2011 in Paris and, among other matters, they reviewed the policy report of the international bodies. This policy report focuses on measures concerning policy options in the fields of market information and market transparency, international food stocks, futures markets, and domestic and trade policies. The Agriculture Ministers then developed an Action Plan on Food Price Volatility and Agriculture, which was presented to G-20 leaders in Cannes in November 2011.

The action plan contains five objectives: improving agricultural production and productivity; increasing market information and transparency; strengthening international policy coherence and co-ordination; improving and developing risk management tools for governments, firms and farmers; and improving the functioning of agricultural commodities' derivatives markets.

In the food security deliberations at the multilateral level, South Africa is active across the three domains: the G-20, Food and Agriculture Organization (FAO) and the BRICS Forum. The Minister of the Department of Agriculture, Forestry and Fisheries (DAFF), Tina Joemat-Pettersson, has been actively involved in the multilateral processes. South Africa serves on the G-20 committee on food security. It is aligned broadly with the food security and agriculture agenda laid out in various multilateral bodies, and has not articulated specific positions of its own. The agriculture and food security agenda is relatively new in the G-20, and South Africa's own positions are evolving. The distinctive features of South Africa's position are those which emphasise hunger alleviation and affordability; and which place feedstock off limits for biofuels development.

South Africa has been very vocal on the importance of addressing commodity price volatility and promoting agriculture, but these are hardly its unique contributions to deliberations on food security. These positions are pursued through the agriculture and food security stream at the BRICS and the G-20. As noted, they are issues that are not only on the G-8 agenda, but also cut across a number of international organisations and are co-ordinated by the UN at a high level. For the G-20, in particular, this is aimed mostly at curbing speculation that could induce price volatility.

Improving regulation and supervision of commodities for derivative markets as well as increasing market transparency are some of the key aspects that are part of the G-20 agenda and in which South Africa has been active. One of the areas that South Africa is pushing strongly is that of increasing support for investment in agriculture. South Africa is one of the many countries championing a multilateral development bank action plan on water, food and agriculture.

South Africa aligns its position closely with that of the African Union's New Partnership for Africa's Development (NEPAD) programme on agriculture (the Comprehensive Africa Agriculture Development Programme or CAADP). DAFF is guided by South Africa's foreign policy emphasis on promoting the African Agenda. Accordingly, it advances

Africa's interests at the multilateral setting, in particular, to advance the CAADP 2015 vision, which aims at building dynamic agricultural markets on the African continent; bringing smallholders and emerging farmers to the market economy; promoting equitable distribution of wealth in rural communities; and promoting Africa as a strategic player in agricultural science and technology.

South Africa prepared two submissions for the G-20 Mexico Summit. For example, in its submission on the interagency report focusing on sustainable agriculture productivity growth, South Africa highlighted four aspects it wanted to be taken into consideration:[25]

- Effective regulation of derivatives markets, with more clarity and new disciplines to be explored if necessary.
- Support for investment in agricultural education, training and extension, as well as in infrastructure.
- Endorsed recommendations on improving the management of sanitary and phytosanitary systems, as they potentially have trade-distorting effects.
- Introduction of crops and livestock insurance schemes in Africa in the context of CAADP to compensate for losses that may be incurred by smallholder farmers.

South Africa's multilateral positions on agriculture and food security (outside of the multilateral trade negotiations) are evolving and the country is gradually gaining confidence as a participant in multilateral processes on agriculture and food security. There is a process currently under way aimed at reviewing DAFF's international relations strategy to position government more effectively at the multilateral level and clarify its positions on this platform clearly.

Furthermore, there is a task force comprising various government departments, aimed at dealing with specific issues related to agriculture in the multilateral setting. South Africa's position is aligned with NEPAD's CAADP, and pushes strongly on issues of food price volatility on the account of the risks that this generates for communal and smallholder farmers on the African continent. This also explains why the South African government has expressed an interest in examining the effects of derivative trading and other speculative activities in the agricultural commodity exchange markets, especially to understand the overall impact this has in swinging food prices, which may contribute to unaffordability of food for low-income households.

South Africa is in the process of undertaking a cost-benefit analysis of the country's membership to the FAO. There are two main issues that South Africa considers problematic. The first concerns the subscription fees, which are perceived to be spent not on actual projects but on the payment of staff and consultancies. The second has to do with South Africa's designation as a developed country, which unfairly prejudices it when the country seeks to draw technical capacity building and other support in the form of developmental funds.

At the domestic level, South Africa's emphasis on agriculture and food security is less about food unavailability and more on food affordability. It is therefore mostly concerned with food price hikes and the impact of this on hunger and poverty alleviation measures. In this light, South Africa's approach to food security is guided by the Zero Hunger Food Security Policy, which was developed after South African government officials undertook a study tour to Brazil to learn about its successes in overcoming hunger and indigence.

Under the Zero Hunger policy, South Africa's agricultural department works closely with schools and assists them in creating their own gardens. The public sector, in particular hospitals and universities, is encouraged to procure products from emerging farmers and smallholders.

South Africa's National Planning Commission (NPC) stipulates that the country's food security goal should be to 'maintain a positive trade balance for primary and processed agricultural products, and not to achieve food self-sufficiency in staple food at all costs'.[26] Although it proposes increased employment in public works programmes, procurement from small-scale farmers, food fortification, and closing the urban–rural price gap, the NPC has very little to say on measures to combat food price volatility and increase investment and productivity in agriculture.

The South African government needs to develop a more coherent long-term food security strategy beyond ad-hoc measures, and to have a more integrated approach that links domestic policy with regional and multilateral strategies. Food security should be an important aspect of national development strategies, especially since food security and poverty reduction are key constitutional provisions set out under Section 27 of the Constitution. Accordingly, there needs to be a determination to continuously improve the country's positioning on the Global Food Security Index.

On the Global Food Security Index ranking table, South Africa is ranked favourably, at 40 out of 105 countries (and is just behind China), where 1 (the US) is the most secure and 105 (the Democratic Republic of Congo) the most vulnerable. Accordingly, South Africa has a score of 61.7 out of 100, ahead of middle-income countries such as Thailand, the Philippines, Indonesia and India.

Most African countries lie between 71 and 105, clearly indicating that vulnerabilities are concentrated on the African continent. The area of food security is gaining prominence alongside climate change and issues of poverty. It promises to feature heavily in the G-20, taking this body's agenda beyond a narrow set of issues to do with finance. However, there is no room for complacency, and as such, investments in agricultural productivity need to be expanded. This would require government to work closely with the private sector, and to ensure that agriculture is prominent in national development strategies. Currently it is thinly reflected in the NPC's National Development Vision 2030.

SOUTH AFRICA'S MEMBERSHIP OF THE BRICS FORUM

South Africa has only been a member of the BRICS for just over a year, and its positions are evolving. These are expected to become clearer after it has had an opportunity to play host in 2013. The process of preparing for hosting and the development of the agenda will enable the country to build a body of knowledge around the BRICS and to develop a clearer view of its interests. Various government agencies, including the Department of International Relations, National Treasury, the Department of Trade and Industry, and DAFF, are co-ordinating their efforts in the hosting of the summit.

South Africa views the BRICS Forum as a complement to its South–South strategy, if not as an integral part of it. In the 2011 Budget Vote by the Minister of International Relations and Cooperation, Maite Nkoana-Mashabane, in parliament, she asserted that the BRICS partnership is the anchor of South–South strategy. She also underscored South

Africa's BRICS objectives as being to advance South Africa's national interests; promote the regional integration programme and Africa's infrastructure development; and to partner with key players of the South on issues related to global governance and its reform.[27]

The two areas that feature prominently as South Africa's key priorities for the BRICS Summit are infrastructure development on the African continent and building support for regional integration for promoting industrial development and cross-border trade. As such, the summit theme for 2013 is 'BRICS and Africa: Partnership for Development, Integration and Industrialisation'. It is also expected that South Africa will push for progress with respect to the BRICS Bank during the summit. If successful, this would be a prominent legacy project that South Africa would have helped launch.

According to government officials, South Africa's positioning in the BRICS is a means of building support for South Africa's national, social and economic development strategies; promoting Africa's development, especially through deeper regional integration and economic diversification; and building bargaining capacity to shift global rules in favour of developing countries.[28]

At the last New Delhi BRICS Summit, heads of government agreed on an action plan that covers the following areas of co-operation and peer learning.

- Expanding employment opportunities.
- Tackling issues related to energy, food and water security.
- Promoting sustained and balanced growth.
- Promoting business-to-business interaction.
- Promoting infrastructure development through the establishment of the BRICS Bank.
- Pursuing a 'green economy' and issues related to energy efficiency.
- Sharing experiences in dealing with income inequality.

In a sense, the BRICS are likely to encounter similar challenges to other multilateral bodies such as the G-20, where the agenda or action plan is based on the proposals of the host country. The group will need to find a better approach to developing the agenda to ensure a great deal of continuity between different host countries. Instead of having entirely new issues crafted, it would be best to improve upon those raised in previous summits with emphasis on certain key areas for domestic and continental relevance.

Issues such as food security, energy and green growth, infrastructure development, inequality and new growth models, commerce, and reform of global governance, provide a broad-based agenda that is also relevant for the African continent, which South Africa can work with in hosting the summit next year.

There is unlikely to be any strong institutionalisation in the workings of the BRICS any time soon. Attention will continue to be placed on peer-learning exercises in order to facilitate sharing best practices. To strengthen their co-operation, members have agreed to meet more regularly on the sidelines of key intergovernmental meetings. Accordingly, foreign ministers met on the sidelines of the UN General Assembly 67 in September 2012 and finance ministers and central bank governors met both on the margins of the international financial institutions meetings as well as prior to G-20 meetings.

One area that requires further thought and research to inform policy thinking for South Africa is that of the BRICS Bank. This promises to set out a concrete foundation around which emerging economies can collaborate, in particular to address challenges related to infrastructure, sustainable development, and the social sector. A key question that needs serious consideration in this respect is the kind of institutional structure that will be fit for the purpose, especially in learning from other regional development banks such as the CAF Latin American Development Bank and Asian Development Bank.

It will be necessary to discipline the temptation to use the bank as an instrument for policy or political influence by some of the larger BRICS countries. More attention will need to be given to norms underpinning the lending and investment approach of the bank, as well as to risk-management issues in evaluating projects.

Crucially, the relationship between the BRICS Bank and other DFIs and state-owned enterprises (SOEs) on the one hand, and between it and private sector financing institutions on the other, should be balanced. Given the challenge of low private-sector activity on the African continent, the BRICS Bank can play a powerful role in broadening participation in infrastructure projects to crowd in private sector investment. This can also be expressed in the form of public–private partnership projects that are co-financed by the BRICS Bank.

Apart from investing in infrastructure and the social sector, one of the investment approaches of the CAF Latin American Development Bank is expressed in the form of purchasing equity stake in private companies as a way of leveraging its resources for greater impact. It is professionally run with technocratic insularity from political control.[29] The BRICS countries should avoid using the bank as a Trojan horse for creating advantages exclusively for SOEs.

One of the ways to dilute the influence of BRICS countries that come from a tradition of state capitalism – Russia and China – could be to expand the bank's membership to include non-BRICS countries. Given its promised pragmatic and commercial focus, this should make sense. It would not only serve the purpose of pulling more resources, but also of building strong goodwill for the BRICS Bank beyond its members. So long as the strategic objective of addressing infrastructure deficiencies and improving standards of living in poor countries is achieved, it should not matter much which other players are participating in the BRICS Bank.

One probable challenge for South Africa is that it may find its own DFIs and SOEs overshadowed by the BRICS Bank on the African continent, with projects dominated by bigger players. In order to bolster South Africa's competitive advantage in Africa, the government will need to start early to co-develop an Africa-oriented commercial strategy through a multi-stakeholder process that includes its multinational firms, economic ministries, and agencies such as DFIs and SOEs.

The BRICS and the G-20

There is no tight linkage yet between the G-20 and activities taking place in the context of the BRICS, but there is thinking in this direction. This is especially so in light of deliberations at the BRICS level touching increasingly on some of the issues dealt with at the G-20 level. One fundamental weakness of the BRICS Forum is the lack of collective identity among its members. There is, for example, no coherent conceptual paradigm on a range of issues to enable the BRICS countries to converge around certain interests, except in broad terms. This is in contrast to the G-7, which can easily find strong grounds for agreement, evolve a common agenda, and rally behind it in other international forums. The L'Aquila Agenda and Camp David Summits are an example of an established symphony among the core industrialised countries.

Quite apart from the lack of cohesive identity, there is also no common understanding of whether the BRICS countries should co-ordinate their positions at the level of the G-20 beyond mere consultations and exchanging of views. This is made particularly difficult given that there already are consultations at the G-20 level among a group loosely called 'Developing Countries and Emerging Economies'.

The BRICS would not want to run the risk of being an exclusive group within this broader grouping of developing and emerging economies. They are still seeking legitimacy and broad acceptance by other developing countries. Exclusivity may not only complicate their relationship with other developing countries: It may also position them, prematurely, as countries that should assume a large share of the burden of global governance. The very lack of a cohesive identity among BRICS countries militates against acting as a solid bloc.

There is, however, a process in place to promote the exchange of information among emerging economies and developing countries in the G-20. This is more of an informal interaction than an institutionalised process, and includes countries such as Argentina, Indonesia and Mexico – all non-BRICS. It is possible that over time BRICS countries may regularise the practice of meeting on the sidelines of the G-20 Summits, as happened at Los Cabos, Mexico. Already the G-20 is a regular feature of the BRICS agenda.

In addition to its lack of institutional solidity, there are varying expectations of the identity of the BRICS. India regards it as a counterpoise rather than a counterweight to the advanced industrial economies. Other BRICS countries – and this seems to be the case with South Africa – view the BRICS as a counterweight. There is an important subtle distinction here. For India, the BRICS is a partner to existing multilateral processes that are dominated by the West; and there is no intention of undermining the status quo.

What is important for the BRICS is to have a stronger voice and more recognition in decision-making processes. India does not press the South designation too much. It is more aware of its future as a modern industrial economy. Being a counterweight, on the other hand, presupposes an alternative agenda or framework for global governance. It presupposes natural or irreconcilable tensions between the North and the South.

There is no sufficient ground of mutual trust as yet within the BRICS to pretend the status of a counterweight. The other area in which the cohesiveness of the BRICS has been sternly tested and found wanting, concerns the new heads of the IMF and the World Bank. The French budget minister and government spokesperson, Francois Baroin, confirmed in May 2011 that China was behind the European consensus to have Christine Lagarde heading the IMF, as she would be the best person to deal with the eurozone crisis.

The Chinese refused to confirm whether they were backing Lagarde or not.[30] After meeting the Chinese Finance Minister, Xie Xuren, and the Foreign Minister, Yang Jiechi, in Beijing in June 2011 during her campaign, Lagarde struck a positive tone suggesting that she was most satisfied with the Chinese consultations about her candidacy.

In the context of contestations for the presidency of the World Bank as Robert Zoellick's term came to an end in 2012, BRICS countries refrained in the Delhi 2012 statement from binding themselves to supporting candidates from developing countries for the position. They merely welcomed the plurality of candidates. Subsequently, Russia supported the US candidate, Jim Yong Kim. One other area of strain within the BRICS is that of the UN Security Council (UNSC) reforms.

China and Russia are defenders of the status quo, since they are part of the permanent veto-wielding group; and India, Brazil and South Africa are part of the IBSA Forum, which carries strong weight in its views and vision for reforms of the UNSC. The three developing countries are democracies, and the two superpowers (one past and the other future) are authoritarian. China, in particular, is uncomfortable with a language branding the UNSC as lacking legitimacy, as it views the concept of legitimacy as politically potent, and sometimes directed at its less than democratic political system. Given China's peculiar political culture, it finds itself impotent in making normative judgements abroad. It is thus a poor champion of norms, and is expected to pursue hard interests.

CONCLUSION AND RECOMMENDATIONS

The G-20 has an important role in managing global co-ordination on economic issues. However, it remains in a crisis management mode. There is no doubt that it plays a useful role in fostering co-operation around areas of shared interests. These include infrastructure, food security, social protection, financial inclusion, and innovative financing. Prospects for collective action with a high level of institutionalisation and binding decisions are slim in the current context, where major players are inward-looking and driven more by considerations of domestic political economy.

Policymakers are less sanguine about what can be achieved by global regulation. Yet in an age of interdependence and growing multi-polarity, with risks multiplying, co-operation is not a choice but a necessity. For its part, South Africa is playing an active role in shaping the G-20's agenda, participating as co-chair of the development working group as well as on the working group on agriculture and food security. This is very much in line with South Africa's objective of making a positive contribution in stabilising the system and maintaining a role as a global actor championing development interests.

Although playing an important role in the development working group of the G-20, South Africa remains, by and large, on the margins of major deliberations in the G-20. Actors that have a bigger stake in global economic governance are advanced industrial economies such as the US, the EU (in particular Germany and France), Japan and China. No doubt, other emerging powers are increasing their voice, but it will take some time for them to gain authority and to shift the terms of the agenda. Their constraint is also to do with pressing domestic challenges related to addressing employment, poverty and income inequalities.

South Africa should pursue a global agenda that is grounded in its domestic development imperatives. This will enable it to articulate distinct interests in multilateral processes rather than casting these in generalist terms. South Africa should also think more deeply about the long-term future and meaning of multilateralism in a changing global system, and have more clarity about its place in the world.

The authors propose that the South African government should engage in broad-based civil society consultations regarding its ongoing involvement in the G-20 and the BRICS, to encourage feedback on the expectations of its citizens. There is a need from time to time for government to retool its mandate for external engagement in order to prevent bureaucratic capture. In any case, politicians and bureaucrats gain more confidence when they know that citizens understand government's activities in global affairs and support them.

One of the global issues gaining prominence is agriculture and food security, especially because it has complex cross-cutting linkages, including with climate change (with an emerging discourse on climate-smart agriculture); energy; the behaviour of actors in financial markets; poverty; integrating the poor into the market system; improving conditions for trade; and increasing investment in infrastructure, education and research.

As such, South Africa should develop an integrated approach to its variegated engagements in this area. This approach should encompass domestic interests, regional co-operation and multilateral settings pursued in tandem, and with primacy placed on the domestic political economy. Currently these areas are, by and large, pursued ad hoc and in disjointed forms. There is no coherent strategic approach that guides our external engagement on food security, apart from broadly stated foreign policy goals. The starting point should be to strongly embed questions of food security in domestic development strategies, and to use this as a key driver informing our international relations.

Regarding participation in the BRICS, South Africa aims to use this platform as a way of enhancing its influence on global governance reform issues. It is also keen to learn from, and share, best practices with its peers in this group. Indeed, there is much that these countries can learn from one another, including poverty alleviation and social development strategies, improving infrastructure, and modernising their financial services. Peer learning and sharing best practices should be an ongoing process, with strong continuity in between summits.

South Africa has invited the African Union, African Development Bank, NEPAD and the regional economic blocs to a BRICS–Africa Leaders' Retreat which will be held after the BRICS Summit in March 2013. In the same vein, South Africa should consider inviting a few key African countries as observers. Regional powers such as Nigeria and Kenya would be good candidates for this purpose in an African-themed BRICS Summit in South Africa.

South Africa should go beyond the rhetoric of promoting the African Agenda and initiate an outreach to other African countries and key institutions. This can go a long way in enhancing the country's credibility in better positioning African interests. Importantly, the BRICS 2013 Summit should create a sense of urgency among South African policymakers in building strong linkages between the country's developmental interests and its external engagements. South Africa is taking a step in the right direction in highlighting Africa's interests in its multilateral engagements, but this should not eclipse its own domestic interests. The latter should always have pre-eminence.

One of the lessons to take note of from Latin America is that Brazil's ubiquitous multilateral engagements, especially its membership of the G-20, are resented by its neighbours, and they lament what they consider to be Brazil's exclusive pursuit of its own interests and perceived indifference to those of its neighbours. Conversely, an important lesson to learn from Brazil is its ability to clarify its interests and assert them confidently. It is the careful balancing of the two strategies – at once reaching out to the region while skillfully extracting concrete benefits from multilateral processes for its own citizens' benefits – that is a measure of success for middle-income countries that are regional powers.

It is no longer enough for South Africa to be seen in every international forum or club simply for presence and prestige. Foreign policy commitments need to be measurable, especially given the massive resources allocated to these summits, and unforeseen levels of financial commitments that come with being a member of institutions and clubs. This does not suggest that South Africa should shun club diplomacy or multilateral processes, but that careful thought should go into the decision-making processes regarding participation, with a view to extracting tangible benefits for the country.

With respect to South Africa's broader foreign policy thrust and multilateral engagements, there need to be clearly defined strategic objectives that are properly canvassed domestically, well understood by the public, and linked to concrete measurable objectives directed at advancing the country's development. In the absence of such an exercise there will always be a temptation to rationalise participation based on some abstract developmental gains for Africa that are high on rhetoric and low on substance – and that are not even mandated by other African countries.

Finally, in hosting the BRICS Summit in 2013, South Africa should give weighty consideration to push hard to make BRICS matter for the country's development. Similarly, in its commitments to the G-20 processes, South Africa needs to take momentary pauses to ask hard questions about benefit creation for the country's own development.

In the absence of a cogently articulated development strategy, it becomes a luxury to participate in these processes, especially if there are no measurable returns. Foreign policy can be a resource stretch in the face of South Africa's socio-economic challenges, and should be strongly oriented towards generating benefits for the country's citizens.

ENDNOTES

1 Members of the G-20 are Argentina, Australia, Brazil, Canada, China, France, Germany, India, Indonesia, Italy, Japan, Mexico, Republic of Korea, Russia, Saudi Arabia, South Africa, Turkey, the UK, the US, and the EU.

2 The G-7 is made up of Canada, France, Germany, Italy, Japan, the UK and the US.

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13 Paulson H, *Inside the Race to Stop the Collapse of the Global Financial System*. London: Headline Publishing, 2010, pp. 373–76.

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18 Magnus G, *Uprising: Will Emerging Markets Shake or Shape the World Economy?* New York: Wiley & Sons, 2011, pp. 19–20.

19 Goldman Sachs, *Dreaming with the BRICS: The Path to 2050*, http://www.goldmansachs.com/our-thinking/topics/brics/brics-reports-pdfs/brics-dream.pdf.

20 In a discussion the author had with Indian diplomats in South Africa, they noted that they much prefer the concept *counterpoise* to denote emphasis on an equal partnership with the G-7 rather than *counter-bloc*, which may suggest an attempt to replace the G-7.

21 Although this concept has been used in a legalistic sense to denote a rules-based framework and consensual approach to international agreements, it is important to highlight that it began as a paradigm used by the US to shape the international system in accordance with its preferences. For more than five decades since the First World War, it has served as a device to socialise countries' preferences closer to those of the US. However, over time, smaller states saw in it a protection against dominance by great powers and an expression of preference for rules over might. It presupposes non-discrimination, co-operation, and joint action. See Ruggie JG, *Winning Peace: America and World Order in the New Era*. New York: Columbia University Press, 1996, pp. 18–27.

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24 This section draws on interviews undertaken with a senior official at DAFF.

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