

Dr. Alexandra A. Arkhangelskaya	30/1, Spiridonovka str.,
Researcher	Moscow, Russia, 123001
Centre of Southern African Studies	Tel. +7 (495) 695 5848
Institute for African Studies	Mob. +7 903 685 3235
Russian Academy of Sciences	e-mail: aarkhangelskaya@gmail.com

### **Russia – South Africa, BRICS format**

The study will represent the analysis of the main features of Russia – South Africa relationship in the BRICS format to clarify the comprehension of the nature of discussion on revival of bilateral interest.

To fully address the topic it is essential to understand the history and the nature of South African - Russian relations. The main question to be answered is - what is the right path for fruitful development of bilateral partnership – reliance on historical background or its negation.

It is important to understand the contemporary ambience for bilateral relations. The world order is undergoing significant changes. There is a process of power shift that must be acknowledged. Emerging (and re-emerging) powers are gaining weight and it is not only the BRIC countries, in much broader view, it includes South Africa, South Korea, Mexico, Malaysia and others. Nevertheless, the BRIC format attracts the most attention and gets the main focus of the undergoing processes of change. What are the criteria (economical, political) for inclusion in “the club”? Under such circumstances what is the role of African continent in whole and South Africa in particular in such processes? Is Africa a partner or a terrain for competition? What are the most important features of BRIC policies towards the continent and South Africa in particular? And more important what role SA plays in these processes?

To analyse the bilateral relationship it is important to understand the current Russian imperatives on the world arena, as well as to go through revision of South African foreign policy principles. South Africa has strong and growing ties with Brazil, India and China. The question rests what are the perspectives for Russia.

The main economical and political events of bilateral relations in the last few years should go under revision to understand if there are more than just potential in the bilateral relations and what kind of challenges and opportunities would bring bilateral partnership.

Thus, this paper will focus on the integrity of these issues with the main focus of research on how does this continuity of changes in the world arena influence the bilateral relations between South Africa and Russia and is there a ground for a new level of partnership.

### **Russian – South African relations**

Despite a long history of relations between South Africa and the Soviet Union / Russia, at this stage they are at a significantly lower level than expected.

One may agree with the opinion of Russian researchers that early 90-ies marked a watershed in Russian-South African relations. USSR supported the ANC, but the beginning of the 1990s both Russia and South Africa were undergoing radical changes that largely influenced the changing nature of relations between the two countries.

On 30 December 1991 South Africa recognized Russian Federation as a successor to the USSR. During his visit to Pretoria, Russian Foreign Minister Andrei Kozyrev, on February 28, 1992, signed a joint statement on establishing diplomatic relations. In June 1992 official visit of President Frederik de Klerk in Russia took place, while a national hero and icon of freedom of the people in South Africa - Nelson Mandela was not accepted.

The establishment of diplomatic relations with South Africa prior April 1994 with the still-racist, although reforming South African government imposed a negative impact on the development of bilateral relations with a democratic South Africa. Due to political changes that have occurred in the USSR in the early 1990's and radical change of course, relations with South Africa were installed with the "old regime", in spite of all the importance of the role and substantial support which the USSR provided to the liberation struggle of South African people. This question has been under justifiable criticism of the researchers of the Russian-South African relations.

It took several years to overcome this negative impact in relationship, and even then not completely. A new stage of development of bilateral relations was the result of the initiative taken by the political leadership of South Africa - a visit to Moscow by Deputy President T. Mbeki on November 1998, and President Mandela in April 1999. During his visit in April 1994, Mandela signed the Declaration on Principles of Friendly Relations and Partnership between Russia and South Africa. There was an exchange of inter-ministerial delegations, agreements

were signed on cooperation in various fields - military-technical, geology, sports and tourism. At the Millennium Summit in New York in September 2000, the first meeting between Vladimir Putin and the new South African President T.Mbeki took place. The two leaders discussed issues of cooperation in international affairs, promising areas of bilateral economic and scientific-technical cooperation.

Landmark event in Russian-South African relations was the official visit of Russian President Vladimir Putin to South Africa in 5-6 September 2006, it was the first in the history Head of the Russian state visit to Africa south of Sahara. During his visit, the parties signed a Treaty of Friendship and Partnership between Russia and South Africa, as well as a number of intergovernmental agreements, as well as contractual documents between large companies of both countries.

In political terms, Russia and South Africa distinguish the proximity or coincidence of positions on key international issues as the role of the UN non-proliferation, combating terrorism, the Iranian nuclear issue, the settlement in the Middle East, Iraq, Kosovo and other regional conflicts, including in Africa.

South Africa and the Russian Federation at various levels tend to coordinate their positions on international issues. Entered into the practice of exchange of letters between presidents and foreign ministers of both countries.

On the basis of the Protocol on cooperation between the two foreign ministries of 1994 there is an active dialogue on a wide range of international issues through the Ministry of Foreign Affairs of both countries. As a result, the text of Treaty of Friendship and Partnership, based on the Declaration of 1999 was initialed, but the signing took place only five years later, during the visit V. Putin to South Africa.

During the official visit of Minister of Foreign Affairs of South Africa N.Dlamini Zuma to Russia, in 18-21 July 2002, she held a meeting with then Russian Prime Minister Mikhail M. Kasyanov, and his deputy, Valentina Matvienko, and Minister of Foreign Minister Igor Ivanov. The two sides exchanged views on major international issues and discussed prospects of bilateral relations. During her visit, South African Foreign Minister visited St. Petersburg, where she held her meeting with the governor - Vladimir Yakovlev.

The positive dynamics characterizes the parliamentary dimension of bilateral cooperation. A regular exchange of visits by delegations of parliamentarians occurs. In 2001, visited the Chairman of the State Duma of the Russian Federation Gennady N. Seleznev, in 2003 - Deputy

Chairman of the State Duma Georgy Boos, in May 2006 - Deputy Chairman of the Federation Council of Federal Assembly of Russian Federation Sergey Orlova, in February 2007 - Chairman of the Federation Council Committee on International Affairs Mikhail Margelov visited South Africa. With the South African side in 2003, a visit to Russia President of the National Assembly, Parliament of South Africa FA Dzhinvaly, and in October 2006 - Chairman of the National Assembly B. Mbete. In May 2008, the Vice-Chairman of the National Council of Provinces (upper chamber) of the Parliament of South Africa P. Hollander visited Russia. There are some inter-party contacts, particularly among the ruling parties, respectively, "United Russia" and the African National Congress.

Trade and economic inter-governmental agreement was signed on 22 October 1993. Agreement on the Promotion and Reciprocal Protection of Investment and the Agreement on avoidance of double taxation came into force in 2000, signing a Memorandum of Understanding in the field of airworthiness, flight safety and accident investigation, negotiation of the Agreement on Cooperation in the Peaceful Uses of Atomic Energy indicated a milestone in the development of relations between the two countries.

Cooperation in the development of mineral resources, particularly diamonds, gold, manganese, platinum group metals, rare earth elements is one of the most promising areas of bilateral cooperation. Intergovernmental agreement on cooperation in the exploration, extraction, processing and mineral processing was signed in Moscow on April 29, 1999 Intergovernmental agreement on scientific-technical cooperation was signed on September 13, 1993 – a tool to implement a joint Russian-South African Commission on Scientific and Technological Cooperation. The intergovernmental agreement on cooperation in the field of culture had been signed in April 1999.

There are some inter-institutional linkage: a cooperation agreement between the Academies of Sciences, University of Pretoria, working with MGIMO Moscow Commercial University. There are bridges through religious organizations. Strengthening of the Russian Orthodox Church in Africa, and the promotion of interfaith relations served as main purpose of a visit in 2008 in Angola, Namibia and South Africa by the Metropolitan of Smolensk and Kaliningrad, now the patriarch of Russia Kirill.

Developing trade and economic ties. Joint Intergovernmental Committee on trade and economic cooperation between Russia and South Africa (CMEC), which held its first session in April 1999 in Moscow, is an important mechanism for the development of bilateral relations. In November 2002, in Pretoria on 2 nd Session of ITEC, during which it was stated that the South African

government has decided to accept the Russian Federation as a market economy so as to facilitate trade relations, as well as the fact that South Africa supported the early accession of the Russian Federation to the WTO. Parties noted that good progress work on the preparation of a number of intergovernmental and interdepartmental agreements, including cooperation in the development of diamond-diamond complexes of the two countries, maritime transport, civil aviation, health and medical technology, fisheries. Its proposals for cooperation made by CMEC to the largest Russian companies - Gazprom, TENEX, RAO UES, the Renova Group, etc. In September 2006, under the auspices of the RSPP two countries formed the Russia-South Africa Business Council, bringing together representatives of business (Co - Viktor Vekselberg, and T. Sekuale).

As part of the South African government program "International Trade Initiative" business forum was held in May 2007 and November 2008 in Moscow, Russia. In November 2007, with partial funding from the budget of the Russian Federation, Russian national exhibition took place for the first time in Johannesburg.

Under the influence of the economical crisis in 2009, Russia in many ways had to reassess the capabilities in South Africa, particularly in terms of investment, but remained unchanged in the course of mutual economic convergence and the strategic partnership between the two countries declared during Putin's visit to South Africa in May 2006.

In 2002, bilateral trade amounted to 138.1 million dollars, 92% more than in 2001. In 2002, Russian exports to South Africa increased by 147.5%, while South African exports to Russia - on 25,7% compared with the previous year. In subsequent years the trade turnover between Russia and South Africa continued to grow in 2007, it amounted to 284.4 million U.S. dollars, and in 2008 had reached 484.1 million. The import of the Russian Federation of South Africa amounted to 443.8 million (in 2007 - 270.0) and South African imports from Russia - 40.3 million (vs. 14.4). Despite the crisis in 2009, bilateral trade approached \$ 500 million. For the first time the growth of trade occurred due to a substantial increase in Russian exports. According to the Federal Customs Service the share of Southern Africa, including South Africa, world trade with Russia is 0.1% (for example: the share of Brazil 1% -1.6% in India, China -7%). Of course, it does not meet the potential of the two countries and the considerable level of political relations. One, however must understand that the official figure of turnover does not reflect the real situation, since it ignores the activities of joint ventures, works of Russian business under the banner of "third countries", especially in investment, development activities, real estate, tourism, etc.

The core of Russian exports are ferrous and nonferrous metals, tools, synthetic rubber,

machinery, optical and medical instruments. In Russia's imports from South Africa is dominated by food and agricultural raw materials, ferrous metals, ores, products of chemical industry. Cooperation in investment projects. Russian companies operate in South Africa - Renova Group (exploration and production of manganese ore), OJSC MMC Norilsk Nickel (production and mining of nickel), "EvrazGrup" (production of vanadium and steel). South African in Russia - "SAB-Miller (beer production), Naspers (information technologies), Monty (pulp). ALROSA and De Beers productively interact.

The potential for cooperation have various fields - energy, including nuclear power, uranium mining, transportation, space exploration, satellite navigation, marine biology, laser, bio-and nanotechnologies, as well as scientific and military-technical sphere. The Parties shall cooperate in the framework of the Joint Russian-South African Commission on Military-Technical Cooperation.

Bilateral cooperation is gaining momentum in the banking and financial sector. Several agreements are signed on cooperation between the leading banks in both countries, including through the Bank of Russia - The Reserve Bank of South Africa. In Johannesburg, the functions of Vnesheconombank, and in Moscow - ZAO Standard Bank, a part of the same name of the South African financial group.

Starting in 2007, trade between our countries is rapidly increasing (517 million dollars in 2009), although it can not be compared to the Sino-South African (17,8 billion dollars in 2008).

Given the acute shortage of electricity in South Africa, one of the most promising sectors of the Russian-South African cooperation is energy, including - nuclear. While the Russian capital is still poorly represented in South Africa and crisis of 2008-2009 almost completely frozen flow of Russian investments. Large reserves lie in the development of direct economic ties between representatives of small and medium-sized businesses, including through the subjects of the Russian Federation. Established inter-regional relations between the Moscow region and the province of Gauteng, Moscow and Pretoria, Cape Town and St. Petersburg. During the visit, the delegation of businessmen from St. Petersburg in the major cities of South Africa agreed to conclude an agreement on cooperation between St. Petersburg and Johannesburg (2008).

Despite a rising trend in trade between South Africa and Russia, it must be noted that cooperation in the economic sphere faced several difficulties associated in particular with insufficient knowledge of Russian and African partners on their mutual capabilities and needs. Analyzing the relationship between the two states should be noted that there is a clear imbalance

between the political and economic relations between our countries. Supported by a sufficiently high level of political interaction.

The election in spring 2009 of President Zuma, who proclaimed to diversify trade and industrial relations with a focus on the BRIC countries provides Russian side with more opportunities of interaction. The state visit of Mr. J. Zuma to Russia in August 2010 represents a major step in strengthening bilateral relations.

### **What is BRICS?**

BRICS is a group of five fast-developing countries - Brazil, Russia, China, India, South Africa. For the first time an acronym BRIC was proposed by analysts from Goldman Sachs in November 2001 in a research note from that bank. According to experts of Goldman Sachs, by 2050 economies will exceed the total size of the economies of the richest countries (the Group of Seven). In December 2010, South Africa acceded to the BRIC countries and the formation has been transformed into BRICS.

Today BRICS combines three billion people (43% of the population) in the territory of 39.7 million sq.m. (more than a quarter of global land surface), producing almost 13 trillion. U.S. gross domestic product per year (21% of world production). Each of these five countries on three continents, has influence in their respective regions in particular and in the world.

It should be noted that analysts of Goldman Sachs did not assume the existence of economic policy coordination between the BRIC countries. Especially since it was not assumed that the BRIC countries would form an economic bloc. But over time, there were signs that the four BRIC countries are seeking to form a political club or formation to convert its growing economic power into greater geopolitical "influence." The first summit at the foreign ministers level was held in 2008 in Ekaterinburg, Russia, as well as the first Summit of leaders of BRIC countries in 2009, in 2010 in Brasilia, in 2011 in China.

BRICS members are characterized as the most rapidly developing major economies of the world. Large number of important resources for the global economy provides an advantageous position for the states. The main common feature was that they are all developing countries with growing economies and influence, and they all strive for a free and more equitable agreement on global leadership, in which they and others will play an important role.

South Africa is one of the leading countries in Africa, its reputation is growing worldwide. November 12, 2010 at the G20 summit in Seoul, Republic of South Africa, formally expressed its wish to join the BRIC countries. South African President Jacob Zuma, in 2010

made an official visits to all four BRIC countries, expressing the priority of South African foreign policy - the inclusion of South Africa in the BRIC.

December 24, 2010 Minister of International Relations and Cooperation of South Africa, Maite Nkoana-Mashabane said that she has received notification by telephone from her counterpart Foreign Minister Yang Jiechi, according to which China, then chairman of the BRIC, in consultation with other member states invites South Africa to become a full member of the BRIC (BRICS). President Hu Jintao sent invitation to South African President Jacob Zuma, to take part in the BRICS summit in China in early April 2011.

"Interaction between the BRICS countries is open and non-discriminatory. This is a very important part of the overall South-South cooperation and an important bridge in North-South cooperation." This was stated on March 7, 2011 at a press conference in Beijing at the Fourth session of the NPC by Foreign Minister Yang Jiechi. Head of the Foreign Ministry also said that the BRICS summit is going to be held in Sanya (Hainan Island province) in April 2011.

Thus, the BRIC became a union, which now integrates into itself new states. It seems possible that in the near future BRICS will be even more expanded - countries which can be invited to the "club" - Indonesia, Turkey, Australia, Nigeria, Mexico.

"According to South Africa, BRICS can play a crucial role in the increasing influence of developing countries in the changing global political, economic and financial architecture - said the foreign minister of South Africa. - It is designed to be more fair and balanced. BRICS brings together the most vigorously developing nations of the planet against the background of economic decline in America and Europe. "

South Africa's new economic policy is based on the experience of those countries that were able to maintain GDP growth above 7% per year for two decades - such as Brazil, China, Hong Kong, Singapore, Taiwan, Indonesia, South Korea and others. "New economic policy growth in South Africa needs to create the country's 5 million new jobs and reduce unemployment from the current 25% to 15% by 2020 ", - said Minister of Economic Development of South Africa's Ebrahim Patel.

According to President Jacob Zuma, a country can adequately represent in the "club" the entire African continent. However, South Africa compared with other BRICS countries differs by considerably weak economic performance (in terms of production). The volume of South African GDP is a quarter of Russia's, which was the lowest in the BRIC countries. Even more



obvious gap appears between South Africa and China, the second economy in the world after the United States. However, some Russian economists say, and the presence of Russia in the group of developing countries rather artificial, particularly since Russia does not have an excess of labor, which in many respects provides a typical BRICS high rates of economic growth.

A lot of criticism was expressed regarding the economic, demographic and even territorial lag of South Africa from other BRICS members. Indeed, South Africa lags behind in many respects, but it is understood that South Africa is the most influential political force, a developed and growing economy on the continent, which has recently attracted increased attention of the international community. South Africa has access to the markets of African countries and more importantly, to raw material resources of these countries.

South Africa's accession to the BRICS will help the relationship of the new structure - BRICS - with the African Union and other organizations such as the Non-Aligned Movement in which South Africa has a great reputation, said Russian Foreign Ministry spokesman Alexander Lukashevich.

Acceptance of South Africa in this group reflected the fact that in recent years there has been increasing global attention to the problems of Africa. The continent is of particular importance in connection with the sprawling economic problems in the world. Africa becomes a zone of strategic interests of new poles of power. Thus, the interaction of BRICS, both individually and as an association with African countries is an important aspect of foreign policy activity. Thus, in the last decade, there has been a surge of economic activity in China and India, and Brazil in the continent. It should be noted that South Africa is the largest supplier of mineral raw materials to developed countries, has significant scientific and technical potential. South Africa is regarded as a gate of the continent. The involvement of this country in a "club" is a confirmation of the importance of the African component in the modern system of international relations. The entry of South Africa in BRICS allows the country to raise its international status and increase the role of so called "powers" in the emerging new world order, as well as to strengthen its position as a representative of the African continent, as well as possibly increase the inflow of foreign investment into the country.

The inclusion of South Africa was a political maneuver, which further can enhance the power and status of the BRICS formation. Although the new member has the most advanced economy in Africa, in the worldwide list it occupies 31 place, nearly 20 points away from China. The country is also behind other developing countries such as Turkey, Mexico and South Korea, but the African powers are important in geopolitical terms, which gives BRICS presence, influence

and trade opportunities on three continents. China is the largest trading partner of South Africa, India and Brazil want to expand its trade ties with Africa.

South Africa needs to take serious steps to significantly accelerate its economic development to keep pace with the other BRICS members.

### **BRICS Summit 2011: Prospects for Future**

Undeniable that South Africa is an important area for strengthening Russian political and economic positions in the region, which could lead to further intensification of Russian foreign policy in the African region.

For example, during a meeting between the President of South Africa Jacob Zuma and Russian President Dmitry Medvedev on the sidelines of the BRICS summit in China this year, issues of bilateral economic cooperation, strengthening the legal framework of relations, the course of working together to implement the agreements reached during the official visit of South African President in August 2010 to Moscow were discussed. As well as an important question in scientific field, due to the fact that South Africa participates in the tender for construction of the largest radio telescope (Square Kilometer Array).

BRICS countries also expressed their firm commitment to national sovereignty, allegiance to the concept of a multipolar world in which there should not be any predominant power, with respect for authority and powers of the UN.

The BRICS summit was held in 14-15 of April 2011 in Sanya on the Chinese island of Hainan: the leaders of Brazil, Russia, China, India and South Africa - after the talks adopted a declaration containing an assessment of the main aspects of cooperation of the association. In the presence of the Summit participants also under the written agreement on financial cooperation within the inter-bank mechanism of the BRICS.

An important event of the meeting - is the adoption of long-term plan of action. The emphasis is placed on the development of economic ties, the cooperation within the G-20, as well as more active involvement in the cooperation of civil society.

Estimation of results of BRICS Summit differ to the exact opposites. On the one hand, the existence of BRICS and declared major activities are defined as positive. On the other, many experts argue that BRICS - is nothing more than hot air, another reason for the Heads of States belonging to a virtual merger, to "light up" on the world stage.

Undoubtedly it is important that the "five" BRICS declared itself as an obvious international counter to G7 (U.S., Britain, France, Germany, Japan, Italy and Canada), which since the mid-70s has always been the backbone of the global U.S. leadership and the American currency system, which determines the status of the U.S. dollar as a world reserve currency. The summit called for the revision of the distribution of votes in the governing bodies of international financial institutions - the International Monetary Fund and World Bank. Most analysts are skeptical of the intentions of BRICS to stop using the dollar - an agreement on the use of national currencies of the BRICS in trade between them. There are a couple of reasons. First, all member countries have enormous assets denominated in U.S. dollars. China alone has government bonds in the U.S. Treasury amounting to billions of dollars. All the political elites in Brazil, Russia, India and South Africa have significant deposits (including private) in U.S. currency. Thus, when the current status of the weakening or collapsing of the dollar seems unlikely to be the desire of the BRICS. Secondly, China, which plays an important role in the alliance. In China's tightly regulated all capital transactions, transactions with the yuan is also very limited. This can affect the amount of future settlements in national currencies. Third, at least three of the five countries BRICS - South Africa, Brazil and India - are suffering from the current account deficit meaning that the growth of their economy depends on foreign investment. Therefore, it would be difficult to agree on cross-rates with China and Russia. Fourthly, the existence of serious differences in policy on exchange rates. In addition, the currencies of BRICS can not themselves determine their relationship, because China has a strict system of monetary management. In addition, the financial markets of Brazil, India and Russia have not yet considered sufficiently developed, and their currencies - sufficiently liquid. In addition, they are often subjected to external scrutiny. From this perspective, the South African rand is the leader among the national currency units of the BRICS. However, despite all of the above statements the intent has important political significance.

The second important result of the summit is the unified position of BRICS on the Libyan issue. It should be recalled that resolution 1973 was adopted by the UN Security Council because Russia and China did not use the veto power they possess as permanent Security Council members (South Africa, a non-permanent Security Council member, voted in favor). In a joint statement, leaders of BRICS disagreed with the fact that the military operation has gone beyond the mandate. In a joint declaration they emphasized the need to deal with the Libyan problem by peaceful means through dialogue, in which the UN and regional organizations should play a crucial role. BRICS also expressed their support for the high-level Initiative group of the African Union in Libya. This, in turn, means forming a political component of the BRICS.

In 2011 all BRICS countries are represented in the UN Security Council (Brazil until the end of 2011, India and South Africa - after the end of 2012, Russia and China - permanent members).

India, South Africa and Brazil stand in favor of reform of UN structures, in particular the expansion of permanent membership of UN Security Council, each in turn claim itself a permanent seat. However, there are certain difficulties in the issue of representation in the UN Security Council. For instance, China opposes strengthening of India, which is a potential threat in the security sphere, objecting to its permanent seat in the UN Security Council. The text of the document adopted on this issue clearly demonstrates the existing differences, there are no promises about the permanent membership of the Security Council: "China and Russia reaffirm importance. They attach to the status of India, Brazil and South Africa in international affairs, understand and support their desire to play an important role in the UN. "

The third result – strengthening of China's role. Many experts have criticized the BRICS formation, calling it a front for China. China at government and corporate levels has signed with other member countries over 300 bilateral agreements on economic cooperation: from building of new power plants in Brazil and the purchasing of Embraer license company to build a new model of business aircraft Legacy 600/650 to investment in the mining industry in South Africa. Thus, it became apparent that with the help of BRICS mechanisms China maximizes its zone of influence.

Summit results indicate the presence of common political and economic interests of BRICS countries, which are the driving forces behind the strengthening of their cooperation. But we should not forget about the contradictions that exist between team members of the BRICS. For example, in trade - competition between China, on the one hand, and India and Brazil, on the other hand, especially pronounced in the African continent. Russia is dissatisfied with the structure of bilateral trade with China. There is a preserved and unresolved territorial issue between India and China.

Among the positive trends, the BRIC countries are making effort to coordinate their action in order to increase the influence of BRICS on issues of global security. For example, in a declaration adopted by the leaders of the BRICS there is a call for "a more equitable and just world," which "should be characterized by peace, harmony. Cooperation and development on the basis of science. " Among many other initiatives of the BRICS summit is the proposal of Russia to its BRICS partners to form a mechanism of mutual aid during emergencies, this proposal emerged due to the tragic events in Japan this year.

In this regard, it seems that bilateral relations possess more potential than what is effectuated and the BRICS format could be the best way of reviving or giving a new start to a future of Russian – South African relations.