

## WHAT DOES SOUTH AFRICA STAND TO GAIN FROM AN EXPANDED BRICS?

BY HANNAH DE NOBREGA, QUANTITATIVE ANALYST AT PRESCIENT INVESTMENT MANAGEMENT

It is difficult to assess what an expanded Brazil, Russia, India, China, and South Africa (BRICS) grouping will mean for South African trade fortunes and broader economy amid the shifting global power dynamics between North and South, East, and West. However, there are several advantages that could be harnessed, all going well, including improving access to funds, and fostering collaboration across the member countries in developing infrastructure and industrialising.

Over the last two decades, global power has shifted from US hegemony to a bipolar dominion between the US and China and then to a multipolar division of power. Several events have accelerated the transition, with the extended membership of BRICS grouping serving as the final nail in the coffin. The BRICS alliance aims to promote and strengthen economic cooperation among member countries while distancing itself from the Western sphere of power.

The BRICS alliance has grown significantly, with membership now accounting for 47% of the world's population and 36% of global GDP. The New Development Bank, led by Dilma Rousseff, is a potentially viable alternative to the World Bank and the International Monetary Fund (IMF), explicitly curated for BRICS member countries. The de-dollarisation movement, led by Russia, is gaining traction among the BRICS nations and other countries in the Global South.

Historically, the BRICS nations have demonstrated the potential for increased intra-BRICS trade due to the complementarity of their export and import products and their low levels of rivalry. The 2008 financial crisis prompted increased collaboration among developing countries, culminating in the formation of the BRICS platform, which has since become an essential component of global governance. Cooperation among the BRICS countries in international finance has fostered a sense of trust among the nations, allowing for a broader scope of collaboration in several other domains. This indicates that there are spillover effects.

Argentina and South America have been strategically integrated into the BRICS growth strategy to promote the interests of the Global South. Ethiopia and Egypt are prominent African countries, bolstering Africa's representation within the BRICS framework and, thus, the continent's influence. The inclusion of Iran in the BRICS framework demonstrates the group's willingness to engage with nations involved in conflicts with Western countries, demonstrating their lack of concern about such geopolitical dynamics. The United Arab Emirates (UAE) and Saudi Arabia wield significant economic and geographical power globally. The expansion of the grouping is widely regarded as a significant step towards creating a fair and inclusive global framework that prioritises promoting sustainable development, facilitating economic growth, and implementing necessary reforms within multilateral systems. BRICS also emphasises the importance of peaceful conflict resolution.

The expansion of BRICS member countries sparks two debates about South Africa's future membership in the bloc. To begin with, it is critical to determine whether any of the union's member countries can effectively replace South Africa as a viable trading partner. In essence, what effect does the increased competition have on the demand for South African goods? Furthermore, are any of the nations that are joining capable of replacing South Africa's existing commerce? In other words, does adding new member countries reduce market concentration? If this is the case, the potential for South Africa to diversify away from producers who violate human rights will be enhanced due to member nations' increased desire for free and fair trade.

South Africa's BRICS membership may result in economic imbalance, resource competition, trade imbalances, political and diplomatic differences, limited influence, alignment pressure, reliance on BRICS markets, infrastructure development costs, social inequality, and geopolitical tensions. These challenges require careful consideration and strategic planning to ensure that South Africa's interests are protected and advanced within the group. The smaller economy and population of South Africa may also limit its ability to shape the group's agenda and policies.

The primary goal of the BRICS cooperation, however, is to facilitate the mobilisation of financial resources for infrastructure development, the promotion of regional value chains, and the enhancement of local production capacities. The South African programme focuses on achieving an egalitarian transition, promoting education, and fostering sustainable development.

### PRESCIENT INVESTMENT MANAGEMENT (PTY) LTD

Block B, Silverwood, Silverwood Lane, Steenberg Office Park, Tokai, 7945. P.O. Box 31142, Tokai, 7966.  
Tel: +27 21 700 3600 Website: [www.prescient.co.za](http://www.prescient.co.za)

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Despite issues such as unilateralism, geopolitical rivalries, and double standards, the BRICS nations collectively contribute significantly to global growth.

As a member of the BRICS group, South Africa can benefit from improved economic cooperation, investment opportunities, geopolitical influence, technology and innovation exchange, infrastructure development, cultural and educational exchanges, and enhanced multilateralism. The major economies of Africa offer appealing investment opportunities, and participation in BRICS projects could improve access to funds and collaboration in developing infrastructure and industrialising. South Africa can also work with other emerging economies to raise awareness about global issues such as climate change, trade disputes, and international governance reforms. The BRICS New Development Bank (NDB) finances infrastructure projects in member countries, addressing infrastructure gaps in South Africa and promoting economic development. Cultural and educational exchanges among the BRICS countries can potentially strengthen people-to-people ties and cultural diplomacy. South Africa, on the other hand, needs to actively participate in BRICS activities, form alliances, and capitalise on the platform to address its own economic and development concerns successfully. The expansion of the BRICS offers significant opportunities for asset managers to earn geopolitical alpha by the strategic diversification of global power across multiple trading channels.

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