

## **SOUTH AFRICA IS AT THE CUTTING-EDGE OF A NEW EMERGING WORLD ORDER**

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South Africa, now established as something of a bridge between the developing and developed worlds, is set to play an increasingly vital role as global economic and strategic power shifts from the industrialized countries of the G8 to the new economic powers of the south.

A recently-published book by author Antoine van Agtmael (*The Emerging Markets Century*) is confidently predicting that this shift – which is already clearly evident with the rise of mega-economies in China, India and Brazil – will reach a tipping-point as early as 2030 to 2035.

At that point, Van Agtmael, predicts the nations of the developing world – in which South Africa finds itself at the forefront – “will overtake the developed world by 2030-35.”

Tito Mboweni, the Governor of the South African Reserve Bank, recently noted that while growth in the world economy averaged 4.5% during the past five years, growth in developing and emerging economies increased to 7% during the same period – up from 4.5% in the preceding five years.

As has been observed in the *Economist*, developing nations already account for more than 50% of global economic output and the national champions of the emerging economies – Tata, Infosys and Wipro in India, SABMiller, Sasol and Sappi in South Africa, Haier in China and Embraer and CVRD in Brazil and Samsung in South Korea – are now global players in every sense of the word.

In fact, they account collectively for more than one third of all foreign direct investment in the developing world.

These facts – already an astonishing shift in the global balance of economic power and unthinkable even two decades ago – herald a much bigger rebalancing of global power which will see China emerge as a global power in the next couple of decades and challenge the relationship that the United States and Europe have taken for granted over the past century.

It is now quite feasible – in fact it has already begun to unfold – that the emerging markets can grow and sustain overall global growth even when the economies of the United States and Europe are slowing down.

It is only a matter of time before such economic power is translated into political and geo-strategic power. In fact, it is already beginning to happen.

The developing countries are already making their voices more acutely heard and felt in forums such as the World Trade Organization (WTO), the G8 which has been expanded into the G8 + 5 on environmental issues to include China, India, Brazil, Russia and Mexico (BRIC + Mexico), the G20, IBSA (India, Brazil and South Africa) and so on.

The countries of the south have not yet managed to force the scrapping of trade barriers and agricultural subsidies but the multi-lateral institutions – including the UN Security Council, the IMF, the WTO and the World Bank - are no longer able to ensure effective consensus and implementation of decisions needed to build a more sustainable global order.

What this all means is that the primacy of what was once called the West – but is now more accurately called the industrialized north – is no longer a given and the industrialized nations are no longer in a position to take unilateral decisions which affect the developing nations.

With the rise of China as a global power and a shift of global economic power towards the developing world, it is only a matter of time before a block of developing countries headed by China increasingly call the shots on global issues and international diplomacy.

In the economic sphere, multinational companies are under increasing pressure to move not only their production lines, but also their research and development, product innovation and even staff recruitment to the emerging markets in which they need to operate in order to remain competitive.

This move inevitably involves a shift in the centre of gravity between local and global dictates towards local deployment in emerging markets, the increasing differentiation of products, the formation of joint ventures and thus a move towards sustainability of the global companies and a closing of the equity gap between developed and developing.

It is even debatable how long the paradigm of emerging markets and the developed/developing construct will be able to explain the fundamental shift of power that is underway.

Major global banks already regard and label the national champions – outlined above – as fully-fledged global corporations even though they originated in developing countries.

Against this backdrop, it is vital that the industrialized countries begin to prepare their populations for dramatic changes to the perceived status of those who have assumed that they are in control of the global economy and global culture for the past 100 years or so.

Unless such preparation is undertaken to educate the “haves” that radical change towards greater global equity does not mean disempowerment or the loss of entitlement, the change that is inevitable could be accompanied by social upheaval and conflict.

It is of equal importance that South Africans should develop a greater sense of their country’s place in the global order and our strategic advantage in terms of the negotiated transition that South Africa achieved against difficult odds.

It is also vital that South Africans living abroad – and there are an estimated one million alone in Britain – should develop a similar understanding both of the major global changes that are coming and the strategic role that they have to play both in the nation-building process in South Africa and the shift to a new world order.

It is inevitable that as growth increases in the developing world that it will slow in the developed world but there is no reason why the global economy should not be able to maintain an annual growth rate of more than 4%.

South Africa is well-placed to show the way in mobilizing the skills and leverage of South Africans abroad as part of a continent-wide effort to ensure an African economic revival.

It is a consequence of history, that many Africans in business and the professions are contributing towards the bolstering of the industrialized countries at a time when Africa needs their experience, connections and expertise as never before.

With its skilled and connected diaspora, South Africa is poised to show the way and to build partnerships with their compatriots at home which will help ease the global changes afoot.

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