

BRICS [Brazil-Russia-India-China-South Africa] corporate snapshots in Africa

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The BRICS are united in their drive for foreign direct investment, a thirst for natural resources and poor environmental regulation. A closer examination of the predatory capitalist penetration of each BRIC nation reveals multi-national companies carving up Africa in a similar way the countries of the 1884 Berlin conference did to Africa.

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The centuries-old looting of Africa, followed by the conference in Berlin that from 1885 began the 'Scramble for Africa', is being repeated now in a predatory attack by BRICS countries on the continent's resources. Large corporations from Brazil, Russia, India, China and South Africa are not committed to development for ordinary people - whether in the homeland or the victim countries. As BRICS penetrate further into Africa, the winners consist of multinational and parastatal corporations, including some based in the industrialised countries - e.g. the Walmart retail empire - which purchase semi-processed inputs or finished goods from BRICS, along with local elites who lubricate the looting through corruption, cost overruns, and access to our cheapest electricity supplies.

Many African countries, if not all, are located at the extreme end of what Immanuel Wallerstein thirty years ago termed the core-periphery relationship, a position which impoverishes them to the advantage of rich and industrialised countries in the core. BRICS countries represent sub-imperialists trying to improve their relative location in the world system, perhaps moving toward imperialist power and thereafter even to imperialist superpower status, as the USSR once enjoyed. These countries have different levels of economic development and political influence, vested interests in the African continent and the DRC in particular, and geopolitical positions in world politics.

But they all share four characteristics. First, BRICS countries present important opportunities for foreign direct investment (FDI) which, drawn towards mega developments like the Congo River Inga Hydropower Project or towards minerals and petroleum extraction, impoverish the same people that they should empower. Impoverishment occurs through dispossession of natural resources with little or no compensation, unequal shares of the costs and benefits of mega development projects, repayments of debts incurred to build these projects, and structural exclusion from accessing the outcomes of these initiatives.

Second, BRICS countries share the same modus operandi at their different stages of imperialism,

either as countries which have been active in Africa for a very long time (Russia and China); newly arrived (India); or playing their traditional sub-imperialist countries (Brazil and South Africa). The pattern is similar: accumulation by dispossession is taking place through abuse of local politics, national elites, warlords, and war economies, as in the eastern side of the DRC, where between BRICS and the West as consumers of the resulting mineral outflows, six million or more deaths have been the result.

Third, BRICS countries share the same interests in natural resources including but not limited to mining, gas, oil and mega-dam projects for water and for electricity to meet their increasing demands for cheap and abundant electricity. They are also actively involved in the search for new markets, and hence they promote construction of roads, railways, bridges, ports and other infrastructure. But this infrastructure is often indistinguishable from colonial-era projects, meant to more quickly extract primary products for the world market.

Fourth, BRICS countries have poor records of environmental regulation. There is virtually no commitment to mitigate climate change and invest in truly renewable energy, to take environmental impact assessments seriously, and to consult with and compensate adversely affected communities.

There is desperation in the air as a result of the following: three BRICS countries having crashed in 2013 (South Africa, Brazil and India) to join the 'fragile five' (Brazil, India, Indonesia, South Africa and Turkey); Russia crashing in March 2014 thanks to the implications of its Ukrainian political and Crimean land grab, following China's surprising trade deficit in February 2014 as many of its major industrial companies lowered their production. The prices of important commodities such as copper and iron are falling, as a result. The BRICS appear to need new market niches for trade, along with cheap energy through oil, coal and hydroelectricity, which can assist in lower-cost extraction and transportation. But each BRICS country is different.

BRAZIL

Brazil's approach to Africa's natural resources seems to be characterised by the rhetoric of indigenisation to advance its sub-imperialist interests and those of other imperialist powers. It uses its historical ties with people of African descent to establish to sign lucrative contracts in the continent. In fact, Brazil has the largest population of black people in the world after Nigeria.

Brazil has interests in African mining. Vale, the world's second largest miner, has exploited coal in Mozambique since 2004. Other mining interests abound in Angola, the Democratic Republic of Congo, and South Africa. In infrastructure, Odebrecht, Brazil's biggest construction company, is building dams, housing and hospitals. There are also growing investments in oil, biofuel, diamond and the supermarket sector. In energy, Petrobras, a state-controlled energy group, is acquiring further exploration rights and increasing production.

Brazil's imports from Africa are overrepresented by minerals and crude materials representing 80 percent whereas Africa's import from Brazil is diversified to include agricultural products (sugar, dairy, meat, cereals), vehicles and parts, nuclear reactors and machinery, ores and ash. Brazil's major trading partners in Africa consist of Nigeria (32 percent), Angola (16 percent), Algeria (12 percent), South Africa (10 percent), and Libya (7 percent). These countries make up 77 percent of Brazil total trade with the continent.

BRICS scholar Oliver Stuenkel argues that Brazilian economic and commercial interests are becoming much more visible than before. Petronas is present in 28 countries investing 1.9 billion US dollars in coal, oil, and natural gas in Nigeria in 2005. Eletrobras is planning the construction of a 6

billion US dollars hydroelectric power plant in Mozambique, which will most likely be financed by BNDES, Brazilian Development, which provides more funds than the World Bank. Vale invested 700 million US dollars in coal, oil, and natural gas in Mozambique in 2007. Vale has recently signed a \$1 billion deal to build a railway in Malawi to transport coal from Mozambique.

RUSSIA

Russia's position in the race for natural resources of the African continent is ambiguous. This country takes advantages of its historical presence, relations, and involvement in anti-colonial wars and its failed attempts to create communist states in the continent to advance its economic and political interests. Some key Russian officials believe that they were left behind in the scramble for Africa's natural wealth. As then president Medvedev put it in 2009, 'Frankly, we were almost too late. We should have begun working with our African partners earlier.'

Russians can use the rhetoric of historical exclusion and exploitation to lobby African leaders to give them lucrative contracts in the exploitation and processing of natural resources, construction projects, and arms deals. Russia-Africa relations reached their peak in the 1960s, which incidentally coincided with the wave of independence in various countries in the continent.

Russia-Africa relations then regressed significantly in 1991 when Boris Yeltsin, the first president of Russian Federation, declared that 'Russia's policy of foreign aid would be halted and that Russia would ask African countries to repay their debts as soon as possible.' This period also concurred with the dissolution of the Soviet Union and the introduction of the market economy in Russia.

Russia-Africa relations are taking a new turn now due to Russia's search for new natural resources, and market niches for Russian goods. Russia also needs the support of developing countries to strengthen its voice in different bodies of the United Nations around pressing issues such as the Chechnya and Crimea crises, international conflicts, violations of human rights, and lack of freedom of expression of individuals who oppose or call for regime change.

The priorities of Russia for its foreign economic strategy in the region include but are not limited to the following: (1) prospecting, mining, oil, construction and mining, purchasing gas, oil, uranium, and bauxite assets (Angola, Nigeria, Sudan, South Africa, Namibia, etc.); (2) construction of power facilities—hydroelectric power plants on the River Congo (Angola, Zambia, Namibia, and Equatorial Guinea) and nuclear power plants (South Africa and Nigeria); (3) creating a floating nuclear power plant, and South African participation in the international project to build a nuclear enrichment centre in Russia; (4) railway Construction (Nigeria, Guinea, and Angola); (5) creation of Russian trade houses for the promotion and maintenance of Russian engineering products (Nigeria and South Africa).

Prospecting and mining represent the first priority Russia's foreign economy policy to gain access to source of supply of key minerals - e.g. zinc, manganese, copper, nickel, and platinum - which are essentials for the functioning of a modern economy but will be depleted within the next decade or become difficult to access and costly to develop. Africa is the best destination for the new scramble because availability of these resources and the lower costs of exploitation. Russia has also military and arms interests in Africa. Indeed, Russia is the 2nd largest arms exporter, which in 2011 amounted to a total value of US\$66.8 billion.

Most of these activities occur through five major Russian companies alone or in partnership with other MNCs:

- Renova Company recently concluded with the South African government;
- RusAl is close purchasing the still incomplete Aluminium Smelter Company of Nigeria, Alscor;
- RusAl is to participate in the privatization of a smelter in Tema (Ghana) that, in contrast to the projects in Nigeria and Congo, is operating and supplying primary aluminium to the American market;
- Alrosa owns 32.8% of the stock in the Katoka Mining Society which manages an industrial complex Angola;
- The South African Lonmin Company, the third largest platinum producer in the world, may also be of the interest to Renova; and
- SUAL and the UK-based investment company Fleming Family and Partners (FF&P)'s assets are concentrated in Sub-Saharan Africa (for example, tantalum production in Mozambique).

The commitment of Russia in the extraction and processing of Africa's natural resources is illustrated by four Russian companies - RusAl, Norilsk Nickel, Alrosa and Renova - which plan to invest in Sub-Sahara Africa at least \$5 billion over the next five years.

INDIA

India has historical ties with Africa since the 9th century based on British colonialism. India has been actively involved in anti-colonial and liberation struggles as well as providing diplomatic support and solidarity to newly emerging African nations. Conversely, there have been limited trade ties as well as episodes of antagonism and neglect in Indian-African relations despite Indian's migration to Africa. Technical support established in early 1970s from India to African countries was modest.

As its economy expands, India extended commercial interests, exports, cooperation beyond Eastern and Southern Africa to include many other African countries. India has trained over 1500 Africans in Indian universities. The presence of India in Africa has been led by entrepreneurs and private business interests.

Indian business interests are mainly dominated by firms such as Tata Motors, Jindal coal, Vendata Mining (in Zambia's copper industry), Dabur, Marico, Essar Group, Godrej, Bharti Airtel, Kirloskar, Karuturi Agro Products (in Ethiopia), and several pharmaceuticals. Currently, India is also involved in Oil and Natural Gas Company (ONGC), steel through Mittal Steel, to produce a comprehensive bid for a lease in Nigeria in 2006. There is also involvement by the Indian navy in the northern Indian Ocean against Somali pirate activities. India also has interests in the mining of diamonds in Zimbabwe with an investment of 1.2 million USD; and has reserves of uranium in Namibia and Malawi.

Africa supplies some 20 percent of India's fuel imports. Thirty percent of India's energy is met by oil with 70 percent of this commodity being imported. The remaining 70 percent is met through domestic coal reserves. It is expected that India's demand for energy will double by 2015, pushing India to import 90 percent of its oil. India is therefore obliged to diversify its energy suppliers through oil exploration and production. This is undertaken by the Oil and National Gas Corporation (ONGC), which has ventured into Africa e.g. oil exploration in Libya and Nigeria, investment in hydrocarbure in Sudan and offshore drilling in the Ivory Coast.

India's foreign policy is characterised by a readiness 'to cooperate with various inter-national partners, without becoming too strongly bound to any particular partner or possibly enter-ing into a relationship of dependency'. As a result, India maintains strong ties with Russia (its main supplier of weapons). India is also developing positive re-lations with various Asian partners, including Ja-pan and South Korea - with whom India signed strategic partnership agreements in 2006 and 2010, respectively - as well as the resource-rich Central Asian states.

CHINA

From the 1960s, China was involved in several liberation struggles in Africa through provision of military trainings and logistical supports. It also provided development aid such as the Tanzania - Zambia Railway (TAZARA), which remains the crown jewel of China's assistance. With a US\$412 million interest-free construction loan, the TAZARA was designed and built in the 1960s to offer an alternative to South African ports to ship minerals from Central Africa.

In addition, it served as an ideological and practical role within Beijing's strategy to oppose Moscow's authority in East Africa. China's interests in Africa were renewed by its increasing need for Africa's natural resources, yet without a doubt, African political leaders have long appreciated China's presence. Popular opinion has always remained mix, with South Africans listing fear of China as the second most common political opinion about threats to the country, according to recent Pew surveys.

China has four main interests in Africa: (1) access to raw materials, (2) access to new markets, (3) political influence, and (4) isolation of Taiwan from African states, according to US scholar David Shinn: 'China imports about 90 percent of its cobalt, 35 percent of its manganese, 30 percent of its tantalum, and 5 percent of its hardwood timber from Africa'. In 2003 China consumed 25 percent of global aluminium and steel production; 32 percent of iron ore and coal production: and 40 percent of the world's cement, figures that have probably risen since. China's imports from Africa are led by Angola, the second largest single source of Chinese oil supply, followed by the Sudan, and Nigeria which account for 32 percent of oil imports.

Similar to western counterparts, China's economic growth goes hand-in-hand with the need for new markets to sustain its industry. China's exports to Africa have increased by a factor of nine since 2000. But some 60 percent of Chinese exports to Africa go to just six countries - South Africa, Egypt, Nigeria, Algeria, Morocco, and Benin. The export of machinery, automobiles, and electronic products, which now account for more than half of China's exports to Africa, is also on the rise.

In exchange for these exports, China also enforces on Africa's poorest countries its 'One-China Principle' - which insists that all countries must only recognise China, and that Taiwan is part of China. Taiwan remains a thorn in China's flesh. China is consequently using its economic and geopolitical power as well as its veto rights to punish African countries which have diplomatic ties Taiwan even though the Chinese Communist Party (CCP) tolerates trade relations with Taiwan.

China needs Africa to strengthen its political position in global affairs. It therefore has to use the expansion of economic power - through its first two interests discussed earlier - to seek for support from 54 African countries which now represent over one-quarter of the UN's 193 members, in institutions such as the UN Security Council, the United Nations Human Rights Council, and the World Trade Organisation (WTO) where there are unending disputes and negotiations.

SOUTH AFRICA

South Africa has two main interests at play in Africa. First, there is its own influence as regional hegemon and its quest for political and economic expansion. This occurs through humanitarian aid and peacekeeping missions in war torn countries. South Africa uses these missions as stepping-stones for economic conquest of new territories and conquest for territories previously exploited directly by western countries.

South African capitalists have advanced in Africa via mining, banking, defence, retail, and tourism, many of which require a supply of cheap energy. Second, there is the intermediary or sub-imperialist roles that South Africa plays between imperialist economic and military powers such as the United States, United Kingdom, Canada, and several others in the core; and poor and underdeveloped countries with abundant natural resources in the periphery countries including but not limited to the DRC, Mozambique, Zambia and others).

South African sub-imperialism is invading Africa through both MNC and foreign-owned MNCs with long-term bases in the country, including companies like Anglo American, De Beers and BHP Billiton which used to be domiciled in SA. There are now also black-owned and controlled firms such as African Rainbow Minerals, and some smaller initiatives close to the ruling party and president himself.

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P.S.

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