THE BRICS AND THE NEW SCRAMBLE FOR AFRICA

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Brazil, Russia, India and China (BRICs) have literally invaded the African continent, but not with arms. Instead, they have invaded Africa with money, goods, ideas, and drilling and mining equipment. Largely absent just a few years ago, the BRICs are now slowly but surely edging out Western countries in Africa in the areas of trade and investment, and to some degree development aid. India and China in particular, and to some extent Brazil, have increased their engagement in Africa in rather dramatic ways. The BRIC countries are now becoming major players in the continent, which has not only changed Africa's traditional trade and investment relations but also created significant opportunities and challenges for Africa's economies. There is no doubt that Africa's growth in 2011 will be influenced by its relationship with the BRICs.

One of the most important dimensions of this burgeoning relationship is foreign direct investment (FDI). Although most FDI to Africa still comes from the United States, Western Europe and Japan, the largest increases in FDI to Africa in recent years has come from the BRICs. Over the past 10 years, FDI flows from the BRICs to Africa have increased consistently, only falling slightly in 2009 due to the global economic crisis. While the bulk of the BRICs' FDI to Africa has been concentrated in South Africa, Egypt and Morocco, the BRICs have recently taken a greater interest in investing in other countries across Africa. While this is positive for Africa since foreign direct investment can be a strong catalyst for economic growth and development, there are serious concerns over the BRIC countries' appetite for the continent's natural resources. In fact, some analysts have characterized the BRICs as leading a modern day scramble for Africa. Indeed, the BRICs are already major players in the exploitation of key natural resources in Nigeria, Sudan, the Democratic Republic of Congo and Angola. For example over the last two years, Brazil and China expanded their investments in oil in Angola, Nigeria and Sudan, in mining in Liberia and Mozambique, and in gas in Nigeria.

However, the BRICs are beginning to invest in other sectors as well. India, for example, has diversified its investment portfolio in Africa to include textiles, small- and medium-sized enterprises, social services such as health and education, information communication technology and automobiles. BRIC countries are also now heavily involved in massive construction projects around Africa. They are helping build roads, dams, hydroelectric power stations, railways and buildings. In addition, trade between the BRICs and Africa has expanded greatly and in some cases the BRICs have replaced Africa's traditional trading partners, even though exports to the BRICs from Africa are still mainly dominated in natural resources. BRIC countries are also becoming important actors in development aid to Africa. In addition to concessionary and soft loans, lines of credit and grants, the BRICs, and especially China, are providing project aid to expand and improve Africa's infrastructure.

MANAGING RELATIONS FOR AFRICA'S DEVELOPMENT

While the BRICS are opening up opportunities for Africa to diversify its trading partners in new markets and to forge new mutually beneficial partnerships, these opportunities come with major challenges. The recent attention on Africa by the BRICs is not solely based on an altruistic goal to improve the economic well-being of Africans. Rather, BRIC countries are trying to maximize their own strategic economic and political interests by engaging with African countries. Therefore, African policymakers must also be strategic in dealing with BRIC countries just as they should be with other foreign partners.

One issue that requires careful attention and management from African policymakers is natural resource exploitation contracts. There are growing concerns over the lack of transparency in the signing of these contracts with the BRICs. In some cases, BRIC countries seem unconcerned with corruption and may even be contributing to the survival unaccountable regimes. In addition, there are increasing concerns over BRIC projects in Africa that fail to maintain internationally accepted environmental standards. Therefore, African nations must invest in the contracting process and African policymakers must push for more transparency in the contracting process. The international community must also subject the BRICs to accepted accountability restraints with regard to the exploitation of natural resources.

The issue of growing project aid from the BRICs also requires some careful consideration by African policymakers. While such aid is helping Africa narrow the infrastructure gap, it is important that this aid not be used as a way to endow monopoly rights for the BRICs in the exploitation of Africa's natural resources or to hold African countries hostage to future contracts related to new projects and maintenance.

Ultimately in 2011, African policymakers must work to shift Africa's relationship with the BRICs from one based primarily on natural resources to one that advances the continent's long-term economic growth and development trajectories. The prospects for long-term growth in African economies will depend on the transformation of their current production structures. Thus, African policymakers must identify and demand that the BRICs focus on those investments that best contribute in the transformation of African economies.

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