The geopolitical role of South Africa in Africa

Mart Leys
ACKNOWLEDGMENTS

The present report outlines the results of a nine-month research project conducted between October 2007 and June 2008 at the Flemish Centre for International Policy. The Flemish Government commissioned this project with the purpose of providing scientific support to its strategic choices regarding the relationship between Flanders and South Africa. A two-month period for field research in South Africa took place between February and March 2008, in close cooperation with the School of Government of the University of the Western Cape. This report was written by Mart Leys, with the exception of chapter 3.1 and chapter 6, which were written by Mart Leys and Lisa Thompson.

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<tr>
<td>ACCORD</td>
<td>African Centre for the Constructive Resolution of Disputes</td>
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<td>ACP</td>
<td>African, Caribbean and Pacific Group of States</td>
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<td>AGOA</td>
<td>African Growth and Opportunity Act</td>
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<td>AMIB</td>
<td>AU Mission in Burundi</td>
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<td>ANC</td>
<td>African National Congress</td>
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<td>APRF</td>
<td>African Peer Review Forum</td>
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<td>APRM</td>
<td>African Peer Review Mechanism</td>
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<td>ARF</td>
<td>African Renaissance Fund</td>
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<td>ASF</td>
<td>African Standby Force</td>
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<td>ASGISA</td>
<td>Accelerated and Shared Growth Initiative South Africa</td>
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<td>AU</td>
<td>African Union</td>
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<tr>
<td>BBBEE</td>
<td>Broad-Based Black Economic Empowerment</td>
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<td>BLNS</td>
<td>Botswana, Lesotho, Namibia and Swaziland</td>
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<tr>
<td>CASP</td>
<td>Comprehensive Agricultural Support Programme</td>
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<tr>
<td>COMESA</td>
<td>Common Market for Eastern and Southern Africa</td>
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<td>COSATU</td>
<td>Congress of South African Trade Unions</td>
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<td>DAC</td>
<td>Development Assistance Committee</td>
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<td>DBSA</td>
<td>Development Bank of Southern Africa</td>
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<td>DFA</td>
<td>Department of Foreign Affairs</td>
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<td>DOD</td>
<td>Department of Defence</td>
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<td>DRC</td>
<td>Democratic Republic Congo</td>
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<td>DTI</td>
<td>Department for Trade and Industry</td>
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<td>ECGI</td>
<td>Economic and Corporate Governance Initiative</td>
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<td>ECOWAS</td>
<td>Economic Community Of West African States</td>
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<td>EPA</td>
<td>European Partnership Agreement</td>
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<td>EU</td>
<td>European Union</td>
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<td>FANR</td>
<td>Food, Agriculture and Natural Resources</td>
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<td>FBW</td>
<td>Free Basic Water</td>
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<td>FDI</td>
<td>Foreign Direct Investment</td>
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<td>FOCAC</td>
<td>Forum for China-Africa Cooperation</td>
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<td>G8</td>
<td>Group of Eight</td>
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<td>GATT</td>
<td>General Agreement on Tariffs and Trade</td>
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<td>GDP</td>
<td>Gross Domestic Product</td>
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<td>GEAR</td>
<td>Growth Employment and Redistribution</td>
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<td>I&amp;S</td>
<td>Infrastructure and Services</td>
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<td>IBSA</td>
<td>India, Brazil, South Africa alliance</td>
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<td>Acronym</td>
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<tr>
<td>ICT</td>
<td>Information and Communication Technology</td>
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<td>IDC</td>
<td>Industrial Development Corporation</td>
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<td>IDP</td>
<td>Integrated Development Plan</td>
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<td>IGD</td>
<td>Institute for Global Dialogue</td>
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<td>ILO</td>
<td>International Labour Organisation</td>
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<td>ILRIG</td>
<td>International Labour Research and Information Group</td>
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<td>IMF</td>
<td>International Monetary Fund</td>
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<td>ISS</td>
<td>Institute for Security Studies</td>
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<tr>
<td>JIPSA</td>
<td>Joint Initiative for Priority Skills Acquisition</td>
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<td>LRS</td>
<td>Labour Research Services</td>
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<td>LRAD</td>
<td>Land Redistribution for Agricultural Development</td>
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<td>MDG</td>
<td>Millennium Development Goal</td>
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<tr>
<td>MONUC</td>
<td>United Nations Mission in the Democratic Republic of Congo</td>
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<td>NAASP</td>
<td>New Asian-African Strategic Partnership</td>
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<td>NAM</td>
<td>Non-Aligned Movement</td>
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<td>NAMA</td>
<td>Non-Agricultural Market Access</td>
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<td>NEDLAC</td>
<td>National Economic Development and Labour Council</td>
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<td>NEPAD</td>
<td>New Partnership for Africa’s Development</td>
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<td>NIPF</td>
<td>National Industrial Policy Framework</td>
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<td>NGO</td>
<td>Non Governmental Organisation</td>
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<td>ODA</td>
<td>Official Development Assistance</td>
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<tr>
<td>OECD</td>
<td>Organisation for Economic Cooperation and Development</td>
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<td>ONUB</td>
<td>United Nations Operation in Burundi</td>
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<td>OPDS</td>
<td>Organ on Politics, Defence and Security Cooperation</td>
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<tr>
<td>PBC</td>
<td>Peace-Building Commission</td>
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<td>PSC</td>
<td>Peace and Security Council</td>
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<td>REC</td>
<td>Regional Economic Community</td>
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<td>RISDP</td>
<td>Regional Indicative Strategic Development Plan</td>
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<td>SAARC</td>
<td>South Asian Association for Regional Cooperation</td>
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<td>SACU</td>
<td>Southern African Customs Union</td>
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<td>SACP</td>
<td>South African Communist Party</td>
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<tr>
<td>SADC</td>
<td>Southern African Development Community</td>
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<td>SANDF</td>
<td>South African National Defence Force</td>
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<td>SANGOCO</td>
<td>South African National NGO Coalition</td>
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<td>SDI</td>
<td>Spatial Development Initiatives</td>
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<td>SHD&amp;SP</td>
<td>Social and Human Development &amp; Special Programmes</td>
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<tr>
<td>SIPO</td>
<td>Strategic Indicative Plan for the Organ on Politics, Defence and Security Cooperation</td>
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<td>SME</td>
<td>Small and Medium Enterprise</td>
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<td>Acronym</td>
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<td>SMME</td>
<td>Small, Medium and Micro Enterprises</td>
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<tr>
<td>TDCA</td>
<td>Trade, Development and Cooperation Agreement</td>
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<tr>
<td>TICAD</td>
<td>Tokyo International Conference on African Development</td>
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<tr>
<td>TIFI</td>
<td>Trade, Industry, Finance and Investment</td>
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<tr>
<td>UN</td>
<td>United Nations</td>
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<tr>
<td>UNAMID</td>
<td>African Union/United Nations Hybrid operation in Darfur</td>
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<tr>
<td>UNCTAD</td>
<td>United Nations Conference on Trade and Development</td>
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<td>UNDP</td>
<td>United Nations Development Programme</td>
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<td>UNDPKO</td>
<td>United Nations Department of Peacekeeping Operations</td>
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<td>UNEP</td>
<td>United Nations Environment Programme</td>
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<tr>
<td>UNMEE</td>
<td>United Nations Mission in Ethiopia and Eritrea</td>
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<td>UNMIN</td>
<td>United Nations Mission in Nepal</td>
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<tr>
<td>US</td>
<td>United States</td>
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<tr>
<td>UWC</td>
<td>University of the Western Cape</td>
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<td>WTO</td>
<td>World Trade Organisation</td>
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1 INTRODUCTION

South Africa is a recipient of development aid, yet at the same time is an emerging economy with the status of an upper middle-income country. Moreover, South Africa has an important role in Africa and in the Southern African region in particular. For those reasons, the donor community begins to question whether development cooperation with South Africa in its current form should be continued. Although it has not officially been confirmed, there are some indications that the South African government itself might wish to stop incoming development aid. At the same time, the country’s enormous socio-economic problems and the large percentage of its inhabitants facing social insecurity may justify the continuation of development cooperation with South Africa.

In this context, the Flemish government commissioned the Flemish Centre for International Policy to conduct a study on ‘the geopolitical role of South Africa in Africa’. Over a period of nine months, we examined the economic, political and social role of South Africa in Africa including two months spent in South Africa for field research, which took place in cooperation with the University of the Western Cape. Koen de Feyter (Antwerp University) and Lisa Thompson (University of the Western Cape) acted respectively as supervisor and co-supervisor of the research project. Evert Waeterloos was involved extensively as senior researcher. The research resulted in two papers: the current report, which is a background document detailing the findings of the research. The second paper consists of policy recommendations for the Flemish government, which may inform the preparation of the new country strategy paper detailing the cooperation between Flanders and South Africa for the next five years (2009-2013). The recommendations are attempt to find an answer to the policy question of how the Flemish government might shape its future relations with South Africa. This overarching policy question was divided into two sub-questions. First, the authors address the question whether the current relation of development cooperation with South Africa should be maintained. The country evolves rapidly and there is a chance that the ‘upper middle-income country’ will disappear from the OECD/DAC’s ‘List of ODA recipients’. Furthermore, Official Development Assistance (ODA) accounts for less than one percent of the South African government budget (National Treasury, 2008). Moreover, in 1994 the donor community intended to support South Africa’s transition to democracy for a period of ten years. The second sub-question relates

to an evaluation of South Africa’s role in Africa’s economic, political, and social development in order to assess whether this development could, or should, be supported via South Africa. This paper provides the background for the general evaluation of South Africa’s role in Africa as the basis for answering the second sub-question.

1.1 Theoretical framework

The theoretical framework is that of Pluralism, also referred to as Liberalism. This theory is based upon a set of assumptions, two of which will be discussed here. First of all, non-state actors such as international organisations, non-governmental organisations, and private businesses are important entities in international relations and can act as independent actors in their own right (Viotti & Kauppi 1999: 7). In the present era of globalisation, the number of cross-border interactions increases, and trans-national and global institutions have an increasingly important role. Multinational companies, for example, are active in many different places in the world and they can hardly be controlled by national governments. In the case of South Africa’s role in Africa, the government’s actions, as well as the perception of those actions by other African countries, are partly shaped by the activities of the large number of companies and civil society organisations (Grobbeelaar, SAIIA, interview). The second assumption is that the state is not a unitary actor, but “composed of individual bureaucracies, interest groups, and individuals that attempt to formulate or influence foreign policy” (Viotti & Kauppi 1999: 7). For instance, South Africa’s economic policy is influenced by two domestic constituencies, labour and big business (Hentz 2005). Furthermore, many different government departments are active in Africa with little coordination of their activities. The Department of Health, for example, runs its own projects without being subjected to much scrutiny by other departments. It is important to mention, however, that the National Treasury is setting up a system to improve the coordination of governmental actors’ activities in Africa (Yaso, National Treasury, interview).

In this paper, we discuss the actions of three groups of South African actors: those of the government, civil society, and the private sector.

The most prominent actor in the analysis is the South African government, given its importance regarding Flanders’ relations with South Africa. A number of different governmental actors formally conduct the foreign political and economic policy of South Africa. The President has the overall responsibility for South Africa’s foreign policy. The Minister of Foreign Affairs is responsible for the daily conduct of South Africa’s international relations and coordinates the cabinet. Within Parliament, the ‘Parliamentary Portfolio Committee on Foreign Affairs’ supervises the South African foreign policy and its international
relations. The Minister of Trade and Industry is responsible for the domestic and external economy (Department of Foreign Affairs 2007b: 14-15).

The South African civil society\(^2\) is heterogeneous and can be divided into three large categories (Habib 2005). First, large formal NGOs have generally collaborative relations with the South African government and they participate in policy formulation, implementation, and service delivery. A number of them are also active in Africa. ACCORD and the Institute for Global Dialogue (IGD), for instance, are working on conflict prevention and conflict mediation in countries such as Burundi. A second group consists of activist social movements that often oppose the neoliberal policy of the government. They aim to organise the poor and marginalised groups in society in order to change the government policy. This group of organisations often has links with international networks and run activities in the region, for instance, in organising labour movements in neighbouring countries. The third group involves informal, small organisations that support the grassroots level by assisting the poor and marginalised communities in their daily struggle to survive. This kind of organisations is rarely active outside the sphere of the community (Habib 2005: 678-685).

The private sector also covers a broad range of organisations. In the first place, a large group of big South African companies is active in almost all economic sectors in a large number of African countries. Their economic impact on the continent is enormous as is the number of controversies and the lack of consensus on how to evaluate their actions. A second group consists of small and medium-sized enterprises that are active in South Africa and its immediate neighbours. Thirdly, micro enterprises and individuals are active in small-scale and semi-official cross-border trade. Lastly, a number of multinationals and large foreign firms are present in South Africa and use the country as the economic gateway to Africa, both because of the strong infrastructure and well-developed economy and because of the South African expertise in doing business in Africa (McGowan 2006: 321). There is currently a process of redefining relations between the private sectors of South Africa and Europe. Large South African companies are entering into profit alliances with European firms, which bring them closer to their consumers in European markets. However, this process also changes the South African position in the region as it becomes more allied with global commercial and entrepreneurial networks. South African compa-

\(^2\) Labour movements are included in the definition of the civil society, although part of this group has more privileged access to the government than other groups, either through its participation in the Tripartite Alliance (COSATU) or by participating in social dialogue forums such as NEDLAC.
nies are becoming an economic gateway to Africa for European firms that become actively involved in the expansion of their South African partners (Goodison, ERO, interview).

State-owned enterprises take up an increasingly important role. In the financial sector, for instance, the Industrial Development Corporation (IDC) and the Development Bank of Southern Africa (DBSA) provide critical development capital for African countries. Transnet and Spoornet are active in the transport sector all over the continent and support the development of public services. In the energy sector, Eskom is active in developing an electricity grid in the SADC-region (South Africa Foundation & Whitehouse & Associates 2004).

The role of the South African government will receive the most attention in the analysis, as the South African government is the primary partner of the Flemish government as well as due to the limited timeframe. Also, the interaction of the South African government with (activities of) other actors will be discussed. The actions of South Africa’s private sector and civil society will only be marginally addressed.

1.2 Methodology

It was the explicit request of the Flemish government to provide a broad overview of the tendencies in South Africa’s role in Africa. In combination with the short time period, the level of detail in this paper is limited and a certain degree of generalisation unavoidable. In order to confront this sizeable task, a number of methodological choices have been made.

First, an artificial analytical division between South Africa’s political, economic, and social role was used to frame the different themes. As the division is artificial, the paper pays attention to the overlap between those different dimensions. The fifth chapter on the social role of South Africa in Africa, in fact, deals with issues that involve both economic and social dimensions. Migration, for example, has important economic impacts on South Africa and labour migrants are a vital part of the workforce in the South African mines.

Secondly, the study was primarily academic research, although the interviews with South African actors from the government, civil society, private sector, as well as the academic sector were a second important source of information. Given the limited time period for the project, secondary resources, such as academic literature, reports by the (South African) civil society, and newspaper articles, were the main source of information. Only a
limited number of primary resources, mainly policy documents of the South African government, were consulted.

Thirdly, in order to respond to the request of the Flemish government to provide some indications on the potential future role of South Africa in Africa, the method of scenario-building was used. This method was developed by Peter Schwartz, and it has been used extensively by South African scholars and policy-makers as a tool to confront the unpredictability of the future. Scenarios are, according to Schwartz, “a tool for ordering one’s perceptions about alternative future environments in which one’s decisions might be played out. (...) Often, scenario’s can help people to foresee decisions – usually difficult decisions – that they would otherwise miss or deny” (Schwartz in de Villiers 2002: 16). Scenarios are not predictions but vehicles for helping people understand alternative images of the future and the potential impact of their decisions (de Villiers 2002: 15-17).

Given the limited time frame of this research, a secondary source has been used in this paper, i.e. the exercise by the Institute for Global Dialogue and the Friedrich Ebert Stiftung to develop five scenario’s for the Southern African region (de Villiers 2002). These scenarios include:

1. ‘Conflict’: the economic, political, and social root causes of conflict are present and there is a danger of political and/or economic isolationism by some states in the region.
2. ‘Decay’: the state is characterised by neo-patrimonialism and corruption. The economy remains concentrated on primary goods and is characterised by high unemployment and a growing informal sector. The society is confronted with a high degree of crime, increasing poverty and a general feeling of Afro-pessimism.
3. ‘Survival’: the state and the formal economic sector are unable to integrate the ‘second economy’. The resilience of communities compensates for this through alternative socioeconomic initiatives.
4. ‘Globalisation’: market mechanisms are recognised as the key to achieve growth and development. However, negative social and economic effects of globalisation are a real possibility, including increases of poverty, inequality, and unemployment. Similarly, privatisation and public-private partnerships could have a negative impact on development and service delivery. Therefore, there is a need for an effec-

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3 The most renowned attempt has been the 1987 scenarios developed by Clem Sunter, then an executive of the Anglo American Corporation of South Africa. These scenarios are credited with having helped F.W. de Klerk to enter into political negotiations (de Villiers 2002: 140).

4 More background information on how scenarios are built can be found in de Villiers 2002
tive correction of national and international markets by the national and/or regional
governments.
5. ‘Visionary leadership’: based on good economic and political governance the poten-
tial for economic and social development can finally be realised. The visionary lead-
ers in the region are working towards social and economic justice and democracy, and their cooperation is based upon a shared vision. In order to realise the neces-
sary growth, there is a need for political stabilisation of the region. Therefore, re-
gional leaders have to create effective and institutionalised mechanisms for conflict
management. Due to the current patterns of low economic growth and persisting
poverty and inequality, an increase in domestic investments, an efficient use of
human capital, and sufficient attention to local SMEs are necessary. Finally, a com-
mon regional positioning is crucial to create a favourable economic and political ex-
ternal environment, e.g. a common positioning in the WTO, towards the donor
community.

Based on the further analysis in the present paper, the likeliness of the scenarios will be
evaluated in the conclusion.

The paper is divided into a number of chapters. In the next chapter, a conceptual frame-
work is developed in which the different factors determining South Africa’s role in Africa
are analysed. The two most important elements are, in the first place, the persistent do-
main socioeconomic challenges of South Africa and secondly, the choice for multilateral-
ism and the related sense of solidarity with other African countries. Both cause a tension
in the foreign policy of South Africa. On the one hand, in its policy documents and rheto-
ic, the government clearly commits itself to a principled foreign policy, based on interna-
tional rules, a quest for democracy and the condemnation of human right abuses. On the
other hand, the implementation of these principles in its African policy is often restricted
by the scope of the domestic challenges and by the choice for a multilateral policy. Two
additional elements are discussed—the emergence of the Asian countries and China in
particular on the African continent, and the ambition of South Africa to become a donor.
These four trends have an impact on the political, economic, and social role of South Af-
rica in Africa, and, by analysing them in the second chapter, the contradicting views that
will emerge in the subsequent and more descriptive chapters can be more easily under-
stood.

In chapters three through five, the different dimensions of South Africa’s role in Africa are
discussed in a political, economic, and social context. In the third chapter, two aspects of
the political role of South Africa are discussed: the quest for democratisation in Africa,
and South Africa’s efforts for peace, conflict mediation and post-conflict reconstruction. In
both domains, South Africa aligns itself with and influences the agendas of the African Union (AU) and the Southern African Development Community (SADC). The fourth chapter relates to the domestic economic policy and the economic foreign policy of the South African government for Africa and for Southern Africa in particular. South Africa’s economic role is strongest in the Southern African region and the SADC is the most important institution to pursue its economic policy. The economic role of South Africa has been contested, with some observers emphasizing its imperialistic character and others claiming that the government pursues a developmental policy in the region. We argue in this paper that the South African government takes a dual approach of both developmental and functional integration. The fifth chapter relates to the social dimensions of South Africa’s role in Africa. These include South Africa’s position as an important destination for African migrants, the efforts being done to enhance corporate social responsibility of South African companies, and some other forms of socioeconomic cooperation.

The sixth chapter deals with the position of South Africa on the global stage. South Africa aims to address the marginalisation of Africa in the world as well as the undemocratic character of the international community. By using its privileged position in institutions such as the UN and the G8 Outreach group, South Africa pushes for a more equitable world system. An important strategy is the establishment and strengthening of a number of South-South alliances, such as the G20 in the WTO, the G77+China in the UN and the India, Brazil, South Africa (IBSA) alliance. Furthermore, the country pursues North-South cooperation, of which the partnership with the EU is the most important alliance.

South Africa’s influence is the strongest in Southern Africa. Throughout the analysis, a distinction is made between South Africa’s role in Southern Africa and in Africa. Southern Africa is defined as the fourteen member states of the Southern African Development Community (SADC): Botswana, Lesotho, Namibia, South Africa and Swaziland (all members of the Southern African Customs Union, SACU) as well as Angola, the Democratic Republic of Congo (DRC), Madagascar, Malawi, Mauritius, Mozambique, Tanzania, Zambia and Zimbabwe. The terms ‘Southern Africa’ and the ‘SADC-region’ are used simultaneously to refer to this group of states. The term ‘Africa’ refers to Sub-Sahara Africa unless otherwise specified.
South Africa’s foreign policy is characterized by a “tension between pragmatism and principle” (Southall 2006: 2), due to a number of factors which will be discussed in the current chapter. In its policy documents and speeches, the South African government emphasises human rights and the pursuit of peace and development in Africa as the central commitments of its foreign policy. However, in practice a reading of South Africa’s international actions reveals that the principles often do not materialise as a result of a number of factors that influence the position of the South African government. The tension between a principled foreign policy and the troubles with implementing it often leads to contradicting policy actions, which cause mixed assessments of South Africa’s economic, political and social endeavours on the continent.

The first important source of tension is the domestic context, which is characterized by considerable socioeconomic challenges. In the light of these challenges, including one of the highest inequality rates in the world, the South African government can not always legitimise its often expensive external commitments in the eyes of the public (Adebajo et al. 2007: 19). This could potentially undermine the commitment of South Africa to Africa’s development. A second source of tension is the choice for multilateralism as the favoured strategy in the country’s foreign policy. This choice is based on the combination of the historic legacy of the Apartheid past and the persisting structural dominance of South Africa, due to its relatively big economic, political and military power in the African context. The Apartheid regime used its relative dominance in very negative ways to advance its national interests, often at the expense of the other states in the region. In order to break with the past, the ANC government explicitly opts for the development of an egalitarian relationship with the region, particularly since Mbeki’s presidency. Advocating the need for multilateral cooperation and supporting the building of effective multilateral institutions on the continent are the main instruments of the government for doing so (Nathan 2005: 365; Southall 2006: 1). However, the choice for multilateralism is sometimes at odds with the principled foreign policy the government wants to pursue. The absence of a consensus among African states on a particular issue can, in combination with the choice for multilateralism, lead to inaction as South Africa makes the pursuit of its principles dependent on the other states. Within the Southern African Development Com-

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5 Multilateralism is defined as the process of involving three or more participants (Oxford Dictionary).
munity (SADC), for instance, the determination to maintain a posture of unity and solidarity often prevails over the quest for critical comment and diplomatic engagement in intra-state conflicts, such as with the case of Zimbabwe (Nathan 2005: 365-367). But, perhaps more important, the South African government is very sensitive to being seen by its African peers as a bully and self-interested hegemony using its power to pursue its own interests. These concerns sometimes paralyse the government irrespective of the actions or inaction of the other African countries. The failure of the South African state institutions such as the Department of Foreign Affairs (DFA) and the Department of Trade and Industry (DTI) to act consistently on regional objectives, especially in providing leadership, can be traced back to those fears. The South African government to a certain degree restricts itself, and would sometimes rather not act than to take the risk of being seen as a malevolent hegemony.

The current chapter deals in more detail with the abovementioned factors constraining the manoeuvring space of the South African government in Africa. Furthermore, two additional issues are discussed. First, the emerging Asian economic powers and China in particular are increasingly active on the African continent. This has a considerable impact on South Africa’s position. For instance, in 2003 South Africa was the biggest new foreign direct investor in Africa. With the increasing presence of China and India in Africa, South Africa lost that prominent position and became one among others (Daniel et al 2007: 508-509). Secondly, the South African government voiced its ambitions of becoming a donor of development aid to Africa and beyond. This in turn will impact South Africa’s position on the continent.

What will not be discussed in this chapter are other sources of ambiguity, which are quite common to the external policy of any country. As indicated in the introduction, the theory of Pluralism assumes that state and non-state actors shape a country’s foreign policy. As these actors all pursue their own agenda largely independently from one another, their actions might contradict each other. At the same time, all actors are ambassadors of their country and the actions of the government are often perceived in the activities of non-state actors. For instance, where the large presence of South African companies is represented, the assessment of the South African government’s policies is often received with similar dissatisfaction (Grobbleaar, SAIIA, interview). Furthermore, the theoretical framework of this paper also assumes that a state itself is not a unitary actor. As indicated before, a multitude of South African government agencies are active on the continent, and policy-makers are lobbied by different domestic constituencies. In the dual society of South Africa, the discrepancies among those constituencies can be quite substantial. The main constituencies for economic policies are, for instance, big business and la-
bour with businesses asking for a laissez-faire approach and labour asking for the state to regulate the processes of globalisation and liberalisation (Hentz 2005).

2.1 Internal socioeconomic problems constrain South Africa’s external policy

South Africa still struggles with a number of potentially destabilising socioeconomic tensions that are caused by the persistent structural duality within the economy and society. These challenges include an enormous income inequality, a high unemployment rate particularly among youth, a lack of access to service delivery, a slow land reform, a backlog in education and skills development, and a high crime rate. The current problems with energy supplies, inflation, the pressure of migration, and the HIV/AIDS pandemic further exacerbate these problems. Some of these issues will be discussed below.

On the economic level, the so-called ‘first economy’ has built upon the dominant position it acquired during the Apartheid period and developed into a modern, capital-intensive and outward-looking economy that is connected to the world economy. The ‘second economy’, on the other hand, consists of subsistence and informal economies with many of the population’s black majority still living in dire poverty. It is structurally disconnected from both the first and the global economy and is incapable of self-generated growth and development (European Union 2006: 7). An indication of the socioeconomic divide is the Gini coefficient of 0.7, one of the highest degrees of inequality in the world (Fedderke in Marysse & Verschueren 2007: 17). This situation persists even though South Africa is an upper-middle income economy with a higher gross national income per capita than Brazil, China, and India (European Union 2006: 10). The socioeconomic duality affects the black population the most, with 50% of the black population living below the national poverty line compared to only 2% of whites (European Union 2006: 10). However, although the overall inequality in post-Apartheid South Africa increases, the composition of inequality shifts. Within the group of Africans inequality has risen more dramatically, indicating a high group upward mobility. People generally move up into the middle income classes, but the high ranked government officials even find themselves in the highest positions (Marysse & Verschueren 2007: 18-19).

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6 As the subject of this report is South Africa’s external role in Africa, it is by no means feasible nor desirable to give an exhaustive overview of South Africa’s internal challenges. The problems discussed below are only meant to give an indication of the scope of the challenges.
The country is faced with a high unemployment rate of 25.5% to 39% of the workforce, depending on the definition. 25.5% is the official definition that doesn’t take into account the ‘discouraged’ workers, i.e. those who are no longer looking for long-term employment (European Union 2006: 10-11). The unemployment among young people is particularly high, amounting to 64.8% in the case of boys aged 15 to 24 (UNDP 2008). The clear link between poverty and unemployment (Marysse & Verschueren 2007: 19) is further exacerbated by the existing tendencies in the labour market. First of all, the composition of the labour force shifts, with an increasing number of high-skilled jobs in the services sector and a decline in the low-skilled labour force in mining, agriculture and especially manufacturing. Secondly, South Africa has relatively high minimum wages, which has lead to a relatively high-skilled and capital-intensive growth path. Both industrial sectors and agricultural are characterised by increasing capital-intensification. As a result, many low-skilled workers are faced with structural unemployment and poverty (Marysse & Verschueren 2007: 33). Finally, South Africa has a relatively small informal sector if compared with other Sub-Saharan countries, offering little alternatives for the unemployed outside the first economy (Marysse & Verschueren 2007: 20). An important factor to explain the structural nature of the unemployment problem is the labour force’s lack of relevant skills. The main reason for this is the legacy of Apartheid-era educational policies. The ‘Bantu’ education system for blacks was designed to meet the need for unskilled labour and led to a shortage of managerial, technical, and specialised skills that is still recognised as a key constraint to the country’s development and economic growth. This problem is further exacerbated by the emigration of high-skilled individuals. Although the skills gap is partly compensated by the influx of migrants from other parts of Africa, including skilled professionals, this is by no means enough. Not only does the lack of skilled professionals constrain the growth of the economy, it also explains South Africa’s relatively low proportion of small and medium-sized enterprises (European Union 2006: 7, 11).

South Africa has the most developed social security network of Southern Africa and the government has made quite a lot of investments in social sectors such as education and health. Social assistance categories are the Child Support Grant, the State Old Age Pension Grant, and the Disability Grant. Investments in education, health and social transfers account for more than half of total government expenditure and their share is increasing to more than 56% of the total government spending (Marysse & Verschueren 2007: 22-23). The Millennium Development Goals Country Report for South Africa indicates vast improvements on the MDGs, among others, on the goals relating to service delivery (Thompson & Nleya 2007). However, in practice, there are a number of serious shortcomings to the existing social assistance system. In the first place, two substantial and very vulnerable groups, the unemployed and (illegal) foreign and internal migrants, are not
covered under the current system. Secondly, the take-up rates of the existing social grants is too low, with the child support grant, for example, reaching only 15 to 25% of all eligible children. Thirdly, the poorest groups in society receive the lowest grants. And lastly, there is a risk for a moral hazard problem or an AIDS poverty trap. Given the enormous AIDS problem\textsuperscript{7}, the government has introduced free antiretroviral medication and a disability grant for the sick. However, when the ARV treatment succeeds and the AIDS patient gets better, the patient looses the disability grant. Given the high unemployment rates, many patients are confronted with the dilemma of getting better and poor or staying sick and receiving the disability grant (Marysse & Verschueren 2007: 31). Furthermore, many researchers and observers warn that there is still a serious lack of service delivery. Thompson and Nleya point out that the figures of the MDG Country Report are overly optimistic as service delivery efforts keep up with the increasing demand but fail to reduce the underlying backlog. Trends such as rapid urbanisation, informal settlements, and poor housing conditions are some of the factors making the reality of service delivery rather grim (Thompson & Nleya 2007). The HIV/AIDS epidemic adds further on the already stretched human and financial resources and further exacerbates the problems with service delivery, especially of health services (Shrivastava 2005: 5).

The issue of land reform might well become an increasingly important issue for South Africa. The land reform policy of the government is pursued through four instruments. These are restitution (returning land or providing a cash equivalent) to people dispossessed under Apartheid; redistribution (transferring more land to black owners); tenure reform (modernising land tenure rules and access to land ownership); and providing funding and other resources to support the emergence of black farmers. However, despite the fact that the government is devoting considerable energy and expenditure to each process, a broad spectrum of actors from government, private sector and civil society agree that land reform is progressing too slowly (Bernstein et al 2008: 16). Although the government has pursued land reform in a reasonable manner, which was firmly rooted in the constitution and was market-friendly, progress has been inadequate when measuring those efforts against the political importance of land and the government’s ambitious targets. The land reform process was characterised by grand ambitions, but a limited ability to deliver, rising public and political expectations, and a growing sense of inadequacy and failure (Bernstein et al 2008: 45). It is very likely that the importance of the land issue will increase in the coming years, given its symbolic value, the economic importance of

\textsuperscript{7} Today, 21,5\% of the South African population is living with HIV/AIDS (Shrivastava 2005: 5)
the agricultural sector and related processing sectors, the currently slow progress, and
the different interests that are at play in the implementation of the land reform.

2.1.1 How does the internal context impact South Africa’s external role?

The South African government has committed itself to the continent’s welfare based on
the notion that the South African socio-political and economic prosperity is fundamentally
linked to the development of and stability in Africa. However, many observers agree that
South Africa needs to address its socioeconomic challenges in order to be able to imple-
ment its ambitions in Africa (e.g. Mpanyana, ISS, interview; Hlela 2002; Adebajo et al
2007). Adebayo, Adedeji and Landsberg, for instance, argue, “any strategy for addressing
South Africa’s long-term development must necessarily deal with the country’s political
and socioeconomic structural problems. Without addressing these issues, South Africa
will have very little room to manoeuvre, let alone be able to play a leadership role in Af-
rica” (Adebajo et al 2007: 19). The country’s socioeconomic problems are causing con-
siderable tensions within society and the social and economy policy measures of the gov-
ernment have not led to the necessary structural change, thus exposing the country to
the risk of growing discontent among the poor and potential for internal political stability
(Mpanyana, ISS, interview).

Within the South African society as well as the Tripartite Alliance8, there seems to be a
growing dissatisfaction with the large involvement of South Africa abroad as well as an
increasing sense of Afro-pessimism that sees South Africa slide back to the status of a
neo-patrimonial African state (various observers, interviews). The South African civil so-
ciety generally challenges the notion that the South African miracle has been achieved
and voices concern about the persistent internal socio-economic challenges (Naidoo
2004: 185). The current President Mbeki is often criticised for paying too much attention
to the international position of the country rather than dealing with the huge social chal-
lenges at home. One example is the expensive participation of South Africa in interna-
tional peace missions on the continent, which causes a high financial burden for the tax-
payers. While the government emphasizes the need for this involvement by pointing to
the potential negative impact of an unstable environment on South Africa’s abilities to
flourish, or, for instance, to attract foreign investors, it failed to consult broadly on the

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8 The Tripartite Alliance constitutes of the ANC party, the Congress of South African Trade Unions (COSATU) and the South Afri-
can Communist Party (SACP). The more leftist parties to the Alliance, COSATU and the SACP, generally oppose the neoliberal
policy of President Mbeki and call for a more leftist policy of the ANC.
subject with both the wider public or even parliament (Williams 2006). The same problem was also cited by Len le Roux, who claims that “the communication by the government is atrocious”, thus leaving few prospects for support from the uninformed public that looks at the high crime rates at home and does not understand why the 1100 peace-keeping troops in Burundi are not deployed to prevent crime at home (le Roux, ISS, interview)\(^9\). The widespread xenophobia in South African society, targeted mainly at people from other African countries, is often cited as the clearest indication of the mismatch between Mbeki’s international endeavours and the concerns of his population (Nathan 2005: 370, Hlela 2002: 170)\(^10\).

Many South African observers explain the election of Jacob Zuma as ANC president by referring to his promise to prioritise the internal problems of South Africa (various observers, interviews, for instance Hendricks, ISS, interview). It is commonly expected “that Zuma would redirect the resources invested in the continent and international relations to address the lack of service delivery for the poor, job security, health matters and the like” (Mpanyana, ISS, interview). Adebayo, Adedeji, and Landsberg already warned before that “despite Mbeki’s efforts to integration South Africa into the rest of Africa, it is unclear how deeply entrenched these efforts are within South Africa’s political and business elite and citizens, and questions have been raised about whether Mbeki’s heirs will maintain the commitment to Africa that he has shown” (Adebajo et al 2007: 24). According to Mpanyana, the 2007 social strikes were an indication that the government needs to act more fiercely on the social challenges the country is facing. Otherwise, increasing tensions could eventually undermine the social and political fabric of the country. He argues, “it seems that the coming into power of the new faction in the ANC has decreased the tensions”. However, it remains to be seen whether Zuma will live up to his promises and follow the same direction during the 2009 campaign for the presidency of the country (Mpanyana, ISS, interview). At the same time, observers seem to agree that the direction of the government’s policy towards Africa is not likely to change, but it will be less proactive than it was under ‘the Foreign Affairs President’ Mbeki (various observers, interviews, for instance Grobbelaar, SAIia, interview). The re-emergence of the debates on a developmental state in governmental and academic circles and the reorientation of the government policy towards more social and economic corrections could also be an indication of the renewed (need for) attention to South Africa’s internal challenges.

\(^9\) This will be discussed further in section 3.2.
\(^10\) More information in chapter 5.
2.2 A choice for multilateralism: authoritarian history meets benevolent hegemony?

South Africa is the largest economic and military-political power in the Southern African region and one of the big powers in Africa. Based on this structural dominance, South Africa could well play the role of benevolent hegemon by using its strength to deliver regional public goods that benefit both the country itself and the region.

However, the Apartheid past still constrains South Africa’s ambition to be a benevolent regional leader. Many countries in the region and beyond still fear that South Africa could use its dominance in negative ways that harm the region. In order to avoid being seen as a bully, the South African government has chosen to work through multilateral discussions and institutions when pursuing its foreign policy. In practice, this has limited its options and in some cases the choice for multilateralism was equated to solidarity with its African peers, limiting its manoeuvring space to pursue a principled foreign policy based on the quest for democratisation and the condemnation of human rights abuses. This tension between the positive potential of South Africa’s strength and the fears for its dominance is called the ‘hegemon’s dilemma’ (Hentz 2005: 33).

In the current section, these different elements will be discussed.

2.2.1 South Africa’s structural dominance

South Africa is the largest economic and politico-military power in the region. In economic terms, the country has the most developed economy of the continent and the strength of its economic growth has a positive effect of that in other African economies (Arora & Vamvakidis 2005). Furthermore, the country has an important position in the intra-African trade and as a foreign investor and it is the gateway for economic activities of foreign companies. Its economic position is strongest in the immediate SADC-region, with the other member states depending to a large extent from South African exports and investments. On the politico-military level, South Africa is the powerhouse of the region and one of the big powers of Africa.

Economic dominance in an interdependent context

The Southern African countries are interdependent, but this is an asymmetrical relation with South Africa constituting by far the strongest economic power (McGowan 2006: 319). The economic dominance of South Africa is less pronounced when looking at the rest of Africa.
South Africa accounts for half of Sub-Saharan Africa’s GDP, 75% of SADC’s GDP and 49% of all foreign direct investments in the other SADC members (European Union 2006: 11). Furthermore, South Africa is responsible for around 40% of the continent’s industrial output (including North Africa), it is the only major manufacturer in Sub-Saharan Africa and it owns the best developed infrastructure producing half of the electricity output, owning more than 50% of the telephones, more than half of the computers and banking machines and roughly half of all paved roads and railways in Sub-Saharan Africa (South Africa Foundation & Whitehouse & Associates 2004: 8). The economic growth in South Africa has a strong positive effect on growth in other African economies, through a number of channels such as international trade, spill-over effects of its technology, through foreign direct investments (FDI) by South African companies and through the positive effect of South Africa’s leadership role in multilateral political and economic initiatives on business and consumer confidence in other African countries (Arora & Vamvakidis 2005: 3). In contrast, most other African countries have much less developed economies. All other Southern African countries struggle with underdeveloped production bases and limited trade capacities, slow industrial growth and a stagnating agricultural sector. Most of the regional economies are little diversified, with some economies still overly dependent on either a single mineral or agricultural exports (Matlosa 2007: 108).

The regional inequality is further exacerbated by the nature of the intra-regional and intra-African trade. The expansion of South African companies resulted in a strong economic foothold in Sub-Saharan Africa, and in particular in the SADC-region. South Africa is now a major trading partner and one of the main investors of many African countries. This position is the strongest in the Southern African region, shared with other players in the big economies such as Kenya, Nigeria and Egypt, and the weakest in the francophone and Northern African countries11 (Grobbelaar 2005: 67). The economic activities of South African companies are no longer restricted to traditional sectors such as construction, mining, vehicle components, timber and steel but expand into a variety of sectors including skills training, education, IT and telecommunications, clinics and healthcare, franchising, advertising, property development, and waste management. South Africa is beginning to replace Europe and the US as the main destination for Africans to obtain higher education, shopping, and skills training. Between 1994 and 2004 South Africa became one of the top ten investors in and trading partner of many African countries, displacing the European and US companies (Games 2004: 1-2). However, it is important to note two recent trends: first of all, during the last few years the trade of South Africa with Af-

11 With the notable exception of Côte d’Ivoire and the DRC (member of the SADC) (Games 2004: 20).
rica did not grow as strongly as during the previous decade, despite a larger African economic growth and continuing growth in the trade volumes with Europe and Asia (Daniel et al 2007: 515). Secondly, South Africa is no longer the major new foreign direct investor in Africa as was the case in 2003, because the traditional investors returned to Africa\textsuperscript{12} and are joined by investors from the new emerging Asian economies (Daniel et al 2007: 508-509).

The strong economic position of South Africa in Africa’s trade and FDI inflows leads to unequal economic relations. This inequality is expressed in two ways. First of all, the trade between South Africa and Africa is characterised by a huge trade imbalance, especially with the Southern African region. South Africa enjoys a considerable trade surplus with all but the oil producing states in Africa (Grobbelaar & Besada 2008). Up to 85% (in the case of Mozambique) of all imports by the SADC-members originates from South Africa, while only about 2% of South Africa’s imports stems from the region (South Africa Foundation & Whitehouse & Associates 2004: 9; Grobbelaar & Besada 2008). Similarly, the impact of South Africa’s investments is enormous, given the small size of the African economies. The activities of a big South African company can have a significant impact on the well-being of the host country. According to Grobbelaar, the impact of an individual company on the country’s balance of payments, tax revenue, foreign reserves, and growth “is often dramatic and instantly visible” (Grobbelaar 2005: 67). SABMiller, for instance, purchased and operated three breweries in Mozambique, increasing tax revenue paid by the breweries by 700% and providing 5% of the country’s total tax revenue. Investments by AngloGold-Ashanti and Randgold Resources between 1996 and 2003 led to a growth of eightfold in the gold production in Mali, doubling the contribution of gold to the GDP every four years and increasing the growth of the country’s economy (Grobbelaar 2005: 67). However, Africa is more important for South Africa than the numbers would suggest. Although Africa’s share in South Africa’s total trade was only 2% between 1994 and 2002 (Arora & Vamvakidis 2005: 5), Africa is the only region in the world South Africa enjoys a trade surplus with. This trade surplus compensates partly for South Africa’s trade deficit with all other world regions (Grobbelaar & Besada 2008: 14).

A second level of economic inequality relates to the kind of products that are traded in the region. Most of South Africa’s manufactured products (e.g. automobiles and parts,  

\textsuperscript{12} In the 1990s, most former colonial powers in the European Union as well as the United States had disengaged from Africa, both in terms of development assistance, participation in UN peace missions and business ventures. Since a few years ago, they are returning, most notably to do business (Daniel et al 2007: 509).
chemicals, plastics, and processed foods) and services (banking and medical care) are exported to Africa, while African imports constitute mostly of primary goods such as raw materials, unprocessed food products. Just like Africa’s trade with any other world region and just like the trade of South Africa with any other world region outside Africa, this peripheral-core relationship does not lead to value-added production activities in Africa (Martin 2008: 352; Patel, LRS, interview).

Many see these unfair trade surpluses as potentially destabilising for Southern African economies, with a possibility of de-industrialising the region (McGowan 2006: 321). Given the unequal nature of the economic relations between South Africa and the Southern African countries, the interdependence of SADC states “does usually not lead to mutual economic gain and, in some instances, amounts to dependence of the relatively worse-off states on the relatively well-endowed states” (Matlosa 2007: 108). However, according to the government, the unequal trade imbalance has largely been offset by South Africa’s investment on the continent, including investments in infrastructure aimed at facilitating the productive capacities of African economies (Government Communication and Information System 2006a: 147). Furthermore, rather than choosing for drawing up protective measures, the SADC countries initiated an asymmetrical liberalisation of the intra-regional trade with South Africa reducing its tariffs on SADC goods and increasing its manufacturing and agricultural regional investment so that these countries are able to produce processed goods (McGowan 2006: 321). South Africa also depends on the region for the import of hydroelectricity, water, and labour (McGowan 2006: 320).

In addition to the formal economic interactions in Africa, research of the Southern African Migration Project (SAMP) suggests that small-scale cross-border trade is increasing. This form of trade is often informal or semi-informal and involves a range of entrepreneurial activities by SMMEs or even individuals. While many believe that informal trade has a less than positive impact on trade in general, reducing revenue collection due to unpaid duties and negatively impacting the formal economy, SAMP challenges that. First of all, they argue that strong relationships do exist between the formal and informal sectors in regional trade, with informal traders interacting with regulatory frameworks for trade and migration. Although difficult to measure, the small scale cross-border trade “may in fact form a significant proportion of intra-regional trade in Southern Africa” (Peberdy 2006: 23). Facilitating the movement of people has been identified as an important part of the
integration agenda in the AU and SADC\textsuperscript{13}. However, policies on migration are still restrictive (Peberdy 2006: 23; Williams, SAMP, interview).

\textbf{South Africa’s political and military power}  

In political terms, South Africa is a superpower in Africa and in the global setting it is a middle power in a region of small, peripheral states (McGowan 2006: 315). South Africa’s diplomatic activity extends far beyond the region. Not only did its leaders mediate in African as well as international conflicts (for instance between Libya and the United Kingdom in the Lockerbie conflict) the country also has a privileged access to international forums (Van der Westhuizen 1998: 435). Examples include South Africa’s access to the G8 as a member of the G8 Outreach group and its current membership to the UN Security Council. This international political position of South Africa will be discussed in more detail in chapter 6.

In military terms, South Africa is also much stronger than its neighbours. It has the third-largest military force in Africa, but that force is by far the best equipped, trained, and disciplined. South Africa’s defence expenditure represents more than half of all SADC military spending, although it is not excessive in terms of \textit{per capita} expenditure. South Africa has a major arms industry, which was developed during Apartheid to avoid sanctions in the 1970s (McGowan 2006: 316).

\textbf{Conclusion}  

The structural position of South Africa in Africa remains contested, in particular on the economic level. Numerous concerns are voiced both by other African governments and by civil society organisations that South Africa is acting as the new economic imperialistic power. They argue that South Africa’s neo-liberal policy is very favourable to big businesses’ expansion (e.g. through the organisation of foreign missions for businesses or by easing the restrictions on exchange controls), but that this expansion can have a negative effect on the local economy (e.g. Hattingh, ILRIG, interview). According to Grobbelaar, one reason for these concerns is that South Africa’s companies are investing in a number of more visible sectors, such as retail, telecommunications, and financial services, while other foreign investors mostly stick to the less visible traditional sectors of mining and exploitation of natural resources (Grobbelaar & Besada 2008). A second reason is that the economic role of the South African private sector is often equated with the

\textsuperscript{13} More information in chapter 5.
political role of the government, while the corporate expansion happens with only very limited government support (Grobbelaar, SAIIA, interview).

At the same time, other African countries as well as the international community see the structural dominance and relative big economic and military resources as a reason for South Africa to take its responsibility in attempting to bring peace, security and development to the African continent (Southall 2006: 2). This is also recognised by the South African government that strongly asserts that does not intend to dominate the continent (for instance Kganyago 2008) but instead aims to take a developmental approach to the continent (Kuni, DTI, interview). However, this benevolent dimension in South Africa’s foreign policy is often neglected, as indicated in 2001 by the Swedish academic Bertil Oden, who has worked on South and Southern Africa’s regional relations for many years: “(w)hy is it so difficult to find someone who believes in a benevolent South African regional hegemony emerging in Southern Africa? South Africa’s superior production, technology and institutional capacity, compared with that of the rest of the region, are well documented. Would it not create sufficient capabilities for the South African state to establish a hegemonic regime in the region?” (Oden 2001: 166).

Oden (Oden 2001) defines benevolent hegemony as the ability to provide public goods in ways in which the hegemon covers most or all of the costs, but still derives benefits itself. Coercive forms of hegemony (such as the one of the authoritarian Apartheid government) shift the cost of political and economic transactions to weaker actors and have to be kept in place by force. As the analysis in the subsequent chapters will show, the foreign policy of South Africa does indeed provide regional public goods, for instance in the form of conflict prevention or providing development finance to other countries in the region. This does indeed also benefit South Africa, as the government strongly believes that South Africa cannot flourish in a region ridden by underdevelopment and poverty. As Qobo points out, that is why the economic interests of the country, for instance, need to be balanced with the developmental needs of the region (Qobo 2005: 144). If South Africa’s position would be seen as that of a benevolent hegemon and not a threatening dominant power, the acceptance of this position by both South Africa and its neighbours could benefit the region.

In practice, South Africa’s ability to act as a benevolent hegemon is restricted by the fears of its dominance. Hentz calls this tension between the acknowledgment of the positive potential of South Africa’s power and the fear of its dominance the ‘hegemon’s dilemma’ (Hentz 2005: 33). This hegemon’s dilemma has led to the choice for a multilateral strategy, which will be discussed in the next section.
2.2.2 A choice for multilateralism

As indicated before, the South African government has chosen to pursue its foreign policy through the strategy of multilateralism and to focus on a principled policy centred on the promotion of human rights and the pursuit of peace and development. The choice for multilateralism was mainly informed by the fears of the neighbouring states that South Africa would use its dominant economic and political-military power in a negative manner, in line with the Apartheid past. Even though the South African government repeatedly urged that it does not wish to act as an exploitative hegemon but instead opts for cooperation, South Africa’s endeavours on the continent are still constrained by the fears of its neighbours as well as the concerns of the South African government with being seen as a bully. During Mandela’s Presidency, the limitations of a principled foreign policy were revealed as the country often found itself isolated from its African peers in the pursuit of these principles. This experience is another factor informing Mbeki’s more pragmatic approach to multilateralism (Southall 2006: 3).

In this section, the legacy of the Apartheid past will be discussed. From a short analysis of South Africa’s foreign policy under Mandela, it becomes clear that the country cannot take the risk of becoming isolated. Both elements have informed the choice for a multilateral approach, even if in practice the solidarity with other African countries sometimes prevails on the principles in South Africa’s foreign policy.

Apartheid past

The Apartheid past had a large impact on the strategic policy choices of the current government.

First of all, there is the anxiety of the South African government for being seen as following the patterns of behaviour of the former Apartheid state. South Africa’s past role during the Apartheid years is referred to as an authoritarian (malevolent) regional hegemon. The state used its regional economic and political-military power to dominate the region in very negative ways. One example is the military destabilization of neighbouring states like Mozambique, Zimbabwe, and Angola (Thompson 1991, Davies 1992, Vale et al 2001). The cost of this destabilization has been estimated at about 62.45 billion US dollars (Davies 1992). In combination with South Africa’s structural dominance, it is not surprising that other states in the region still fear that South Africa might continue to dominate in ways which would be detrimental to the region (SADCC 1992).

Secondly, the Apartheid regime defined the country as a European outpost in Africa (Adebajo et al 2007: 22). Today, this still causes an uncomfortable position for the South
African government as it can be easily labelled as a puppet of the West (Prys 2007: 26). The government feels the need to distance itself from US and European expectations that South Africa will assume a leadership role in leading Africa towards democracy and pro-market economic policies. The mounting expectations of the international community, for example, regarding South Africa’s role in Zimbabwe, thus further limit the manoeuvring space of the government (Southall 2006: 2; Hamill 2006: 119; Prys 2007: 5). Moreover, South Africa cannot be considered a typical African state in terms of its political and economic values. Some other African states accuse the South African government of pursuing a ‘Western agenda’ in Africa. One example of the supposedly ‘Western’ South African agenda is the idea that the principle of non-interference in the internal affairs of a country cannot be maintained in the case of grave human right violations. Many African states still do want to preserve this principle far more extensively than South African envisions (Prys 2007: 5; Nathan 2005: 264; Hamill 2006: 129).

Thirdly, the ANC remains indebted to Africa for the support and solidarity it received during the struggle against Apartheid. South Africa is seen as having a moral obligation to both confirm its solidarity with its African peers and to ‘repay’ Africa for the sins of the Apartheid regime (Southall 2006: 2). Similarly, the South African civil society has received considerable international support during its anti-Apartheid struggle. Since the transition in 1994, South African civil society feels indebted to returning the solidarity to other liberation movements (Naidoo 2004: 185).

Finally, the transition after Apartheid is not even fifteen years old and this implies that South Africa is still a ‘new kid on the block’ that could easily offend the entrenched interests of ‘older’ states. One example of this tension can be found in the difficulties surrounding the restructuring of the SADC Organ for Politics, Defence and Security (OPDS). Between 1996 and 2001, progress on security cooperation in the SADC was halted due to a conflict between Mugabe, the hero of the liberation movement and the regional big man during the Apartheid period, and Mandela as a representative of a new regional ‘super-power’ (Matlosa 2007: 115-117).

A principled foreign policy in practice: Mandela’s trial and error

Under Mandela’s presidency, the “South African foreign policy displayed a strong human rights orientation, which, critical of Africa’s undemocratic leaders, caused considerable offence throughout the continent” especially because it was characterised on occasion by a unilateralism that reminded of the former regime (Southall 2006: 3-4). The best example was the reaction of other African states on Mandela’s call for sanctions against Nigeria
following the execution of the human rights activist Ken Saro-Wiwa. Mandela’s condemnation was declared ‘un-African’ by the African Union (Southall 2006: 4-5).

In order to prevent further isolation as well as any resemblance with the unilateral policy of the Apartheid regime, president Mbeki chose for the strategy of multilateralism. By advocating multilateral discussions and by building effective multilateral institutions on the continent, the South African government pursues its foreign policy goals while at the same time stressing that it is part of a wider process that is owned by Africans rather than South Africans (Nathan 2005: 365; Hamill 2006: 121; Southall 2006: 4).

Conclusion

The South African government is seeking to advance a multilateral strategy that is non-threatening at all times, in order to avoid being seen as the regional leader. “Even if in reality the leadership element in South Africa’s relations with the region often comes to the fore in practical terms” (Qobo 2006: 144). In numerous policy statements, the government has voiced that “its intention is not to dominate or use its strength towards its neighbours in an exploitative way but in a cooperative spirit to work for the benefit of the whole region” (Oden 2001: 166). Although it is generally accepted by observers that South Africa has an important role within multilateral African institutions and that those institutions even depend on South African support (Oden 2001: 166; Ruiters, IGD, interview), the Department of Foreign Affairs insists that “South Africa is a part of a collective and does not wish to drive any multilateral process on the continent. We do not dominate those institutions” (anonymous, DFA, interview).

While South Africa pursues a principled policy, in practice these principles cannot always be implemented. “The commitment to multilateralism is sometimes at odds with the commitment to democracy and respect for human rights” (Nathan 2005: 365-366). Multilateralism often seems to imply a prioritisation of African solidarity and anti-imperialism over the quest for democratisation and human rights (Nathan 2005).

One could say that the Apartheid past keeps haunting the current government, in a number of ways. Other African states certainly voice their criticism because of South Africa’s structural dominance, its ‘Western’ agenda and the young status of the new South Africa. However, the self-censorship of the South African government to prevent such criticism is also a large source of tension between the principled foreign policy and its actual implementation. Furthermore, the indebtedness of the ANC implies a sense of solidarity with the faith of the African continent and forms a second source of tension.
2.2.3 Conclusion: the hegemon’s dilemma

South Africa’s economic and politico-military power could easily be used to the advantage of the region, through the provision of regional public goods that benefit both South Africa and the region. The indebtedness of the ANC and the proposition that South Africa’s future is intrinsically linked to the development of the continent makes the government prone to taking up the role of a regional and benevolent leader. In practice, South Africa’s ability to act as a benevolent hegemon is restricted by the fears of its dominance. Given the malevolent use of its power during the Apartheid past, the region still fears that South Africa’s dominance could again be used at the expense of its neighbours. In this respect, the economic ‘imperialism’ of South Africa, most notable in the economic activities of its companies in highly visible sectors such as the retail sector, is often cited. The South African government is very concerned with being seen as a bully and clearly chooses to cooperate with other African states rather than providing too much leadership. Hentz calls this tension between the acknowledgment of the positive potential of South Africa’s power and the fear of its dominance the ‘hegemon’s dilemma’ (Hentz 2005: 33).

The subsequent chapters will show that South Africa does indeed pursue the delivery of regional public goods and it takes up a large part of the related costs. At the same time, the potential of South Africa’s benevolent hegemony is not used in full, due to the concern of the government for being seen as a negative dominant. However, it is also clear that South Africa does not pursue this strategy if it is at odds with its own interests. According to Williams, the government pursues a very deliberate strategy of combining national interests with continental interests. “South Africa does consider the interests of the region or the continent, but not at the cost of its own national interests” (Williams, SAMP, interview). Some of the accusations that economic interests shape South Africa’s external actions surely are true. The most noted example is South Africa’s involvement with the DRC, where South African companies are involved in a number of sectors including mining. Brummer argues that the DFA had to “walk the tightrope of not appearing to compromise its role as disinterested peace facilitator, but still to give South African companies ... the necessary backup to secure their interests”. This resulted in the Department trying to make a distinction between the country’s involvement in the peace process and its bilateral relations with the DRC (in Hlela 2002: 166; Curtis 2007). Another commonly cited example is South Africa’s agenda in pushing the New Partnership for Africa’s Development (NEPAD). Landsberg notes that the neo-liberal agenda of NEPAD has a great resemblance to the neo-liberal GEAR policy of the South African government (Landsberg 2007). Some observers even state that the sole purpose of South Africa in advancing the NEPAD process was the economic opportunities it would open up for South African companies in Africa (Hattingh, ILRIG, interview). However, it is important to remember that
no country would pursue actions that go against its own self-interests and this does not compromise the benevolent elements in its strategy.

2.3 Emerging Asian economic powers

The rise of China and India has been widely noticed on the African continent. Asia has rapidly emerged on the African continent: Asia now receives about 27% of Africa’s exports, compared to about 14% in 2000. This volume is now on par with Africa’s exports to the traditional trading partners, the EU and the US. Sub-Saharan Africa now accounts for 28% of China’s imports of oil and gas (compared to 15% in the case of the US). Asia is rapidly filling the spaces that the withdrawal of the EU and the US in the 1990s left vacant, by providing loans without structural adjustment conditionalities and by increasing the presence of Asian multinationals and Chinese state firms on the continent (Martin 2008: 319-351).

Nevertheless, this does not imply that Africa’s chances in the world economy are changing. Like Africa’s external trade with other world regions, exports to Asia and particularly China are overwhelmingly composed of primary products, including oil, minerals, and cotton. Like Europe and the US, China and India have high tariff rates on value-added agricultural products, preventing those African products to reach their markets. Moreover, African imports from Asia are made up of light industrial products and especially cotton fabric. While the importance of India and China for Africa increase, accounting for a high percentage of many states’ exports, Africa only accounts for less than 2% of Asia’s imports and exports (Martin 2008: 349-351).

The impact of the emerging Asian powers on the position of South Africa is twofold. On the domestic level, the South African industrial sector is concentrated on those intermediate industrial goods that are also being exported from China. The local textile industry has been very hard-hit, including massive job losses. China’s share of South Africa’s textile imports had reached 80% by 2004. Concerning South Africa’s role in Africa, the competition of China and the rest of Asia is also threatening. This competition relates to direct investments, manufactured exports and service and managerial operations. Even on the global level, South Africa feels the impact of China and India presenting themselves as the leaders of the Global South against the West and thus challenging the global position of South Africa, which remains more committed to neoliberal policies than Brazil, India and China (Martin 2008: 353-354).
2.4 Ambition of South Africa to become a donor

Since a few years ago, the South African government voiced the ambition to become a donor of development aid to African countries. South Africa is not yet a donor, because it still lacks the regulatory policy framework and the institutions to take up that role officially. However, the government is presently developing this framework. (Yaso, National Treasury, interview).

Regardless of the formal framework, South Africa is already involved in development cooperation with African countries, mainly through the African Renaissance Fund. In the 2008 budget speech, R1.3 billion\(^{14}\) was promised for the next three years (Manuel 2008). In the budget year 2006/7, R392.4 million\(^{15}\) was spent on projects ranging from presidential elections assistance in the DRC over support with post-tsunami infrastructure rehabilitation in the Seychelles to skills development in Southern Sudan (Department of Foreign Affairs 2007a). This cooperation is considered to be integral to the country’s foreign policy (Government Communication and Information System 2006b: 283). Some examples given by the government include “educational visits by agriculturists, the establishment of viable training centres, conservation of the environment, the rendering of medical assistance, and technology exchange programmes. Technical and financial assistance, with a view to capacity-building, especially to SADC countries, is a major instrument for promoting economic development, peace and stability, democracy, and the African Renaissance on a regional basis” (Government Communication and Information System 2006b: 283). One instrument that is favoured by the South African government is trilateral cooperation, when South Africa and an established donor country jointly plan, finance, and carry out projects in a third country (Altenburg & Weikert 2007: 2). The first agreement has been signed with Germany and the government is interested in cooperating with other donors as well (Yaso, National Treasury, interview).

The African Renaissance Fund (ARF) is managed by the DFA and aims “to enhance international cooperation with and on the African Continent and to confirm South Africa’s commitment to Africa”. The aim is to identify and fund projects and programmes aimed at enhancing the cooperation between South Africa and African countries in particular; the promotion of democracy and good governance; the prevention and resolution of conflict; socio-economic development and integration; humanitarian assistance; and human

\(^{14}\) About 114 million Euros.

\(^{15}\) About 34.4 million Euros. This is lower than the new budget of 114 million Euros for three years, so 38 million Euros for one year.
resource development (Department of Foreign Affairs 2004). The ARF is identified as a potential instrument to channel trilateral funds to joint projects.

When South Africa becomes an official donor of development aid, its relations with Africa will take on a new dimension. It remains to be seen how this role will materialize and what the impact will be.

2.5 Conclusions

In its foreign policy, South Africa commits itself to the protection of human rights and democracy and to the development of Africa. However, in practice this quest has been met with a number of constraints that often limits the implementation of these principles and causes considerable contradictions in South Africa’s foreign policy. The tension between a principled foreign policy and the lack of implementation leads to mixed assessments of South Africa’s role in Africa.

The first important constraint on South Africa’s foreign policy is the persistence of huge internal socioeconomic challenges. These domestic challenges limit the manoeuvring space of the government to engage in its foreign commitments. The often-expensive investments in Africa’s development further increase the existing tensions within the South African society. Today, the expectation exists that the next government will refocus part of its resources from Africa to the internal situation, regardless of who will become the next president in 2009.

Secondly, South Africa’s benevolent ambitions in Africa are confronted with a hegemon’s dilemma. While the positive potential of South Africa’s economic and politico-military strength is acknowledged, the practical implementation of such benevolent leadership role is constrained by the fears that the country will use its dominance in negative ways, similar to the Apartheid regime. These fears are the strongest in the Southern African region and are less prevalent in the rest of Africa. Although, where the international position of South Africa confronts the ambitions of other African States (e.g. of Nigeria in the case of the reform of the UN Security Council) or where the economic dominance of South Africa’s companies is resented, similar fears are also present in the rest of Africa. The South African government is very concerned with being seen as a unilateral regional bully and it clearly chooses to pursue its foreign policy through a multilateral strategy. The government aims to build equilibrarian relations with other African countries, but while doing so it often restricts itself to solidarity with other African states first rather than implementing its principled foreign policy.
The persistent internal problems and the hegemon’s dilemma restrict the pursuit of South Africa’s principled foreign policy and regional leadership role. This does not mean that the government does not contribute for Africa’s development. The next chapters will show that the country does offer some regional public goods and that its regional policy includes elements of a developmental approach.

Two other elements have an impact on South Africa’s role in Africa. First of all, China and other Asian countries are competing with South Africa for influence in Africa. Africa is an important destination of South Africa’s light industrial products and those are exactly what China is importing to Africa. Secondly, South Africa is currently developing the policy framework to become a donor of development assistance to other African countries. It remains to be seen how this ambition will evolve, but it will certainly have an impact on South Africa’s position in Africa. In the light of the huge internal problems one might wonder whether the expensive assistance to Africa will not further increase the internal tensions. Furthermore, becoming a donor itself will further limit the incoming ODA to South Africa, which again impacts on South Africa’s internal challenges.
3 POLITICAL ROLE OF SOUTH AFRICA IN AFRICA

Since the end of the Cold War, the international community increasingly recognised that security, good governance, and development are interdependent and mutually reinforcing. First of all, long-term development hinges upon security and lasting security requires sustainable development (Hurwitz & Peake 2004: 1). Secondly, "improved governance is crucial in ensuring that economic growth can be sustained and can make a significant contribution to alleviating poverty in Africa" (Ibrahim 2007). The European Union (EU) also explicitly recognises the link between security, good governance and development in the European Security Strategy which states that "(i)n many cases, economic failure is linked to political problems and violent conflict. Security is a precondition of development. Conflict not only destroys infrastructure, including social infrastructure; it also encourages criminality, deters investment and makes normal economic activity impossible" (European Communities 2003). However, there is no consensus on the definitions of security, good governance, and development. This makes it hard to cooperate on these themes or to formulate comprehensive plans.

In line with the international discussions, the interdependence between security, good governance, and development is a central theme for the South African government. This is reflected in the key foreign policy objective of the South Africa government, which is the consolidation of the African Agenda. This objective encompasses various dimensions, including the support to peace and democracy as well as economic development across Africa (anonymous, DFA, interview; Landsberg in Curtis 2007: 256). "It is the belief of our government that you cannot really talk about economic development without having brought about stability within the conflict areas in the continent (...) Once you brought about peace and stability you can begin to work on economic development" (anonymous, DFA, interview). An example can be found in the objectives of the Department of Defence, one of which is to "contribute to Government’s NEPAD African Renaissance objectives of economic growth development and its pre-condition for peace and security" (Department of Defence 2007: ix).

The South African government defines security as human security: "Since 1994 the government has replaced the militarist security project of the Apartheid regime with a holistic approach to security. (...) The primary threats to security are not military and cannot be dealt with by military means. At the global level the overarching problem is the power imbalance between the North and the South, and the perpetuation of inequality by dominant states; the fundamental causes of insecurity and instability in Africa are bad gov-
ernance and underdevelopment; and the primary threats to the security of South Africans are poverty, unemployment and crime” (Nathan 2005: 364).

In this chapter, two elements in the political domains will be discussed. First of all, democratisation and good governance are important elements in South Africa’s foreign policy and its multilateral efforts on the African continent. Secondly, South Africa plays an important role in bringing about peace and stability to the continent, through its participation in AU and UN peace missions, by mediating in Africa’s conflicts and by supporting post-conflict reconstruction projects on the continent. As discussed in the second chapter, South Africa pursues this role within the existing African multilateral initiatives.

3.1 Democratisation and good governance

The promotion of democracy is an important principle in South Africa’s foreign policy (Department of Foreign Affairs 2007b: 15). Given the government’s commitment to multilateralism, the main vehicle for promoting democracy in Africa are the African multilateral initiatives, most importantly the NEPAD African Peer Review Mechanism (APRM). Other African initiatives are the Charter of the AU on Democracy, Elections and Good Governance, the SADC Principles and Guidelines Governing Democratic Elections and the SADC Organ on Politics, Defence and Security Cooperation (SIPO). South Africa was and is an important advocate for the establishment of African initiatives on democratisation and good governance, based on the idea that “there will be no economic development on the continent in the absence of stability, and no stability in the absence of democracy”. This idea is reflected in the setup of NEPAD, which was initially a South African project for Africa (Nathan 2005: 364).

3.1.1 Democracy in South Africa

Given the recent history of South Africa, formal channels for democratic representation and participation have been highlighted by the post-Apartheid government, and there is a concomitant emphasis on good governance in line with international development objectives such as the Millennium Development Goals (MDGs). The government has also made a commitment in terms of both the Constitution as well as through policies like Free Basic Water (FBW) to bring a rights-based approach to both political and socio-economic aspects of democratisation and development.

In addition to the formal institutional channels of representative democracy such as Parliament, since 1994, the government has attempted to bring democracy to the people
through the inclusion of civil society groups in a number of processes, in particular the drafting of mandatory Integrated Development Plans (IGPs) at a local government level, as well as in terms of service delivery initiatives such as housing. However, there is still a substantial backlog in terms of services throughout the country, and survey research undertaken by organisations such as IDASA and ACCEDE show that levels of participation are low in regard to formal channels of democracy like Parliament and even in relation to forms of local government representation like Ward Committees. In this regard, while support for the ANC remains very strong, there are signs that institutional forms of democracy are not working as well as they could be (Mhone 2003; Williams 2005; Tapscott 2007; Bratton et al 2004; Nadvi & Piper forthcoming).

As other sections of this report also highlight, government policies have been inconsistent with regard to upholding democratic principles regionally. As indicated before, the recent xenophobia attacks in June and July of 2008 are indicative of contradictions between internal and externally orientated democratic policies and processes. The treatment of Southern African and African residents by the department of Home Affairs and the police has drawn media attention over the years and some argue that the recent xenophobia is a sign that the concept of a rights based democracy has not really taken root in South Africa at either the state or societal level (Smith 2008). This points to the need for much more rigorous attention to making democracy work in practice, both nationally and regionally.

### 3.1.2 NEPAD African Peer Review mechanism

As part of the effort to entrench democracy at the regional and continental level, the African Peer Review Mechanism (APRM) was launched in 2003 of which the Economic and Corporate Governance Initiative (ECGI) is a fundamental part. This is the most important multilateral and African-owned initiative to stimulate good governance in Africa. Through this NEPAD-programme the members commit themselves to an initiative of self-assessment, dialogue with their African peers, and the exchange of best practices on good governance. South Africa was an important driver of the establishment of NEPAD and of the APRM, with Nigeria as an important partner in the process. Other African states such as Zimbabwe and Libya opposed the progressive agenda of South Africa and its peers and managed to reduce the liberal approach of the APRM (Southall 2006: 5).

In some quarters the APRM objective of promoting good governance has been praised as noteworthy, but there are many critics who are of the opinion that the APRM is just one way of getting states in Africa and in the South to be ‘disciplined’ into economic behav-
iour, which is promoted by organisations such as the World Bank and IMF (for example, Bond 2002). Aside from the critiques about the usefulness of the APRM in promoting good governance, it has also run into difficulties in praxis. According to the APRM base document, the role of the APRM is “to ensure that member states... conform to internationally agreed governance values, codes and standards as a means of fostering political stability, economic growth, sustainable development and accelerated sub-regional and continental economic integration” (HSGIC 2002: 2). In practice, however, very few countries have agreed to undergo the peer review process. The African Peer Review Forum (APRF) performs the review, and the final report is tabled at the AU. Ironically, while South Africa was one of the leading states promoting the APRM, the government had serious issues with the draft review document released in 2006 (Boyle 2007). The future of the APRM as means of promoting good governance is by no means certain.

3.1.3 SADC and AU efforts for democratisation and good governance

The APRM remains one of the key mechanisms through which the AU and SADC are attempting to promote good governance. Other institutional mechanisms are the SADC Parliament and the AU African Commission on Human and Peoples Rights. As of 2008, none of the institutional mechanisms were helping significantly in instances of gross human rights abuses such as is currently taking place in Zimbabwe, pointing to the inherent weakness of structures promoting democratic governance in both Southern Africa and on the continent.

3.2 Peace, conflict mediation, and post-conflict reconstruction

The most active multilateral players in this domain are the African Union (AU) and the Southern African Development Community (SADC), often in close cooperation with efforts by the United Nations (UN). South Africa, Egypt, Kenya, Nigeria and Senegal are playing an important role within these institutions.

Based on its own experience, peaceful conflict resolution through diplomacy, mediation and dialogue is central to South Africa’s approach. The use of military power is seen as the last resort and must be mandated by the UN Security Council (Nathan 2005: 364-365). South Africa often takes up the role of conflict mediator, either on request of the AU, the SADC or the conflict parties themselves (e.g. in the case of Ivory Coast). At the same time, the country is an important contributor of military personnel to AU- and UN peace missions. Furthermore, South Africa supports post-conflict reconstruction efforts in Africa, for instance, through its chairmanship of the AU Committee on the Post-Conflict
Reconstruction of the Sudan. Other examples are the assistance to post-conflict recon-struction projects on the continent through the African Renaissance Fund and efforts on demining by, among others, the South African National Defence Force (SANDF). Despite these laudable actions, the discourse on peaceful conflict resolution and a small non-threatening South African force is contrasted with the reality of South Africa’s controversial arms acquisition programme and continuous arm exports.

3.2.1 The setting: towards an African Peace and Security Agenda

On the continental level, the AU is the overarching organisation working towards a continent-wide peace and security agenda since the early 1960s. The first mechanisms of conflict prevention and peacekeeping were rather ineffective: at best, some careful expressions of concern with human rights violations were formulated but without being followed up with concrete peace missions. With the transformation of the Organisation of African Unity into the African Union in 2002, one of the major developments was the establishment of the Peace and Security Council (PSC), the AU’s decision-making organ for the prevention, management and resolution of conflicts (Mlambo 2006: 41-44). The PSC has achieved a number of things: the adoption of a policy framework on peace and security, the adoption of a clause that enables the AU to intervene in internal African conflicts in case of grave circumstances\(^{16}\), and establishment of the African Standby Force (ASF) to deploy to prevent or resolve such circumstances (Mlambo 2006: 53). The ASF envisions five regional bases (Hamill 2006: 127). The Southern African brigade was launched by the SADC in 2007 and will function as a rapid reaction force to which all the Southern African countries contribute (Mantu 2005). In spite of the important accomplishments of the PSC, the AU still faces considerable challenges, such as the need to increase civilian participation in the establishment of the ASF, a need for regular intelligence information from all African countries, and a lack of human and financial resources for peace operations (Mlambo 2006: 41, 53). The same is true in the Southern African region. It is expected that the SADC brigade will depend heavily on South Africa, given the country’s relatively large military resources and the professionalism of South Africa’s defence force in comparison with the rest of the region. However, even South Africa faces considerable challenges and regional military experts are concerned over whether the country will be able to carry the burden\(^{17}\) (IRIN News 2008; Hamill 2006: 126). Nevertheless, it is ex-

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\(^{16}\) This entails an important departure from the absolute sovereignty and non-interference in the internal affairs of member states.

\(^{17}\) More information in section 3.2.2.
expected that South Africa will push the issue of peacekeeping operations on the agenda once the country assumes the chair of the SADC in August 2008 (Magubane 2008).

Within the SADC, the Organ on Politics, Defence and Security (OPDS) is the main institution for political and security cooperation and deals with issues ranging from the continuous war in the DRC to non-traditional security threats stemming from illegal immigration, the economic and political collapse of Zimbabwe and transnational organised crime (McGowan 2006). As indicated before, discussions on the regional security regime were initiated in 1994, but the Organ only became fully operational in 2001 after six years of difficulties surrounding the positioning of the Organ. This was due to mutual distrust and tensions on a number of issues. South Africa and Zimbabwe were the main representatives of the two power blocks, with South Africa being backed by Botswana, Lesotho, Mozambique and Swaziland and Zimbabwe by Angola and Namibia. The issues of contention related to the preference for a diplomatic or a militaristic approach to conflict resolution as well as the position of the Organ as part of the SADC or as an independent body. As indicated before, the power of the new South African state was resented by other regional leaders. The discussion over the position of the Organ, for instance, can be traced back to the opposition of Zimbabwean President Mugabe, who had been the regional big man during the Apartheid regime and who saw his position challenged with the moral leadership of President Mandela (Matlosa 2007: 115-117). Only in 2001, tensions were resolved and considerable progress was made in restructuring the OPDS. Since then, efforts for collective security in the region were possible: the Protocol on Politics, Defence and Security was revised, giving the OPDS responsibility to manage both inter- and intra-state conflicts, to promote political integration and security cooperation, to devise a common foreign policy, to promote democratic governance and to develop a regional peacekeeping capacity. In 2003, a new SADC Mutual Defence Pact was signed, promoting cooperation with joint military training and peacekeeping exercises, exchange of military intelligence and information, and joint research, development and production/procurement of military equipment (Matlosa 2007: 117-119).

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18 This culminated in a clash over the involvement in the DRC conflict in 1998, with South Africa and its peers opting for a negotiated settlement and Zimbabwe, Angola, and Namibia initiating a military intervention.
3.2.2 South Africa’s role in AU and UN peace missions

South Africa deploys troops to peace missions of the United Nations (UN) and of the African Union (AU). These efforts are seen as a part of South Africa’s fulfilment of international obligations (Government Communication and Information System 2008a).

Policy framework for South Africa’s participation in international peace missions

The most important South African policy documents on South Africa’s defence forces, including its participation in international peace missions, date back from the early transition period, which was characterized by a feeling of euphoria based on the ending of both the Apartheid era and the Cold War. Only a small ‘confidence-building defence force’ was envisioned that would be non-threatening (thus avoiding an arms race with the neighbouring countries) and involved outside the South African borders only on a small scale. This means that “two battalion groups will be prepared for participation in peace-keeping operations, with the understanding that only one battalion group will be deployed at a time, with the other held in readiness for rotation” (Department of Defence 1996; Department of Defence 1999; IRIN News 2008; le Roux, ISS, interview). In reality though, South Africa soon deployed three battalions on the continent. On the one hand, this was caused by the reality in which Africa suffered from even more violent conflicts than during the Cold War period. Given South Africa’s relative economic and military power, the government was expected to act accordingly to that relative strength. On the other hand, the ambitious programs of the African Agenda and the concept of the African Renaissance that were put forward by the Mbeki government also implied a large role for South Africa in striving for peace on the continent (Williams 2006; le Roux, ISS, interview).

Several sources warned the government that the SANDF is seriously overstretched. First of all, the troops are over-deployed because the SANDF does not have enough troops to guarantee a 1:1 rotation. An additional threat to the SANDF is the challenge of HIV/AIDS which affects up to 25% of its employees and which threatens its deployment potential and operational effectiveness (IRIN News 2008; le Roux, ISS, interview). Secondly, the defence budget has consistently been reduced and doesn’t comply with the increasing

19 The most important documents are the 1996 White Paper on Defence, the 1998 Defence Review and the 1999 White Paper on South African participation in International Peace Missions.

20 One battalion comprises of 1000 troops.
demands for more participation in peacekeeping missions in Africa (IRIN News 2008). And thirdly, there is a serious backlog of equipment maintenance (IRIN News 2008).

The Department of Defence (DOD) recognises the “misalignment between Defence Policy and resource allocation, and the increasing requirements to provide military capabilities for peace and humanitarian missions placed on the DOD”. However, due to the international commitments and the moral obligation of the government to participate in African peace missions, the government emphasises that “the deployment of more than 3000 members in external peace support missions (which is more than three times the number planned for in the 1998 Defence Review) will continue over the medium term” (Department of Defence 2007: x). The existing and future commitments to participate in (African) peace missions are kept. In March 2008, the government approved additional SANDF deployments to AU/UN missions in Uganda, Eritrea/Ethiopia and Nepal on top of the existing deployments in Burundi, the DRC, Cote d’Ivoire and Sudan (IRIN News 2008). The South African government also agreed to take up a large part of the Southern Africa regional brigade to contribute to the African Standby Force (ASF). This regional brigade would be deployed through the SADC under AU or UN mandates (IRIN News 2008). In order to provide a solution to the misalignment of resources and capacities, the South African government invests further in a human capital strategy for the SANDF (Department of Defence 2007: x). It also works on a review of the main policy documents. In 2007, new priorities were set in the Defence Update 2007, the new defence policy document that has yet to be released publicly. The Defence Update is to refocus the SANDF to have a greater capacity for rapid-deployment in peacekeeping operations in Africa by making the landward forces more flexible and mobile by modernising and renewing the main equipment in the next 30 years (Sole 2008). The government also works on a review of the White Paper on South African Participation in International Peace Missions before the end of 2008 in an attempt to adjust policy to reality (Government of South Africa 2008). A last sign of willingness by the government to address the challenges is that the defence budget is set to increase by 6,1% in the next three years (Sole 2008).

Contributions to AU- and UN-missions

In 2007-2008, a permanent number of some 3000 SANDF soldiers were deployed in peace support outside South Africa (Government Communication and Information System 2008b: 444).
South Africa’s most extensive involvement in peacekeeping has been in Burundi. Today, 1100 troops\(^{21}\) are deployed in the AU’s Special Task Force\(^{22}\) (Government Communication and Information System 2008b: 445). The Task Force is manned solely by South Africans (SAPA 2007). Apart from its involvement in the current AU peacekeeping force, the South African government has been the AU facilitating country for Burundi since 1999 (cf. infra) and was also involved in earlier peace missions, including a small VIP close-protection force for parliamentarians in 2001 (IRIN News 2008), the AU peacekeeping force (AMIB) in 2003-2004 where the South African troops were the only troops during the first few months of the mission\(^{23}\), and the UN Mission to Burundi (ONUB),\(^{24}\) which was lead by a South African Major General (Williams 2006: 196).

A second important involvement has been in the DRC. South Africa is the 5\(^{th}\) biggest contributor to the UN mission (MONUC) and the largest African contributor with 1158 troops and 14 military observers deployed. This places South Africa in the position of 5\(^{th}\) biggest contributor to MONUC and the largest African contributor (United Nations Department of Peacekeeping Operations 2008). A further 27 SANDF members were deployed in the DRC during the 2005 presidential election. These were not part of the UN mission (Government Communication and Information System 2008b: 445).

Other efforts for peacekeeping include contributions to the AU/UN mission in Darfur (UNAMID)\(^{25}\) (United Nations Department of Peacekeeping Operations 2008). Furthermore, on the 31\(^{st}\) of June 2008, South Africa also had one military observer employed in the UN/AU mission in Ethiopia/Eritrea (UNMEE) and 5 military observers in the mission in Nepal (UNMIN) (United Nations Department of Peacekeeping Operations 2008). In March 2008, cabinet approved an additional deployment of SANDF members to Northern Uganda as part of the AU mission as well as an extension of the deployment of the

\(^{21}\) Numbers of March 2008.
\(^{22}\) The Task Force was established by the AU after the last rebel movement Palipehutu-FNL re-joined the peace process in 2006 (SAPA 2008). The Task Force was created to facilitate the inclusion of the movement in the Burundian democratic process and the Burundian National Defence Force and it succeeded the UN Mission (ONUB) that ended its operations in December 2006.
\(^{23}\) The Ethiopian and Mozambican contingents only arrived months later, due to concerns with the fragility of the peace process and a lack of funds.
\(^{24}\) Until 31\(^{st}\) of December 2006, South Africa contributed to the UN mission in Burundi (ONUB) with 890 troops and 5 military observers. Other important contributors where Pakistan (1200 persons), Kenya (1000 persons), Ethiopia (864 persons) and Nepal (942 persons) (United Nations Department of Peacekeeping Operations 2006).
\(^{25}\) With 711 troops and military observers South Africa is the third biggest contributor after Nigeria (3071 persons) and Rwanda (2671 persons) and followed by Senegal (625 persons), Egypt (508 persons) and Ghana (486 persons).
3.2.3 Mediation efforts

South Africa has been involved as mediator in a number of conflicts. Often, it does this in the capacity of AU-mediator or SADC-mediator, e.g. the current efforts in Zimbabwe.

The South African approach to conflict mediation

As a mediator, South Africa pursues a model that is based on the South African transition. This model is characterized by a strong believe in non-violent forms of conflict resolution. Key elements of this model include: negotiations and dialogue with all belligerents; the establishment of a transitional national unity government; the creation of a new integrated army; and plans for a truth and reconciliation commission (Curtis 2007: 255-258). The typical strategy involves the promotion of democracy by promoting an inclusive dialogue process between all belligerent factions. South Africa aims at getting everyone around the table to compromise and to agree on inclusive transitional political arrangements. Based on a case study of the mediation efforts of SA in Burundi and the DRC, Curtis points out that, although these efforts have been fairly successful, the particular model pursued by South Africa is not always the most appropriate strategy in contexts that differ substantially from the South African conflict setting. For instance, different patterns of authority have led to unexpected outcomes and persistent tensions and difficulties (Curtis 2007: 258). Another problem can be that not all participants in a political process may share the common value framework that is needed to make differences negotiable (Clapman in Curtis 2007: 257).

South Africa’s mediation efforts in practice

The peace efforts of South Africa in Burundi have been called successful. Although other regional actors such as Tanzania, Uganda, and Rwanda had also played an important role, “South Africa's involvement was notable due to its facilitation of various agreements, as well as its promotion of a particular kind of transitional model in Burundi” (Curtis 2007: 253). South African officials have been closely involved in the drafting of
transitional arrangements in the Arusha negotiations and from 1999 onwards South Africa become the main mediator, with first president Mandela and then vice-president Zuma taking up the role of mediator. In 2000, the Arusha agreement was signed but two rebel movements remained outside the negotiations. In 2002, a ceasefire agreement was signed with those rebel movements and in 2004 an accord was reached on future power-sharing arrangements. Although it is likely that the Burundian peace process would have collapsed without South Africa’s facilitation, the peace processes still remain fragile and peace is not guaranteed (Curtis 2007: 261, 266).

The results in the DRC are even more delicate, as the conflict in the Eastern parts of the DRC still continues (Kabemba in Southall 2006: 14). Peace in the DRC is singled out as a top priority by the DFA (Department of Foreign Affairs 2007b) and South Africa has been involved in trying to broker a peaceful transition in 1996 and more prominently from 2002 onwards. South Africa eventually became the principal peace mediator and managed to broker an peace agreement through what became known as the Inter-Congolese Dialogue (Curtis 2007: 262-263). The reactions to the DRC peace process are much more cautious than in the case of Burundi. One major concern of many observers as well as Congolese people are the commercial interests of South Africa, especially in the light of the rivalry between South African and other Southern African countries for lucrative contracts, most notably mining contracts. These suspicions reportedly contributed to difficulties and delays in the Inter-Congolese negotiations (Curtis 2007: 264). South Africa’s commercial interests include the Grand Inga Dam, a hydro-power project on the Congo River which could double the amount of electricity available on the continent. As South Africa is currently experiencing power shortages, it has strategic interests in the Inga Dam project, which will depend on exporting its electricity to industrial areas such as that of South Africa (Vidal 2008). Furthermore, multiple private companies are active in the vast natural extraction in the Congolese mines. According to Kabemba, the transitional process failed to adequately address the historical looting of the countries’ vast natural resources (Kabemba in Southall 2006: 14). At the same time, South African support to the further consolidation of democracy and development has been and will be vital, even if that support is somewhat self-interested (Kabemba in Southall 2006).

The mediation efforts of president Mbeki in Zimbabwe are much more contentious. Little conflicts and related mediation efforts are as debated as the Zimbabwean crisis and

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26 Initially, president Nyerere of Tanzania was the chief mediator of the Arusha negotiations. After his death in 1999, this function was transferred to South Africa.
President Mbeki’s approach of ‘quiet diplomacy’. Since March 2007, President Mbeki has been appointed as the official SADC mediator and this function has made him the facilitator in the talks between ZANU-PF and the MDC that started in July 2008. His approach, however, remains contested with many observers condemning it as ineffective. Even in the last few months when ZANU-PF and the MDC finally started to talk, little consensus exists on the issue. The G8 recently called Mbeki’s quiet diplomacy over Zimbabwe ineffective and a number of African leaders27 have questioned Mbeki’s approach. At the same time, the AU institution is holding back on taking a stronger stance to avoid undermining Mbeki’s leadership (Wintour & Elliot 2008b) and the African Union Commission chief Jean Ping recently28 even saluted Mbeki’s mediation efforts in Zimbabwe (News24 2008). Other observers support Mbeki’s approach by emphasizing that there are few other options available in the case of Zimbabwe. According to Prys, the ‘quiet diplomacy’ enabled the South African government to keep a line of communication open, and thus a certain degree of influence, which otherwise would have been closed. The existing tensions regarding South Africa’s role in the Southern African region, in which Mugabe always played an important role; the high pressure by Western powers on South Africa advocating for a more robust intervention thus leading to suspicions about Western agenda’s; and other political tensions within SADC limiting the prospects of a multilateral consensus all limited the role the South African government can play (Prys 2007). Other observers urged that Mbeki had few other options but the approach of ‘quiet diplomacy’ giving the strong backing of both the armed forces and the civil service for Mugabe. The armed forces even warned that they were willing to use their military capacity to prevent a presidential candidate other than Mugabe to take office (Maroleng, ISS, interview). Given the opening for negotiations and the continuous talks it remains to be seen what direction the situation in Zimbabwe will take and what role South Africa will (continue to) play.

Other mediation efforts of South Africa included the backing of the AU peace efforts in Sudan on the peace agreement between the Khartoum regime and the SPLA/M); mediation in the Cote d’Ivoire after the failure of ECOWAS and the French government through participation in the Ivory Coast International Working Group; and the facilitation of talks in the Comoros (Southall 2006: 5-6; Department of Foreign Affairs 2007b: 70).

27 Including the Nigerian president, Umara Yar’Adua, and John Kufuour, the president of Ghana (Wintour & Elliot 2008a).
In addition to mediation efforts of the South African government, the country’s civil society is active in Africa. The Institute for Global Dialogue (IGD)\textsuperscript{29}, for instance, organized dialogue forums in the DRC and Cote d’Ivoire to which political parties, civil society, and government representatives are invited (Le Pere 2008). The organisation ACCORD\textsuperscript{30} has more extensive interventions. In Angola, for instance, ACCORD aims to contribute to improving democratic governance through the promotion of constructive dialogue between stakeholders and building capacity for participation in decision-making processes at different levels, to develop skills in conflict prevention, management and transformation; and to build local capacity and sustainability. In Burundi, the organisation was involved in Track II\textsuperscript{31} assistance to the Arusha peace negotiations. Furthermore, they contributed to skills development and capacity building in conflict prevention, management and transformation and legal assistance and mediation services were provided to both returning refugees as well as welcoming communities in order to facilitate the repatriation and re-integration of Burundian refugees (ACCORD 2008). Universities have also been involved in so-called Track II diplomacy, in which non-state actors take up the role of conflict mediators (Pretorius, UWC, interview).

3.2.4 Post-conflict reconstruction

In line with its other efforts to enhance peace and stability in Africa, South Africa invests in post-conflict reconstruction of African countries (Department of Foreign Affairs 2007b). One instrument to do this is the African Renaissance Fund. For instance, South Africa has assisted in the organisation of the 2005 elections in the DRC (R278 million). In 2006-2007, South Africa also provided technical assistance to a post-conflict reconstruction project in the Comoros (R10 million) and to the restructuring of the Liberian national police. Another important project is the support the post-conflict reconstruction in Sudan by supporting the skills development of the Southern Sudanese leadership, for instance in financial management, public administration, diplomacy, and international relations.

South Africa is also involved in multilateral efforts for post-conflict reconstruction. First of all, the country is currently the chair of the AU Committee on the Post-Conflict Recon-

\textsuperscript{29} The Institute for Global Dialogue is a South African NGO based in Midrand. The IGD is primarily working on research, but also runs a number of projects to promote dialogue between political actors in a number of African countries.

\textsuperscript{30} The African Centre for the Constructive Resolution of Disputes (ACCORD) is a South African-based civil society organisation that works on conflict resolution, dialogue, and institutional development in Africa, through conflict mediation, research, and training.

\textsuperscript{31} The term track II mediation refers to the efforts of non-state actors while Track I mediation is done by governmental actors.
struction of the Sudan (Department of Foreign Affairs 2008). It also actively participates in the development of the AU Post-Conflict Reconstruction and Development Policy and it is developing a South African Post Conflict Reconstruction and Development Strategy, which will focus on Sudan and the DRC in particular (Department of Foreign Affairs 2007b: 70). Furthermore, inputs were made on the discussions of the UN Peace-Building Commission (PBC) on Burundi, which has been selected as one of the focus countries of the PBC (Department of Foreign Affairs 2007b: 70).

A final area of involvement in post-conflict reconstruction is that of demining. South Africa is emerging as a leader in the field of mine clearance equipment (Naidu 2006: 260). The country provides a number of international humanitarian organizations with financial and material aid for activities within and beyond SADC. Projects included the training of Ethiopian de-miners, a joint project for arms destruction of the South African Police Service and the Police of the Republic of Mozambique, and financial assistance to the International Committee of the Red Cross for the rehabilitation of landmine survivors in Angola (International Campaign to Ban Landmines 2004). South African firms have been involved in mine clearance operations around the world, and in developing demining technology and equipment. The biggest company, Mechem Consultants is a subsidiary of the state-owned arms company Denel and has been engaged in mine action activities for over four decades. For instance, in cooperation with the UN missions, the company has been surveying roads in southern Sudan, road clearance project in Western and Eastern Equatoria. South African companies are also engaged in mine action research and development (International Campaign to Ban Landmines 2004). Between 1991 and 2003, Mechem conducted 42 mine-clearing operations, 25 of which were conducted in Africa with 18 in Mozambique alone and others in the DRC (3), Angola (2) Eritrea, Uganda, and South Africa. Developed countries have also been seeking the expertise of South African equipment and technology experts to assist with humanitarian projects in the rest of the world (Naidu 2006: 260).

The question remains, however, whether this means that South Africa is becoming a responsible arms dealer. Armaments represent one of the country’s largest manufactured exports, with exports amounting to the same level as Belgium, Sweden, and Switzerland (McGowan 2006). According to information of the newspaper Mail & Guardian, arms ex-

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32 In line with the commitments within the AU framework, the South African Policy Service is also involved in the training of the South Sudanese police forces.
ports increased by 20% in 2003 (in Naidu 2006: 263). Destination countries included Swaziland and Guinea, Colombia, Nepal, India and Pakistan (in Naidu 2006: 263). Secondly, the efforts on demining also have a primarily commercial nature and the South African demining companies are often closely liked to private military companies. Therefore, the efforts in forging peace on the continent seem to be contradicted by the exports of considerable amounts of arms to many places in the continent, including conflict prone environments (Southall 2006; Nathan 2005: 371). Similarly, the controversial arms acquisition program of the South African government, which entailed the purchase of warships and aircraft at an estimated cost of US$5.2 billion (Nathan 2005: 369), seem to contradict with the proclaimed preference for non-threatening and peaceful conflict resolution.

3.3 Conclusions

South Africa’s political role entails a clear commitment to democratisation and to peace in Africa. In pursuing these commitments, the government emphasizes and supports Africa’s multilateral initiatives.

Significant headway has been made over the last ten years in terms of remodelling many of the African continent’s institutional mechanisms for promoting democracy and good governance. NEPAD and the APRM stand out as initiatives promoted by South Africa, which have drawn a lot of attention both at the level of regional and continental organisations, but also at the level of analysis. While it is clear that these initiatives are a step in the right direction, it would seem that ongoing regional and continental dynamics indicate they are not sufficient at this stage to ensure that democratisation and development become firmly embedded in institutions both within South Africa and beyond.

South Africa has been an important driver in the restructuring of the African peace and security agenda and was responsible for some of the progressive elements such as the departure from the principle of non-interference in the internal affairs of a state in case of grave circumstances such as genocide or crimes against humanity. Apart from its efforts to strengthen the African multilateral institutions working towards peace and security, most notably the African Union (AU) and the Southern African Development Community (SADC), South Africa is an active contributor to peace missions, conflict mediation, and

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33 There are no recent figures on South Africa’s arms trade. Only in 2007 the South African government released the official arms export reports for 2003-2004. Between 2003 and 2006, no annual arms export reports were published (Lamb 2007).
post-conflict reconstruction. Relatively large financial and human resources are devoted to Africa, and South Africa seems to live up to its commitments to peace in Africa. In some activities, most notably in the troop contributions to peace missions, the government even goes further than a reading of its policy documents might suggest. It remains to be seen whether and how the current forms of development assistance through the African Renaissance Fund will be further developed under the new donor policy frameworks.

However, not everyone recognises the benevolent nature of South Africa’s activities and some observers point to the country’s national interests to explain them. The extensive involvement in the DRC, for instance, is often linked to South Africa’s interests in the Congolese mines. Furthermore, the continuation of arms exports by South Africa to unstable destinations in Africa and beyond raises doubts regarding the South African rhetoric on the need for peaceful conflict resolution through diplomacy, mediation, and dialogue. Furthermore, the persistent high levels of xenophobia in the South African society\(^{34}\) contradict the commitment of the government to the African Renaissance.

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\(^{34}\) More detailed information in chapter 5.
South Africa's economic role in Africa is shaped by the international setting in which it operates. One aspect of this setting is the process of globalisation. Through this process, transnational companies and social movements acquire an increasingly important role and often transcend the limitations of national boundaries, thus escaping the control of the government. In the case of South Africa, for instance, the largest companies now have their primary listing on the London Stock Exchange (Patel, LRS, interview). A second aspect is the continuous process of trade liberalisation causing a complex web of bilateral and multilateral agreements. On the global level, agreements on trade liberalisation have been signed within the WTO (GATT, GATS, TRIPS). South Africa has concluded a free trade agreement with the European Union (Trade, Development and Cooperation Agreement) and qualifies under the US African Growth and Opportunity Act (AGOA). On the regional level, South Africa is member of a customs union through the Southern African Customs Union (SACU) and the government has signed a Trade protocol with the other SADC member envisioning the establishment of a free trade area in that region. The existing web of agreements directly impact South Africa’s relations to Southern Africa. The conclusion of the free trade agreement between South Africa and the European Union, for instance, has made the other members of SACU de facto members to that agreement. This has led to considerable revenue losses for those states. Under the SACU agreement, the other SACU-member states follow the external tariff regime of South Africa and the lowering of tariffs by South Africa on EU imports has reduced the SACU revenues on import duties and the like (Le Pere & Tjonneland 2005: 32).

South Africa’s economic role is also shaped by its domestic setting. According to Hentz, South Africa’s regional economic policy is based on a political compromise between two conflicting policy views within South African society, which are represented by the two main domestic constituencies: big business and labour (Hentz 2005: 21). Big businesses have acquired a competitive position and they favour a laissez-faire approach of the state as well as further liberalisation. South African companies have expanded considerably in the region and state intervention or institutionalisation “would only tie their hands” (Hentz 2005: 30-31). Labour, on the other hand, supports a more interventionist role of the state. In the first place, labour supports the position of the government that “South Africa cannot be an island of prosperity in a sea of poverty” (Mandela 1995) and that the development of South Africa is inextricably linked to the development of Southern Africa. But labour is also concerned with the domestic economic problems of South Africa. They advocate a selective liberalisation, with a regulating role of the state in order to maintain enough policy space to protect a number of sensitive sectors and labour-intensive sectors.
in particular (Hentz 2005: 35). As the government adopts elements of both constituencies, “post-Apartheid South Africa’s regional economic foreign policy has apparently taken two directions” (Hentz 2005: 31).

In this fourth chapter, the impact of South Africa’s internal economic policy on the country’s external role will be discussed. Secondly, the role of the government in the regional context will be analysed, paying attention to both the processes of regional integration within the SACU and SADC and more functional forms of cooperation, for example, by means of the Spatial Development Initiatives (SDI). South Africa’s economic role is strongest in the SADC-region, both in the case of the engagements by the private sector and by the government. Although the continental framework for the SADC is NEPAD, in the field of trade and financial integration most activities relating to Southern Africa are left to the SADC (Le Pere & Tjonneland 2008: 115). Therefore, the discussion over NEPAD and the interaction with the SADC as well as the economic role of South Africa in Africa will only be discussed briefly.

4.1 South Africa’s internal economic policy

The South African government recently shifted in domestic political discourse “away from trade policy and its unilateral liberalisation impulses and towards more critical industrial policy questions of economic development, diversification, and technological upgrading” (Vickers 2006: 14). This new discourse was also translated into a new policy framework that replaces the GEAR programme: the Accelerated and Shared Growth Initiative South Africa (ASGISA) and the accompanying National Industrial Policy Framework (NIPF). While trade policy and an emphasis on market-friendly policies were central to South Africa’s economic policy under GEAR (Vickers 2007: 2), ASGISA gives priority to the industrial policy. “Trade policy remains an instrument of industrial policy in a context of narrowing options under multilateral and bilateral trade arrangements. Trade policy will be informed much more closely by sector strategies, at both the negotiating and administrative levels” (Department of Trade and Industry 2007: 4).

4.1.1 The neoliberal GEAR program (1996-2004)

In the early transitional period, heated debates took place on the future direction of the country’s economic policy in both academic and government circles (Mather & Greenberg 2003: 393). In 1996, the initial white paper for a Reconstruction and Development Programme (1194) was replaced by a macroeconomic neoliberal plan called the Growth Employment and Redistribution (GEAR) that focussed on the creation of a competitive first
economy through market-friendly policies and liberalisation. This would lead directly to accelerated growth and increased job creation and would bring along income redistribution and poverty-reduction (Vickers 2007; European Union 2006: 19).

The government did achieve some macroeconomic improvements and a sound framework was developed to let the first economy grow into an outward-facing, competitive and modern economy. Through relaxing foreign exchange controls, South African companies were able to expand further into Africa and beyond (European Union 2006: 19; Habib 2005: 681). Furthermore, the government actively simplified and liberalised the country’s complex system of quotas and tariffs (Mather 2005: 5).

However, the GEAR policy of liberalisation, deregulation and privatization also had very negative effects and faced considerable criticism. On the one hand, a number of targets regarding the ‘first economy’ were not met. The levels of foreign investment inflows remained low while the relaxation of foreign exchange controls led to capital outflow, and the privatization programme of the state did not generate the expected capital for the state (Habib 2005: 681-682). The lack of domestic capital is one of the important constraints to achieving sustainable growth in South Africa (Davies 2007). On the other hand, the neo-liberal policy did not create sufficient jobs and even caused huge job losses in many sectors. A number of studies have shown that poverty and inequality have increased as a consequence of the restructuring of many economic sectors in response to liberalisation and reintegration of South Africa in the global economy. The agricultural and agro-processing sector, for instance, was highly protected and regulated under the Apartheid regime through a complex system of tariffs, quotas, and duties that virtually eliminated foreign competition in the domestic market. In the post-Apartheid period, the sector became almost totally liberalised and deregulated, in compliance with and sometimes even beyond the commitments under the GATT regime. This led to a restructuring of the sector, in response to both greater competitive pressures associated with lower tariffs and a freer trade regime and the impact of mergers and acquisitions. The liberalisation led to rapid increases in food imports from countries with large subsidies for agricultural production, for instance from the European Union member states (Mather 2005: 5-7). Although the agricultural sectors accounts for only 4,5% of South Africa’s GDP, about 13% of the population rely directly or indirectly on income from agricultural activities for their livelihoods. The sector also has significant forward and backward linkages with the broader economy. This means that the restructuring of the sector has a very large impact on the livelihoods of an important proportion of the South African population (Mather & Greenberg 2003: 394).
4.1.2 Shifting towards a larger role for the state: ASGISA and NIPF

In 2001, a first shift occurred with the adoption of a new economic policy government, focussing on microeconomic reform in order to address the high cost structure of the economy. The role of the state was further increased in the 2004 Accelerated and Shared Growth Initiative (ASGISA) and National Industrial Policy Framework (NIPF).

Under ASGISA, the government aims to strive for the necessary 6% economic growth through structural measures. A growth rate of at least 6% is needed to achieve the central socioeconomic objective of the government to halve poverty and unemployment by 2014, as mandated under the Vision 2014. With 6% growth, the current levels of unemployment and poverty could be maintained (The Presidency 2007: 2). The structural measures include the support of labour-intensive economic activities, increasing the distribution of the gains of economic growth, and reducing the gap between the ‘first’ and ‘second’ economy (The Presidency 2007). ASGISA aims to confront three important economic challenges. First of all, economic growth has not led to sufficient job creation, due to, among other things, a structural lack of skills. Secondly, although South Africa enjoys high growth rates in comparison with earlier decades, this growth is not sustainable. The main drivers are an increase in consumption expenditure on the one hand and a growth in the commodities boom on the other. However, the consumption expenditure is increasingly based on imported goods, which implies that the consumption growth is outstripping production growth and the result is a widening deficit of the trade balance. The commodities boom is mostly a result of the rising Chinese and Indian demands for mineral and other primary products. Thirdly, South Africa’s major industrial performers are mostly large-scale upstream companies and projects in different sectors, with little opportunities for SMEs. In order to address these constraints, the government has launched the Joint Initiative for Priority Skills Acquisition (JIPSA), infrastructure development programmes under the Expanded Public Works Programme, and increased support to SMEs, especially those owned by blacks and women. The new National Industrial Policy Framework (NIPF) must stimulate productive activity to match the levels of consumption (Davies 2006). The NIPF outlines the industrial policy of the government and prioritises the stimulation of labour-absorbing and value-adding manufacturing sectors. For several industrial sectors specific action plans were prepared and approved (Department of Trade and Industry 2007). Both the ASGISA and NIPF documents outline a number of priority sectors that are labour-intensive and/or have an important growth potential. In ASGISA, for instance, bio-fuels, business process outsourcing, and tourism are the most important sectors. On the medium term, other sectors would be prioritised such as chemicals, the metal sector, clothing and textiles, agro-processing sectors, and cultural industries (Davies 2006).
More radical and contested strategies that support these policy measures have been set out in the Broad Based Black Economic Empowerment (BBBEE) policy that provides for the positive discrimination of blacks in employment, credit attribution, housing, education, and support to SMEs. Even more disputed is the abovementioned important, but slow three-prone land reform policy\textsuperscript{35}. The redistribution of land rights is for the moment relatively the most successful because of its voluntary sale and (subsidised) decal of land to new black farmers under the programme Land Redistribution for Agricultural Development (LRAD) and Comprehensive Agricultural Support Programme (CASP). It is, however, clear that the pressure on this issue is still very high because of the symbolic value of the land question, the economic importance of the agricultural sector and related processing industries, the slow and non-transparent progress, and the conflicts of interests in the implementation of the country reform (Bernstein et al 2008).

In order to provide a rapid answer to socioeconomic challenges, the government recently composed another list of top priorities, this time under the banner ‘business unusual’. These priorities include, among others, increased attention to community infrastructure for water, sanitation, and electricity; an intensive campaign on energy security; addressing the backlog on technical and regular education; the active promotion of and support to SMEs owned by blacks; the speeding up of the land reform programme; a programme for social cohesion and the War against Poverty with as the short term objective a direct support to poor households through various mechanisms of food- and social security (The Presidency 2008).

\textbf{4.1.3 Impact of the internal policy on role in region}

There are both direct and indirect links between the internal and external economic policy of South Africa.

First of all, the internal economic role of South Africa is crucial in itself. South Africa can only play an active developmental role in Africa if the country experiences the necessary economic prosperity and socioeconomic stability. This requires both economic growth and social justice. Other socioeconomic measures are envisioned by the government to prevent potentially destabilising socioeconomic tensions within the South African society.
Sustainable economic growth for South Africa, however, also has an immediate positive effect on the neighbourhood, as indicated by a study of Arora and Vamvakidis. In their research for the World Bank and based on data for the period 1960-1999 they found that a 1 percentage point increase in South African economic growth is correlated to a $\frac{1}{2} - \frac{3}{4}$ percentage point increase in growth in the rest of Africa (Arora & Vamvakidis 2005: 10).

Furthermore, the current shift towards more government intervention and the preservation of policy space has implications on the external economic policy of the government. South Africa is now more selective in liberalising its trade and in the context of ongoing negotiations and implementation of various agreements, which will no doubt have its effects. Furthermore, the prioritisation of protecting sensitive sectors might sometimes contradict the rhetoric on developmental integration within the region.

### 4.2 South Africa’s external role in Africa

When assessing the economic role of the South African government in the Africa, contradicting views are expressed both in literature and interviews. Some claim that South Africa’s regional role is a projection of the interests of its businesses through a neoliberal policy (for instance Bond 2002; Hattingh, ILRIG, interview). Others assert that the government is taking a developmental approach aimed at equalising the asymmetrical economic relations in the region (for instance Hentz 2005; Goodison, ERO, interview). As indicated before, that is a result of both the global and domestic setting.

#### 4.2.1 The discourse: developmental power?

Central to South Africa’s discourse on economic interaction with the Southern African region is the assertion that Southern Africa is a priority for South Africa and that South Africa’s development is intrinsically linked with the development of the region. According to Davies, this priority setting is based on the propositions that: (a) cooperation with the region in various sectors could have a positive impact on growth and development in South Africa; (b) existing economic relations in the region are very unequal with South Africa having a stronger productive base as well as a highly protective trade regime; (c) South Africa could not remain an island of prosperity in a sea of poverty; and (d) Southern Africa therefore had and has top priority in South Africa’s foreign policy and “the

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35 See also section 2.1.
country should act together with its partners to promote growth and development throughout Southern Africa” (Davies 1996: 3).

As explained in chapter two, the government has chosen the approach of bi- and multi-lateral cooperation with other states in the region in order to dam the fears of its structural dominance. It has done so through the existing processes of regional integration in SACU and SADC. In the debates on the role South Africa is taking or should take, different notions of regional integration can be identified: that of market integration, functional integration, or development integration (Davies 1996). First of all, the conventional approach of market integration views integration as the process of removing tariff and non-tariff barriers to trade between cooperating partners and in which the external trade regimes are harmonised (Davies 1996: 4). A second approach is that of functional integration or integration through joint projects aimed at overcoming deficiencies related to underdevelopment in terms of production and infrastructure. By focussing on more technical and step-by-step forms of cooperation, the formation of a regional identity and consciousness would be stimulated and cause stronger partnerships (Davies 1996: 5). The third approach is the most ambitious model and is known as development integration. Under this approach, the state has a larger role and the integration also involves political cooperation. Based on the idea that market integration in a region characterized by unequal economic development can only exacerbate the polarisation in the region, development integration tries to regulate cooperation with compensatory and corrective measures. The cooperation agenda also includes industrial development, development funding, asymmetrical processes with less developed members receiving greater preference in access and a longer period to adjust, and some coordination of macro-policies, for instance in relation to fiscal incentives for investment (Davies 1996: 5).

According to Hentz, the South African government has chosen a dual approach: primarily a developmental approach within the SADC and, to a lesser extent, within SAC, and secondly: a functional approach through cooperation on projects such as the Spatial Development Initiatives (SDI). As explained before, this dual approach might be a result of the balancing act the government is making between the needs of big business and those of labour (e.g. COSATU) (Hentz 2005).

4.2.2 A developmental approach to cooperation in SACU and SADC?

The Southern African Customs Union was established in 1910 and the main agreement governing relations between the member states was signed in 1969. Through this agreement Botswana, Namibia, Lesotho and Swaziland took over the external tariff regime of
South Africa as the common external tariff. The revenues from tariffs were collected in a fund and redistributed according to an asymmetrical formula that compensated the BLNS-countries for the losses they experience due to the loss of sovereignty and South Africa’s protectionist regime (Davies 1996). According to Hentz, this didn’t address the costs experienced by the BLNS-states related to trade diversion and polarisation (Hentz 2005). In 2002, the SACU member states signed a new agreement after almost ten years of negotiating. That long period was a result of difficult negotiations on the revenue-sharing formula. Due to the free trade agreement between South Africa and the European Union (TDCA), which applied de facto to the BLNS countries, the revenues of SACU were considerably reduced (Hentz 2005: 27). The parallel negotiations by members of the region in other formats also had an impact on the length of the SACU process (McGowan 2006). The 2002 agreement introduced major changes in the institutional structure of the customs union and a dispute settlement mechanism. The emphasis is on common policies on agriculture, industrial development and competition in all member countries. Most important, the new agreement introduced a new system of compensation through the common revenue pool and sharing formula as well as extra money transfers by South Africa for general development projects (Cassim & Zarenda 2004: 110; McGowan 2006).

In theory, the revenue-sharing formula constitutes a developmental component to the regional integration within SADC. In practice, however, the developmental approach of South Africa is questioned. For instance, the EU-South Africa agreement (TDCA) was signed without consultation with the other SACU member states, although they became de facto members through South Africa’s membership to SACU (Le Pere & Tjonneland 2005: 32). However, according to Adebajo, Adedeji, and Landsberg, South Africa has now reduced its protectionist policy and works towards a more equal distribution of the benefits of cooperation, including investments in industrialisation of the neighbouring countries (Adebajo et al 2007: 24).

South Africa joined the SADC in 1994. In the following years up until 2001, the structure of the organisation changed considerably owing to South Africa’s increased influence (Cassim & Zarenda 2004: 110). Initially, the other member states advocated for extended trade liberalisation through the establishment of a free trade area. In South Africa, the DTI, DFA and parliament favoured a broader and developmental approach to integration. They figured that South Africa would not benefit from further polarisation in

36 Including SADC negotiations, the South Africa and the European Union agreement (signed in 2000), the WTO rounds and the commencement of the SACU-US negotiations (McGowan 2006).
the region. But maybe more important, a free trade area in SADC would cause problems in South Africa, especially for the politically sensitive products and sub-sectors, primarily labour-intensive areas. Those included textiles, cars, television assembly and parts, oil production from coal, footwear, small arms and ammunition, dairy products, beef and veal, and sugar. Similarly, a free trade area would threaten the agricultural subsidies for South African farmers and the quotas on clothing imports protecting the clothes and textiles industries. That last sector felt vulnerable to imports from East Asia through the SADC and insisted on strict rules of origin preventing this (Hentz 2005: 34-35). Today, SADC has more or less accepted the principle of development integration and “the coordinated development of infrastructure, production and harmonisation of macro-economic policies have been accepted as the basis for deeper, mutually beneficial regional integration” (Ajulu 2008: 36). Other aspects of the integration project include the acceptance of the idea that SADC integration should be driven by equity, balance, and mutual gain. SADC projects on the coordinated development of regional infrastructural projects, such as the Maputo Corridor, Trans-Kalahari Highway, and Trans-Caprivi Highway, are essentially political projects that extend beyond mere market integration (Ajulu 2008: 36).

Central to SADC’s blueprint for economic development is trade as the main catalyst for deeper cooperation and integration. The 1996 SADC Trade Protocol came into force in 2000 after ratification by most of its member states. Under the Protocol, agreement was reached that a free trade area would be implemented during an eight-year phasing-in period. Once this was achieved, the following steps are a customs union by 2010 and a common market by 2012. To achieve these goals, the SADC member states focus on removing all obstacles to the free movement of goods, capital, labour, and services. A central feature is the asymmetrical implementation of tariff reductions, with South Africa subject to more rapid liberalisation reforms and a set of ‘general offers’, while other members are permitted a set of ‘differential offers’. The phasing in of this free trade area is scheduled over an eight-year period and by 2012, 98% of the SADC regional trade should be subject to zero tariffs (Cassim & Zarenda 2004: 110; Mulaudzi 2006: 41). However, it seems unlikely that these goals will be met, mainly due to reasons that originate from within SADC itself. These include a lack of political will and enthusiasm for trade liberalisation, complex rules of origin, low levels of intra-regional trade, tariff and non-tariff barriers, and overlapping membership of various integration institutions in eastern and southern Africa (Mulaudzi 2006: 42). In addition to the freeing of intra-regional trade, the Trade Protocol also envisioned the provision of regional public goods through policy-coordination and harmonisation, as well as functional and sectoral cooperation, including infrastructure and development finance (Schillinger 2008: 13).
When assessing the role South Africa played in the negotiations on the Trade Protocol, it becomes clear that the rhetoric on a developmental approach does not hold true when national interests are threatened. Qobo points to the negotiations on the rules of origin where South Africa drove a particularly hard bargain. The discussions on the rules of origin centred on the sectors of industrial products, textiles and clothing, and the milling industry, all sensitive sectors for South Africa. South Africa’s initial proposal was to adopt a double-stage transformation, which was impossible to achieve for most of the other countries in the region given their low industrial capacity. Only much later during the negotiations, South Africa relaxed its position and provided for a special arrangements for the least developed nations. According to Qobo, this points to “a crucial dilemma facing South Africa between pursuing progressive developmental relations with its partners on the one hand and opening opportunities for its domestic capital interests on the other” (Qobo 2005: 148).

### 4.2.3 Functional forms of cooperation: the example of SDIs

The Spatial Development Initiatives (SDI) were initially developed by the South African government to address the unequal economic development within the country. Through the SDIs, the government aims to create a conductive environment for both domestic and international investments in order to help unlock the economic potential and to facilitate new investment and job creation in a localised area or region. To this end, the bottlenecks to investment, mainly infrastructural in nature, are to be removed. This is pursued through public-private partnerships. Investments by the private sector are stimulated through a number of incentives such as tax concessions, subsidised infrastructure, and services. Secondly, the SDI programme identifies strategic investment opportunities in the area through facilitating investment in a number of anchor projects, for instance in tourism or industrial sectors. These anchor projects would then serve as magnets to additional downstream or related investments (Jourdan 1998: 717-718). The Fish River SDI in the Eastern Cape is an example of a South African SDI and is aimed at accelerating the development of Port Elizabeth and East London as industrial locations. The SDI is combined with the development of Industrial Development Zones and its projects relate to industry, tourism, forestry and agricultural projects (Jourdan 1998: 721). From the start, the government also used the instrument for cross-border cooperation, the most successful example of which is the Maputo Development Corridor. This SDI connects South Africa’s economic heart in the Gauteng region with the harbour in Maputo, Mozambique, building on the considerable and historic flow of goods and people along this axis. Key infrastructure anchor projects were developed related to the development of roads, railways, harbours, telecommunications network, and hydroelectric power schemes. Fur-
thermore, projects such as the Mozal Aluminium smelter, an iron and steel plant, projects in the petrochemical sector and even tourism projects constituted sector investments (Jourdan 1998: 721).

Given the promising results of the Maputo Development Corridor and other SDIs, the approach was picked up by the Southern African region. Today, SDIs also exist independently of South Africa as regional initiatives that take place under the banner of the SADC or even NEPAD (Jourdan 1998; UNCTAD 2004). The SADC adopted the principal of regional development corridors and SDIs as a means of promoting regional economic integration and development and has approved a Terms of Reference on Corridor projects and SDIs (Southern African Development Community 2005). The instrument is also consistent with NEPAD’s infrastructure short-term action plan. In the SADC region, a web of connected development corridors is already being implemented or in the pipeline. Those corridors are connected with a number of regional SDI’s. The Beira Development Corridor, for instance, is led by Mozambique and Zimbabwe and has an impact on Malawi, Zambia, and Botswana. Investments relate to the mineral, agricultural, forestry, fishing, tourism, energy and industrial sectors. Furthermore, the project envisions the rehabilitation of transport infrastructure and four export processing zones. The Benguela corridor constitutes another example and connects Angola to Southern Congo and Zambia (South African High Commission 2000).

According to Hentz, Spatial Development Initiatives (SDI) are a good example of functional forms of cooperation in Southern Africa and constitute a compromise between market and development cooperation. The SDIs are characterized by a neoliberal economic approach to integration, with a focus on crowding-in private investment, a large role for parastatals, and a minimalist approach to institutions. However, the South African government has continued to emphasize the developmental purpose of the SDIs and did pursue a more proactive role than merely facilitating investment, as a neoliberal model would expect. Furthermore, the trade focus was broader than only primary products and manufactures, and also embraced tourism and non-tradeables such as water and electricity. This extended the scope for a better distribution of the benefits of this co-

37 New development corridors are the Central Development Corridor connecting Rwanda and Burundi with Dar Es Salaam, Tanzania; the Mtwara Development Corridor connecting Malawi and Mozambique to the Mtwara port; the Malanga Development Corridor in Angola; the Lobito Development Corridor connecting Zambia and southern DRC with the Benguela port in Angola; and the Namibe Development Corridor in Namibia (UNCTAD 2004).

38 Current regional SDI’s in the SADC region include the Nacala corridor, Beira corridor, Zambezi SDI, Limpopo initiative, Maputo corridor, Walvis Bay SDI and Gariep SDI (UNCTAD 2004).
operation as it took into account the comparative advantage of other states in the region, for instance on water (Hentz 2005: 37-40). The cooperation through projects such as the SDIs thus strengthens regional interdependence and is meant to create the antecedent conditions for developmental integration to work. Furthermore, the functional cooperation was imbedded in a multilateral approach. Bilateral forms of cooperation were extended to include to multilateral elements. For example, in the transport sector, bilateral agreements were pursued but complemented with efforts within the SADC where transport is now one of the most successfully institutionalised areas of cooperation (Hentz 2005: 38-40).

However, within communities, universities, and particularly in civil society organisations, concerns are voiced on the impact of the SDIs on poverty alleviation, job creation, and local development. Based on a study of the Mozal Development Zone, Taylor warns that the successes of SDIs depend on a thorough assessment of the economic potential and workability of the initiative. That is not the case for some of the planned and developed SDIs, which makes it unlikely that private investors want to become a contractor. For instance, Taylors points out that in the case of the development of the N4 Toll Road within the Maputo Development corridor, the responsible authorities were rushing the building of the road although the Maputo port did not yet meet the needed level of operational capacity that would lead to required traffic on the N4 road (Taylor 2000: 16). The main criticism of labour organisations on the concept of economic zones relate to labour standards—including low wages, poor conditions of employment and restriction of the freedom of unions to organise—and the high-tech nature of production, leading to minimal job creation. Furthermore, a large part of production stems from major transnational corporations, leaving little room for local companies (ILRIG 2002: 12-13). Within communities, two different positions can be found. In those communities that suffer from high rates of unemployment and poor facilities, the promises of employment and the building up of infrastructure is welcomed. On the other hand, however, there are community groups and NGOs that strongly oppose to the initiatives (ILRIG 2002: 14-15). ILRIG notes furthermore that projects that are now identified as SDI projects often pre-existed the establishment of an SDI and that the actual levels of FDI inflows were lower than expected with the major investments largely dependent on government and parastatal bodies. With regards to job creation, the jobs that were effectively created were overall very expensive. Few jobs were created in forward linkages as the SDI production is primarily focussed on export, but backward linkages did create employment by providing contracts to SMMEs. For instance, in the case of the building of the road connecting Kwazulu Natal with Maputo (Maputo Corridor SDI), 62% of the contracts went to SMMEs and most of these enterprises were locals. Nonetheless, the number of jobs created has not met the expectations. Most of the activities in an SDI are capital-intensive. Sometimes, SDI in-
vestment merely shifted employment form one part of the country to another, particularly in the tourism industry. A final point of critique with respect to job creation is that the bulk of the jobs created are temporary (ILRIG 2002: 19-22).

4.2.4 The larger framework: the African Union and NEPAD

South Africa remains strongly committed to the SADC, but has struggled to put this commitment into action. The main reason for that has been explained in the second chapter and relates to the ‘hegemon’s dilemma’. However, on technical aspects, several South African government institutions, and most notably the Development Bank, have played and are continuing to play an important role (Le Pere & Tjonneland 2008: 114).

On the continental level, there are a number of overarching initiatives that impact the SADC as well as on the role of South Africa. First of all, the African Union is working towards a rationalisation of the so-called Regional Economic Communities (REC), like SADC. There are fourteen regional integration groupings in Africa and their membership overlaps. The Eastern and Southern African regions alone share six groupings, with the DRC being member to as much as four different groups. The overlapping membership is a wasteful duplication of both human and financial resources, especially for economically weaker countries which suffer from a lack of skilled people and limited budgets. Moreover, the overlapping membership makes it hard to achieve the integration goals and may lead to competition. For that reason, the African Union is now working towards harmonising the different groups and encourages harmonisation and cooperation between the groups. The SADC works within that context and has already created joint task forces with the COMESA on relevant issues (UNECA 2007).

A second continental framework is that of NEPAD. NEPAD is a program of the African Union and its economic objectives include the promotion and strengthening of economic growth and development, poverty eradication, diversification of productive activities, increased international competitiveness, and increased African integration. For the implementation of its programs, NEPAD formally relies on the SADC and other RECs. To this end, a number of mechanisms to facilitate communication, dialogue, and the division of labour are now in place and SADC’s new strategies and programmes of action (including the RISDP) are harmonised with the strategic plans of NEPAD and the AU. In the field of trade and financial integration, NEPAD leaves most activities in Southern Africa to the SADC. However, NEPAD has a number of comparative examples that could be of benefit to the SADC. NEPAD functions as a continental advocate and fundraiser and is better positioned to negotiate with the international community and to mobilise external assis-
tance and funding. In the field of infrastructure development, for instance, SADC has submitted a number of projects to NEPAD to be included in the short-term action plan. In this way, NEPAD could provide additional resources and work with the African Development Bank to facilitate the implementation of these projects. The same holds true for the SDI projects. Furthermore, NEPAD is also best positioned to pressure national governments, most notably through the APRM. However, the support by NEPAD to certain SADC projects does not totally solve the persistent capacity constraints of the SADC to fully implement all the ambitious plans and programmes (Le Pere & Tjonneland 2008: 114-115).

4.3 Conclusions

After a first decade of neoliberal domestic policies under GEAR, the government is committed to taking on a larger role in the economy. Today, trade policy no longer dominates the economic agenda and the emphasis has shifted to the industrial policy with attention to policy questions of economic development, diversification, and technological upgrading. The government now wants to preserve its policy space in the context of narrowing options under multilateral and bilateral trade agreements, in order to address the persistent socioeconomic challenges of the country. This includes stimulating labour-absorbing and value-adding industrial sectors. More radical policy measures include the Broad Based Black Economic Empowerments (BBBEE) policy as well as the land reform policy. In order to address the domestic challenges within the medium and short term, the President has composed a list of top priorities under the banner ‘business unusual’. The shift towards more government intervention has implications on the external economic policy of the government. South Africa is now more selective in liberalising its trade and in the context of ongoing negotiations and implementation of various agreements will no doubt have its effects. The prioritisation of protecting sensitive sectors might sometimes contradict the rhetoric on developmental integration within the region.

On the regional level, South Africa is by far the largest economic power in Southern Africa, and it is here that its influence is the strongest. Central to South Africa’s discourse on economic interaction with Southern Africa is the proposition that Southern Africa is its number one priority and that South Africa’s development is intrinsically linked to the development of the region. South Africa pursues a two-track economic approach—first of all through processes of regional integration within the SACU and SADC; and, secondly through more functional forms of cooperation, most notably the Spatial Development Initiatives (SDI). Given the unequal economic development in the region and the large trade surplus of South Africa, any process of liberalisation runs the risk of further polarising the region. That is why South Africa strongly advocates a developmental approach by expanding the agenda to issues of infrastructure, production, and harmonisation of macro-
economic policies. Even the Spatial Development Initiatives (SDI) seem to be conceived as broader projects than a neoliberal market approach would suggest, including sectors such as tourism, water and electricity, and thus taking into account the comparative advantages of the other SADC-countries. However, in practice South Africa does not always fully implement this discourse, least of all when its own sensitive sectors would suffer from liberalisation. Moreover, the local development impact of the SDIs is questioned as critics point to the large involvement of South African experts and companies in the Initiatives, suggesting that it would primarily favour South Africa.
5 SOCIAL ROLE OF SOUTH AFRICA IN AFRICA

South Africa is the main destination for migrants from Southern Africa and from Africa. This migration is closely linked to the factor of labour. Furthermore, the high mobility of the Southern African population is an important cause of the rapid spread of HIV/AIDS in the region. While the SADC already cooperates on some of these issues, much more could be done. Other areas of cooperation include phenomenon such as climate change or limited natural resources. Given the regional scope of these challenges, closer regional integration remains desirable.

5.1 Migration, the political economy of Southern Africa and South Africa

An important feature of Southern Africa’s political economy is the entrenched culture of human movements across boundaries. For decades, both skilled and unskilled workers cross borders, either for a temporary assignment or permanently. Migration thus forms a crucial socioeconomic linkage between South Africa and Southern African region (Matlosa 2007: 109). South Africa is the most important destination for migrants, given its relative economic prosperity and political stability (Adepoju 2004: 8).

5.1.1 Migration and labour

Labour is a crucial element to understand the patterns of migration. Four major types of migration can be identified throughout the region. First, contract migration of semi-skilled labour mainly to South African mines; second, ‘undocumented’ or irregular migration of unskilled labour who informally cross borders to work as street vendors, domestic workers or farm workers; third, refugees who flee political persecution or who are forcefully displaced by violent internal conflict; and fourth, ‘brain drain’ involving the migration of highly-skilled labour (Matlosa 2007: 110).

For three out of the four categories, employment is a major reason to migrate. First of all, the system of migrant labour in South Africa’s mines already existed during Apartheid and it is a highly regulated system through which recruitment agencies hire people in Botswana, Lesotho, Malawi, Mozambique, Swaziland, and Zimbabwe to work temporarily in the South African mines (Adepoju 2004: 8). The tradition goes back for several generations, the best example being Lesotho where 80% of the adult males had worked in South African mines, and 83% had parents and 51% grandparents who had worked in
South Africa. Although the total number of people employed in the mines is declining, the portion of foreigners is increasing (Crush 2003).

The second group of migrants comprises different categories. Small-scale cross-border traders are often included in this group. These traders cross the borders illegally or with tourist visas and sell and buy things in South Africa and the region. In the current policy framework, there is no appropriate visa system that would regulate this form of temporary migration. Proponents of a stricter border control point to a loss on unpaid duties and the risks related to smugglers of small arms, narcotics, or even people. Others point out that for many people such small-scale trade forms their livelihood, as when female traders travel daily between Zimbabwe and South Africa. According to the latter, small-scale trade represents a new important form of employment in a region desperately short of jobs (Crush 2003; Vale and Matlosa in Matlosa 2007: 110). Secondly, workers looking for manual jobs as street vendors, domestic workers or farm workers often do so undocumented. In the agricultural sector this is particularly well established, leading to a similar system of temporary migrant labour, but unregulated, creating the risk of exploitation (Matlosa 2007: 110).

The fourth group of migrants involves highly-skilled professional workers, the so-called ‘brain drain’. In the case of the supplying state, this migration constitutes a drain of human capital. On the side of the recipient state, it is a gain (Matlosa 2007: 110). South Africa has been especially hard hit by brain drain of highly-educated people and loses substantial numbers of people to countries such as the United Kingdom, Australia, and New Zealand. Measurements suggest that at least 10% of South African with a tertiary education live in OECD countries, with losses particularly high in the health field. It is estimated by the OECD that South Africa’s net training loss in 2003 was $1 billion (Martin 2008: 344-345). Emigrants are mostly white people and they leave in search of better salaries and lower crime rates. Another important reason is the growing sense of Afro-pessimism among white people and especially young white males who feel that, in a context of BBBEE and affirmative action, they do not have a future anymore in the country. The Afro-pessimism should not be overestimated though, as there are indications that more and more white South Africans are returning home (Haynie 2008).

The SADC has approved a ‘Protocol on the Facilitation of Free Movement of Persons’. This protocol relates to a visa-free entry for skilled professionals in particular. At a much later stage, the right to reside and the right to establishment in another SADC-country is to be adopted. However, the provisions in the protocol are still subjected to domestic legislation, leaving little pressure on the member states to align their national policies with the SADC policy (Williams, SAMP, interview). According to Williams, the main beneficiaries of
the protocol are the strongest regional economies of South Africa, Namibia, and Botswana, as those economies need skilled migrants the most. The three countries were also the most fiercely opposed to a more progressive policy on the movement of people, because they are the main destination countries for migrants from the region (Williams, SAMP, interview).

5.1.2 Migration and HIV/AIDS

The Southern African region is faced with a HIV/AIDS prevalence of 14 to 33%. An important factor to explain these percentages is the high mobility of its population through a strongly entrenched system of circular migration (International Organization for Migration 2007: 5). The link between mobility and HIV is a consequence of the structure of the migration process: migrants are more often confronted with poverty, with discrimination and abuse, with a feeling of being anonymous, with a restricted access to social service delivery and health care, with isolation from their family, and with the absence of socio-cultural norms that determine the behaviour within stable communities. Vulnerable mobile groups are mine workers, truckers, military personnel, farm workers on commercial farms, informal cross-border traders, and construction workers. Due to their work or because their contracts are temporary, they frequently travel back home where their family and communities are possibly confronted with new illnesses. That is how HIV/AIDS can spread quickly throughout large territories (International Organization for Migration 2007).

While the SADC is working towards harmonisation of HIV/AIDS policies, it is clear that South Africa is not providing sufficient leadership on this issue. The failure of the South African government regarding the fight against HIV/AIDS relates both to the domestic epidemic and to addressing it on a regional scale. Instead, the country has “relegated leadership on African AIDS issues to other actors and institutions” (Ndinga-Muvumba & Mottiar 2007: 177, 194).

5.1.3 ‘African Renaissance’ meets xenophobic society

In spite of the rhetoric on the interdependency of Africa and South Africa, and contrary to the external efforts of South Africa to achieve peace and development in Africa, the position of both the government and society on migration seem to suggest the opposite. The government is following a very restrictive migration policy and is only interested in attracting those skilled profiles that the country needs in order to address the lack of skills and to compensate for the brain drain of skilled South Africans (Crush 2003). South Afri-
can society is characterized by a high level of xenophobia, perceiving migrants as a threat to security (‘they are all involved in armed crime’), job security (‘they are stealing our jobs’), and exacerbating the insufficient provision of basic services. The xenophobic sentiments in South African society have exploded in an upsurge of sometimes brutal violence, as was the case in April 2008 (Matlosa 2007: 110; Williams, SAMP, interview).

5.2 Towards regional labour standards and corporate social responsibility?

The expansion of South African companies into Africa is well documented. However, the assessment of their impact on local development is less clear-cut. In general, there are two main viewpoints on this: on the one hand, South African companies are perceived as the new colonisers, taking out their profit from the continent without paying attention to the social and environmental impact of their activities or the impact on local communities. On the other hand, there is acknowledgement of the economic benefits they bring, for instance through transfers of skills and technology, greater innovation, more affordable finance, and better quality products and services (Kapelus 2008: 156).

The reality might well be a combination of these two views. There are investments that have a positive impact on development, for instance the investments of Vodacom and MTN on the continent have permitted many people and businesses to use the newest technology in telecommunications, and this in spite of the poor communications infrastructure and the low purchasing power of large parts of the population (Kganyago 2008: 151). At the same time, civil society organisations condemn the working conditions, labour standards and wages offered by South African companies abroad. Although in general, the minimum standards of the host countries are respected, those are much lower than the South African ones. And companies often use temporary contracts (Patel, LRS, interview).

The South African government has been enabling the expansion of the country’s companies, for instance through the relaxation of exchange controls. While the government has already been engaging its state-owned enterprises to comply with the government’s vision of corporate social governance and the vision of a united Africa, today the government is seeking to engage the private sector as well. One preferred network to do so is the NEPAD Business Foundation, but forums for social dialogue could also take up that function (Kganyago 2008: 151-152). South Africa has an advanced system of social dialogue, such as NEDLAC, that brings together labour organisations, employer organisa-
tions and the government. Similar processes are in effect at the SADC level, for example, the ILO project, “Strengthening Social Dialogue in the Southern African Development Community”\(^{39}\).

On the level of civil society, South African organisations are already active on the continent with projects to organise workers in South African companies. The Labour Services Research, for instance, is working on establishing a regional system of shop stewards working in the Shoprite retail stores (Patel, LRS, interview). Another important example is that of the Congress of South African Trade Unions (COSATU). COSATU has been involved in supporting international campaigns to improve worker and human rights. In Africa, COSATU plays a key role. The organisation has, for instance, condemned the suppression of the rights of labour movements in Zimbabwe and Swaziland and led a mass border blockade to show its solidarity with the people of Swaziland. By doing so, COSATU deferred from the position of both the South African government and the ANC. On the global scale, COSATU and other labour organisations are members of international alliances, such as the SIGTUR, connecting Southern African and Latin American organisations (Naidoo 2004: 190-195).

5.3 **Other forms of socioeconomic cooperation**

Outside the realm of strictly economic cooperation on trade and production, there is a large number of other issues that have a regional impact. Climate change, limited natural resources or health issues such as malaria or TB have an impact that transcends borders. Within the SADC, a number of efforts are already being implemented on these areas.

The SADC’s extensive program for socioeconomic cooperation extends beyond economic integration. Areas of cooperation include poverty eradication, HIV/AIDS, food security, human resources development via education and training, gender and infrastructure support (water, transport and development corridors). The main documents detailing the policies and strategies for each of these domains are the Regional Indicative Strategic Development Plan (RISDP) and the 15-year operationalisation plan of its implementation framework, although in reality these plans do not offer sufficient clarity (Oosthuizen 2006: 229). Within the SADC institution, the directorates on Food, Agriculture and Natural Resources (FANR), Trade, Industry, Finance and Investment (TIFI), Infrastructure and

\(^{39}\) This project is partly financed by the Flemish government.
Services (I&S), Social and Human Development & Special Programmes (SHD&SP) are involved in the implementation of the socioeconomic cooperation.

While the organisation has ambitious plans, the implementation proves to be more difficult, due to a number of constraints. First of all, the organisation does not have the necessary human and financial resources. SADC still depends on foreign aid to finance the implementation of the RISDP, but struggles with finding the capacity to effectively use such aid. Secondly, a large number of different actors are responsible for the implementation, including the SADC Secretariat, the 14 member states and non-state actors. The variety of interests and perspectives makes it hard for the SADC Secretariat to coordinate. Thirdly, there is a need for further alignment and harmonisation of the RISDP with other SADC initiatives as well as national, African, and global initiatives. Finally, the Secretariat is sometimes faced with insufficient political support and involvement of member states (Oosthuizen 2006: 232).

5.4 Conclusions

The social role of South Africa in Africa is less well documented than the economic and political role. Furthermore, many aspects discussed under this social heading have an important economic facet. Three out of four forms of migration into South Africa relate to the issue of labour, for instance, through contract labour in mines and farms or through cross-border trade. This implies that the Southern African region is not only interdependent in terms of trade, but that labour also constitutes an important and historical linkage between the Southern African states. Furthermore, South African companies are very active in the region and its civil society is involved in efforts to improve the labour conditions in the neighbouring countries. South Africa thus has a large potential for enhancing the cooperation regarding labour within the SADC. By enhancing regional social dialogue, by stimulating corporate social responsibility of its firms, and by investing in the creation of labour opportunities in other Southern African countries, the South African government could reduce the migration pressure and stimulate the development of the other states.

A second important element with respect to migration is the rapid spread of the HIV/AIDS epidemic as a result of the highly mobile Southern African population. Given the regional scope of the epidemic, a stronger regional approach, for instance, within SADC, is necessary. Given the South African government’s dubious record on its own HIV/AIDS policy, it is doubtful that South Africa would play a role in strengthening the regional cooperation with this subject.
Other forms of socioeconomic cooperation relate to phenomena such as climate change, limited natural resources, and health issues—all of which have an impact that transcends borders. While the SADC is already cooperating to some extent on addressing these regional challenges, there is room for much deeper cooperation and integration.
6 SOUTH AFRICA IN THE WORLD

The world community considers South Africa to be one of the most important representatives of Africa. The reasons for this are the moral example of South Africa’s peaceful transition, its position as a stable, middle-income African developing country, its position as economic gateway to the continent, and the political and technical power of the government to promote a number of African initiatives, such as NEPAD.

6.1 The global scene: Africa on the international agenda and an equal world for all

South Africa takes up the role of ‘advocate for Africa’ by using its access to global forums to address the marginalisation and underdevelopment of Africa in the first place and secondly to campaign for a more equal position for developing countries on the world stage. South Africa has mainstreamed the African Union’s peace and security priorities in its meetings with Southern and Northern partners, through Joint and Bi-national Commissions, meetings with the G8, Nordic Consultations and the like (Department of Foreign Affairs 2007b: 69). Other crucial elements in South Africa’s international discourse are a quest for a more democratic political and economic world system. For instance, the current international trade regimes of the WTO are questioned and the South African government emphasizes the developmental dimension of the Doha Round. Another example is the South African quest for the reform of the UN Security Council, which should bring in permanent seats for developing countries, including one for Africa.

Similarly, the South African civil society is involved in global networks. One of the most successful examples of the involvement of the South African civil society in the management of global issues was the role it played in the international campaign to ban anti-personnel landmines (Naidoo 2004: 186). Today, the South African NGO coalition (SANGOCO) is increasingly involved in international events, often as an organiser of international events such as the Commonwealth NGO Forum (1999), the World Conference Against Racism (2001) and the World Summit on Sustainable Development (2002) (Naidoo 2004: 195-196).

6.1.1 WTO

South Africa is a member of the WTO and actively involved in the Doha Round of WTO negotiations. In 2001, all members to the WTO agreed that the DOHA round would be developmental in character, taking into account the needs and interests of developing
countries. This means that the concessions made by developing countries in the Uruguay round need to be met by concessions by developed countries in the current Doha round. However, there was a lack of common understanding of development, causing considerably difficult negotiations (Davies 2007). There are different issues on the agendas of developed and developing countries. Developed countries want to include the so-called Non-Agricultural Market Access (NAMA) issues. These issues relate to industrial products and services, in which developing countries have a comparative advantage. Developing countries, on the other hand, ask for a reform in the protectionist agricultural regimes of the EU and the US prior to dealing with the inclusion of NAMA-issues (Vickers 2006: 17-18). Furthermore, they insist on ‘less than full reciprocity’ in the reduction of tariffs and non-tariff barriers on industrial products and Aid for Trade packages to address both adjustment costs (that arise in developing countries as a result of liberalisation) as well as supply-capacity constraints. Such assistance could empower developing countries to develop the necessary economic capacities for participating in the global trading system (Davies 2007).

The South African government shifted its approach in the negotiations. Initially, in the late 1990s and early 2000s, South Africa saw itself as a bridge-builder between the developed and the developing world. The government was invited to ‘green-room’ meetings and became accepted by the developed world as the spokesman for the other African countries. However, other developing countries voiced criticism on South Africa’s position as they felt that South Africa was advancing ‘the agenda of the West’ and African countries didn’t see South Africa as their representative (Vickers 2006: 13-14). Currently, South Africa’s position is more focused on its domestic agenda and on building alliances with Southern partners. The new position is also closer allied with developing countries. This translates into an active role of the South African government in the G20 and NAMA-11 groupings. Those groups are Southern Alliances of developing countries that seek to force a breakthrough on their grievances (Vickers 2006: 13-19). The G20 was formed in 2003 and mainly deals with the issue of agriculture. The group insists that agriculture is the first issue on the table and that there needs to be some movement on it before non-agricultural issues can be discussed. Brazil is the main driver of the group and South Africa was initially not involved (Vickers 2006: 14-15). Today, South Africa is an active member of the group based on its offensive interests in, for instance, the labour-intensive fruit canning industry that has been hard hit by the global protectionism in the North as local products are often priced out of export markets by subsidised EU goods (Vickers

40 This means that developed countries should take bigger cuts implying more adjustment efforts than developing countries.
The NAMA-11 alliance was established in 2005 and is coordinated by South Africa. The alliance has a larger focus than the G20 and essentially seeks to reclaim the original developmental spirit of the Doha Round, focussing on the need to sequence reform by putting development issues first, agricultural reform second, and NAMA issues only in the last phase. Furthermore, the alliance insists on the need to have a proportional and balanced outcome to the round, providing at least as many concessions to developing countries as to the developed countries. Also, some common positions are taken on the negotiations on industrial tariff reductions and the like (Vickers 2006).

6.1.2 UN and Bretton Woods

South Africa’s relationship with the IMF and World Bank is said to be encapsulated in its GEAR policy which was drawn up together with World Bank advisors (Mhone 2003; Habib & Kotzé 2003). The country has been elected as a non-permanent member of the UN Security Council (2007-2008). This is seen as a first step towards a permanent seat for African states and towards respect for African interests in a reform of the UN Security Council. However, as discussed elsewhere in this report, the South African government remains committed in the global arena to a developmental agenda for the South, despite criticism that it acts as a conduit for neoliberal economic policies in Africa through GEAR and NEPAD (Bond 2002).

As within the context of the WTO, South Africa builds on its alliances with other developing countries when defining its position in the United Nations (UN). The two most important alliances within the UN is the G77+China group and, less closely aligned to the UN, the Non-Aligned Movement (NAM). While the G77+China provides a platform within the UN processes from which to articulate the needs of developing countries, the NAM has a much larger agenda (Keet 2006: 21-22). Strydom suggests that the position of South Africa in the UN is largely shaped by its commitment to the principles of the NAM. For instance, he explains the controversial blocking by South Africa of a Security Council resolution on the human rights situation in Myanmar by referring to a broader discussion in the NAM on the continuing encroachment by the Security Council on the functions of other UN bodies (Strydom 2007: 13).

Similarly, during its presidency of UNCTAD between 1996 and 2000 South Africa consistently supported a developmental agenda in global forums. Yet, as Keet points out, overlapping memberships (as mentioned in section 6.2 below) have meant the negotiation policies within the WTO’s Doha round, as well as the building of a ‘southern Agenda’ have not always been consistent (Keet 2006). Moreover as Keet points out in relation to over-
lapping memberships, “the G-77 common platform is – like that of the Non-Aligned Movement (NAM) – also constrained from within the grouping itself; that is by the need to achieve consensus among such a large number and variety of countries” (Keet 2006: 22). In addition, assuming inconsistent positions on contentious and overlapping developmental issues relating to agriculture and preferential market access, has meant that South Africa’s leadership standing in global economic forums has been equally variable. Neither has the government avoided criticism on its inconsistent approach to human rights. South Africa’s temporary position in the Security Council drew extensive criticism in 2007 after controversial stands on human rights abuses in Burma and Zimbabwe (Lynch 2007). In this respect it is clear that the South African government is still on a steep learning curve in terms of articulating and negotiating its demands in the global political economy.

6.2 South-South linkages

As discussed above, South Africa has been active in a number of South-South alliance groupings in relation to the UN as well as the WTO. Outside the realms of these organisations, other relevant South-South linkages include the India, Brazil, South Africa alliance (IBSA), the New Asian-African Strategic Partnership (NAASP), and the Forum for China-Africa Cooperation (FOCAC).

The most famous of these alliances is IBSA. Begun as "India-Brazil-South Africa" Dialogue based on a meeting held in February 2000, it was soon renamed the IBSA alliance. It was launched formally in 2003. Since then the three ‘middle income’ developing states have met regularly and, unlike larger alliances such as NAM and the G77, are able to focus on more specific issues rather than broad and general statements of intent. At the same time, IBSA is able to tackle an array of issue areas unlike specific issue orientated alliances like the G20 which has been active within the WTO on issues of agricultural subsidies. Some have even alluded to the fact that IBSA may come to be the G3 of the South, rather like the G8. The IBSA meetings include issues such as defence, multilateral diplomacy, international trade, technology, social development, environmental issues and so forth. Furthermore, the alliance has the explicit aim to enhance South-South cooperation and they also work on regional issues such as support to the implementation of NEPAD. Region-to-region agreements are stimulated by the three countries based on their position of economic leader in respectively SAARC, Mercosur and SACU (Alden & Vieira 2005: 1088-1090).

Keet, however, warns that IBSA’s leadership role in the global political economy is much more reliant upon its other alliances in the South than the G8 countries and adds that
“Brazil and India also faced diplomatic but determined warnings from the G-33 and even the G-90, that they would not accept their interests being sidelined through some compromise deal worked out within ‘the big boys club’ “ (Keet 2006: 31). South Africa too has to be wary of appearing to throw its relative size and prosperity around in even regional forums, as its role in SADC and even the AU has long attested. Keet also adds that groupings such as IBSA need to be careful that governments of the North do not ‘co-opt’ them into multilateral arrangements which are seen as ultimately to the disadvantage of the South (Keet 2006).

6.3 North-South cooperation

South Africa also engages with the North and has acquired a privileged access to international political and economic forums. South Africa takes part in the G8-Outreach 5, the forum of dialogue between the G8 and the leaders of the upcoming economic regional powers Brazil, China, India, Mexico, and South Africa. South Africa also actively engages in discussions on the possible contributions of Africa to new global challenges such as climate change and the war on terror, through an active participation in discussions of the relevant international institutions such as the United Nations Environment Programme (UNEP) and the Security Council. Furthermore, South Africa has built strategic bilateral relations with Northern countries, most notably with the EU. South Africa is also eligible to the preferential unilateral African Growth and Opportunity Act (AGOA) with the US.

The most important alliance with a Northern partner is the relationship of South Africa with the EU. First of all, South Africa has concluded a Trade, Development and Cooperation Agreement (TDCA) with the European Union in 1999, which is fully in effect since 2004. The TDCA includes a free trade agreement between South Africa and the European Union with asymmetrical access to each other’s markets and a different timeframe. A second important element in the relation between the EU and South Africa are the European Partnership Agreements (EPA), which are being concluded by the European Union with ACP-countries. Under the WTO provisions, the non-preferential tariff preferences envisioned for the ACP-countries under the Cotonou Agreement are incompatible with the ‘most-favoured nation’ obligation. The WTO thus granted a waiver that enabled the EU and the ACP-countries to negotiate a new agreement compatible with the WTO provisions. This waiver expired on 31 December 2008 (Kruger 2007). As the negotiations on the conclusion of a new agreement, the so-called European Partnership Agreements, proved to be quite difficult, the ACP-countries found themselves under increasing pressure to conclude interim EPAs. Especially the countries that are neither a ‘least developed country’ nor have a specific arrangement with the EU – such as the TDCA between South Africa and the EU – would be obliged to trade under the far less favourable terms of the
EU’s General System of Preferences (Davies 2008: 1). In practice, for many countries in Africa this system would mean a loss of market access and a serious disruption of their trade. Many African countries still depend heavily on trade with the EU and cannot afford to lose the preferential access to the European markets. Many of these countries have signed interim EPAs on the trade of goods and entered the second phase of negotiations on industrial tariffs and services.

The EPA negotiations proved to be quite controversial due to a number of elements. First of all, the EU negotiates with regional groupings in order to strengthen regional integration in Africa. However, in practice many regional economic communities (REC) were split in the negotiations, due to the overlapping membership of the RECs. In the case of the SADC, several members choose to join the Eastern and Southern African (ECA) grouping, leaving only seven member states and South Africa in the SADC-EPA negotiations. While some argue that this has been a good thing because it finally solved the issue of overlapping membership, others warn that the rifts in the SADC could mean its end. A second point of contention was the inclusion of services and the so-called Singapore issues (investments, competition, procurement, and customs) on the agenda of the EPA negotiations. These issues are still being negotiated in the WTO Doha Round and South Africa in particular resists their inclusion in any other agreement before finding a consensus within the WTO (Davies 2008: 2).

It is unclear, however, what the impact will be on South Africa’s position in the SADC and SACU. South Africa has refused to sign an agreement with the EU, while all other SADC-parties to the negotiations, with the partial exception of Namibia that opted out on a number of clauses, have signed interim agreements, which commit them to further negotiations. Especially for the SACU this might pose considerable problems, as the customs union is supposed to have a unified approach towards the outside world.

6.4 Conclusions

South Africa’s participation in South-South Alliances, both within the WTO and the UN, and through forums such as IBSA, is characterized by a quest for a more just and equitable world and a fair place for Africa. The engagement of South Africa in various forms of international political and economic cooperation does not only illustrate the ambitions of

41 These are Botswana, Lesotho, Namibia, Swaziland (all SACU-members), Mozambique, Angola, and Tanzania. South Africa was initially included as an observer but was later accepted as a partner (Mpahlwa 2007).
a high-income developing country in Africa, but it can also be an example of what the African continent could or wants to achieve. There exists a persisting ambiguity on the continent in the way the role of the new South Africa is regarded, often as an advocate for neo-liberalism and a Western agenda. At the same time, the official international discourse of South Africa continuously emphasises the need for an African Renaissance. The demand for a realistic political representation of the African continent in international institutions, the opposition against blueprint-free trade agreements with the developed North, and the de facto diversification of Africa’s economic relations with the new Asian economic superpowers are important signals. They indicate that when cooperating with Africa and South Africa, the objectives of fair and sustainable international political, economic, ecologic, and social relations need to be taken into account.

However, the varied nature of some of the South-South alliances and the overlapping memberships have suggested that formulating common policies or building a consistent ‘southern agenda’ has not always been successful. Furthermore, South Africa needs to be cautious to use its strength to advance its own agenda within the framework of what is good for the developing world and avoid being drawn into agreements with the North, which are seen as ultimately as a disadvantage for the South. On the other hand, Northern partners, and most notably the European Union, put considerable pressure on South Africa and accuse the country of working against the interests of developing countries. Such rhetoric could potentially harm the interests and the position of South Africa.
The present report outlines the results of a nine-month research project on the ‘geopolitical role of South Africa in Africa’ conducted between October 2007 and June 2008 at the Flemish Centre for International Policy. This research was commissioned by the Flemish Government with the purpose of providing scientific support to its strategic choices regarding the relationship between Flanders and South Africa. The current report presents the findings of the research on the ‘geopolitical role of South Africa in Africa’. In a second report, policy recommendations are formulated for the Flemish Government, which could inform the preparation of the new country strategy paper detailing the cooperation between Flanders and South Africa for the next five years (2009-2013).

For analytical purposes, when analysing South Africa’s role in Africa, a distinction is made between three dimensions: a political, economic, and social role. In reality these elements overlap, so throughout the analysis, attention was paid to their interconnectedness. Based on the theoretical framework of Pluralism, both state and non-state actors have been involved in the analysis. However, due to both time constraints and the central role of the South African government in the Flemish-South African relations, the role of the South African government is the main focus of the research. Where relevant, the interaction with the activities of non-state actors as well as the actions of the latter is also discussed.

### 7.1 An ambitious and developmental policy...

The South African government promotes an ambitious and developmental policy for Africa based on the so-called ‘African Agenda’. This African Agenda constitutes a commitment to Africa’s economic, political, and social development and it recognises that security is a precondition for achieving economic and social development. Principles such as the promotion of democracy and the protection of human rights are central to South Africa’s foreign policy framework. The favoured strategy of the government is that of multilateralism, or cooperating with other African states either through ad hoc forms of cooperation or through the African and global multilateral organisations. In all three dimensions of South Africa’s role in Africa, a developmental approach is promoted. South Africa

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aims to play the role of a benevolent hegemon, or in other words, to provide public goods in ways in which the hegemon covers most, or all, of the costs, but still derives benefits itself. The ambition of the government to become a donor of development assistance to Africa also indicates its willingness to contribute to Africa’s development. Two elements help explain the commitment of South Africa to Africa: first of all, the country feels indebted to its African peers for both the harms inflicted by the Apartheid regime and for the support to the ANC in its anti-Apartheid struggle. Secondly, the government strongly believes that South Africa cannot flourish in a region ridden by underdevelopment and poverty and that it is in its own interest to support the development and stability in Africa, most notably in Southern Africa.

On the political level, the commitment to Africa’s development is reflected in South Africa’s ambitious role in both democratisation and conflict resolution initiatives driven by the African multilateral organisations and by the United Nations (UN). The country was an important driver of NEPAD’s African Peer Review Mechanism, based on the proposition that security and good governance form the necessary framework to achieve development. Furthermore, the country is an important troop contributor to Africa’s AU- and UN peace missions, it mediates as an AU- or SADC-representative in several African conflicts and, it is involved in efforts for post-conflict reconstruction. Furthermore, the government has an important role in the strengthening of African multilateral institutions, both through large financial contributions and by pushing for progressive agendas. In line with its multilateral activities, the government runs bilateral activities, for instance through its development projects under the African Renaissance Fund (ARF).

On the economic level, the developmental elements in South Africa’s approach cannot be ignored either. The Southern African region is the main priority for South Africa and it is here that both the South African companies and the government have the largest influence. The government advocates a developmental approach to integration, because a market-oriented approach to integration and liberalisation would further polarise the unequal regional development. The main vehicle for South Africa is the SADC, where trade is the main issue on the agenda. Apart from traditional issues such as tariff reduction, visas, and customs services, the SADC-countries cooperate on the development of infrastructure, diversification of production, and the harmonisation of macro-economic policies. These constitute important developmental elements, given the underdeveloped state of the region’s industries, with the exception of South African ones. Furthermore, issues such as water and energy are included on the agenda, which is interesting for the other SADC-countries who have a comparative advantage given the South African water scarcity. South Africa also plays an important role in more functional forms of cooperation such as that of the Spatial Development Initiatives (SDI). In an SDI, an underdevelop-
ment region with economic potential is opened up for investments through public-private partnerships. The concept is now extensively used on the SADC and NEPAD levels, and South Africans are still involved as technical experts and for financial support. While many observers praise the potential of the SDIs, other observers warn that the SDIs might not have the expected impact on local development given the low involvement of local companies and the limited scope of job creation.

On the social level, there is a potential for developmental cooperation on a number of issues, such as the facilitation of human movements, harmonisation of labour standards and corporate social responsibility, and the fight against HIV/AIDS. The South African government has committed itself to advancing the corporate social responsibility of its companies, but apart from that it is unclear to what extent South Africa does take up a developmental approach. In terms of HIV/AIDS, the failure to respond to its domestic crisis is reflected in the South African regional response. With regards to migration issues, South Africa still takes a defensive position and only allows the needed skilled people to migrate freely to South Africa. Little is done to reverse the xenophobic tendencies present within the South African society.

On the global level, South Africa takes up the role of middle power and uses its privileged access to a number of global forums, including the WTO (as participant to green room meetings), the UN (as current non-permanent member to the Security Council) and the G8 (as member of the Outreach Five), to put Africa on the global agenda and to advocate a more just and democratic world system. An important instrument is South Africa’s involvement in a large number of South-South alliances, ranging from broad groups such as the Non-Aligned Movement (NAM) to small groupings such as the India, Brazil, South Africa alliance (IBSA). Apart from this, South Africa also has strong relations with Northern countries, most notably with the European Union (EU) through the Trade, Development and Cooperation Agreement (TDCA) and the negotiations on the European Partnership Agreements.

7.2  ... Which can be difficult to implement in practice

In practice, the principled and developmental foreign policy of South Africa is difficult to implement.

In spite of the significant remodelling of the African institutional mechanisms for promoting democracy and good governance, most notably NEPAD’s African Peer Review Mechanism (APRM), these steps have not been sufficient to insure that democratisation and good governance are firmly embedded on the continent. The Zimbabwean crisis is most
often cited proof of this problem, but persisting authoritarian and undemocratic tendencies elsewhere on the continent suggest the same difficulties. In spite of its driving role behind the initiative, the South African government itself had serious issues with the draft APRM report for South Africa in 2006. The same tendency can be discerned in Africa’s efforts for peace and security in Africa. While the African Union’s Peace and Security Agenda is taking shape, the institution is too weak to fully implement it due to limited financial, human and institutional resources. Some observers claim that South Africa does not perform up to its commitments as it devotes little human capital to the AU. Furthermore, South Africa’s laudable role in conflict mediation or peace missions is not without criticism. Its extensive involvement in the DRC peace process is such an example, if explained by its equally extensive commercial interests in the Congolese natural resources and commercial potential. In other instances, most notably its involvement in Zimbabwe, South Africa’s ability to make a difference on the ground is questioned.

On the economic level, South Africa’s role could well be even more contested. The main issue of contention is the involvement of South African companies on the continent. Many observers qualify this expansion as imperialistic and condemn the facilitating role the government is playing by measures such as the relaxation of the foreign exchange controls or the organisation of business trips. Given the small scale of African economies, the activities of individual firms can have a huge impact on the well-being of the host economy. But the role of the South African government is equally contested. Many point to protectionist tendencies in its approach to the region where a developmental rhetoric clashes with the country’s tough attitude in negotiations on trade integration and the like. The Spatial Development Initiatives (SDI) and South Africa’s role also leads to criticism. The SDIs are often concentrated on export, leaving little room for downward activities. Its projects are often capital-intensive, creating only few and mostly highly-skilled jobs and little involvement of SMEs.

As indicated before, similar tendencies can be found on the social level – for instance in a restrictive approach to migration. On the global level, South Africa’s position as a representative of Africa is questioned by those counties it claims to represent. Furthermore, some ‘southern issues’ are not supported by the countries of the South. The privileged position of South Africa in global organisations which are considered to be dominated by the ‘North’ (e.g. the green room meetings of the WTO) undermine its credibility as a true representative of the South.

All of this seems to suggest that the principled and developmental foreign policy often do not materialise. The tension between a principled foreign policy and the troubles with im-
plementing it often leads to contradicting policy actions, which cause mixed assessments of South Africa's economic, political, and social endeavours on the continent. A number of factors that influence the position of the South African government could explain this tension.

First of all, the South African domestic context is still characterised by high and potentially destabilising socioeconomic challenges due to the structural duality of its society and economy. South Africa is faced with high inequality, an enormous unemployment, a lack of service delivery, a slow land reform, a considerable backlog on skills development and education, and a high degree of crime and violence. These problems are further exacerbated by problems on energy, inflation, the pressure of migration, and the HIV/AIDS epidemic. Observers warn that the government urgently needs to address these challenges if it wants to preserve the internal stability of the country as it cannot always legitimize its often expensive external commitments in the eyes of the public.

Secondly, the choice for multilateralism as the favoured strategy for its foreign policy also limits de facto the manoeuvring space of the government. This choice is based on the combination of the historic legacy of the Apartheid past and the persisting structural dominance of South Africa. South Africa is a big economic, political, and military power in the African context. The Apartheid regime used its relative dominance in very negative ways to advance its national interests, often at the expense of the other states in the region. Many African states fear that this power could still be used to advance South Africa's own interests. The current government is very concerned with being seen as a bully and stresses the need for multilateral cooperation to show its willingness to build egalitarian relations with the region and with Africa. However, the choice for multilateralism is sometimes at odds with the principled foreign policy of the South African government. The absence of a consensus among African states on a particular issue can, in combination with the choice for multilateralism, lead to inaction as South Africa makes the pursuit of its principles dependent upon the other states. Yet, perhaps more important, the South African government often restricts itself as it would sometimes rather not act than take the risk of being seen as a malevolent hegemon.

A third element restricting the implementation of South Africa's role could be the emergence of the Asian economic powers and China in particular. Not only do they constitute an important competitor for South Africa's position in Africa in terms of trade, investments, and developmental projects, the highly competitive Chinese and Asian imports also force South Africa to protect its sensitive and labour-intensive industries, such as textiles and clothing, which are important sectors for addressing the persistent domestic challenges. This protectionism sometimes blocks the quest for regional integration. For
example, the negotiations on trade liberalisation in the SADC were complicated by protectionist tendencies in the South African government and labour movement.

And, of course, South Africa would not go against its own interests. The developmental economic approach to region is abandoned when its own sensitive sectors are threatened. An even greater political role in conflict mediation and peace-building in countries such as the DRC are seen as serving South Africa’s own agenda. However, as a further economic polarisation or political destabilisation of the region, or even the continent, would harm South Africa, the country will remain committed to the continent.

7.3 South Africa’s future role in Africa?

It can be expected that the priority that is given to Africa in South Africa’s foreign relations will be maintained. The economic development and political stability of the African continent will probably be kept up as key objectives for the South African government. However, the amount of attention on Africa’s development might be downgraded by a redirecting of part of both the financial and human resources of the government to the domestic level.

On the national level, the expectation exists that in the short term the internal unemployment and inequality will remain high. These problems are structural and are partly inherited from the Apartheid past and partly a result of a number of policy choices. The recent reorientation by the government in the direction of more economic and social interventions indicates that it is well aware of the danger of the potentially destabilising socioeconomic tensions. The election of Zuma as ANC-president based on his domestic priorities indicates that the public wants more attention given to its own domestic problems. At the same time, it is likely that the socioeconomic tensions persist as well as the feeling of Afro-pessimism that South Africa will become an ‘ordinary’ neo-patrimonial African state.

As indicated in the first chapter, the method of scenario-building will be used to indicate what future role South Africa could take in the region. The five scenarios that will be used were developed for Southern Africa by the Institute for Global Dialogue and the Friedrich Ebert Stiftung (de Villiers 2002). The scenario’s are: (a) a region characterised by conflict and isolationism; (b) a region characterised by corrupt and neo-patrimonial states, a large informal sector and increasing levels of crime, poverty and Afro-pessimism; (c) strong survivalist modes within communities are combined with the inability of states and formal economies in the region to integrate the ‘second economy’; (d) the region’s leaders choose for globalisation and related market-mechanisms such as liberalisation, priva-
tisation and public-private partnership, but ignore the potential negative socioeconomic effects of such policies; and (e) a region characterised by good economic and political governance by visionary leaders who finally manage to realise the potential for just economic and social development and who cooperate on a shared vision for the region. This last scenario would be the most desirable as it would bring just and equal development to the region.

The analysis has shown that South Africa has chosen a new approach to its internal policies as well as its policy towards Africa and Southern Africa. In the first decennium after the transition, the government clearly chose for political and economic liberalisation under its Growth Employment and Redistribution (GEAR) policy, which points to a choice for the scenario of globalisation. Today, the government wants to return to the role of the state as an active development agent. However, in order to achieve a complete change towards the last scenario of ‘visionary leadership’, both South Africa and the region lack a real shared vision, agenda, and resources. South Africa is restricted by its domestic socioeconomic challenges but also by the hegemon’s dilemma, which prevents the country to act as a true regional and benevolent leader. This hegemon’s dilemma is a result of the fears that exist in the region towards too much dominance of South Africa, but it is also consequence of the government’s concerns with being seen as a malevolent hegemon that is driven by its own national interests. The region and continent are characterised by little inter-subjective norms, both within the AU, NEPAD and the SADC. The limited financial and human resources of these institutions further limit the prospects for the scenario of ‘visionary leadership’.

It is clear that South Africa and its position in the region have reached a turning point. From the five discussed scenario’s, a mix between the scenarios of ‘globalisation’ and the ‘visionary leadership’ seems to be the most likely. The ‘business-unusual’ approach of president Mbeki, the populist ‘palace revolution’ in the ANC and the ‘intellectual’ debate in South Africa on the possible positioning of the state as a ‘developmental state’ all point in the same direction: an active tackling of the structural social and economic developmental challenges in South Africa and in (Southern) Africa are now higher on the political agenda.

The donor community can strengthen the mix of the two scenarios in alignment with the development plans of the states and the region. In order to determine the appropriate instruments and make policy recommendations for a strategy, a number of objectives were identified. First of all, South Africa needs to be further stabilised internally. In this way, the country can take up its positive role in the Southern African region and on the African continent. Furthermore, the regional and continental socioeconomic development
must be supported as well as the political stabilisation. Lastly, a just world system is an important final objective. Further recommendations for the Flemish government can be found in the ‘Beleidsnota. Vlaanderen en Zuid-Afrika: hoe kan de ontwikkelingsrol van Zuid-Afrika in Afrika versterkt worden?’ by Mart Leys and Evert Waeterloos, 2008, Antwerp: Flemish Centre for International Policy, 49p.
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Wintour P., and Elliot L., 2008a, 'G8 condemns Mbeki's quiet diplomacy over Zimbabwe', The Guardian: online.


8.2 Interviewees

**Flemish Government**

- Katrien de Pauw, Flanders International Cooperation Agency
- Peter Desmet, Flemish Department for Foreign Affairs
- Seema Naran, deputy-representative of the Flemish government in South Africa
- Christel Op De Beek, Flanders International Cooperation Agency
- Yves Wantens, representative of the Flemish government in South Africa

**Other contacts in Belgium**

- Paul Goodison, European Research Office

**South African government**

- Officials (anonymous), Department of Foreign Affairs, Desk Africa Multilateral
- Official (anonymous), Department of Foreign Affairs, Desk Africa
- Denan Kuni, Department of Trade and Industry, Division Trade and Investment South Africa
- Luyanda Yaso, National Treasury, Division International Development Cooperation

**South African academics**

- Prof. Dr. WJ Breytelbach, Stellenbosh University
- Prof. Dr. Anthony Leysens, Stellenbosh University
- Prof. Dr. Leon Pretorius, University of the Western Cape
- Prof. Dr. John J. Williams, University of the Western Cape
- Dr. Joelien Pretorius, University of the Western Cape

**South African Civil society**

- Che Ajulu, Institute for Global Dialogue
- Richard Cornwell, Institute for Security Studies
- Neuma Grobbelaar, South African Institute for International Affairs, Business in Africa
- Shawn Hattingh, ILRIG
• Cheryl Hendricks, Institute for Security Studies, Regional Programme
• Leaza Kolkenbeck-Ruh, South African Institute for International Affairs
• Lenard Le Roux, Institute for Security Studies
• Chris Maroleng, Institute for Security Studies, African Security Analysis Programme
• Tanana Saki Mpanyana, Institute for Security Studies, Regional Programme
• Naison Ngoma, Institute for Security Studies, Defence Sector Programme
• Saliem Patel, Labour Research Services
• Michelle Ruiters, Institute for Global Dialogue
• Brendan Vickers, Institute for Global Dialogue (telephone interview)
• Vincent Williams, Institute for Democracy in South Africa (IDASA), Southern African Migration Project

South African Private sector

• Maria Mhlongo, Johannesburg Chamber of Commerce and Industry
• Joan Warburton-McBride, Johannesburg Chamber of Commerce and Industry