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south africa in the global arena

8.1 WHAT DEMOCRATIC SOUTH AFRICA INHERITED IN 1994

Apartheid South Africa was a pariah state, described by former President Mandela as the “skunk of the world”, that was diplomatically, economically, and culturally isolated from the rest of the world. The incoming government inherited institutions that had served the interests of the apartheid system. Under apartheid, the focus of the departments that dealt with foreign affairs, defence, trade and industry, and intelligence was on securing the apartheid state.

On the African continent, relations between South Africa and its Southern African Development Community (SADC) neighbours, and countries on the rest of the continent, were, at best, fragile. Angola, Botswana, Lesotho, Mozambique, Swaziland, Tanzania, Zambia and Zimbabwe, together with other African countries, had opposed apartheid, and actively campaigned for the isolation of the apartheid state. In response, South Africa’s defence force and other security structures made frequent cross-border incursions into neighbouring countries. Economic cooperation with the rest of the continent was severely limited.

8.2 DEVELOPMENTS SINCE 1994

After 1994, South Africa faced the task of repositioning itself in the region, on the continent and in the world, with a shared interest in peace, stability and prosperity. The new Constitution enjoined the building of a united and democratic South Africa that would take its rightful place as an independent, sovereign state in the family of states. The values espoused in the Constitution, including equality, non-racialism, non-discrimination, liberty, peace and democracy, are central to South Africa’s national identity, and find expression in the country’s foreign policy.

South Africa had to demonstrate to its own people and to the world that its democracy would be durable, that it would work to uplift the poor and redress past injustices at home, and that it would be a responsible member of the international community. South Africa had to demonstrate that it was a peaceful and responsible neighbour, committed to regional, continental and global development and economic cooperation.

After 1994, inspired by the notion of Ubuntuⁱ, South Africa’s foreign policy approach was characterised by co-operation, collaboration and the building of partnerships rather than conflict and competition. All departments that represented South Africa internationally were transformed within the first decade of democracy. These departments went from preserving apartheid

to formulating, implementing and representing South Africa’s priorities of democracy, human rights, socio-economic development, peace, security and stability in the global arena.

South Africa is now a respected member of the international community and has enjoyed successes in furthering its own interests, as well as those of the African continent and the SADC region.

South Africa’s reintegration into the global community has seen its diplomatic, political and economic relations expand rapidly to include countries with which it previously had no relations. By 2012, the number of foreign diplomatic missions, consulates-general, consulates and international organisations in South Africa had increased to 315. This is the second-largest number of diplomatic offices accredited to any country after the USA. South Africa’s missions abroad increased from 36 in 1994 to 125 in 2012.

South Africa contributed to two tangible elements of the African renaissance during the first decade: namely, the transformation of the continental political architecture with the transition from the Organisation of African Unity (OAU) to the African Union (AU) and the adoption of the New Partnership for Africa’s Development (NEPAD) as the social development blueprint for Africa and the framework for its engagement with the north and other international actors. In the second decade, operationalisation of the AU and implementation of NEPAD became key focus areas, including, in particular, improving the climate for development and investment in Africa. Acting together with its African partners, South Africa used its engagement with the Group of Eight (G8) countries to ensure the adoption of an Africa Action Plan as the framework for the G8’s partnership with the continent.

8.2.1 Strengthening the African Union

South Africa joined the Organisation of African Unity in 1994 and chaired the African Union from June 2002 to June 2003. The Durban Summit in June 2002 saw the launch of the new African Union, (which replaced the OAU) and the adoption of the New Partnership for Africa’s Development (NEPAD). As the Chair, South Africa played an integral part in the formation of the AU’s institutions, policies and procedures, including the creation of the Pan-African Parliament and the AU Peace and Security Council.

Pursuing the African Agenda required establishing and strengthening bilateral relations with almost all African countries. South Africa’s involvement with the AU has primarily focused on the following:

ⁱ “Ubuntu” is an Nguni word that roughly translates to “humanity”. The philosophy of Ubuntu means that we affirm our humanity when we affirm the humanity of others. “Umuntu ngumuntu ngabantu” means “a person is a person through other people”.

- Promoting the AU as a continental institution of governance and development
- Helping to establish and strengthen the AU Commission to implement decisions by the AU Assembly and the AU Council
- Hosting the Pan African Parliament (an institution of the AU) since 2005, NEPAD Agency and APRM Secretariat since 2001, and the African Commission on Nuclear Energy (AFCONe)
- Contributing to the establishment of the AU Peace and Security Council, which deploys peacekeeping missions, among other activities
- Contributing to the establishment of the Economic, Social and Cultural Council, which has become a vehicle for civil society to present its position on major issues
- Contributing to capacity building by training diplomats as well as other civil servants from the continent.

A former senior South African minister was appointed as the AU Commission's chairperson in July 2012. Key priorities for her term include greater internal efficiency and effectiveness within the AU Commission as an executing agency of the AU collective. The importance of Africa in South Africa's foreign policy is reflected in the growth of South African representation in Africa which increased from 17 in 1994 to the current total of 47 missions.

8.2.2 The New Partnership for Africa's Development

In July 2001, the AU launched NEPAD, a programme whose objectives are poverty eradication, the promotion of sustainable growth and development, the empowerment of women, the promotion of inter-connectivity, inter-regional trade and the movement of goods and services. It aims to achieve these objectives through building genuine partnerships at country, regional and global levels. One of the focus areas of South Africa's involvement with NEPAD has been on improving cross-border

INFRASTRUCTURE TO REALISE AFRICA'S POTENTIAL

Africa's economic outlook has generally improved. Macro-economic reforms in most African countries have brought down inflation and opened economies to international trade. Between 2000 and 2010, Africa's GDP grew at 5.6 percent a year, topping 7 percent in 2002, 2004 and 2007. This growth is off a relatively low base, and there is significant opportunity for the continent to further improve its economic performance.

More African countries are adopting prudent fiscal policies and improving their governance practices, resulting in improved prospects for economic growth. Foreign debt as a percentage of GDP and debt-service obligations

as a percentage of export revenues have declined dramatically to levels comparable to those of other regions. The sovereign credit ratings of some countries have a positive outlook. Many African countries are now seen as "frontier emerging economies" with relatively well-developed financial markets.

Despite this progress, Africa still faces immense challenges. Key among these is what the NDP calls the continent's "massive infrastructure deficit". The largest infrastructure gaps are in energy, with citizens in 30 of the 47 countries in sub-Saharan Africa facing regular power outages and power interruptions, resulting in losses of between 1 and 6 percent of potential GDP every year. Road density is lower in Africa than in any other developing region, with

152km of road per 1 000 square kilometres of land area. Bridging the infrastructure gap will cost about US\$93 billion a year, with about 40 percent of this being spent in the power sector.

While substantial, Africa's infrastructure challenges also present great opportunities. South Africa is involved in the AU, NEPAD, the NEPAD Presidential Infrastructure Championing Initiative and other structures to implement regional integration strategies that emphasise energy, water, road, rail and postal service infrastructure. Regional cooperation needs to be strengthened, with a particular focus on promoting practical opportunities for collaboration, based on complementary national endowments.



infrastructure in Africa – a requirement if the continent is to realise its full economic and developmental potential (see box). The South African President chairs the AU/NEPAD Presidential Infrastructure Championing Initiative (PICI), a programme to improve north-south road and rail infrastructure on the continent under the Programme for Infrastructure Development in Africa (PIDA), and also championed the North-South Road and Rail Development Corridor project since July 2010.

In 2010, NEPAD was formally integrated into the AU's structures and processes as the NEPAD Planning and Coordinating Agency, which was given a broader mandate that included the following:

- Facilitating and coordinating continental and regional priority programmes
- Conducting and coordinating research and knowledge management
- Monitoring and evaluating the implementation of programmes and projects

- Advocating the AU and NEPAD's vision, core principles and values.

8.2.3 The African Peer Review Mechanism

Founded in 2003, the African Peer Review Mechanism (APRM) is a voluntary programme for AU member states to promote and reinforce high standards of governance through periodic reviews of progress towards achieving mutually agreed goals in the following focus areas: democracy and political governance, economic governance, corporate governance and socio-economic development. The peer-review mechanism has adopted a self-monitoring approach, with periodic reviews of participating countries to assess progress made towards achieving mutually agreed goals. To date 34 AU countries have voluntarily participated in the programme.

In 2011, South Africa submitted its second report on the implementation of South Africa's APRM Programme of Action. The report focused on the recommendations contained in the first Country Review Report



(CRR) of 2007, issued by the heads of state and governments of participating countries in the APRM and the resulting National Programme of Action. The areas that the CRR recommended for attention covered themes such as increased civil society participation, advancement of gender equality, access to information on human rights and institutions of justice, and tackling corruption. Two additional themes that were not recommended in the CRR were included in the second report: the institutionalisation of democracy and the institution of traditional leadership. South Africa's third report was submitted in January 2014 at the 22nd AU Heads of State or Government in Addis Ababa, Ethiopia. South Africa was praised for a number of best practices such as the use of provincial executive councils, the financial management system and the tax collection system.

8.2.4 Strengthening SADC and regional integration

South Africa prioritised strengthening SADC and regional integration after 1994. South Africa supported the Regional Indicative Strategic Development Programme, one of

the elements of the restructuring of SADC, which sought to provide SADC states with a coherent, comprehensive development agenda on social and economic policies, with clear targets and time frames over the decade that followed.

South Africa has sought to nurture regional integration at three levels: SADC, the Southern African Customs Union (SACU) and the Tripartite Free Trade Area (TFTA) between the Common Market for Eastern and Southern Africa (COMESA), the East African Community (EAC) and SADC. The TFTA seeks to combine the three major regional economic communities as building blocks towards continental integration and could contribute to economies of scale, the building of new distribution channels, value addition and manufacturing in Africa.

Although tariff liberalisation within SADC has progressed, member countries (other than South Africa) are largely still primary producers, with limited industrial development or diversification. In the short to medium term, the region needs to focus on the following:

- Consolidating the SADC free trade agreement
- Cooperating on industrial development by developing regional value chains
- Addressing non-tariff barriers
- Promoting trade facilitation
- Cooperating on improving the quality and standards of products
- Cooperating on trade-related infrastructure.

8.2.5 The Southern African Customs Union

The SACU agreement – originally put in place in 1910, making it the oldest functioning customs union in the world – was renegotiated and concluded in 2002, and came into effect in 2004. It provides for common external and excise tariffs within the customs area. All duties collected in the customs area are paid into South Africa's National Revenue Fund. The revenue is shared between members according to a revenue-sharing formula that sees South Africa transfer nearly all the customs collected to Botswana, Lesotho, Namibia and Swaziland.

In order to promote regional integration, in 2011 SACU formally agreed to a Five-Point Plan that would transform it from a tariffs and a revenue-sharing agreement into an integrated institution capable of promoting true regional economic development. The plan committed member countries to do the following:

- Develop a work programme on cross-border industrial development
- Advance better trade facilitation
- Develop SACU institutions
- Unify engagement in trade negotiations
- Review the current revenue-sharing arrangement.

Despite efforts to further the plan, there are still several implementation challenges. In particular, the revenue-sharing arrangement needs to be urgently reviewed to achieve a more equitable arrangement and wean SACU from its dependence on common external tariffs and the South African economy. A well-structured agreement would free up resources to strengthen SACU institutions



and develop cross-border industrial and infrastructure development.

8.2.6 South-south cooperation

Democratic South Africa has always valued partnerships with countries of the global south, regarding them as important for the development of the country and the continent, and for creating solidarity in the global struggle against poverty, underdevelopment and the marginalisation of emerging economies.

To strengthen ties with other developing countries, South Africa has joined the following structures:

- Non-Aligned Movement
- Group of 77 and China
- Indian Ocean Rim Association for Regional Cooperation
- New Asian-African Strategic Partnership
- India-Brazil-South Africa Partnership Forum (IBSA)
- Brazil, Russia, India, China and South Africa (BRICS) Intergovernmental Forum.

IBSA

The IBSA Dialogue Forum celebrated its 10 years of existence in 2013. This wide-ranging trilateral cooperation is underpinned by three pillars: political consultation and coordination; multi-sectoral, trilateral cooperation (16 Working Groups and various people-to-people fora); and concrete projects of cooperation and partnership with less developed countries through the IBSA Facility for Hunger and Poverty alleviation (IBSA Trust Fund). Intra-IBSA trade has reached a figure of US\$ 23 billion.

The common positions that IBSA member states fostered on global issues, especially with regard to the reform of institutions of global governance, such as the United Nations Security Council (UNSC), and on security, conflict, trade negotiations and human rights, positively influenced global discourse on these matters. All three IBSA countries collaborated as non-permanent members of the UNSC in 2011, e.g. on advancing the African Agenda in the UNSC.

BRICS

The formation of the BRIC Forum in 2009 signalled a continuation of the shift in global power to the advantage of developing countries. South Africa identified with the BRIC agenda of global reform and cooperation within the developing world, and joined the forum in 2011. South Africa's invitation to join the BRIC grouping was recognition of the country's contribution in shaping the socio-economic regeneration of Africa, as well as our active involvement in peace and reconstruction efforts on the Continent and the responsible role that South Africa has been playing in the international community.

Since 2011, the country has worked to consolidate its position as a BRICS member, use its position to identify opportunities to further its developmental goals and the African Agenda, and influence discussions in the Group of 20 (G20) – a critical institution for international economic cooperation.

South Africa's standing in BRICS and other groupings indicates that the country is regarded as a significant emerging power, worthy of attention in global decision-making. In 2011, South Africa ensured that infrastructure development and industrialisation in Africa was on the agenda at the BRICS summit in Sanya, China. The summit expressed support for such development in the context of the NEPAD framework. In March 2013 South Africa hosted the fifth BRICS summit and for the first time invited African regional leaders to an inclusive BRICS-African Leaders dialogue on infrastructure development. The Summit also decided to establish a BRICS-led development bank for infrastructure and sustainable development projects in BRICS and other developing countries. Agreements have also been signed under the auspices of the BRICS Interbank Cooperation Mechanism to provide, among other things, proposals for extending credit to member countries in their local currencies.

Relations with other countries of the South

Since democracy, South Africa's relations with countries in the Americas – specifically Argentina, Brazil, Colombia, Mexico and Venezuela – have strengthened. Relations with Turkey and key Gulf states have also improved. Relations in southeast and east



Asia have focused on China, Indonesia, Singapore, South Korea, Thailand and Vietnam, while south-Asian relations have primarily focused on Bangladesh and Pakistan. Relations with countries in Euro-Asia have developed a strong trade element.

As the NDP states, South Africa has considerable mineral resources, highly developed banking, financial, communications and transportation networks, and established and relatively successful business, industrial, mining and research institutions. These resources could be critical for negotiating within BRICS and in broader negotiations between BRICS and the world. For example, South Africa could play an important role in facilitating trade and investment between Africa and Asia, maximising Asia's interest in the country and the continent's mineral resources, while promoting its own highly developed financial system.

8.2.7 North-south cooperation

Given South Africa's well-entrenched trade and investment relations with Europe and North America, cooperation between the global north and south is important for securing domestic economic interests.

Since 1994, South Africa has sought to improve north-south relations, focusing on reforming the global economy and global governance, enhancing market access for developing countries and instituting more favourable terms for trade, debt relief and new forms of partnership for development. During its first decade of democracy, South Africa was largely successful in engaging the G8 and the Organisation of Economic Cooperation and Development (OECD) to strengthen its economic relations with key countries and the European Union (EU). As a result, trade with the north has grown consistently and remains strong, notwithstanding the effects of the global economic crisis.

Organisation of Economic Cooperation and Development

In 2007, the OECD Ministerial Council gave South Africa and other BRICS states “enhanced engagement” status in recognition of their global significance. Until this point, South Africa had been an observer. Future engagement with the OECD needs to be reviewed in order to determine the best way forward for South Africa’s developmental trajectory.

G8

South Africa first engaged the G8 at its 2000 summit. Since then, the country has engaged the G8 as a representative of Africa in the G8/Africa Outreach process, and for some years as one of the “Outreach Five” developing countries (Brazil, China, India, Mexico and South Africa). In this capacity, South Africa successfully campaigned for:

- A G8 Africa plan based on NEPAD
- The adoption of the Africa Action Plan, with commitments to support Africa’s initiatives relating to peace, security, development and governance
- The establishment of the Africa Partnership Forum at the 2003 Evian Summit.

G20 Finance Ministers and Central Bank Governors

South Africa has been a member of the G20 Finance Ministers and Central Bank Governors since its inception in 1999. One of the G20’s key aims is to coordinate international efforts to provide timely, sustainable and effective responses to global economic shifts and financial crises.

The NDP points out that South Africa’s G20 membership affirms that, while the country is not one of the biggest economic powers in the world, it is nonetheless a key player in international financial and political economic governance. South Africa has served as co-chair of the G20 Development Working Group since it was established in 2010. Largely due to the G20’s efforts, agreement was reached to increase the voting power of developing and transition countries and create an additional chair for sub-Saharan Africa on the board of the World Bank.

The G20 has also expanded the number of working groups to cover other important sectors for cooperation such as infrastructure financing, food security, human resource development, financial inclusion and domestic resource mobilisation.



The European Union

Bilateral relations with South Africa's traditional partners in Western Europe have remained strong and expanded since 1994, notably with the United Kingdom, Germany, the Netherlands, France, Italy and the Nordic countries. The Trade and Development Cooperation Agreement (TDCA) which entered into force in May 2004 is the overall agreement that regulates the relationship between South Africa and the 28 member EU. The TDCA provides for a Free Trade Area and dialogues at Senior Official, Ministerial and Presidential/Summit level. In addition to the TDCA, South Africa has signed a Science and Technology Agreement (STA) and a Wines and Spirits Agreement with the EU.

South Africa is the only country in Africa that enjoys such a strategic partnership with the EU. By 2009, South Africa was the EU's 14th largest trade partner and the second-largest from Africa. Various trade agreements are also in place between South Africa, the EU and regional economic groupings. South Africa was a member of an AU group that engaged the EU on an EU-Africa strategy, which was adopted in 2007.

Despite the international economic crisis that impacted negatively on Western Europe, countries in the region remained South Africa's leading partners in areas such as trade, investment and tourism. Many of these countries are furthermore committed to supporting government priorities such as boosting employment, skills-enhancement and vocational education programmes. Europe remains a leading continent in terms of scientific, technological and pharmaceutical research and capacity, in which South Africa has found valuable bilateral partnerships.

8.2.8 African multilateral partnerships

The various African multilateral partnerships (see box overleaf) in which South Africa has played an important role since 1994 aim to strengthen the continent's human capacity and productive bases by diversifying economies and attracting investment. These partnerships have refocused the world's attention on Africa's potential and its challenges. They have enabled the mobilisation of resources to address Africa's development objectives. The various partnerships also afford Africa the opportunity to solicit the necessary training, capacity-building, infrastructure and

financial resources to implement key AU-endorsed priority continental projects and programmes, including aiming to achieve the vision, objectives and goals of NEPAD.

8.2.9 Multilateralism and institutions of global governance

Multilateralism is a strategic catalyst in pursuing global reform in favour of fairer distribution of power and resources. South Africa's foreign policy has traditionally placed the United Nations at the centre of the multilateral system. In collaboration with its global partners, South Africa has consistently continued to engage the north on reforming global economic rules through the World Bank, the International Monetary Fund, the World Trade Organisation and the United Nations Conference on Trade and Development (UNCTAD). Discussions at the 2003 World Trade Organisation meeting in Cancun stalled at the point when the global south asserted its collective power, and engagements with UNCTAD have taken on greater significance as a result.

South Africa's constructive role in global governance structures, as well as its position within organisations such as the AU, the Non-Aligned Movement (NAM) and the G77 and China contributed to a positive perception of South Africa's global profile by BRICS and other like-minded partners.

As mentioned in Chapter 6, the international community entrusted South Africa with hosting and presiding over COP17/CMP7 in Durban, at a critical time in the global climate-change debate. This conference resulted in the Durban Outcome, which has been hailed internationally for restoring trust in the United Nations climate-change process. South Africa has also hosted other international conferences and meetings under the auspices of the United Nations. In 2002 South Africa hosted the World Summit on Sustainable Development where it advocated for an action-orientated outcome with a set of targets for sustainable development. These efforts culminated in the adoption of the Johannesburg Plan of Implementation (JPOI) which gave content to the Agenda 21, the United Nations plan on sustainable development.

8.2.10 Promoting peace, security and stability

The AU has expressed its commitment to

AFRICAN MULTILATERAL PARTNERSHIPS

Africa-European Union Partnership

This partnership focuses on peace and security, trade and investment and human resource development. The African focus is on socio-economic development whilst the EU focuses on conflicts on the continent.

Africa-Arab Partnership

This partnership focuses on agricultural development and food security, migration and economic cooperation.

Africa-South America Partnership

The partnership focuses on political solidarity and enhancing South-South cooperation. However, the Partnership is yet to yield concrete results regarding implementation of its diverse action plan.

New Africa-Asia Strategic Partnership (NAASP)

The partnership is based on the 1955 Bandung principles that support South-South cooperation. Political solidarity and a common developmental agenda have driven this partnership. Programmes and projects for the Palestinian cause have been a success story of this multilateral framework.

Africa-India Partnership

The focus of this partnership is on supporting the African Agenda through capacity building, infrastructure development, agro-industries and other initiatives such as the E-Africa satellite connectivity project. The Indian government has opened numerous training institutes throughout the continent.

Africa-Japan (TICAD) Partnership

The Japanese government has made great strides through the TICAD process to partner in addressing Africa's development challenges. Key areas of intervention

include promoting the private sector, and trade and investment as engines of development; strengthening sectoral bases for growth; driving African development through gender equality and women's empowerment; ICT (technology transfer) and enhancing peace-building.

Africa-China (FOCAC) Partnership

The FOCAC partnership has made numerous inroads in the continent via increased investment in a diverse range of sectors aimed at regional and continental integration and promoting peace, security and development in Africa.

Africa-Turkey Partnership

The partnership has great potential for furthering Africa's developmental goals in the fields of tourism, vocational training in agriculture and water resource development.

Africa-Korea Partnership

This partnership furthers development cooperation aimed at infrastructure development, human capacity building and rural development, increased trade and investment and cooperation in the field of peace and security.

African and its Diaspora

South Africa hosted the Global African Diaspora Summit in May 2012. The summit aimed to create a sustainable partnership between African states and the African Diaspora through a joint Programme of Action (PoA). The PoA included creation of a skills database of African professionals in the diaspora; establishment of the African Diaspora Volunteers Corps; activation of an African Diaspora Investment Fund; the establishment of a development marketplace for the Diaspora; and the establishment of an African Remittances Institute.

not recognise unconstitutional changes in government and to develop its own African Standby Force to intervene in conflict situations. South Africa played a critical role in the establishment of the African Capacity for Immediate Response to Crises at the AU Summit of May 2013, as an interim measure towards the establishment of a permanent African Standby Force with a fully operational Rapid Deployment Capacity.

Contributing to peace, stability and post-conflict transition in Africa has been integral to South Africa's post-apartheid policy. Since 1994, the country has earned a reputation for being an accomplished mediator, with successive presidents playing key roles in negotiating settlements

elsewhere in Africa, such as in Madagascar, Sudan and Zimbabwe.

Through its role in SADC, South Africa also mediated in Madagascar after a 2009 coup, helping to secure an agreement to lead Madagascar out of crisis. This culminated in Madagascar holding a referendum in 2010 and elections in October 2013. Closer to home, South Africa was the SADC-mandated facilitator in Zimbabwe. Its efforts contributed to the country adopting a new constitution in March 2013, laying the basis for credible elections, which were held in July 2013.

In 2013, South Africa contributed troops, together with the Republic of Malawi and the



United Nations Security Council

United Republic of Tanzania, to the SADC-led Intervention Brigade in the Eastern DRC under the UN mandated peace mission (MONUSCO) to end the military attacks and violation of human rights perpetrated by the M23 rebels against the civilian population. This intervention resulted in the M23 renouncing the rebellion and agreeing to enter into negotiations with the DRC government.

South Africa also contributed to conflict resolution on the continent through its role as a member of the AU ad hoc high-level committee on the resolution of the Libyan crisis and as a member of the AU high-level panel for the resolution of the crisis in Côte d'Ivoire.

Over the years, South Africa has contributed a substantial number of troops to African peace missions, supporting peace processes in the Central African Republic, the Democratic Republic of Congo, Mali and Sudan. While its support for peace missions has largely been a success, the killing of 13 South African soldiers in the Central

African Republic in 2013 underlines the risks involved.

South African civil society also plays an important role in promoting peace on the continent, for example:

- Conducting research and analysis
- Helping to build capacity for post-conflict reconstruction
- Stimulating informal yet informative dialogue between political players, academics, civil society and the public in post-conflict countries
- Providing technical support for mediation.

In the global arena, South Africa has served two terms (2007–2008 and 2011–2012) as a non-permanent member of the United Nations Security Council. The country used the opportunity to elevate Africa's interests, especially regarding peace, security and

development, and to advance closer cooperation between the United Nations and regional organisations such as the AU.

South Africa has ratified and joined the following agreements and groups in support of disarmament and non-proliferation, especially with regard to nuclear warfare:

- The Nuclear Non-Proliferation Treaty
- The Chemical Weapons Convention
- The Biological and Toxin Weapons Convention
- The Comprehensive Nuclear-Test-Ban Treaty
- The Missile Technology Control Regime
- The Hague Code of Conduct against Ballistic Missile Proliferation.

South Africa has ratified and joined agreements and groups in support of disarmament and a nuclear weapons-free world. South Africa was also instrumental in establishing the African Nuclear-Weapon-Free Zone through the Treaty of Pelindaba, signed in 1996. The country has further committed itself to combating other threats to peace and stability, including terrorism, flows of illegal migrants and refugees, illicit small- and light-arms trade, international crime syndicates and trans-border crime.

8.2.11 Trade and investment

Democratic South Africa prioritised developing bilateral political and economic relations, especially with African countries. Since 1994, it has signed 624 agreements and established 40 bilateral mechanisms – nearly half of the total number of bilateral mechanisms in place – with countries on the continent. However, there have been challenges with the implementation of some of these agreements.

South Africa's export markets have changed considerably over the past 20 years. New markets have emerged, while the share of exports to some traditional markets, such as the United Kingdom, Japan and Europe, has declined. China has emerged as South Africa's most important export trading partner since 2009, with its share of non-gold merchandise exports measuring 12.9 percent in 2012, compared with 0.8 percent in 1994. India is now South Africa's fifth-largest export destination, having overtaken both the United Kingdom and Switzerland¹.

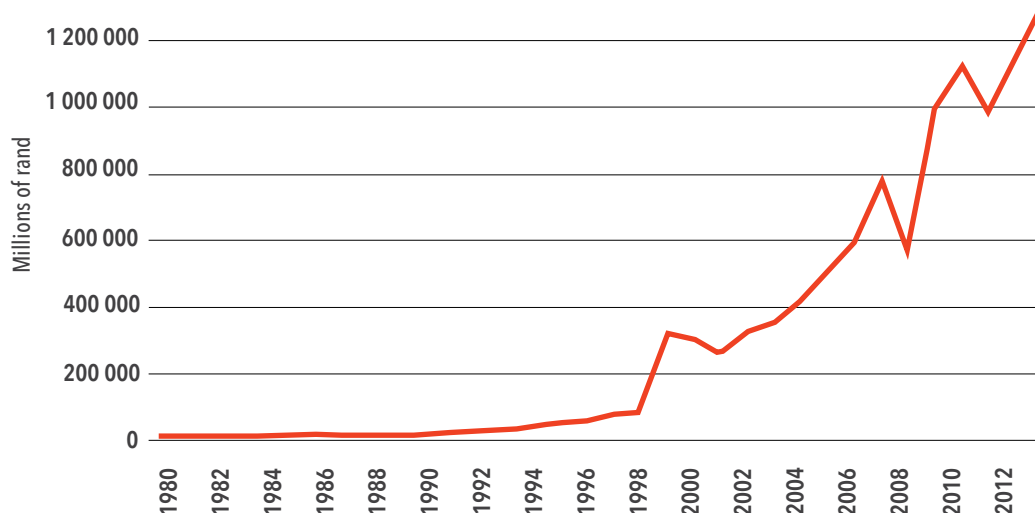
African countries have also become increasingly important export markets, especially for manufactured goods. Exports to the entire African continent increased from 10 percent in 1994 to 17.6 percent in 2012. SADC countries claimed most of these exports, accounting for 12.9 percent of overall exports in 2012, up from 8.3 percent in 1994. Africa accounts for around a third of South Africa's exports of more advanced manufactures².

South Africa has benefited substantially from the United States' African Growth and Opportunity Act of 2000 (AGOA), which aims to expand US trade and investment with sub-Saharan Africa, stimulate economic growth, encourage economic integration and facilitate sub-Saharan Africa's integration into the global economy. Bilateral trade between South Africa and the USA grew from R15.9 billion in 1994 to more than R129 billion in 2013, with the trade balance being in South Africa's favour³.

Between 1994 and 2013, South Africa's fiscal and macro-economic policies boosted bilateral trade between South Africa and European countries and stimulated foreign direct investment (FDI) and tourism. As illustrated in Figure 8.1, inward FDI stock during the 80s and early 90s remained extremely low, as a result of South Africa's isolation. From 1994 inward FDI stock increased significantly as South Africa experienced a continuous upward trajectory, from R44.7 billion to R1.38 trillion in 2012 in nominal terms.

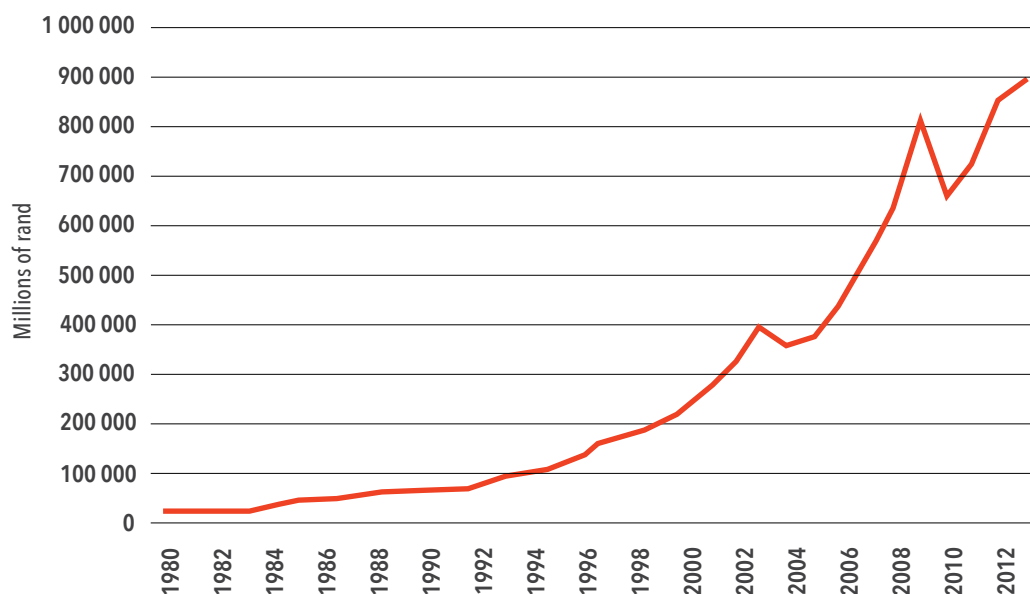
As illustrated in Figure 8.2, South Africa's bilateral political and economic relations also increased exports in goods and services, from R106 billion in 1994 to R892 billion (in nominal terms) in 2012. Although South Africa's export basket has predominantly consisted of mining and basic processed goods since 1994, mining products, as a percentage of total exports, has decreased from 57.3 percent (in value terms) in 1994 to 49.1 percent in 2012. By 2012, advanced manufactured products accounted for 18.8 percent of total exports, compared with 7 percent in 1994. Bilateral trade between South Africa and European countries declined by between 35 percent and 40 percent after the 2008 global financial crisis, but is slowly recovering. South Africa is an attractive investment destination in Africa, drawing

Figure 8.1: South Africa's inward foreign direct investment stock, 1980–2012 (current prices)



Source: United Nations Conference of Trade and Development. Inward foreign direct investment stock, annual, 1980-2012 in US Dollars at current prices and current exchange rates in millions using UNCTADstat. Downloaded from <http://unctadstat.unctad.org/ReportFolders/reportFolders.aspx> on 18 February 2014. Conversion to ZAR using South African Reserve Bank foreign exchange rates. Downloaded from <http://www.resbank.co.za/Research/Statistics/Pages/OnlineDownloadFacility.aspx> on 18 February 2014

Figure 8.2: Total exports of goods and services, 1980–2012 (current prices)



Source: United Nations Conference of Trade and Development. South Africa total export of goods and services, annual, 1980-2012 in US Dollars at current prices and current exchange rates in millions using UNCTADstat. Downloaded from <http://unctadstat.unctad.org/ReportFolders/reportFolders.aspx> on 18 February 2014. Conversion to ZAR using South African Reserve Bank foreign exchange rates. Downloaded from <http://www.resbank.co.za/Research/Statistics/Pages/OnlineDownloadFacility.aspx> on 18 February 2014



more than twice as many FDI projects in 2012 than any other African country⁴.

The state, together with the private sector and civil society, has improved the international marketing of South Africa and Africa as international tourism destinations. This has resulted in a sustained increase in tourist arrivals, as discussed in Chapter 4. Highlights over the past five years have been the hosting of the 2010 World Cup and the World Conference on Climate Change in Durban in 2012.

South Africa has continued to drive bilateral agreements for cooperation in science and technology. A significant achievement has been South Africa's appointment along with Australia to host the square kilometre array radio telescope, a major international space project. This is an indication of the strength and international standing of the country's scientific and technological capabilities.

8.3 CONCLUSION AND WAY FORWARD

South Africa has taken important steps in positioning the country in the global arena. Going forward, South Africa's foreign policy should continue to be shaped by the interplay between prevailing diplomatic, political, security, environmental, economic and regional factors. It should remain cognisant of global power shifts, the stratification of regional groupings, threats to human and state security, internal and external sovereignty and natural resources, and the need to promote South Africa's national interests.

Regional and continental integration are important for Africa's socio-economic development and political unity, and for South Africa's prosperity and security. Consequently, Africa will remain at the centre of South Africa's foreign policy. The country will strengthen its support for

regional and continental institutions that work towards achieving peace and resolving security crises, and it will take further steps to strengthen regional integration, promote intra-African trade and champion sustainable development on the continent.

Structural changes in the global economy are creating opportunities to position Africa as a significant player. The continent is already positioned to benefit from demand for its natural resources, especially from emerging powers in Asia. South Africa has a critical role to play in supporting economic growth, development and structural transformation on the continent to ensure that these opportunities are realised. This involves continuing to identify specific trade, manufacturing and industrial niches, especially where South Africa enjoys a competitive advantage. South Africa will also strengthen efforts to alter existing trade patterns, which rely on raw materials, in favour of value addition, industrialisation and intra-African trade.

Regional trade integration will be aimed at ensuring economic connectivity and regional competitiveness. Successfully integrating trade on the continent requires accelerating the development of hard infrastructure (road and rail networks, energy and water) and soft infrastructure (trade facilitation systems, supply chain management, and customs controls and administration).

Cooperation between vital state institutions that deal with international relations policy and cross-border issues should also be strengthened. Closer collaboration and partnerships between government, business, civil society and labour must be pursued to ensure that the country operates holistically in the competitive and unpredictable international arena. Government needs to continue fostering healthy consultative and practical relationships with research institutions and corporations to help expand trade and investment and improve the country's leadership role in regional and global affairs.

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