South Africa’s Foreign Policy Aspirations and the National Development Plan (NDP 2030): The Role and Impact of Trade and Investment on the State’s Political Economy

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DECLARATION

I declare that this research report titled: “South Africa’s Foreign Policy Aspirations and the National Development Plan (NDP 2030): the Role and Impact of Trade and Investment on the State’s Political Economy” is my own, unaided work. It is being submitted for the Degree of Master of International Relations at the University of the Witwatersrand, Johannesburg. It has not been submitted before for any degree or examination at any other university.

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31st day of March in the year 2021

ABSTRACT

In August 2012, South Africa launched the National Development Plan (NDP) to address the poverty, unemployment and inequality challenges prevalent in the domestic political economy. President Cyril Ramaphosa was confronted with a problem upon assuming office in 2018 – how to address the slow progress in the implementation of the NDP. This study contends that while the NDP has guided South African government departments', some of the core ideas on foreign policy have not been implemented. The case study analysis explores South Africa's trade and investment relations with Nigeria, China and the United States. The empirical findings reveal that the constraints in the implementation of South Africa's economic diplomacy are the slow progress in Africa's regional integration, and the lack of capabilities to manufacture technology-intensive products. It explains several trends that have emerged and present implications for the future direction of South Africa's economic diplomacy, this includes the proliferation of free trade agreements, and policy uncertainty on how to advance transformation.

Key words: National Development Plan, Foreign Policy, Political Economy, Economic Diplomacy, Trade, Investment, South Africa, Nigeria, China, United States.

DEDICATION

I dedicate this research report to my parents, thank you for your commitment to invest in my education.

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ACRONYMS AND ABBREVIATIONS

AfCFTA	African Continental Free Trade Area
AGOA	African Growth and Opportunity Act
ANC	African National Congress
AsgiSA	Accelerated Shared Growth Initiative for South Africa
AU	African Union
BBBEE	Broad Based Black Economic Empowerment
BRICS	Brazil, Russia, India, China, South Africa
CAAA	Comprehensive Anti-Apartheid Act
CNR	China North Rail
COSATU	Congress of South African Trade Union
CSR	China South Rail
DFA	Department of Foreign Affairs
DIRCO	Department of International Relations and Cooperation
DTI	Department of Trade and Industry
EU	European Union
FDI	Foreign Direct Investment
FTA	Free Trade Agreement
GDP	Gross Domestic Product
GSP	Generalised System Preference
GEAR	Growth, Employment and Redistribution
GNU	Government of National Unity
IDC	Industrial Development Corporation
IPAP	Industrial Policy Action Plan

JWG	Joint Working Group
MFN	Most Favoured Nation
MTN	Mobile Telephone Network
MNC	Multinational Corporations
NEPAD	New Partnership for Africa's Development
NDP	National Development Plan
NGP	New Growth Path
NIPF	National Industrial Policy Framework
NPC	National Planning Commission
NSACC	Nigeria-South Africa Chamber of Commerce
OAU	Organisation for African Unity
ODA	Official Development Assistance
PRC	People's Republic of China
PEPFAR	President's Emergency Programme for AIDS Relief
RDP	Reconstruction and Development Programme
RET	Radical Economic Transformation
ROC	Republic of China
SACP	South African Communist Party
SACU	Southern African Custom Union
SADC	Southern African Development Community
SARB	South African Reserve Bank (SARB
SARS	South African Revenue Services
SEZ	Special Economic Zones
SMMEs	Small Medium and Micro Enterprises
TIFA	Trade and Investment Framework Agreement

UN	United Nations
UNCTD	United Nations Conference on Trade and Development
U.S.	United States
USAID	United States Agency for International Development
ZAR	South African Rand

INTRODUCTION

South Africa's National Development Plan and Foreign Policy

1. Introduction

In August 2012, South Africa launched the National Development Plan (NDP), a blueprint that set out long-term strategies to reduce unemployment, poverty and inequality by 2030 (Manuel, 2012). The progress in the implementation of the NDP has now become more urgent than ever as South Africa is facing multiple economic challenges, including an annual Gross Domestic Product (GDP) growth rate of -7,0 per cent and an unemployment rate of 32,5 per cent in the fourth quarter of 2020 (Statistics South Africa, 2021a: 8). While the COVID-19 global pandemic has worsened South Africa's growth, however, prior to the crisis the economy was in a recession (Statistics South Africa, 2021b: 2). The National Planning Commission (NPC) that drafted the NDP reported the primary reason for the slow progress in implementation, is the absence of broad participation through public criticism and dialogue (NPC, 2018a: 2). Cyril Ramaphosa, a key member of the NPC instrumental in drafting the plan as the Deputy Chair of the Commission, maintained focus on the NDP when he became president in 2018. In an attempt to restore economic policy certainty and address the domestic socio-economic challenges, Ramaphosa took the initiative to assert that "…the NDP is our lodestar" (Ramaphosa, 2019d). The commitment to implement the NDP was reaffirmed when Ramaphosa further emphasised that "…this is not the moment to redraft policy. It is the moment to implement" (Ramaphosa, 2019e). With the economy faltering and Ramaphosa more intent than ever on implementing the NDP, it is thus critical to analyse the main constraints in implementation of the NDP.

As South Africa moves towards the final decade of reaching the NDP 2030 vision – some of the core ideas have not been implemented in its foreign policy. Mohammed Karaan (2020), a member of the NPC points out: "there is no doubt that the country needs a plan to be able to beat those [socio-economic] challenges. The problem does not lie in the plan [NDP] itself; the problem lies with the implementation of the plan". There has been relatively little devotion in analysing whether the NDP foreign policy goals have been implemented. Foreign policy performs a crucial role in the pursuit of national interests to address domestic challenges. Chris Landsberg (2018: 65) recently described South Africa's post-apartheid foreign policy as one that is based on the "premise that it should help address the country's most pressing domestic challenges". These challenges pertain to domestic priorities: the eradication of poverty, lowering inequality and job creation.

This study draws attention to Chapter Seven of the NDP titled: *Positioning South Africa in the World* (NPC, 2011: 235–253). The chapter provides guidance to the Department of International Relations and Cooperation (DIRCO) and the Department of Trade and Industry (DTI) on how to pursue South Africa's foreign policy. The NDP argues that for South Africa to fulfil its foreign policy goals, trade and investments should be the priorities of the country's diplomatic activities. To achieve this, a key paragraph in the NDP advocates for South Africa to "aggressively expand trade and investment in the region, the continent and globally".

In practice, there are four crucial primary pillars that guide the work of the DIRCO and DTI in their economic diplomacy engagements: the diversification of exports, access to markets, industrialisation, and regional integration in Africa. This study contends that these four pillars are interlinked, and some have not been effectively implemented in South Africa's economic diplomacy. Even though South Africa may attract investments to drive the country's industrialisation and diversify exports, however, the negotiation of market access with trade partners is paramount. The central constraint that recurs across the cases explored is increased protectionism in the international trading system. The emerging trend is characterised by a rapid move towards Free Trade Agreements (FTA). While the NDP has provided minimal guidance on how to approach FTA, South African policy makers are confronted with a dilemma of balancing economic partnerships with different foreign governments. A more realistic approach to the implementation of economic diplomacy would start from policy certainty on how to transform South Africa's economy.

1.1. The Aim and Significance of the Study

The central aim of this study is to evaluate how the DIRCO and DTI have implemented the NDP foreign policy goals within the five year period under review (2013–2018). There are two primary research questions for this analysis: how has the NDP guided South Africa’s foreign policy? Specifically, what is South Africa’s economic diplomacy strategy towards addressing domestic priorities? Second, what are the main constraints in the implementation of South Africa’s economic diplomacy? In undertaking to answer these questions this study explores the economic diplomacy strategy that the DIRCO and DTI have adopted to implement the NDP recommendations, and analyses its actual effectiveness as a method of addressing South Africa’s domestic priorities.

1.2. Literature Review

Hudson (2012: 14) simply defines foreign policy as:

> [A] strategy or approach chosen by the national government to achieve its goals in relations with external entities.

Morgenthau (1946: 1067) describes diplomacy as a “technique by which foreign policy is effectuated”. Diplomacy is defined an instrument of foreign policy whereby state and non-state actors engage with international partners to “shape, implement and protect their own nation’s interests or foreign policy objectives” (Graham, 2008: 117). Foreign policy is put into practice through various methods of diplomacy. Economic diplomacy, as a method of foreign policy refers to economic beneficial exchanges between states, and is utilised by foreign governments to maximise their own nation’s interests through trade and investment (Carayannis & Campbell, 2011: 332). The White Paper on South Africa’s Foreign Policy reads:

> South Africa’s economic diplomacy will therefore be focused on providing guidance to government and the business sector on economic developments and markets, pursuing market access for South African goods and services in major global markets… Central to South Africa’s economic diplomacy is the pursuit of a fair and equitable rule-based international trade regime that accommodates the developmental interests of the developing countries (DIRCO, 2011: 27).

There are two aspects to South Africa's economic diplomacy approach: first, to pursue market access for exports and second, to further the country's development. The latter is highlighted in Landsberg (2005), who observed that South Africa is pursuing a "development foreign policy" that strives to form partnerships with countries in the industrialised North and the developing South to address the underdevelopment of South Africa and the African continent. Landsberg and Georghiou (2015) wrote the "government has declared South Africa as a developmental state via the NDP". Many South African scholars and policy makers view economic diplomacy as a priority to address the domestic poverty, unemployment and development challenges (Mthembu, 2019: 198; Landsberg, 2018: 65; Maloka, 2019: 50).

Another key pillar of South Africa's economic diplomacy is the pursuit of trade and industrialisation. Mthembu (2019) recently explained that "industrial policy and economic diplomacy" have become important aspects for South Africa's foreign relations. Vickers (2014: 59) reviewed South Africa's trade and industrial policy frameworks and put forward an argument that "South Africa's trade regime maybe characterised as consisting of the following pillars: trade policy (including tariffs and trade remedies), trade agreements or negotiations, and regional integration in Africa." Vickers concluded that each pillar has been "strategically recalibrated to support and reinforce the central objective of industrial development".

Brighi and Hill (2012: 157) argued that many governments encounter challenges in the implementation of foreign policy, which is "putting policy into practice". Muller (2002) put forward an argument that South Africa's diplomacy is implemented in an "extremely complex environment in which it is virtually impossible to disentangle the economic from the political and the altruistic from self-interest".[1] The formulation of South Africa's post-apartheid foreign policy is a complex process and Masters (2007) described it as a "multistakeholder foreign policy", which is influenced by multiple

[1] See, Cooper (1998) analysis of "multiple faces of South African foreign policy", for a detailed explanation of diverse actors including political parties, societal groups, business community, trade unions amongst others, who influence South Africa's post-apartheid foreign policy. Also, Masters (2015) analysis of parliamentary diplomacy, explains the role of parliament actors in the oversight and the "decision-making process of South Africa's post-apartheid foreign policy".

actors. These actors shape and influence foreign policy decision-making and their conflicting worldviews often negatively impact on implementation (Le Pere, 2014: 38).

Nathan (2005) described a different challenge to South Africa's post-apartheid foreign policy and stated: "South Africa has a coherent foreign policy", however, "there appears to be greater clarity on [foreign policy] goals than on the best means of achieving them". Similarly, Qobo and Dube (2015: 161) argued that the problem is the "weak linkage between foreign economic strategies and domestic economic objectives". The Fifteen-Year Review (1994–2008) acknowledged this problem and called for "improve[d] coordination between departments engaged in the country's economic relations" (South African Government, 2008: 67). Landsberg (2018: 65) wrote that cooperation between the DIRCO and DTI is "critical to achieving the desired outcomes and impact of South Africa's increasingly economic foreign policy".

The literature on South Africa's post-apartheid foreign policy has identified challenges in the decision-making process, and the implementation of economic diplomacy. However, there is a gap in analysing whether the core ideas of the NDP have been implemented in South Africa foreign policy, and what lesson can be drawn from the current approach to improve the future direction of South Africa's economic diplomacy strategy.

1.3. Research Methodology

This study undertook a qualitative approach to investigate whether the DIRCO and DTI have implemented South Africa's economic diplomacy in accordance with the guidance from the NDP. Mahoney and Goertz (2006: 230) describe the core goal of qualitative research is to apply the "cause-of-effect approach" to explain the outcome of cases under investigation. Qualitative methods apply inductive reasoning, to "discover and develop theories as they emerge from the data" (Keyton, 2010: 68). As a study based on inductive analysis, this research sought to provide an explanation to determine reasons for the slow progress in the implementation of the NDP. It adopted the "cause-of-effect approach" to discover "what" the main constrains are in the implementation of South Africa's economic diplomacy.

1.3.1. Research Design: Case Study

A case study research design was used to conduct the empirical investigation. A case study is defined as a detailed examination of historical and contemporary events using multiple sources of evidence (Hancock & Algozzine, 2006: 15; George & Bennett, 2005: 17). Levy (2008: 4) describes inductive case studies (also referred to as idiographic case studies) as "highly descriptive" and lack a specific "theoretical framework to guide the empirical analysis". The research process centred on policy evaluation, and it was guided by historical and contemporary accounts to explain the cause(s) of the outcome.

The case analysis focused on South Africa's economic diplomacy approach towards the following classified geopolitical regions: the African continent, the Global South and the Global North. The DTI identified key states for South Africa to expand its trade and investment partnerships, as shown in Table 2. Within the framework of this study it is not possible to investigate the existing forms of economic diplomacy between South Africa and all the states outlined. To narrow the scope, this study sought to explore South Africa's bilateral trade and investment relations with a single state from each of the three geopolitical regions.

The conditions for the case selection included looking for three states that are economically influential within their respective geographic regions. First, the empirical cases are economically significant based on the size of their economies. Second, the case selection considered states with the largest population in each region. The population size represents the market size of each state. This provides an opportunity for South Africa to access larger markets for trade and investment. Third, the chosen cases represent South Africa's economic partners categorised according to either emerging-market economies or traditional (developed) markets. The case selection for the African continent is Nigeria, for the Global South it is China and for the Global North it is the United States (U.S.).

Africa: Nigeria

The rationale of selecting Nigeria as a case study representation of Africa is based on its economic influence on the continent. In April 2014, Nigeria's GDP accounted for US$404 billion and surpassed South Africa to become the largest economy in Africa (World Bank, n.d.). Nigeria also has the largest population on the continent that reaches a market of 206 million people, which makes it a unique case among the 18 African states, shown in Table 2. Nigeria is an emerging-market economy, and the NDP calls for South African policy makers to cooperate with Nigeria in shaping the future of Africa's political economy (NPC, 2011: 240). A driving idea behind this suggestion is a belief that South Africa cannot thrive unless there is economic growth and stability in Africa.

Global South: China

The rationale of selecting China as a case study representation is informed by its economic influence among states of the Global South. In 2010, China surpassed Japan to become the world's second largest economy, with a GDP of US$14,3 trillion (World Bank, n.d.). What distinguishes China from Global South states, however, is that it has the largest population in the world that reaches a market of 1.3 billion people. As an emerging-market economy, the NDP has devoted substantial attention to how South African can improve its economic ties with China, and described it as an "active and important foreign actor" in Africa (NPC, 2011: 239).

Global North: United States

The rationale of selecting the United States as a case study representation of the Global North is based on its significant economic influence globally. What makes the United States a unique case among Global North states, however, is that it has the first largest economy in the world with a GDP of US$20 trillion, and the largest market that reaches an estimated 328,2 million people (World Bank, n.d.). The 28 European Union states (including the United Kingdom) have a population size of 446 million combined and each have varied bilateral economic relations with South Africa.[2] Despite the NDP having a vague view of how South Africa can improve relations with the United States, however, it remains South Africa's traditional economic partner that has influenced the country's domestic political economy prior to and post-1994.

The selected states are a representation of different geopolitical regions and their bilateral economic partnerships with South Africa are varied. The purpose of examining South Africa's bilateral economic relations with Nigeria, China and the United States – is to determine how the trade and investment relations with each state has evolved overtime.

1.3.2. Data Collection Method

The data collection consisted of primary material from the South African government departments' website. The DIRCO and DTI have produced a number of annual reports, strategic plans, and trade and industrial policy frameworks, which were useful to interpret South Africa's economic diplomacy strategy. The research also depended on primary speeches from high-level government officials, press statements and media reports. In addition, the study identified key themes of the NDP foreign policy goals and linked them with the DIRCO's economic diplomacy strategy as well as trade and industrial policy frameworks from the DTI. The process assisted with generating a few sub-questions (shown in Table 4) that guided the case analysis, to investigate the main constraints in the implementation of South Africa's economic diplomacy, with partners in Nigeria, China and the United States. Lastly, the study has considered issues of ethics and integrity associated with the research process, and the data collection did not involve human subjects.

[2] Refers to the 28 EU member states which includes Belgium, France, Germany, Italy, Luxembourg, Netherlands, Denmark, Ireland, United Kingdom (left the EU on 31 January 2020), Greece, Portugal, Spain, Austria, Finland, Sweden, Cyprus, Czechia, Estonia, Hungary, Latvia, Lithuania, Malta, Poland, Slovakia, Slovenia, Bulgaria, Romania, and Croatia.

1.3.3. Research Approach

A common framework of analysis was used to investigate South Africa's economic diplomacy in each case study. The study first provided context of South Africa's historical, political and economic relations with Nigeria, China, and the United States respectively. It demonstrated through a process-tracing method why there have been constraints in the performance of South African non-traditional tradable goods (shown in Table 3), when trading with Nigeria, China and the United States. The process-tracing method is used to investigate the "causal mechanism" or the observed process that generates an outcome (George and Bennett, 2005: 208; Bennett, 2013: 465). The study also adopted a quantitative method of analysis and evaluated trade data, to determine what type of products South Africa exported and measured their performance in the markets of Nigeria, China and the United States. The case studies identified factors that caused constraints in the expansion of South Africa's trade, and how it impacts on the implementation of economic diplomacy.

The exploration of constraints in the expansion of investments was conducted in two ways. First, South Africa's economic diplomacy approach on the African continent is to foster regional integration through an investment-led trade strategy (DIRCO, 2011: 23). The case study of South Africa-Nigeria investment relations focused on the outward flow of investments from South Africa into Nigeria. The empirical analysis revealed some of the key trends to describe South Africa's investments in Nigeria. The process-tracing method also helped identify constraints in the performance of South African state-owned and private enterprises with operations in Nigeria's economy.

Second, South Africa's economic diplomacy approach in the Global South and Global North is to attract the inward flow of foreign direct investments (FDI), to support the country's industrialisation (DIRCO, 2011: 33). The empirical analysis determined some of the key trends of investments into South Africa from China and the United States – multinational corporations (MNCs) and state-owned enterprises. The process-tracing method also helped identify the main constraints in attracting investments into South Africa's economy.

1.3.4. Limitations of Research

The limitation of a qualitative method is that investigations are conducted through observations and the "interpretative lens of the researcher" can be bias (Keyton, 2010: 75). The limitation of this study is the use of evidence through observation to assess South Africa's investments relations with Nigeria, China and the United States – as it was a challenge to retrieve FDI data in specific sectors. Further, George and Bennett (2005: 80) note that case study research designs usually "fall prey to selection bias or over-generalisation of results". The rationale to investigate multiple case studies, with geographic locations that differ was an attempt to avoid the risk of selection bias and over-generalisation of the research findings.

1.4. The Structure of the Study

This study focuses on the implementation of South Africa's economic diplomacy in Africa, the Global South and the Global North. The structure of the research is divided into five chapters and proceeds as follows.

Chapter 1 begins with an overview of literature examining South Africa's post-apartheid political economy. Since South Africa transitioned into democracy in 1994 there has been an increase of academic literature charting the progress made to address the country's socio-economic challenges. The chapter notes that while there have been several policy interventions in the past to address the socio-economic challenges, the adoption of the NDP was intended to guide government policy across departments to address domestic priorities. The chapter reveals the causes of the slow progress in the implementation of the NDP and also emphasises the importance of inter-department cooperation between the DIRCO and DTI in the implementation of economic diplomacy.

Chapters 2, 3 and 4 proceed to the case analysis, and explore how South Africa's economic diplomacy is being implemented with partners in Nigeria, China and the United States. The analysis is Chapter 2 focuses on South Africa's foreign policy priorities in Africa, to foster regional integration through trade and investment partnerships. It further provides context on the South Africa-Nigeria economic relations, and argues that the trade and investment partnership is characterised by increased protectionism that negatively impacts on the prospects for Africa's regional integration. The final section concludes with an argument that the expansion of corporate South Africa into African markets may support the country's economic diplomacy, however, unethical business practices have implications for South Africa's foreign policy, and especially how it is viewed on the continent.

Chapter 3 highlights the notion of South-South cooperation as an integral aspect of South Africa's foreign policy. The case analysis focuses on the South Africa-China economic relations, and argues that the trade relations should be re-evaluated to ensure an equitable partnership. More importantly, Chapter 3 considers how South African policy makers have adopted China's development model; however, it questions whether there are positive gains for South Africa in the investment partnership with China.

The discussions in Chapter 4 emphasises on South Africa's North-South dialogues, to address development priorities of Africa and the South. The case analysis focuses on the South Africa-United States bilateral economic relations, and notes that despite South Africa's efforts to expand trade to the U.S. market there is increased protectionism that negatively impacts on the trade partnership. The chapter places particular emphasis on how efforts to transform South Africa's economy could potentially reduce investments from the United States.

While the previous chapters assess how South Africa has implemented its economic diplomacy, Chapter 5 draws upon the findings of the three case studies and analyses the main constrains in South Africa's trade and investment partnership with Nigeria, China and the United States, to reflect on the future direction of South Africa's economic diplomacy. It concludes with recommendations how South Africa could improve its economic diplomacy strategy, and provides some signposts for future research.

CHAPTER 1

The Study of South Africa's Political Economy: The Integration of Domestic Priorities into Economic Diplomacy

2. Introduction

When South Africa transitioned into a non-racial democracy in April 1994 – its political economy was characterised by a high rate of poverty, unemployment and inequality. After eighteen years of democracy the government in Pretoria produced the NDP of South Africa, with the purpose of addressing these socio-economic challenges (NPC, 2011). This chapter begins with a contextual overview of South Africa's political economy before 1994 to shed light on the current problems confronting the country, and notes that the elected government under the leadership of the African National Congress (ANC) had a task ahead to dismantle the economic disparities of the apartheid system. It explains that various economic policy reforms have been introduced from the presidency of Nelson Mandela in 1994 to the one of Jacob Zuma since 2009. While there have been considerable efforts to initiate reforms, the challenges in South Africa's political economy persist.

Being confronted with the socio-economic challenges upon assuming office in 2018, President Cyril Ramaphosa's administration prioritised the implementation of the NDP. The lesson derived from this analysis is that policy uncertainty, and the lack of inter-department coordination has serious implications for the effective implementation of the NDP. The chapter highlights the importance of inter-department coordination between the DIRCO and DTI in the implementation of South Africa's economic diplomacy. It then proceeds to discuss issues raised in the DTI's trade and industrial policy frameworks, which will be further explored in the next three chapters – to investigate how South Africa's economic diplomacy works in practice with partners in Nigeria, China and the United States.

2.1. Reflections on the Political Economy of South Africa

The origins of South Africa's triple challenges – the high unemployment rate, poverty and inequality can be traced back to more than a century of colonial and apartheid exploitation.[3] In the early 1860s, the discovery of diamonds and gold in South Africa caused clashes for control of land (NPC, 2010: 10). In the first half of the twentieth century (1910–1948) several racial segregation laws were promulgated, amongst others the Mines and Workers Act of 1911, the Native Land Act of 1913, and the Urban Areas Act of 1932 (Griffith, 2013: 31). The state enacted the Native Trust and Land Act of 1936 and the Development Trust and Land Act of 1936, to evict Black Africans from arable land used for commercial farming. The highlighted laws depict measures that were used by the state to restrict Black Africans from having equal economic rights.

In 1948, the National Party passed apartheid laws in South Africa. This further reinforced racial segregation that denied Black Africans (the conditions for Indians and Coloured people were often similar) the right to operate businesses and own certain assets. The Group Areas Act of 1950 restricted Black Africans from living in desirable areas. The Bantu Education Act of 1953 established the framework for limited and poor quality education for Black children. By the 1970s, 34,8 per cent of economically active African residents in urban areas and 63,4 per cent in rural areas had no formal education (Wolff, 2020: 107). The education system was designed to prepare Black people for a life in the labour force with minimal potential to progress. After decades of racial discrimination in the workplace, with social and economic institutions reinforcing the inequality, the Black African middle class was very small, and mainly comprised of nurses, teachers and police officers.

In 1963, the United Nations (UN) General Assembly established a Special Committee against apartheid and worked to promote an international campaign that opposed the regime in South Africa. In December 1981, the UN passed a resolution for international governments to mobilise sanctions and oppose the apartheid regime in

[3] Throughout the study, the term "triple challenges" will be used to refer to the challenge of poverty, unemployment and inequality.

South Africa (Tambo, 1982: 4).[4] Mounting protests in South Africa made the apartheid system "unworkable" (UN Centre against apartheid, 1985: 2). The protests and sanctions triggered huge capital outflows, as foreign investors attempted to distance themselves from the unjust system. Also, the South African Rand (ZAR) currency collapsed due to sanctions and temporary closure of the foreign exchange market. The economic crisis caused the Pretoria regime to default on its debt repayments (Mandela, 1993: 93). In the early 1990s, apartheid South Africa was diplomatically, economically and culturally isolated from much of the world (South African Government, 2014e: 148). After centuries of colonialism and 46 years under apartheid, the legacy of these regimes was poverty, high unemployment and inequality across racial lines. The democratic elected government in 1994 inherited these socio-economic challenges that needed to be addressed.

2.1. The Economic Restructuring Agenda (1994–1999)

The ANC along with its alliance partners, the Congress of South African Trade Union (COSATU) and the South African Communist Party (SACP), inherited a stagnating economy with a large foreign debt, and without significant flows of trade and investments (Erwin, 2016: 145). Apartheid South Africa accumulated a foreign debt amounting to US$25 billion by 1994, as illustrated in Figure 1 (Fin24, 2003). The newly elected Government of National Unity (GNU) under the leadership of President Nelson Mandela (1994–1999) pursued an economic restructuring agenda to dismantle the repressive and oppressive state of affairs (Landsberg, 2018: 59). The first decade of democracy was marked with an adoption of the 1994 socio-economic policy framework referred to as the Reconstruction Development Programme (RDP). The RDP programme was the first attempt to tackle the domestic challenges, and described South Africa's history as:

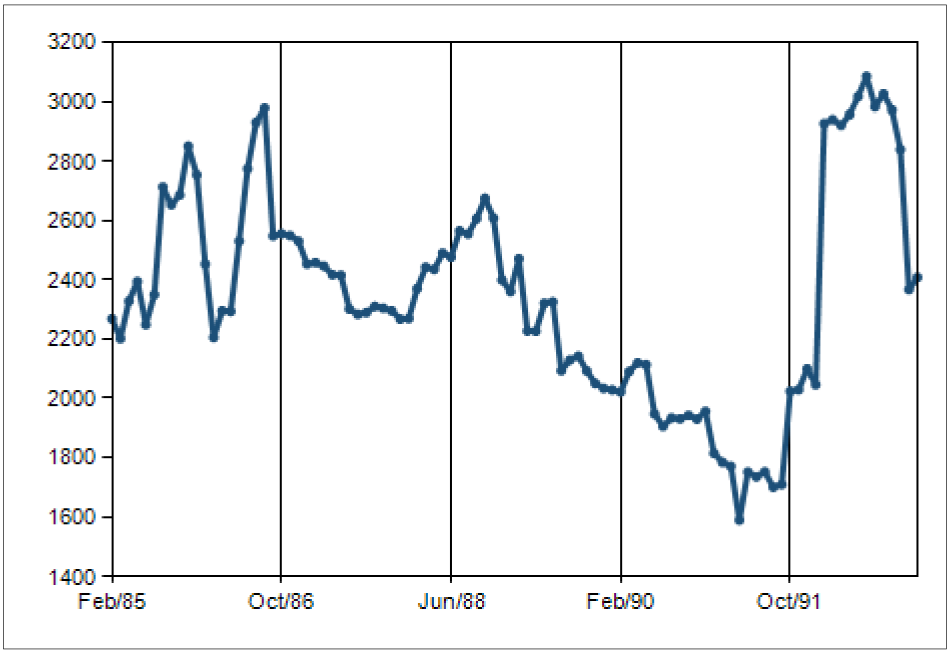
> [A] bitter one dominated by colonialism, racism, apartheid, sexism and repressive labour policies. The results are that poverty and degradation exist side by side with

[4] See, Tambo (1991) for detailed speeches delivered at the UN Special Committees against apartheid to mobilise sanctions against the apartheid regime.

> modern cities and a developed mining, industrial and commercial infrastructure... income distribution is racially distorted and ranks as one of the most unequal in the world. A combination of lavish wealth and abject poverty characterises our society (South African Government, 1994: 7).

The RDP document portrayed a country in distress, grappling with socio-economic challenges characterised by high levels of inequality, between the rich and poor. In 1996, South Africa had a Gini coefficient of 0,61, indicating a country that has the most unequal society in the world (Statistics South Africa, 2019: 10). The Constitution approved in December 1996, is the supreme law of the Republic of South Africa and holds the government accountable to "improve the quality of life of all citizens" (Department of Justice, 1996: 84). Given the constitutional mandate, the South African government has to regularly evaluate its policies to tackle the immense triple challenges, which continue to be an impediment of the quality of life, lived by majority of South Africans.

Figure 1: South Africa's Foreign Debt (1985–1993)



Note: This graph presents the foreign debt accumulated by apartheid South Africa from 1985–1993 in billions U.S. Dollars (US$). The economic statistic data is retrieved from the South African Reserve Bank (SARB).

South Africa’s foreign policy was focused on re-establishing diplomatic relations with other states, to regain confidence in the international community and attract increased flows of trade and investment (Shoba, 2018: 176). Alexander Erwin, former Deputy Minister of Finance (1994–1996) explained that one of the major problems of the RDP was that it did not address serious questions which were of importance to investors such as: “When people are being asked to invest in South Africa, what is going to happen to the exchange rate? What is the attitude to inflation? What is going to happen with tariffs?” (Erwin, 2016: 145). In an attempt to answer these questions, the macro-economic strategy referred to as the Growth, Employment, and Redistribution (GEAR) was launched in 1996 by the then Minister of Finance, Trevor Manuel (1996–2009) (Department of Finance, 1996). In the March 1997 budget speech, Manuel described GEAR as an economic policy premised on the RDP. Manuel elaborated that the “success of the RDP is dependent on the successful implementation of the GEAR” (Manuel, 1997).

GEAR concentrated on reintegrating South Africa into the global economy, and its objectives were to first accelerate growth in non-gold (manufactured) exports, and second, improve employment through growth in investments (Department of Finance, 1996: 2). The implementation of GEAR was controversial and debates emerged about its successes and failures. In 1997, Manuel noted that South Africa had to undergo “structural changes” within the manufacturing sectors, for GEAR to succeed (Manuel, 1997). The “structural changes” required a trade and industrial policy framework, to attract investments in manufacturing sectors and boost their growth prospects. Vickers (2014: 59) put forward an argument that due to the lack of a trade and industrial policy framework, South Africa’s exports were predominantly centred on gold minerals and the economy did not produce enough goods in the manufacturing sector. International investors perceived this as an opportunity to infiltrate the economy with imports, as there was a high demand in the market for non-mineral goods. GEAR failed to create employment in local manufacturing industries. Statistics South Africa (1998: 43) reported 130 thousand job losses in the manufacturing sector between 1996 and 1997. Overall, the South African economy shed 500 thousand jobs from 1994 to 1999 (Schneider, 2003: 45). The failure of GEAR in the aspect of job creation meant that the government could not reach its RDP targets to reduce poverty and inequality.

As indicated earlier, the new GNU "inherited an economically bankrupt country" (as Erwin put it). Advocates for GEAR such as Joel Netshitenzhe, former Policy Advisor to the Presidency, pointed out that GEAR "achieved its purpose" and noted that the "temporary" macro-economic strategy reduced the budget deficit (Netshitenzhe, 2016: 251). Also, Frank Chikane, former Director General of the Presidency under Thabo Mbeki's administration put forward a similar argument that GEAR accelerated economic growth and its success was witnessed in the early 2000s when the budget deficit improved into a surplus (Chikane, 2016: 167). Following the five year term of Mandela's administration, South Africa's economy declined to a GDP of US$136.6 billion in 1999 compared to US$139.7 billion in 1994 (World Bank, n.d.). During this period, South Africa's economy was recovering from the negative impact of the Asian financial crisis, and some of the structural problems inherited by the GNU made growth difficult.

2.2. Accelerated and Shared Growth Initiative (1999–2008)

In 1998 the president-in-waiting, Thabo Mbeki, put forward an argument of South Africa being divided into "two nations" with "two economies".

> Our country is characterised by two parallel economies… The First Economy is modern, produces the bulk of our country's wealth, and is integrated within the global economy. The Second Economy is characterised by underdevelopment, contributes little to GDP, contains a big percentage of our population, incorporates the poorest of our rural and urban poor, is structurally disconnected from both the first global economy, and is incapable of self-generated growth and development (Mbeki, 1998; Mbeki, 2003).

Uplifting the Second Economy was the overarching agenda for the government. President Mbeki's administration (1999–2008) sought for economic interventions to benefit previously disadvantaged groups. Terreblanche (2012: 124) points out that post-apartheid South Africa economically empowered a minority of new Black African elites, while the inequality gap widened for the majority.

The adoption of the Accelerated and Shared Growth Initiative for South Africa (AsgiSA) in 2005 signalled government's intentions to pursue a development strategy that would promote and accelerate economic growth to generate sustainable and decent jobs (DTI, 2010: 2). During the 2006 State of the Nation Address, President Mbeki explained that AsgiSA was not intended to "cover all the elements of a comprehensive development" (Mbeki, 2006b). Trevor Manuel, described AsgiSA as an "anti-poverty strategy" aimed at the creation of employment in specific sectors of the economy, including the chemicals industry, clothing, textiles, business services, tourism, agriculture and food processing (Manuel, 2005). More broadly, the role of government departments' was to introduce policy measures to ensure the effective implementation of AsgiSA.

In light of the shortcomings of GEAR to create employment in manufacturing sectors, the DTI adopted the 2007 National Industrial Policy Framework (NIPF) – to support in the implementation of AsgiSA.[5] However, AsgiSA revealed South Africa's economic weakness, as the country's imports exceeded its exports and resulted in a trade deficit which widened to approximately R143 billion annually (Manuel, 2008). The value of exports was largely boosted by high commodity prices; however, this was insufficient to pay for imports and made the country vulnerable to the 2008 global financial crisis (DTI, 2015d: 1). Naidoo and Maré (2015: 413) note that AsgiSA had very little time to make its mark, as the "global financial crisis derailed both the institutional and economic conditions in which it was to be implemented". The crisis resulted in a sharp decline of the international demand for commodities and caused a reduction in trade and investment flows into the country.

2.3. Recovering from the Global Financial Crisis: 2009 and Beyond

The 2008 global financial crisis affected South Africa's economic growth. The commodity price plunge caused a decline in investors' confidence and South Africa's GDP growth rate dropped from 5,4 per cent in 2008 to 3,5 per cent in 2009 (Manuel, 2009b). In response to the crisis, President Jacob Zuma's administration (2009–2018)

[5] Note: The objectives of the NIPF will be outlined later in Chapter 1.

introduced the New Growth Path (NGP) framework, which identified key manufacturing sectors to drive diversification of exports for economic growth and job creation. The NGP was launched in 2010 to create five million new jobs from 2010 until 2020 and reduce the unemployment rate from 25 per cent to 14 per cent by 2020 and a further 6 per cent by 2030 (NPC, 2011: 39). The NGP 2020 targets have not been reached. South Africa's unemployment rate increased to 32,5 per cent in the fourth quarter of 2020, which is the highest recorded post-1994. As of 2015, the inequality has worsened to a Gini coefficient of 0,67 (Statistics South Africa, 2019: 5). South Africa has constantly tried to transform its economy through policy reforms, detailed in Table 1. However, the domestic political economy is "lost in transformation" (as described by Terreblanche, 2012).

The effort to transform the political economy and improve the quality of life for millions of South Africans has proved to be a difficult task. The most recent long-term plan to advance the country's development is the NDP. The next section introduces the overarching theme of this study and critiques the process in the implementation of the NDP.

Table 1: South Africa's Economic Policy Strategies

Year	Policy	Objective
1994	RDP	A socio-economic policy framework aimed at the social welfare of individuals and communities through the construction of houses, access to healthcare, school nutrition programme, and the supply of electricity, water and sanitation.
1996	GEAR	A macroeconomic policy that aimed to reduce fiscal deficits, lowering inflation, maintain exchange rate stability, institute tariff reforms, decrease barriers to trade and liberalise capital flows.
2005	AsgiSA	A policy framework focusing on programmes for infrastructure development, promote competitiveness in the manufacturing and tradable service sector, support small and medium size businesses, and governance interventions to support economic development.
2010	NGP	A policy framework that prioritised employment in the agriculture, mining, manufacturing and the tourism sectors.

2.4. An Overview of South Africa's National Development Plan

In January 2008, the Cabinet Lekgotla, a forum of key policy decision makers in South Africa approved the formation of the Ministry in the Presidency for National Planning, to develop a "Strategic National Development Plan" (South African Government, 2008). In September 2009, the Ministry in the Presidency for National Planning published a Green Paper on National Strategic Planning, and announced the establishment of a NPC (Presidency of South Africa, 2009a: 4). The Minister in the Presidency for National Planning, Trevor Manuel, emphasised that the Green Paper on National Strategic Planning "sets out the rationale for planning and the institutional structures, processes and outputs of the national planning process. The Green Paper is not a plan for the country" (Manuel, 2009a). A driving idea behind the formation of these structures was the belief that it was crucial to formulate a long-term plan to address domestic priorities.

2.4.1. The Appointment of the National Planning Commission

In April 2010, President Jacob Zuma appointed the NPC – a permanent institution with 25 part-time commissioners that consist of intellectuals and experts, which were mandated to draft a long-term strategic plan for the development of the country. At the inaugural meeting of the NPC, President Zuma elaborated the core function of the commission was:

> [To] take a broad, cross-cutting, independent and critical view of South Africa, to help define the South Africa we seek to achieve in 20 years' time and to map out a path to achieve those objectives. The commission is expected to put forward solid research, sound evidence and clear recommendations for government… Government has often taken a sectoral and short-term view that has hampered development. Taking a long-term and independent view will add impetus, focus and coherence to our work. The establishment of the National Planning Commission is our promise to the people of South Africa that we are building a state that will grow the economy, reduce poverty and improve the quality of life of our citizens (NPC, 2010: 1).

The Green Paper on Strategic Planning had already tasked the NPC with answering two central questions to determine where South Africa wants to be as a society by 2030. First, how far can the government reduce poverty and inequality? Second, how many people will be employed, in what kind of jobs, and how will the government care for the remaining unemployed? (Presidency of South Africa, 2009a: 17). The NPC spent their five year term undertaking research and public consultations with experts in different sectors, and published a Diagnostic Report which paved the way towards the drafting process of the NDP (NPC, 2010: 2; NPC, 2015: 13).

2.4.2. Debates of the National Development Plan

The Chairperson of the NPC, Trevor Manuel, presented South Africa's first long-term NDP to a joint sitting of Parliament on the 15 August 2012 (NPC, 2015: 18). As Manuel pointed out, the intention of the NDP was to set "key targets for various sectors and to make recommendations on how these targets can be achieved" (Manuel, 2012). The NDP recommendations are targeted at "all south Africans", whether corporates, trade unions and civil society. However, government departments would be responsible for the large share of the implementation (NPC, 2011: 57). At the launch of the NDP, President Zuma pleaded with all members of parliament to endorse the NDP regardless of their "political differences" (Zuma, 2012a). The NDP was accepted by all South African political parties represented in parliament.

The newly elected administration in 2018, under the leadership of President Cyril Ramaphosa, deems the NDP as a priority. However, the NDP objectives are still far off from being implemented. At the 2019 State of the Nation Address, Ramaphosa noted with concern that there is only 10 years to go for the targets to be realised, and there is slow progress in the implementation of the NDP. Ramaphosa pointed out that, unless the government took "extraordinary measures" the 2030 vision would not be realised (Ramaphosa, 2019a). The slow progress in the implementation of the NDP is due to two primary issues: first, the South African government's capacity to implement the NDP and second, policy uncertainty.

First, debates emerged around how the plan would be implemented and whether government had the capacity to implement the NDP. The National Union of Metal Workers South Africa criticised the NDP on the basis that it "lacks the critical evaluation of policies pursed since 1994" (quoted in Naidoo & Maré, 2015: 418). The critique referred to whether the NDP had considered lessons from previous policy failures adopted since 1994. The lessons amongst others include the lack of organisational capacity building within government departments (Parliamentary Monitoring Group, 2013). Even President Ramaphosa expressed concern over the "lack of coordination" between the local, provincial and national government departments', and spoke against the three spheres of government working in "silos" – as it hampers South Africa's development (Ramaphosa, 2019g). This suggests that capacity to implement the NDP could be better managed through inter-department coordination.

Second, policy uncertainty emerged following the 54th National Conference of the ANC held at Johannesburg, in December 2017. The resolution of the conference adopted an economic and development policy known as Radical Economic Transformation (RET). The RET policy outlines various aspects which are believed to be critical for South Africa's transformation.[6] The term "transformation" has dominated South African politics prior to the country's democratic transition. Terreblanche (2012) explains that the transformation process began in 1986 when there were increased calls for the inclusion of marginalised Black Africans to actively participate in economic activities. During the February 2018 State of the Nation Address, President Ramaphosa signalled the intentions of his administration to deliver on the ANC's RET policy, and noted:

> We are determined that expropriation without compensation should be implemented in a way that increases agricultural production, improves food security and ensure that the land is returned to those from whom it was taken under colonialism and apartheid (Ramaphosa, 2018g).

Further calls for the implementation of the RET policy occurred. The ANC Secretary-General, Ace Magashule, mentioned that the "flexible monetary policy regime" for the

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[6] See, ANC (2017: 30-34) report and resolution of the 54th National Conference for detailed information on the resolution for economic transformation.

SARB as promised in the ANC's resolution, meant that the bank would be nationalised (Magashule, 2018). The statements by the president and members of the ANC about the implementation of the RET policy caused confusion on whether the NDP was still on the agenda for implementation, given that there is no reference to nationalise the SARB or any assets in the NDP. President Ramaphosa had to restore policy certainty and clarified that RET is an ANC policy whereas, the NDP is a policy adopted by the South African government that is intended for implementation (Ramaphosa, 2019e).

After the end of their five year term, the same NPC that drafted the NDP published a handover report, in July 2015. In the report, the outgoing NPC recognised that the NDP did not adequately address the issues of transformation, and lacks clarity on matters related to the ownership and control of land and the economy. In the 2015 handover report, the NPC recommended for economic transformation to address three aspects: (1) ownership of economic assets, (2) access to economic opportunities (jobs, professions, business opportunities and markets), and (3) income and wealth distribution (NPC, 2015: 50). There is increased expectation from political parties, trade unions and civil society for the newly appointed NPC to take forward the recommendations of issues related to transformation.

2.4.3. Critique of the National Development Plan

Often pronouncements made by high-level government officials, especially the President, grab headlines, and sometimes can cause policy uncertainties. This suggests that a clear distinction should always be made between the party (ANC) polices and polices adopted by the state. The Governor of the SARB, Lesetja Kgayago, warned that the process of nationalisation "should ensure there is no damage to the economy", since investors might be concerned about the risk of the SARB independence due to political interferences (Kgayago, 2018). Having public discourse about the nationalisation of assets can negatively affect investors' confidence. For instance, in the mid-1990s when the GNU adopted GEAR, some within the ANC, COSATU and the SACP viewed GEAR as a neo-liberal policy that would not transform the South African economy. Debates about the shortcomings of GEAR were discouraged – under the assumption that it would negatively affect investors' confidence. Erwin (2016: 145) wrote that "we could not have a public debate around GEAR, because if you do that the capital markets respond to everything you say". Similarly, the recently appointed NPC might be confronted with this challenge when having public discourse about issues related to ownership and control of land and the economy.

The coordination in the implementation of NDP between South African government departments' remains a key challenge. This challenge was apparent in the drafting process of the NDP, as the NPC did not consult with government departments' from the onset. Maloka (2019: 213) reveals how the DIRCO officials were disappointed when the final version of Chapter Seven of the NDP was published, since the NPC did not consult with the custodian of South Africa's foreign policy. Maloka argued that Chapter Seven of NDP is a "one-sided" view that could have easily "passed as a policy paper on trade and economic integration", and concluded that South Africa's foreign policy should not only focus on economic interests. In 2012, Trevor Manuel acknowledged that the "departments did not originally support the recommendation… there are areas where our plan [NDP] differs from exiting plans and polices" (Manuel, 2012). This demonstrates the lack of inter-department coordination from the planning process which impacts on implementation, as there was no coherence between the NDP and the existing strategic policies of departments'. South African government departments' had to work on modifying their existing polices to support the NDP's objectives. The following section outlines the challenge of inter-department coordination between the DIRCO and DTI.

2.5. The Economic Foreign Policy Approach: DIRCO and DTI

From 1994, the Department of Foreign Affairs (DFA) (now DIRCO) and the DTI encountered challenges related to inter-department coordination. The departments had to overcome inter-department rivalry.[7] Masters (2007: 101) explains that, among

[7] The DFA, now known as the DIRCO was renamed by President Jacob Zuma in May 2009. Throughout this study the DFA will be used to refer the department prior to 2009 and DIRCO will be used to refer to the department post-2009.

government officials, the DTI was viewed as the primary actor in South Africa's economic diplomacy engagements, and performed a crucial role in foreign policy decision-making. To mention but a few cases, the DTI assumed a prominent position in the United Nations Conference on Trade and Development (UNCTD) through drafting the Madrid Declaration. In addition, the DTI officials undertook negotiations for a FTA with the EU, and for the Southern African Development Community (SADC) free trade protocol. The similarities of the departments' mandates increased divisions and misunderstanding between the DFA and DTI representatives. The overlap in the functions of the DFA and DTI led to calls to merge the two government departments, as it had been done in Australia and Canada for example: the Australian Department of Foreign Affairs and Trade, and the Canadian Department of Foreign Affairs, Trade and Development. In July 1998, the then DFA Director General Jackie Selebi opposed calls to merge the two departments and maintained the need for synergies between the two in economic diplomacy (Muller, 2002: 14).

Rather than choosing to merge the departments, the 52nd National Conference of the ANC held in 2007 – passed a resolution for the mandate of the DFA to be given "greater clarity". In May 2009, President Zuma announced the renaming of the Department of Foreign Affairs to the Department of International Relations and Cooperation. The Foreign Affairs Minister, Maite Nkoana-Mashabane (2009–2018) explained that the name change was informed by the department having an additional function to engage in "partnerships for development and cooperation". Nkoana-Mashabane further disputed claims of tension between the DFA and DTI, and noted: "DFA has always maintained a very cordial relationship with DTI" (Nkoana-Mashabane, 2009a). Since then there have been no further attempts to merge the DIRCO and DTI. Rather, in February 2019 President Ramaphosa announced a merger between the DTI and the Department of Economic Development (Ramaphosa, 2019a). The Minister of Trade and Industry, Ibrahim Patel, noted that the merger will be effective from March 2020, and the Department of Trade and Industry will be renamed to the Department of Trade, Industry and Competition (DTIC) (Patel, 2019).[8]

[8] Note: Since the study is focused on the period from 2013 to 2018, the DTI will be used throughout the analysis instead of DTIC.

Economic diplomacy requires the DIRCO and DTI to jointly coordinate their foreign affairs engagements. Understanding the mandate of each department is of significance, to distinguish their roles in the implementation of the NDP. The DIRCO has a core mandate to be a principle adviser of foreign policy, and the lead coordinator and manager of South Africa's international relations and cooperation (DIRCO, 2011: 9). On the other hand, the DTI is mandated to position South Africa's economy to be competitive globally, and drive industrialisation to create inclusive growth and decent employment for all citizens (DTI, 2019b). Despite the DTI appointing representatives in consular missions and embassies abroad to fulfil their specialist function of economic diplomacy, the DIRCO remains the main coordinator of engagements with international actors. This is to ensure that national interests are not solely led by a dispassionate pursuit for economic interests (Mthembu, 2019: 190; Maloka, 2019: 219).

The similarities in the mandates of the DIRCO and DTI highlight the importance of inter-departmental coordination in the implementation of South Africa's economic diplomacy. It is through working jointly that the DIRCO and DTI can use their different but complementary areas of expertise to advance South Africa's domestic priorities through foreign relations. The following section discusses the DTI's trade and industrial policy frameworks formulated to address South Africa's domestic priorities.

2.6. An Overview of South Africa's Trade and Industrial Policy Frameworks

The launch of the NDP in 2012 coincided with the period when South Africa was still recovering from the 2008 global recession, which negatively impacted on the domestic economy. There was a decline in the international demand for mineral commodities, and South Africa experienced a significant reduction in the exports of manufactured products. The NDP points out to a "structural" problem in South Africa's economy, and refers to the country's specialisation in the exports of minerals (such as gold) as a "resource curse" (NPC, 2011: 111). Frankel (2010: 11) describes that a resource curse is when a state is dependent on oil or mineral products, and demonstrate that countries with great natural resource wealth tend to experience slower economic growth than "resource-poor countries". Resource dependency tend to make a state concentrate in the exports of a few mineral commodity industries, and fail to make adequate investments in manufacturing sectors that offer opportunities for long-term growth. Ross (2003: 22) put forward a similar argument that a state with "more diverse exports is better protected against international market fluctuations" and less likely to have a resource curse. The literature on the resource curse reinforces the view that the "structural" problem (as suggested in the NDP) in South Africa's economy is a domestic priority that needs to be addressed. This section discusses the how the DTI has approached the resource curse problem in South Africa's economy, and will generate a few sub-questions to further explore how this challenge is being addressed in practice through trade and investments – with partners in Nigeria, China and the United States.

In May 2010, the DTI published the Trade Policy and Strategy Framework (TPSF) that also recognises the "structural" problem mentioned in the NDP. The TPSF offers guidance on three aspects: trade policy, industrial policy and tariff policy (DTI, 2010: 1). Under the comprehensive TPSF, the DTI formulated trade and industrial policy frameworks: the NIPF and the Industrial Policy Action Plan (IPAP). These trade and industrial policy frameworks aim to address the resource curse problem in South Africa's economy, and were devised as a response to the 2007/2008 global financial crisis. Despite the fact that the NIPF and the IPAP were launched prior to the adoption of the NDP, the policies are periodically modified to implement the NDP's targets (DTI, 2014b: 63; DTI, 2016e: 1).

2.6.1. National Industrial Policy Framework

In August 2007, the DTI launched the NIPF that outlines the South African government's approach to industrialisation. The main objective of the NIPF is to promote the diversification of the export sectors beyond reliance on mineral commodities (DTI, 2011: 12). The NIPF is reviewed every three years based on the Medium Term Policy Framework, and its modification depends on whether there are any changes in the domestic and the global economy.

Table 2: Markets for the Diversification of South African Exports

Sub-Saharan Africa	North Africa	Asia	Latin America	Middle East	North America	Europe
Angola	Algeria	China	Argentina	Iraq	Canada	EU 28
Cameroon	Egypt	India	Brazil	Iran	Cuba	Russia
Democratic Republic of Congo	Libya	Hong Kong	Chile	Kuwait	Mexico	Turkey
Ethiopia	Sudan	Indonesia	Peru	Oman	United States	
Ghana	Tunisia	Japan	Colombia	Qatar		
Kenya		South Korea	Venezuela	Saudi Arabia		
Mozambique		Malaysia	Uruguay	United Arab Emirates		
Nigeria		Philippines				
Senegal		Singapore				
Tanzania		Thailand				
Uganda		Vietnam				
Zambia1						
Zimbabwe						

Note: This table presents markets targeted for South Africa's diversified export products. The information is extracted from the DTI's Integrated National Export Strategy (DTI, 2015e: 14).

The NDP has advocated for South Africa to "aggressively expand trade and investment in the region, on the continent and globally". It further calls for South Africa to identify manufacturing and industrial niches where the country enjoys a competitive advantage, and to discover new markets for South African goods and services (NPC, 2011: 236). The DTI has identified export markets for South Africa's diversified products, as shown in Table 2. The NIPF further outlines the key export sectors for non-traditional tradable goods and services that South Africa should specialise in, as presented in Table 3. Based on this context, the research will investigate whether the implementation of the NIPF is aligned with the NDP recommendations to diversify trade exports. The chapters (2–4) will seek to answer several sub-questions. First, how well is South Africa doing in its efforts to expand trade? Second, are South African exports with its trade partners, specifically Nigeria, China and the United States diversified?[9]

Table 3: List of Non-traditional Tradable Goods and Services

Non-traditional Tradable Goods	**Non-traditional Tradable Services**
Agro-processing (agriculture, forestry and fishing)	Business Process Services
Manufacturing clothing, textiles, leather and footwear	Information Communications and Technology services
Automotive	Construction
Electro-technical products	Transportation
Rail, light manufacturing and engineering in the metals sector	Film
Downstream timber and pulp products	

In addition, the NIPF deems it as crucial to address questions related to tariff policy (DTI, 2016e: 23). Tariffs refer to tax levied for goods and services of imports from one country to another, and is used either for protective or revenue purposes. The NIPF recognise tariffs as important, since they determine the success in the implementation of the trade and industrial policy. South Africa imposes tariffs to raise revenue, and to protect infant industries from competition and dumping from foreign companies (DTI, 2010: 61). The NIPF notes that tariffs should be determined according to “sector-by-sector-basis”, however, it also recognises that bilateral and multilateral

[9] Note: The limitation of this study was retrieving data on non-traditional tradable service exports, and therefore it will only focus on non-traditional goods.

agreements set specific tariff rates. This approach to tariffs is also recognised in the NDP, which supports the imposition of "tariffs in specific areas" to protect domestic producers against "unfair trading practices" (NPC, 2011: 128). On the other hand, the NDP advocates for South Africa to form "strong diplomatic ties" to improve market access for the export of the country's diversified products. The next chapters (2–4) will investigate the following sub-questions: what are the existing tariff barriers between South Africa and its trade partners, specifically Nigeria, China and the United States, and how do these impact trade relations?

2.6.2. Industrial Policy Action Plan

In 2010, the DTI launched the IPAP, which was formulated to support the NIPF objectives through the promotion of investments and competitiveness in manufacturing and labour-intensive sectors to drive South Africa's industrialisation (Davies, 2010).[10] The IPAP notes that manufacturing and labour-intensive sectors have an employment multiplier effects across the economy, this includes:

- The agro-processing sector (which also lends itself to economic decentralisation) (agriculture, forestry and fishing)
- Clothing, textiles, leather and footwear
- The component manufacturing and sub-assembly sub-sectors in automotive
- Rail, light manufacturing and engineering in the metals sector
- Plastic-associated sub-sectors
- Electro-technical assembly, sub-assembly and component manufacturing
- Downstream timber and pulp products, including furniture and boatbuilding
- Certain parts of the mining sector (mineral beneficiation)

Similar to the resource curse problem, the NDP points out another concern that the manufacturing of non-traditional goods within labour-intensive sectors is declining. The decline is deemed to be caused by "inadequate infrastructure". A "critical action" recommended in the NDP is to "boost private investments in labour-intensive sectors" – this is under the assumption that these sectors will create 11 million jobs by 2030. It

[10] The IPAP is reviewed every three years based on the Medium Term Policy Framework.

further advocates for South Africa to promote investments within two avenues of infrastructure: first, through hard infrastructure related to road and rail networks, and second, through soft infrastructure related to trade facilitation, supply chain management, custom controls and administration. This approach is based on the assumption that prioritising infrastructure development will facilitate industrial development and cross border trade (NPC, 2011: 24). The study draws attention to these recommendations, Chapter 3 and 4 aims to investigate the following sub-question: how well is South Africa doing in its efforts to foster inward investments in labour-intensive industries and infrastructure with its partners, specifically China and the United States?

Africa's regional integration is prioritised in the NDP, and mandates policy makers to "lead South African businesses into the region and the continent" (NPC, 2011: 242). While the state may be responsible for economic diplomacy in international relations, companies actually do business abroad. It is for this reason that the NDP calls for coordination between the state and corporate South Africa to expand exports to new markets in Africa. Africa's regional integration is also emphasised in the IPAP, and it raises a serious concern that there is no policy coherence between the government and corporate South Africa. The IPAP notes that South African corporates have criticised the government's approach to investments in Africa, and described it as "policy incoherence and fragmentation". Similarly, government has criticised South African corporates for expanding to African markets "without working with other players" (DTI, 2016c: 65). Chapter 2 aim to investigate the following sub-question: how has South Africa expanded outward foreign investments in Africa, and how do South African corporates work together with the government to pursue economic diplomacy, specifically in Nigeria?

Based on the observations of the DTI's NIPF and IPAP, there are four crucial pillars that characterise South Africa's economic diplomacy strategy: the diversification of exports, market access, industrialisation, and regional integration in Africa.

2.7. Conclusion

This chapter discussed the origins of South Africa's domestic triple challenges prevalent in the political economy to provide context for the economic policy reforms introduced post-1994. The chapter explained that the primary reasons for the slow progress in the implementation of the NDP is due to policy uncertainty, and the lack of coordination between government departments. It also described the significance of inter-department coordination between the DIRCO and DTI – to ensure that economic diplomacy in their foreign engagements has concrete impact on the domestic priorities.

The external shocks of the 2007/2008 global financial crisis revealed a structural problem in South Africa's domestic economy, which is the dependency on mineral commodities. To address the problem, the DTI adopted trade and industrial policy frameworks: the NIPF and the IPAP. The trade and industrial policies were formulated to change the structure of South Africa's economy to a more diversified, labour-intensive and industrial development path. In short, the trade and industrial policies together with economic diplomacy have become important elements of South Africa's foreign relations to address domestic priorities. The next three chapters will provide a case study analysis, and assesses how South Africa's economic diplomacy works in practice to determine whether the DIRCO and DTI have implemented the NDP – through answering several related sub-questions, shown in Table 4.

Table 4: Research Sub-Questions for Analysis

Trade and Industrial Policy Framework	Sub-Questions
NIPF	How well is South Africa doing in its efforts to expand trade? Are South African exports with its trade partners, specifically Nigeria, China and the United States diversified?
NIPF	What are the existing tariff barriers between South Africa and its trade partners, specifically Nigeria, China and the United States and how do these impact trade relations?
IPAP	How well is South Africa doing in its efforts to foster inward investments in labour-intensive and infrastructure with its investment partners, specifically with China and the United States?
IPAP	How has South Africa expanded outward foreign investments in Africa, and how do South African corporates work together with the government to pursue economic diplomacy, specifically in Nigeria?

CHAPTER 2

South Africa's National Development Plan Foreign Policy Aspirations in Africa: A Case of Nigeria (2013–2018)

3. Introduction

The African continent is considered a focal point of post-apartheid South Africa's pursuit of its foreign policy goals. South Africa's prioritisation of an Afro-centric foreign policy is based on the belief that the country should position itself as a leader on the continent, with the potential to be the driver of Africa's development. The White Paper on South Africa's Foreign Policy emphasises that South Africa's prosperity is inextricably linked to that of the continent (DIRCO: 2011: 20). This suggests that regional economic growth the stability of the African continent is essential for South Africa's development.

This chapter begins with an analysis of post-apartheid South Africa's foreign policy aspirations in Africa, and highlights how South Africa intends to pursue economic partnerships with countries on the continent. To investigate how these continental priorities play out in bilateral relations, the chapter proceeds to a case study analysis of South Africa's economic relations with Nigeria. Nigeria is commonly referred to as the "Giant of Africa" to describe its economic influence on the continent. What makes Nigeria a unique case among African states is that it has the largest population on the continent, which provides an economic opportunity for South Africa to access a market of more than 206 million people. The NDP considers Nigeria as one of South Africa's most important partners in shaping the growth trajectory of the African continent.

After providing some brief background on South Africa-Nigeria relations with a special focus on economic diplomacy, the section transitions into examining the trade partnership in the five year period (2013–2018) under review. It aims to assess how well South Africa is doing in its efforts to expand trade to Nigeria. Through applying the DTI's NIPF, the study investigates whether South African export products to Nigeria are diversified and what the existing tariff barriers between the two countries are and how this impacts on trade relations. The chapter proceeds to a discussion of South Africa-Nigeria investment relations. Through applying the DTI's IPAP, this study investigates how South Africa has expanded outward FDI into Nigeria's market. It further assesses how do South African private corporates work together with government to pursue economic diplomacy, specifically in Nigeria? The chapter concludes with a brief analysis of South Africa-Nigeria economic relations, and offers an observation of how South Africa has implemented its trade and industrial polices, to determine the future direction of South Africa's economic diplomacy strategy in Africa, and in particular, Nigeria.

3.1. South Africa's Foreign Policy and the African Agenda

Democratic South Africa has prioritised an Afro-centric foreign policy rooted on the promotion of the African Renaissance. The African Renaissance is defined as a vision that "modern Africa [will] to re-emerge as a significant partner in the New World order" (DFA, 2003: 107). It is based on the premise of the political and socio-economic renewal of the African continent. The African Renaissance ideals were prevalent during the Mandela and Mbeki eras. In June 1994, one month after his inauguration, President Nelson Mandela addressed the gathering of the Organisation for African Unity (OAU) (now African Union) and took the opportunity to make it known that the new South Africa firmly supports the ideals of the African Renaissance:

> South Africa appears on the agenda again; let it be because we [South Africa] want to discuss what its contribution shall be to the making of the new African Renaissance (Mandela, 1994).

Thabo Mbeki, who was the Deputy President of South Africa from 1994 to 1999, began pursuing the ideals of the African Renaissance. Mbeki's vision for the African continent was inspired by the thoughts and writings of Pixley Seme, who was the founding member of the ANC in 1912 and later the president-general between 1930 and 1936. In 1906, Seme, who was a law graduate of Columbia University in New York, delivered a keynote speech titled "*The Regeneration of Africa*", which Ghana's Kwame Nkrumah quoted in its entirety at the Congress of Africanists held at Accra, in December 1962

(Adebajo, 2017: 150). Later, Mbeki set out a vision of a regenerated continent in his speech titled "*I am an African*" delivered on the occasion of the adoption of the new Constitution of the Republic of South Africa. Mbeki asserted that "… the dismal shame of poverty, suffering and human degradation of my continent is a blight that we share" (Mbeki, 1996). Although the speech was delivered when Mbeki was Deputy President of South Africa under Mandela's administration, the speech defined post-apartheid South Africa's commitment towards the political and economic rebirth and renewal of Africa.

The African agenda was elevated to the main pillar of South Africa's post-apartheid foreign policy objectives (Landsberg, 2010b: 139). South African leaders constantly stated that the principles of the country's foreign policy should reflect the interests of the African continent. In 2004, when the then Foreign Affairs Minister, Nkosazana Dlamini-Zuma was questioned on why the DFA had not yet appointed ambassadors to Central European states, Dlamini-Zuma responded that "because we are not yet in Togo… Why don't you ask me why we have gaps in Africa?" (quoted in Kayuni & Tambulasi, 2012: 18). In the Fifteen Year Review (1994–2008), the DFA noted progress in its foreign relations on the continent and highlighted its performance to expand South African missions across Africa, from 17 in 1994 to 45 by 2008 (South African Government, 2008: 58).

The NDP elevated economic diplomacy as an important instrument of South Africa's foreign policy, with a belief that South Africa should position itself as a key driver of economic reforms in Africa – to "stabilise the regional political economy" and deepen economic integration (NPC, 2011: 243). The White Paper on South Africa's Foreign Policy outlines that the country's economic diplomacy strategy on the African continent is to: (1) strengthen regional integration, (2) increase intra-Africa trade, and (3) champion for sustainable development and growth for Africa (DIRCO, 2011: 20). How this is done in practice will be further explored in the next section, to investigate how has the African agenda been integrated into South Africa's bilateral relations, specifically with Nigeria.

3.1. The Evolution of South Africa-Nigeria Economic Diplomacy

The 1960s was an era which marked the independence of many African countries, while apartheid South Africa remained a pariah state and isolated from the international community. Nigeria, among other independent African states, was instrumental in providing support for marginalised South Africans and stood in solidarity with liberation movements (Ebegbulem, 2013: 32). Nigeria performed a leading role in the establishment of the UN Special Committee against apartheid in 1963 and chaired the meetings for 25 years. In addition, Nigeria established the Southern Africa Relief Fund in 1977 to aid African liberation struggles, including South African refugees, with financial assistance. The donations' to the Southern Africa Relief Fund referred to as a "Mandela Tax" was mandatory and deducted from the monthly salaries of Nigerian civil servants (Zuma, 2016). In August 1977, during the World Conference for Action against apartheid held in Nigeria, the ANC President Oliver Tambo recognised Nigeria's "ever increasing commitment to the struggle for the liberation" of South Africa (Tambo, 1991 75).

Nigeria's efforts to overthrow the apartheid government were questioned when in April 1992 the former South African President, F.W. De Klerk, visited Nigeria and reports suggested De Klerk received a "red carpet" welcome. Without hesitation the Nigerian President, Ibrahim Babangida, who was then also presiding as the Chairman of the OAU declared that "we are delighted that we have at last found someone in South Africa with whom we can do business" (quoted in Graham, 2012: 413). Commentators viewed this declaration as a setback for liberation movements in South Africa, as it conveyed a message to other African states that diplomatic relations with apartheid South Africa were acceptable. After the visit to Nigeria, De Klerk had planned for an official state visit to Egypt. Apartheid South Africa maintained diplomatic links with other African states through trade and informal missions. The trade between apartheid South Africa and Nigeria totalled approximately US$4,4 million in 1991 (New York Times, 1992).

Despite more African countries such as Kenya, Malawi and Ivory Coast, having economic ties with apartheid South Africa however, as the ANC was about to take power it vowed that democratic South Africa's foreign policy would reflect the interests of the African continent. This was an acknowledgement of the help it had received from African states such as Nigeria for the country's liberation (ANC, 1994 2).

3.1.1. The "Diplomatic Fallout" and its Implications for Economic Relations

Post-apartheid South Africa and Nigeria's relations are often described by scholars as an on-going rivalry for political and economic influence on the African continent (Tella, 2019; Adebajo, 2018; Odubajo & Akinboye, 2017).[11] In the mid-1990s, South Africa and Nigeria clashed over human rights issues that affected economic interaction between the two states.[12] When South Africa transitioned into democracy in 1994, Nigeria was under the military dictatorship of President Sani Abacha. In November 1996, Abacha ordered the execution of Nigerian activist Ken Saro-Wiwa and eight fellow activists who were protesting against the environmental degradation of the Ogoniland, in the Niger Delta (Oloruntoba, 2019: 150).

The executions occurred at the same time President, Nelson Mandela, was attending his first Commonwealth Conference in Auckland, New Zealand. After hearing the news, Mandela immediately called for oil sanctions to be imposed against Abacha's administration for human rights violations, and the expulsion of Nigeria from the Commonwealth of Nations. Nigeria's Foreign Affairs Minister, Tom Ikimi, who was also in attendance referred to the expulsion as "grossly unfair" treatment.[13] Mandela's call for sanctions and the withdrawal of senior diplomats from Nigeria was not accepted by other African states, especially those in the SADC region (Barber, 2005: 1084). African leaders deemed Mandela's actions as being against the values of "African unity", since Nigeria played an instrumental role in South Africa's liberation struggles and contributed to the formation of the OAU. Even Western countries avoided confrontation and continued purchasing oil from Nigeria. It took the death of Abacha,

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[11] See, Tella (2019) for a detailed comparative analysis of Nigeria-South Africa bilateral relations and the countries rivalry to become Africa's 'hegemon' and its implications for the continent.

[12] See, DFA (1996) for post-apartheid South Africa's foreign policy principal, and its commitment to promote and protect human rights.

[13] Refer to Ikimi (1995) for the Nigerian Foreign Affairs Minister's press conference held during the Commonwealth gathering, in November 1996.

who died of an apparent heart attack in June 1998, to unseat his regime (Adebajo, 2018: 190).

George Nene, South Africa's first High Commissioner to Nigeria, described the Ogoniland dispute as a "diplomatic fallout" which required a delegation to be sent to Nigeria, as the continent "could not afford to have two powerful African states moving apart" (Nene, 2016: 266). Trade between the two countries accounted for approximately R730 million in 1998, and there were only four South African companies doing business in Nigeria (South African Government, 2002: 285; Adebajo, 2017: 23). This demonstrates the impact of the "diplomatic fallout" as there was very little economic interchanges between South Africa and Nigeria.

3.1.2. Deepening Economic Ties through the Bi-national Commission

South Africa-Nigeria bilateral relations were restored when Thabo Mbeki and Olusegun Obasanjo assumed the presidencies of their respective countries in 1999. The return of a democratic regime in Nigeria eased the diplomatic tension with South Africa. Also, Obasanjo and Mbeki already had good relations that dated back to 1977, when Obasanjo was Nigeria's military head of state and Mbeki was the ANC representative in Nigeria (Obasanjo, 2016: 35). Later in October 1999, the South Africa-Nigeria bi-national commission was established and the first meeting was held in Abuja, Nigeria. The primary objective of the bi-national commission is to facilitate trade and investment agreements between both states, including other fields such as education, health, defence, science and technology (South African Government, 2002: 285). The first agreement on trade and investment between post-apartheid South Africa and Nigeria was signed in April 2000.

The bi-national commission helped establish the Nigeria-South Africa Chamber of Commerce (NSACC) in the early 2000s. The primary objective of the NSACC was to identify investment opportunities for South African corporates, and provide guidance on government policies for doing business in Nigeria (NSACC, 2000). After the launch of the NSACC, the number of South African corporates doing business in Nigeria increased to over 100 – as more were granted licences (Adebajo, 2017: 23). On the other hand, the South Africa-Nigeria Chamber of Commerce was later established in 2005, to encourage Nigerian firms to invest in South Africa. There had been a few Nigerian firms that expanded their operations in South Africa, including the Oando PLC and the Dangote Group, which is listed on the Johannesburg Stock Exchange (Ogo & Ani, 2015: 58).

Through the bi-national commission, South Africa and Nigeria advanced cooperation for the economic development of the African continent (Ebegbulem, 2013: 37). Mbeki and Obasanjo, with Presidents Abdelaziz Bouteflika of Algeria and Abdoulaye Wade of Senegal, devised an economic blueprint, the New Partnership for Africa's Development (NEPAD), which is intended to drive Africa's socio-economic and development efforts, and approved at the OAU Lusaka Summit in July 2001 (Obasanjo, 2016: 35). Also, Mbeki and Obasanjo were instrumental in the transition of the OAU to the now AU, with the first AU Summit held in July 2002 in Durban, South Africa. Through the bi-national commission Nigeria and South Africa have played a leading role in ensuring the implementation of the AU programmes, such as NEPAD (DFA, 2003: 130). As presidents, Mbeki and Obasanjo ensured that the African Renaissance was at the core of foreign policy in their respective governments.[14]

It is evident that the efforts of presidents Mbeki and Obasanjo restored cordial relations and economic cooperation between South Africa and Nigeria. Trade significantly improved and accounted for approximately US$3 billion in 2008 compared to the R730 million in 1998 (Adebajo, 2017: 23). Also, Nigeria is the first country in West Africa to have a bi-national commission agreement with South Africa (Maloka, 2019: 128).

3.1.3. The Shift from the African Renaissance to Rivalry

Following the departure of Mbeki and Obasanjo from their respective presidencies, less focus was given to the African Renaissance vision (Odubajo & Akinboye, 2017: 69).

[14] See, Obasanjo (2016) detailing his good relations with the ANC during the liberation struggle, and how the diplomatic engagements with Mbeki led to the formation of NEPAD and African Peer Review Mechanism.

The newly elected presidential counterparts, Jacob Zuma and Goodluck Jonathan, sought economic partnership from emerging market economies of the South. In December 2010, South Africa was formally invited to join the Brazil, Russia, India, China and South Africa (BRICS) bloc, after President Zuma's administration campaigned for membership.[15] A year later in 2011, Nigeria followed and joined the Mexico, Indonesia, Nigeria, and Turkey (MINT) bloc.

The Nigeria-South Africa rivalry continued and relations reached a low point in July 2012, when Nigeria unsuccessfully opposed the appointment of Nkosazana Dlamini-Zuma as the Chairperson of the AU Commission (South African Institute of International Affairs, 2013). Despite South Africa's efforts to support the Nigerian Finance Minister, Ngozi Okonjo-Iweala's, unsuccessful bid for the presidency of the World Bank a month earlier (Adebajo, 2018: 188). The diplomatic tension impacted on economic relations, as South Africa gradually strengthened its trade partnership with Angola to purchase oil, and overlooked Nigeria (Adebajo, 2017: 24).

The departure of Jonathan from the presidential seat and the 2015 election of Nigeria's President Muhammadu Buhari improved relations with South Africa. In March 2016, President Zuma made a state visit to Nigeria which resulted in an agreement that elevated the bi-national commission to be jointly chaired at a head of state level. The decision marked a significant step to enhance relations, given that since its inception the bi-national commission was chaired at a deputy president level (DIRCO, 2019c). The announcement was made at the South Africa-Nigeria Business Forum and this signified a joint commitment between both governments to strengthen existing economic ties (South African Government, 2016e). The ninth bi-national commission was held in October 2019 and this most recent session resulted in a total of 34 Memorandum of Understanding being signed (Ramaphosa, 2019b). Most of these agreements focused on trade and investments.

South Africa-Nigeria economic diplomacy was impacted due to the fraught relations of the mid-1990s. The commitment to restore cordial relations was witnessed from 1999 to 2008, when South Africa and Nigeria worked together to advance the

[15] Virk (2018) provides a detailed analysis on how South Africa joined BRICS, as well as opportunities and challenges of this move.

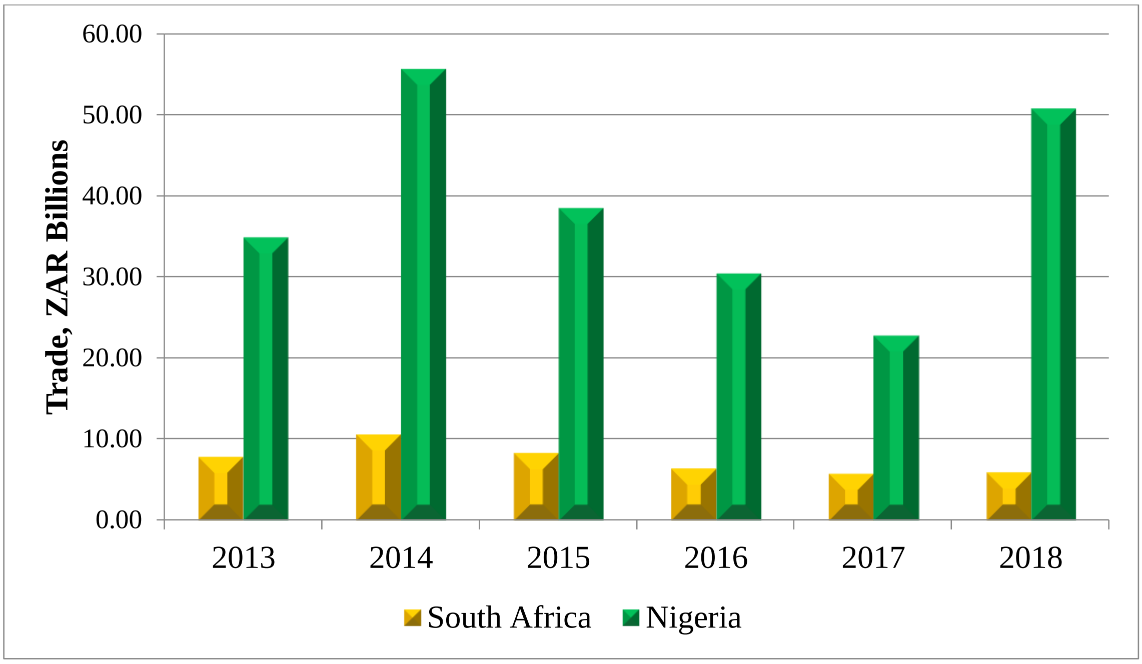
economic development of the African continent. Despite the underlying rivalry between both states there appears to be more commitment to strengthen economic ties, based on the decision to chair the bi-national commission at the head of state level. The following section assesses how the NDP is being implemented through South Africa's trade partnership with Nigeria.

3.2. South Africa-Nigeria Bilateral Trade Relations

This section provides an overview of trade between South Africa and Nigeria. A critical aspect of the South Africa-Nigeria economic diplomacy is the treaty on the "Reciprocal Promotion and Protection of Investment Agreement, the Bi-National Commission Bilateral Trade Agreement and the Avoidance of Double Taxation Agreement" (UNCTD, 2000). The treaty was signed following the bi-national commission in April 2000 (DIRCO, n.d.). Zimbabwe has been South Africa's leading source of imports from the African continent since 1994. After the trade treaty was signed the trend changed in 2006, when oil producers Nigeria and Angola surpassed Zimbabwe to become South Africa's first and second import partner on the continent respectively (DTI, 2010: 76). As of 2018, Nigeria ranked as South Africa's fifth import trade partner globally. While South Africa is ranked as Nigeria's 35th import partner globally (Observatory of Economic Complexity, n.d).

Trade between South Africa and Nigeria increased from R42,5 billion in 2013 to a high of R56,7 billion in 2018. During the five year period under review the total trade accounted for approximately R277,7 billion, with the trade balance in favour of Nigeria, as illustrated in Figure 2. The trade deficit widened from R27,1 billion in 2013 to R44,9 billion in 2018. The economic interchange reinforces the view that the Nigeria-South Africa economic partnership have not been on equal terms of trade.

Figure 2: South Africa-Nigeria Trade Balance (2013–2018)



Note: This graph presents South Africa and Nigeria annual trade of imports and exports during 2013–2018. ZAR indicates South African rands in billions. The trade data is retrieved from the SARS.

3.2.1. Nigeria's Exports to South Africa (2013–2018)

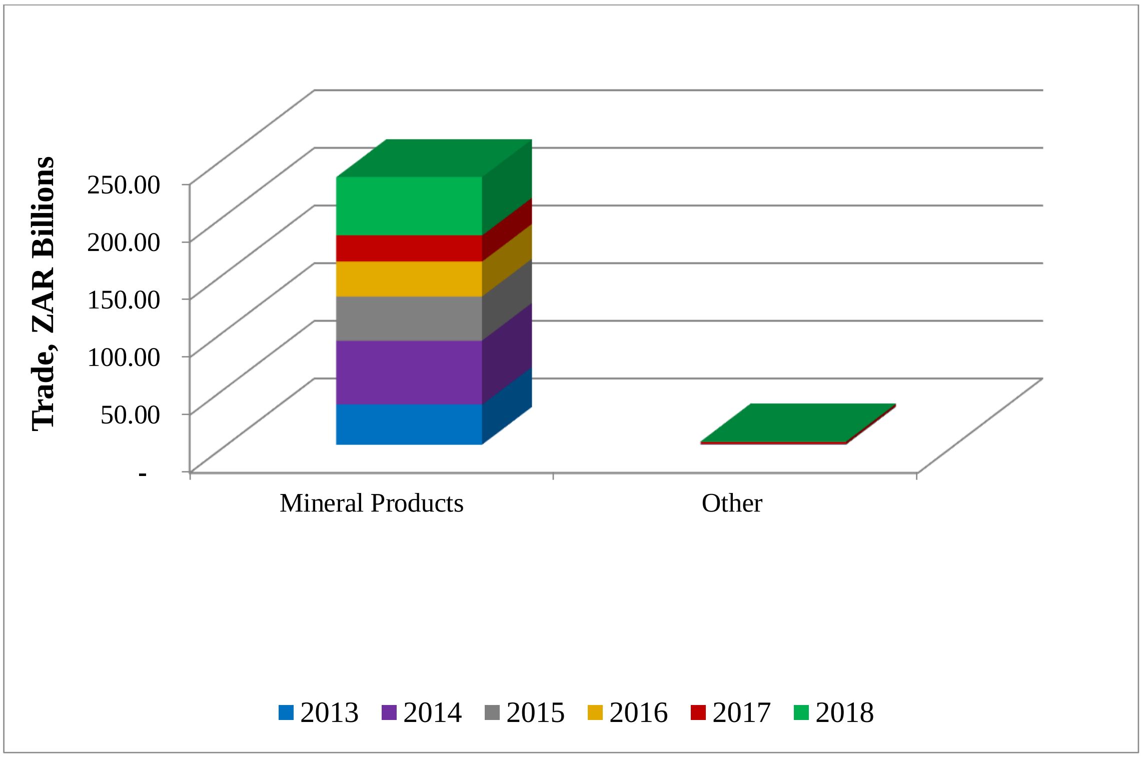
Nigeria's exports to South Africa for the duration of 2013 to 2018 accounted for R233,3 billion. In 2014, Nigeria exported the highest custom value compared to the other four years. In the first three quarters of 2014 Nigeria was ranked as South Africa's second largest import partner globally (Industrial Development Corporation, 2014: 13).

Table 5: Nigeria's Exports to South Africa (2013–2018)

Exports Customs Value (R Billions)					
2013	**2014**	**2015**	**2016**	**2017**	**2018**
34,898	55,705	38,557	30,459	22,854	50,844

Note: This table presents Nigeria's annual exports to South Africa during 2013–2018. R indicates South African Rands in billions. The trade data is retrieved from SARS.

Figure 3: Nigeria's Exports to South Africa (2013–2018)



Note: This graph presents Nigeria's annual exports to South Africa according to products, during 2013–2018. ZAR indicates South African Rands in billions. The trade data is retrieved from SARS.

Nigeria's exports to South Africa are not diversified. Mineral products, specifically crude oil, coal, petroleum and electricity accounts for 99 per cent of total exports to South Africa, as illustrated in Figure 3.[16] The growth in oil exports from Nigeria to South Africa increased by 59 per cent in 2014 compared to 2013. However, Nigeria's oil exports to South Africa declined in 2015 until 2017 as a result of unstable oil prices (U.S. Department of State, 2014: 2). Reports suggest that the decline in oil exports is the consequence of production losses associated with oil theft (International Monetary Fund, 2014: 4). This had a negative impact on Nigeria's economic growth, given that Nigeria's petroleum mining sector accounts for 40 per cent of its GDP and over 70 per cent of the government's source of revenue (NPC, 2011: 240).

[16] Note: products below 1 per cent of Nigeria's total exports to South Africa are classified as other.

South Africa has low crude oil reserves and a high domestic demand to meet the country's energy needs (Department of Energy, 2017: 7). From a continental perspective, South Africa's national interest in the West Africa is largely driven by oil reserves in the region.

3.2.2. South Africa's Exports to Nigeria (2013–2018)

This section draws attention to the DTI's NIPF, with emphasis on an export oriented approach to promote South Africa's diversification of exports. South African total exports to Nigeria during 2013 to 2018 accounted for R44,4 billion.

Table 6: South African Exports to Nigeria (2013–2018)

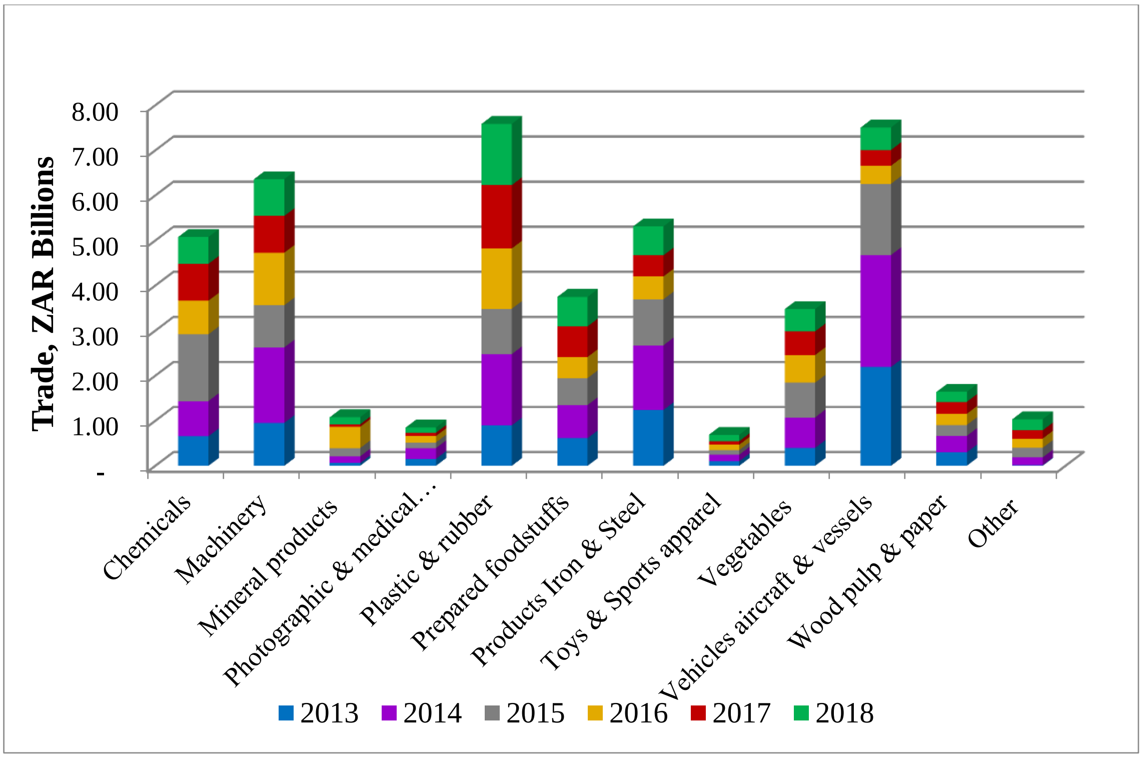
Exports Custom Value (R Billions)					
2013	**2014**	**2015**	**2016**	**2017**	**2018**
7,802	10,547	8,260	6,413	5,723	5,938

Note: This table presents South Africa's annual exports to Nigeria during 2013–2018. R indicates South African Rands in billions. The trade data is retrieved from SARS.

The growth of South Africa's exports to Nigeria reflects a steady increase from 2013 to 2014 however, exports declined with an estimated 50 per cent from 2014 to 2018 and there are several causes which will be discussed later. The leading sector producing the highest custom value of exports to Nigeria is the plastic and rubber manufacturing industry, which accounted for approximately R7,584 billion or 16,9 per cent of South Africa's total exports to Nigeria between 2013 and 2018, as shown in Figure 4.

The vehicles, aircraft and vessels manufacturing sector accounted for R7,505 billion or 16,7 per cent of total exports to Nigeria between 2013 and 2018. It is also important to note the strong growth of the automotive sector in 2014, which accounted for R2,484 billion of total exports to Nigeria. However, the decline in the motor industry saw a decrease of exports in 2015 by R903 million to a further R1,985 billion decline for the third year in succession. The cause of this major decline was after Nigeria banned the importation of vehicles through the land borders from December 2016. Nigeria only allowed the importation of vehicles through sea ports (Global Trade Alert, 2017). Despite the poor performance of South Africa's automotive sector in Nigeria, South Africa has increased its exports of manufactured motor vehicles to its top destination in Africa including Zimbabwe, Malawi, Botswana, Mozambique, Tanzania, Kenya and Algeria.

Figure 4: South Africa's Exports to Nigeria (2013–2018)



Note: This graph presents South Africa's annual exports to Nigeria according to products, during 2013–2018. ZAR indicates South African Rands in billions. The trade data is retrieved from SARS.

Exports of machinery largely cell phones, computers and mechanical appliance accounted for R6,359 billion or 14,2 per cent of total exports to Nigeria from 2013 to 2018. The iron and steel metals sectors accounted for R5,312 billion or 11,8 per cent of total exports. In 2016 there was a decline in the exports of iron and steel sector to

Nigeria and this was caused by South Africa's domestic factors underpinning the poor performance of the sector (Industrial Development Corporation, 2019: 7). The decline in the global demand for steel has negatively impacted the steel industry in South Africa. The loss of the domestic steel production capacity is considered a threat to the growth drivers set out in the IPAP (International Trade Administration Commission of South Africa, 2016: 1).

South Africa's exports to Nigeria are highly diversified and the non-traditional goods recorded in the NIPF, dominate the number of exports between 2013 and 2018, and accounted for 97,6 per cent of total exports to Nigeria. While mineral products which includes a combination of crude, coal, petroleum, electricity, ore, salt, sulphur, stone and plastering material among other only accounted for R1.078 billion or 2,4 per cent of total exports from 2013 to 2018. South African products are not easily entering Nigeria's market due to the increased protectionist measures by the Nigerian government. This suggests that South Africa needs to search for new markets on the continent.

3.2.3. Nigeria's Tariffs Profile

The analysis draws from the most favoured nation (MFN) principle of non-discrimination for governments conducting trade agreements on bilateral basis. The MFN principle emphasises that governments are obliged to grant equivalent treatment to all trade partners, regardless of their economic power (Ravenhill, 2014: 10). The tariffs rate indicates that South Africa continues to liberalise its economy in comparison to Nigeria, as shown in Table 7 and 8.

Nigeria's trade regime remains highly protectionist and institute restrictive measures through tariffs. This is due to the need to nurture its domestic agriculture and manufacturing sectors from the competition of imported goods (U.S. Department of State, 2014: 2). The tariffs have impacted on South African agriculture in particular vegetable exports to Nigeria, which have decreased by 35 per cent in 2018 compared to 2015. Also, the exports of Machinery to Nigeria decreased by 51 per cent from 2015–2018.

Table 7: South Africa's MFN Tariff profile (2013–2018)

(%)	**2013**	**2014**	**2015**	**2016**	**2017**	**2018**
Tariff rate, MFN, weighted mean, all products	5,77	5,44	6,06	6,49	6,65	6,29
Tariff rate, MFN, weighted mean, manufactured products	7,28	7,19	7,27	7,29	7,47	7,5
Tariff rate, MFN, weighted mean, primary products	2,74	2,21	3,19	4,39	4,29	3,35

Note: This table presents South Africa's MFN annual tariffs during 2013–2018. The economic statistic data is retrieved from the World Bank.

Table 8: Nigeria's MFN Tariff profile (2013–2018)[17]

(%)	**2013**	**2014**	**2015**	**2016**	**2017**	**2018**
Tariff rate, MFN, weighted mean, all products	10,07	11,34	8,33	8,63	-	-
Tariff rate, MFN, weighted mean, manufactured products	10,13	11.01	8,12	8,74	-	-
Tariff rate, MFN, weighted mean, primary products	9,9	11,78	8,59	8,48	-	-

Note: This table presents Nigeria MFN annual tariffs during 2013–2018. The economic statistic data is retrieved from the World Bank.

According to the NDP the African Continental Free Trade Area (AfCFTA) is a significant step towards improved regional integration and should be a priority for South Africa's economic diplomacy (NPC, 2011: 235). Proposed in June 2015 at Sharm El-Sheikh in Egypt, the AfCFTA has been signed by 35 members States of the AU and has entered into force as from 1 January 2021 (South African Government, 2018e). The agreement aims to facilitate regional integration through the creation of a continental

[17] Note: Nigeria's MFN tariff rates for 2017 and 2018 are not available.

free trade area. South Africa committed to the agreement in July 2017, followed by Nigeria who signed the AfCFTA later in July 2019. Nigeria’s delay in signing the AfCFTA was due to the Nigerian government weighing the impact and conducting a readiness assessment of entering into the agreement. Addressing the potential impact of the AfCFTA on local industries and job losses, Nigeria’s Minister of Industry, Trade and Investment, Adeniyi Adebayo, reiterated that:

> We [Nigeria] also will not allow rogue traders to manipulate the rules of origin and disguise goods from outside the continent as made in Africa so as to qualify for duty-free passage (Adeniyi, 2019).

South Africa remains optimistic that the AfCFTA will create a larger regional market and improve Africa’s integration in the global economy (South African Government, 2016c). The imposition of tariffs and the banning of certain manufactured and agricultural products from entering Nigeria’s market negatively impacts on efforts for regional integration. This also negatively impacts on South Africa’s efforts to expand the exports of non-traditional tradable products, as outlined in the NIPF. The progress of the AfCFTA could be a good step for regional economic integration and the elimination of tariffs among the African countries, and highly advantageous to South Africa.

3.2.4. Analysis of South Africa’s Trade Competitiveness

South African non-traditional products as outlined in the NIPF are highly diversified and competitive, when compared to Nigeria which specialises in the exports of oil commodities. This is despite the trade deficit that is in favour of Nigeria and caused by South Africa’s a high demand for oil imports. Though Nigeria has increased protectionist measures on agriculture and manufactured products, there is potential for South African non-traditional goods to access Nigeria’s market, on the condition that tariffs are eliminated. Economic diplomacy will be useful for South Africa in ensuring the effective implementation of the AfCFTA, with the AU member States. The AfCFTA will allow for the elimination of tariffs among African states and boost South Africa’s competitiveness on the continent, especially in value-added manufacturing industries. In the case of South Africa-Nigeria trade relation, the DTI and DIRCO are implementing the recommendations as guided by the NDP. The next section reviews the South Africa-Nigeria investment relations.

3.3. The Expansion of Corporate South Africa in Africa

Decades of international isolation caused by apartheid, resulted in economic sanctions and the withdrawal of foreign firms investing in South Africa during the 1980s (UN Centre against apartheid, 1985: 2). Foreign firms which auctioned their assets provided an opportunity for local South African corporations to build their operations through low cost acquisition of other South African companies and their subsidiaries. The political transition in 1994 was dominated by a few diversified conglomerates and post-apartheid macro-economic policies aided these corporations' efforts to expand their global footprint in two ways: first, through transferring their primary listing of their stock abroad and second, through the outward flow of FDI especially into the rest of Africa (Vickers & Cawood, 2018: 131–135).

The expansion of South African corporates is a priority emphasised in the NDP, and recommends for the business community to be involved more closely in foreign policy decision-making (NPC, 2011: 131). A driving idea behind this belief is that a close partnership between the state and the business sector will deepen Africa's regional economic integration and contribute to growth and development of the continent. The rapid economic growth of the African continent provides business opportunities for South African state-owned and private enterprises to expand their investments. To date, South African state-owned and private enterprises have asserted their role as dominant forces in Africa, and in a wide range of sectors covering manufacturing, financial services, and mining sectors. Indeed, South Africa is the fifth largest investor on the African continent, behind the United States, France, the United Kingdom, and China – with FDI of over $US10 billion from 2014 to 2018 (Ramaphosa, 2020). South African corporates are competing with major foreign investors' to access markets in the African continent.

3.3.1. South Africa's Corporate Expansion: A Case of Nigeria

In the early 2000s, South Africa emerged among the top investors in various sectors of the Nigerian economy. The South Africa-Nigeria investment relations were strengthened by the signing of the "Agreement between the Government of the Republic of South Africa and the Government of the Federal Republic of Nigeria for the Reciprocal Promotion and Protection of Investments" instituted in the year 2000 (UNCTD, 2000). This investment agreement has resulted to more than 120 South African corporates launching their operations in Nigeria, with the support of the DTI (Zuma, 2016). To mention but a few South African corporates with commercial interests in Nigeria includes the electricity parastatal Eskom together with the consortium of state-owned enterprises operating under the Industrial Development Corporation (IDC). The private sector includes the telecommunications giant Mobile Telephone Networks (MTN), retailer Pick n Pay, energy company Sasol, Stanbic Bank in the financial service sector, and Bon Hotels in the tourism sector (South African Government, 2018b).

South Africa's outward flow of FDI into Nigeria rapidly increased in capital, widening from US$906 million in 2004 to US$2,171 billion by 2012 (UNCTD, n.d. a). The balance of FDI has been favourable to South Africa, since Nigeria's investments accounted for US$32 million in 2004 and increased to US$111 million in 2012.[18] To some the South Africa-Nigeria investment imbalance has raised serious concerns, as there are only a handful of Nigerian companies that have setup businesses in South Africa (Adesina, 2019: 122). During the 2016 state visit to Nigeria former South African President, Jacob Zuma, acknowledged the Nigerian government efforts to enable free market access for South African corporates:

> Nigeria has opened up its economy to South African companies…we welcome this significant development. We would like to see the numbers of Nigerian investments in South Africa also increasing, as we promote two way trade between these two nations (Zuma, 2016).

The push for more investments from Nigerian corporates coincides with the growing calls for regional integration.

[18] The South Africa-Nigeria FDI statistics for the period under review (2013–2018) is unavailable.

Whereas South African parastatals operating under the IDC in particular Eskom, Spoornet, Petro South Africa, Airports Company South Africa, and South African Airways conduct their business operations in accordance with NEPAD recommendations. NEPAD emphasises on the importance of partnerships in infrastructure development and continental industrialisation (Tjemolane, Neethling & Schoeman, 2012: 99). In early 2001, the commercial expansion of Eskom to Nigeria was deemed as an opportunity to aid Nigeria's electricity crisis, since South Africa was perceived as having "developed" electrical infrastructure (Muresan, 2019: 34). In 2006, Airports Company South Africa that operates in the aviation sector expanded in the West African region to help improve interconnectivity, and invested over R5,2 billion. South Africa's Spoornet operating under the Transnet Group worked closely with the Nigerian Railway Corporation to improve Nigeria's railway.

In the service sector, private enterprises such as MTN spent US$340 million to launch its operations in Nigeria, in August 2001. After three years of entering Nigeria's market, MTN accumulated high profit margins amounting to R2,36 billion, and surpassed its own domestic market in South Africa with profits of R2,24 billion (Ebegbulem, 2013: 36). MTN's competitiveness in Nigeria is usually attributed to its telecommunications capabilities. Nigeria's lack of infrastructure has resulted in MTN not only building telecommunications infrastructure but also roads to service its networks where they were not previously accessible, which also benefits communities (Tjemolane et al., 2012: 23). Further, Nigeria's unpredictable electric system has seen generators being widely used by businesses and this compelled MTN to build a power grid to sustain its operations.

MTN's success convinced many other South African private enterprises that Nigeria was worth investing in. In the banking sector, Standard Bank Group is Africa's largest bank in terms of assets and earnings, and operates in 19 African countries. In Nigeria, it operates under the name Stanbic Holdings and accrues large profit margins underpinned by the latest technology. In early 2002, the manufacturing sector has seen the successful expansion of Sasol that entered into joint venture agreements with Nigeria's ChevronTexaco in engineering, construction and procurement (Blngu & Mutharika, 2011: 380). Whereas in the tourism sector, South Africa's Protea Group has expanded to Nigeria under the joint venture BON Hotels International West Africa.

Finally, the growth of South African corporates in Nigeria's retail sector has supported South Africa's manufacturing industry. A particular case is Shoprite Holdings, which has reportedly contributed R2 billion to South African exports through the sourcing of domestic retail products (Miller, Saunders & Oloyede, 2008: 4).

3.3.2. Responsibility of Corporate South Africa

Foreign investments in developing states tend to be politically controversial, where the behaviour of large foreign corporations can have profound effects on the local economy and on local politics (Hiscox, 2014: 83). South African corporations are often criticised for being profit-driven, especially in Africa. Other African states have expressed their frustration of dealing with South African corporates, arguing that some apply "apartheid" practices, engage in mercantilist behaviour, and therefore are driven by "selfish profit-seeking, excessive market share, and the exclusion of competition" (Tjemolane et al., 2012: 99).

The actions of some South African state-owned enterprises have contributed to these negative perceptions. In 2002, Eskom's business practices were deemed unethical, when power utility bought electricity using the South African rand currency, however, the electricity was resold to African markets in U.S. dollars and it inflated the price. Another incident occurred in 2008, when South Africa had a domestic crisis of electricity shortages. Eskom disconnected the electricity supply for other African countries that depend on its services, as punishment for non-payment. As a result of this action, Eskom was viewed as "aggressive" (Muresan, 2019: 64).

In the private sector, the business practices of MTN are often associated with malpractice, especially in Nigeria where it enjoys a monopoly in the telecommunications sector. The Nigerian government fined MTN US$5,2 billion for failing to disconnect unregistered users on the mobile network, due to suspicions that Boko Haram insurgents were using the lines. Economic diplomacy performed a significant role when former President Zuma travelled to Nigeria in November 2015, to negotiate with the Nigerian government on behalf of MTN. President Zuma's intervention reduced the fine amount to US$1,5 billion (Oloruntoba, 2019: 151).

Despite this offence, MTN was further accused of illegally repatriating US$8,13 billion to South Africa in 2019 and was fined US$53 million (Mail and Guardian, 2019). This particular case is still on-going.

The NDP cautions corporate South Africa "to act ethically and responsibly" when conducting their businesses abroad (NPC, 2011: 235). In July 2016, the DTI published the "Guidelines for Good Business Practice for South African Companies Operating in the Rest of Africa" " (DTI, 2016b). The guidelines were prepared to address the negative perceptions about corporate South Africa's expansion in Africa, to promote responsible business practice, and good corporate governance. The DTI Minister, Rob Davies, stated that the guidelines aimed to "improve their [corporate South Africa] public image and reputation in the countries and societies in which they operate" (South African Government, 2016b). The South African government further encouraged the corporates to pursue joint ventures with local industries within African states where they operate, through sourcing goods and services locally rather than importing them from South Africa.

Unethical business practices of corporate South Africa have implications for South Africa's foreign policy on the continent, especially its pursuit of the African Renaissance vision. It also has a negative impact on South Africa's public diplomacy and soft power, especially on how it is viewed in Africa.[19] Economic diplomacy in such instances has been important to mitigate the risk of hostile bilateral relations between South Africa and Nigeria.

3.3.3. Challenges of Corporate South Africa in Nigeria

Bilateral economic relations between nations are not simply a matter of trade in goods and services or FDIs – it also involves the international flow of workers between nations (Hiscox, 2014: 79). The latter has resulted in an influx of immigrants in post-apartheid South Africa, since the government adopted an open boarder approach to create a central hub for political and economic activities for the continent (Odubajo &

[19] See, Isike and Ogunnubi (2017) for a detailed analysis of the importance of "soft power" in realising the vision of the NDP.

Akinboye, 2017: 68). This approach has been problematic for the South African government due to the widespread increase of xenophobic attacks against African migrants. The attacks are often directed at Nigerian nationals residing in South Africa, accused of criminal activities such as human and drug trafficking (Ettang & Leeke, 2019: 129).

The xenophobic attacks often impact on South Africa's diplomatic and business activities in Nigeria, as a result of retaliation. The recent 2019 attacks resulted in the temporary closure of the South African High Commission in Abuja and the Consulate in Lagos (DIRCO, 2019b). Business operations of Multi-Choice, MTN, Vodacom, and Shoprite located in Nigeria were also impacted. The resistance had not only heightened in Nigeria, but also in the Democratic Republic of Congo, Zambia and Malawi (Independent Online News, 2019). A lasting solution for xenophobia is yet to be explored by both South African and Nigerian counterparts. The solution outlined in the NDP is public diplomacy, which entails government communicating to South Africans the benefits of regional integration based on the belief this "might help alleviate the xenophobia that countries often experience when their borders are opened" (NPC, 2011: 243).

Another challenge for South African corporates operating in Nigeria is the stringent regulations of import duties on stock and difficulties repatriating profits. Some South African corporates within the retail sector have exited the Nigerian market including, Truworth in 2016, and the most recent is Mr Price and Shoprite Holdings in 2020. The Chief Executive Officer of Truworth, Michael Mark, explained that "the regulations were making it extraordinarily hard to get stock into the stores, we couldn't get money out, so there was not point any longer" (Mark, 2016). Despite some South African retailers exiting Nigeria, there are new entrants that have ventured into the market including Pick n Pay in 2020. Pick n Pay approach to Nigeria's market will differ, as it aims to partner with A.G. Leventis in Nigeria, which will provide "the local know-how, the understanding of the regulatory process and local stakeholders" (North, 2020). Unless these challenges of stringent regulations and xenophobia are addressed, efforts for regional integration will be futile.

3.4. Conclusion

South Africa has pursued a foreign policy of the African agenda under the premise that "South Africa and its fortunes are inextricably linked to those of the continent" (DIRCO, 2018c: 139). The analysis draws on significant observations of economic diplomacy between South Africa and Nigeria. After a slow start of interchanges caused by the Ogoniland dispute in 1996, South Africa-Nigeria economic relations thrived during the early 2000s. South Africa-Nigeria economic diplomacy focused on advancing the regeneration of the African continent under institutions such as the AU, the promotion of development through the NEPAD and governance through the African Peer Review Mechanism. Indeed, presidents Mbeki and Obasanjo forged the bilateral partnerships based on the premise of the African Renaissance. After 2009, the South Africa-Nigeria relations declined due to increased rivalry to be influential states on the continent. However, trade and investment remained critical aspects of the bilateral relations.

The South Africa-Nigeria trade relations have been on unequal terms of trade. The trade balance is favourable to Nigeria as a result of oil that constituted 99 per cent of total exports to South Africa from 2013 to 2018. On the other hand, South Africa's non-traditional tradable goods such as vehicles, machinery, plastic and rubber were diversified and accounted for 97,6 per cent of total exports to Nigeria during the period under review. Though the diversification of South African exports to Nigeria is aligned with what the NIPF seeks to achieve, there are two factors that require attention: first the protectionist measures Nigeria has instituted and second, what this means for the implementation of the AfCFTA.

Nigeria's protectionist measures on manufactured and agriculture imports have posed challenges for South Africa's efforts to expand products into its market. This has negatively impacted on South Africa's exports in the automotive and agricultural sectors. The imbalance of trade shows that South Africa needs to identify new markets or negotiate with Nigeria to ease its protectionist policy, in order to enable the expansion of non-traditional goods and uplift the manufacturing sectors. The slow progress in the adoption of the AfCFTA has been as a result of Nigeria's concerns that its domestic industries specialising in manufacturing and agriculture would not be protected against foreign imports. South Africa is committed to ensuring the implementation of the AfCFTA, as it would more likely benefit its manufactured products to enter African markets such as Nigeria. The implementation of the AfCFTA would facilitate greater regional integration due to the elimination of trade barriers.

The expansion of corporate South Africa through the outward flow of FDI into Africa has positioned the state-owned and private enterprises as dominant players in the continent, especially Nigeria. South Africa-Nigeria investments relations also have an imbalance, however, this time in favour of South Africa – since Nigeria has few corporates operating in South Africa. The expansion of South African corporates in Nigeria's telecommunications, financial services, energy and tourism sectors has contributed to infrastructure development and industrialisation in areas which they conduct their businesses. However, unethical business practices of some South African corporates have posed challenges for Pretoria's public diplomacy, soft power and how the country is viewed on the continent. Corporates such as MTN have worked with the state on economic diplomacy, to seek intervention from the South African government for its alleged unethical conduct, and to soothe relations with the Nigerian government. Also, the decision to imposed strict regulations on the imports of stock and repatriating profits has made operating in Nigeria difficult for South African corporates. For the DTI and DIRCO to effectively lead corporate South Africa's expansion in the African continent (as advocated for in the NDP) – policy makers in Pretoria would have to address these challenges for economic diplomacy and the efforts for regional integration to succeed.

CHAPTER 3

South Africa's National Development Plan Foreign Policy Aspirations in the Global South: A Case of China (2013–2018)

4. Introduction

The Global South has featured as an integral tenet of South Africa's foreign policy in the democratic dispensation. South African leaders have consistently asserted South Africa's global position as a country of the Global South. Though this foreign policy stance is not only informed by the country's geographical position. Historical incidents, such as the Asian-African Conference held in Bandung, Indonesia in 1955, resulted in a movement of South-South cooperation, informed by the need to attain political and economic emancipation among countries of the Global South, with scholars arguing that colonialism has caused long-term effects resulting in poverty, inequality and underdevelopment among countries of the Global South (Gray & Gills, 2016: 558).

In an attempt to highlight the ideals of South-South cooperation and address the issues of underdevelopment, the Minister of Foreign Affairs, Alfred Nzo, during the parliamentary session of the National Assembly of South Africa in March 1995, took the initiative to assert that "…we believe our [South Africa's] future will be closely linked to the development of the South-South concept" (DFA, 1996: 10). This foreign policy principle of South-South cooperation is reinforced in the NDP, which observes South Africa's historical alignment with countries of the Global South, and further asserts the necessity for South Africa to tackle its development challenges through increased economic partnerships with countries of the Global South (NPC, 2011: 256).

This chapter begins with a critical analysis of South Africa's foreign policy aspirations in the Global South, and highlights how the country intends to pursue its economic partnerships with countries in the South. To investigate how the South-South notion has been integrated into South Africa's bilateral relations, the chapter proceeds to a case study analysis of South Africa's economic relations with China. In the past decade, China has emerged as an influential state that has the world's second largest economy. What distinguishes China from Global South countries, however, is that it has the largest population in the world that reaches a market of 1.3 billion people. As an emerging-market economy and South Africa's first import partner globally – China is considered an "active and important foreign actor" (as put in the NDP) in Africa. The guidance in the NDP for South African policy makers is to focus on deepening economic ties with China.

Following the contextual analysis of South Africa-China economic diplomacy, the section proceeds to examine the trade partnership within the five year (2013–2018) period under review. It aims to assess how well South Africa is doing in its efforts to expand trade to China. Through applying the DTI's NIPF, the study investigates whether South African export products to China are diversified, and what the existing tariff barriers are and how this impacts on trade relations. The final section of the chapter discusses South Africa-China investment relations, and draws attention to the DTI's IPAP that aims to drive investments into South Africa's labour-intensive industries and infrastructure. It investigates the inward flow of FDI into South Africa by Chinese state-owned and private enterprises. The chapter concludes with an analysis of South Africa-China economic relations, and offers an observation of how South Africa has implemented its trade and industrial policies, to determine the future direction of South Africa's economic diplomacy strategy in the Global South, and in particular, China.

4.1. South Africa's Foreign Policy and the Global South

The Global South has featured as an integral tenant of South Africa's post-apartheid foreign policy. The ANC's foreign policy manifesto published in December 1994, stated "South Africa stands firmly as a country of the South" and described how:

> [T]he link up with this region [East Asia] must be a dynamic one in the context of South-South relations and development. The establishment of diplomatic relations will be an independent decision based on our national interest both economic and political (ANC, 1994: 18 & 13).

The DFA Strategic Plan of 2005–2008 described South Africa's foreign policy approach to advance South-South cooperation as "working with likeminded countries" (DFA, 2005b: 12). The concept of the Global South is reflected further in Wade (2014:

322) thinking about the complex issues of the global political economy, which depicts countries of the South having commonalities including the repercussions of colonialism, national inequalities, poverty and low income levels. This links to the socio-economic triple challenges of poverty, unemployment and inequality confronting South Africa. Unquestionably, these shared domestic challenges have led to South Africa pursing a foreign policy centred on South-South cooperation, under the belief that countries of the Global South have common solutions to common challenges (DFA, 1996; DIRCO, 2011: 28). Multilateralism has been a key aspect in South Africa's implementation of South-South cooperation through engagements with the Non Aligned Movement (NAM), the Group of 77 (G77), and the India/Brazil/South Africa (IBSA) dialogue forum.

With the view of advancing South-South cooperation, the NDP advocates for South Africa to strengthen economic relations with emerging-market economies of the Global South, especially in East Asia:

> South Africa should identify specific trade, manufacturing and industrial niches, where the country enjoys competitive advantages to make full use of the strong growth in East Asian economies and their interests on the African continent (NPC, 2011: 236).

The DIRCO published an Official Guide to South Africa's International Relations, which details how the department aims to implement the NDP recommendations. The DIRCO describes its economic diplomacy strategy of South-South cooperation in Asia is to: (1) focus on increasing exports of South African goods and services; (2) attract FDI with technology transfers to value adding industries and mineral beneficiation (DIRCO, 2018c: 138). South Africa's economic diplomacy towards the Global South will be further explored in the next section, to investigate how the South-South notion has been integrated into country's bilateral relations with China.

4.1. The Evolution of South Africa-China Economic Diplomacy

Awareness of the historical political relations between South Africa and China's ruling parties is of significance to understand the evolution of the bilateral economic relations.

The political engagements between the Chinese Communist Party (CCP) and the ANC dates back to 1953, when the ANC Secretary-General, Walter Sisulu, travelled to the People's Republic of China (PRC) to seek financial support and military training for the liberation movement (Davies, 2015a; Magashule, 2015).Though Sisulu received a warm welcome upon his arrival in China, the efforts to garner weapons for the ANC's cause were unsuccessful.

Van Vuuren (2017: 404) revealed that Armscor and the South African Defence Force worked with China's state-owned military manufacturer, Norinco, to develop missiles and deliver nuclear weapons to South Africa, and concluded that "China had not only helped arm apartheid, but enabled it to acquire its deadliest weapon". Following the PRC violation of the UN arms embargo against apartheid South Africa, in 1994 the ANC issued a press release and emphasised that "[t]his violation was most pronounced during the most intensified period of anti-apartheid activity with [sic] the country (1976–1986)" (quoted in Williams & Hurst, 2018: 6). The secret diplomatic engagements and trade between the PRC and apartheid South Africa caused the ANC to be cautious of its approach to its relations with the PRC.

4.1.1. Sino-South Africa Relations: The Tale of Two Chinas

When Nelson Mandela occupied the presidential office in May 1994, Pretoria inherited from the apartheid regime bilateral diplomatic relations with the PRC that were problematic for a newly appointed government. President Mandela's administration was confronted with a challenge of what is commonly referred to as "a tale of two Chinas" – how to balance the country's diplomatic relations with mainland China (PRC) under Beijing's One China Principle and with the Republic of China (ROC), known as Taiwan. Taiwan's sovereignty on various occasions has been challenged by the PRC, which considers Taiwan as part of its territory and vowed to retake it by force if necessary. Prior to 1994, Taiwan enjoyed full diplomatic relations with apartheid South Africa as part of the "club of the pariahs" when both states were expelled from the UN General Assembly (Haifang, 2018: 1962).

There was competition between the ROC and PRC to win the favour of South Africa's ruling party, the ANC. Instead, South Africa adopted a concept of "dual recognition" of both Beijing and Taipei. In April 1996, Mandela's administration came under pressure when China presented the South African government with an ultimatum to switch ties with Taiwan in its favour. Following months of deliberation within the ANC ranks, in November 1996, President Mandela issued a press release and announced that "South Africa recognises the People's Republic of China" (Mandela, 1996). The switch of ties from the ROC in favour of the PRC allowed for growing economic ties between Beijing and Pretoria (Williams & Hurst, 2018: 40).[20] Bilateral trade between South Africa and the PRC in 1991 was only US$14 million, and increased to more than US$1,5 billion by 1997 (Shelton, 2004: 60).

South Africa's decision to switch ties was influenced by the PRC's global economic power and political prominence. However, this decision provoked criticism from some analysts. In the pursuit of addressing development challenges confronting the country, South Africa succumbed to the PRC's pressure to switch ties, in exchange for economic benefits such as loans, aid, technological expertise and infrastructure development (Mlambo, Kushamba & Simawu, 2016: 268). Also, the PRC's poor human rights record made it problematic for South Africa's foreign policy, which recognises the promotion of human rights and democracy as a priority.[21] Qobo and Dube (2015: 160) argued that South Africa "compromised the independence of its foreign policy in exchange for greater recognition by China". Economic cooperation with Beijing for the new administration in Pretoria became a priority, given its goals to redress the skewed distribution of wealth caused by the legacy of apartheid.

[20] See, Williams and Hurst (2018) for a historical account of why South Africa abandoned "the dual China approach and switched recognition from the ROC to the PRC".

[21] Foot (2012) provides a broader context of how China violated human rights during the Tiananmen Square protests of June 1989 that ended in bloodshed, and the UN issuing sanctions against the Chinese government.

4.1.2. The Pretoria Declaration: Bi-national Commissions

Formal bilateral diplomatic relations between post-apartheid South Africa and the PRC were established in January 1998. In May 1999, President Mandela travelled to China on an official state visit that set a precedent for deepening cooperation (Haifang, 2018: 377). The Pretoria Declaration signed in April 2000, recognised the principles of South-South cooperation and declared South Africa and China's commitment to strengthen and diversify economic relations toward the benefit of their citizens by "removing obstacles" that affect bilateral trade and investment relations (Embassy of the PRC in South Africa, 2000). The Pretoria Declaration strengthened the bilateral partnership through the establishment of the South Africa-China bi-national commission, in December 2001, which was signed by presidents Thabo Mbeki and Jiang Zemin. The bi-national commission was facilitated through five sub-committees to enhance partnerships in the priority areas of economics and trade, science and technology, military and defence, education and energy (Bradley, 2016: 886).

Pretoria closely observed Beijing's economic activities and trade model in Africa and viewed this as an opportunity to play a leadership role in the regeneration of the continent (DFA, 2006a: 72). South Africa's foreign policy principle of South-South cooperation has been witnessed within multilateral settings such as the Forum on China-Africa Cooperation launched in the year 2000, which aims to enhance economic diplomacy between China and 53 African states (DIRCO, 2013a: 13). In June 2004, during the second meeting of the South Africa-China bi-national commission held in Pretoria and co-chaired by the Deputy President of China, Zeng Qinghong, and the South African Deputy President Jacob Zuma, the counterparts jointly announced that negotiations for a potential FTA between China and the Southern African Customs Union (SACU) were underway (DFA, 2005: 123). The Ministry of Foreign Affairs in South Africa acknowledged that a potential FTA would be an opportunity for the DTI to identify niche markets where South Africa could enjoy a competitive advantage (DFA, 2005a: 157).

When the bi-national commission session concluded, Pretoria acknowledged Beijing's "market economy status" (DFA, 2005a: 123). Since China's entry into the World Trade Organisation in 2001, it has sought for its bilateral trade partners to recognise it as a free market economy, despite it being a socialist market economy. Jiang (2010: 255) explained that for policy makers in Beijing it had become important to first obtain recognition of China's free market economy status before entering into FTAs with its partners. South Africa's recognition of China's free market economy status indicated Pretoria's commitment to strengthen economic ties with Beijing, despite other major countries such as the United States and EU countries' reluctance to recognise China as a free market economy. Following the bi-national commission session the South Africa-China relations were elevated to a strategic partnership.

4.1.3. The Beijing Declaration: The Peak of Sino-South Africa Relations

The negative impact of the 2008 global financial crisis on the domestic economy caused South Africa to intensify its approach to South-South cooperation in its foreign relations. In April 2008, during the ten year celebrations of South Africa and China's bilateral partnership, the China-South Africa Strategic Dialogue was signed. Not long after South African President Jacob Zuma took office in 2009 – China ascended to the position of South Africa's number one trade partner globally (South African Government, 2014c). The bilateral partnership reached its peak after the signing of the Beijing Declaration on the Establishment of a Comprehensive Strategic Partnership, in August 2010. At the same time, while addressing Chinese delegates at the South Africa-China Business Forum, President Zuma declared that "South Africa is open for business" (Zuma, 2010).

China has been an important ally for South Africa to purse its economic priorities. The then South African Foreign Affairs Minister, Maite Nkoana-Mashabane "wrote to her BRIC (Brazil, Russia, India and China) bloc counterparts in 2009, to raise the possibility of South Africa's BRIC membership". In 2010, President Zuma further lobbied for South Africa's membership at a meeting with BRIC leaders. In December 2010, China's Foreign Affairs Minister, Yang Jiechi, formally invited South Africa to join the BRIC bloc, hailed by the Foreign Affairs Minister, Nkoana-Mashabane, as "the best Christmas present ever" (DIRCO, 2010g). China's invitation for South Africa to join BRICS has provoked criticism from some analysts. The Chairman of Goldman

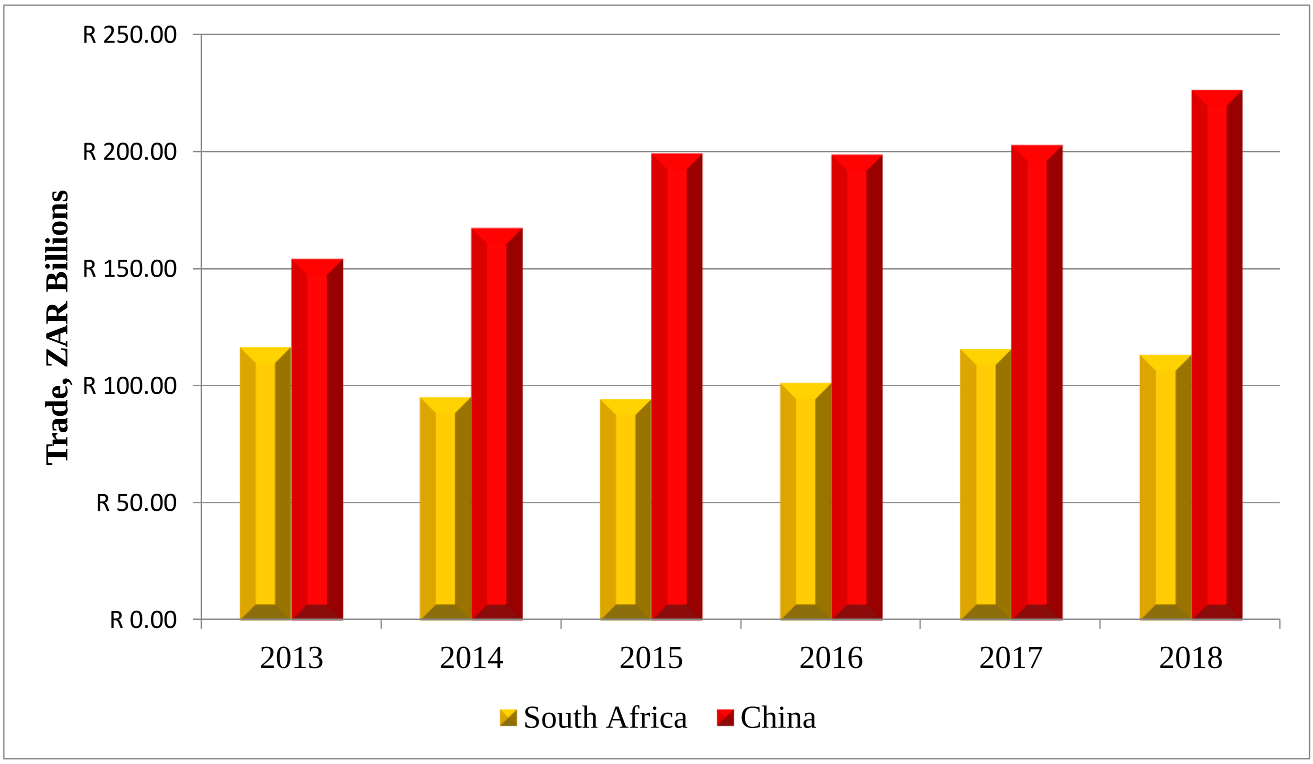
Sachs, Jim O'Neill, who coined the term BRIC – a term associated with emerging market economies, argued that South Africa's economy is significantly smaller than the other BRIC countries, and concluded that South Africa is not suitable to be a member of BRICS (Oliver, 2013: 312). Other scholars argue that China is using this multilateral forum to further pursue its bilateral economic engagements with South Africa, which would ultimately serve as a "gateway" or "springboard" to sub-Saharan Africa (Vickers & Cawood, 2018: 137). In one of the few instances that the concept of the "gateway" to Africa appeared in the DIRCO documents or had been asserted by South African officials, it was in the context of marketing South Africa as an investment destination (Zuma, 2011; DIRCO, n.d.).

Even though South Africa had to abandon the dual China approach, however, following the recognition of the One China Principle – the South Africa-PRC economic relations thrived. Economic diplomacy has become an important aspect of the South Africa-China bilateral partnership, under the assumption that these countries share common socio-economic challenges and it is through trade and investment exchanges that prosperity for both states will be fostered (DFA, 2007a: 110). The next section will assess how the NDP is being implemented through South Africa-China trade partnership.

4.2. South Africa-China Bilateral Trade Relations

In 1994, China was not part of South Africa's top ten trade partners globally – rather Taiwan was the only country in the East Asia region in this category. Taiwan was South Africa's seventh largest trade partner globally with a total trade of R4,543 million (DTI, 2010: 64). The trend changed in 1996 when South Africa switched ties with Taiwan in recognition of the One China Principle. A critical aspect of the South Africa-China economic diplomacy was the adoption of the Memorandum of Understanding on Promoting Bilateral Trade and Economic Cooperation authorised in 1997 (DFA, 2007b). The agreement positioned China as South Africa's fourth largest trade partner globally by 2006, with a total trade of R60,360 million. In 2009, China surpassed Germany, the United States and Japan to become South Africa's first trade partner globally. As of 2018, South Africa is China's 31st largest import partner globally (Observatory of Economic Complexity, n.d.).

Figure 5: South Africa-China Trade Balance (2013–2018)



Note: This graph presents South Africa and China's annual trade of imports and exports during 2013–2018. ZAR indicates South African rands in billions. The trade data is retrieved from the SARS.

South Africa-China bilateral trade relations increased substantially with a total trade of R270 billion in 2013 to a high of R339 billion in 2018. Within the five year period under review the total trade accounted for approximately R1,785 trillion, as illustrated in Figure 5. The trade deficit in favour of China has widened substantially throughout the years.

4.2.1. China's Exports to South Africa (2013–2018)

China's exports to South Africa from 2013 to 2018 accounted for R1,149 trillion. This signifies a significant increase of 46 per cent in 2018 compared to 2013, as shown in Table 9. The substantial increase of Chinese exports to South Africa was mainly manufactured products comprising of machinery, which accounted for R529 billion or 46,1 per cent of total Chinese exports.[22]

Table 9: China Exports to South Africa (2013–2018)

Exports Custom Value (R Billions)					
2013	**2014**	**2015**	**2016**	**2017**	**2018**
154,4	167,613	199,383	198,948	202,917	226,504

Note: This table presents China's annual exports to South Africa during 2013–2018. R indicates South African rands in billions. The trade data is retrieved from SARS.

China's second highest exported products were textiles, which accounted for R110 billion or 9,6 per cent of total exports to South Africa[23]. China's other products within the top ten traded exports to South Africa were as follows: products of iron and steel constituted the third highest imports and accounted for R95,3 billion or 8,3 per cent, followed by chemicals, which accounted for R73,6 billion or 6,4 per cent of exports to South Africa.[24]. China is often described as the world's factory and is considered an important source of manufactured products (Thun, 2014: 296). The exports of machinery such as cell phones, computers and electrical equipment are considered to be technology-intensive products, and South Africa does not specialise in the production of these machineries. China has supplanted other states as South Africa's

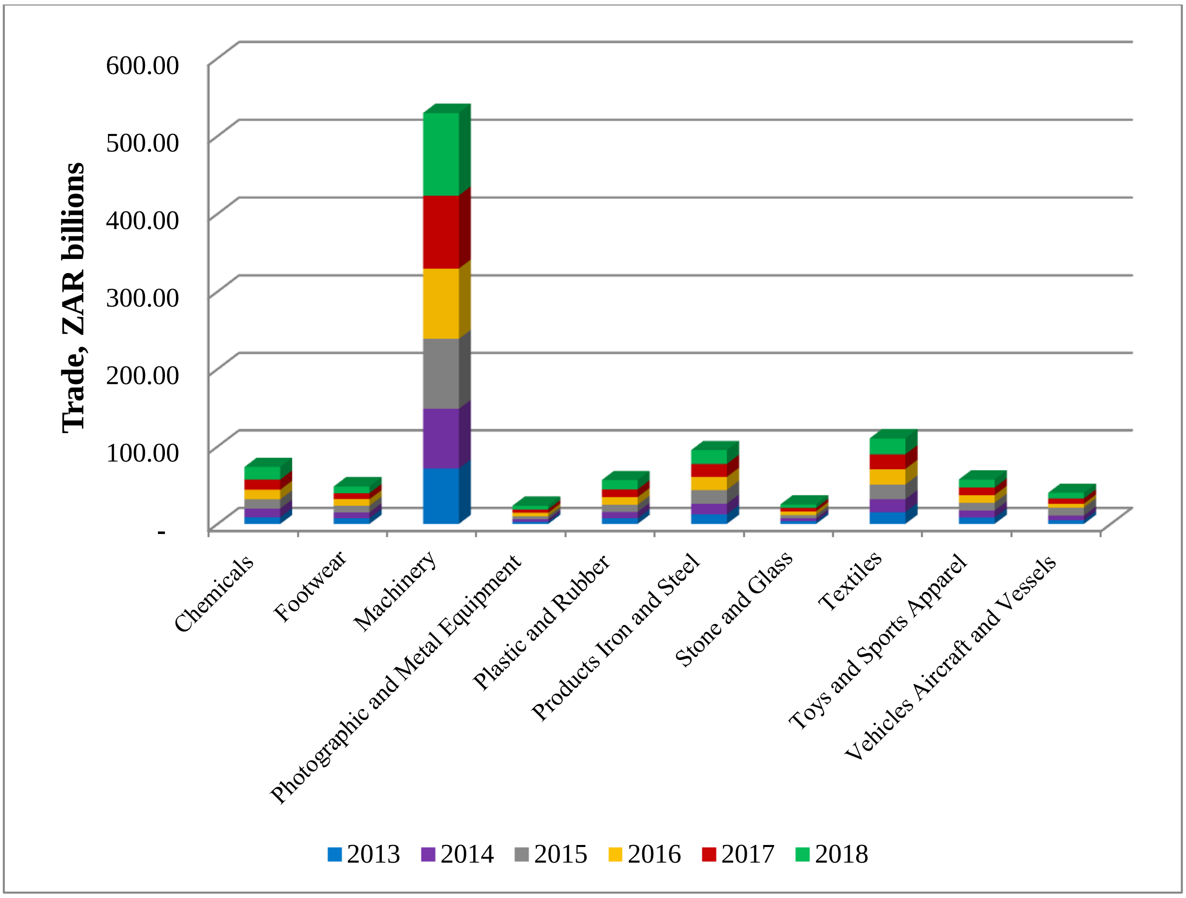
[22] Machinery refers to cell phones, electrical equipment, catalytic converters, computers and mechanical appliances.

[23] Textile refers to clothing, cotton, accessories, filaments, carpets and floor coverings.

[24] Products of iron and steel refer to aluminium, copper, tools, cutlery, spoons and forks. Chemicals refer to organic chemical compounds, pharmaceutical products, cosmetics and detergents.

main supplier and its products are increasing in the country's market at a rapid rate, as illustrated in Figure 6.

Figure 6: Top 10 China's Exports to South Africa (2013–2018)



Note: This graph presents China's annual exports to South Africa according to products, during 2013–2018. ZAR indicates South African Rands in billions. The trade data is retrieved from SARS.

4.2.2. South Africa's Exports to China (2013–2018)

This section focuses on the DTI's NIPF where the emphasis is on an export-oriented approach to promote diversity in South Africa's exports. South Africa's total exports to China between 2013 and 2018 accounted for R635 billion. South Africa's exports to China do not reflect a steady increase, however, between 2013 and 2015 there was an 18,8 per cent decline of total exports, as shown in Table 10. The growth in exports increased steadily but it did not reach the 2013 peak, as there was still a 2,7 per cent decline in 2018 when compared to 2013.

Table 10: South Africa's Exports to China (2013–2018)

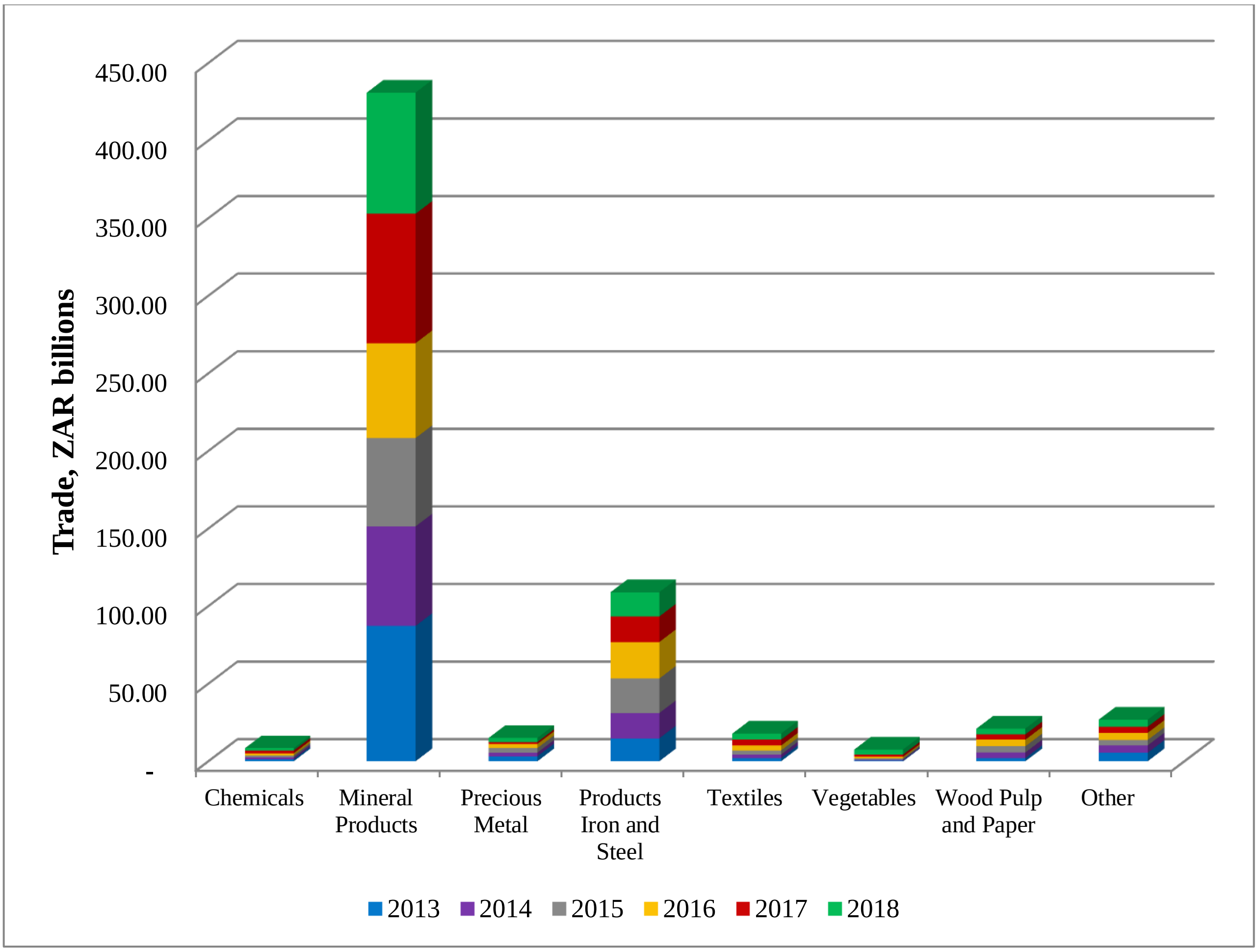
Exports Custom Value (R Billions)					
2013	**2014**	**2015**	**2016**	**2017**	**2018**
116,380	95,219	94,405	101,161	115,571	113,252

Note: This table presents South Africa's annual exports to China during 2013–2018. R indicates South African rands in billions. The trade data is retrieved from SARS.

South Africa-China trade balance remains at a deficit from 2013 to 2018, widening from R38,1 billion in 2013 to R113 billion in 2018. The trade deficit is against the values of the August 2010 Beijing Declaration for equitable partnerships between both countries. The issue related to the trade deficit in the bilateral exchanges is nothing new. The first attempt to close the trade deficit was in 2008 through the establishment of the Partnership on Growth and Development (PGD) – a board that aimed to increase South Africa's exports to China (DFA, 2008: 42). The second attempt was through a Joint Working Group (JWG) on trade statistics and analysis that was established in November 2010. The JWG held at a ministerial level consisted of representatives from South Africa including the DTI, SARS and the Chinese Ministry of Commerce (CMOC) (Nkoana-Mashabane, 2015). The JWG was tasked with finding solutions towards addressing the trade imbalance and conducted a study that aimed to analyse the trade data between 2007 and 2009 (South African Government, 2015c). Eight years later since the establishment of the JWG there seem to be no solution pertaining to resolving the issue of the trade imbalance, which continues to be in favour of China.

In July 2015, during China-South Africa Business Forum the then South African Deputy President, Cyril Ramaphosa, stated that Pretoria had presented to Beijing a list of ten value-added products which need to be incorporated in South Africa's exports to China (Ramaphosa, 2015). The list consists of the top ten identified non-traditional tradable goods as outlined in the NIPF, shown in Table 3 (Davies, 2014). Despite diplomatic negotiations about the need to diversify South African exports to China, the interchanges remain resource-based. Mineral products consisting of crude petroleum, electricity, and ores accounted for approximately R430 billion, which is 67,8 per cent of total exports to China between 2013 and 2018, as illustrated in Figure 7. The heavy reliance on traditional mineral commodities deviates from addressing the "structural" problem in South Africa's economy through the diversification of exports as advocated for in the NIPF and the NDP.

Figure 7: South Africa's Exports to China (2013–2018)



Note: This graph presents South Africa's annual exports to China according to products, during 2013–2018. ZAR indicates South African Rands in billions. The trade data is retrieved from SARS.

The second largest South African exports to China by custom value were products of iron and steel, which accounted for R108 billion or 17,1 per cent. The overall percentage of South Africa's non-traditional goods to China is 32,2 per cent. There are several possible reasons why South Africa's non-traditional goods are not entering China's market. China has a rising demand for minerals such as gold, copper, iron ore, nickel and zinc to pursue its industrialisation, rather than manufactured products. In 2013, a Memorandum of Understanding was signed between the International Brand Management Centre (IBMC) and the China Association of International Trade (CAIT) aimed at increasing support for South Africa's value-added products in China, which focused on the top ten products outlined in the NIPF. Initially, it was agreed that the IBMC and the CAIT would organise "road shows" or "expos" to introduce and promote South African products and services in the Chinese market (DTI, 2013b: 29). This initiative has been implemented on various occasions; however, six years later there is no evidence that suggests that it has been a success. The recurrent trade imbalance reinforces the view that China's trade partnerships with South Africa is unequal and that Beijing interests in forging economic exchanges with Pretoria is largely driven by minerals for its own industrialisation.

4.2.3. China's Tariffs Profile

The efforts to promote South African exports in China could have been negatively impacted by the following factors. Thun (2014: 296) explains that foreign investors play a key role in Chinese manufacturing sectors, and concludes that "over 80 per cent of technology intensive exports are from foreign-invested factories". The fact that China demands foreign companies to transfer technology which is in very high demand could possibly explain the reasons why South African export products are not entering China's markets. China's MFN tariffs and rates are slightly more liberalised than South Africa's, as illustrated in Table 7 and 11. The problem is South Africa rarely manufactures high technology products which are in high demand. In short, China imports higher value products from its more advanced neighbours such as Japan.

Table 11: China's Tariff profile (2013–2018)[25]

(%)	2013	2014	2015	2016	2017	2018
Tariff rate, MFN, weighted mean, all products	-	5,6	5,58	4,29	4,89	4,27
Tariff rate, MFN, weighted mean, manufactured products	-	7,87	7	5.04	5,61	5,17
Tariff rate, MFN, weighted mean, primary products	-	1,99	2,6	3,27	3,77	2,94

Note: This table presents China's MFN tariffs annually during 2013–2018. The economic statistic data is retrieved from the World Bank.

As noted earlier, China's second highest exports to South Africa are textiles. South African policy makers have often raised concerns about the tariffs applied for textile products being imported into the country, especially from China. The DTI adopted a new policy for quotas that would regulate imported textile products. However, before the policy could be announced publicly, South African large retail chains compiled a joint submission that criticised the measures as "seriously harming the interests of consumers by creating a shortage of supply, worsening inflation and encouraging corruption" (Haifang, 2018: 378). In order to avoid the quotas on imported textiles from China, the retailers would seek to buy cheap clothing from third countries. As a response to the acts of the retail corporates, the then South African Deputy President, Phumzile Mblambo-Ngucka, accused the retailers of treason.

Though South Africa and China signed a Memorandum of Understanding for quotas, in 2006, after a two year period the agreement lapsed and experts argued that importers should develop new strategies to avoid the restrictions. Etienne Vlok, the Director of the South African Clothing and Textile Workers Union reported that the textile industry had over the years declined due to mainly cheap Chinese imports that have negatively affected local production and resulted in the closure of factories, contributing to thousands of job losses (Independent Online News, 2015). Rescuing this

[25] Note: China's MFN tariff rates for 2013 are not available.

industry has been a priority for the South African government, as it is among the labour-intensive sectors that are intended to create employment opportunities.

The efforts to promote South African products in China will remain unsuccessful, given that China protects its economy through demanding trade partners to export high-technology products to its market. Unless South Africa produces these products itself or get them through another trade partner, the trade deficit will persist. Though consumers benefit from the low prices of manufactured goods that are imported from China, however, this is harmful for domestic industries. Given the NIPF stance on tariffs, to be determined according to sector by sector basis which is also supported in the NDP, it would be important to rethink the imposition of tariffs on textile goods from China.

4.3.4. Analysis of South Africa's Trade Competitiveness

Two questions arise from the analysis of South Africa-China trade relations. The first question is whether South Africa can continue with the unfavourable terms of trade in their current form with China. South Africa-China trade relations have in the past been a controversial issue which triggered debates among South African leaders and policy makers. Former South African President, Thabo Mbeki, issued a stern warning that Africa's relations with China could potentially be a replication of the colonial history. Mbeki further argued that continuing trade relations in their current form whereby, Africa exported raw minerals to China, while the Chinese exported manufactured goods to Africa, could lead the continent to be "condemned to underdevelopment" (Mbeki, 2006a). Mbeki's sentiment reverts to the discussion of the "resource curse" (in Chapter 1), that countries specialising in the exports of oil and mineral products tend to experience slower economic growth than resource-poor countries. In July 2012, former President Jacob Zuma conceded during the China-Africa Forum held in Beijing, and described South Africa's trade relations with China as "unsustainable in the long term" (Zuma, 2012b).

The second question is: will the prospects of a South Africa-China FTA assist South African value-added products to enter China's market. As noted earlier, China presented a proposal to the DTI, and negotiated for the establishment of a potential FTA with the SACU (DFA, 2005a: 157). China argued that a FTA would assist in correcting the trade imbalance, improve employment opportunities, and thereby offering more economic gains for South Africa. However, the negotiations were halted because a FTA would disadvantage SACU countries. Jiang (2010: 254) pointed out that China's pursuit for FTA with African countries was based on obtaining access to mineral resources, and concluded with an argument that before entering into a FTA, Beijing ensured its trade partners acknowledged its free market economy status. Since South Africa has already granted China with a free market economy status, if both countries were to enter into a FTA – it will be difficult for South Africa to launch anti-dumping measures against China.

The current South Africa-China trade relations are deemed as unsustainable, as a result of the allegations that China is using its economic dominance to dump goods in African countries, and this practice has "anti-competitive effects" in domestic markets. Commentators have claimed that cheap Chinese goods have placed South African domestic industries under pressure and they are slowly being forced out of business as a result of cheap imports (Nhlabatsi, 2014). Shelton (2004: 66) wrote, the proposed South Africa-China FTA "which creates jobs in China, while further exacerbating the employment crisis in South Africa would obviously not be a welcome[d] development, nor would it qualify as [a] good example of South-South co-operation". When China ascended to become South Africa's largest trade partner globally by the end of 2009, South Africa had already opened 43 anti-dumping cases against Chinese products (Haifang, 2018: 386). Beijing and Pretoria have had continuous discussions about a potential FTA, but no agreement has been reached yet.

The efforts to reduce the large trade deficit has not been fruitful and this will likely be a continuous issue, and a setback for policy makers in Pretoria who are determined to implement the NIPF and diversify South African exports. The next section will provide an analysis of how well South Africa is doing in its efforts to foster inward investments in labour-intensive industries and infrastructure from Chinese state-owned and private enterprises.

4.4. China’s Foreign Direct Investment into South Africa

Diplomatic engagements have strengthened business confidence with China emerging among the top investors in various sectors of the South African economy. The first major agreement on foreign investment between the two countries was the “Agreement between the Government of the People’s Republic of China and the Government of the Republic of South Africa Concerning the Reciprocal Promotion and Protection of Investments”, authorised in December 1997 (UNCTD, 1997). Though long before the agreement Chinese enterprises had already set up factories in South Africa such as the household manufacturing company Hisense, in 1996 (Haifang, 2018: 385). The agreement enabled more investments partnerships between South Africa and China.

In November 2006, at the Beijing Summit of the Forum on China-Africa Cooperation, Chinese President Hu Jintao announced the China-Africa Development Fund (CADFund) as one of the measures intended to support more Chinese enterprises to invest in Africa (DFA, 2007b). After the establishment of CADFund in June 1997, there was a proliferation of Chinese investments concentrated on South African industries such as mining, mineral beneficiation, renewable energy, manufacturing and financial services. As of 2014, China’s FDI to South Africa was approximately (cumulatively) US$6 billion, and South Africa’s FDI to China was approximately US$700 million (Davies, 2015a). While corporate South Africa such as Anglo-American, Sasol, and SABMiller are making substantial investments in China, more than 100 Chinese state-owned and private enterprises have set up operations in South Africa (Zuma, 2014b).

In view of the NDP recommendations to increase investments in South Africa’s labour-intensive industries and infrastructure, the DTI commenced plans for implementation through the IPAP. In February 2014, President Zuma signed into law the Special Economic Zones (SEZ) Bill. In the IPAP published in 2014, the DTI announced plans to commence the SEZs programme and described it as a countrywide initiative, with an aim of supporting the “implementation of the Industrial Policy Action Plan… and the National Development Plan” (DTI, 2014b: 63). In April 2015, the SEZ programme was officially launched – with an aim of job creation, building new industrial hubs and the development of infrastructure, as articulated in the IPAP (South

African Government, 2015a, DTI, 2018c: 7). The SEZ programme succeeded the Industrial Development Zone programme of the early 2000s. South Africa has a total of seven designated zones under the new SEZ Act (DTI, 2017b: 22).

After the launch of the SEZ programme, the South African government had a task to attract FDI in the designated zones. In July 2015, at the South Africa-China Business Forum, the then Deputy President Cyril Ramaphosa extended an invitation to China's business community to invest in the SEZ (Ramaphosa, 2015). For China, the invitation was an opportune moment to expand investments in South Africa's designated SEZ. Five months later the Minister of Industry and Information in China, Liu Lihua, accepted the invitation and described China's investments in the SEZ as "a win-win situation that would benefit all", and further stated that:

> China has an industrial map that can be shared with Africa [South Africa] and can be worked on together to align our development strategies and collaborate in Special Economic Zones, roads infrastructure, industrial parks and railways with the aim of promoting industrial and economic development (Lihua, 2015).

Later, during the sixth South Africa-China bi-national commission held in November 2016, several agreements linked to the SEZ were signed between the DTI and the Chinese Ministry of Commerce (South African Government, 2016a). Chinese state-owned and private enterprises have established themselves in South Africa's SEZ as key investors in labour-intensive industries and infrastructure development covering construction, mining, energy and the financial service sector, as illustrated in Table 12.

4.4.4. China's Investment in South Africa's Infrastructure

China's investments in South Africa's infrastructure are mainly centred on renewable energy projects. Chinese Jiko Solar is a good case in point, operating a solar plant worth an estimated R80 million at the Saldanha Bay SEZ, in the Western Cape region (DTI, 2015b: 41). The solar plant project is reported to have created 200 jobs, and is deemed as one among other government interventions to address South Africa's electricity crisis. South Africa plans to decommission the aging coal-fired power stations and increase investments in renewable energy (NPC, 2011: 46).

Table 12: Drivers of Inward FDI in South Africa by Chinese Firms

Industry	Enterprise	Special Economic Zone	Driver of inward direct investments
Mining	Shenzhen Hoi Mor Resources Holdings Ltd	Musina-Makhado (Limpopo)	Investments in infrastructure and labour-intensive industries Access to mineral resources and the beneficiation of mineral Investment opportunities: energy and metallurgical; agro-processing; petro-chemical; and trade and logistics
Railway Parks	China North Rail China South Rail	Richards Bay (KwaZulu-Natal) (Gauteng)	Fosters manufacturing to diversify exports The development of railway parks
Automotive	First Auto Works Hisense China's Beijing Automotive Group China Development Bank	Coega Port Elizabeth (Eastern Cape)	Fosters labour-intensive manufacturing to diversify exports
Energy	Jinko Solar Scatec Solar	Saldanha Bay (Western Cape)	Promotes infrastructure development of renewable energy
Telecommunications	Yangtze Optics Africa Company	Dube Trade Port (KwaZulu-Natal)	Supports investments in "soft infrastructure" through fibre-optic networks
Financial services	Industrial Development Bank of China	N/A	NDP encourages corporate South Africa to be involved in foreign policy decision-making

Chinese enterprises have also invested in South Africa's telecommunications and financial services industries. This includes the Yangtze Optics Africa Company, which has invested in an optic fibre plant worth R150 million, in May 2016. Yangtze Optics Africa Company has reportedly employed 150 people, and manufactures optical fibre cables at the SEZ Dube Trade Port located in the KwaZulu-Natal region, which are supplied to state-owned enterprise, the Passenger Railway Agency of South Africa and to local telecommunications companies, amongst others Telkom, Vodacom, MTN and Cell C (DTI, 2017b: 26). Second, the Industrial Commercial Bank of China has purchased a 20 per cent share in South Africa' Standard Bank worth approximately

US$5,5 billion, making it China's largest FDI in Africa. However, the DTI has cautioned telecommunications and commercial banks to refrain from outsourcing their software development projects to Chinese enterprises, as this would have a detrimental effect on the infant industry, resulting in thousands of job losses and negatively impact on the future ability to develop the software locally (DTI, 2014b: 135).

These examples provide an overview of China's investments approach towards infrastructure development in South Africa, and include renewable energy projects, telecommunications and financial services.

4.4.5. China's Investment in South Africa's Labour-intensive Sectors

China has a high demand for minerals, which dominate South Africa's exports to China. The DIRCO and DTI have been mandated by the NDP to engage with China to invest in South Africa's mining sector, specifically the beneficiation of minerals. A driving idea behind encouraging FDI in the beneficiation of mineral resources is a belief that this will expand South Africa's industrial capabilities, and increase the unit value of exports (NPC, 2011: 146). The then Minister of Trade and Industry Rob Davies noted that:

> The beneficiation of our [South African] minerals is one of the most critical issues that we as government have prioritised… Beneficiation increases the value of our minerals and if we are stuck on exporting raw minerals we will not be able to build an economy that will enable us to create jobs (Davies, 2019).

This approach aims to address the problem of exporting raw minerals to be processed in other countries and re-imported into South African markets. China's Shenzhen Hoi Mor Resources Holdings Ltd, is a good case in point that operates a labour-intensive mineral beneficiation project at the Musina-Makhado SEZ, in the Limpopo region (DTI, 2018a: 1). The DTI suggests that this investment worth R130 billion has created 21 thousand jobs and covers other economic clusters including agro-processing, petro-chemical, trade and logistics (DTI, 2017b: 22). However, a study conducted through the African Centre for Citizenship and Democracy found that there was no public participation process, specifically in the Musina-Makhado SEZ (Mail & Guardian, 2020). Bradley (2016: 883) puts forward an argument that China's investment appears to have had minimal positive impact on South Africa's unemployment. This reinforces the view that locals situated near the SEZs, and who are supposedly to be employed in these projects are often not aware of these economic activities.

China's investments in SEZ's are targeted at South Africa's labour-intensive industries, to enable the country to diversify its exports. A particular case in point is the 2013 investment worth US$100 million made by China's First Auto Works and Hisense at the Coega SEZ, in the Easter Cape region (DTI, 2015b: 38). The Coega assembly plant is projected to have employed an estimate of 750 people, who will produce five thousand trucks annually, which will be exported to African markets (DTI, 2013a: 8; DTI, 2015b: 38). In addition, South Africa's IDC and China's Beijing Automotive Group have jointly invested an estimated R11,6 billion, in the Coega SEZ (DTI, 2018a: 10). These investments mainly focus on production in the automotive sectors.

Some commentators have been sceptical of China's investment interests in South Africa, and noted that there is no transparency in the investment deals (Cook, 2020: 33). For instance, in March 2013 the South African state-owned entity Transnet commenced a project to acquire 1 064 locomotives. This contract in particular, was awarded to four international locomotives manufactures, including amongst others the China North Rail (CNR), China South Rail (CSR) and the Zhuzhou Electric Locomotive (Feng, Jiang & Yu, 2015: 218). The CNR and CSR merged to become the China Railway Rolling Stock Corporation, which had a 56 per cent share of the project and mandated to supply 481 locomotives. The remaining locomotives were meant to be produced in South Africa, to support country's manufacturing capabilities (South African Government, 2016d: 442). In 2015, the Development Bank of China granted a loan of R3 billion to Transnet in order to fund the acquisition of locomotives from CNR and CSR (South African Government, 2016d: 447).

The contract was meant to be concluded in 2018, however, at the South African Commission of Inquiry into State Capture it was revealed that the CSR had underperformed by 59 per cent, and only delivered 124 of the 302 locomotives it was supposed to have supplied. On the other hand, the CNR delivered none of their 179 locomotives (Commission of Inquiry into State Capture, 2018: 15). It was also uncovered that the loan terms of China's Development Bank to Transnet had high interest rates that made it very expensive for repayment. The State Capture Inquiry Commission questioned the commitment of the China Railway Rolling Stock Corporation to invest in local manufacturing and skills development.

It is evident that there are certain challenges in the South Africa-China investment partnership, and this includes accountability and transparency of the business deals entered into in the designated SEZs. Even though the DTI (2014b: 35) reported that prior to the launch of the SEZs programme, China already had 38 projects worth an estimated R13,33 billion and created 10 922 jobs between 2003 and 2014, however, whether these investments create employment within the SEZs is questionable. Finally, these examples provide an overview of China's investment approach in South Africa's labour-intensive sectors, and mainly focus on mineral beneficiation, agro-processing, and the automotive industries.

4.4.6. Analysis of South Africa-China Investment Relations

China has demonstrated interest in establishing industrial parks across South Africa. Through the SEZs programme, South Africa is pursuing the following objectives: first, drive industrialisation in labour-intensive sectors that would help the country diversify its exports, and second: to emulate China's development model in South Africa's economy.

The first economic diplomacy strategy to attract Chinese investments in labour-intensive sectors could be of value to South Africa and make the country competitive, as it would enable the country to have diversified exports. China has expectations of gains from investing in the DTI's SEZ programme. As noted earlier, the Minister of Industry and Information in China, Liu Lihua, described the investment partnership as "a win-win situation" (Lihua, 2015). However, it is not clear yet what China's returns are on the investments made in South Africa's SEZ. There is a possibility that China could be shifting some parts of its manufacturing to South Africa and transfer production capacity in labour-intensive sectors to access African markets. Bradley (2016: 884) noted that South Africa and China shared similar interests in sub-Saharan Africa, and that they coordinate through regional partnerships (for example, the Forum on China-

Africa Cooperation and Southern African Customs Union countries) in trade and investments. The argument that China views its economic relations with South Africa as a gateway to Africa is valid. This sentiment was echoed by the then South African Minister of Public Enterprises, Malusi Gigaba, who stated:

> [T]he message we have got from the Chinese state owned enterprises… was that they view South Africa as the gateway to Africa. They [China] have billions of dollars available to invest and they are looking at South Africa and Africa in general very keenly (Gigaba, 2012).

The discussion in Chapter 2 reveals that South Africa is competitive in labour-intensive manufacturing sectors when trading with countries on the continent. The question is whether China's investments in the designated SEZs can be credited for South Africa's diversified exports in Africa. The problem is: if policy makers in Pretoria are not cautious in their approach of pursuing investment relations with China, it could impact on the progress made in the AfCFTA. Reports suggest that Nigeria delayed the signing of the AfCFTA due to concerns about rules being manipulated, whereby African countries could possibly pose goods from outside the continent as though they were made in Africa in order to qualify for a duty-free passage (Adeniyi, 2019).

Second, the DTI has established project management units within the SEZs. What is noteworthy is that the DTI entered into a five year partnership agreement with China for capacity building initiatives to equip South African policy makers and development practitioners with technical and management skills on how to operate a SEZ (DTI, 2018b: 27). The knowledge transfers have also been apparent in high level state visits to China, whereby South African presidents and/or deputy presidents are often accompanied by a large delegation of state-owned enterprise executives including Telkom, Eskom, Denel, the South African Bureau of Standards, Transnet, the National Energy Corporation of South Africa and the IDC. In an attempt to improve the performance of South African state-owned enterprises, the government has set up interventions for the entities to seek best practices from Chinese state-owned enterprises and adopt the China model in their own re-industrialisation (South African Government, 2015b). This supports the NDP view that South African businesses should be more closely involved in foreign policy decision-making (NPC, 2011: 242).

The efforts to attract China's investments demonstrate that South Africa has adopted China's development model to drive the country's industrialisation. China's substantial investments in South Africa's SEZs could be problematic in the near future, and possibly pose a challenge in the implementation of the AfCFTA.

4.5. Conclusion

South Africa's foreign policy has pursued South-South cooperation under the premise that the Southern countries are "likeminded" and committed to inclusive sustainable development. Though there was a slow start of interchanges in the mid-1990s, South Africa-China economic relations significantly increased in the early 2000s.

Despite the increase in the South Africa-China economic cooperation, the utmost concern for Pretoria is the unequal trade relations, as the trade balance has continuously widened in favour of China. South Africa-China trade relations have been considered to be unsustainable, given that South Africa's exports to China are raw minerals such as crude, petroleum, and ore, which constituted 67,8 per cent of total exports from 2013 to 2018. South Africa's efforts to expand trade to China do not address the structural problem identified in the NDP and the NIPF, as the exports are not diversified. Even though there are no exiting tariffs barriers that negatively impact on the trade partnership, South African exports struggle with market access because China demands high technology-intensive products such as electronic appliances, computers, smartphones, which South Africa does not produce domestically. In light of this, the DIRCO and DTI need to re-evaluate South Africa's trade relations with China. They should seek to identify new markets in the East Asia region (in line with NDP recommendations) where South Africa enjoys a competitive advantage for its non-traditional products.

The pursuit for industrialisation should hence be viewed as an important aspect of South Africa's economic interest towards China. This strategy to attract investments from Beijing has included the building of infrastructure across the country and investments in SEZs. China's successful economic growth and rapid progress in its industrialisation has propelled the South African government to employ an approach towards development that mirrors (though not entirely) that of China. Foot (2012: 328) explained that in the 1970s China introduced an economic reform strategy referred to as the Four Modernisations, which focused on four areas for industrialisation, including agriculture, industry, science and technology, and defence.[26] Similarly, South Africa through the IPAP is focused on developing domestic economic activities around industries such as agro-processing, mineral beneficiation and the building of manufacturing factories. Policy makers and development practitioners in Pretoria are learning technical skills from Beijing on how to operate the SEZs. Indeed, Pretoria is emulating China's development model within the SEZs across the country.

The interest of Chinese state-owned and private enterprises in South Africa's SEZs is deemed as an opportunity to drive South Africa's industrialisation. China has invested in South Africa's infrastructure in sectors including optic fibre networks and renewable energy. China has also invested in labour-intensive sectors including mineral beneficiation, automotive manufacturing and railway parks. These investments could possibly help South Africa diversify its exports and competitiveness. China's interest in South Africa has provoked criticism from some analysts. There are concerns that China could potentially be shifting its manufacturing production to South Africa in order for its products to access African markets. Also, media reports suggest that communities which are supposed to be employed in the designated SEZs are often not aware of the economic activities in those projects (Mail & Guardian, 2020).

Though the South Africa-China investment relations are aligned with what the IPAP seeks to achieve, to advance South Africa's industrialisation. However, there are issues in the partnership that needs to be addressed such as the unethical business practices of some Chinese enterprises. Accountability needs to be enforced for some Chinese enterprises to deliver on what is agreed upon in the Memorandums of Understanding. It is imperative for policy makers in Pretoria to address some of these underlining issues in order for South Africa's trade and industrial policies to be effectively implemented.

[26] See Foot (2012) for a detailed analysis of China's four modernisation policy that was implemented to drive its industrialisation.

CHAPTER 4

South Africa's National Development Plan Foreign Policy Aspirations in the Global North: A Case of the United States (2013–2018)

5. Introduction

During the period of the democratic transition in the 1990s there were complex trends in the global political economy that defined the posture of South Africa's foreign policy. One of these trends was the North-South dynamic. The emergence of the North-South dynamic reflected on key issues of development, where states in the Global South realised their common development challenges and the need to catch up to the industrialised states in the Global North (Phillips, 2014: 354). Acknowledging South Africa's posture as a country of the South, during the parliament Portfolio Committee on Foreign Affairs in March 1995, the Minister of Foreign Affairs, Alfred Nzo, emphasised that South Africa's foreign policy approach of North-South relations was to act as a bridge that linked the developing South and the developed North:

> [T]he position in which South Africa finds itself is that it has features both of the developed and the developing world. It is truly at the point of intersection between both worlds – an industrialised state of the South which can communicate with the North on equal terms to articulate the needs, the concerns and the fears of the developing world (Nzo, 1995: 61).

This chapter is divided into four sections and begins with a critical analysis of South Africa's foreign policy approach to North-South relations. To investigate how the North-South approach has been integrated into South Africa's bilateral relations, the section transitions to provide a case study analysis of South Africa's economic relations with the United States. The United States has the world's first largest economy, with a population that reaches a market of 328.2 million people. These characteristics make the United States a unique case in the Global North, specifically among states in the EU. The United States economic and political prominence on the world stage has influenced South Africa's post-apartheid foreign policy. In 1996, the DFA observed that South African policy makers should not "ignore" the United States when formulating foreign policy goals (DFA, 1996: 29). After decades of South Africa consistently maintaining diplomatic relations with the United States, the NDP provided a vague view of how South Africa could improve its cooperation with the United States. Justifiably, the NDP was drafted in 2010 – the same period when the United States was recovering from a recession following the 2008 global financial crisis. As noted in the NDP, this period witnessed a "relative decline in the economic weight of the United States" (NPC, 2011: 31). Despite this view, however, the chapter finds that South Africa has consistently maintained and prioritised economic relations with the United States.

The third section examines the South Africa-United States trade partnership within the five year (2013–2018) period under review. It assesses how well South Africa is doing in its efforts to expand trade to the United States. Through applying the DTI's NIPF, the study investigates whether South African export products to the United States are diversified, and what the existing tariff barriers are and how this impacts on trade relations. The fourth section proceeds to discusses South Africa-United States investment relations and draws attention to the DTI's IPAP, to assess how well South Africa is doing in its efforts to foster inward FDI into labour-intensive industries and infrastructure development from United States multinational firms and the United States Agency for International Development (USAID). The chapter concludes with a brief analysis of South Africa-United States economic relations and offers an observation of how South Africa has implemented its trade and industrial polices, to determine the future direction of South Africa's economic diplomacy strategy in the Global North, and in particular, North America.

5.1. South Africa's Foreign Policy and the Global North

South Africa's foreign policy strategy to promote North-South relations has been reflected in speeches and communiqués by high-level government officials. In the mid-1990s, the DFA's approach to foreign policy aimed to maintain diplomatic relations with both Global South and Global North states, in order to "steer clear of [the] ideological struggle" – following the Cold War (DFA, 1996: 63). The GNU under the leadership of President Nelson Mandela was confronted with changes in the international system – shaped by forces of globalisation and the expansion of liberalism across the developing world (Qobo & Dube, 2015: 148). The GNU adjusted to the changing dynamics in the international system and decided to maintain a nonaligned foreign policy posture.

The DFA was concerned with the international imbalance of power dynamics in the post-Cold War era. A key paragraph in the DFA's 1996 discussion document on South Africa's foreign policy noted that Global North states should ensure that the Global South is not marginalised from the global trade system, which is of significance to their development:

> South Africa, as a country is firmly placed in the South, geographically and developmentally, has to be aware of the risks of marginalisation in trade sense. Sound cooperation with other countries of the South and with clients and suppliers in the North should be an integral part of foreign policy and of economic policy (DFA, 1996: 60).

To redress the imbalance of power, South Africa pursued a foreign policy role of being a "bridge builder" between the developing and developed world. This position is endorsed in the DFA's Strategic Plan of 2003 to 2005, which stated: "globally we [South Africa] are part of the collective that is building bridges and narrowing the divide between the South and the North" (Pahad, 2003: 9). South Africa's first attempt to build bridges was through the introduction of North-South dialogues (DFA, 2005: 134). The dialogues for South Africa became a platform for political and economic engagements with states in the Group of Eight (G8) (now Group of Seven or G7, excluding Russia), the Organisation of Economic Cooperation and Development and the EU.[27] Further, being the only African state represented in the Group of 20 (G20), this signifies the important role South Africa plays in the international financial and governance spheres. Landsberg (2016: 515) describes the idea behind the North-South dialogues is to "change the international economic balance of power, to extract significant financial resource commitments from the North".

Indeed, in July 2000 presidents Thabo Mbeki of South Africa, Olusegun Obasanjo of Nigeria, Abdelaziz Bouteflika of Algeria, and Abdoulaye Wade of Senegal received

[27] Note: Russia was a member of the G8 from 1997 until 2014.

an invitation to attend their first G8 summit held in Tokyo, Japan. The summit was recognised as the first dialogue at the highest level in the history of the G8 to have leaders from developing countries in attendance. At the G8 summit, African leaders lobbied for the debt reduction of sub-Saharan African countries, the expansion of FDI into Africa, and for official development assistance (ODA). The African leaders sought commitment from the G8 countries to finance development programmes of the AU such as NEPAD (Ministry of Foreign Affairs of Japan, 2000). Following the summit, Netshitenzhe (2016: 253) recalls that the "G8 accepted that there would be African leaders at its meeting" and ultimately "a partnership would be formally declared between Africa and the G8". This resulted to African leaders being frequently invited to G8 summits to report on efforts to promote development in the continent (Copson, 2005: 14).

The NDP highlights a concern that South Africa's role in the G8 has diminished and notes "the country may well be losing an important voice in decisive world affairs" (NPC, 2011: 238). The Twenty Year Review published during the presidential tenure of Jacob Zuma in 2014, presented a dim view of South Africa's engagements with the G7 (South African Government, 2014e: 155). This is understandable given South Africa's seven year absence at G7 summits (Fin24, 2018). Though there is a possibility that this might change seeing that President Cyril Ramaphosa attended the G7 summit held in Canada, in June 2018 (South African Government, 2018c).

The DIRCO's Official Guide to South Africa's International Relations, details South Africa's economic diplomacy strategy in the Global North aims to: (1) gain preferential market access for value-added (non-traditional tradable) goods; (2) institute favourable terms of trade; (3) source for development assistance; and (4) attract FDI for technology transfers into value-adding industries and mineral beneficiation (DIRCO, 2018c: 138). The North-South dialogues have been prioritised in South Africa's foreign policy to pursue the development interests of the country including sub-Saharan Africa, and to negotiate for mutual beneficial trade and investment treaties. South Africa's economic diplomacy towards the Global North will be further explored in the next section, to investigate how North-South dialogues have been used as a platform to foster bilateral relations with the United States.

5.2. The Evolution of South Africa-United States Economic Diplomacy

South Africa and the United States have a long history of ambivalent relations.[28] Beginning from the 1950s into the 1970s, the ANC and other liberation movements in South Africa sought for political and financial support along with military training from communist states, including the former Soviet Union that was in rivalry with the United States. On the other hand, the ANC viewed the United States intentions in Africa as seeking to "protect its markets and investments", and defeat national liberation movements who were staunch allies of the Soviet Union (Bierling, 2014: 553). Goldstone (2005: 814) explains that the association of the liberations movements with communist states shaped the United States policy towards apartheid South Africa, and concluded that during the Cold War Washington was "more concerned with containing communism (and protecting U.S. economic interests) than with ending apartheid".

The United States faced mounting pressure from domestic anti-apartheid civil rights movements to define its stance against the apartheid regime in South Africa. In 1986, the American Congress passed the Comprehensive Anti-Apartheid Act (CAAA), which marked the first time Washington condemned the apartheid regime as a rouge state, and began searching for a solution to South Africa's problems (Kondlo, 2015: 5). In the 1980s, the United States was the most important source of foreign investments and a trade partner, with over 350 multinational firms doing business in South Africa (Rimanelli, 1983: 272). In 1989, lobby groups persuaded 124 states and local governments in the U.S. to pass ordinances that mandated corporates with municipal contracts to withdraw from South Africa. By the end of the 1980s more than 115 American companies had pulled out their investments from South Africa.

In July 1991, apartheid South Africa agreed to sign the Treaty on Non-proliferation of Nuclear Weapons, which was followed by an announcement from President George H.W. Bush who commended the action, and declared that South Africa has met the conditions for the lifting of United States trade and economic sanctions contained in the CAAA of 1986 (Landsberg, 2010a: 59–76). Despite the ANC

[28] According to South African Government (2016d) diplomatic relations between South Africa and the United States date back to 1789, when the U.S. formally opened its consulate in Cape Town.

having criticised the slow response of the United States to pass the CAAA, the sanctions impacted on South Africa's economy and helped dismantle the apartheid regime. Following the lifting of sanctions, South Africa and the United States had a task ahead to restore their economic relations.

5.2.1. The New World Order: Washington Consensus

In 1990, U.S. President George H.W. Bush spoke optimistically of a "new world order" and described it as an international community at peace with itself, enjoying economic expansion and in which persistent problems (in countries such as South Africa) would be resolved (Barber, 2005: 1082). In 1993, President Bill Clinton pledged that the U.S. would be a full partner in building democracy in South Africa, and find solutions to end the widespread domestic conflict, provide financial assistance, and addressing long-term problems such as economic inequality, unemployment, inadequate housing, and the poor quality of education for previously marginalised South Africans (Payne, 1994: 70). From the onset, post-apartheid South Africa's foreign policy focused on cooperating with the United States to promote democracy in South Africa and the compliance of international human rights principles. Washington policy makers at that time viewed the South African democratisation process as a model for other African states (Ploch, 2011: 18). Most importantly, the South Africa-United States bilateral relationship promoted an economic agenda that sought to improve the quality of life for majority of South Africans.

Articulating economic prosperity for all who lived in South Africa looked fine on paper, but working with the U.S. provoked criticism from some analysts. Terreblanche (2012: 35) argued:

> [T]he Americanisation of South African politico-economic system during the transformation of 1994/96 was based on the wrong ideological premises, on the wrong power structures, and put South Africa on the wrong development path.

Terreblanche stated that the apartheid system was replaced by a neo-liberal system that has nurtured existing economic structures, which continue to marginalise the majority of South Africans from actively participating in the economy. In short, the U.S. has been at the forefront of promoting neo-liberal principles and influencing South Africa's political economy since the early 1990s. On the other hand, advocates of Washington Consensus argued that the development of South Africa's domestic affairs would be determined by the rate of reinvestment that would expand the country's economy (Payne, 1994: 71). South Africa needed to make the reforms suggested by the United States in order to attract FDI. These reforms were implemented through the 1996 macro-economic policy GEAR, which can be characterised as a "liberal economic blueprint" (Broderick, 1998: 21). As President Mandela (1993: 95) pointed out:

> We [ANC] do not expect foreign investment to solve our [South Africa] economic problems, but we understand that it can play a very valuable role in our economic development (Mandela, 1993: 95).

The United States-South Africa bi-national commission was established in March 1995, as both states embarked on building a new partnership. The bi-national commission established six sub-committees to foster co-operation in the areas of (1) agriculture, (2) conservation, environment and water, (3) human resource development and education, (4) science and technology, (5) sustainable energy, and (6) trade and investment (Broderick, 1998: 34). The economic relations were further strengthened through the launch of the joint U.S.-South Africa Business Council, which serves as a platform for South African business leaders to engage with their American counterparts. Also, the U.S. Export-Import Bank enacted policies to encourage trade and investments in South Africa (Payne, 1994: 72). It is through the high-level bi-national commission that South Africa and the United States managed to strengthen economic ties, as U.S. multinational firms gradually returned to re-invest in South Africa.

5.2.2. AGOA, PEPFAR and the African Agenda

In May 2000, the U.S. congress approved the African Growth and Opportunity Act (AGOA) legislation that provides duty-free market access to the United States for some products exported from 39 eligible sub-Saharan African countries, including South Africa (DIRCO, 2013b). Even though, President Mandela denounced AGOA as unacceptable during a press conference with President Clinton, and labelled it as "neocolonialist" and a unilateral foreign initiative. Later when the bill was passed, South Africa had changed its position and President Thabo Mbeki described AGOA as "a good step" and "an important step" – as it cultivated South Africa's value-added export sectors (Weissman, 2018: 323). South African exports to the United States through AGOA increased from US$417 million in 2001 to US$790 million in 2002 (Trade Law Centre, 2019b: 2).

In addition to AGOA, the United States has made commitments to the World Trade Organisation through the Generalised System of Preferences (GSP) initiative, which provides sub-Saharan African countries, including South Africa, tariff preference on exports. The USAID has also demonstrated efforts to mitigate the impact of the HIV/AIDS epidemic in sub-Saharan Africa through the President's Emergency Plan for AIDS Relief Framework (PEPFAR) authorised in 2003, and has contributed $7.25 billion in South Africa between 2003 to 2020 (Cook, 2020: 5).[29] The North-South dialogues with the United States have supported South Africa's foreign policy goals to promote the African agenda, given that the outcomes of the bilateral engagements have benefited sub-Saharan Africa more broadly.

5.2.3. The Lobbying for the Renewal of AGOA Beyond 2015

In June 2012, President Barack Obama launched the U.S. Strategy towards sub-Saharan Africa and reaffirmed his administration's commitment to "work with congress to extend the unilateral preference under the AGOA beyond 2015, and the Generalised System of Preference beyond 2013" (The White House, 2012: 4). The strategy also set-out intentions of Obama's administration to work in partnership with the National Export Initiative and develop a "doing in Africa business campaign" – to further encourage U.S. multinational firms to invest in sub-Saharan Africa. The then South African President Jacob Zuma welcomed these initiatives, as it coincided with the adoption of the NDP (DIRCO, 2013b). In June 2013, President Obama made his first official visit to South Africa to engage in bilateral talks on trade and investment

[29] See Weissman (2018) for an in-depth analysis of the United States and South Africa's policy deliberations about the president's emergency programme for AIDS relief.

(DIRCO, 2014: 49). It was an opportune moment for South Africa to negotiate the terms of the renewal of AGOA beyond September 2015. At the United States-Africa Leaders' Summit in August 2014, both Presidents Zuma and Obama made a unified statement for the renewal of AGOA (DIRCO, 2015a: 52).

Later in June 2015, President Obama signed the AGOA Extension and Enhancement Act, extending the agreement for a further 10 year period until 2025 (Davies, 2016). However, the 2015 reauthorized bill introduced some conditions that would allow the United States to annually review South Africa's eligibility under AGOA (South African Government, 2015e).[30] Despite AGOA being reviewed annually, South Africa has managed to maintain its eligibility status. The South African Ambassador to the United States, Mninwa Mahlangu, in 2018 hailed AGOA as an initiative that has "enabled South Africa to increase exports of value-added products to the United States, thereby contributing positively toward our [South Africa] national imperatives to boost industrialisation and create jobs" (Mahlangu, 2018: 10). Trade benefits under the AGOA initiative have been a catalyst for the diversification of South Africa's exports.

5.2.4. Bilateral Relations on Mutual Respect and Understanding

Relations between South Africa and United States became confrontational when during a discussion on immigration reform with American policy makers, President Donald Trump allegedly vented his frustration questioning why the U.S. should welcome immigrants from "shithole countries" in Africa (quoted in AP News, 2018). The DIRCO dismissed President Trump's utterances, noting that it diminished the dignity of Africans, and issued a reminder about the contribution of the African diaspora towards the development of America. Following diplomatic deliberations, the United States Charge d'Affaires responded that the U.S. valued its partnership with South Africa and the African continent, and further elaborating that relations "must be based on mutual respect and understanding" (DIRCO, 2018b).

[30] See, Trade Law Center (2020) for detailed eligibility conditions under AGOA.

A month later Cyril Ramaphosa took an oath of office to become the President of South Africa. Ramaphosa's appointment received international recognition based on his commitment to address government corruption of the previous administration of which he was serving as deputy president (Stremlau, 2018). Washington welcomed the election of Ramaphosa and viewed it as an opportunity to bolster future economic cooperation between the two countries. In May 2018, the U.S. Deputy of State, John Sullivan, "welcomed President Ramaphosa's new government and his commitment to transparency, and expressed optimism that an improved business environment would open doors to prosperity for both countries" (United States Embassy and Consulates in South Africa, 2018a). Even the U.S. Embassy in Pretoria reaffirmed its commitment to advance economic partnership with South Africa and launched the Integrated Country Strategy, in August 2018. A key paragraph from the strategy stated:

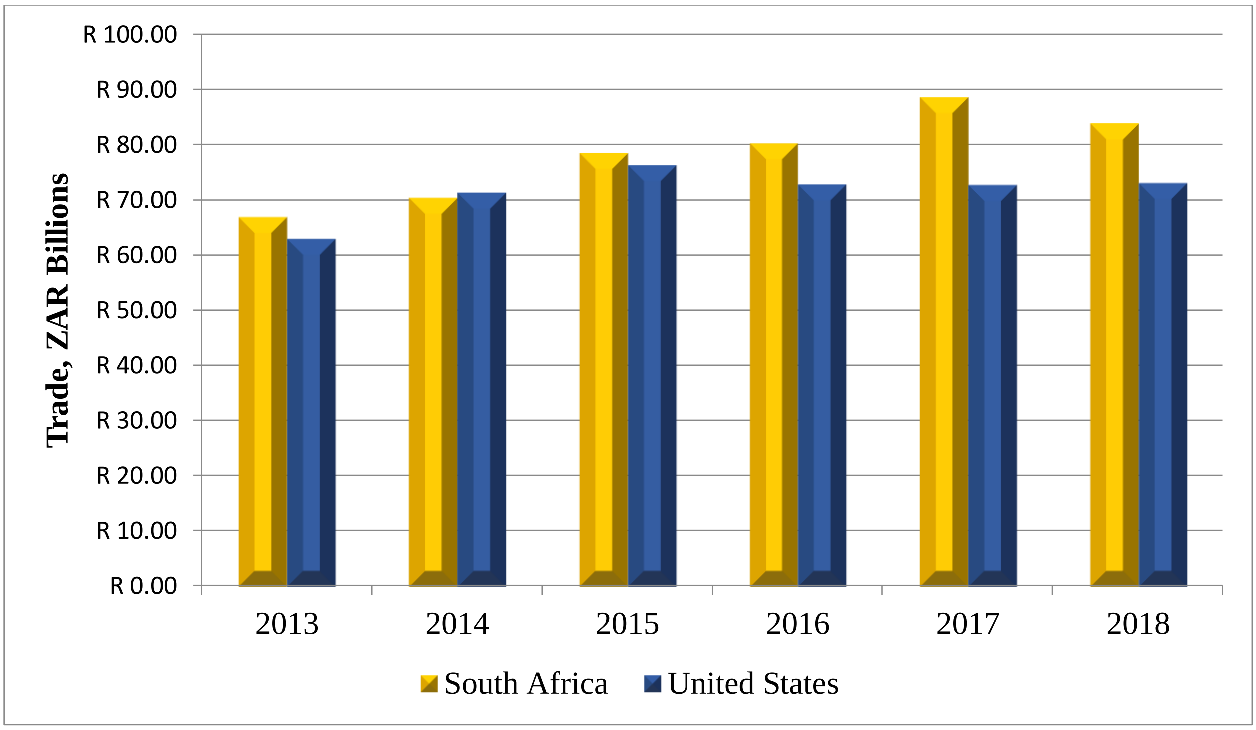
> As the most diversified economy on the continent with an excellent financial system, established infrastructure, an independent judiciary, and a vibrant free press, South Africa still offers great promise for a more robust and reciprocal trade and investment relationship with the United States, and opportunities for the U.S. private sector (U.S. Embassy Pretoria, 2018: 8).

Despite the South Africa-United States ambivalent relations, Pretoria has a long history of working with Washington through introducing initiatives that restored the trade and investment partnership. The South Africa-United States bilateral economic partnership has positioned Africa at the centre of their North-South dialogues via AGOA, the GSP, and PEPFAR. The next section will assess how the NDP is being implemented in the South Africa-United States trade partnership.

5.3. South Africa-United States Bilateral Trade Relations

This section provides an overview of trade between South Africa and the United States. The South Africa-United States economic partnership is guided by the Trade and Investment Framework Agreement (TIFA) signed in 1999, and amended in 2012 (UNCTD, 1999). The TIFA bilateral forum is a negotiation structure to address issues of trade and investment between both states (Davies, 2015d).

Figure 8: South Africa-United States Trade Balance (2013–2018)



Note: This graph presents South Africa and the United States annual trade of imports and exports during 2013–2018. ZAR indicates South African rands in billions. The trade data is retrieved from the SARS.

The United States has consistently been South Africa's second largest trade partner since 1994. However, in 2009 the trade patterns changed when China surpassed Germany to be South Africa's number one trade partner globally. This resulted to the United States being the third largest trade partner to South Africa, while South Africa is the United States 39th trade partner globally (Observatory of Economic Complexity, n.d.). Bilateral trade between South Africa and the United States increased from R131,4 billion in 2013 to a high of R157 billion in 2018, as shown in Figure 8. Within the five year period under review the total trade accounted for approximately R900,7 billion, with the trade balance in favour of South Africa.

5.3.1. United States Exports to South Africa (2013–2018)

The United States exports to South Africa from 2013 to 2018 accounted for R430,4 billion. The growth in imports increased steadily but it did not reach the 2015 peak. In 2018 there was a minor trade increase of R10,1 billion or 16 per cent when compared to 2013.

Table 13: United States Exports to South Africa (2013–2018)

Exports Customs Value (R Billions)					
2013	**2014**	**2015**	**2016**	**2017**	**2018**
63,028	71,362	76,295	72,902	72,775	73,131

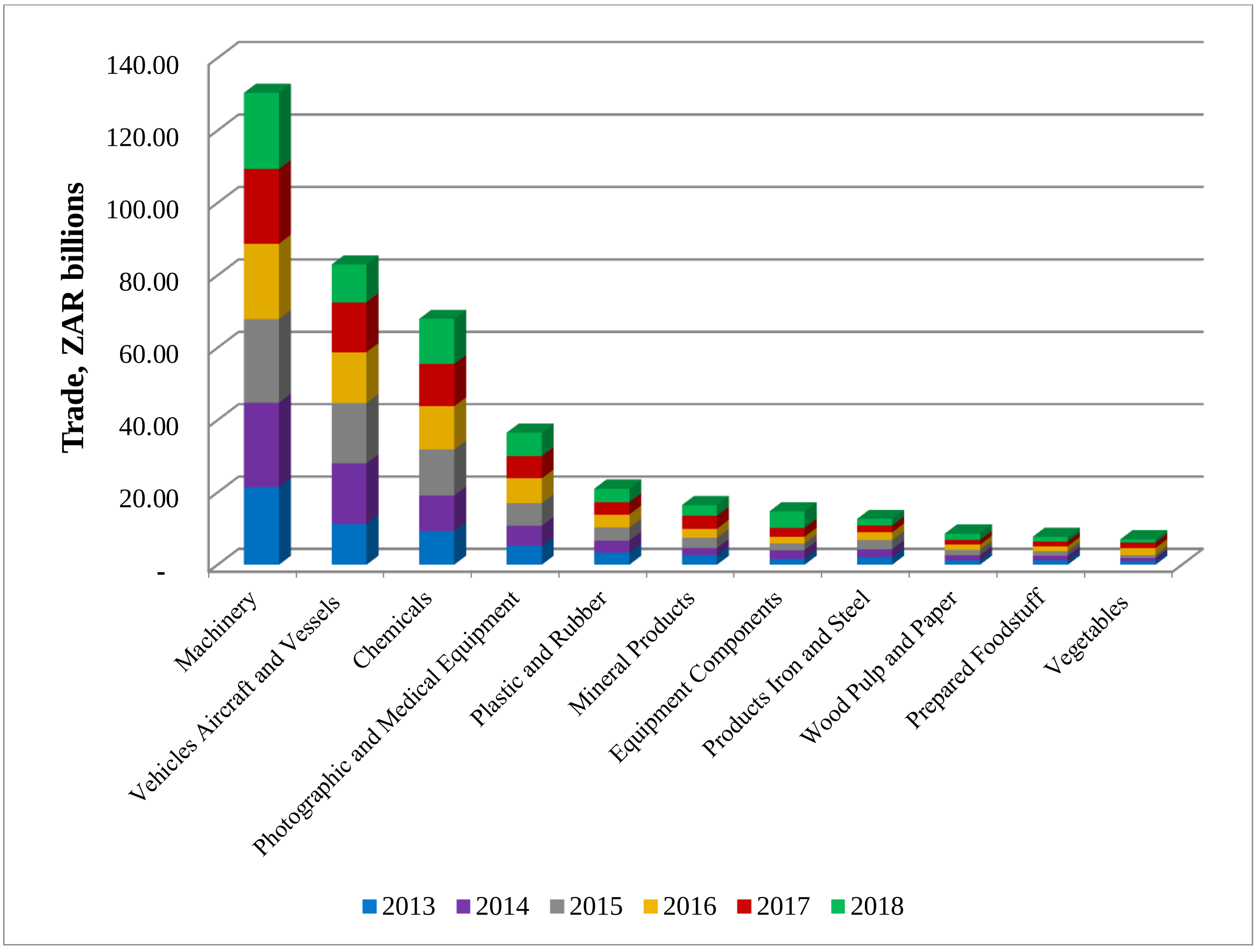
Note: This table presents the United States exports to South Africa annually during 2013–2018. R indicates South African rands in billions. The trade data is retrieved from SARS.

The United States exports to South Africa consisted of mainly machinery products that accounted for R130 billion or 32,28 per cent of total trade.[31] This was followed by vehicles, aircraft and vessels that constituted R82,9 billion or 19,27 per cent.[32] Also, chemicals that consist of pharmaceutical products accounted for R67,9 billion or 15,78 per cent, as well as photographic and medical equipment worth R36,5 billion or 8,48 per cent. The United States exports to South Africa were largely high-technology exchanges, as shown in Figure 9.

[31] Machinery refers to catalytic converters, computers, mechanical appliances, cell phones, and electrical equipment.

[32] Vehicles, aircrafts and vessels refer to ships, boats, floating structures, railways / tramway locomotives, aircraft, and spacecraft.

Figure 9: Top 10 United States Exports to South Africa (2013–2018)



Note: This graph presents the United States annual exports to South Africa according to products, during 2013–2018. ZAR indicates South African Rands in billions. The trade data is retrieved from SARS.

5.3.2. South Africa's Exports to the United States (2013–2018)

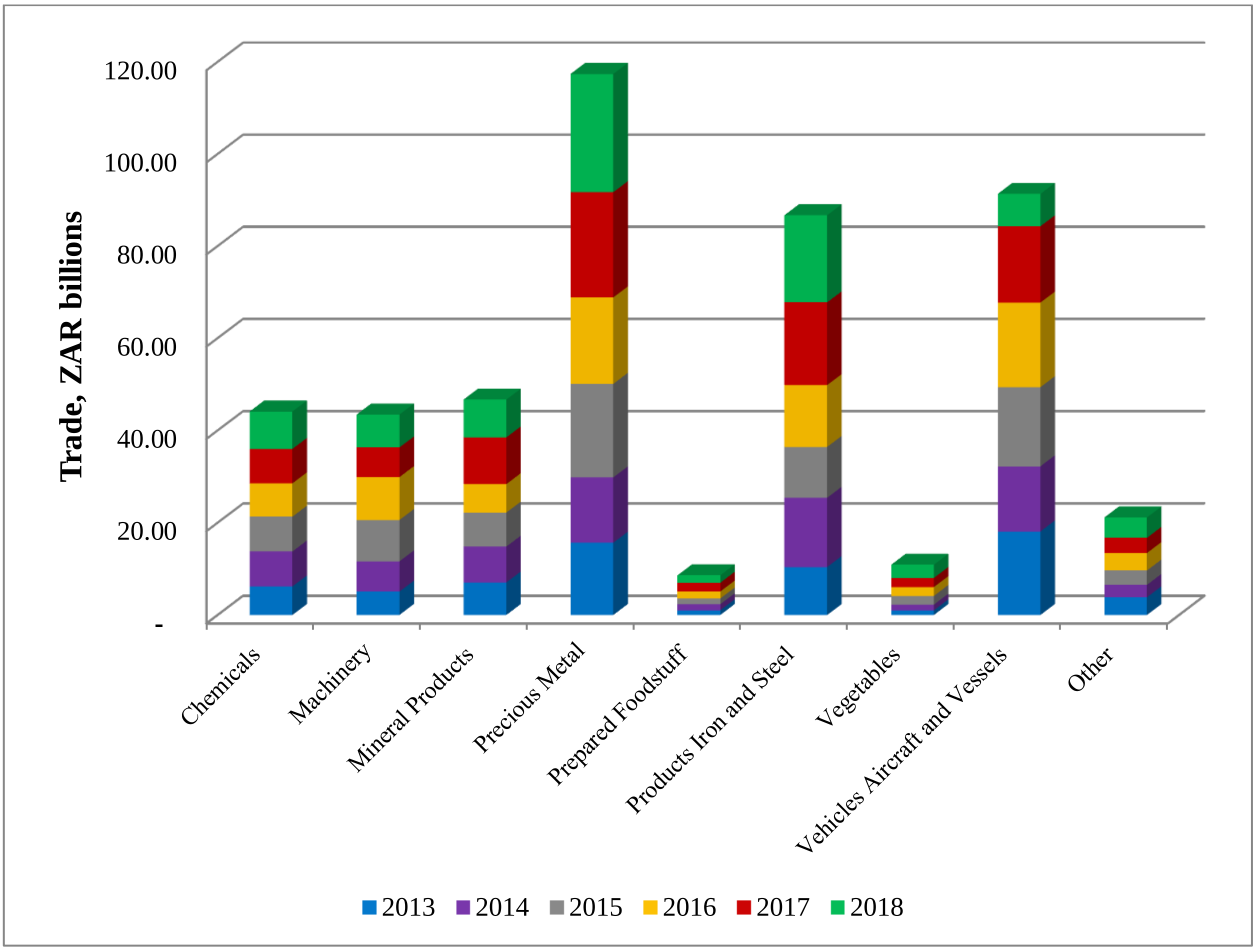
This section draws on the DTI's NIPF, where the emphasis is on an export-oriented approach to promote the diversity of South Africa's exports. South Africa's total exports to the United States from 2013 to 2018 accounted for R470,3 billion. The growth in South Africa's exports reflected a steady increase of R21,7 billion when comparing the figures of 2013 and 2017. In 2018, exports declined by 5 per cent, which is approximately R4,7 billion.

Table 14: South Africa's Exports to the United States (2013–2018)

Exports Custom Value (R Billions)					
2013	**2014**	**2015**	**2016**	**2017**	**2018**
66,880	70,439	78,576	80,308	88,656	83,940

Note: This table presents South Africa's exports to the United States annually during 2013–2018. R indicates South African Rands in billions. The trade data is retrieved from SARS.

Figure 10: South Africa's Exports to the United States (2013–2018)



Note: This graph presents South Africa's annual exports to the United States according to products, during 2013–2018. ZAR indicates South African rands in billions. The trade data is retrieved from SARS.

South Africa's exports to the United States are highly diversified, as presented in Figure 10. Traditional mineral commodities exported to the U.S. consisted of precious metals (gold, platinum, diamonds, and jewellery) that accounted for R117,3 billion or 24,95 per cent, and mineral products (ores, crude, coal, petroleum and electricity, sulphur, and stone) worth R46,6 billion or 9,92 per cent. The manufacturing sector exported vehicles, aircraft and vessels amounting to the value of R91,3 billion or 19,42 per cent. From 2013 the exports of vehicles drastically declined by R11 billion or 61 per cent when compared to the 2018 figure. The decline is attributed to exports in the automotive sector. In 2014, Mercedes Benz stopped exporting its C Class vehicles from South Africa, as the company relocated the production of these models to the U.S. (DTI, 2015e). Another factor caused the decline is the South African companies that manufacture aerospace products for international markets in the EU and the United States, which are required to have a Federal Aviation Authority certification. The challenge is that most companies are unable to afford the costs required to get the necessary certifications to export their products to the U.S. and EU markets (DTI, 2018b: 25).

The exports of products of iron and steel were worth R86,6 billion or 18,43 per cent.[33] This was followed by chemical products that accounted for R44,1 billion or 9,37 per cent and machinery amounting to R43,4 billion or 9,23 per cent.[34] The agricultural sector exported vegetables amounting to R10,9 billion or 2,32 per cent, while and prepared foodstuff accounted for R8,6 billion or 1,82 per cent. Overall, the exports categorised as "other" constituted R21,1 billion or 4,49 per cent of total exports to U.S. markets.[35] The analysis shows that South Africa's exports to the U.S. are diversified, with non-traditional tradable goods that constituted 65 per cent of the total exports. South Africa's exports to the United States are diversified and supports what the NIPF seeks to achieve, and the implementation of the NDP.

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[33] Products of iron and steel refer to copper, aluminium, tools, cutlery, spoons and forks.

[34] Chemicals refer to pharmaceutical products, cosmetics, toiletries and beverage syrup. Machinery refers to computers and mechanical appliances, cell phones, and electrical equipment.

[35] Products below 1 per cent of total South African exports to the U.S. are classified as other.

5.3.3. United States Tariff Profile

South Africa's foreign policy objective to be a bridge builder between the North and South has been affected by recent developments in the global political economy. The issue of trade liberalisation was apparent in the 2017 World Economic Forum, where commentators hailed Chinese President Xi Jinping as a defender of a free open trading system, while U.S. President Donald Trump was viewed as a defender of protectionism and economic nationalism (Mthembu, 2019: 183). Geopolitical tension has escalated between the United States and China, and has presented new challenges for certain South African products to access the U.S. markets. This has implications for South Africa's the manufacturing sector (IDC, 2018a: 3). The U.S.-China trade war also poses a foreign policy dilemma for South Africa, as China is the first and the United States the third largest trade partner to South Africa. The economic power of these states affects South Africa's perceived role a bridge builder between the North and South.

Table 15: United States MFN Tariff profile (2013–2018)

(%)	2013	2014	2015	2016	2017	2018
Tariff rate, MFN, weighted mean, all products	2,81	2,78	2,79	2,79	3.07	3,19
Tariff rate, MFN, weighted mean, manufactured products	2,61	2,61	2,64	2,64	2,39	2,56
Tariff rate, MFN, weighted mean, primary products	3,98	3,76	3,86	3,88	8,59	8,24

Note: This table presents United States MFN tariffs annually during 2013–2018. The economic statistic data is retrieved from the World Bank.

In March 2018, the Trump administration announced the imposition of tariffs on aluminium and steel import products to the United States, and this has negatively impacted on the productive capacity and jobs of South Africa's steel sector (South African Government, 2018f). The decision taken under the premise of protecting "national security" has caused substantial increase of the U.S. MFN tariff rates on primary products since 2017, as shown in Table 15. In October 2018, the U.S. government gave South Africa an exemption of tariffs for some of its steel and aluminium products following thorough negotiations, but the DTI remains adamant to receive a country-wide exemption (Trade Law Center, 2018). Countries that were previously excluded from the imposition of tariffs were no longer spared. These include Canada and Mexico, even though both states have a regional trade agreement with the United States under the North American Free Trade Agreement bloc (IDC, 2018c: 3). President Ramaphosa noted with concern that the "different treatment of trading partners" will raise "trade protectionism and threatens the multilateral trading system" (Ramaphosa, 2018b). In an attempt to save an industry in a brink of collapse, South Africa also decided to increase the domestic general rate of custom duty on primary steel products to 10 per cent (DTI, 2018b: 37).

On the other hand, South Africa has also displayed traits of trade protectionism, especially with the "AGOA poultry dispute" (South African Government, 2016d: 298). In its efforts to protect local infant industries and jobs, South Africa imposed anti-dumping duties on foreign produced poultry. American bureaucrats negotiated with the South African Poultry Association to "make market access concessions to U.S. exporters of poultry", and the United States senators Chris Coons of Delaware and Johnny Isakson of Georgia, threatened to block South Africa's AGOA preferential market access through Congress unless the demands of the U.S. poultry industries were met (Davies, 2015b). In November 2015, the then U.S. President Obama wrote a letter warning Pretoria that if the U.S. poultry concerns are not resolved by 31 December 2015, the U.S. would withdraw duty-free treatment for South Africa's agricultural exports (DTI, 2015c).

Following negotiations, an agreement was reached with the DTI in March 2016, and the U.S. Trade Representative Ambassador, Michael Froman, communicated that he would recommend for President Obama to lift the threat of the suspension for South Africa's agricultural concessions under AGOA (DTI, 2016f). However, the "Paris deal on poultry" has not been accepted by the South African Poultry Association, which later applied for an increment of 82 per cent in tariffs on poultry shipments from the United States and Brazil. The association claimed that foreign produced poultry imports have contributed to annual losses of US$393 million for the local industry (Independent

Online News, 2020). If the DTI agrees with the South African Poultry Association submission, it would again threaten the exclusion of the South Africa's agricultural sub-sectors under AGOA such as wine and vegetable exports (Winde, 2015).

The "national security" protectionist measures by the U.S. are likely to result in substantial volumes of the affected steel products being diverted to other world markets. This will cause a scramble for new markets outside North America and increase competition for South Africa (IDC, 2018d). Though South Africa it is still uncertain on whether it will impose tariffs on poultry imports from the U.S. – this might impact on other agriculture sub-industries, especially if Washington decides to retaliate and withdraw duty-free treatment on agricultural exports under AGOA.

5.3.4. Analysis of South Africa's Trade Competitiveness

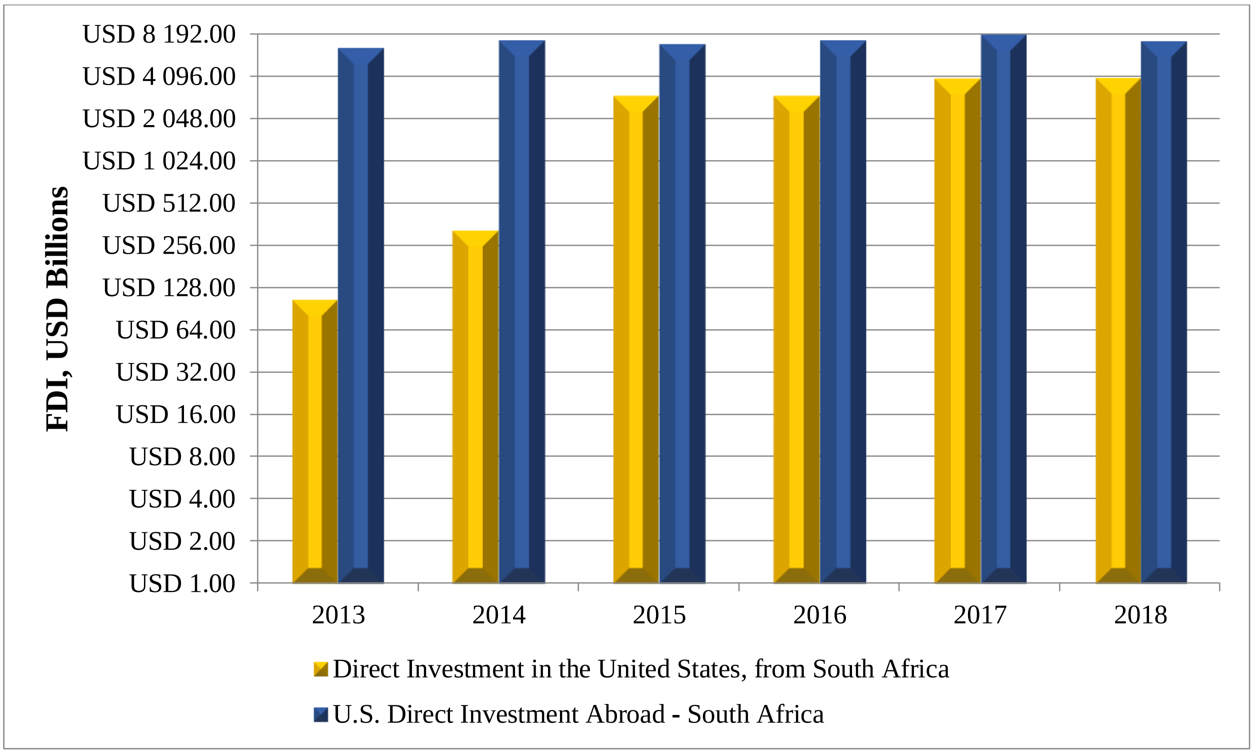
Geographically, South Africa has an advantage of port facilities located in the Western Cape region. Africa's extensive coastline and its proximity to Europe and North American markets gives South African based firms operating in labour-intensive manufacturing sectors a strong position over Asian competitors (NPC, 2011: 86). Also, South Africa is the United States largest trade partner in sub-Saharan Africa and accounts for 34 per cent of total trade volume of sub-Saharan Africa-United States trade (DIRCO, 2012). Under AGOA, South Africa is the largest non-oil trade partner to the United States, and ranks third after oil producing states: Nigeria and Angola respectively (South African Government, 2015d; Zuma, 2014a). When compared to other sub-Saharan Africa states, South African exports to the United States are the most diversified.

AGOA has contributed positively towards South Africa's efforts to nurture value-added manufacturing industries, and has created an estimated 62 thousand jobs in South Africa, and 100 thousand U.S. jobs (DTI, 2017d). As of 2018, an estimated 36 per cent of South Africa's total exports entered the U.S. market duty free through AGOA and the GSP (Trade Law Centre, 2019b: 1; Cook, 2020: 29). This includes the exports of automotive, agriculture, and chemicals sectors. However, South Africa's automotive exports under AGOA significantly declined in 2018 (Williams, 2019: 2). Unless the automotive companies resolve their challenge of the certification of exports, the decline will continue and is likely to impact on employment in the sector.

5.4. United States Foreign Direct Investment into South Africa

This section draws on the economic diplomacy approach to attract United States investments in South Africa's labour-intensive industries and infrastructure development. The TIFA is deemed as a mechanism to drive United States investments in South Africa with a belief that it is critical for national economic development (Nkoana-Mashabane, 2012).

Figure 11: South Africa-United States FDI (2013–2018)



Note: This graph presents South Africa and the United States annual FDI during 2013–2018. USD indicates United Stated dollars in billions. The FDI data is retrieved from the Bureau Economic Analysis.

The United States investments contribute approximately 10 per cent to South Africa's GDP. The United States has over 800 companies doing business in South Africa and employs over 220 thousand people. As of 2016, bilateral foreign investments in South Africa amounted to approximately R2,2 trillion from global partners, while U.S. companies accounted for about 22 per cent of the total investments (Ramaphosa, 2018c). The United States is the second largest source of FDI to South Africa after the United Kingdom, with a total of US$7,3 billion portfolio investments, as of 2018. South Africa remains the second largest destination of U.S. investments in the sub-Saharan African region after Mauritius.

The outward investment of corporate South Africa in the U.S. has rapidly increased to approximately US$4,3 billion in 2018, signifying a 97 per cent growth from 2013 (Cook, 2020: 27). The largest historic outward investment of a South African company in the U.S. is the gas liquefaction plant, SASOL's Lake Charles Chemical Project (LCCP) in the state of Louisiana. The LCCP project is worth an estimated US$12,9 billion, and strengthens SASOL's position in a growing global chemicals market (Sasol, 2017). In the state of Colorado, Sibanye Stillwater Mining Company acquired a mine worth US$2,2 billion in 2016 (Mahlangu, 2018: 8; South African Government, 2016d: 293). These examples highlight corporate South Africa's approach towards markets in North America, and largely focus on FDI in the mining sectors.

5.4.1. United States Investment into South Africa's Infrastructure

The United States has announced significant spending commitments to support sub-Saharan Africa's industrialisation, including South Africa. At the August 2014 inaugural U.S.-Africa Leaders' Summit, hosted in Washington DC by the then President Obama, the conference concluded with the U.S. making an investment commitment of US$33 billion towards Africa's infrastructure development including energy, financial service and technology (Vickers & Cawood, 2018: 142). Through this commitment USAID and its industry partners invested in the Africa Power initiative, to support Africa through the provision and expansion of energy on the continent (DIRCO, 2014: 49). Even the U.S. Export-Import Bank and the IDC South Africa signed a US$2 billion contract to provide credit guarantees to simulate the development of South Africa's renewable energy sector (DIRCO, 2012). In the private sector, American firms including Chevron Corporation and ExxonMobil have invested in South Africa's shale gas industry, in 2015 (ExxonMobil, 2017: 50).[36] The United States has a viable gas market and well-established distribution infrastructure, and South Africa is learning best practices from the U.S. in the exploration of shale gas (DTI, 2014b: 135; DIRCO, 2016: 56). These investments amongst others have potential to contribute to South Africa's electrical infrastructure.

While in 2015, American pharmaceutical company Pfizer developed partnerships with Biovac Institute in South Africa, to produce vaccines for infants. Pfizer has also worked alongside public and private organisations to develop human resources and upgrade the health infrastructure (Carroll, 2017). The investments of U.S. pharmaceutical firms in South Africa's health sector are to support capacity for South Africa to reproduce patented drugs domestically at a marginal production cost.

In 2018, President Ramaphosa's administration launched the investment drive to encourage new investments in South Africa's economy (South African Government, 2018d). As part of the investment drive, in September 2018, during the "invest in South Africa" roundtable discussion held in New York, President Ramaphosa encouraged U.S. multinational firms to invest in South Africa's infrastructure programme targeted at five key areas, namely water, transport, energy, telecommunications and social infrastructure. At the roundtable discussion Ramaphosa stated that:

> We see infrastructure investment as a critical enabler of growth and job creation, and are therefore consolidating government infrastructure resources into a single Infrastructure Fund (Ramaphosa, 2018c).

American multinational firms that have new investments in the Infrastructure Fund include Caterpillar, IBM, Dell, Microsoft and Hewlett Packard. The American software development firm Microsoft has funded and operated an academy that offers locals high-technology business skills, to develop Windows applications. Microsoft has invested in availing low-cost solar-powered internet cloud services for South African

[36] Chevron sold its 75 per cent stake to Glencore in 2018.

Small Medium to Micro Enterprises (SMMEs), and administrates training programmes for South African government officials to implement ICT policies (Carroll, 2017). The investments on software development and ICT are considered a key priority in the IPAP, as they have a potential to build South Africa's capacity in the ICT sector, and enable software products and services exports to compete globally (DTI, 2014b: 135).

The few examples demonstrate that the United States approach to investments in South Africa is varied according to industries and firms, as illustrated in Table 16. The U.S. MNCs investments in South Africa's "hard infrastructure" (as the NDP puts it), is targeted at renewable energy, mining, construction and healthcare. The U.S. investments in South Africa's "soft infrastructure" include software development and the ICT sector.

5.4.2. United States Investment in South Africa's Labour-intensive Sectors

Many of the U.S.-led initiatives have focused on partnering with South African SMMEs, in labour-intensive industries. In 2015, General Electric committed to R700 million investments to contract a customer innovation centre, and provide funding to South African SMMEs to promote the localisation of supply chain (DTI, 2015b: 39; (U.S. Chamber of Commerce, 2019). While the USAID has invested up to US$150 million to fund more than 300 SMMEs, and has created over 20 thousand jobs in South Africa (DIRCO, 2012). The USAID is working in partnership with the South African government to deliver broad based economic growth and facilitate greater participation and inclusion of black-owned businesses in the economy. This is done through aiding SMMEs in the manufacturing sector to gain market access and become competitive in domestic and international markets (USAID, 2020).

Table 16: Drivers of U.S. FDI to South Africa through MNCs and State Agencies

Industry	Enterprise	Driver of inward direct investments
Mining	Chevron Corporation ExxonMobil	IPAP short-term objective to attract investors to explore and develop South Africa's natural gas resources Strengthen the energy sector to provide for SA electricity needs
Automotive	Ford General Motors Tenneco	Government policy supporting labour intensive industries that fosters manufacturing to diversify exports
Energy	General Electric Power Africa U.S. Export-Import Bank USAID Overseas Private Investment Corporation	Government policy supporting investments in hard infrastructure in the renewable energy sector Strengthen the production of renewable energy
Computer Hardware and Software Development ICT	Microsoft Dell IBM Hewlett Packard Amazon	Government policy supporting investments in 'soft' infrastructure through software development Access to global markets to export software products and ICT services
Construction	Caterpillar	Access to manufactured construction and mining equipment to support infrastructure development
Tourism	Marriot Hotels	Build tourism infrastructure NDP recognises the tourism industry as labour-intensive to stimulate the growth of small businesses
Manufacturing	USAID	Build capacity of small medium enterprises to access domestic and international markets Policy initiatives to foster greater participation of the 'Second Economy' in South Africa markets
Pharmaceutical	Pfizer	Access to health infrastructure Capacity building for South Africa to produce critical medicines

The automotive industry has considerable investments from U.S. MNCs. In 2014, General Motors and component manufacture Tenneco South Africa were awarded with a R6 billion contract to export catalytic converters to North America (DTI, 2014a: 50). Also, in 2016 the Ford Motor Company of Southern Africa invested R2,5 billion to expand operations at its assembly plants in Pretoria and Port Elizabeth (Carroll, 2017). The DTI provided an incentive of R699 million to Ford, given that the project supports the Automotive Production and Development Programme under the IPAP. The latest investment positions South Africa as a strategic automotive export base of Ford-produced models that will be sold locally and exported to the sub-Saharan Africa. The Ford innovation hub provides local engineering graduates with traineeship for experimenting with new Ford technologies. The skills transfers will enable South Africa to build its local automotive industrial base for AGOA exports (DTI, 2016d).

The examples show the U.S. has invested in labour-intensive sectors, specifically the automotive industry and supporting manufacturing sectors operated by SMMEs to support their productivity and competitiveness. While in other labour-intensive sectors such as agro-processing, plastic associated sub-sectors, and clothing, textiles, leather and footwear, there appears to be fewer investments from U.S. firms.

5.4.3. Analysis of South Africa-United States Investment Relations

There are three major challenges facing U.S. multinational firms from expanding their operations in South Africa. The first is policy changes related to business equity. According to a study conducted by the American Chamber of Commerce, U.S. multinational firms have concerns about the application of the Broad Based Black Economic Empowerment (BBBEE) Act. The amended Codes of Good Practice of the BBBEE Act No. 46 of 2013, as amended in 2015, requires companies to comply with the codes through applying them in their business operations (Carroll, 2017). For instance, the Black Economic Empowerment Mining Charter requires companies with mining rights to have at least 30 per cent of Black ownership (Claar, 2018: 82). The ownership element has become a compulsory and carries a penalty on the BBBEE scorecard if it is not implemented. The compulsory conditions on investments for foreign firms are part of the South African government policy to redress inequality through empowering the "Second Economy". The U.S. firms have raised concerns that "it is difficult for a MNC to give up ownership" (American Chamber of Commerce in South Africa, 2017: 11). President Ramaphosa has recently reaffirmed the South African government stance on the policy asserting that South Africa "will not abandon BBBEE" (Ramaphosa, 2019f).

The second challenge is the cost of labour. For the United States MNCs, the cost of labour in South Africa is considered to be uncompetitive when compared to regions such as Asia. The observed trend in this analysis is that the U.S. MNCs have invested less in low-skills labour intensive industries, and have focused more on high-technology skills sector. The South African market is largely made up of low-skill labour within the manufacturing labour-intensive sectors. The NDP notes that the reason for South Africa's lack of competitiveness in the manufacturing sector is that "uncompetitive labour markets keep new entrants out and skew the economy towards high skills and high productivity sectors" (NPC, 2011: 111). Uncompetitive labour market influences MNCs to invest in the high skills labour sector rather than the unskilled labour, therefore raising the levels of inequality. This line of reasoning in the NDP promotes cheap labour, as it advocates for labour regulation reforms and for companies to cheapen the price of labour (Strauss, 2013: 124). Labour unions in South Africa have opposed cheap labour standards and demand that government pass a Minimum Wage Bill that was signed into law in November 2018 (South African Government, 2018a). However, labour unions described the bill as "a betrayal to the working class" and argued that the minimum wage is not enough to reduce poverty among the lowest earners (News24, 2020).

The third challenge relates to high import duties for U.S. multinational firms seeking to expand their operations to the South African market. In 2016 the Minister of Trade and Industry, Rob Davies, encouraged the U.S. based Tesla Company to work with the DTI and expand their investments in South Africa (DTI, 2016g). The DTI attempt was unsuccessful when in 2019 the CEO of Tesla, Elon Musk, noted that Tesla is eager to expand their operations in South Africa, however, "import duties are extremely high, even for electric vehicles" (Musk, 2019). While the DTI seeks to negotiate with U.S. multinational firms to assemble their vehicles locally, however, high import tariffs causes less investments in South Africa's labour-intensive sectors. Even though the United States multinational firms have substantially invested in South Africa's economy, however, their primary concern is the policy changes related to BBBEE, uncompetitive labour markets, and high import duties that tend to stifle investments into South Africa's economy.

5.5. Conclusion

Since 1994, South Africa's foreign policy has been based on the premise that it should be a bridge builder between countries of the North and South. South Africa's attempt to build bridges has been through the North-South dialogues, which have been instrumental in negotiating significant financial resource commitments from the North, to advance the domestic priorities of South Africa, and the development of sub-Saharan Africa.

The effectiveness of the North-South dialogues has been witnessed in South Africa's bilateral relations with the United States. Despite the NDP's vague view about how South Africa should partner with the United States to address domestic priorities, the DIRCO and DTI have strengthened economic partnerships with Washington. Successive post-apartheid governments, from Mandela to Ramaphosa's administration have maintained economic diplomacy with the United States to address the development challenges of South Africa and sub-Saharan Africa. In the mid-1990s, South Africa-United States relations focused mainly on the political aspect to ensure South Africa's transition into a democratic state. The South Africa-United States bi-national commission paved the way for economic relations to be restored, and to rebuild South Africa's economy through lobbying for U.S. multinational firms to reinvest in South Africa.

The North-South dialogues with the United States have been an important source of ODA to South Africa and sub-Saharan Africa, to address health priorities through the PEPFAR. Even though maintaining an economic diplomacy strategy for ODA is part of the DIRCO's approach in the Global North, the NDP does not make any reference to foreign aid.

In the early 2000s, the South Africa-United States economic diplomacy transitioned to focus on trade for development through the introduction of AGOA. As the DTI puts it, AGOA is “transforming Africa from a continent that used to rely on development aid” and today it contributes to sub-Saharan Africa’s including South Africa’s industrialisation (Davies, 2015b). Indeed, AGOA has supported South African manufactured and agricultural produce to gain preferential market access to the United States. AGOA has brought about beneficial terms of trade, given that the trade balance has been in favour of South Africa throughout the 2013 to 2018 periods. To answer whether South African exports to the United States are diversified: the analysis revealed that South African exports are highly diversified and non-traditional tradable goods (outlined in the NIPF) constitute 65 per cent of total exports to the United States. This includes precious metals, machinery, vehicles and aircraft products.

There are two significant factors that require attention: first, the increase of protectionism measures between South Africa and the United States, and second, what this means for the industries affected by the tariff hikes. There is intensifying competition for steel and aluminium products to enter the United States markets. President Trump’s nationalist stance to “put America first” has already posed a challenge for both South Africa’s economic diplomacy as well as trade and industrial policies. A key challenge for South Africa’s economic diplomacy is striking a balance in its relations with two of the most important trade partners, which is China and the United States, who are involved in a trade war. The situation is that China and the United States remain South Africa’s first and third trade partners respectively, with significant economic power. The foreign policy dilemma as a middle power is: how will South Africa build bridges between the world’s largest economies?

From the trade and industrial policy perspective, the DTI has to salvage the situation in the already underperforming steel sector that is now even more severely affected by the U.S. imposition of tariffs. Though the newly elected administration under the leadership of U.S. President, Joe Biden, might change its stance on tariffs. As competition intensifies within the United States economy for steel and aluminium products, South Africa will likely be forced to seek alternative markets. Also, the AGOA poultry dispute could resurface, given the DTI’s decision to increase tariffs on U.S. poultry imports (Independent Online News, 2020). The consequence of the tariff hikes could potentially be met with retaliation from the U.S. and affect South Africa's agriculture sub-sectors that are also considered to be labour-intensive industries. While AGOA is expected to expire in 2025, the prospects of the preferential agreement being renewed will be determined by whether South Africa is still eligible.

How well is South Africa doing in its efforts to foster inward investments in labour-intensive industries and infrastructure with the United States? The expansion of the U.S. multinational firms is deemed as an opportunity to drive investments of high-technology transfers in value-added industries and the beneficiation of minerals. The empirical analysis suggests that the U.S. investments are mainly focused on the extraction of gas and the production of renewable energy to strengthen South Africa's electricity needs. American firms' investments tend to be centred on "soft infrastructure such as software development and ICT rather than hard infrastructure. The problem is that the hard infrastructure needs to be modernised, and therefore the "underinvestment may require higher tariffs" on trade (as the NDP put it), with a view that policy should focus on increasing investments in new infrastructure (NPC, 2011: 40). In the manufacturing sector, the U.S. investments support the localisation of supply chains for SMMEs, and focus on assembly of vehicles in the automotive industry. However, policy changes of the BBBEE Act, uncompetitive labour markets, and high tariff rates reduce investment confidence. Policy makers in Pretoria will have to address these underlining challenges for South Africa's economic diplomacy to succeed, towards Global North states.

CHAPTER 5

Concluding Remarks and Recommendations for Economic Diplomacy in the Realisation of the National Development Plan 2030 Vision

6. Introduction

The analysis throughout this study is: if South Africa is to address the domestic priorities of poverty, unemployment and inequality, it will be crucial to put into practice economic diplomacy in its bilateral relations, for the effective implementation of the NDP. The study observed whether the DIRCO and DTI have implemented South Africa's economic diplomacy in accordance with guidance from the NDP. The discussion in Chapter 1 identified four crucial pillars that characterise South Africa's economic diplomacy strategy: the diversification of exports, market access, industrialisation, and regional integration in Africa. This study contends that these four pillars are interlinked, and some have not been effectively implemented in South Africa's economic diplomacy. To advance this argument, the concluding chapter begins with a brief analysis of how the DIRCO and DTI have coordinated their diplomatic activities to implement economic diplomacy. It then proceeds to an analysis of what the main constraints are in the implementation of South Africa's economic diplomacy, to determine lessons that can be drawn from the current approach. The final analysis concludes with observations of the future direction South Africa's economic diplomacy during the final decade of the implementation of the NDP vision 2030.

6.1. The Consolidation of Foreign Policy with Economic Diplomacy

What is clear from the discussions is that coordination between South African government departments is critical for the implementation of the NDP. The main criticism is that the NPC did not consult with some departments when formulating the NDP. The failure to transform South Africa's political economy is caused by the lack of alignment between government departments' economic policies with the NDP (Kondlo, 2015: 13; Qobo & Dube, 2015: 2015). The finding in Chapter 1 reveal that the

DIRCO and DTI had to work on modifying their existing polices to support the NDP's recommendations. The disjointed approach in the drafting process of the NDP may be cited as a reason for the slow progress in implementation: rather than simply executing policy, many government departments' had to re-evaluate their on-going activities, to align their strategies with the NDP.

Though there are calls to merge the DIRCO and DTI to improve on inter-department cooperation in the implementation of economic diplomacy, however, in practice the division of roles appears to be well orchestrated, as demonstrated in Chapter 2, 3, and 4. The role of DIRCO is centered on being at the forefront of establishing diplomatic relations between South Africa and foreign governments through, for example, bi-national commissions. While the role of the DTI in the promotion and negotiations of trade and investment treaties should not be underestimated. The competences of the DTI diplomats in high-profile negotiations were evident, especially in settling the AGOA dispute to reach the "Paris deal on poultry" agreement, and persuading China to invest in South Africa's SEZs which resulted to several treaties. With complementary but different mandates, it is at this working level that the DIRCO and DTI have been able to consolidate their economic diplomatic activities abroad.

In addition, there are incidents whereby post-apartheid South Africa compromised on its foreign policy principles to promote democracy and human rights, which were outweighed by economic interests. The discussion in Chapter 2 and 3 reveals South Africa's foreign policy approach to human rights violations in Nigeria and China differed. While South Africa criticised human rights violations and called for economic sanctions against Nigeria, it did not respond in the same measure to China: rather South Africa prioritised economic interests over foreign policy principles. The differences in the approach demonstrate that post-apartheid South Africa's foreign policy decision-making did not maintain neutrality in the cases of China and Nigeria. In view of this, the rationale behind why the DIRCO and DTI have not been merged is to ensure that South Africa's foreign policy is not solely based on the pursuit for economic interests (Mthembu, 2019: 190; Maloka, 2019: 219). This is demonstrably true in the sense that post-apartheid South Africa's foreign policy is effectuated through various methods of diplomacy.

6.2. Economic Diplomacy Constraints in Africa: Nigeria

South Africa's economic diplomacy priority in Africa is centered on the pursuit for regional integration. In practice the economic diplomacy strategy was advantageous for South Africa, as the country's exports to Nigeria are diversified, and the implementation of the NIPF is in accordance with the NDP recommendations. Despite the trade partnership being based on unequal terms of trade due to South Africa's high demand for oil imports, some may argue that "trade deficits tend to reduce the number of jobs and increase the unemployment rate of a country" (Jackson, 2020: 2). In the case of Nigeria, this is highly unlikely as South Africa rarely produces oil, however, the country could increase the exports of non-traditional tradable goods to Nigeria, to resolve the imbalance of trade.

The main constraint in the South Africa-Nigeria economic partnership is market access. The analysis in Chapter 2 revealed how Nigeria's protectionist measures have negatively impacted on South Africa's exports, especially in the manufacturing sectors. In addition, the stringent regulations on import duties of stock and repatriating profits have caused several South African firms to exit Nigeria's market. The main priority for South Africa to address the market access constraint, will be overseeing the effective implementation of the AfCFTA. The AfCFTA will deepen regional integration through the elimination of trade barriers among the 55 African states. The role of the AfCFTA in South Africa's economic diplomacy is to support the country's exports to reach the 1,2 billion market in Africa. The AfCFTA will be highly advantageous for South Africa which has diversified exports, especially when compared to oil producing trade partners in the sub-Saharan Africa such as Nigeria and Angola. Since South Africa is Nigeria's 35th import partner globally, the DTI should assess which countries are Nigeria's top trade partners and identify the type of products that are in high demand in Nigeria's market. The AfCFTA presents an opportunity for South Africa to supplant Nigeria's top trade partners.

While the AfCFTA will potentially benefit South African corporates to further expand investments into Nigeria's market, however, the collaboration between the state and business remains a fragmented approach. Unethical business practices of corporates can be viewed as a constraint for South Africa's economic diplomacy. If the DIRCO and DTI are to successfully lead South African corporates into African markets, the unethical conduct needs to be addressed. Some commentators have argued that once a formal structure such as the South African Development Partnership Agency is established, this would contribute to closer alignment between the state and business to facilitate better coordination into African markets (Vickers, 2014: 74; Vickers & Cawood, 2018: 147).

In addition, President Ramaphosa has noted that "government has been working to prepare South African based firms for their participation in the AfCFTA" (Ramaphosa, 2020). This suggests the commitment of the state to involve the business community in foreign policy decision-making. The preparation should also entail involving SMMEs. A limitation of the study is the analysis of how South African SMMEs have expanded into African markets, due the lack of access to investment data. The SMMEs would benefit from the AfCFTA, as these businesses employ an estimated 15,7 million people (Small Enterprise Development Agency, 2016: 13). The discussion in Chapter 4 noted how the United States multinational firms have often worked closely with South African SMMEs, which usually comprises of the "Second Economy"– to help them gain access to domestic and international markets. A similar strategy can be utilised by South African state-owned and private enterprises and foster closer cooperation with SMMEs. The participation of SMMEs in the AfCFTA would contribute to South Africa's transformation agenda.

The slow progress in the implementation of the AfCFTA is presented with two primary challenges. Similar to many AU member states that delayed ratifying the AfCFTA, Nigeria has raised concerns about the provisions of exports produced in SEZs under the AfCFTA. The discussion in Chapter 3 noted that China has shown vested interest in South Africa's SEZs. The China model to establish industrial parks is wide-spread across Africa including Kenya, Uganda, Cameroon, Tanzania, and Ethiopia amongst other countries. China could be potentially shifting its manufacturing production to SEZs in order for its products to access African markets. The AU is dealing with the concerns of many African states: how to address the unfair competition that emanates from goods produced in SEZs, and traded under the AfCFTA. Article 23 on the Protocol on Trade in Goods of the AfCFTA stipulates that goods manufactured in SEZs will be subjected to the provisions of Annex 2 that details the rules of origins

(African Union, 2018a: 25). The Annex 2 clarifies that products manufactured under SEZs should be exported with a "certificate of origin" to ensure that "a particular product complies with the origin criteria applying to preferential trade" (African Union, 2018b: 3). While the AU negotiations continue concerning the rules-of-origins under the AfCFTA, regulatory measures need to be put in place to ensure states outside of Africa do not risk the strides made for regional integration.

Second, the United States has challenged the efforts to foster regional integration through negotiating for a FTA with Kenya. Mthembu and Kornegay (2020: 5) wrote, the AfCFTA "prospects [are] already under pressure from the Trump-Uhuru Kenyatta U.S.-Kenya FTA initiative". Kenya's unilateral decision to pursue FTA negotiations with the United States has provoked criticism from the AU. Erastus Mwencha, former Deputy Chairperson of the AU Commission noted that "under the African Union, the African heads of state have discouraged member states from entering into bilateral free trade negotiations with third parties because they jeopardise the AfCFTA" (Mwencha, 2020). Article 18 of the AfCFTA on Continental Preferences stipulates that:

> A state party shall afford opportunity to other state parties to negotiate state preference granted to third parties prior to entry into force of this agreement and such preference shall be on reciprocal basis. In the case where a state party is interested in the preferences in this paragraph, the state party shall afford opportunity to other state parties to negotiate on reciprocal basis, taking into account levels of development of state parties (African Union, 2018a: 12).

The provision explains that any preferences accorded to the United States (as a third party) would have to be extended to the AfCFTA state parties on a reciprocal basis. Overall, the primary constraints for South Africa's economic diplomacy in Africa can be explained by a combination of the slow progress in the implementation of the AfCFTA, which would help in the elimination of trade barriers to ease market access, and states outside the African continent who risk the strides made for regional integration.

6.3. Economic Diplomacy Constraints in the Global South: China

South Africa's economic diplomacy towards China has been centred on the promotion of South-South cooperation. In practice South Africa has not implemented what it sought to achieve through its economic diplomacy strategy, which is the diversification of exports. Mineral resources dominate South Africa's exports to China, and the findings in Chapter 3 explain that the lack of exports diversification is caused by South Africa lacking capabilities to produce technology-intensive products that are in high demand in China's market. This constraint may be cited as a reason why there is a substantial trade deficit that is in favour of China. South Africa's trade partnership with China has not implemented the core ideas of the NIPF, and more broadly the NDP.

Although negotiations for market access of South African non-traditional tradable goods have featured prominently in many of South Africa's engagements with China, the analysis indicates there has been no solution to this problem. The logic of entering into a potential FTA with China, under the assumption that such an agreement would correct the imbalance of trade, and afford South Africa a competitive advantage is flawed. There is no evidence to support such a view. What can be determined is that a FTA with China could negatively impact on South Africa's manufacturing industries and exacerbate the unemployment crisis. The DTI would have to conduct a readiness and risk assessment of entering into a FTA with China, and how to ensure equal terms of trade.

A possible solution that can remedy the unsustainable trade relations: South Africa could negotiate for a FTA that grants "preferential access to the Chinese domestic market" (Shelton, 2004: 69). A non-reciprocal preferential trade agreement that is similar to AGOA could support South African non-traditional tradable goods to access China's market. For instance, in 2018 South Africa exported non-traditional tradable goods (excluding mineral resources) worth R75 billion to the United States compared to the R35 billion to China. This is despite the fact that South Africa's exports to China exceed those to the U.S. market. This demonstrates how a preferential trade agreement would benefit the exports of South Africa's non-traditional tradable goods to access China's market.

In addition, the DTI should also consider policy reforms and attract investments in the manufacturing of technology-intensive products that are in high demand in markets such as China. China's development model became a success, given that over 80 per cent of the country's technology-intensive products exports are from foreign investors (Thun, 2014: 296). Since South African policy makers have emulated China's development model, the DTI should pursue negotiations with China or foreign companies to invest in South Africa's technology-intensive sectors.

Despite many being sceptical of China's intentions in South Africa, China's development model of establishing SEZs across South Africa has enabled the country to manufacture diversified products that can be exported to African markets. This shows the efficacy of the South Africa-China partnership to implement the recommendations of the NDP, and drive investments into labour-intensive industries and infrastructure development. Some of the existing problems in the investment partnership are accountability and transparency. First, the findings reveal that the accountability constraint emanates from corruption in the procurement processes. It is evident that there is a growing concern that some Chinese enterprises have not delivered on the agreements for certain development projects in the SEZs (Commission of Inquiry into State Capture, 2018: 15). This has caused increased scepticism of China's commitment to invest in South Africa's development.

Second, there is lack of transparency in the China-South Africa investment partnership, and often the terms and conditions of the business deals are not made public (Cook 2020: 5). The findings reveal that China's loan terms include high interest rates that make repayment to be very expensive for South Africa. The repayment of high interest rates on loans have a potential to crowd out government spending on service delivery, and these resources could be repurpose to fund other development priorities. Another transparency constraint relates to reports have emerged that some communities who should be supposedly employed in the SEZs are not aware of the economic activities (Mail & Guardian, 2020). Building effective mechanisms to strengthen transparency and accountability in the designated SEZs is imperative, and this is the responsibility of the DTI as the SEZs programme is an initiative intended to support in the implementation of the IPAP, and more broadly the NDP.

6.4. Economic Diplomacy Constraints in the Global North: United States

South Africa's economic diplomacy towards United States has focused on North-South dialogues, described by Landsberg (2014) as a "developmental foreign policy". The most positive South Africa-United States economic cooperation is the trade relations under AGOA, and from the 39 eligible African states, nearly 58 per cent of the United States non-oil imports under AGOA come from South Africa alone (Williams, 2019: 1). AGOA has been instrumental for South African non-traditional tradable goods to gain preferential market access to the U.S., and has created an estimated 62 000 jobs in South Africa (DTI, 2017d). In the case of the South Africa-United States trade partnership, South Africa has implemented what is sought to achieve, to diversify exports as advocated for in the NIPF and NDP.

The first important constraint in the South Africa-United States trade relations is the United States decision to impose tariffs on the steel and aluminium products. This decision has negatively impacted on South Africa's steels sector, which has shed thousands of jobs. Without the country-wide exemption for South African steel and aluminium products to enter the U.S. market, it will be difficult to search for new markets outside North America, as South Africa will be competing with other affected states. The DTI would have to undertake negotiations for South Africa to receive as country-wide exemption, with the newly elected administration under the leadership of President Joe Biden, who might change its stance on tariffs.

The developments of the U.S.-Kenya FTA negotiations have possible constraints for South Africa's economic diplomacy. Washington has described the U.S.-Kenya FTA as a "model for additional trade agreements across the continent" (Office of the United States Trade Representative, 2020). The sentiments of the United States trade officials to expand FTA negotiations with individual states across the Africa raises questions about the prospect of the renewal of AGOA beyond 2025. Even though not explicitly mentioned, commentators argue that the United State could seek greater reciprocity in due course (IDC, 2017: 3). The rationale is that the United States has experienced an imbalance of trade for successive years and its trade performance will be questioned, which might result to Washington taking further protectionism measures (IDC, 2018b: 2).

On the other hand, the United States might call for a greater focus on "two-way trade in AGOA and potentially reciprocal trade requirements with some AGOA-eligible countries" (Cook, Arieff, Blanchard & Williams, 2014: 13). South Africa has entered into reciprocal FTA with the EU countries including Switzerland, Norway, Lichtenstein, and Iceland. The FTAs gives EU firms' preferential access to South Africa's market. Despite AGOA giving South African firms' trade preference to the U.S. market; however, it is not reciprocal as U.S. firms do not have preferential access to South Africa's market (Cook, 2020: 28). The findings in Chapter 4 reveal that some U.S. multinational firms are reluctant to expand their investments into South Africa due to very high import duties. South Africa's decision to give EU countries preferential market access is viewed as disadvantage for the United States economic interests in South Africa.

For South African policy makers, the transformation of the domestic economy to address inequality is a key priority, but achieving this in practice could present some challenges. The 2015 AGOA Extension and Enhancement Act introduced some conditions that allow the United States to review South Africa's eligibility at any time. As noted in Chapter 1, Ramaphosa's administration has expressed intentions to proceed with the RET policy, which includes the expropriation of land without compensation and the nationalisation of the SARB. Under the AGOA eligibility criteria, it stipulates a country must continue progress towards "a market based economy that protects private property rights… and minimises government interference in the economy" (Trade Law Center, 2020). AGOA preferences are linked to countries remaining compliant with the eligibility criteria. For instance, when a country expropriates assets owned by U.S. citizens or corporations, it risks losing its AGOA beneficiary status. The move to expropriate land without compensation and the nationalisation of the SARB could also potentially affect South Africa's AGOA eligibility in future (Cook, 2020: 29).

The renewal of AGOA beyond 2025 will be a priority of South Africa's economic diplomacy. For the negotiations, the DIRCO and DTI will have to prepare for the possibility of the United States seeking reciprocal trade requirements or whether South Africa will remain eligible under AGOA. AGOA is fundamental for South Africa and sub-Saharan Africa's industrialisation. South Africa will have to lobby with its counterparts on the African continent for President Biden's administration to renew AGOA.

While the adoption of the Minimum Wage Bill and the BBBEE signify commitment to transform the economy and reduce inequality among South Africa's labour force, the policy measures tend to stifle investments into the economy. Though there are many United States multinational firms operating in South Africa, the findings reveal investors' target high skills and technology-intensive sectors such as software development and ICT than labour-intensive industries consisting of low skills labour. South Africa will have to consider this constraint in the implementation of the IPAP, and how to continue with the transformation agenda while maintaining investment confidence. Since South Africa has begun public discourse on ownership and control of land and the economy, the role of the DIRCO and DTI will be to communicate future policy changes to foreign governments and investors, to avoid further policy uncertainty. Despite lack of guidance from the NDP on how to approach these issues, the closer alignment of the DIRCO and DTI is important to collectively contribute to and achieving the transformation agenda.

6.5. The Way Forward towards NDP Vision 2030 and Beyond

While South Africa's economic diplomacy has been put to practice according to the four pillars, constantly changing circumstances have caused uncertainties on whether the country will reach its NDP targets with less than a decade to go for the 2030 vision. There will be a slow recovery of the global economy following the COVID-19 crisis, which the World Bank has forecasted to be worst global recession since World War II (World Bank, 2020). What do the changing dynamics mean for the future direction of South Africa's economic diplomacy?

Economic diplomacy will be critical in improving the growth trajectory of South Africa's political economy. There appears to be an intensifying shift towards entering into FTA in South Africa's economic diplomacy strategy. South Africa has entered into the AfCFTA as well as reciprocal FTA with some of the EU countries. This economic diplomacy strategy has some risks to consider, as the United States could further negotiate unilateral FTA with African states (including South Africa) for reciprocal trade preference in future. On the other hand, China continues to persuade South Africa that a FTA would correct the imbalance of trade. Since the NDP has given no guidance on how South Africa can approach FTA with states outside the African continent, future scholars seeking to understand South Africa's economic diplomacy strategy could reflect on the proliferation of FTA across the geo-political regions and the implications for South Africa's economy.

The constraints in the implementation of South Africa's economic diplomacy can be explained by a combination of the slow progress to implement the AfCFTA for regional integration, lack of capabilities to manufacture technology-intensive products, corporate South Africa's unethical business practices, lack of accountability and transparency in the investments deals, heightened protectionist measures, and policy uncertainty of the transformation agenda. As Trevor Manuel noted in 2011:

> On the present trajectory, South Africa will not achieve the objectives of eliminating poverty and reducing inequality. There is a burning need for faster progress, more action and better implementation (Manuel, 2011: 1).

Manuel's sentiments remain relevant in the current context, and economic diplomacy performs a crucial role in the implementation of the NDP. This this would seem to be a good time to reflect on these constraints, to improve on the implementation of the NDP. The future direction of South Africa's economic diplomacy needs to have a positive impact on domestic priorities such working with foreign state and non-state actors to advance the transformation agenda and achieve the NDP goals of the elimination of poverty, unemployment and inequality.

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APPENDICES

Table 17: Nigeria Exports to South Africa (2013–2018)

No	Product Description	Custom value in South African Rand (ZAR)					
		2013	**2014**	**2015**	**2016**	**2017**	**2018**
1	Mineral products: crude oil, coal, petroleum and electricity	34 678 359 249	55 538 731 710	38 273 150 686	30 231 429 892	22 661 535 783	50 630 487 289
2	Products iron and steel	66 837 637	48 355 283	71 918 129	39 732 509	2 803 117	316 645
3	Plastic and rubber	33 260 292	21 793 075	45 594 093	39 426 887	116 059 318	140 899 238
4	Machinery	32 230 173	16 694 826	29 155 198	16 476 014	9 325 826	19 679 217
5	Vegetables	16 254 033	17 357 847	15 456 009	36 199 895	20 218 747	18 305 905
6	Photographic and medical equipment	4 047 479	6 376 055	4 024 773	3 914 135	6 203 815	2 533 560
7	Vehicles aircraft and vessels	3 159 486	4 149 790	54 747 028	1 267 599	1 702 031	1 342 865
8	Live animals	2 340 007	372 346	371 686	600 174	472 003	373 437
9	Footwear	40 196 473	35 210 449	34 225 596	20 694 489	15 365 975	15 468 500
10	Prepared food stuffs	6 298 536	9 147 209	20 017 392	16 187 173	10 469265	8 110 484
11	Wood pulp and paper	1 338 894	551 824	679 179	812 245	1 317 568	602 132
12	Textiles	8 042 555	416 920	407 059	1 483 273	955 473	811 088
13	Stone and glass	18 702	924 951	502 303	545 025	202 577	673 024
14	Precious metal	115 672	190 657	933 488	483 114	1 589 273	684 295
15	Toys and sports apparel	311 437	83 969	187 353	1 143 784	1 154 975	276 769
16	Works of art	54 965	7 898	1 172 527	3 081 846	260 098	371 159
17	Other unclassified goods	2 144 197	1 485 708	3 119 303	4 119 328	3 568 121	2 404 600
18	Animal and vegetables fats	340 694	430 187	497 747	500 538	506 861	501 457
19	Chemicals	2 833 138	2 866 184	1 588 331	41 402 473	953 999	1 008 091
20	Raw hides and leather	31 427	81 873	17 320	274 226	64 302	52 419
21	Wood products	15 625	14 086	51 601	181 809	203 035	29 152
	Total	**34 898 23 0671**	**55 705 242 847**	**38 557 816 801**	**30 459 956 428**	**22 854 932 162**	**50 844 931 326**

Note: This table presents Nigeria's exports to South Africa annually during 2013 – 2018. ZAR indicates South African Rands in billions. The trade data is retrieved from SARS.

Table 18: South Africa's Export to Nigeria (2013–2018)

No	Product Description	Custom value in South African Rand (ZAR)					
		2013	**2014**	**2015**	**2016**	**2017**	**2018**
1	Mineral products	61 823 471	148 714 173	183 240 199	472 131 428	55 674 585	156 720 806
2	Products iron and steel	1 238 753 605	1 434 816 100	1 021 777 306	505 332 505	468 410 364	643 202 722
3	Plastic and rubber	897 137 541	1 581 313 096	1 006 122 689	1 336 950 497	1 406 752 315	1 356 198 996
4	Machinery	953 142 831	1 673 937 465	935 384 205	1 165 572 502	816 073 637	815 065 100
5	Vegetables	397 609 744	676 890 699	771 574 306	611 171 307	526 011 800	495 514 946
6	Photographic and medical equipment	155 301 484	238 344 158	125 780 594	141 328 599	73 458 399	115 770 003
7	Vehicles aircraft and vessels	2 192 194 824	2 484 295 503	1 580 364 869	399 078 944	351 055 577	498 325 100
8	Live animals	38 481 477	57 553 274	42 113 231	35 151 417	27 230 244	33 381 387
9	Footwear	14 451 593	12 898 161	11 966 828	7 853 693	7 693 808	17 209 743
10	Prepared foodstuffs	615 265 201	734 136 617	598 762 931	466 298 947	681 059 549	652 429 282
11	Wood pulp and paper	299 457 946	364 921 005	241 667 364	248 107 653	265 190 012	221 617 881
12	Textiles	107 383 775	108 448 933	77 274 922	88 204 002	90 806 537	123 534 765
13	Stone and glass	42 895 230	58 365 423	45 029 844	45 101 731	33 502 697	51 864 449
14	Precious metal	3 088 591	2 688 683	1 995 299	964 662	783 538	1 442 319
15	Toys and sports apparel	101 814 049	147 531 201	101 255 737	118 169 764	79 311 263	142 104 807
16	Works of art	434 788	3 538 318	598 475	157 099	828 047	306 846
17	Other unclassified goods	6 158 896	8 111 229	7 452 608	1 384 739	4 796 091	4 407 115
18	Animal and vegetables fats	2 557 224	2 715 610	1 335 676	1 867 562	902 637	372 265
19	Chemicals	656 609 099	779 543 105	1 482 262 069	744 732 359	818 351 841	595 124 273
20	Raw hides and leather	4 596 037	4 041 324	4 230 291	3 446 344	1 790 686	1 900 334
21	Wood products	13 300 631	24 119 449	20 544 992	20 879 424	14 282 873	12 116 141
22	Equipment Components	0	100 091	0	62 114	0	0
	Total	**7 802 458 037**	**10 547 023 617**	**8 260 734 435**	**6 413 947 292**	**5 723 966 500**	**5 938 609 280**

Note: This table presents South Africa's exports to Nigeria annually during 2013 – 2018. ZAR indicates South African Rands in billions. The trade data is retrieved from SARS.

Table 19: China Exports to South Africa (2013–2018)

No	Product Description	Custom value in South African Rand (ZAR)					
		2013	2014	2015	2016	2017	2018
1	Animal or Vegetable Fats	33 285 753	28 751 380	27 689 850	31 411 090	27 356 308	27 222 963
2	Chemicals	8 720 865 406	11 047 627 774	11 930 856 539	12 438 948 326	13 215 568 926	16 262 892 009
3	Equipment Components	1 944 324 419	2 182 224 864	3 073 101 996	3 797 154 544	3 626 467 635	4 198 474 113
4	Footwear	7 387 311 923	7 626 777 388	8 537 124 476	8 371 880 793	7 889 053 750	8 731 827 486
5	Live Animals	543 738 822	601 184 910	817 975 841	930 308 147	1 150 385 941	1 350 357 209
6	Machinery	71 494 784 706	76 907 667 910	90 547 816 992	90 576 718 162	93 984 643 483	106 151 959 681
7	Mineral Products	1 474 208 292	1 111 854 196	1 244 081 410	33 26 697 719	3 764 639 874	3 519 950 758
8	Other Unclassified Goods	2 770 611	4 433 476	2 968 593	1 988 896	1 926 669	2 353 612
9	Photographic and Medical Equipment	2 810 074 902	3 352 228 050	3 925 404 068	4 268 811 266	4 527 300 216	4 655 145 298
10	Plastic and Rubber	7 170 879 730	8 302 248 499	9 120 774 644	9 918 170 797	10 134 569 644	12 004 374 868
11	Precious Metal	443 555 846	485 187 573	520 851 870	493 667 438	456 441 203	429 938 197
12	Prepared Foodstuff	1 543 723 190	1 544 777 694	1 589 812 331	1 800 375 718	1 892 570 871	1 883 595 369
13	Products Iron and Steel	12 470 827 020	13 643 984 375	17 746 734 131	16 846 074 654	16 735 022 785	17 869 556 796
14	Raw Hides and Leather	2 011 415 421	2 155 385 777	2 431 652 516	2 386 522 505	2 283 211 356	2 523 473 601
15	Stone and Glass	3 498 182 247	3 678 894 156	4 462 195 416	4 721 844 240	4 222 737 231	4 654 011 118
16	Textiles	15 262 907 766	16 562 350 714	19 105 008 245	19 970 453 296	18 971 956 016	20 621 566 635
17	Toys and Sports Apparel	8 246 199 466	9 079 229 411	10 043 244 500	9 944 969 892	96 36 088 361	10 519 772 023
18	Vegetables	2 319 914 582	810 080 241	842 176 985	1 002 7179 91	959 280 503	737 024 915
19	Vehicles Aircraft and Vessels	4 798 741 884	5 912 123 874	10 534 657 144	4 924 462 181	6 587 779 383	7 468 450 576
20	Wood Products	704 878 000	769 731 101	896 030 329	850 624 876	765 176 910	780 997 785
21	Wood Pulp and Paper	1 545 589 867	1 791 533 381	1 965 236 618	2 328 424 718	2 067 478 183	2 066 062 875
22	Works of Art	16 138 653	15 354 567	17 911 946	16 656 094	18 340 753	45 147 457
	Total	**154 444 318 506**	**167 613 631 311**	**199 383 306 440**	**198 948 883 343**	**202 917 996 001**	**226 504 155 344**

Note: This table presents China's exports to South Africa annually during 2013 – 2018. ZAR indicates South African Rands in billions. The trade data is retrieved from SARS.

Table 20: South Africa's Exports to China (2013–2018)

No	Product Description	Custom value in South African Rand (ZAR)					
		2013	2014	2015	2016	2017	2018
1	Animal or Vegetable Fats	4 336 706	20 065 615	49 483 498	8 024 265	2 514 222	2 491 741
2	Chemicals	1 232 280 529	1 219 676 060	1 289 365 430	1 419 268 050	1 745 612 088	1 502 601 358
3	Equipment Components	8 255 098	-	-	10 830	-	-
4	Footwear	9 814 392	15 018 016	15 271 056	11 080 126	14 065 250	30 879 901
5	Live Animals	196 458 729	235 608 573	139 932 703	174 319 944	333 548 007	757 725 892
6	Machinery	1 633 311 783	1 194 105 290	349 618 530	675 492 236	668 748 810	677 264 983
7	Mineral Products	87 189 234 663	64 159 152 301	56 926 480 934	61 164 898 764	83 407 586 368	78 072 260 469
8	Other Unclassified Goods	874 220	425 276	427 230	5 629 735	9 877 852	10 354 158
9	Photographic and Metal Equipment	15 457 520	37 410 065	27 138 219	48 660 718	45 476 176	85 442 840
10	Plastic and Rubber	828 336 267	1 120 737 004	627 128 618	481 731 138	410 581 527	423 730 509
11	Precious Metal	3 211 794 312	2 346 782 152	2 935 750 462	2 666 820 688	1 240 459 141	2 648 086 445
12	Prepared Foodstuff	307 242 312	764 360 204	986 104 766	1 274 193 465	1 266 526 501	1 478 052 449
13	Products Iron and Steel	14 767 495 620	16 284 902 914	22 250 694 586	23 524 473 114	16 443 062 303	15 658 630 254
14	Raw Hides and Leather	786 370 189	715 955 764	795 127 205	885 489 067	662 637 797	529 498 345
15	Stone and Glass	92 048 632	159 564 316	100 495 580	141 955 266	186 494 316	136 590 601
16	Textiles	2 064 403 439	2 292 718 275	2 624 520 007	3 147 399 097	3 788 259 907	3 939 650 123
17	Toys and Sports Apparel	4 862 732	4 117 672	7 088 165	6 057 526	16 070 529	6 710 636
18	Vegetables	415 256 199	517 364 163	951 057 645	949 406 993	1 535 969 943	3 164 810 271
19	Vehicles Aircraft and Vessels	1 411 833 660	355 170 448	192 617 612	175 486 996	185 282 042	111 663 752
20	Wood Products	143 391 036	112 810 626	174 751 184	146 024 944	117 660 916	311 505 713
21	Wood Pulp and Paper	2 053 351 744	3 643 940 948	3 947 532 173	4 244 205 501	3 469 241 046	3 697 116 741
22	Works of Art	4 450 680	19 355 316	14 921 319	10 737 083	22 188 466	7 512 950
	Total	**116 380 860 462**	**95 219 240 998**	**94 405 506 922**	**101 161 365 546**	**115 571 863 207**	**113 252 580 131**

Note: This table presents South Africa's exports to China annually during 2013 – 2018. ZAR indicates South African Rands in billions. The trade data is retrieved from SARS.

Table 21: United States Exports to South Africa (2013–2018)

No	Product Description	Custom value in South African Rand (ZAR)					
		2013	2014	2015	2016	2017	2018
1	Animal or Vegetable Fats	35 440 280	44 692 805	27 279 777	33 979 610	90 649 724	45 033 119
2	Chemicals	9 263 864 999	9 836 965 839	12 721 984 354	11 991 073 080	11 676 235 157	12 466 600 119
3	Equipment Components	1 638 661 520	2 425 976 153	1 813 502 080	1 844 045 264	2 472 777 892	4 580 131 738
4	Footwear	25 968 628	44 323 225	48 634 589	46 370 804	54 129 204	41 329 813
5	Live Animals	406 425 554	374 949 244	195 943 888	550 723 517	1 451 702 221	1 618 571 085
6	Machinery	21 424 371 225	23 344 032 114	23 101 037 245	20 870 352 088	20 611 580 745	21 041 063 407
7	Mineral Products	2 622 564 679	2 006 990 407	2 783 313 579	2 540 383 521	3 571 366 117	2 974 333 004
8	Other Unclassified Goods	30 415 634	23 771 042	31 763 792	27 534 669	17 200 211	22 056 992
9	Photographic and Medical Equipment	5 224 865 069	5 556 749 038	6 262 737 086	6 836 078 110	6 144 849 495	6 495 816 729
10	Plastic and Rubber	3 343 966 799	3 353 625 385	3 594 565 718	3 599 368 546	3 401 827 146	3 754 060 458
11	Precious Metal	217 329 558	219 814 346	152 366 994	257 776 595	132 333 425	336 119 605
12	Prepared Foodstuff	1 220 522 029	1 299 583 082	1 241 708 164	1 365 945 121	1 312 964 567	1 292 266 769
13	Products Iron and Steel	2 106 080 935	2 193 011 743	2 523 371 771	2 123 686 374	1 878 570 943	1 864 378 103
14	Raw Hides and Leather	22 692 644	26 703 361	27 465 841	24 140 466	27 136 517	32 601 328
15	Stone and Glass	633 903 705	910 224 854	998 539 960	1 336 354 171	1 338 573 851	1 478 309 886
16	Textiles	370 976 701	436 656 894	469 999 462	549 205 965	540 075 199	707 746 473
17	Toys and Sports Apparel	725 168 627	924 846 930	1 023 604 988	1 184 369 646	1 142 952 793	1 055 086 475
18	Vegetables	944 600 853	930 614 793	850 720 919	1 917 987 635	1 521 755 966	872 209 274
19	Vehicles Aircraft and Vessels	11 291 799 273	16 761 877 064	16 676 252 030	14 028 078 381	13 807 861 806	10 393 751 847
20	Wood Products	174 459 660	201 982 858	228 453 136	278 578 305	224 102 693	207 284 181
21	Wood Pulp and Paper	1 201 324 092	1 404 373 661	1 482 743 536	1 452 984 932	1 287 981 600	1 798 391 295
22	Works of Art	103 486 674	40 572 257	39 101 222	43 135 438	68 401 644	54 293 036
	Total	**63 028 889 138**	**71 362 337 095**	**76 295 090 131**	**72 902 152 238**	**72 775 028 916**	**73 131 534 736**

Note: This table presents United States exports to South Africa annually during 2013 – 2018. ZAR indicates South African Rands in billions. The trade data is retrieved from SARS.

Table 22: South Africa's Exports to the United States (2013–2018)

No	Product Description	Custom value in South African Rand (ZAR)					
		2013	2014	2015	2016	2017	2018
1	Animal or Vegetable Fats	5 087 280	8 980 474	6 803 274	5 990 706	4 086 768	8 468 188
2	Chemicals	6 205 331 715	7 570 096 932	7 548 772 371	7 207 593 116	7 477 436 090	8 097 776 626
3	Equipment Components	5 372 451	2 748 882	2 231 714	861 368	1 685 834	491 339
4	Footwear	27 600 621	44 811 529	58 704 447	49 170 609	39 444 837	37 981 415
5	Live Animals	327 638 207	359 407 183	387 471 267	479 522 489	435 702 942	463 494 432
6	Machinery	5 064 658 738	6 561 845 434	8 963 648 685	9 282 777 160	6 435 607 023	7 130 614 168
7	Mineral Products	7 060 242 508	7 773 618 433	7 379 005 884	6 150 350 814	10 126 911 015	8 199 815 621
8	Other Unclassified Goods	24 216 039	23 001 825	19 198 885	23 231 149	34 393 810	46 726 477
9	Photographic and Medical Equipment	359 598 842	421 523 618	326 713 422	457 948 680	374 634 817	420 856 600
10	Plastic and Rubber	359 509 122	496 931 770	493 753 761	642 386 125	618 220 713	1 466 762 324
11	Precious Metal	15 670 242 933	14 143 381 997	20 276 549 926	18 745 948 221	22 869 576 687	25 668 945 119
12	Prepared Foodstuff	1 022 994 259	1 309 254 259	1 237 940 168	1 512 695 231	1 905 418 251	1 615 348 411
13	Products Iron and Steel	10 396 500 361	15 022 972 492	11 010 982 467	13 392 810 131	17 958 448 248	18 911 360 629
14	Raw Hides and Leather	146 309 932	155 117 973	138 145 704	194 038 240	116 952 916	181 748 454
15	Stone and Glass	1 667 702 019	154 632 761	206 461 299	271 446 094	320 283 606	356 137 038
16	Textiles	220 466 978	276 873 652	453 158 209	382 468 347	344 427 274	322 174 611
17	Toys and Sports Apparel	168 349 942	164 588 209	144 450 718	243 413 474	179 253 393	225 855 072
18	Vegetables	1 011 933 464	1 236 312 692	1 898 842 785	1 910 542 391	1 983 457 467	2 872 109 555
19	Vehicles Aircraft and Vessels	18 105 450 347	14 126 301 229	17 147 464 934	18 335 198 388	16 583 636 353	7 037 024 428
20	Wood Products	45 354 709	71 306 647	58 648 107	106 616 404	168 574 417	132 309 833
21	Wood Pulp and Paper	327 194 866	344 211 985	383 377 478	378 490 265	366 702 280	375 267 755
22	Works of Art	159 124 566	171 444 283	433 975 359	535 485 861	311 935 334	368 798 740
	Total	**66 880 879 899**	**70 439 364 259**	**78 576 300 864**	**80 308 985 263**	**88 656 790 075**	**83 940 066 835**

Note: This table presents South Africa's exports to the United States annually during 2013 – 2018. ZAR indicates South African Rands in billions. The trade data is retrieved from SARS.