STRENGTHENING THE BILATERAL

Edited proceedings of the first academic seminar on bilateral relations between Argentina and South Africa held in Buenos Aires, Argentina, on 12–14 May 2008

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Edited by

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Opening statement

Jorge Taiana
Minister of Foreign Affairs, Argentina

Mr Ambassador of South Africa, Mr Chairman of the Argentine–South African Chamber of Commerce, South African and Argentine officials, and academics:

It is a great honour and pleasure for me to welcome you to the first academic seminar on relations between Argentina and South Africa.

This meeting is the result of a felicitous initiative derived from the agreement entered into on 16 September 2005 to create a South Africa–Argentina Binational Commission (BICSAA). This was a milestone marking the beginning of a new stage in bilateral relations, which consolidates and reaffirms the special place given to South Africa in our country's foreign policy.

We live in a globalised world, marked by rapid technological advances and an increasing interdependence among states. In view of this reality, Argentina and South Africa have agreed to form a strategic alliance that will help them to address these challenges, thus safeguarding and improving the wellbeing of their peoples.

We are aware of the similarities between these nations as developing countries. We believe that democracy, respect for human rights, and social justice are principles shared by both. Also, we are convinced of the importance of promoting not only regional but also interregional integration. In this context, the binational commission provides an effective and flexible framework not only for promoting political, economic, technical and scientific co-operation, but also for exchanging ideas on regional and global issues.

Since 2006, authorities from both countries have held meetings and signed important bilateral agreements, including the agreements on the coordination of maritime and aeronautic search and rescue services, cooperation in science and technology, extradition, legal mutual assistance in criminal matters, and cooperation in sports.

In February 2007 I travelled to South Africa to hold the first meeting of the binational commission with the South African minister of foreign affairs, Dr Nkosazana Dlamini-Zuma. We had a long and rich discussion on recent developments in our countries, bilateral relations, and regional and multilateral issues.

We agreed that Argentina and South Africa must continue their efforts to strengthen bilateral relations, particularly in the areas of sport, tourism, defence, and science and technology. Important draft agreements are being discussed, and progress has been made with implementing concrete measures in these areas.

We also agreed that broader bilateral co-operation would help to achieve a higher level of integration in our respective regions. In that respect we welcomed the First South America–Africa Summit (SAAS) held in Nigeria in November 2006, which provided an effective platform for discussing our commitment to the multilateral system, respect for international law, the prevention of and fight against terrorism, the fight against the illegal arms trade, the fight against drug trafficking, non-proliferation of nuclear and other mass destruction weapons, the eradication of poverty and hunger, the protection of the environment, and collaboration on education and science and technology. We are currently preparing the second summit which will take place in Caracas, Venezuela, in November 2009.

As regards regional and inter-regional co-operation, Argentina has supported Africa's integration within the framework of the African Union, as well as its institutional development and growth strategy as expressed in the New Partnership for Africa's Development (NEPAD). We appreciate South Africa's support of our request to be an observer country in the African Union, a clear sign of our interest in Africa's development, and our desire to explore new channels of exchange and co-operation with the countries of that continent.

As regards multilateral co-operation, the Argentine and South African governments have reaffirmed their commitment to an international order based on the equality of states and respect for international law. Likewise, both states have acknowledged their continued support for the United Nations, as well as the UN reform process, as effective means of dealing with international challenges surrounding peace and security.

Both Argentina and South Africa have ratified their commitment to provide staff to UN peacekeeping missions. In this respect, I wish to record the participation of Argentina in UN missions in Western Sahara, the Democratic Republic of Congo, Liberia, Sudan, and Ivory Coast.

We also reiterate our commitment to the objectives that inspire the South Atlantic Zone of Peace and Cooperation, and our recognition of South Africa for supporting the call made by member states of the Zone for Argentina and the United Kingdom to resume talks aimed at solving the dispute of sovereignty over the Malvinas Islands, in accordance with United Nations resolutions.

In the field of economics, we share certain complementarities, as a result of which our governments have expressed their interest in growing bilateral exchanges and reciprocal investments. In this respect I am happy to report that the seminar on trade, investment, and business opportunities held in Pretoria in February 2007 during the first meeting of the binational commission had a largely positive outcome.

Considering the success of our joint activities, and bearing in mind that South Africa is our 12th largest export partner, and that three of the largest South African goods and service companies have made investments in Argentina, we have undertaken to promote trade missions and seminars on trade and investment opportunities. I also need to mention South African investments in Argentine mining, fishing, banking, financial, and communications sectors.

I must highlight the joint work and common stances of Argentina and South Africa at the World Trade Organisation (WTO), particularly in respect of the Doha Round of trade negotiations, and in the area of non-agricultural products, aimed at achieving a more balanced and fair trade regime for developing countries. South Africa plays a decisive role in these negotiations, and has the constant support of Argentina.

At a regional level, the Argentine government has expressed its satisfaction at the ongoing negotiations between MERCOSUR and SACU, an important economic-commercial block comprising South Africa, Botswana, Namibia, Lesotho and Swaziland.

As regards human rights, a thematic seminar and photographic exhibition was held in Pretoria on 26 February 2007 in collaboration with the Centre for Human Rights of the University of Pretoria. As you are aware, both Argentina and South Africa have suffered under authoritarian systems of governance in their recent past, and both the apartheid regime in South Africa and the military dictatorship in Argentina committed serious violations of human rights.

Taking into consideration our respective historical contexts, our governments have ratified their unequivocal commitment to the promotion and protection of human rights, both in the context of the UN Human Rights Council of and the American and African systems in that field. We have also agreed on further steps to strengthen our links in this area, specifically as regards bilateral co-operation on human rights.

During the first meeting of the binational commission, we agreed to continue discussions and follow up the subjects proposed during a second meeting of the binational commission to be held in Buenos Aires on 14 to 16 July this year. In view of the extent and significance of common matters of interest, and the importance of the event, the seminar that gathers us here today is not only an innovative way of contributing recommendations for the ministerial meeting to be held in July, but also a channel of communication between our academic communities, to which both governments assign a major role in the development of their nations.

I wish you success during your forthcoming discussions, and hope that this exercise will result in specific ideas and recommendations for further strengthening the BNC process and the bonds between our peoples.

Foreword

Dr Nkosazana C Dlamini Zuma
Minister of Foreign Affairs, Republic of South Africa

The seminar held in Buenos Aires in May 2008 on further strengthening the relationship between South Africa and Argentina was a very welcome and important initiative. Significant effort has been invested in strengthening this relationship in recent years. Milestones reached in this respect have been the first two meetings of the South African–Argentine binational commission, held in Pretoria (2007) and Buenos Aires (2008) respectively, which have had highly successful outcomes.

The seminar, and this publication, are seen as an important supplement to the activities of the binational commission and other role players. The seminar allowed for the involvement of, and engagement with, a broad spectrum of persons (drawn from government, the foreign service, the private sector, academia, the media, etc) who are able to help develop the relationship between these two important countries of the South, and our two continents. As such, the seminar and its successor meetings have the potential to become a 'quasi think tank' for our bilateral and regional relationships.

The seminar's recommendations clearly demonstrate the potential for further developing the bilateral relationship. I fully agree with the general conclusion that South Africa-Argentine relations need ongoing constructive work and engagement, and, in particular, need to be defined in terms of mutually beneficial and tangible areas of engagement on both the bilateral level and in the regional, global or multilateral contexts in order to achieve 'strategic co-operation through higher diplomatic convergence'.

The seminar has identified a range of new and important opportunities for even closer collaboration. The South African and Argentine governments recognised the value of this contribution at the Second Meeting of the binational commission, and adopted many of the recommendations.

South Africa seeks a closer relationship with Argentina, not only at the bilateral level but also at the regional and international levels, including the multilateral sphere, so as to contribute to an environment that will better serve our political, socioeconomic and security needs, and promote a political and economic order founded on progressive internationalism.

The partnership between Argentina and South Africa is a natural one. The extent and variety of shared activities, and the numbers of individuals and institutions directly involved with one another at one level or another, shows clearly that the relationship is broadly based and that both sides are interested in as well as willing to work together to achieve mutually beneficial goals. Government cannot claim sole credit for this. There has been active interest from and participation by organisations ranging from academic institutions to sporting bodies, from research institutions to economic specialists, from those that are working to preserve the environment to those involved in space science.

The South African and Argentine private sectors have also become active participants. Economic interaction is intensifying, and business people are seeking opportunities to invest, trade, undertake joint ventures, and develop partnerships. Trade between the two countries not only reflects welcome growth, but also an increasing diversity of goods and services.

Importantly, the competitive approach to trade has been consigned to the past, and both countries are now seeking out and concentrating on areas in which they can complement one another. The same can be said of relationships in the political and technical fields. An approach that focuses on complementarities and on joint and mutual interests will inevitably succeed.

PART 1

HISTORICAL PERSPECTIVE AND BACKGROUND

Past and current foreign relations, and possibilities for diplomatic convergence

Dr Gladys Lechini

Argentina's foreign policy towards African states in general and South Africa in particular can be described as an impulse-driven policy whose intensity has varied with the years, governments, and projects of international integration.[1]

In this paper I will outline the current state of Argentine–South African relations, as well as possible ways of strengthening the bilateral relationship. I explain the role that impulses play in implementing external actions vis-à-vis South Africa. I then examine how these impulses are integrated into a foreign policy where South–South co-operation and relations with the so-called southern countries have not been a priority on the agenda. I conclude by reflecting on the need for greater diplomatic convergence, if strategic co-operation is to be consolidated.

Analysis of the post-independence evolution of Argentine-African relationships reveals that sub-Saharan Africa is a low foreign priority for Argentina. Few links have been established and regional strategies and actions by successive Argentine governments lack continuity. The usual factors have contributed to Argentina's poor and erratic ties with these countries: political instability and its impact on the ensuing foreign policy stance; changes in the international scenario; and the special situation of African countries.

The way in which different successive governments have devised foreign policy and the low relevance assigned to South-South relations have shaped the low profile of Argentine-African relations. Argentina's foreign policy has no visible strategies regarding the region and African states are not referenced in official speeches; they are only mentioned on certain occasions or in certain situations (the impulses), which are discussed below.

By *impulses* we mean external and usually discontinuous actions, which result in a brief rapprochement with the African states. These actions contribute little and set up a pattern of relations which, regardless of its ups and downs, may be defined as erratic and jerky.

Throughout time, foreign policy can be driven by impulses (ie by external actions aimed at another international player, in this case a state). It is the continuity and contiguity of these impulses that define whether it is a policy based on a design approach. The accumulation of impulses in a given context would entitle us to speak of policy building. Otherwise, they would only be a set of isolated impulses, which usually have no effects or consequences and get lost in the delusions of the foreign offices.

These impulses can in fact be *measured* through a set of indicators such as opening embassies, sending and receiving diplomatic or trade missions, signing agreements, and sudden changes in the balance of trade with a given country.

This jerky, impulse-driven policy also shows a *particular decision-making process.* Owing to the low priority given to African states in the policies implemented by both civilian and military Argentine governments, the Palacio San Martin (ministry of foreign affairs) regarded decisions made by impulse as 'routine' procedure. Moreover, and due to this low profile, many of the bilateral or multilateral rapprochement initiatives (within the non-aligned countries or the UN structures) often relied on the goodwill and imagination of officials from the ministry of foreign affairs and the then secretariat of industry and foreign trade reporting to the ministry of economy. These officials managed to have some leeway in advancing actions or missions within the ministry of foreign affairs' monolithic, hierarchical and horizontally segregated structure. Hence, the different bureaucratic bodies ('the departments') did not usually take concerted action because of a lack of strategies and policies based on rational criteria and long-range opportunities,

Such initiatives also resulted from recommendations by Argentine representatives to the UN, or pressure from Argentine ambassadors posted in African countries (who often faced the indolence of Buenos Aires), or the activism of businessmen interested in and capable of doing business in Africa.

In this scenario, and as African states were not one of Argentina's external priorities, the gaps created served to channel good ideas. However, such efforts were isolated because of both the turnover in ministry officials (which hindered the follow up and continuity of 'low-profile' actions) and the political and economic instability of potential partners across the Atlantic.

The above comments show that a certain degree of 'personalism' evolved in the decision-making process, thanks to the insistence of officials at different levels, which made its way up the decision-making pyramid so long as the action would not be 'costly' in political or economic terms. Within this rationale framework, many valuable reports and recommendations made by officials accredited to African states or Buenos Aires were lost in the intricacies of Palacio San Martín.

One conclusion could be that these impulses reflect the different rapprochement initiatives with African states; their intensity depended on the content objective and determined their positioning in the decision-making pyramid. An impulse whose content agreed with the government's policy would grow in intensity and the decision would be taken at the highest levels. If the impulse or interest were minor, the decision would be taken at the middle tier of the bureaucratic hierarchy. The relation between the intensity of the impulse and the decision-making level depended on where the issue in question was placed in the overall picture. Hence most decisions would fall within the dynamics of routine.

The most remarkable exception was the breaking off and resumption of diplomatic relations with South Africa, which showed that such decisions fell within the overall policy design and were therefore taken at the highest level. However, these decisions were not only taken in respect of South Africa, and were seen as relevant in terms of broader foreign policy strategies at that time.

In analysing the evolution of Argentine-South African relations, four stages can be identified:

1. From 1960–1983, a dual policy and equivocal relations with the then racist South Africa, which developed through mutual impulses with military, strategic and commercial objectives.[2]

2. A period of policy definition for a racist South Africa, with the breaking off of diplomatic relations by Alfonsín's government on 22 May 1986, at the same time as newly designed relations with other African states.

3. Resumption of diplomatic relations with South Africa on 8 August 1991, during Menem's term of office (Menem visited the country in February 1995). This impulse can be explained by the president's personality and interests rather than the existence of a policy design.

4. The period that started in 2005 with the agreement to set up a binational commission that finally materialised in February 2007 when Argentina's foreign secretary, Jorge Taiana, visited South Africa.[3]

Relations with South Africa – impulse or policy?

Current relations between Argentina and South African can be described as a strong impulse that started during the 60th session of the UN General Assembly in New York. On 18 September 2005, the ministers of foreign affairs of Argentina, Rafael Bielsa, and South Africa, Nkozasana Dlamini-Zuma, met to establish a binational commission aimed at promoting, facilitating, and increasing bilateral co-operation in political, economic, technical, scientific, and social issues. On 3 March 2006, this binational commission began to take shape as a result of the first preliminary meeting held in Pretoria.

In June of that year, Argentina's deputy foreign secretary, Roberto García Moritán, and the national head of international economic negotiations, Néstor Stancanelli, met in Buenos Aires with the South African director general of foreign affairs, Dr. Ayanda Ntsaluba, to move forward with the talks. They discussed issues of common interest such as mining, energy, agriculture and infrastructure, shared views on the progress of trade negotiations within the World Trade Organisation (WTO), and laid special stress on the agreement between the Mercado Común Sudamericano (Common Market of the South or MERCUSOR) and the South African Customs Union (SACU).

In February 2007, the Argentine minister of foreign affairs, international trade and worship, together with government officials and a business delegation, travelled to South Africa to attend the first meeting of the binational commission, as established by the bilateral agreement concluded in 2005. It was agreed that the commission's next meeting would be held in Buenos Aires in 2008.

From the minutes of the meeting, some of the most relevant points concerning the issues agreed upon include the following:

Regarding multilateral issues:

1. Both countries agreed that the UN reflects the current, unfair and obsolete international system. However, they disagreed on the type of reform suggested for the Security Council.

2. They acknowledged that the international trade structure is also unfair and proposed adopting similar positions at the WTO. At the G20 and NAMA-11,[4] Argentina and South Africa co-ordinate their actions related to pursuing agricultural

trade liberalisation and adequate industrial balance that takes into account the growth and diversification needs of developing countries.[5]

Regarding bilateral issues:

3. The current relationship hinges on very strong personal links between both ambassadors.
4. The agreements signed so far relate to issues that do not make this bilateral relation stand out from others.
5. Argentina supports South Africa's African agenda.
6. Both countries share common values and views regarding the defence of human rights.[6]

Regarding trade and investment:

7. The complementarities of both economies were underlined as well as the need for both countries to diversify their export markets and supply sources.
8. As to investment, it should be considered whether both countries compete with each other or whether South Africa becomes involved in the mining (Cerro Vanguardia), fishing, and banking (Standard Bank) sectors and Argentina in the agricultural sector.

With regard to MERCOSUR/SACU negotiations, both delegations stressed the importance of concluding and extending the agreement on preferences.

President Kirchner's administration had proposed a foreign trade policy based on a new management profile underpinned by a multi-polar negotiation strategy aimed at increasing and improving market access. As from 2006, the under secretariat of foreign trade (SURCI by its Spanish acronym)[7] began to design annual strategic plans aimed at promoting foreign trade and focused on conducting multi-sectoral missions with the purpose of achieving greater diversification in Argentina's export destination markets.[8]

Confirming South Africa's role as a strategic trade partner, a large trade mission from Argentina's central region (comprising the provinces of Córdoba, Entre Ríos, and Santa Fe) visited the country from 2–9 April 2006. A series of seminars and trade rounds were held in Cape Town, Johannesburg, and Pretoria, attended by over 30 Argentine businessmen from a wide range of sectors.[9] The mission was organised by the provincial governments with the technical and financial support of the *consejo federal de inversiones – CFI* (federal investment council), the Argentine ministry of foreign affairs, both embassies, and the South African chamber of commerce and industry, with which the central region concluded a co-operation agreement[10] that the Argentine embassy in South Africa defined as 'strategic'.

It was not by mere chance that the central region's second joint trade mission chose South Africa after visiting the People's Republic of China and before continuing to Russia, both major buyers of its regional production. The choice of South Africa clearly shows that the trade links have great potential and that the Argentine private sector is very interested in the South African emerging market. As Herman Olivero points out, 'The central region accounts for more than 50 per cent of Argentine exports to South Africa. It is our intention to double sales to that country in less than three years. This expectation is based on the business excellence displayed by Córdoba, Santa Fe, and Entre Ríos.'[11]

Based on the 2007 strategic plan, the national administration sought to help Argentine small and medium enterprises (SMEs) tap into the so-called 'exotic' or non-traditional markets. These complex destinations remain practically unexplored by local businessmen, except for some traditional commodity trading operations. The plan focused on three major blocs: second-tier markets in the Asia/Pacific region; less known Arab markets; and Africa, a key destination for agrifoods where the market potential had not yet been fully explored.

The ministry of foreign affairs did not randomly choose South Africa as the first destination for multi-sectoral missions in 2007. 'South Africa is much better known than other markets we intend to explore, but it still remains non-traditional for most exporting SMEs', explained Gustavo Martino, SURCI's export promotion director, who added that 'as the World Cup is approaching fast, it is another good reason for diversifying exports even more to that destination.'[12]

South-South issues

The so-called South-South co-operation, which emerged in the 1970s, showed that co-operative awareness from the South is possible and enables countries to tackle jointly their common dilemmas in the international arena. Faced with situations that southern countries consider unfair, co-operation among peers (those enduring the same dependency situations) improves their negotiating capacity vis-à-vis the North. Co-operation efforts are aimed at solving issues on trade, development, and the new international economic order.

The potential was seen in the impact that the oil shock had on the economies of northern countries in 1973, when the possibility of co-operation among raw-materials producing countries became clear. In addition, in 1974, the United Nations General Assembly adopted the Declaration for the Establishment of a New International Economic Order (NIEO) and the Charter of Economic Rights and Duties of States.

These successful efforts led southern countries to believe that there were many opportunities to change an unfavourable and unfair international situation, and that the OPEC model could be replicated in other areas. However, this type of co-operation failed because it was too general and had a very broad scope of action. The fallacy of the argument lay in the assumption that all developing countries had more things in common than they actually had, and that all solutions could be applied evenly to achieve equal success.

In the 1980s, the debt crisis offered a good opportunity to develop concerted actions. However, attempts at multilateral co-operation were undermined by the policies implemented by developing countries together with private creditors, and the frail economy of the indebted nations. Despite this, Latin American countries were capable of designing co-operation policies to solve regional conflicts: the Cartagena Consensus, the Contadora Group, the Contadora Support Group, and the G8.

In the 1990s, South-South actions dissolved due to the end of the Cold War, the expansion of globalisation, the implementation of neoliberal policies, and the severe economic problems faced by developing countries. The effects of globalisation produced new winners and losers, but very few winners belonged to developing countries. This awareness, along with disappointment over a new global government system based on international financial institutions (IFIs) and the WTO's inability to contribute to a fairer international order, led governments of southern countries to rethink the idea of horizontal co-operation. This time they would adopt a more selective approach in terms of players and issues, and learn from past experiences.

Consequently, the twenty-first century has witnessed a revival of the concept of South-South co-operation, as shown, among others, by the organisation of the South Summit (held in 2000 within the framework of the G77), the creation of the India, Brazil and South Africa (IBSA) group in 2003, and the active efforts of the G20 and NAMA-11 within the WTO.

In this scenario, a functional and selective South-South co-operation, to deal with topics such as democracy, social justice, development, trade, investment, the environment, and security, seems feasible. One possibility would be to capitalise on the opportunities offered in the bilateral and multilateral arenas, gradually building alliances around a number of interests and objectives through critical dialogue and better mutual understanding. These new alliances and concerted actions reinforce multilateralism, the relocation of development as a critical component in the global agenda, and the need to pull horizontal efforts together so as to promote sustainable development and fight against famine and poverty.

Argentina and South-South co-operation

As already mentioned, Argentina's foreign policy towards the African states was shaped as impulses because South-South issues were not a priority in the foreign policy agenda, and domestic political instability affected the continuity of international integration priorities and styles. To look at whether the low profile given in speeches, actions, and academic assessments on foreign policy has actually changed in the twenty-first century, a brief outline is provided of the prominence given to the issue in Argentina following the return to democracy.

South-South co-operation was not part of Argentina's foreign policy between the return to democracy and the beginning of the twenty-first century. In the 1980s, the Alfonsin administration proposed an increase in the country's autonomy, the recovery of external credibility, the country's active reintegration, peace maintenance, and the democratisation of the international system. To these ends, Argentina actively participated in the non-aligned forum, the Contadora group, and the G6. Although no South-South co-operation strategy was explicitly formulated, a first step can be seen in the country's initiatives with its Latin American and Afro-Asian counterparts, as well as the technical co-operation provided to other developing countries. Throughout the 1990s, President Menem's government believed that there was no 'rationale' for implementing joint actions with other developing countries that were experiencing similar or worse difficulties, and that these would not be cost-effective for Argentina.[13]

Later on, the foreign secretary of the Alliance for Work Justice and Education (*Alianza*) administration, Rodríguez Giavarini, ranked Argentina as a middle-class country. He therefore considered it important to tilt foreign policy not only towards a South-South dialogue but also towards a South-North dialogue, in opposition to the well-known North-South dilemma. Furthermore, he claimed that it was possible from Argentina to set up 'a network of bilateral businesses with similar countries in the Middle East, sub-Saharan Africa, and Eastern Europe, with a view to opening new markets for Argentine exports'[14]. He clearly presented a commercialist option.

As a result of the critical political and economic situation following De la Rúa's resignation in 2001, Duhalde's short-lived administration was unable to develop an integration scheme for the country. The caretaker government's foreign policy was largely restricted by the Argentine situation – it was a 'scenario-driven' foreign policy.[15] Notwithstanding this, the foreign affairs secretary, Carlos Ruckauf, sought to innovate and spoke of conducting a foreign policy of 'polygamy with the different continents'. This odd diplomatic expression, attempting to identify MERCOSUR, Europe, Asia, and Africa as the targets of the national government's foreign policy, was used above all to differentiate from the 'carnal relations' that the Menem's administration promoted with the United States.

There is currently no express call for South-South co-operation. However, some parts of the ministry of foreign affairs are beginning to show some interest in looking more deeply into the commercialist option, given the country's desire to develop a market and partner diversification strategy, which includes several southern countries.

Since President Néstor Kirchner took office in 2003, the idea of South-South co-operation can be found in his discourse on foreign policy. The concept is being translated into several multilateral and some bilateral initiatives with those countries that face similar developmental challenges at a local and global level (such as Brazil and Venezuela).

After more than a decade of foreign policy based on neoliberal principles, where the economy prevailed over politics and values, multilateral sectors have called for South-South co-operation, which is seen as a space in which to seek new ways for promoting development and autonomy.

In this sense, several initiatives, such as the South America–Arab countries summit (held in Brasilia in May 2005), the Africa–Latin America summit (held in Abuja on 30th November 2006), and the relaunching of the Zone for Peace and Co-operation in the South Atlantic (ZPCSA) in Luanda in June 2007, have been adequate international political forums to show Argentina's intentions regarding South-South issues. Likewise, with regard to multilateral trade within the WTO, Argentina followed its MERCOSUR partner, Brazil, in promoting common positions and joint negotiations among G20 and NAMA-11 countries.

Relationships with South Africa also reflect the emphasis on South-South co-operation. In fact, as Argentina's foreign secretary, Jorge Taiana, stated when he visited South Africa during a multilateral mission:

> 'Argentina and South Africa have started to build a new strategic relationship which will surely become a South-South co-operation model […] to Argentina's foreign policy and administration, this is a very significant visit since Argentine-South African relations are a top priority for Argentina's foreign policy and for South-South co-operation and relationships. We share the same principles

> and values. We share the principle of multilateralism as a way of solving problems in the international community'.[16]

In this sense, when the bilateral agreements on scientific and technological co-operation were signed in 2007, the then Argentine minister of education, Daniel Filmus, underlined the importance of South-South relations for his government, pointing out that co-operation in the new millennium will rely on knowledge.

However, the focus of the South-South option is still from a commercialist/pragmatic perspective. Although Latin America's regional economic conditions favour an increase in South-South co-operation, the executive and the ministry of foreign affairs appear to have difficulty developing policies beyond the Atlantic. The missions sent and received are more commercial than political, proving that much more needs to be done, and illustrated by the fact that Mbeki did not visit Argentina during his Latin American tour in 2005.

Looking into the future

The novel initiative of holding this academic event, the approach suggested, and its actual development certainly mark a turning point in the progress of Argentine-South African relations.

A number of questions need to be asked. As relations stand at present, are we at the policy building or impulse level? How can we leave behind the impulse-driven policy and move towards devising a sustainable co-operation model? How can we provide the necessary conditions to give continuity to the project in the middle and long term? How can we identify the impulses and their scope, and translate them into concrete actions? How can we change this situation into a 'strategic co-operation' experience and why?

In moving forward, the concept of strategic co-operation (SC) must be defined and deepened. SC is the result of a decision by two or more countries to develop an alliance or partnership, which is built by the government and supported and shored up by interweaving civil society interests. It is understood as a top-down process.

Such a co-operation is built on policies that result from shared values, ideas, and principles relating to integration strategies and worldviews (in this case) of the role of southern countries. It is a co-operation that endeavours to increase the countries' scope for autonomy, and, based on policy building and implementation, seeks to spillover into other areas such as trade and investment, defence and security, and civil society institutions.

In the first place, building strategic co-operation requires greater diplomatic convergence, which means making the bilateral relationship politically meaningful. Political convergence should be emphasised if the bilateral agenda is to be sustained.

Such a SC should be developed and moved forward because, given the peripheral international integration in the South, we have little chance on our own. Therefore co-operation should be built by seeking common and complementary interests, with continuity and contiguity, through state policies.

Advancing the relationship still relies on individual efforts, which determine the said personalism in the decision-making process, as shown by the intentions and actions of both embassies. For example, the attempts by the Argentine Embassy in South Africa to build a bilateral agenda based on an 'associative co-operation' model, through co-operation (both technical and economic) among developing countries, focusing particularly on science and technology.

Bilateral relations with South Africa show a commercialist-focused policy. The agreements bring concrete benefits but the outcomes will only be seen in the long run. Private interests are volatile, and they are governed by laws other than those related to state policies.

Bilateral contacts are in place but still missing, along with the growth in trade, is a common and positive political agenda similar to the existing political co-operation related to the defence of human rights.

This policy needs to become meaningful in order to become the backbone of a sound and lasting relationship, regardless of the ups and downs of trade and investment.

The task appears very complex since, despite having common problems, further mutual awareness is needed to cope with the pressures arising from the international system and the domestic scenario. On the other hand, a more sophisticated theoretical and methodological approach is required in an increasingly polarised world that also faces threats of violence, terrorism, and war. However, these new tools will be instrumental in deepening the discussions about the best policies to build and consolidate horizontal ties among nations, regional organisations, and social movements so as to promote and uphold specific interests in the international arena.

Hence, greater diplomatic convergence is needed to build strategic co-operation so that these isolated impulses can develop into policies that provide leeway for autonomy in a complex and changing international system.

Endnotes

1 The opinions expressed in this chapter are the outcome of research at CONICET and are discussed in greater depth in Gladys Lechini, *Argentina y África en el espejo de Brasil. ¿Política por impulsos o construcción de una política exterior,* Buenos Aires: CLACSO, 2006.

2 Gladys Lechini, *Las relaciones Argentina-Sudáfrica desde el Proceso hasta Menem,* Rosario: Ediciones CERIR, 1995.

3 The multisectoral trade mission that Argentina's foreign secretary, Jorge Taiana, led to Pretoria comprised 43 Argentine companies from a range of industries: biotechnology, agricultural machinery, electrical machinery, chemicals and pharmaceuticals, foods, teaching services, T&T, and auto parts. Two hundred business rounds were held, with several companies signing trade agreements on the spot.

4 NAMA stands for Non-Agricultural Market Access. The NAMA-11 group represents developing countries, which support a new tool to solve conflicts resulting from non-tariff barriers that affect the trade of goods. The group's claim is that the current staggered tariff system and high tariffs in developed countries should be eliminated, and that the protection of inefficient sectors by developed countries should be reduced. The NAMA-11 members are Argentina, Venezuela, Brazil, Egypt, India, Indonesia, Namibia, Philippines, South Africa and Tunisia.

5 Ministry of foreign affairs, international trade, and worship, press release no. 271/06, 9 June 2006, at http://www.mrecic.gov.ar/portal/prensa/prensa.php

6 No explicit mention was made of the Truth and Reconciliation Commission and the National Commission on the Disappearance of Persons (CONADEP as per its Spanish acronym)

7 http://www.argentinatradenet.gov.ar

8 Within the framework of the first 2006 Strategic Plan, seven high-level roadshows were staged to explore markets such as Mexico, Australia, Russia, Ukraine, Germany, and especially China and India. The strategy was focused on exploring the major and most dynamic world economies.

9 Among these figured auto parts, poultry, agricultural machinery, dairy products (powdered milk and cheeses), drugs (for human and animal use), equipment for chemical labs, plasma and haemoglobin, juices, wines, and household electrical appliances.

10 The five-year agreement was signed on 5 April 2006 by the central region's chairman pro tempore, Hernán Olivero and the chairman of the South African chamber of commerce and industry, Kganare Lefoka.

11 See the website of Córdoba's government at http://web2.cba.gov.ar/

12 An analysis of trade relations with South Africa shows, on the one hand, a drop in the share of domestic products – of the South African imports totalling more than USD 62 billion per year, only 0.7 per cent are of domestic origin. On the other hand, there is a clear concentration of primary products – 50 per cent of Argentine exports to that destination consist of grains, oils, and food industry wastes.

13 For a more detailed analysis, see Gladys Lechini, *La política exterior argentina hacia África* in *La política exterior del gobierno de Menem: Seguimiento y reflexiones al promediar su mandato,* Rosario: Ediciones CERIR, 1994, 311—335; and Gladys Lechini, Argentina y África durante la segunda Administración Menem, in *La Política Exterior Argentina, 1994/1997,* Rosario: Ediciones CERIR, 1998, 75—198.

14 Miranda Roberto¸ *Política exterior argentina. Idas y venidas entre 1999 y 2003.* Rosario: Ediciones PIA, 2003, 39. He clearly presented a commercialist option.

15 Ibid, 69.

16 'Taiana described the trade and political mission to South Africa as successful.' Press Release No 056, 28 February 2007. Ministry of foreign affairs, international trade, and worship, at http://www.mrecic.gov.ar/portal/prensa/prensa.php?buscar=02/2007

Africa–South America relations: past present, future

Dr Matlotleng Patrick Matlou

This paper traces the historical links, pre- and post-independence, between these two regions (Africa and South America). Their shared history, dating back to before the Atlantic slave trade, will be discussed in detail.

Presently, both continents are grappling with the challenges of globalisation and how to ensure that their natural and human-created treasures are utilised to the full benefit of their populations. Thus South-South co-operation as a strategy in global relations will be examined, focusing on the Abuja Declaration, which was adopted by the two regions in Nigeria in 2006 during an Africa-South America summit. It will be compared to similar development instruments that Africa has adopted with other parts of the world, to determine the progress thus far with regard to the execution of such declarations. We will argue that these declarations are often used for political grand standing, diplomacy and public relations, and that their record of implementation is patchy.

The analytical framework used in this paper is systems theory. Like the building block concept, this theory states that different parts of a system are interlocked and interdependent and that changes, weaknesses or strengths in one part of a given system impacts on all the others. Thus Africa and South America are as strong or weak as their constituent parts.

The building blocks of both regions are their individual states: 53 in Africa and 12 in South America. Added to these are the sub-regional and continental bodies that aim for regional integration of these countries. The extent to which co-operation occurs between Africa and South America at the continental level depends on both bilateral and multilateral links between countries and organisations. If these are weak, then initiatives such as the Africa–South America summit and declarations will also be weak.

Historical background of Africa

Africa, especially eastern Africa, is widely regarded as the cradle of humankind. According to the *Oxford Atlas of World History*, agriculture arose independently in the tropical portions of West Africa. As human development passed through various epochs, Africa was not left behind, with its rich history of civilizations and empires: Benin, Ghana, Songhai, Mali, Egypt, Sudan, Zimbabwe, Zulu and others. Africa was a global leader in agriculture, education and mining. However, the continent's various challenges include, in particular, its dependence on oral knowledge, numerous small and vulnerable states, harsh climatic conditions, limited productive capacity, and exposure to numerous diseases. This explains the eventual colonisation of Africa by stronger external parties, in the north and east mainly by Arabs, and across the continent by Europeans.

Africa is the world's second largest and second most populous continent after Asia, covering 10 per cent of the Earth's total surface area and containing about 14 per cent of the world's population (estimated at ±900 000 000 people) living in 53 sovereign states including all the island groups. The continent is very rich in vibrant cultures, natural resources, differing climatic regions and physical features.

Colonisation and the 'scramble for Africa'

Between the seventh and fifteenth centuries, the Arab slave trade developed, taking as many as 15 million slaves from Africa to parts of the Muslim world. This was later followed by the Atlantic slave trade where Europeans transported millions more slaves to different parts of the globe. The slave trade had a negative effect on the political economy and social fabric of the entire African continent.

In the late nineteenth century, the European imperial powers engaged in a territorial scramble and occupied most of the African continent, with the exception of two independent nations: Liberia (partly settled by African Americans) and the Orthodox Christian Ethiopia (known to Europeans as Abyssinia). Africans were subjugated through divide and rule, harsh military might, economic strangulation, robbery and other unscrupulous means. Colonial rule existed until the collapse of white minority rule (apartheid) in South Africa in 1994. Although some might argue that colonialism brought numerous benefits, the domination of one people by another can never be supported.

As writers such as Walther Rodney have observed, colonialism took Africa off its own home-grown development path and under developed the continent. Colonialism under the Arabs, British, French, Germans, Portuguese, Spanish and Turkish bequeathed to Africa numerous weak states, different languages, legal systems and foreign norms, and undermined African values and cultures. African countries became sources of raw materials and markets for the colonial powers. They were now producing what they did not consume and consuming what they did not produce.

Political independence in Africa

Post-independence periods (in northern Africa for over eighty years, and south of the Sahara for fifty years) have been mixed blessings. Africa witnessed 70 coups and 13 presidential assassinations from the 1960s to the 1980s. The numerous conflicts are estimated to have cost over $300 billion between 1960 and 1990. Many countries were ruled for long periods by either one party or military dictators. Human-rights abuses, corruption, weak administrations, waste and pilferage and poor economic policies were the norm. This led to a huge dependency on aid, high levels of illiteracy, numerous pandemics, over 300 million people living in poverty, and none of the countries will meet the millennium development goals (MDGs) by 2015.

Although Africa has abundant natural resources, it remains the world's poorest and most underdeveloped continent. Widespread poverty, malnutrition and inadequate water supply and sanitation, as well as poor health, affect the majority of the people residing in Africa. The average person was poorer in 2003 than in 1973, and 36.2 per cent of the population live on less than $1 per day. According to the United Nations human development report, the bottom 25 ranked nations (151st to 175th) were all African.

However, over the past two decades there has been a rebirth as peace broke out across the continent, better policies were implemented, the rule of law returned, and Africa sought to solve its problems. Many countries have experienced an average annual growth of five per cent, investment is rising, and there is a commodity boom, fuelled mainly by demand in China and India. Some nations have experienced economic success, most notably South Africa, Mauritius, Tunisia, Botswana and Nigeria. However, there are notably bad experiences such as the political and economic meltdown in Zimbabwe, whose inflation levels were last seen in Germany during the 1920s.

The African Union (AU), which replaced the Organisation of African Unity formed in 1963, consists of all Africa's states (except Morocco) and was established in 2002 with the aim of further enhancing continental development and integration. The AU offers hope for greater co-operation and peace through its development blueprint, the New Partnership for Africa's Development (NEPAD), which has the following primary objectives:

- to eradicate poverty;
- to place African countries, both individually and collectively, on a path of sustainable growth and development;
- to halt the marginalisation of Africa in the globalisation process and enhance its full and beneficial integration into the global economy; and
- to accelerate the empowerment of women.

The NEPAD secretariat is based in South Africa and the heads of state implementation committee is made up of countries that spearheaded the formation of the organisation: Algeria, Egypt, Nigeria, Senegal and South Africa. These two bodies report regularly to the AU summit and the NEPAD programmes have now been streamlined with those of the AU.

In order to strengthen and develop a political framework for co-operation between the two continents, the following principles of NEPAD[1] can be considered:

- good governance as a basic requirement for peace, security and sustainable political and socio-economic development
- african ownership and leadership, as well as broad and deep participation by all sectors of society;
- anchoring the development of Africa in its resources and resourcefulness of its people; partnership between and amongst African peoples;
- acceleration of regional and continental integration;
- building the competitiveness of African countries and the continent;
- forging a new international partnership that changes the unequal relationship between Africa and the developed world; and

- ensuring that all partnerships with NEPAD are linked to the millennium development goals and other agreed development goals and targets

The extent to which African–South American relations have been guided by the NEPAD principles over the past few years will be reviewed in the section that deals with the Abuja Declaration.

Historical background of South America

South America has a population of ±382 000 000 and consists of 12 countries. Portuguese and Spanish are the main languages in the region but English is growing in importance, especially for academic and business purposes. Brazil is the largest country in surface area and population in the region (its capital city, Sao Paulo, is the largest city in South America), followed by Argentina. The region is ranked fourth in size after Asia, Africa and North America. The world's largest waterfalls (in Venezuela) and longest river (the Amazon), and mountain range (the Andes) are found in South America, which is also home to many interesting and unique species of flora and fauna. South America's major mineral resources have brought high and rapid economic growth to the region. However, the concentration on one major export has hindered the development of diversified economies.

European colonisation of South America

Indigenous populations have lived in the Americas for centuries and had important civilizations and kingdoms, such as the Aztecs, Inca and Mayan, that lasted for generations and contributed immensely to global development. Archaeologists and historians continue to discover their rich heritages. Like other parts of the world, which later became colonies of Europe, local populations were regrettably welcoming to foreigners and sought to live in peace with them.

In 1494, Europeans took control of South America with the two main beneficiaries being two maritime powers of the time namely, Portugal and Spain. The colonial areas were distributed according to the *Treaty of Tordesillas*, which simply meant that all land outside Europe especially on the Western part of the globe should be an exclusive duopoly between Portugal and Spain. Land on the west of South America would later belong to Spain, and the rest of the eastern part of the region to Portugal. Since, at the time, it was impossible to share the area equally, most of the region went to Portugal, hence the expansion of Brazil across the meridian. These two competing colonial powers (Portugal and Spain) claimed the land and resources of the region as their own and divided the region into colonies. Guyana and the Malvinas Islands are the few areas that fell under British rule.

For several centuries, African slaves were brought to South America in large numbers for economic and political reasons. One of the commonly stated reasons for bringing African slaves to South America was the perception that they were better suited than American natives for hard labour in tropical climates, especially for sugar cane plantation and gold mining.[2] Although Portuguese and Spanish are the most spoken languages in the region, the upper classes and well-educated people regularly study

English, Frence, German and Italian. Thanks to its broad ethnic mix and cosmopolitan population the region also has a rich history of arts, music, culture, cuisine, and religions. The links to Africa are strong in most countries, although some, such as Argentina, have either tried to downplay or erase this heritage. However, following the recognition of the diaspora as the sixth region of Africa, various South American countries are making increased efforts to highlight these linkages. Brazil, which has the largest African population of about 100 million, after Nigeria with over 140 million,[3] promulgated a law in the 1990s that made the teaching of African history compulsory throughout its education system.

Political independence

Most South American nations got independence between 1804 and 1824. However, in the late twentieth century South America became a battlefield of the Cold War: most governments in the region were either one-party regimes or overthrown by United States-aligned military dictatorships during the 1960s and 1970s. South America became popular for high indebtedness, capital flight, poverty, hyperinflation, gross human rights abuses, and the disappearance or murder of thousands of people. The repercussions are still felt today in places such as Argentina and Chile. Furthermore, there has been widespread oppression of indigenous populations and people of African descent in many countries. It is only recently that these people have began to gain prominence in some countries, such as Bolivia where an indigene, Mr Morales, was elected president, and Brazil where special dispensations for black people have been implemented through, for example, quotas in the public service.

The economic gap between the rich and the poor in the region is considered to be larger than most other continents. For instance, in Venezuela, the richest 20 per cent owns over 60 per cent of the nation's wealth, while the poorest 20 per cent owns only five per cent of the nation's wealth, and Brazil has one of the highest Gini coefficients. However, since 1980, a wave of democratisation, political and economic stability has swept the continent.

Over the years there have been numerous political and economic integration schemes in South America, such as the Andean Pact and the Common Market of the South (Mercado Común Sudamericano or MERCUSOR). However, none of them involved all the countries on the continent. This changed in 2004, when the South American Community of Nations (CASA) was formed as a continent-wide, free trade zone to unite and improve peace and the economies of member states. It is too early to determine whether CASA has met these objectives internally, let alone externally with other countries and regional blocs around the world.

Abuja Declaration

South America played a vital role in Africa's independence struggles. A very important weapon in these struggles was liberation theology, a Latin American concept. Nevertheless, some South American governments supported racist regimes such as the Portuguese colonialists in Angola and Mozambique, the Smith regime in Rhodesia and apartheid in South Africa. They traded with these countries and supported them with arms and military training, and sanctions busting. The supportive governments were mainly right-wing or military regimes in countries such as Argentina, Brazil, Chile, Paraguay and Uruguay, but they ended up on the wrong side of history. Bearing in mind the historic and cultural links between the two regions, there was firmer ground for co-operation against imperialism and in matters of mutual interest.

Countries in the two regions have over, the decades, co-operated in forums such as the G77, the non-aligned movement and South-South institutions. During the Cold War they worked closely, particularly in the UN, on issues such as the new international economic order, the law of the sea, and GATT negotiations. Consequently, it was no surprise that the AU, at their summit in July 2006 in Gambia, resolved to convene an Africa-South America summit in Nigeria, in partnership with CASA. The component parts and progress made since this summit, held in December 2006, will now be analysed, in preparation for the next summit planned at the end of 2008 in Venezuela (which is now likely to be held in 2009).

The 2006 summit brought together officials from both continents to discuss common challenges, develop a common agenda, and deepen linkages between Africa and South America. The summit adopted the Abuja Declaration, which covered seventeen ambitious areas of co-operation, most of which are aligned to the NEPAD objectives and principles. The areas are: co-operation in legal and multilateral forums; peace and security; democracy, human rights and political issues; water resources; trade and investment; combating hunger and poverty; infrastructure development; energy and solid minerals; social and cultural co-operation, tourism, youth and sports; science, technology and information and communication technologies; health; education; environment; gender issues; institutional development; information exchange and shared views of appropriate practices; and a follow up mechanism.

The challenge is what exactly the two regions would achieve in measurable terms (by when, through whom and so on) in the seventeen areas, since summit declarations are very general and have no specific timeframes. Although many sections use definitive language – we shall do this and that – there is no clarity on how, where the necessary resources will come from and what happens when there is no progress. Notwithstanding, we should hold the signatories to the Abuja Declaration to their commitments.

It is not clear which institutions have collated information on developments in each of the seventeen areas, at bilateral, regional and continental levels. Attempts to access this information through diplomatic missions, government departments and academic institutions revealed major gaps. More work needs to be done across the two regions to monitor and evaluate these issues; collect the relevant information; and inform governments and other stakeholders of progress. The progress and challenges in each of these seventeen areas will now be reviewed using the information available, which is more in some areas than in others.

Africa and South America have formed strong alliances in various multilateral forums, in co-operation with other allies from the South (G77), seeking reform of global institutions such as the UN, Bretton Woods, World Trade Organisation (WTO), and in the Doha development round negotiations. However, both continents have countries at different levels of development, ranging from very rich to poor states, which means that their interests in these multilateral forums do not always converge. An example is biofuels and biotechnology, and their impact on the present global food crisis, and the role of Brazil. Nevertheless, these South-South alliances provide global solidarity to seek change in the unequal relations with the North, engender self reliance amongst developing countries, and ensure that they participate in trying to transform the world. Within these alliances, voices should be heard from countries that have international political, economic and moral standing, as this allows other regions to take them seriously.

The UN millennium summit of 2000 attended by 189 countries adopted the millennium declaration, or the millennium development goals (MDGs), that outlined eight goals, 18 numerical targets and 48 quantifiable indicators to be achieved by 2015. The goals are: eradicate extreme poverty and hunger; universal primary education; promote gender equality in education and empower women; reduce child mortality of under-fives by two thirds; improve maternal health and reduce mortality by two thirds; universal access to treatment for HIV/Aids and malaria; reduce loss of biodiversity and halve the number of people without access to safe water or sanitation; and develop a global partnership for development. Although the whole world must meet these targets the greatest challenges are in the South – Africa, Asia and Latin America – with the North supposed to co-operate with the South in meeting these targets and goals.

So far, progress in meeting the goals has been variable across countries, continents and globally. Good results have been achieved for each goal, but the targets are unlikely to be achieved within the timeframe. At present, about 1.4 billion people still live in extreme poverty; over 70 million children (of which 38 million are in Africa and 18 million in Asia) do not attend school; 113 countries failed to achieve equality in school enrolments (55 per cent of children not in school are female and women occupy 40 per cent of paid jobs); children born in the South are 13 times more likely to die before the age of five and about 10 million die annually; 500 000 women in the South still die annually during pregnancy; 7 500 are affected daily with HIV; 5 500 die from Aids complications; and 500 million new cases of malaria occur annually; 40 per cent of the world faces water scarcity; 1 billion have no safe drinking water, 2.5 billion have no basic sanitation; and fish stocks and other resources are over exploited; and few donors are going to meet their aid target of 0.15 per cent of gross national income. Africa and South America need to ensure that they work together to assist each other in meeting the MDGs, but also to lobby the North for support, especially if aid commitments are not being met in the era of a global economic crisis.

Developing countries are part of the global system of trade, multilateral agencies and international law. In most cases, this global system is dominated by western ideas and values. Poor countries are disadvantaged because enormous resources and capacity are required to participate effectively in the system. This is evident just from the numerous meetings, conferences and commitments that take place under the UN system in general and for particular organisations such as the WTO. The WTO rules that must be implemented, which include removing trade barriers, creating institutions, building capacity, implementing various standards and regulations and maintaining complex bureaucracies, are all too taxing for many developing countries. Over the years marathon negotiations have taken place over trade, climate change, finance and various other global issues. Often the richer countries dominate these discussions and the outcomes. This is why the two regions must strengthen their negotiating positions and negotiators, agree mutually beneficial goals and ensure they are united in these forums especially against the North. They should also encourage countries to think of the greater good rather than narrow national interests.

Countries on both continents are encouraged to ratify the 1999 UN Convention on the Rights of Migrants; jointly identify infrastructure projects and funding for them; exchange information on implementing the MDGs; create inter-regional universities, language teaching and so on. There has been little progress in these areas, even though the use of information and communication technologies (ICT) can enhance co-operation and reduce or eliminate the challenges of distance.

Africa had, and, has more ongoing conflicts than South America. The latter can, through the UN, provide resources to build, consolidate and keep peace in some of these conflicts. Opportunities exist to train peacekeepers, and develop conflict resolution mechanisms together. Africa, on the other hand, can assist South America in dealing with truth and reconciliation, community justice, reconstruction and development and early warning systems for conflict prevention.

Criminal syndicates from both continents are increasingly co-operating, especially in trafficking narcotic drugs and money laundering. Africa, in particular Ghana, Guinea Bissau, Guinea Conakry, Senegal and South Africa, is now an important transshipment route for South American drug syndicates targeting Europe. Local usage is also growing, which is leading to high levels of corruption amongst civil servants, increased health and social problems and violent crime. Furthermore many Africans criminals, of whom an increasing number are female, are being imprisoned in South America. Law enforcement agencies across the regions have begun co-operating to deal with this scourge, but the criminal gangs often have more resources.

Reference is made to supporting the work of various institutions such as the African Commission for Human and Peoples Rights, African Court of Justice and Human Rights, Inter-American Commission on Human Rights, Inter-American Court for Human Rights, Comprehensive African Agricultural Development Programme, and Africa-South American Bank, but not how that support is achieved. There needs to be very specific programmes between these institutions to ensure that the principles guiding them are followed. Legislation, training programmes, exchange of personnel, investment projects, and other forms of co-operation should be developed jointly. Furthermore, multilateral organisations should be lobbied jointly for resources.

South America pledged to invest in African energy and mining sectors, and the summit discussed the establishment of an energy commission for the two regions and an Africa-South America business association to enhance joint trade and investment. However not much can be achieved without clearly setting out practical details such as whether the investment would be bilateral or multilateral, or who would drive these processes and provide information on opportunities. Not surprisingly little progress has been made in these areas. There is perhaps fatigue from establishing too many bodies and the resources needed to serve them.

Enhanced economic relations between some countries occur through membership of forums such as OPEC and associations of banana, cocoa, coffee and sugar producers. The principle aim of these forums is to seek better terms of trade. However, little trade takes place between Africa and South America, as the two countries produce the same goods, mainly raw materials. Therefore, the more industrialised countries in the region should seek to diversify the goods they produce in order to enhance trade between the regions. However, some of the barriers on both sides that must be removed include: high tariffs on finished goods; non-transparent customs regimes; government subsidies; visa restrictions; and different business cultures, languages and legal regimes. Africa has established similar forums with other parts of the world – with Asia, China, Europe, India and the United States. Such institutional arrangements allow African goods to enter these areas at either reduced or no duty. Africa and South America should explore ways of working together to increase the manufacturing capacity, quality and competitiveness of African goods, and to sell them in other parts of the globe. They can start at the bilateral level, looking at manufacturing products for markets outside the two regions where there are partnerships with Africa (such as the African Growth and Opportunity Act – AGOA, Forum for China Africa Co-operation, or Lisbon Declaration with Europe) and South America. This could be a very strategic move that would allow more goods from both regions to access markets such as Australia, China, Europe, India and the United States. Many Asian companies relocated to Africa to take advantage of AGOA, although they stayed only for the short-term and mainly for their own benefit. They repatriated most of their profits, treated their workers shabbily and left when the economic climate worsened. Africa must learn from this experience in order not to repeat such mistakes in co-operating with South America.

Transport links are limited to mainly sea and air and between few countries. The only current direct links between Africa and South America are from South Africa, Angola, Brazil and Argentina, and are totally inadequate. Malaysia Airlines used to be the only direct link between South Africa and Argentina, as South African Airways (SAA) had stopped flying the route. Then in 2009, SAA recommenced flights on the route, which will boost tourism and trade, as flight prices will probably drop. The Brazilian airline VARIG had planned to fly to South Africa in 2007, but unfortunately this never happened. Unlike airlines in other parts of the world, African and South American airlines have not formed alliances and shared codes, and there are virtually no charter flights between the two regions. More efforts will be needed to increase transport links, which will enhance investment, trade, tourism and other exchanges. Consideration should be given to introducing low-cost airlines on the shorter routes between the two continents especially as the confederation and World football cups will be played in South Africa in 2009 and 2010 respectively. Africa should return the favour when Brazil hosts these events in 2014. Of course the global economic crisis has affected tourism with many people choosing to travel shorter distances. However, opportunities still exist, especially in these two soccer-loving regions. Shipping links are also weak because of the limited trade between the two continents. However, as trade negotiations and opportunities arise, the prospects for shipping should improve. Cruise tourism between the two regions should also be explored since both have such magnificent natural and man-made wonders.

Not much is being done to encourage interaction between Africa and its diaspora, despite the huge opportunities, which include cultural exchanges and growing cultural industries, training, investment, sharing of knowledge, heritage, and creation of pride in people's identities. Nevertheless, stronger links have recently been built with Brazil and with President Chavez of Venezuela reaching out to Africa, especially during the AU summit in Gambia in 2006. Other South American countries need to explore further their African heritage that can be used to enhance links with Africa. Increased participation is needed in each other's events, such as the Cape Town International Jazz Festival, Rio Carnival, PANAFEST (Pan African Festival) in Ghana, and other arts and culture, film and musical jamborees. Researching and publishing the correct histories of the two continents, especially before the colonial periods, will ensure that the regions learn from each other, and will serve as another catalyst for greater co-operation between Africa and South America.

The association of Portuguese speaking countries, to which Angola, Cape Verde, Guinea Bissau, Mozambique, Sao Tome and Principe, and Brazil belong, will be especially useful for South American linkages into the Economic Community of West African States (ECOWAS) and the South African Development Community (SADC). Equatorial Guinea should be the entry point into Africa for Spanish-speaking (which is most of) South America; and Guyana should be the link for English-speaking Africa into South America.

One challenge is identifying how and through whom co-operation should occur, given that Africa has 53 countries and numerous regional economic communities compared to the 12 South American countries. MERCUSOR and the Southern Africa Customs Union (SACU) have been exploring a trade agreement for years with limited practical progress. The agreement that was publicly signed in December 2004 has not been implemented, as negotiations continue. For three years, negotiations have purportedly been close to finality. However, by the end of 2007, tariffs for some products in the automobile sector and some rules of origin issues still needed to be sorted out. The agreement is subject to the WTO's enabling clause that permits preferential agreements between developing countries. Its market access structure is limited to the trade of goods and the initial agreement covered approximately 1000 tariff lines on each side for partial and/or complete liberalisation. This fixed tariff preference (FTP) agreement, is certainly not intended to be comprehensive; although officials argue that market access provisions will be expanded over time, but what is not known is by how much.

There has been a substantial increase in female representation, especially in the executive and legislative branches of government, across both regions but mainly in Africa. At present, Argentina, Chile and Liberia all have female presidents, while bodies such as SADC and the AU have agreed quotas for female representation in government. As a world leader, Africa must work with South America for greater progress on gender representation and much fairer societies. However, extra efforts are required on both continents to improve gender relations, reduce human rights abuses against women and the high number of child soldiers, especially in Africa. Government and other stakeholders need to do more to deal with the iniquity of poverty that continues to have a female face.

Brazil and South Africa are among the three most bio-diverse countries globally (Indonesia is the other). These countries should work together with others on both continents to preserve their biodiversity, to save disappearing and endangered species. Furthermore they should together push for increasing the continents' biodiversity resources, and developing them into industrial sectors in order to create more jobs and benefits for their people. Alternatives such as biofuels should be developed in light of spiralling energy costs. Brazil, which is very competitive in this area, should take the lead in assisting countries across the two regions.

The Africa Institute of South Africa (AISA) is especially interested in the initiative, which aims to enhance linkages between continental, intergovernmental and research institutions that have a role in ensuring successful implementation of the Abuja Declaration. One of the commitments made was to promote centres of excellence, information exchange and sharing of best practices, while involving civil society, academia and the diaspora. It is worrying that this ambitious objective has not been implemented. Research centres in various countries should take the initiative, and not wait for instructions from governments to commence co-operation. They should develop action plans under the seventeen work areas detailed in the Abuja Declaration and monitor progress of their implementation. In this regard AISA and the Council for International Relations of Argentina signed a memorandum of understanding, which should be one instrument for carrying out the research mentioned above.

In sports, South America was a strong ally for the continental rotation of the FIFA World Cup, starting with Africa in 2010. It is an open secret that many South American countries supported South Africa's successful 2010 bid and Africa unanimously supported Brazil, the only bidder from the two continents for the 2014 event. All the stops must be pulled out to ensure that many fans from each continent visit the other for these two mega events. The benefits of co-operation are already being reaped through South Africa's national team contracting a second Brazilian coach, although this is very costly. There are South American football coaches and players in various African countries, while numerous Africans have been on football development programmes across South America, especially at the junior levels. Other sports where co-operation is increasing include athletics, martial arts, beach football, rugby and polo. However, progress in certain sports has been limited, the co-operation is only between a few countries, and little is being done in sports involving females.

A follow-up mechanism was established to implement the declaration, comprising the two co-chairs and incoming chairs, assisted by the AU and CASA. Brazil and Nigeria were mandated to lead the follow-up mechanism and to hand over to Venezuela and another African country in 2008. However, as no permanent secretariat exists, continuity, institutional memory, co-ordination functions, and speed of implementation are all going to suffer. In addition, the AU and CASA secretariats have provided little leadership and few structures for implementing the Abuja Declaration. This is not surprising given the number of other similar commitments, limited capacity and stretched resources.

In between summits, high-level government officials are supposed to meet to monitor implementation and to report on progress. However, it is unclear who should contribute what, how resources should be allocated, and where the required financial, human and institutional resources should come from for implementing the declaration (from the budgets of countries, regional economic communities or continental bodies). Being rather loose and voluntary, the follow-up mechanism arrangements are unlikely to lead to meaningful achievement of the co-operation targets.

Apart from a few countries such as South Africa, Nigeria, Argentina, Brazil and Venezuela, there is limited diplomatic representation between countries on the two continents. Also limiting interaction are the language differences among various countries (languages spoken include Arabic, Hausa, Swahili, English, French, Portuguese and Spanish) but this is a surmountable barrier, requiring sufficient resources for relevant language teaching. Strategically, it is important for Africa to recognise the growing importance of Spanish in the Americas, and to plan accordingly.

The seventeen areas of co-operation discussed cover the work of various national, sub-regional and continental institutions. Each country, regional economic community and continental body needs to unpack the declaration to determine the work and resources required, and the capacity for implementation, which must also cover monitoring and evaluation. These institutional mechanisms must also establish how they will co-operate with other stakeholders – business, civil society and organised labour – as the scope of work cannot be accomplished by governments alone.

Lessons from other organisations

The Africa-South America summit can learn from forums such as Africa-Asia; Africa-China; Africa-Europe; Africa-Japan; Africa-India, South-South co-operation and the United States AGOA, as well as from others such as the non-aligned movement, G20, G77, Zone for Peace and Co-operation in the South Atlantic, and India, Brazil and South Africa (IBSA). Most of these institutional mechanisms have been in existence for years: some have small memberships, others large and disparate memberships; some have permanent secretarials, while others rotate their secretariats; and they have different monitoring and evaluation systems. Special funding is also provided in most cases for the work agreed upon.

Countries such as Japan, China, India, the United States, as well as Europe have committed specific resources, and agreed on the kind of assistance they will provide to Africa, including access to markets, loans, grants, technical assistance, and training, over specific timeframes. There are measurement and evaluation mechanisms in place, with processes to remove barriers to progress. Of course most of these countries are from the developed North, and have more resources. But this apart, they provide valuable lessons, in particular the need to be specific, provide resources and timeframes for any plan.

There have been complaints that these countries, like most donors, offer assistance that favours them and their companies – most assistance returns to them. They are reluctant to grant greater access to their markets and impose too many conditionalities on their aid. The Africa-Europe Summit did not meet for seven years because of Zimbabwe; Africa has not benefited fully from the United States' AGOA; and China and India are supposedly chiefly seeking natural resources from Africa and markets for their manufactured goods, while imposing high tariffs for industrial goods from Africa. The challenge is for Africa to be more effective in setting the conditions for engaging with external parties. NEPAD is supposed to be this framework, but this has remained mainly on paper.

Organisations with limited membership, such as IBSA, have the advantage of focus, building mutual trust, and convergence of interests, although this does not mean that the three countries agree on all issues. For example India is a nuclear power while the other two are not, and numerous obstacles hamper increased trade and investment between the three countries. Furthermore, only in 2007, four years after its formation, did India commit more strongly to the organisation. It will be interesting to see how IBSA survives the exit from power of the present heads of government and state. South Africa is already in the post-Mbeki era and some international programmes established by his government have lost support.

IBSA has opted to use sectoral working groups (there are 14) charged with overseeing various issues. These groups meet regularly and follow up on the scope of work agreed. Progress has been variable, with some groups moving faster than others. Responsibility to oversee work shifts from country to country – the country that hosts the summit leads until the next summit. However, the lack of a permanent secretariat is a weakness.

With two members from Africa and South America, IBSA can be used as one of the building blocks for implementing the Abuja Declaration. In addition, there is the Zone for Peace and Co-operation in the South Atlantic, which covers all countries from the two continents in the South Atlantic. Originally a nuclear-weapons-free zone, it has now expanded to cover economic co-operation; peace and security; and science and technology issues. Many of the issues agreed to in the 2007 Luanda Plan of Action duplicate the Abuja Declaration. To save scarce resources and be more effective and efficient, synergy must be sought between the two initiatives, since they have almost the same members.

Other large groupings, such as the G77 and China (130 members) and NAM (118 members), are unwieldy; consensus and unity is difficult to achieve, and success in implementing the decisions taken is varied. However, these organisations have been vital for symbolic solidarity especially among countries of the South and during the Cold War. They allow members to develop common negotiating positions within organisations such as the UN and other international forums. Africa and South America must learn from these and other multilateral forums to enhance the implementation of the Abuja Declaration and to develop their countries.

Conclusion

The above shows that various countries, especially in the global South, belong to too many organisations. They are spread too thin, virtually moving from meeting to meeting, in so-called talk shops, where ambitious declarations are agreed to, resources are duplicated and wasted, but little is implemented. Some level of prioritisation is needed. Therefore, as Africa and South America prepare for the next summit, the progress and challenges in their relationship of the past two years need to be reviewed transparently and honestly, and a viable way forward agreed. It is time to go beyond rhetoric and take the necessary action to implement the agreed policies and programmes contained in the Abuja Declaration.

This kind of co-operation will only be possible if both continents take practical and decisive steps to create political mechanisms (institutions and secretariat) with the necessary civil society support to meet the agreed agenda for co-operation. Ideas and proposals contained in the declaration need to be translated into a programme of action, with clear roles and responsibilities for all involved.

Africa has too many countries (53), and so it makes more sense for the five or six regional economic groupings to be the basis for co-operation with the 12 South American countries. Alternatively, bilateral relations between an equal number of countries on both continents could be prioritised, which could serve as the building blocks for further co-operation between the regions. Africa cannot expect its 53 countries to move in unison or at the same speed. It is vital that some prominent countries, such as Algeria, Egypt, Kenya, Nigeria, Senegal and South Africa, take a leadership role on behalf of the continent. They can be joined by others such as the DRC, Ethiopia and Sudan once they have resolved their various internal challenges. We must take our cue from Europe, where states such as France, Italy and Germany were the engine for the development of the European Union. In South America, Argentina, Brazil, Chile and Venezuela should also be the leaders.

This chapter illustrates that under the current arrangement, it will be difficult for relations between the two regions to blossom. It may be argued that it is too early to expect such a partnership between Africa and South America to flourish. Foundation blocks are first required through creating legitimate institutions and structures to facilitate the whole process. Without these measures, the implementation of the Abuja Declaration cannot be expected to be possible or realisable.

In systems theory, each of the continents is viewed as a sub-system of interdependent parts. The 17 areas of co-operation under the Abuja Declaration were used to test the linkages between them. Some analysts may argue that there has been insufficient time to make solid progress, as they have only been co-operating for two years. Nevertheless, the available evidence suggests that not enough has been done to enhance co-operation between the different countries, regional economic communities and continental bodies.

Gathering information about co-operation between the two continents was difficult because no proper systems, processes, mechanisms or secretariat have been established to capture the relevant developments. AISA is exploring ways of contributing to research in this area, including similar initiatives that Africa has with other parts of the world, and hopefully will be able to present a more comprehensive picture by the next summit in Venezuela.

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PART 2

THE CURRENT STATE OF SA–ARGENTINE RELATIONS

A brief insight into the first meeting of the South Africa–Argentine Binational Commission

Ambassador Fernando Petrella

First, it is highly significant that both ministers of foreign affairs presided over the binational commission and reveals the importance ascribed to diplomacy and bilateral relationships. This practice, which reflects substance apart from 'form', is expected to continue in years to come. In fact, we have not witnessed such an important event since the visits of former Argentine President Carlos Menem to South Africa in 1995 and former President Nelson Mandela to Argentina in 1999.

Secondly, attention should be drawn to the broad-ranging and somehow ambitious agenda. The most outstanding aspects of each region are considered together with a number of inter-regional and multilateral issues. Additional evidence of the trust and communication that exists between both governments is provided by the fact that an issue with such divergent opinions as UN Security Council reform should have been included.

Bilateral co-operation and regional issues

In the future, Latin America and the Caribbean should be ideally treated as a single unit when dealing with bilateral co-operation and regional issues. Sub-dividing the region at the South Africa and Argentina bilateral meetings does not seem useful for either party. In addition to its historical and strategic relationship with Mexico, Argentina has a considerable footprint in the Caribbean and Central America. Our country's influence in the broad Rio Group and its interaction with the Caribbean can be valuable for South Africa not only now but also in the future. One recent example is Argentina's fifteen-year-long role in Haiti, which produced experiences that South Africa, now a UN Security Council member, might consider. Another example is former President Néstor Kirchner's role in the FARC hostage case, and more recently, President Cristina Fernández's intervention at the Rio Group presidential meeting held in the Dominican Republic to discuss the Ecuador-Colombia crisis. Argentina offers a virtually boundless outlook for South African co-operation with Latin America and South America, in addition to MERCOSUR, Brazil (which has become a global reality) and the bio-oceanic scope thanks to a robust relationship with Chile. The current dynamism of the Latin American political scene will undoubtedly be very interesting for our African counterparts. The region is witnessing an intensified cycle of economic growth and renewal that seems to be structural rather than circumstantial.

For its part, Argentina can concentrate on the activities and contribute to the objectives of the Southern African Development Community (SADC). Keeping an attentive eye on the pacifying, balancing, and co-operative role that South Africa plays on its continent and in global affairs is of interest to both Argentina and Latin America and the Caribbean, at a time when Africa is also effervescing and transforming.

Africa's co-operation with India and its projects can open up opportunities in areas where Argentina boasts undeniable excellence.

In my opinion, existing challenges include the quality of institutions in both regions, the harmonious transition to democracy, and the struggle against illegal groups that resort to terrorism. Coupled with military expenditure in Latin America, these are interesting topics for future analysis. In addition, increasing expenditure on weapons and their overt and covert entry into both continents should be considered. I think that both Argentina and South Africa intend allocating most of their national resources to education, healthcare, food, and the protection of public assets. The South Atlantic must continue to be a region of peace and co-operation. Any unnecessary imbalance might become fertile ground for an arms race. Such a situation would not help to find a solution to the Malvinas/Falkland Islands conflict between Argentina and the United Kingdom. However, having said this, I must emphasise that each country has the sovereign power to use its resources as it chooses best, so long as it abides by international regulations and regional sensitivities.

The issue of food prices and the rise in famine and malnutrition should not be ignored in a scenario involving tighter co-operation between Argentina and South Africa. Concern expressed by the secretary general of the UN Food and Agriculturel Organisation (FAO) for creating food 'reservoirs' or 'banks' to fight famine, resulting from steep price increases in the world's poorest countries, offers both nations and regions a valuable stimulus for joint action. Much remains to be discussed on the effect of biofuels on the environment and the price of food. We should not forget that Argentina, Brazil and Uruguay boast a state-of-the-art food sector and have pioneered yield-maximising techniques such as no-till.

With respect to other equally politically sensitive issues, I believe that an honest discussion about how religious factors affect the behaviour of nations and the evolution of conflicts would be a good subject for future meetings. This topic has begun to be explored with regard to the Middle East, which is a typical though far from unique case; yet this problem has existed for a long time both in Africa and Latin America. Although these discussions are best held in an academic context, this issue can also be analysed by officials, if there is agreement to submit concrete proposals at government level.

UN Security Council reform is an extremely sensitive issue. It is fundamentally about whether we wish to preserve the system created by the UN Charter in 1945, at the end of World War II, and maintained against the backdrop of the Cold War. Or whether we aspire to something new, democratic and reflective of the realities and cross-national challenges of the 21st century and the need for actual consensus to solve them. Since 1918, when the League of Nations came into being, Argentina has opposed giving some members more privileges than others. Hence, Latin America's central principle of 'sovereign equality of all states' and the refusal of countries in the region to interfere in other nations' domestic affairs. Consistent with the above, Argentina opposed privileges and veto rights during the initial discussions on the UN Charter. This stance – which is similar to that of many other countries – should not be viewed as negative or 'averse' to the aspirations of our friends and allies. Instead, large emerging countries, such as Argentina and South Africa, should analyse how to resolve extra-national problems related to the environment, energy resources, water use, terrorism, famine, the proliferation of weapons of mass destruction, and the influence of new players on the international scene. These and many other issues are far from finding their place in a Security Council that has five, ten or fifteen permanent members, with or without veto rights. The problems of the 21st century will not be resolved with mechanisms created in 1918 and confirmed in 1945. Something new must be found that makes room for the various regions of the world and strives towards greater consensus. I think the words of Pope Benedict XVI embodied the opinion of many when, in a message addressed to the UN General Assembly on 18 April 2008, he said that decisions should not be the preserve of a few.

Clearly this is a highly divisive issue. However, it is surely more constructive to design an imaginative and acceptable solution for all, different from the one based on privileges, which may have been acceptable in the Cold War years but are devoid of meaning nowadays.

Human rights

Tragic global developments in respect of human rights in recent years have led to a pattern of reciprocal co-operation that must continue in the future. Argentina and South Africa should retain their co-operation at the Human Rights Council even if the countries are not both part of the institution during the same periods. The struggle against the death penalty provides a good reason for common action. Getting rid of this unusually cruel and irreparable punishment could become a priority in the agendas of Latin America, the Caribbean and Africa. The Italian initiative at the General Assembly must be actively supported. Argentina was a political asylum leader when such an institution was the most palpable expression of humanitarian sentiment. Argentina, together with Costa Rica, was a driving force in the creation of the office of the UN High Commissioner for Human Rights, and also determined the creation of the Rome Statute, which gave rise to the International Criminal Court. These facts entitle our country to have a say in the current discussions about candidates for the high commissioner, which pertains to Africa. Dialogue with South Africa on this point is important in view of Argentina's influence on the rest of Latin America. Our potential support for the prevailing candidate will also be critical. When concrete actions for effective protection of human rights are promoted, the pressures that are created are eloquently illustrated by those who have held such a position. On the other hand, as already stated, a core interest must be the promotion of and/or transition into democracy. There are cases on both continents that imply arduous shared work, particularly in areas such as accountability, repentance, truth, justice, memory, peaceful coexistence, and eventually, reconciliation. Fortunately consensus on these points exhibits neither hues nor crevices.

Trade and investment

During Argentina's current administration, there has been powerful and innovative momentum on all matters concerning trade and investment. Once more, a driving factor has been the presence of world-class and professional ambassadors aided by excellent teams and supported by their ministries. Faced with the usual difficulties, they have gained access to authorities in the relevant countries in order to advance their interests or to consult. The growth in trade reflects complementary elements in both economies. Geographic proximity, coupled with both governments' shared view on the international system and its evolution, has helped create a proper business climate. (Good policies are necessary for good business.) Potential South African investment in the Argentine mining sector is supported by the legal security and predictability of the regulatory framework. Perhaps assessing companies from other countries already investing in this significant line of business will contribute to defining the volume of eventual South African presence in the sector.

With regard to multilateral issues, the Doha Round may give rise either to agreement or disagreement. The main values at stake – agriculture, industrial goods and services – are critical for both countries and are being co-ordinated with Argentina and South Africa's most direct allies. On April 11th, 2008, Australian trade minister, Mr Crean, and US trade representative, Mr Schwab, made it clear that decisions on agriculture, industrial goods and services must be made harmoniously, as they constitute the three pillars of market access. These open issues are critical for both Argentina and South Africa.

Airline connection with South Africa is fundamental for an Argentine footprint in Africa. The reinstatement of South African Airways flights should be a reason for joy, as it will not only enhance human ties between both countries, but will also have a positive impact on bilateral tourism.

Environmental tourism and national parks

A robust rapport on environmental tourism and national parks offers unique opportunities. A protectionist focus on fauna must prevail, stimulating a photographic approach to species and opposing their hunting, especially if the species involved are native, symbolic of the nation (for example, pumas and *yaguaretés*) and endangered. The South African experience is extremely valuable, so tight bonds should be established between non-governmental NGOs organisationssuch as *Fundación Vida Silvestre* and others with a proven conservationist track record. The growth in tourism in Argentina highlights the need for maximum caution in these aspects, as damage to animal species can be practically irreversible – the European experience with the Iberian lynx, the Apennine bear and the wolf are clear examples of this.

Science and technology

One of the most important areas for co-operation is science and technology. Argentina boasts valuable experience in the space and satellite sector, as a result of the agreements signed in 1995 with NASA, and subsequently with Italy and Brazil, and in peaceful nuclear co-operation. All the projects mentioned in the minutes reflect the momentum acquired in the relationship between both countries and must be stimulated. On account of its technological nature, the same can be said about the memorandum of understanding signed in November 2007 between the National Institute of Agricultural Technology (INTA) and the Agricultural Research Council in Pretoria.

Co-operation on sports

I think one comment must be made about co-operation on sports. This is part of a wide-ranging cultural vision, and demonstrates the modern attitude and approach to relations between both countries. Both Argentina and South Africa are true powers in team sports such as rugby, football, volleyball, polo and basketball. These sports attract large segments of both communities, and should therefore be promoted. However, individual sports should not be ignored, as they also appeal to a large audience and allow for easier exchanges. Such is the case of tennis, and to a lesser degree swimming, boxing and fencing, where Argentina has a lot to offer. Sports have the power to impact broad sectors of the population, particularly the younger people, and for this reason co-operation along these lines should be prioritised and used as a guide for other bilateral undertakings.

Final reflection

I have come to a point where it is necessary to formulate a final reflection. I think that the minutes are not reflective of whether both countries have addressed significant strategic issues with a shared vision and with the will to discuss the possibilities of working together. However, South Africa touches on these subjects clearly and unreservedly whenever it deems it appropriate. I have before me three documents whose political and diplomatic value is incontestable. The first one is the annual speech delivered before the diplomatic corps in December 2007 by Mr. Aziz Pahad, South Africa's then deputy minister of foreign affairs. The second document is the speech by South Africa's president, Thabo Mbeki, upon taking office as president of the United Nations Security Council in April 2008. The third document is President Mbeki's declaration after the Security Council's high level session, which he presided over on April 16th, 2008.

These three texts portray a confident country with a clear sense of direction and a visible will to participate and have its voice heard in matters of concern to the international community and, more particularly, to large powers. It is the best way of conquering the legitimate place that it also deserves for reasons of size. The same could be said about Argentina, given its significance in Latin America and the Caribbean, and its well-known ability to act commendably regarding the most sensitive issues coming to the attention of the United Nations. The adjectives that I am using are not excessive. On the contrary, their purpose is to shake off the isolationist tendencies that might exist in our region or in our own milieu. Thus, I think that in order to complete Argentina and South Africa's future shared agenda, we should strive to place both countries on an equal footing, and waste no time to start exploring potential areas of collaboration on global issues such as Iraq, the Middle East in its various aspects, the Iranian nuclear challenge, and other situations that jeopardise peace and safety. On this point, it is worth remembering that Argentina has been a non-permanent member of the UN Security Council on eight occasions. It was a key player in the fight against colonialism and racial discrimination. It was as a result of a UN Security Council resolution written by Argentina in collaboration with the African Group in 1972, that the secretary general and his advisors set foot in Namibia for the first time in history, setting off that country's relentless progress towards independence. Taking a leap in time and space for the sake of brevity, we should also remember that Argentina has participated in over eleven UN Security Council peacekeeping operations and in numerous regional operations. Over fifteen hundred Argentine citizens have devoted themselves to this noble and risky endeavour. Our country has had one command in the Balkans, one in Cyprus, a deputy command in Kuwait and another command in Haiti, which enabled the transition in government, from General Cedras to Dr. Aristide. Argentina has created joint peace missions, adding military staff from other Latin American countries. The creation of the White Helmet Volunteer Corps and its peacekeeping and peace-building role in various scenarios should also be remembered.

I mention these facts because Argentina plays, and will continue to play, a pivotal role in the regional arena and, as shown, in the global scene under the mandate of the UN. Argentina should neither deny nor conceal its internationalist essence. It would be a mistake to think that our country lacks the ability or the determination for action, because its own history, influence and diplomacy show otherwise.

Countries with common experiences and aspirations such as Argentina and South Africa should be able to co-ordinate their activities on the most sensitive issues of the international agenda. This will in turn benefit developing countries and foster international stability and equilibrium.

Bilaterial relations with Argentina: a trade and investment perspective from South Africa

Dr Lyal White

Bilateral relations between South Africa and Argentina stretch back decades. Despite their strong similarities and relative proximity, the extent and depth of engagement between these two countries has never gained the momentum or priority many believe it deserves. Political relations have basically remained 'sound and cordial', with the most significant exchanges taking place in naval or maritime operations.

Until recently, economic relations have been insignificant and at times disappointing – even by the modest standards of general South Africa–Latin America economic exchanges. Trade and investment figures are still well below expectations despite years of negotiations and so-called preferential agreements.

However a fresh breath of life appears to be driving a new approach to South African–Argentine relations. A bilateral agreement signed in September 2005, followed by the first binational commission held in Pretoria in February 2007, has carved out a constructive agenda of engagement that goes beyond the rhetoric of political and ideological similarities, and seeks tangible points of agreement that will contribute to both the socioeconomic development and political progress of both countries and their respective regions.

South African–Argentine relations now span a range of bilateral and multilateral areas of co-operation. These include inter-regional co-operation in the realm of South-South dialogue, multilateral coalition building in the World Trade Organisation (WTO) and UN (in the area of reform in particular), and bilateral agreements in areas from naval and maritime co-operation to science and technology, culture, sport and tourism.

Bilateral negotiations also span commercial exchanges, specifically in the realm of investment and trade. While these are mostly conducted under the inter-regional umbrella of the South African Customs Union (SACU)–Mercosur preferential trade agreement (PTA), bilateral discussions between South Africa and Argentina aim to cover more specific issues relevant to the context of these two countries, particularly in the realm of tax, mining, air and sea links and general business.

While this injection of energy has brought renewed hope of building constructive ties between South Africa and Argentina, there is still much to be done and certain areas need to be thoroughly re-evaluated.

It is in this context that this paper will address, specifically, bilateral commercial relations and efforts towards improving trade and investment flows between South Africa and Argentina. In doing this, it will provide a brief critical assessment of these relations and offer some recommendations on how and where trade and investment ties can be improved.

Contextualising South African–Argentine relations

A brief assessment of relations between the two countries quickly reveals that political and broader diplomatic ties are generally pursued in a conventional bilateral fashion, while economic relations tend to be blurred between a combination of multilateral, inter-regional and some direct bilateral exchanges.

This does create some confusion around the nature of the economic relations between these two countries. Such an approach may be in line with both South Africa's and Argentina's foreign policy and international trade strategy, but many insist that this has been to the detriment of economic relations between them. Such an approach to international relations tends to dilute the true potential – and results – of commercial exchanges between South Africa and Argentina, subjecting it to extra layers of political bureaucracy and detracting from some of the economic realities that exist between them. These issues need to be addressed more urgently to improve existing commercial ties.

From both a regional and South African perspective, this approach also tends to lump Argentina together with other Latin American countries (especially Mercosur countries and Brazil in particular) instead of prioritising specific areas of potential development, through direct bilateral relations.

This is most obvious in the realm of bilateral trade. Trade relations are generally assessed, negotiated and conducted on a region-to-region basis, between Mercosur and SACU. Therefore, any understanding of bilateral trade relations between South Africa and Argentina requires a profound understanding of the SACU–Mercosur process and the background to the agreement that exists between these two blocs. Unfortunately, in this context, South African–Argentine trade relations have been subordinated vis-à-vis inter-regional relations, which are often simply construed as an extension of South African–Brazilian relations.

South African business and investment view the situation slightly differently and as a result have pursued a different approach toward Argentina and Latin America. There has been a steady increase in South African business investments and operations across a range of sectors in Argentina from financial services and media to fisheries, mining and even forestry. These may have started more than thirty years ago (lead by Anglo American, which pioneered the way for South African business in Latin America from the early 1970s), but have increased in earnest in recent years, which has also brought with it a diversity of investment options (beyond South African mining interests) to Argentine shores.

These trade and investment relations between South Africa and Argentina will be discussed and assessed in greater detail throughout this paper in an effort to identify new opportunities and improve on existing commercial ties between the two countries.

South Africa–Mercosur: a brief background

Mercosur is South Africa's most important sub-regional partner in Latin America. However, despite a PTA that was concluded between SACU and Mercosur in December 2004, trade remains low and the true benefits of the preferential agreement are questionable.

As already mentioned, South African–Mercosur relations are widely construed as an extension of the close ties between South Africa and Brazil, which regard each other as strategic partners across the South Atlantic. Mercosur has therefore become the focal point at the centre of South Africa's foreign policy toward Latin America since democratic transition in 1994. Both Nelson Mandela and Thabo Mbeki have attended the Mercosur heads of state summit, and President Mandela was the first non-Mercosur head of state to address the gathering in 1998.

The SACU–Mercosur PTA is indeed an important initiative. It is the first preferential trade agreement of its kind between regional partners in the developing south. But the agreement was poorly calculated, and the end result has been disappointing. Some even argue that it is damaging to various South African exports and small industries.

Talks toward a full blown free trade agreement (FTA) between South Africa and Mercosur started in earnest over ten years ago. After years of discussion and negotiations the final PTA between SACU and Mercosur emerged as a watered-down version of the ambitious and much-vaunted free trade area that was expected to stretch across the Atlantic.

SACU–Mercosur relations are, in many ways, a politically driven initiative between economic rivals. The negotiations took place without the expressed involvement of business and civil society, which resulted in less of an economic agreement than a symbol of South-South co-operation.[1]

However economic realities prevail, with investors and traders operating between the two regions in much the same way as before, irrespective of the preferences agreed upon or the competitive concerns that have emerged. This, it is argued, is mostly because the trade benefits covered in the SACU–Mercosur agreement do not necessarily address the real commercial exchanges taking place between the two blocs.[2]

With the true benefits of preferential access questionable, a great deal of research and analytical work is being done on ways to improve the current trade relationship between SACU and Mercosur. Simply put, the current agreement has little or no impact on goods traded between SACU and Mercosur countries, or more specifically, it has very little impact on South African exports while Mercosur exports seem to enjoy some minor benefits.

Clearly there is a need to take better advantage of the agreement by concentrating on under-traded and non-traded products and new areas of trade facilitation. Ultimately, there is a need to assess the true merits of the agreement in an effort to improve particular areas in the follow-up negotiations that are scheduled to take place. This is particularly relevant to bilateral trade ties between South Africa and Argentina, which are skewed and in need of serious attention.

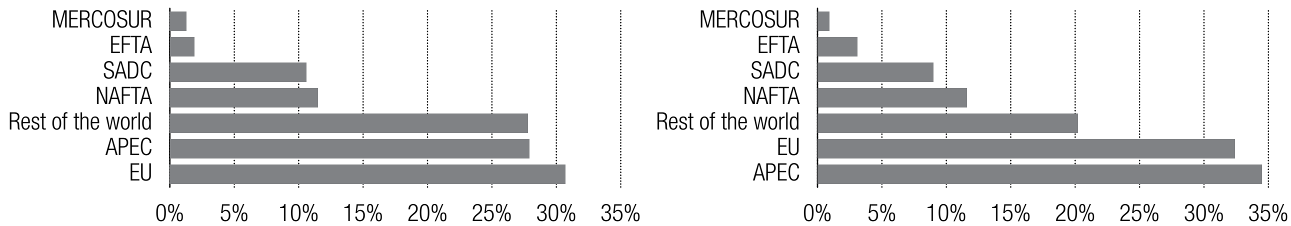
The trade flows between South Africa and Mercosur since 1998 reveal a rather concerning trend. While overall trade may have increased during this time, the terms of trade indicate that it is severely skewed in Mercosur's favour. Even more concerning from a South African perspective is that since the PTA was negotiated and concluded in 2004 the balance of trade has shifted yet further in favour of Mercosur exports to South Africa. South African imports from Mercosur increased from R2.75 billion (±$500 million) in 1998 to R16.6 billion (±$2.44 billion) in 2006. South African exports to Mercosur have increased marginally from just R1.9 billion (±$345 million) in 1998 to R3.64 billion (±$535 million) in 2006. The trade balance, in favour of Mercosur, increased over ten-fold from R843 million (±$153 million) to nearly R13 billion (±$1.92 billion) in 2006.

In simple percentage terms, South African exports to Mercosur vis-à-vis other major trading blocs have dropped from 1.3% of total trade in 1998 to 0.9% in 2006. Meanwhile, South African imports from Mercosur over the same period have increased from 1.9% to 3.6% vis-à-vis other major trading blocs. This is clearly not the outcome that was expected and does undermine the basic rationale of PTA's between developing countries, which are generally pursuing a path of export-led growth.

It is true that a range of factors such as dramatic exchange rate changes (with cheaper labour costs) and overall economies of scale in Latin America, have all contributed to this skewed trend between South Africa and Mercosur. Trade between Argentina and South Africa replicates this trend.

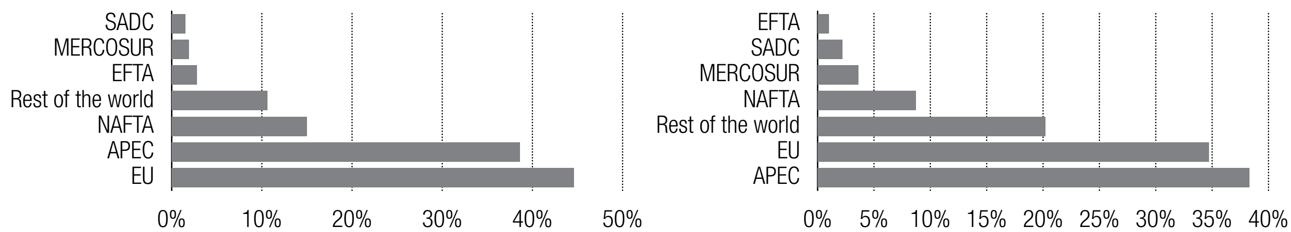
Two sets of graphs are included to show firstly South Africa's exports and imports to major trade blocs, including Mercosur (see below), and secondly, South Africa's exports and imports to South Amerca (and the Caribbean) more specifically (see p).

South Africa's exports to major trade blocs



Source: ABSA Bank, www.absa.co.za

South Africa's imports from major trade blocs



Source: ABSA Bank, www.absa.co.za

South African–Argentine commercial relations

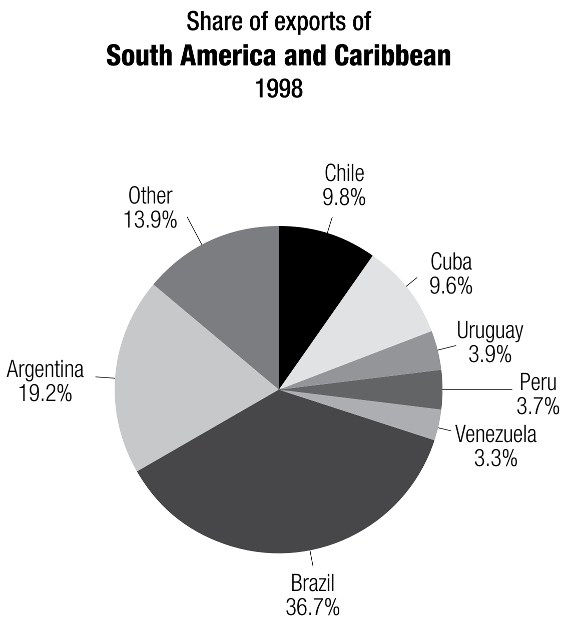
Trade and investment are still widely regarded as the best tangible indicator of true progress made in bilateral relations. These are believed to be the result of years of progressive political dialogue and co-operation along with bilateral negotiations that are geared to assist and facilitate commercial exchanges. South African–Argentine bilateral relations are no exception, but are widely criticised for their lacklustre results and the absence of perceived benefits for South African traders, which, as mentioned previously, is largely a result, of and closely associated with, the SACU–Mercosur agreement.

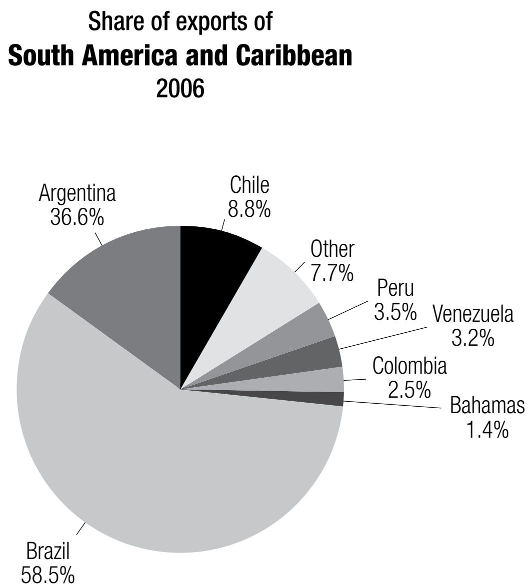
In 2006 total trade between South Africa and Argentina was approximately R7.3 billion (±$1.07 billion), which was a 0.85% share of South Africa's total trade. Argentina was, in that year, South Africa's 27th most important trading partner – a category it shared with the likes of the United Arab Emirates, Angola and Israel. Exports to Argentina were less than R685 million (±-$100 million) while imports totalled nearly R6.585 billion (±$970 million), which reflects a South African trade deficit of R5.9 billion (±$870 million).[3]

The above figures reflect a severely uneven trade relationship, and one that has grown increasingly so under the PTA. In addition, both agricultural and manufactured imports from Argentina have increased by about 50% between 2004 and 2006. Manufactured products currently comprise about two thirds of total imports from Argentina to South Africa, suggesting that not only are terms of trade a problem but also the nature of products traded is a serious concern. The products imported may be undercutting local manufacturers and undermining the South African industrial development strategy, which tends to contradict the rationale behind the PTA in the first place.

Some recommendations suggesting how this trade imbalance can be addressed and improved, within the framework of the PTA, are provided in the concluding section of this paper.

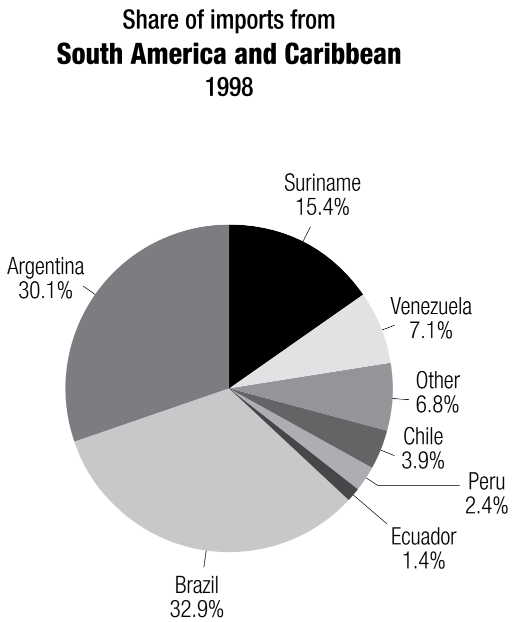
South Africa's exports to South America and the Caribbean

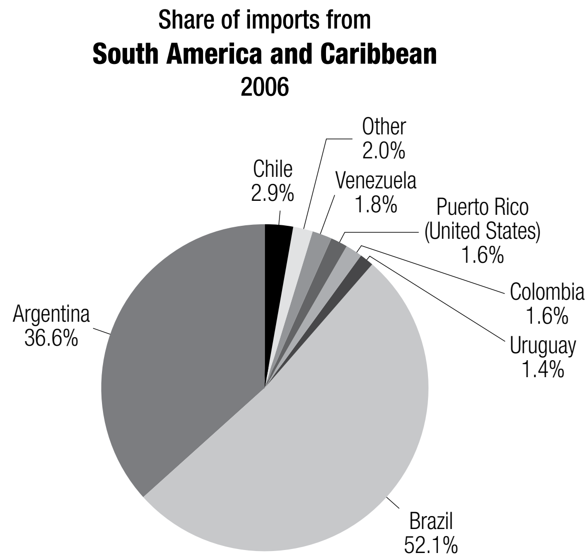




Source: ABSA Bank, www.absa.co.za

South Africa's imports from South America and the Caribbean





Source: ABSA Bank, www.absa.co.za

South African–Argentine investments

Investments tell a slightly different story from trade, but yet again, one that is markedly in Argentina's favour.

Investment flows between South Africa and Argentina are small. While these have started increasing in recent years, Argentine companies have yet to make a substantial investment in South Africa while South African investments (or at least investments from companies of South African origin) have historically pursued investments in other Latin American countries – notably Brazil, Chile and Colombia – ahead of Argentina. These countries may account for the majority of the estimated $20 billion of South African-driven investments in the region,

South African investments in Latin America have started diversifying away from the traditional competitive advantage it has had in the mining sector. While this is still the source of most of the South African investments in the region – including Argentina where South African companies (Anglo Gold) are mining gold in the south and pursuing green field operations throughout the country – South African companies are entering new and previously unexplored sectors, and Argentina seems to be the entry point and testing ground for that. These companies are looking for new markets that offer good services with relatively low risk factors and, importantly, a feasible springboard into the region and larger Latin American market.

Over the past seven years South African investments in Argentina have grown significantly. South African companies are now prominently involved in financial services, fisheries, forestry, media and publishing, beverages and of course mining.

Real areas of co-operation in agriculture, science and technology and tourism (especially around the 2010 FIFA World Cup) provide a range of new and exciting opportunities, especially in terms of joint ventures between South African and Argentine companies. Mining in Argentina offers similar collaborative potential. However these sectors now require the explicit support of government through targeted incentives in a bilateral investment and co-operation agreement between South Africa and Argentina if they are to develop further. This should be geared to provide exclusive preferences for companies from South Africa and Argentina respectively, where expertise and experiences can be shared freely.

On the South African side, and in terms of attracting Argentine investments, more efforts need to be made to promote the dynamic South African market as an investment destination of choice. South Africa is an ideal location to host and launch investment initiatives into Africa. It is well connected to the continent and provides a relatively risk free and cheap entry point to access Africa markets – along with the required expertise close at hand. This dimension of South Africa – as a springboard into Africa – needs to be promoted with greater enthusiasm in Latin America and particularly in Argentina.

Most importantly at this stage is the need for South Africa and Argentina to sign a double tax agreement. This is a simple government procedure that is often covered in bilateral trade agreements, and which has enormous repercussions for business operations and investments, as companies are exempted from paying 'double taxes' in both countries.

Finally, government's role in business facilitation is key. This may involve a range of issues but, more specifically and of immediate concern, are air and sea links between South Africa and Argentina. These have been discussed on numerous occasions, but the reality is that despite their geographical proximity, South Africa and Argentina are still poorly connected – with transport and communication between these countries still relatively expensive. This includes a range of sub-issues that involve role players from airlines, shipping and port facilities to telecommunication companies. Ultimately, the cost and ease of these services need to be improved if bilateral investments and business operation between South Africa and Argentina are to increase.

How to improve South African–Argentine relations

While policy changes and initiatives are important to improve and encourage bilateral relations, experience has shown that it is not necessarily policy that ultimately makes economic relations work effectively. An active commercial or consulate office and/or chamber is needed to help facilitate exchanges while providing on-the-ground support and some incentive for business operations.

To be sure, the South African and Argentine governments' commitment to promote and participate in trade fairs, commercial missions and seminars on trade and investment provide a necessary initial interest and impetus for economic exchanges. But a more vigorous and targeted approach toward economic relations – and one that will start delivering tangible results – is desperately needed.

However, in terms of initial policy and broad government-driven initiatives the following recommendations – many of which have been mentioned throughout this paper – could actively help reduce or eliminate trade and investment barriers between South Africa and Argentina:

- reduce existing tariffs and non tariff barriers (NTBs) within the PTA framework and through bilateral dialogue;
- improve cross border movement and transport through air links, sea routes, port capacity and operations;
- lower the cost of doing business, and provide targeted preferences or incentives (like tax incentives) for South African–Argentine businesses;
- provide efficient and reliable banking and financial services equipped specifically to deal with bilateral activities effectively and efficiently;
- encourage greater collaboration and joint-venture operations;
- ensure greater involvement of business and civil society in follow up bilateral and inter-region negotiations;
- increase trade and commercial meetings and delegations, and promote them effectively through parallel trade fairs that will also facilitate interaction between potential investors and traders;
- provide up to date market intelligence and research for practitioners and commercial operators;
- harmonise standards as well as trade and investment procedures between the two countries;
- introduce a double tax agreement that is simple and effective.

More specifically, in terms of trade, there is a need to focus on a select group of products in the PTA. This includes under-traded items or possibly even non-traded products instead of simply including a chosen list of products that have been hastily selected without real evaluation or in-depth analysis of their impact.

The good news is that trade between South Africa and Argentina can be improved with relative ease using research and technical insight into the existing trade dynamics.

South African exports to Argentina constitute a very small percentage of total exports from South Africa and almost an equally small percentage of total imports into Argentina. In addition to this, South African exports to Argentina are concentrated in just a few products, mainly fuels and their derivatives, paper and steel products.

South Africa is therefore currently only participating in, or competing with, roughly thirty per cent of the total Argentine import market. Most South African exports to Argentina contribute just 20 per cent or less to Argentine imports of a particular product, implying an enormous potential for South African exporters to increase their sales to Argentina of existing products or items, and thus outdoing international competitors in the Argentine market. These are what we refer to as under-traded items.[4]

There is therefore a need to focus on subsets and concentrate on the export promotion of specific products. One such way is to identify potential for South African supply/export to Argentina and thus concentrate promotional efforts on exporting these products. For example, there are products that South Africa exports to the world that Argentina is currently importing from countries other than South Africa. These products would constitute the set of potential South African supply to Argentina. This is a relatively large list, comprising over 4 000 products.

Further to this potential for export growth, research shows that Argentine trade barriers of various shapes and sizes still pose a serious constraint to trade with South Africa, and not – as is often claimed – export supply deficiencies on the South African side.

All this emphasizes how present exports from South Africa to Argentina have great potential to be increased by way of gaining or winning market share from international competitors. These products with export potential and low barriers, and those with export potential facing barriers of various sorts, have already been identified in previous studies. Likewise these barriers that inhibit export potential have been identified and this is precisely where targeted action is necessary if export growth is to materialise.

These barriers to trade should be addressed through the SACU–Mercosur PTA, but accompanied with constant evaluation and oversight by South African and Argentine authorities to ensure that specific trade issues between these two countries are addressed and improved upon.[5]

Finally, apart from finding the necessary policy solutions and technical adjustments that will surely help South African business and traders gain better access to the Argentine market, there is a need to harness a broader sentiment of economic diplomacy between South Africa and Argentina.

The two countries need to prioritise the type of economic relations that contribute to their particular national development strategies and not those that undermine local manufacturers and producers.

The term economic diplomacy was bandied about with great enthusiasm in the late 1990s and at the turn of the millennium, but seems to resonate once again when assessing the current state of South Africa-Argentine relations in 2008. Economic diplomacy is a necessary component of bilateral relations, which needs to be developed more comprehensively between these two countries. This goes beyond simply promoting trade and investment through commercial offices, as was suggested above. Such promotion and policy efforts must be complimented with on-the-ground facilitation and support services. Regular information and up-to-date research that is relevant to business and trade dynamics is another important component or service that could be provided through a commercial office, chamber or even a think-tank of sorts. This research would then feed directly into the binational commission and trade negotiations, thus providing a feasible channel for business and civil society to actively contribute toward (or access information around) the agreements signed.

All this helps to minimize the risk of doing business and encourages trade and investment by establishing a supportive environment that is comfortable and familiar.

Harnessing mutually beneficial economic ties will help increase and balance trade and investment flows between South Africa and Argentina. This is an essential part of the bilateral process. Commercial exchanges are, after all, the glue that binds together countries which are trying to strengthen foreign trade exchanges.

Endnotes

1. See Lyal White, 'SACU-Mercosur: Long Process, Little Progress,' SAIIA Report, 2003.
2. This is a point Mathew Stern argues with detailed empirical evidence in his paper 'SACU-Mercosur: Where's the beef?,' 2006.
3. This is based on trade data from ABSA Bank in 'South Africa's Foreign Trade: 2007 Edition, at www.absa.co.za.
4. Argentina imported 4,772 HS 6 digit products from the world, and of these, only 516 HS 6 products came from South Africa.
5. This is based on Dianna Tussie, Eduardo Bianchi, and Lyal White, *Identification of Opportunities and Trade Barriers for South African Exports to Argentina*, January 2006.

'Thinking South': some key areas for strengthening the bilateral

Virginia Gamba

This first dialogue aimed at complementing and enhancing South African–Argentine co-operation has involved distinguished speakers from government, business, and the academic sectors of both countries. I will utilise my experience as an expert on bicontinental peace and security issues, and present the views of non-governmental organisations (NGOs).

> More specifically, I will propose measures for enhancing democratic governance and human security in both countries, and identify gaps and opportunities that have not yet been fully explored in the ongoing debate.

Surpaz (South Africa) and Fundacion Surpaz (Argentina) are two related NGOs that seek to improve the capacity of government and civil society to implement existing policies on human security, stability and development in Africa and Latin America. Surpaz applauds this initiative to develop a bilateral agreement that opens the door for dialogue and co-operation between our two countries. Regional issues, human rights, trade and investment, science and technology, and specific projects such as the development of sports co-operation are a sound basis for exploring improved bilateral relations. They also offer further possibilities for development by spreading their effects into other areas of mutual concern.

There are issues of geography and history that make the South Africa–Argentine relationship special, although the commonalities and dynamics of this special relationship are not yet fully understood by either country. The 21st Century presents both countries with many tough challenges, and there is much to be gained by investigating the similarities and difference offered by our socio-economic bases. I have no doubt that our trade and economic partnership will grow over the next decade, particularly if the many excellent recommendations arising out of this dialogue are taken into account by our ministers in the bilateral discussions.

Besides these bilateral discussions, there is already a link between South Africa and Argentina which could be mobilised for additional support, namely their membership of the Zone of Peace and Cooperation in the South Atlantic (ZPCSA). Both countries have been president of the organisation at different times in the past. I would therefore recommend that the action plan of the ZPCSA, as approved and presented to the General Assembly of the UN last year by Angola (present chair of the group), be considered as a supporting document to provide guidance for the implementation of the bilateral agreements between both countries. The revitalized ZPCSA documents chart areas for co-operation very similar to the bilateral and it would be appropriate to bring the bilateral in line with the multilateral arrangements of the 24 zone member states, of which 21 are in Africa and three in South America.

While I believe that cultural and economic issues can create a sound basis for the development of the bilateral, both governments need the requisite political will for successful implementation. Furthermore, the bilateral agreement needs to go deeper than the cultural and economic issues already discussed, and begin to reach both countries at a people and social level as well.

Before I summarise the recommendations I would like to see discussed in the forthcoming bilateral, it is important to mention the two areas where I think more work could be done: the defence of democratic governance, and human and civil security. In my recommendations, I will also discuss the gaps and opportunities that I believe have not been fully explored in the ongoing debate.

Democratic governance

The challenges to international peace and security, the growing experiences in the co-operative support of conflict resolution and post-conflict reconstruction by both Argentina and South Africa, and the continuing discussions in both countries about the role of the military and security forces in a democracy warrant a much more intense exchange of ideas and information. These two countries have vital experiences to offer that would be of benefit if they could co-operate more vigorously in the following areas:

- peacekeeping operations;
- peace-building and post-conflict reconstruction activities (as seen in Haiti and Burundi);
- justice and reconciliation experiences; and
- the restructuring of the military and security apparatus of the state, to ensure effective and healthy military relations and civilian oversight over the military (as well as improving the gender imbalances in the military and security forces).

Similarly, exchange of information and experiences could assist in dealing with the problems of growing armed crime in both countries, and the need to increase the capacity of our law enforcement agencies as well as our criminal justice systems. Legislative and judicial exchanges would also be beneficial.

Finally, given their large land masses, and their maritime and Antarctic areas, discussing the governance of our natural resources and improvements in sharing these resources, including sustainable environmental controls, would greatly benefit both South Africa and Argentina.

In short, the bilateral agreement could provide an effective framework for tackling these governance issues in a co-operative and constructive manner, and with a distinct South–South character.

Human security

Little has been done to explore how the special partnership emerging from the bilateral agreement can be brought down to the human level to see how the needs of our people can best be served by implementing it effectively. To do this, we need to identify the human security element in each of the issues already identified, and act equally in support of our people as we do in support of the binational arrangement at the government level.

Extending the bilateral to the people level

A large proportion of the populations of both countries live on the borderline of poverty. In these circumstances, people require innovative and dedicated efforts to provide them with minimal assistance and support on issues of health, education and welfare. The state on its own cannot provide all the necessary support – the co-operation of civil society is needed, and this should include the private sector as well as professional bodies and co-operative self-help groups in order to reach as many people as possible. Therefore, it is important to highlight these three issues – health, education and welfare for exploration and attention.

For example, the science and technology aspects of the bilateral agreement could offer an opportunity for joint investigation and the piloting of job-generating, micro development projects in an innovative South–South manner. Other areas where science and technology could be extended into people-centred projects would be in the areas of joint health research, developing our own generic medicines, action on pandemic diseases (Chagas, Malaria, and HIV/AIDS) and preventative medicine, the building of mutuals, and the special provision of health care for women, children, and the aged.

Our trade and economic relations section could have a chapter on information exchange between large and medium enterprises in both countries on developing a code of conduct that would reflect social responsibility and assistance in micro development. This would be in line with the millennium development goals (MDGs) set out by the United Nations.

On education and capacity, more specific projects should be developed to provide skills across the board between our countries. This could include language training – in this respect, Surpaz (South Africa) is negotiating with the Universidad de Buenos Aires (UBA) of Argentina about generating an immersion training course in Spanish, based in Pretoria, with Argentinean teachers, so as develop foreign language skills for tourism, sport, and other sectors of South African society, especially in the light of the 2010 FIFA World Cup. Other areas of educational co-operation would be adult education and training in organisational and administrative skills at the middle levels of the job market.

Both countries are putting their regional profiles and actions above their national considerations, and there is an urgent need to think more regionally. 'Thinking South' is a process that has to start with educating people about the importance and benefits of the South–South relationship for our two countries. Schools and universities should offer modules that could promote an awareness of each other, and the importance of developing socio-economic and cultural ties to foster a culture of co-operation and mutual reliance. This kind of initiative would make the present rapprochement more sustainable.

Besides implementing South-South co-operative training modules for schools and universities, both ministries of education should introduce lecturer exchange programmes to enrich these modules. If Argentina cannot think Africa, and South Africa cannot think South America, neither country will see each other as an option for the future. In the process, they would lose many significant development opportunities.

Further recommendations, gaps and opportunities

Besides these general issues on democratic governance and the need to imbue our bilateral agreement with practical human security concerns that benefit our people, I would like to make the following specific recommendations:

- The primary objective of the South African–Argentine bilateral should be to enhance and not compete with the goals of other South-South developments and regional arrangements to which both countries are currently committed.
- A secondary objective of the bilateral should be to establish a special partnership between the two progressive governments in order to strengthen and learn from each other´s democratic governance responsibilities and developmental aspirations.

Apart from the above objectives affecting each country directly, a further objective would be for the two countries to work hard to influence global issues from the South's perspective. South Africa and Argentina could act as twin engines to move certain processes along, such as:

- Join forces to discuss and develop the definitions and components of human security. It should also be possible for both countries to pull the voice of the South behind UN structural reform problems over and above those of Security Council reform.
- Join forces to define what is needed for the development of civilian components to peace support operations. This is an imperative for the new generation of peace support operations, as well as being mandated by the African Standby Force (ASF) and the South African Development Community (SADC) brigade. However, the meaning of a civilian component to peace support operations remains elusive. Argentina led the international campaign to establish a civilian force of white helmets and South Africa was the first country in Africa to include civilian peace support operators in its white paper on peace support. As such, both countries are ideally placed to encourage a dialogue on how the civilian component should be formed and deployed.
- Join forces to discuss the training needs for field engagement in post conflict and peace building reconstruction operations in the South. This would involve developing plans for emergency assistance of communities; protection of vulnerable groups in general and women and children in particular; provision for understanding of transitional justice and reconciliation and joint research and development of peace support technologies for use in the field. These could all be developed through special workshops and joint programmes, both countries having ample experience in these issues.
- Join forces to investigate the energy needs of the South in relation to transformation and development. This would involve discussion and input into natural

resource management, alternative sources of energy, sustainable energy and environmental protection (land, maritime and Antarctic base).

- Join forces to contribute to the international debate on the issue of food management, food technologies and practices, and food distribution. Both countries have much experience to draw on and contribute to the global debate on this important area.

On the specific issue of improving our trade and commerce, I would like to suggest further aspects for consideration, aside from those already proposed:

- identify certain projects across the various sections of the bilateral for immediate attention
- identify gaps and projects still missing
- facilitate trade
- facilitate information
- educate business as to social responsibility codes of conduct, prior to their engagement in each other´s countries
- improve the logistics of doing business with each other by building language skills, understanding local processes and procedures, facilitating the dissemination of information, and through all initiatives, enable civil society to buy into the activities of the bilateral processes
- ensure decentralisation so that all regions and provinces of each country are equally able to engage in bilateral trade and commerce
- ensure that small to medium enterprises are offered opportunities in the same way as big business.

To further strengthen the effective implementation of the bilateral, support from civil society and academics, including NGOs and the private sector, could be obtained by creating a movement like Friends of the Bilateral for example. In this way, resources that already exist in these sectors could be harnessed in support of facilitating dialogue and disseminating information. This private-public partnership would have to be recognised and promoted by both governments to make it work.

A last recommendation has to do more with the role and responsibilities of each of our countries vis-à-vis our own regions. It is imperative that any bilateral not be seen as excluding others, but rather to show a willingness and the ability to serve as clearing houses and facilitators of information and access, to those members of their regional groupings that do not have similar access. If both sides agree to serve as clearing houses for other smaller members of our regional communities and also to represent their interests and aspirations, both countries through this bilateral, will also enhance exponentially the capacity of each region to communicate more effectively with each other, as SADC and MERCOSUR. Diplomats of both countries, therefore, should also be empowered and given the resources to engage in group discussions in key centres, such as in New York, Washington, Geneva, Brussels and Addis Ababa. Co-operation in pursuit of joint South-South goals in general, and the objectives of our bilateral in particular, should be the main focus of our missions working with other countries in their respective regions.

Conclusion

The bilateral must be co-operative, comprehensive, and non-threatening to others. It should pursue the best interests of both countries as progressive governments and nations with similar challenges and opportunities. But, above all, it must be seen to help our people at all times. When people experience the benefits of co-operation through enhanced health, welfare and education, and when they see that poverty can be eradicated through hard work and joint action by like-minded groups of people, then the dream of South–South thinking can actually be realised. To make all this possible, we must encourage dialogue and this is what Surpaz South Africa and Fundacion Surpaz Argentina are trying to achieve through their work.

PART 3

A SOUTH–SOUTH PERSPECTIVE

Exploring the promise of South–South co-operation

Dr Garth L le Pere

This paper will examine the empirical and normative bases of South–South co-operation as a means of enhancing a strategic partnership between South Africa and Argentina. This is based on a belief that, in the period of Néstor Kirchner's presidency (2003-2007), Argentina has become a stronger country after navigating its way through serious economic problems and social hardships, and is now well placed – as a middle power in its region as well as globally – to help strengthen South platforms for trade, economic growth, and development.

Some developing countries are seen as middle powers. They have become important nodes of a new geography of international relations that has emerged since the end of the Cold War.[1] The founding members of this grouping are China, Brazil, India, Mexico, Nigeria, South Africa, Thailand, and Malaysia. Interestingly, Argentina is not usually included, which immediately raises the question why this is the case. A distinguishing feature of these countries is that they are part of a global South that no longer occupies a peripheral and generally marginal position in international affairs. Despite the centrifugal and asymmetric effects that underpin and characterise globalisation, there is a growing family of revisionist developing countries that have – with more diplomatic aggression, ideological cohesion, political co-ordination, and greater nuance – advanced a discourse and agenda that seeks to enable the South to play a greater role in global relations.

There is, of course, a rich declaratory and rhetorical tradition dating back to the Bandung conference and, subsequently, the Non-Aligned Movement that embeds this discourse, and there are many echoes to suggest that much of this is not a novel development. However, the global context has changed. As Hurrell has argued:

> Thus a central theme of 20th-century international history was the struggle of revisionist states for *Gleichberechtigung* – equal rights – involving the redistribution of territory, the recognition of regional spheres of influence, and the drive for equality and status within formal and informal international institutions. However much the currency of power or the rules of the power-political game may have changed, this pattern of behaviour remains an important element of global politics.[2]

In this regard, the developing countries referred to earlier have become diplomatic stewards in crafting new South strategies that address the historical, structural, and systemic inequities and challenges which have characterised the marginalisation of the South. As such, they can be seen as 'norm entrepreneurs' which, as Geldenhuys has noted, '... involves missionary activity of sorts, proclaiming the indispensability and universality of particular norms of behaviour, and thus trying to persuade other countries and multilateral organisations to embrace those standards.'[3] They are thus committed to promoting good global citizenship by enhancing the frontiers of co-operation generally on the basis of multilateral rules, international regimes, and commonalities of interest. However, they are also playing key roles in reshaping the global topography in a way that improves the general fate and welfare of developing countries of the South, especially the poorest and weakest. This norm advocacy involves several key issues: demanding fairer trade in the face of existing neo-mercantilist and protectionist barriers in the North; attracting greater volumes of foreign direct investment (FDI); promoting developmental partnerships in the South as a strategic necessity; seeking deeper and unconditional debt relief for highly indebted and poor countries of the South; and restructuring key international institutions such as the World Bank, IMF and WTO in order to improve the representation and voice of the South.

Features of transformation

This transformation of the global topography thus has two fundamental features. One relates to the growing importance of the South as a geographic axis of production, trade, and consumption, enabling it to become a dynamic engine of growth in the global economy. In this regard, China has been a key player, and has provided much of the impetus for the South's growing integration with the global economy. Indeed, as Garrett has noted,

> China's extraordinary economic growth has transformed [it] from a virtual non-player 25 years ago into a key factor in today's world economy with a greatly increased international presence and influence – and a commensurate national security interest in maintaining a peaceful strategic environment and a healthy global and regional economy.[4]

With China providing much of the buoyancy, the South's share of global trade has grown dramatically over the past two decades: it now stands at 30 per cent compared to 20 per cent in the mid-1980s. The South is also becoming an important destination for exports from the North. Trade liberalisation has brought the North and South into a tighter web of interdependence, which underscores the need for development solidarity between the two spheres.

The logic of this relationship is strongly suggestive of how the South has used its new-found dynamism to propel itself more assertively into the multilateral trading system as well as global markets, so as to reap development gains and benefits that contribute towards the key goals of achieving economic growth and reducing poverty. It is this nexus that binds developing country middle powers together. It is thus worth remembering that these countries not only represent emerging markets, but that their growing strategic interdependence will increasingly reshape the contours of the international political economy. Hence, in China's case, it '…is not just a large market with a surging demand for raw materials and a gigantic production machine; it is also a state whose industrial and economic policies exert a growing influence in international markets.'[5]

The second key feature of the new global landscape concerns the momentum that this assertiveness has generated for growing South–South trade in commodities, manufactures, and services. More than 40 per cent of developing country exports, including basic commodities and manufactures, are destined for other developing countries, and this trade is increasing at an annual rate of 11 per cent (nearly twice the growth rate of total world exports). Trade in services has also grown dramatically, which offers substantial possibilities for developing countries to diversify their goods-dominated export structure. This has major implications for the traditional rules, structure, and modalities of global regulation, since China, like its other developing country cohorts, for example,

> …is beginning to show that it will compete not only on price – the measure that matters within markets – but more fundamentally on rules – the infrastructural elements that make up and mark out the boundaries of markets in the first place … China is no longer content to compete merely on manufacturing costs in markets defined by Western technology standards and the firms that own them.[6]

This silent revolution in global trade and commercial geography – with China standing out as one of the chief vectors – is further defined by increased South–South investment, technology transfers, and enterprise-level interactions at the intra-regional and regional levels. This revival is explained by factors such as increasing complementarities in production and trade among developing countries; a growing number of supporting bilateral, regional, and inter-regional trade, investment, and economic co-operation agreements; and the persistent barriers to and high cost of entry into markets of the North.[7] These two features thus come together in a virtuous circle: the new geography that knits the South closer together not only brings commercial gains, but also enhances solidarity and equity among countries; there is increased potential for a more co-operative ethos and participatory spirit among developing countries; and improved South-South co-operation must be seen as a complement to, not a substitute for, North-South dialogue.

Changing investment flows

The growing importance of the South in the global economy extends to international investment flows. Investment outflows from developing countries have grown remarkably – more rapidly, over the past 15 years, than those from developed countries. While negligible until the early 1990s, in 2003 the outward FDI of developing countries accounted for more than one tenth of the world stock (more than US$850 billion), and 6 per cent of world flows (US$36 billion). More importantly, since the 1990s, many developing countries have emerged as significant investors in other developing countries.

These increases in investment flows have been motivated by push and pull factors and structural, cyclical, and policy factors similar to those seen in North–South investment flows. Some of the push factors include increased competition or limited growth opportunities in domestic markets (such as South African retailing companies in Africa[8]); a search for efficiency (such as Malaysian manufacturing companies investing in Indonesia and Vietnam[9]); and the procurement of raw materials (such as China's investment in oil in Angola and the Sudan[10]). Besides low labour costs and market-access opportunities, the most important pull factors for South–South investment flows are geographic proximity, cultural ties, and growing political and ideological affinities. The rise in South–South investment flows is also facilitated by an increasing number of international investment agreements, ranging from treaties for promoting and protecting foreign investment, to bilateral agreements for avoiding double taxation on income and capital. Between 1989 and 2003, investment and double taxation agreements grew from 383 to 2 265 and from 1 143 to 2 316 respectively, with developing and transition economies accounting for most of the growth. By mid-2004, the number of South–South investment agreements had reached 627. China has signed the largest number of investment agreements, and in the case of double taxation treaties, China and India report the highest number.[11]

Table 1: Select telecomsproviders in developing countries

Carrier	Country	Subscribers (millions)	Foreign countries
China Telecom	China	200	None
América Movil	Mexico	100	Argentina, Brazil, Colombia, Ecuador, Guatemala, Nicaragua
Singtel	Singapore	85	Australia, Bangladesh, India, Indonesia, Thailand
Orascom	Egypt	35	Algeria, Bangladesh, Iraq, Pakistan, Tunisia, Zimbabwe
Vodacom	South Africa	25	DR Congo, Lesotho, Tanzania, Mozambique, Nigeria
MTN	South Africa	24	Botswana, Cameroon, Rwanda, Uganda
Hutchinson Telecom	Hong Kong	21	Ghana, India, Indonesia, Israel, Sri Lanka, Thailand, Vietnam
MTC	Kuwait	21	Bahrain, Chad, Congo, Gabon, Iraq, Kenya, Jordan, Malawi, Nigeria, Sudan, Uganda

Source: A Goldstein and S Perrin, 'Orascom Telecom: une multinationale arabe', in M Mezouaghi (ed), *Trajectoires d'insertion dans l'économie numeriqué: la cas du Maghreb*, Maisonneuve & Larose, Paris, 2006.

A recent OECD study shows that services liberalisation has provided an important impulse for enhanced South–South investment flows. The study attributes this to two key considerations: 'First, privatisation of state-owned assets in the infrastructure sector has provided great opportunities for developing country companies to acquire important assets domestically and expand regionally. Second, compared to other sectors, the services sector often requires greater proximity between producers and consumers and also favours cultural and ethnic familiarity, which may generate synergies for developing country firms.'[12]

According to the study, the greatest progress since 2001 has been registered in telecommunications, with companies from developing countries emerging as significant investors (see Table 1). Such companies have filled the void left by the withdrawal of traditional international operators from infrastructure projects in the South. Indeed, in the period 1990-2003 intra-regional investment in sub-Saharan Africa was as high as 49 per cent, and, in North Africa and the Middle East, 48 per cent. These regions have become the world's fastest growing telecoms markets.[13] In another example, in the space of two years (2003–5), América Movil has been transformed from a Mexican company to the largest telecommunications company in South America.[14]

Table 2: Select companies in the oil and gas sector in the South

Company (Country)	Ownership	2004 assets ($ billion)	Countries of operation
NPC (China)	State	110,6	Sudan, Venezuela, Kazakhstan, Ecuador, Canada
PEM EX (Mexico)	State	84,1	Argentina
Petro China (China)	State	58,8	Sudan, Venezuela, Nigeria, Angola, Eq. Guinea, Chad
Petronas (Malaysia)	State	53,5	Sudan, Chad, Iran, Cambodia, China, Iran, South Africa
Petrobras (Brazil)	State (56%)	19,4	Argentina, Mexico, Nigeria, Libya, Venezuela, Tanzania
PDV SA (Venezuela)	State	13,4	Brazil, Argentina, Chile, USA, Germany, Belgium
India Oil (India)	State	10,9	Ivory Coast, Iran, Libya, Sudan, Russia, Vietnam

Source: World Bank, *Global Development Finance*, Washington, DC, 2006.

A similar pattern has developed in the oil and gas sector where companies from developing countries, mostly state-owned, have become major cross-border investors, and therefore significant players in altering the political economy of the sector (see Table 2). As the OECD study explains: 'With their exclusive access to resources, national oil companies from the South are leading players in the market and have expanded their operations globally, both in upstream to diversify their portfolio and downstream to reach consumers.'[15]

State-owned oil companies from developing countries such as Brazil, China, India, Malaysia and Venezuela have acquired significant assets, exploration concessions, and licences across resource-endowed countries of the South.[16] South–South FDI thus represents an opportunity for low-income countries, since northern-based multinationals investment decisions are largely driven by market size. South–South flows, small as they may be, are proving significant for many poor countries which would otherwise remain on the investment margins, as tables 1 and 2 attest. South–South flows now account for more than half of FDI in many poor and less developed countries.[17] In banking, developing country investors are investing more in low-income countries (27 per cent of foreign bank assets and 47 per cent of the number of foreign banks) than in middle-income countries (3 per cent of foreign assets, and 20 per cent of foreign banks).[18] And, finally, South–South FDI has come to play an important role in offsetting the dramatic decline in flows from developed countries. Hence the enlargement and diversification of FDI have had a stabilising effect on the South, and have contributed to the economic development of recipient countries.[19]

What these considerations indicate is that the collective South has become an important locomotive for sustained economic growth, diversification, employment, and poverty reduction. Developing countries – some singly, like muscular China, but also in networks of formal and ad hoc coalitions and alliances, together with their regional trade and integration blocs in Africa, Asia and Latin America – have created frameworks and platforms for increasing consultation, co-ordination, and co-operation aimed at devising new strategies for advancing mutual trade, development, and investment as well as political dialogue. Developing countries – led by their middle powers – have become instrumental in facilitating South–South development co-operation through trade, aid, technology transfer, and harmonised policies and strategies.

An important institutional and policy component of this phenomenon has been the emergence of an embryonic 'regulatory state' among developing countries,. but especially among middle powers. This flows directly from the dual liberalisation of domestic markets and international trade, under the broadly transformative effects of globalisation together with developing countries' WTO commitments and obligations. This has resulted in a profound reformulation of the state's role in the economy. Developing countries, including Malaysia, Thailand, South Africa, Brazil, India and China, have, for the most part, repudiated the traditional economic policies used in industrialised countries, based on some combination of Keynesian demand management and national industrial strategies. In essence,

> [r]ather than eliminating government influence, government's role has been reformulated and even strengthened. ... The rise of the regulatory state has important international implications as jurisdictions with distinct national standards and rules compete with one another to shape corresponding international regulation.[20]

The hallmarks of the regulatory state include the ability to create new political institutions and an infrastructure to manage markets within borders; setting and enforcing detailed market and investment rules and standards; instituting administrative reforms that streamline ministries and bureaucracies; and improving the quality of oversight, policy co-ordination, regulation, and economic decision making.[21]

South–South dynamics: the G-77+China and the WTO

There is a long history of developing countries coming together in international alliances. The context that defined these alliances was rooted in anti-colonial and post-independence struggles around which countries of Africa, Asia, Latin America and the Caribbean discovered common interests. Those interests were further defined by the structural realities of international relations, marked by the coexistence of two very different worlds: one was wealthy, democratic, peaceful, prosperous and developed; the other was poor, underdeveloped, and conflict- and war-prone. Then there were hybrids that had characteristics of both. However, they were all bound by their participation in an intrinsically global capitalist system, with power and patterns of privilege differentially distributed between a relatively small core of developed countries and a larger group of developing and poor countries occupying semi-peripheral and peripheral positions respectively.[22] Collective platforms and strategies were thus developed as a means of promoting solidarity and forging a strategic nexus among developing countries to address this marginalisation. The NAM was an important vehicle for this, and there have been important developments in South positions with regard to reforming the UN as well as the major international financial institutions. However, in this paper we will focus on the G-77+China and the changing architecture of the WTO.

The G-77+China

The Group of 77 (G-77) was formed in 1964 in order to create a common platform in the UN and its Economic and Social Council for addressing issues of trade and development. Thus, at the behest of and following intense lobbying by the G-77, the UN Conference on Trade and Development (UNCTAD) was established in 1964, mainly to develop an analytical architecture on the trade and development interface that would represent the interests and improve the negotiating capacity of developing countries, but also to provide a forum for improved dialogue between the North and South, especially about ongoing trade and development inequalities and disparities.[23] The ranks of the G-77 have since swollen to 132 countries, including China, as a result of which the grouping is now commonly referred to as 'G-77+China'. It has established a very important mechanism for improving South–South trade, namely the global system of trade preferences (GSTP). This was initiated at a ministerial meeting in New Delhi in July 1985 to include all shades of developing countries – large, small, developing and least developed. The agreement takes advantage of the enabling clause established by the GATT in 1979 that permits developing countries to offer each other trade preferences through lower tariffs. Currently, 44 countries participate in this system, and a further 40 are expected to join in the third round of GSTP negotiations launched in 2004. By 2000, GSTP trade was reportedly close to US$2 trillion, and accounted for 55 per cent of trade among the countries concerned.[24]

South Africa chaired the G-77+China in 2005–6, and sought to use this position to deepen the UN's institutional reform agenda, and promote economic reform programmes within the UN system, such as the Millennium Development Goals and the Monterrey Consensus. The issue of development finance has become a major source of anxiety for developing countries. With the highly disruptive globalisation of capital markets, the emergence of private capital as the main source of finance and the steady decline of official development aid have both added to the concerns and anxieties of the countries of the South.[25] Hence, and on behalf of the G-77+China, UNCTAD has come to play a very important role in monitoring and evaluating the role of aid in development, and offering innovative solutions.

At its ninth ministerial conference held in Marrakesh, Morocco, in September 2005, the G-77+China recognised the importance of crafting workable development strategies in light of the continuing disempowering effects of globalisation, and the growing exposure of developing countries to the vagaries, advances and 'levelling' of the world economy. Tensions and imbalances of a systemic nature were becoming more pronounced, and, given the high level of interdependence in the global economy, the risk of financial upheaval, volatility, and contagion spreading across countries and regions had greatly increased. Least developed countries were especially vulnerable in this unstable environment. These were the considerations that informed South Africa's diplomacy as chief advocate for the G-77+China during its tenure.

The WTO

In recent years the WTO has rapidly emerged as a central institution in the still evolving system of global governance; indeed, some would argue that it has eclipsed the UN as the new centre of gravity where strategic contests about global order are being played out.[26] In the context of the WTO, developing countries have been advancing a strategy that seeks to develop the best policies and practices for their integration into the multilateral trading system, and for their full participation in the organisation's trade diplomacy and reform agenda, especially in areas such as rule making, and achieving greater balance and parity in trade arrangements.[27] The opening of northern markets to products from the South is a major objective for strengthening the multilateral trading system, and in this regard the concept of special and differential treatment for poor countries becomes especially relevant if equity and balance is to be achieved.[28]

It was the lack of progress and commitment as well as the institutional and political inertia around these issues that led to the dramatic breakdown of the WTO's third ministerial meeting in Seattle in November–December 1999. Developing countries refused to participate in the exclusionary status quo, and this collective experience of exercising 'soft' power in pursuit of common goals was a catalyst for developing countries to come together in various new groupings in order to promote their views on key issues and processes in the WTO. An important alliance was the Group of 20 (G-20) that emerged in August 2003, made up mostly of Latin American countries, and led by Brazil, but including China, India, South Africa and Egypt.

At the fifth ministerial meeting in Cancun in September 2003, the G-20 was instrumental in tackling major inconsistencies and imbalances in the implementation of the WTO agreement on agriculture. It pressed for the removal of agricultural tariff barriers in developed countries of the North, and highlighted the 'trade-distorting' effects of agricultural export and production subsidies and support, particularly as practised in the EU and US.[29] Although not as high-profile as the G-20, another overlapping alliance emerged as the G-33, whose unifying concern was sustainable production by and livelihoods for the millions of small-scale peasant and family farmers who make up the majority of their populations. This group was joined by India, China, Indonesia, the Philippines, Cuba, Jamaica, and Venezuela. While not concerned with trade liberalisation in agriculture as such, the G-33 raised the key issue of agricultural export dumping and the damage this has done to small producers in the poorest countries in the world. These countries, therefore, insist on their right to use special measures to promote and protect their sensitive agricultural products and small producers against import surges and price fluctuations.

Another significant group that has emerged in the WTO is the Group of 90 (G-90), a larger group of developing countries in Africa, the Caribbean, and the Pacific which intersects with the group of least developed countries. Their basic demand is for their development needs to be fully recognised and enshrined in WTO agreements. For them, special and differential treatment is an important instrument for achieving this end. These three groupings – the G-20, G-33, and G-90 – have thus become key offensive and defensive agents in changing the strategic direction of the WTO towards becoming more developmental and responsive to the needs of its largest constituency, namely developing countries. This was because 'the more determined governments in the G-90 and the G-33 realise that their own respective unities and potential impact have to be strengthened through forging tactical and strategic alliances with the stronger G-20 governments'.[30]

Ten countries – China, Cuba, India, Indonesia, Nigeria, Pakistan, Philippines, Tanzania, Venezuela, and Zimbabwe – belong to both the G-33 and G-20, and therefore help to bind them together. As Keet explains: 'Such cross-cutting memberships, co-operation and mutual support could, more significantly, contribute towards gradually shifting the overall balance of power within the WTO, and possibly more widely.'[31]

At the risk of romanticising and exaggerating the potential of these alliances to engineer deep systemic change, it must be recognised that they are issue-based groupings of countries within the South that are focused on the art of the possible within the boundaries of WTO diplomacy and the dictates of neo-liberal trade orthodoxy. Given their political fluidity and shifting ideological undercurrents, there are obvious disagreements and varying concerns, and their interests differ. However, on the basis of pragmatism and flexibility, they are committed to levelling the playing field in international trade, and calling for appropriate redress with regard to the current imbalances in trade agreements. Above all, the southern groupings in the WTO are bound by the ethical and normative imperatives of making the WTO more responsive by challenging the Kantian dictum of rationality that underpins trade liberalisation.[32]

It came as no surprise, then, that the ministerial meeting in Doha was devoted to finding the means and establishing modalities for proactively embedding a development dimension and agenda at the core of the WTO's operations and indeed in the multilateral trading system. Such concerns would have to address production, technical, infrastructural, technological and human capital imbalances and deficits which have been created and exploited in the current global system. Importantly, as part of a package of measures, developing countries were demanding 'policy space' to put in place domestic instruments and arrangements that would assist them in dealing with these deficiencies.[33]

South Africa in the context of South–South co-operation

Post-apartheid South Africa's transition to democracy in 1994 more or less coincided with a radically changed international environment, marked by a range of contradictory tendencies and impulses. Its foreign policy instruments had to take account of these changed post-Cold War circumstances, but crucially the country's leadership under President Nelson Mandela had to define a new set of priorities for its relations and engagement with southern Africa, Africa, and the global South.[34]

One of the most visible shifts in the new government's foreign policy after 1994 has been its commitment to become a true partner of development in southern Africa, and support regional development and integration.[35] This approach was driven not only by economic logic but by political solidarity, since many peoples and governments in this region had strongly supported South Africa's struggle for freedom and democracy.

As regards Africa, President Mandela's successor, President Thabo Mbeki, has articulated the idea of an 'African renaissance' as a charter to drive the continent's revival and renewal. The notion has been squarely located in the framework for enhancing South-South co-operation. Also, in a historic first, and in their capacities respectively as chairmen of the NAM, the OAU and G-77, presidents Mbeki, Bouteflika (of Algeria) and Obasanjo (of Nigeria) represented the collective concerns of Africa and developing countries at the G-8 summits at Okinawa in July 2000, and South Africa has been a regular participant in G-8 summits since then.

At the continental level, Mbeki has played a key role in transforming the OAU into the AU and putting in place new continental institutions to advance peace, security, democracy and development. Importantly, South Africa hosted the inaugural summit of the AU in Durban in July 2002. South Africa has also helped to shape the AU's socioeconomic blueprint, the New Partnership for Africa's Development (NEPAD), which focuses on the promotion of peace, stability, and good governance; a comprehensive human development strategy; improving the continent's physical infrastructure; and mobilising resources for domestic and foreign investment. Moreover, South Africa has played important roles in resolving some of Africa's more intractable conflicts in Burundi, Cote d'Ivoire, and the Democratic Republic of Congo.[36]

On the broader multilateral front, Mbeki has framed the central thrust of the country's diplomacy as 'restructuring the UN, including the Security Council, a review of the functions of such bodies as the IMF and World Bank, the determination of the agenda and the manner of the operation of the WTO, and an assessment of the role of the G8. Central to these processes must be the objective of reversing the marginalisation of Africa and the rest of the South, and therefore compensation for the reduction of national sovereignty by increasing the capacity of the South to impact on the system of global governance.'[37] During Mbeki's presidency, South Africa has hosted the UN World Conference on Racism, Xenophobia and Related Intolerances in 2001 (and will do so again next year), and the World Summit on Sustainable Development in 2002, and has won the bid to stage the FIFA World Cup in 2010.

Mbeki has also emerged as one of the key advocates in the global campaign for unconditional debt relief to highly indebted poor countries, 33 of which are in Africa. South Africa's trade diplomacy is also motivated by reformist impulses, and is aimed at a strategic collaboration with the South bloc to change the foundations of the global trading system and rules of the WTO in ways that ameliorate their discriminating and marginalising effects on developing countries. Indeed, 'within the WTO, South Africa has adopted a tactic that turns the tables on the dominant powers in the global economy and highlights their hypocrisy vis-à-vis "free trade" and "liberalisation"'.[38]

Since 1994, but especially under Mbeki, South Africa has attempted to reconfigure its foreign policy to reflect a new sense of its own identity as a leading country in Africa, to target a new arena for activism in continental Africa, and to rebuild a global constituency among countries of the South.

South Africa and Argentina: towards a positive South agenda

In 1981, when the G-77 met in Caracas, Venezuela, it adopted a plan of action which was '... the most comprehensive elaboration of the strategies and advantages to be achieved through enhanced co-operation between developing countries.'[39] It emphasised four principles relevant to strengthening South–South co-operation:

- the comparative advantages and development synergies that came with enhanced trade among developing countries
- the dynamic economic gains that flowed from improved South–South trade

- the diversification of markets as insurance against the vagaries of fluctuations in commodity prices and reliance on the North
- and ideological solidarity on the basis of collective self-reliance.

Given the growing importance of South–South co-operation, the durability of these principles is even more manifest today. Old patterns of international relations still persist, especially as far as conflict and competition for power and influence are concerned, but profound changes are underway that suggest a new systemic logic where even more dense networks of transnational exchange and communication create increasing demands for new institutional arrangements and new forms of governance. In this regard, South–South co-operation has moved away from the platitudes of the past to alter the dynamics and effects of current aggregations of power. A new regional–global nexus has evolved in which middle powers of the South are reshaping global geography in a way which points to the need for a more balanced system that departs fundamentally from the unipolar and realist structures of global politics. This constitutes a new form of 'soft' balancing based on co-operative exercises, collaboration in regional blocs, and common diplomatic positions in international organisations.[40]

This 'soft' balancing thus inaugurates different modalities of multipolarity that are antithetical to any hegemonic or unilateral project, and raise the costs and complicate the deployment of policy instruments for driving any such project in exercising global power dominance. It is in the area of economic growth and development where developing countries – especially those that have earned the sobriquet of 'middle powers' – have used the 'soft' balancing for instrumental ends. By drawing many other developing countries into their gravitational fields, the larger transition economies and emerging markets have exercised greater influence, and have come to play more prominent roles in their respective regions and globally. A willingness to challenge the global status quo is a function of a renewed confidence that comes with economic growth and development and, of course, an American superpower that has lost its credibility under the Bush administration.[41]

There is now a stronger South platform as a consequence of the ability of middle powers to balance economic growth and development with considerations of power and autonomy. These countries collectively have the capacity to embed the equivalent of a Gramscian anti-hegemonic vision that provides an alternate order of global affairs, based on a different constellation of shared social, economic and political values that define their mutual interest, signal their aspirations, and promote a common ideology. This presents a significant opportunity and strategic space for countries of the South to shape and influence global order, since

> Western hegemony also may be collapsing, because the West itself may be disintegrating … [T]he ends of hegemonic eras are signalled by the erosion of the hegemon's power and by the all-powerful state's decreasing ability to manage the international system by making and enforcing rules.[42]

Several normative and policy considerations emerge from this analysis, creating the space for both South Africa and Argentina to become eminent 'norm entrepreneurs' and advocates of South–South co-operation.

A strategic focus on South-South co-operation

A focused co-operation strategy in a number of key areas are important for consolidating and expanding the ambit of and transformation currently taking place in South–South trade, investment, economic, and political co-operation. Available evidence is encouraging that a South–South platform can be strengthened to promote sustained economic growth, diversification, employment, and, crucially, poverty reduction. Ultimately, the responsibility for enhancing South–South co-operation must be a collective one, but with a nucleus of 'willing' and like-minded champions playing leading roles in devising strategies and actions to advance mutual trade, development, and co-operation. This must be conducted on the basis of mutuality of advantage and maximum gains for development, especially for least developed and poor countries.[43]

However, the gains from more intensive South engagement need not be mutually exclusive. Developed countries stand to benefit and can be instrumental in facilitating South–South trade through appropriate trade, aid, financial, environmental, technology transfer, and development policies.[44] Indeed, '... almost all FDI outflows from Latin America to high-income OECD countries went to the US and Spain. ... Further, the UK receives 40 per cent of African—mainly South African—investments to high-income OECD countries.'[45]

More effective use of South-South complementarities

It is becoming increasingly evident that there are strong complementarities among developing countries. There appears to be a growing confidence that such countries can build appropriate synergies which will provide a strong impetus for their mutual growth and development. There is a class of countries – including China, India, Brazil, and South Africa, to which Argentina must be added– that are capable of identifying and exploiting comparative advantages in the South. There are South-based supply chains linked to regional hubs producing goods for export to markets in the South and North. These supply chains have an in-built dynamic that allows developing countries to come together as 'flying geese' in trade and development. Already, in new sectors such as commodities, manufactures and services, developing countries account for 30 per cent of the 20 most dynamic product groups in international markets.[46]

Strengthening regional co-operation and integration

Growing South-South co-operation and trade are manifested in increased regional trade and investment, which, in turn, have been facilitated by bilateral and regional trade arrangements. Regional frameworks offer important opportunities for building economies of scale; attracting higher levels of FDI; pooling economic, human, institutional and infrastructure resources; and developing production platforms and networks among countries. While challenges remain, developing countries have reinvigorated their regional trade and development programmes, and are deepening their integration agendas. Mercosur must become a more active player in these processes, particularly with regard to Africa.

Individually and collectively, this has allowed a range of developing countries to negotiate regional trade and co-operation agreements with developed countries. This puts them in a fairly good position to ensure that such agreements enhance development, and serve to complement developing countries' own regional trade and integration processes.[47]

Enhancing the potential for South–South inter-regional trade

Trade among developing regions remains weak. For example, only 27 per cent of trade in agriculture and 12 per cent in manufacturing are conducted interregionally.[48] This is symptomatic of weak South–South inter-regional trade liberalisation, and may demonstrate a lack of confidence in pursuing mutual trade and investment opportunities. Other considerations are a lack of product and export diversification; a preoccupation with regional and subregional approaches to liberalisation; and an absence of appropriate instruments for interregional trade liberalisation. However, the tide seems to be turning in favour of dramatically increased intra-regional trade among groups of developing countries. The GSTP formula provides an important impetus for countries to increase and expand their interregional trade. Through expanding trade preferences and membership, GSTP could become a viable vehicle for improving South–South co-operation by enhancing trade, investment promotion, and development.[49]

Turning commodities into a resource boon

Commodity demand in the South presents an opportunity for increased earnings among developing countries: nearly 40 per cent of fuel and 50 per cent of non-fuel commodity exports from developing countries go to other developing countries. In this context, South-South co-operation can become an avenue for converting the commodity curse into a resource boon. In many of the fastest growing economies of developing countries, major investments in infrastructure have led to rising demand for building material and raw industrial products, including fuel and minerals. Rising demand by and purchasing power of populations of the South have widened the consumer base for commodities and product derivatives. The challenge is for commodity producers of the South to effectively manage their production and trade and hence increase their returns by demanding better prices. South–South co-operation can be strengthened by, for example, ensuring the sustainable supply of strategic commodities such as oil, gas and water as well as base metals such as iron ore and copper, which are essential inputs for production and trade as well as for economic development.[50]

Improving services as a base for South–South co-operation

The liberalisation of services has been a key factor in the recent surge of South–South investment flows. According to the OECD study, there are two reasons for this: 'First, privatisation of state-owned assets in the infrastructure sector has provided greater opportunities for developing country companies to acquire important assets domestically and expand regionally. Second, compared to other sectors, the services sector often requires greater proximity between producers and consumers and also favours cultural and ethnic familiarity, which may generate greater synergies for developing country firms.'[51]

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Services trade thus offers important trade and investment opportunities. Indeed, services have grown in importance for the economies of developing countries, and now account for 50 per cent of their aggregate GDP and 15 per cent of their total exports. Efficient services are also important for improving economic competitiveness and advancing human and social welfare. The obvious challenge is closer co-operation at the bilateral, regional, and interregional levels in service sectors with high growth potential which are consequential for social welfare. This includes services such as education, health, finance, construction, tourism, and energy.[52]

Enhancing trade-related infrastructure and reducing transaction costs

South–South trade and co-operation will continue to suffer as long as there is insufficient and poor trade-related infrastructure that links the developing world. Effective and efficient infrastructure is part of the virtuous cycle that encourages trade. For example, transport efficiency increases trade volumes, yet transport costs for South–South trade remain inordinately high, both regionally and inter-regionally. There is a lack of shipping, road, rail and air networks (which for the most part favour South–North trade), which helps to explain why landlocked countries have low levels of income, growth, and investment. Encouraging are the new routes and transhipment centres that have been developed in South America, southern Africa, South Asia and South East Asia.

There are three related problems in this regard. Firstly, trade facilitation is obstructed by excessive documentation, a lack of transparency, inadequate procedures, and poor customs clearance. Secondly, there is a lack of adequate and organised finance for South–South trade and investment, which is linked to poor capacity of banking systems in the South, especially export-import banks. And thirdly, information technologies have not been effectively used by producers and traders in the South at a time when ICTs can expand the opportunities of developing countries to participate in the global economy.[53]

Conclusion

The debate about globalisation and its asymmetric effects and benefits has played an important role in defining the parameters of global governance. It has mainly focused on the shift from states to markets, and the ensuing dialectic between them, that has underpinned economic globalisation. But other fundamental issues with global dimensions and repercussions have emerged that have greatly influenced and shaped the debate, and which *a fortiori* make the case for stronger South–South co-operation. They include the problems of infectious diseases, terrorism, climate change, poverty eradication, debt relief, foreign aid, the environment, human rights and democracy, disarmament, and so on.

The normative and problem-solving character of global governance make it a profoundly reformist project if these issues are to be adequately addressed. As a consequence, the imperatives and strategic necessity of South-based solutions hold great promise for Argentina and South Africa to find a common voice in promoting a more equitable and just world order.

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Making a difference: scope for greater international and regional collaboration

Prof Federico Merke

This paper is an exploratory study of Argentina's and South Africa's international status and roles, and areas of convergence and divergence, at both the global and regional levels. It does not analyse the bilateral relationship as such, but rather examines how Argentina and South Africa could co-operate in different spheres and in different thematic areas. It analyses the political, diplomatic and security sectors, as well as some economic and commercial issues. It does not make definitive recommendations, but does offer some suggestions for future action.

The analysis is conducted in three sections. The first analyses the international positions adopted by Argentina and South Africa since the return to democracy and the end of apartheid. The second section analyses Argentina's and South Africa's roles in global governance in general terms and in respect of South-South co-operation in particular. The third section analyses the roles of the two countries in the governance of their respective regions. The paper concludes with suggestions for future action.

International positioning

Since 1994, South Africa's international identity has been redefined simultaneously as a full member of the international community, an active participant of the Third World and an inseparable part of the African continent. This has resulted in a number of actions. On the global scale, within a few years South Africa returned to the UN, signed significant international agreements and joined various disarmament, non-proliferation, trade and environmental organisations. After several years of international presence, South Africa has pressed for a permanent place on a proposed reformed Security Council. In the Third World, South Africa entered the non-aligned movement during the Nelson Mandela government and has played an outstanding role in recent summits.

In Africa, South Africa joined the Organisation of African Unity (OAU) and played a leading role in the relaunch of the organisation as the African Union (AU) in 2002. Despite having lost some of its initial charm, 'African renaissance' remains South Africa's central idea for the continent. This idea proposes that Africa commit to tackling its own problems through better social cohesion, greater democracy, economic development and an active role in global affairs. Regionally, South Africa has carried out a remarkable internal and external desecuritisation process, which led to the decision to demilitarise foreign policy and organise new armed forces for defence and peacekeeping purposes under the auspices of the UN (Barber 2005).

Naturally, these spatial dimensions of the country's identity were accompanied by axiological aspects such as human rights, democracy, international law, peace and disarmament. In 1994, a resistance movement became the government and proposed to carry the values it had defended at home onto the international scene. Thus, human rights and democracy were seen as the central pillar of foreign policy.

Nelson Mandela's attempts to take a human rights-based agenda to the rest of Africa faced its first test in Nigeria in 1996 when Mandela sought to isolate General Abacha's military government. Other attempts included Lesotho, where South African armed forces entered the country to impose order, and the Congo, where South Africa mediated between the Mobutu government and Kabila's revolutionary forces. South Africa soon realised that a human rights-based regional order required greater internal intervention, as it threatened an order based on the (weak) sovereignty of states, which would start to see South Africa as an arrogant state carrying out a kind of neocolonialism. After the Mandela experience, Thabo Mbeki's government changed slightly the values that informed foreign policy, maintaining democracy and human rights but placing more emphasis on African identity and anti-imperialist discourse. As recent events in Zimbabwe and Burma suggest, in a conflict between Africanism, anti-imperialism and democracy, the latter tends to give ground to the former two (Nathan 2005).

Argentina's international background has much in common and some important differences with South Africa. The country's foreign policy under Alfonsín (from 1983) continued under Menem after 1989 but with some notable modifications. This foreign policy was suspended between 2001 and 2003, under De la Rua and Duhalde, and then reformulated under Kirchner from 2003. Domestic policy was naturally behind these changes. The UCR (Unión Cívica Radical, one of the pillars of the political party system) broke up to the point of disappearing and the Partido Justicialista (Peronist Party) in its current form does not represent the Peronism of the 1990s, which in turn did not resemble the Peronism of the 1980s. The 1983–2003 cycle therefore shows a pattern of instability in Argentina's international identity based on a reassessment of the previous government and the desire to reconstruct the country and find its place in world affairs.

With the return of democracy in 1983, Argentina shook off its international pariah status and began to normalise and restore its international traditions, particularly its strong presence in the UN and the use of dialogue and international law as dispute-solving mechanisms. The Menem government gave a particular twist to this international presence: sending Argentinean troops to the First Gulf War; signing the non-proliferation treaty (NPT); abandoning the Condor missile programme; leaving the non-aligned movement; and enjoying a strong presence in UN peace operations. The actions undertaken led to the United States designating Argentina as an 'extra-NATO ally'.

As a result, Argentina was able to forge ties with the United States, get involved at the UN and distance itself from the Third World – three actions which defined a notably Western international identity. The Kirchner government to some extent qualified these definitions, particularly the relationship with the United States and international economic organisations. Unaccustomed to global complexities and leader of a severely damaged country, Kirchner took refuge in Latin America in general and in Venezuela and Brazil in particular. Kirchner preferred Latin America, criticised neoliberalism, and emphasised independence, sovereignty, territory and Latin American integration as part of a 'healthy' nationalism.[1]

Regionally, the main thrust of the Alfonsín and Menem administrations was to desecuritise relations with neighbouring countries and to create conditions for regional economic integration. In this, the relationship with Chile and Brazil played a key role. The next step was to form Mercado Común Sudamericano (Common Market of the South or MERCUSOR), which cemented these changes. However, MERCUSOR was not seen as a political space for building a power block and a regional identity distinct from the rest of the world, and much less from the West. It was seen as an instrument that would

a. help to consolidate the country's domestic transformations and

b. give the country a stronger negotiating position in the world market.

Under Kirchner, Argentina maintained its attachment to MERCOSUR but followed the regional trend, led in part by Brazil and in part by Venezuela, of energy regionalism, the Bank of the South and the South American Union. Economy and trade came second to geopolitics.

Comparing the two countries globally, Argentina still appears more anchored in the West. Despite recent inroads, relations with China and India remain essentially trade relations. Africa as a macro-region remains mostly irrelevant, although the opening up of new diplomatic offices suggests a will to break with this tradition. In contrast, South Africa is more universalistic ('butterfly' strategy), which is not necessarily a move away from its geographic location, as the apartheid regime showed. Mandela and Mbeki have cultivated this identity, which has become distinct since 1994. In recent years, South Africa has appeared more assertive in its declarations about the international political order (particularly unipolarism and unilateralism) and the international economic order (particularly the lack of fair rules for developing countries). This assertiveness is also reflected in South Africa's desire to become a permanent member of a reformed Security Council. As for Argentina, the switch towards a foreign policy critical of the Washington consensus appears to bring it closer to Pretoria on an economic and political level.

Regionally, both countries carried out successful desecuritisation policies, which were founded in Argentina on bilateral agreements with Brazil, and in South Africa on unilateral demilitarisation and denuclearisation. Although South Africa is widely recognised for its constructive role, defensive military strategy and economic co-operation, fears remain that this is in fact a kind of *Pax Pretoriana.* Argentina is far from wanting or being able to generate this perception. In spite of this disparate regional positioning, both countries have made their regions (South America and southern Africa respectively) the focal point of their foreign policy. This has translated into political, economic and even security actions which will be analysed below. Both Argentina and South Africa appear to favour the region as a first stepping stone in the construction of a more stable and prosperous global order. There are still doubts whether this regionalisation is based on a desire for autonomy or subsidiarity. In the first case, the region would be as independent as possible from global actors. The second case proposes that the region would be the ideal space for consolidating globally agreed actions. The following sections analyse these positions further and evaluates alternatives for joint action which would bring greater global and regional governance.

Roles in global governance and the South-South dimension

Despite being peripheral countries with insufficient economic and military capital to influence substantially global affairs, Argentina and South Africa possess an important share of social capital, based on building trust in their respective neighbourhoods and the notion of a responsible international citizenship. Both countries emerged relatively successfully from traumatic political and human rights' experiences and, despite being imperfect democracies with notable levels of social injustice, they both seek to co-ordinate economic growth with social equality, two goals that have rarely managed to coincide in the history of either country.

South Africa has since 1994, the year in which it was re-admitted to the Commonwealth, been an important participant in the UN. Also in 1994, three years after Argentina decided to withdraw, South Africa entered the non-aligned movement, which it co-chaired between 1998 and 2003. South Africa hosted the launch of the African Union in 2002 and chaired the G77 meeting in 2006. During the period 2007–2008, South Africa had a non-permanent seat on the UN Security Council, a just reward for the country's active participation in the UN and for making its payments on time. Compared to South Africa, Argentina's history in the UN has been more intense, due not only to its uninterrupted presence but also as a result of different contributions in international law, non-proliferation, decolonisation and international security. This social capital is perhaps the most important comparative advantage that both countries have at a global governance level.

The United States and international security

Argentina and South Africa's relationship with the United States is a central issue, particularly since the change in Washington policy after 9/11. In both cases, the type of relationship seeks neither direct confrontation nor alignment. Both Buenos Aires and Pretoria have a history of friction and co-operation with Washington. The recent repositioning of the Fourth Fleet in the South Atlantic should be an issue for bilateral discussion. In the UN, neither country is a clear 'follower' of the United States, as the following table shows:

Percentage of votes in which Argentina and South Africa voted with the United States at the UN (2000-2006)[2]

	Total votes (%)	
	Argentina	**South Africa**
2000	44.2	40.0
2001	32.8	23.6
2002	34.2	20.8
2003	24.3	14.9
2004	25.0	11.4
2005	26.9	13.8
2006	24.1	14.6

The first aspect to note is the drop in Argentina and South Africa voting with the United States. This can be interpreted two ways. The first is a global interpretation, which has less to do with changes in Argentina and South Africa and more about the American reaction after September 2001 and the increased unipolarism and unilateralism with which the United States intended to fight its war on international terrorism. The second interpretation is domestic, which saw Argentina, after the 2001 crisis, distancing itself from the Washington consensus and close ties with the United States, and South Africa, after the election of Mbeki, taking a more critical stance towards the unipolar/unilateral world. Although South Africa's voting decrease is greater than Argentina's, it would be useful for both countries to analyse in greater detail which votes they agreed on and which votes they did not. Argentina converges with the United States in the war on terror and combating drug trafficking and organised crime, and differs in votes relating to the economy, human rights and sanctions on other countries. Meanwhile, South Africa votes against the United States on issues of terrorism, Iran, and positions regarding internal African conflicts. Concerning the war on terror, Argentina joined the proliferation security initiative[3] proposed by the United States (there are now over 80 signatory states) while South Africa (at least up until December 2007) is absent from this initiative.

In terms of security, Argentina and South Africa are generally considered to have a comparative advantage in their contribution to peace operations carried out by the UN or other regional organisations. After the return to democracy in Argentina and the end of apartheid in South Africa, the armed forces of both countries underwent extensive reforms. These reforms converged around

a. the need for greater civilian control of the armed forces,

b. the subjecting of the armed forces to the constitution and to international law,

c. the reorientation in strategic defence positions and

d. the participation in regional and international security co-operation processes.

In 1999 and 1996 respectively, Argentina and South Africa revealed their 'white books', which both state that the armed forces' principal mission is to protect from external military aggression and that only under certain (and limited) circumstances may they participate in domestic matters. Regionally, both countries joined defence co-operation schemes through trust-building, exchanges of personnel, officers' meetings and joint operations and exercises.

Since the 1990s, nearly 20 000 Argentinean troops have participated in peace operations through infantry battalions, hospitals, reconnaissance and engineer companies, helicopter units, naval patrol squadrons, civil police, military observers, as well as civilian experts and national diplomats. Argentinean participation in peace operations not only contributes troops but also training. Created in 1995, the Centro Argentino de Entrenamiento Conjunto Para Operaciones de Paz (CAECOPAZ) includes permanent trainers from other states such as Bolivia, Brazil, the United States, France and the United Kingdom, with occasional military staff from Germany, Chile, Croatia, Spain, Italy and Uruguay.

As at March 2007, the main contributors of troops to the UN were Pakistan, Bangladesh, India, Nepal, Jordan, Uruguay, Italy, Ghana, Nigeria and France. Canada, a historical contributor of troops, was ranked 62nd (Othieno and Samasuwo 2007). South

Africa today has nearly 3 000 troops deployed different peace missions in Congo, Burundi, Ethiopia/Eritrea and Sudan, among others. Aside from the argument that these figures reflect a division of tasks where underdeveloped states provide money and developing states contribute soldiers, another argument is that the division is the product of different agendas: the developed states combat rogue states and the developing states tackle the problems derived from failed states. This division of tasks is undoubtedly the responsibility of Argentina and South Africa and should be grounds for bilateral talks vis-à-vis the UN both regionally – through the Organisation of American States (OAS) and the AU – and globally at the General Assembly. Complex peace operations appear to be better co-ordinated in Africa than in Latin America, although obviously there are different pressures in both regions. Latin America has a more stable international society, co-ordinated around diplomacy, international law and the balance of power, and a system in which states are relatively more consolidated than in Africa, particularly the sub-Saharan region. However, the AU appears adamant that African problems should be resolved by Africa. Latin America does not appear to have the same conviction, which is in part explained by the United States' presence in the region. This presence is also part of the problem, with Washington continuing to cause divisions in the region, hindering a concerted dialogue on how to tackle Latin America's problems without extra-regional intervention.

Human rights

In the field of human rights, Argentina and South Africa have busy agendas to coordinate. South Africa supports the Western Saharan peoples and the Polisario Front in their struggle for self-determination. It also supports Palestinian self-determination. After the Rwanda genocide, South Africa backed the new government, shared its experience in seeking national reconciliation and trained Rwandan civil servants. In Darfur, as part of the AU and UN, South Africa has provided and continues to provide political support, troops and financing. Closer to home, the Southern African Development Community (SADC) asked Mbeki to facilitate dialogue between the ruling party and the opposition in Zimbabwe. Although distant when it comes to applying more pressure, South Africa is following events in Burma closely.

Between June 2007 and June 2008, South Africa and Argentina will both be members of the UN Human Rights Council, which should bring the two delegations closer around the issues agreed at the first binational meeting and their own human rights discourse. The positions that South Africa took at the UN Security Council, after rejecting a hardening of the stance towards Burma and Zimbabwe, illustrated the tension between a foreign policy based on norms and one based on interests. Argentina experienced a similar case in its recent diplomatic incursion with Equatorial Guinea, where energy interests appeared for a moment to clash with human rights convictions.

Non-proliferation

Regarding non-proliferation, Argentina and South Africa have much to contribute to global governance, not only due to the moral authority achieved in terms of international responsibilities but also because of their technical and diplomatic expertise in this matter. Africa and Latin America are examples of successful processes where the macro regions agreed not to produce nuclear weapons, contrasting notably with other developing regions, such as the Middle East and Asia. As a result, in addition to moral backing, Argentina and South Africa have an opportunity to lead global non-proliferation and disarmament talks. While the Argentinean case is a successful example of desecuritising a bilateral relationship (with Brazil), the South African case is unique in that the decision was not bilateral or multilateral but rather a 'unilateral' renunciation of nuclear weapon development.

Aside from their known non-proliferation positions, both countries maintain that all states have the legitimate right to undertake nuclear development programmes for peaceful ends and are unwilling to pick up the bill for other, less transparent, states. This point is closely tied to the debate about the return of nuclear energy for electricity. Oil prices, the food/biofuel conflict and geopolitical gas conflicts have brought the prospect of using nuclear power back on to the agenda. Argentina and South Africa have much to contribute to this debate globally and there is space here to co-ordinate a common approach. Furthermore, both Argentina and South Africa oppose the creation of some kind of 'world bank' of enriched uranium controlled by the International Atomic Energy Agency (IAEA). Both countries could form a common front in this matter, not only to block the initiative but also to promote the right to develop nuclear power for peaceful ends and basic research into nuclear development (and its impact on the civilian market).

In 2000, South Africa and its new agenda coalition partners (including Brazil, Egypt, Ireland, New Zealand and Mexico) played an important role in drafting the final revised non-proliferation treaty (NPT) and calling on nuclear powers to begin the disarmament process. Argentina is not part of this coalition and its meeting with South Africa may prove a good opportunity to discuss the benefits and possibilities of both countries working together in this group, of which Brazil is also a part.

Alternatives for South-South co-operation

The profusion of South-South groups (such as the non-aligned movement, the G77 (plus China), the G90, the G22, the G33, India, Brazil and South Africa (IBSA) among other), suggests that in the new international context, tactical/strategic groups and alliances work better than larger forums that include more states but lose substance in their demands. Currently, mid-sized developing states have the opportunity to participate in alliances of different combinations, where states do not identify with each other for all their demands but only for more specific questions, such as the liberalisation of agricultural trade (G22) or Security Council reform (IBSA).

Dot Keet (2006) analyses the alternatives for global governance action available to the states of the South. The limited-demands alternative sees developing states attempting a certain reformism within the neoliberal paradigm, for example by claiming freer agricultural trade or seeking to reform the rules and functions of the World Trade Organisation (WTO). This strategy aims essentially at obtaining concessions from the North, not to change the nature of the global order but rather to occupy a greater space within it and a more level playing field. Another, more substantial, demand would require some kind of alliance between the states of the South that sought to weaken the power structure in the hands of the WTO, the International Monetary Fund (IMF) and the World Bank or to relocate it within the UN. This strategy would in effect seek to break up the global order, balancing power with norms and placing this order over a more universal, balanced and democratic base. A third alternative is to transform the UN and its members. This strategy would aim to build a more democratic organisation, with an expanded Security Council, a more assertive Human Rights Council and an assembly with greater political and executive weight. Naturally, underlying this is the question of democratisation of the states, which would almost be seen as a requisite for membership of the organisation. A fourth alternative is to build an alliance of southern states with similar levels of development and convergent political influence. This strategy has been developed by the IBSA group, a strategic association of medium states with regional power and global influence.

Both Argentina and South Africa have participated in more than one of these strategies, albeit to differing degrees. The two countries seek to obtain concessions from developed countries through reforms within the neoliberal game. The two countries are part of the G22, which played a key role in the Doha round of talks. Both regions' trade flows are more connected with extra-regional actors: intra-regional trade is 23 per cent in South America and ten per cent in Africa (Womack 2007: 19). Therefore, Argentina and South Africa both agree on the construction of a fair global economic order, which should be an incentive for closer co-operation in this sector. However, Argentina and South Africa also seek to promote the reform of international economic organisations. On the one hand they aim to democratise these organisations while, on the other hand, albeit with very limited success, they seek to create their own regional economic organisations, such as the Bank of the South in Latin America or the African Monetary Fund. Furthermore, both countries advocate the reform of the UN principally in the Security Council, although South Africa and Argentina have enjoyed remarkable participation in the Human Rights Council.

The fourth alternative, at least until now, appears to be far more important for South Africa than Argentina. The IBSA initiative represents a very interesting co-operation exercise between countries of the South, and Argentina should seriously consider its alternatives regarding this group. Argentina should particularly take advantage of IBSA's inherent weaknesses. Firstly, IBSA includes India, a rising star but a country whose nuclear power status and conflict with Pakistan do not give it much political legitimacy in the eyes of other South Asian countries. Secondly, Brazil, the polar opposite in terms of nuclear issues and regional security, lacks support from its neighbours due to its desire for a place on the Security Council and its lack of 'generosity' within the region. In this respect, South Africa appears more generous to its neighbours, particularly in economic co-operation and military matters, but is more vulnerable because of its lower relative power and domestic problems with crime, unemployment and health. Argentina, like Brazil and South Africa, does not have nuclear weapons, but, unlike India, Brazil and South Africa, is not seeking a seat on the Security Council. Argentina is also more willing than its neighbour to work towards a more institutionalised model of regional integration, just as South Africa does in its own region.

Naturally, the debate around Argentina's entry or non-entry into the IBSA group will be based on a better definition of where this organisation is heading (Keet 2006: 29-32). At one extreme, IBSA could end up as an organisation driven by a desire for trade and investment, where the private sectors of each state expand their markets in the other states. At the other extreme, IBSA could end up driven by geopolitical will, seeking to get seats on the Security Council, granting itself the role of representing the rest of the states of the South and exercising a kind of sub-imperialism in each of the three regions. A middle path would be to define IBSA as an organisation led by a desire for alternative development, seeking global reforms, co-ordinating positions in the South but seeking to desecuritise foreign policy; that is, leaving aside ambitions to get on a proposed enlarged Security Council. This middle path is undoubtedly the best for Argentina and one which would open up the most chances to enter IBSA. A regional power is 'more powerful than some and less powerful than others' (Womack 2007: 17) and is therefore in a middle position which demands leadership at regional level and responsibility at global level. This double condition, being central to a regional system and peripheral to the global system, gives countries such as South Africa and Argentina a special sensitivity to make demands 'from below' and find spaces for mature dialogue with 'those from above'. IBSA's history, however, throws up some questions which we will cover briefly.

Initially, the IBSA incentive in 2003 was strategic, aimed at forming a political grouping to press for reform of the UN and a place on an expanded Security Council. Later came developments in issues regarding the economy, science and technology, culture, health and education. The three states are democratic, developing countries with multi-ethnic and multi-cultural societies and shared international orientations in different sectors. However, they differ in terms of population, GDP, distribution of wealth and human development, creating a picture of scant economic interdependence and a little room for reciprocity. Therefore to strengthen the strategic partnership among India, Brazil and South Africa will require a good deal of politicking and diplomacy. To achieve this consolidation, the organisation followed the typical pattern of forming trilateral work groups, but this time in twelve action areas. The result was an overloaded agenda, which lacks the resources to be deployed and the necessary level of interaction to oil the different groups' work. Despite these structural restrictions, IBSA has shown relative success in trade questions related to medicinal patents (with the United States) and in international trade talks (with the WTO). IBSA could then be seen as forming the G20 hardcore, advocating a 'southern vision' of international trade and a fairer agreement for developing countries. In this way, IBSA appears to have left (at least for now) geopolitics to focus on geo-economic dimensions such as economic development and social equality.

In July 2007, IBSA met again and agreed to advance on four fronts: global governance; South-South co-operation; nuclear non-proliferation, and energy. In terms of global governance, IBSA supports an in-depth reform of the Bretton Woods agreements but its prime objective remains a permanent seat on the Security Council. It is not clear how realistic this goal is, nor whether the intention is to seek seats for all three countries, or just one or two. Nonetheless, Argentina takes a different position, supporting the expansion of the Council with rotating regional members. That Brazil is part of the reason for the Argentinean proposal is indisputable. What is disputable is the extent to which a medium state could represent the interests of a region, either permanently (as proposed by IBSA) or temporarily (Argentina's proposal). This debate should perhaps be a common starting point of a discussion about the reform. Although it is clear that neither Argentina, South Africa nor Brazil seek status quo, it is not clear why or how a state might represent the interests of a region. At the Security Council, the actions of the French, British and German in response to the American invasion of Iraq clearly showed that no country can represent the interests of the region, partly because their logic was national and partly because the region did not have *one* position to be represented. Similarly, in the case of South America, South Asia and southern Africa, the absence of a regional identity blocks a region's support for a candidate (Brazil, South Africa or India). It is no coincidence that Brazil recently proposed the creation of a South American Defence Council with, in the words of defence minister Nelson Jobim, the aim of creating a regional defence identity.

Returning to the IBSA alternatives, other than the question of a seat on an expanded Security Council, the global governance dilemma is to what extent can IBSA constitute a 'southern level' of such governance? Or, on the contrary, can IBSA present itself as an organisation that questions the very foundations of such governance written principally along neoliberal lines? The first option would place IBSA on the list of states co-opted by the central powers to work within the established framework – indicative of this is the invitation extended to India, Brazil and South Africa to attend the G8 summits. The second option would place IBSA on the list of states advocating in-depth reforms to international politics (democratising the United Nations) and the international economy (fair trade) that seek to form a kind of counter-G7 – as Mbeki showed with his claim that his desire was to build a 'G7 of the South' (Alden and Vieira 2007: 148). Argentina's current international orientation appears to point in the same direction, which means that Argentina has yet to resolve this dilemma. While Menem's Argentina did not hesitate to make itself a southern rung of global governance, Kirchners' Argentina is more ambiguous, playing by global rules while all the time questioning the liberal 'accumulation model,' the 'extraordinary profitability' of economic actors and the 'usury' of international financial organisations. In this respect, with Argentina having abandoned the question of loyalty in the 1990s, dialogue with South Africa could well help to explore further this dilemma between Albert Hirschman's concepts of 'voice' and 'exit' (1970).

Regional governance

The OAS and AU and their relationships with the UN

Regional governance in both South America and sub-Saharan Africa face similar challenges of security, energy and food. Given the nature of Argentina and South Africa – countries central to the regional system but peripheral to the global system – their greatest contribution to governance is at regional level. Apart from the comparative advantages that each country can offer at global level, regional stability should be seen as a substantial contribution to global stability and governance. This is something that South Africa understands better than Argentina and can be seen in one particular aspect. South Africa has held the presidency of the UN Security Council on two occasions (March 2007 and April 2008) and during both presidencies Pretoria sought to work on one issue of particular interest: the relationship between the UN and regional organisations, in particular the AU, and the maintenance of peace and security. Under the vision of 'an effective defence for a democratic South Africa,' in 2007 the South African department of defence laid down certain objectives. The first one is the classic objective of defending sovereignty and territory and the second one is to contribute to global security. This is done through regional and international co-operation efforts, principally in the UN, the AU and SADC. It would be interesting for officials from both Argentina and South Africa to exchange experiences of the relationships, on one hand between the OAS and the UN and, on the other hand, between the AU and the UN. Given that these two countries are peripheral globally but central to their regions, their contribution necessarily involves the role that each can play in their region. In particular, the exchange could revolve around:

a. the role of regional organisations in maintaining peace and security;

b. the division of tasks between the UN and the AU/OAS;

c. the creation of consultation and co-ordination mechanisms; and

d. finance mechanisms for peace operations and post-conflict reconstruction.

In Africa, South Africa plays a prominent role that involves not only politics and economics but also security. In recent years, South Africa has provided troops for peace operations in Burundi, Darfur, and Congo. Mbeki also played an outstanding role as mediator in the Côte d'Ivoire conflict and the peace accord signed in Pretoria in April 2005. South Africa's position on Zimbabwe is more ambiguous and reflects a mutual respect between the two countries for their particular anti-colonialist and liberation struggles. South Africa was critical of the West's interventionism in Zimbabwe and opted for quiet diplomacy, albeit with scant success.

One of the central goals of South Africa's foreign policy towards the UN has been the strengthening of ties between the UN, the AU in general and the NEPAD programme in particular. For some time South Africa has been working on the idea of an active regionalism based in the AU but with close ties to the UN. South Africa has attempted to get the AU to carry out subsidiary tasks, which cannot be done at UN level. The AU Security Council plays a key role here, mediating between African states and the UN Security Council. Given the scarce resources available, South Africa actively works to get the UN to finance the AU and NEPAD's work, using the argument that the UN should help the AU to help itself so that the AU implements the UN's agenda, which is thus more acceptable to the African states.

Beyond Westphalia?

The move from the OAU to the AU can be seen as a move from an international organisation based on negative freedom (no external intervention) to one based on positive freedom (intervention to achieve peace, security, democracy and development). In theoretical terms, Hedley Bull (1977) distinguishes between an international organisation based on a 'pluralistic' order (respect for differences through agreed interaction mechanisms) and one based on a 'solidarity' order (the search for a common identity sustained by a shared set of values, norms and government practices). In other words, an organisation of states that moves from prioritising order to prioritising justice. The OAS is still a long way from making this move. In the AU, the reality may be removed from the rhetoric, but at least it is a start towards bringing about political change. Governments will find more restrictions than before when they seek greater manoeuvring space for political adventures with little regional and international legitimacy.

Comoros represents a kind of AU laboratory in peace operations under chapters 6 and 7. Between 1998 and 2008, the AU sent four missions and imposed two embargoes; then, in March 2008, AU and Comoros troops invaded the island of Anjouan to overthrow the regime of Colonel Bacar, who had taken power in a 2001 coup. The 'democracy in Comoros' operation showed that the AU has the will to advance the values of democracy and good governance. Naturally, this effectiveness is more difficult to transfer to situations such as Darfur or Somalia. Interestingly, when the AU recently organised a security and electoral mission, sending almost 2 000 soldiers to Comoros, South Africa was reluctant to back the mission, arguing that Sambi's government uses these external forces for domestic ends. Although South Africa was absent on this occasion, the AU appears to have a better organised intervention structure than the OAS.

The AU charter, which became operational in 2002, is the first international agreement to recognise the right to 'humanitarian intervention'. Article 4(h) of the charter sets out 'the right of the Union to intervene in a Member State in line with the Assembly's decision regarding grave circumstances such as war crimes, genocide and crimes against humanity'. In 2005, in response to a Kofi Annan report on UN reforms, the AU drew up a document – the Ezulwini consensus – which was presented at the seventh extraordinary session of the AU executive council in Ethiopia. In the report, the AU ratified its support for the responsibility to protect norms and recognised the authority of the Security Council to define appropriate cases where this should be put into practice.

In terms of the responsibility to protect, Argentina appears to be closer to South Africa than to Brazil. Continuing its tradition of non-intervention, until now Brazil has had an ambiguous attitude to this emerging norm and so it is up to Argentina and South Africa to explore ways of garnering support and sharing regional experiences in the conceptual and political debate. As AU experiences in peace operations show, the African region is better organised at building regional peace forces intended essentially to intervene in the region itself. Argentina should explore how this type of agreement was reached and the design used. This new humanitarian approach clearly takes into account African needs. Yet these needs have existed since the beginning of the decolonisation process, and so building a regional intervention norm is not at all natural. It should be used as an interesting example of how a region takes its problems seriously and intervenes itself before extra-regional powers do so. While it is true that Latin America states are not as weak as certain sub-Saharan states, it is also true that regional order in Latin America based on a concept of negative freedom ('thou shall not intervene') is not at all efficient in tackling important trans-national challenges such as terrorism, guerrilla warfare, drug trafficking and other crimes, and domestic ones related to good governance and democracy. It must be emphasised that military intervention is (and must be) always the last resort and therefore it is possible to think in terms of stages that go from prevention to reaction to reconstruction.

The AU progressed not only in the conceptual debate about the type of regional international organisation to build but also in its organisational design. In particular, the existence of an AU Peace and Security Council, which works alongside the commission, a panel of experts, a continental early warning system and a stand-by African force should be highlighted. This council aims to take responsibility for building peace; promoting post-conflict reconstruction, co-ordinating actions to fight terrorism; developing a common defence policy for the AU; promoting democratic practices and good governance; and protecting human rights and fundamental liberties.

These (notably ambitious) functions would work under stipulations in chapter 8 of the UN charter covering the role of regional organisations in maintaining international peace and security.

South Africa was one of the architects of the New Partnership for Africa's Development (NEPAD). This initiative seeks to tackle poverty and under development but also aims to go further, emphasising the importance of an organisational design to guarantee democracy and good governance. NEPAD's African peer review mechanism (APRM), made up of 26 states, is an interesting aspect of the partnership. Created in 2003, the APRM monitors each member's quality of governance. It is an intervention process in the sense that external evaluators qualify the performance of the government in question. However the intervention is voluntary for the state that undergoes a peer-review, which invites evaluation by other APRM members of the quality of government and the results it has attained in terms of governance. The APRM is based on the belief that peers will do as objective a job of evaluation as possible and seeks to show successful experiences in one country that can be transferred to other member countries. South Africa has already been evaluated, as have Ghana, Rwanda and Kenya. Nobody dares question the fact that the mechanism still does not enjoy the hoped-for legitimacy. It is difficult to examine another state's internal affairs transparently, through legitimate mechanisms and produce an objective final report. A negatively evaluated state is likely to seek retaliation in the next round and attempt to defend itself by questioning the report's transparency, legitimacy or objectivity. It is not entirely clear to what extent the mechanism can be enforced in a way that ensures the accounts provided by the state being examined are reliable. However, apart from these political restrictions, the point is that Latin America has yet to reach the stage where Africa is now. Conceptually and practically this case goes beyond Westphalia, which means progressing in degrees of intervention in internal affairs, from a peer review, to permanent monitoring committees, and finally to sanctions of some type. In the conceptual sense at least, NEPAD appears to have concluded that economic integration and sustainable development need good political and institutional practices and that these practices must be examined by regional peers. If it is a question of working together towards good regional governance, Argentina should take the APRM experience, driven in part by South Africa, and find a way to transfer it to its region, whether at MERCOSUR or UNASUR (Union of South American Nations) level.

Energy

The energy sectors in South America and southern Africa are in similar situations, with increased demand resulting from economic growth in general and developing industrialisation in particular. In addition to rising demand, there is little investment in energy exploration, drilling and transportation. Although the two regions have significant physical connections among their members, scarcity and a lack of clear rules distorts the rationality with which they are administered. In southern Africa, South Africa dominates the energy market through the state oil company Eskom; Namibia, Botswana and Zimbabwe depend significantly on South African energy-production. Furthermore, South Africa was a key player in connecting the northern (Zimbabwe, Zambia and Congo) and the southern (South Africa, Botswana, Namibia and Mozambique) networks. Argentina is changing from an energy exporter to an importer, mainly from Bolivia and Venezuela as well as contingent imports from Brazil. Despite the connection projects presented, current results are far from matching the original ideas. In addition, Bolivia is politically unstable and Venezuela offers scant security. In both southern Africa and South America, governance will occupy a central position in the energy sector. Only a region whose energy is integrated through agreements on networks and rules will have the necessary conditions for regional governance. In this respect, Argentina and South Africa have a great deal of responsibility in advancing regional governance. The exchange of experiences and a sincere debate around the links between regional security, energy and development will no doubt be an important element in each region.

Infrastructure naturally lies behind this problem. South America has launched IIRSA, the Infrastructure Initiative for the South of the Americas (*Iniciativa de Infraestructura para el Sur de las Américas*). With many projects discussed, few started and even fewer completed, IIRSA appears to have stalled due to bilateral frictions in the region. In Africa, the pan-African infrastructure development fund was recently launched. With an initial $1 billion, the fund is designed to accelerate land, air and port linkages as well as gas and electricity connections. An exchange of experiences and regional co-operation dynamics in this field would be healthy. Africa could learn from IIRSA errors and South America could observe the African design in more detail.

Food

The energy sector is today closely tied to the food sector. Rising oil prices, climate change, the rise of Asia's economies and the switch to biofuels appear to be structural trends and so the current impact on the food sector is likely to continue. Although until now the approach has been one of trial and error, some countries are already talking about 'food security'. Robert Zoellick estimates that 33 countries are at risk of food insecurity and resulting social unrest and political instability, as was the case recently in Haiti. In Nigeria, Senegal, Cameroon, Burkina Faso and Côte d'Ivoire a substantial increase in the price of rice (from $373 per ton to $760) triggered violent riots. Between 1975 and 2005 food prices fell 75 per cent but today's prices are almost as high as in 1975 (Oxford Analytica, 14/4/2008).

Considerable climate change has affected South Africa and Argentina, with heavy rains and floods in South Africa amd swings between droughts and floods in Argentina. This in turn suggests that energy from food is no panacea and will be subject to both questions of price and climate. In 2007, South Africa invested a little over $800 million in biofuel production to meet 75 per cent of energy demand. Although Argentina does not have such ambitious goals, there are projects to replace energy from fossil fuels with energy from renewable sources. Therefore both countries should explore the regional impact of the food-energy equation. The (non-)liberalisation of the agricultural market undoubtedly will enter this equation and is another point on which Argentina and South Africa have space to advance together. The initial analysis shows at least four elements for a potential common agenda:

a. focused food aid;

b. investment in agricultural production;

c. dismantling of food trade restrictions;

d. review of bio-fuel policies from lessons learned.

Conclusion: some suggestions for action

At first glance, Argentina and South Africa appear to be two distant countries inhabiting geographical spaces with disparate political, economic and institutional structures. On the contrary, this paper suggests that Argentina and South Africa can work together to make a difference both globally and in their respective regions. However, this opportunity for dialogue and co-operation will require greater political and diplomatic weight, and a firm commitment from their governments to move to a closer relationship. Although the bilateral relationship has its own history, in recent years convergences (and also divergences) appear to have become accentuated, which is only natural in such a relationship. Therefore Buenos Aires and Pretoria must be decisive about moving ahead in those sectors where their positions and interests are similar, and accept that in others the countries will take separate paths.

1. At a global level, each country has an unavoidable relationship with the United States. Therefore, it would be desirable to focus this type of bilateral exercise on specific aspects, where each country clearly states its position regarding the US agenda on security, trade, aid and human rights. This could be one of the issues covered at the 2008 seminar in Pretoria. Better knowledge of each country's positions would undoubtedly help clarify any bilateral co-operation.

2. Continuing at a global level, the role of Argentina and South Africa at the UN is also very importance. It would be useful to ponder the role played by each country when they sat on the Security Council and the Human Rights Council, and their points of agreement and disagreement. Naturally, highest on the agenda is their different outlook regarding Security Council reform. However, if Argentina and South Africa want to have a closer bilateral relationship, they must reflect together on how and why a state could represent a region's interests, as well as which mechanisms would be used to consult and co-ordinate positions and votes. This question can be answered whether they are new permanent members or new rotating members.

3. Also within the UN, the role of Argentina and South Africa in peace operations is crucial. Aside from the exchange of experiences, training, and so on, both countries have all the social capital to co-ordinate a joint position and bring other states on board to discuss

a. financing,

b. new peace operation modalities (the so-called 'hybrid forces') and

c. the responsibility that the great powers are not showing.

   An agenda split between rogue states and failed states means in practice that tasks have been shared between the United States and the EU. But Brussels is more interested in organising its own peace forces in the UN framework than in providing greater capacity for multinational peace operations co-ordinated from New York. An Argentinean-South African common front could capture the public's attention and put pressure on the central countries not to defect.

4. In terms of human rights, Argentina and South Africa have earned good reputations for the (certainly different) way in which they have tackled this issue and the inclusion of the human rights in their foreign policy. The role they can play

is not only in the UN Human Rights Council but also in regional human rights systems in Latin America and Africa. One controversial point is the difficulty both countries have in reconciling material interests with normative positions, which sometimes go hand in hand but not always. In this respect, both countries should hold an in-depth debate about how to have an ethical foreign policy, which balances national responsibilities with international responsibilities and with humanitarian responsibilities. On the other hand, both countries risk becoming trapped in rhetoric and losing credibility with the international community for not practising what they preach.

5. In terms of non-proliferation, as in the field of human rights, both Argentina and South Africa have an esteemed pedigree. Both countries have abandoned the nuclear alternative and embraced international non-proliferation norms and other chemical and biological weapon conventions. But both countries also defend technological autonomy in this sensitive sector and are not willing to surrender what they consider to be a sovereign right. In this respect, South Africa's position regarding Iran appears to respond more to this logic. Argentina occupies a middle ground, pressuring Iran to accept inspectors and obey IAEA policy while at the same time defending the right of all states (including Iran) to develop nuclear power for peaceful ends. The 1994 bombing of the Argentinean-Israeli Mutual Association (AMIA), which Argentina accuses Iran of, is clearly behind this position but this should not prevent both countries from seeking a dialogue on the Iranian situation.

6. South-South co-operation can take various forms, such as:

- reformism within the neoliberal mainstream; transformation of the global order through UN reform (membership and conduct rules)
- the search for greater autonomy from this neoliberal mainstream, including the creation of regional organisations that replicate at a lower level what international organisations have done since Bretton Woods; and the formation of an alliance between medium states.

South Africa appears to be pursuing all four aspects, advocating the liberalisation of agricultural trade, seeking a Security Council seat, promoting the 'African Renaissance' and participating in the IBSA organisation. The final outcome is yet to be seen. In some respects, South Africa is a poor country in a platoon of rich nations, while in others it is a wealthy country in a platoon of poor nations. Argentina is also seeking to open up agricultural trade, reform the Security Council (albeit acting at times like a challenger rather than a leader) and defending a greater regionalisation around the Bank of the South, UNASUR, and so on. For now, the fourth alternative is taboo. Whether Argentina could join the IBSA group will naturally depend not only on Buenos Aires but also on the other three member countries. In other words, the relationship between Argentina and South Africa in terms of global governance is limited by South Africa's existing alliance, which excludes Argentina. Buenos Aires must decide whether or not to join this initiative, while Pretoria needs to consider whether Argentina's entry would detract from the group's identity or give it greater legitimacy in the region and in the international community. To compensate for such a move, South Africa could perhaps add a further African member and India another Asian member.

7. At the regional level, binational dialogue must examine four elements. The first is linked to the relationship that the OAS and the AU have with the UN. Argentina and South Africa can contribute towards global governance by promoting dialogue and the co-ordination of policies between the OAS, the AU and the UN. The second element is related to the first and involves the more assertive institutional design that the AU has sought in comparison to the OAS. The NEPAD, the APRM and the responsibility to protect norm are three instances that show that Africa is, paradoxically, attempting to reach Westphalia by going beyond Westphalia. In other words, Africa appears to have agreed that only a strong regional international organisation (institutions, practices and norms) can be a substitute for a weak interstate system. Argentina supports the responsibility to protect norm and would perhaps be willing to adopt a more assertive attitude towards democracy, human rights and good governance. Returning to the human rights argument, democracy and good governance in international politics necessarily leads to questions of intervention, with military intervention the least desirable.

8. Finally, the energy and food sectors will be key sectors in the regional governance of each country. Neither of these sectors can be resolved on a national scale and so, once again, the two countries must co-ordinate national, international and even humanitarian responsibilities. How the two countries handle each of these issues will undoubtedly open up greater spaces for co-operation, mutual learning, and sharing of best practices.

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Endnotes

1 It can be argued that the inheritance of the 1990s was not completely abandoned, even in foreign policy, but this issue is beyond the scope of this paper.

2 Data obtained from www.state.gov/p/io/conrpt/vtgprac/

3 The proliferation security initiative (PSI) is a global effort to create a preventative network against proliferation. Specifically, it seeks to stop the shipping of weapons of mass destruction, launch systems and related materials. It was announced by George W Bush in May 2003 as a consequence of the national strategy to combat weapons of mass destruction announced in December 2002. The key feature of the PSI (and its most controversial) is the possibility of interdicting ships at sea suspected of transporting weapons of mass destruction and related materials.

PART 4

THE GLOBAL CONTEXT

Contexts for collaboration: some medium-term scenarios

Dr Carlos J Moneta

The purpose of this paper is to provide a dynamic vision of the future international and regional contexts for increased interaction and collaboration between South Africa and Argentina. It does so by a construcing a number of medium-term (2015–2020) political-economic scenarios.

These only deal with global and regional settings, and do not not analyse or evaluate Argentine or South African foreign policies. They do consider the international framework that increasingly influences national objectives, the selection of foreign players with whom one is willing to co-operate, the drafting of joint agendas, and strategies and means adopted to those ends.

These scenarios help us to identify the main processes, players and trends that can be expected to shape the international system in 2015–2020. The global and regional scenarios outline the context in which Argentina/MERCOSUR and South Africa/SACU may have to act. In this respect, they may help public and private sector actors to plan for the future and take appropriate decisions.

The scenarios are guides; they offer a reference framework for action, since they incorporate the anticipated changes and ruptures in the system, as well as the dynamics of the players that both countries will have to deal with in the future.

In this context, the purpose will be to identify new opportunities and to propose alternative actions, which may help to create feasible conditions for a better inclusion of Argentina and South Africa in the world.

Scenario methodology[1]

Scenarios can be used to shape national and regional strategic planning, as they help contextualise different anticipated environments and are able to incorporate criteria for a harmonious co-ordination of national interests and global processes.

The scenarios in this paper are developed globally and regionally, taking into account their mutual interaction. The period of 2015–2020 is used.

In each case the global and regional scenarios involve one 'normative' and two 'exploratory' scenarios. The design and description of the 'normative' scenario incorporates volitional and axiological aspects, giving an insight into a society's wishes and aspirations for its future. The 'exploratory' scenarios have a technical basis and seek to steer attention towards the direction in which the region being studied will probably evolve. They provide possible scenarios for global issues based on current evolutionary trends.

The idea is to identify key players – albeit not exclusively, since some may be eliminated or significantly modified due to 'factors of rupture', processes and trends which already appeared or start under the current situation. The different future scenarios will largely depend on the evolution of, for example: technological and macroeconomic evolution; investments; markets; consumption patterns; governance, environmental and natural resources situation; prevailing international order;

trans-national and international players and significant socio-political and cultural processes.

Scenarios have been developed for the global setting, Latin America, and Africa. Given the development and detail of their scripts[2], and for the purpose of this work, only some of the elements (taken from different scenarios) are considered, and their influence on the evolution of the situations presented.

The global setting

Three global scenarios have been developed:

Scenario no 1 ('A happy world') is a baseline scenario. It involves strategic-military unipolarism, a larger deployment of bases and coercive forces, as well as outreach policies, together with the promotion of a liberal democracy and a market economy. There is multilateralism but it expresses itself partially and asymmetrically. The course of economy is irregular, with high financial volatility and large asymmetries.

Scenario no 2 ('Allegro ma non tropo') is a normative scenario. It presents a larger multi-polarity and the developing countries are in a better situation where, despite retaining its strategic-military supremacy, the United States' influence is significantly limited due to the cost of participating in different conflicts, the growth of other powers (such as China and Russia), internal social pressure and the slow-down in its economic growth.

Scenario no 3 ('Three sad tigers') introduces a world that is seriously deteriorating politically and strategically, with low global economic growth, developing countries in crisis and huge commercial and technological imbalances.

What to expect[3]

A unipolar system is expected to continue in the strategic-military domain, which increases the multi-polar dimension in the remaining domains. Instability, tension and conflicts continue with greater recourse to power, which substantially affects governance. In this framework, there will be certain political-strategic, economic, technological and cultural multi-polarity that will be variable, partial and asymmetric. The current financial-productive crisis will cause a general slow-down in the growth of the global economy during a period of two or three years (2009–2012), without any resulting substantive modifications of the financial system.

Faced with difficulties in making multilateral progress on economic issues, the United States shows a noticeable trend towards making bilateral agreements and does not appear willing to submit to rules over which it has no control. Some specialists believe that the path to multilateralism could be a sum of bilateral or regional agreements which could converge towards 2020, but there are no clear criteria.

The functions of the World Trade Organisation (WTO) as a mechanism for solving commercial disputes are reinforced.

China, India (and Asia as a whole), Russia and, to a lesser extent Brazil, become significant new players on the world stage. South Africa, Mexico, Korea, Indonesia and a small group of countries in Eastern Europe, Asia, Africa and Latin America consolidate their positions in the respective regional scenarios.

The aging population in developed countries and zones, such as Japan and the European Union (EU) although not the United States, affects economic growth prospects, while the active population in developing countries increases, with unfavourable working conditions.

A larger application of restrictive policies towards illegal immigration is expected, particularly regarding the South-North flows.

The wide global success of information and communications technologies (ICTs), particularly digital networks, significantly influences social values, cultural patterns, institutions and socio-political and economic processes. Despite public and private efforts, the digital gap widens in a framework of hybrid and fragmented cultures with significant intercultural-based conflicts.

New price increases for hydrocarbons and greater competition for natural resources between the major powers. Extended use of nuclear energy and biofuels and, to a lesser extent, of other alternative technologies. An energy 'decarbonisation' stage begins, with a gradual change to 'hydrogenisation,' the use of bio-energy, and wireless electric transmission, among others.

The inadequate exploitation of non-renewable resources and contaminating industrial practices (particularly in developing countries) worsen the loss of diversity, climate change, environmental deterioration and alteration of the ecosystem. Technological innovation, production and services for the ecosystem increase. The growing scarcity and uneven distribution of drinkable water lead to domestic and inter-state conflicts and massive international commercialisation of drinkable water.

Based on extending the 'market logic' paradigm, in social and political circles existing differences between developing countries will widen, in terms of their individual potential for growth, development, competitiveness and integration in the global economic system.

Likewise, there is an increasing differentiation in the feasibility and autonomy of integrating various regions and sub-regions, as well as a substantial expansion of inter-regionalism.

In the meantime, there is a deeper transformation of international value chains. In many cases various links in the chain are decentralised through subcontractors in different parts of the world. Manufacturing activities and less complex services tend to be decentralised, while ever more complex functions and even research and development (R&D) activities are subcontracted.

There is a growing trend to decentralise and even 'outsource' research and development (R&D) activities. This creates opportunities for countries such as Argentina and South Africa, which have significant capacities in science and technology.

Trans-national enterprises (TNEs) are concentrated in the most strategic activities, and gradually become co-ordinators and integrators of technological and commercial networks. This gives way to a global economy where sophisticated and dynamic markets are located in the developed countries but production takes place in different locations, with a strong concentration in Asia.

A global economy that leads to the breaking-up of states gradually becomes consolidated (with particular intensity in developing countries). Modern sectors and regions 'integrated' into international networks (or those that can exploit niches in developed countries) and backward sectors of low productivity (generally informal that function for the local or regional market) gain greater impetus. The employment segment is underpinned by unregistered labour, the informal sector and unemployment.

In this context, as controls for developing countries diminish, new economic frontiers between states emerge.

Increasingly, countries and regions develop a variety of strategies designed to attract foreign direct investment (FDI). These include fiscal advantages, infrastructure (for example, physical, technological, human resources), regulatory advantages (for example, treatment of investment, environmental standards) and cost advantages (labour, natural resources). This competition allows TNEs to select locations from among various options, and negotiate more advantageous conditions by threatening to relocate their investments (for example, China, Ireland).

Market imperatives increasingly determine scientific research. Within such a framework, the weight of increased R&D in developing countries will fall on the state, which will have to cover areas that are not of immediate interest to the private sector. The challenge for these countries will be to attract TNEs willing to carry out R&D locally, taking advantage of the scientific and technological base and human resources, and generating benefits for national innovation.

Developed countries will exert a stronger pressure and will make greater use of mechanisms for the compulsory application of intellectual property protection regulations. Such efforts will be centred on ICTs, biotechnology, nanotechnology and related areas.

Mass application developments based on technological convergence (nano, bio, info, cogno) begin to appear in the health, military and defence, and environmental sectors.

Given the central role of these technologies, such a situation could become critical for developing countries in the fields of health, natural resources and foodstuff, as well as in many other sectors of economic activities.

Consolidating this trend requires deeper discussion of the free trade agenda (such as the WTO) involving less barriers to trade in goods and services; security for direct foreign investment; national treatment; protection of intellectual property; access to government purchases; financial and labour deregulation and elimination of subsidies.

Uncertainties

Major factors of uncertainty and potential modifiers include:

- Resolving current global imbalances after a 'forced landing,' which may lead to a prolonged and generalised recession of the global economy;

- Significant trade agreements between the European Union (EU) and the United States within the framework of the transatlantic alliance and/or of the EU with Pacific Asia. Given the importance of the participating countries and regions, it would cause the distribution of the global economic power and the patterns and flow of DFI and trade to be deeply modified;
- Generalised energy crisis;
- Acceleration and worsening of climate change;
- Terrorist attacks and other similar acts, which may significantly modify the prevailing international order;
- High-density war conflicts;
- Regional and global epidemics and biologic accidents which may generate dangerous and uncontrollable mutations;

South America

The role of Brazil

Brazil's development is one of the factors that will strongly influence the future of MERCOSUR. In recent years Brazil has managed to extend and consolidate an international strategy, positioning itself as a regional and emerging global power, together with China, India, Russia, and, to a lesser degree, South Africa. If the country manages a period of sustained economic growth, it will be in a position to consolidate its leadership regionally and increase its capacity for action and global impact.

Internally, economic policy will be concerned with preserving the macroeconomic balance, increasing competitiveness, with special emphasis on technological innovation. Importantly, Brazil must achieve a sharp increase in FDI without neglecting the distribution priorities. The sustainability of Brazilian growth in the medium term will depend on a variety of internal and external factors, which are elaborated in the scenarios that follow.[4]

The internal factors which have characterised Brazil's process of growth during the last few decades include: the possibility of achieving a more balanced growth between regions; a greater knowledge of the goods and services produced in the country; the achievement of a favourable domestic political situation; and a significant reduction in social inequality.

Among the external factors, one of the most important criteria is the country's capacity to attract foreign investment. In that respect, Brazil is successfully integrating into the global financial system, which is strongly evident in the country at present.

The position of Brazil and other countries on sensitive issues, and the impact on MERCOSUR

The most promising issue seems to be attracting investors for the exploitation of natural resources – particularly agro-food, bio-energy and hydrocarbons.

Several concerns have been raised, including:

1. Implementation of regulations to prevent a significant flow of investments that lead to environmental deterioration;
2. The type of co-ordination that could be implemented regionally to establish an integrated sub-regional energy system and to avoid a 'war of environmental subsidies' with other countries that have resources similar to those of Brazil;
3. Mechanisms that will be established to preserve shared resources.

With regard to multilateral trade negotiations, the following questions arise:

1. If the agricultural trade were liberalised, would it benefit MERCOSUR as such, or would it lead to greater competition between countries looking to gain market positions;
2. The opening of new markets could be used to generate new production chains and exports of food products with higher added value, or could strengthen a trend towards specialisation in production and commodity exports.

MERCOSUR: a global player

During the second decade of the 21st century, different international, regional and national events are expected to modify the vision of the government and of the business community. These have significantly increased their capacity for exerting effective pressure on the executive. This is particularly relevant for agro-business companies, which, based on their growth and the expected evolution of commodities, support a greater openness,[5] which directly impacts on MERCOSUR.

Brazil significantly expands its participation in the main international political, economic and financial forums, both individually and through the 'BRIC' countries (strategic association between Brazil, Russia, India, China) and IBSA (strategic association between India, Brazil and South Africa). It also successfully diversifies its ties with different selected countries and regions and establishes a 'strategic association' with the United States.[6]

In the meantime, Brazil also makes significant advances in trans-nationalising its companies[7] and expands its exports of agro-foodstuff and biofuel, as well as of biofuel technology, becoming a major player in that sector, making agreements for the supply and transfer of technology with the United States and different European and Asian countries.

Meanwhile, within the region these achievements are undermined by obstacles to the Brazilian foreign policy: a significant increase of social and political instability in Bolivia and continuing disagreement – particularly in Venezuela – over institutional issues and the direction of the MERCOSUR growth and international integration strategies. However, the status quo that characterised this sub-region for the first decade of the twenty-first century could not be overcome, despite the efforts made. The parties also lack political will and management to modify this situation.

Within this context, Brazil's membership of MERCOSUR erodes the country's attractiveness for establishing free trade agreements (FTAs) with different countries and sub-regions and regions.

As part of their trans-nationalisation, Brazilian companies strengthen their positions in MERCOSUR markets without having joint productive developments with TNEs of other member countries or agreeing on systematic trade negotiation policies with third countries and regions (for example China/Asia Pacific).

Within such a framework, the Brazilian government could proceed to:

- Support making the MERCOSUR common foreign tariff more flexible, to allow partners to conclude individual engagements with third countries;
- Establish separate negotiations of the FTAs with the EU, Japan, South Korea and other Pacific Asian countries and widen the strategic association agreements with China and India. Move forward with agreements in the Middle East, Central Asia and Africa;
- Renegotiate some existing economic agreements with Latin American countries;

Give more strategic significance to its bonds with Chile.

The above scenario suggests the serious loss of strategic weight that MERCOSUR may have for Brazil. Since MERCOSUR continues to be useful to its regional and global policy, the country continues to participate in the sub-region, but its main efforts are refocused on other areas.

MERCOSUR: Preparing for the future

Despite improvements in the institutional domain –which are insufficient – and advances in solving some pending bilateral conflicts, MERCOSUR has not been able to recover its economic or political dynamism, or implement – in the manner and to the extent desired – the processes of macroeconomic compatibility, supra-national regulation and energy and infrastructure integration.

MERCOSUR faces serious difficulties in forging axes of intra-industrial development among its members to increase their competitiveness, obtain a fairer distribution of costs and benefits, and implement joint convergence programmes in research and development in key areas, while there is an increase in the asymmetries between Brazilian potential and that of the remaining MERCOSUR countries.

On the external front, bilateral FTAs between the United States and countries in Central America, English-speaking Caribbean and part of the Andean Cummunity of Nations (CAN) mean that MERCOSUR loses market share and encounters greater obstacles to the United States market. The intra-Latin American economic tensions reduce the progress achieved up to that point in co-ordinating positions and harmonising regional politics.

Although MERCOSUR as a whole achieves certain growth, it loses relative positions in GDP distribution, FDI and world trade.

Argentina and other MERCOSUR members sign individual FTAs with the EU and China, India and the remaining Pacific Asia countries. This leads to increased asymmetries between Argentina and Brazil – Brazil intensifies intra-industrial exchange with Japan, Korea and other countries, while Argentina essentially maintains a pattern of exchange based on the export of food and natural resources.

In short, various factors work against the sustainability of MERCOSUR, leading to a loss of significant value in the eyes of its members. In such a situation, Argentina and the other members begin to prioritise other organisations, but MERCOSUR formally remains.

Uncertainties

Major uncertainties that may affect the preceding scenarios include:

- Periods of recession and crisis in the world economy (especially in the EU and United States);
- The American stance regarding the region;
- Economic evolution and Brazil's stance regarding MERCOSUR;
- The socio-political and economic evolution and stance of the medium-sized countries in the region;
- Generalised rebel social movements using violence and/or organised crime networks.

Africa

based on the results of certain works[8] and taking into consideration the areas that show the greatest growth opportunities (for example South Africa/the Southern African Customs Union (SACU)[9], Angola, the Persian Gulf and north African countries) various scenarios have been identified:

The region's economy, based on the agricultural sector and natural resources, commodities and energy, does not reach the seven per cent GDP growth necessary to meet the requirements of the New Partnership for Africa's Development (NEPAD).[10] Only limited progress is made in its objectives due to competition for leadership and management, ethnic and territorial war conflicts, social violence and deficiencies in the integration schemes.

The United States assumes the role of regulator of the regional disorder, with capacity to arbitrate conflicts, but China becomes the second highest external power in terms of political impact followed, far behind, by India.

A trade agreement – more comprehensive than the previous version – is concluded with MERCOSUR countries. This agreement allows agricultural and food exports to expand and opportunities to open up in some high-technology sectors, such as in agricultural, nuclear and satellite biology, and ICTs.

Limited industrialisation and insufficient progress in multilateral economic negotiations result in little change to Africa's relationships and an unfavourable trade profile (export of energy and primary products). Instead of facilitating access of African products to their markets, the developed powers continue to prioritise different regimes, such as the African Growth and Opportunity Act (AGOA) for the United States, and the Asian, Caribbean and Pacific countries (ACP) for the EU.

Within this framework, external co-operation and FDI are not enough to meet the growing active population's needs in terms of infrastructure, education, health and basic services. Demographic increase and various epidemics such as Aids negatively contribute to the situation.

African 'fuel' economies increase and sub-regional asymmetries continue (and in some cases increase). The regional powers are South Africa, Egypt and Nigeria, with Angola emerging as an economic presence. Labour and agricultural productivity fall during the first two decades of the twenty-first century, only increasing from about 2020.

The problems of brain drain and illiteracy continue and, in general, government structures remain weak, with reduced management capacity.

The excessive and uncontrolled exploitation of natural resources and a scarcity of water in the region continues to grow.

Insufficient progress is made in multilateral economic negotiations to modify the unfavourable foreign trade relation (related in particular to the agricultural sector and the high dependence on exported primary products), while the payment of the foreign debt continues to be a heavy load;

China attains a significant role in Africa in terms of purchasing food, commodities and energy, as well as in FDI. Other Asian countries, such as Japan and South Korea, also increase their economic presence in the continent;

No improvement is observed in technological R&D, except in South Africa. For ICTs, the increase in the use of mobile phones and Internet largely exceeds the international growth rates, although both are concentrated in the major cities and markets (South Africa, Algeria, Nigeria).

South and southern Africa

South Africa has continued with its FTA policies relating to trade and external economic bonds. Despite adopting a more flexible position towards the EU and United States, South Africa maintains its strategic alliances with emerging powers in the developing world, for example the IBSA group.

The agreement with the EU does not work satisfactorily for South Africa, with unfavourable trade balances and continued restrictions on access to European markets for sensitive agricultural products. Similarly, at the WTO little progress is made in sectors of interest to Africa and South Africa due to delays by developed OECD countries.

Despite its restructuring, the effectiveness of the Southern African Development Community (SADC)[11], like that of SACU, is limited because of differences in the distribution of resources and benefits of trade.

During the first decade of the twenty-first century, there was some progress in trade, co-operation and investment with the Asia Pacific region. However, China's highly assertive trade agreement policy, its firms' actions in Africa and the destination and handling of investments generated various negative reactions within South Africa and the SADC, which adopted measures to restrict and control such operations.

Various factors contributed to eroding co-operation and political association efforts in IBSA and the G20+ group.

Lastly, a trade agreement can be reached with the extended MERCOSUR countries, although with some restrictions in the sectors covered and scope. However, this situation does not benefit, as expected, the increase and strengthening of the co-operation between both regional schemes, but does allow greater co-operation between South Africa, Brazil , Chile and, to a lesser extent, Argentina.

Uncertainties

Major uncertainties that may modify the preceding scenarios include:[12]

- Periods of recession and crisis in the world economy (in particular in the EU and United States);
- Inter-state and internal instability and tensions in Africa and the Middle East;
- Substantial increase in wars, violence and loss of governance in sub-Saharan Africa;
- Migration shocks (for example, restrictions on African and Arabian flows into the EU);
- Unchecked expansion of epidemics and infectious diseases in Africa.

Considerations and proposals

in the medium-term scenarios (2015-2020), the development prospects for Africa and South America will depend very much on the evolution of the world system and their own regional politico-economic, social, technological and cultural agendas. This applies in principle to Argentina/MERCOSUR and South Africa/SACU/SADC.

However, given their resources and potential, in the case of unfavourable international scenarios, both countries could attain better growth and development than the regional average.

Both South Africa and Argentina have much to gain strategically, politically, economically and technologically by increasing, broadening and deepening their ties in multiple dimensions.

Optimising the results of South Africa–Argentine interactions

Both countries must increase knowledge of each other, for example their cultures, societies, industrial structure, technology problems and opportunities, external relations, trade, marketing and finance. This can be done through both public and private efforts, such as through the creation of networks and associations.

South Africa and Argentina need to incorporate ambitious, strategic, future-oriented planning, which must include expected developments in, among others, international economic policy. For example: TNEs; structure transformations; production, management and marketing processes; energy, technological innovation, communications, transport, environment, health, natural resources and socio-political, geo-strategic and geo-economic changes.

In this context, and taking into account the areas of co-operation agreed upon at the first binational commission meeting (Pretoria, February 2007) and at subsequent meetings in 2008, it is worth highlighting some of the 'macro-issues' associated with the scenarios given. These issues may constitute new areas (or areas to be broadened) of co-operation between South Africa and Argentina:

1. Defence and security: South Atlantic and Antarctic. For example, maritime control, scientific and resource research, fishing, energy, politico-strategic positions on conservation and prospecting, status of the Antarctic, bases and transport.
2. Environment: prospects of setting up a group of powers with numerous bio-ecological resources. For example Venezuela, Brazil, Argentina, South Africa, Malaysia, Indonesia and others join forces to act and co-operate in R&D, production, and generation of codes and norms.
3. International policy: analyse the prospect of Argentina joining IBSA or equivalent structure.
4. Culture: co-operation. For example, in ICTs, preservation of cultural heritage, construction of identities, in the framework of the 'African cultural charter' (currently being drawn up) and the 'Ibero-American Cultural Charter' (a non-binding law already passed by Ibero-American governments).
5. Higher education and research: establishment of inter-university agreements; co-operation between research and planning centres, in particular regional integration processes, inclusion at sub-regional level, progress in inter-regionalism, construction of Latin American-African multinational enterprises.

A concluding view from Argentina

Relations between South Africa and Latin America have developed around two main axes: the alliances established with other countries to negotiate the multilateral economic agenda, and the IBSA forum (India, Brazil and South Africa).

Mexico (NAFTA and bilateral trade) and MERCOSUR (particularly, Brazil) are two key elements in the South African policy for our region. Within this framework, MERCOSUR constitutes the most important economic link. A framework agreement confirming a free trade area was concluded in December 2000 and a fixed preference agreement was signed in the year 2004. Following an Argentine public and private mission to South Africa in December 2006, the quality of relations with Argentina improved strongly and opportunities were created.

Both South Africa and MERCOSUR have similar manufacturing industry profiles (although there are sectoral specialisations, such as mining in South Africa). Both in the agricultural sectors and in some manufacturing sectors, Argentine and Brazilian producers are more competitive than their South African counterparts, which is due to circumstances, restrictive attitudes and tariff and non-tariff protection measures.

Apart from the difficulties faced by IBSA members to make the forum feasible, credible and permanent, IBSA is one of the developing world's few co-operative schemes and strategic alliances with possibilities of effective international action. In addition to generating a large increase in the trade flows between India, South Africa and Brazil, IBSA consists of three countries that are included in the group of five Third World countries identified in OECD surveys as likely to reach global levels equivalent to those of the developed powers by 2020.

Therefore, the possibilities and benefits of joining IBSA should be evaluated, or alternatively the gradual implementation of a similar scheme including other players should be looked at. Argentina already has in place partial scope agreements with South Africa and India, but political, scientific-technological, business and cultural bonds should be strengthened.

Large South African companies with investments abroad have traditionally exerted a significant influence on the foreign economic policy of that country. In Latin America, South African mining companies (for example, Anglo-American) were pioneers in investing in Argentina, Brazil, Chile, Colombia, Peru and Venezuela; Chile is the main receiver of South African investments, which exceed eight billion dollars.

In this context, the partial cope agreement between South Africa/SADC should be considered as a starting point and launch pad – not an end point in itself. On this basis, a network of economic, academic, governmental and financial agents should be built so as to attain close personal bonds in the public and private spheres. With the establishment of a 'strong point' in South Africa, several operations in the south of the continent may become feasible.

Endnotes

1 I wish to thank the technical support provided by Lic. Verónica Peredo in this field –with the co-operation – in previous stages - of Dr. Miguel Gutiérrez, both members – together with me – of the Argentine Node of the MILLENIUM Project, Washington D.C., United Nations University.

2 The Spanish version of this work includes the full text of the global scenarios referred to herein. See *South Africa/Argentina and Africa/South America: Strengthening the relationship further. How to and where to?* Ministry of Foreign Relations, International Trade and Worship – South African Embassy, Buenos Aires, May 12-14, 2008, p.119-140.

3 Thanks to the valuable contribution of Economist Gabriel Bezchinsky in the treatment of the economic aspects and to those which, in different parts of this work, were made by Drs. Diana Tussie and Pablo Heidrich and other members of the FLACSO academic team, FLACSO Meeting –Work Team on Global Scenarios of the SECYT, FLACSO, Buenos Aires, October, 2006.

4 See Carlos Moneta, *Escenarios sudamericanos: Brasil.*

5 Thanks to Félix Peña and Raúl Ochoa for their valuable contributions on this matter.

6 Carlos Moneta. See Avances en la innovación tecnológica y competitividad de las empresas brasileñas, *SECYT*, 05/07; Avances alcanzados en la agroindustria brasileña, *SECYT*, 05/07 and Escenarios del Brasil: Meu Bem, Meu Mal and De volta ao futuro, *SECYT*, 05/07.

7 Ibid.

8 Carlos Moneta, Informe de Avance No 6, Project Política Exterior Argentina, Componente Capacidad Estratégica. MRECIC: Buenos Aires, 2005.

9 SACU: Southern Africa Customs Union. Created in 1910, underwent several changes. It is made up of South Africa, Botswana, Lesotho, Namibia and Swaziland.

10 NEPAD: New Partnership for Africa's Development constitutes an ambitious long-term programme of African governments – with the important financial and technical co-operation of FDI of the G-8, aimed at eradicating poverty, integrating in the global economy and achieving sustainable development in the continent within a framework of governance and respect for human rights.

11 SADC: Southern Africa Development Community, created in 1992 by the Windhoek Treaty, has 14 member states.

12 See Tim Hughes et al, *Southern African Scenarios 2015: Renaissance, Asymmetry or Decline and Decay?* South African Institute of International Affairs, 2003; Carlos Moneta, *Escenarios Regionales: África, 2015-2020*, SECYT, *Escenarios y Estrategias en CTI, 2020*, Buenos Aires, 2005; World Bank, *Prospects for the Global Economy, 2006;* IMF, *World Economic Outlook*. CEPII, Base Chelem – PB, Paris, 2007; World Bank, *African Development Indicators, 2006;* African Developmnet Bank, *African Development Report,* 2004; UNCTAD, *World Investment Report, 2007*.

The strategic relationship between Argentina and South Africa: rediscovering the evident and the urgent

Fabián Calle

If you draw a straight line eastwards, from Buenos Aires and through the Atlantic Ocean, you arrive in South Africa's economic and political centre. In this era of globalisation, the vastness of the ocean has, to a large extent, been stripped of its dividing or isolating power (for both good and evil, as 9/11 showed).

Before exploring current, or even potential, co-ordination and co-operation between Argentina and South Africa on political, economic and security issues, it is worth remembering some 'soft' variables that still remain relevant when political and strategic will exists to strengthen the bilateral relationship. These range from the shared interest in sports such as rugby to the importance of European immigration in both countries, the existence of strong political and ideological ties during non-democratic governments in the 1970s and the re-emergence or conquest of democracy through the people's vote in the decades that followed. Strong development of agricultural and animal husbandry activities is common to both countries, and the rural inhabitants on both sides of the Atlantic Ocean share some similarities in their vision of the world.

Bilateral and bi-regional agencies

Among the concerns that can and should be included in rekindling and consolidating the relationship between Argentina and South Africa, the technological agenda and regional and international security issues should first be discussed. Both South Africa and Argentina have made substantial progress in the nuclear field and both control the so-called uranium fuel cycle. They have also both subscribed to the international safeguards applicable to this field.

Today, the world is rediscovering nuclear energy but also trying hard to limit the admission of new members to this exclusive club and, if necessary, to dismiss some of them (as shown by initiatives to take away uranium enrichment control from certain countries, encouraged by some scholars and former United States security advisors such as B Scowcroft). The atomic sector is fertile soil for the mutual support of South African-Argentine interests, with Argentina returning to the nuclear energy agenda by resuming the construction of Atucha II, conducting studies for the construction of another nuclear plant, commissioning the Arroyito heavy water plant, selling a reactor to Australia, bidding in the Netherlands and signing agreements with Libya.

Argentina and South Africa also have a common interest in providing security and stability to the southern Atlantic in times when off-shore oil exploration seems destined to play a leading role off both the African and South American shores. It's not by chance that *Jane's Defense Weekly* reported in 2002 that one of the future scenarios depicted for the Pentagon as a whole and for the United States marines in particular, concerned the African west coast. While the North Atlantic Treaty Alliance (NATO) ascribes increasing importance to its naval exercises around Africa to reach the Persian Gulf, the super powers are also showing interest in strengthening their political and economic presence in the Antarctic region.

The proposal for a 'South American Defence Council', presented by Brazil's minister of defense, Mr Nelson Jobim, and backed by Argentina, can and should be accompanied by consultation and co-operation with another stable, democratic country such as South Africa. Without reawakening the 'South Atlantic Treaty Alliance' (SATO) cliché, Argentina can and should act as the natural political, cultural and practical bridge between this new council and South Africa. An excellent step would be to include South African ships in Argentine-Brazilian naval exercises such as the ARAEX and the Fraterno. Furthermore, South Africa's active and sophisticated defense industry comes at a time when both Brasilia and Buenos Aires are trying to reactivate their defense industries and making progress in the tentative installation of the powerful company EMBRAER in Argentina's former military aircraft factory.

In recent years, Argentina decided to deepen and expand the work done so far on satellites, both unilaterally and in partnership with countries such as Italy, the United States and Brazil. In the field of ballistic missiles, some of the people who worked previously on the Cóndor I and Cóndor II projects are still active – the Tronador was launched in 2007. The plan is to build a more advanced vehicle with a national or binational (with Brazil, for example) rocket capable of placing satellites in space.

Regarding national defense, both Argentina and South Africa have ample experience in peacekeeping operations. Argentina's current involvement in Haiti is an opportunity to complement South Africa's many missions on the African continent. One idea would be to increase the exchange of officers and non-commissioned officers, as well as to create a joint company, or at least a battalion, similar to the one recently set up with Chile.

When analysing security matters, what stands out is that drug cartels (especially the Colombians and their European partners) are increasingly using routes between southern America and the African west coast to reach Europe. The International Crisis Group (ICG) recently reported on the key role of countries such as Haiti, the Dominican Republic, Brazil, Venezuela and, increasingly, Argentina, in the drug flow to the 'old continent'. The ICG also highlighted the combined effect of the 'super Euro' and the 'detour effect' of the *Plan Colombia:* instead of a decrease in cocaine production, in reality it appears that part of the cargo is sidetracked to be consumed on the streets of South America and Europe instead of the United States.

The impact of the international food crisis and climate change on the security framework of Argentina and South Africa

In recent years, a myriad of analyses and studies from different sectors of the academic and scientific community have, sometimes in isolation, dealt with subjects such as the impacts of climate change, the growing strategic importance of drinking water, the increasing prices of raw materials, the social unrest resulting from the increase in food prices, and the geopolitical moves to control larger amounts of natural resources. The intense interaction and feedback among such diverse and important topics has been clearly exposed in the last few months, and more forcefully in recent weeks.

For example Giovanni Sartori, an influential scholar, recently warned about the clear evidence of an upcoming crisis or rupture between economic development and the planet's sustainability. He urged people to rethink the relationship between market democracy and peace among nations, which carries so much weight in many analyses. In the future, Sartori predicts that serious disputes will arise over natural resources, the devastating effects caused by climate change and overpopulation of the planet.[1] The authoritative *Wall Street Journal* warns of the havoc that will result from the cocktail of demographic growth, enormous increase in the demand for natural resources and climate change.[2] The newspaper article compared the average prices of major commodities, which in 2008 were 500 per cent higher than during the early 1970s, and 250 per cent higher than in 2000. John Gray claims that the 'great geopolitical game' of the early twentieth century is being re-enacted on a global scale and is immensely more complex in terms of players and intentions. This time the protagonists are water, minerals, food and oil. If 100 years ago the arena was Central Asia, today, it includes **Latin America**, the Persian Gulf, **Africa**, the Arctic and the **Antarctic** region.[3]

International organisations such as NATO and the traditionally economy-centred, short-term viewed IMF cannot remain indifferent to these debates and warnings. NATO's secretary general, Mr. Jaap de Hoop Scheffer, recently claimed that the alliance should consider subjects such as the strategic protection and control of food and drinking water, and analyse their impact on violence and lack of governance in different regions throughout the world. A look at countries as diverse as Haiti and Egypt reveals the truth of these words. Currently at least 12 large food-producing countries at the international level have implemented withholding and special tax schemes in order to curb domestic inflation and increase state resources.[4]

In its 2007 report, the UN Food and Agriculture Organisation (FAO) issued a clear warning about the economic, political and security implications of increased food prices. One example cited is Haiti where price increases of up to 100 per cent occurred over the previous year. Other dramatic examples include Bolivia, Ecuador, Nicaragua, Vietnam, China and (as if their problems were not enough) Iraq and Afghanistan. Moreover, the world's grain reserves are at their lowest level since 1982, which, according to the FAO, is due to:

1. The use of corn to produce bio-fuel;
2. The increase in gas oil and fertiliser prices following a rise in oil prices;
3. The drought resulting from climate change; and
4. The financial speculation of forward markets.

The European Union (EU) and the UN each recently issued special reports, which argue that climate change is a factor that activates, aggravates and multiplies new, dormant and existing crises and conflicts. There is a certain historical irony in the fact that the most vulnerable countries are the poorest and least developed and that, relatively speaking, they are the least polluting ones.[5] *The Financial Times* also urged people to become aware of the deeply disturbing effect of the increases and distortions in the food and natural resource markets. The newspaper claimed that between 2000 and 2006 the grain demand grew eight per cent whereas prices increased by 50 per cent (this does not take into account the increases between 2006 and the present date). Countries mentioned included Mexico where the price of corn, a staple crop, rose by 35 per cent, with the ensuing strong impact on society, and India where rice prices increased by 100 per cent.

In 2007, the Pentagon released a compelling document entitled *National Security and the Threat of Climate Change*, authored by 11 (retired) senior officers from the four forces, all of them with outstanding credentials and vast experience in different regions throughout the world, including General G. Sullivan, General A. Zinni, and Admiral J. Lopez. The introduction warns that 'climate change represents a new and wholly different challenge for national security', and that this change is a fact and is certain to have deep economic and social consequences as well as affect security and national defense. In the words of these military men, climate change will multiply and worsen already existing problems, tensions and threats such as migration, famine, thirst, terrorism, civil war, fights over natural resources, and border clashes.

1. Among the findings in the above-mentioned document, the following stand out:
2. Climate change is a serious threat to national security;
3. Climate change spreads instability and crisis in sensitive areas and can destabilise regions that were stable;
4. More intense migration flows should be expected towards the United States, as well as a drop in food and water production (in Latin America, this is specially the case in countries such as Peru and Venezuela).

The document recommends that:

1. Washington must devise a consistent strategy that encompasses energy policy, foreign policy and national defense;
2. The United States must develop a stronger activism in this area, at both domestic and international levels;
3. Partnerships and co-operation schemes should be encouraged with as many states and organisations as possible, and especially include the most vulnerable and least developed ones;
4. The defense sector must contribute by using cleaner types of energy and boosting its capacity to act in the new scenario (be it in humanitarian or rescue missions, or peacekeeping operations);
5. A thorough assessment should be carried out of the effect of deploying American bases and troops throughout the world.

Among the geo-strategic implications identified, some subjects stand out: the drop in food production and the decrease in available water in several regions throughout the world (Pakistan, China, India and South Africa are mentioned as examples), and particularly in areas, such as the Middle East and North Africa, which are currently very unstable due to political, ethnic and religious reasons; the intensification of internal and external migrations; the spread of disease; and the rekindling or the onset of border clashes between states over the control of natural resources. In addition, the rapid collapse of certain weak states provides fertile ground for terrorism and radical views to thrive.

In the United Kingdom, two recently released documents (from the University of Oxford and the Ministry of Defence's intelligence projection for 2030) converge on certain points:

1. Climate change is here to stay and its effects are, to a large extent, negative;
2. Conflict and competition over natural resources will escalate, resulting in more expensive oil and gas, and less drinking water available;
3. Migration and poverty will increase in vast regions throughout the world;
4. The trend is towards the growing militarisation of international politics;
5. Levels of the low- and middle-classes radicalisation, in both developed and developing societies, are increasing;
6. The rise of regional powers – Brazil is included in the list – may lead to ensuing tension between them and the United States.

The *Stern Report*, commissioned by the UK Treasury, concludes that climate change is a fact, poses a serious global threat, will have a dramatic impact on the access to drinking water, food and health care, and will result in natural disasters. In the future, this could mean a five per cent reduction in annual growth for the international economy, with an even worse situation in developing countries.[6]

According to many articles and reports, the reason for this situation lies in the biofuel boom, the heavy demand from emerging economies (India and China) and the absence of authentic strategies to curb the thirst for oil in the United States. Given the deep instability of the ever-critical balance between food and energy, it is worth reflecting on the continuing rising oil prices (that already exceed the 1973–1979 ceiling in real terms and adjusted for inflation) and the fact that, at the same time, increasing amounts of grains are being used for biofuel production.

Final remarks

In recent years, these, and other more material, factors have been most certainly left out of the analysis and replaced by an active political strategy by our Brazilian partners to create a linkage (in people's minds and among academics and politicians) with South Africa and a third emerging democracy India. Brasilia has also fostered a similar ideological axis with other emerging States, such as China and Russia, although they may not be regarded by the international community as democratic, or fully democratic, players. It has also spread the use of some loose, not very practical, yet catchy terms such as 'BRIC' (Brazil, Russia, India and China). The traditional idea of the 1970s and early 1980s, whereby Brasilia focused on countries such as Angola and Mozambique to the detriment of South Africa and Argentina was closer to South Africa, seems to have been set aside. This is to a large extent because of Argentina's lack of activism and strategic vision over the past two decades.

Endnotes

1 *Corriere Della Sera*, 3/26/08.

2 *The Wall Street Journal,* Americas, 3/24/08.

3 *Corriere Della Sera*, 4/10/2008.

4 *The Wall Street Journal*, Americas, 4/14/08.

5 Paul Rogers, *Open democracy*, 3/20/08.

6 www.hm-treasury.gov.ar.

South Africa as an 'active agent of progressive change': lessons for the SA–Argentina relationship

Prof Chris Landsberg

Since 2004 at least, the South African government has pursued a highly ambitious foreign policy under the rubric of 'innovative ways' that would allow it to play the role of 'an active agent of progressive change' in global affairs.[1]

Its major goals are nothing less than to reorganise major institutions of global governance, and redistribute power between the global North and global South. Under the progressive agenda of the Mbeki government, countries of the South – including South Africa and Argentina – are meant to forge strategic partnerships for engaging the North about global transformation and developmental concessions.

South Africa has been viewed as 'walking on two legs' by forging 'networks with partners of the North and South' to achieve the objectives of policy at home as well as policies vis-à-vis global transformation.[2]

In recent years, the Mbeki government has further refined foreign policy, and today South Africa's global strategy rests on five pillars. These are:[3]

- Consolidating the African agenda;
- promoting South–South co-operation;
- promoting North–South dialogue;
- strengthening bilateral relations;
- and promoting good global governance.

One of the key features of post-apartheid foreign policy over the past 14 years, and the last nine years in particular, has been the search for a new international style and identity, anchored on reaching out to Africa and the developing South, with the aim of engaging the North more strategically.

This paper seeks to unpack South Africa's strategy of 'active', 'progressive' internationalism, and to point to some options and lessons, both negative and positive, for South African-Argentine co-operation.

What are the prospects of Argentina and South Africa constructing a bilateral relationship that improves mutual co-operation, and bolsters the African agenda, South-South co-operation, North-South dialogue, and global political and economic governance?

Unpacking progressive governance and development

Let us start by trying to give content and meaning to the idea of 'progressivism' and 'progressive governance' – or, put differently, the opportunities for countries of the South to craft their own brand and perspective on progressivism. This meeting takes place against the backdrop of concerns in both South Africa and Argentina about political, governance, and policy continuity versus change. In this respect, I start with some bad news. I have no doubt, certainly from a South African point of view, that the transition at home will not always be smooth, certainly not from the point of view of personalities. There will even be concerns about (and threats of) change for the sake of change.

But here is the good news. When the dust has settled, I have no doubt that the transition will sort itself out, and policy clarity and policy continuity will re-emerge. It is here that I wish to make one bold prediction, and one bold suggestion.

I predict that, despite all the tensions and uncertainty in South Africa, the powerful idea of a developmental state will emerge as a robust ideological force that will hold the governing alliance together on the home front. This will provide the continuity amid the change.

Now for the bold suggestion: could the idea of 'a progressive agenda', 'progressive governance', or 'progressive internationalism' emerge as the foreign policy equivalent to the developmental state in domestic policy?

There is an urgent need for a strong coalition of like-minded states in the South to take up the challenge of conceptualising a 'progressive agenda of the South' – in other words, an international relations policy framework that better serves the interests of the South, a paradigm based on international co-operation, a neo-internationalism, spearheaded by key countries from the South. Why can't 'international progressivism' or 'progressive internationalism' become a powerful model of international relations as liberalism and structuralism did five or six decades ago? Why, to put it differently, can't we develop a new international relations paradigm that is anchored on a new developmentalism ?

Such a paradigm should rely on a new transformational and developmental diplomacy, with the idea of fostering international political and economic solidarity and genuine partnerships based on mutual accountability and mutual responsibility.

Progressivism to date

What has 'progressive governance' meant to date? What has South Africa's experience been until now, and what lessons can we learn from this?

In July 2003 Thabo Mbeki became the first African head of state to be invited to join a high-powered group of 'social democratic' leaders known as the Third Way Grouping of Leaders of the 21st Century. This grouping of 'special democrats' met in London, England, and included former British Prime Minister Tony Blair, former United States President Bill Clinton, former German Chancellor Gerhard Schroeder, Brazilian President Inacio 'Lula' da Silva, former Swedish Prime Minister Goran Persson, and New Zealand Prime Minister Helen Clark.

For these 'third way' leaders, there is a real alternative to the stark choices of capitalism versus socialism; there is the alternative of 'social democracy', and for those leaders of the South there is the alternative of developmental democracies. For Mbeki, 'third way' suggests that post-Cold War global dynamics have forced traditional 'left' and 'right' governments to look for new paradigms to address national and international problems, and that the 'flawed market' alone cannot address the serious global challenges – that there is indeed a need for an 'enabling state'.

Politically, progressivism meant that foreign policy had to be 'flexible', and the Mbeki government has adopted a problem-solving policy and diplomacy of bridge-building between the North and South. Peace-making and conflict prevention have received priority consideration, especially under Mbeki's leadership. Some of the greatest foreign policy achievements have been in the arenas of disarmament and nuclear-non-proliferation. Pretoria sought to tap into the country's purported moral standing to help it negotiae the review of the Nuclear Non-Proliferation Treaty (NPD).

Mbeki's government champions both North–South and South–South partnerships, and in its search for real (albeit incremental) global change, it has deployed negotiations and diplomacy as the most important tools of policy, stitching together partnerships and coalitions with like-minded states from the South, with the aim of reforming the global order.

South Africa has endorsed the 2003 Progressive Governance Summit communiqué which spoke of a 'crisis in multilateral diplomacy'. Without overcoming this crisis, the 21st century cannot hope to fulfill 'the potential to bring huge advances in health, in knowledge, in prosperity, and to bring billions of people out of poverty'. It also 'depends on our success in standing firm against division within societies – against prejudice, discrimination and inequality, and against division at a global level into competing blocs'.

The posture of 'activist for progressive change' means that South Africa, together with other progressive forces, seeks the path of 'solidarity' in the conduct of its international affairs, respect for international law, the promotion of multilateralism, and the building of consensus in world affairs.

South Africa's 'agent of progressive change' strategies have to date placed huge stress on multilateral deal-making and multilateralism. It necessitates that greater effort is required by all, especially by the countries of the North, to attain the objective, goals, and programmes contained in key international promissory arrangements over the past decade. Argentina and South Africa could give 'progressive internationalism' a big push through assertive multilateralism which seeks to give real meaning to these agreeements, and transform them into real global compacts. These include agreements at the Millennium Summit in 2000, the Millennium Development Goals (MDGs), and the programmes that emerged out of the World Conference Against Racism, Xenophobia and Related Intolerances (WCAR), the World Food Summit, the Monterrey Financing for Development Conference (FfD), and the World Summit for Sustainable Development (WSSD).

For South Africa, these global promissory notes should be transformed into 'global pacts' and 'global compacts', based on the notion of mutual accountability and mutual responsibility, which both North and South are obliged to meet. Global compacts are all central to the challenge of the development of the South.

Until now, Mbeki's progressivism in governance has been fundamentally concerned with global security issues. It has recognised – painfully – that American policy under President George W Bush has created a major crisis in multilateral diplomacy. It has seen the Bush administration withdraw from commitments and agreements by previous administrations, and this precedent could be followed by future administrations as well, leading to uncertainty in the multilateral environment where governments which subject themselves to international law normally take on the responsibilities agreed to by their predecessors.

What has been particularly problematic is that, following 9/11, the United States has become fiercely determined to pursue and impose its national security interests internationally, and to follow unilateralist approaches wherever necessary. The 'war on terror' and the attitude of Bush administration that 'you are either with us or you are against us' have proven difficult for even developed countries.

For South Africa, the South has to respond by being mindful of the primacy of economic and political considerations in foreign policy. It will have to appreciate the importance of strategic partnerships. For example, the Mbeki government in particular has gone out of its way to stitch together high-level 'strategic partnerships' in the forms of binational commissions (BNCs), joint co-operation commissions (JCCs), partnership forums, and other mechanisms with many states.

Politically, South Africa has sought partnerships with appropriate states and actors across the globe, while also pursuing economic goals with the likes of India, Brazil, Argentina, China and Nigeria in the South, and the United States, Germany, Britain, and Japan in the North. There is a strong case to be made for the relationship and partnership between South Africa and Argentina to be elevated to a more strategic level.

A global reformist partnership

Perhaps South Africa and Argentina could construct their progressive internationalism on the basis of focusing on what Mbeki in 2004 characterised as the most vital global problems: poverty and underdevelopment; peace and security; and global power relations.[4] This could almost be regarded as a framework for analysing progressive internationalism. Whereas developing countries are primarily concerned with issues of poverty and underdevelopment, the developed world is concerned with *realpolitik* issues of militarily defined peace and security, and of changing the balance of power between North and South.

South Africa and Argentina could organise around the idea that the most powerful states in the world should stop dominating the international agenda by asserting their interests and priorities over the concerns of the developing countries.[5] They should agitate for a rules-based global order, based on genuine solidarity, partnership, and shared responsibility and mutual interests[6].

Suggested strategic programmes

I will now map out some ideas about specific programme and project plans that South Africa and Argentina could consider. I suggest that they consider co-operation in five areas, namely consolidation of the African agenda; South-South co-operation; North-South Dialogue; strengthening bilateral relations; and global governance, notably on political and security issues, and to a lesser extent on socio-economic issues.

In saying this I do not wish to suggest that the socio-economic dimension is not important; of course it is of vital interest to both countries. I am merely arguing that real value could be added in the political realm. I will now deal with each of these five areas.

Consolidation of the African agenda

Africa ranks as *primus inter pares* on South Africa's political radar screen. In turn, Argentina places a high premium on technical co-operation in its foreign policy in general and towards Africa in particular. One of the most neglected items on the African agenda is the functional and institutional dimension. There can be no sustained African renaissance and African agenda without the strengthening and consolidation of Africa's institutional architecture. Argentina and South Africa could collaborate on strengthening the African Union and its organs, emphasising its governance and technical capacities. Argentina could join South Africa in focusing on operationalising specialised technical committees, operationalising the African Court of Justice and African Court on Human and People's Rights, helping to establish AU financial institutions, helping to strengthen ECOSOCC and other institutions aimed at enhancing the interface between government and civil society, supporting the Pan-African Parliament, and focusing on the gender relations of power.

SACU–MERCOSUR negotiations need to be accelerated, and South Africa and Argentina could play a pivotal role in this respect.

There are lingering questions around the capacity and political support needed to implement NEPAD. NEPAD's political goals of governance, democratisation, and peace and security, and its economic goals of trade, aid, market access, and debt relief could be more aggressively promoted in Argentina and South America.

In line with the progressive internationalism paradigm, the MDGs are in need of champions, and South Africa and Argentina are well placed to rally behind the MDGs and promote them as a global compact.

As regards peace and stability, I was fascinated by Minister Taiana's notion of South Africa and Argentina playing a peace-keeping role in each other's regions. This is a fascinating concept from two perspectives. First, it is an entirely novel idea. The idea of Argentineans or Latin Americans playing diplomatic envoy roles is not common. But, more importantly, the notion of coercive diplomacy as exercised by the United States and, to a lesser extent, Britain and other western powers does not go down well in Africa. It does not sit well with African political sensitivities and etiquette. The idea of a different interventionism, a peace intercession approach, a form of preventive diplomacy, jointly pursued by South Africa and Argentina and between Africans and South Americans is one that can only be welcomed.

I will be failing in my duty if I do not single out the special opportunities presented by the vital area of post-conflict peace-building and development. Fortunately, this issue is now on the international agenda in a more systematic way. On the other hand, there is no guarantee of sustained success in this area despite the creation of the UN Peacebuilding Commission. There is an urgent need for champions of this cause, and Argentina and South Africa could mobilise in this niche.

Countries that need sustained attention in the areas of post-conflict capacity-building and institution-building programmes include the Comoros, Burundi, Somalia, DRC, Angola, Sierra Leone, Liberia, and Cote d'Ivoire.

South-South co-operation

As regards South–South co-operation, it is important to appreciate that South Africa has a pretty full plate, and has promoted its agenda under the rubrics of the New Africa-Asia Strategic Partnership, with South Africa and Indonesia as co-chairs; IBSA; the NAM; the G77+China; the ACP-EU relationship; and, more recently, the Indo-Africa Partnership Agreement. As stated earlier, the challenge for Argentina and South Africa is to opt for a strategic bilateral partnership that seeks to add value to the idea of progressive internationalism.

North–South dialogue

Moving on to North–South Dialogue, I suggest that the two prospective strategic partners should focus on a 'feet to fire' niche – holding the West's feet to the fire so as to ensure that it lives up to promises made to the South in areas of aid, trade, debt relief, market access, and resources for peace support operations. There is indeed an urgent need for the promise-delivery gap by industrialised countries to be closed. The idea is that the two countries, as southern partners, would champion the cause of ensuring that commitments made to the South by the West are translated into sustained commitments for sustainable development.

Global governance

As regards global governance, I want to suggest, first, that the proposed BNC should engage in regular dialogues to co-ordinate positions on UN reform and the primacy of multilateralism. This should go beyond the question of Security Council reform, but focus also on secretariat reform, strengthening the Human Rights Council, and the effective operationalisation of the Peacebuilding Commission.

As former members of the New Agenda Coalition during the 1995 NPT extension conference, the two countries have developed strong international reputations in the areas of nuclear disarmament. They could latch on to the New Agenda Coalition by:

- Promoting the resolution of nuclear disputes within the International Atomic Energy Agency (IAEA) framework;
- Promoting adherence to the NPT by all UN member states;
- consistently reminding states with nuclear capabilities of their disarmament and non-testing obligations;
- promoting the inalienable right of all states to the peaceful uses of nuclear energy as provided for under the NPT;
- pushing for the implementation of policies and obligations in the field of disarmament and non-proliferation, including weapons of mass destruction, small arms, and light and conventional weapons; and
- participating actively and consistently in international fora dealing with disarmament and non-proliferation issues.

I conclude with the central issue of terrorism. Whatever happens in the presidential elections in the United States in December this year, the complex and controversial question of the fight against terrorism is not likely to go away. South Africa and Argentina should not identify with and support America's 'war on terror', but engage with the UN anti-terrorism campaign, and resolutely promote compliance with UN Security Council resolutions on this key issue. It would be a real achievement if, for example, the two strategic South–South partners could break the impasse over a common definition of terrorism that still eludes the world community.

Recommendations

- IBSA is the first South–South trilateral partnership; there are many multilateral South–South arrangements such as NAM, G-77+China, and others. South Africa and Argentina could establish the first bilateral strategic partnership in the South with clear regional and global goals.
- As South Africa and Argentina consider such a progressive bilateral partnership, they should be wary of regional sensitivities about their perceived self-imposed roles as spokespersons or giants.
- The fears and anxieties of neighbours should be taken on board at all times.
- South Africa and Argentina should be careful not to enter into a strategic partnership motivated by the negative desire to rival other South–South partnerships, and particularly to serve as a countervailing force to IBSA.
- The North is typically better organised than the South in terms of constructing partnerships; South Africa and Argentina should not underestimate the challenge of constructing a long-term partnership.
- The two prospective partners should work hard to overcome barriers and limitations such as physical distance and language constraints.
- Argentina needs a greater political and diplomatic presence in Africa, and needs to put its money where its mouth is.
- No effort should be spared to ensure that the partnership is institutionalised and not subject to changes in personality.

I conclude with three lingering questions: will South Africa find the necessary human resources and capacities such as language skills to sustain this and other strategic partnerships? Will Argentina find the necessary political will and financial back-up to consolidate a long-term partnership? Or will this be a fleeting South Atlantic flirtation that will end with the refrain 'Don't cry for me, Argentina?'

Endnotes

1 A point made during the Heads of Mission Conference of the South African Department of Foreign Affairs, Cape Town, 17-21 February 2005.

2 Ibid.

3 See Department of Foreign Affairs, Strategic Plan 2006/07, 2007/08, and 2008/2009, and Presentation to the Parliamentary Portfolio Committee on Foreign Affairs, 10 May 2006.

4 See address by President Thabo Mbeki to the United Nations General Assembly, September 2004.

5 South African Department of Foreign Affairs, Heads of Mission Conference.

6 Ibid.

PART 5

A TRADE AND COMMERCIAL PERSPECTIVE

Argentina–South Africa: World integration and bilateral relations

Ambassador Nestor Stancanelli

Argentina and South Africa in the world

Argentina and South Africa in world GDP

As Table 1 shows, in terms of gross domestic product (GDP), the economies of Argentina and South Africa are similar in size. In 2007, South Africa's GDP, at US$282.63 billion, was slightly higher than that of Argentina, at US$260.14 billion. Both countries' GDP represents a share of 0.5 per cent in world GDP.

Table 1: Evolution of GDP, per capita GDP and share of world GDP

Argentina				South Africa			
Year	Current GDP in millions of USD	GDP per capita in USD	Share in world GDP in %	Year	Current GDP in millions of USD	GDP per capita in USD	Share in world GDP in %
1980	209,018	7,478	1.8	1980	80,547	2,764	0.7
1985	88,187	2,906	0.7	1985	57,273	1,736	0.4
1990	141,337	4,345	0.6	1990	111,998	3,039	0.5
1995	258,032	7,419	0.9	1995	151,117	3,685	0.5
2000	284,204	7.726	0.9	2000	132,964	2,986	0.4
2005	183,117	4,704	0.4	2005	242,219	5,166	0.5
2006	211,678	5,458	0.4	2006	257,279	5,418	0.5
2007	260,140	6,606	0.5	2007	282,630	5,906	0.5

Source: CEI based on IMF

Between 2003 and 2007, measured in constant dollars, the economy grew at an average annual rate of around nine per cent in Argentina and 4.7 per cent in South Africa, which has experienced fifteen years of uninterrupted growth. In 2008, the sixth consecutive year of growth, Argentina's GDP increased by 7.4 per cent. South Africa's economy grew by 5.1 per cent in 2007 and is estimated to grow by 3.8 per cent for 2008.[1]

Latest estimates by the International Monetary Fund (IMF), published on 20 March 2009, are that world GDP will decrease by between a half and one per cent for the current year, and will rise slightly in 2010. Growth rates in both developing and emerging countries will substantially diminish, with estimates of between 1.5–2.5 per cent for 2009, and 3.5–4.5 per cent for 2010.

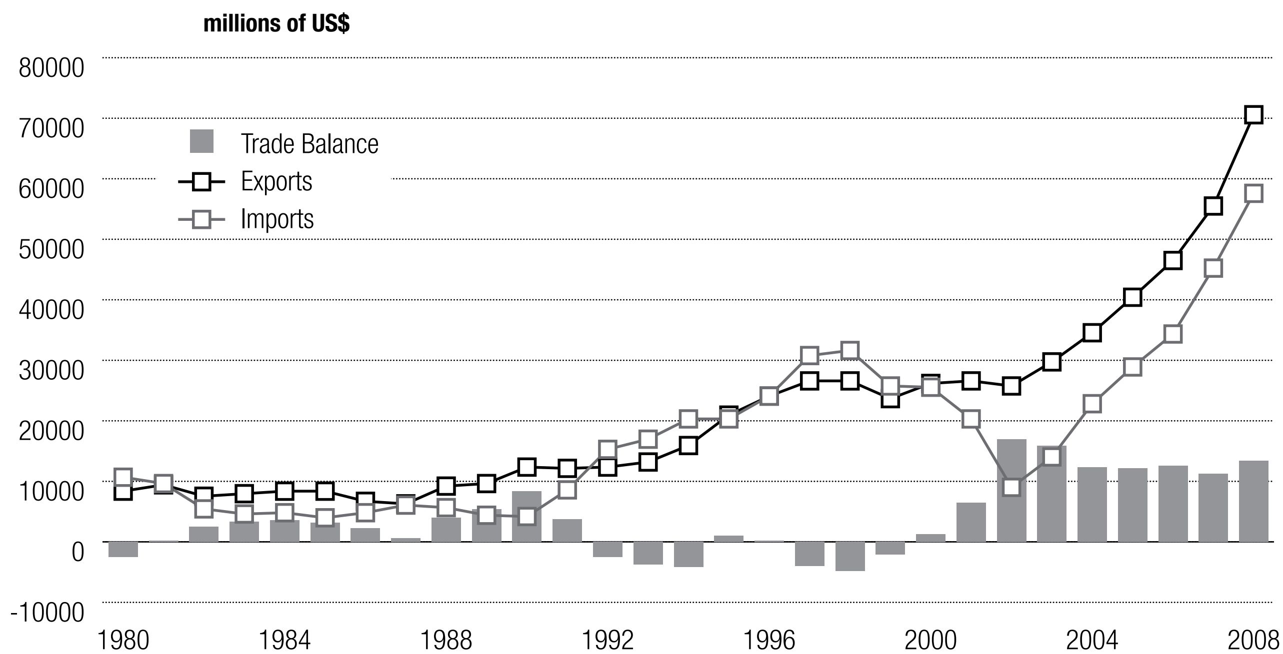
Total trade

Argentina's exports averaged US$8.1 billion in the 1980s, surpassed US$10 billion in 1990 and reached more than US$25 billion during the 1990s. In 2002, after three years of stagnation, began a period of sustained growth: 173 per cent in six years, with exports exceeding US$70 billion in 2008 (see Graph 1). Nevertheless, the Argentine share of world exports remained at 0.4 per cent (see Table 2). In 2008, the growth in exports shows two clear phases: the first nine months when exports increased by 40 per cent compared to the same period in 2007; and the second, during the last quarter, when there was a notable slow-down, as the drop in international demand negatively affected exports.

Between 2002 and 2008, imports increased by more than 500 per cent, reaching US$57.41 billion (see Graph 2). The pattern is similar to that of exports: the first nine months of 2008 was characterised by a strong rise in imports (up by 39 per cent), followed by a notable deceleration during the last quarter with an increase of only 28 per cent in value compared to 2007.

In 2007, Argentina accounted for 0.3 per cent of world imports – 0.2 percentage points less than at the beginning of the 1980s, and 0.2 percentage points more than in 1990 (see Table 2).

Graph 1: Evolution of Argentine foreign trade

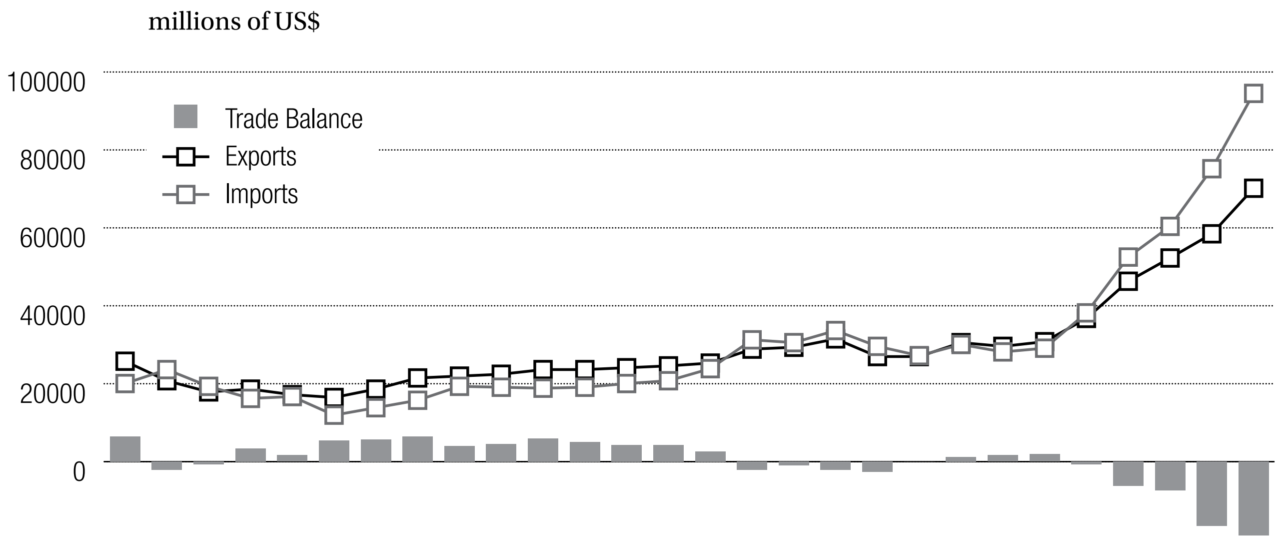


Source: CEI based on INDEC.

The Argentine trade balance, which had shown a surplus since 2000, ended 2008 with a surplus of US$13 billion, US$2 billion higher than in 2007.

The South African trade balance, which was balanced until 2002, experienced a growing trade deficit that by 2007 reached around US$25 billion (see Graph 2). The higher deficit was due to imports increasing (27 per cent on average between 2003 and 2007) more than exports (19 per cent). In 2008, the value of South African and Argentine exports was almost the same but South African imports were 64 per cent higher than those of Argentina.

Graph 2: Evolution of South African foreign trade



Source: CEI based on IMF.

During the last 27 years, South Africa has reduced its share of world trade: in 1980, the country accounted for 1.3 per cent of world exports and one per cent of imports, compared to 0.5 per cent and 0.7 per cent respectively in 2007 (see Table 2).

Table 2: Argentine and South African share of world trade in percentage

Argentina		
Year	Exports	Imports
1980	0.4	0.5
1985	0.4	0.2
1990	0.4	0.1
1995	0.4	0.4
2000	0.4	0.4
2005	0.4	0.3
2006	0.4	0.3
2007	0.4	0.3

South Africa		
Year	Exports	Imports
1980	1.3	1.0
1985	0.9	0.6
1990	0.7	0.5
1995	0.6	0.6
2000	0.5	0.4
2005	0.5	0.6
2006	0.5	0.6
2007	0.5	0.7

Source: CEI based on INDEC and IMF

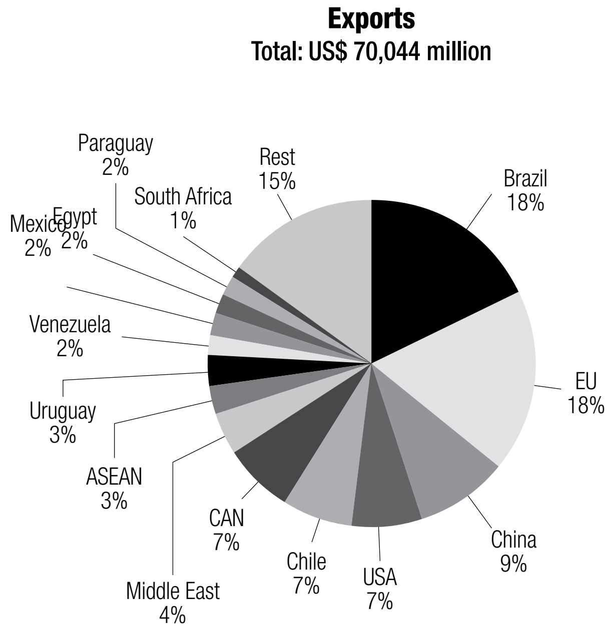
Trade by country

In 2008, the most important markets for Argentine exports, representing around 52 per cent of the export value, continued to be the Common Market of the South (MERCOSUR), the European Union (EU) and the North American Free Trade Agreement (NAFTA) (see Graph 3). The main origin of Argentine imports remained MERCOSUR with a share of nearly 35 per cent, followed by the EU and NAFTA. These three trade blocs accounted for around 66 per cent of Argentine imports.

In 2008, the trade deficit with Brazil increased by 6.4 per cent and with the United States by 41 per cent. The balance of trade with China and Mexico turned from a surplus in 2007 to a deficit of US$710 million and US$249 million respectively during 2008. However, these deficits were more than compensated for by the increased surplus with the remaining trade partners (the rest of MERCOSUR, EU, Chile, Comunidad Andina de Naciones (Andean Community of Nations or CAN) and the Middle East). There was a 14 per cent fall in trade surplus with the Association of South East Asian Nations (ASEAN).

Graph 3: Argentine foreign trade: Main destinations and origins

Year 2008

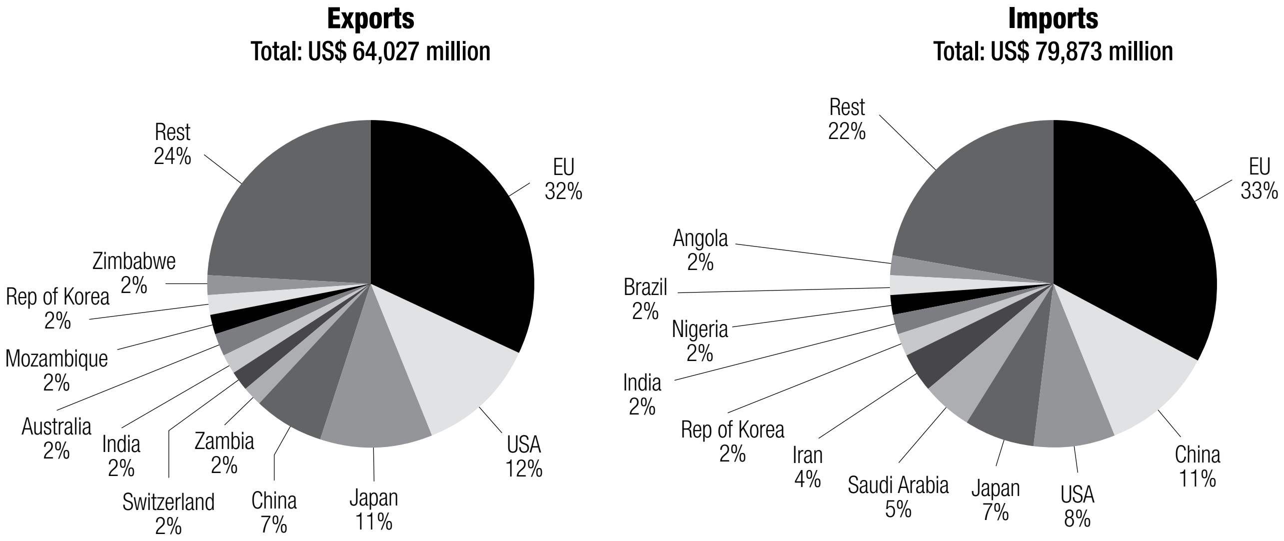


Source: CEI based on INDEC.

In 2007, South Africa's main trade partner was the EU, representing 32 per cent of South African exports and 33 per cent of imports (see Graph 4). Other important export destinations were the US and Japan (12 per cent and 11 per cent respectively), and import origins were China and the US (11 per cent and eight per cent respectively).

Graph 4: South African foreign trade: Main destinations and origins

Year 2007



Source: CEI based on COMTRADE.

Sectoral trade

The different composition or structure of exports, in relation to global exports, accounts for the decrease in both countries' share of world trade. Agriculture, Energy and Mining exports currently make up less than 30 per cent of world exports in value, compared to 60 per cent in 1950. However, in the case of Argentina and South Africa, these exports account for 64 per cent and 55 per cent respectively, which is almost the inverse of the world relation. These exports are destined for the international sectors that are growing less dynamically, which has a negative impact on both countries' possible economic development.

Therefore, it is clear that Argentina and South Africa both need policies aimed at diversifying and enhancing industrial production, as well as to explore the possible role of integration agreements – MERCOSUR and the Southern African Customs Union (SACU).

As Table 3 shows, Argentine foreign trade is characterised by a concentration of exports in agrifood, (almost US$37 billion, equivalent to 53 per cent of total exports in 2008), while for imports, machinery and apparatus stand out (27.2 per cent of imports in 2008).

Other significant export sectors are minerals (11.7 per cent) and transport material (10.4 per cent), while noteworthy import sectors are transport material (18.6 per cent) and chemicals (15.6 per cent).

Table 3: Argentine foreign trade by section of the Harmonised System

Year 2008	Exports			Imports	
Section of the Harmonised System	**millions of US$**	**% share**	**Section of the Harmonised System**	**millions of US$**	**% share**
Vegetable products	13,065	18.7	Machinery and apparatus	15,595	27.2
Foodstuffs, beverages and tobacco	12,599	18.0	Transport equipment	10,705	18.6
Mineral products	11,465	16.4	Chemicals	8,968	15.6
Transport equipment	7,462	10.7	Mineral products	5,317	9.3
Oils	5,941	8.5	Metals	4,156	7.2
Chemicals	3,869	5.5	Plastics and rubber	3,304	5.8
Live animals and animal products	1,987	2.8	Vegetable products	1,786	3.1
Metals	1,778	2.5	Textiles	1,623	2.8
Machinery and apparatus	1,375	2.0	Paper and paper board	1,234	2.1
Plastics and rubber	975	1.4	Optical instruments	1,166	2.0
Rest	9,528	13.6	Rest	3,559	6.2
Total	70,044	100.0	Total	57,413	6.2

Source: CEI based on INDEC.

Like Argentina, South Africa's exports are concentrated in primary products and their by-products (see Table 4). In 2007, pearls and precious metals predominated (20.4 per cent), followed by metals (19.7 per cent), and ores (17.9 per cent). The most significant imports were machinery and apparatus (27.6 per cent) and ores (21.1 per cent).

Table 4: South African foreign trade by section of the Harmonised System

Year 2007	Exports	
Section of the Harmonised System	**millions of US$**	**% share**
Pearls and precious metals	13,065	20.4
Metals	12,599	19.7
Mineral products	11,465	17.9
Machinery and apparatus	7,462	11.7
Transport equipment	5,941	9.3
Chemicals	3,869	6.0
Foodstuffs, beverages and tobacco	1,9987	3.1
Vegetable products	1,778	2.8
Paper and paper board	1,375	2.2
Plastics and rubber	975	1.5
Rest	3,442	5.4
Total	63,958	100.0

	Imports	
Section of the Harmonised System	**millions of US$**	**% share**
Machinery and apparatus	20,452	27.6
Mineral products	15,596	21.1
Transport equipment	9,614	13.0
Chemicals	6,457	8.7
Metals	4,2000	5.7
Plastics and rubber	2,955	4.0
Optical instruments	2,154	2.9
Textiles	2,044	2.8
Foodstuffs, beverages and tobacco	1,623	2.2
Paper and paper board	1,265	1.7
Rest	7,692	10.4
Total	74,053	100.0

Source: CEI based on COMTRADE.

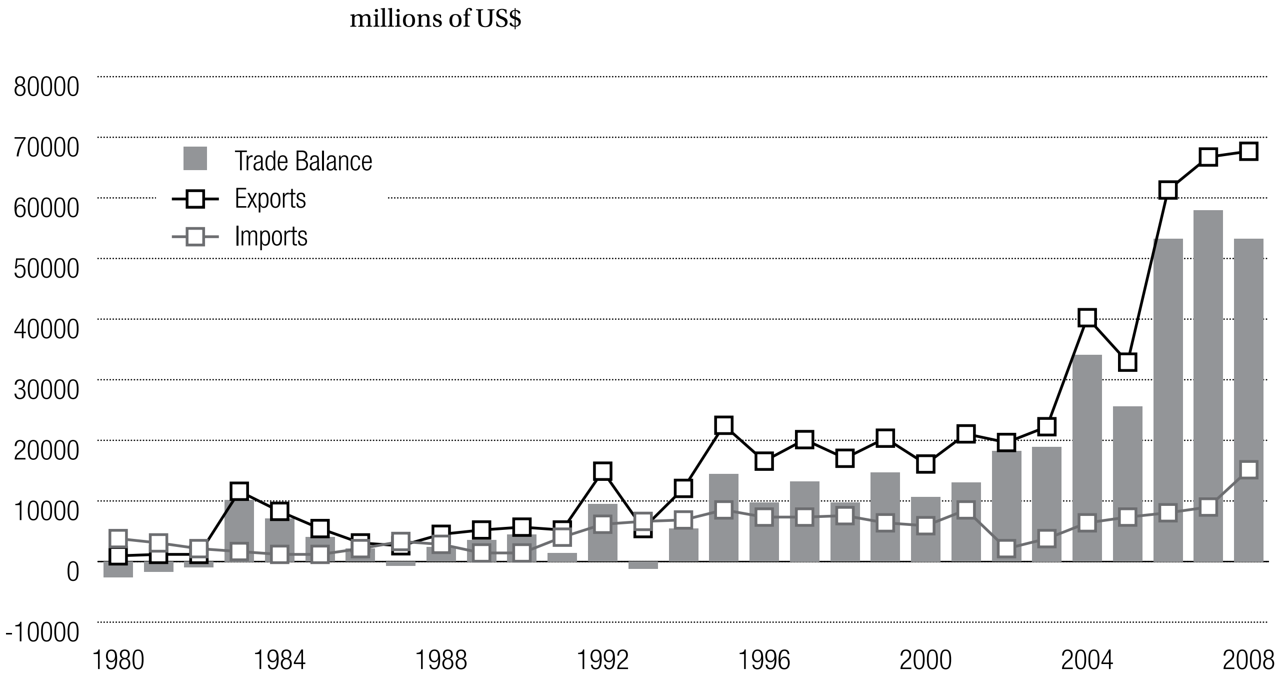
Bilateral trade

Total trade

During 2008, the value of Argentine exports to South Africa was US$1.1 billion (see Graph 5), up two per cent from 2007. In turn, imports from South Africa were US$220 million, a 68 per cent increase compared to 2007.

During the last six years, trade between Argentina and South Africa increased significantly, and is over five times that of the last decade's average (US$209 million). Apart from an improved competitiveness, other contributing factors include the higher prices of raw materials, as well as increased economic activity, which led to greater demand for imports. In 2008, South Africa's share of Argentine sales was 1.4 per cent.

Graph 5: Argentine trade with South Africa



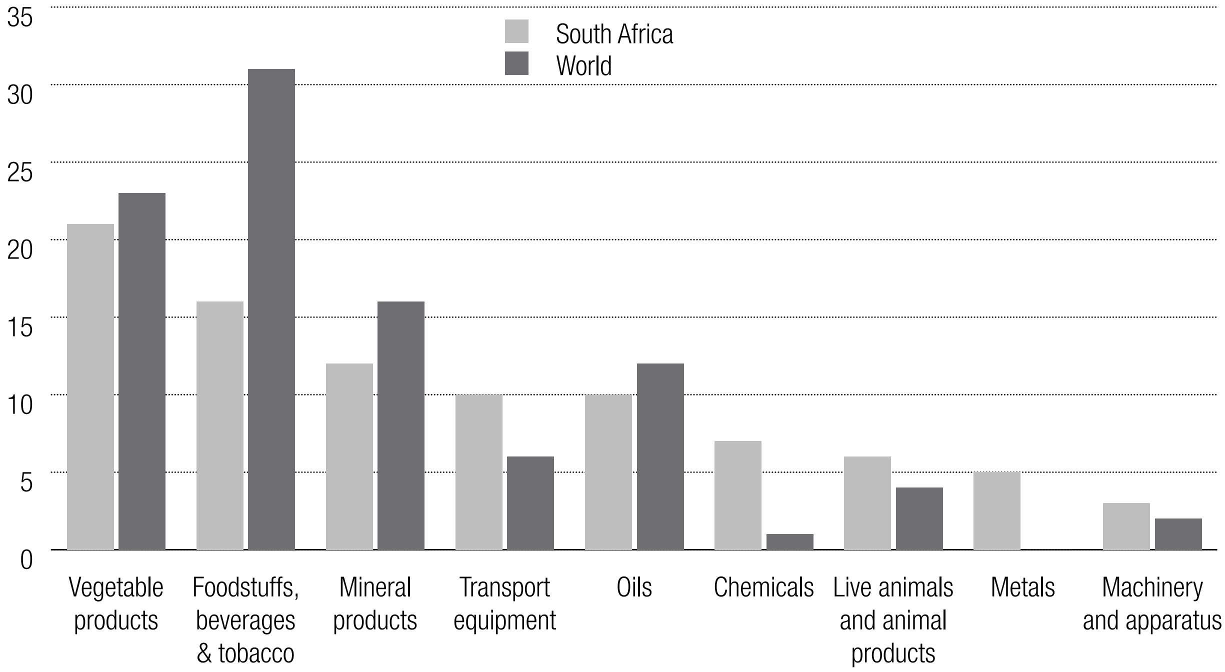
Source: CEI based on INDEC.

During the last decade, Argentine annual average imports from South Africa were US$90 million. Following the 2001 crisis, they fell abruptly but recovered in 2005, when they exceeded the previous decade's value. In 2008, these imports grew for the sixth consecutive year and, for the first time, surpassed US$200 million, equal to nearly 0.4 per cent of Argentina's total imports.

Sectoral trade

Argentina and South Africa both concentrate most of their exports in natural resources and their by-products. As Graph 6 shows, this trade pattern is strengthened by the greater share of agricultural products and by-products in Argentina's exports to South Africa, when compared to exports to the world. For instance, in 2008, food, beverages and tobacco represented 16 per cent of total Argentine exports but 31 per cent of exports to South Africa. The same is true for vegetable products (21 per cent of exports to the world and 23 per cent to the South African market) and oils (10 per cent and 12 per cent respectively).

Graph 6: Argentine exports by Section of the Harmonised System Year 2008 as a percentage of total exports

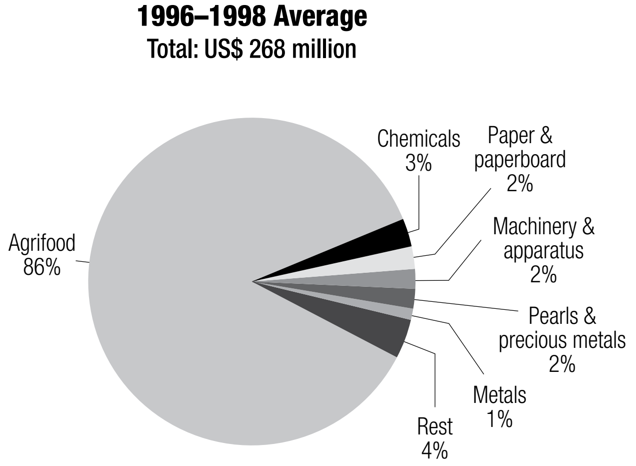


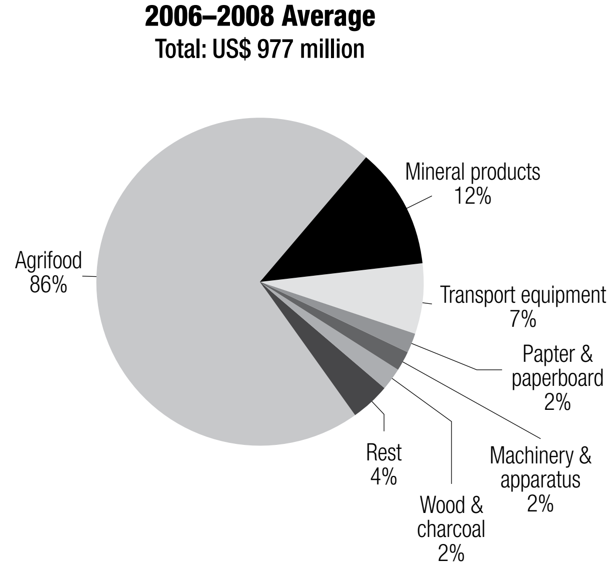
Source: CEI based on INDEC.

South African exports to Argentina are concentrated in mineral products and their by-products.

During the last three years, Argentine exports to South Africa were predominantly agricultural products with average annual sales of US$703 million, representing 71 per cent of total exports (see Graph 7). Exports of these products increased, in absolute terms, by US$472 million, and their share fell by 14 percentage points compared to the 1996–1998 average (when they had an 86 per cent share). This can be explained by the drop in vegetable oil exports, which ten years ago represented 46 per cent of exports to South Africa, but during the last three years was only 18 per cent. The sectors whose share of total exports grew the most were minerals (from 0.6 per cent to 12 per cent) and transport material (from 0.3 per cent to 7 per cent).

Graph 7: Sectoral composition of Argentine exports to South Africa





Source: CEI based on INDEC.

In 2008, three products accounted for more than half of Argentine exports to South Africa: soya flour (26 per cent); wheat – except sowing wheat (20.9 per cent); and petroleum oils (12.1 per cent). Exports of the first two products grew by 37 per cent and 122 per cent respectively, while in 2007 no exports of petroleum oils were recorded (see Table 5).

Table 5: 2007–2008 Argentine exports to South Africa

Top ten products exported in 2008, millions of US$

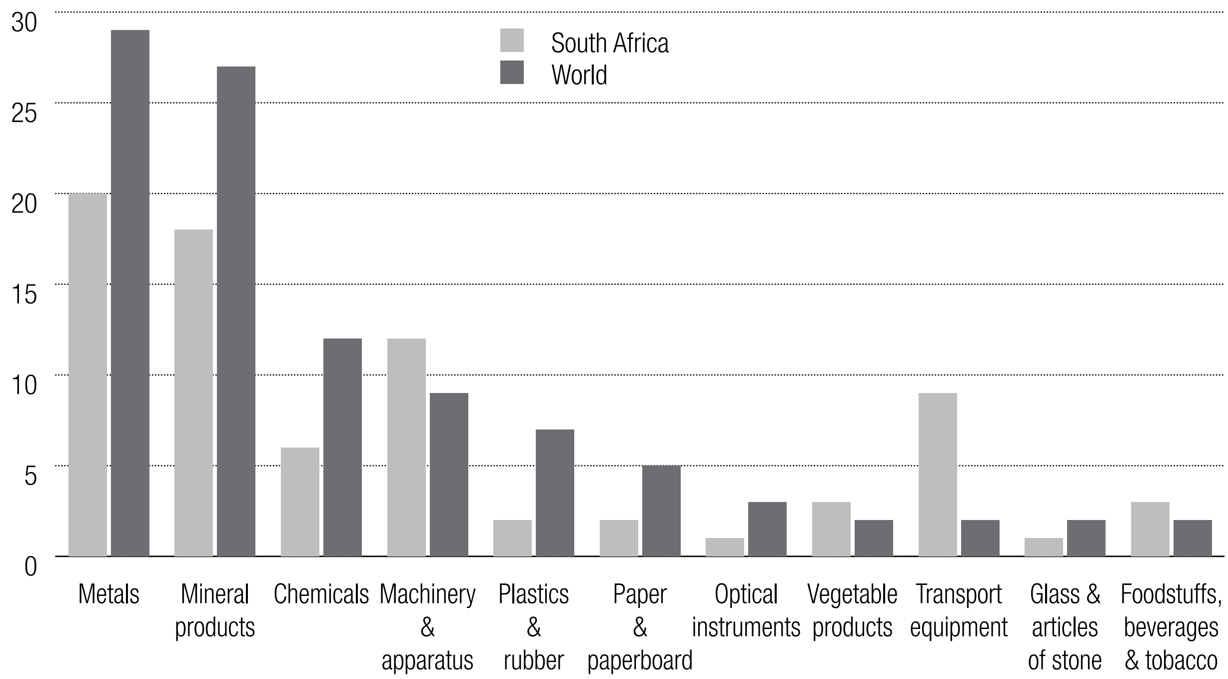
Tariff line	**Description**	**2007**	**2008**	**Share in 2008 (%)**	**08/07 change (%)**
23040010	Flour and pellets resulting from the extraction of soya bean oil	193	263	26.0	37
10019090	Wheat and maslin, excluding durum wheat and for sowing	95	212	20.9	122
27090010	Crude petroleum oils	0	123	12.1	n.a.
15071000	Soya bean oil, crude, whether or not degummed	104	60	5.9	-42
87042190	Vehicles for the transport of goods, g.v.w. not exceeding 5 tonnes, with compression-ignition internal combustion piston-engine (diesel or semi-diesel)	44	55	5.4	25
15121110	Crude sunflower oil	86	40	3.9	-54
20096900	Grape juice (including must) excluded from Brix value not exceeding 31	22	25	2.5	18
15079019	Soya bean oil, refined, excluded in containers not exceeding 5 lt.	36	20	2.0	-45
27101921	Diesel ("gas oil")	3	20	1.9	556
27131200	Petroleum coke, calcined	6	16	1.6	181
Rest		411	181	17.8	-56
Total		**999**	**1,014**	**100.0**	2

n.a.: Not applicable

Source: CEI based on INDEC.

The two main items exported from South Africa to Argentina were ores and metals, accounting for a greater share of South Africa's total exports to Argentina than those to the world (Graph 8). According to statistics, in 2007, 20 per cent of total South African exports were metals, which accounted for 29 per cent of exports to Argentina. The share of ores in South Africa's total exports was 18 per cent and represented 27 per cent of exports to Argentina.

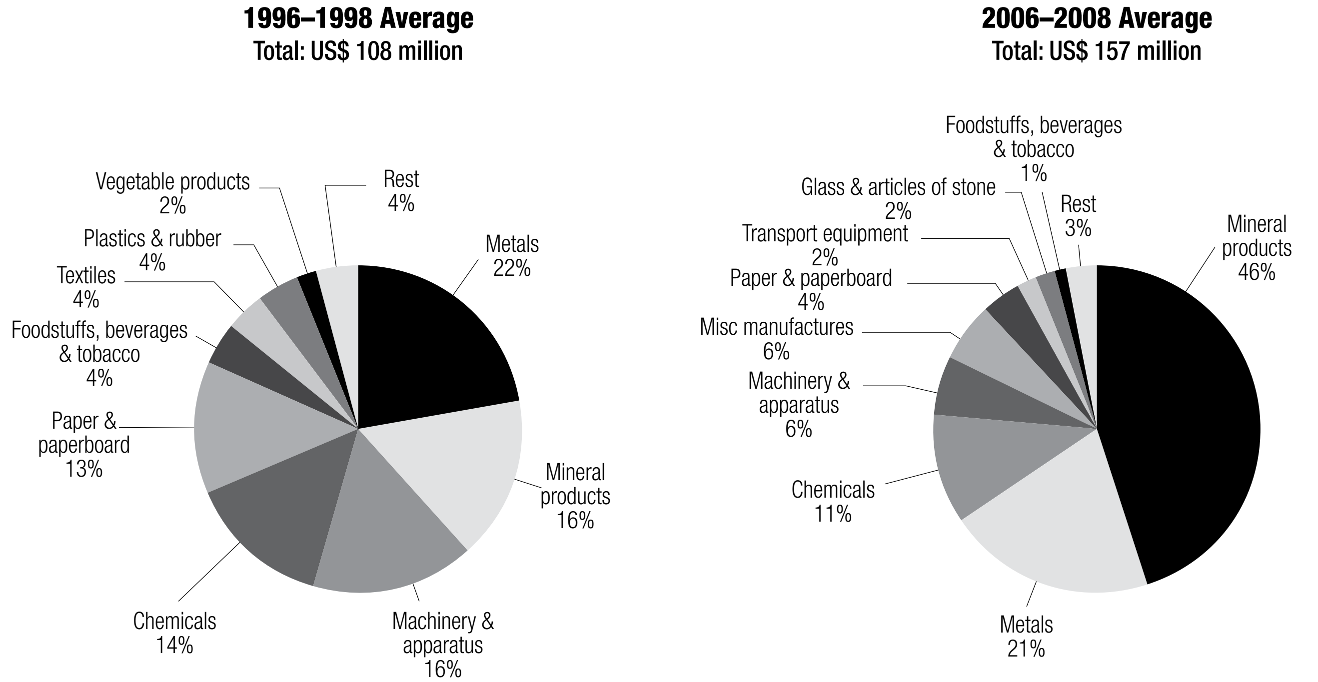
Graph 8: South African exports by sector of the Harmonised System: Year 2007 as a percentage of total exports



Source: CEI based on COMTRADE.

Looking at the sectoral composition (see Graph 9), during the period 2006–2008, 46 per cent of Argentine imports from South Africa was concentrated in ores – in particular bituminous coal, whose share increased by 29 percentage points compared to 1996–1998. In absolute values, imports of this item grew by US$18 million to reach US$73 million. This increase was due to the lower share of machinery and apparatus (falling from 16 per cent to 6 per cent) and paper and paperboard (from 13 per cent to 4 per cent). Metals, in particular cast iron and steel, became the second most important import from South Africa, with imports of US$34 million, or 21 per cent of total exports.

Graph 9: Sectoral composition of Argentine imports from South Africa



Source: CEI based on INDEC.

One product, bituminous coal, represented more than 45 per cent of Argentine imports from South Africa in 2008, increasing by 186 per cent in the last year (see Table 6). Other important products were chrome ore lumps (6.8 per cent of imports) and several steel industry products such as flat-rolled stainless steel and ferro-manganese.

Table 6: 2007–2008 Argentine imports from South Africa

Top ten products imported in 2008, millions of US$

Tariff line	**Description**	**2007**	**2008**	**Share in 2008 (%)**	**08/07 change (%)**
27011200	Bituminous coal, not agglomerated	35	100.	45.5.0	186
26100010	Chrome ore lumps	7	15	6.8	123
72193300	Flat-rolled products of stainless steel, cold-rolled, of a width of 600mm or more, w/thickness exceeding 1mm but less than 3mm	4	9	4.2	133
72021900	Ferro-manganese other than that containing by weight more than 2% of carbon	3	8	3.6	137
72021100	Ferro-manganese by weight more than 2% of carbon	2	6	2.8	237
84213920	Catalytic converters for vehicle exhaust gases	5	5	2.1	-8
31023000	Ammonium nitrate, whether or not in aqueous solution	2	4	2.0	186
40022090	Butadiene rubber (BR) in plates, sheets or strips and primary forms other than latex	4	4	1.9	8
70052900	Float-glass and surface ground or polished glass, no-wired	0	4	1.8	n.a.
72193400	Flat-rolled products of stainless steel, cold-rolled, of a width of 600mm or more, w/thickness exceeding 0.5mm but less than 1mm	2	3	1.4	31
Rest		67	62	27.9	-9
Total		**131**	**220**	**100.0**	68

n.a.: Not applicable

Source: CEI based on INDEC.

Sectors with the greatest potential for trade

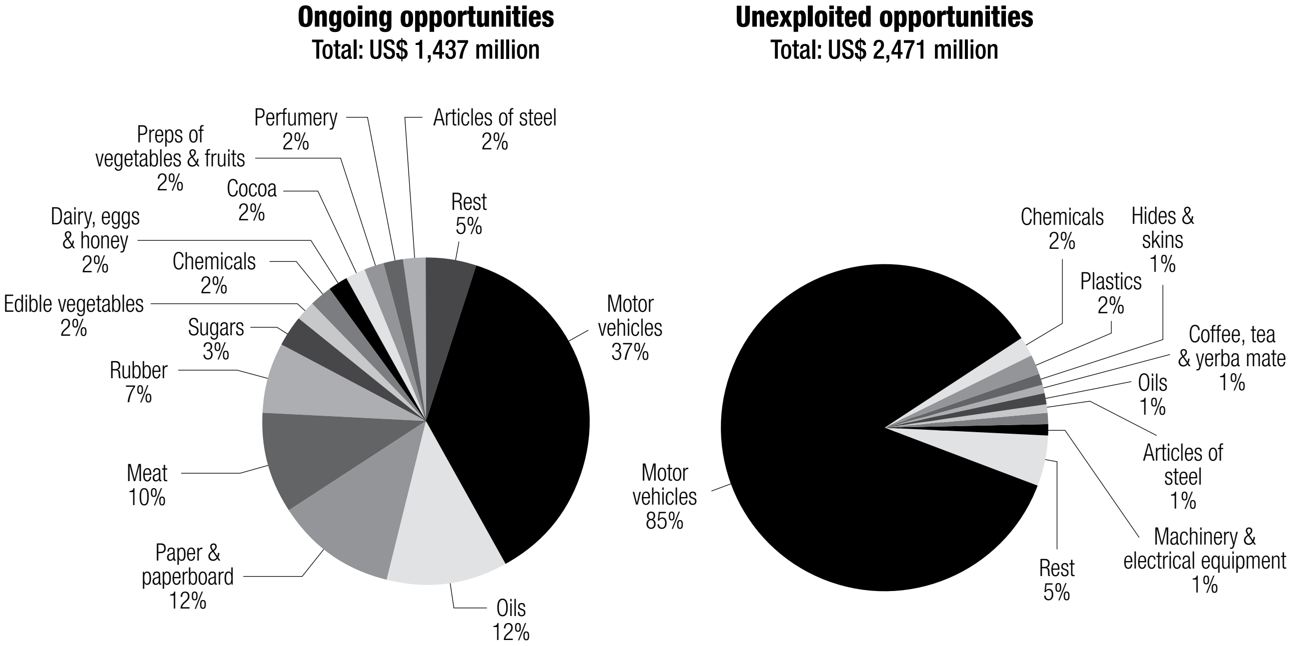
Using a statistical approach, the trade complementarity between both countries is analysed in order to identify products with opportunities to increase their trade. Sectors with the greatest trade complementarity are those that combine a country's export specialisation with another country's import specialisation.

Products that have the possibility of expanding Argentine exports to South Africa equal US$1.43 million, while products with unexplored opportunities are equal to South African imports worth US$2.48 billion.

Graph 10 shows the sectors of the Harmonised System that represent opportunities for Argentina in South Africa. Motor vehicles offer the greatest opportunities, both in terms of products already present in South Africa (ongoing opportunities – 37 per cent) and those not yet exported to that market (unexploited opportunities – 85 per cent).

Other products that stand out among the ongoing opportunities are oils (12 per cent), paper and paperboard (12 per cent) and meat (ten per cent).

Graph 10: Trade opportunities for Argentina in South Africa: 2005–2006 Average

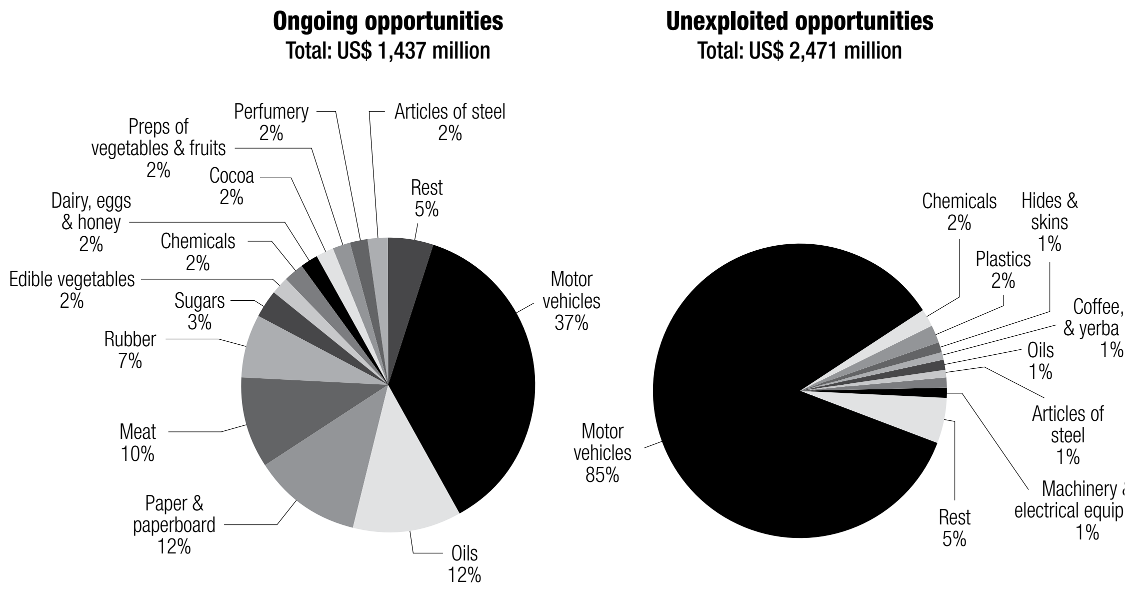


Source: CEI based on COMTRADE.

Products exported by South Africa to Argentina that represent opportunities for expansion equal US$641 million, while South Africa's unexploited opportunities are equivalent to Argentine imports of US$3.52 billion (see Graph 11).

Opportunities for expansion exist in plastics (25 per cent), motor vehicles (18 per cent) and machinery and mechanical appliances (13 per cent). Almost three-quarters of the opportunities not yet exploited relate to motor vehicles (50 per cent) and machinery and mechanical appliances (21 per cent).

Graph 11: Trade opportunities for South Africa in Argentina: 2005–2006 Average

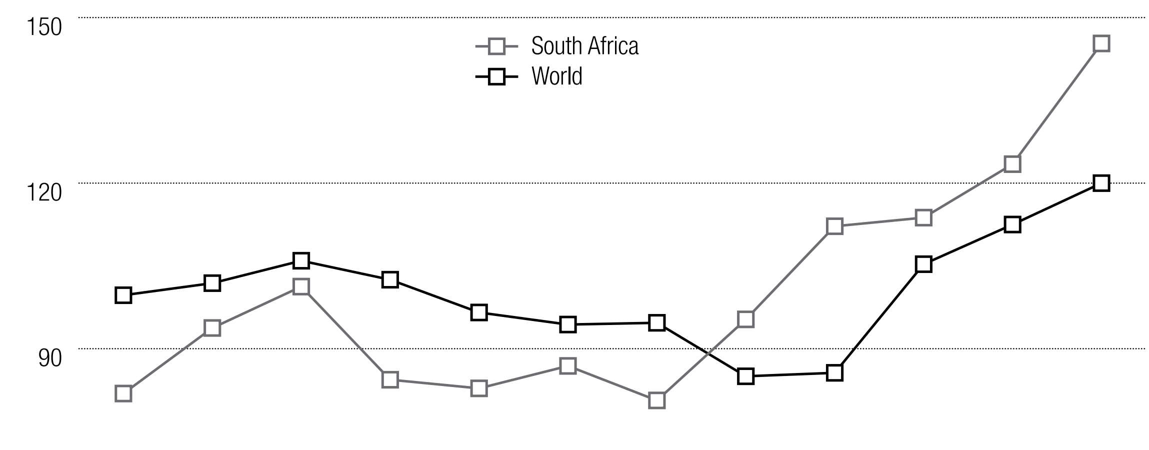


Source: CEI based on COMTRADE.

In analysing the opportunities, it becomes clear that trade promotion is important, to enable contact between business people from both countries, with the aim of profiting from these sectors with mutual competitive advantages in relation to other countries.

The lack of current business relationships between both countries is evident: in 2006, only 444 out of 9 751 Argentine firms exported to South Africa, which is less than five per cent of the total. However, on a positive note, since 2002 the number of Argentine firms trading with South Africa has risen faster than with the rest of the world (see Graph 12).

Graph 12: Argentine exporting firms



Source CEI based on data from the Directorate General of Customs.

In 2006, 444 and 9,751 firms exported to SA and to the World, respectively, considering only those that exported at least US$ 10,000.

Investments

reciprocal investments have so far been limited to a few firms in the mining, fishery, industrial and service sectors (Table 7). A recent, positive trend is that of expansion and diversification, including the setting up of Standard Bank, which thus opens interesting perspectives for trade and investment financing. In this respect, it is worth highlighting the Standard Bank Foundation, whose aims include promoting reciprocal economic relations and fostering the creation of consortiums of small and medium-sized enterprises.

The ratification of the MERCOSUR–SACU preference agreement, signed in 2008, and its possible expansion into a free trade agreement or customs union, is an important step not only for trade but also for attracting investments from different production and service activities.

Table 7: Investment

South African firms investing in Argentina
South African Airlines
Anglo Gold – Cerro Vanguardia
Con-Aid
Mondi
Alpesca
Standard Bank
Argentine Firms investing in South Africa
Electrometalurgica Andina
Techint Technologies – Pyromet

Services

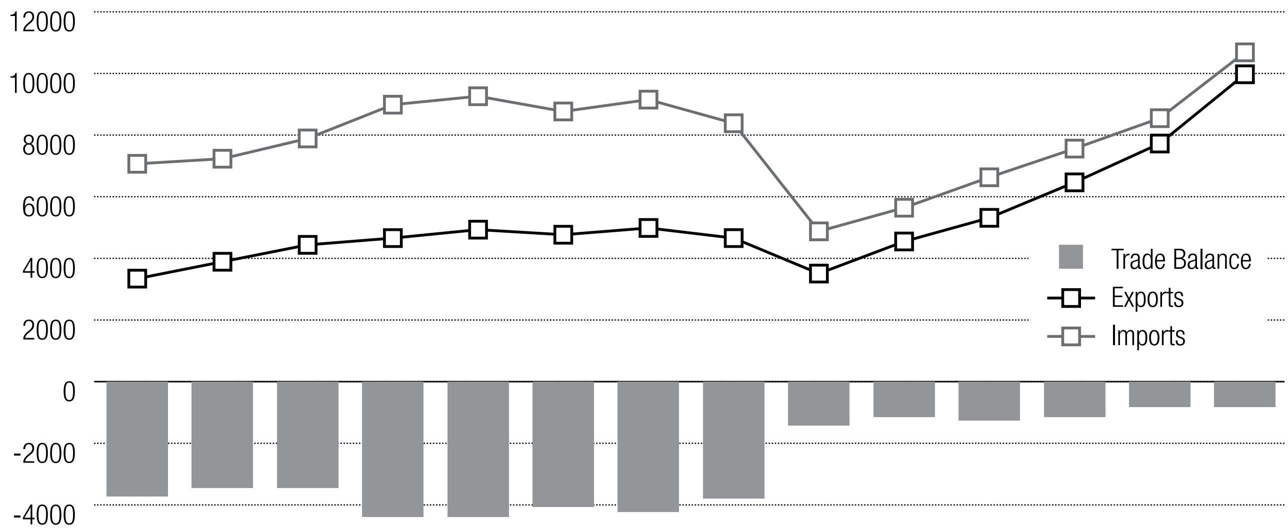
the service sector has the highest share in the GDP of both countries, playing a growing role in the foreign sector. In 2008, Argentina's total service exports reached US$12 billion and imports US$13 billion, a figure equal to 20 per cent of trade in goods. South Africa is in a similar situation with exports totaling US$12 billion and imports US$14 billion.

Growth of trade in the sector will be boosted by establishing trade and financial firms, activating maritime transport and resuming direct flights between both countries. And, as a consequence, there will be greater possibilities to expand and diversify economic relations.

The following graphs show the evolution of trade in services in both countries and the composition of the respective exports and imports. They reveal a significant portion comprises services with the highest value-added, such as professional, computing, health care and cultural services.

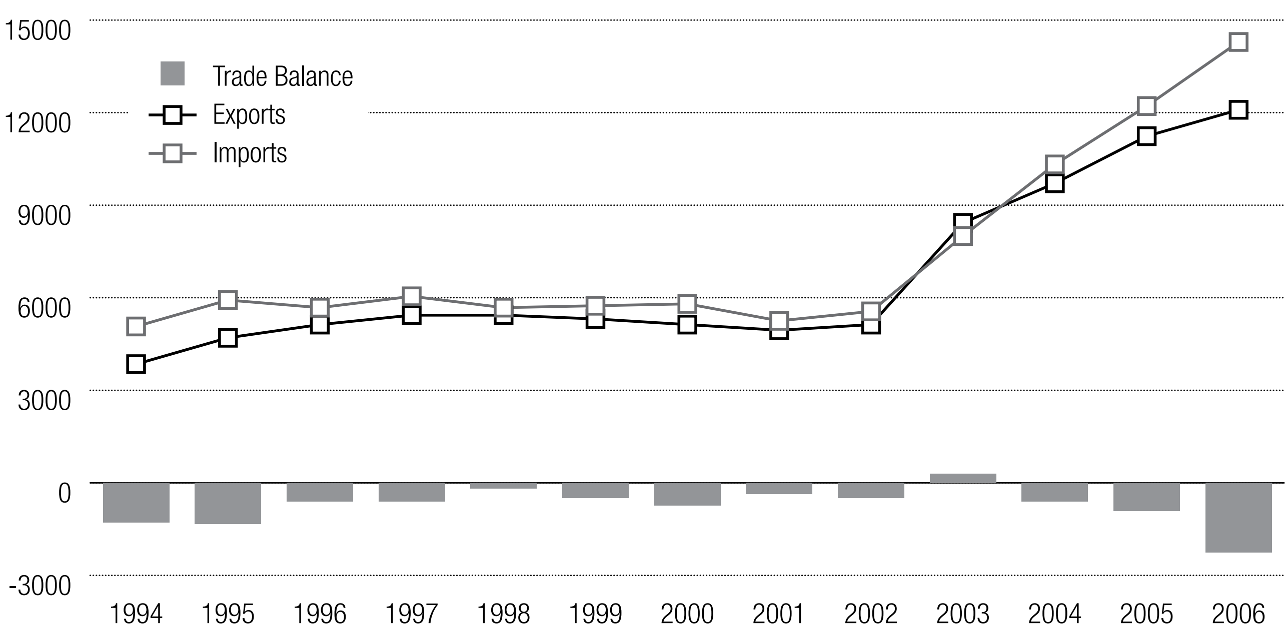
This diversification offers further opportunities for trade expansion and reciprocal relations, which are not yet fully developed in these important areas of international trade.

Graph 13: Trade in Services – Argentina (US$ millions)



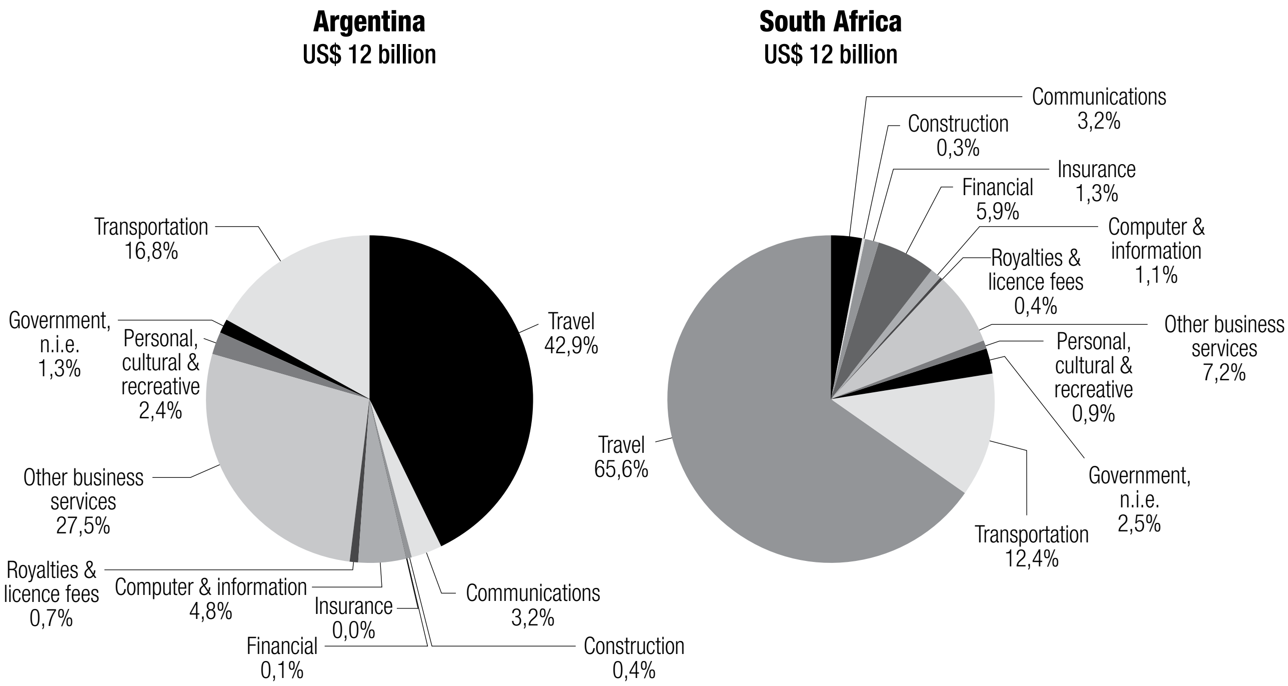
Source: CEI based on Ministry of Economy.

Graph 14: Trade in Services – South Africa (US$ millions)



Source: CEI based on IFS (IMF)

Graph 15: Export of services by sector



Source: CEI based on Ministry of Economy for Argentina and IFS (IMF) for South Africa.

Conclusion

Throughout this paper, reference was made to the economic and trade relevance of both countries, the development of their respective bilateral relation sand the opportunities for their development.

It is worth pointing out that both South Africa and Argentina have a significant relevance within their respective areas of influence; they are key players in regional integration and take systematic actions towards improving the position of developing countries in world trade and economy. The latter takes place through their participation in the World Trade Organisation (WTO) and the G20, aimed at providing solutions that help reverse the current economic crisis, improve their position in world trade and endow developing countries with a more active role in decision making and the management of the international economic system.

The highest-level political links, as shown through ministerial visits, co-operation agreements in the different sectors, academic relationships and the regular functioning of the intergovernmental bilateral commission, constitute a suitable platform for the promotion of more diversified and intense relations.

Stemming from this political momentum, a greater integration is needed between both regions, MERCOSUR and SACU, and bilateral relations at all levels – public, business and academic – must be fostered, in order to take advantage of the abovementioned opportunities.

Endnotes

1 World Economic Outlook; October 2008.

2 Food, beverages and tobacco; vegetable products; oils; and live animals and animal products.

Getting acquainted: the commercial sphere

Diana Tussie

Getting started: the contrasts

The relationship between South Africa and Argentina is barely incipient, but not for want of effort. It is, and will probably remain, marked by contrasts.

South Africa may hold a trade deficit both with Argentina and with MERCOSUR as a whole. But that detracts little from the fact that it is one of the largest trading nations in the developed world, and the world's largest producer of gold and platinum. South Africa is a commercially active and open economy, with the 17th largest stock exchange in the world. The internationalisation of Argentine business lags far behind that of South Africa.

However, in terms of human development, while Argentina ranks 38 (out of 177) in the human development index, South Africa ranks 121. Large parts of the society live under conditions typical for severely underdeveloped countries. This is reflected in an unusually high Gini coefficient of 59, and about 50 per cent of people living below the poverty line.

This brief overview attempts to understand some of the main trends in the relationship between South Africa and Argentina, and strives to point out where some of the incentives may lie for stronger ties.

The policy drive

President Nelson Mandela visited Argentina in July 1998 for the MERCOSUR summit in Ushuaia. Three bilateral agreements were signed on that occasion: an agreement on reciprocal promotion and protection of investments, a memorandum of understanding on consultations about common interest issues, and an accord on cooperation and mutual assistance in the fight against narcotic and psychotropic substances' illicit production and traffic.

Soon after, in December 2000, at the MERCOSUR summit in florianopolis, South Africa and MERCOSUR signed a framework agreement with the objective of forming an FTA. The agreement partly resulted from growing South African interest in the trading bloc developing across the South Atlantic. This is not surprising, since MERCOSUR had by then emerged as one of the largest integrated markets in the developing world, while South Africa was losing markets in the region. At the time of signing, the South American trading bloc only constituted 1,5 per cent of South Africa's total trade. Several rounds of talks and business led to some progress on a preferential trade agreement (PTA), through the first mutual reductions in tariffs under a case-by-case system.

The IBSA initiative needs to be highlighted in this context. The foreign ministers of India, Brazil and South Africa launched the IBSA dialogue forum in June 2003 as a means to support political consultation and co-ordination, strengthen co-operation in sectoral areas, and improve economic relations. A year and a half later, on 16 December 2004, MERCOSUR and the South African Customs Union (SACU) signed a PTA. The agreement was based on the South Africa-MERCOSUR framework agreement of 2000, and was seen as a first step towards the creation of a free trade area between the two groups.

The trade drive

Although trade between the trading blocs has picked up slightly in recent years, it remains at a low level. It more than doubled between the framework agreement and the PTA in 2004, and now accounts for about 2,5 per cent of total SACU trade. Trade data on SACU is scarce, but because South Africa is such a dominant force in SACU – accounting for roughly nine tenths of the group's combined population and GDP – its trade flows will frequently be used as a proxy for the whole group in what follows.

The main trading partners in MERCOSUR–SACU trade are South Africa and Brazil. Some two thirds of South Africa's trade with MERCOSUR is transacted with Brazil alone. Virtually all trade with SACU from MERCOSUR's viewpoint is done with South Africa. For example, in some cases the MERCOSUR countries did not even report any exports to or imports from one of the other SACU members. Trade between South Africa and Argentina has for long been barely a trickle. This appears to have change slightly in recent years, where sustained growth has been evident. In particular, imports from South Africa jumped from US$91 million in 2004 to US$220 million in 2008.This is equivalent to 0,38 per cent of Argentine imports, placing South Africa in the 29th position among suppliers.

Exports from Argentina to South Africa have also grown continuously over the past four years, from US$601 million in 2004 to more than US$1 billion in 2008. In this regard, South Africa occupied the 17th position among the Argentine export destinations, with 1,45 per cent of the total. These facts implied a permanent surplus that favoured Argentina. South African interest in balancing trade is patent.

The prospect of expanding trade even more between SACU and MERCOSUR is one of the reasons to engage in a PTA. There are other reasons as well that have prompted a strengthening of ties. Since the MERCOSUR–SACU initiative does not take place in a vacuum, it is important to view it in a broader context. The three IBSA countries had mooted the idea of forming a trade alliance among India, MERCOSUR and SACU. Countries around the world have rushed in the recent past to enter into regional agreements, and the MERCOSUR–SACU initiative is a defensive manifestation of this trend. In a more offensive vein, another factor behind the surge in new regional agreements has been the lack of progress of multilateral trade talks, especially on issues of interest to developing countries. Hence, much of South–South trade and new forms of co-operation are boosted by the surge in new regional agreements.

Alec Erwin, former South African minister of trade and industry, already envisioned the existence of a G7 for the South in order to solidify areas of convergent interests related to multilateral fields, such as the UN and WTO (Lechini 2005). The emergence of the G20 as a powerful coalition since the Cancun ministerial in 2003 is a result of this process of rapprochement and contributive development. In this context, with

South Africa and all the MERCOSUR members being part of the G20, strengthening the ties between them in PTA could also lead to a stronger G20. No doubt the G20 in the WTO and, especially the NAMA 11 for industrial products, have been fertile soil in which Argentina and South Africa have become acquainted (Narlikar and Tussie).

On a narrow trade basis, and looking at each list of offers and the trade structure, possible effects of the PTA can be discerned. The commodity most apparent when looking at South Africa's exports to MERCOSUR and seeing how it corresponds with the latter's offer list is organic chemicals. It makes up little more than half of the products to which MERCOSUR has granted preferential access, and in 2004 it was South Africa's third largest exported product category to the South American trading bloc. Since South Africa was not among MERCOSUR's major import partners of organic chemicals, there may be scope for the former to expand its market share. There are, however, also reasons to believe that the impact would be limited. A great deal of the preference margins granted are 100 per cent, but the initial tariff levels generally stand at a mere two percent; hence the impact of the preferences on trade flows will be limited.

Analysing SACU's offer list to MERCOSUR and how it corresponds with the latter's exports to South Africa yields a somewhat different conclusion. None of the MERCOSUR countries is among SACU's top ten import partners in electrical machinery and equipment, or boilers, machinery, and mechanical appliances. Tariffs on these two product categories are slightly higher, reaching six per cent. This indicates that there is some potential for MERCOSUR countries to increase their market shares in these products categories. In the final analysis, however, the impact of the PTA on trade flows between MERCOSUR and SACU is likely to be modest, simply because it was never supposed to be much more than that – an initial dry run for xx xx xx.* As Lyal White has pointed out, the Mercosur-SACU initiative is in many ways a political initiative where business involvement is missing (White 2003). So where is business? The aim of the next section is to look into potential business interests.

The potential: business internationalisation

The South African economy resembles a mature market economy in some respects, but many indicators of industrial and economic development point towards a dual economy. After apartheid, South African business internationalised very rapidly. This is understandable, for a mix of reasons. A good share of the outward flows of investment in recent years could be explained as catching up after the years of apartheid and sanctions; the strength of the rand and the competitive edge of world-class firms also provided strong incentives for business to invest abroad.

Stemming precisely from the dual nature of the South African economy , domestic firms have a clear competitive advantage. This means that they have experience in dealing with economic structures, consumer preferences, and infrastructure bottlenecks similar to those in Argentina, and at the same time have the skill and resources of mature investors. Combining these strengths, South African foreign investors have acquired an ability to negotiate the differences in economic and legal conditions in the host country that enable them to compete at large.

South African companies are dominant in rankings of developing country transnational corporations, with 1 in the top 10, and another six in the next 40 (UNCTAD WIR 2007). In fact, South Africa is among the five most active global South–South investors, following Singapore, China, and Malaysia. In recent years, it has emerged as one of the largest source countries in Anglophone Africa.

Sector specialisation is also noteworthy. In telecoms, MTN and Vodacom are among the most important Africa-wide regional players. The rapid expansion of fast food outlets and supermarkets in Africa has been led by South African companies. Eight of 21 major investments by South Africa in Africa in 2000–3 were in natural resource sectors; eight were in services, one in utilities (electricity), and two in basic industries (UNCTAD 2007). Two major South African transnational corporations, Anglo American and South African Breweries (now SABMiller) have invested extensively in neighbouring countries, but were reclassified as UK-based companies following their foreign listings and majority UK shareholding.

SAB thrived under sanctions, holding a domestic monopoly, but sanctions impeded its expansion abroad. When the opportunity arose, it had the scale to be able to invest abroad (Goldstein 2003). In this pattern of growth behind barriers, subsequently followed by foreign investment, it was similar to the supermarkets that expanded within Africa, but SAB chose to expand into non-African markets as well. Before its reclassification, SAB bought a 64 per cent stake in the US firm Miller Brewing for US$5,6 billion. After this acquisition, SAB changed its name to SABMiller, which then acquired Birra Peroni (Italy) and Harbin Brewery (China) in 2003. Hence, SABMiller, now listed as a British company, is a global player.

Given the push of such firms, it is useful to examine some of the features of investment flows from South Africa to see what lies in store for the political economy of bilateral business dynamics. In this way we can begin to sketch what the bilateral relationship will contain, and see what the missing links might be. South African firms seem to have rapidly established an enviable position in many of the markets they now serve. They have managed to raise large amounts of capital which they have deployed more efficiently than established investors from the North, pay higher wages, employ significant numbers of local graduates, and invest in training their employees.

South African investors fall into one of two categories:

- **Market-seeking.** Market-seeking foreign investors are first and foremost interested in serving growing demand in local markets. In financial services, South African investment has tended to rely on acquisitions and privatisations as a ‘catch-up’ entry mode instead of a greenfields investment strategy.
- **Resource-seeking.** South African firms are particularly important in mining and other natural resources, and invest in countries with reasonable export prospects. Hence any permanent shift to higher commodity prices than have been experienced or expected in recent years could increase the number of African countries receiving this type of investment, as natural resources are their principal export.

Investment in Argentina, low as it is, follows the general trend of South African investment. Firms operating in Argentina are younger than most other comparable foreign firms. This is unsurprising because of the quick entry of Chilean, Brazilian and Mexican firms, and the South African exclusion operating during the apartheid years. Two flagship interests stand out in Argentina: mining, and financial services:

- AngloGold Ashanti, a firm with global reach and global stakes. In terms of assets, it ranks 19 in the top 50 non-financial TNCs from developing countries. It has three operations in South America: two in Brazil, and one in Argentina (Cerro Vanguardia, Santa Cruz). It has significant stakes in operations in Guinea, Zimbabwe, and Tanzania. It is listed on securities exchanges in Johannesburg, New York, Australia, Britain, and Europe. It produces gold from 19 operations in eight countries in the United States, Latin America, Africa, and Australia. As part of Anglo American, it has other mining interests in other countries (www.anglogold.com). the province of Santa Cruz retains a 7,5 per cent interest in Cerro Vanguardia.
- Standard Bank, one of the four big commercial banks in South Africa, and Africa's largest lender, acquired Bank Boston in Argentina in 2006. Standard Bank has operations in 18 African countries and 21 other emerging markets. Following the purchase in Argentina, it has expanded to Nigeria, Kenya, Russia, and Turkey to tap increasing trade in commodities and investment banking. In 2007 Standard announced a strategic partnership with the Industrial and Commercial Bank of China, the world's largest bank in terms of market capitalisation, testifying to the interest of the bank to become a truly global player.

Besides these high-profile firms, there is Pannar in Venado Tuerto. Pannar is the largest seed company in Africa, and a significant competitor in the international seed industry, with marketing activities which span the globe. Extrapolating from the deployment of South African business in Africa, one can expect a continued interest in South African investment in mining. Despite a generous mining regime, South Africa lags far behind Canada in Argentina. One can also expect the rise of fresh interests in telecoms and leisure and tourism, two business sectors in which South Africa excels but have not been manifest so far in Argentina.

Conclusion

To conclude, a new geography of world business is emerging, which is linking South–South economic relations more and more closely. South African investment abroad is not a completely new phenomenon; it grew in size through the 1990s and is seemingly exploding at the moment in many corners of the developing world. In Argentina it will continue to rise with paucity, looking for windows of opportunity. Policy implications are huge. Foreign policy (mental maps, ideas and initiatives) will need to connect interests with policy. Both banking and mining are policy sensitive industries; they need continuous engagement in dialogue. Corporate social responsibility should be at the forefront to ensure stability in the long run, and continuously friendly relations with local populations.

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Conclusions, recommendations, and the way forward

Dr Lyal White

This section summarises the presentations to and discussions at a gathering of researchers, academics, and practitioners aimed at exploring South Africa—Argentine relations through the prism of bilateral engagement.

Held in Buenos Aires in May 2008, and hosted by the South African Embassy in co-operation with the Argentine Foreign Ministry, the purpose of the seminar was to explore the burgeoning relationship between South Africa and Argentina and provide some ideas and recommendations for strengthening it in ways that will result in mutually beneficial outcomes.

This seminar was the first of a series. The second is scheduled for July 2009 in anticipation of the meeting of the binational commission later that year, and will address more specific themes and issues relevant to relations between South Africa and Argentina.

Contextualising South Africa–Argentine relations: a basic rationale, and areas identified for improving existing ties

South Africa and Argentina have been described as similar countries (in size, shape and form), from comparable regions, and with common goals and challenges, both domestically and globally. They also have the commonality of regional thinking over their national identities. These similarities, and a strong sense of like-mindedness, provide a sound foundation for engagement, as well as an impetus to lift their engagement to a higher level.

Participants agreed that progress made with the bilateral relationship and renewed energy devoted to strengthening it in recent years is commendable and welcome. But they overwhelmingly agreed that South Africa–Argentine relations need ongoing work and engagement, and need to be defined in terms of mutually beneficial and perhaps tangible areas of engagement on both the bilateral level and in the regional, global or multilateral context, in an effort to exchange its current ‘impulsive nature’ for one that is more sustainable. This was described as *‘strategic co-operation through higher diplomatic convergence’*.

They also emphasised that South Africa–Argentine relations need to be distinguished from other South–South relations, not necessarily as an alternative but rather as one that complements broader efforts, while more easily managed and less cumbersome than some of the existing (and ambitious) dialogues of the South. In particular, they felt the special relationship between these two countries would help to enhance inter-regional relations between the Southern African Customs Union (SACU) and MERCOSUR.

In this context, and in terms of South Africa and Argentina’s strategic partnership through bilateral engagement, the idea of progressive governance mooted in the discussions offers a useful paradigm. The innovative concept of 'progressive internationalism' fittingly describes the nature of South Africa–Argentine relations, and covers the relevant global issues to be addressed collectively. It offers a new 'third way' from the South that proposes deliberate engagement aimed at achieving real results, and thus explores the more practical ways in which countries of the South can engage in an effort to address common challenges.

The economic impetus of this is also relevant. The South (with South Africa and Argentina as leading members) is now recognised as an important locomotive of growth and development, aimed at addressing issues such as poverty and inequality. But this needs a greater complementarity and better facilitation through information exchange, infrastructure, and services between these 'southern' partners. Industrial co-operation along with the transfer of knowledge and technology will be particularly valuable.

Proposals follow for strengthening bilateral policy and the work of the binational commission. These have been divided into issues requiring multilateral coalition-building – where the combined efforts of South Africa and Argentina may help to achieve real results – and direct bilateral engagement.

However, these issues are closely interlinked, and need to be addressed in a concerted way

Global issues of mutual concern

The food crisis and food management

This is a major global challenge which South Africa and Argentina – both significant food producers in the developing world – could address more effectively and efficiently through collective dialogue and action. This could include a strategic partnership of the South that could help to manage (or even leverage) food resources in ways that combat food shortages and poverty, and promote development.

- The energy crisis

There is a need to develop a dialogue around oil and gas that directly confronts the issues of supply shortages and prices for developing countries while avoiding the undercurrents (petro-politics) that dominate the international debate. The discussion around energy should include relevant issues related to domestic shortages as well as to international prices and their impact on developing countries. The more effective use of energy should be emphasised. For example, one possibility could be a dialogue, led by South Africa and Argentina, between developing and oil-producing countries about the effects of growing energy prices on developing countries. This could include a proposal to lower the prices of oil and gas for developing countries – a subsidy of sorts – specifically aimed at encouraging higher levels of production and more rapid development.

- Climate change and renewable resources

This relates to the previous point, but warrants a separate discussion since climate change and the environment have become such vital (and contentious) issues in the developing South. Countries could collaborate on peace parks and nature conservation; exchange information about mechanisms for managing and exploiting natural resources; and the role of the private and public sectors in resource and conservation strategies.

- Multilateral coalition-building

This should focus on trade and development (the WTO), human rights (peacekeeping and peace-building in post-conflict zones), food security, UN reform (looking beyond the Security Council to other necessary – and more immediately realisable – areas of reform), and the nexus between military spending (or security) and development.

- The role of third parties

Third parties – including Brazil, China, the United States, and India – play very important roles in the South ambit. South Africa and Argentina should share their experiences of collaborating with these countries.

- Regional and continental issues and institutions

Both countries should work towards encouraging effective institutions and rules-based systems in their respective regions and on their respective continents. Achieving the MDGs may also be included in this discussion.

Achieving observer status in respective regional and continental organisations is strongly recommended. For example, Argentina has requested observer status at the AU. South Africa could (and should) support this application, in order to encourage Argentina's greater involvement in Africa. In turn, South Africa should acquire observer status at meetings of the Organisation of American States (OAS) or the South American Community.

- An alternative and complementary partnership of the South through 'progressive internationalism'

This would involve developing a new 'southern third way' brand, including a 'southern' perspective on global governance, economic reform, and development, which would inform South Africa's and Argentina's participation in regional, continental, and multilateral institutions.

Bilateral issues

- Trade and investment
- *Steps should be taken to reduce or eliminate trade imbalances and competitive constraints.* South Africa and Argentina need to target particular subsets (such as undertraded items) that have been identified, along with remaining barriers to trade. This should also be aimed at improving market access for African and Argentine products, and making them more competitive versus products from third party economies.

- Double taxation

A double tax agreement needs to be urgently concluded. This is a relatively simple, quick, and important (both symbolically and in terms of business facilitation) way of improving the mutual investment climate.

- Transport and communication

Steps should be taken to improve communication and transport links, including direct airline routes, improved maritime links, and better port facilities.

- The cost of doing business

Steps should be taken to lower the cost of doing business in both countries, as well as investing reciprocally. Financial and support services in particular should be improved and specifically geared toward commercial activities between South Africa and Argentina.

- Harmonising trade and business procedures

The requirements and procedures for trade and business between South Africa and Argentina should harmonised and standardised.

- Culture and education

Universities in both countries should offer courses in the languages and cultures of their counterparts. These should include courses on existing bilateral relations and agreements.

- Market research and analysis

A South Africa-Argentine resources centre which would develop and disseminate market research and analysis should be established.

- Policy forum

A South Africa-Argentina (Africa-South America) policy discussion forum should be created. It should generate research and information useful to policy-makers and the binational commission, as well as potential traders and investors. It should provide insight into regional dynamics and political economy developments. It should also establish a network of specialists and researchers who could contribute to the university courses proposed above.

- Economic diplomacy

Economic diplomacy should go beyond promoting national markets and highlight the unique position of these two countries as portals to their respective regions and continents.

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- Business involvement

Steps should be taken to involve business interests more closely in the dialogue. Business needs to assume more responsibility in respect of these initiatives, and support them more strongly.

- Industry and technology transfer

More must be done to transfer technology that will help both countries to deliver tangible economic results and improve their global competitiveness.

- Peacekeeping and peace-building

Steps should be taken to strengthen bilateral consultations on peacekeeping and peace-building in the respective regions. This would relate to problematic countries and those which have recently emerged from states of conflict. The discussions should aim at developing common positions on these countries and related issues. (Examples include Haiti and Bolivia in Latin America, and Zimbabwe and Sudan and others in Africa).

The next seminar

Participants agreed that the next round of discussions should deal with more specific topics, in the following broad areas:

- *A strategic approach to* 'progressive internationalism'

This essentially pursues the idea of strategic co-operation with greater diplomatic convergence, and provides a feasible point of engagement on global issues of the South. It relates to the notion of progressive governance and the key role to be played by both South Africa and Argentina in future meetings of like-minded partner countries.

A focused discussion should take place around the global food crisis and food management. A session or part of a session should be dedicated to this theme, during which background documents can be presented, and concrete ideas generated.

- Prioritising a mercantile approach to bilateral relations

Participants should discuss ways of achieving a more balanced commercial relationship between the two countries, which offers reciprocal benefits with tangible results in line with their respective development priorities.

- Developing an Africa–Latin America policy discussion forum and research network

Despite their similarities, people in the two regions know very little about each other. A forum should be established to conduct research and analysis and provide information and insights about Africa and Latin America that emanate from these regions themselves. It should also contribute to Africa-Latin America studies at universities or other institutions, and encourage a new generation of Africa-Latin America experts on both sides of the Atlantic.

These three areas of engagement are interrelated, and need to be discussed at greater length and in greater detail. They do encapsulate most of the challenges and opportunities raised during the first seminar, and therefore provide the basis for a more focused agenda at the next meeting in July 2009.

Agreed outcome and minutes of the second meeting of the Binational Commission between the Republic of South Africa and the Argentine Republic

2 to 3 December, 2008

Buenos Aires, Argentina

1. Preamble

The Minister of Foreign Affairs of the Republic of South Africa and the Minister of Foreign Affairs, International Trade and Worship of the Argentine Republic, together with their respective delegations, met from 2 to 3 December, 2008, at the Palacio San Martin, Buenos Aires, Argentina. The meeting constituted the second meeting of the Binational Commission that was established in accordance with a Bilateral Agreement signed between South Africa and Argentina in New York during September 2005 and is the follow up of the first meeting that took place in Pretoria, South Africa from 26 to 28 February, 2007.

The Delegation of the Argentine Republic was headed by Argentina's Minister of Foreign Relations, International Trade and Worship, Lic. Jorge Taiana. The Delegation of the Republic of South Africa was headed by South Africa's Minister of Foreign Affairs, Dr Nkosazana Dlamini Zuma

The discussions were held in a friendly and co-operative atmosphere. The following issues were discussed:

- Recent developments in Argentina and in South Africa,
- Regional developments in Latin America, Caribbean and Africa,
- Inter-regional issues,
- Multilateral issues,
- A deep analysis of the bilateral relationship and its potentials.

The two delegations agreed that the relationship between the two countries could be described as one based on strategic co-operation through higher diplomatic convergence.

The discussions on the following issues produced the following outcomes:

2. Multilateral co-operation

2.1. Multilateralism and the United Nations

The South African and Argentine authorities reaffirmed their commitment to an international order based on the purposes and principles of the Charter of the

United Nations, multilateralism and the sovereign equality of all states. They reaffirmed their support for the ongoing process of reform of the United Nations, including its Security Council to make it more effective, transparent and democratically representative of the current international community. Both sides reiterated their willingness to enhance their participation in UN peacekeeping missions. In this regard the two countries noted the close co-operation between the United Nations Security Council and the African Union Peace and Security Council and welcomed the positive developments to that end.

2.2. Human rights

Both sides agreed to work jointly at all international fora in order to strengthen universal and regional systems for the promotion and protection of human rights.

In order to enhance their common values and perspectives, both Ministries agreed to carry out regular bilateral annual consultations alternatively between Pretoria and Buenos Aires and co-operation activities on human rights, co-ordinated by their respective departments, with a view to:

a. exchanging information about the development of human rights issues in both countries;
b. exchanging positions and commentaries about the principal international negotiations in the universal system (UN), as well as in regional systems, in which both countries are involved;
c. analysing the possibility to develop cooperation projects in human rights issues;
d. promoting the realization of academic and civil society activities that strengthen cooperation between Argentina and South Africa in human rights matters.

Joint collaboration since 2007 has given both countries an unprecedented opportunity to share experiences on how they have addressed, and are addressing, the consequences of human rights abuses that occurred in their respective countries. It has also provided a forum to address other important themes such as the fight against the scourge of racism and the prevention of genocide. Within that context, both countries worked together to promote the signing and ratification, in their respective regions and at multilateral forums, of the Convention for the Protection of all Persons from Enforced Disappearances. This co-operation in promoting the implementation of multilateral human rights instruments – at the domestic level - was considered a priority in the bilateral relationship between the two countries.

At the bilateral level, the Ministers recognised the work done by the Argentine Anthropologic Forensic Team (EAAF) supporting the activities of the Task Force on Disappeared People of the TRC Unit in South Africa and welcomed the potential for collaborative work in this area in other southern African countries.

Minister Dlamini Zuma's visit to the former military dictatorship detention site at the Escuela Mecánica de la Armada (ESMA) reinforced the belief of existing similarities in the histories that Argentina and South Africa share in the human rights field. Regarding a bilateral programme of work for 2009, they welcomed the proposed project of sharing the experience and technical knowledge needed to design, build and manage historical museums and monuments in order to honour the memories of the victims of human rights abuses. Given South Africa's great experience in this field, Argentina would be very much interested in receiving assistance for developing its own museums and monuments in order to honour the memories of the victims of human rights abuses suffered until 1983.

With regard to the World Conference against Racism, Racial Discrimination, Xenophobia and Related Intolerance, both sides committed themselves to the implementation of the Durban Declaration and Programme of Action adopted in Durban in 2001 and decided to hold regular consultations on the preparation for the Durban Review Conference to be held in Geneva in April 2009.

2.3 Nuclear disarmament and non-proliferation

Both countries reiterated their commitment to nuclear disarmament and non-proliferation within the context of the relevant multilateral instruments. In this regard, Argentina and South Africa, two countries with a similar level of nuclear development, believe in the need to fully utilise the opportunities provided by the use of nuclear energy for peaceful purposes, and in a multilateral approach to overcoming proliferation challenges. They discussed the role of the IAEA in encouraging and assisting research on, and development and practical application of nuclear energy for peaceful purposes taking into consideration the needs of under-developed areas of the world thereby facilitating their accelerated economic progress and their achievement of the Millennium Development Goals (MDGs). At the same time, Argentina and South Africa believe that the IAEA's safeguards system plays a crucial role in verifying that civilian nuclear programmes remain peaceful.

Both countries also reiterated their commitment to nuclear disarmament and expressed disappointment at the lack of progress towards the complete elimination of nuclear weapons.

Considering the forthcoming decision to be taken in 2009 on the filling of the position of the Director General of the IAEA, the Government of South Africa, presented, and requested Argentine support for, the candidature of Ambassador Abdul Samad Minty and stressed that the African Heads of State and Government had endorsed that candidature.

2.4. Special committee on decolonisation

In the context of the United Nations activities both Ministers agreed on the need for the resumption of negotiations between the Government of the Argentine Republic and the Government of the United Kingdom of Great Britain and Northern Ireland in accordance with the United Nations General Assembly resolution 2065 (XX) and other relevant resolutions of the UNGA and the Special Committee on Decolonisation on the "Question of the Falkland Islands (Malvinas)" with a view to finding as soon as possible a peaceful, just and durable solution to the sovereignty dispute.

2.5. Doha round

Both delegations expressed their support for the DOHA Round of Multilateral Trade Negotiations. They underscored the need to continue the excellent level of co-operation between South Africa and Argentina within the G20 and Nama 11 in order to reach an ambitious and balanced outcome where the concerns of development are actually taken into account. Although a final agreement has not been reached yet, both sides urged the major trading partners to show the necessary flexibility that will lead to a positive outcome of the negotiations.

2.6. Reform of multilateral financial institutions

Argentina and South Africa participated in the same group of interests at G20 level. Both countries participated in the Summit in Washington DC on 15 November 2008 and expressed their similar views on the issue of reforming the financial multilateral institutions, giving a major weight and role to developing countries in the governing bodies of the Bretton Woods Institutions.

2.7. International financing for development

Argentina and South Africa participated at the International Conference for Financing of Development that took place in Doha from 29 November to 2 December 2008 where it was stated that the Official Development Assistance (ODA) commitments had not been fulfilled by most of the OECD countries. Both sides are committed to the outcomes of the meeting that would lead to the more transparent and equitable financing for development.

3. Inter-regional co-operation

Both countries agreed to strengthen their co-operation by giving significant impetus to all activities that contribute to developing closer relations between the two regions at all levels: regional, inter-regional and global. Within that context, Argentina applied for observer status at the African Union (AU) and its representative will soon present his credentials to the AU authorities. The Argentine side expressed its gratitude to the South African authorities for their support to Argentina´ s interest in becoming an observer at the AU.

Argentina is very supportive of Africa and its development agenda and views its relationship with South Africa as being a further demonstration of its greater engagement with the continent. Both sides agreed to continue discussing the challenges faced in the African and Latin American and Caribbean Regions.

3.1. Zone of peace and co-operation in the South Atlantic (zpcsa):

The Ministers took note of the Luanda Declaration of the 6th Meeting of Member States of the Zone of Peace and Co-operation of the South Atlantic issued at the

Ministerial meeting in Luanda, Angola on 18 and 19 June 2007. Argentina and South Africa welcome all United Nations initiatives that promote inter-regional co-operation and which are devoted to finding solutions to common challenges in the South Atlantic region. Within that context both countries decided to continue bilateral consultations on the issues related to ZPCSA in preparation for the 7th Meeting of Member States, to be held in Uruguay in 2009.

3.2. Mercosur/SACU

Concerning the SACU/Mercosur negotiations, both delegations expressed their satisfaction with the successful conclusion of the Preferential Trade Agreement. In that context, both sides committed themselves to expediting the necessary internal procedures in order to sign the Agreement as soon as possible. Both sides reaffirmed their mutual interest in expanding trade between their regions and highlighted the benefits of enhanced relations through new trade and investment opportunities. In that regard, they stressed their interest in deepening trade relations between them.

3.3 Africa-South America summit

Special attention was given to the next Summit of Heads of State from Africa and South America to be held in Caracas, Venezuela in 2009. Argentina and South Africa decided to exchange views on the common challenges facing both regions, and officials preparing for the Summit in Caracas were encouraged to reinforce the outcome of the 2006 Abuja Summit through the identification of achievable goals for further developing the inter-regional relationship.

3.4. Humanitarian assistance at inter-regional level

The link between 'development', on the one hand, and the impact that this has on the need for humanitarian assistance to address emergencies and disasters (natural or man made) as well as post-conflict situations using technical cooperation for rehabilitation was analysed. Within that context, the Argentine experience of the 'White Helmets' (United Nations General Assembly Resolutions 49/139B, 50/19 and 61/220) was presented as a means for using volunteers, mainly from developing countries, for a rapid and co-ordinated response to face emergencies and to assist developing countries in their rehabilitation efforts, without losing the perspective of long term development. Argentina and South Africa decided to exchange views and share experiences in order to work jointly in setting up of corps of volunteers, mainly from developing countries, for this purpose and to implement joint activities in this regard.

4. Bilateral relations

4.1. Bilateral agreements

Both Ministers expressed their satisfaction at the conclusion of negotiations that lead to the signing of the Agreement on Cooperation in the Peaceful Uses of Nuclear Energy.

They furthermore welcome the fact that the bilateral Agreement on Cooperation in the Field of Arts and Culture will be signed in the near future.

4.2. Bilateral seminar

The Ministers received the Report on the outcome of the Bilateral Seminar that took place in Palacio San Martin, Buenos Aires on 12th-14th May 2008 and which considered the topic of 'South Africa/Argentina and Africa/South America: Strengthening the Relationship Further: How to and Where To?' The Seminar, which was opened by Minister Taiana and organised by the South African Embassy in Buenos Aires in co-operation with the Argentine Ministry of Foreign Affairs, International Trade and Worship was attended by a number of academic researchers, government officials and business people from both countries.

The Seminar found that the bilateral relationship between Argentina and South Africa is based on a common vision of the world; support for multilateralism; an emphasis on human rights as a permanent State policy; membership of the same groupings of states in current multilateral negotiations on economic, development, environment, trade and financing issues; and on the complementarity of their economies. The group of experts stated that a relationship should be forged between Argentina and South Africa based on 'progressive internationalism' and characterised by 'strategic co-operation through higher diplomatic convergence'.

Within this context, the Seminar identified the following global issues of mutual concern that it recommended should be the focus of bilateral interaction in the future:

- The global food crisis and food management;
- The energy crisis: surging prices of oil and gas, and petro-politics;
- Climate change and renewable sources of energy;
- Multilateral Coalition Building;
- The importance of third parties: an agenda with a strategic focus both regionally and globally;
- Regional and continental relevance within a strategic and institutional context; and,
- An alternative and complementary partnership of the South through Progressive Internationalism.

At the strictly bilateral level, a further eleven 'real areas of intersection' were identified in which State and Civil Society actors would have a role to play.

Both Ministers welcomed the innovative recommendations made by the Seminar and determined that the areas of action identified by the experts should be further analysed for their implementation and that a report should be submitted on this at the 3rd Meeting of the Binational Commission, including the steps that have already been taken with regard to the implementation of these recommendations.

4.3. Trade and investment

Both sides reviewed trade relations between the two countries expressing their determination to seek ways and means that would expand cooperation in line with the existing potential of their respective economies. In this context, both delegations welcomed the decision to cooperate in the field of trade facilitation in order to identify and minimize all types of non-tariff barriers. Both sides committed to promote participation in trade fairs, commercial missions and seminars on trade and investment opportunities. In this regard the Ministers noted the South African Trade Seminar that took place in Buenos Aires in 2008 which was meant to coincide with the BNC meeting at that time.

4.3.1. Mining

The growing mining sector in Argentina provides both countries with a further opportunity to strengthen their economic ties and to make an effective contribution to Argentina's development.

Both sides agreed to foster co-operation in the areas of:

- Exploration (Geology)
- Exploitation
- Beneficiation (Mineral processing)

The Argentine Party encouraged South African Mining Companies to invest in mineral related projects and in this context a Memorandum of Understanding in the field of co-operation in the mining sector will be welcomed. Both sides agreed that there is a need for mining related associations to exchange information on mining technology and transfers of skills. Furthermore, the sides agreed that in order to help eradicate poverty, especially in rural areas, small scale mining must be promoted. In that context, Argentina and South Africa agreed to facilitate the process for the conclusion of the draft Memorandum of Understanding on Cooperation in the Field of Mining as soon as possible.

It is proposed that a Technical Team from South Africa visit Argentine as soon as possible, to identify specific projects in this field.

The Ministers welcomed the participation of South Africa in Argentina's 2007 Arminera mining exhibition with a national pavilion, which included a number of interested South African companies.

The strong interest of South African mining capital goods companies to supply equipment to Argentina's government-owned Rio Turbio project, and the work that has been undertaken with the Rio Turbio Project authorities in this regard, was also welcomed.

The visit to South Africa by the President of the Argentine Chamber of Mining Entrepreneurs at the invitation of the South African Department of Trade and Industry was also welcomed as a further step in promoting mining co-operation and to making both sides aware of the opportunities that exist in this field.

4.3.2. Investments

The Argentinean Investment Development Agency (ProsperAr) and the relevant agency in the South African Department of Trade and Industry are encouraged to explore the possibilities to work together in order to identify projects aimed at enhancing the production capacity of goods and services and its corresponding infrastructure which could be undertaken jointly by Argentine and South African companies.

4.3.3. Health sector

The National Administration of Medicine, Food and Medical Technology (ANMAT), the organism responsible for the sanitary regulation on those matters expressed willingness to establish links in order to collaborate in the development and progress of knowledge about sanitary regulation, working together and exchanging experiences in this field.

The ANMAT proposed to collaborate in order to facilitate the development of common projects, in particular those refering to regulation, control and supervision of medicines for human use, biological and biotechnological products, vaccines and medical products.

4.4. Industrial development

4.4.1. industrial technology

Concerning Industrial Technology, both sides expressed their willingness to achieve progress in common thematic areas of interest. In this context, INTI (Instituto Nacional de Tecnología Industrial) and the CSIR (Council for Scientific and Industrial Research) signed an inter-institutional agreement on 10 November 2008 in Pretoria. This agreement provides for co-operation in a wide range of fields, including biomaterials, nanotechnology, and electronics. The concept of South-South co-operation in this field includes relevant transfers of technology and the recognition of a concrete link between applied research and industrial development as crucial instruments for industrial development in both countries. INTI is studying the possibility of sending a technical mission to the CSIR during the first half of 2009 in order to explore joint programmes.

INTI and the CSIR have already started co-operation activities in the area of materials. Moreover, there is also a co-operation between INTI (Argentina) and LifeLab (South Africa) in the area of technology transfer within biotechnology.

4.4.2. Small and medium size enterprises (SMES)

With regard to co-operation among small and medium-sized enterprises, the Argentine delegation indicated its interest in initiating talks with the relevant South African counterpart about exchanging experiences on SMEs, including in the area of Technical and Financial Assistance and in the development of programmes for the support of foreign trade. In that context the Argentine Delegation announced that the Argentine Ministry of Science, Technology and Productive Innovation and the Fundacion Export-Ar from the Ministry of Foreign Affairs will hold a national Seminar on 16 December 2008 to explore the specific case of the market potential between both countries in added valued technologies devoted to SMEs.

This initiative will shortly be followed by seminars, workshops and other business gatherings where South African officials, business persons, consultants, economists, among other experts, will be invited to attend in order to, inter alia, discuss potential opportunities for bilateral co-operation in fields such as, technology transfer, export-import of high technology products and trade in capital goods and 'turn key projects'.

4.4.3. Trade and investments in industrial sectors of added value technologies

Both countries have developed industrial sectors, including in the framework of SMEs as providers of goods and services in their production processes, in which they have comparative advantages in terms of technologies and management capacity. Owing to the complementarities of both economies, both sides encouraged activities that will facilitate trade and investment in this area.

4.5. Agricultural development

4.5.1. Institutional collaboration between INTA and ARC

The relationship between South Africa and Argentina in the area of agriculture is extensive, and it was agreed that the opportunities that exist for even greater agricultural co-operation and trade would allow this relationship to strengthen even further. As regards agricultural co-operation and the possible benefits to both sides, the Argentine Institute of Agricultural Technology (INTA – Instituto Nacional de Tecnología Agropecuaria) signed a Memorandum of Understanding with the Agricultural Research Council (ARC) in Pretoria on 27 November, 2007.

The activities related to the implementation of this agreement were based on the South-South concept of co-operation and during 2007 and 2008 a number of substantive exchanges of experts, missions, activities, direct contact with applied research institutions, and three visits to South Africa by the President of INTA took place. The process, started in 2007, was one of mutual exchanges of information and knowledge. At the same time, this opened a direct channel to deal at a technical level with relevant issues on the international agenda, such as the 'food-crisis'. From the Argentine and South African perspective, the solution to the 'food crisis' lies on the supply side and the answer to the crisis will lie with improving the efficiency of food production in both countries. In that context, both sides also welcomed the reports of the technical missions that took place in 2007 and 2008 relating to pastures, animal production, agricultural technologies (with an emphasis on the 'direct sowing method'), which included the participation of Argentine agricultural capital goods medium size companies in Nampo Harvest. Both sides welcomed the progress made in this sector and requested the technical institutions involved to report on the progress made to the 3rd Meeting of the Binational Commission.

Both Parties take note of the fact that already two collaborative research projects are underway involving INTA researchers and the University or Pretoria in South Africa.

4.5.2. Co-operation in the field of bio-safety

In the field of Genetically Modified Organisms, initial progress has been achieved in the implementation of the Commission's 2007 decision for both sides to practice 'cooperation for mutual assistance on regulatory issues and, in the framework of the Cartagena Protocol, to open a channel of communication to coordinate better implementation of the Protocol and to exchange positions before each Meeting of the Protocol Parties'. In that context, both countries identified common challenges and shared the same vision and common interests. Therefore, they agreed to cooperate – at this stage – in three main areas: regional training activities; development of regulatory guidelines; and technical dialogue related to international agreements.

It was further agreed that Argentina would nominate a formal contact point for biosafety as a counterpart to the Director Biosafety, Department of Agriculture, South Africa in order to facilitate the execution of these activities.

It was agreed that both contact points would develop the modalities of the regional training activities and exchange of information by the second semester of 2009.

4.5.3. Animal and plant health

Both sides reported on all activities mandated during the 1st Meeting of the Binational Commission. These included the further co-operation that has been taking place to update phyto-sanitary and zoo-sanitary requirements (with a view to promoting market access of agricultural products in both directions) and to reviewing the position of the main products that are of interest for both countries. In that context, both Ministers noted progress made since the last meeting of the Binational Commission and encouraged both Parties to finalise the outstanding issues.

4.5.4. Fisheries

Both Argentina and South Africa are known for the high production of demersal (hake), and Argentina has successfully turned around its declining hake industry within a short space of time. This is an area of interest to exchange information about managing foreign fishing fleets and sustainable fisheries management. Other potential fields of bilateral co-operation in fisheries include: aquaculture, fisheries legislation, illegal, unregulated and unreported (IUU) fishing, monitoring and surveillance, vessel monitoring systems (VMS) and capacity building in marine and fisheries management.

Both countries agreed to strengthen South-South co-operation on marine and fisheries management through multilateral fora such as the FAO Committee on Fisheries (COFI) and the Convention on Conservation on Antarctic Marine Living Resources (CCAMLR).

4.5.5. Agricultural development memorandum of understanding

Pursuant to the strengthening of agricultural development co-peration, both Parties agreed to propose a General Agricultural Cooperation Framework between the Department of Agriculture in South Africa and the Secretariat of Agriculture, Livestock, Fisheries and Food in Argentina. The Parties noted, at least, the following areas of mutual interest: Animal and Plant Health, Biosafety, Biofuels and Rural Development.

Argentina indicated its intention to submit a draft Memorandum of Understanding for co-operation in the field of agriculture to the South African Department of Agriculture in the near future.

4.6. Science and technology, and environment cooperation

4.6.1. Science and technology co-operation agreement

Pursuant to the implementation of the Agreement for Scientific and Technological Co-operation signed in May 2006 both Parties wish to reaffirm their commitment to develop science and technology co-operation between them. In accordance with the decisions made in the first and the second Joint Committee meetings held, respectively, in Buenos Aires in July 2007 during the visit by the South African Minister of Science and Technology, Minister Mosibudi Mangena, and in Johannesburg in September 2008 during the visit by the Argentine Minister of Science, Technology, and Productive Innovation, Minister Lino Barañao, the Parties note the following:

a. The Parties are already co-operating in a wide range of research areas, including agricultural research and technology, biotechnology; nanoscience/nanotechnology, space science and technology, and resource-based industries;

b. Both Parties recognise the significant potential vested in their vast biodiversity which should be sustainably utilised, and thus agree to prioritise biotechnology and related areas for further exploration. Space science and technology is also among the areas of priority.

c. Separate inter-institutional agreements have been signed in the areas of agriculture, space science, and industrial research.

d. Sixteen collaborative research projects have already been funded, and a second call for R&D project proposals will be launched in March 2009.

e. A joint workshop on Innovation Policy and Technology Transfer will be held during the first half of 2009, possibly in May in South Africa, in order to exchange information about structural mechanisms to promote innovation.

f. The next JC meeting will be held in September 2009 and will review the overall programme of cooperation between the two countries.

g. A further joint symposium will be organised in Argentina in the last quarter of 2009 around cooperation in the field of Information and Communications Technology.

h. Both Parties will pursue the possibility of a Trilateral Co-operation in Genomics in CEBIGEBE with Spain.

4.6.2. Space and satellite science

As was mandated at the first Meeting of the Binational Commission, both sides signed a Memorandum of Understanding in August 2008 providing for co-operation in space and satellite science (especially earth observation). In this context, the National Commission on Space Activities (CONAE) of Argentina and the Satellite Application Centre (SAC) of South Africa have met and agreed to advance co-operation through the exchange of information and experiences in the field of the peaceful uses of outer space. In particular, the co-operation is focused on the application of space technology to disaster management and health. CONAE and South Africa's Department of Science and Technology have also agreed to exchange data which they receive from their respective satellite missions (SAC-C and SumbandilaSat). The co-operation will also include collaboration between the respective ground stations and include technical exchanges on telemetry, tracking and command.

4.6.3. Peaceful nuclear co-operation

The importance both Parties attach to their nuclear programmes, and to international and bilateral co-operation thereon, was highlighted by the signature during BICSAA II of the 'Agreement between the Government of the Republic of South Africa and the Government of the Argentine Republic on co-operation in the Peaceful Uses of Nuclear Energy'.

The Agreement identifies areas and means for joint activities and collaboration in the nuclear field, and provides for the environment of assurances related to the exclusively peaceful nature of such activities. It establishes a Joint Co-ordinating Committee and nominates the Department of Minerals and Energy (DME), for the South African side, and the National Atomic Energy Commission (CNEA) and the Nuclear Regulatory Authority (ARN), for the Argentine side, as the competent authorities for implementation of the Agreement. It provides further for the regular exchange of views on issues of mutual interest related to peaceful uses of nuclear energy.

The Ministers expressed the hope that the agreement will be enter into force in the near future.

As was agreed during the first Meeting of the Binational Commission, both sides have initiated and herewith commit themselves to actively promote their co-operation in the peaceful uses of nuclear energy through the exchange of technical missions to jointly develop activities.

It was agreed that it is desirable for NECSA, CNEA and INVAP to investigate the areas of cooperation identified in the first BNC.

In addition it was agreed that NECSA and INVAP will continue to investigate the future replacement of the SAFARI-1 MTR.

Regulatory Co-operation

The Parties noted the exchanges that have taken place between the Argentine Nuclear Regulatory Authority (ARN) and the South African National Nuclear Regulator (NNR) in the frame of the 'Agreement for Technical Co-operation and Exchange of Information in the Regulation of Nuclear Safety', signed in Pretoria 28 February 2007, as well as the willingness of both agencies to identify and discuss possible areas of co-operation and mechanisms for implementing that collaboration.

4.7. Transport

4.7.1. Bilateral air services agreement

Considering that the current bilateral agreements between both countries was signed on 16 March 1999, and therefore needs to be updated regarding the following issues: frequencies (including passenger and cargo services); code sharing; route schedule; designation of airlines; agreement on air services; operation on services; tariffs; ground handling and the consideration of additional flights, the competent authorities were encouraged to start the discussion of these issues during 2009 and report back to the 3rd Meeting of the Binational Commission.

4.7.2. Air links

Both sides believed that proposed resumption of flights by South African Airways (SAA) to Argentina would be an important event for the further development of business, trade, tourism and cultural contact between the two countries. At the same time they called for the direct involvement of responsible authorities including relevant government transport authorities to finalise as soon as possible the technical and commercial discussions which are related to ground handling services for SAA. The Ministers of both countries requested to be informed – on regular basis - on the progress on this matter.

4.7.3. Co-operation in natural compressed gas industry

Sound and safe environmental fuels (particularly in urban areas) contribute to dealing with the challenges that climate change poses to our societies and to our economies. In that context, the Secretary of Energy of Argentina, ENARGAS, and some private enterprises dealing with the technologies and services related to natural compressed gas industry expressed their interest in finding South African counterparts in order to present their related technologies and industrial capacity.

4.7.4. Infrastructure

The Ministers, considering the role of public infrastructure for modernising and making their economies more efficient and considering the opportunities for Argentina and South Africa in the field of infrastructure, requested that their relevant authorities consider exploring the potential of collaboration in this field.

4.8. Defence co-operation

Both sides expressed their satisfaction over progress achieved through the bilateral dialogue between the Ministries of Defence after the BNC held in Pretoria in February 2007. They also welcomed the consensus reached by them for signing a Memorandum of Understanding on Defence Co-operation, which will allow the inauguration of the Argentine-South African Defence Committee. It was agreed in principle that this meeting would be held in Buenos Aires before the end of the first half of 2009.

The excellent state of defence co-operation between both countries was noted, as highlighted by the successful completion in South African waters, in May this year, of Exercise ATLASUR VII along with the Navies of Brazil and Uruguay. Exercise ATLASUR VIII is scheduled to take place in Argentine waters in 2010.

They also expressed their firm intention to deepen dialogue and the bilateral co-operation actions in defence matters, especially in the following areas: consultation on interregional and South Atlantic issues of common interest, defence structure reform; experiences in peacekeeping operations; education and training for civil and military personnel; defence-related research, technology and industry; Antarctic campaigns; search and rescue at sea; cultural and sports links between the respective armed forces. A process of co-operative exchange between peace keeping training centers of both countries could be discussed following the signing of the Memorandum of Understanding in 2009.

It was agreed that a South African Department of Defence delegation will visit Argentina to explore opportunities in the specialised field of technological defence before the intended inaugural Defence Committee Meeting. The Argentine side will identify the appropriate channels for the intended industrial and technology cooperation in the field of defence.

4.9. Institutional co-operation

4.9.1. Foreign service

Exchanges between young Foreign Service professionals will create long-term links and will contribute to the institutional knowledge base as well as to the personal knowledge of individuals. They will also allow the young professionals to better understand country priorities, to contribute to creating a consensus on international challenges and to better promote the interests of their own countries. Within this context, the Ministers requested their respective Foreign Services Institutes to find ways for exchanging students, sharing experiences and developing joint activities.

4.9.2. Parliament

In 2008, during the 118th Inter-Parliamentary Union (IPU) Assembly meeting in South Africa, Argentine Parliamentarians visited the South African Parliament in Cape Town for the first time. Both sides welcomed the proposal, which arose during the course of that visit, for the creation of a link between the two Parliaments to discuss (according to their own mandate) issues of mutual concern. The Ministers, endorsing the concept of this collaboration, encouraged both Parliaments to make progress in this initiative.

4.10. Environment, tourism and national parks

4.10.1. Biodiversity conservation and national parks

With regard to Transfrontier Conservation Areas (TFCA), South Africa offered to provide assistance on the following:

- Tourism development on TFCA parks;
- Opportunities available within TFCA;
- Familiarization trip to South Africa for exchange of information and investment opportunities;
- Ecotourism;
- Tourism;
- Language training, joint destination development and marketing.

An agreement between the Administración de Parques Nacionales (APN) and the South African National Parks (SANParks) was signed at the 2nd Meeting of the Binational Commission with the aim of promoting collaboration between the two institutions drawing on the expertise of South Africa in the management of their national parks. The Ministers expressed their satisfaction at the signing of this agreement, which will establish a general framework of technical co-operation and exchange of expertise between the two institutions on protected areas (in particular on the conservation and management of biological and cultural diversity and on the planning, administration and management of protected areas, including also the social development linked to them).

4.10.2. Environmental quality and protection

Both Parties in consultation with competent departments shall explore the potential for co-operation in environmental issues such as environmental quality and protection. Both Parties are agreed to engage in further dialogue to develop mechanisms for cooperation in this regard.

4.10.3. Tourism

As previously agreed, South Africa and Argentina should co-operate in the areas of tourism, especially in view of the likely commencement of SAA flights to Argentina. They also agreed on the importance that the tourism industry holds in general, and highlighted the increasing demand generated by a higher tourist flow as well as by a higher business, institutional and cultural flow that has been observed between the two countries over the last few years. For that purpose, the Argentine authorities expressed their desire to learn more about South Africa's interest in continuing with the negotiations concerning the Co-operation Agreement in the Field of Tourism.

South Africa requested assistance on the following issues pertaining to tourism development, particularly in areas that would have impact on the success of 2010 FIFA World Cup and beyond.

- Language training for volunteers and tourist guides in Spanish;
- Small, Medium and Micro-Enterprise (SMME) development programs and partnerships;
- Internship programs for unemployed graduates;
- Sports tourism, particularly in relation to the FIFA 2010 World Cup (e.g. fan parks);
- Tourism investment opportunities in South Africa;
- Development of appropriate tourism marketing strategies;
- Cultural tourism;
- Tourism arrivals statistics;
- Standards and classification (grading of tourism facilities);
- Development of service standards for the tourism industry.

Likewise, with regard to the list of topics requested by South Africa for co-operation in the field of tourism, the National Tourism Secretariat of Argentina proposes, at least, the two following topics so as to outline a full technical assistance programme with quantifiable objectives:

- South African familiarisation trips to Argentina (e.g. for press/tour operators);
- South African investment opportunities in sustainable tourism.

4.10.4. Environment

The Argentine Secretariat of Agriculture, Livestock, Fisheries and Food officially invited the South African delegation to participate in the 13th World Forestry Congress to be held in Buenos Aires city on 18-25 October 2009.

4.11. Arts and culture

The signing of the bilateral agreement on co-operation in the fields of arts and culture will be an important step to get to know each other better and to promote activities in favour of people. Within this context, the parties considered that artistic and cultural organisations should be made aware of this agreement, once it has been finalised, in order to promote the exchange of activities between both countries.

4.12. Co-operation in the field of education

Considering the dynamics of the bilateral relations, some of the universities and research institutions of both countries have started to develop joint activities in different areas of education. This is the case with:

The University of Pretoria, South Africa, which signed a Memorandum of Understanding with the National University of Tres de Febrero, Argentina, in 2007.

It is expected that other agreements between such related institutions will also be signed in the period leading to the 3rd Meeting of the Binational Commission, and it was proposed that it may be appropriate for the relevant Government education departments to consider the negotiation of a bilateral agreement on co-operation in the field of Education.

4.13. Sport and recreation cooperation

Sport remains a significant area of co-operation and contact between the sporting authorities and people of South Africa and Argentina. Both sides welcomed the decision for South Africa and Africa to host the 2010 Football World Cup and they note that South America will be the host for the following tournament.

South Africa looks forward to not only host the Argentine football team, but also the many Argentine football supporters that will be there. Both countries believe that football provides a significant area for possible co-operation between South Africa and Argentina in the sporting area.

The systems that have been established in Argentina to develop its players, especially amongst the youth, could assist South Africa in the further development of the sport. Strong links exist especially in the context of rugby, where South Africa has been a traditional supporter of the development of this sport in Argentina and currently is taking the lead in the SANZAR context to include Argentina in expanded Tri-Nations and Super XIV tournaments that are the most competitive rugby in the world and take place in the Southern Hemisphere.

Both sides have strongly encouraged contact amongst the other sporting disciplines and have welcomed initiatives already underway as regard hockey and polo. Both sides have agreed to explore the cooperation in basketball, volleyball, individual sports such as swimming, athletics, and others, and to encourage the exchange of athletes, sport coaches, and sport scientists for periods of training, competitions and learning.

Social Sport is an important tool for social inclusion. Both countries have agreed that the exchange of professionals and the learning from each other experiences may be beneficial for both Parts.

4.13.1. Bilateral agreement on sport cooperation

For the implementation of the bilateral agreement of co-operation in sport, which has been signed on 28th February 2007, both sides have identified specific areas.

These were incorporated in the Protocol of Bilateral Sport Co-operation that was signed in Pretoria on 7th October 2008 between the Argentine Secretariat of Sports and Department of Sport and Recreation of South Africa. The included areas of collaboration are:

- South Africa will send a South African U17 football team to Argentina for a period of training and competition;
- South Africa offered consultation and exchange of experts and teams in individual sports such as athletics, gymnastics, synchronized swimming and combat sports in South Africa;
- Argentina offered consultancy of team sports coaches in soccer (football), basketball, volleyball and hockey in South Africa; and,

- Argentina offered internships of experts in the field of social sport.

Practical arrangements between the Secretariat of Sport of Argentina and the Department of Sport and Recreation of South Africa should be undertaken during 2009 in order to implement the above activities in the period 2009-2010.

5. Follow up

The 3rd Meeting of the Binational Commission between South Africa and Argentina will take place in South Africa at a date and venue to be decided through diplomatic channels.

Done in the Autonomous City of Buenos Aires on the 3rd.of December, 2008.

Dr. Nkosazana C. Dlamini-Zuma
Minister of Foreign Affairs
of the Republic of South Africa

Co-Chairperson of the Binational Commission between the Republic of South Africa and the Argentine Republic

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STRENGTHENING THE BILATERAL

Edited proceedings of the first academic seminar on bilateral relations between Argentina and South Africa held in Buenos Aires, Argentina, on 12–14 May 2008