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**Some observations on South
Africa's economic diplomacy
and the role of the:
Department of
Foreign Affairs**

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7. Introduction

The literature on foreign policy commonly distinguishes between a variety of instruments. The most common of these are the political instrument (diplomacy), the economic instrument/s (including a variety of positive and negative economic techniques), the military instrument (the use of force or the threat thereof, including deterrence) and the psychological instrument (propaganda, which also employs a variety of techniques).¹ However it is also commonly accepted that these instruments are not only closely related and intertwined, but that diplomacy (the political instrument) is invariably employed in the course of the use of the economic, military and psychological instruments. Thus, when diplomacy is described as >a peaceful political process between nation-states that seeks to structure, shape, and manage over time a system of international relationships to secure a nation=s interests=² it is implied that diplomacy is used in >the pursuit of many kinds of objectives B political, economic, national, trade, aid, human rights, arms control, scientific, cultural, and academic enrichment=, though it is in essence >a peacebuilding and peacemaking activity=.³ From earliest times, therefore, diplomacy has had an essential economic aspect and it is commonly accepted that diplomats will have to involve themselves, in varying degrees, in economic matters.

This paper focuses on the use of diplomacy in the deployment of the economic instrument. More specifically it focuses on *the role of the South African Department of Foreign Affairs (DFA) in economic diplomacy and in relation to other agencies*. The relationship between the DFA and the Department of Trade and Industry (DTI) in particular, is briefly explored. The paper focuses mainly on one specific aspect of economic diplomacy, namely export promotion, with some reference to other aspects such as participation in global economic governance and investment promotion. The paper does not deal with issues of economic policy in any detail. The latter is only relevant in providing the very broad framework within which economic diplomacy is conducted. The emphasis is on post-1994 diplomacy, but some reference is made to the earlier period.

*This paper is a condensed, revised and updated version of a paper titled ASouth African Economic Diplomacy in the Age of Globalisation@ presented at the 2000 International Studies Association Convention, Los Angeles, March 15-18.

¹ See for example K.J. Holsti, *International Politics. A Framework for Analysis*, 7th edition, Englewood Cliffs, New Jersey: Prentice-Hall, 1995; Abdul Aziz Said, Charles O. Lerche, Jr. & Charles O. Lerche III, *Concepts of International Politics in Global Perspective*, 4th edition, Englewood Cliffs, New Jersey: Prentice-Hall, 1995.

² Louise Diamond & John McDonald, *Multi-Track Diplomacy. A Systems Approach to Peace*, 3rd edition, West Hartford, Connecticut: Kumarian Press, 1996, p. 26. The term >diplomacy= can also be used to denote a concept broader than official/governmental/state interchanges of a peaceful nature. The term >multi-track diplomacy= extends the use of the word >diplomacy= to include eight other (non-state) tracks involving nongovernmental/professional >peacemakers=, business, private citizens, peacemaking through research, training and education, activism, religion, funding, and the media. In this paper, however, the focus is on governmental or official >diplomacy=, though some references will be made to the involvement of other actors.

³ *Ibid.*.

8. **The evolution of recent South African foreign policy**⁴

South African foreign policy has undergone dramatic change in the last decade. The most striking features of the political transition in South Africa were heralded by FW de Klerk's historic speech of February 1990, followed by the first inclusive democratic elections in April 1994 and symbolised by the inauguration of President Mandela shortly thereafter. Olivier and Geldenhuys described the evolution of South African foreign policy as follows:

For symbolic and political reasons, the South African foreign policy continuum, which existed since autonomy from British rule, had to come to an end with the accession of the new ANC-dominated Government of National Unity (GNU) in 1994. The old regime's foreign policy and culture had to make way for political legitimacy defined by the ANC's vastly different political philosophy, external experience, constituency, and priorities.⁵

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Previous papers and articles by the present author deal in more detail with some of the earlier developments and broader issues of change and continuity in South African foreign policy and diplomacy: *Rejoining the World: South Africa and the Diplomacy of Reintegration* presented for the Panel on Diplomacy in theory and Practice, at the 37th Annual International Studies Association (ISA) Convention, San Diego, Ca USA, 16-20 April 1996; *The Foreign Ministry of South Africa: from isolation to integration to coherency*, presented at the Conference on Foreign Ministries: change and adaptation, London, UK, 5-7 February 1997; *Current developments in South African diplomacy*, presented at the International Conference on Modern Diplomacy, Malta, 12-15 February 1998; *Developments in the conduct of South African diplomacy*, South African Yearbook of International Law (SAYIL), Vol 23, 1998; *South African Diplomacy and Security Complex Theory*, DSP (Leicester) Discussion Paper, May 1999; *South African Economic Diplomacy in the Age of Globalisation*, presented at the 2000 ISA Convention, Los Angeles, March 15-18.

⁵ Gerrit Olivier & Deon Geldenhuys, *South Africa's Foreign Policy: From Idealism to Pragmatism*, *Business & the Contemporary World*, Vol IX, No 2, 1997, pp.365-6. It should, of course, be borne in mind that at the same time as the internal changes took place in South Africa, the international

milieu also changed at the end of the Cold War.

For a number of years commentators complained that the new South Africa was incoherent and even contradictory in its foreign policy and that much more prioritisation was needed.⁶ During January 1999 a ten-day conference of South African heads of mission from more than 90 countries took place and other senior DFA personnel were called together to redefine the core business of the department and reprioritise its focus areas >with the aim of realising government=s domestic priorities=.⁷ Director-General Jackie Selebi stressed that >domestic policy had to be translated into foreign policy=.⁸ and that a clear vision of South African foreign policy would emerge from the conference.⁹ After the conference a day-long (29 January) debriefing session for representatives from civil society was arranged to explain the processes of transformation and reprioritisation that would take place on the basis of the work done, *inter alia*, during the heads of mission conference.¹⁰ During this session it was revealed in summary that the creation of wealth and security for South Africa had been defined as the over-arching goal of the DFA. A number of themes were identified in pursuit of both the creation of wealth and security. The themes relevant to the creation of wealth were globalisation; international organisations; arts, culture, sports and tourism; science and technology; environment and marine; trade and investment; and finance and development. Those relevant to security were identified as: legal issues; crime; migration; conflict resolution and disarmament; and human rights. For each of the themes mentioned specific goals, strategies and actions to be undertaken were set out in a Thematic Review document drafted by the DFA.

On 4 February 2000 President Thabo Mbeki in his *State of the Nation Address* before the National Assembly summarised South African involvement in global affairs in the following way:¹¹

As much as the rest of the world stood with us as we fought to end the system of apartheid, which struggle brought about the announcements that were made by the apartheid parliament ten years ago, so do we have an obligation ourselves to contribute to the construction of a better world for all humanity.

South Africa should aim to make a meaningful contribution in this regard because

⁶ See some of the papers and articles by this author quoted in note 4.

⁷ *The Citizen*, 15 January 1999, p.8.

⁸ *Ibid.*

⁹ *City Press*, 17 January 1999, p.10. Also see: Jackie Selebi, >South African Foreign Policy: Setting New Goals and Strategies=, *South African Journal of International Affairs*, Volume 6, Number 1, Summer 1998, pp. 201-16.

¹⁰ The session was attended by the author.

¹¹ As quoted in: *Briefing by the Minister of Foreign Affairs, Dr Nkosazana Zuma*. (2000) < <http://www.polity.org.za/govdocs/speeches/2000/spo208a.html> > (publication 8 February 2000, accessed 21 February 2000). Mbeki replaced Mandela as President of South Africa in May 1999 and Alfred Nzo was replaced as Foreign Affairs Minister by Nkosozama Zuma in June 1999. See Ross Herbert & Peter Fabricius, >Zuma scores an A in her 100-day baptism of fire=, *The Star*, 4 October 1999, p. 11 for a discussion of Zuma=s merits as Foreign Minister and in particular in peacemaking in Africa.

with regard to all the important objectives it has to pursue, at no point during its entire history has the country ever been as well placed to meet the challenges that now confront it. From this we cannot walk away.

Also in February 2000 the Minister of Foreign Affairs, Dr Nkosazana Zuma, emphasised South Africa=s responsibilities towards >the international community in general and Africa in particular= and summarised the country=s programme for Africa thus:¹²

\$ South Africa seeks to promote democratisation, disarmament and the respect of human rights.

It will strive to prevent conflicts and promote peaceful resolution of disputes on the continent. Active participation in the settlement of disputes and in peacekeeping missions will become an even greater focus area in the medium term.

\$ South Africa aims to fight the scourge of HIV/Aids in our region and the continent.

South Africa must present itself as an equal partner in our interaction with the continent.

It aims to promote the advancement of environmentally sound, sustainable development and poverty alleviation.

Its policy remains the promotion of all aspects of the African Renaissance mainly through concentration on SADC and the continent as a whole.

¹² *Ibid.*

In April 2000 the Vision, Mission and Objectives pursued by the Department of Foreign Affairs were set out as follows: ¹³

VISION:

The effective promotion of South Africa's national interests and values abroad.

MISSION:

Enhance South Africa's international capability to ensure its sovereignty and security and to promote its policies aimed at furthering the African Renaissance, the creation of wealth and the improvement of the quality of life of all its citizens.

OBJECTIVES:

- \$ Establish and maintain effective international relations and ensure that there is adequate representation abroad and capacity at home to advance the needs and interests of South Africa in this area.
Promote sustainable and equitable development in the southern African region as a priority.
- \$ Cooperate with all African nations to encourage and enhance the renaissance of Africa.
- \$ Pursue all avenues abroad for the promotion of peace, security and development for all South Africans.
- \$ Strive with other like-minded countries, for a just global order founded on a rules-based international system, so as to encourage the growth of trade and investment.
- \$ Work for the complete elimination of weapons of mass destruction.
- \$ Advance democracy, human rights and peace.
- \$ Contribute towards responsible management of the environment to ensure the continued availability of global resources.

¹³ DEPARTMENT OF FOREIGN AFFAIRS, (1998) [[Home Page](http://www.gov.za/dept/foreign/index.htm)]
<<http://www.gov.za/dept/foreign/index.htm>> (updated on 28 April 2000, accessed on 17 September 2000).

By June 2000 the new Director-General of Foreign Affairs, Mr Siphos Pityana, declared that the African Renaissance would be the underlying vision of a new policy direction to be developed by his department. He went on to add that: >Central to this vision would be the promotion of socio-economic growth, the promotion of stability, good governance and human rights on the (African) continent=.¹⁴ At the same time the department was informed that another conference of senior DFA personnel would be held in early 2001 in order to put the new >strategic policy= into operation.¹⁵

3. The need for export promotion in South African diplomacy

In an economic sense the term >export= refers to the movement of goods and services between economic systems.¹⁶ According to classical economic analysis and drawing upon the concept of comparative advantage, exporting of goods and services should be viewed as a desirable activity. As a corollary, exporting encourages specialisation and, left to itself, an international division of labour. According to this viewpoint, exporting states (and trading blocs) create wealth by such activity, which in turn provides for growth in incomes and possibly

¹⁴ *Business Day*, 13 June 2000, p.5.

¹⁵ *Beeld*, 30 June 2000, p.15. The information was contained in a confidential departmental circular that the newspaper obtained a copy of.

¹⁶

Graham Evans & Jeffrey Newnham, *The Penguin Dictionary of International Relations*, London: Penguin, 1998, p. 162. One could also use the term in a broader sense to refer simply to the transferral of something from one international actor to another or from one actor to the global system. Thus it is possible to refer to the=export= of technology or knowledge or even of an idea or an ideology.

employment.¹⁷ This represents a particular point of view that is not shared by everyone.¹⁸ In spite of some divergent points of view, qualifications or warnings about the dangers of a liberalised global order,¹⁹ and some change of emphasis over the years, at no point in its history was it ever official South African policy to oppose export promotion.

¹⁷ *Ibid*, p. 163.

¹⁸ See for example: N.A. Dullabh, *South Africa=s Post-Apartheid Foreign Policy: towards a diplomacy of trade*, unpublished Masters thesis, Rhodes University, 1994, chapter 2. Also see: B.H. Sterley, *Exports and economic growth: a test of causality in South Africa*, unpublished MCom-thesis, University of Natal, 1994.

¹⁹ See, for example, Dot Keet=s presentation during the Consultative Conference in Preparation for the WTO Seattle Ministerial and the Upcoming Round of Multilateral Negotiations, 24-25 August 1999. < <http://wwwdti.pwv.gov.za/dtiwww/publicdocs/wto/MCC1999082425.htm> > (publication 11 October 1999, accessed 8 November 1999).

From Union in 1910 to about 1925 South African foreign trade policy was characterised by a liberal, *laissez-faire* approach towards international trade.²⁰ In the course of the 1920s South Africa adopted a more protective inward-looking policy with an emphasis on import substitution rather than export promotion.²¹ In the years that followed, import substitution played an important role in South African economic development.²² However, in the early 1970s doubt arose as to the ability of import substitution to provide further employment and growth in the economy.²³ South African foreign trade policy entered a third phase when the philosophy favoured policies to stimulate growth through the acceleration of exports.²⁴ However, during the era of sanctions and isolation, the South African government also had to confront active attempts to stop South African exports and prevent general trade sanctions against and disinvestment from South Africa. Since 1994 a policy aimed at the creation of an open, internationally competitive economy could be pursued in an unfettered manner.²⁵ This implies a rapid liberalisation of trade, a more complete set of measures for the promotion of exports and a more market-related exchange policy. Currently the aim of the country's primary trade and industrial policy is to create a more diversified export-oriented production sector that is internationally competitive.²⁶ This is, of course, aimed at realising socio-economic objectives such as job creation and higher growth rates and incomes (poverty alleviation). The macro-economic growth strategy, Growth, Employment and Redistribution Strategy (GEAR), announced by the South African government in 1996, was aimed at this and presupposes an annual ten percent increase in manufactured exports (as opposed to the export of raw materials). The strategy does not only necessitate export promotion, but also other measures such as the

²⁰ Dullabh, *South Africa=s Post-Apartheid Foreign Policy: towards a diplomacy of trade*, p. 78.

²¹ D.J.J. Jacobs, *Implikasies van die aanbevelings van die Uruguay-Rondte van die AOTH op Uitvoerbevordering in Suid-Afrika*, unpublished Masters thesis, Potchefstroom University, 1995, p. 25. For a fuller discussion of this period, see Dullabh, *South Africa=s Post-Apartheid Foreign Policy: towards a diplomacy of trade*, chapter 3.

For an interesting comparison between import-substituting industrialisation and export-promoting industrialisation in >dependent capitalist countries=, see: Robin Luckham, >Militarism: force, class and international conflict=, in Richard Little & Michael Smith (eds), *Perspectives on World Politics*, 2nd edition, London & New York: Routledge, 1991, pp. 372-3.

²² Dullabh, *South Africa=s Post-Apartheid Foreign Policy: towards a diplomacy of trade*, p. 59.

²³ *Ibid.* Also see: Jacobs, *Implikasies van die aanbevelings van die Uruguay-Rondte van die AOTH op Uitvoerbevordering in Suid-Afrika*, chapter 3.

²⁴ Dullabh, *South Africa=s Post-Apartheid Foreign Policy: towards a diplomacy of trade*, p. 78. South Africa could also learn from the experiences of other countries at the time. See for example Barend A.de Vries, *Export Promotion Policies*, World Bank Staff Working Papers, Number 313, Washington: World Bank, 1979. Also see: C.V.R. Wait, *Suid-Afrika se uitvoerbevooringsbeleid en die versoenbaarheid met die Algemene Ooreenkoms Insake Tariewe en Handel*, unpublished document, University of Port Elizabeth, 1987; D.G. Caras, *Export Promotion and the Export Effort in South Africa*, unpublished MBA-thesis, University of Cape Town, 1978; C.V.R. Wait, *Uitvoerbevordering in Ekonomies-Historiese Perspektief*, unpublished DCom-thesis, University of Stellenbosch, 1977.

²⁵ See Karen Swart, >SA se uitvoer op groei gerig=, *Finansies & Tegniek*, 9 January 1998, p. 16. Also see: Jacobs, *Implikasies van die aanbevelings van die Uruguay-Rondte van die AOTH op Uitvoerbevordering in Suid-Afrika*; Dullabh, *South Africa=s Post-Apartheid Foreign Policy: towards a diplomacy of trade*.

²⁶ Swart, >SA se uitvoer op groei gerig=, p. 16.

promotion of increased direct investment in the South African economy and of tourism to South Africa. The renewed emphasis on export promotion should also be viewed against the background of Africa=s and South Africa=s position in the global economy and the changing nature of the latter.

African countries are, much like the rest of the world, struggling to find direction in the post-cold war era. However, debates about the structure of these societies and how they should fit into the world, have less to do with the aftermath of the East-West conflict and more with the legacies of the colonial era and the failures of the first post-colonial generation. The following rather lengthy quotation summarises this very well:²⁷

From the 15th into the 19th century, Africa=s primary link with the world was through the export of slaves. In the 19th and 20th centuries, export of raw materials became the dominant link. This role as commodity supplier B whether of high-valued ivory, gold, diamonds, and oil or of precariously priced crops such as coffee and cocoa B largely excluded Africa from the more dynamic sectors of manufacturing, financial services, and information technology.

Political independence beginning in the 1960=s did not change this fundamental reality. Today Africa=s primary export remain unprocessed agricultural products and, for a handful of countries, minerals and oil. Even South Africa=s relatively developed economy is extremely vulnerable to the fluctuating price of gold. Y

Africa=s first post-independence generation B broadly speaking, from the 1960=s to the end of political apartheid in South Africa in 1994 B made significant advances Y (for example, in education, health, infrastructure development, industrial production for the domestic market.)

The generation=s failings were also considerable and painful B repressive, ineffective, and corrupt bureaucracies, military dictatorships, and one party states; deep indebtedness to international institutions and banks; a stifling of grassroots initiatives, public debate, and other civil liberties. These failings were compounded by an international system that fostered ill-conceived, nonfunctional, and costly development projects, heavy financial borrowing, and cold war-linked civil wars, which left newly independent countries with little economic cushion or political leeway for policy errors. Y

²⁷ William Minter, >Special Report: United States and Africa: Starting Points for a New Policy, Framework=, *Foreign Policy in Focus. Internet Gateway to Foreign Policy*. Interhemispheric Resource Center & Institute for Policy Studies <
<http://www.foreignpolicy-infocus.org/papers/africa/index.html>> (updated 5 November 1999, accessed 19 February 2000).

Yet, at the turn of the millennium, Africa is clearly entering a new political phase, variously referred to as a >second independence struggle=, a >third wave= of change, or, as popularized by Thabo Mbeki, an >African Renaissance=. Y

The transformation needed for new voices and social forces to make a real impact will not be easy, and it will be uneven. Its chances will depend, above all, on African initiatives, not only by African governments but by groups and individuals in African countries on both national and local levels.

But the chances of success also depend in large part on whether African realities and priorities are recognized in decision making arenas in multinational and rich-country institutions. Y

Achieving economic growth is indeed indispensable for achieving other goals, and it does require greater competitiveness and freedom from inefficient or corrupt bureaucratic restrictions. But growth will be neither sustainable nor fair unless it: 1) is directed toward job creation and poverty reduction, 2) produces for domestic and regional consumers and not only for international markets, 3) is undergirded by public investment in health and education, and 4) is protected from abuse of worker rights and the environment.

These views about what is needed to improve South Africa=s position have also been echoed by local South African leaders, in particular of late.²⁸

The processes of globalisation have of course changed the global economy in fundamental ways, with implications for South Africa:²⁹

- \$ Modern economies have become more interdependent and they exchange/trade more services and goods than ever before, as exemplified by the growing rate of export in relation to production.
- \$ The composition of trade has shifted away from mining and agricultural products to manufactured goods with a high level of added value.
- \$ The formation of regional trade blocs has increased in spite of multilateral attempts at liberalising world trade regimes.
- \$ The General Agreement of Tariffs and Trade (GATT) has been replaced by the World Trade Organisation (WTO), that regulates not only trade in goods but also in services and in intellectual property. This implies that much previously regarded as purely domestic is now trade related and subject to WTO rules and regulations.

²⁸ See for example the address of Dr. Mathole Motshekga, then Premier of Gauteng, on the occasion of the opening of the Export-Import Bank of China, 2 March 1999; Minister Alex Erwin=s address, referred to below (note 18).

\$ The nature of industrial competition has changed in that less emphasis is now placed on price competitiveness and more on the ability to apply new technologies and forge links with international partners.

²⁹ Swart, >SA se uitvoer op groei gerig=, p. 16.

All of these fundamental changes took place roughly over the past two decades.³⁰ This overlapped with South Africa's re-entry into the global economic arena after the end of sanctions and isolation. The South African government's reaction, amongst other things by means of GEAR, would therefore seem to be a rational response to the global dispensation as well as the country's position within the system. However it is true that South Africa is not sufficiently internationally competitive (yet?) to make the task an easy one. In spite of the distortions and inequities created by apartheid, South Africa is a high wage economy when compared to other developing economies and (in comparison to other possible candidates for both local and direct foreign investment in export-oriented manufacturing, South Africa is an inefficient and high-cost economy.³¹ Therefore much needs to be done to facilitate the work of those who are attempting to direct more foreign investment to South Africa and, ultimately to sell its products abroad.³² In the meantime, however, the aim is to engage in these and other forms of economic diplomacy, even though the task is not made easy by local circumstances such as uncompromising labour legislation³³ and troubling crime statistics.

In his address in August 1999 to the consultative conference in preparation for the WTO Seattle ministerial and the upcoming round of multilateral negotiations, the trade and industry minister, Mr Alec Erwin, highlighted the challenge posed by the upcoming round of multilateral trade negotiations.³⁴ He declared that if the process and objectives of that round of negotiations remain similar to those of the Uruguay Round, it would be to the detriment of the developing world. South Africa is to some extent a bridge between the developed and developing world in view of its location in Africa, while at the same time finding some interests aligned with those of the developed world. South Africa had to be able to articulate the interests of

³⁰ *Ibid.*

³¹ Patrick McGowan, 'The global informational economy and South Africa', in Walter Carlsnaes & Marie Muller, eds., *Change and South African External Relations*, Midrand: International Thomson Publishing, 1997, p.299. Also see Kuseni Dlamini, 'South Africa in the Global Economy', and Chris Stals, 'The Need for Longer-Term Structural Economic Adjustment in South Africa', both in *South African Yearbook of International Affairs 1999/2000*, Johannesburg: SAIIA, 1999, for a fuller discussion of the changing macro-economic environment, changes and problems in the South African economy.

³² Also see the following interesting article dealing with a framework for helping SA exporters reach their full potential: Jonathan Calof & Wilma Viviers, 'The promotion of exports in South Africa', *Africa Insight*, Volume 25, Number 4, 1995, pp. 248-53. This article focuses on what can be done domestically to encourage firms to export goods and services, rather than on the foreign policy/economic diplomacy aspect that interests us here.

³³ In April 2000, the Minister of Trade and Industry, Mr Alec Erwin denied however that overseas investors were in fact being discouraged by South Africa's labour legislation. See *Beeld*, 20 April 2000, p.1. It was also reported that South Africa had in fact become a popular destination for foreign investment and was, after China and Brazil, the most popular destination amongst the upcoming economies. See *Die Burger*, 22 April 2000, p.1.

³⁴ *Consultative Conference in Preparation for the WTO Seattle Ministerial and the Upcoming Round of Multilateral Negotiations, 24-25 August 1999*. <

<http://www.dti.pwv.gov.za/dtiwww/publicdocs/wto/MCC1999082425.htm> > (publication 11 October 1999, accessed 8 November 1999). Also see: *Finansies & Tegniek*, 14 January 2000, p. 16.

developing nations, while its interests as a trading nation are not bypassed=. He echoed the point made by Selebi=s DFA during the early 1999 thematic review process (see above) when it was said to be essential to form alliances with like-minded countries. The following quote from the Erwin address further elaborates on the South African viewpoint:

(t)he current underlying assumption that economic problems will be overcome if developing countries simply model their economies on that of developed countries, is inaccurate. The future impetus for growth is unlikely to come from developed countries, since their rate of growth is not dramatic anymore and they have utilised the bulk of their raw materials. If developing countries continue to expect their growth impetus to come from selling to developed countries, it would lead to further stagnation. The real growth impetus for the next millennium comes from development, and the real challenge is for development to take place. A major paradigm change is necessary B one which calls for major structural changes in the developed world. For South Africa and southern Africa to grow, there has to be development of their industrial economies and the level of trade between the countries in the region. Y South Africa argues that a rules-based system is the correct approach. South Africa must target many of the clauses that are preventing youngsters from coming into (the) world market. Y

South Africa has a major interest in giving leadership. The developing world should strive to lead the process not merely follow it. Y there is a lacuna in world leadershipY South Africa needs the system to be open to its economy and must approach the negotiations with confidence to lead, and not to merely react. In this regard alliances with like-minded countries Y will be important. Y

Y there needs to be a genuine balance of interest with outcomes (in the upcoming negotiations)Y there needs to be a genuine balance of interest with development and the unlocking of the trade system as primary objectives. Secondly, a balance in the process would require that we do not leave the majority of developing countries behind who do not have the same capacity to engage in trade negotiations. Y Thirdly, the outcomes must be balanced by ensuring proper consultation between government and other stakeholders. Y South Africa (should) focus on the structural dimensions of the world trading system relating to both the built-in agenda items (especially agriculture), and also to new agenda items, e.g. competition policy, investment, and trade facilitation. Y it would be better to have rules about these aspects than to have nothing. Y

An important area on which South Africa differs from virtually all its developing partners, (is) the concept of sustainability. One couldn=t foresee a sustainable world trade system if it is not based on some degree of equity. In this regard, one cannot avoid addressing issues such as human rights, labour standards, and even the structure of the financial system. Y these measures can be abused as protectionist mechanisms, but if they are not taken into account, the system cannot be sustainableY.

Considerable influence can be exerted if developing countries stand together. However, South Africa does not favour a comprehensive round of industrial negotiations, but will have to target specific barriers that exist in the system.

In February 2000 the Minister of Foreign Affairs Dr Nkosazana Zuma, having emphasised South Africa's responsibilities towards the international community in general and Africa in particular and having summarised the country's programme for Africa, also referred to the need to reverse the isolation of Africa from the economic mainstream, to eradicate poverty world wide and for joint and integrated development.³⁵ It is therefore quite clear that the South African government places great emphasis not only on the need for the country to join the economic mainstream, to develop and to alleviate poverty whilst doing so, but also on doing this largely by means of multilateralism and for the benefit of the its region and the developing world in general. The changes it would like to promote and is willing to take the lead in bringing about are also quite far-reaching.

The need for export promotion, both in terms of the global economic dispensation and South Africa's position in it, as well as current South African policies has been established. We turn to the nature of South African economic diplomacy and to answering the questions of who is responsible both for export promotion and for creating the circumstances favourable for it, as well as what exactly the role of the DFA is in export promotion.

4. South African economic diplomacy, the Department of Foreign Affairs and export promotion

³⁵ *Briefing by the Minister of Foreign Affairs, Dr. Nkosazana Zuma.* (2000) < <http://www.polity.org.za/govdocs/speeches/2000/sp0208a.html> > (publication 8 February 2000, accessed 21 February 2000).

To a large extent the history of South African diplomacy started with trade promotion. A majority of the earliest representatives of the Union of South Africa post-1910 were trade representatives.³⁶ This was an expression of the importance attached to the promotion of trade and in particular export promotion in those early days, as well as the fact that Britain was still responsible for conducting the 'political' diplomacy of South Africa. The economic aspect was therefore the main focus of South Africa's early diplomatic effort. The earliest trade commissioners were stationed in the United Kingdom (London), on the European Continent (initially Rotterdam and later Milan and Hamburg), and in North America (New York). The Union also had an agent in Lourenço Marques, Portuguese Mozambique. The latter represented all the government departments of South Africa in that territory, as was the case with some of the trade commissioners.³⁷ The Union Government also made quite extensive use of honorary trade commissioners in various European countries. As the Union of South Africa became constitutionally (after the Balfour Declaration of 1926) and subsequently also politically more independent from Britain,³⁸ foreign representation began to develop a stronger political component. South African overseas representatives found it difficult in the immediate post- 1926 period to convince officials in foreign countries that South Africa was no longer a colony of Britain and that they could liaise directly with foreign governments. However, the new constitutional reality was also gradually reflected in the political sphere. South Africa would still rely to some limited extent on the British overseas service to perform certain functions for it, but developed its own >political= representation abroad. After the Second World War, South Africa would come under increasing international pressure due to its domestic policy of *apartheid*. As a result the political aspect of South African diplomacy became very prominent. When South Africa left the Commonwealth in 1961 (under pressure due to its domestic policies that were no longer acceptable to the majority of Commonwealth members), the special relationship with Britain changed. South Africa would have to extend its foreign representation to compensate for this.³⁹ By the sixties, seventies and eighties its main function was to try and counter international criticism and condemnation. South Africa's economic diplomacy also changed in nature. During the height of sanctions and disinvestment, countering these forms of punitive economic diplomacy became its main focus.⁴⁰ Here the South African government came up

³⁶ M.E. Muller, *Suid-Afrika se Buitelandse Verteenwoordiging (1910-1972)*, Pretoria: Van Schaik, 1976, chapter 3.

³⁷ See *Ibid*, p. 51 for a fuller discussion of the functions performed by, for example, Eric Louw who was South Africa's first trade commissioner in North America. Before his appointment in 1925, the trade commissioner attached to the High Commission in London, was also responsible for promoting South African exports to the United States and Canada.

³⁸ Muller, *Suid-Afrika se Buitelandse Verteenwoordiging*. Also see: Dullabh, *South Africa's Post-Apartheid Foreign Policy: towards a diplomacy of trade*, p.1.

³⁹ For details see: Muller, *Suid-Afrika se Buitelandse Verteenwoordiging*. Also see: Dullabh, *South Africa's Post-Apartheid Foreign Policy: towards a diplomacy of trade*, chapter 5.

⁴⁰ For a full discussion of South Africa's isolation see: Deon Geldenhuys, *Isolated States*, Johannesburg: Jonathan Ball, 1990. It should be noted that South Africa's external economic relations had become a prime target of the isolaters (Dullabh, *South Africa's Post-Apartheid Foreign Policy: towards a diplomacy of trade*, p. 3).

against the liberation movements (such as the ANC) and other opponents, who would spearhead the call for sanctions and disinvestment.⁴¹ Meanwhile, the South African government began to move away from the policy of import substitution to export promotion early in the 1970s.⁴² The interplay between these aspects of policy would shape the conduct of South Africa's economic diplomacy up to the political transition in South Africa.⁴³ The South African government would attempt to extend its economic diplomacy, but would be met by international resistance resulting in a limited deployment of such diplomacy during this time.⁴⁴

Since the political change in South Africa and with a renewed emphasis on economic diplomacy and export promotion, South Africa could join hands with >like-minded= countries in multilateral *fora* for purposes of shaping the global environment to make it a >friendlier= place for developing economies. Though South Africa is doing much by way of bilateral relations to improve its own economic position, it has also been expending much effort in doing what it can for others in its position and attempting to bring about changes in the global environment to make it more conducive to successful export promotion efforts by developing countries. Both export promotion and creating a favourable global dispensation entail economic diplomacy and South Africa has been involved in both types. This is very evident from numerous policy statements and has already been referred to above in a policy context. We will now turn to a more detailed examination of those responsible for carrying out these tasks.

⁴¹ See for example: Scott Thomas, *The Diplomacy of Liberation: The Foreign Relations of the African National Congress since 1960*, London & New York: Tauris, 1996.

⁴² Jacobs, *Implikasies van die aanbevelings van die Uruguay-Rondte van die AOTH op Uitvoerbevordering in Suid-Afrika*, p. 25. Also see: Dullabh, *South Africa's Post-Apartheid Foreign Policy: towards a diplomacy of trade*.

⁴³ It is not possible to analyse this aspect in any detail here as the focus is on the post-1994 period. For some useful information, see: Dullabh, *South Africa's Post-Apartheid Foreign Policy: towards a diplomacy of trade*.

⁴⁴ For some detail on SA foreign representation and the structure of the DFA during the years 1972-1994 B reflecting the relative importance/weight of economic diplomacy B see: Marie Muller, >South Africa's Changing External Relations=, in Murray Faure & Jan-Erik Lane (eds.), *South Africa: Designing New Political Institutions*, London: Sage, 1996, pp. 121-150; Muller, >The institutional dimension: The Department of Foreign Affairs and Overseas Missions=.

According to the 1999 official *South Africa Yearbook*, several organisations currently promote exports and external trade relations in general. However, the major government agency involved in export promotion is the Chief Directorate: Export and Investment Promotion of the Department of Trade and Industry (DTI).⁴⁵ The functions of this chief directorate are: >to develop and provide assistance and services to South African enterprises wishing to enter the global market place.=⁴⁶ In performing its functions, there are however close linkages with the Department of Foreign Affairs (DFA). The latter is the government department primarily responsible for the overall co-ordination of South African relations with the outside world. The closeness of the linkages between the functions of the DFA and that of other government departments such as trade and industry, have often resulted in difficulties and even tension. At best, there is a real need for proper coordination and integration of South Africa=s economic diplomacy efforts. One of the solutions suggested has been to merge the two departments as this, it was argued, would facilitate policy homogeneity and would enhance the ministry of foreign affairs= expertise in foreign trade and multilateral economic issues.⁴⁷ The issue was hotly debated a few years ago when it was described by one commentator as >probably Y the most crucial issue in the near future= for the South African leadership to resolve.⁴⁸ However, the issue seemingly subsided for a while when the two ministries found a partial solution through >synchronised political and economic approaches towards particular countries=.⁴⁹ However, undercurrents of tension remain. In 1997 it was reported that a merger was again under discussion.⁵⁰ The view was expressed that a section to be known as >foreign trade= should be created within the Department of Foreign Affairs in order to oversee and manage trade.⁵¹ Those in favour of a merger argued that this would bring about rationalisation and greater productivity and referred to both Australia and Canada where the two departments have been merged and argued that these have been successful experiments.⁵² Those who were against, emphasised the primary political focus of the work of the DFA and argued that the political aspect of South Africa=s foreign policy should not be diluted, but should remain its first priority.⁵³ They argued that neither Canada nor Australia had a strong political identity in international politics and could not serve as models for South Africa.⁵⁴ Meanwhile the late foreign

⁴⁵ The Government Communication and Information System, *South Africa Yearbook*, 1999, p. 287.

⁴⁶ *Ibid.*. A separate directorate, the Directorate: Financial Assistance Schemes, is responsible for a variety of schemes to financially assist export promotion (pp. 287-8). Also seen as part of the >support package= for export, are the establishment of industrial development zones and investment finance (see: Swart, >SA se uitvoer op groei gerig=, p. 17.)

⁴⁷ Muller, *The Foreign Ministry of South Africa: from isolation to integration to coherency*.

⁴⁸ Greg Mills, >South African Foreign Policy: The Year in Review=, in *South African Yearbook of International Affairs*, 1996, p. 5.

⁴⁹ Martin Creamer, >Rustomjee outlines trades mission strategy=, *Engineering News*, 3 May 1996, p. 13.

⁵⁰ Johan Coetzee, >Handel en buitelandse sake dalk een=, *Finansies & Tegniek*, 49/46, 21 November 1997.

⁵¹ See: *Ibid.*.

⁵² *Ibid.*.

⁵³ See: *Ibid.*.

⁵⁴ *Ibid.*. For more details about the Australian Department of Foreign Affairs and Trade and in

minister Nzo was criticised for >failing to assert himself with his own colleagues in the cabinet= and as a result allowing other ministers to >seize the foreign policy initiative=.⁵⁵ Minister of Trade and Industry, Alec Erwin, who >has completely taken over the free trade area negotiations with the European Union= was quoted as an example of this and it was said that the DFA had also >lost control of some foreign policy responsibilities because the government had wanted to keep them out of the hands of the previous Director-General, YRusty Evans, who (had been)Y appointed by the previous National Party government=.⁵⁶

In July 1998, shortly after he took up the position of Director-General, Selebi stated that South Africa=s diplomatic efforts >had to be more closely co-ordinated with the trade and industry department to attract investment and new business=.⁵⁷ In February 1999 foreign minister Nzo, in a briefing, referred to an agreement that had been reached on >joint training with officials from other departments, especially the Department of Trade and Industry= and said that officials from the DFA would >be seconded to other departments as a way of building capacity=.⁵⁸ In November 1999, however, it was again reported that >interdepartmental rivalries between trade and industry and foreign affairs were criticised Yfor slowing down SA=s cooperation with its neighbours=.⁵⁹ A former foreign affairs official was also quoted as blaming

particular Austrade, the Australian Trade Commission, the federal government=s export and investment facilitation agency, see: AUSTRADE: AUSTRALIAN GOVT EXPORT FACILITATION AGENCY, <

<http://www.austrade.gov.au/generalinfo/> > (accessed on 21 February 2000).

⁵⁵ Peter Fabricius, >Virtuosity Versus Bureaucracy=, *South African Yearbook of International Affairs*, 1999/2000, p. 220.

⁵⁶ *Ibid.* Also see: Garth le Pere & Anthoni van Nieuwkerk, >Making foreign policy in South Africa=, in Philip Nel & Patrick J. McGowan (eds.), *Power, Wealth and Global Order*, Cape Town: University of Cape Town Press, 1999, p. 206, where Erwin is described as >the chief steward of South Africa=s bilateral and multilateral trade diplomacy=.

⁵⁷ Stephen Laufer, >SA to beef up foreign service=, *Business Day*, 20 July 1998, p. 5.

⁵⁸ DEPARTMENT OF FOREIGN AFFAIRS (1999) *Briefing by Foreign Minister Alfred Nzo*. Cape Town: DFA <

<http://www.polity.org.za/govdocs/speeches/1999/spo2o8b.html> > (published 8 February 1999, accessed 19 Augustus 1999).

⁵⁹ John Dlodlu, >Trade, foreign affairs rivalries delay talks=, *Business Day*, 24 November 1999, p.5.

the trade department for >the haphazard way talks to review the Southern African Customs Union were being conducted=.⁶⁰

⁶⁰ *Ibid.*

At present there do not seem to be any moves afoot to integrate the two government departments.⁶¹ The DFA has been subject to various changes and in particular renewed affirmative action plans under its new Director- General, Mr Siphon Pityana, who emphasised that it was now time for action and that the emphasis in foreign policy had shifted from >pure diplomacy= to relations built on, amongst other things, >mutual economic principles= and trade.⁶² Meanwhile the DTI appointed a new Director-General Dr Alistair Ruiters in March 2000, who immediately promised >major changes= and restructuring in that department as well as making his department more focused.⁶³ Mention was made of looking anew at cooperation with >other departments=, but nothing more. The importance of building synergy remains as >both participate in international trade negotiations whilst remaining separate units, run by different ministers with independent budgets and visions.= The exact division of labour and the nature of the relationship between the two departments with regard to economic diplomacy varies from case to case.⁶⁴

The DFA currently maintains roughly one hundred missions abroad.⁶⁵ The DTI= foreign office establishment, on the other hand, consisted in February 2000 of 44 offices that were staffed by 61 transferred officials from the DTI, assisted by additional personnel recruited locally in each country.⁶⁶ By mid-2000 it was reported that there were now offices in only 40 countries and that some of these posts were vacant.⁶⁷ These offices are attached to the DFA missions (mostly embassies or high commissions, but in some cases consulate-generals). Included is a DTI office at the South African Mission to the European Union in Brussels, Belgium, and there is also a DTI office at the WTO in Geneva, Switzerland. Presumably DTI offices are deployed in those countries that are regarded as holding the most promise in terms of the objectives pursued by the foreign trade representatives, which are to:⁶⁸

\$ promote South African exports;

⁶¹ Telephonic interview with Ms Karen Lingenfelder, Deputy Director of :FS of the Subdirector: Global Economic Affairs, Directorate: International Development and Economic Affairs, Chief Directorate: Multilateral Development and Economic Affairs, DFA, 2 March 2000.

⁶² See for example: *Beeld*, 31 March 2000, p.16; *Sowetan*, 6 June 2000, p.4.

⁶³ See for example: *The Star*, 1 March 2000, p.6; *Rapport*, 12 March 2000, p.1; *Finansies & Tegniek*, 21 April 2000, p.26.

⁶⁴ Telephonic interview with Ms Karen Lingenfelder, Deputy Director of :FS of the Subdirector: Global Economic Affairs, Directorate: International Development and Economic Affairs, Chief Directorate: Multilateral Development and Economic Affairs, DFA, 2 March 2000.

⁶⁵ *South African Economic Diplomacy in the Age of Globalisation*, presented at the 2000 ISA Convention, Los Angeles, March 15-18.

⁶⁶ DEPARTMENT OF TRADE AND INDUSTRY (2000) *Foreign Offices*. < http://www.dti.pwv.gov.za/dtiweb/dtiwww/foreign_offices.html > (updated 25 February 2000, accessed 29 February 2000). It is interesting to note that though this home page was dated 25 February 2000, the details pertaining to China (PRC) and Taiwan had not been rectified to bring it in line with the change in diplomatic relations between South Africa and these two countries that was effected at the end of 1997 B see above.

⁶⁷ *Finansies & Tegniek*, 28 July 2000, p.20.

⁶⁸ *Ibid.*.

- \$ encourage foreign investment into South Africa;
- \$ encourage technology transfers between South Africa and other countries; and
- \$ improve bilateral relations between South Africa and the host country.

Clearly, some countries would feature more prominently as far as potential foreign investment is concerned (such as the US, (Western) European and some Far Eastern countries), whereas others (such as the African, Middle Eastern and Latin American countries) are more exclusively relevant as far as export promotion is concerned.⁶⁹

⁶⁹ See for example: Swart, >SA se uitvoer op groei gerig=, p. 17.

The DTI is responsible for deciding priorities as far as trade is concerned and will decide where its offices will be.⁷⁰ DTI officials are the technical experts and DFA relies on this expertise. However, in terms of normal diplomatic practice, trade representatives attached to diplomatic missions fall under the authority of the diplomatic head of mission. DFA officials will provide advice on cultural and political aspects, are responsible for changing negative perceptions about South Africa (relating to violence, crime, HIV/Aids, an unskilled and inflexible labour force) and generally play the role of coordinators of various activities.⁷¹ Also, in those approximately 60 countries where DTI has no foreign offices, the DFA foreign missions will have to and do perform trade-related functions themselves.⁷²

Personalities often play a role in how well cooperation between DTI and DFA works. A complicating factor, however, is the performance management system, effective in both departments since late 1998 and early 1999. DTI and DFA officials have different priorities and therefore performance targets and, as a consequence, will not always work in tandem.⁷³ DFA officials are, of course, recruited and trained as generalists and though some substantial economic modules are included in their training programme, it is difficult for such persons to keep abreast of developments in the economic sphere in specific countries and regions.⁷⁴ In the fast moving world of today circumstances both in foreign countries and the home country, South Africa, change constantly and it is not always easy to be sufficiently *au fait* in answering complicated technical questions.

In summary, the problems encountered in South Africa=s bilateral economic diplomacy and export promotion in particular, lie in these areas:⁷⁵

- \$ Coordination
- \$ Communication
- \$ Specialisation

⁷⁰ Telephonic interview with Ms Lingenfelder, 2 March 2000.

⁷¹ *Ibid.*.

⁷² *Ibid.*.

⁷³ *Ibid.*.

⁷⁴ *Ibid.*.

⁷⁵ Telephonic interview between the author=s research assistant, Ms Odette Hartslief, and a DTI official, March 2000.

At the end of July 2000 it was announced that the DTI would be closing half its overseas posts over the next two years and that the DFA would be taking over the tasks relating to economic representation.⁷⁶ Those still to be employed by the DTI would be >trained properly= and it was also rumoured that additional economic experts and academics would also be brought into the department. It was also reported that the DTI would be giving information technology more attention; there would be >a new role in supporting the knowledge economy, moving in the direction of IT=.⁷⁷ Whilst it was clear that the DTI was indeed being >sweepingly reorganised=,⁷⁸ it was also realised that the need for co-ordination between the DTI and the DFA remained.⁷⁹ Some reports seemed to indicate that the DTI would be moving towards a situation where they would be working more independently of the DFA, reporting that overseas offices, including >dedicated investment offices=, might be opened outside of the embassies.⁸⁰ If this were to happen, clearly the need for good communication and coordination would only increase.

⁷⁶ *Finansies & Tegniek*, 28 July 2000, p.20. It was said at the time that it had not yet been decided which offices would be retained, but that if the size of the market would be a consideration, their offices in Africa would have to go first.

⁷⁷ *The Star*, 25 April 2000, p.1.

⁷⁸ See: *The Star*, 3 August 2000, p.6; *Sunday Times*, 13 August 2000, p.1; *Business Day*, 18 August 2000, p.3, 24 August 2000, p. 21; *The Star*, 24 August 2000, p 7; *Beeld*, 25 Augustus 2000, p.7; *Business Day*, 24 August 2000, p.2 contains an representation of the emerging design of >the new trade and industry department=.

⁷⁹ *Finansies & Tegniek*, 28 July 2000, p.20.

⁸⁰ *Beeld*, 25 Augustus 2000, p.7. Also see: *Sunday Times*, 27 August 2000, p.1.

As far as the multilateral component of South Africa's economic diplomacy is concerned, this need would probably apply to a large extent as well. With regard to technical aspects, the DTI clearly has the advantage and must play a greater role. Some speak of >a formidable team of negotiators= in the DTI,⁸¹ but one could safely assume that the need for expert capacity in negotiating in international *fora* is not fully met in the light of the leadership role that South Africa would like to play in this regard.⁸² Also, South African negotiating teams are made up of both DTI and DFA officials and the relative roles of the DTI and DFA in prominent multilateral (economic) negotiations vary.⁸³ Therefore, problems of co-ordination and available expertise persist. Though the DTI, in the person of Erwin, was reported to have >completely taken over the free trade area negotiations with the European Union=,⁸⁴ the political aspect of the negotiations required a prominent foreign affairs involvement.⁸⁵ This is apparently less so in the case of WTO negotiations, as South Africa is a member of that organisation and matters can be left to the technical experts to a greater extent.⁸⁶ In the case of the SADC free trade protocol negotiations, the DFA again took second place to DTI.⁸⁷ To the extent that DFA is involved in the SADC negotiations, it is Branch: Africa that acts on its behalf. In the EU/SA and WTO negotiations, the Chief Directorate: International Economic Affairs (within Branch: Multilateral Affairs) is the relevant section of the DFA.⁸⁸ According to the DFA Multilateral Affairs Annual Report, 1998 (p.3) the Chief Directorate is responsible for the department's >interaction with other government

⁸¹ le Pere & Van Nieuwkerk, >Making foreign policy in South Africa=, p. 206.

⁸² See for example discussions during the Consultative Conference in Preparation for the WTO Seattle Ministerial and the Upcoming Round of Multilateral Negotiations, 24-25 August 1999. <<http://www.dti.pwv.gov.za/dtiwww/publicdocs/wto/MCC1999082425.htm>> (publication 11 October 1999, accessed 8 November 1999). Also see: Wilhelm Smalberger, >Lessons learnt by South Africa during the Negotiations=, in Talitha Bertelsmann-Scott, Greg Mills & Elizabeth Sidiropoulos (eds.), *The EU-SA Agreement: South Africa, Southern Africa and the European Union*, Johannesburg: SAIIA, 2000, pp. 49-50: >We would be wise to revisit our institutional make-up and the way we organise ourselves during international deliberations=.

⁸³ Telephonic interview with Ms Lingenfelder, 2 March 2000.

⁸⁴ See above.

⁸⁵ For details of the EU/SA negotiations that took place over a six year period from 1994 to 1999, the fruits of which were to take effect in January 2000, see for example: Bertelsmann-Scott, Mills & Sidiropoulos (eds.), *The EU-SA Agreement: South Africa, Southern Africa and the European Union*, 2000; *South African Business and the European Union in the Context of the New Trade and Development Agreement*, Seminar Report, Konrad Adenauer-Stiftung, Johannesburg: Rand Afrikaans University, 18 June 1999; Fred Ahwireng-Obeng & Patrick J. McGowan, >The EU-SA Free Trade Arrangements=, *South African Journal of International Affairs*, Volume 6, No 1, Summer 1998, pp. 101-12. The dispute that erupted between South Africa and some EU members about the use of the names >grappa= and >ouzo= threatened the implementation of the agreement. This was finally resolved in February 2000, when the SA Cabinet accepted an EU proposal to end the dispute by making the WTO the final arbiter of whether these names should be protected (Wyndham Hartley, Patrick Wadula, Inet Bridge and Reuters, >Govt accepts EU trade compromise=, *Business Day*, 17 February 2000, p. 1.)

⁸⁶ Telephonic interview with Ms Lingenfelder, 2 March 2000.

⁸⁷ Also see: le Pere & Van Nieuwkerk, >Making foreign policy in South Africa=, p. 206; Talitha Bertelsmann, >Trade Integration in Southern Africa=, *South African Journal of International Affairs*, Volume 6, Number 1, Summer 1998, pp. 47-51.

⁸⁸ Telephonic interview with Ms Lingenfelder, 2 March 2000.

departments especially economic departments and with the outside world in the multilateral economic field=. >In terms of the promotion of trade, investment, technology transfer and tourism, the department works in close collaboration with the Department of Trade and Industry, Investment South Africa and the Department of Environmental Affairs and Tourism=. The Report also states that >it is envisaged that South African missions abroad will be playing an increasingly important role in these fields= and lists the following as of key interest in the field of international economic affairs:

- \$ The multilateral trading system and the WTO
- \$ South African relations with the European Union
- \$ South African alignment with the Lomé Convention and the Asian-Caribbean-Pacific countries (ACP)
- \$ South-South Cooperation
- \$ Multilateral development programmes
- \$ Inward development assistance, and
- \$ Promotion of trade, investment and tourism
- \$ Engagement with economic sections of the UN family, such as ECOSOC, UNCTAD and UNDP.

In addition to the government departments (primarily trade and industry and foreign affairs) involved in export promotion, summitry has been very important. President Mbeki has taken a particular interest in both this aspect of economic diplomacy, as well as in gaining support for >a better deal for the developing world in the next round of international trade talks=.⁸⁹ Mbeki has been described as >a very skilled diplomat and international statesperson= with an outlook that is >distinctly internationalist=,⁹⁰ but also as >a foreign affairs junkie who tightly controls decisions without much reliance on the experts, ambassadors and desk officers in Foreign Affairs= B no mention of DTI B and who had appointed Zuma as successor to Nzo because he needed >an assertive, loyal implementer able to charm and to hustle in a way that laid-back Alfred Nzo was not=.⁹¹ It was reported that Nzo had followed in the footsteps of his predecessor Pik Botha, by venturing into >the international trading arena= by helping to >forge trade links to China= *after having stepped down as minister of foreign affairs*.⁹² Foreign Minister Zuma, however, became involved in economic diplomacy early in her term of office when she visited Brussels with a view to improving the >overall relationship between South Africa and Europe=, but including an attempt to unravel a hitch at the time with the EU/SA agreement.⁹³

It should be noted that there are also a number of other organisations that promote

⁸⁹ See for example: John Fraser, >Mbeki seeks world support=, *The Star*, 8 November 1999, p. 5.

⁹⁰ le Pere & Van Nieuwkerk, >Making foreign policy in South Africa=, p. 204.

⁹¹ Herbert and Fabricius, >Zuma scores an A in her 100-day baptism of fire=, p. 11.

⁹² Marc Hasenfuss, >Nzo to help forge trade links to China=, *Saturday Star*, 7 August 1999, p. 1.

⁹³ >Dr Zuma in Europe for trade talks=, *The Citizen*, 21 January 2000, p. 11.

trade generally between South Africa and countries abroad. Some examples are the South African Foreign Trade Organisation (Safto), the South African-German Chamber of Trade and Industry, the Netherlands-South African Chamber of Commerce and Industry, the South African-British Trade Association and South African Binational Chambers of Commerce abroad.⁹⁴ The provinces (sub-national entities/regions) within South Africa have also been involving themselves in building foreign relations,⁹⁵ including export promotion, and the South African government has been involving the business sector as well in trade negotiations and in export promotion. In this regard particular mention should be made of export councils, groupings of export companies,⁹⁶ as well as of the new task forces that DTI has been setting up with representatives of the private sector since early August 2000.⁹⁷ The fact is that in a globalised world, governments do not become less important, but they have to transform their role.⁹⁸ Involving many different actors, both within and without government, means that total capacity to deal with aspects such as export promotion could be enhanced. However, it is also creating considerable problems of coordination and integration. This is true of economic diplomacy, but also of diplomacy in general. Greg Mills warns:⁹⁹

As the constant interaction of people and ideas, foreign policy will in the future require a coordinated design and not consist merely of short-term responses to domestic, regional, continental and world wide problems. In today's global economy it is no longer appropriate to attempt to maintain a

⁹⁴ *South Africa Yearbook*, 1997, p. 256.

⁹⁵ This was discussed more fully in Muller, 'The Foreign Ministry of South Africa: from isolation to integration to coherency', presented at the Conference on Foreign Ministries: change and adaptation, London, UK, 5-7 February 1997, also published in revised form in Brian Hocking (ed.), *Foreign Ministries. Change and Adaptation*, London: Macmillan, 1999. Also see: address of Dr. Mathole Motshekga, then Premier of Gauteng, on the occasion of the opening of the Export-Import Bank of China, 2 March 1999; address of Dr. Mathole Motshekga, then Premier of Gauteng, at the Welcoming Banquet in Beijing, 1999; speech in honour of King Carlos of Spain by Dr. Mathole Motshekga, then Premier of Gauteng, February 1999.

⁹⁶ *Die Burger*, 17 March 2000, p.3; *The Star*, 28 June 2000, p.5.

⁹⁷ *The Star*, 8 August 2000, p.6.

⁹⁸ See Greg Mills, 'Our renaissance offers Africa a set of ideals and values', *Business Day*, 4 February 1999, p. 11.

⁹⁹ *Old Dogs and New Tricks? South Africa, Foreign Policy, Business and the African Renaissance*. Address to the Pretoria Branch of the South African Institute of International Affairs, 3 December 1998.

highly-compartmentalised approach which in practice differentiates between aspects of policy (trade, political, military), governmental departments and business.

5. Conclusion

It is obvious that the conduct of economic diplomacy in this day and age is no easy matter. This is particularly true for South Africa, a country which to some extent still lacks the capacity for effective economic diplomacy and export promotion. However, it is also true for other countries and even the major powers. In a major report on US diplomacy the following pronouncement was made:¹⁰⁰

American diplomacy is today at severe risk because it does not have the modern technology it needs to do its job. As astonishing as it may seem, the Department of State does not have the proper tools for gathering, processing, and disseminating information, nor for communicating effectively with an increasingly democratic world.

Having appealed for a strengthening of the USA's ability to >expand global markets and assist US business abroad=, the role of the USA government in commercial diplomacy is described as that of >mediator, moderator, and facilitator=.¹⁰¹ In conclusion the report states that the American >foreign policy machinery warrants a thorough examination=.¹⁰² If this is true of US diplomacy, South African diplomacy is certainly not exempt and it would seem as if the DTI at least has now come to this realisation. Constant re-evaluation of all aspects of South African diplomacy is imperative. In diplomacy in general and economic diplomacy in particular, knowledge and skills are very important and can lend a country considerable influence.¹⁰³ These needs should receive more attention at the DFA as

¹⁰⁰ *Reinventing Diplomacy in the Information Age*, A Report of the CSIS Advisory Panel on Diplomacy in the Information Age, Washington: Centre for Strategic and International Studies, 1998, p. vii.

¹⁰¹ *Ibid.*, p. 71.

¹⁰² *Ibid.*, p. 77.

¹⁰³ Compare Donna Lee's findings on the role of Britain in the Kennedy Trade Round in the 1960=s in *Middle Powers and Commercial Diplomacy. British Influence at the Kennedy Trade Round*, London: Macmillan, 1999, p. 146. Dullabh, >South Africa=s Post-Apartheid Foreign Policy: towards a diplomacy of trade, chapter 5, had a number of suggestions about the skills and knowledge that South African diplomats would have to acquire to be effective in trade diplomacy. It would seem as though the DTI has now paid some attention to the advice.in trade diplomacy. It would seem as though the DTI has now paid

well. Tertiary education institutions and non-governmental organisations also have a role to play. In addition the influence gained through participation in such vital negotiations as the Seattle Round should be closely observed, studied and lessons should be learnt from such experiences.

some attention to the advice.

It is always difficult to pronounce on the success or effectiveness of diplomacy. One could point to possible examples of successful South African diplomacy and specifically economic diplomacy, such as the reported 8 percent growth in South African wine exports in the first nine months of 1999 amid >intense competition=.¹⁰⁴ It is a difficult thing, however, to determine whether such growth in exports is really due to the effectiveness of export promotion efforts. Other factors could be at work. It has been shown that an >improvement of the diplomatic climate= by 50 percent may on average increase trade by about 25 percent.¹⁰⁵ Certainly, in the case of South African wine (and many other) exports, the lifting of sanctions combined with an >improvement of the diplomatic climate= did contribute to better sales abroad. So, how effective was export promotion? Also, a decline in export performance could be a function of the depressed state of the world economy rather than a lack of energetic export promotion efforts. In comparing the trade figures of South Africa since 1994, one could speculate whether export promotion has made any difference if in 1994 the US, Germany, the United Kingdom, and Japan were listed (in that order) as South Africa=s main trading partners,¹⁰⁶ and by 1998 they were still in exactly the same positions.¹⁰⁷ Of course, trade did increase, but would it not have been the case regardless of export promotion efforts in those countries due to the sheer momentum of trade relations? When will the shift in policy to greater emphasis on relations with some other regions begin to show real results? Did the redeployment of foreign missions in regions such as Asia, the Middle East and Africa have any real impact? South African trade with the Peoples= Republic of China did increase considerably after the establishment of diplomatic relations, but was this due to trade promotion as such? These are difficult questions. The need for a capable, integrated and well coordinated economic diplomacy remains, however, in spite of difficulties in measuring the immediate effectiveness of such efforts. Though the impact of export promotion is probably not direct and short term, it cannot be argued that it is meaningless or a waste of resources.

In the case of South Africa the ultimate objective of export promotion is not just greater national wealth and/or a stronger position in the world economy. Ultimately it is a question of survival for the young African democracy. South Africa=s survival,

¹⁰⁴ See Marcia Klein, >SA=s wine exports grow despite strong competition=, *Business Day*, 13 January 2000, p. 4.

¹⁰⁵ Peter A.G. van Bergeijk, *Economic Diplomacy, Trade and Commercial Policy. Positive and Negative Sanctions in a New World Order*, Aldershot, Hants: Edward Elgar, 1994, p. 163.

¹⁰⁶ *Africa Confidential*, 15 March 1996.

¹⁰⁷ Talitha Bertelsmann-Scott, >South Africa=s Foreign Trade Ties=, *South African Yearbook of International Affairs*, 1999/2000, p. 441.

however, is in turn closely tied up with that of the region and the African continent as a whole. Trade, in this context, must be a matter of balance: South Africa already exports >too much= to Africa when seen in the context of the >too little= that is imported *from* Africa. The avoidance and correcting of such imbalances must also be accounted for in South African economic diplomacy. However, the greatest contribution of South African diplomacy could well lie in its role as a >shaper= of a more equitable and therefore ultimately sustainable economic order B a daunting, yet worthwhile task. Diplomacy and in particular economic diplomacy, has become part of the processes of global governance and to quote President Mbeki again: >From this we cannot walk away=.

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