

## **Taking stock of the strategic partnership between the EU and South Africa**

The European Union-South Africa Partnership Summit, held in Cape Town on 11 September 2009, is the second Heads of State meeting since the establishment of the Partnership in May 2007. The first EU-SA Summit, which took place in Bordeaux on 25 July last year, marked a landmark moment in the bilateral relations between the two countries, elevating their partnership to the highest political level, namely a Strategic Partnership. The Cape Town Summit further highlighted the political significance of the partnership and the importance of continued bilateral co-operation. It also served to maintain the momentum of the working groups by highlighting the progress made in particular areas thus far<sup>1</sup>.

The Summit also introduced the EU delegation to the recently elected Zuma cabinet and appointed ministers. The South African delegation include President Jacob Zuma; the Minister of International Relations and Co-operation, Maite Mashabane; the Minister of Water and Environmental Affairs, Buyelwa Sonjica; the Minister of Trade and Industry, Rob Davies; and the Minister of Economic Development, Ebrahim Patel.

The EU delegation was led by the Prime Minister of Sweden, Fredrick Reinfeldt, as Sweden holds the current rotating chair of the European Council. Other participants included the Secretary General of the Council and High Representative for the Common Foreign and Security Policy, Javier Solana. The EU delegation will also include the European Commissioner for Development and two Swedish ministers, including their Minister of Development<sup>2</sup>.

Both the EU and South African delegations were selected specifically to fit the content of the agenda for the Summit. Bilateral discussions focused on overcoming the challenges associated with the economic partnership agreement (EPA) negotiations; South Africa's Rural Development Strategy and the EU as a development partner for the continent; the 2010 FIFA World Cup; and political and institutional developments and changes in the EU and South Africa – including the election of a new Parliament and the EU's foreign policy agenda for Africa. Further discussion focused on global issues of climate change and the economic crisis (both Swedish priorities for their Presidency), as well as on regional and global hotspots and conflict zones (such as Zimbabwe, the Middle East and the Great Lakes Region). Parties also engaged on issues of co-operation in the field of energy, science and technology, maritime transport and climate change. On 12 September, the Swedish development minister will lead an EU team on a visit to Zimbabwe.

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<sup>1</sup> This year's Summit will build on the discussions that have taken place since 2004 in the eight EU-SA Ministerial Troika meetings to date. The agenda of the Ministerial Troika that took place before the 2<sup>nd</sup> EU-SA Summit on 11 September 2009 included the Joint Africa-EU Strategy; peace and security issues focusing specifically on Somalia, Sudan and Madagascar; and bilateral matters.

<sup>2</sup> On 10 September 2009 the Swedes engaged South Africa in a bilateral meeting in Cape Town. The binational commission will have the opportunity to review the progress on the work of that a bilateral commission.

Another important component of the Summit was the signing of the amended Trade Development and Co-operation Agreement (TDCA)<sup>3</sup> – with an expanded scope of co-operation to include 35 new chapters. A new employment creation programme for South Africa was also signed at the Summit. This will programme will be sponsored by the European Commission (EUR 100-million) and DFID (GBP 18-million).

### **But how different is a strategic partnership from the ongoing bilateral engagements between the EU and South Africa?**

The EU's engagement with key states through Strategic Partnerships is part of its external repositioning aimed at strengthening its relations with important, emerging powers, especially in the developing world, as well as at boosting its visibility as a pivotal political actor on the global stage.

The European Security Strategy (ESS) of 2003 speaks of the need to re-evaluate the content, nature and structure of its past bilateral partnerships in light of the Union's broader foreign policy priorities. The ESS speaks specifically of the aim to establish a broadened network of friends and allies, in the nature of strategic partnerships, with the likes of China, India, Japan, Canada, Brazil and now South Africa, as well as with other countries that share the EU's value systems and goals. The Strategy calls for an effective and balanced partnership with the US, and mentions Russia as another strategic partner, subject to respect for common values.

These developments reflect recognition by the EU of the changes in the global geopolitical landscape, as well as the need to explore broader areas of engagement with new partners, significant in the global landscape, on issues of international concern. The EU's strategic partnerships have resulted in a host of high level meetings– many of which are due to take place during the Swedish Presidency of the EU (namely summit meetings with Brazil, India, Ukraine, China, the US and South Africa).

The EU Commissioner for External Relations and European Neighbourhood Policy, Benita Ferrero-Waldner recently reiterated 'the growing interconnectedness of the global economy and a shift towards emerging economies, with China and India soon to become the world's second and sixth largest economies'. She said, 'The EU has to adapt to this, not by creating "fortress Europe", but by seeing the opportunities this offers. It is building up strategic partnerships with these economies, and has, for example, made concrete progress in negotiations with China and Russia on issues such as market access, energy and human rights'.

As Solana underlined in October 2008, 'it is no longer just a question of integrating rising powers into the global system. Europe and the US must get used to sharing power and be

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<sup>3</sup> The TDCA was signed in 1999 and became fully operational in May 2004. The TDCA includes provisions for a Free Trade Area (by 2012), financial assistance and development co-operation, co-operation in trade related issues, economic co-operation, social and cultural co-operation and political dialogue. The trade provisions of the TDCA have been in effect since 2000, and cover approximately 90% of bilateral trade between the two partners. The TDCA remains the legal basis for bilateral relations.

prepared to accept that emerging actors will have their own ideas on reshaping and refashioning global institutions, including the IMF and the World Bank, as well as other multilateral bodies such as the WTO and the UN’.

Europe is both a ‘soft’ and a ‘smart’ power. Its new external strategy attempts to address the twin challenges of bridging the gap between Europe’s substantial economic weight and its more modest international influence. The global dimension is also crucial for the Union: dealing with issues such as climate change, the need for energy and other raw materials, immigration and trade and investment flows – all critical aspects of the Joint EU-Africa Strategy (and accompanying Action Plan) signed in December 2007, as well as in Euro-Mediterranean Partnership agreements.

However, given the financial crisis the reverse also applies. Key developing countries, including South Africa, have their own agenda for development and co-operation, which has translated into closer ties with emerging markets. The EU therefore needs to secure its position in a changing political landscape, in light of strengthening South-South alliances. The EU’s call for a ‘trilateral dialogue and co-operation’, to encompass Europe, China and Africa, is therefore not surprising.

### **The economic importance of EU-SA relations today**

South Africa is attracted by the EU’s huge market for its goods and services. Africa has a lot to learn from the EU’s successful enlargements, the introduction of a single monetary system, as well as the EU’s growing reputation as a global defence and security actor.

South Africa, on the other hand, is an important emerging power and a key strategic partner to the EU by virtue of its dominance and engagement with its region – politically, economically, and militarily. Thus it is not surprising that South Africa is the only state in sub-Saharan Africa which has a Strategic Partnership Agreement with the EU. South Africa contributes approximately 50% to sub-Saharan Africa’s GDP and nearly 75% to the GDP of the Southern African Customs Union (SACU). South African foreign direct investment (FDI) in the rest of Southern Africa represents 49% of the region’s total.

The EU is equally as important to South Africa and the world, as the world's largest trading bloc and generator of about 30% of global GDP. According to Dr Ayanda Ntsaluba, Director-General of International Relations and Co-operation (31 August 2009), ‘the EU is a very important trading partner for South Africa and since the signing and implementation of the TDCA, the volumes of bilateral trade between the EU and South Africa have increased five-fold, from R56.5 billion in 1994 to R313 billion in 2007. South Africa's exports to the EU amounted in 2007 to R252.6 billion. The EU is the biggest source of foreign direct investment in South Africa and is also the biggest source of overseas development assistance’. The EU is South Africa’s biggest trade and investment partner, accounting for approximately 35.8% of its imports (in 2007) (a decrease from previous years) and 34.5% of its exports. The EU represents 35.2% of South Africa’s total trade balance with main global partners, followed by the US (9.4% of total trade), China (9.2%) and Japan (7.8%). The main products imported by the EU from SA include machinery and mechanical appliances (13%

of the total in 2007), mineral products (20.1%), precious and semi-precious stones (29%) and metals.

The EU, on the other hand, trades mostly with the US (16.6% of its total global trade), China (11.4%) and Russia (8.7%). South Africa is the EU's 12<sup>th</sup> largest trading partner, accounting for 1.6% of its total trade. The main export products from the EU to South Africa include machinery and mechanical appliances (37.9% in 2007), followed by vehicles and transport equipment (20.1%) and products from the chemical and allied industries. The EU's trade with other emerging economies, such as Brazil and India, is larger than with South Africa. India is the EU's 9<sup>th</sup> largest trading partner and Brazil is in 10<sup>th</sup> position.

The EU is the world's largest contributor of foreign direct investment (66% of the global total in December 2006).<sup>4</sup> It is also South Africa's principal development partner – with the country earmarked to receive €980 million in the period 2007-2013. While this amount is substantial, it represents less than 1% of South Africa's national budget<sup>5</sup>.

Due to the EU's long-standing historical and cultural ties with the continent, Africa remains a focal area for the EU. The EU has revised its Africa strategy, taking into account changing global realities, new partnerships on the continent and good practices. The EU, therefore, regards South Africa as a vital ally in Africa because of its willingness to become involved in regional and continental matters.

The EU is also the Southern African Development Community (SADC) group's largest trading partner. In 2006, the value of total EU imports into SADC was about €4.5 billion, while exports equalled €2.8 billion. Overall SADC exports are diversified but remain largely confined to agriculture and primary goods. EU imports from the region are dominated by a few products, such as diamonds (Botswana), petroleum (Angola), fish and beef (Namibia), sugar (Swaziland) and tobacco.

### **Taking stock since Bordeaux? Putting flesh on the bones of the strategic partnership agreement with South Africa**

Following the visit of then South African President Thabo Mbeki to the EU in 2004, the European Commission felt that relations with South Africa needed to be reappraised and elevated beyond the framework of the SA-EU Trade and Development Co-operation Agreement (TDCA) and the SA-EU Joint Country Strategy Paper for 2007-2013. The relationship needed to be more coherent and substantive, along the lines of the partnerships that the EU has with countries such as India, China and Brazil<sup>6</sup>. This line of thinking

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<sup>4</sup> 'SA-EU Summit strategic in forging partnership'. TRALAC. 21 July 2008

<sup>5</sup> This relationship is asymmetrical - less than 2% of EU trade is with SA.

<sup>6</sup> SA-EU relations would thus hold similar importance to those held by the US, Canada, China, Russia, India and Brazil - all of which have special agreements with the Europeans. However, it must be noted that South Africa does not constitute an 'anchor country' in the same sense as countries such as China, India and Brazil do. For example, it does not represent the demographic and/or economic weight of its fellow Southern partners.

represented a fundamental shift and rearrangement of the nature, structure and basis of past relations between the EU and South Africa.

The objective of the high-level dialogue is to engage in frank and uninhibited discussions and exchanges of information on policy and legislative positions on domestic, regional and global issues, ultimately moving political dialogue to active political co-operation on these issues. The aim of the exchange is to promote mutual understanding between the parties and encourage greater convergence and the co-ordination of views at the multilateral level. It is hoped, for example, that increased EU-SA interaction will lead to partnerships within the UN Framework and on a bilateral level.

Despite existing co-operation mechanisms, both partners agree that it is necessary to intensify dialogue at all levels of co-operation, with all relevant stakeholders. This elevated partnership will move *beyond* existing areas of co-operation, to include new issue-areas that take changing global scenarios into account, and accommodate the political and economic realities of both continents today.

Primarily a political statement on the status of the bilateral relationship between EU and South Africa, the revised Strategic Partnership attempts to move relations from regular political dialogue to intense, strategic co-operation at Summit level<sup>7</sup>. The Joint Action Plan for the establishment of the EU-SA Strategic Partnership, adopted at their Ministerial Troika on 10 October 2007, revised the structure of current EU-SA relations to include a holistic approach to all *existing* sectoral co-operation, as well as to include *new* areas of dialogue.<sup>8</sup> Areas of ongoing collaboration include trade, development, science and technology, as well as a progress report of the revision and implementation of the TDCA. However, this will broaden substantially to include co-operation efforts on peace and security, migration, energy, environment and climate change, as well as transport, customs and social dialogue, food security.

These new items have quickly moved the dialogue forward, identifying priority issues in each new cluster, and in many instances establishing terms of reference for working groups. These areas were discussed at the Summit and Troika meeting on 11 September 2009. For example, South Africa and the EU have made headway regarding collaboration on migration. South Africa has proposed that the EU revise some of its migration and asylum policies, and that it re-visit its approach and procedures for visa applications for South African business people. The Summit will also address EU capacity-building measures, such as migration management, (particularly combating illegal migration), smuggling and trafficking, data capturing, transfer of technology and financial assistance.

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<sup>7</sup> Currently the EU and South Africa have a mechanism for dialogue up to Ministerial level through the TDCA. The Summit is the cornerstone of the EU-SA Strategic Partnership.

<sup>8</sup>This umbrella approach is referred to by the South African government as the Mogôbagôba Dialogue. The Mogôbagôba is the national tree of South Africa, symbolising a place for discussion.

## Reviewing the implementation of the EU-SA Strategic Partnership

The EU and South Africa have initiated 13 pillars of discussion on a variety of issues. Progress in some areas has been deeper than in others:

- ❑ **EU-SA Energy Dialogue Forum** has set up three working groups that deal with Clean Coal Technology, Carbon Capture and Storage, and Clean and Efficient Energy. One of the options under discussion is nuclear generation. In December 2008 the Energy Dialogue Forum agreed on Terms of Reference defining the scope and objectives of the Forum. The first meeting of the Energy Dialogue Forum was scheduled to take place in the first half of 2009.
- ❑ Establishment of a **Peace and Security Forum** was endorsed at the Bordeaux Summit. The first meeting of the EU-SA Political and Security Committee (PSC) in a troika format took place in Brussels during the Czech Presidency. The partnership is important to exchange ideas, and to share information and experiences. This pillar also directly supports the EU-Africa Partnership on Peace and Security. South Africa is actively seeking co-operation with the EU to run developmental programmes in the Democratic Republic of Congo (trilateral co-operation).
- ❑ Co-operation on **Science and Technology** has been fully operational since 1997 and has led to successful collaboration in this regard. South Africa now ranks as the fourth largest non-EU participant in the 6<sup>th</sup> European Framework Programme, behind the US, China and Russia. South Africa has recently participated in 170 projects under the EU Framework Programmes for Research. This is directly supported by EU investment of more than €20 million in South Africa. The EU has also supplied South Africa with €30 million Sector Budget Support funds for strengthening science and technology in South Africa and the region.
- ❑ A **Maritime Transport Dialogue** is underway and the relevant departments have endorsed a Terms of Reference defining the scope and objectives of this pillar.
- ❑ Establishment of a framework for bilateral EU-SA **space co-operation**.
- ❑ Further co-operation on **education**. The Erasmus Mundus Window for education promotion has continued with an exchange of African scholars to Europe. A primary education project for South Africans is currently in the pipeline.
- ❑ An SA-EC Forum on **Environment and Sustainable Development** was established in October 2007 and the EU and SA agreed on a Terms of Reference establishing the SA-EC Forum in this regard. At the Bordeaux Summit, the EU and South Africa signed a declaration on climate change. This Forum supports the Joint Africa-EU Declaration on Climate Change and the EU-Africa Ministers of Environment meeting. This pillar includes a working group on climate change as well as technical co-operation and capacity building. This group meets once a year.
- ❑ There has been a call for further bilateral negotiations to adapt existing **air services** agreements in order to bring them into conformity with community law on the single aviation market in the EU. Discussions on co-operation on broader transport issues will continue in parallel to these discussions. An impact assessment is being carried out by South Africa.

## **EU-SA co-operation in the region**

A key element of the relationship – and an issue which underlines South Africa’s entire approach to the establishment of the Strategic Partnership – is that both parties declared themselves fully committed to the development goals of Africa. In fact, the EU-SA Joint Action Plan makes specific reference to ‘the EU’s full support of South Africa’s commitment to the African Agenda’. Both partners have also agreed that the Strategic Partnership will be supportive of regional integration in SADC and continental peace and security initiatives, as well providing support for the implementation of the Joint EU-Africa Strategy and its first Action Plan (2008-2010). In response to the global food crisis, the EU-Africa partnership established the €1 billion Food Facility to assist developing countries.

This is in line with South Africa’s foreign policy priorities in the continent, and consistent with its wishes not to be misconstrued as being covertly ‘imperialist’ by prioritising its Western partners above continental challenges<sup>9</sup>.

## **Moving the relationship forward**

There are some notable areas of contention between the EU and South Africa, particularly with regard to trade, integration and protectionist agricultural policies. The EPA negotiations have created tensions in the relationship, and have impacted on the mutual trust between the two parties. These issues, unless resolved fundamentally, have the potential to slow down substantive progress, and will also, no doubt, have some impact on regional integration, whether intentional or not.

Another issue that was on the agenda was the EU sanctions against Zimbabwe. The EU is not willing to revisit the reform of sanctions at this stage.

However, according to both parties, the Summit meeting is not the appropriate forum for the technical discussion of the TDCA. Despite the fact that there is no regional representation (and the EPAs are fundamentally that), there are other more appropriate forums to discuss technical issues: the Joint Co-operation Council (JCC)<sup>10</sup>, Senior Officials meeting and Joint Parliamentary Committee meetings<sup>11</sup>. These structured dialogue forums are specifically arranged to discuss progress on particular issues. The Summit and Ministerial Troika meetings<sup>12</sup>, although an opportune moment to take stock of what has been achieved within the partnership to date, is more of a symbolic meeting on the highest political level, with very few technical issues to be discussed.

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<sup>9</sup> Chevallier, FRIDE discussion paper. <http://www.fride.org/publication/306/the-cu-africa-summit-strategy-and-partnership>

<sup>10</sup> The JCC is led at Senior Officials or Ministerial level and meets once a year. It oversees the TDCA and has the power to take decisions in respect to all matters covered by the TDCA. The last meeting of the JCC was in November 2008.

<sup>11</sup> These were established in February 2008

<sup>12</sup> Troika meetings are held twice a year and form the core of political dialogue between the EU and SA

There are also difficulties with regard to the differing geo-strategic interests and different levels of economic development. The ESS, for example, says that the EU should seek to develop a strategic partnership in order to build an 'effective multilateral system leading to a fairer, safer and more united world'. Amongst other things the EU wants to share the burden of international responsibilities, including global security threats such as terrorism, climate and energy insecurity, and the proliferation of weapons of mass destruction. As an emerging power, South Africa's immediate concerns are understandably very different from that of an industrial power, and its focus is still very much contained to the region and the continent. This is further perpetuated by South Africa's capacity and financial constraints.

### **In conclusion**

It is imperative that the EU and South Africa move beyond the good sentiment of a bilateral partnership, to take full advantage of the opportunities presented by the new strategic nature of their relationship. This Strategic Partnership, its Joint Action Plan and the on-going high-level meetings present significant opportunities for South Africa to constructively engage with the world's biggest trading bloc and largest ODA contributor to Africa, and with individual EU member states in a co-ordinated fashion<sup>13</sup>, while hoping to address socio-economic and development challenges at home and on the continent.

This strategic alliance also constitutes a new set of criteria in the nature and basis of the relationship - one very different to the post-apartheid EU-SA partnership that was focused primarily on a development agenda. The real value-add for South Africa is the lessons from EU best practices, innovation, pilot programmes, capacity building, skills and knowledge development. South Africa will also benefit largely from the EU's reinvigorated educational programmes, as well as from continued science and technology co-operation.

The other major significance of this Strategic Partnership for South Africa is that it reiterates South Africa's influential role in Africa, and highlights its role in pursuing African development objectives on the international stage. It also assists South Africa in ensuring global visibility, prestige and political clout.

Despite its very ambitious agenda, the main focus of the meeting was largely political in content and symbolic in nature. Although essential to the relationship, this noble ambition and political intent must be translated into a real dialogue, concrete plans of action, and stricter timeframes for implementation. This will require a fundamental mindset shift from both partners. Both parties are accountable for managing the relationship and moving it forward. This mindset shift must also extend to the reciprocity of non-governmental actors such as private sector, civil society and academia who are crucial to progress in the technical working sessions.

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<sup>13</sup> The Strategic Partnership makes particular reference to a 'single and co-ordinated framework' between EU member states, the European Community and South Africa.