South African Foreign Policy MONITOR
February 2002

INSIDE

Zimbabwean conundrum

What are the domestic and international options if clear and blatant violations occur that compromise the results?

The first contingent of a 50-member SA election observer team under the leadership of Dr Sam Motsuenyane departed to Zimbabwe last week. The team's mandate is clear, namely to ensure that conditions prevail that allow all Zimbabweans to exercise their political rights freely and fairly .

Although most have welcomed the decision by Pretoria to send an observer team made up of a broad constituency of SA society, many have asked, Is this not too late?

The systematic violence, manipulation and intimidation that the opposition, the media and the judiciary in Zimbabwe have been subjected to since 2000 can hardly be reversed in the few weeks that precede the election; nor can the draconian legislation, which has further curtailed political freedom.

Moreover, which interventions should follow in the case of a compromised election in Zimbabwe?

International precedent has not served democracy well. There is not a single example of a rejection by the international community of a monitored election result in recent history—despite clear and blatant violations. Nor has there been a single instance where the international community has refused to recognise the so-called 'winners' as the legitimate government.

Although the Commonwealth makes provision for the suspension of members that gain political power via blatantly undemocratic means, such as the Pakistan military coup, individual Commonwealth members have continued to pursue bilateral relations with that government irrespective of its suspension.

The body with the strongest code of internal, mutual regulation of political and corporate governance, the EU, uses sound democratic practice and principles as an essential membership requirement. Austria, a member of the EU since 1995, was subjected to sanctions by other EU members after the inclusion of the Freedom Party in the government coalition after the 1999 general election. Relations with Austria were only normalised after the party leader, Joerg Haider, with his expressed racist sympathies stepped down from the party leadership.

SADC's response to the crisis in Zimbabwe has been muted, despite the unusual step in September 2001 to send a special task force to Zimbabwe to investigate the crisis. However, there are still no agreed concrete actions defining a SADC response in the case of a clear rejection of democratic principles by a member state, despite the signature of the Protocol on Politics, Defence and Security in 2001 in Blantyre.

Zimbabwean domestic legislation makes no provision for conflict resolution or adjudication in the case of electoral fraud or intimidation. The only option provided for is referral to the Zimbabwean courts. The large-scale intimidation of the judiciary and the forced resignations of several prominent judges in Zimbabwe since 2000 has severely compromised the independence of the judiciary. What hope is there for unbiased redress through the courts?

Moreover, there is a clear danger that the elections will precipitate a split between the developed and developing world, irrespective of their outcome as illustrated by the withdrawal of the EU monitoring mission. This would sound the death knell of all the international goodwill that exists for NEPAD. Pretoria has much to lose in such an eventuality. The North-South divide that is developing benefits only President Mugabe.

For SA, the options to ensure a fair outcome are becoming more remote by the day. Its representatives on the ground should act immediately, decisively and publicly where irregularities are identified and Pretoria needs to review its future policy options with regard to its troubled neigbour now.

BRIEFS

Life expectancy in Africa

An African Population Commission conference revealed that by 2005, life expectancy in Africa will be 48 years. This is the lowest level ever and represents a 15-year decline in life expectancy over the last two decades. The rise in the morbidity and mortality statistics of Africa's 700 million population is mostly attributed to the adverse affect of HIV/Aids and civil war, poverty and disease. Women and children are the most vulnerable group.

Figures provided by the *Human Development Report* show that in developing countries life expectancy at birth rose from 55.5 years in 1970-75 to 64.1 in 1995-2000 (i.e. by 15.5%). In sub-Saharan Africa life expectancy increased by only 7.7% in the same period, from 45.3 to 48.8. Among women in sub-Saharan Africa the probability of surviving to age 65 is 41.4%, while among men it is 36.6%.

Zimbabwe

The next issue of the SAIIA Foreign Policy Monitor will focus predominantly on the aftermath of the elections in Zimbabwe.

Mbeki in Beijing

Pretoria grapples with the challenge of deepening SA-Sino relations beyond rhetorical support.

President **Thabo Mbeki's** three-day official visit to the People's Republic of China (PRC) during December last year aimed to strengthen political and economic ties. **Mbeki** was accompanied by the ministers of trade and industry, agriculture, tourism, foreign affairs, defence, science and technology, and a group of business leaders hoping to access the Chinese market.

Over the last ten years China-SA trade (including Hong Kong) has increased steadily, growing from $14 million in 1991 to over $2 billion by 2000. More than half of SA's exports to China in 2000 were mining-related, with iron ores and concentrates accounting for almost 30 %. Trade figures show that SA's exports to China in 2000 were valued at R1.7 billion, while SA's imports of Chinese products totalled R5 billion—a deficit of R3.3 billion in favour of China. **Mbeki's** talks in China are reported to have centred on urging his hosts to reduce SA's trade deficit and increase the trade volume to SA's advantage.

The Chinese Embassy in Pretoria confirmed that Chinese state-owned enterprises invested $115 million in SA during 2000, while SA companies have invested almost $130 million in China. These figures are widely regarded as disappointing. Pretoria has been hoping for far higher Chinese investments in SA with corresponding job creation. However, this is yet to materialise. The PRC's ambassador in Pretoria recently responded to a plea from SA for more Chinese investment by suggesting that Chinese investors were being deterred by a high crime rate and the fall in the value of the rand.

Speaking at the official launch of the SA-China Bi-national Commission in Beijing, **Mbeki** suggested that China could assist Africa on its road to socio-economic recovery. **Mbeki** also pointed out that as SA and China are commonly defined as belonging to the South, Beijing would work with Pretoria in building a new global economic order. However, with a long record of very impressive economic growth rates, success as an international trader and now integration into the WTO, China has become essentially a *status quo* power with little interest in altering the global economic architecture.

In fact, despite Beijing's promises to strengthen consultation among developing countries to promote the interests of the South a key question for SA and other African countries is how China's WTO membership will impact on developing countries competing with China in the global market place. China and SA are expected to start negotiating a free-trade agreement next year, but this has raised concern locally about what the benefits of such an agreement would be for SA—especially in view of its vulnerable textile industry. This concern is true for most of the smaller textile manufacturers in developing countries. It is becoming clear that the future of this relationship will increasingly depend on SA's ability to mobilise Beijing's real support rather than *rhetorical* encouragement for **Mbeki's** African development agenda.

While in Beijing, **Mbeki** indicated that China and SA are close to signing a co-operation agreement on the peaceful uses of nuclear energy. The agreement aims to build on existing co-operation in areas such as technology development for nuclear reactors. In addition, SA has become one of only a small number of countries outside East Asia to get approval from Beijing as a destination for tourism. The move is expected to boost the number of Chinese tourists visiting SA.

On the bilateral level, Pretoria must act with urgency to address the trade imbalance with China and persuade Beijing to follow through on promises of investment in mineral extraction and related areas. In addition, Pretoria needs to convince Beijing that SA companies deserve special consideration with regard to investments in China and Olympic Games 2008 project contracts.

Foreign Minister **Zuma's** affirmation that SA sees China as a 'market and an investor' has set the agenda for future relations with Beijing. However, given the current state of play, **Zuma's** diplomats are clearly faced with a very difficult challenge in the years ahead.

Agreements and Memoranda of Understanding signed between SA and the PRC

- Joint Communiqué on the Establishment of Diplomatic Relations
- Maintenance of the Consulate-General of the RSA in the Hong Kong Special Administrative Region
- Establishment of Diplomatic Relations
- Civil Air Transport
- Trade, Economic and Technical Co-operation
- Establishment of a Joint Economic and Trade Commission
- Reciprocal Encouragement and Protection of Investments
- Letter of Intent on Foreign Ministry Consultations
- Scientific and Technological Co-operation
- Police Co-operation
- Pretoria Declaration (Declaration of intent to become strategic partners)
- Co-operation in the fields of Arts and Culture
- Maritime Transport
- Animal Health and Quarantine Co-operation
- Public Health and Medical Sciences
- Avoidance of Double Taxation
- Co-operation between National Prosecuting Authorities

Why SA is no Argentina

SA, Argentina and Turkey have all been affected by the emerging market crisis. What distinguishes SA from other emerging markets?

SA, Argentina and Turkey were the worst affected emerging markets in 2001, during which time the Turkish lira and the rand lost a substantial amount of their value and Argentina became the largest debt defaulter in history.

In terms of monetary and fiscal policy the three countries differ remarkably. Both the Argentine peso and the Turkish lira were initially pegged to the US dollar. When the lira was unpegged in 2001, it dropped by 40% within days. SA's rand floats relatively freely with minimum Reserve Bank intervention.

Argentina and Turkey also have huge public debt, which accounts for about 38% and 58% of their GDP respectively. SA does not—its debt accounts for 16% of GDP. Despite these differences by the end of 2001 the rand lost 40% of its value.

However, there are similarities that have a far greater economic impact than merely the fact that they are part of the emerging market group of countries. All three have open economies and ironically adhere closely to IMF recommendations on economic and financial policy. This has facilitated foreign investments by creating easy access to their markets resulting in a high degree of liquidity. Although this facilitates huge short-term portfolio investment inflows, disinvestments or withdrawals are made just as easily.

All three countries are highly susceptible to market perceptions of economic and especially political risk. It is self-evident, therefore, that SA's sound macro-economic fundamentals were not sufficient to prevent the fall of the rand to an historic low of R13. 85 to the dollar by December last year.

Perceived political instability and paralysis, especially in Argentina and Turkey, have had a major impact on their economies.

SA, although not politically unstable during 2001, failed to convince traders of the soundness of its political policies. This was largely due to the manner in which issues such as crime, labour relations, corruption and the slow privatisation process were managed. Investors seem to believe that SA, Argentina and Turkey lack consistent and effective political leadership to generate domestic and foreign confidence, without which sustainable economic progress is not possible.

The banking crisis in Argentina that ensued from the collapse in public confidence found an unsettling echo in the recent events surrounding Saambou Bank. However, this crisis is not a SA version of Argentina.

Although Saambou is the 8th largest bank in SA, it is responsible for only 2% of the country's loan market, mostly in the micro-lending sector serving traditionally poor communities. Saambou's problems allegedly also emanate from insider trading and structural problems. The Saambou crisis will thus have little effect on the banking sector. In February, Standard and Poor's subsequently reaffirmed its positive ratings on the soundness of the SA banking sector reflecting its strong market position, well-diversified customer base and satisfactory financial profile.

A problem of greater concern is the fact that government has continuously requested support for small business development and the extension of financial services to historically economically disadvantaged communities. But both the government and the Reserve Bank rejected requests that would assist in rectifying Saambou's liquidity status, arguing that individual taxpayers and pension funds would have to bear the brunt of such a rescue package. Indeed, it is a question that requires serious attention, namely how to deliver on Pretoria's social policies and requests to the financial sector to provide financing for small business development and previously disadvantaged communities. Most SA banks have moved into this area of service delivery.

Though the rand is clearly a safety valve through which economic pressures can be released, questions have arisen as to why the SA government, and particularly the Reserve Bank and National Treasury, did not respond earlier to the crisis. The sharp devaluation of the rand could have been prevented if certain key players had been less sluggish in their response.

Analysts have argued consistently that the Reserve Bank needs to cover its forward book more efficiently. Fortunately, this has now taken place through a syndicated loan of $1.5 billion from a wide range of banks.

Perhaps the Myburgh Commission may well be the most appropriate response in establishing the extent to which speculation, external shocks, government neglect or irresponsible media reports have contributed towards the fall of the rand.

The recent currency crises should send a strong signal to Pretoria that fundamentals that are not always purely economic, have an impact on the economy. These are factors that leaders in government have control over, and which can be changed into positive influences through responsible and accountable action.

Calendar

25 February - 15 April	**Inter-Congolese Dialogue**	**Sun City, SA**
2 - 5 March	**Commonwealth Heads of Government Meeting**	**Coolum, Brisbane, Australia**
9 - 10 March	**Zimbabwean Election**	**Zimbabwe**

Protecting peace in Burundi*

For the first time SA troops have been deployed on the African continent outside the UN umbrella, marking a significant departure from the traditional hesitancy to commit military means to political initiatives.

The Burundian transitional government that was sworn in on 1 November 2001 marks a turning point in the country's troubled history and serves as the best opportunity to end the conflict between the Hutu majority and the Tutsi minority. Former President **Nelson Mandela** played an instrumental facilitation role in brokering the agreement and in achieving international support for a protection force to ensure the safety of returning exiles participating in the new transitional government. A joint SA–Burundian government Memorandum of Understanding signed on 26 October 2001 in Pretoria, paved the way for SA National Defence Force (SANDF) troops to be deployed to Burundi.

Since 28 October 2001, some 700 SANDF troops have been deployed. They have been drawn from the 44th Parachute Brigade, the SA Military Health Services, VIP protection units of the SA Air Force and Headquarters personnel from 43 SA Brigade. Their deployment follows a UN Security Council resolution to protect Hutu politicians returning from exile to participate in the transitional government. Their current responsibilities extend to nine formerly exiled political leaders and will include a further 29 that are expected to return to Burundi soon.

A ceasefire with some of the rebel groups still has to be negotiated. The situation on the ground remains volatile and clashes between Hutu rebel movements and troops of the transitional government continue. Extremist groups on both sides of the conflict have publicly rejected the deployment of the SA contingent, necessitating strict force protection measures by the South Africans.

The SANDF presence in Burundi should not be perceived as an international peacekeeping force operating under the auspices of the UN in accordance with the *White Paper on SA Participation in International Peace Missions*. Unlike typical UN peacekeeping practices, the SANDF contingent is not part of a 'blue helmet' operation. The SA soldiers are clad in camouflage uniforms with a SA flag shoulder patch. They are the only forces deployed in Bujumbura, and are supported by their own armoured vehicles, and unarmed Oryx helicopters.

SA's decision to enter Burundi on a unilateral basis is risky. However, the installation of a broad-based transitional government in Burundi is essential to ensure peace in the Great Lakes region. The SANDF's presence may well prove to be an important catalyst in finding a way to a negotiated settlement.

The ideal scenario would be for the SANDF involvement to lead to the deployment of a strong and competent multinational peace-keeping force after a ceasefire is negotiated. The notoriously slow response of the UN to international conflicts has generally been a major constraint in effectively managing conflict resolution. The quick response by SA could be of immeasurable value. In fact if the SANDF manages to police the transition effectively to a new dispensation it could well mark the beginning of a greater political-military involvement in the region.

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Burundian Transitional Government and Elections

The transitional administration will be led by President **Pierre Buyoya** for the first 18 months and will have a 26-member cabinet. Fourteen portfolios will be allocated to Hutu-based parties and 12 to Tutsi-based parties. The Arusha Accord also makes provision for the establishment of an ethnically balanced defence force and a general election to be held after the three-year transitional period. Local council elections are expected to be held by the end of the first half of the transition period, with senatorial elections envisaged for the second half. Immediately thereafter, the national assembly and senate are expected to elect the first president of the post-transitional phase of government.

For the transitional government to achieve success, reform of the administration, judiciary and military spheres of government is necessary. However, even with the establishment of a power-sharing transitional government, several obstacles still stand in the way of achieving peace. These include:

- a peace agreement has still not been signed;
- Hutu rebels, who refused to support the deal, continue their armed activities;
- some radical Tutsi groups are opposed to the power-sharing arrangement; and
- some parts of the Tutsi-dominated army are resistant to an integration process.

The two main Hutu rebel groups, the Forces for the Defence of Democracy (FDD) and the National Liberation Forces (NLF), are not signatories to the Arusha Accord and the transitional agreements. Given the militarisation of the ethnic extremism that Burundi experiences, it is hoped that the implementation of the transitional government would serve as a confidence-building measure to ensure rebel participation in the negotiations.