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South African Foreign Policy MONITOR

INSIDE

BRIEFS

A return to 'Fortress Europe'?

By 2025 the EU will need 40m immigrants to avoid a shrinking workforce. In Italy, illegal immigrants reportedly sustain as much as 70% of the underground economy. Immigration and the free movement of labour have been and continue to be critical to the long-term economic growth of Europe. The attacks of 11 September will potentially strengthen the anti-immigration lobby in Europe, especially in view of recent revelations that many of the terrorist cells had bases there.

The International Organisation for Migration (IOM) expects that there will be:

- a reassessment of integration policies and practices by EU states;
- a slowdown in the admission of asylum seekers and refugees;
- increasing efforts to stem irregular flows of migrants, especially from transit regions, such as Eastern Europe and the former Soviet Union;
- an increase in information-sharing and the integration of databases;
- a tightening of anti-smuggling and anti-trafficking programmes and their implementation; and
- stricter border controls and identification procedures.

Doha: A Brief Guide

SAIIA has compiled a brief guide on the positions of SA and SADC in preparation for the 4th WTO ministerial meeting in Doha, Qatar. Copies are obtainable from SAIIA. Please forward your requests to: 161carin@cosmos.wits.ac.za

Elections: More of the Same?

Both Zambia and Madagascar will be holding multiparty elections at the end of the year. But will this ring in new changes?

Presidential and parliamentary elections in Zambia before the end of December 2001 and Madagascar's presidential elections on 16 December bear special significance within the context of the New Partnership for Africa's Development (NEPAD). It remains to be seen how 'free and fair' they will be and to what extent they prove or disprove prevailing sentiment about democratic principles in Africa.

The freeness and fairness of democratic elections are generally judged by two criteria. Firstly, the extent to which voters are informed and have freedom of choice when casting their votes; and secondly, the extent to which opposition parties and the press have the right to express their opinions and campaign freely.

Judging by the last two months' events, Zambia's general elections are bound to suffer the fate of its 1996 elections, which were riddled with administrative shortcomings and accusations of gross electoral manipulation. The recent judicial processes against **Edith Nawakwi** and **Dipak Patel**, members of the opposition, and against members of the independent press by the ruling Movement for Multiparty Democracy (MMD), are indicative of the problematic electoral environment in Zambia. President **Frederick Chiluba** recently also lashed out against perceived international interference in Zambian politics and went as far as to accuse the British High Commission in Lusaka of involving itself with members of the opposition and extending financial support to them. International observers were also described as unwelcome.

The prevailing sentiment among Zambians is general disillusionment with the MMD due to its failure to deliver on its promises of a better life. Corruption scandals in public office and the most recent failed attempt by President **Chiluba** to amend the constitution to allow him to stand for a third term, have contributed towards the MMD's dwindling support. As a result, the MMD is involved in an all-out battle to ensure victory at the polls. State funds and resources—especially the state media—are used unabashedly to further MMD's election campaign. With the current maize crisis in the country, the MMD is said to be distributing maize on credit to voters in exchange for political support—a tactic reminiscent of **Mugabe** in previous elections in Zimbabwe.

In addition, constitutional amendments effected by the MMD government in 1996 have served the party well by eliminating the strongest opposition from the presidential race. In 1996, **Kenneth Kaunda** was barred from running for the presidency because of the constitutional provision that both parents of presidential candidates should be Zambian by birth. **Kaunda's** parents were born in Malawi, just as were **Christon Tembo's** of the Forum for Democratic Development (FDD). **Tembo** is currently touted as the toughest challenger in the upcoming elections to

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Levy Mwanawasa, the presidential candidate of the MMD. This is borne out by the FDD's recent by-election gains. Eliminating **Tembo** from the race, in conjunction with the predicted low voter turnout, partly due to engineered anomalies in the registration process, will benefit the MMD greatly at the polls. Zambia's 'first-past-the-post' (FPTP) electoral system could indeed lead to a result where the MMD gains the presidential seat by minority vote.

The impact on investor and donor confidence in Zambia will be significant should the MMD remain in power. Its track record in the area of good governance is severely compromised. Reduced investment and donor aid will result in a further deterioration in living standards. Indeed, the number of Zambians living on less than $1 a day has risen from around 69% in 1996 to nearly 80% in 2001.

On the surface, Madagascar seems to offer a better lesson in African democracy. Opposition parties are free to campaign and press freedom is assured. President **Didier Ratsiraka,** who was ousted in 1993 after an autocratic reign of 14 years, was democratically re-elected on 31 January 1997, and seems set to be re-elected to the presidency.

His main opponent, **Albert Zafy** of the AFFA, resigned as president of Madagascar in 1996 after a motion for his impeachment was passed by the National Assembly, for numerous contraventions of the constitution. Indeed, many Malagasy believe that **Zafy** is responsible for Madagascar's economic woes. Agriculture employs 80% of the workforce of the island's 14m people and generates around one-third of GDP—and with prawns and cotton cloth the bulk of export earnings. Madagascar's current GNP per capita (in purchasing power parity terms) is just $900, in the same league as Tajikistan, Uganda, Nigeria, Bangladesh and Zambia.

Should **Ratsiraka** be re-elected, there is a possibility that Madagascar could become a federal state. He has pursued this goal throughout his political career. **Ratsiraka's** claims that 'decentralisation is transparent and that it brings government closer to the people' are disputed by the opposition, who argue that **Ratsiraka** is in fact fighting against the centralised power of the long-dominant *Merina* ethnic group of the Antananarivo region and that federalism will give him an acceptable structural guise for the realignment of political power in his favour.

Symptomatic of both elections is the lack of substantial alternative candidates, policies of note and parties. The result has been voter apathy and a predisposition towards sticking 'with the devil you know'—providing sustenance to the belief that democracy adds little value to the lives of ordinary citizens.

Free and fair elections in Zambia under the current circumstances seem improbable—emphasising the importance of the presence of international and regional election observers. South Africa has already been approached to send observers to Zambia and has indicated its willingness to do so. But perhaps international observers should ask themselves whether they do not perpetuate the 'failure' of democracy in many elections in Africa through their de facto endorsement in some instances of a clearly flawed electioneering process.

Indeed, the instances are rare where international observers have refused to accept the 'official' results and their options are limited even if obvious violations occur. It is a clear challenge to the international community—and closer to home—to the drivers of NEPAD, to elaborate on commensurate international and regional steps where elections are clearly found to be biased.

SA on Japan's Radar?

In October this year President **Thabo Mbeki** became the first foreign leader to pay an official state visit to Japan under the new **Koizumi** administration. His visit bolstered the momentum initiated by Prime Minister **Junichiro Koizumi's** predecessor, **Yoshiro Mori. Mori** earmarked South Africa as a key state in Japan's Africa policy and was the first serving Japanese prime minister ever to visit SA and Africa officially. For SA, Japan is an important trade and investment partner, while Japan regards SA as a key African state and a critical partner in addressing the development needs of Africa.

Japan pledges continued support to SA, while Japanese ODA to Africa comes under intense scrutiny.

Six ministers accompanied **Mbeki** and in foreign policy circles the visit was declared a major political and economic success. During the three-day visit from 1 - 3 October a number of issues were discussed, including African regional and multilateral matters, development, conflict resolution, refugee aid, and wide-ranging bilateral issues. Japan has spent $600m on conflict resolution in Africa since 1994. The two countries singled out the importance of enhancing tourism, cultural and sporting exchanges within the framework of the Japan Exchange and Teaching programme (JET) and the Japan Overseas Co-operation Volunteers (JOCV) programmes. Tokyo and Pretoria also vowed to start negotiations with a view to reach an agreement on science and technology co-operation.

SA is Japan's leading trading partner in Africa, while Tokyo is Pretoria's fourth largest trade partner in the world. At the close of 2000, total trade between the two countries stood at R31.7bn of which Japan exported goods to the value of R15.4bn to SA. These include general and electronic machinery, automobiles and auto parts. Goods imported from SA, include, food products, metal products (steel in particular), crude metals, coal, and gold.

In 1994, following the inauguration of President **Nelson Mandela**, Japan granted South Africa an assistance package of $1.5bn. Another package to the value of $1.5 bn was extended to South Africa, in 1999, although South Africa has loathed availing itself of the concessional loans forming part of the package.

Pretoria also continues to benefit from Tokyo's foreign direct investment initiatives, exceeding R3.7bn in 1999. This has been directed specifically at the motor vehicle industry and the banking sector. More recently Sasol and Mitsubishi Chemical Corporation (MCC) entered into a joint project to build a plant in SA to manufacture chemical monomers which are used in water-based coatings, inks and adhesives. The first phase, with a value of about $200m, has already been approved. MCC will provide 25% of the funding required for the project. Provision has been made to expand the plant in the next 5-8 years if necessary with a similar investment.

One of the main discussion points during the visit was the New Africa Initiative (NAI), now the New Programme for Africa's Development (NEPAD). Tokyo has pledged continued support for the programme and has proposed that 'the NAI should be one of the central themes to be discussed at the Tokyo International Conference on African Development (TICAD) Ministerial Meeting in Tokyo scheduled for December 2001'. Yet verbal pledges are very far from actual funding commitments.

Japan-South African Partnership

Japan and SA signed a partnership agreement on 9 April 1998. A first meeting to promote Japanese-SA business co-operation within the framework of this agreement was held on 3 October. Mr **Satoru Anzaki**, chairman of Komatsu and the Japan Federation of Economic Organisations (Keidanren) Committee, Mr **Lesley Boyd** of the Anglo American Corporation and Mr **Tokyo Sexwale** of Mvelaphanda Holdings, acted as chairs. 'Japan expressed its commitment to encourage private investment in African countries, including Southern Africa, while SA acknowledged the importance of efforts to improve its own investment environment'. However, the current world economic slowdown, will mean only a trickle of investment from Japan to South Africa.

Japanese ODA has come under growing domestic scrutiny and many Japanese favour cutting ODA to help curtail Japan's huge fiscal debt. A 3% reduction is expected in this fiscal year followed by cuts of between 10-15% in future years.

Despite these proposed cuts, Japanese ODA will remain significant. Japan has been the world's largest provider of development aid since 1991, although the volume and value of its aid to Africa has always been smaller than the ODA to Asia. In 1999, Africa received $995m (9.5%) of Japan's total bilateral ODA, while Asia received $6.6bn (63.2%). Ghana has been the biggest recipient of Japanese ODA, followed by Tanzania and Mozambique respectively.

Some analysts argue that the shift away from quantity to quality is a good thing. For Africa, and indeed the NEPAD, it is important to harness the intricate balance that has always accompanied Japanese ODA. On the one hand, its mercantilistic and nationalistic nature favours the Japanese private sector through tied loans in tough domestic economic conditions, a clear disadvantage for Africa which accounts for only 1.3% of total Japanese trade. On the other hand, Japan places a growing premium on accountability, true partnerships, poverty alleviation, and social and human resource development.

It is with regard to the latter that NEPAD will have to prove that it presents an accountable framework for an increasingly sceptical Japanese constituency.

HIV/AIDS Drugs Reprieve

In a seeming about-turn the US recently announced a five-year moratorium on patent protection for developing alternative generic drugs for the treatment of HIV/Aids, tuberculosis and malaria. The US indicated that there would be no retaliation either bilaterally or within the WTO framework should a country break a US company's pharmaceutical patents without due process of law or compensation.

In addition the US proposed a 10-year extension for pharmaceutical patents on the timetable for Trips compliance by developing nations, from 2006-2016. The 10-year extension would be available to countries officially classified by the World Bank as least developed.

Meanwhile *Medecins Sans Frontieres* reported last month that not a single pharmaceutical company out of 11 surveyed with combined yearly sales of $117bn was developing drugs for diseases affecting mainly the poor. Instead, most companies are developing drugs for sleeping disorders, impotence and obesity—reflecting the fact that profitability, not public health needs drive most research and development. Only 20% of international drug sales are accrued from the 80% of the world population living in the developing world.

Calendar
October - December 2001

5-10 November: Conference on Stability, Security, Development & Co-operation in Africa, South Africa

9-13 November : Fourth Ministerial Conference of the WTO, Doha, Qatar

10-16 November: 56th UN General Assembly Debate, New York

12-16 November: International Telecommunication Union, ITU Telecom Exhibition–Africa, South Africa

3-4 December: TICAD Ministerial Preparatory Meeting, Tokyo

Spreading the Wings of the Trade Butterfly

SA might well be advised to rather pursue bilateral trade agreements with ASEAN, to further SADC–ASEAN relations, than waiting for the slowest nation to dictate the pace of intra-regional trade.

SA's minister of trade and industry, **Alec Erwin**, has long articulated a trade and investment concept of a butterfly: with the thorax running along South Africa's traditional European and Western routes, and new links being established through the wings with Latin America and Asia.

The Latin American wing has already been put in place with the signature of an agreement in December 2000 in Brazil between South Africa and Mercosur (Southern Cone) to negotiate a free trade agreement (FTA). Focus could now shift to the opportunities offered by Asia.

SADC is made up of 14 states with a total of 200m people and a combined market of $185bn. By comparison, the Association of Southeast Asian Nations (ASEAN) comprises ten members with a combined GDP of $465bn and 500m in overall population.

However, ASEAN is faced with two ongoing structural and three environmental challenges. Like SADC, it is reliant on consensus between members and committed to the principle of sovereign non-interference. This means that initiatives move only as fast and deep as the slowest party.

In terms of its environment, in the short term, the US (and thus global) economic downturn is having a major impact on all of Southeast Asia's economies given their heavy reliance on exports, especially electronics. US demand for technology products in 2000 absorbed 40% of non-Japan Asia's exports and accounted for a similar figure in Asian GDP growth. Exports accounted in 1999 for 35% of Indonesia's GDP, but 180% of Singapore's and 54% of Taiwan's, the latter two countries suffering the most in the current high-tech depression, expecting negative growth of -0.9% and -2.4% this year respectively.The global economic downturn is expected to create greater impetus on deepening integration among the ASEAN members, currently committed to the creation of an ASEAN Free Trade Area (AFTA) by 2003. Intra-ASEAN trade amounts to 22% of total trade.

However, ASEAN continues to face the potential for ongoing instability in Indonesia. The economic and political situation in Malaysia, regional analysts predict, might also deteriorate with **Mahathir's** hand-over of power. There also remain differences in expectations and development between the established six ASEAN members (Malaysia, Indonesia, Singapore, Thailand, Brunei and the Philippines) and the comparative newcomers (Laos, Burma, Cambodia and Vietnam). Perhaps most importantly, there is also the question about how ASEAN should engage with the neighbouring 'big-brother' and potential arch-competitor China. Today China receives around 80% of East Asia's FDI and ASEAN members just 20%, a reversal from a few years back—around $40bn to $10bn in 2000.

AFTA has thus not yet established FTAs with other countries, and appears unlikely to do so due to product sensitivities and differentiated tariff deadlines between members (the last is only to liberalise by 2018). As **Michael Tay**, director-general for ASEAN in the Singapore Foreign Ministry put it: 'AFTA has reached its limits, hence the need for individual FTAs.'

Already Singapore is in the throes of negotiating a number of its own free trade arrangements, including with New Zealand (in effect from 1 January 2001), China, Mexico, US, Australia, Japan, the European Free Trade Area (EFTA) and Canada. NZ and Australia—themselves in the 'Closer Economic Relationship'—had originally hoped to secure a trade relationship with AFTA, but this was apparently blocked by Malaysia (given sensitivities over car imports and its poor political relationship with Canberra) and Indonesia (with textile sensitivities and also a change in mood with Canberra over East Timor). Thailand, which has suffered in an AFTA context because of the Malaysian exemption to reduce tariffs on cars until 2005, is also looking at FTAs with Australia, Korea and Chile.

Singapore's agreement with NZ has resulted in a 20% increase in trade in 2001 over the previous year to date. Its agreements with Australia, EFTA and Japan are expected to be concluded this year.

There is no reason why SA might not look seriously at this option, particularly since the eastern wing of Minister **Erwin's** trade and investment 'butterfly' has received less attention compared to Latin America. This could build on the Singapore–SA 'hub' proposal for tourism and air and shipping links, currently on the table, and may also be, analysts suggest, a means of linking Mercosur, SADC and ASEAN. One impediment will be, simply, the availability of negotiating resources, and a wariness on the part of ASEAN/ Singapore to commit in this direction. It should also be private-sector driven, with clear functional rather than rhetorical/political advantages. As **Tay** puts it: 'SA needs to present a case that opportunities should outweigh costs.'

Forthcoming publications

- *SA Yearbook of International Affairs 2001/02*
- *New Security Paradigms*