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Working for Development in Southern Africa: Bridging the Gap Between Government and Business

Tim Hughes

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African perspectives. Global insights.

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Programme head: Catherine Grant email: catherine.grant@saiia.org.za

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ABSTRACT

Since 1994 Southern Africa in particular has witnessed an expansion of South African corporate activity. Although the key role of the private sector in the Southern African Development Community's sustained development is recognised, this expansion has also generated unintended consequences in the region around 'neo-imperialism' and the crowding out of local businesses, among others. Both the South African government and the corporate sector have an interest in a stable and prosperous region; yet more work can be done in developing synergies on how this objective is executed.

The paper reflects on the difficult relationship between the South African government and business since 1994 – partly a function of the domestic legacy of apartheid but also attributed to ideological differences between the two. Renewed energy on pursuing economic diplomacy under the Zuma administration can be an important pillar of a more synchronised and co-ordinated approach between the two actors, but much still needs to be done in that area. Parliament, organised labour and the African National Congress (ANC) are also key actors in the debate around how South Africa should advance both its national economic interests in the region, as well as promote regional development. Since the ANC's Polokwane conference in 2007, the party has articulated the need to develop a code of conduct for South African businesses operating in Africa to address some of the negative perceptions (and sometimes actions) of South African business. Work on the code has already begun. The paper explores various options in this regard and ends with a number of recommendations to business, government and parliament.

ABOUT THE AUTHOR

Tim Hughes is a research fellow with SAIIA's Governance of Africa's Resources Programme. After completing postgraduate studies, he lectured at the University of Cape Town and was a researcher at the university's Institute for Policy Studies. He has also worked for the South African trade union movement, as well as in the South African corporate sector. His SAIIA research has specialised in the areas of parliaments, foreign policy and natural resource governance, with a special focus on the mining and oil sectors.

ABBREVIATIONS AND ACRONYMS

ANC	African National Congress
CSR	corporate social responsibility
DIRCO	Department of International Relations and Cooperation
ICMM	International Council on Mining and Metals
ILO	International Labour Organization
IMF	International Monetary Fund
IPAP	Industrial Policy Action Plan
ITUC	International Trade Union Confederation
MDG	Millennium Development Goal
NBF	NEPAD Business Foundation
Nedlac	National Economic Development and Labour Council
NEPAD	New Partnership for Africa's Development
SACCI	South African Chamber of Commerce and Industry
SADC	Southern African Development Community
SADPA	South African Development Partnership Agency
SPLM	Sudan People's Liberation Movement
the dti	Department of Trade and Industry
TRC	Truth and Reconciliation Commission

INTRODUCTION

On her return from the South Sudanese independence celebrations in July 2011, the national chairperson of the ANC, Baleka Mbete, urged South Africans to take advantage of the business opportunities that were available in the new country. Although she did not say it, the potential implication was that South Africa had committed vast political resources to the process leading to the referendum and independence of the state, led by the Sudan People's Liberation Movement. Economic support for the post-conflict transition would therefore form a natural part of the next phase of South Africa's engagement.

However, the debate about the place of South African economic interests in Africa is not as simple as that. The ruling party has at best an ambivalent perspective towards South African business activity on the continent. At worst it regards such activity as exploitative and has expressed strong views on regulating its conduct. The truth about South Africa's corporate activity and its impact on the continent is neither that of a saint nor that of a sinner.

The potential developmental role that South Africa can play within Southern Africa and beyond has been documented often. A study done by the International Monetary Fund (IMF) in 2005[1] indicates that every one percentage point of growth a year in South Africa generates between 0.5 and 0.75 of a percentage point increase in growth in sub-Saharan Africa. Thus the more economic growth South Africa experiences the better it is for the region. South African companies are also among the largest investors in Africa, not just in mining but also in retail, banking and telecommunications. For many South African companies, it makes good business sense to invest in Africa, despite an often-difficult environment and having to compete with other investors vying for the same deals who may also have close political connections to the host government.

The region features prominently in the policy documents of various South African government departments. The Department of International Relations and Cooperation (DIRCO) emphasises Africa politically and economically as a priority. The New Strategic Growth Path of the Department of Economic Development notes that:[2]

> Regional development is an imperative for both solidarity and sustainable growth. In terms of employment in South Africa increased exports to SADC alone can generate almost 60,000 additional jobs by 2015 and around 150,000 by 2020, with additional employment growth arising from South Africa's position as a financial, logistics and services hub and from collaboration around regional infrastructure and investment.
>
> South Africa cannot succeed with regional development without strong partnerships with other countries on the continent.

In his 2010/11 budget speech to parliament, the minister for the Department of Trade and Industry (the dti), Rob Davies, made reference to the role of the dti in fostering regional integration and in particular providing momentum to the spatial development initiatives for the Southern African Development Community (SADC). In so doing, the minister envisioned a crucial role for the private sector, noting:

> Another important priority for us is to broaden African integration through advancing the agreed process to negotiate a Trilateral SADC-EAC-COMESA "grand" FTA. Once established, this would bring into existence an FTA literally from Cape to Cairo with 700 million people. In addition to pursuing these objectives, we will maintain the momentum of our strong bilateral cooperation agenda in Africa. This means that we will embark on initiatives supporting infrastructure, development, trade, investment projects and, where requested, technical assistance for institutional and policy-building. *In so doing we require and will encourage, stronger involvement and co-ordination with South African business in economic development orientated initiatives.* [author's own emphasis]

The imperative for South Africa of an integrated and developed SADC is also deeply ingrained in the key policy documents of the dti, namely the Industrial Policy Action Plans (IPAPs) and the South African Trade Policy and Strategy Framework.[3]

In addition, the region, challenged as it is by poverty and inequality, can benefit from economic engagement with South Africa. Concomitantly, the importance of the role of the private business sector in the sustained development of the SADC has been widely acknowledged.[4] The goals of regional integration as defined in the SADC Regional Indicative Strategic Development Plan[5] and the Millennium Development Goals (MDGs), particularly those confronting the SADC's least-developed countries, cannot be achieved without the integrated involvement of the private sector.

The rapid expansion of South African corporate interest, investment and activity has opened new markets and yielded significant foreign and hard currency earnings for South African-based corporates. Yet such expansion has also generated unintended and unexpected consequences. These include perceptions of South African commercial 'neo-imperialism'; the crowding out of local business; accusations of corporate and managerial arrogance; and claims of old-order South African chauvinism in local work and employment practices. Moreover, South African corporate activity in Africa has become the subject of scrutiny and criticism from a number of significant South African domestic constituencies, including organised labour.

Both government and business have an interest in a stable and prosperous region. Although there is the potential for mutually beneficial co-operation between the South African government and corporate South Africa in the region, to date the interaction has been limited and not geared towards identifying the areas of synergy and how best to achieve this. Substantive and meaningful engagement among stakeholders on the role that the private sector can play in South Africa's developmental and co-operation objectives in Southern Africa is long overdue. However, the difficulties in working in a co-ordinated fashion in the region are a reflection of the domestic mistrust that pervades the government–business relationship today.

DEALING WITH THE DOMESTIC LEGACY AND CONTEMPORARY REALITY

The domestic legacy of mistrust and scepticism between government and business is deep. The testimonies of South African corporates at the Special Hearings into the Business Sector of the Truth and Reconciliation Commission (TRC) in November 1997 ranged from the honest and frank, to the evasive and resentful.[6] That the South African corporate sector was called before a special hearing of the TRC is significant, as the tone and tenor of the questioning was predicated on the central thesis that race-based legislation, power structures and the apartheid government were immutably linked with domestic racial capitalism from which business benefited and profited.

Several sectors, companies and individuals appearing before the TRC made a full and frank apology for their historical employment practices, for not doing enough to oppose apartheid and for failing to use whatever influence they had with the government to change its racial policies. Yet those South African corporates with linkages to the defence industry were less fulsome in their submissions and far less apologetic. Oral testimony from the agriculture, oil and arms sectors was entirely absent.

Although former president, Thabo Mbeki, rejected calls for reparations from corporates operating in South Africa during apartheid, international legal efforts to secure reparations from international corporates continue to the present.[7]

Underpinning some of this negative sentiment is a percolating (albeit fading) legacy of mistrust, antipathy and scepticism between elements of business and government underscored by historical, ideological and political fissures. These relations, to some degree, still cleave along racial fault lines, but are far more ideological and class-based in nature. Beyond ideological schisms, a number of key policy areas brought the government and the South African corporate sector into sharp disagreement during the Mbeki administration, most notably policy on HIV/Aids, crime and towards Zimbabwe. In these three key areas, the Presidential Business Working Groups proved to be inadequate forums for debate and policy alignment between the government and organised business.

Moreover, the National Economic Development and Labour Council (Nedlac) – the domestic institutional forum for dealing with and managing economic policy issues among government, business, unions and civil society – has also been the subject of criticism for perceived inefficiency and ineffectiveness.

The perceived failures of broad-based black economic empowerment policies, sectoral charters and rating certification are other examples of the ongoing challenges confronting government and corporate relations domestically. The lack of satisfactory transformation of equity ownership on the Johannesburg Stock Exchange is a further case of the disjuncture between government policy (and its desired outcomes) and corporate behaviour domestically.[8]

Arguably another domestic challenge to constructive and healthy dialogue between corporate South Africa and the government is the rise of 'left' and anti-free market rhetoric, politics and policy into the mainstream of the South African polity, particularly since the ANC's 52nd National Conference at Polokwane in 2007. The calls by the ANC Youth League for nationalisation of mines and banks and the establishment by the ANC of a working group to investigate the experiences of other countries in this regard, has galvanised business to raise their voices in the debate, but has also contributed to the deepening rift between government and certain sectors within business.

Indeed, the ideological differences between South African business and government are at times significant. Key economic cluster government portfolios are led, inter alia, by communists, socialists and former trade union leaders. Conversely, a significant number of the contemporary corporate leadership in South Africa came through the ranks, of and served in, senior managerial positions in companies that were close to, or had contractual and other linkages with, the apartheid government. Moreover, a number of contemporary South African business executives were involved in sanctions-breaking activity in direct contradiction of ANC in-exile policy and international agreements.

More recently, widely publicised reports of politically connected South Africans[9] with little sector-specific experience winning lucrative contracts in the extractive sector in the SADC and elsewhere in Africa have done little to improve mutual confidence and trust.

The differences between government and corporate South Africa should not be exaggerated, and, at many levels, dialogue between the sectors is healthy and constructive. However, the central contention is that a mutually beneficial modus vivendi between business and government in the SADC and Africa more broadly, can only be achieved once the domestic relationship is grounded on trust, free and open communication, and mutuality of interest.

THE EMERGENCE AND IMPORTANCE OF ECONOMIC DIPLOMACY

Although the Economic Diplomacy Framework was drafted during the Mbeki era, since 2009 the Zuma administration has given greater prominence to economic diplomacy in its foreign interactions, recognising the centrality of this to South Africa's economic interests.

Economic diplomacy is seen as the crafting of enabling policy and departmental strategies to facilitate and enhance the country's strategic objectives in Africa and globally. These would include, for example, the promotion of regional integration strategies; deep engagement with New Partnership for Africa's Development (NEPAD) projects; trade negotiations such as the Economic Partnership Agreements and the World Trade Organization Doha Round; management of the Southern African Customs Union and its successful reform; and the drive towards a greater African free trade agreement.

Commercial diplomacy, a subset of economic diplomacy, is the targeted promotion of South Africa's business interests across the continent and globally. The government's five domestic priorities, which all departments were enjoined to focus on, would probably benefit from such a focus which advances South African business interests (whether parastatal or private). However, paradoxically, many in government are coy about declaring such a policy that may be portrayed as mercantilist by other African countries. Furthermore, there is legitimate concern from within the government that the South African corporates fail to fully recognise and acknowledge the role played by the post-1994 government in creating an enabling political and policy environment for the private sector to operate successfully in Africa.

Encouragingly and in keeping with the spirit and ethos of greater openness from within DIRCO, the importance of the relationship between South African foreign policy in Africa and business operating in South Africa was highlighted at a breakfast meeting hosted by DIRCO's minister, Maite Nkoana-Mashabane, in Sandton on 23 November 2010. The minister noted:[10]

> It is our view that our engagements with the CEOs from different companies will help us as DIRCO to have a clear understanding as to the challenges faced by our private sector entities operating outside of our borders such as the impact of political instability, unfavourable

> regulatory regimes and a host of other non-trade barriers in some of the countries. We as Government will then look at developing intervention mechanisms that can benefit them.

The white paper on foreign policy, published in August 2011, notes that the success of economic diplomacy 'will determine the extent to which South Africa can achieve its domestic priorities. For South Africa to meet these priorities, its economy must be able to participate competitively in the global market place.'[11] For this to work, government, business and labour need to work in close partnership.

Nevertheless, if South Africa's economic diplomacy is to have traction in the SADC and Africa more broadly, its embassy and high commission personnel require considerable upskilling in trade, economic and investment matters. This, in turn, requires the recruitment of a cohort of graduates and others from the private sector with the requisite academic and preferably practical experience. In this regard, the private sector is best placed to identify their needs from South African missions in Africa. Leaders of the private sector should be invited to conduct regular briefings to DIRCO and such briefings could be mainstreamed into DIRCO's Diplomatic Training, Research and Development Academy.

Yet the success of economic diplomacy from a governmental perspective requires not only DIRCO to play a role, but also other ministries, such as trade and industry (through its IPAP 2) and economic development (through its New Growth Path, which highlights the importance of regional infrastructure).

The South African government has a number of tools at its disposal to advance both its economic interests and developmental objectives. Within the public sector there are the development finance institutions such as the Industrial Development Corporation and the Development Bank of Southern Africa; parastatals such as Transnet and Eskom; and the mooted South African Development Partnership Agency (SADPA), among others.

The private sector is unavoidably a key component of any agenda aimed at promoting South Africa's trade and investment interests. Such activities do not have to be overtly developmental to have a developmental impact in the countries in which they are carried out. These range from creating local job opportunities, to contributing to the host government's revenue, creating more choices for consumers and developing linkages in value chains within the local economy. However, there can also be more direct interventions on the issue of stimulating development. These can include public–private partnerships, or investing in post-conflict environments where the government provides some form of guarantee to mitigate risk, but which has a sectoral focus associated with the needs of the post-conflict state.

When debating the role of the private sector in supporting the government's developmental objectives in the region, there are three inter-related issues that need to be noted.

Firstly, South African business should comply with the laws and regulations of their host countries. But the concerns among government officials arise where these are absent or weakly enforced. The sense there is that South African companies should operate in an ethical manner, from paying their tax dues to adopting good labour practices and refusing to sanction corruption whether emanating from the host government or elsewhere. South Africa's own King lll Code of Corporate Governance should be adhered to in countries where such a code does not exist. However, as companies have noted, this has sometimes placed them at a disadvantage compared with other foreign companies who have no such qualms. Thus the South African government should consider putting ethical corporate practices on the agenda of the various groupings it is a member of, such as the BRICS. Clearly there will need to be a careful balancing act between the imperative of ethical corporate practice and inability to compete in non-South African markets because of a very uneven playing field.

Good corporate social responsibility (CSR) is a subset of good corporate governance. Companies in South Africa have built up a good track record in this area under apartheid. Although CSR is not a case of compliance with laws and regulations, greater awareness of these CSR initiatives in other African countries is essential. Smaller South African companies with fewer resources to operate ambitious CSR in Africa could be encouraged to collaborate via business chambers in pooling resources.

Secondly, closer dialogue on the government's developmental initiatives in the region with business to ascertain how business may work together is the responsibility of government. (This may also include SADPA once it is established.) However, business equally has a responsibility and an interest in engaging actively with government to better understand its developmental priorities and modalities on the African continent.

Thirdly, if the government believes in a symbiotic relationship between itself and business in advancing its African agenda on the continent, it should be less coy about championing South African business in Africa – in the way that other countries promote theirs. Here the greater use of tools available for commercial diplomacy, such as trade and investment missions and incentive packages for doing business in Africa, should be considered.

VIEWS OF OTHER ACTORS

Parliament

In addition to a degree of mutual scepticism between the private sector and the government, the most recent research indicates that very few members of parliament are recruited from the private sector.[12] By definition, this leads to different perceptions, understanding and communication. Furthermore, in sharp contrast to the emphasis placed on the importance of parliament in the post-1994 period, corporate South Africa has maintained a far lower presence in and around parliament in recent years, preferring rather to make submissions to the institution during public hearings or when presenting on bills undergoing committee scrutiny.[13] Moreover, organised business has made only two submissions to parliament in recent years to discuss or explain its activities on the continent.[14]

There is a dearth of communication between the South African corporate sector and parliament, particularly on matters relating to international relations, foreign policy and issues such as NEPAD and regional integration. There has been even less structured dialogue about the alignment of South African foreign policy with the role of the corporate sector. This has translated into parliament having little understanding of the range and scope of South African corporate activities in Africa and in particular the alignment of its corporate social investment with that of South Africa's African agenda.

An internal intercommittee chair agreement was reached during the 1999–2004 parliament that the portfolio committee on trade and industry should also interact with the portfolio committee on international relations and co-operation on these matters through thematic joint sittings. However, the proposal has yet to be implemented satisfactorily.

Some MPs are very sceptical about South African corporates and their operations in Africa. In part this scepticism may derive from many MPs having little or no corporate experience and in part from viewing the corporate sector as being conservative, neo-liberal in orientation and racially untransformed. There is also a residual antipathy towards corporate South Africa from MPs who believe that it not only benefited from apartheid policies, but, in some cases, it actively supported them and the then ruling party. Some MPs interviewed for the paper contended that corporate South Africa's submissions to the TRC were less than frank and disingenuous. For others still, there was a sense that corporate South Africa does not take parliament seriously and that it conducts its business directly with the government in Pretoria. For some MPs the consolidation of organised business's parliamentary offices in Cape Town is evidence of this.[15] They contrast this with the active and engaged COSATU Parliamentary Office in Cape Town.

The contention that corporate South Africa does not take parliament seriously may be unfounded and there is strong evidence that organised business continues to make frequent and detailed input into parliamentary committee hearings. However, MPs question whether such input is to be seen as self-interested lobbying rather than 'constructive input' into the legislative and ultimately policy process.

Organised labour

During the course of the research and engagement with stakeholders for the paper, it became clear that the input of organised labour, principally in the form of COSATU, was an imperative in achieving greater co-operation, alignment and mutual support between the objectives of the South African government in Africa and those of the corporate sector.

COSATU has a small international relations department focusing primarily on developing and strengthening its linkages with organisations such as the International Labour Organization (ILO) and other trade union federations globally. It also conducts research and provides position papers for the COSATU Central Executive Committee on international relations. COSATU is allied with and an active member of the International Trade Union Confederation (ITUC) for Africa. ITUC has 87 affiliated union federations in 46 African countries. Although the core of ITUC's work is in promoting and co-ordinating better work conditions and rights for workers across Africa, it is also involved with broader developmental issues such as climate change and conflict. It is also active in the ILO's Global Jobs Compact, launched in 2009 in response to the impact of the global financial crisis. In such areas of global concern ITUC interacts with the International Organisation of Employers. However, in part owing to the relative weakness of African trade unions, particularly after the job losses consequential to the global financial crisis, very little considered and constructive input has been forthcoming on questions of investment codes and best practice for companies operating in Africa. COSATU has, however, been active in NEDLAC discussions that have attempted to develop a deeper understanding among social partners of the impact of investments made by South African companies in the region. Terms of reference for a study were developed and it is likely to be undertaken in late 2011/early 2012 for presentation to NEDLAC constituencies.

ANC

The ANC's 52nd National Conference placed significant emphasis on the interrelatedness of South Africa's African agenda, the role of business in Africa and the need to strengthen the country's economic diplomacy.[16]

The conference noted the new opportunities for South African business in Africa, particularly in the mining, retail, construction, engineering, banking, communications, and agriculture and agroprocessing fields. This is an important point of departure for the ruling party. Interviews conducted with Luthuli House, among ANC senior policy experts and MPs, reveal that the ANC believes there is insufficient recognition and acknowledgement from South African business that the transition to democracy has not only released it from the shackles of the global sanctions against apartheid, but, equally significantly, that the transition and indeed the government's Africa agenda has paved the way for good will towards South Africa to translate into untapped opportunities for South African business.

Of particular significance, the ANC acknowledges the potentially vital facilitative and supportive role to be played by South Africa's missions in opening up opportunities for South African business. The party also sees this nexus as an opportunity to encourage, enhance and promote greater levels of intra-African trade.

The ANC sees this process of promoting greater intra-African economic and trade relations as being transformative of what it terms 'colonial traditional patterns of economic relations'.[17] Key to the success of this process will be the enhanced beneficiation of Africa's natural resources, rather than their raw export. Though unstated, it is implied that South African business has a role to play in advancing this process. What is still unclear is whether or not (or the degree to which) South African business sees itself playing this transformative role either in promoting greater intra-African trade or in greater beneficiation of the continent's natural resources. A number of senior business people in the resources and extractive sector contend that although it is desirable for Africa to add value to raw materials, currently the continent either lacks the infrastructure, technical know-how or global competitiveness to do so. The case of diamond cutting and polishing in Africa was raised as an example: it costs up to eight times more in Africa to cut and polish a small stone as it would in Mumbai, India.

AN INVESTMENT CODE FOR SOUTH AFRICAN COMPANIES OPERATING IN AFRICA?

Arguably the most important call for an investment code to govern South African companies operating in Africa was made at the ANC's 52nd National Conference. Resolutions 26–29 call for the drafting, adoption and legislation of a 'Business Code of Conduct in the Continent'.[18] The proposed code would seek to address the problems of child labour, poor labour practices, corruption and corporate social responsibility programmes. The resolutions were carefully worded so as not to damage the legitimate and competitive interests of South African corporates in Africa. However, it is unclear whether the ANC policy declaration is cognisant of the raft of corporate good governance and corporate social responsibility protocols and practices adopted by the South African corporate sector that govern its activities locally, in Africa and globally. A number of these bear reference.[19]

At the macro level, leading South African corporates subscribe to, support and adhere to the UN Global Compact.[20] The Compact's 10 principles seek to ensure that subscribing corporates behave ethically and responsibly with respect to labour, human rights, environmental and corruption issues. Launched in July 2000, it was designed to align international business with the achievement of the MDGs. Significantly, these principles reflect faithfully those guiding the proposed business code of conduct. In South Africa the National Business Initiative is the Compact's focal point.

In the extractive (mining and petroleum) sector, major South African corporates were among the earliest companies to support financially and subscribe to the principles of the Extractive Industries Transparency Initiative.[21]

Locally, major South African corporates are signatories to the NEPAD Business Foundation (NBF) Covenants on Business in Africa.[22] These include a Business Covenant on Corporate Governance (heavily influenced by the King codes of corporate governance); a Declaration on Corporate Responsibility; a Business Covenant on the Elimination of Corruption and Bribery; and a Business Declaration on Accounting and Audit Practice. Moreover, all corporate members of the NBF sign and endorse the Covenants and Declarations on Business in Africa. Internationally, there are Organisation for Economic Co-operation and Development and ILO codes that are relevant.

A consistent theme emerging from the interviews with South African corporates is the constructive, progressive and ethical role they feel they are playing in Africa under difficult and challenging local circumstances.

A number of South African corporate interviewees pointed out that they or their chief executives participate in a range of international sectoral business organisations that promote good governance and development in Africa as well as in other regions. For example, a number of the companies interviewed are active and supportive members of the International Council on Mining and Metals (ICMM). Membership of the ICMM requires the adoption of a code of conduct and good practice. Furthermore, the ICMM has produced a raft of well-researched good governance reports and programmes that take companies beyond mere compliance with codes by providing models, modalities and frameworks for companies to become drivers of change, local economic development and sustainable development. Few of these reports and programmes are researched and produced in-house, with the bulk being sourced from specialist consultants and development agencies. The most important studies produced by the ICMM are longitudinal studies that examine the implementation of progressive mining codes within a framework of modernised legislation and enhanced good governance.

Thus the question of the merits of a code for South African companies operating in Africa requires open and honest debate, based on improved knowledge and understanding of the respective positions among government, the ruling party and organised business. At the very least, a code of conduct should not duplicate existing successful CSR strategies, programmes and experiences. If adopted, it should rather seek to build upon existing success and harmonise these with the South African corporate sector. Moreover, the operation of any such code should be negotiated with host governments to ensure alignment and maximum benefit for all stakeholders. In this regard the SADC Employers Group draft code of conduct for companies operating in Zimbabwe could be consulted and built upon.

However, a concern expressed by South African corporate leaders is the growing uneven playing field across Africa created by new entrants who are not subject to the same level of domestic scrutiny of operations. The contention is that such new entrants utilise expatriate labour and adopt less than exemplary labour and employment practices. This is evidenced by a number of disputes with, for example, Chinese companies operating in the construction and extractive sectors.[23] Thus it is feared that any call, such as that of the ANC's Polokwane Conference, to develop or impose a code of conduct on South African companies operating in Africa may result in an unnecessary and unfair handicap on local companies, which may in fact be counterproductive to the operation of South African companies. Furthermore, should such a code apply only to Africa or have a more general application? Finally, the key question remains as to how such a code would be monitored, reported on and enforced; and relatedly, whether there would be punitive measures imposed on companies for non-compliance. In this regard, adherence to and ranking within the proposed code may serve as sufficient incentive for participation and, conversely, to avoid being named and shamed.

A more nuanced and textured analysis holds that South African corporates need to negotiate programmes and initiatives that are forged with host governments, trade unions and civil society. There are two views on the merits and demerits of this case. The negative concerns centre on the input costs of production resulting from higher levels of corporate social responsibility beyond the essentials of pension and medical care. A contrasting progressive approach holds that where South African corporates are viewed as responsible investors and desirable employers, they will attract better quality and more productive staff, as well as generate greater brand loyalty. On this view, a key dividend of better employment practices is healthy relations with host governments, particularly during times of difficulty and uncertainty.

A perceptions audit of South African companies operating in the SADC would be a valuable first step to assess the veracity of these contrasting perceptions and approaches. Such an exercise and its findings would provide a baseline study from which to separate expressions of competitive antipathy from genuine and legitimate concerns. Such an independent and credible survey would also provide the basis for both policy and practical adjustment.

RECOMMENDATIONS

To business

Conduct a 'perceptions' audit of South African companies operating in the SADC to address the issue of contrasting perceptions.

Capture and publicise the positive stories of South African companies operating in the rest of Africa. This should be undertaken by both business organisations and individual businesses. It should not be seen or aimed to provide a rosy picture of South African investment, but to begin a narrative on some of the good practices adopted by South African companies on the rest of the continent.

Initiate and continue dialogue with the relevant parliamentary committees on their membership of and commitment to various codes of conduct. This dialogue should be an ongoing one, which allows for a frank exchange of views on the role of South African business on the continent, perceptions and challenges.

To medium and smaller-scale South African companies

Establish a Business in Africa unit within chambers representing medium and smaller-scale companies to assist with their operations in the SADC and beyond – for example, within the South African Chamber of Commerce and Industry (SACCI). Understandably, the focus of attention in the 'South African business in the SADC and Africa debate' is on big business with its high-profile presence in the extractive, banking, retail and telecommunications sectors. By definition, major corporates have the resources, such as corporate social responsibility departments, to deal with the challenges of community, stakeholder and government relations in the SADC and African countries. Increasingly, however, medium and smaller-scale South African companies are expanding their operations into the SADC, but lack the resources and experience to run individualised CSR programmes within host countries. This SACCI unit could serve as an educational, advisory and information-changing forum. However, the unit should also tackle the problems of perception and reputation levelled at the larger South African corporates.

To government

Undertake a comparative study among key African states of the regulatory requirements for business.

Scale up the skills set of South African diplomatic missions on the continent to be better able to assist and respond to the needs of South African investors in those countries.

Increase involvement of the private sector in briefings and training at DIRCO. Leaders from different sectors of private business should be mainstreamed into providing (and receiving) regular briefings to and from DIRCO at senior levels, and boost business's consultative and advisory role in DIRCO's Diplomatic Training, Research and Development Academy.

To government and business

Through broad-based collaboration, identify and agree upon the principles that should govern South African business behaviour on the continent and beyond. The dti has worked on a draft code, but it is vital that there is broad-based buy-in to the process and the outcome.

To parliament

Increase engagement and co-ordination on all matters relating to South Africa's commercial and developmental agendas and activities across the continent. Parliament should have more regular interaction with various businesses that have interests in Africa. The portfolio committees on international relations and co-operation and trade and industry should be encouraged during their study visits abroad to visit South African business operations in these countries to acquire first-hand knowledge of the conditions and the context in which these companies operate.

CONCLUSION

South Africa benefits greatly from its political, diplomatic, and commercial activities in SADC and beyond. The forging of a free trade area, a possible expanded customs union, and visa harmonisation are all set to benefit the country economically. The South African corporate sector in particular is poised to continue making great strides in its footprint and profits generated in the region. However, with these developments come responsibilities and indeed threats, reputational and otherwise. As a senior ANC MP told the author, 'As the bigger economy, South Africa also has a bigger responsibility.'

Ensuring maximum mutual benefit for South Africa, its corporates and the countries of the SADC region will require a far more integrated and harmonised approach to the private corporate sector's role in policy development, commercial engagement and developmental planning. At the same time, South African corporates and government will need to deal with increasing levels of competition from existing and new partners on the continent who have well-co-ordinated commercial diplomacy policies.

Whereas suboptimal government–corporate relations in South Africa present challenges to the development of a more harmonised approach to regional engagement, the mutuality of interest in business and government working together in the SADC region and beyond are indisputable.

ENDNOTES

1 Arora V & A Vamvakidis, 'The Implications of South African Economic Growth for the Rest of Africa', IMF Working Paper WP/05/58, Johannesburg, March 2005.

2 Republic of South Africa, Department for Economic Development, 'The New Growth Path: The Framework', 2010, p. 14, http://www.info.gov.za/view/DownloadFileAction?id=135748.

3 Republic of South Africa, the dti (Department of Trade and Industry), A South African Trade Policy and Strategy Framework. Pretoria: Government Printer, May 2010.

4 See, for example, the dti, Minister Rob Davies 2009/10 and 2010/2011 budget speeches, http://www.dti.gov.za./delegationdetail.jsp?delegationId=3.

5 See SADC (Southern African Development Community), 'RISDP', http://www.sadc.int/index/browse/page/104.

6 See TRC (Truth and Reconciliation Commission), 'Special hearings transcripts', http://www.justice.gov.za/trc/special/#bh.

7 See, for example, Khulumani Support Group, http://www.khulumani.net/reparations/corporate.

8 It is noteworthy that the JSE's own study of black equity ownership of the top 100 companies on the JSE calculated black ownership to be some 18%, excluding indirect institutional pension fund holdings. See 'JSE presents findings on black ownership on the JSE', 2 September 2010, http://www.jse.co.za/About-Us/Media/Press-Releases/Full-Story/10-09-02/JSE_Presents_Findings_on_Black_Ownership_on_the_JSE.aspx.

9 The oil dealings of Khulubuse Zuma, President Jacob Zuma's nephew, in the DRC and controversial mine dealings are the clearest cases in point.

10 Republic of South Africa, DIRCO (Department of International Relations and Cooperation), address given at a working breakfast for CEOs of South African Companies operating outside the borders of South Africa, http://www.dfa.gov.za/docs/2010/sa-comp1123.html.

11 Republic of South Africa, DIRCO, Building a Better World: The Diplomacy of Ubuntu, White Paper on South Africa's foreign policy, final draft, 13 May 2011, http://www.info.gov.za/view/DownloadFileAction?id=149749.

12 Barkan JD, *et al*, 'The African Legislatures Project: First Findings', CSSR Working Paper, 277. Unpublished, 2010, http://www.cssr.uct.ac.za/sites/cssr.uct.ac.za/files/pubs/WP277.pdf.

13 For example, the Chamber of Mines has reduced its parliamentary office from a staff of over 10 to one person part-time.

14 See all committee hearings recorded by the Parliamentary Monitoring Group, http://www.pmg.org.za.

15 Organised business is represented most fully by the BPO (BUSA, or Business Unity South Africa, Parliamentary Office), staffed by a liaison officer, information services manager and a secretary. In 2009 the BPO became an official branch of BUSA and is highly engaged on a range of matters pertaining to the business/legislative nexus. The BPO's engagement on climate change and pre-COP 17 matters is the most important recent case in point.

16 ANC 52nd National Conference 2007 Resolutions: Section 8 International Relations, Resolutions 24–29 inclusive, http://www.anc.org.za/show.php?id=2536.

17 *Ibid.*, Resolutions 25.2.

18 *Ibid.*, Resolutions 26–29.

19 The ANC proposal for the development of the code has since been included in the work plan of DIRCO and a dti legal task team has prepared an initial text, which is yet to be published.

20 UN Global Compact, http://www.unglobalcompact.org.

21 Extractive Industries Transparency Initiative, http://eiti.org.

22 NBF (NEPAD Business Foundation), http://www.thenbf.co.za/about-us/covenants.html.

23 A number of these criticisms, and responses to them, are analysed within the research and publications of SAIIA's China in Africa Programme.

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South African Institute of International Affairs
Jan Smuts House, East Campus, University of the Witwatersrand
PO Box 31596, Braamfontein 2017, Johannesburg, South Africa
Tel +27 (0)11 339-2021 • Fax +27 (0)11 339-2154
www.saiia.org.za • info@saiia.org.za

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