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**DIRECTORATE-GENERAL FOR EXTERNAL POLICIES OF THE UNION  
DIRECTORATE B  
- POLICY DEPARTMENT -**

**NOTE**

**ON THE RECENT SITUATION IN SOUTH AFRICA**

**Abstract:**

Next elections in South Africa are due to take place in April or May 2009. President Mbeki cannot stand again for election. Therefore the end of 2007 was marked by his succession as leader of ANC. The chosen person should be the ANC candidate for the presidential election. On 18 December former Vice-President and very controversial figure Jacob Zuma has beaten Mbeki and became the new ANC leader. He takes over the party at a time when South Africa made real progress on the economic side but is still fragile on the social side.

South Africa agreed another EU Country Strategy Paper with the EC in 2007 which opened the way to new EC funded development aid. On the contrary South Africa refused to sign an Economic Partnership Agreement and negotiations are still on track.

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*Sources:*

- The Economist Intelligence Unit
- European Commission
- UNDP
- BBC World
- Jeune Afrique
- Le Monde

NB: This note is complementary to the note *DGExPo/B/PolDep/Note/2007\_017* previously received by the South Africa delegation's Members.

## POLITICAL SITUATION

South Africa is a key regional power for Southern Africa and the entire continent. The end of apartheid gave the country a new role in Africa. Thanks to Nelson Mandela's moral authority, South Africa became an active intermediary in many conflicts. President Mbeki is still playing a leading role. Nevertheless he is internally weakened as he failed to be re-elected as ANC leader to block the way to his former Vice president, Jacob Zuma.

### THE ANC "SUCCESSION WAR"

The choice of the ANC leader is very important for South Africa as this person will normally be next year's presidential candidate. The ANC is overwhelming South African political life. As a consequence its leader should be the next President. The campaign for the ANC leadership has therefore dominated South Africa's political life over the recent months.

The ANC is part of a tripartite alliance with the Communist Party (SACP) and the COSATU (Congress of South African Trade Unions). The SACP and COSATU supported Jacob Zuma who is closer to the left wing of the party. COSATU alone has 1.8 million members.

As none of the other candidates seemed to be able to win against Zuma, Mbeki had to seek another term as ANC leader to block his way. Mbeki cannot run for the next presidential elections, though but he hoped that few more months would help finding another presidential candidate. Jacob Zuma was elected with 60% of the votes. Not only did Mbeki's attempt fail, but there is now someone with whom he has a strained relationship and different political views, leading his majority party.

Zuma's supporters have won most of the important posts in the ANC, in particular the "Top 6". They also get good results in the National Executive Committee (NEC), which is composed of 80 members who define the party's political line<sup>1</sup>. This means that the leader is not elected on his programme as this is decided later by the NEC.

Jacob Zuma is often described as a populist. He is less intellectual and less sophisticated than Mbeki who is described as a "Black English gentleman", educated but perceived as cold and haughty. Zuma represents the traditional left approach of ANC while Mbeki is seen as centre-left. In his first speech as ANC leader, Zuma underlined the "*serious challenges of unemployment, poverty and inequality*". He insisted that growth is necessary to close the gap between the rich and poor. But the ideological differences between Mbeki and Zuma must not be overestimated. Although he is playing a left tune, Zuma is also convinced by liberalism and has stated that he will not change the main economical orientations of the country. He also declared that work was needed to heal the internal rifts within the ANC caused by the contest.

The last election showed the divisions within the ANC, but they were also a proof of democracy and transparency. The ANC militants freely chose their 5000 delegates who later voted for their leaders, against the country's President and the party's elite. In the end, there were declarations of unity which seem convincing as the leadership of ANC remains collegial. As a result, the political orientation of the party cannot be changed by any individual even the leader.

### THE CONTROVERSIAL FIGURE OF JACOB ZUMA

The election of the 65-year-old Jacob Zuma was controversial because of his personality and all the scandals in his past. In 2006 he was accused in a rape case. He was cleared of all charges, but he then provoked a scandal in a country most affected by HIV/Aids when he declared that he had a shower after a non-protected relation with a HIV positive woman, giving the

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<sup>1</sup> For instance current Vice president Phumzile Mlambo-Ngcuka was not re-elected.

impression that this is sufficient protection. His polygamist practices are also criticised, and he has at least 14 children. He married his fourth wife on 5 January 2008, after his election to the ANC leadership. His “traditional” private life and his “macho” declarations do not make him popular to women and HIV/Aids associations and to many “progressives” in the first African country to have authorised homosexual marriage. His ex-wife, Nkosazana Dlamini-Zuma, is currently Minister of Foreign Affairs and close to Mbeki.

The *Thales* corruption case is currently in progress, and could ultimately lead to his resignation. He was South African Vice president when he was first indicted and was dismissed by President Mbeki in 2005. In September 2007 his case was dismissed because the prosecution did not have sufficient evidence, however, his financial adviser was sentenced to 15-year imprisonment. In December 2007, just after his election, Zuma was charged again. The next hearing is planned for 14 August 2008, the day when the ANC 2009 election campaign should be launched. Zuma promised to resign if the Court find him guilty. He is accused of having received a bribe of around € 250.000 to favour French firm *Thales* for an arm contract.

However Jacob Zuma was a high profile combatant in the anti-apartheid fight. He could not go to school as he grew up in a very poor family in Zululand and his father died when he was three-years old. He joined the ANC very early in his life and was later jailed in Robben Island, where he learned to read and write. He was freed in 1973. In the early 1990s he negotiated the “peace” agreement between the ANC and the Inkhata Freedom Party after violent conflict between supporters of both parties in KwaZulu Natal.

Some criticisms have stated that Zuma’s approach is reviving ethnic tensions which were set aside by the ANC. He is a Zulu, which is the first ethnic group in the country, while Mandela and Mbeki are Xhosa. Zuma really stands as a Zulu and speaks sometimes Zulu in his speeches. However his electoral base has transcended his ethnic group as he won in most of the provinces.

#### **MEDIATION IN ZIMBABWE**

President Mbeki is the official mediator in charge of finding a solution for Zimbabwe. As no progress was made, President Wade of Senegal proposed mediation at the end of 2007 which was refused by Zimbabwean President Mugabe, who only accepts mediation inside SADC. Mbeki's support is somehow surprising as Mugabe’s attitude is not popular in South Africa and Mbeki’s attitude towards his neighbour is not understood by the ANC leaders and most South Africans. Indeed the trade union close to the ANC supports on its side Zimbabwean trade unions (opposed to Mugabe's government). On 18 January 2007, President Mbeki went to Zimbabwe to meet officials from the ruling ZANU-PF and main opposition parties after reports that a deal to end political crisis was imminent. Opposition representatives have asked him to convince President Mugabe to postpone the presidential and parliamentary elections due to take place in March.

#### **SOCIAL SITUATION**

The South African economy is the richest and the most diverse on the continent, yet the country still faces huge social problems and is one of the most unequal societies in the world. 2/3 of the total income is concentrated in the hands of the richest 20% of the population, although income inequality between racial groups has declined. Thanks to the Black Economic Empowerment (BEE), many black people are now rich entrepreneurs but the white population still has the highest proportion of skilled and highly skilled labour. Despite some progress, the delivery of basic services - including water, electricity and sewage - is a key concern.

## **SOCIAL DEVELOPMENT**

Mbeki has succeeded economically and somewhat socially: sustained growth, good macro-economic results, 2 million new housing units, 4 million black households are now connected to the public electricity network and 85% of South Africans have access to drinking water. Poverty was reduced but the majority of the population still lives under the poverty line and unemployment is estimated at 40%.

Stigmata from apartheid still mark South Africa's development. For instance, child mortality rate is similar to Bangladesh's one among the black population and similar to the OECD's among the white population. Things are expected to improve as the government has expanded the free primary healthcare system.

## **GOING ON FIGHTING WITH HIV/AIDS**

South Africa is among the countries most affected by HIV/Aids. The prevalence rate is over 18% for 15-49 year-olds, some civil society organisations say it is 30%. Life expectancy has fallen to 50 years. South Africa has adopted a *HIV/Aids and STI Strategic Plan for South Africa 2007-2011* which aims at halving the number of HIV affected patients and at extending the treatment to 80% of the AIDS affected population. So far South African politicians, especially President Mbeki, were accused of not giving the necessary priority to the fight against HIV/Aids. There are also some legitimate doubts about Mr Zuma's commitment.

Nevertheless, South Africa has won a WTO case against multinational pharmaceuticals companies and could import cheaper generic drugs. The anti-retroviral (ARV) treatment is now available for 30% of the AIDS patients. This is of course insufficient, but this is the most significant development in Sub-Saharan Africa. Still, the obstacle to expand the number of patients treated comes from a huge lack of human resources in hospitals. Many health workers were themselves affected by the disease or went to work abroad where salaries are higher.

## **EU-SOUTH AFRICA RELATIONS**

South Africa's relations with the EU are different from other African countries. South Africa is an ACP country but is not eligible for the European Development Fund (EDF). The EU and South Africa have signed a Trade and Development Cooperation Agreement (TDCA) in 1999 and the development cooperation is financed through the Development Cooperation Instrument (DCI which also finances EU bilateral aid to Asian and Latin American countries). Nevertheless, South Africa, as a party of the Cotonou Partnership Agreement between the EU and the ACP, chose to negotiate the Economic Partnership Agreement foreseen in Cotonou.

In November 2006, the Joint Cooperation Council adopted the South Africa-EU Strategic Partnership. On 14 May 2007, the Joint Action Plan to implement the Strategy was adopted. It foresees closer cooperation in a wide range of areas from political dialogue to science and technology cooperation. Environmental protection and climate change are among the areas of cooperation.

## **A NEW COUNTRY STRATEGY PAPER**

Thanks to its powers of scrutiny under the DCI country, the EP could give its approval to the Country Strategy Paper for South Africa (2007-2013) and will examine the Annual Action Plan every year.

The CSP and the MIP (Multi-annual Indicative Programme) are in line with the TDCA and the Joint Action Plan. The CSP is in reality a Joint Country Strategy Paper drawn up by South

Africa and the European Commission but also with the EU Member States. According to the CSP and the MIP (2007-2013) for South Africa, the future EC cooperation strategy seeks to support efforts to reduce poverty and inequalities in the country. Operations will be directed at promoting employment creation, social cohesion as well as governance, regional integration and TDCA facilities.

The indicative allocation for South Africa is € 980m for the DCI period 2007 to 2013. Priority has been given for the MIP to two focal sectors:

1. Employment creation (35-45%)
2. Capacity development for service delivery and social cohesion (30-40%)

Some non focal sectors were also selected: governance (5-20%); regional and pan-African support (4-10%); TDCA facilities (up to 5%).

The Commission intends to disburse most of the MIP via general budget support to replace the traditional projects/programmes. This approach is said to allow fewer and larger interventions.

#### **NO ECONOMIC PARTNERSHIP AGREEMENT...SO FAR**

South Africa chose to join the EPA negotiations with SADC (Southern African Development Community)<sup>2</sup>, which was not foreseen, as the country's trade relationships with the EU are covered by the TDCA and a separate agreement on wines and spirits. But regional trade between South Africa and its SADC partners could have been disrupted after an EPA between the EU and SADC but without South Africa. Therefore, South Africa joined the negotiations first as an observer and later as a full "member". Eventually, South Africa was the main state blocking the finalisation of the agreement in the end of 2007 (all EPAs should have been signed by end of December 2007 by the EU and each of the six ACP regions). As a result no EPA was signed with SADC as a whole but with some of its Member States.

On 23 November 2007, a first step agreement has been initiated between the EU on the one side and Botswana, Lesotho, Swaziland and Mozambique on the other side. On 12 December 2007, Namibia initiated the agreement on the understanding that its concerns would be addressed through the negotiations towards a comprehensive EPA and would sign and ratify only if agreement on outstanding issues is found. According to the European Commission, Angola intends to join the agreement "as soon as possible".

South Africa has indicated that it does not plan to sign this agreement. It will continue exporting to the EU under the TDCA, which is a WTO-compatible free trade agreement. Therefore, the country's exports will not be affected by the expiry of the Cotonou trade regime. Nevertheless, the non-participation of South Africa might have implications on the implementation of the interim agreement, as it forms a customs union with Botswana, Namibia, Lesotho and Swaziland under SACU (Southern African Customs Union)<sup>3</sup>. It is expected that South Africa will remain engaged in negotiations to join later the other SACU countries under a harmonised, although differentiated, trade regime.

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<sup>2</sup> SADC is composed of 14 countries: Angola, Botswana, the Democratic Republic of Congo, Lesotho, Madagascar, Malawi, Mauritius, Mozambique, Namibia, South Africa, Swaziland, United Republic of Tanzania, Zambia and Zimbabwe. But Angola, Botswana, Lesotho, Mozambique, Namibia, South Africa, Swaziland and Tanzania took part to the EPA negotiations under this region.

<sup>3</sup> SACU is composed of five countries: Botswana, Lesotho, Namibia, South Africa and Swaziland.