

15

SALIA REPORTS

number fifteen

THE SOUTH AFRICAN INSTITUTE OF INTERNATIONAL AFFAIRS
100 WILSON STREET, JOHANNESBURG

THE SA-EU TDCA: An Analysis of Decision-making Procedures and Processes in South Africa

by

Roger Levermore, Richard Gibb and Mark Cleary

SALIA



THE SOUTH AFRICAN
INSTITUTE OF
INTERNATIONAL AFFAIRS
Established 1934

**The SA–EU TDCA:
An Analysis of Decision-making Procedures and
Processes in South Africa**

by

Roger Levermore, Richard Gibb and Mark Cleary

Copyright © 2000

THE SOUTH AFRICAN INSTITUTE OF INTERNATIONAL AFFAIRS

Jan Smuts House, Braamfontein, Johannesburg, South Africa
Tel: (011) 339-2021; Fax (011) 339-2154
e-mail: saiiagen@global.co.za
website: <http://www.wits.ac.za/saiia.html>

All rights reserved

ISBN: 1-919819-24-2

Report No.15

SAIIA National Office Bearers

Dr Conrad Strauss
Gibson Thula • Elisabeth Bradley
Brian Hawksworth • Alec Pienaar
Dr Greg Mills

Acknowledgements

The authors would like to thank those who have commented on the draft versions of this paper (Ian Bailey and Henk Campher), and the Cartographic Resources Unit at the University of Plymouth. The primary research on which this paper is based was financed by a British Council scholarship, and was awarded by the South African Institute for International Affairs. The researchers would also like to acknowledge support from the ESRC (award number R000222 073).

Abstract

In this paper we explore the dynamics of the South African decision-making process, with specific reference to the South Africa–European Union (SA–EU) Trade, Development and Co-operation Agreement (TDCA). The aim is to identify and understand the key characteristics of the policy formulation process, and then explore briefly the extent to which stakeholders in South and southern Africa were incorporated. We adopt and adapt a decision-making model in order to construct a template that can be used to evaluate critically the South African policy formulation process. The template suggests there are four key components to be considered; the statal process, detached observers, the internal environment and the external environment. We conclude that whilst in theory the South African decision-making process is both transparent and inclusive, in reality there are shortcomings that may exclude certain sections of civil society.

The SA-EU TDCA: An Analysis of Decision-Making Procedures and Processes in South Africa

Introduction

The desire to incorporate all sections of South African society within the decision-making process is a requirement deemed essential to the ongoing process of rehabilitating the disadvantaged peoples of South Africa. Indeed, a leading member of the business community claimed,

the need to talk to stakeholders on all issues ... is something that has developed almost organically in South Africa, almost more ... than anywhere else. It is quite an astonishing process... [and] very unusual for people who have not experienced it before.

Such a statement has enabled South African politicians to argue that the South African decision-making process incorporates an impressive diversity of groups. Alec Erwin (the South African Minister for Trade & Industry) praised the South African decision-making process for its transparency and inclusivity in the formulation of official government trade policy.¹ However not all analysts view the South African decision-making process with such approval. In examining the impact of the free trade agreement between South Africa and the European Union, Keet² criticised the policy formulation process, arguing that

the government [did not] offer a consistent and coherent public response to the implications of the FTA. In part this was because of the diverse — and notoriously unco-ordinated — centres of foreign policy-making within the South African government.

The objective of this paper is to outline and explain the South African decision-making process in order to ascertain the extent to which it permits the inclusion of a diversity of stakeholders in South and southern Africa, and to gauge the influence that these groups exert on the outcome of policies. The policy examined here is the recently signed Trade, Development and Co-operation Agreement between South Africa and the European Union (SA-EU TDCA). A model has been constructed and the SA-EU TDCA has been tested against this. The first section of this paper therefore introduces and explains the model to be applied to the TDCA. The second section describes the research gathering exercise and the methodological considerations

¹ *Business Day*, 3 December 1999.

² Keet D, 'Europe's free-trade plans with South Africa: Strategic responses from and challenges to South and Southern Africa', *Development Southern Africa*, 14 (2), 1997a, p.285.

accompanying it. The final section applies the model to the South African context.

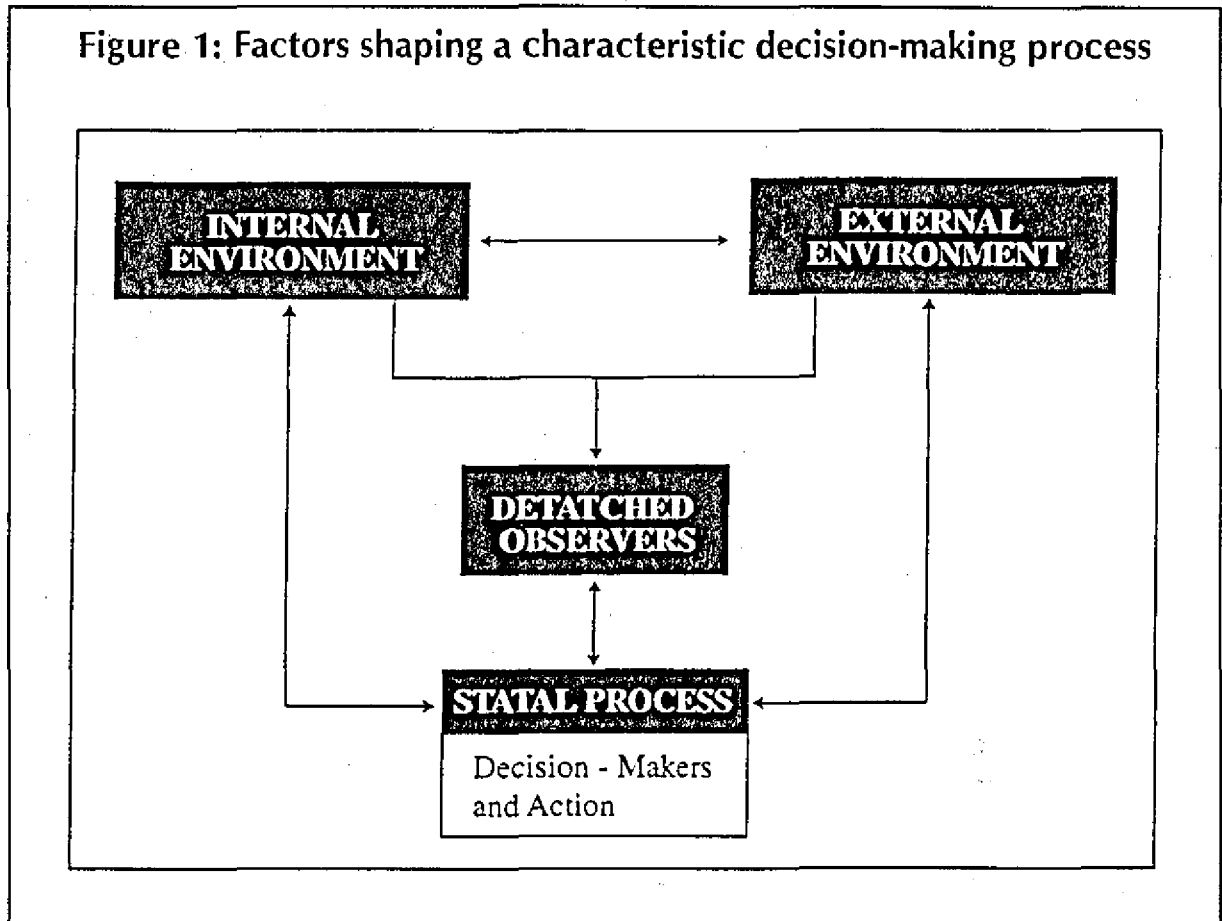
The model

We argue that a thorough understanding of the South African decision-making structure requires a model. On the basis of the literature surveyed, the Snyder et al³ model provides a suitable starting-point. The Snyder model identifies five characteristics; the internal setting, cleavages in society, the governmental decision-making process, the external setting, and action that derive from the decisions made. The model used in this paper, illustrated in Figure 1, maintains three of these categories, namely the state decision-making process, the internal environment and external environment. We add 'the role of "detached observers"', contending that, 'Policy-makers ... are often ... intimidated by the "detached observers" who, in a democracy, can exert a powerful influence on public opinion'.⁴ We therefore consider that the role of detached observers is an important addition to the model. We define a detached observer as a representative of a non-governmental institution, think-tank or research body that produces quantitative or qualitative evidence for policy and decision-makers.

³ Snyder RC, Bruck HW & B Sapin, 'The decision-making approach to the study of international politics', in Rosenau JN (ed.), *International Politics and Foreign Policy — A Reader in Research and Theory*. New York: The Free Press, 1969, pp.199–206.

⁴ Gould J, 'Too much or too little knowledge?', *Government and Opposition*, 24, Autumn 1989, pp.503–516.

Figure 1: Factors shaping a characteristic decision-making process



Before applying this model to the South African context, it is important that we describe the methodological issues and research processes that guided this work.

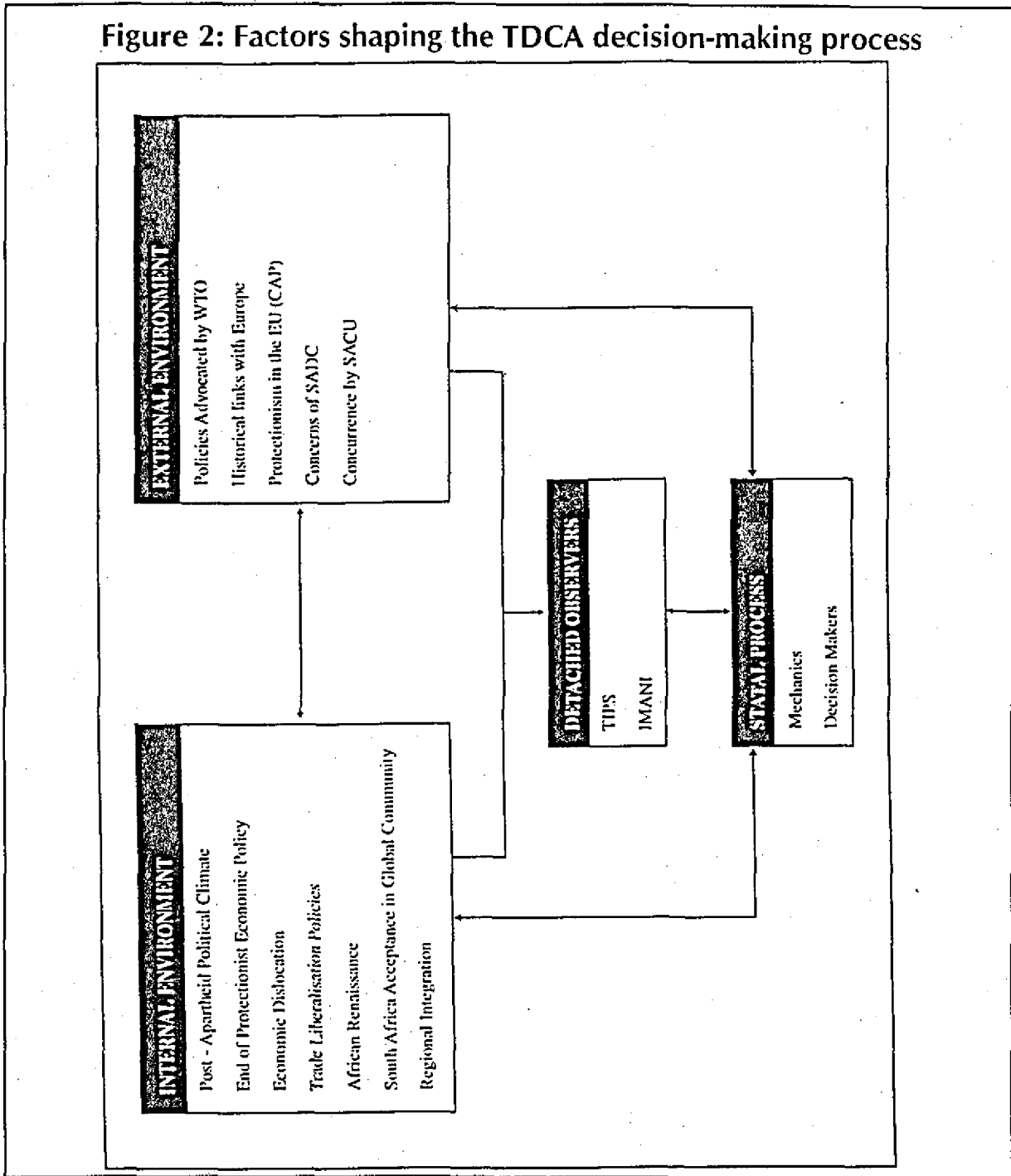
Methodological considerations

In a three-month period, from July to September 1999, we conducted semi-structured interviews with over 60 people who were either in positions of authority within the TDCA decision-making process, and/or 'knowledgeable people' following the negotiations. Thus, the respondent group consisted of parliamentarians, negotiators, diplomats, government bureaucrats and academics and lobbyists, as well as representatives from the National Economic, Development and Labour Council (Nedlac), business, labour and civil society. It included people from South Africa, the Southern African Customs Union (SACU), the Southern African Development Community (SADC), the European Union (EU), and the British government. The interviews contained questions probing respondents' perceptions of the influence exerted by various contributors over the decision-making process, and the extent to which the process was inclusive.

Applying the model to the case study

This section of the paper examines the four factors that contribute to formulate, shape and influence the policy process (see Figure 2). The first is an examination of the statal structure, followed by the role of the detached observers, and then the influence exerted by the internal and external environments.

Figure 2: Factors shaping the TDCA decision-making process



Statal decision-making mechanics and decision-makers

The state component of the decision-making structure is a central element in understanding the formal governmental process. Figure 3 outlines the bodies and structures involved in constructing the TDCA policy. It emphasises that South Africa's negotiators are assisted in policy formulation by a multitude of organisations, from both inside and outside the governmental apparatus. Some elements of this structure have only recently been formed. The *government structure* was developed under the apartheid regime, but the bureaucratic personnel has altered significantly, having been drawn increasingly from the previously disadvantaged populations.⁵ Another component of the structure, Nedlac, was established only in 1995, and the Agricultural Trade Forum in the same year.

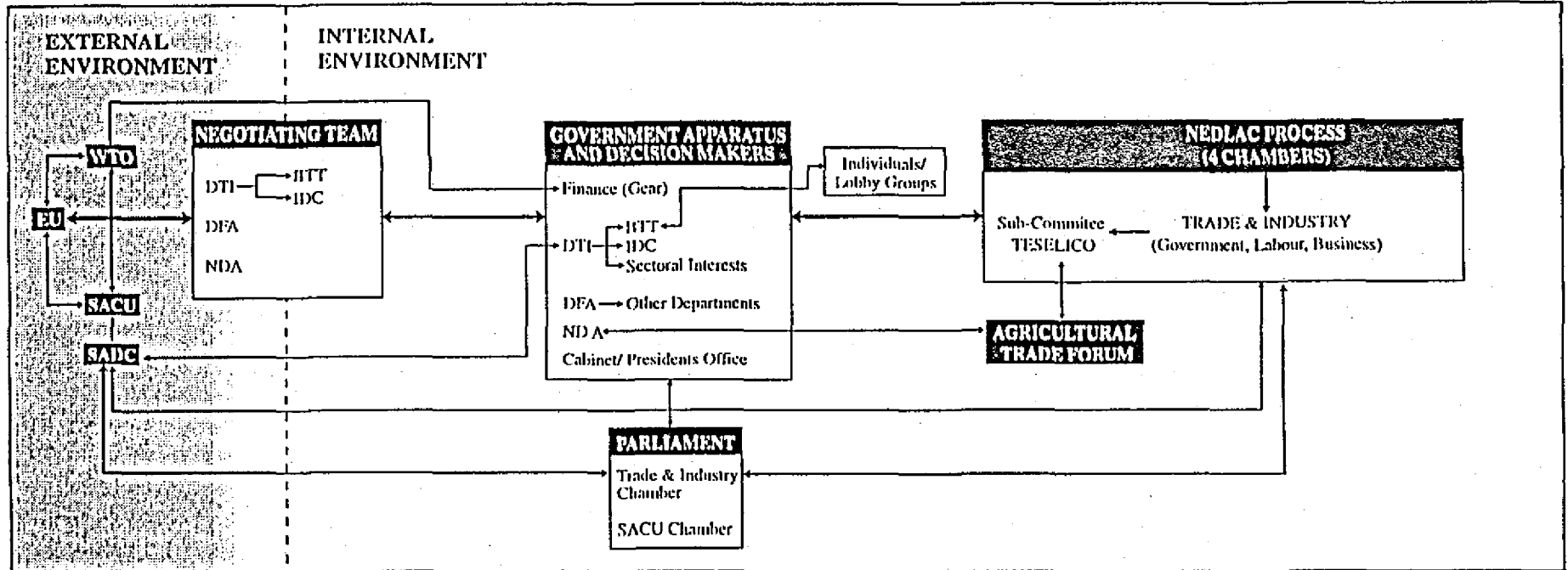
Furthermore, the negotiating team was only assembled following the EU's mandates published in June 1995 and 1996. Prior to this, there was a negotiating team, established by the Department of Foreign Affairs (DFA),⁶ that decided the negotiating stance with the EU, and discussed the possibility of Lomé membership and the parameters of external trade policy they should follow. A leading representative of this group added that 'we ... succeeded in drawing up several parameters; how far we should go with trade liberalisation for instance ... and should we accept GSP rather than ... making sacrifices in trade liberalisation'.

The negotiating team, led by South Africa's EU Ambassador Eltie Links, came under the control of both Alec Erwin and the cabinet. When it was first established, the DFA was the major government department formulating the official stance, yet, due to its economic content, the DTI became the department controlling the negotiations. Strong support was received from the National Department of Agriculture (NDA). The negotiating team also received technical support from the Board of Tariff and Trade (BTT) and the International Development Corporation (IDC).

⁵ Tom Lodge provides figures to prove this. He notes that in 1994 Africans (his word selection) filled two percent of the management posts in the civil service. This rose to 30% by 1996. Lodge T, *South African Politics Since 1994*. Cape Town: David Philip Publishers, 1999, p.108.

⁶ This was formed during the transitional government and included important personnel in the current government. Among a group of about 20 members were Alan Hirsch, Faizel Ismail, and Trevor Manuel. The group discussed issues relating to international relations.

Figure 3: Bodies and structures involved in shaping the SA-EU TDCA



A member of a prominent NGO, with close links to government, asserted that 'the main driver of these negotiations is primarily a new generation of bureaucrats in the Department of Trade and Industry'. The DTI has many sub-sections that are responsible for sectoral interests, and when the South African team received offers from the EU they were divided between the various sectoral interests, ranging from clothing to agro-business. Associated to the DTI is the BTT, and they received a collection of views from a multitude of individuals, interest groups, and representatives of business, labour, and to a limited extent, civil society. The BTT's input into the decision-making process was described by a BTT representative thus; 'comments were received by the Board of Tariff and Trade ... discussed, and [they] were effected into the decision-making process'. It is at the BTT level of the statal decision-making structure that an individual can influence the policy formulation process. According to the BTT representative the input provided was significant. He notes that 'We have received a lot of letters... [and in terms of influencing the process] I have received an amazing submission from an individual on the Rules of Origin... a complete discussion'. When questioned further the representative stated that these 'individuals' often represented retired people, representatives of companies, members of interest groups, or concerned members of the public. The DTI is also responsible for co-ordinating relations with both SADC and the BLNS.

Three other departments within the government structure participate in, and influence, the overall decision-making process. Agriculture (NDA), apart from providing assistance to the DTI, meets regularly with the tri-partite Agricultural Trade Forum. This organisation was established to monitor the negotiations and operates mainly outside the Nedlac process, although information and opinions accrued at this level are passed on to the Nedlac sub-committee, named the Technical, Sectoral Liaison Committee (TESELICO). The forum provides input into the process for those mainly within the agricultural processing industry, as well as for traders and Trade Union representatives.

The DFA, although sidelined to some extent, was involved in organising the EU-SA meetings and consulted other relevant government departments. The diverse nature of the TDCA meant that the Health, Communications, and Transport Departments were also affected by the agreement. Therefore the DFA organised presentations by these departments in order to 'get their visions on how they think co-operation of the EU should be ... so we had a whole series of meetings where one department after another made a presentation ... and that was perpetuated where necessary'.

The Department of Finance is also involved in formulating TDCA policy. This is mainly due to the trade liberalisation measures it advocates through the establishment of the Growth, Employment, and Redistribution (GEAR) macro-economic policy.

At this government apparatus level contributions are also made by both Cabinet Ministers and the President's Office, termed in the model 'decision-makers'. The influence of Nelson Mandela, Thabo Mbeki and Alec Erwin has been commented upon in the policy formulation structure. Analysts who were questioned remarked that following the dismantling of apartheid, the 'Mandela factor' initiated a mood in which other actors, in rhetoric at least, wanted to assist South Africa in re-joining the global community. An example of his impact on the internal environment is the way he confronted, at the 1997 COSATU conference, criticisms of the tariff liberalisation policy pursued by the government. Furthermore, Alec Erwin influenced the ideological shift within South Africa (towards an acceptance of trade liberalisation). A commentator on the changing political composition in South Africa observed, 'the key person here is Alec Erwin. He was the key ideological person in COSATU in the 80s... he emerges as a supreme technocrat in the 90s... shifting the labour party movement ... from protectionism to market thinking'.

Erwin has also been credited by some with personally propelling the TDCA process forward. One business representative asserted that it was 'only once he [Erwin] decided that it [the agreement] was going to happen that it happened'.

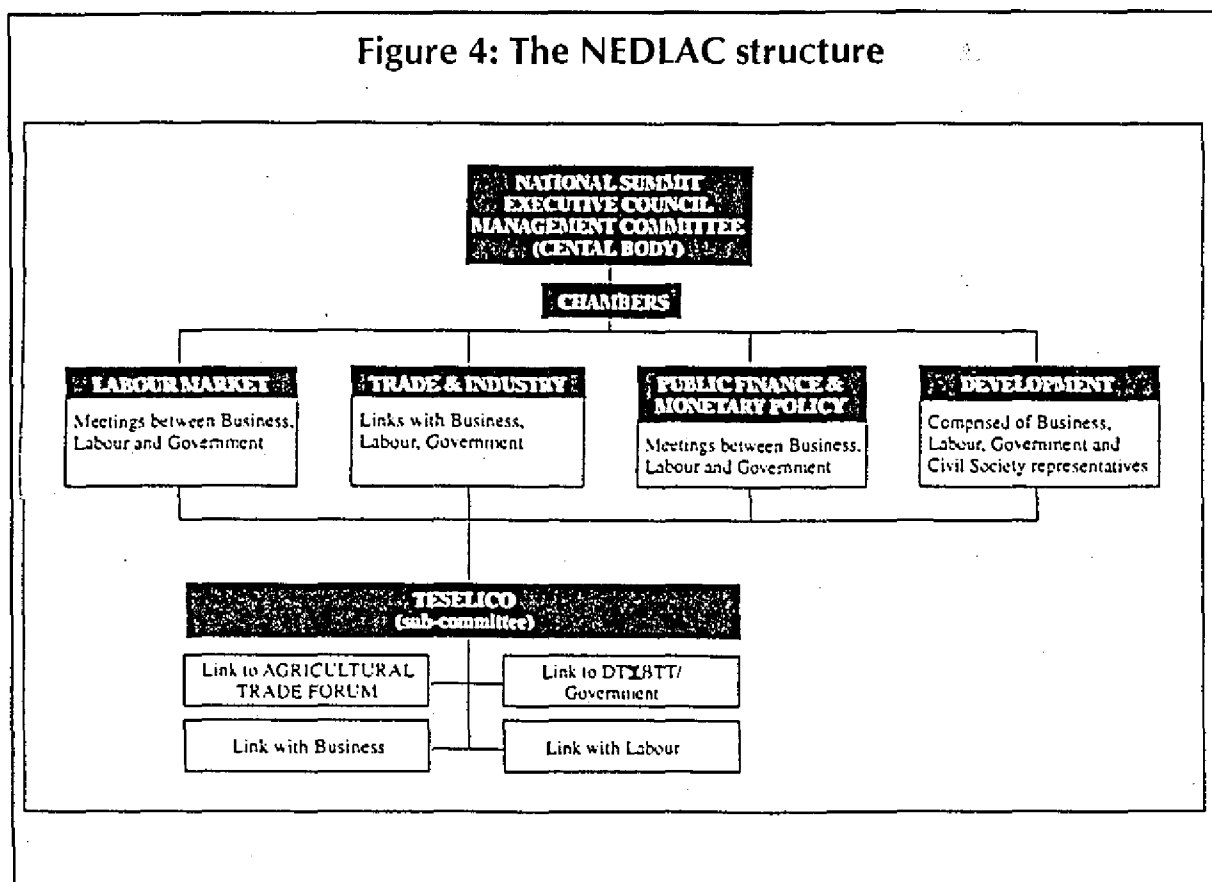
Two further institutions are important components of the South African decision-making structure. They are Nedlac and the South African parliament. One of Nedlac's founding declarations is that it should be a 'vehicle by which government, business, labour, and community organisations seek to co-operate, through problem-solving and negotiation, on economic, labour and development issues, and related challenges facing the country'.⁷ Figure 4 illustrates the Nedlac structure.

Nedlac comprises government officials, 19 business organisations (including Business South Africa (BSA) and the National African Federated Chamber of Commerce (NAFCOC)), three organised labour movements (The Congress of

⁷ Declaration No.6, *The Guide to Nedlac*, p.8, undated.

South African Trade Unions (COSATU), National Council of Trade Unions (NACTU), and the Federation of South African Labour Unions (FEDSAL)), and five community sectors (representing civics, women, youth, rural people, and disabled people). It is at the chamber level where substantive discussions between the social partners take place. The SA-EU TDC was discussed in the Trade and Industry chamber, where only government, labour and business meet to discuss matters (the community representatives sit only in the Development chamber). The community had a chance to discuss the TDC formally, but only at the Executive Council level. Alec Erwin gave presentations on EU trade, yet according to a leading representative of civil society at the 1997 COSATU conference, there was a lack of opportunity to discuss the concerns felt by the stakeholders who attended. The representative noted that 'They presented to us ... at the end of the day it is an economic forum ... you cannot engage in debate ...'

Figure 4: The NEDLAC structure



However, Nedlac (via the Trade and Industry chamber) engaged in rigorous debate on the issue. A representative for Nedlac argued that numerous

presentations were made in the strategy formulation stage, when South Africa began to develop its mandate. During the negotiating process, the Trade and Industry chamber met before and after each meeting between the EU and South Africa. An important sub-committee (TESELICO) was also established, and was used as a consultative forum for government trade negotiators to liaise with business and labour, whilst monitoring the bilateral discussions between the DTI's sectoral divisions. Furthermore its members (a very select group of 17, comprising senior government Ministers as well as important leaders in the agricultural, business and labour communities), devised a clandestine response to the initial EU mandate. This response was the South African tariff proposal (which was published in December 1997).

The South African parliament was also involved in the decision-making process. Firstly, it participated in the discussion surrounding the future of Lomé and South Africa's possible entry into the African, Caribbean and Pacific (ACP) group, and was an observer at the EU-ACP joint assembly in October 1994. Following the start of TDCA negotiations, the parliament also maintained regular contact with decision-making bodies within the EU, whilst various chambers (such as Agriculture, Foreign Affairs, and Trade and Industry) were asked by government to produce commentary on the EU mandates. Similarly parliament formed a SACU parliamentary liaison committee which explored various potential impacts of the TDCA for the BLNS states. The second aspect of parliament's involvement in the statal decision-making process relates to a review it undertook prior to the (South African) ratification of the agreement. The National Assembly's committees on trade and industry, foreign affairs and agriculture and land convened a half-day of public hearings on many facets of the TDCA. The final stage of parliament's involvement in the TDCA process came when it ratified the agreement in November, 1999.

This section of the paper has operationalised the role of the state in the decision-making model. It is evident from this that there are opportunities for stakeholders to participate in the TDCA decision-making structure. This is possible via the BTT, the Agricultural Trade Forum, Nedlac and parliament. This would, therefore, indicate a degree of inclusiveness in the statal apparatus.

However, as the representative for civil society noted, the opportunities for both labour and business to participate are far greater than for other sectors

of South Africa's stakeholder society. Lodge⁸ argues that such marginalisation is increasingly prevalent; '[since 1997] SANCO leaders were complaining of the "extreme marginalisation" of the civic by the ANC', and that civil society does not 'want to be treated simply as another non-governmental organisation that will be called upon to make submissions at the tail end of policy formulation'. Additionally, the BLNS and SADC have limited inclusion within this decision-making structure. Indeed the dilemma for these regionalised statal associations has been discussed by Stevens,⁹ who observes that 'Even if the South African government is meticulous in its efforts to involve SACU and SADC, this cannot be anything other than an unsatisfactory position for its neighbours'. Furthermore, the scope for participation for civil society, labour, government and neighbouring statal associations in the post-ratification stage looks limited, provided government officials are the sole actors in the Co-operation Council.

Role of detached observers

A number of reports were commissioned and conducted throughout the course of the TDCA negotiating period. They emanated from a variety of institutions and considered the potential impact of the TDCA on South and southern Africa, the ACP, and on policies of trade liberalisation in general (see Table 1). These studies received a mixed reception, with some influencing the policy formulation process more than others. Our analysis first discusses those which have had a perceived impact on the TDCA policy process, then reviews those that have been largely ignored.

The first detached observer seen to have an influence on decision-making was the European Research Office (ERO) which, whilst not producing a report outlining the likely impact of the TDCA, provided policy advice for officials in the transitional government considering economic relations with the EU. A representative from the DFA (who was a transitional government official) asserts that the ERO advised them to apply for full Lomé status, and argues that such advice 'had quite a strong influence on government at that stage'.¹⁰

⁸ Lodge T, *South African Politics since 1994*. Cape Town: David Philip, 1999, p.83.

⁹ Stevens C, 'Weighing up the EU FTA', *Trade & Industry Monitor*, July 1997, p.8.

¹⁰ ERO were not the only organisation to recommend such a course of action. Chris Stevens, writing in the *Trade & Industry Monitor*, 1997, also advocated that such a position should have been advanced.

Table 1: A summary of reports produced relating to the TDCA, or tariff liberalisation

Title of report	Report date	Produced by?	Commissioned by?
Imani report	1997	Imani Consultants	European Commission
Responding to Regional Realities	July 1997	The ACP-EU Joint Assembly and the SACU parliamentary liaison group.	The ACP-EU Joint Assembly and the SACU parliamentary liaison group.
Overview of Trade Policy in South Africa	September 1997	Carolyn Jenkins (Centre for the Study of African Economies, University of Oxford) & Nandipa Siwisa (DTI)	TIPS
The Impact of Regional Integration on Southern African Agriculture	December 1997	Gavin Maasdorp, Economic Research Unit, University of Natal.	Academic journal, <i>Agrekon</i>
Impact on South African Meat Demand of a Possible Free Trade Agreement with the EU	December 1997	MSA Badurally Adam & MAG Darroch, Department of Agricultural Economics, University of Natal.	Academic journal, <i>Agrekon</i> .
De-industrialisation in Southern Africa? A general Equilibrium Analysis	1998	David Evans, IDS.	IDS
Study to Assess the Economic Impact of the Proposed EU-SA FTA on the BLNS	July 1998	Institute of Development Studies (IDS) and the Botswana Institute for Development Policy Analysis (BIDPA)	European Commission and the BLNS
Free Trade with Europe – the winners and losers. The results of the SMART simulation	July 1998	TIPS/UNCTAD (Jachia & Teljeur)	DTI
The EU-South African Negotiations: The sting is in the tail	July 1998	Anne Graumans, Netherlands Institute for Southern Africa (NIZA)	NIZA

The second influential 'detached observer' input came from articles published in the December 1997 academic journal, *Agrekon*. One academic analyst claimed that these articles, which were heavily based on econometric modelling, exerted strong influence on the NDA, and in particular the previous Minister Derek Hanekom. The analyst notes that 'they are quite

convinced by this', and that 'by nature the research and models are still ... powerful'.

The final study perceived to have been influential in the decision-making process is the BIDPA report, published in July 1998, assessing the impact of the agreement on the BLNS. The assessment infiltrated government circles in Botswana, where concern over revenue loss is highlighted in the report. Its central contention is supported by the Botswana minister for commerce and industry. At a conference held in Gaborone in July 1999, the Minister states that 'these fears have been confirmed by a number of studies, the most comprehensive of which was the one commissioned by the EU and undertaken by BIDPA ...'¹¹

It is more difficult to assess the impact of the remainder of studies on the TDCA process. Indeed, many of those interviewed did not see these reports as having a significant influence on the decisions made; thus, arguably these other reports have been largely ignored. The Imani report,¹² commissioned, researched, and published before the negotiations began, has been largely neglected because the research was undertaken *before* the details of the EU and South African mandates were known. The joint United Nations Conference on Trade and Development (UNCTAD)/Trade and Industrial Policy Secretariat (TIPS)¹³ report for the DTI was commissioned specifically for its negotiations with the EU over the free trade area part of the Agreement. The SMART¹⁴ simulation programme it employed was used by many countries in preparation for the Uruguay Round, and was therefore influential in previous decision-making procedures. They also contend that 'both the European Union delegation and South Africa have utilised it in the context of current negotiations'.¹⁵ It is however debatable whether this report had a

¹¹ Kgoroba KG, 'Opening Statement'. Unpublished paper, presented at *The Workshop on the EU/RSA Agreement on Trade, Development and Co-operation*, July 1999, p.5.

¹² Imani Development Ltd, *Study on the Economic Impact of the Proposed EU-SA Free Trade Agreement on Botswana, Lesotho, Namibia and Swaziland*, prepared for the Governments of Botswana, Lesotho, Namibia and Swaziland, Commission of the European Communities, Directorate-General VIII, Brussels, 1997.

¹³ Jachia L & E Teljeur, *Free Trade with Europe - The Winners and Losers: The Results of the SMART Simulation*, TIPS Working Paper No.11, July 1998.

¹⁴ SMART is a static, partial equilibrium model developed by UNCTAD and the World Bank.

¹⁵ *Ibid.*, p.37.

significant influence, though two of its conclusions certainly have been reflected in rhetorical concerns expressed by the South African government on the potential agricultural benefits of the TDCA and its possible detrimental effect on the BLNS.

On agricultural benefits the report states that 'despite the numerous exclusions on the agricultural side in the EU offer, the increase in exports is expected to be biased towards agricultural products. This in itself creates a strong argument against these exclusions for the South African negotiators.'¹⁶ It is true that the South African side were keen to exclude fewer South African agricultural exports from the EU's exemption list. Furthermore, the report notes that trade diversion could harm South Africa's neighbours. To counter this the study recommends that other aspects of the Agreement (which we do not attempt to analyse in this paper) may be significant, such as the commitment by the European Union to provide compensatory financial assistance to counter the negative effects on the tariff revenue of SACU countries.¹⁷ It is difficult to establish, however, whether these concerns would have been addressed by the negotiators had it not been for the report. A leading negotiator on the South African side asserted that quantitative reports, such as that produced by TIPS/UNCTAD, had virtually no impact on the governmental apparatus during the discussions. It is difficult to assess the studies by Jenkins and Siwisa¹⁸ and Evans,¹⁹ and the ACP-EU liaison committee,²⁰ as the decision-makers interviewed made no comment on these.

The detached observer represents the second component of the model introduced at the start of this paper. From the analysis conducted it is difficult to assess the extent to which the reports influenced and affected the decisions made. Certainly, the ERO persuaded the decision-makers in the transitional government to proceed with an application for full Lomé membership. Other

¹⁶ *Ibid.*, p.38.

¹⁷ *Ibid.*, p.39.

¹⁸ Jenkins C & N Siwisa, *Overview of Trade Policy in South Africa*, Trade and Industrial Policy Secretariat, 1997.

¹⁹ Evans D, 'De-industrialisation in Southern Africa? A General Equilibrium Analysis', *IDS Working Paper 88*. University of Sussex: Institute of Development Studies, University of Sussex, 1998.

²⁰ ACP-EU Joint Assembly, SACU Parliamentary Liaison Group, *Responding to Regional Realities: The Regional Implications of the EU-South Africa Free Trade Area Negotiations*, 1997.

reports, notably econometric modeling concentrating on the agricultural impact, have also affected the thinking within the NDA.

Internal environment

The internal environment influenced the context in which decisions surrounding the TDCA were made (see Figure 2). Three factors illustrate the influence of the internal structure on contemporary decision-making process in South Africa.

The first relates to the internal tension regarding the government's acceptance of a mainly neo-liberal economic framework. That such a term can be used to describe the ideological position of the South African government has been accepted by officials in the DTI. At a conference organised by the (then) Foundation for Global Dialogue (FGD), Alan Hirsch, a chief director in the DTI, observed that 'the government's position could be described as neo-liberal — but only in a restricted view and in relation to issues such as trade policy reform, privatisation and tax reduction'.²¹ The policy that assists in this trade liberalisation is GEAR, wherein the restructuring of international trade is central to this strategy.²² Indeed, Hirsch identifies important linkages between the TDCA and GEAR. He notes that:²³

We want to ensure that the arrangement with the EU will allow for us to diversify our trade, both in terms of our imports and in terms of our exports so that we will be able to get raw materials that we can't obtain elsewhere at a suitable price from the European Union, and be able to export non-traditional exports to the EU. So in terms of the growth, employment and redistribution strategy, it is not so much a question of massively increasing the level of trade with the European Union because it is already very high — though it has a lot of scope for growth — but it is also the restructuring of the trading relationship between the EU and South Africa. This will be a very important element of the European/South African agreement as it will contribute to the success of the Gear strategy.

The process of trade liberalisation has generated a heated debate within South

²¹ Hirsch A, 'The role of growth and development in South Africa's trade policy', in *Trading on Development - South Africa's relations with the European Union*. Johannesburg: Foundation for Global Dialogue, 1997, p.98.

²² Hirsch supports this assertion noting that GEAR is based on neo-liberal policies, such as the reduction of the protection system, the removal of demand-side interventions, introduction of supply-side support, and the facilitation of exports. For details see *Ibid.*, pp.74-5.

²³ *Ibid.*, p.77.

Africa. Among those supportive of the strategy is Michael McDonald, a leading representative of the steel industry. He asserts that 'The social partners in Nedlac are strongly committed to the principles of trade liberalisation generally and are not opposed, in principle, to the conclusions of FTAs with the EU and SADC',²⁴ though he warns that such support cannot come 'at any price'. Indeed, the policies of the TDCA and GEAR have encountered a considerable degree of opposition in South Africa, with criticism from numerous sources. These include two of the coalition parties in government – COSATU and the South African Communist party. This opposition was noted by McDonald:

In June 1996, the Minister of Finance, Trevor Manuel, tabled his 'non-negotiable' ... GEAR macro-economic strategy, much to the consternation of the Government's alliance partners, COSATU and the South African Communist Party.²⁵

Examples of such disenchantment emanate from both institutions. At the National Assembly's public hearing on the TDCA, COSATU

repeated concerns that tariff liberalisation would exacerbate the job crisis engulfing the country. We are not convinced that jobs generated from increased exports to the EU will outweigh job losses from increased imports.²⁶

Furthermore, Ebrahim Patel, the assistant general secretary of the South African Clothing and Textiles Workers' Union (SACTWU), contested the validity of tariff liberalisation.²⁷

Our tariffs now are where our international obligations require them to be in the year 2004. By being five years ahead of our obligations we have sacrificed tens of thousands of jobs. We call therefore for the immediate freezing of tariffs at their current levels until our rates are in line with those of the WTO.

The South African Communist Party is also highly critical of the 'economic fundamentalism of privatisation, liberalisation and so-called free market policies', noting that 'raging capitalism [is] threatening to devour the whole of humanity, destroy our environment and multiply poverty throughout the entire

²⁴ McDonald M, 'Free Trade Agreements at any price may not be so free'. Unpublished monograph, 1998c.

²⁵ McDonald M, 'Is a Free Trade Agreement with Europe still worth pursuing?' Unpublished monograph, 1998b, p.3.

²⁶ Quoted in *South African Press Agency*, 26 October 1999.

²⁷ Quoted in *Business Day*, 16 September 1999.

globe'.²⁸

Big business has also detailed its opposition to the reduction of tariffs, with Leslie Boyd, chairperson of Anglo-American, declaring that South Africa's policy is 'holier than GATT'. Adam Habib also notes that four major organs of civil society are opposed to the GEAR document.²⁹ One of these, the youth movement, criticised both the TDCA and tariff liberalisation associated with GEAR, contending that 'The Agreement is only in the interests of capital; sustainable job creation is unlikely ... Government must stop doing what only benefits the West to the detriment of South Africa and the entire African continent'.³⁰

One of the most vociferous campaigners contesting the neo-liberal orthodoxy in South Africa hails from academia. Keet notes that policy relating to trade liberalisation

threatens to incorporate South Africa into the global market-place on terms and at a rate very different to what had previously been contemplated — with the attendant dangers that many South African producers, forced to face competition from powerful industrial producers/exporters, would find it extremely difficult to carry through the necessary economic (and social and political) reconstruction and transformation.³¹

The second factor concerns South Africa's role within southern Africa. The concern for regional integration is noted by Keet, who argues that the critical and lengthy analysis of the SA-EU TDCA process has facilitated a greater understanding of the regional implications of the deal. Keet³² notes that such analyses are 'gradually contributing to the strengthening of regional alliances and the development of alternative perspectives'. Rashad Cassim³³ lends credence to such a view, noting that South Africa is employing a 'dual track' policy concerning free trade agreements with both SADC and the EU. He comments that

²⁸ Nzimande B, *South African Press Agency*, 25 October 1999.

²⁹ Foundation for Global Dialogue, *Trading on Development*. Johannesburg: Foundation for Global Dialogue & Friedrich Ebert Stiftung Foundation, 1997, pp.98-9.

³⁰ Phasa HL, *Business Day*, 20 October 1999.

³¹ Keet D & SAR editorial working group, 'Rallying the region: SA/EU negotiations continue', *Southern Africa REPORT*, June 1997b, p.30.

³² *Ibid.*

³³ Cassim R, 'The political economy of trade negotiations in post-apartheid South Africa'. Unpublished paper presented at ISP workshop, University of Cape Town, January 1998.

The prospect of signing an FTA with the EU means that South Africa needs to ensure that its neighbours are given preferential access over the EU in its market. This has given the South African government some leverage in its negotiations with the EU in as far as the government had to ensure that some deal had to be reached with SADC before it could commit to the EU.

The final factor concerns the African Renaissance. The discussion relating to trade liberalisation and new regionalism in southern Africa is central to the ideas that surround the African Renaissance. Lodge³⁴ has noted that since its earliest public airing in June 1997,³⁵ the notion of an African Renaissance has gained an almost iconic status in South Africa. He argues that 'it is striking how within a very short passage of time it has assumed the status of collective discourse, articulating a sense of social purpose within South Africa's new intellectual and business leadership'. This view is supported by Khoza,³⁶ who maintains that 'The concept of an African Renaissance has become a central theme to South Africa's vision as a country and the geo-economic role of the African continent and its member states'. In many ways the African Renaissance proclaims the socio-economic development of the African peoples. Thabo Mbeki³⁷ outlines this when he states:

Our vision of an African Renaissance must have as one of its central aims the provision of a better life for these masses of people whom we say must enjoy and exercise the right to determine their future. That renaissance must therefore address the critical question of sustainable development which impacts positively on the standard of living and the quality of life of the masses of our people ... The new African world which the African Renaissance seeks to build is one of democracy, peace and stability, sustainable development and a better life for the people, nonracism and nonsexism, equality among the nations, and a just and democratic system of international governance.

Mbeki proceeds by arguing that the way to achieve this is through economic growth, which can be achieved by the cancellation of African debt, an improvement in terms of trade, increase in domestic and foreign investment, the expansion of development assistance, and better access to markets of the

³⁴ Lodge T, *op. cit.*, p.108.

³⁵ In Mbeki's parliamentary address on 10 June 1997.

³⁶ Khoza R, 'The Institutional structures that should underpin the African renaissance', in Makgoba MW (ed.), *African Renaissance*. Sandton: Mafube Publishing; and Cape Town: Tafelburg Publishers, 1999, pp.279

³⁷ Mbeki T, 'Prologue', in *ibid.*, p.xvi.

developed world. Lodge³⁸ asserts that the African Renaissance is partly founded on the belief that modernity will generate renaissance within Africa. 'The African Renaissance is something that is going to be brought about by means of fibre-optic cables, liberal democracy and market economics'.

The three factors outlined above illustrate the internal debate in South Africa and assist in contextualising the TDCA decision-making process, as well as providing examples of the multiple levels of influence on the TDCA. Despite considerable opposition from groups within South Africa, including two of the three organisations that form the coalition government, the TDCA (and its associations with tariff liberalisation) is still pursued, notwithstanding the reservations that have been voiced against it.

External environment

In some senses there is a blurred distinction between the internal and external factors influencing the TDCA decision-making process. This is illustrated in Figure 2, with the presence of neo-liberal economics and SACU/SADC in both the internal and external fields.

The first aspect examined is that of the external forces that have dictated South Africa's economic policy and its neo-liberal focus. Evidence to support such an assertion is derived from a number of interviewees. A bureaucrat involved with the transitional government, who attended the Marrakesh trade discussions in 1992, noted that 'the presence of the ANC stalwarts was ... an eye-opener as to the process of liberalisation and [they were told] that there is no way back.' Such influence was bolstered when Mandela attended the World Economic Forum and was repeatedly informed that 'it is no longer nationalisation, but privatisation'.³⁹ Furthermore, a leading figure within the business community noted that the IMF and World Bank arrived in South Africa swiftly during the dismantlement of the apartheid apparatus. Their intention, he declares, was 'to brainwash! They had very sizeable staffs, and the ANC were very quickly brought into the worldview of an IMF or World Bank... way of thinking'.

These views are supported by leading members of the ANC. Writing in 1994,

³⁸ Lodge T, *op. cit.*, p.97.

³⁹ This information was provided by a prominent representative of the business community.

Tito Mboweni (then Deputy Head of the Department of Economic Planning, now Chairman of the South African Reserve Bank) claimed:

the IMF and the World Bank are ... determined to influence the policy agenda in South Africa. The IMF visits South Africa every year ... Their Article IV papers are highly influential in government policy circles, ... [whilst] the Bank's research results have made a big impact in South Africa.⁴⁰

It should be noted however that not all analysts within South Africa subscribe to the view that the WTO, IMF, and the World Bank were the main catalysts of trade liberalisation in South Africa. Cassim,⁴¹ for example, states 'there was already a consensus among policy-makers to such a process'. In addition there were constraints on South Africa's pursuing alternatives to a free trade agreement with the EU. Following the EU's refusal of full Lomé status, South Africa had little choice but to accept the TDCA with the EU. A leading DTI bureaucrat protested 'we did not have a choice of partner', even though other trading partners might have been more preferential. Furthermore, a source from the DFA queried the EU argument that the WTO would not allow any further Lomé-type agreements. He argued that with an increasing number of developing countries becoming involved in the WTO, such (Lomé-type) agreements might well be allowed in the future. On this basis, he insisted that the EU used this perception to persuade South Africa to pursue the TDCA. 'One does feel that it is an instrument to make us toe the line... to delimit the parameters of the ... discussions.'

The second factor examined under the external environment is that termed 'Lomé considerations', and includes the concerns felt by SACU and SADC towards the SA-EU TDCA. The first aspect of this is the EU involvement in relations between the BLNS and SA. A source from the DFA asserts that the EU treated SACU as if it did not exist or was a sham. Keet⁴² also claimed that the European Commission played on the inherited problems between South Africa and the BLNS, and proposed that the BLNS would benefit from free trade since it would end the price-raising effects of South Africa's Customs Union-related protective tariffs. Furthermore, 'Europe will undoubtedly use its influence and put pressure on the weaker and more vulnerable governments in Southern Africa, and on more cautious elements, old and new, within the

⁴⁰ Mboweni T, 'Formulating policy for a democratic South Africa: Some observations', *IDC Bulletin*, 25 (1), 1994, p.73.

⁴¹ Cassim R, *op. cit.*

⁴² Keet D, *op. cit.*, 1997a, pp.284-294.

South African government to counter any alternative approach and further alliances'.⁴³

The SACU has also influenced the TDCA decision-making process in two other ways. Firstly, Article 19 of the agreement states that trade negotiations with a third party have to include all SACU members. Furthermore, any agreement signed has to have the concurrence of SACU. Following the announcement of the agreement of the TDCA, it emerged that SADC had some concerns to raise over the FTA. The July 1999 edition of *SADC Today* stated that 'The FTA is ... seen by many as a further complication to negotiations on the SADC Trade Protocol'.⁴⁴ Such a view was echoed by Nathan Shamuyarira, Zimbabwe's Industry and Commerce Minister: 'The SA-EU agreement has grave implications for the region. The agreement was signed at a time when we were calling for more trade within SADC.'⁴⁵

From this analysis it is clear that the final component introduced in the model, the external environment, has shaped the South African decision-making process in a number of ways. Firstly, influence was exerted at the onset of the dismantlement of apartheid, when the IMF, WTO and World Bank applied pressure on the ANC to revise its ideological position. Secondly, the EU effectively barred South Africa's entry as a full member of the ACP, an action which has also affected relations between South Africa and her neighbours. Thirdly, reactions in SADC and the BLNS have attempted to put pressure on the TDCA policy process.

Conclusion

In this paper we have identified the key factors in the South African decision-making process, using as a case study the SA-EU TDCA. To initiate such an analysis, we introduced a model which, we argued, provides a valuable template to identify and analyse the components of South Africa's dynamic decision-making process. The model begins to allow us to describe and evaluate the key factors involved in formulating the TDCA policy formulation. As such, the statal process, detached observers, internal environment and external environment have been examined to highlight the complexity of

⁴³ *Ibid.*, p.293.

⁴⁴ Madakufamba M, 'Mixed reaction to SA-EU trade agreement', *SADC Today*, 3, 1, 1999, p.4

⁴⁵ *Ibid.*

decision-making, with decisions being made on global, inter-statal, regional, national and local levels. The model has also enabled us to briefly consider the inclusive nature of the South African policy formulation process. The findings of the paper indicate that, in theory, the process is inclusive. However, the numerous avenues to allow interested stakeholders to express an opinion on the formulation of the agreement have not necessarily enabled them to exert significant influence on the key decisions made. We must also acknowledge that decisions are not made in neatly-compartmentalised and autonomous spheres, as the model might suggest. Future papers will address such concerns, examining in greater depth the varying influences of each separate component of the decision-making structure.

Bibliographical references

Axelrod R, *Structure of Decision — The Cognitive Maps of Political Elites*, Princeton: Princeton University Press, 1976.

Badurally Adam MSA & MAG Darroch, 'Impact in South African meat demand of a possible free trade agreement with the European Union', *Agrekon*, 36, 4, 1997, pp.533–541.

Botswana Institute for Development Policy Analysis & Institute of Development Studies, *Study to Assess the Economic Impact of the Proposed European Union–South Africa Free Trade Agreement on Botswana, Lesotho, Namibia and Swaziland*, 1998.

Bond P, 'Fighting neo-liberalism: The South African front', *Southern Africa Report*, February 1997, pp.14–20.

Braybrooke D & CE Lindblom, *A Strategy of Decision — Policy Evaluation as a Social Process*. New York: The Free Press, 1970.

Business Day, various issues.

Cox RW, 'Civil society at the turn of the millennium: Prospects for an alternative world order', *Review of International Studies*, 25, 1, 1999, pp.3–28.

Cox RW & HK Jacobsen, 'Decision making' in Cox RW & TJ Sinclair (eds), *Approaches to World Order*. Cambridge: Cambridge University Press, 1996, pp.349–375 (A reprint of a 1977 journal article.)

Head J, '*Ek het niks*' — *I have nothing: The impact of European Union Policies on Women Canning Workers in South Africa*, Typeface Media, 1998.

Ismail F, 'South Africa's trade and investment policy and its negotiations with

the EU', in, *Trading on Development — South Africa's relations with the European Union*. Johannesburg: Foundation for Global Dialogue & Freidrich Ebert Stiftung, 1997, pp.86–92.

Jenkins C & W Naudé, 'Reciprocity in trade relations between South Africa and the EU', *Development Southern Africa*, 13, 1, 1996, pp.17–30.

Keet D, 'Cap in hand? South Africa & the European Union', *Southern Africa Report*, November 1996b, pp.12–15.

Lau RR & JS Levy, 'Contributions of behavioural decision theory to research in political science', *Applied Psychology: An International Review*, 47, 1, 1998, pp.29–44.

Leysens A, *Southern Africa: The Case for a Coxian Approach*. University of the Western Cape: Centre for Southern African Studies, 1998.

Maasdorp G, 'The impact of regional integration on southern African agriculture', *Agrekon*, 36, 4, 1997, pp.385–406.

McDonald M, 'South African international trade policy in the nineties'. Unpublished monograph, 1998a.

McFarland AS, 'Interest Groups and Theories of Power in America', *British Journal of Political Science*, 17, 1, 1987, pp. 129–147.

'SACU is steaming hot', *Namibia Economist*, 14 September 1999, from <http://www.economist.com.na/current/story9.asp>

Nedlac, *The Guide to Nedlac*, undated.

Parry G, 'The interweaving of foreign and domestic policy-making', *Government and Opposition*, 28, 1, 1993, pp.141–151.

Rosenau JN (ed.), *International Politics and Foreign Policy — A Reader in Research and Theory*. New York: The Free Press, 1969.

Schlemmer L, 'The nature of South African society in the medium term', in Turok B, Maganya E, Coetzee S & E Beukes (eds), *South Africa: Perspectives on Development*. Braamfontein: Institute for African Alternatives, 1994, pp.121–139.

Sidjanski D, *Political Decision-Making Processes*, Amsterdam: Elsevier, 1973.

Smith S, 'Theories of foreign policy: an historical overview', *Review of International Studies*, 12, 1986, pp.13–29.

South African Press Agency, various issues.

Stewart J, 'When trade is not so free', *Enterprise*, November 1996, pp.51–53.

Teljeur E, 'Free trade: Does South Africa gain? Impact of the free trade agreement between South Africa and the European Union', *Trade & Industry Monitor*, July 1998, pp.1-6.

Turok B, *Beyond the Miracle — Development and Economy in South Africa: A Reader*, Cape Town: Fair Share, 1999.

Turok B, 'Democracy, state and civil society', in *Development and Reconstruction in South Africa: A Reader*. Braamfontein: Institute for African Alternatives, 1993, pp.90-97.

Vil-Nkomo S & J Myburgh, 'The political economy of an African renaissance', in Makgoba MW (ed.), *African Renaissance: The New Struggle*, Sandton: Mafube Publishers; and Cape Town: Tafelburg Publishers, 1999, pp.266-278.

White B, 'European foreign policy and foreign policy analysis'. Paper presented at British International Studies Association, December 1998.

Zulu L, 'Role of women in the reconstruction and development of the new democratic South Africa', *Feminist Studies*, 24, 1, 1998, pp.147-157.

Glossary

ACP	African, Caribbean and Pacific
BIDPA	Botswana Institute for Development Policy Analysis
BLNS	Botswana, Lesotho, Namibia, Swaziland
BSA	Business South Africa
BTT	Board of Tariff and Trade
COSATU	Congress of South African Trade Unions
DFA	Department of Foreign Affairs
DTI	Department of Trade and Industry
ERO	European Research Office
EU	European Union
FEDSAL	Federation of South African Labour Unions
FGD	Foundation (now Institute) for Global Dialogue
GEAR	Growth, Employment and Redistribution (Macro-Economic) policy
IDC	International Development Corporation
IDS	Institute for Development Studies
NACTU	National Council of Trade Unions
NAFCOC	National African Federated Chamber of Commerce
NDA	National Department for Agriculture
Nedlac	National Economic, Development and Labour Council
NIZA	Netherlands Institute for Southern Africa
SACTWU	South African Clothing and Textiles Workers' Union
SACU	Southern African Customs Union
SADC	Southern African Development Community
SAIIA	South African Institute for International Affairs
SANCO	South African National Civic Organisation
TDCA	Trade, Development and Co-operation Agreement
TESELICO	Technical, Sectoral Liaison Committee
TIPS	Trade and Industrial Policy Secretariat

About SAIIA

The origins of the South African Institute of International Affairs (SAIIA) date back to the Paris Peace Conference of 1919. In this fragile post-war atmosphere, many delegates expressed a strongly-felt need for the establishment of independent, non-governmental institutions to address relations between states on an ongoing basis.

Founded in Cape Town in 1934, in 1960 the Institute's National Office was established at Jan Smuts House on the campus of the University of the Witwatersrand. SAIIA's six branches countrywide are run by locally-elected committees. The current National Chairman is Dr. Conrad Strauss and the National Director is Dr. Greg Mills. The SAIIA has recently relaunched its range of publications. *The South African Yearbook of International Affairs* has established a reputation as the principal reference work of its kind. In addition to the reorganised *The South African Journal of International Affairs* SAIIA also publishes the fortnightly *Intelligence Update*, which contains first-class confidential briefings not readily available elsewhere. Specialist subjects are addressed comprehensively in books written by our research staff.

The Institute has established a proud record of independence, which has enabled it to forge important links with leaders of all shades of opinion, both within South Africa and outside. It is widely respected for its integrity. The information, analysis and opinions emanating from its programmes often exercise an important influence on strategic decision-making in the corporate and political spheres.

SAIIA's independence is enshrined in its constitution, which does not permit the Institute itself to take a public position on any issue within its field of work. However, it actively encourages the expression of a diversity of views at its conferences, meetings and in its publications. Its independence is also assured by the fact that it is privately sponsored by its members — corporate and individual.

Membership of SAIIA is available in a number of categories: Diplomatic, Corporate, Institutional and Individual. Please apply to Katy de Villiers on Telephone (011) 339-2021 for more details.

Recent SAIIA Publications

South African Yearbook of International Affairs

ISSN: 1026-5651, ISBN: 1-874890-96-X, 1999/2000, pp.512, R150-00.

South Africa and Naval Power at the Millennium

Edmonds M and Mills G (eds). ISBN: 1-919-810-18-8, pp.123, R70-00.

South Africa in the Twentieth Century

Barber J, ISBN: 0-631-19102-X, pp.332, R150-00.

The EU-SA Agreement: South Africa, Southern Africa and the European Union

Bertelsmann-Scott T, Mills G & E Sidiropoulos (eds), ISBN: 1-919810-12-9, 1999, pp.138, R70-00.

Putting People First: African Priorities for the UN Millennium Assembly

Mathoma P, Mills G & J Stremlau (eds), ISBN: 1-919810-14-5, 2000, pp.129, R70-00.

The Commonwealth in the 21st Century

Mills G & J Stremlau (eds), ISBN: 1-919810-11-0, 1999, pp.88, R50-00.

From Peacekeeping to Complex Emergencies: Peace Support Missions in Africa

Cilliers J & Gmills (eds), ISBN: 1-874890-99-4, 1999, pp.176, R70-00.

Exploring South-South Dialogue: Mercosur in Latin America & SADC in Southern Africa

Mills G & C Mutschler (eds), ISBN: 1-874890-97-8, 1999, pp.198, R70-00.

The Privatisation of Security in Africa

Mills G & J Stremlau (eds), ISBN: 1-874890-94-3, 1999, pp.130, R50-00.

The Politics of De-mining: Mine Clearance in Southern Africa

Boulden L & M Edmonds (eds), ISBN: 1-874890-92-7, 1998, pp.190, R70-00.

South Africa and the Future of the Non-Aligned Movement

Mills G (ed.), ISBN: 1-874890-91-9, 1998, pp.67, R50-00.

Southern Africa into the Next Millennium

Mills G (ed.), ISBN: 1-874890-85-4, 1998, pp.76, Price:R50-00.

Beyond the Horizon: Defence, Diplomacy and South Africa's Maritime Opportunities

Edmonds M & G Mills, ISBN: 1-874890-86-2, 1998, pp.127, R50-00.

Looking Sideways: The Specifics of South-South Co-operation

Mills G & J Heine, et al., ISBN: 1-874890-83-8, 1998, pp.145, R60-00.

South Africa and Security Building in the Indian Ocean Rim

Mills G, ISBN: 1-8974890-80-3, 1998, pp.87, R50-00.

The Illegal Drug Trade in Southern Africa

ISBN: 1-874890-79-X, 1998, pp.185, R60-00.

The Globalisation of the South African Political Economy

Siddiqui R, Report Number 16, ISBN: 1-919810-15-3, pp.41, R25-00.

The South African Journal of International Affairs is published biannually. For subscription details contact Elizabeth Stanley on (011) 339 2021.

About the Authors

Roger Levermore is a PhD student in the Department of Geography at the University of Plymouth, United Kingdom. His PhD research is focused on examining the impact of neo-liberal economic trade policies on southern Africa. He undertook research in southern Africa from July to September 1999.

Dr Mark Cleary is a Reader in Human Geography at the University of Plymouth, United Kingdom. He has research interests in economic and cultural geography with particular interest in developing areas.

Dr Richard Gibb is a Reader in Human Geography at the University of Plymouth, United Kingdom. He has published widely on various aspects of regional economic and political integration, with particular focus on the European Union and southern Africa.



THE SOUTH AFRICAN INSTITUTE
OF INTERNATIONAL AFFAIRS

PO Box 31596

Braamfontein 2017

Tel: (011) 339-2021

Fax: (011) 339-2154

E-mail: saiiagen@global.co.za