

- **ASIA AND MIDDLE EAST**

SECURITY/STABILITY

LEVANT REGION (IRAQ, ISRAEL, JORDAN, LEBANON, PALESTINE, SYRIA)

The Middle East Conflict is undoubtedly one issue that has given this region its global profile in the last fifty years.

The Spier Presidential Peace Retreat of January 2002 formalised one of the key foci of South African engagement in the Israeli-Palestinian conflict – that of strengthening the voices for peace and building trust and a common vision for peace. Contacts at government and civil society level have taken place with Palestinians and Israelis committed to finding a peaceful resolution to the conflict.

South Africa has remained consistent in its approach and, due to its own experiences of negotiating a comprehensive, just and lasting peace, it has credibility with Israelis and Palestinians who are genuinely committed to forging their own peace agreement.

The Department sponsored the Centre for Conflict Resolution to host a visit by an Israeli war resisters movement, 'The Courage to Refuse'.

Retired Israeli General Ami Ayalon met with President Thabo Mbeki and Ministers in the Peace Retreat to inform them of his initiative to gain Israeli and Palestinian signatories to a call for a negotiated settlement. This document has now been published.

The Deputy Minister of Foreign Affairs, Mr Aziz Pahad, led a delegation of Departmental officials for consultations with British and French counterparts. The role of South Africa was appreciated by both, in the context of acting as a 'friend of the Quartet'.

A small South African group visited Israel and Palestine in October 2002 led by Mr Ebrahim Ebrahim, the previous Chairperson of the Parliamentary Foreign Relations Portfolio Committee, and included Mr Roelf Meyer, in order to broaden the scope of the exposure of Israelis and Palestinians to the South African experience.

The Department also hosted a visit by Dr Mahdi Abdul Hadi, Director of the Palestinian Academic Society for the Study of

International Affairs to South Africa at the end of November 2002. This visit focused on interaction with South African academic institutions, NGOs and the media. Jewish and Muslim groups and other active and interested parties in the Middle East conflict welcomed this visit. The visit served to consolidate ties between government and civil society. Dr Abdul Hadi was informative and gave a constructive message for solidarity within the South African context. A similar visit from Israeli academics is being planned for the coming year.

The Department further invited members of the Palestinian Legislative Council (PLC) to visit South Africa to study South African human rights legislation and implementation. The delegation visited South Africa from 27 to 31 January 2003. The project was based on the enhanced role of the PLC in the context of political reform and democratisation in Palestine. The focus of the study tour was human rights and the monitoring thereof.

During the reporting period, work has also been done to extend

Minister Nkosazana Dlamini Zuma, Deputy Minister Aziz Pahad and the Palestinian Minister of Planning and International Co-operation, Mr Nabil Sha-Ath, at the Union Buildings, Pretoria.



contacts beyond the current scope of the peace camps. In this regard, an Israeli security and intelligence group, comprising high level former Generals of the Israeli Defence Force, intelligence officials and academics visited South Africa from 14 to 17 February 2003. The delegation interacted with South African former and present counterparts.

The Department invited the Palestinian Constitutional Committee, tasked with drafting a Palestinian Constitution, to visit South Africa to study the country's experience of constitution making, the role of the Constitution in the negotiation process and the mechanisms developed to safeguard and uphold the values of the constitution. In this regard, Dr Nabeel Sha'ath, Minister of Planning and International Co-operation, led a delegation of eight members of the Constitutional Committee of Palestine to South Africa from 3 to 7 March 2003. The delegation met with a number of Ministers, other key role players, Parliamentarians and academics.

During the year under review, South Africa, consistently encouraged Iraq to fully comply with the UN Security Council resolutions and to re-admit UN weapons inspectors into Iraq. At

the same time, South Africa, both in its national capacity and as Chair of the Non-Aligned Movement, opposed military action against Iraq and urged the international community to come together to seek a peaceful solution to the conflict within the context of the United Nations Security Council (UNSC). To this end South Africa called for the UN weapons inspectors to be granted the time and means required to execute their mandate and to report comprehensively to the UNSC.

Deputy Minister Aziz Pahad undertook several visits to Iraq in support of this position. Representatives of the Iraqi Government also visited South Africa. These opportunities were utilised to engage Iraq on the need for it to comply fully with UNSC resolutions, especially those demanding the destruction of weapons of mass destruction, as a condition for avoiding military action.

In July 2002, the Iraqi Deputy Prime Minister, Mr Tariq Aziz, visited South Africa at the invitation of Deputy President Zuma. In addition to discussions on the strengthening of bilateral relations, South Africa reiterated its position on the necessity for Iraq to comply with UNSC resolutions.

Deputy Prime Minister Aziz also attended the World Summit on Sustainable Development in Johannesburg in August/September 2002. Once again, Deputy Minister Pahad and other Ministers used the opportunity to interact with Deputy Prime Minister Aziz regarding the question of weapons of mass destruction.

A Special Envoy of President Saddam Hussein, Dr. Humam A. Abdul Ghafoor, who was also Minister of Higher Education and Scientific Research, met with President Mbeki on 6 October 2002. The President used the opportunity to impress upon Iraq that compliance with the UN Security Council resolutions would be crucial and necessary to avoid military action and particularly for the lifting of sanctions.

Deputy Minister Pahad further visited Iraq from 1 to 6 November 2002 as Special Envoy of President Mbeki. He also officially opened the South African stand at the Baghdad International Trade Fair. The Deputy Minister conveyed a letter from President Mbeki to President Saddam Hussein and discussed the current situation between Iraq, the United Nations and the United States with members of the Iraqi Government. In his meetings with the Iraqi

Government, Deputy Minister Pahad stressed that South Africa's position on Iraq was motivated by a desire to avoid war and conflict. He thus encouraged all sides to address their differences within the context of the UN Security Council, which is mandated to protect and promote world peace and security. In this regard, it was emphasised that it was critically important for Iraq to cooperate with the Security Council.

President Hussein informed Deputy Minister Pahad of his willingness to accept the UNSC resolution which was being negotiated at that time (and which was later adopted as UNSC resolution 1441), to welcome the UN inspectors back into Iraq unconditionally and to assist them in the execution of their mandate.

Linked to the Deputy Minister's visit to Iraq, a humanitarian relief organisation undertook a fact-finding mission to Iraq, assisted by the Department of Foreign Affairs. This resulted in the Gift of the Givers Foundation contributing towards an infrastructural project run by CARE International. The organisation indicated that, in the event of war against Iraq, it could, with the assistance of

Government, offer relief aid to civilians and refugees.

Deputy Minister Pahad again visited Iraq as a Special Envoy of President Mbeki from 9 to 11 February 2003. He presented President Mbeki's proposal that South African experts share their experience of disarmament under international supervision with their Iraqi counterparts. The Deputy Minister also urged Iraq to offer more pro-active co-operation to the UN Weapons Inspectors in order to bring about a solution to the impasse. He stressed that only with full co-operation could the idea of 'regime change' be separated from the objective of disarmament.

Iraq accepted South Africa's proposal. This action led to Deputy Minister Pahad, accompanied by a team of experts, undertaking a follow-up visit to Iraq from 23 to 26 February 2003 to share South Africa's disarmament experience.

Throughout the period under review, South Africa, as Chair of the NAM, also consulted closely with other NAM member states, particularly in Africa and the Middle East, and also with European Governments, with a view to maintaining unity of purpose and action in strengthening the role of the UNSC in resolving the Iraq

crisis and in preserving peace.

President Mbeki explained this approach to Parliament, inter alia on 17 October 2002, when he said: "... in terms of the conduct of international affairs we are quite convinced that the multilateral institutions are very important and that it is indeed necessary to avoid unilateral action with regard to those international questions. We would therefore continue to pursue that particular approach at all times and with regard to ... the matter of Iraq. I am sure the honourable member is aware that we certainly have taken the position that this is a matter that must be dealt with by the UN Security Council and they must decide what happens with regard to this. Indeed, in our discussions with the government of Iraq they have also agreed to that they would act in a manner that would respect the decision of the UN Security Council. Therefore, we will certainly continue to promote that position of discouraging unilateral action, and we will not produce a better world by some of us acting unilaterally simply because we have the power to do so. I think that, in the end, even those who might choose to act unilaterally would find that they are doing a

disservice to themselves. Certainly, I think we have to stand very firm on this matter.”

In this spirit, the South African Permanent Representative to the United Nations, acting on behalf of NAM, requested the United Nations Security Council to have the reports by the UN weapons inspectors presented in public and facilitated open debates on the Iraqi crisis. These actions are considered to have been highly successful in providing opportunities for the general UN membership to state their positions and in ensuring a greater degree of transparency in the UNSC’s decision-making. In this manner, South Africa made a valuable contribution to the strengthening of the multilateral system of international governance.

A press conference held by the Deputy Minister of Foreign Affairs, Mr Aziz Pahad, and the technical delegation upon return from Iraq.



EAST ASIA

In an effort to address the problem of trans-national crime, South Africa and China concluded an Agreement on Mutual Legal Assistance on Criminal Matters during the reporting period.

CENTRAL AND SOUTH ASIAN STATES

During September 2002, the first round of peace talks took place between the Sri Lankan Government and the Liberation Tigers of Tamil Eelam (LTTE). Subsequently, the South African Government was officially approached by the Norwegian peace facilitators and the Sri Lankan Government to request that South Africa, in view of its own experiences in peace negotiation and reconciliation, give



Minister Perres of Sri Lanka with the Minister of Foreign Affairs, Dr Nkosazana Dlamini Zuma.

consideration to hosting a round of peace talks. South Africa has agreed to this request in principle.

During June 2002, the Transitional Government of Afghanistan came into being and South Africa proceeded with the normalisation of relations with Afghanistan. A South African Liaison Office for Afghanistan has been

established in Islamabad, Pakistan. It was also agreed that an Honorary Consul, based in Cape Town, would represent the Government of the Transitional Islamic State of Afghanistan in South Africa. Necessary formalities pertaining to mutual representational needs will be finalised during the second half of 2003. South Africa continues to monitor the situation in Afghanistan.

SOUTHEAST ASIA AND AUSTRALASIA AND REGIONAL ORGANISATIONS AND ISSUES

With a view to bolstering relations between the countries, the Australian Minister of Immigration and Multi-cultural Affairs visited South Africa in August 2002 for the signing of a Joint Ministerial Statement on Immigration, Refugees, Irregular Migration and People Smuggling.

ECONOMIC AND SOCIAL DEVELOPMENT

LEVANT REGION (IRAQ, ISRAEL, JORDAN, LEBANON, PALESTINE, SYRIA)

The region represents an enormous market for South Africa's industrial, commercial and agricultural products. It is a promising source of potential inflow of tourists, investment and technical co-operation.

Total trade with the region has more than doubled in the past six years to reach R7, 2 billion in 2002, with a trade surplus of

R2, 9 billion. Although modest in absolute terms, trade with the Levant region is notable for the largest positive trade balances that South Africa has in the wider Middle East. Israel ranks as one of South Africa's most profitable trade partners, with a positive trade balance of R3, 2 billion having been realised in 2002.

GULF STATES REGION (UNITED ARAB EMIRATES, QATAR, SAUDI ARABIA, BAHRAIN, IRAN, KUWAIT, YEMEN, OMAN)

South Africa's interests continue to grow in the Persian Gulf region. Not only is this region of strategic importance to South Africa, but is also fast becoming a major trading region for the country. South Africa's representation in the region was increased during the reporting period with the opening of Embassies in Doha, Qatar, and in Muscat, Oman. South Africa enjoys good relations with all countries in the region and concluded a number of bilateral agreements during the year that will provide a framework for further co-operation.

The total value of two-way trade between South Africa and the

Gulf States region was over R21 billion during the review period. The United Arab Emirates, Saudi Arabia, Iran and Kuwait remain South Africa's major export markets in this region.

During the State Visit to South Africa by the Amir of the State of Qatar in May 2002, SASOL and Qatar Petroleum signed a deal that makes them sole partners in the construction of the US\$900 million Oryx Gas-To-Liquids (GTL), the world's largest and most advanced natural GTLs plant based at Ras Laffan Industrial City, Qatar. The SASOL Slurry Phase Distillate (SPD) process will be used to convert the natural gas into premium, environmentally friendly fuels by late 2005. The facility is expected to produce 24, 000 bl/day of diesel, 9, 000 bl/day of naphtha and 1, 000 bl/day of liquefied petroleum gas (LPG).

SASOL polymers negotiated a R1.5 billion deal to construct a polymer plant in Iran. SASOL also conducted a feasibility study for the construction of a US\$ 3 billion gas refinery in Iran.

Both Kuwait and Saudi Arabia lifted the ban on meat products from South Africa that was introduced after an outbreak of foot and mouth disease.

The Mission in Teheran has formed a NEPAD task team together with all the African Embassies there and successfully engaged the Iranian government on the issue of African economic development. This has culminated in the Iran-Africa Forum that was held in early 2003 in Teheran on the issue of Iran-Africa co-operation. The Deputy Minister of Mineral and Energy Affairs of South Africa attended the Conference.

The Amir of Kuwait, His Highness Sheikh Jaber Ahmed Al Sabah, in July 2002, in a letter to President Mbeki, pledged Kuwait's support for the AU and NEPAD objectives.

A regional Heads of Mission meeting to discuss South Africa's engagement with the region was held in Dubai, from 6 to 8 October 2002

EAST ASIA

Economic interaction with Asian countries has strengthened and expanded. Over the past year trade figures have increased significantly with nearly all major countries in Asia.

On 22 May 2002, the 5th Japan-South Africa Partnership

Forum Meeting was held in Tokyo. On this occasion a wide range of bilateral issues of mutual interest and concern were discussed.

President Mbeki had a meeting on 20 October 2002, with the powerful Nippon-Keidanren chamber of business to promote additional Japanese investment in South Africa and

Africa. The discussions concentrated on the South African motor manufacturing industry.

The Senior Officials Meeting (SOM) of the China-Africa Co-operation Forum took place from 25 to 26 November 2002 in Addis Ababa. Issues discussed included the report of the Secretary-General of the Chinese follow-up Committee on progress made by the Forum since the Beijing Conference in 2000, as well as co-operation between the Forum and NEPAD. The primary aim of the



Senior Vice-Minister of Foreign Affairs of Japan, Mr Tetsuro Yano, (far left) and Deputy Minister Aziz Pahad at the sixth meeting of the Japanese-South African Partnership Forum.

meeting was to prepare for the Ministerial Conference in 2003 in Addis Ababa.

The Chinese authorities were, and continue to be, eager to contribute to Africa's socio-economic development and have endorsed the objectives of NEPAD. China has agreed to offer assistance in the field of agriculture, human resources

development and infrastructural development. During the China-Africa Co-operation Forum Senior Officials meeting in November 2002, it was agreed that NEPAD programmes will be integrated with those of the China-Africa Co-operation Forum.

South Africa and China concluded an Agreement on Labour issues and also on an Approved Destination Status (ADS) Memorandum of Understanding (MOU). The ADS Memorandum of Understanding provides for measures to promote South Africa's

tourism industry in China.

During 2002, a number of South African public servants attended training programmes in various fields in the Republic of Korea, e.g. in marketing and exhibitions, local government administration, etc.

CENTRAL AND SOUTH ASIAN STATES

The second meeting of the India-South Africa Commercial Alliance (ISACA) took place in Pretoria in June 2002. A number of opportunities for bilateral co-operation and increased trade were identified particularly within the pharmaceuticals, engineering, ICT and chemical sectors. South Africa and India commenced with formal negotiations on a Preferential Trade Agreement in December 2002, which both sides hope to conclude by December 2004. Furthermore, in June 2002, the Indian Foreign Ministry together with NGOs and academics organised a 3-day conference on Africa, which was inaugurated by the former Minister of External Affairs, Mr Jaswant Singh. During the event, the High Commissioner of South Africa made a presentation on NEPAD. The Indian Ministry

of External Affairs also hosted a Conference on “India and NEPAD – Furthering Africa-India Economic Co-operation” in Delhi on 26 July 2002. DFA, DTI, the IDC and the CSIR were represented at the Seminar. Financial institutions from 13 African countries also participated in the event.

During 2002, a small South African business delegation visited Afghanistan with a view to exploring business and developmental opportunities.

Southeast Asia, Australasia and Regional Organisations and Issues

During November 2002 President Thabo Mbeki participated in the highly successful ASEAN Summit held in Cambodia at which he addressed the gathered ASEAN Heads of State on NEPAD and related issues.

A number of visits from South Africa to Australasia took place during 2002. In July 2002 President Thabo Mbeki undertook a working visit to Fiji to attend the 3rd Summit of the African Caribbean Pacific. Concurrently, a South African Government

delegation led by the Minister of Finance, Mr Trevor Manuel, held bilateral discussions with Fijian Government Ministers. In November 2002, the Minister for Trade and Industry, Mr Alec Erwin visited Australia for an informal Doha Ministerial Meeting.

In February 2002, an Agreement on the Avoidance of Double Taxation and the Prevention of Fiscal Evasion was signed with the New Zealand Government.

BILATERAL AND MULTILATERAL CO-OPERATION

Levant Region (Iraq, Israel, Jordan, Lebanon, Palestine, Syria)

The NAM Committee on Palestine meeting held on 27 April 2002, inter alia, mandated the Chair to organise a delegation to visit Palestine to meet with President Arafat, in expression of solidarity with the President and people of Palestine. This led to Minister Nkosazana Dlamini Zuma leading a delegation of NAM Ministers to visit President Arafat under siege in his office compound in Ramallah in June 2002.

During October 2002, the Department assisted in facilitating a

study tour to South Africa by senior officials from the Palestinian International Affairs Ministry, which is the lead ministry in the Palestinian reform process. This visit was funded by BTC, a Belgian Government development agency, with monies for assisting Palestinian reforms through capacity-building. During the study the Palestinian International Affairs officials explored the processes from negotiations through to the transformation of government structures that South Africa has undertaken.

The Department made financial and human resources available to assist the UN Information Office and the Embassy of Palestine in arranging the commemoration, in South Africa, of the International Day of Solidarity with the Palestinian People on 29 November 2002.

GULF STATES (UNITED ARAB EMIRATES, QATAR, SAUDI ARABIA, BAHRAIN, IRAN, KUWAIT, YEMEN, OMAN)

The Iran-South Africa Joint Commission took place on 4 and 5 February 2002 in Tehran. During this successful meeting, several

Memorandums of Understanding were signed between South African Government Departments and their Iranian counterparts.

The reporting period also saw several Iranian students registering at South African universities to complete their Ph.D.'s as part of an agreement between the Ministries of Health of both countries.

During October 2002, Deputy Minister Pahad signed an Agreement on the Avoidance of Double Taxation with the Sultanate of Oman. While the Minister of Defence, Mr Mosiuoa Lekota, signed a Memorandum of Understanding on Defence with the State of Kuwait during January 2003.

On the other front, the Deputy Minister of Foreign Affairs, Mr Aziz Pahad, signed a "Protocol of Co-operation" between South Africa and Yemen, in Sanaa on 26 January 2003.

South Africa and Saudi Arabia entered into an agreement on Economic, Trade, Investment and Technical Co-operation that will come into force once Saudi Arabia ratifies it.

During the reporting period Iran bestowed its highest order " Enghelab-e Eslami" (Islamic Revolution) on former President Nelson

Mandela. A formal ceremony is planned in Teheran during 2003.

EAST ASIA

During the review period, a number of high profile Chinese political leaders visited South Africa. In January 2002, Minister Nkosazana Dlamini Zuma received her Chinese counterpart, Mr Tang Jiaxuan, in Pretoria for consultations on possible co-operation between the two countries on bilateral and multilateral issues of mutual interest.

Chinese Premier, Mr Zhu Rongji, paid a working visit to South Africa on 5 and 6 September 2002. During the visit, Premier Zhu exchanged views with President Mbeki, Deputy President Zuma and other senior officials on matters concerning bilateral relations and international affairs.

In January 2003, China's First Vice-Premier, Mr Li Lanqing, also visited South Africa. Vice-Premier Li met with President Mbeki, Deputy President Zuma, and the Chairperson of the National Council of Provinces, Dr Naledi Pandor. During 2002, South Africa also established a Consulate-General in Shanghai.

CENTRAL AND SOUTH ASIAN STATES

As part of an India-South African Cultural Programme of Co-operation, the South African High Commission in New Delhi presented a number of cultural events in India, while a number of cultural groups from India visited South Africa. The South African High Commission in New Delhi, in close co-operation with the Consulate General in Mumbai, initiated a year-long programme of cultural and tourism promotional events to commemorate the tenth anniversary of diplomatic relations. South Africa provided training to military officers from both India and Pakistan, whilst an official from the Department participated in the thirteenth Advanced Diplomatic Course for African Diplomats, hosted by the Pakistani Ministry of External Relations.

Co-operation between South Africa and the Central Asian States have expanded during 2002 resulting in various delegations from Kazakhstan, Kyrgyzstan and Uzbekistan visiting South Africa. Uzbekistan also appointed its first non-resident Ambassador to South Africa in 2002. During March 2003, the Deputy Minister of Minerals and Energy, Ms Susan Shabangu, officially visited

Kazakhstan and Uzbekistan together with a South African mining delegation.

SOUTHEAST ASIA AND AUSTRALASIA AND REGIONAL ORGANISATIONS AND ISSUES

The past year has seen a number of high level visits from South Africa to South East Asia. During June 2002 Minister Nkosazana Dlamini Zuma led a South African delegation comprising a number of Ministers to the Bali WSSD Prepcom. The Minister of Minerals and Energy, Ms Pumzile Mlambo-Ngcuka, also paid an official visit to Indonesia during the same period. Deputy President Jacob Zuma represented South Africa on the occasion of the independence of Timor Leste on 20 May 2002. South Africa established formal diplomatic relations with Timor Leste during February 2003. The Deputy President Jacob Zuma led the South African delegation to the Langkawi International Dialogue in Malaysia in August 2002.

The establishment of a South African Embassy in Hanoi in the latter half of 2002 further enhanced South African diplomatic relations with the Socialist Republic of Vietnam.

There were two incoming ministerial visits from Singapore. The Minister of State for Defence visited South Africa in July 2002 and the Minister of Transport visited in January 2003.

During the reporting period, South Africa actively participated in the High Level Task Force Process aimed at the renewal and re-

organisation of the Indian Ocean Rim/Association for Regional Co-operation (IOR/ARC). Subsequently South Africa played a leading role in the drafting of the High Level Task Force report and recommendations submitted to the IOR in May 2002.



Delegates to the Heads of Mission Conference for the Middle East held in Pretoria.

• EUROPE AND THE AMERICAS

AMERICAS

ECONOMIC DEVELOPMENT

TRADE

The promotion of economic relations with the US, particularly trade and investment, remained a central element of the bilateral economic relationship in 2002. While the trade relationship continued to develop in 2002, US bilateral trade statistics with South Africa reflected the global economic trend with



Mr Alec Erwin - Minister of Trade and Industry.

a marginal decline in value to some US\$ 6,7 billion. The balance of trade remained in South Africa's favour, and was increased by exports to the US under the General System of Preferences (GSP) Programme through the African Growth and Opportunity Act (AGOA), to the value of more than US\$ 1,3 billion. The benefits accrued under the AGOA provisions nearly doubled from some US\$ 400 million in 2001, to some US\$ 790 million in 2002.

Minister Alec Erwin led the South African delegation to the AGOA Ministerial meeting in January 2003 where South Africa expressed support for the AGOA, and encouraged the US to further assist African countries to achieve sustainable socio-economic development through trade, investment, increased (technical) assistance, and economic capacity-building programmes.



South African steel exports to the United States is an important trade issue that is being addressed bilaterally.

South Africa and the US continued to address bilateral trade issues of mutual interest and concern such as South African steel exports to the United States, United States poultry exports to South Africa, and South African telecommunications policies and legislation.

In October 2002, the Southern African Customs Union

(SACU) accepted the US proposal to negotiate a Free Trade Agreement (FTA) and, in January 2003, the SACU Trade Ministers met in Pretoria with the United States Trade Representative (USTR) for ongoing discussions towards an agreement. The agreement was seen as a means of securing the benefits of AGOA, and expanding the vital partnership between SACU and the US. Given that such comprehensive trade agreements establish long-term relationships beyond technical issues of trade, the Department therefore played an integral and pro-active part, together with the Department of Trade and Industry, in directing the process. To this end, the preparatory work included a roadmap for the negotiations, an agreement on a tentative negotiating timetable, and the establishment of negotiating working groups.

The Canadian Minister for International Trade, Mr Pierre Pettigrew, visited South Africa in November 2002. He was accompanied by a trade delegation comprising some sixty business people. An export promotion seminar on how to do business with Canada was also conducted during this visit. A number of agreements and contracts were signed following the visit.

Trade relations between South Africa and Canada continued to expand with mining remaining the mainstay of this economic relationship. More than half of the annual bilateral trade was linked to the mining sector. This not only included trade in raw materials but also in the fields of mining equipment, technology and services.

The second round of negotiations towards a Framework Trade Agreement (FTAA) between SACU and MERCOSUR was held in Brasilia in August 2002 and in Pretoria in December 2002, with a further round imminent. The inaugural meeting of the SA-Brazil Joint Commission was also successfully held in Brasilia in August 2002, with the participation of a variety of different Departments under the co-chairpersonship of Minister Nkosazana Dlamini Zuma. The second meeting will take place in Pretoria in May 2003. Furthermore, President Mbeki and Minister Nkosazana Dlamini Zuma attended the inauguration of Brazil's President, Lula da Silva, in January 2003 and co-operation with that country continues in a variety of political and technical spheres, to the benefit of both countries.



*President Thabo Mbeki
with the Brazilian
Minister of Foreign
Affairs, Mr Celso
Amorim.*

Investment

The US continued to be the largest single investor in South Africa since 1994. The African Growth and Opportunity Act (AGOA) continued to stimulate investment in South Africa and other AGOA eligible countries in those sectors that export products to the US.

The Department's investment promotion activities in the US

continued to focus on the active promotion of South Africa's macro-economic stability, and projecting South Africa as an attractive and stable investment destination. Activities centred on co-operating with Trade and Investment South Africa (TISA) in encouraging US firms to establish operations in Africa and South Africa as a means of taking advantage of opportunities created through NEPAD. Substantial progress was also made in this regard with the establishment of call centres in South Africa.

Logistical and other support was also provided to members of the South African Cabinet visiting the US economic centres such as the Ministers of Finance, Minerals and Energy, Trade and Industry, and Environment and Tourism. The Department's investor-aftercare programme was also strengthened through regular meetings with the American Chamber (AMCHAM) in South Africa, which enabled the Department to understand and monitor US investor satisfaction better, and to address possible concerns.

During the past year, Canadian Foreign Direct Investment in South Africa occurred within the mining field, and to a lesser extent

in the areas of agro-processing and information technology. Some eighty Canadian companies were active in South Africa during the reporting period.

Multilateral Co-operation

During 2002/03, there was significant multilateral focus to bilateral activities aimed at promoting and explaining South Africa's positions on, and support for, international organisations particularly the United Nations. The Department actively encouraged the US to attend and play a constructive role in the Jo'burg Summit (WSSD). To this end, Minister Nkosazana Dlamini Zuma visited the United States in 2002 for the purpose of engaging the US Administration for support in preparations and participation in the Summit. Secretary of State, Mr Colin Powell, led the US delegation.

The Department also facilitated co-operation between South Africa and the US on a broad range of multilateral issues relating to, inter alia, labour, WTO, aviation, transport, and food relief in the region.

Tourism

Indications in 2002 were that the international political developments have opened unique windows of opportunity for South Africa as a safe, stable and affordable tourist destination in the US. The Department therefore, continued co-operation with SA Tourism in promoting South Africa as a tourist destination, and established joint co-operative efforts to promote tourism and implement SA Tourism's plan of action in the US, as well as to strengthen the Department's tourism promotion capacity.

Imaging and Branding

The Department continued to promote the image of South Africa in the US, as well as the image of the African continent



US Secretary of State, Mr Colin Powell with Minister of Foreign Affairs, Dr Nkosazana Dlamini Zuma.

as encompassed by the principles and ideals of NEPAD, and the transition from the OAU to the AU. These were actively promoted through a regular series of speeches, meetings, the provision of background documentation, and the promotion of South African websites. In this regard, notable events

included South Africa as the feature country of the Birmingham (Alabama) festival; a successful Africa week in Los Angeles (California) with South Africa as the feature country; and the facilitation of a study tour to South Africa by a select influential group of US media editors.

STABILITY

Crime

During 2002/03 co-operation under the Justice and Anti-Crime Co-operation Committee (JACC) of the Bilateral Co-operation Forum continued, and the Department facilitated SA/US co-operation on issues relating to mutual legal assistance and extradition on issues such as international crime, money laundering, drug trafficking, and international terrorism.

Good Governance

During the past year, the Department continued to engage the US on issues of good governance, particularly in Africa, within the context of NEPAD. Issues of importance included the development of AU institutions and amendments to the Constitutive Act, as well as the programmes of NEPAD such as the African Peer Review Mechanism.

The United States Agency for International Co-operation (USAID) also continued to support South Africa's efforts to



Deputy Minister of Foreign Affairs, Mr Aziz Pahad, during a meeting with Ambassador Hume, the United States Ambassador to South Africa.

promote democracy and good governance in the country through programmes aimed at strengthening human rights policies and institutions, and building democracy at the national, provincial and local levels.

SECURITY

Conflict Management

As in the case of good governance, high level government-



Minister Geraldine Fraser-Moleketi and Zimbabwean Foreign Minister, Mr Stan Mudenge, during a bilateral meeting.

to-government interactions served to highlight the importance of conflict management within the context of NEPAD. In this regard, US Assistant Secretary of State for Africa Affairs, Mr Walter Kansteiner, and Senior State Department Officials visited South Africa on a number of occasions for discussions on co-operation in support of African peace efforts in the region and continent such as in Burundi and the DRC. There were also exchanges of views on other regional areas of instability such as in Zimbabwe, Ivory Coast, Sudan, and the CAR.

CO-OPERATION

Bilateral Relations

President Thabo Mbeki and Minister Nkosazana Dlamini Zuma attended the inauguration of Brazil's new president, Mr Inancio Lula da Silva, in January 2003.

The 2nd South Africa Cuba Joint Bilateral Commission met in November 2002 in Havana to review existing bilateral co-operation projects and the extension of co-operation to new areas. In April 2002, the first South Africa-Cuba Consultative Mechanism reviewed bilateral and multilateral issues. Minister Nkosazana Dlamini Zuma also visited Cuba in January 2003 where she was honoured by the Cuban government with the Medal of Friendship. The Minister held a bilateral meeting with her Cuban counterpart, Mr Felipe Pérez Roque.

The Department facilitated the visit of an Inter-Departmental Task Team to Haiti to assess South Africa's role in the preparations for the 2004 Bicentennial Celebrations in that country.

During October 2002, Minister Nkosazana Dlamini Zuma

attended the annual meeting of the International Women's Forum in Mexico City where she was honoured with the award for "Women Who Make a Difference". During that visit, the Minister held a bilateral meeting with Mexico's former Minister of Foreign Affairs, Mr Jorge Castañeda.

There was a noticeable increase in the number of US Congressional and Cabinet level delegations to South Africa in 2002. These included visits to South Africa by US Secretary of the Treasury, Paul O' Neill, and Bono; US Secretary for Health and Human Services, Tommy Thomson; US Trade Representative (USTR), Ambassador Robert Zoellick; and US Senate Majority Leader at the time, Senator Tom Daschle. These visits were utilised to gain Administration and Congressional support for South African and African initiatives such as NEPAD and its related programmes. South African engagement of the US Administration and Congress on bilateral and African issues also took place through a number of high level visits to the US, such as by Minister Nkosazana Dlamini Zuma around the issue of WSSD, and by Deputy Minister Pahad for bilateral discussions and engagements with the US Congress on



Minister Nkosazana Dlamini Zuma received an award for "Women Who Make a Difference" in Mexico City in October 2002.

promoting the implementation of NEPAD.

South Africa enjoys cordial relations with Canada and considerable co-operation occurred on both bilateral and multilateral level. Canada has been a consistent supporter of developing countries within institutions such as the UN, Commonwealth and G8. Within the G8, Canada has taken the lead in co-ordinating the G8 response to NEPAD. Prime Minister Chrétien and Canadian civil society in general have continued to express strong support for NEPAD. Concrete steps in this regard include Canada's scrapping of tariffs for Least Developed Countries (LDCs), an increase in Official Development Assistance (ODA) and the establishment of a C\$ 500 million Africa Fund.

Human Resource Development

The Department contributed to the process of building a broad-based skills capacity. To this end, efforts focused on facilitating the expansion of academic exchange programmes between US and South Africa's educational institutions, and on broadening existing programmes such as the Fulbright and Mandela scholarship

programmes. Furthermore, linkages between schools in South Africa and the US through Provincial-to-State international outreach programmes were promoted.

Health

The US Agency for International Development (USAID) assistance programmes continued to focus on strengthening South African primary health care, particularly at the provincial level, through ongoing co-operation between government and non-governmental organisations. The programmes continued to focus on sexually transmitted diseases, Tuberculosis, AIDS orphans, and research, while HIV/AIDS awareness and vaccine development programmes were also expanded.

Following the visit to South Africa by US Secretary for Health and

The programmes continued to focus on sexually transmitted diseases, Tuberculosis, AIDS orphans, and research, while HIV/AIDS awareness and vaccine development programmes were also expanded.

Human Services, Mr Tommy Thompson, high level interactions and engagements between the South African Minister of Health and Senior Officials with the US continued with a view to strengthening South Africa's capacity to address the health challenges facing South Africa and the region in areas such as HIV/AIDS, Malaria, Tuberculosis, and other infectious diseases; and to mobilise resources towards combating them.

Poverty Alleviation

Ongoing co-operation with the National Treasury took place in streamlining the development assistance activities and programmes of the US Agency for International Development (USAID) in line with South Africa's developmental priorities. Numerous



USAID programmes in South Africa have focused on issues such as improving primary health care.

disbursement agreements were processed during the period and USAID operations in SA increased their annual level of funding beyond the previous year's amount of US\$50 million. The USAID programmes of assistance focused on promoting democracy and good governance in South Africa, strengthening the capacity of provincial and local education institutions, improving primary health care, technical assistance and scholarships to improve the economic capacity in the country, improving the quality and access to housing, and urban and environmental services in South Africa.

South African activities focused on monitoring and influencing developments in the establishment of the US Millennium Challenge Account (MCA) with a view to aligning the MCA eligibility criteria with NEPAD

objectives, and for the possible inclusion of South Africa as a recipient of MCA funding.

Canada and South Africa co-operate actively in the field of development assistance. Canadian projects in South Africa are largely directed towards poverty alleviation and the fight against HIV/AIDS. A successful twinning programme was also undertaken. This programme pairs six Canadian provinces with six South African provinces and is aimed at promoting good governance and the strengthening of capacity within the two countries.

EUROPE

ECONOMIC DEVELOPMENT

TRADE

South Africa relates to the European Union (EU) at various levels and in many fora. The most important of these relations is the bilateral relationship followed by the regional and continental dimensions. South Africa is also a signatory of the Cotonou

Partnership Agreement, which is the basis for co-operation between the African, Caribbean and Pacific (ACP) group of states and the EU. Bilaterally the Trade, Development and Co-operation Agreement (TDCA) govern our relations with the EU, which enshrines trade, development co-operation and political dialogue. The TDCA encompasses four side agreements, viz. Science and Technology, Wines and Spirits, Fisheries and the European Programme for Reconstruction and Development (EPRD). At the regional and continental levels several processes relate Africa (South Africa included) to the EU. These include the Cairo Process, the Cotonou Partnership Agreement and the NEPAD.

The finalised SA-EU Trade, Development and Co-operation Agreement was signed on 11 October 1999 and provisionally entered into force in January 2000. Ratification of this TDCA by EU members is expected during the next year. Ratification of the TDCA is expected to boost South Africa's economy, especially bilateral trade with Europe. According to analysts the TDCA will liberate an additional 30 billion US Dollar worth of trade between South Africa and EU Member States when fully implemented. The EU is

already South Africa's largest trading partner while South Africa ranks as the EU's 15th largest trading partner.

The Wines and Spirits Agreement (WSA) was signed on 28 January 2002 and is being implemented retroactively since 1 January 2002 to ensure that no benefits are lost from the WSA. Negotiations on a Fisheries Agreement were put in abeyance pending policy reforms in the EU.

Europe is the largest source of Foreign Direct Investment (FDI) to South Africa. It also accounts for 44 % of total FDI flows to South Africa and six out of the top ten foreign investors in South Africa are members of the EU.

During the reporting period, South Africa interacted with the EU as a member of the African, Caribbean and Pacific (ACP) Group, which is governed by the Cotonou Partnership Agreement (CPA). The ACP and EU are currently negotiating a new trading regime to replace the non-reciprocal trade preferences agreed under the Lome Conventions. South Africa is not a direct participant in these negotiations but it assists the ACP in an advisory capacity. In this regard, South Africa hosted SADC Ministers of Trade in March

2003 to discuss the negotiations on a regional level. In addition, a South African specialist on trade negotiations was seconded to the ACP Secretariat in Brussels for a period of time during 2002.

In 2002/03 several Ministerial visits took place to German-speaking Europe to foster bilateral relations and enhance trade relations. German-speaking Europe has expressed its full support for NEPAD, which should be seen against the broader background of those countries' increasing role in global affairs. Although German-speaking Europe had been occupied by the deteriorating situation in Iraq, they continued to engage South Africa in both bilateral and multilateral matters.

Relations with the countries of Central and Eastern Europe were further expanded during the report period. On 18 March 2003, the Government of the Russian Federation issued a decree that placed South Africa, with effect from 1 April 2003, on the list of Developing Countries enjoying preferential trade status with the Russian Federation. In general terms, South African exports to the Russian Federation will now enjoy a 25 % reduction in import tariffs, thus opening up the lucrative Russian Market to the South

African private sector.

Regarding other countries of Central and Eastern Europe, South Africa's bilateral trade expanded, while specific attention was paid to programmes of co-operation in the field of science and technology, military industrial co-operation, agricultural co-operation and tourism promotion.

During the year under review it was announced that eight Central European countries would become members of the EU on 1 May 2004. This development has been and will continue to be studied in terms of the challenges it might present for South Africa's bilateral relations.

CO-OPERATION

One of the key aspects of South Africa's relations with the EU, within the framework of the ACP-EU partnership, is its active



The Deputy Minister of Foreign Affairs, Mr Aziz Pahad, met with the Deputy Minister of Foreign Affairs of Belarus, Dr Vasily Pugachev, in Pretoria.

participation in ACP-EU Joint Parliamentary activities. It was within the context of further facilitating greater understanding between the peoples of the EU and ACP that South Africa hosted the 4th Session of the ACP-EU Joint Parliamentary Assembly (JPA) from 18 to 21 March 2002

in Cape Town. The 5th ACP-EU JPA took place in Brazzaville (the Republic of Congo) from 31 March to 3 April 2003. At this meeting all key speakers underlined the support for, and the importance of, NEPAD for Africa's development.

South Africa's relations with European Parliamentarians are also of high standing with regular exchanges having taken place. The SA-EU Science and Technology Agreement was the first Agreement signed between post-apartheid South Africa and the EU. It was signed in December 1996 and entered into force in

November 1997. It allows South African researchers to engage in collaborative research projects funded by the EU.

South Africa, as Chair of the AU, has taken a lead in ensuring that NEPAD is discussed with all EU Member States (especially those that are also members of the G8) on a regular basis. Some countries, as well as the President of the European Commission, have already appointed Special Representatives to work with the NEPAD Secretariat and identify areas of co-operation in NEPAD projects.

Bilateral Relations

The close relations between South Africa and the Benelux countries during the year were reflected by the increased flow in high level visits, augmented by development assistance programmes, as well as by

close co-operation, and political and financial support, for South Africa's role in conflict resolution and peacekeeping operations in the Great Lakes region. Both the Kingdom of The Netherlands and the Kingdom of Belgium are closely interacting with South Africa in the promotion of peace and security on the African Continent which reflects their commitment to the objectives and ideals of the AU and NEPAD.

President Mbeki and the Prime Ministers of Denmark, Finland, Iceland, Norway and Sweden held a South African – Nordic Summit in Norway in May 2002. The resulting Molde Declaration reaffirmed the strong links between South Africa and the Nordic countries, and the Nordic Prime Ministers expressed their full support for the goals of NEPAD and committed themselves



Sweden's Foreign Minister, Ms Anna Lindh, with Minister Nkosazana Dlamini Zuma at a press conference in Pretoria.

to assisting Africa to achieve the international Millennium Development Goals.

In further cementing our very good relations with the Federal Republic of Germany, President Rau paid an official visit to South Africa in January 2002, during which time he participated in the 50th anniversary of the German Chamber of Commerce

in South Africa. Germany is an active player on the international stage, which demands that South Africa continues to develop its partnership with that country, not only to benefit the country, but also Africa and the Developing World as a whole.

During the reporting period, high level Ministerial and Deputy Ministerial visits to France, Italy and Portugal took place to discuss bilateral co-operation with regard to NEPAD, as well as in the context of relations with the G8 and the EU.



President Constatinos Stephanopoulos of the Hellenic Republic and President Thabo Mbeki addressing the media in Cape Town.

President Mbeki attended two Summits in France, i.e. the Special Summit on Côte d'Ivoire held from 25 to 26 January 2003, as well as the Franco-Africa Summit that took place from 20 to 21 February 2003. Issues relating to the African agenda received priority and attention during these meetings.

The President of the Hellenic Republic, Mr Constantinos Stephanopoulos, paid a State Visit to South Africa in October 2002, prior to the Hellenic EU Presidency that assumed in January 2003. President Stephanopoulos pledged strong support for the NEPAD, also in the EU context. He was accompanied by a prominent Hellenic trade delegation, and trade seminars were held in Cape Town and Johannesburg during the visit.

The 2nd Session of the Inter-Governmental Committee on Trade

and Economic Co-operation (ITEC) between South Africa and the Russian Federation in November 2002, resulted in strengthening of co-operation between the two countries in the following fields: Trade, Investment and Banking; Science and Technology; Minerals and Energy; Aviation and Maritime; Health and Education; Agriculture; Water Affairs and Forestry; and Military Industrial co-operation. The 3rd Session of ITEC is scheduled for later part of 2003.

South Africa maintains resident Diplomatic Missions in Bulgaria, the Czech Republic; Hungary; Poland; the Russian Federation; Turkey; and Ukraine. South African representatives are non-residentially accredited to Albania; Armenia; Azerbaijan; Belarus;



Deputy Prime Minister Matviyenko from Russia (far left) met with President Thabo Mbeki at the conclusion of the 2nd South African – Russian Federation Joint Inter-Governmental Session held in Pretoria.

Bosnia and Herzegovina; Croatia; Estonia; Georgia; Latvia; Lithuania; Romania; Moldova; Slovakia; Slovenia; as well as Serbia and Montenegro.

Poverty Alleviation

The TDCA provided the legal basis for continued EU support for development activities in South Africa channelled through the European Programme for Reconstruction and Development (EPRD). The EPRD is funded directly from the EU budget with an annual 127,5 million Euros, and is the single largest development programme in South Africa financed by foreign donors



The European Programme for Reconstruction and Development continued to give financial support to health projects in South Africa.

(from 1995 to 1998 the EU provided 43% of all foreign grant aid to South Africa). Projects such as Aids awareness, health, sanitation, education, capacity building in various sectors, SMMEs and a variety of other programmes continued to be supported through the EPRD. Further assistance was supplied through soft loans from the European Investment Bank. These funds are managed by the

Industrial Development Corporation on behalf of the Government. The South African Government met with the EU as part of the usual at-least-once-a-year discussions on co-operation under the EPRD. As the TDCA is a developmental agreement, a portion of the EPRD is dedicated to regional development.