

## **PROGRAMME 2: Foreign Relations**

**AIM:** This programme promotes relations with foreign countries and facilitates the Department's participation in international organisations and institutions, in pursuit of South Africa's national values and foreign policy objectives. While all the objectives apply to all regions, the emphasis may differ depending on current circumstances or anticipated developments in a particular region.

# OUTPUTS AND SERVICE DELIVERY TRENDS:

# CONSOLIDATION OF THE AFRICAN AGENDA

# Service delivery objectives and indicators

During 2005/06, much was achieved in promoting the African Agenda, including efforts to promote more effective functioning of Regional Economic Communities (RECs), the organs of the AU and Nepad. The Department focused on the further integration of the SADC, the establishment and permanent housing of the Pan African Parliament, and the further promotion and entrenchment of Nepad as the primary framework for creating the conditions for development and implementing projects and programmes designed to stimulate development and growth.

South Africa's engagement in the African focussed on the following goals:

- Strengthening the African Union and its structures
- Promoting integration and development through the SADC
- Promoting the implementation of Nepad
- Supporting peace, security, stability and post-conflict reconstruction initiatives
- Strengthening bilateral relations.

# Strengthening the African Union (AU) and its structures

The full Maputo Structure is 768 posts, 416 employees are already in posts and 114 were expected to commence duty in February 2006. In order to complete the full revised Maputo Structure, 208 employees need to be recruited in 2006. However, the implementation thereof would depend on the availability of funds.

The Commission made a proposal to the Sub-Committee on Structure regarding renaming some of the approved positions and requesting for additional positions in the Bureau of the Chairperson, the Special Unit in Charge of Intelligence and Security Matters, the AU Regional Delegation to Regional Economic Communities and 50 positions for the African Centre for Research and Studies on Terrorism, whose establishment was approved by the Summit in Sirte, Libya during the July 2005 Summit. The Executive Council requested the Commission to prepare the financial implications for the structure for consideration by the Executive Council.

South Africa still has a quota of posts at all levels, to be filled at the Commission. In order to fill these posts, the

National Secondment Policy has since been finalised and forwarded to Cabinet for approval to facilitate the process of seconding South Africans to key institutions such as AU and SADC.

Up to this point, an official from the Department of Defence has been seconded to the AU Peace and Stability Directorate from 1 January 2006 and another official has been seconded from NICOC to CISSA (i.e. the continental intelligence structure).

Following the adoption of the new scale of assessment during the AU Summit in Sirte, Libya, in 2005, that determines Member States' contribution according to its capacity, South Africa became one of the five major contributing countries towards the total AU Budget. This means that South Africa, Algeria, Nigeria, Egypt, and Libya would each contribute 15% of the total budget of the African Union while the rest of the member states would have to contribute the remaining 25%. The new scale of assessment was applicable since January 2006.

In terms of the Host Country Agreement, South Africa has committed herself towards ensuring the effective and successful working of the Pan African Parliament. In compliance with the provisions of the Host Country Agreement, South Africa has managed to temporarily accommodate the Pan African Parliament at Gallagher Estate in Midrand while proceeding with plans to establish the permanent seat of the Parliament.

Work has been ongoing in the Steering and Working Committees on the bids to carry out the Options Analysis regarding a suitable site for the Pan African Parliament Building. This process was concluded at the end of February 2006. The Steering Committee and the Working Group convened on 29 March 2006 at the Department of Public Works (DPW) on the Continental Competition for architectural design of the Parliament. The Inter Ministerial Committee, comprised of Foreign Affairs, Public Works, Gauteng Premier, Speaker of National Assembly, Environmental Affairs and other stakeholders oversee the workings of the Committees and task teams in the implementation of the PAP projects.

The process of engaging the Diaspora further received the AU's blessing during the Khartoum Summit. Following the hosting of the South Africa- Caribbean Diaspora Conference in Jamaica in March 2005, member states were encouraged to support and participate in the July 2006 Conference of Intellectuals of Africa and Diaspora. Furthermore, the Executive Council called on the Chairperson of the AU Commission to take necessary steps to facilitate the convening of the 2007 Conference to be hosted by South Africa.

Through interactions that her missions have had with the Diaspora, South Africa has played an active role in promoting NEPAD. Business sector support for NEPAD is being integrated as part of the country's bilateral mechanism.

Significant progress has been recorded since the process of Rationalisation of RECs was undertaken by Member States, RECs and the AU Commission. Following the Consultative meetings between the five regions of Africa on Rationalisation of the Regional Economic Communities, the African Union Commission organized joint Ministerial meeting of the regions from the 28- 31 March 2006 to consolidate the reports of the two groups namely the Western, Central and Northern regions as well as the Southern and Eastern Regions.

Ministers made recommendations pertaining to the work that is expected from Member States; the African Union; the African Union Commission; and Regional Economic Communities (RECs).

With respect to the Member States, the meeting, amongst others, requested that:-

- the capacities of existing RECs be strengthened to make them more efficient; and
- Urged Member States to honour their financial and other obligations to RECs.

The African Union was requested to, amongst others: -

- Retain the configuration of the eight RECs while harmonizing their programmes and policies within the framework of the Abuja Treaty; and
- Adopt a moratorium to halt the recognition of new RECs;



Pending the finalisation and adoption of the study on STC, sectorial ministerial meetings continued to take place. To date, a number of Ministerial meetings which have to be incorporated under the STCs have taken place which includes amongst others, the Conference of AU Ministers in Charge of Electric Power chaired by South Africa and held in Addis Ababa, Ethiopia from 23 -24 March 2006; the Conference of AU Ministers of Agriculture held in Bamako, Mali from 31 January to 1 February 2006; and the Conference of African Ministers of Integration held in Ouagadougou, Burkina Faso, from 30-31 March 2006.

South Africa has been actively involved in these processes and hosted several meetings of the Specialized Technical Committees. Through constant communication with the mission in Addis Ababa, Head Office has since been informed that the study on STCs has been finalized but awaits processing by the AU Commission.

Following the commissioning and financing of the Ernst & Young study on the AU Financial and accounting system by South Africa, the Assembly in Khartoum, the Sudan in January 2006, adopted it. The AU Commission is currently looking into the implementation of the recommendations of the study.

This South African initiative is aimed at restoring donor confidence and encouraging member states to honour their financial obligations towards the AU through the strengthening of the institutions financial and accounting systems.

The establishment of AU financial institutions which will provide funding for projects and programmes of the AU is currently in the pipeline. Three financial institutions are to be established namely; the African Central Bank to be hosted by the Western region; the African Monetary Bank to be hosted by the Central regions as well as the African Investment Bank to be hosted by the Northern region.

The African Court on Human and People's Rights has been operationalised. Regarding the election of judges to the Afri-

can Court on Human and Peoples' Rights (ACHPR), the AU Assembly in Khartoum in January appointed eleven judges, two of whom are from Southern Africa (Justice Bernard Ngoepe from South Africa on a 2-year term and Mrs. Kellelo Justina Mafoso-Guni from Lesotho on a 4-year term). It has since been recommended that the number of judges for the combined court be set at fifteen (15) while giving the Assembly the power to review the number of judges on the recommendation of the court.

South Africa submitted her inputs to the Draft Instrument on the Merger of the African Court of Justice and African Court on Human and Peoples' Rights. It is expected that the AU Commission would submit the instrument to the next Ordinary Session of the African Union for consideration and adoption.

#### **South-North Co-operation**

South Africa continued promoting South-North co-operation in support of the implementation of the African Agenda through the Group of 8 (G8), the Commission for Africa, the Africa Partnership Forum, the United Nations (UN), the European Union (EU), the Organisation for Economic Co-operation and Development (OECD), the World Trade Organisation (WTO), the International Monetary Fund (IMF), World Bank and the World Economic Forum (WEF).

The Department serves as the focal point for South-North dialogue, engaging key global economic institutions such as the World Trade Organisation (WTO), the Organisation for Economic Co-operation and Development (OECD), and the World Intellectual Property Organisation (WIPO). To achieve its objective, South Africa ensures that the development agenda remains part of the focus of key economic forums, particularly the annual G8 Summit and World Economic Forum (WEF) meetings.

The most important developments during 2005/06 were the outcomes of the G8 Gleneagles Summit, South Africa becoming a member of the OECD's Development Centre, ongoing negotiations to establish a Development Agenda for WIPO and the WTO Ministerial Conference in Hong Kong, where



President Thabo Mbeki greeting the President of the European Commission, Jose Manuel Barroso during the latter's visit to Pretoria, June 2005.

the compromise that was reached was regarded as a workable platform to keep the Doha Development Agenda afloat.

South Africa's presence at and participation in South-North Dialogue fora enhances its commitment to attaining and maintaining the millennium development goals (MDGs).

The year 2005 presented unparalleled opportunities because the G8 Summit in Gleneagles and the Commission for Africa, chaired by British Prime Minister, as well as the World Economic Forum, focused the world's attention on mobilising partnerships and the necessary resources for Africa's development challenges. Action, delivery on commitments and innovative partnerships were necessary if Africa were to meet the MDGs. South Africa played a significant role in driving this agenda.

#### **Africa-European Union Co-operation**

The EC ascribes the positive progress being achieved in Africa in no small measure to the leading role that South Africa and President Mbeki are playing. As a member of the AU enlarged Troika, South Africa continued to play an influential role in ensuring that Africa-Europe dialogue is based on the principles of equality, partnership and ownership. President Mbeki underscored these basic principles when he met with the European Commission's President José Manuel Barosso in June 2005 and Commissioner Louis Michel in February 2006. At these meetings, President Mbeki also

reiterated South Africa's commitment to the pursuit of a peaceful, stable and prosperous African continent.

A significant event, in the context of AU-EU relations during the reporting year, was the adoption of the EU Strategy for Africa by the EU Council in December 2005. This was preceded by the African Union's endorsement of the Strategy at the AU-EU Ministerial Troika meeting held in Bamako, Mali on 2 December 2005. The Strategy intends to complement and strengthen the framework for dialogue and co-operation that already exists between the EU and Africa.

The Strategy builds on the Cairo Summit Declaration that is aimed at enhancing political dialogue between Africa and the EU and support for African initiatives for attaining the continent's socio-economic development. Its primary objectives are the achievement of the MDGs and the promotion of sustainable development, security and good governance in Africa. The Strategy builds on important progress made by the African continent. Its core principles are partnership based on international law and human rights, equality and mutual accountability. The Strategy's underlying philosophy is African ownership and responsibility, including working through African institutions.

The Bamako Ministerial Troika meeting, as well as the AU Summit held in Khartoum in January 2006, decided that the EU Strategy for Africa should be converted to a joint Africa-EU Strategy, which could be presented for adoption at the Second Africa-EU Summit. Meanwhile, a joint implementation matrix, encompassing all com-



Of these commitments, the most far reaching was the EU's commitment to replenish the Africa Peace Facility (APF) with €50 million from the Ninth European Development Fund (EDF), to finance the AU Mission in Sudan and a further provision of €300 million from the Tenth EDF, to continue the life of the APF from 2008 - 2010.

Negotiations between the SADC and the European Community (EC) on the Economic Partnership Agreement (EPA) picked up pace in 2005, following the SACU Ministers resolve, at their meeting of November 2004, that southern Africa's trade relations with the EU need to be harmonised. The Review of the TDCA and the SADC-EC EPA negotiations presented an ideal window of opportunity to initiate this process. To this end, in March 2006, the SADC Senior Officials met with their EC counterparts to explore how to achieve this. The negotiations are expected to be concluded in December 2007, ahead of the expiry of the WTO waiver permitting the EU to give preferential market access to products from the African, Caribbean and Pacific (ACP) Group of countries to 31 December 2007.

On the issue of the new EU chemicals legislation called REACH (Registration, Evaluation and Authorisation of Chemicals), the Embassy in Brussels interacted with various European commissioners, parliamentarians, council presidencies, Brussels-based embassies and non-state actors to lobby against specific concerns in the draft REACH Legislation. Furthermore, within the context of consolidating the South-South partnership, the Embassy was instrumental in highlighting the potential negative effect of REACH on the ACP States. Consequently, the ACP Council of Ministers of June 2005, as well as the ACP-EU Joint Parliamentary Assembly of November 2005, respectively adopted resolutions on REACH. These resolutions called on the EU to be considerate of the plight of developing economies and to ensure that REACH does not inhibit their export

potential and concomitant sustainable development goals.

In support of the objectives of the AU and Nepad, the Department ensured that priority was given to these issues on the agendas of all discussions held during President Thabo Mbeki's state visit to Italy and working visit to Portugal, as well as during high-level consultations and senior officials meetings with France, Portugal, Spain and Greece.

The governments of Portugal, Spain and Greece were actively engaged on the new EU Strategy for Africa and the urgent need for a summit of the EU and AU to engage the strategy.

On 6 June 2005, a conference aimed at addressing the issues related to Nepad was held in the Netherlands. Dutch Development Co-operation Minister Agnes Van Ardenne was a guest of honour and delivered the keynote speech. Prof W Nkuhlu of South Africa attended the conference.

Prof. Nkuhlu participated in a Nepad seminar held in Denmark, and President Mbeki attended the Africa Initiative hosted by President Kohler in Bonn, Germany, in November 2005.

# Implementation of the New Partnership for Africa's Development (Nepad)

Over the last five years, South Africa has been a prominent driver of the Nepad process. In this regard, South Africa continues to facilitate the implementation of projects and programmes in priority Nepad sectors, namely: infrastructure; agriculture; environment; tourism; ICT; health; human resources; and science and technology.

At national level, there are specific national structures in place to champion, co-ordinate, implement and popularise Nepad, to ensure South Africa's effective engagement in the Nepad process nationally, regionally, continentally and internationally. South Africa continues to support the Nepad and APRM Secretariats based in

South Africa and to participate in all structures of the AU, Nepad and SADC designed to promote the implementation of Nepad.

The African Renaissance and International Co-operation Fund has been utilised as an instrument to support African development projects, particularly in the DRC, Sudan and Burundi, in accordance with the vision of an African Renaissance and in terms of Nepad's objectives. For the first time, trilateral co-operation projects have also been finalised, for example with Sweden in support of the DRC Public Service Census project.

In terms of strengthening co-ordination of the Nepad process in South Africa, and to ensure integrated mobilisation and alignment of resources and institutions nationally, regionally, continentally and internationally, a National Nepad Implementation Strategy is being developed. The Strategy will serve as a framework to guide the work of all stakeholders, particularly the clusters, Departments, provincial and local government, Parliament and SOEs in the Nepad process.

The Review of South Africa within the African Peer Review Mechanism (APRM) has commenced and should be completed by the end of 2006. A National Self-Assessment Report and a National Programme of Action have been developed with the involvement of the broad spectrum of South African stakeholders. The APRM Country Review Team is scheduled to visit South Africa in July 2006. The National Programme of Action, plus APR Forum recommendations will have to be implemented nationally once the review process for South Africa has been completed.

As one examines progress in implementing Nepad, it is clear that the conditions for development enunciated by Nepad are being addressed. Unconstitutional changes of government are no longer tolerated in Africa. Previously intractable conflicts on the continent are being addressed with African solutions being found, African resources being utilised and African leadership being brought to bear on the prevention, management and resolution of conflict. Mechanisms and agreements to ensure peace are in place in every instance of conflict

on the continent and post-conflict reconstruction initiatives are being developed, as witnessed by South Africa's own efforts in the DRC, Burundi and the Sudan. Good governance, democracy and the promotion of human rights are becoming the norm around Africa rather than the exception and the number of peaceful elections being held continues to grow. The African Peer Review Mechanism (APRM) has commenced and the first sets of reviews been completed.

On the economic front, trends that existed before are being reversed. The economic outlook for the African continent is the best it has been for many years. There is an increase in countries following sound macro-economic planning, policies and management. The commodity boom has had a positive impact on foreign direct investment (FDI) capital flows. These rose to \$18 billion during 2005 from \$14.7 billion in 2002 and \$6.6 billion in 1998. The IMF is projecting that growth in 2006 could be as high as 5.9% compared with 4.5% during 2005 and 5.3% during 2004. The IMF projects growth rates of 9.9% in the Horn of Africa, 9.5% in southern Africa, 8.3% in the Great Lakes region, and 5.3% in West Africa. Africa still has a relatively low share of global FDI flows, but the resource-rich countries are benefiting from the need to increase output of oil, copper, and other commodities from Africa. Africa's foreign exchange reserves have increased to \$118 billion from \$84 billion in 2003 and only \$36 billion during 2000. Africa's exports have increased from \$117 billion in 1999 to \$178 billion in 2004. There is no official data yet for African exports in 2005, but rising commodity prices suggest they now exceed \$200 billion. ODA and FDI into Africa continued to increase during 2005, reversing a declining trend during the 1990's to 2001.

These positive trends are not anomalies, but reflect a reversal in negative trends due to the new ways of conducting affairs in Africa. The fundamentals, as well as the costs and risks of doing business in Africa are being addressed slowly but surely and has resulted in growing levels of optimism and confidence in Africa's prospects, as opposed to the pessimism expressed previously.

These achievements also point to the progress made in



redefining international partnerships with Africa, in moving from a donor-recipient relationship to a partnership in the true sense of the word. Although not going far enough and not being comprehensive enough, significant gains on Africa's critical issues, i.e. aid, trade, debt and financing for development, particularly infrastructure, were registered as outcomes of the G8 Summit in Gleneagles in July 2005, the UN Millennium + 5 Review Summit in New York in September 2005 and the WTO Ministerial in Hong Kong in December 2005. This resulted partly from work done in the context of the Africa Partnership Forum, the Commission for Africa and with the United Nations in the production of a number of significant reports during the year. South-South co-operation and support for Nepad has advanced, as illustrated by the creation of the New Asian-African Strategic Partnership in April 2005 and the outcomes of the South Summit in Qatar. New resources are being mobilised, albeit not on the scale and at the pace required, and Africa's messages regarding debt relief, aid and trade are being heard, as illustrated by the new EU Strategy for Africa.

In terms of progress on project implementation, the Comprehensive African Agricultural Development Programme (CAADP) provides the clearest example of progress being made on projects. Countries are formulating national agriculture development programmes and striving to reach the agreed target of 10% of the national budget prioritised to agriculture, thereby exhibiting ownership and political will. A tracking mechanism is in place. Clear projects in terms of food security and food reserve systems have been developed. Cassava, New Rice for

Africa (NERICA), Banana Tissue Culture projects and the School Feeding Programme (using local producers) are being implemented. The need for agricultural research has now been accepted and regional centres of excellence are being developed, such as the International Livestock Research Institute in Kenya. International support and resources have been mobilised through the CAADP Support Group and targeted interactions with international partners are being held. USAID has been convinced to support CAADP and interactions are taking place with the private sector on the development of agribusiness. The United States of America (USA) is allocating \$200 million per annum over five years in support of CAADP. The World Bank-GEF have allocated \$700 000 as a grant for the Nepad Secretariat and the FAO to plan a sustainable land management programme. The Bank has also established a \$60 million fisheries seed fund for the sustainable management of large marine ecosystems in selected countries under CAADP.

Another significant area of achievement has been in the ICT sector. The rollout of the e-schools programme began during the second half of 2005 in a number of pilot countries and schools. There was also progress in the implementation of the East African Submarine Fibre Optic Cable System project.

Some progress has also been registered with other projects in the four sectors of the infrastructure programme, which include the following:

 AU/Nepad Spatial Development Programme (including the identification of six high potential SDIs).



- Japan agreeing to fund 14 projects in infrastructure.
- Agreement reached concerning ADB support for Kazungula Bridge.
- Rehabilitation of the Mocademes railway in Angola.
- The ADB mobilising funds for the development of the Naimbe Corridor Transport System. Similarly, the ADB is mobilising funds for the development of the Lobito Corridor transport system.
- The Trans-Kalahari Express Project feasibility study has been carried out with funding from the US Trade and Development Agency (US TDA).
- The Grand Inga Project study.
- West African Gas Pipeline.
- Kenya-Uganda Oil Pipeline (Northern Corridor).
- The Western Power Corridor Interconnection (WESTCOR) Project is operational and managed by an implementing institution stationed in Botswana.
- Kenya–Tanzania-Uganda Interconnection Project.
- Mozambique-Malawi Interconnection Project.
- An Infrastructure Consortium for Africa was inaugurated in October 2005. The instrument for expanding the Nepad Infrastructure Project Preparation Facility (IPPF) into a multi-donor facility was approved by the ADB in September 2005.
- 13 projects at an estimated cost of \$522, 7 million are in the 2006 Lending Programme of the ADB.
- A number of African countries, including Senegal, are accessing the \$200 million credit line from India that was secured by Nepad.
- The USA has provided a \$370 000 grant to help the Nepad Secretariat prepare three of the key infrastructure projects for investors.

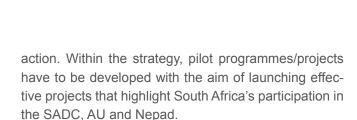
Having said all of the above, significant challenges remain, not least in the realm of convincing the African people that Nepad is relevant to them, can address poverty, can ensure sustainable socio-economic de-

velopment and growth and can make a significant impact on the quality of their daily lives. So, while addressing conflict and ensuring good governance, it is also about providing the conditions for socio-economic development and growth and does have an impact on people's lives. Only by implementing Nepad priority sector projects will this challenge be addressed. People need to see tangible infrastructure projects, an agricultural revolution, and improved health and education delivery systems. It is in these areas that the greatest challenges for Nepad are to be found. The scale and pace of delivery in these priority sectors remains frustratingly low.

# Strengthening the Southern African Development Community (SADC)

While the cluster will continue with its work under this priority, it is worth emphasising that support for the harmonisation and rationalisation of Regional Economic Communities (RECs), as well as for the regional integration process will be critical in the coming year. To this end, it is important to indicate that the IRPS Cluster shall soon review the South African policy position on both regional and continental integration by considering the appropriateness of the evaluation as well as the benefits and costs of economic integration to SADC Member States. This shall be done by engaging both the Chair of the SADC and the Executive Secretary to commission the evaluation of progress made by the SADC. The Cluster should continue playing a leading role in promoting South Africa's engagement with African Multilateral organisations (including the SADC), in order to promote the agreed South African positions in the economic integration of the RECs.

The Cluster shall continue prioritising the implementation of the SADC Protocols related to trade, finance, infrastructure and services (including water, energy and tourism), food security and HIV/AIDS in order to implement the RISDP. Furthermore, the South African Government shall continue giving priority to the completion of the Nepad/RISDP national strategy in order to align national, SADC and continental programmes of



A continued priority is the current recruitment process in the SADC Secretariat, for which South Africa should ensure that the right persons are appointed; and that suitable South Africans are appointed within the framework of the quota system; and placing South Africans in critical positions using the new secondment policy. This will be implemented after the adoption of the Secondment Policy by Cabinet

# Peace, stability and post-conflict reconstruction in Africa

Increasingly, the focus is on active engagement and providing tangible support to Africa's regional peace initiatives and processes. Such focus is based on the need to create an enabling environment that is conducive to sustainable peace and socio-economic development in Africa. The revised White Paper on South Africa's involvement in International Peace Missions and the draft AU Post-Conflict and Reconstruction Policy Framework are major instruments that will facilitate South Africa's effective engagement in the continental peace and development agenda. Furthermore, as part of the AU and SADC collective, South Africa is involved in creating an African Standby Force, the regional SADC Brigade and SADC and National Early Warning Centre. In this regard, South Africa has established strong strategic partnerships with Tanzania, Rwanda, Burundi, and the Democratic Republic of Congo (DRC). As part of the AU collective, South Africa is currently mandated by the AU to mediate a peace settlement in Côte d'Ivoire. South Africa is also Chairing the AU mandated Committee on Post-Conflict Reconstruction in the Sudan and continues to support and contribute to AMIS. In addition, through multilateral, continental, regional and bilateral engagements, South Africa continues to support peace building and reconstruction endeavours in Burundi, Somalia, the DRC, Rwanda, the Comoros, Eritrea-Ethiopia, Mauritania, the Central African Republic, Liberia, and Sierra Leone.

#### POLITICAL AND ECONOMIC RELATIONS

#### **AFRICA**

#### **Southern Africa**

#### Angola

Relations between South Africa and Angola remain cordial. South Africa has indicated its readiness and commitment to assisting Angola with post-conflict reconstruction projects and preparations for the next presidential and parliamentary elections, which were expected to take place during 2006.

Since the official visit of the Prime Minister of Angola, Mr HE Fernando dias da Piedade dos Santos during February 2005, there have been a number of other high-level visits between South Africa and Angola. A ministerial delegation from South Africa, led by the Minister of Transport, Mr Jeff Radebe, attended Angola's 30th Independence Celebration on 11 November 2005. Deputy Minister of Science and Technology, Mr Derek Hanekom, Minister of Agriculture, Ms Thoko Didiza and Deputy Minister of Social Development, Ms Benjamin, also visited Angola during 2005.

#### **Botswana**

Since the signing of a Joint Permanent Commission for Co-operation (JPCC) between South Africa and Botswana, several meetings concerning implementing the JPCC have taken place.

During September 2005, the Director-General of Foreign Affairs led a South African delegation of senior officials from various Departments in preparation for the ministerial meeting and state visit by President Festus Mogae, which took place on 13 October and 26 October 2005 respectively. The state visit was President Mogae's first official visit to South Africa since his election as President of Botswana in 1998. President Mogae addressed a Joint Sitting of the South African Parliament on 26 October 2005.

Agreements and memoranda of understanding in the fields of sports development, aeronautical search and rescue services, agriculture and livestock farming, pro-

vincial and local government, health, arts and culture, and science and technology were signed during the course of 2005.

An Intergovernmental MoU on the Development of the Mmamabula Coal-Fired Power Station (MCFPS) in Botswana is under consideration.

The Fifth Session of the South Africa-Botswana Joint Permanent Commission on Defence and Security (JPCDS) was held from 29 November - 2 December 2005 in Kasane, Botswana.

#### **Democratic Republic of the Congo (DRC)**

The DRC remained one of the priority countries for South Africa's engagement with Africa. South Africa continued to assist the DRC in organising the democratic election scheduled for 30 July 2006. This was done within the framework of the RSA-DRC Bi-National Commission (BNC), established in August 2004 between the two countries. The BNC paved the way for engagement in the DRC by the South African Government Departments of Foreign Affairs, Public Service and Administration, Defence, Home Affairs, the South African Police Service and the Independent Electoral Commission. Priority was given to areas critical to supporting governance structures, electoral support, and security sector reform.

The Second BNC, co-chaired by Presidents Mbeki and Kabila, was held in Pretoria from 28 - 29 April 2005. During the BNC, the two leaders set up a quarterly review mechanism, to review progress made in the implementation of commitments made at the BNC. The review meetings, chaired by the Foreign Ministers of both countries, convened in Kinshasa, from 28 - 29 July 2005, 29 November 2005 and on 15 March 2006 respectively. The meetings identified challenges in implementing critical support projects already mentioned here.

The third BNC took place in Kinshasa on 16 March 2006. Agreements and MoUs were signed in the fields of maritime transport, decentralisation (to assist the DRC in the devolution of powers to the provinces) and education.

The two countries have signed 26 agreements since 2004.

The DRC made progress towards the conclusion of its transition, extended to 30 June 2006, to allow more preparations for the elections. The draft Constitution was endorsed in a national referendum from 18 - 19 December 2005 and was promulgated on 18 February 2006. The draft electoral law was adopted on 21 February 2006, thus paving the way for the first general elections to be held in that country in 40 years.

South Africa remains committed to assisting the DRC in addressing its post-conflict reconstruction and development challenges.

#### Lesotho

South Africa and Lesotho's Joint Bilateral Commission for Co-operation (JBCC) that was signed in April 2001 was automatically renewed in April 2006 for the next five years. Several meetings have taken place at the level of senior officials to develop mechanisms and identify projects which would assist Lesotho in graduating from its current least-developed-country status. There has been significant progress in several areas, including towards the establishment of the Maloti-Drakensberg Transfrontier project. The two countries inaugurated the Defence Cooperation Agreement during May 2006.

#### Malawi

The Department of Trade and Industry is negotiating the Bilateral Investment Protection and Promotion Agreement, as well as an Agreement within the context of the SADC on textiles. Negotiations concerning establishing a Joint Permanent Commission for Co-operation between the two countries, which is due to be signed before the end of 2006, were concluded.

#### Mozambique

South Africa and Mozambique share strong relations that are underpinned by the countries' growing ties in trade, investment, tourism, migration and security. South Africa has emerged as Mozambique's main trad-



ing partner and its main source of FDI. The Mozambique Investment Promotion Centre (CPI) indicated that South Africa doubled the amount of FDI into Mozambique in 2005, thus retaining its position as the single largest foreign investor in the country. Total exports by South Africa to Mozambique for 2005 were valued at R6, 402 billion. South Africa imported goods from Mozambique to the value of R 199, 282 million in the same period.

The international community regards Mozambique as a development success story. Since the first multiparty elections in 1994, the Mozambican Government and its donor partners have stimulated impressive economic growth. Statistics for 2005 show Mozambique's economic growth rate at 7, 7% while the growth rate for the African continent averages just over 5%.

During a state visit to Portugal in November 2005, President Guebuza entered into a MoU with Portugal after a landmark deal was reached with Portugal allowing Mozambique to acquire majority control of Cahora Bassa. Under the deal, Mozambique is to gain 85% of shares in HCB, with Portugal retaining 15%. Mozambique is expected to pay US \$ 950 million. Mozambique will have to finance the additional \$ 700 million at the transfer date. The total transaction is to be completed by July 2007. The transfer of the HCB's ownership has always been regarded as crucial for the long-term economic development of Mozambique and the Zambezi Valley region in particular.

The Fourth Joint Commission for co-operation between

South Africa and Mozambique took place in Pretoria on 31 October and 1 November 2005 and focused on increased co-operation in a number of spheres. To date, the two countries have entered into 26 agreements. MoU was signed between the two countries' Departments of Sport and Recreation in May 2006.

#### Namibia

On 21 March 2005, President Mbeki attended the inauguration of President Hifikepunya Pohamba. On 3 May 2005, President Pohamba paid President Mbeki a courtesy call. Relations between South Africa and Namibia remain cordial. This is due to the historical ties and excellent political and socio-economic co-operation that exist between both countries. There are two bilateral commissions between South Africa and Namibia, namely the Heads of State Economic Bilateral Meeting and the South Africa—Namibia Joint Commission on Defence and Security. The Fifth Session of the Joint Commission was held in Cape Town from 14 - 16 September 2005.

#### **Swaziland**

The JBCC (Joint Bilateral Commission for Co-operation) between South Africa and Swaziland was established on 20 December 2004 in Swaziland to institutionalise and improve bilateral relations between the two countries. The Commission has yet to be inaugurated. Senior Officials have met and mapped out areas of possible co-operation, *inter alia* in the fields of justice, education, transport, agriculture and security.

A new constitution, that came into effect on 8 February 2006 after a lengthy drafting process, replaced the

1968 Constitution which was suspended in 1973.

#### **Tanzania**

A number of exchanges took place at the level of officials in various fields between South Africa and Tanzania, with the purpose of enhancing co-operation. During a state visit on 22 September 2005 in Pretoria, Presidents Mbeki and Mkapa led their countries' delegations in the First Meeting of the Presidential Economic Commission. The Commission provides the necessary co-operative framework to manage the development and implementation of bilateral projects as well as Spatial Development Initiatives (SDIs). Trade between South Africa and Tanzania showed a steady increase in 2005.

#### Zambia

South Africa has established a political, social and economic relationship with the government and people of Zambia, as evidenced by existing bilateral agreements and an annual increase in trade and investment flow between the two countries.

Former Deputy President Jacob Zuma travelled to Zambia from 2 - 3 June 2005 for an official visit to enhance bilateral co-operation between the two countries. During this visit, the former Deputy President informed the Zambian Government of South Africa's sincere effort to re-establish co-operation between the two countries.

South African and Zambian Deputy Ministers of Foreign Affairs met on 3 October 2005 to prepare for discussions between their countries' Foreign Ministers. The meeting was followed by a meeting of senior officials on 14 October 2005, where various sectors within both governments met to establish areas of co-operation and future development.

The Agreement to establish a Commission for the Operation of the 1996 General Agreement was signed on 18 October 2005 by Minister of Foreign Affairs, Dr Dlamini Zuma, and Zambia's Minister of Foreign Affairs, Mr Ronnie Shikapwasha.

The Departments of Foreign Affairs will meet during 2006/07 to inaugurate the Commission for the Opera-

tion of the 1996 General Agreement, and to discuss how structured bilateral co-operation will be implemented.

#### **Zimbabwe**

Deputy President Mlambo-Ngcuka headed the SADC Parliamentary observer team during 31 March 2005, while Minister Mdladlana headed the National Observer Mission. South Africa formed part of the SADC Election Observer Mission which participated in Zimbabwe's senate elections in November 2005.

Deputy President Phumzile Mlambo-Ngcuka visited Zimbabwe on 12 July 2005 as part of ongoing consultations between the two countries, and held discussions with her counterpart, Vice-President Joyce Mujuru. She also paid a courtesy call on President Robert Mugabe.

#### **Central Africa**

President Mbeki, accompanied by Mrs. Zanele Mbeki, paid a successful state visit to the Republic of Gabon during 2 - 3 August 2005. The Ministers of Transport, Trade and Industry, Education and Arts and Culture, as well as a business delegation accompanied President Mbeki on the visit. During the visit, the following agreements were signed: the Agreement on the Reciprocal Protection and Promotion of Investments; the Merchant Shipping Agreement; the Agreement on Co-operation in the Field of Education, Training and Higher Education; and the Agreement on Co-operation in the Fields of Arts and Culture. This brings to nine the number of agreements signed between South Africa and Gabon since 2003.

As part of strengthening relations with other African countries, South Africa opened an embassy in Brazza-ville, Republic of Congo in 2005. South Africa's first resident ambassador in the Republic of Congo, presented his credentials to President Denis Sassou-Nguesso on 22 July 2005.

President Mbeki paid a state visit to the Republic of Congo on 30 November - 1 December 2005. Mrs. Mbeki and the Ministers of Transport, Arts and Culture and Trade and Industry as well as the Deputy Ministers of Foreign Affairs accompanied him. The two Heads of



State witnessed the signature of the following Agreements: the Protocol on Regular Diplomatic Consultations, the Trade Agreement, the Agreement on the Promotion and Reciprocal Protection of Investments, the Agreement on Health Matters and a Memorandum of Understanding on the implementation of Cultural Cooperation.

The Minister of Foreign Affairs, Dr NC Dlamini Zuma, visited the Democratic Republic of Sao Tomé and Principé from 8 - 9 April 2005. During this visit, a co-operation agreement was signed, that aims to strengthen relations between the two countries. Following a request by the Sao Tomé and Principé Government, four officials of the Ministry of Foreign Affairs, Co-operation and Communities, including the Chief of Protocol, visited South Africa for training from 24 October - 2 December 2005. The group received English language training and attended courses on protocol and etiquette, organising conferences, and diplomatic immunities and privileges.

Good progress was made in establishing a South African Diplomatic Mission in Equatorial Guinea when South Africa's first ambassador resident in Malabo, presented his credentials to President Teodoro Obiang Nguema M'basogo on 2 June 2005.

The recently established South African High Commission in Yaoundé, Cameroon, has played an active role in strengthening relations between the two countries and especially in fostering increased economic activity. A successful South Africa Week was hosted in September 2005, with cultural events, South African cuisine and a commercial display. A number of South African companies participated in the Promote 2005 trade exhibition held in Yaoundé in December 2005, reaching a wide range of business people from the region. There is substantial potential for trade between the two countries, with Cameroon having a diversified manufacturing base and being an important supplier of timber products. A number of South African companies are active in the Cameroonian economy and the Cameroon government is following a privatisation programme that offers many opportunities for South African investment.

Following elections early in 2005, Francois Bozize was inaugurated as President of the Central African Republic (CAR) in June 2005. The South African High Commissioner in Cameroon is currently responsible for relations with the CAR and represented South Africa at the inauguration.

The economy of the CAR is in a precarious state after many years of internal political instability. The African Union has appealed for assistance from the Multinational Force of the Central African Economic and Monetary Community (FOMUC) in the CAR and for the restructuring of the Armed Forces of the Central African Army. Financial and economic assistance from bilateral and multilateral partners will also be necessary to ensure that stability is maintained. It is expected that South Africa will respond to the appeal of the AU and play a role in mobilising support for the Central African Republic.

During the course of 2005, South Africa established its first resident diplomatic mission in N'djamena, Chad. The Chadian Government has expressed its intention to appoint an honorary consul in Pretoria. Establishing direct relations between the two governments by way of official representation will create opportunities to implement the Co-operation Agreement signed in 2004 between South Africa and Chad.

Already there is an increasing flow of businesspeople between the two countries and a number of Chadian ministers have travelled to South Africa recently to attend various conferences. There has been interaction between the two governments on the volatile situation in the east of Chad, where over 250 000 refugees from the Darfur region of Sudan are being sheltered.

#### **East Africa**

South Africa is committed to the realisation and promotion of democracy, peace and prosperity in the region thus contributing to the consolidation of the African Agenda.

The Department continues to strengthen bilateral relations with countries of the region. The Department is in

the process of establishing structured bilateral relations with Kenya, Uganda and Sudan. The establishment of a Consulate General in Juba, Southern Sudan is advancing well. South Africa's trade and investment in the region continue to show growth. South Africa remains committed to assisting Burundi with its efforts in post-conflict reconstruction and development.

The implementation of the Comprehensive Peace Agreement (CPA) in Sudan continues apace. The Government of National Unity and the Government of Southern Sudan are in place. However, significant challenges remain in the path of lasting peace and unity in the country. The conflict in Darfur continues and has assumed a worrying spill-over effect, which has led to a sharp rise in tension between Chad and Sudan. South Africa is working through the African Union to assist the parties in Darfur to find a lasting solution to the crisis. Furthermore, South Africa has deployed troops and civilian police as part of the AU Mission in Sudan (AMIS) to monitor the cease-fire agreement signed in 2004. South Africa's role in the Sudanese peace efforts is mainly focused on capacity and institutional building with regard to Southern Sudan.

The escalation of the crisis between Ethiopia and Eritrea is a cause for concern. It is in the interest of both countries and the region that urgent steps be taken to de-escalate the current situation and to allow for progress toward the demarcation of the border between them in accordance with the findings of the Boundary Demarcation Commission. It has become essential that the two countries engage in a dialogue with the aim of normalising the relations between them.

The much-heralded Transitional Federal Government of Somalia (TFGS) has not delivered on the promise to return the country to a path of peace, stability and functioning state institutions. The TFGS should be encouraged to return to the capital, launch the vital process of national reconciliation and establish the necessary institution of governance.

South Africa, as the co-ordinator of the countries of the region under the auspices of the African Union, is sup-

porting the efforts of the Comoros to bring peace, stability and post-conflict reconstruction and development to the country. In this regard, South Africa led the AU (AMISEC) effort to provide support and security to the presidential elections held during April and May 2006. Initially three hundred South African military personnel were deployed to provide security during the election period. The eventual complement was bolstered with additional 600 troops.

In December 2005, President Thabo Mbeki co-chaired the Roundtable Donors Conference on the Comoros in Mauritius during which the international community pledged about USD200 million to support the post-conflict reconstruction and development of the Comoros. In the wake of the successfully held presidential elections, the main challenge would be to secure the realisation of the pledges and initiate sorely needed projects aimed at national reconciliation.

South Africa, in fulfilment of its AU mandate, has contributed significantly towards the attainment of peace and stability in Burundi. This was also done in pursuance of its own foreign policy objectives of creating a continent that is prosperous and peaceful. South Africa's facilitation of and support for peace efforts in Burundi have borne fruit with the holding of democratic elections in 2005 in accordance with the Comprehensive Power Sharing Agreement. The progress achieved during the short space of time has been encouraging. Critical though, would be the continued engagement and involvement of international role-players in the reconstruction and development of Burundi. It is against this background that South Africa continues in its endeavours to secure lasting peace and stability in that country, the aim of which is to prevent a retrogression of the democratic and peace process in Burundi.

Kenya is an important partner for South Africa on the African continent, particularly in the East African region. Kenya's geo-political location as well as its leadership and mediating role through the Intergovernmental Authority on Development (IGAD) in conflicts, i.e. in Sudan makes it a strategic ally in securing peace and stability in the East African region.



There is a healthy exchange of visits between South Africa and Kenya. Technical visits between government departments have become a regular occurrence. Currently the two countries are working on structuring bilateral relations through a Joint Commission on Co-operation (JCC) which will further enhance and consolidate the existing cordial relations.

Uganda held its first multi-party elections, in 26 years, on 23 February 2006. The concerns of instability prior to and during the election period were unfounded as the elections took place in a peaceful atmosphere with few incidents of violence. The post-election period remains peaceful. President Thabo Mbeki was one of 11 Heads of State who attended President Yoweri Museveni's inauguration on 12 May 2006. This visit not only strengthened South Africa's relations with the Republic of Uganda but also reaffirmed its commitment to multiparty politics, democracy and good governance. South Africa has signed an agreement with Uganda to establish a Joint Permanent Economic Commission (JPEC), and this structure will soon be activated.

The Government of President Kagame of Rwanda has managed to achieve considerable progress in terms of reconciliation, nation-building and political stability. Rwanda can be described as a stable emerging democracy. In terms of the structured bilateral relations between South Africa and Rwanda, the 4th South Africa/Rwanda Joint Commission of Co-operation (JCC) will be held in Kigali, Rwanda in August 2006. The presence of the Forces for the Liberation of Rwanda (FDLR) in alliance with the Interahamwe Rwandan

militia groups in the Eastern Democratic Republic of Congo continues to pose a challenge. However, Rwanda remains strategically positioned and contributes positively towards development in the Great Lakes region and the continent. At the beginning of 2006 Rwanda successfully held its Second Local Government Election. It also hosted the Second Children's Summit facilitated by UNICEF, ensuring the protection of children's rights.

#### **North Africa**

South Africa continues to view the Arabic North Africa region as strategically important because of its critical role in the economic interests of the continent especially in relation to energy as well as its involvement in the reconstruction and development of Africa as a whole. South Africa also interprets the region's contribution as vital to the Peace and Security Agenda of the African Union through constructive peace-making, peace-keeping and peace building efforts as well as its intensified involvement and support for Nepad.

In terms of South Africa's bilateral and multilateral relations with individual countries of the region, a solid international legal framework for expanded political dialogue as well as intensified economic, trade and investment relations has been established. Given that the countries of the region are at various stages of economic and sociopolitical transition, South Africa will intensify its political dialogue and economic interaction towards normalising and consolidating our bilateral and multilateral relations with the North African countries concerned.

Algeria remains South Africa's strategic partner in North Africa based on economic and political criteria. Bilaterally, South Africa and Algeria have developed close cooperation in the field of defence and intelligence. South African defence companies such as Denel and Avitronics are continuing projects with Algeria and tendering for new contracts. The second Joint Committee in charge of Co-operation in the Field of Defence was held in March 2006 where it was agreed to extend a range of interactions such as training programmes, joint exercises, technology transfer and exploring military production capabilities and partnerships. This area continues to be one of the most productive BNC Technical Working Groups. Bilateral trade between the two countries remains essentially underdeveloped and amounted to R580 million in 2005. South African exports to Algeria totalled R427 million while imports from Algeria amounted to R149 million. Strong potential exists for South African multinationals PetroSA and Sasol to participate in international joint ventures in the hydrocarbons sector in Algeria.

Three important African Union institutions were established in Algeria during the period under review including the Centre for the Study and Research on Terrorism (CSRT), the African Energy Commission (AFREC), and the Pan African Youth Union (PYU). South Africa has been asked to provide senior seconded staff for these respective structures.

The 30-year international dispute over the Western Sahara remains at an impasse and there continues to be a lack of agreement on how to enable the people of the Western Sahara to exercise their right to self-determination. President Thabo Mbeki, during a working visit to Algeria on 23 March 2006, discussed with his counterpart President Bouteflika the status of Western Sahara and emphasised that the "implementation of the right for self-determination" of the Saharawi people is the "key element for any solution" to the conflict of the "decolonisation" of the Western Sahara

The two presidents also called for a rapid resolution to the conflict in Western Sahara "within the framework of the international legality that makes possible the right for self-determination of the people of this autonomous territory, the key element for any solution". In addition, South Africa's senior-level attendance of Polisario's 30th anniversary celebrations on 14 February 2006 strengthened relations with the SADR. South Africa therefore continues to support the UN's multilateral efforts to find a peaceful and lasting resolution to the conflict between the Saharawi Arab Democratic Republic and the Morocco Kingdom as contained in the Baker Plan adopted by the United Nations Security Council in Resolution 1495.

With respect to Libya, South Africa, played a pivotal role in the resolution of the Lockerbie issue and subsequent lifting of international sanctions. Although a Joint Bilateral Commission on Co-operation is functioning at ministerial level, relations lack strategic focus in terms of many outstanding bilateral issues, implementation of agreements and synergy on matters relating to the resolution of conflicts in Africa, the peace and security agenda of the AU, and the socio-economic reconstruction and development programme of the continent.

South Africa and Egypt enjoy cordial relations. Despite a substantive legal framework (29 bilateral agreements), the South Africa-Egypt Bilateral Commission lacks substance and strategic focus. The maintenance of a partial ban by Egypt on South African meat and meat products, despite numerous undertakings to remove them, is a problem. Several high-level visits from the South African side took place during the period under consideration.

South Africa has been asked to assist Mauritania in its democratic transition and socio-economic development. Although the country remains suspended from the AU, it engages in regular consultation with the AU and UN on assistance during the upcoming elections in 2006 and 2007. South Africa has also been invited to become involved in developing Mauritania's vast potential in the oil and gas, minerals (iron ore, diamonds, cobalt, and gold), fishing, and tourism sectors.

Political relations between South Africa and Tunisia remain strong. Tunisia views South Africa as a strategic partner on the continent and wishes for South Africa to form closer economic and trade ties, and to serve



as a springboard into Western Europe. Economic and trade relations are expanding, but bilateral annual trade turnover remains under R100 million. South Africa has established a friendly and mutually beneficial political relationship with the Tunisian Government, which can be relied upon to be supportive on issues that are important to both Africa and the African Renaissance. As it is one of the 15 core countries of Nepad, good relations with Tunisia remain imperative, not only in terms of its strategic position within North Africa, but also in terms of its position within Francophone Africa.

The participation of President Mbeki in the World Summit on the Information Society (WSIS) in November 2005, as well as the large South African delegation from both the public and private sector, contributed substantially to the successful outcome of the WSIS. This also led to Tunisia proposing that a joint ICT task team be established to follow up on the outcomes of the WSIS, as well as to explore other possibilities for co-operation in the field of ICT between South Africa and Tunisia.

Mr. Essop Pahad, Minister in the Presidency, visited Tunisia in December 2005. An agreement was reached with the Tunisian Ministry of Culture and Heritage Preservation that a trilateral MoU would be concluded with Mali, to provide for the training of archivists (Mali and South Africa) as well as the preservation of manuscripts of Timbuktu, to be housed in the new conservation centre being constructed within the framework of the South Africa-Mali Project.

## **SOUTH-SOUTH CO-OPERATION**

# The Non-Aligned Movement:

As immediate past chair of the Non- Aligned Movement (NAM) and member of the NAM Troika, South Africa has remained committed to the guiding principles of the NAM, supported consensus-seeking, close South—South co-operation and maintained her resistance to the marginalisation and impoverishment of the South. As such, South Africa has lobbied, both inside and outside the Movement, for the centrality of multilateralism and application of the UN Charter in the resolution of international disputes.

At their last Summit in Kuala Lumpur, heads of state/ government of the NAM sought multilaterally to promote peace, security, justice, equality, democracy and development underlined by relations based on sovereignty, territorial integrity and political independence within the framework of international law. South Africa in particular has sought to use the NAM forum to further the African Agenda, UN MDGs, reform of the UN and its organs and other issues of importance to the country's foreign policy.

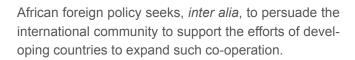
This was pursued *inter alia* through the work of the NAM Co-ordination Bureau (COB) in New York, where its Permanent Representative to the UN represents South Africa. Not only was the agenda of the South propagated, but close collaboration between the NAM and the G77 & China was also encouraged through a joint Monitoring Committee of the NAM and G77 (JCC) and ongoing dialogue with *inter alia* the EU. The Minister participated in the various NAM meetings held in New York on the margins of the UN General Assembly's 60th regular session.

In pursuit of the aforementioned goals, in particular South Africa has closely monitored debates on Palestine, Iran and other global areas of concern. South Africa remains active and supportive of the Movement's traditional and long-standing solidarity with the Palestinian people. As a member of NAM Committee on Palestine, South Africa supports all initiatives of the Movement aimed at the realisation of the inalienable rights of the Palestinian people, including their right to return to their homeland.

South Africa has commenced preparations for participation in the XIV NAM Summit, which will be hosted by Cuba in Havana in September 2006.

# The Group of 77 and China and the South Summit

Progressively, the importance of South-South Co-operation is being understood, especially in terms of global, regional and country-level efforts to achieve international development goals, including the MDGs. Rather than being a substitute for South-North co-operation, the South African position is that the modalities of South-South co-operation are complementary. South



South Africa plays a prominent role in advancing the development agenda of the South by strengthening South-South co-operation through active participation in groupings of the South, such as the NAM and the Group of 77 and China (G77).

The G77 is an alliance that was established in 1964 by 77 developing countries. Membership of the Group has now expanded to 132, despite the symbolic name of the coalition being retained. It is the largest coalition of developing countries in the United Nations and deals primarily with economic, environment and development issues. The main aim of the Group is to promote South-South co-operation and help to strengthen economic and technical co-operation among developing countries themselves. The Group provides a high–profile platform for the countries of the South to articulate and promote their collective interests and enhance their joint negotiating capacity on all major economic and development issues in the UN system, including poverty-related issues. The G77 has made a notable contribution to the effective functioning of the United Nations and can legitimately claim a large part of the credit for the UN system moving towards becoming a global convening power in the economic and social fields.

South Africa participated in the Second South Summit, a G77 meeting at the level of heads of state and government, in Doha, Qatar, from 13 - 16 June 2005. A senior officials meeting, on 12 June 2005, and a ministerial meeting on 13 June 2005 preceded the Summit. The Summit delivered two outcome documents, namely the Doha Plan of Action and the Doha Declaration, respectively. The Doha Plan of Action followed a review of the Havana Plan of Action, which was adopted at the First South Summit in Havana, held in Havana, Cuba, in 2000. The Doha Plan of Action is an action-oriented programme for addressing the issues of:

- (a) Globalisation;
- (b) Knowledge and technology;
- (c) South-South co-operation;

- (d) South-North relations; and
- (e) Implementation and follow up.

The Doha Declaration is a declaration on the state of the world economy, the needs and aspirations of developing countries and the challenges that they face.

Minister Dlamini Zuma participated in the interactive session of the Ministerial Meeting that preceded the Summit and delivered a statement during the plenary meeting of the Summit. The Minister also participated in the NAM Ministerial Meeting that took place on the margins of the Summit on 13 June 2005. President Mbeki had originally accepted the invitation to attend the Summit, but had to cancel his participation in order to address a joint sitting of Parliament on 14 June 2005. In her subsequent statement to the Summit. Minister Dlamini Zuma focused on the need to strengthen global multilateralism and the example that developing countries can set with stronger South-South co-operation. The minister also referred to the serious need for resources to achieve the MDGs and how South-South co-operation could augment the resources expected to be provided by the North.

# South Africa assumes the Chair of the G77 and China for 2006

In September 2005, South Africa was elected to chair the G77 and China in New York during 2006. The main objective for South Africa as Chair is to promote the development agenda of the South, by, among others, enhancing the standing of the Group as a constructive and responsible partner in promoting South-North relations, to further the interests of the South.

As Chair of the G77, the South African Representative to the United Nations in New York has the responsibility of leading the G77 on a daily basis. The Chair of the G77also makes statements in the General Assembly, UN Economic and Social Council (ECOSOC), and other subsidiary bodies, sponsors and negotiates resolutions and decisions at major conferences and other meetings, held under the aegis of the UN, that deal with international economic co-operation and other aspects of sustainable development.



Assuming the Chair of the G77 presents tremendous responsibilities for South Africa given that the year 2006 holds many challenges and opportunities for advancing the development agenda of the South. Numerous international meetings are scheduled to take place, which will demand the sustained and collective focus of the Group, facilitated by the Chair. Within the context of the follow-up to the 2005 World Summit Outcome, there has been much international debate on the need to reform the UN and make it stronger and more effective. This has resulted in ongoing processes to reform the operational activities of the UN and the structures and mandates of its many organisations. The context in which South Africa assumed the Chair of the G77 is an unprecedented one in terms of the number of new important issues that the Group has to deal with, these flowing primarily from the follow-up to the 2005 World Summit Outcome. These new issues, which are expected to dominate the economic, development and social agenda of the UN, and work of the G77 in New York, include:

- establishing the Peace Building Commission, the Common Emergency Response Fund and the Human Rights Council
- following-up on the development elements in the Summit Outcome
- reforming the ECOSOC, management and secretariat
- reviewing mandates, system-wide coherence, the budget and expenditure cap.

A particular challenge for South Africa will be dealing with the mounting difficulty of generating consensus among Member States on a wide variety of issues. This growing problem is the result of the increasing diversity within the Group, due to different levels of development among Member States, which drives respective national interests and priorities. Also, the rich cultural and religious variety within the G77 and China further contributes to divergent priorities and interests among member States.

South Africa has already proven its ability to generate consensus within the Group where it has previously been difficult, if not impossible. Examples in this regard during the reporting period include the generation of a common G77 and China position on reform of ECOSOC, as well as united G77and China support for a resolution on "Strengthening Statistical Capacity" in the Statistical Commission concerning indicators for the achievement of the MDGs. To date, South Africa has sought to provide effective and skilful leadership to the Group and will continue to do so in what promises to be a very demanding and challenging year.

# Strengthen relations with countries of the Pacific Islands Forum and Caribbean around ACP and Commonwealth issues

South Africa continued to strengthen relations with the Pacific Islands. As developing countries in the South they have much in common with South Africa, and the establishment of relations with them is in line with South Africa's major foreign policy objective of increased South –South co-operation. A Roving Ambassador was appointed on 1 August 2004, was accredited to the Independent State of Papua New Guinea, the Republic of the Fiji Islands and

the Solomon Islands in September-October 2005. A micro-mission was opened in Suva, Fiji, in December 2005. South Africa's High Commissioner in Canberra, was accredited to the Federated States of Micronesia and the Cook Islands, in addition to the Marshall Islands, Vanuatu and Samoa. In terms of South-South co-operation, New Zealand is a strong ally of South Africa especially in terms of multilateral relations. South Africa and New Zealand are both members of the Valdivia Group, which aims to promote Southern Hemisphere views in international environmental meetings and to enhance scientific co-operation. The two countries also enjoy a close working relationship within the context of the Antarctic Treaty and Indian Ocean Fisheries, and interact within the context of the WTO and the Cairns Group. South Africa and New Zealand also work closely on Commonwealth issues, particularly those affecting Africa.

# Strengthen economic relations with countries of the South and Central America, Indian Ocean Rim

South Africa participated in the IOR-ARC Council of Ministers meeting in Tehran in February 2006. The various meetings of Committees and Working Groups of the Indian Ocean Rim Association for Regional Co-operation (IOR-ARC) took place in Tehran, Iran, from 16 - 22 February 2006. The Eigth Committee of Senior Officials met from 19 - 20 February 2006, followed by the Sixth Meeting of the Council of Ministers of the IOR-ARC from 21 - 22 February 2006. Deputy Minister Sue van der Merwe successfully represented South Africa at the Council of Ministers meeting.

During the deliberations, South Africa raised its concerns over the slow rate at which the implementation of the projects and programmes of the Association are progressing, especially in view of the IOR-ARC's Tenth Anniversary next year. South Africa made a strong plea for the mandate and positions of the Chair and the Executive Director to be strengthened. South Africa also shared her views on the need for raising the international profile of the IOR-ARC and for reinvigorating the Association's tremendous potential to deliver gains to all Member States.

In this regard, South Africa reiterated its commitment to placing a DFA official at the Secretariat in Mauritius this year to strengthen the Secretariat's institutional capacity and to deliver tangible results. The current Chair, the Islamic Republic of Iran, made a similar commitment. A country that seconds an official to the Secretariat traditionally bears the cost thereof. Mauritius has agreed to continue sponsoring accommodation for the Secretariat, and to facilitate its ongoing personnel needs.

The Council decided to set up a working group to review the periodic work programme presented by the Chair of the Council as a measure to fast-track the work programme of the IOR-ARC. The working group will consist of Heads of Diplomatic Missions of the IOR-ARC based in Pretoria since all member countries have diplomatic missions in South Africa.

The Council of Ministers also approved a MOU on the draft blueprint for the establishment of an IOR-ARC Special Fund. The Council of Ministers further noted that it would be important to initiate a pledging session at its future meetings that should enable Member States to announce voluntary contributions, including non-monetary contributions. The possibility of obtaining financial support from private sector business organisations in the region should also be explored.

It was also decided to retain the present formula of equal contributions per Member State, instead of using the UN formula, and that annual membership fees for 2006 be raised to US\$ 11 000.

# Enhance the capacity of IBSA and promote its programmes

South Africa's foreign policy seeks, *inter alia*, to persuade the international community to support developing countries in their efforts to devise and implement national strategies for development and sustained economic growth. Through active participation in triangular co-operation arrangements such as the India-Brazil-South Africa (IBSA) Dialogue Forum, South Africa seeks to make an important contribution to strengthening South-South co-operation



and developing innovative South-South co-operation programmes. Minister Nkosazana Dlamini Zuma together with the Minister of State for External Affairs of India, Mr Anand Sharma, and the Minister of External Relations of Brazil, Mr Celso Amorim, met in Rio de Janeiro on 30 March 2006, for the Third Meeting of the Trilateral Commission of the IBSA Dialogue Forum. They discussed a wide range of critical global issues and reaffirmed the importance of the IBSA Dialogue Forum as a mechanism for political consultation and co-ordination as well as strengthening cooperation in sectoral areas and improving economic relations between India. Brazil and South Africa.

One of the important initiatives to emanate from the inception of the IBSA Dialogue Forum in 2003 was the creation of the IBSA Facility Fund for the Alleviation of Poverty & Hunger. This funding instrument intends to contribute to alleviating poverty and hunger in a concrete manner by means of improved international co-operation. Each IBSA Member State contributes US \$1 million to the IBSA Fund annually, which is used for replicable and scalable projects for eradicating poverty and hunger in developing countries, by providing improved access to education, health, and sanitation and food security.

The India-Brazil-South Africa Dialogue Forum (IBSA) remains of strategic importance to South Africa. IBSA provides an ideal platform to harmonise positions and views on a range of issues. Through IBSA, the partner countries provide a forum for the developing world to prioritise technological co-operation

and to counter the marginalisation of poor nations. The IBSA Summit of Heads of State or Government is planned for Brazil in September 2006.

# Participate in Summit in Bandung in 2005

A successful Asia-Africa Summit (AASROC) was held during April 2005 in Jakarta, which led to the birth of the New Asian African Strategic Partnership (NAASP), co-chaired by South Africa and Indonesia. The NAASP focuses on practical, achievable and concrete ways of addressing the development of Asian and African countries in a pragmatic fashion. In this regard, flowing from an offer made by President Abdul Kalam of India on a state visit to South Africa in September 2004, South Africa and India will continue to co-operate on a project to connect all 53 states of the African Union by satellite and fibre-optic network.

Following on the outcomes of the April 2005 Summit, various proposals and offers that were made during the Summit and a number of studies that were commissioned, South Africa and Indonesia, the two Co-Chairs have been developing a Plan of Action to ensure concrete follow-up and implementation under the partnership. An Africa-Asia senior officials meeting would be held in South Africa at the International Conference Centre in Durban from 1 - 3 September 2006 to finalise this process and ensure sustained momentum for specific projects, such as establishing a website and virtual secretariat to facilitate trade, tourism and investment, and launching a satellite and a capacity-building programme. The meeting would also prepare for the next Asia-Africa Ministerial meeting scheduled for 2007.



South Africa will continue working towards synchronising the activities of several existing Africa-Asia co-operation forums, such as the Tokyo International Conference on African Development (TICAD) and the Forum on China-Africa Co-operation (FOCAC), with the programmes of Nepad within the broad framework of NAASP, in order for these forums to serve as implementing institutions. A FOCAC Summit is scheduled for Beijing in November 2006.

#### The Commonwealth

President Mbeki, accompanied by Deputy Minister Aziz Pahad, represented South Africa at the Commonwealth Heads of Government Meeting (CHOGM) held in Malta from 25 - 27 November 2005. This biennial meeting is the most important event on the Commonwealth calendar. The theme for the Malta CHOGM was "Networking the Commonwealth for Development". It also i.a. devoted attention to world trade, migration, terrorism and different issues of concern to the Commonwealth. Aside from the Malta Communiqué, heads of government issued the Malta Declaration on Networking the Commonwealth for Development, the Valletta Statement on Multilateral Trade and the Gozo Statement on Vulnerable Small States. South Africa contributed to the Communiqué, in particular on issues relating to the MDGs, the African Agenda and Nepad and addressing health, education and debt relief. South Africa otherwise supported strong positions on trade liberalisation, climate change and terrorism.

Uganda will host the CHOGM in 2007 and Trinidad & Tobago will be the host in 2009.

Commonwealth Foreign Ministers met on the margins of the 60th Session of the UNGA and South Africa actively participated in other ministerial meetings, such as of Ministers of Finance, Health, Sport, Tourism and Justice. South Africa has further, through participation in the London meetings of the Commonwealth's Board of Governors and Executive Committee, on which it serves, remained a leading advocate within the Commonwealth for the African Agenda and implementation of the development mandate given to the Commonwealth Secretariat by the Abuja CHOGM in 2003.

#### ASIA AND THE MIDDLE EAST

#### Asia

Japan has remained South Africa's largest trading partner in Asia and third most important in general. Japan is also a large investor in South Africa. Total trade between South Africa and Japan totalled more than R 57 billion in 2005. South Africa increased its surplus with Japan to more than R9 billion. Japan considers South Africa a very important trading partner for two reasons: of the total sub-Saharan region's GDP, South Africa's economy accounts for 40%, and South Africa is rich in natural resources. Japan sees South Africa as the gateway to Africa and as such, opportunities in trade and investment are being expanded considerably. South Africa exported vehicles worth more than R 7 billion to Japan in 2005.

The World Expo in Aichi, Japan, took place from 25 March – 25 September 2005. It was a high-profile event with participation by 127 countries and international organisations. The broad theme of the Expo was "Nature's Wisdom." Over 2 million people (roughly 10% of all visitors to the Expo) visited the South African Pavilion, which won a silver medal for its interpretation of the theme

In June 2005, South Africa hosted the Third Session of the South Africa-Korea Policy Consultative Meeting in Pretoria. Deputy Minister of Foreign Affairs, Aziz Pahad, visited the Republic of Korea in September 2005, while former Prime Minister, Mr Lee Hae-Chan visited South Africa in February 2006 to attend the Progressive Governance Summit. Mr Lee Hae-Chan also had a bilateral meeting with President Mbeki.

Relations between South Africa and the Democratic Peoples Republic of Korea (DPRK) were boosted in March 2005 by the visit of Mr Yang Hyong Sop, Vice-President of the Presidium of the DPRK, to South Africa and the subsequent visit of Deputy Minister Aziz Pahad to that country in September 2005.

South Africa's engagement with Central Asia was enhanced by the appointment of South Africa's first am-



bassador to the residential mission in Almaty, Kazakhstan, which serves to promote the interests of South Africa in a region with vast potential.

China is now the world's seventh-largest economy and among the fastest growing. As a developing country, China shares similar positions with South Africa with regard to the reform and governance of the global economic system. China's industrialisation and economic growth hold significant opportunities for South Africa's own development as well as the regeneration of the African continent, in which China has shown great interest.

Since the establishment of diplomatic relations in 1998, trade between China and South Africa has grown significantly, with China becoming South Africa's second largest import trading partner in 2005, comprising 9% of total imports and eighth largest export partner, comprising 3% of total exports from South Africa. Both imports and exports grew 30% in 2005 compared with 2004. China still enjoys a massive trade surplus with South Africa. In 2005, imports from China totalled R31, 476 million, while exports came to R8, 763 million. There is a sizeable trade imbalance in favour of China in our bilateral trade.

Chinese investments into South Africa currently amount to US\$ 130 million, mostly in a chromium mine, while South African investments in China amount to US\$ 400 million, including investments by Anglo American (funded from the United Kingdom), SAB Miller, MIH, and a US\$ 120 million investment by property group LRPS.

In addition to the frequent ministerial visits that took place during 2005, Mr. Li Changchung, a very senior member of the CPC, visited South Africa during November 2005, thus further cementing the excellent relations between South Africa and China, also on a party-to-party level.

India is by far South Africa's most important political and trading partner in South Asia. Trade with India has increased substantially, with the trade balance slightly in South Africa's favour. In 2005, total bilateral trade amounted to R14.4 billion, which is an increase of 75%

on the figure for 2004. The emphasis in bilateral relations lies on economic growth and job creation in South Africa and trade and investment opportunities, particularly in pharmaceuticals, ICT, the film industry, energy and textiles. The vast Indian market also holds much potential for agricultural exports. A successful visit by the Minister of Tourism and Environmental Affairs to India in March 2006, following the establishment of a South African Tourism Office in Mumbai early in 2005, has underpinned the importance attached to India as one of the fastest-growing sources of tourism to South Africa.

A team headed by Public Service and Administration Minister Geraldine Fraser-Moleketi and Minister in the Presidency, Dr EG Pahad, visited India in November 2005 with the purpose of identifying scarce skills to address human resource development needs in South Africa. The visit focused on mentoring programmes, training programmes, short-term exchanges and secondment of experienced Indian civil servants to build management capacity and transfer skills, with a specific focus on local government and education. This initiative has all the potential to become a significant area of co-operation between South Africa and India and will augment the objectives of AsgiSA and JIPSA. This was cemented by the signing of a MOU between the two countries' Public Service Administration Ministers in 2006.

In December 2005, the sixth session of the India-South Africa Joint Ministerial Commission (JMC) was held in New Delhi. It was decided to set up two new sub-committees on ICT and Human Resource Development in view of the substantial potential for co-operation between the two countries in these areas. Also, two important bilateral agreements were signed in the fields of health and merchant shipping.

The Commonwealth's lifting of Pakistan's suspension in May 2004 paved the way for South Africa to normalise relations. The first Bilateral Joint Commission between South Africa and Pakistan, which had to be postponed owing to the earthquake disaster in 2005, is scheduled to take place in Islamabad in 2006. The devastating impact of this earthquake disaster, as well as the Tsunami that struck South Asia and South East Asia on 26 De-

cember 2004, is still being felt in the region. The Department's involvement in disaster relief and humanitarian operations, including in Thailand, Indonesia, Sri Lanka, the Maldives, Seychelles, Somalia and Kenya, lessened after the first critical months, but continued where necessary and required. In line with the undertaking given by the South African government to assist with post-Tsunami water supply reconstruction, the Department of Water Affairs (DWAF) was asked to assist Sri Lanka and the Maldives with an integrated water resource management strategy and other support services. These were initiated in a series of ongoing projects that use the skills of South African water supply and reconstruction experts, working in co-operation with the UN and NGOs in the field.

To enhance overall objectives and increase South Africa's presence in South Asia, a dedicated directorate was established in September 2005 and a roving ambassador appointed to develop relations with Sri Lanka, Bangladesh, the Maldives, Nepal and Bhutan. The Inaugural Session of the Partnership Forum with Sri Lanka was held in October 2005 following the signing of the Partnership Forum Agreement on 1 December 2003. Mr Ebrahim Ebrahim and Mr Roelf Meyer continued with peace efforts in Sri Lanka.

A successful senior official's meeting and an official visit to South Africa by the Indonesian Vice President, Mr. Jusuf Kalla, marked bilateral relations with Indonesia in September 2005. In turn Deputy President Mlambo-Ngcuka paid an official visit to Indonesia during April 2006, thus further enhancing the excellent relations between the two countries. During 2005, the MoU on Scientific and Technological Co-operation was signed with Indonesia.

Relations with Malaysia yielded a state visit by Prime Minister Badawi in July 2005, followed by the first session of the Joint Ministerial Commission and Senior Officials Meeting in Kuala Lumpur in June 2005. The momentum was carried into 2006 with a planned visit to Malaysia by the Deputy President and a number of delegations including parliamentary portfolio committees. An agreement on the avoidance of double taxation and

the prevention of fiscal evasion with respect to taxes on income was signed in July 2005 with Malaysia.

Singapore received President Mbeki on an official visit in April 2005 and a MoU on bilateral co-operation was signed. To cement relations with that country, the first resident High Commissioner of Singapore in Pretoria was appointed. A further important development was the announcement that Singapore would be investing in Coega.

A number of high-level official visits were paid to the Socialist Republic of Vietnam during 2005, i.a. by the Minister for Intelligence, Mr Kasrils (resulting in the signing of the MoU on Intelligence Services), and Ministers Pahad (Presidency), Sisulu (Housing) and Lekota (Defence). The Vietnamese Deputy Minister of Trade visited South Africa in November 2005 to attend and assist with the successful hosting of the First Session of the Joint Trade Commission between the two countries.

Relations with the Philippines have been enhanced by the appointment of South Africa's first resident ambassador to Manila in March 2006.

In May 2005, a South African delegation attended the second meeting of the Thailand-South Africa Joint Trade Commission in Pattaya, Thailand, and in July, a delegation from the Thai House of Representatives visited South Africa. This was followed by a visit of the Principal Adviser on Foreign Affairs to the Thai Minister of Information and Communications Technology, who led a delegation from the Ministry of Information and Technology to attend the Women's Mutingati on the Information Society meeting in Cape Town in August 2005. Deputy Minister RT Mabudafhasi delivered a keynote address at the Third Global Summit on Peace through Tourism in Pattaya in October 2005, and Minister Sisulu attended and addressed the World Habitat Day Event and the International Housing Conference in Bangkok in the same month. Also in October, three MECs and the Director-General of the Free State Province, as well as members of the Johannesburg and Tshwane City Councils attended an Executive Management Training Course in Thailand from 2 - 10 October 2005. Dr



Virachai Virameteekul, Vice Minister of Foreign Affairs, visited South Africa from 14 - 15 November 2005.

Relations between South Africa and New Zealand remained on a sound footing. South Africa hosted a senior officials meeting between South Africa and New Zealand from 2 - 3 August 2005. The Prime Minister of New Zealand, Ms Helen Clark, visited South Africa during 9 - 12 February 2006 to attend the Progressive Governance Summit. She held a round of very successful talks with President Mbeki, Deputy President Mlambo-Ngcuka and Foreign Affairs Minister Dlamini Zuma on 10 February during which it was agreed that steps would be taken to further strengthen relations between the two countries. Furthermore, a delegation from New Zealand visited South Africa in March 2006 to discuss closer co-operation between the two countries in the fields of Bio-Diversity and Environment.

Australia is now ranked as South Africa's seventh largest trading partner globally with trade valued at R17, 058 billion. A senior officials meeting between South Africa and Australia was hosted in Pretoria between 21 - 22 September 2005. One of the major outcomes of that meeting was an agreement to resuscitate the South Africa-Australia Joint Ministerial Committee.

#### Levant

The current government inherited strong bilateral relations with Israel that have been constructively transformed and built upon. The South African Government is also held in high regard by the Palestinian people and their leadership for its achievements in the struggle against apartheid and in nation building. South Africa contains sizeable Jewish and Muslim minorities, both of which ensure that South African civil society is concerned with the issues that dominate the region. South Africa has remained consistent in its approach and, due to our own experience of negotiating a comprehensive, just and lasting peace, has credibility with those Israelis and Palestinians who are genuinely committed to forging their own peace agreement.

On 25 January 2006, the Palestinian people cast their

vote to elect members of the Palestinian Legislative Council for the first time in 10 years. A South African observer mission was deployed in all election districts. There was unanimity among members of the Observer Mission that the election, during which Hamas gained an overwhelming majority, was well organised and conformed with all the technical and procedural requirements for holding a free and fair election. These elections marked an important milestone in the process aimed at the realisation of an independent Palestine coexisting side by side with Israel in conditions of peace and mutually beneficial co-operation. The South African Government has urged the PLO and Hamas to ensure that the transition in government proceeds swiftly and smoothly.

President Thabo Mbeki invited Palestinian President Mahmoud Abbas to pay a state visit to South Africa during March 2006. The two presidents reiterated their commitment to working towards a peaceful resolution to the conflict between Palestine and Israel. President Mbeki also publicly accepted an invitation from President Abbas to visit Palestine.

Three significant events during 2005 contributed to the democratisation process in Iraq and the constitutional restoration of Iraq's sovereignty. These events were the election of the Transitional Government in January 2005, the adoption of Iraq's new Constitution in a referendum held in October 2005 and the national elections for the Council of Representatives that took place in December 2005. The expected outcome is the selection of a four-year coalition government and restoration of sovereignty during the first half of 2006. These developments took place amidst ongoing political and sectarian violence in that country.

In principle, South Africa supported constitutional and democratic efforts to restore peace, sovereignty and prosperity to the Iraqi people. Regrettably, opportunities for exploring participation in reconstruction and rebuilding efforts in Iraq have been undermined by continuing insecurity and instability. South Africa has nevertheless been able to contribute in a concrete manner to the restoration of Iraq by contributing financially to capacity-



The Minister of Foreign Affairs
Dr Nkosazana Dlamini Zuma and
her Cuban Counterpart
Felipe Perez Roque attending
the 4th session of the Joint
Consultative Mechanism
between the Republic of South
Africa and the Republic of
Cuba, January 2006.

building programmes for trauma relief under the auspices of the Iraqi Red Crescent.

During a visit by the Iraqi Deputy Foreign Minister, Mr Talib Hamid Al Bayati in October 2005, the South African Government reiterated its intent to establish a mission in Baghdad as soon as possible. President Thabo Mbeki was among the first world leaders to host an Iraqi parliamentary delegation in March 2006.

#### **Gulf States**

South Africa recognises that from an economic perspective, the Gulf region is of major strategic importance due to its oil wealth. The Department is working very closely with the Department of Trade and Industry to identify potential areas of co-operation for South Africa. Such efforts include participation in the massive infrastructure projects currently being undertaken in countries such as Saudi Arabia, the United Arab Emirates and Kuwait, as well as in skills development and tourism promotion. Of particular concern is the finalisation of bilateral agreements with countries of the Gulf. In this regard, three agreements were signed with Kuwait in the latter part of 2005, i.e. the Bilateral Trade Agreement, the Promotion and Reciprocal Protection of Investments Agreement, and the Economic, Technical and Trade Agreement. A trade agreement was also signed with Yemen at the beginning of 2006. South Africa has established joint bilateral commissions with the two major powers in the Gulf region, Iran and Saudi Arabia. These Commissions allow for matters of bilateral and multilateral concern to be addressed at ministerial level annually. The second joint bilateral commission with Saudi Arabia took place in Riyadh during March 2006. South Africa is also pursuing similar structured relationships with several other Gulf countries.

#### THE AMERICAS

#### Latin America and the Caribbean

South Africa has sought to strengthen its bilateral relations with Mexico, Central America, the Andean Community and the Caribbean region since 1994. South Africa's democratisation gave new impetus to existing relations with Brazil, Argentina, Uruguay and Paraguay.

At the same time, the Joint Bilateral Commission (JBC) and Consultative Mechanism with Cuba and the JBC with The Bahamas were used to promote a common agenda, as were the discussions at Deputy Foreign Minister level under the Joint Consultative Mechanism with Chile. South Africa, Latin America and the Caribbean share a strategic need to create a more equitable world order, which balances the impact of globalisation. The approach South Africa and key countries from the region take in pursuing similar global agendas needs to be co-ordinated in order to serve the interests of developing countries. The pursuit of this objective entails a more regular and united engagement with multilateral institutions such as the WTO, the UN, and the Bretton-Woods Institutions.

Alongside Cuba, Colombia is the most active Latin American member of the NAM. Their support for the re-



vitalisation of the Movement makes them South Africa's natural partners among the countries of the South in the search for consensus and solutions to global problems.

Mexico, Venezuela and Peru are also important partners in promoting the Agenda of the South. The institutionalisation of formal partnerships with these countries received extensive attention during the past year. Brazil, too, both bilaterally and in the IBSA context, remains a strategic partner for South Africa regarding issues of the South. President Mbeki's State Visit to Chile moreover provided a useful opportunity for our respective leaderships to explore further avenues of co-operation on South-South issues.

South Africa's relations with the 15 members of CARI-COM (Antigua and Barbuda; The Bahamas; Barbados; Belize; Dominica; Grenada; Guyana; Haiti; Jamaica; Montserrat; St Kitts and Nevis; St Lucia; St Vincent and the Grenadines; Suriname; and Trinidad and Tobago) are based principally on common membership of various multilateral organisations like the UN, NAM, G-77, Commonwealth and the African, Caribbean and Pacific Group (ACP) of developing countries. Through reciprocal support of and by CARICOM members in these organisations, South Africa has fostered healthy relations with the Caribbean nations.

South Africa and Latin American economies share many similarities, which means that a strategic approach from South African exporters is necessary. Furthermore, to increase exports, obstacles such as tariff and non-tariff barriers in Latin American countries need to be identified in order to increase market access for South African products.

During the past year, several outbound and inbound delegations, aiming at promoting trade, were assisted. A business delegation accompanied President Mbeki on his state visit to Chile in June and proceeded on to Argentina and Brazil. Missions were also encouraged to reverse negative trade balances. The DFA is exploring the possibility of a more direct transport link between South Africa and the countries of Latin America and the Caribbean. At the same time, the transfer of technology and

training for capacity building with especially the African Diaspora was progressively promoted and encouraged.

#### **United States of America**

The bilateral relationship with the United States of America (US) remains strong, with co-operation expanding on matters of common interest and mutual benefit. Since 1994, business, civilian and government links with the US have expanded exponentially and a strong and long-term SA-US working partnership has been established. High-level government-to-government interaction has intensified significantly over the last year with various high-level delegations from the US visiting South Africa. This is especially evident in the outcome of the meeting between Presidents Mbeki and President George Bush on 1 June 2005. The joint declaration published after the meeting highlighted the wide range and increasing areas of co-operation between the two countries on matters of mutual interest on a bilateral, regional and multilateral level and indicated areas of co-operation to be explored. The Department and the US Embassy reviewed the progress of such joint work programmes with reference to the joint statement during April 2006 and Deputy Minister Pahad and Deputy Assistant Secretary for Africa, Dr. Frazer, jointly considered the reports.

Areas of expanding co-operation between South Africa and the US include trade and economic development; eradicating poverty; combating communicable diseases including HIV/AIDS, malaria and tuberculosis; promoting human rights, global co-operation against terrorism and the proliferation of weapons of mass destruction; debt reduction in Africa and building democracy, and peace and security in Africa. Further areas of co-operation include SA-US military-to-military co-operation, with an emphasis on developing enhanced capacity in support of South Africa's role in peace-keeping and peace-building initiatives in Africa.

Ongoing interactions have served to highlight the important role that the US can play in supporting key

initiatives of national importance such as AsgiSA, the Nepad, and the fight against communicable and infectious diseases, including HIV and AIDS. Support for Nepad within the American Administration and Congress and business sector, with particular focus on the implementation of infrastructure development projects, remained high. This is evident in the successful negotiation of a US\$ 360 000 grant by the US Trade Development Agency (USTDA) to the Nepad Secretariat for preparing infrastructure projects. Furthermore, the African Growth Opportunity Act (AGOA) continues to provide significant benefits to eligible African countries. In 2005, US imports from AGOA-eligible countries increased by 44% to US\$ 38 billion.

The US remains one of the largest single foreign investors in the South African economy since 1994 and the largest trading partner, taken as an individual country, as well as the largest donor of official development assistance. The SA-United States Agency for International Development (USAID) partnership aims to achieve sustainable development conditions. Activities under the USAID partnership reached approximately 827 000 individuals with basic services and provided a capital investment of R40 million. The impasse that has been experienced with the SACU-US FTA negotiations was addressed at the trade deputies meeting held on 18 April 2006, during which time it was agreed that the range of substantive issues that arose during the negotiations required a more in-depth approach than previously thought. Furthermore, it was agreed to pursue concrete trade- and investment-enhancing agreements over the short-term that will establish the basis and act as building blocks for a broad FTA over the longer term.

## Canada

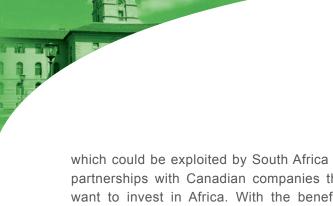
South Africa-Canada bilateral relations continue to remain cordial under the new Conservative Government of Canada. There are ongoing interaction and exchanges between South African line-function Departments and their Canadian counterparts, including at provincial level, most of which is aimed at capacity-building and skills exchange. The prospects for strengthening this

area of the relationship are promising, especially in the light of Canada's positive response to South Africa's skills needs as identified in the Joint Initiative for Priority Skills Acquisition (JipSA). Other areas with significant scope for co-operation include health, science and technology, and transport.

As a member of the G8, Canada will continue being a valuable partner to South Africa at multilateral level. Canada's commitment to assisting South Africa and Africa with development-related issues, including peace-support operations and the combating of HIV/AIDS, tuberculosis and malaria, underscores the importance of maintaining and enhancing the relationship with Canada. Through the CIDA (Canada's development agency), Canada has been funding co-operation in the areas of governance, rural development and health, both in South Africa and on the continent for a number of years.

South Africa is Canada's main trading partner in Africa, although there is further scope to increase bilateral trade. The sub-Saharan region is also very important to Canada. Bilateral trade with South Africa has grown significantly since 1994. In 2005 alone, it increased from R3, 2 billion to R4, 7 billion. The trade balance shifted marginally in Canada's favour during 2005 due to the strengthening of the Rand, which caused a decrease in the price of base metals. The diversification of bilateral trade away from the volatile mining sector is an important focus area for South Africa in the medium to long term. During the recently held Third Annual Consultations in May 2006, Canada indicated that it has prioritised the transportation, information technology and mining sectors in South Africa. South Africa also used the consultations to address various concerns raised by Canadian investors regarding BEE and the finalisation of a legal framework for the protection of investments. These concerns will continue to be addressed by the Departments of Trade and Industry and Minerals and Energy, in close consultation with their Canadian counterparts.

Canada has expressed a keen interest in the Nepad,



which could be exploited by South Africa in forging partnerships with Canadian companies that would want to invest in Africa. With the benefits of the AGOA extended until 2015, and should the anticipated SACU-US FTA materialise, these would give impetus to Canadian companies considering doing business in the SACU market, and/or who wish to use South Africa as a gateway into Africa. Opportunities also exist for partnerships between companies from Canada and the US to expand their operations in SACU.

Canada is the largest foreign investor in the South African mining sector, with 17 active Canadian exploration and mining companies, representing capital assets of Can\$ 1.4 billion. South Africa has earmarked the food and beverage, ICT and film industry as areas that could assist the two countries as South Africa and Canada both seek to diversify their investments and trade away from the saturated mining sector. The launch of an incentive scheme for the film industry in South Africa and the signing of an audio-visual co-operation agreement between the two countries has contributed to the film industry in both countries.

Canada's tourism figures to South Africa continue to show growth. Preliminary estimates indicate that the figure for 2005 will be in the region of 66 000. South African Tourism (SAT) has identified Canada as an investment market and expressed interest in establishing an office in Canada once the benchmark figure of 50 000 tourists per annum is reached. In 2006, a MoU was signed between SAT and the Tour Operators Promoting Africa in Canada (TOPAC), thereby laying a solid basis to intensify tourism co-operation. In addition, the South African High Commission in Ottawa continues to play an important role in promoting tourism to South Africa by participating in events such as the annual Montreal Travel Show and the Travel and Vacation Show in Ottawa. Opportunities for co-operation between SAA and Air-Canada have improved markedly now that South Africa is also a member of the Star Alliance. The establishment of a direct flight remains the primary objective.

Canada is very active in the field of development assistance in South Africa. A Country Development Programme Framework (CDPF) was signed in 2005 and its technical assistance facility for the period 2005 - 2010 amounts to approximately R500 million. This assistance is aimed at fostering social upliftment, policy development, welfare transformation and training programmes. Canada has also undertaken to double its ODA levels by 2008/10 from the current 2003/04 figures. During the Third SA-Canada Annual Consultations held in May 2006 in Pretoria, three declarations of intent, dealing with HIV/AIDS, governance, and capacity building, were signed. Canada, through the CIDA, also makes a huge contribution to capacity-building in Africa, especially in the areas of governance, HIV/AIDS and rural development.

The new Canadian government remains supportive of the AU and the Nepad. Canada is a valuable partner for South Africa in bringing about a stable, peaceful and prosperous Africa. Support for Africa, and the developing world in general, is a pillar of Canada's foreign policy. Canada is involved in peace-support operations in the Sudan and the DRC, where it has appointed special envoys to assist with peace efforts. Canadian civil society, through the extensive Diaspora network, is also actively involved in ensuring that the Canadian government responds to Nepad in a concrete fashion.

The Programme for Building African Capacity for Trade (PACT) is a joint programme of the International Trade Centre (ITC) and the Trade Facilitation Office of Canada (TFOC) which aims at enhancing the capacity of South Africa's SMMEs to conduct international trade. The PACT is funded by CIDA and managed by Trade and Investment South Africa (TISA). As a consequence of the strong gender focus of the PACT programme and the propensity for women entrepreneurs in the cosmetics sector, 10 small companies in this sector benefited from technical and marketing support in the preparation, organisation and follow-up of a market mission to Canada during October 2004.



President Thabo Mbeki with Commissioner Louis Michel of the European Union in Pretoria, February 2006.

#### **EUROPE**

## **European Union**

The Trade, Development and Co-operation Agreement (TDCA), which was signed in 1999 and came into force in January 2000, governs South Africa's relations with the European Union (EU). The Agreement is to be reviewed within five years of its entering into force in order to address the possible implications of other arrangements or events that may affect the Agreement. The process of the Review of the TDCA thus commenced in 2005 and a joint progress report was presented to the 2005 Joint Co-operation Council (JCC) Ministerial. The 2005 JCC gave the mandate for formal negotiations over the review of the TDCA to commence, with a view to final adoption of the changes before the end of 2006. The parties were subsequently to establish the working groups following the granting of a negotiation mandate to the EU interlocutors. The working groups have yet to be established, as the European Commission's mandate for the review remains outstanding.

The TDCA was ratified on 1 May 2004 and co-operation on the articles of the TDCA that were put in abeyance pending the completion of ratification procedures must be activated. The 2004 Ministerial JCC decided that the full implementation of new areas of co-operation of the TDCA should be pursued. Consequently, several inter-Departmental meetings were held, after which the South African proposal for new areas for full implementation were communicated to the Delegation of the European Commission. The Delegation indicated that the Euro-

pean Commission was not yet in a position to enter into discussions on the proposed new areas of co-operation, pending a Council mandate.

The second meeting of the SA-EU Ministerial JCC was held on 7 November 2005. Trade and development issues were discussed in plenary format. The political discussion at the Council meeting took place in troika format, under the Co-Chair of Dr Nkosazana Dlamini Zuma, Minister of Foreign Affairs of South Africa, and Mr Jack Straw, Secretary of State for Foreign and Commonwealth Affairs of the UK. The South African delegation also included Ms Thoko Didiza, Minister for Agriculture and Land Affairs and Dr Rob Davies, Deputy Minister for Trade and Industry. On the EU side, the delegation also included Mr Hans Winkler, State Secretary of Austria, Mr Louis Michel, European Commissioner for Development and Humanitarian Aid and Dr Javier Solana, EU High Representative on Common and Foreign Security Policy (CFSP).

The sixth SA-EU JCC cemented the strong and productive relationships in trade, development and political dialogue. The parties welcomed the progress which had been made in implementing the joint conclusions of the fifth JCC, and agreed to build on this progress by working towards a truly strategic partnership based on political, trade, development and economic co-operation. The parties also welcomed the additional protocol to the Free Trade Agreement (FTA) between South Africa and the EU that includes the 10 new partner countries in the institutional provisions of the TDCA. The parties re-emphasised their intention to further liberalise trade and consider widening the scope and ambition of the Agreement to extend



into other areas of mutual importance. South Africa and the EU asserted their commitment to an ambitious and balanced outcome of the Doha Development Agenda, which they considered a unique opportunity to further liberalise trade, while supporting development, based on stronger and fairer multilateral rules.

The strong relations between South Africa and the European Union were further underlined during the year by the visits to South Africa of Mr José Manuel Barroso, President of the European Commission, Dr. Javier Solana, High Representative for Common Foreign and Security Policy, as well as Mr. Louis Michel, EU Commissioner for Development and Humanitarian Aid, who held meetings with President Thabo Mbeki and Minister Dlamini Zuma on a range of bilateral, regional, continental and global issues of common interest. Commissioner Michel also handed the President a non-paper on developing a possible SA-EU Strategic Partnership, the thrust of which was broadly welcomed, in principle. Although a comprehensive formal response is being developed, it is already recognised that the proposed enhanced and elevated partnership between South Africa and the EU is desirable, seen from a national, regional, continental as well as global perspective.

Furthermore, the EU Commissioner for Trade, Mr. Peter Mandelson, visited South Africa in February 2006, where he met with the Minister of Trade and Industry, Mr MBM Mpahlwa and Minister Dlamini Zuma to discuss developments surrounding WTO talks and issues of bilateral trade between South Africa and the EU. In March 2006, the Minister for Environmental Affairs and Tourism, Mr. M van Schalkwyk, paid a visit to Brussels to brief the Commissioner for the Environment, Mr. Stavros Dimas, as well as EU Parliamentarians, on the issue of the management of elephant populations in South Africa and the region.

### **United Kingdom**

The UK is one of South Africa's most important economic partners. It is the largest foreign investor in South Africa and in 2005, the two biggest single foreign direct investments since 1994 were from the UK: the R33 billion acquisition by Barclays Bank of a majority share in ABSA, and

the R18 billion investment by Vodafone of the UK in South Africa's Vodacom (through Venfin). British companies in South Africa employ more than 40% of all South Africans employed by foreign firms and nine of the top 20 foreign companies in South Africa are from the UK. More than 200 South African companies have a presence in the UK. The UK also has consistently been one of South Africa's major export markets, occupying the second position both in 2004 (total exports of R20 129 842 million) and in 2005 (R32 377 308 million). In addition, the UK is South Africa's most important source of foreign tourists outside of Africa, a position it has held uninterrupted for the last 15 years.

The British Government emphasised the importance of Africa's development in their foreign policy by designating 2005 the "The Year of Africa".

The UK's Commission for Africa, established in 2004 with Mr Trevor Manuel, Minister of Finance, as one of the members, published its report in March 2005, setting out a comprehensive plan to reduce poverty and achieve sustainable development.

In 2005, the United Kingdom also hosted the G8 Summit at Gleneagles and held the Presidency of the European Union (second half of the year). African Development was a primary theme on the agenda of the G8 Summit at Gleneagles, as well as during the UK's EU Presidency.

A number of high profile business seminars were held by the South African Mission in London to coincide with the G8 Gleneagles Summit. Minister Trevor Manuel and leading South African business personalities participated in these seminars. The implementation of the Commission for Africa Report also was a central theme of these important deliberations.

In addition, the Mission in London held a follow-up meeting to the 2003 Ten Years of Freedom Solidarity Conference to reinvigorate SA-UK relations and to assess challenges and opportunities presented by the G8 Gleneagles Summit. A number of prominent UK government, business and civil society leaders attended the conference. The Minister of Social Development, Dr Z Skweyiya, and Mr Hilary Benn, the UK Secretary of State for International Development, attended the event.



President Thabo Mbeki receiveing a courtesy call from Prince Philippe of Belgium, Pretoria, March 2006.

A Homecoming Revolution Seminar was held in London on 14 May 2005, focusing on business opportunities in South Africa, the creation of employment, gaps in the industrial and enterprise market, and BEE requirements.

#### Ireland

Total South African exports to Ireland in 2005 amounted to R1.12 billion, increasing by 9,5% from exports of R1,02 billion in 2004, while imports from Ireland in 2005 totalled R4.07 billion, which is a small increase from imports of R4,053 billion in 2004. The trade balance has traditionally been strongly in Ireland's favour but is steadily narrowing.

The Irish Deputy Prime Minister, Ms Mary Harney, visited South Africa from 15 - 18 March 2006. During the visit, Deputy Prime Minister Harney met with Deputy President Mlambo-Ngcuka to discuss issues relating to AsgiSA and JipSA. A number of high-level visits to Ireland also took place, including that of the Minister of Housing, Ms L Sisulu, in April 2005 and KwaZulu-Natal's MEC for Transport, Safety and Community Liaison, Mr B Cele in September 2005.

As part of implementing the AU Gender Declaration, the South African Embassy hosted an event to mark International Women's Day with the support of Women Ambassadors and Charges d' Affaires in Ireland. Approximately 120 women, including representatives from government, NGOs, the professions, academia and business as well as members of the Anti-Apartheid Movement attended the event.

#### The Netherlands

The Dutch Foreign Minister, Dr Ben Bot, visited South Africa in October 2005. During the visit, Minister NC Dlamini Zuma and Minister Bot signed a Declaration of Intent (DoI). The DoI identifies areas of co-operation to be further developed, support for South Africa's peace and security efforts in Africa, business expansion, support for the second economy, training, and support for black economic empowerment. In addition, two Defence Agreements and an Avoidance of Double Taxation Agreement were signed during the visit.

Interaction continued with the Dutch Ministry of Economic Affairs as well as with organised industry, key Dutch companies and South African companies, such as PetroSA, SAT and SAA. Consultations were held with the South Africa-Netherlands Chamber of Commerce (SANEC) to discuss various aspects related to SANEC's work.

A number of visits by provincial representatives from Gauteng, Limpopo and the Western Province, among others, also promoted economic diplomacy.

South Africa also participated in meetings of the Board of Trustees of the Dutch Group of Friends of the Great Lakes Region, which supports South Africa's efforts in conflict resolution and peace-building in that region.

#### **Belgium**

Co-operation in the economic arena was high on the agenda of the Belgian Federal and Regional Govern-



ments in the period leading up to the successful visit to South Africa of HRH Prince Philippe and a 190-strong economic delegation in March 2006.

During 2005, a number of provincial delegations visited Belgium, including the Premiers of the Free State, Kwa-Zulu-Natal and Northern Cape. This inter-regional-provincial co-operation is particularly significant in the case of Belgium, because the Belgian regions have international competencies and development co-operation agreements with South Africa. In addition, both Flanders and Wallonia supported programmes to ensure the transfer of skills in specialised areas where they have achieved high standards of excellence.

Good progress was made with the implementation of the South African-Flemish Declaration of Intent on SMME development and on gemmology and diamond beneficiation as well as with the MoU with Wallonia on transport logistics training.

In the year under review, South Africa participated in six tourism fairs in Belgium. At the Antwerp Fair, South Africa was the guest of honour and its pavilion was awarded several prizes based on a poll of the 120 000 visitors.

For historical reasons, Belgium takes a keen interest in African Affairs in general and the Great Lakes Region in particular. It was therefore a key European partner in South Africa's ongoing efforts to advance the African Agenda, within the context of the EU. During the past year, good progress was made towards formalising South African-Belgian co-operation across this spectrum. This included the signing of a defence co-operation agreement and preparations for the activation of the Joint Commission, which was established by a protocol signed by President Mbeki and Prime Minister Verhofstadt, during the former's visit to Belgium in November 2004.

# **German-Speaking and Nordic Countries**

Good relations were established with the new governments in Germany and Norway.

Germany remains one of South Africa's most important

trading partners (South Africa's largest import partner and fourth largest export partner) with substantial new investments (amongst the top three) since 1994. German commitments towards development in South Africa so far amount to approximately €262 million in bilateral financial and technical assistance. Since its inception in 1996, the South Africa-German Binational Commission has become the most important instrument through which bilateral relations are conducted.

Developing support for the African Union, Nepad and peace missions in Africa demonstrates a positive involvement in several regions, as well in the deliberations of the G8.

A successful Business and Investor Congress, focusing on the 2010 Soccer World Cup, was held in Germany. Aluncheon on BEE, addressed by the Deputy Minister of Trade and Industry, provided quality information and opportunities for interaction with key role players in the foreign business community to address misconceptions about South Africa. South Africa also successfully participated in several trade fairs in Germany that resulted in the conclusion of sales of close to R30 million. Additionally four German investment projects with a total investment value of R748 million were secured from the automotive and metal industry. President Mbeki attended the Africa Initiative hosted by President Kohler in Bonn, Germany, in November 2005. Co-operation with Germany in the field of knowledge and skills transfer concerning the 2010 World Cup Soccer intensified in preparation of the 2006 World Cup Soccer. In this regard, several visits by delegations to Germany from all spheres of government were facilitated successfully.

The annual senior officials' Working Group with Switzerland was held in Berne in October 2005 and was co-chaired by Deputy Minister Pahad. Trilateral co-operation and the African Agenda were the main topics of discussion. The successful visit of the Minister of Science and Technology to Switzerland in May 2005 resulted in closer co-operation and guaranteed skills transfers.

Biannual consultations with Finland at senior officials' level were held to review relations. Particular attention was given to developments in Africa and the possibilities of trilateral co-operation. Relations were also established between



The Minister of Foreign Affairs
Dr Nkosazana Dlamini Zuma
briefing the media after holding
discussions with the French
Minister of Co-operation
Bridgette Giradin (left) at the
Union Buildings, March 2006.

the Finnish and South African Correctional Services. The Fourth South African-Swedish Binational Commission was co-chaired in South Africa by Deputy President Mlambo Ngcuka and Deputy Prime Minister Ringholm. The three committees of the BNC discussed a wide range of issues of mutual interest including possible joint-co-operation in Africa. A South African Tourism and Trade event was held in Stockholm as well as a South Africa Fashion Show.

## Mediterranean Europe

Bilateral relations with all the countries of the region are good and were enhanced during 2005/06.

#### Greece

Concrete follow-up activities emanating from President Mbeki's recent state visit to Greece include the conclusion of the bilateral Cultural Co-operation Agreement on 26 July 2005, signed by Minister Jordan and the previous Greek Ambassador, Mr. John Economides. Two-way trade between South Africa and Greece has increased gradually in both volume and value, but there is still room for improvement. Greece's outward investment activities in South Africa are estimated at US \$350 million. The main sectors are financial services, shipping, foodstuffs, manufactured products and commerce.

#### **France**

Relations between South Africa and France are sound, and have deepened and strengthened through extensive interaction and co-operation on the full range of foreign policy issues. There is policy convergence on issues such as regional integration, North-South co-operation, debt relief, the rule of law, multilateralism, UN Reform and financing for development. South Africa and France also have extensive interaction on issues relating to Africa, in particular on EU and G8 programmes relating to the AU and Nepad, conflict resolution and peace-building initiatives. Relations are characterised by on-going high-level contact, expanding development co-operation. During the year under review, an agreement was concluded between the French Embassy, the Alliance Française and the Foreign Service Institute for the training of South African diplomats in the French language.

#### Italy

South Africa and Italy enjoy excellent bilateral relations, with extensive contact among political principals, the business sectors and civil society. President Mbeki visited Italy twice during 2005 and Minister Nkosazana Dlamini Zuma met with former Minister Foreign Fini in Rome in November. President Mbeki also concluded a very successful state visit to Italy in March 2006 where he held bilateral discussions with President Ciampi, Prime Minister Berlusconi and the leader of the opposition coalition, Mr. Romano Prodi. Discussions focused on issues of mutual interest such as peace and conflict resolution in Africa, Nepad, the G8 Africa Plan, the AU-EU Summit and economic co-operation. A large government and business delegation accompanied President Mbeki. A proposal for Africa to host the Third International Centre for Genetic Engineering and Biotechnology was endorsed by the



G8, and South Africa presented its candidature to host the centre during the state visit to Italy.

On the bilateral front there were several very positive developments including closer co-operation in various technical fields such as science and technology, health, poverty alleviation, SMME development and education, as well as significant growth in economic relations. Economic relations also continue to develop at a satisfactory rate. Bilateral trade grew at a very significant level: South African exports to Italy grew by a healthy 18.9% while Italian imports grew by 13.5%. A substantial number of Italian companies do business in South Africa, and Italian investments now exceed R1.2 billion. Several new initiatives are underway, including investment projects by Paggio, Ferrero and COOP Italia.

## **Spain**

Spain and South Africa have shared views on most important foreign policy issues, as well as a host of domestic issues such as gender, civil rights, rights of immigrants, economic policy and social development issues. The new Spanish government is displaying a much greater awareness of the challenges and issues pertaining to the developing world and more particularly to Africa. Deputy Minister Pahad participated in a conference on Africa hosted by Spain as part of that country's programme for expanding relations with Africa.

Bilateral relations are good, but there is further room for expansion, particularly in the economic sector. Given the healthy growth of the Spanish economy and the strong international outlook of Spanish companies, there exists significant potential for increased FDI from Spain to South Africa in the following sectors: automobile, agro-food processing, textiles, chemicals, tourism infrastructure and base metal sectors. During May 2005, the Spanish chain store EI Corte Ingles held a South African promotion month through which South African merchandise was promoted throughout their 60 stores. The promotion focused on the products of mainly small and medium enterprises, and total sales were estimated at more than R60m. The significant growth in tourism by approximately 26% is also a very positive development.

## **Portugal**

President Mbeki's visit to Lisbon during March 2006 for the inauguration of President Cavaco Silva follows significant developments in South Africa's relations with Portugal since the election of the new government in 2005. Reciprocal visits by the countries' respective Deputy Ministers of Foreign Affairs for bilateral discussions in Lisbon and Pretoria during 2005, as well as bilateral discussions at Directors-General level during February 2006 have consolidated and renewed momentum for further strengthening of relations.

## **Central Europe**

In the year under review, bilateral relations, both political and economic, with Central European countries which were established only as recently as the early 1990s, developed apace.

Established forums for political dialogue were extensively utilised at the levels of deputy minister and senior officials to convey South Africa's policies and intentions in respect of important issues, such as the consolidation and implementation of the African Agenda, to the governments in the region. Such consultations at deputy foreign minister level were held with Bulgaria, Hungary and Romania, while senior officials' meetings were held with counterparts from Hungary, the Slovak Republic and the Czech Republic.

President Vaira Vike-Freiberga of Latvia paid a private visit to South Africa during January 2006. She also had bilateral discussions with President Thabo Mbeki, and inaugurated the Latvian Honorary Consulate in Johannesburg.

Trade and economic interaction between South Africa and countries in Central Europe continued to develop steadily during 2005/06, but has not yet reached anything near its full potential. However, the promotion of trade and tourism remained a priority for South African diplomatic missions in the region and aspects such as participation in trade fairs and exhibitions as well as regular contact with chambers of commerce in their countries of accredi-

tation played a pivotal role in their respective business plans. The relative lack of first-hand knowledge about the Central European market in South African business circles, no direct communication links between South Africa and countries in the region and the persistent strength of the rand, continued to inhibit stronger trade flows to the region. South Africa nevertheless remained the most important trading partner on the African continent of the large majority of the Central European countries.

South Africa achieved notable successes in the fields of science and technology in the region during 2005/06. The Minister of Science and Technology, Mr Mosibudi Mangena, led an official delegation to the Republic of Hungary during March 2006 to participate *inter alia* in the South Africa-Hungary Joint Committee on Science and Technology. The Deputy Minister of Science and Technology, Mr Derek Hanekom, visited the Slovak Republic and Romania in April 2006, also in terms of bilateral agreements on scientific and technological co-operation between the two countries. The Minister of Health, Dr Manto Tshabalala-Msimang, paid a successful official visit to Bulgaria during September 2005 to initiate a Programme of Co-operation in terms of the Health Agreement signed in December 2004.

#### **EASTERN EUROPE**

#### Russia

The strategic nature of South African-Russian relations was consolidated significantly over the past year through continued high-level political dialogue with the Russian Federation. Bilateral relations also expanded significantly under the umbrella of the Intergovernmental Trade and Economic Committee (ITEC) between South Africa and Russia. Strategic direction and a structured and disciplined policy framework have resulted in substantive action taken by the respective governments in the minerals and energy sectors through, among others, the establishment of a joint Task Force on Minerals in support of BEE objectives.

An Inter-sessional Ministerial ITEC meeting was held in Pretoria on 15 July 2005 between the two Co-Chairpersons of ITEC, Minister N Dlamini Zuma and the Russian Minister of Natural Resources, Mr Yuri Trutnev. The purpose of the meeting was to monitor progress with ITEC-related matters. It was agreed, *inter alia*, to have a media exchange programme between South Africa and Russia. As a follow-up on this decision, a group of South African journalists and media institutions visited the Russian Federation prior to and during the Fifth ITEC Session, leading to good media coverage in South Africa.

The Fifth Session of ITEC took place in Moscow on 4 - 5 October 2005 and was co-chaired by Ministers Dlamini Zuma and Trutnev. Minister Dlamini Zuma also held meetings with the Russian Prime Minister, Mr Mikhail Fradkov, and the Foreign Minister, Mr Sergey Lavrov. A business summit was held on 03 October 2005, prior to the ITEC Session, at the Chamber of Commerce and Industry of the Russian Federation. Prominent representatives of the business circles of the two countries participated in the event. During the Summit, a South African-Russian Business Council was established.

A number of bilateral agreements were concluded in the fields of maritime transport, nuclear research, radio astronomy and space observation

### Turkey

Much progress has been achieved in the bilateral relations between South Africa and Turkey since the official visit of Turkish Prime Minister Recep Tayyip Erdogan to South Africa in March 2005. According to Turkish trade statistics, bilateral trade between South Africa and Turkey is strongly in favour of South Africa and reached a record high of US\$1, 56 billion in 2005 (US\$ 1 billion in 2004). Bilateral trade in goods and services (excluding gold) reached almost US\$ 1, 0 billion in 2005. Turkey's FDI in South Africa totals US\$ 60 million and is expected to grow further in 2006. Turkey is currently South Africa's largest trade and investment partner in Central and Eastern Europe, including the Russian Federation.

The official visit to South Africa in March 2005 by Turkish Prime Minister Erdogan created the opportunity at strategic level to identify key dimensions of South African-Turkish relations and pave the way forward. The visit also saw the conclusion of important bilateral agree-

ments in trade and economic co-operation; customs co-operation and the avoidance of double taxation. Bilateral consultations further reflected solid progress in other sectors of co-operation including defence; trade and industry; mining and minerals, energy, the expansion of bilateral tourism as well as progress towards the establishment of formal bilateral military relations. In order to promote South Africa's economic interest in terms of defence industries, the South African Secretary of Defence extended an invitation to the Turkish Under-Secretary for Defence, Mr. Murat Bayar, to visit South Africa officially for consultations, operational demonstrations and site inspections, during 5 - 8 February 2006. Mr. Bayar was accompanied by a business delegation from the Turkish military industrial industry.

A draft MOU on military industrial co-operation, as well as a proposal to establish a Joint Defence Committee between South Africa and Turkey, was presented to the Turkish authorities for consideration.

The meeting in March 2005 between the Turkish Minister for Energy and Natural Resources, Dr. Hilmi Guller, and the South African Deputy Minister for Minerals and Energy, Ms. Lulu Xingwana, succeeded in narrowing the focus of expanded co-operation between South Africa and Turkey in the areas of the peaceful use of nuclear energy (including the PBMR process), mining and beneficiation, coal to liquid technology, joint oil exploration in third countries, and domestic capacity-building in jewellery manufacturing.

## Bilateral Agreements signed between 1 April 2004 and 31 March 2006

Date signed	Country	Title	
		AFRICA	
20041006	Algeria	Agreement on Educational Co-operation. (Higher)	
20041006	Algeria	Agreement on Educational Co-operation. (National)	
20041006	Algeria	Executive Programme in the Field of Sport for the Years 2004 – 2006	
20041006	Algeria	Memorandum of Understanding concerning Co-operation in the Field of Health	
20050217	Angola	Agreement concerning Co-operation in the Field of Electricity	
20050217	Angola	Agreement for the Reciprocal Promotion and Protection of Investments	
20050217	Angola	Agreement of Co-operation in the Field of Social Protection and Re-Integration. Entered into force: 17.2.2005	
20050217	Angola	Protocol on Defence Co-operation	
20040813	Benin	Joint Communique 0n the working Visit of Deputy President Jacob Zuma. (Not an agreement)	
20040713	Burkina Faso	Agreement on a Framework of Co-operation. Entered into force: 13.7.2004	
20040713	Burkina Faso	Memorandum of Understanding on Co-operation. Entered into force: 13.7.2004	
20040505	Burundi	Memorandum of Understanding contributing resources to the African Union Mission in Burundi (AMIB). Entered into force: 5.5.2004	
20041207	Chad	General Co-operation Agreement	
20040618	DRC	Agreement on Defence Co-operation. Entered into force: 18.6.2004	
20040618	DRC	Memorandum of Understanding on Practical Assistance on the Integration of the Armed Forces of the DRC in accordance with the terms of the Defence Co-operation Agreement signed between them. Entered into force: 18.6.2004	
20040831	DRC	Agreement for the Reciprocal Protection and Promotion of Investments	
20040831	DRC	Agreement on Health Matters	
20040831	DRC	Memorandum of Understanding on Co-operation in the Field of Public Administration. Entered into force: 31.8.2004	
20040831	DRC	Memorandum of Understanding on Economic Co-operation	
20040831	DRC	Protocol for regular Diplomatic Consultations. Entered into force: 31.8.2004	

Date signed	Country	Title		
20041130	DRC	Memorandum of Understanding on Co-operation in Immigration and Population Matters. Entered into force: 30.11.2004		
20041130	DRC	Memorandum of Understanding on Co-operation on Matters relating to Elections. Entered into force: 30.11.2004		
20050322	Gabon	Protocol for regular Diplomatic Consultations. Entered into force: 22.3.2005		
20041102	Ghana	Agreement on the Establishment of a Joint Commission for Co-operation. Entered into force: 2.11.2004		
20041102	Ghana	Convention for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with respect to Taxes on Income and on Capital Gains		
20041008	Guinea	Agreement on Co-operation in the Field of Education. Entered into force: 8.10.2004		
20040810	Kenya	Agreement regarding Scientific and Technological Co-operation		
20040810	Lesotho	Addendum to the Bilateral Monetary Agreement of 1 April 1989		
20041009	Lesotho	MOU for the Implementation of the Geochemical Mapping Project. Not a formal agreement between the governments		
20050308	Namibia	Agreement regarding Scientific and Technological Co-operation. Entered into force: 8.3.2005		
20040705	Rwanda	Memorandum of Understanding concerning Military Co-operation		
20040728	Rwanda	Agreement on the Waiver of Visa or Permit Requirements for holders of Diplomatic and Official/Service Passports.		
20040728	Rwanda	Memorandum of Understanding with regard to Co-operation in Training, Legislation, in the use of Information Technology and Exchange of Information in Immigration. Entered into force: 28.7.2004		
20040915	Saharawi Arab Dem. Republic	Joint Communique on the Establishment of Diplomatic Relations. Entered into force: 15.9.2004		
20041230	Sudan	Memorandum of Understanding on Political Consultations and Co-operation. Entered into force: 30.12.2004		
20040709	Tunisia	Agreement regarding the Waiver of Visa Requirements for the holders of Diplomatic and Special or Official Passports		
20040709	Tunisia	Programme of Co-operation in the Field of Sport for the years 2004 - 2005		
20041013	Tunisia	Agreement concerning the Programme of Co-operation in the Fields of Arts and Culture for the years 2004 - 2007		
20041013	Tunisia	Memorandum of Understanding on Co-operation in the Field of Employment		
		AMERICAS		
20040430	Bahamas	General Co-operation Agreement		
20041110	Cuba	Agreement on the Employment of Cuban Technical Advisors by the relevant South African Provincial Departments of Housing. Entered into force: 10.11.2004		
20050204	Cuba	Letter of Intent on Education		
		ASIA		
20040629	China People's Rep. of	Agreement on Co-operation in the field of Education. Entered into force: 29.6.2004		
20040629	China People's Rep. of	Exchange of Notes to Implement the Human Resources Co-operation Project. Entered into force: 29.6.2004		
20040629	China People's Rep. of	Memorandum of Understanding on Sanitary and Phytosanitary Consultation Mechanism. Entered into force: 29.6.2004		
20040629	China People's Rep. of	Protocol of Phytosanitary Requirements for Export of Citrus Fruit. Entered into force: 29.6.2004		
20040915	India	Memorandum of Understanding on Co-operation in the Field of Communications and Information Technologies. Entered into force: 15.9.2004		

Date signed	Country	Title	
20041124	Japan	Exchange of Notes concerning the Supply of Sound Equipment to the South African State Theatre. Entered into force: 24.11.2004	
20041124	Vietnam	Agreement concerning the Establishment of an Inter-Governmental Partnership Forum for Economic, Trade, Scientific, Technical and Cultural Co-operation. Entered into force: 24.11.2004	
20041124	Vietnam	Joint Announcement on the Establishment of the Joint Trade Committee.	
20041124	Vietnam	Joint Declaration on Partnership for Co-operation and Development.	
		EUROPE	
20040429	Bulgaria	Convention for the Avoidance of Double taxation and the Prevention of Fiscal Evasion with respect to Taxes on Income. Entered into force: 27.10.2004	
20041202	Bulgaria	Agreement on Co-operation in the fields of Arts and Culture	
20041202	Bulgaria	Agreement on Police Co-operation. Entered into force: 2.12.2004	
20040820	Croatia	Bilateral Trade Agreement	
20041214	Finland	Agreement on Finland's support to the Higher Education Sector in South Africa. Entered into force: 14.12.2004	
20041116	Flanders (Belgium)	Declaration of Intent to enhance co-operation in the fields of Small, Medium and Micro Enterprises	
20041117	Germany	Agreement on Audio-Visual Co-Productions. Entered into force: 4.1.2005	
20040402	Ireland	Declaration of Intent	
20041111	Norway	Agreement regarding Mutual Assistance between their Customs Administrations	
20040915	Romania	Agreement on Scientific and Technological Co-operation	
20040915	Romania	Memorandum of Understanding on the Statute of the Joint Commission for Economic and Technical Co-operation	
20041120	Russian Federation	Agreement on Co-operation in the Peaceful uses of Atomic Energy. Entered into force: 20.11.2004	
20050318	Russian Federation	Agreement concerning Protection of Classified Defence and Defence-Industrial related Information. Entered into force: 18.3.2005	
20040614	Sweden	Specific Agreement on Swedish - South African Culture Partnership Programme 2004 - 2008. Entered into force: 14.6.2004	
20050315	Turkey	Agreement for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with respect to Taxes on Income	
20050315	Turkey	Agreement regarding Mutual Assistance between their Customs Administrations	
20050315	Turkey	Agreement on Trade and Economic Co-operation	
20040802	United Kingdom	Memorandum of Understanding concerning the Provision of Personnel to Advise on Aspects of Democratic Defence Management and Peace Support Operations. Entered int force: 2.8.2004	
20040802	United Kingdom	Supplementary Arrangement concerning the Provision of Support during Exercises, Training and Operations. Entered into force: 2.8.2004	
20050228	United Kingdom	Memorandum of Understanding on Bilateral Co-operation in the Field of Sport and Recreation	
		MIDDLE EAST	
20040831	Iran	Extradition Treaty	
20040831	Iran	Treaty on Mutual Legal Assistance in Criminal Matters	
20041013	Iran	Memorandum of Understanding on Co-operation in the Field of Housing. Entered into force: 13.10.2004	
20041214	Iran	Agreement on Co-operation in the Field of Health. Entered into force: 14.12.2004	
	Iran	Protocol to the Agreement on Co-operation in the Field of Health regarding Employment of	

Date signed	Country	Title
		OTHER
20040916	African Union	Host Agreement on the Seat of the Pan-African Parliament
20050309	African Union	Memorandum of Understanding contributing South African Police Service monitors to the Civilian component of the African Union Mission in Darfur Region of the Republic of Sudan. (AMIS) Entered into force: 9.3.2005
20041126	Southern African Development Community	Memorandum of Understanding concerning the Implementation of Phase 2 of the Southern African Development Community Hydrological Cycle Observing System: Consolidation and Expansion if SADC-HYCOS. Entered into force: 26.11.04 (Environment)
20040720	United Nations	Memorandum of Understanding relating to Co-operation in the United Nations On-Line Network of Regional Institutions for Capacity Building in Public Administration and Finance. Entered into force: 20.7.2004

# Multilateral Conventions/Agreements ratified or accede to since 1 April 2004

Country	Title
Multilateral	Convention on Temporary Admission. (Istanbul Convention) RSA acceded: 18.5.2004
Multilateral	Protocol of 1992 to amend the International Convention on Civil Liability for Oil Pollution Damage, 1969. RSA acceded: 1.10.2004
Multilateral	Protocol of 1992 to amend the International Convention on the Establishment of an International Fund for Compensation for Oil Pollution Damage, 1971. RSA acceded: 1.10.2004
Multilateral	Amendment to the Montreal Protocol on Substances that Deplete the Ozone Layer. (Montreal Amendment) RSA acceded: 11.11.2004
Multilateral	Protocol of Amendment to the International Convention on the Simplification and Harmonization of Customs Procedures. RSA acceded: 18.5.2004
Multilateral	Amendment to the Montreal Protocol on Substances that deplete the Ozone Layer. (Beijing Amendment) RSA acceded: 11.11.2004
Multilateral	Protocol of the Court of Justice of the African Union. RSA ratified: 17.12.2004 (AU)
Multilateral	Protocol to the African Charter on Human and People's Rights on the Rights of Women in Africa. RSA ratified: 17.12.2004 (AU)
Multilateral	United Nations Convention Against Corruption. RSA ratified: 22.11.2004
	Multilateral Multilateral Multilateral Multilateral Multilateral Multilateral Multilateral Multilateral Multilateral

# **Ministerial visits abroad:**

Place	Date	Purpose
Niger	5 - 6 April 05	Official visit
Mali	7 – 8 April 05	Official visit
Sao Tome & Principe	8 April 05	Official visit
Norway	11-12 April 05	Donor Conference on Sudan
Indonesia	17-25 April 05	Asian-African Ministerial Meeting + Summit +
		Golden Jubilee of the Bandung Asian
		African Conference of 1955
Singapore	21 April 05	Working Visit
Senegal	1 – 2 May 05	African Gender Award & Forum
Ethiopia	4 – 5 May 05	Follow-up Committee Meeting of 10+3 on UN Reform
Comoros	6 - 7 May 05	AU Ministerial Committee Meeting in preparation for the
		Comoros Donor Conference



Saudi Arabia, UAE, 9-12 May 05 Bilateral visits

Ethiopia 13 May 05 AU Ministerial Meeting on the Reform of the UN

USA, Washington 31 May – 1June 05 Presidential Working Visit to Washington

UK, London 3 – 4 June 05 London Solidarity Conference

Chile 7 - 8 June 05 State Visit to Chile

Nigeria 9 June 05 AU Meeting on UN Reform

Qatar 13 June 05 South Summit Ministerial Meeting

14 – 16 June 05 Group of 77 and China Second South Summit

Brunei 21-23 June 05 Bilateral

Malaysia 23-24 June 05 SA/Malaysia JMC

Libya 30 June 05 Meeting of the follow-up mechanism on UN Reform

composed of the core group of 3+ the Committee of 10

1-2 July 05 AU Executive Council Meeting

4-5 July AU Summit (5th Ordinary Session of the Assembly)

Russia 12 July 05 Bilateral meeting with Russian Foreign Minister in Moscow

France 13 July 05 Bilateral meeting with French Foreign Minister

USA, NY 16 July 05 Meeting of Africa's Foreign Ministers

17 July 05 G4 Meeting

UK, London 25 July 05 AU-G4 Ministerial Meeting

DRC, Kinshasa 29 July 05 Ministerial Meeting: Progress made ito Commitment to DRC

Sudan 2 August 05 Officail visit

Ethiopia 4 August 05 AU Extraordinary Meeting Regarding UN Reform

Botswana 14 - 16 August 05 SADC Ministerial Meeting

17 – 18 August 05 SADC Summit

USA, NY 10 – 16 September 05 High Level Summit: Millennium Declaration

17 – 23 September 05 UNGA 60

Bahamas 24 September 05 JBC Meeting in the Bahamas

Cuba 28 Sept – 1 Oct 05 JBC in Cuba

Russia 5 October 05 SA/Russia ITEC Meeting Ethiopia 31 October 05 Extra-ordinary AU Summit

Belgium 7 November 05 SA/EU Co-operation Council Meeting

Italy8 - 9 November 05Europe and Americas Regional Heads of Mission ConferenceNigeria12 -13 November 05Regional Conference on Africa & the Challenges of the

Changing Global Order: Desirability of the Union Government

Guinea, Conakry 15 November 05 Working Visit DRC, Kinshasa 29 – 30 November 05 Working Visit

Mali 1 – 2 December 05 Meeting of Follow-Up Committee on UN Reform

3 – 4 December 05 Franco-African Summit

UAE 9 – 10 December 05 Asia, Middle East & Africa Regional Heads of Mission Conference

Uganda12 – 13 December 05State Visit: UgandaTanzania21 December 05Presidential Inauguration

USA, Washington, NY 11 January 06 Handing over donation to victims of Hurricane Katrina



	12 January 06	Turn-over ceremony of the Chairpersonship of the G77
Ivory Coast	15 January 06	International Working Group Meeting (IWG) on Cote d'Ivoire
Liberia	16 January 06	Inauguration of President-elect HE Ellen Johnson-Sirleaf
Sudan	17 – 18 January 06	AU Ministerial Committee on Post Conflict Reconstruction of the Sudan

19 January 06 AU Extraordinary Session Ministerial Budget Committee Meeting

20 – 21 January 06 8th Ordinary Session of the AU Executive Council

23 – 24 January 06 6th Ordinary Session of the AU Summit

Namibia 6 Febraury 06 Ministerial Troika of the Organ Ivory Coast 16 February 06 Meeting: President of Ivory Coast

17 February 06 International Working Group Meeting (IWG) on Cote d'Ivoire

Botswana 23 – 24 February 06 SADC Council of Ministers Meeting

France 28 Feb – 1 March 06 Conference on Innovative Financing and Development

Ethiopia 10 March 06 Peace and Security Council Meeting DRC, Kinshasa 15 - 16 March 06 Presidential Visit DRC & BNC

Ivory Coast 17 March 06 International Working Group Meeting (IWG) on Cote d'Ivoire

Niger18 March 06Official VisitMali19 March 06Official VisitItaly21 – 23 March 06State Visit

Brazil 30 March 06 IBSA Foreign Ministers Meeting