



KEY POINTS

- In global terms, South Africa's foreign policy must be shaped by the interplay between diplomatic, political, security, environmental, economic and regional co-operative dynamics that define early 21st century international relations. In particular, our foreign policy-making should remain cognisant of global shifts in hard, soft and smart or mental power from West to East; the stratification of regional groupings in the world; the proliferation of threats to human and state security; to internal and external sovereignty, and to natural resources.
- On the basis of our identity as an African country, South Africa's foreign policy should be driven by a clear and critical understanding of our national, regional and continental priorities in a multi-polar world where the geo-strategic politics of the continent is, once again, becoming increasingly central to global political economic competition for natural resources and market share. As such, we need to have a clear strategy of South Africa's place in the region, on the continent and in the world over the next 20 – 30 years, and the political space the country will occupy.
- On the continent, South Africa should improve collaboration and co-operation, through deeper integration and increased trade with its regional trade partners in Africa, and the global south, in general, particular emphasis should be placed on the role that South Africa can play in mediating the role and influence of the BRICS group and African countries. The impending Tripartite Free Trade Area is a significant step towards improved African integration and should be a priority in South Africa's foreign policies.

Positioning South Africa in the World

In the sub-region, policy-makers must identify regional synergies with South Africa's immediate SADC neighbours in investment, production and in specific market sectors such as energy and agro-processing.

The NPC submits that the Department of International Relations and Cooperation should focus on organisational transformation to make the department more efficient and effective in its operations abroad, internally and domestically. The NPC recommends that the department's research capabilities be strengthened, and that it works in collaboration with South Africa's research, business and academic institutions and with epistemic communities to develop the country's foreign policies.

South Africa's business community must be drawn more closely into our foreign policy making. It is an incontestable reality of late capitalist international relations that it may be states that secure international trade or financial relations, but it is, ultimately, private companies that do business across borders. This reality places a high burden of expectations on South African companies to act ethically and responsibly in the region, on the continent and in the world.

INTRODUCTION

In order for South Africa to achieve its national goals of eradicating poverty, lowering inequality, creating jobs and making the transition to a resilient low-carbon economy, foreign relations must be driven by the country's domestic economic, political and social demands, as well as our regional, continental and global obligations. Meeting these expectations and obligations can be achieved through a clear understanding of global shifts in power and influence from West to East, regional formations in

Africa, and the emergence of powers

like Mexico, Turkey, Indonesia and

Columbia – some of

which are vying for a

voice in early 21st

century international

relations. In these

present and emergent

global contexts, much of

which is presented in

Chapter 1, South Africa

should set the following

five goals:

1. Define national priorities.

This should include:

- Articulating South Africa's national interest and the country's obligations to the global community in relation to the sustainability of the natural environment, the global economy, the international flow of migrants, human freedom and international co-operation. This will serve as the basis for foreign relations.
- Building a common understanding of these interests between key government and private-sector actors, but also within the wider society.
- Reviewing the geopolitics of the region, the continent and the world, in the context of increased pressure on African states as well as political economic and institutional obstacles and lethargy that may prevent deep regional integration and

back-of-the-border harmonisation of policies.

- Reviewing South Africa's foreign representation to determine efficacy and efficiency.
- Reviewing training of foreign-service officers, starting by studying global best practice on economic diplomacy and international negotiations. These issues are addressed more fully below.
- Enhancing research capabilities and cooperation among vital state institutions that deal with cross-border issues, including the Department

of International Relations

and Cooperation, the

Department of Trade and

Industry, the

Department of Home

Affairs, Customs, and

the international trade

division of the

Department of

Agriculture, Forestry and

Fisheries together with

the representatives of the

relevant private sector

organisations. Where

issues of development

policy and human rights are

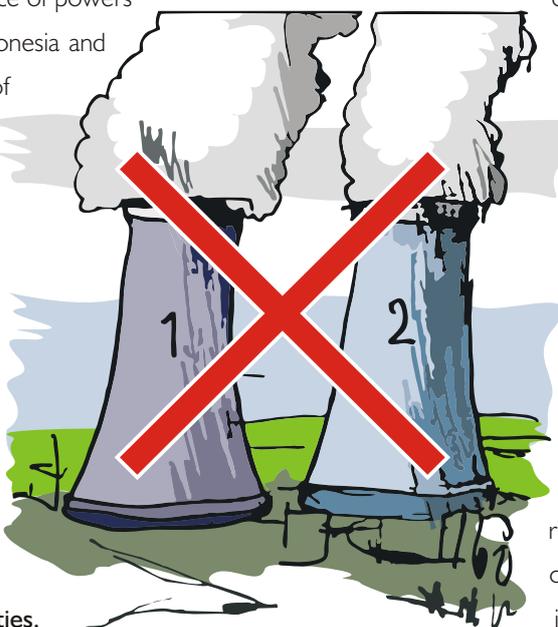
concerned, it is important to engage with social

formations and civil society groups within South

Africa and on the continent.

2. Aggressively expand trade and investment

in the region, on the continent and globally. This will require developing hard infrastructure (like road and rail networks) and soft infrastructure (trade-facilitation systems, supply-chain management, and customs controls and administration). South Africa should identify specific trade, manufacturing and industrial niches, where the country enjoys competitive advantages to make full use of the strong growth in East Asian economies and their interests on the African continent.





3. Harmonise border policies between South Africa's regional trading partners, especially in the emerging Tripartite Free Trade Area¹, starting with immediate consultation on greater financial integration

4. Integrate national institutions responsible for foreign policy, international negotiations and monitoring. In particular, South Africa's business community and research institutions should be called on to strengthen the country's bargaining powers and enhance competitiveness abroad and in the region. This may mean that institutional capacity has to be strengthened to meet regional and international obligations in the region, in Africa and in the BRICS countries.² For instance, President Jacob Zuma has mandated the Development Bank of Southern Africa as South Africa's development financing mechanism, and partnered the institution with development financial institutions from each of the BRICS countries. To fulfil South Africa's obligations in the BRICS and in the region, the Development Bank of South Africa should be strengthened institutionally.

5. Improve human security through effective transnational natural-resource management – especially when it comes to water and energy – and knowledge-sharing on vital issues such as communicable diseases, most notably HIV/AIDS, malaria and tuberculosis, and transnational crime and maritime piracy.

Human security interventions in the region should focus on improving livelihoods in countries that are dependent on agriculture and agro-processing by supporting efforts to improve productivity and include an increasing proportion of African producers in global value chains.

South Africa must institute aggressive trade and foreign investment policies to place the country on a more competitive global path, and retain an influential space for the country in key multilateral

institutions like the African Union, the World Trade Organisation, and the Group of Twenty Finance Ministers and Central Bank Governors. This chapter offers a short-to-medium-term guide for achieving this and protecting long-term national interests.

South Africa's status in the World

As a middle-income country, South Africa is overstretching itself diplomatically. With more than 150 embassies, consulates and offices around the world and an apparent drive under way to open more embassies, the question of whether South Africa can actually afford more international representation – and whether existing operations are cost-effective – has been raised. It is not necessary to have representation in every country in the world. Countries like Britain, France, Russia, Brazil, the US and China place diplomats who are skilled in international negotiations and finance in key strategic and economic positions and institutions. Furthermore, democratic South Africa has enjoyed significant permutations of power and influence in international relations that have not always been associated with diplomatic or consular representation. The country has, however, experienced a relative decline in power and influence in world affairs.

South Africa lost a great deal of the moral authority – as a power resource³ – that the country enjoyed in the period immediately after the 1994 election. The most significant achievement in South Africa's post-1994 international relations has been our accession to the Group of Twenty Finance Ministers and Central Bank Governors. Membership to the Group of Twenty Finance Ministers and Central Bank Governors affirmed that while South Africa was not one of the biggest economic powers in the world, we were a significant player in the system of international financial and political economic governance. One highly significant outcome of our

membership to the Group of Twenty Finance Ministers and Central Bank Governors was that South Africa was invited, almost regularly, to the Group of 7 meetings of the world's most powerful elite; the political leadership that effectively decides on the direction of world affairs. In recent years, however, South Africa has played an increasingly smaller role in the elite Group of 7 to the extent that the country may well be losing an important voice in decisive world affairs. When all of these issues are considered, South Africa's foreign relations are becoming increasingly ineffective and the country is sliding down the scale of global competitiveness and overall moral standing. This apparent decline is part of the overall demise of the "golden decade" of African diplomacy, spanning 1998 to 2008.⁴

Within the southern African region, there is the perception that South Africa is acting as a bully, a self-interested hegemon that acts in bad faith among neighbouring countries.⁵ As such, South Africa enjoys less support in the region than it did in the period immediately after 1994, when the country held pride of place among world leaders. This lack of influence is reflected in the difficulty the country faced in securing the top leadership position in the African Union. While the issue of the African Union leadership has been resolved, a significant effort is required to increase South Africa's role and space that promotes and protects the comparative advantages of all countries on the continent towards mutual gain.

South Africa's relative decline in global standing has led to material losses in regional and continental bargaining, and in trade and investment opportunities. Despite playing a key role in peace settlements on the continent, South Africa has gained little by way of expanded trade and investment opportunities. South African diplomats have great skill in drafting memoranda of understanding, policy statements and agreements,

but lose momentum when it comes to implementing agreement terms or following up on promises of benefits. There is a marked dislocation between the efforts of South Africa's business leaders and its government leaders and officials. Governments may negotiate trade deals, but it is private companies that actually trade across borders. South African foreign policy needs to draw on the leadership and capabilities of its business community if it is to strengthen collaboration and co-operation on the continent as a reliable partner in Africa, and as part of BRICS.

South Africa's role in the BRICS Group

Joining the BRICS alliance is an important development in the recent history of South Africa's international relations. South Africa has been admitted as a full member of BRICS, which is an important opportunity to and recognition of its role in the economically emerging African continent. However, South Africa's economy is smaller than that of the BRICS economies and this has led to some questioning of the country's membership. However, it can play a leading role in BRICS by helping to facilitate deeper integration of relations between African states and other BRICS member-countries and by focusing on other niche advantages. The country has several strengths that can be used both when negotiating within BRICS and in broader global negotiations between BRICS and the world, including:

- Considerable natural resources
- Highly developed banking, financial, communications and transportation networks
- Established and relatively successful business, industrial, mining and research institutions.

South Africa's foreign relations must reflect its role as an equal member and strategic African partner in the BRICS group and in world affairs, in general. The country's diplomats should work closely with business and industry leaders, with research and

academic institutions and with epistemic communities, to facilitate relationships with counterparts in BRICS.

South Africa's role within BRICS should be informed as much by geo-political movements in the world, the Global South and in Africa, with reference, in particular, to the rise of new economic and political powers in Africa, with which we should establish strategic partnerships. Within BRICS, and in Africa, South Africa's relations with China and India are particularly important. China is fast becoming the most active and important foreign actor in Africa. While the European Union and the United States



may well continue to be significant economic partners for African states for at least the next decade, the Commission believes South Africa can play an important role in facilitating exchange between Africa and Asia – especially since China and India's main interest is the continent's minerals. South Africa has considerable mineral resources, skill in mining and capacity for related research, as well as a highly-developed financial system that could play an important role in facilitating Asian

trade and investment on the continent on a mutually beneficial basis. It is important that policy-making remains in touch with South Africa's domestic capabilities and regional objectives. On this basis, and given the pressing needs for food security in the region, international bargaining must include securing investment, diversification and continued progressive development in agriculture and agro-processing.

The Department of International Relations and Cooperation, in collaboration with South Africa's research institutions and professional bodies, should lead a strategic drive to engage China on minerals, mining, research and development and infrastructure expansion on the continent. This collaboration must include maintaining sanitary and phyto-sanitary standards to ensure that South Africa's products can continue to gain access to European markets.

Cooperation and integration in Africa

In six months of consultations, the NPC encountered, alongside the perception of the country as a regional bully, and that South African policy-makers tend to have a weak grasp of African geopolitics. Because of this, foreign relations with African states are often tentative, with policy-makers vacillating between leading and muddling-through on issues of integration and cooperation. To be sure, as the economies of African countries grow, sub-Saharan Africa will become less unipolar, economically at least. This is necessarily a good prospect. South Africa's approach to the region should therefore not be considered a zero-sum game; its policies on African integration must be based on positioning South Africa as one of the continent's powerhouses that would lead African development and influence in world affairs. At current growth rates, South Africa could lose its status as the continent's largest economy by 2030. Countries like Nigeria and Kenya will expand their



existing roles as sub-regional nodes of a continental network of which South Africa as well as Egypt and Angola will be important part centres. Policy research should start to engage this issue urgently and critically, with closer cooperation and deeper integration being the main objectives. Growth of African economies must be a priority, and any achievements in this regard must be promoted and protected.

Some projections state that Nigeria's economy will overtake South Africa's within the next two or three decades.⁶ The Nigerian government aims to increase the country's gross domestic product (GDP) to US\$900 billion by 2020, which would require at least 13 percent annual growth on average. South Africa's strength lies in its diversified economy, whereas Nigeria's economy is increasingly dependent on oil exports. Crude oil became dominant in the Nigerian economy in the 1970s and currently accounts for about 40 percent of GDP, over 95 percent of foreign-exchange earnings, more than 70 percent of federal government's revenue source and over 90 percent of all new investments. The country's trade-to-GDP ratio is high, making its economy highly susceptible to external shocks.⁷ Nigeria's current economic surge may take time to fully unsettle South Africa as the continent's economic powerhouse, but it may become an important node for Asian investment and trade into Africa. The same is true for Kenya which, while economically smaller than both South Africa and Nigeria, has also started to register growth in key areas, and is part of a rapidly growing and integrating sub-region. World Bank data shows that Kenya is the richest country in East Africa. With almost US\$800 income per capita, Kenya is the closest to meeting the international middle-income threshold of US\$1 000.

Given its relatively stable macroeconomic policies and geostrategic proximity to the emerging Asian powers (it is closer to India and China than South Africa, and has access to a vast East African market), Kenya could join South Africa in the creation of more effective and efficient regional production and supply chains across the continent. South Africa's long-term policies should, therefore, take into account and promote the growth trajectories of both Nigeria and Kenya as economic powerhouses on the continent, and their join these countries in shaping the political economy of the continent and its international relations over the next 20 to 30 years.

PROPOSALS TO REPOSITION SOUTH AFRICA IN THE REGION AND THE WORLD

The Commission believes that South Africa needs clarity on its national interests. The main objectives in terms of foreign policy-making should be to expand regional, continental and African trade based on an informed understanding of the geopolitics of Africa; to develop a healthy consultative and practical relationship with South Africa's research and corporate institutions in order to deploy its foreign service more effectively in the pursuit of expanded trade and investment; and to improve the country's leadership role in regional and global affairs. While our regional priorities are important, South African policy-making should not lose sight of the emergence and increased influence of countries like Turkey, Indonesia, Mexico, Columbia and Venezuela in global political economic affairs. As it goes, Turkey is expanding its presence in Africa at a rapid pace. It is also important to bear in mind that the tilt from West to East described in chapter 1 will necessarily be a long-term process in the sense that Europe, North America and Japan may continue to be powerful political economic forces in the world for at least the next 20 to 30 years.



Clarity on national interests

The Commission recommends urgently convening a high-level, high-impact task team to investigate South Africa's foreign relations. The task team should produce definitive studies on:

- South Africa's national interest
- South Africa in the context of African geopolitics
- South Africa's role in the world, especially in BRICS and in multilateral relations.

The studies should each do the following:

- **Analyse.** A clear and trenchant analysis of South Africa's current role and standing in the world, as well as its short-, medium- and long-term objectives in terms of foreign relations. An important aspect would be to produce a critical scenario of the world in 2030 and beyond.

- **Identify the obstacles South Africa faces in reaching its objectives and how to overcome them.** A clear-sighted understanding of the challenges South Africa faces is crucial for knowing which alliances to establish and maintain over the next 20 to 30 years.

- **Outline an implementation programme to reach these objectives.** This programme should be based on the country's realistic capabilities and should include feedback mechanisms to continually assess the impact and real outcomes of South Africa's foreign relations. Particularly important are the outcomes related to food security, water, energy, education, health, transport and common infrastructure, national defence, adjustment to climate change and economic growth.

With particular reference to defining and articulating South Africa's national interest, the NPC believes that research should be guided by the following macro-structural guidelines:

- A high-level discussion about the nature of the

national interest that is practical, honest and principled.

- A deep reflection on the country's global position, in the specific context of the drivers of change described in chapter 1, nested in a structured way in the southern African region, Africa, the global south – especially BRICS – and the world.

- Identification of a set of strategic thrusts, including:

- Cooperation within BRICS in identified areas of mutual and measureable benefit.
- Promoting deeper regional integration in southern Africa that builds on regional synergies with the objective to make southern Africa more competitive and faster growing, while strengthening South Africa's voice in international bargaining and negotiations for power in Africa and the world.
- Promote greater trade integration throughout Africa, working in collaboration with the country's partners in North, West and East Africa, while maintaining the pace of the Tripartite Free Trade Area negotiations.
- Strengthen economic diplomacy and build effective partnerships with the private sector and state-owned enterprises. In areas such as science, culture, higher education, sport and environmental protection, there is a need to showcase South Africa and promote its presence and leadership on strategic issues as part of its "soft power" in international relations, without losing sight of the increased value of mental power - the ability of countries to show restraint on emotional impulses and maintain a relatively stable mind-set in getting along with each other during international negotiations, and in general.⁸

South Africa urgently needs recommendations on how to take these forward. While much of it is already in place within the Department of International Relations and Cooperation, the NPC can take the matter forward at the southern Africa level. The NPC will engage with its counterpart national planning agencies in southern Africa to improve policy coordination and programme cooperation and consider how regional development planning can be improved. It will also seek to identify potential synergies between countries and support programmes that take advantage of complementary human and natural endowments to promote development and build resilience to natural disasters.

Expand regional, african and international trade

Evidence suggests that growth in trade between countries dramatically increases prosperity in the world, although lowering trade barriers between countries may create challenges in the medium term. There is a strong correlation between overall wealth gains in trade and poverty alleviation, with a generally positive causal effect on the internal distribution of that wealth. Although these relationships may differ from country to country, it is generally accepted that trade has a positive effect on wealth creation.⁸ In other words, an overall increase in a country's wealth has the potential to reduce income inequality; although any process of integration must include measures to manage the short-term negative impacts. To expand South Africa's wealth and distribute it equitably, the country needs to expand trade into the southern African region as a short-term priority. This can be done by focusing on the following:

- **Reassess existing regional cooperation and organisation** and play a more active role in the tripartite arrangement.
- **Lead South African businesses into the region and the continent** to capitalise on Chinese (and South African) investment in, and manufacturing

on, the continent, especially in minerals mining and in agro-processing.

- **Invest in hard and soft infrastructure** to facilitate cross-border trade.
- **Expand and diversify trade in agriculture** and agro-processing - which should include a purposeful strategy on food security.

Move from regionalisation to regionalism

In order to advance regional cooperation, South Africa needs to purposefully shift from regionalisation, which allows for transnational activity without formal political cooperation, to regionalism, which involves conscious political planning and possibly the creation of formal institutions.

Where institutions already exist, the Commission recommends a thorough and urgent review of standing agreements – especially those with the Southern African Customer Union (SACU) and the Southern African Development Community (SADC) – to align South Africa's regional foreign engagements more closely with our national priorities in a manner that is mutually beneficial to neighbouring states. Such a review should also aim to strengthen southern African integration into the Tripartite Free Trade Area.

The free-trade area has the potential to significantly increase South Africa's trade and investment, but the country has to remain in full political control of its destiny in Africa. If, as recommended above, South Africa's interests are well defined and there is a reliable understanding of the geostrategic politics of Africa, South Africa will have clarity on the important differences between cooperation and integration, on the different types of institutions and organisations it wants to be part of¹⁰ and on how the country should position itself over the next two to three decades. Simply put, South Africa's alignments, affiliations and strategic partnerships

must be consistent with its geostrategic political and economic priorities. Policy-making should therefore be guided by the following objectives:

- **Focus on what is practically achievable without over-committing to regional and continental integration**, and with a full understanding of the measureable contribution that policy-making can make to secure and promote its national interests.

- **Remain an influential member of the international community** and stay at the forefront of political and economic developments.

- **Deepen integration with Brazil, Russia, India and China as part of the BRICS group,**¹¹ while still promoting regional and global cooperation (see the next section for details).

- **Stabilise the regional political economy through increased integration and cooperation.** This requires effective communication of the benefits of deeper regional and global integration to the South and southern African public. Although foreign policy is rarely made on the basis of public opinion, informing the public about the benefits of foreign collaboration might help alleviate the xenophobia that countries often experience when their borders are opened.

Deepening integration

To achieve maximum benefits for the people of South Africa, policy-makers need to remain cognisant of the differences between African geopolitical ambitions, notions of solidarity and domestic realities. With these broad principles in mind, South Africa should aim to deepen integration on three fronts simultaneously:

- Regionally, in southern and sub-Saharan Africa
- Continentally, in the context of Africa's progression towards political and/or economic

union, of which the Tripartite Free Trade Area is an important building block

- Globally, by strengthening relations with BRICS countries and ensuring that Africa remains an important part of global production and value chains, so preventing re-marginalisation of the continent.

Deepening South Africa's role in the region starts with a pragmatic appraisal of existing agreements on the continent and how regional affiliations overlap. Assessing these entanglements should help the government better manage the dynamics of national interests and global realities in a fast-changing international environment. Policy-makers would have a clearer sense of the country's international commitments, enabling them to identify areas of responsibility and accountability while also understanding how South Africa can play a political, economic and intellectual leadership role in Africa. This will help them adjust the country's diplomatic footprint accordingly, possibly starting with a review of some of the original Abuja Treaty proposals, especially the envisaged priorities and stages of integration.

STEPS TO REPOSITION SOUTH AFRICA IN THE REGION AND THE WORLD

The Commission proposes that South Africa's integration in southern and sub-Saharan Africa, as well as the continent in general, be a staged process shaped by three strategic objectives:

- **Include civil society in integration planning.** The government should include civil society – especially labour and community organisations from regions that share borders with neighbouring countries – in all planning relating to integration.

- **Involve the business community in foreign relations.** South Africa's sophisticated business community needs to be intimately involved in



foreign relations. Diplomats may strike foreign cooperation deals, but it is private companies that actually trade across borders. They are, therefore, central to wealth creation. The local business community is willing and able to provide managerial, administrative and general capacity-building services to South Africa's regional institutions. It is a resource that needs to be fully explored.

- **Obtain clarity regarding what types of regional agreements are preferable** to serve South Africa's long-term interests. Policy-makers should be cognisant of the implications of all aspects of foreign policy, from customs unions and a common market to free-trade and regional trade agreements.

Based on these strategic objectives, three concrete policy proposals can be implemented immediately. The Commission proposes that high-level task teams are established to address each of these issues:

- The joint/separate futures of SADC and SACU
- The Tripartite Free Trade Area along the eastern seaboard of the continent with particular focus on and integration through trade facilitation frameworks and infrastructure development
- Greater macroeconomic and financial co-ordination in the region and on the continent.

These task teams should include South Africa's business and scientific community, and experts in agriculture and related fields. This approach to regional and African cooperation – and possible union – would significantly strengthen South Africa's macroeconomic and financial integration, and harmonise behind-the-border policies.

SADC and SACU

A critical review of the progress on and effectiveness of SADC policies is required. As

urgent as this review is, it should not include a stand-still of exchange in the region; our main priorities in the region is to grow our economy and encourage the expansion of neighbouring countries. One specific area with room for immediate action is representation. South Africa is critically underrepresented in organisations like the African Development Bank and SADC. The latter is critical as South Africa is a major funder of the group.

The Commission recommends that an urgent review of SADC and SACU be conducted to iron out inefficiencies, remove overlaps and assess whether the two organisations should be collapsed into one. There is also a need to look at the internal organisational structures and cultures of SADC and SACU as these will affect the policies that emanate from them. These issues must be considered in light of the emerging Tripartite Free Trade Area.

The tripartite free trade area

The Tripartite Free Trade Area has gained significant momentum in technical terms, but it still needs to be managed politically. The initial phase is nearing completion and will result in an increase in free movement of businesses across national boundaries. The subsequent stages, however, will be more difficult to negotiate and implement, and will require strong political leadership and highly skilled technical intervention.

Liberalising trade and opening South Africa's borders will come at a cost. South Africa's economy is significantly stronger and more diverse than that of its immediate neighbours. As such, once the country's borders are opened further, it may face increased pressure from inward migration. Chapter 2 briefly addresses the question of inward migration and how it influences domestic planning. Other consequences of increased inward migration are discussed later in this chapter.



Under the provisions of the Tripartite Free Trade Area, countries in the region that rely heavily on trade taxes for revenue – about 25 percent of Malawi and Zambia’s revenues come from trade taxes – could face significant declines in revenue. Certain industries in some countries could lose market share due to their relative inefficiency. In the short term these issues need to be managed through countervailing fiscal measures and social policies to mitigate the likely influx of people from these regions. Some countries will also lose employment opportunities to neighbours in the short term, but inefficiencies should be shaken from the system and employment should increase over time.

South Africa cannot simply wait for these events to unfold; it needs to plan ahead. The following questions need to be addressed through public debate and purposeful government engagement:

- What will South Africa gain from a more integrated region? What sacrifices will have to be made to support integration?
- How relevant are South Africa’s current regional affiliations? To what extent do they further the country’s national interest?
- What would be a more appropriate relationship between SACU and the SADC? How do the two overlap? How would integrating the two benefit South Africa and its neighbours?
- Although greater regional integration is a goal, is there sufficient support in South Africa (and in the other countries) for regional integration, as implemented through SADC and similar organisations?
- What is the most appropriate sequence to follow in planning for trade, sectoral cooperation, and macroeconomic and currency integration? There is no avoiding the fact that South Africa will have to make strategic trade-offs to implement regional cooperation and integration. It may be necessary, for instance, to cede certain national

opportunities for regional benefit on the assumption that regional growth will benefit the South African economy. However, regional growth may benefit only some sectors of the domestic economy (such as financial and professional services) to the detriment of other sectors (especially labour-intensive lower-wage sectors like mining). Similarly, freer trade within the region may benefit South African business at the expense of its neighbours.

Deepening South Africa’s relations with its direct neighbours and the rest of the continent requires pragmatism concerning macroeconomic coordination and integration, infrastructure development, the voluntary and involuntary movement of people, and effective management of natural resources. The movement of people and effective management of natural resources are cross-cutting issues in regional integration narratives and will be addressed later in this chapter. However, there are also undisputed benefits of cross-border trade in goods and services.

Trade facilitation frameworks

Infrastructure and cross-border procedures

Regional trade is best facilitated by a framework that includes physical transportation networks and standardised procedures and process of warehousing, customs and clearing processes and safety of transportation. A good road cannot facilitate trade if there are disruptions at border posts and in customs procedures; these need to be made more efficient and all blockages need to be opened. Functionally integrating South Africa into regional and global production and supply chains necessarily includes:

- Creating adequate warehousing and logistic facilities
- Instituting efficient procedures at customs and border posts

- Standardising government policies and regulations to avoid duplicated processes and delays.

These factors contribute significantly to creating and managing efficient supply chains. Efforts to strengthen regional trade can draw on international best practice. For instance, in the Asia-Pacific Economic Cooperation region, the Australian Treasury created a standard business report programme to reduce regulatory burdens in member countries by eliminating duplicated data entry and maximising the use and reuse of information across government agencies. South Africa, drawing on international and regional experience, should encourage better cross-border integration and cooperation by harmonising and standardising policies and regulations, as well as facilitating cooperative arrangements between customs administrations and other state agencies.

The Maputo corridor, a trade route connecting north-eastern South Africa, Swaziland and south-western Mozambique with the port of Maputo, is an example of relatively successful integration and coordination that has involved the public and private sectors. Its direct benefits include:

- Stimulating trade through adequate infrastructure and reliable, transparent practices and procedures.
- Opening up South African markets to Mozambican producers and improving South Africa's access to global markets by improving the Maputo port.
- Creating jobs through increased economic activity in Maputo and along the corridor, with the ability to shift to higher value-added industry sectors.
- Increasing access to international tourism.
- Improving income generation by encouraging private investment.

- Improved public-sector savings by using private investment in infrastructure development.

Such practical transnational cooperation has become a defining feature of globalisation. The Maputo corridor confirms that the ability to compete in the world economy depends not only on transport systems, but also on trade facilitation frameworks. Such frameworks need to:

- Ensure the physical capacity to support trade and its underlying supply chains.
- Provide appropriate regulations, including customs procedures, to ensure that trade flows abide by the rules and regulations of different jurisdictions.
- Enable accounts to be settled and mitigate risks through a network of banking, finance, legal and insurance arrangements.
- Above all, a trade facilitation framework has to be durable, building traders' trust in its long-term stability and viability.

Currency integration

The pace of globalisation has increased simultaneously with regionalisation over the last four to five decades. The best developed example of regional integration is the European Union. A lesson that can be learned from the European experience is that trade between countries can be significantly enhanced by currency integration. While South Africa should be fully aware of the potential benefits for trade and investment, policy-makers should also remain aware of the trade-offs and challenges that come with monetary union.

Nonetheless, selective expansion of existing regional monetary unions could serve as useful building blocks towards a continental common currency. However, given the widespread lack of fiscal stability evident in many African countries, no such steps are likely in the immediate future. South Africa's financial system is highly developed,



Weighting individual gains against costs of a united African currency

FIG 7.1 WEIGHTING INDIVIDUAL GAINS AGAINST COSTS

Some economics would gain and others would lose from the proposed African regional and subregional monetary unions. Full monetary union among either West African Monetary Zone or Economic Community for West African States' members would be undesirable for most members.

	Gainers	Significant losers
Common Market for Eastern and Southern Africa	Angola, Ethiopia, Malawi, Seychelles, Sudan, Zambia, Zimbabwe	Egypt, Kenya, Madagascar, Mauritius, Namibia, Swaziland, Uganda
East African Community	Kenya	
Economic Community of West African States	The Gambia, Ghana, Nigeria, Sierra Leone	Benin, Burkina Faso, Cote d'Ivoire, Mali, Niger, Senegal, Togo
Southern African Development Community	Angola, Botswana, Democratic Republic of Congo, Malawi, Mozambique, Seychelles, Tanzania, Zambia, Zimbabwe	Lesotho, Namibia, South Africa, Swaziland
West African Monetary Zone	Nigeria	The Gambia, Ghana, Guinea, Sierra Leone

Source: International Monetary Fund, 2004

especially when compared with its regional neighbours. This disparity, and unevenly developed financial systems, would count against South Africa in a common currency system as suggested by the table above, which lists those countries that would benefit and those that would lose from a joint currency.¹²

Regional trade agreements

Regional trade agreements are typically driven by three basic objectives:

- To promote market integration
- To develop regional infrastructure
- To strengthen stability, predictability and transparency in regional governance.

While the Common Market for Eastern and Southern Africa (COMESA) and the Economic Community of West African States (ECOWAS) have made significant advances in this area, similar

progress has yet to be made in the rest of Africa. Policy-making needs to begin with what actually exists, and proceed with a clear understanding of the types of regional formations that South Africa would like to create or be part of. If the objective is to accelerate continental integration as a step towards a united Africa, then discussions about continental diversity are needed – particularly the differences between South Africa and frail, weak or collapsed states. Such a discussion would raise important questions about leadership. The way forward requires consultation and deliberation at all levels.

There has already been significant cooperation in agreements regarding the provision of regional public goods. The African Union and ECOWAS have become important providers of security, and the West Africa Telecommunications Regulatory Agreement has promoted harmonisation and

integration of telecommunications in West Africa. Over the past three decades, several states in Africa and in the Eastern Caribbean have also used forms of outsourcing (to regional organisations) as a way to reduce costs, and increase the quality of public service and the provision of public goods. In sub-Saharan Africa, the *Banques des Etats d'Afrique Centrale* and the *Banque Centrale des Etats de l'Afrique de l'Ouest* have pioneered multi-country central banking. The *Organisation pour l'Harmonisation en Afrique du Droit des Affaires* has harmonised business law among member countries in central and west Africa. These are evidence of growing and successful integration on the African continent.

HUMAN SECURITY

Since the end of the Cold War there has been an increased shift in focus from security as a military issue to considering security as a broader social matter to include job security, social safety nets, access to water and food security, among other. Some of the lessons that have been learned over this period is that greater liberalisation tends to open countries up to external threats. It is well documented that international travel can transfer communicable diseases from Hong Kong to Canada within 24 hours. This is an unavoidable negative externality of international travel. It is also unavoidable as countries open their borders. It follows that greater liberalisation and integration raise a number of issues that extend beyond trade, economic and financial matters, yet have an impact on international amity. The most important of these are:

- Cross-border crime, including piracy and counterfeit goods
- Pressures on natural resources, especially water
- The voluntary and involuntary movement of people
- The spread of communicable disease.

TRANSNATIONAL CRIME

Piracy

Two areas in cross-border crime have a significant effect on South Africa and the region: maritime piracy, which poses a threat to South Africa's trade, and counterfeit drugs, which significantly amplify the humanitarian crisis in communicable diseases, especially HIV/AIDS and waterborne illnesses, and human trafficking. Direct interventions need to be made in both areas.

Maritime piracy is putting the continent's coasts and ports under increasing pressure. Even though piracy has not yet penetrated South Africa's local waters significantly, efforts need to be made to prevent the problem from spreading along the country's coastline. This is especially important in light of the fact that about 95 percent of South Africa's trade volume (about 80 percent by value) is seaborne. Seven commercial ports handle an estimated 200 million tons of freight a year, equivalent to about 3.5 percent of world sea trade volumes. This places South Africa among the top 15 international maritime trading nations.¹³

Maritime piracy costs the global economy between US\$7 billion and US\$12 billion a year, with the African coastline being the hardest hit. The most significant increase in global maritime piracy has been along the eastern seaboard of Africa where between 1998 and 2008, there was a 19.4 percent increase in piracy and armed robbery at sea.¹⁴ It is possible that maritime piracy along the East African and South African coast will have an impact on the economies of landlocked countries like Malawi, Zambia, Botswana, Zimbabwe and Swaziland. South Africa's approach to maritime piracy should, therefore, be shaped by our own priorities and expectations, as well as those of our regional partners.

The Commission agrees with the national Ministry



of Defence that there is an urgent need to strengthen South Africa's navy. The country and its interests in the region are becoming increasingly vulnerable. In 2006, the global total of hostages at sea was 186; by 2010 the figure for the Indian Ocean alone was 1 016. Of particular concern to South Africa is that, in the 12 months between March 2011 and the February 2012, there were 57 pirate attacks in Tanzanian territorial waters. This marks a distinct move in piracy from the Horn of Africa, south along the coast and into the SADC area.

The Commission recommends that South Africa places particular emphasis on combating maritime piracy along the east coast of Africa. To begin with, as part of Tripartite Free Trade Area negotiations, South Africa should extend the current agreement that allows the South African Navy to undertake operations in Mozambican and Tanzanian waters, to include Kenya. South Africa's anti-piracy operation, which involves the South African Air Force, Special Forces and South African Military Health Services as well as the South African Navy, must be strengthened in order for operations to be sustained.

Given the urgency of the matter, policy-making should address formal legal institutional arrangements such as the United Nations Convention on the Law of the Sea and the Suppression of Unlawful Acts against the Safety of Maritime Navigation Convention. South Africa should also insist that its trading partners harmonise domestic legislation in accordance with global best practice. While significant attention has been focused on the coast of Somalia, there is increased concern over the spread of piracy along the coast of West Africa and specific threats to South African waters. This problem is especially acute in the context of increased port congestion. Africa's shipping volumes have been rising more rapidly

than the global average, with increasing direct costs (port congestion penalties or surcharges) and indirect costs (inventory, idle ships and trucks).

Counterfeit goods

Counterfeit goods have resulted in hundreds of millions of US dollars in lost tax revenue across Africa. The East African Community (Burundi, Kenya, Rwanda, Uganda and Tanzania) reports more than US\$500 million in unpaid taxes as a result of counterfeit goods. Tanzania in particular reports losing between US\$370 million and US\$617 million per year due to tax evasion related to counterfeit goods. These countries are part of the emerging Tripartite Free Trade Area.

The sale of counterfeit drugs is a particular problem, both because of the health risks it poses and because it reduces the sale of legitimate drugs. A 2009 United Nations report found sales of 45 million counterfeit anti-malarial medicines generated US\$438 million in revenues for criminal syndicates. Another report contended that counterfeit drugs sold in Kenya represent about 30 percent of drugs sold in that country, equalling approximately US\$130 million annually.¹⁵ In Angola, the National Department of Intellectual Copyright Crime of the Economic Police reported that approximately 70 percent of medicines used by the Angolan population were forgeries. Nigerian health officials estimated that 70 percent of drugs in circulation in the country are either fake or adulterated.¹⁶

Counterfeit pharmaceuticals also reduce economic incentives to develop new products and decrease brand value, brand reputation and competitive advantage. Economic analyses by the Organisation for Economic Cooperation and Development show that foreign direct investment from Germany, Japan and the US is higher in economies with lower rates of counterfeiting, and that multinationals are

less likely to invest in countries where they are likely to have their products copied. Rights holders investing in Kenya reportedly lose an estimated US\$390 million annually to counterfeiting and piracy.

It is in the interests of all African countries to act aggressively to mobilise awareness and take a lead in the International Medicinal Products Anti-Counterfeiting Taskforce (IMPACT). Domestically, South Africa should focus on five important areas:

- **Legislative and regulatory infrastructure.** Stronger legislation will help empower those who have to deal with counterfeits and counterfeiters in the course of their work, namely, the police, customs officials and the judiciary.

- **Regulatory implementation.** Regulatory oversight of pharmaceuticals – especially of distribution channels – must be strengthened. It is important that there is coordination between health authorities, the South African Police Service, customs and South Africa's judiciary to ensure proper regulation, control, investigation and prosecution.

- **Enforcement must be strengthened.** South Africa should work with regional government officials and with the World Customs Agency and Interpol to identify sources of counterfeit medicines that enter the country and the region.

- **Synchronising technology.** Matching the technology (hardware and software) of countries in the region is essential in order to speed up lengthy legal and administrative processes.

- **Risk communication.** In collaboration with IMPACT, South Africa must institute the mechanisms required to both respond to – and alert stakeholders and the public about – counterfeit medicines entering or leaving the country.

These efforts should be integrated with policing of transnational crime and the creation of a centralised crime database, the creation of specialised organised crime units and widening the scope of joint operations between policy agencies in the region to include pharmaceutical crime.

Regional cooperation to find synergies and address pressure on natural resources

Effective regional integration is predicated on meaningful cooperation in the management of common-pool resources, on burden-sharing and on the creation of institutions to manage these processes. Evidence from international experience has shown that liberalisation – the opening of political economies – creates contagion mechanisms such as the exchange of goods, capital and the movement of people that can place increased pressure on natural, human and institutional resources. These pressures are critical in areas of human security, especially access to water, power in food security and protecting biodiversity. The management of regional integration – from creating effective regimes to establishing institutions for the day-to-day operations of cooperation – should therefore be comprehensive and effective to meet domestic, regional and continental obligations. The NPC recommends that urgent attention be given to water scarcity in the region to promote and protect regional diversity, strengthen regional production and improve resilience.

Most of southern Africa faces critical water shortages, requiring purposeful and urgent transnational interventions. Such interventions should be mutually beneficial for the participating member countries, as is the case with phase 2 of the Lesotho Highlands Water Project and the further development of the Orange-Senqu River to meet Namibia's water needs.

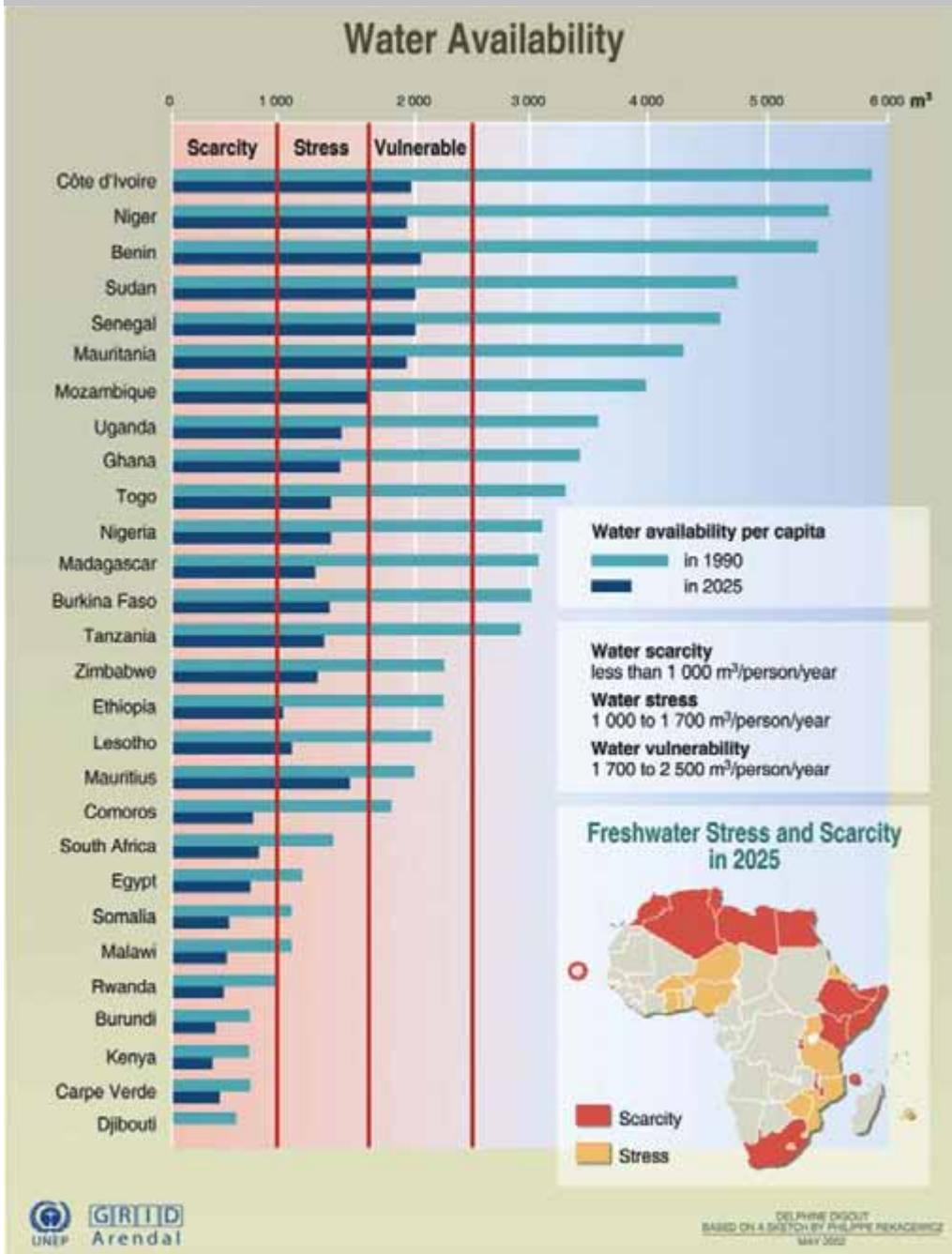


Managing southern Africa's natural resources on a regional, as opposed to a local or national basis, would help countries in the region manage climatic variability and help to maintain food security. A dry spell that reduces agricultural production in one sub-region may be addressed by production from another. Cooperative policy-making and institutional arrangements could help to make the southern African region more resilient to climatic

variability and generate other complementarities, allowing countries to specialise in areas where they have the greatest advantage.

Much of Africa's natural-resource scarcity is economic rather than physical. Most of sub-Saharan Africa uses only a small proportion of its available water, suffering from regular droughts primarily because there is no infrastructure to capture and

FIG 7.2 PROJECTED POPULATION GROWTH AND WATER STRESS IN AFRICA, 1990–2025



Source: United Nations Economic Commission for Africa, 1999¹⁷

store water for use in dry periods. Africa needs investment in water-management infrastructure. Similarly, there are extensive areas of unused arable land that are unlikely to be commercially developed unless there is investment into the infrastructure and institutions needed to transport produce to markets.

Regional integration would address economic scarcity through targeted policy interventions and public investment, as is already occurring under the Comprehensive Africa Agriculture Development Programme of the New Partnership for Africa's Development. An emerging challenge is the extensive interest shown by external investors in acquiring large tracts of land for commercial agriculture. While such investment may reduce economic barriers to the effective use of natural resources and create new market opportunities, capital-intensive agriculture may not address poverty and could result in displacement of poor people, adding to migration pressures.

Migration

The relatively unrestricted movement of labour across the region and the continent can contribute significantly to more inclusive economic growth. Migrants have played an important role in South Africa's economic development and regional integration since the late 19th century and it is likely that this trend will continue. While exact figures on immigration flows are elusive, and unemployment on the continent is much higher than commonly assumed, South Africa's relatively stable economy makes the country highly attractive for immigrants. South Africa should create incentives for highly-skilled workers to take up positions and share our own professional expertise in the region. This approach to immigration and migration, in general, can be managed through established formal organisations like SADC, as well as through institutions like the Southern African Regional

Universities Association. A systematic promotion of regional economic growth would create conditions for greater movement of people in the region, with mutually beneficial outcomes for all the countries on the sub-continent.

The United Nations High Commission for Refugees estimates that there are 12 million internally displaced people in Africa as a result of conflict and/or different levels of state failure. In addition, there are many "environmental refugees", who have been forced to leave their homes because of environmental disruption (natural and human) jeopardising their existence. It has been estimated that by 2020, there will be 50 million environmental refugees, the vast majority of these in the developing world, especially in Africa.¹⁸ Over the past several decades, North African migrants have fled to Europe, owing in part to the desertification of the Sahel. Given the weaker economy in Europe and moves to tighten European Union immigration controls, some of these migrants may now move south.

South Africa urgently needs a two-pronged decision on migration: a qualitative and quantitative research project on migration into the country, and clear policies on how to address the additional burden(s) that migration places on national resources. Consultation in both areas must include the Departments of Home Affairs, Labour, Trade and Industry, Human Settlements, the Department of International Relations and Cooperation and provinces that border neighbouring countries.

Increase in communicable disease

Greater openness of South Africa's borders is likely to result in an increase in the transmission of infectious disease. Malaria costs African countries an estimated US\$12 billion each year in lost output. In sub-Saharan Africa, the economic cost of tuberculosis-related deaths, including those



resulting from HIV co-infection, is estimated to be around US\$50 billion each year.

At the same time, the openness of South Africa's borders will result in improved sharing of knowledge and information, which will help countries in the region deal with their health issues by, for example, helping poor countries that lack medical, technological and financial resources to respond to outbreaks of disease. One of the most important causes of the spread of HIV/AIDS in Africa (and elsewhere, for that matter) is a lack of access to information and knowledge. Poor countries lack the resources to prevent the spread of communicable diseases through surveillance, research and treatment.

Policy-makers can look at global best practice employed by institutions such as the United States Centres for Disease Control, the United Kingdom's Royal Society for Hygiene and Tropical Medicine, and the French *Instituts Pasteur* to find ways of creating early-warning systems about outbreaks of disease.

South africa in the world

South Africa needs to understand the way in which the world will change beyond 2030. The Commission therefore recommends that the Department of International Relations and Cooperation, in collaboration with South Africa's research and corporate institutions, conduct a qualitative scenario-plotting exercise to give policy-makers a sense of the world in which South Africa will operate in 2030 and beyond.

To do this, the Commission recommends that the research capacity of the department be strengthened. This will be addressed more fully below. We believe the department has the human capacity, but is lacking a clear directive to establish or strengthen existing research. Such research

capacity is needed if the department is to support the government and local businesses in making policies.

While political economic predictions and projections are notoriously unreliable, the outcome of such an exercise could nonetheless help guide domestic and international decisions for the next 20 or 30 years. To get a sense of the possibilities, the Commission produced, from readily available data, a growth scenario for 147 countries to 2050. This scenario takes into consideration the effects of capital, labour and energy on economies. It found that, accounting for relative price variations:

China will account for 33 percent of the world economy by 2050. By contrast, the US will account for 9 percent of the world economy; India, 8 percent; the European Union, 12 percent; and Japan, 5 percent.

China's economy is expected to overtake that of the US at around 2020 (or 2040 at constant relative prices). However, in terms of standards of living measured by GDP per capita in purchasing power parity, China will still lag 10 percent behind the US by 2050.¹⁹

The following figures, created from data produced by Goldman Sachs's Global Economics Research Group, provide empirical projections of global economic power based on size of GDP.

Audit of foreign representation

A thorough audit of South Africa's foreign representation is needed in order to understand what it costs South Africa to maintain foreign missions. This audit should include detailed explanations of diplomats' salaries and expenses abroad, compared to those of diplomats from other middle- and high-income states. The Commission believes that it is unacceptable for South Africa's

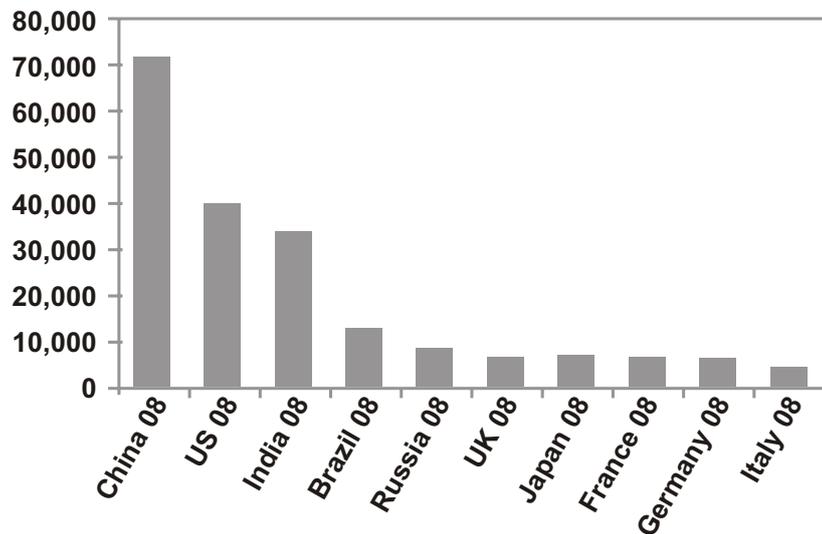
diplomats to earn the same salaries as their counterparts from the wealthiest countries in the world.

South Africa's diplomatic interactions should include experts from private commercial, banking and scientific institutions. The department should gather knowledge about, and coordinate interactions between, local representatives from these sectors and their international counterparts. This is especially necessary in economic diplomacy, where discussions of technical issues can be undertaken by specialists who tend to share the same background in education and training and are therefore well

positioned to reach an agreement on the practical steps that need to be taken. Restoring the role of technical and epistemic expertise in diplomacy is vital for effective regional and international cooperation and integration.²⁰

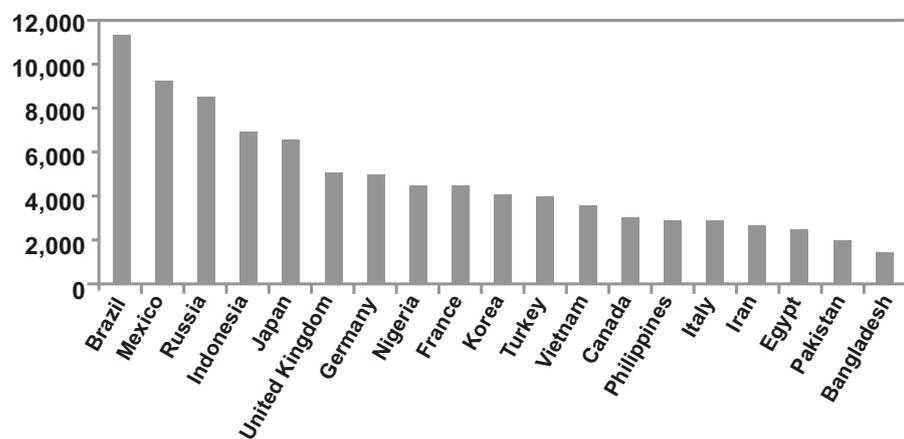
These changes within the Department of International Relations and Cooperation are, essentially, about organisational reform. The NPC believes that the department's organisational capacity should be strengthened considerably, to focus on research and to reflect the changes under way in the global political economy. On this basis, the department should get appropriate training and

FIG 7.3 PROJECTIONS OF ECONOMY SIZES IN 2050 (US\$ BILLION)



Source: Goldman Sachs Global Economics Research, 2007

FIG 7.3 PROJECTION OF ECONOMY SIZES IN 2050 (EXCLUDING THE US, CHINA AND INDIA) (US\$ BILLION)



Source: Goldman Sachs Global Economics Research, 2007

education, deploy professional diplomats and train or upskill political appointments, improve communication and marketing, and develop an effective interface with civil society and academia in order to build the required capacity.

Public diplomacy is fundamental to South Africa's projection of soft power. It is important to develop a more sophisticated public diplomacy strategy that encompasses more than a communications function. Public diplomacy should use new media and social networking, as well as people-to-people initiatives. The NPC proposes that the Department of International Relations and Cooperation adjusts the country's foreign policy objectives to match South Africa's position as a middle-income country. In this respect, the department may wish to evaluate the suitability of its current structure in terms of its mandate and delivery needs. Such an evaluation should look at the country's diplomatic footprint across the world, and develop a more professional diplomatic service.

The NPC has identified the need for greater resources for research and analysis. It is suggested that the department's research and analysis are autonomous from the operational elements of country-specific desks. The purpose of this unit would be to focus on "big-picture" and "over-the-horizon" issues on international affairs, and provide alternative analyses and options on specific problems and incidents in the international domain. The department should increase its focus on economic diplomacy training and develop officials to be specialists, rather than generalists in areas like climate change, trade negotiations, peace and conflict resolution and mediation, and human security issues.

CONCLUSION

Since its historic elections in 1994, South Africa enjoyed a significant presence in world affairs,

regional politics and in Africa. This general standing declined in the region, on the continent and in the world, but some of this decline has been halted by the country's membership of BRICS. In more specific terms, South Africa has declined in areas of global competitiveness and business confidence. Domestically, the historic phase of macroeconomic stability and growth between 2000 and 2008 has lowered poverty marginally, but failed to address the growth of inequality and absorb more labour into the economy. However, the country's infrastructure is crumbling; it faces critical shortages in new energy sources and unpredictable climatic conditions have placed enormous burdens on our agricultural production as much as they have on access to potable water. To address these issues, the NPC recommends that foreign policies be based on immediate domestic demands, and on regional burden-sharing on common resources, like access to water, biodiversity, energy-generation, increased functional integration through trade and investment and efficiencies in the transfer of goods, services and the movement of people in the region, on the continent and globally.

The NPC is of the view that South Africa's foreign relations and diplomacy must be informed by the strategic interplay between political, economic, security, environmental and human dynamics. Positioning South Africa in the world must start with establishing greater efficiency (and effectiveness) in regional regimes and institutions (notably in SACU, SADC and the evolving Tripartite Free Trade Area); in the country's multiple international affiliations, especially in the BRICS and the global south; in multilateral relations; and in the institutions of global governance.

As a middle-income African country, there needs to be a more comfortable fit between critical domestic socioeconomic demands, regional and continental obligations and international cooperation through



BRICS and the world. Foreign policies cannot be disassociated from these demands and obligations. They should be made through engaging with domestic constituents like the business community, the Development Bank of Southern Africa and arts, culture and sporting bodies, which ultimately constitute the relations between countries. In other words, although the South African government may negotiate access to global cultural exchange, it is social movements that interact with their counterparts in other countries. The government must create an environment for businesses, researchers and academics – the main drivers of wealth and knowledge creation – to interact with their foreign counterparts to improve the intellectual resources and economic prosperity of the country and the region.

If South Africa wants to eradicate poverty, reduce

inequality, build a capable state and a cohesive society with high levels of trust among the population, it needs to make its economy more inclusive and accessible, and affirm the country's identity as a leading presence in the region, on the continent and in the world.

International relations need to be grounded in realities of the international competition for resources that are, in some cases, scarce and diminishing, and in other cases, unpredictable. Foreign relations must not be approached as a zero-sum game. South Africa has a deep history of alignment and cooperation with countries of the global south. The key is to make foreign relations and multiple transnational affiliations work better for South Africans, first.



NOTES

1. The Tripartite Free Trade Area will join 27 countries in a free trade area from Cape to Cairo. These countries are: Angola, Botswana, Burundi, Comoros, Democratic Republic of Congo, Djibouti, Egypt, Eritrea, Ethiopia, Kenya, Lesotho, Libya, Madagascar, Malawi, Mauritius, Mozambique, Namibia, Rwanda, Seychelles, South Africa, Sudan, Swaziland, Tanzania, Uganda, Zambia and Zimbabwe.
2. An international association of emerging economies comprising Brazil, Russia, India, China and South Africa.
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10. This distinction between institutions and organisations is important. The former may include practices, customs or traditions (the best developed example being diplomacy) and the latter refers to establishments with offices and staff, such as the African Development Bank or SADC.
11. The reference to "deepen" is an acknowledgement that existing agreements on trade in goods and services are at different stages of development.
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