

Strategic Analysis Paper

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South Africa: National Involvement in the Indian Ocean Region

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Key Points

- South Africa is an emerging regional power. As such, it has taken on a greater leadership role within the region and has increased its participation in multilateral organisations.
- Economic disparities, high levels of unemployment and low levels of investment are among the key challenges confronting South Africa.
- Piracy is a continuing concern within the region and South Africa has increased its presence in regional waters accordingly. Co-operation with Mozambique, Tanzania and France, to secure important Sea Lines of Communication, has helped to prevent the southward expansion of Somali pirates.
- The growth of the South African economy may offer an opportunity for increased trade with Australia, particularly in terms of the resources industry and Australia's technological capacities.

Summary

South Africa's involvement in international affairs has increased greatly since the end of the apartheid era. While its policies tend to prioritise development within the African continent, it maintains a degree of involvement in the Indian Ocean Region (IOR). Through varying degrees of multilateral interaction, South Africa has developed outward-looking strategic

objectives, designed to ‘protect and promote’¹ its domestic interests. Involvement in regional diplomacy; maintaining and improving security; and continuing economic expansion, are all elements of South Africa’s involvement in the Indian Ocean Region. These priorities balance its burgeoning relationships with China and India.

Analysis

Regional Co-operation and Diplomacy

South Africa takes similar positions to other countries in the IOR on many political, economic and social topics. South African participation in regional organisations, such as the India-Brazil-South Africa Dialogue Forum (IBSA), the New Asia-Africa Strategic Partnership (NAASP), the Indian Ocean Rim Association for Regional Co-operation (IORARC), and the Forum on China-Africa Co-operation (FOCAC), has cemented relations. South Africa has also established many diplomatic missions across the region.

Since 2005, South Africa and Indonesia have co-chaired the Asian-African Summit (now NAASP), allowing them to collaborate and co-operate on socio-economic and development issues. They have also begun to pursue a bilateral relationship in the areas of trade and investment. South Africa has pledged further commitment to its Indonesian partnership by participating in the “Bali Roadmap Process”, a framework for strengthening climate change negotiations.

In regional diplomacy, South Africa pursues a peacemaking role. Its stance as a non-aligned member of the IOR has developed around anti-conflict and political crisis initiatives. South Africa’s diplomatic reputation has been enhanced by Pretoria’s role in encouraging political dialogue in countries of crisis. Its support for a resolution to the continuing crisis in Somalia has been unwavering. Recent initiatives include humanitarian efforts, such as the allocation of eight million *rand* (\$872,700) in August 2011 to the South African famine relief programme’s operations in Somalia.

In relation to the constitutional crisis in the Comoros, Pretoria voiced its support for a ‘multilateral approach to the resolution of the conflict’. The current positive stance in South Africa’s international diplomacy overturns a precedent of less cordial relations.

In its relations with Zimbabwe, however, the reluctance of former president Thabo Mbeki to directly criticise Robert Mugabe over poll-related violence garnered international criticism. Mbeki’s successor, Jacob Zuma, has been equally reluctant, despite the African National Congress and trade unions urging South Africa to take a stronger line against the violence.

In keeping with its peacemaking role, South Africa has played a key role in the Madagascar crisis. Following the 2009 coup d’état, South Africa, along with many other states, placed sanctions on Madagascar. The former leader of Madagascar, Marc Ravalomanana, has since exiled himself in South Africa. South Africa, as the de facto head of the Southern African

¹ ‘Strategic Plan 2009-2012’, Department of International Relations and Co-operation: Pretoria, 2009. <<http://www.dfa.gov.za/departement/stratpla2009-2012/strategicplan2009%20-%202012.pdf>>

Development Community (SADC), has pushed for dialogue between Ravalomanana and current president Andry Rajoelina. It hosted a meeting in the Seychelles in July 2012, in which Zuma was mediator. Although the meeting yielded few results and was unsuccessful in facilitating the return of Ravalomanana to Madagascar, it did open the way for further discussions. This is a clear example of Zuma's involvement in peacemaking within the region and reflects South Africa's regional influence.

Economic

South Africa's primary strategic objectives in the IOR are economic. The South African economy is an emerging economic player and is widely considered to be the "regional springboard" into greater Africa. Despite the growing involvement of India, South Africa's main trading partners – China, the United States, Japan, Germany, Switzerland and the United Kingdom – lie outside the IOR. The growing involvement of China and India in the resource sectors of various African countries has resulted in a significant inflow of foreign investment into South Africa.

South Africa acknowledges its strategic relationship with China as a policy priority. China is South Africa's primary trade partner, with trade exceeding US\$20 billion in 2011. It recently overtook the United States as South Africa's largest export destination. South African exports primarily consist of steel and raw materials, such as iron ore. China contributes heavily towards South African development and construction, including funding for housing and airport projects. By improving efficiency in South Africa, China is expanding its own capacity to pursue its interests within that country. Strong bilateral ties with Beijing have been reinforced through organisations such as FOCAC and by the 2010 Beijing Declaration for a "comprehensive strategic partnership".

Aside from their bilateral relationship, both South Africa and China are aspiring regional powers, symbolised by their membership in the BRICS grouping. South Africa, which joined the group in 2010, has used the opportunity to increase its international credibility. In that context, South Africa's importation of military hardware has piqued China's interest in aligning defence objectives between the two countries. As China continues to develop and gain international influence, its co-operation with South Africa is expected to expand.

Similarly, bilateral relations between India and South Africa are deepening. South Africa is the leading destination for Indian exports to Africa. The level of trade between the two countries has increased from five to 20 per cent over the past five years. Bilateral trade, currently at US\$10 billion, is poised to reach US\$15 billion in 2014. The conclusion of the Southern Africa Customs Union-India Preferential Trade Agreement, after only two rounds of negotiations, promises strong economic involvement between the two countries. The warm political relationship with India also creates the potential for extensive and much needed skills transfers.

Investment by both China and India in South Africa continues to increase, as competition over African resources intensifies. The global "resource scramble" has rendered South Africa an increasingly appealing site for investment. To maintain future development and satisfy voracious resource appetites, China and India are vying for access to the South Africa land

and resources. For example, India has recently overtaken China as the largest importer of South African coal, with estimated purchases of over 20 million tonnes in 2012.² While the buying up of arable farmland by external parties provides South Africa with much-needed foreign direct investment, it limits the land that can be used to satisfy its own domestic food and agricultural requirements. AgriSA, South Africa's largest farming union, arranged a 35,000 hectare land lease in Libya during 2009,³ allowing South African farmers to lease land there for up to 105 years, to grow maize, soya beans, poultry and dairy. Such deals could serve to alleviate future shortages. Following the Arab Spring, however, the new transitional government in Libya may choose not to uphold such arrangements.

South Africa is also beginning to explore market opportunities within South-East Asia, with the potential for strengthening economic ties between the SADC and the Association of South-East Asian Nations (ASEAN). Although South Africa's Asian partnerships are predominantly with China and India, there is significant scope for increasing relations with the countries of South-East Asia. South Africa's hoped-for economic growth rate of five per cent – if it eventuates, that is – bodes well for trade relations. Increased government investment in job creation and a reduced unemployment rate will assist in maintaining a high demand for imports. Bilateral relations with Singapore appear particularly promising, with current interaction existing in trade promotion, tourism and education. Two-way trade reached US\$2.06 billion in 2011, prompting discussions on the possibility of a free trade agreement between Singapore and South Africa.

Like the rest of the country, the South African business community awaited President Zuma's annual State of the Nation Address with interest. While economic matters certainly featured in the 14 February address – something that may help to increase investor confidence, which is currently at low levels – few specifics were given. The National Development Plan, a centrepiece of the address, is a recent adoption by the Cabinet, and attempts to address issues of national importance. To put the Plan into practice, President Zuma will need to focus on infrastructure, how it will be financed and how it will be maintained, while controlling graft and nepotism, to ensure the required growth rates of five per cent or above.

Security

While the maritime dimension has long been a defining characteristic of the security environment in the Indian Ocean Region, South Africa is less prone to border conflicts and disagreements over sea lines of communication with its neighbours. As a result, the limited logistical capabilities of the South African Navy have proved to be problematic in efforts to prevent maritime piracy along the east coast of Africa and Somalia. Somali pirates pose serious problems for South Africa's economy, as the surrounding waters are a busy thoroughfare for trade. Pirates are able to operate with relative freedom, as few African countries are able to respond effectively to the attacks.

² Reuters, 'India coal imports seen at 100m tons', 15 October 2012.

<<http://www.iol.co.za/business/business-news/india-coal-imports-seen-at-100m-tons-1.1403131>>.

³ Zigomo, M., 12 October 2009, 'S. Africa Farmers Want Land in Zimbabwe Investment Pact', Food Crisis and the Global Land Grab. <<http://farmlandgrab.org/post/view/8256>>.

In response to the increased threat of attacks on vessels, the South African Navy prepared a force of frigates and logistical support vessels to patrol the Mozambique Channel. The channel carries most of South Africa's maritime trade and oil imports, giving it considerable strategic importance. Military helicopters have also been deployed to routinely fly over the region to offer assistance to the anti-piracy efforts.⁴ Such efforts have helped to strengthen South Africa-Mozambique relations, as the two countries work together to stem piracy.

Co-operation between Mozambique and South Africa over the piracy issue has been reinforced by the signing of a Memorandum of Understanding (MoU) in late 2011 and the establishment of two Maritime Domain Awareness Centres in 2012. The MoU followed bilateral and trilateral (with the inclusion of Tanzania) operations in concert with the French Armed Forces. These operations specifically focussed on anti-piracy capabilities, with the objective being increased interoperability. As previously reported by Future Directions International, the Mozambique Channel is a 'highly strategic waterway'.⁵ It represents a major security vulnerability that could result in significant crises for the economies of South Africa and Mozambique. While Mozambique lacks the capacity to stem piracy off its coast, implementation of the MoU and the combined efforts of South Africa, France and Tanzania have done much to prevent piracy in the waterway.

At the end of the apartheid era, South Africa voluntarily disassembled all of its nuclear weapons. It was the first country to do so. Since the early 1990s, South Africa has been involved in various anti-nuclear efforts. In 1996, it assisted in the establishment of the African Nuclear Weapons Free Zone Treaty (the Pelindaba Treaty), which came into effect in 2009 and declared the African continent a nuclear weapons-free zone. Despite South Africa's leading role in the creation of the treaty, support for a uranium trade with India has recently surfaced. Such support would underscore the South Africa-India relationship, upon which South Africa is dependent for significant investment and trade. In pursuing its trade and political interests, South Africa is divided between its relations with such a primary economic partner and ensuring that it does not undermine its African partners.⁶

Implications for Australia

South Africa-Australia relations have historically been positive, complemented by strong political and economic ties, particularly since 1994. Australia is home to a significant South African expatriate community. Defence ties were given the opportunity to deepen during the *Viarsa* chase of 2003. This was the world's longest sea chase, led by Australian Customs, and concluded 2,000 nautical miles (3,700 km) south-west of Cape Town.

⁴ AllAfrica Global Media, 3 February 2012, 'Mozambique: South African Navy to Patrol Channel'. <<http://allafrica.com/stories/201102040279.html>>.

⁵ Luke, L.G., 'Mozambique Channel Anti-Piracy Efforts Continue to Grow', Future Directions International Strategic Weekly Analysis, Vol. 2, No 44, 23 November 2011. <<http://www.futuredirections.org.au/publications/indian-ocean/29-indian-ocean-swa/307-mozambique-channel-anti-piracy-efforts-continue-to-grow.html>>.

⁶ Christie, S., 'An Armchair Guide to SA's Foreign Policy Challenges', *Mail & Guardian*, 25 March 2012. <<http://mg.co.za/article/2011-03-25-an-armchair-guide-to-sas-foreign-policy-challenges>>.

Mining is important for both Australians and South Africans. Indeed, with over 133 mining projects being operated by Australian companies in 2011, South Africa represents a significant trade opportunity. In addition, 44 per cent of Australian mining equipment and technology service companies in the entire African continent have operations in South Africa. With more companies investing in the South African mining sector each year, the number of projects is expected to increase dramatically over the coming years.

South Africa is Australia's largest trading partner in Africa, accounting for \$2.5 billion of the total \$3.88 billion for all of Africa. This trade is likely to increase as South Africa further develops its infrastructure. Key South African imports from Australia are civil engineering equipment, medicines, wheat and aluminium. There is also considerable Australian investment in South African mining projects. Aside from the purely economic relationship, there is also a range of political agreements between the two countries, further strengthening the relationship and providing the impetus for further consolidation. These agreements include: the Extradition Agreement (2001), Defence Information (2001), Double Taxation (1999 and 2008), Air Services (1995), Science and Technology Cooperation (2006), and Australia, South Africa, and the Climate Change Partnership (2006). These agreements and the close cultural links that Australia and South Africa share, mean that there is the potential to build a stronger relationship without significant obstacles.

Another aspect of the mining sector that can further the bilateral relationship is the export of Australian mining expertise and education. AusAID already participates in such endeavours, with a multi-country study tour of Australian cities and universities for senior government officials with mining-related responsibilities.

Conclusion

Overall, South African involvement in the region is growing. It must be acknowledged, however, that South Africa is still developing its capabilities for greater interaction with the littoral states of the Indian Ocean Region. Increasing bilateral trade, greater involvement in multilateral organisations and increased maritime security operations within its periphery, are all key indicators of Pretoria's desire to play a larger role in the region. Its ability to maintain such involvement though will be heavily influenced by economic concerns.

South Africa is under pressure to maintain its current level of growth. Lauded as one of the world's five strongest emerging economies just four years ago, it has not lived up to expectations since then. South Africa will need to increase its engagement with the wider world to capitalise on the "rise of the rest"; that is, the gradual economic rise of developing states. Economic disparity between the rich and the poor and low levels of investment are significant concerns for the South African Government. These are key issues that will need to be addressed if South Africa wishes to continue to be an emerging global actor. Within the comfort zone of its immediate neighbourhood, South Africa is a regional powerhouse; in the wider region, however, it still has a lot of room to grow.

Any opinions or views expressed in this paper are those of the individual author, unless stated to be those of Future Directions International.

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