

# CRS Report for Congress

## South Africa: Current Issues and U.S. Relations

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## Summary

Over a decade after the South African majority gained its independence from white minority rule under apartheid, a system of racial segregation, the Republic of South Africa remains a regional superpower and is considered to be one of the United States' two strategic partners on the continent, along with Nigeria. With the largest Gross Domestic Product (GDP) on the continent and a President eager to play an active role in the promotion of regional peace and stability, South Africa is poised to have a substantial impact on the economic and political future of Africa. President Mbeki took a lead role in founding the African Union (AU), successor to the Organization of African Unity (OAU), and the New Partnership for African Development (NEPAD). South Africa, twice the size of Texas, has a population of 44 million, of which about 79% is African and 10% white, and a diverse economy. The South African political system is regarded as stable, but it faces serious long-term challenges arising from poverty, unemployment, and the AIDS epidemic.

The African National Congress (ANC), which led the struggle against apartheid, continues to dominate the political scene, controlling the presidency, over two-thirds of the National Assembly, all nine provinces, and five of the nation's six largest cities. The Congress of South African Trade Unions (COSATU) and the South African Communist Party, key ANC partners, have been critical of the Mbeki government, arguing that its policies have increased unemployment and failed to respond adequately to the country's HIV/AIDS epidemic. As the 2009 general elections approach, the ANC's leadership succession debate may highlight a growing rift between these allies.

South Africa has one of the largest HIV/AIDS populations in the world, with between 5.3 and 6.2 million South Africans reportedly HIV positive. The Mbeki government's policy on HIV/AIDS has been controversial. The country has weathered a series of corruption scandals, and continues to struggle with high crime and unemployment rates. Nevertheless, South Africa is currently experiencing its longest period of steady economic growth, and analysts expect the government's widely praised economic reform program to show substantial results.

U.S. relations with South Africa are cordial, and South Africa has benefitted from export opportunities offered under the African Growth and Opportunity Act (AGOA, P.L. 106-200). However, the U.S. and South African administrations have expressed differences with respect to the situations in Zimbabwe, Iran, and Iraq, and U.S. officials have expressed frustration with the South African government on positions it has taken while serving on the United Nations Security Council.

This report will be updated as significant changes occur. Related CRS reports include CRS Report RL33584, *AIDS in Africa*, and CRS Report RL30751, *Diamonds and Conflict: Policy Proposals and Background*, by Nicolas Cook; as well as CRS Report RL31772, *U.S. Trade and Investment Relationship with Sub-Saharan Africa: The African Growth and Opportunity Act and Beyond* and CRS Report RS21387, *United States-Southern African Customs Union (SACU) Free Trade Agreement Negotiations: Background and Potential Issues*, by Danielle Langton.

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# South Africa: Current Issues and U.S. Relations

## Background

The people of South Africa are highly diverse. Black Africans make up more than three-quarters of the population, but come from several different ethnic backgrounds. Most whites are Afrikaans speakers of Dutch, German, and French Huguenot ancestry, but there is a substantial English-speaking white minority. The remainder of the population are Asians, largely of Indian descent, and people of mixed race, widely referred to as "Coloureds."

South Africa's economy, the largest on the continent, is diverse as well. South Africa produces wine, wool, maize and other agricultural products for export, although only about 12% of the country's land is suitable for agriculture. Moreover, South Africa is the world's leading producer of gold, platinum, and chromium. Major industrial sectors include automobile assembly, chemicals, textiles, foodstuffs, and iron and steel production. South African cell phone companies and other firms are active throughout sub-Saharan Africa, and South African Breweries, which renamed itself SABMiller after acquiring Miller Brewing, operates on a global scale. The service sector recently surpassed mineral and energy resources as South

Africa's primary income earner, according to the World Bank. The country's stock exchange is among the 10 largest in the world, and South Africa is one of the few countries on the continent to rank as an upper middle income country. Despite South Africa's many economic strengths, however, the country ranks third (behind Namibia and Brazil) as one of the most unequal societies in the world in terms of income distribution. The majority of black South Africans live in poverty, and South Africa's cities are surrounded by vast informal housing settlements known as "townships."

### South Africa in Brief

*Population:* 44 million (2007 est.)

African, 79%; whites, 9.6%; mixed race, 9%; Asian, 2.5% (2001)

*Population Growth Rate:* -0.46% (2007 est.)

*Approximate size:* twice the size of Texas

*GDP:* \$200.5 billion (2006)

*GNI per capita (Atlas Method):* \$4770 (2005)

*Unemployment:* 25.5%

*Living in poverty:*

whites, 3%, Africans, 59% (2001)

*Life Expectancy:* 42.45 years (2007)

*Prevalence of HIV/AIDS:* 18.8% (2006)

*Literacy:* 86.4% (2003 est.)

*Religion:* 80% Christian, 2% Muslim, 4% Other, 15% None (2001)

*Language most often spoken at home:*

Zulu, 24%; Xhosa, 18%; Afrikaans, 13%;

Sepedi 9.4%, English 8.2%, Setswana 8.2%,

Sesotho 7.9%, Xitsonga 4.4% (2001)

**Sources:** World Bank, *African Development Indicators*, 2006; CIA, *World Factbook*, 2006, UNAIDS.

South Africa is an influential actor in the international relations of Africa. In October 2006, South Africa was elected as one of the 10 non-permanent members of the United Nations (U.N.) Security Council for a two-year term, and it is a member of the U.N. Human Rights Council. Its voting record on both bodies has been considered by some to be controversial. South Africa was a founding member of the African Union (AU), successor to the Organization of African Unity (OAU), and President Mbeki served as the AU's first chairperson.<sup>1</sup> President Mbeki also took a lead role in the development of the New Partnership for Africa's Development (NEPAD), an African-designed plan for improved governance within Africa and increased western aid, trade, and investment that was adopted by the AU as its economic framework.<sup>2</sup> South Africa has repeatedly put itself forward as a venue for major international conferences, such as the World Summit on Sustainable Development, which met in Johannesburg in August and September 2002, and the World Conference on Racism in 2001. In 2010, it will host the soccer World Cup, which is expected by some to have a significant impact on the country's overall economic growth and job creation.

Civil war, weak regimes, and general instability in the region have historically had a significant impact on the country, and the country continues to face a large influx of illegal immigrants. Government officials estimate that between three and five million Zimbabweans currently reside illegally in South Africa.<sup>3</sup> In order to promote greater stability, President Mbeki and South African officials have played prominent mediator roles in African conflicts, and South African troops actively support peacekeeping missions throughout the continent. In December 2002, they helped to persuade the parties to the prolonged conflict in the Democratic Republic of the Congo (DRC) to sign a peace agreement following negotiations in South Africa. Mbeki was less successful in mediating the conflict in Cote d'Ivoire. Approximately 1,260 South African troops are currently participating as peacekeepers in the U.N. Mission in the DRC (MONUC), and the country contributed almost 900 soldiers to the U.N. Operation in Burundi (ONUB), where former President Mandela played a leading role in brokering a peace agreement. South African forces also play a key role in the African Union Mission in Darfur (known by the acronym of AMIS), which presently includes approximately 750 South African soldiers.<sup>4</sup> In a move believed by many to protest the Sudanese government's policies toward Darfur, the Mbeki government was instrumental in preventing Sudan from attaining the chairmanship of the African Union in January

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<sup>1</sup> See CRS Report RS21332, *The African Union*, by Nicolas Cook.

<sup>2</sup> See CRS Report RS21353, *New Partnership for Africa's Development (NEPAD)*, by Nicolas Cook.

<sup>3</sup> "South Africa Struggling to Cope With Zimbabwean Refugees," *BBC Monitoring Africa*, London: July 24, 2006.

<sup>4</sup> South Africa's involvement in AMIS has not been without controversy. Some opposition leaders have criticized Mbeki for not taking a more assertive role in the crisis, and some South African troops threatened to pull out of AMIS in November 2006 over a pay dispute. With the AMIS force expected to expand significantly under the proposed "hybrid" U.N.-AU force, there are questions over what South Africa's contribution will be.

2006. It has, however, more recently protested the potential imposition of U.N. sanctions against Sudan as counterproductive.<sup>5</sup> The country has supported democratic advances elsewhere on the continent, most recently providing millions of ballots for elections in the DRC. In March 2007, the heads of state of the Southern African Development Community (SADC) nominated President Mbeki to serve as a mediator between the Zimbabwean government and the opposition in an effort to resolve that country's political and economic crises (see **Zimbabwe** below).

## Political Situation

The Republic of South Africa held its first universal suffrage elections in April 1994. The African National Congress (ANC), which had led the struggle against white minority rule and the apartheid system of state-enforced racial segregation, won control of the National Assembly. The Assembly chose as President Nelson Mandela, the ANC leader who had been released from prison in 1990, after serving 27 years. His release followed years of secret contacts between the ANC and key white business and political figures. These contacts had led both sides to conclude that a settlement could be negotiated that would protect the interests of all South Africans. The negotiations themselves encountered many difficulties, including several outbreaks of violence that threatened to destroy the peace process. Finally, however, in November 1993, all-party negotiations resulted in a final agreement on a new constitution and free elections, held in 1994. South Africa's second universal suffrage elections were held in June 1999, and the ANC retained control of the National Assembly. Deputy President Thabo Mbeki, who had served in key ANC posts overseas during the anti-apartheid struggle, was chosen by the Assembly to succeed Mandela. Mbeki retained his position as President following the April 2004 parliamentary elections, in which the ANC won almost 70% of the votes. President Mbeki declared in February 2006 that he would not seek a third term, opening the possibility for an ANC leadership succession contest.

South Africa's politics continue to be dominated by the ANC, which has enjoyed support among many black South Africans because of its role in spearheading the long struggle against white minority rule. Thabo Mbeki serves as president both of the party and the country.<sup>6</sup> The ANC holds a 73% majority of the seats in the 400-member National Assembly, where the country's legislative power principally resides, far ahead of its nearest rival, the Democratic Alliance (DA), which has just over 12%. The Inkatha Freedom Party (IFP), headed by Mangosuthu Buthelezi, has about 9% of Assembly seats. Buthelezi, who has been active in South African politics for decades, holds a Zulu chieftainship, and the party is largely Zulu in membership. The IFP has experienced a steady decline in parliamentary seats since the 1994 election, while the ANC and the DA have gained electoral support. Other parties represented in parliament include the New National Party (NNP, see

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<sup>5</sup> "Sanctions Threat on Sudan Counterproductive: South Africa," *Agence France Presse*, June 21, 2007.

<sup>6</sup> Under the South African constitution, the President is elected by the National Assembly, and consequently, the next President is likely to be chosen from the majority ANC party.

below), the United Democratic Movement (UDM), the Independent Democrats (ID), and the African Christian Democratic Party (ACDP). The ANC also holds majorities in all of South Africa's nine provincial assemblies. In addition to the National Assembly, there is a higher legislative body, the National Council of Provinces (NCOP), with limited powers. The members of NCOP are chosen by the governments of the nine provinces, all controlled by the ANC.

## Rise and Decline of the Democratic Alliance

The second largest party in the National Assembly, the Democratic Alliance (DA), was created in 2000 through a merger of the Democratic Party (DP) and the New National Party (NNP), to challenge ANC dominance of the political system. The merger surprised many analysts, since the NNP was directly descended from the National Party, which had created apartheid and established the white minority regime that ruled South Africa for more than 40 years. In contrast, the DP, though also largely white, advocated a classical liberal platform and was heir to the Progressive Party, which had strongly opposed apartheid and campaigned on human rights issues. However, by allying, the two parties were able to ensure their control of the legislature of Western Cape Province and of many local governments in the province, including the government of Cape Town, in the 2000 local elections.<sup>7</sup>

DP leader Tony Leon, an articulate critic of the ANC with respect to the slow pace of privatization, transparency, and other issues, became DA leader, with NNP head Marthinus van Schalkwyk as his deputy. The alliance soon fragmented in a way that has further enhanced the power of the ANC in South African politics. In October 2001, van Schalkwyk announced that the NNP would leave the DA and enter into a cooperative agreement with the ANC. The NNP leader explained the move as one that would promote national unity and progress, while critics suggested that he was primarily interested in securing government appointments for NNP leaders.<sup>8</sup>

Van Schalkwyk's break with the DA precipitated a prolonged national debate over "floor crossing" — that is, over whether elected NNP representatives in assemblies at the local, provincial, and national levels should be permitted to cross over from the DA to the new ANC/NNP alliance. Representatives at all levels in South Africa are elected not as individuals but because their names appear on lists selected by each party. The proportion of the vote received by a party in an election determines how many of those on its list will be given seats. Many argue that floor crossing in such a system thwarts the will of the voters, and it had not been permitted in South Africa. However, in 2002 the Constitutional Court allowed floor crossing at the local level, throwing control of Cape Town and a number of other towns to the ANC and its NNP allies. The National Assembly passed legislation in 2003 allowing MPs to change their party affiliation during two week "window periods." As a result

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<sup>7</sup> Tom Lodge, "The Future of South Africa's Party System," *Journal of Democracy*, Vol 17, No. 3, July 2006, p. 154.

<sup>8</sup> In November 2002, Mbeki named two NNP figures to positions as deputy ministers in his government. "Mbeki Gives Van Schalkwyk Space with New Positions," *Business Day*, November 5, 2002.

of a September 2005 “window period,” the ANC gained 14 seats, including all seven NNP parliamentarians and four DA MPs who complained of racism within the party.

Although the ANC controls the provincial government of Western Cape, the city of Cape Town remains the last major urban opposition bastion. Following a close win by the DA candidate Helen Zille in March 2006, the ANC began a controversial bid to change the city’s government from a mayorally dominated system to one run by a 10-member committee, which would have left the current mayor a de facto figurehead. Subsequent criticism by the other parties appears to have persuaded the ANC to drop its proposed restructuring plan. Zille replaced Tony Leon as head of the party when he stepped down in May 2007.<sup>9</sup>

## Strains in the ANC Alliance

The ANC has long worked in an interlocking tripartite alliance with the Congress of South African Trade Unions (COSATU) and the South African Communist Party (SACP). Leaders of COSATU and the SACP sit on the National Executive Committee (NEC) of the ANC, which is the party’s principal decision-making body. However, there is an ongoing disagreement between the ANC and its allies over the government’s economic reform programs. The government’s first major economic strategy, known as Growth, Employment, and Redistribution (GEAR), sought to spur economic growth by attracting foreign investment, strengthening the private sector, and privatizing state-owned enterprises. COSATU and the SACP have argued that this approach has failed to benefit South Africa’s poor. They favor the creation of programs that would use state resources to create jobs and a moratorium on privatization. In 2005 the general secretary of COSATU announced in a union meeting, “We want the ANC to be maintained as an organization primarily of the workers and the poor. We will never hand over this weapon, built up with our blood, sweat, and tears, to the other side on a silver platter. We will never let the ANC be privatized by the rich. It is a working class formation and a leftwing liberation movement — it must remain ours.” President Mbeki, on the other hand, has insisted that the ANC is a “broad church” capable of representing socialists and nationalists and bridging class divisions.<sup>10</sup>

COSATU also has been highly critical of President Mbeki’s stance on the AIDS epidemic and his approach toward the Zimbabwe situation (see below). In June 2007 the country’s trade unions launched what is reported to have been the biggest strike since the end of apartheid, costing the economy an estimated \$418 million according to some economists.<sup>11</sup> The unions, who were demanding a 12% pay raise for public servants, accepted the government’s offer of a 7.5% raise after four weeks of protest. In May 2006, COSATU launched a smaller general strike to protest the loss of 100,000 jobs over the past three years, primarily from the textile and mining industries. That strike followed a series of earlier ones held in 2005, and they have been considered significant acts of defiance against the policies of the Mbeki

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<sup>9</sup> “South Africa: Balanced Opposition,” *Business Day*, April 26, 2007.

<sup>10</sup> “Mbeki, Nzimande Clash Over Splits in Alliance,” *Business Day*, October 9, 2006.

<sup>11</sup> “S Africa Unions Call Off Strike,” *BBC*, June 28, 2007.



government. Many analysts doubt that a COSATU/ANC split is imminent, but affirm that the rift between the two organizations is deepening.<sup>12</sup>

## The Succession Debate

As President Mbeki nears the end of his second term as president of the ANC, there has been considerable speculation on whom the party might choose for the position at the ANC's national congress in December 2007. His successor would be widely expected to also succeed him as President of the country following the national elections in May 2009. Although the ANC's party constitution allows for a competitive leadership race, no party presidential candidacy has ever been contested. Unlike his predecessors, however, President Mbeki has not signaled who his preferred successor might be, and many observers suggest his dismissal of his Deputy President, Jacob Zuma, in 2005 exposes divisions in the party. Zuma, a populist who has elicited strong support from both youth and labor groups, as well as from his Zulu ethnic base, has been linked with a number of controversies, including a 2006 rape allegation for which he was acquitted, and a high profile corruption case (see below). Zuma has been vocally supported by leaders from COSATU and SACP, and his supporters claim he has been a victim of political conspiracy. Widely considered to be the likely successor to Mbeki prior to these scandals, and having prevailed in the rape and initial corruption trials, he may face legal challenges relating to his fitness for office at the party congress should prosecutors reopen the corruption case against him.

Among other possible candidates, the current Deputy President, Phumzile Mlambo-Ngcuka, has not ruled out a bid for the position. Business tycoon Cyril Ramaphosa, former Secretary General of the ANC and former head of the National Union of Mine Workers, South Africa's most powerful trade union, was a key figure in the political negotiations to bring about the end of apartheid rule, and is considered to be well respected throughout the country. Many speculate that he may also be a candidate. Former politician Tokyo Sexwale (*seh-waa-le*), who was once imprisoned with Nelson Mandela on Robben Island and is now a successful businessman, is also reportedly supported by many in the party as a replacement for Mbeki. There is some speculation that Mbeki may choose to run for a third term as president of his party, even though he would be constitutionally barred from serving a third term as President of the country. Others argue he will use his influence to support a centrist candidate to succeed him and "secure his legacy."<sup>13</sup> A massive public sector strike in June 2007 may suggest that COSATU is willing to challenge that legacy.

## The Arms Deal and Other Corruption Scandals

A \$5.5 billion arms purchase announced by South Africa in 1999 continues to pose political problems. Questions remain over the country's need for aircraft, submarines, and surface vessels which were to be acquired under the deal with five European firms. More pressing are allegations of corruption associated with the

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<sup>12</sup> "ANC in Turmoil Over Issue of Mbeki's Successor," *Irish Times*, October 12, 2006.

<sup>13</sup> Economist Intelligence Unit (EIU), "South Africa Country Report," June 2007.

purchase. According to media reports, Tony Yengeni, the ANC's former chief whip in the National Assembly, was arrested in 2001 on charges of corruption, forgery, and perjury in connection with a large discount he received for the purchase of a luxury car, allegedly in return for assuring that the deal went ahead. He pled guilty to fraud in exchange for acquittal on corruption charges. President Mbeki later fired his Deputy President, Jacob Zuma, after a judge declared Zuma had a "generally corrupt" relationship with his former financial advisor, Schabir Shaik, who was convicted of fraud and corruption in connection with the arms deal. Zuma was indicted but acquitted in September 2006, after prosecutors failed to build a case against him. Shaik lost an appeal of his conviction in November 2006, when judges ruled that evidence overwhelmingly supported the charge that payments totaling about \$165,000 made by Shaik to Zuma were bribes. Some observers suggest that this ruling may persuade prosecutors to reopen the case against Zuma. Critics maintain that a number of questions related to the arms deal remains unresolved, and some are concerned that promised "offsets" — that is, investments by the arms suppliers in South African industry — have not materialized.<sup>14</sup>

In the more recent "Travelgate" scandal, 23 current and former members of parliament, most from the ruling ANC party, have appeared in court since 2005 on charges of corruption. Accused of abuse of official travel privileges, the MPs reportedly stole up to \$3 million in government funds. According to Transparency International, the prosecutions have shown that "the anti-corruption bodies and judiciary have a fair degree of independence and are able to carry out their functions without hinderance, even when high ranking members of the ANC were involved."<sup>15</sup>

"Travelgate" was followed by another reported scandal popularly referred to as "Oilgate," an allegedly corrupt oil deal between a state-owned oil company and a black economic empowerment company (see below), in which public funds were reportedly illegally diverted into an ANC party campaign fund. To add to the controversy, one of the country's leading newspapers, the *Mail & Guardian*, was banned by the courts from publishing a report on the scandal. According to media reports, the court ruling found that publishing the report would damage the oil company's right to privacy and was potentially defamatory.<sup>16</sup> The gag order was reportedly the first placed on the paper since apartheid, and was denounced as "an extraordinarily dangerous precedent" to South Africa's press freedom, by the press watchdog group, the Media Institute for Southern Africa.

## HIV/AIDS Controversy

President Mbeki's stance on HIV/AIDS has been a major political issue in South Africa. According to the Joint United Nations Program on HIV/AIDS (UNAIDS),

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<sup>14</sup> "The Arms Deal — The Shadows Lengthen," *Business Day*, September 20, 2006; "Comment and Analysis: The Sordid Truth Behind an Arms Deal: How a UK Company Gains While South Africa's Poor are Losing Out," *The Guardian* (London), July 17, 2002.

<sup>15</sup> Berlin-based Transparency International describes itself as a non-governmental organization devoted to combating corruption. Transparency International, *Global Corruption Report 2006*, Available at [<http://www.transparency.org>].

<sup>16</sup> The Media Institute of Southern Africa, "Media Freedom Has 'Suffered Major Blow,'" May 28, 2005.

an estimated 18.8% of South African adults, aged 15-49, were HIV positive at the end of 2005.<sup>17</sup> UNAIDS also reports that 1.2 million children currently living in the country have been orphaned by the disease. A study by the South African Department of Health concluded that 30.2% of pregnant women were HIV positive in 2005.<sup>18</sup> As these figures show, the situation is grave.

Critics maintain that President Mbeki's ambiguous statements about the disease and lack of leadership on the issue diverted attention and funding from the pandemic at a critical time. In 2002, President Mbeki drew criticism from the media and others for reportedly insisting that tuberculosis rather than AIDS was the leading cause of death in South Africa, even though the country's Medical Research Council had reported in September 2001 that AIDS was the leading cause, accounting for 40% of mortality among adults aged 15-49.<sup>19</sup> In April 2000, President Mbeki wrote to then President Clinton and other heads of state defending dissident scientists who maintain that AIDS is not caused by the HIV virus. In March 2001, Mbeki rejected appeals that the National Assembly declare the AIDS pandemic a national emergency. The reasons for President Mbeki's stance on AIDS have been difficult to discern, particularly since he could likely have reaped great political advantage from becoming a leader in fighting the epidemic. Some speculate he feared that AIDS could undermine his vision of South Africa as a leader in an African renaissance sparked by NEPAD and the new African Union. As a result, some believe that he has tended to minimize the importance of the epidemic.

In recent years, under mounting domestic and international pressure, the Mbeki government has gradually modified its stance on HIV/AIDS. Following an April 2002 cabinet meeting on the AIDS crisis, the government announced that it would triple the national AIDS budget, end official opposition to the provision of antiretrovirals for rape victims, and launch a program for universal access to drugs to prevent mother-to-child transmission (MTCT) of HIV. In July 2002, a South African court ordered the government to begin providing the antiretroviral (ARV) drug Nevirapine nationwide to reduce MTCT. The South African Treatment Action Campaign (TAC) had launched the suit in August 2001, maintaining that MTCT prevention trials were inadequate and that 20,000 babies could be saved yearly by a nationwide program.<sup>20</sup> At its December 2002 party conference the ANC announced that it was "putting AIDS at the top of our agenda."<sup>21</sup> The Department of Health in 2003 declared that the government would provide free antiretroviral drugs, but after what observers considered a very slow implementation of the policy, TAC threatened

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<sup>17</sup> UNAIDS, *Report on the Global HIV/AIDS Epidemic, 2006*, p. 455.

<sup>18</sup> This figure was extrapolated from testing done on patients at antenatal clinics in the *National HIV and Syphilis Prevalence Study South Africa 2005*, Department of Health of South Africa, 2005.

<sup>19</sup> "South Africa President Mbeki Criticizes U.N. AIDS Fund Grant," *Associated Press*, July 25, 2002, and "Research Affirms Disease Is Nation's Leading Cause of Death," *The Washington Post*, October 19, 2001.

<sup>20</sup> "AIDS Activists Sue South Africa," *Associated Press*, August 21, 2001.

<sup>21</sup> *Reuters*. President Mbeki was criticized by some, however, for not giving the AIDS epidemic greater prominence in his address to the conference.

another lawsuit. Under pressure, the government began providing treatment at five hospitals in 2004 and has gradually expanded access to the program. Reports suggest that access to treatment is still limited in South Africa — by the end of 2005 between 178,000 and 235,000 people in the country were receiving antiretroviral therapy (ART), a significant increase from previous years, but accounting for an estimated 21% of those in need, according to the Kaiser Family Foundation.<sup>22</sup>

Despite this new commitment by the government to providing ART, many critics still did not consider the Mbeki administration to be serious about the epidemic. In August 2006 the Health Minister, Manto Tshabalala-Msimang, drew international criticism for a controversial display of traditional remedies such as garlic, lemons, and beetroot, which she reportedly claimed provided an alternative defense to AIDS, at the International AIDS Conference in Toronto. Stephen Lewis, the U.N. Special Envoy to Africa on AIDS, proclaimed South Africa's AIDS policies as “wrong, immoral, and indefensible” and “worthy of a lunatic fringe” during the conference, and 81 international scientists delivered a petition to Mbeki urging the health minister's dismissal.<sup>23</sup> Many observers consider the Toronto Conference to have prompted a key shift in the government's position. Weeks after the conference, Mbeki appointed his Deputy President, Phumzile Mlambo-Ngcuka, as head of a new national AIDS commission charged with halving the country's infection rate by 2011. The Deputy President has emphasized that the government now believes HIV causes AIDS and has acknowledged “shortcomings” in the government's response to the epidemic. Tshabalala-Msimang's previous role in leading the government's response to HIV appears to have been transferred to the Deputy President. The government also appeared to be reaching out to the AIDS advocacy community, which responded with cautious optimism. TAC, the most vocal critic of the government's efforts, was cited in November 2006 saying that there was now “a growing enthusiasm, across the board, around the possibility of what we can do as a country in a united fashion” to combat the disease.<sup>24</sup> However, TAC has more recently questioned the government's commitment to fighting the epidemic after the August 2007 firing of Tshabalala-Msimang's deputy, who has been outspoken about problems with the nation's health services and critical of the Health Minister's controversial views on AIDS.

## Land Reform

In order to address historic injustices, the South African government began a land reform program in the late 1990s to restore land rights to those forcibly dispossessed of their land under racially discriminatory apartheid legislation. The

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<sup>22</sup> Kaiser Family Foundation, *HIV/AIDS Policy Fact Sheet*, August 2006.

<sup>23</sup> The letter, titled “Expression of Concern by HIV Scientists,” can be found at [<http://www.aidstruth.org/letter-to-mbeki.php>]. See also “Under Fire, South Africa Shakes Up Its Strategy Against AIDS,” *The New York Times*, September 3, 2006, and “In South Africa, a Dramatic Shift on AIDS; Treatment, Prevention Get New Emphasis as Deputy President Takes Key Role,” *The Washington Post*, October 27, 2006.

<sup>24</sup> “Under Fire, South Africa Shakes Up Its Strategy Against AIDS,” *The New York Times*, September 3, 2006.

government set a number of targets, including the settlement of all land claims<sup>25</sup> by the end of 2008 and the more ambitious transfer of 30% of agricultural lands owned by whites in 1994 to African owners by 2014. While the government's "willing buyer, willing seller" land reform policies have reportedly met with little resistance from white landowners, and the Land Affairs Department reports that 93% of all land claims have been settled, critics charge that the transfers are going too slowly. According to media reports, the government announced in August 2006 that negotiations with white farmers over the price of land marked for restitution would be limited to six months, after which expropriation could take place if no settlement was reached.<sup>26</sup> Two months later, two white-owned farms claimed by black South Africans were marked for expropriation, a process through which the government would seize the land and pay the owners a price set by independent assessors.<sup>27</sup> This ruling has been seen by some analysts as signaling a sense of urgency on the part of the government to speed up reforms.

Statements from the Mbeki government also suggest that it may be considering a change in policy. In a 2005 speech on the perceived slow pace of land transfers, Deputy President Mlambo-Ngcuka said that South Africa might learn from Zimbabwe's land reform process, igniting considerable controversy. President Mbeki dismissed critics of the speech, saying the Deputy President's words were misinterpreted and that Zimbabwe's policies were only one among many the government had studied. The media reported a similarly controversial discussion document circulated at a Land Affairs Department workshop in August 2006 suggesting replacing the "willing buyer, willing seller" approach with a "Zimbabwean model," or forced-sale principle (Zimbabwe's policy that preceded the country's land invasions). Under this proposed model, farmers who want to sell their land must offer the government the right of first refusal. If they refused a government offer, they could not sell the land on the open market. The discussion paper was said to propose the expropriation of commercial agricultural land to meet the government's target of 30% redistribution. Government officials stressed that the document was for internal discussion only and did not reflect official policy.<sup>28</sup>

In a 2004 survey of South Africans of all races, 72% of black respondents agreed with the statement: "All the land whites own, they stole from blacks."<sup>29</sup> According to an independent South African think tank,

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<sup>25</sup> Black citizens have filed 79,700 land claims since January 1999, according to a report by Michael Wines, "South Africa to Seize Two White-Owned Farms," *New York Times*, October 10, 2006.

<sup>26</sup> "ANC Gives Ultimatum to White Farmers," *The Daily Telegraph*, August 14, 2006.

<sup>27</sup> "South Africa to Seize Two White-Owned Farms," *New York Times*, October 10, 2006.

<sup>28</sup> "'Zimbabwe' Land Option Mooted by Officials," *Business Day*, October 16, 2006.

<sup>29</sup> In a survey of 3500 respondents conducted by Markinor for Pierre du Toit, department of political science, University of Stellenbosch, in February and March 2004, South Africans were asked to respond to the statement: "All the land whites own, they stole from the blacks." and were asked to present their responses in a range, from "strongly agree" to "strongly disagree". Over 72% responded "strongly agree" or "agree." Cited in "Land Issue Illustrates Social Rift," *Business Day*, 5 May 2004.

The most universal and immediate land need in South Africa is for 'a place to stay' rather than 'a place to farm' .... Even among employed agricultural workers, land demand is modest. Among people living on the land without alternative sources of income, however, aspirations for land or more land can reach high levels, and become very intense. Although this is a minority group, it is large in numerical terms, and hence constitutes a significant policy challenge.<sup>30</sup>

The targets for reform set by the ANC government have set public expectations high, and some analysts suggest that the perceived pace of land reform could become a major issue in the 2009 general elections.

## Crime

As South Africa prepares to host hundreds of thousands of tourists during the soccer World Cup in 2010, the government continues to battle perceptions that the country is not safe for tourists because of its high crime rate. According to one survey, one-third of potential tourists have been deterred from visiting South Africa out of fear of becoming victim to a criminal act.<sup>31</sup> South African Police statistics cite 19,202 murders between April 2006 and April 2007, a 2.4% rise from the previous year. The number of bank robberies doubled, and carjackings increased by 6%.<sup>32</sup> Some analysts attribute the high rate of crime to the country's high level of wealth disparity, but also to shortcomings within the police force and in the lack of a comprehensive government approach. South African officials have acknowledged the problem. In February 2007, President Mbeki admitted crime had created a high level of fear around the country, and the South African Safety and Security Minister recently called the high number of cases of violent crime "disconcerting and unacceptable."<sup>33</sup> The government has announced plans to recruit 30,000 new police officers before the games.

## The Economy

South Africa won praise from international economists for its reform-oriented macro-economic policy in the late-1990s, which, according to the U.S. Department of Commerce, "demonstrated its commitment to open markets, privatization, and a favorable investment climate, moving away from the former government's strategy of import substitution and industrial development that protected local industries with high tariff barriers."<sup>34</sup> The policy, known as the Growth, Employment and Redistribution (GEAR) strategy, however, delivered mixed results — it engendered macroeconomic stability, fiscal discipline, and trade liberalization. However,

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<sup>30</sup> The Centre for Development and Enterprise, *Land Reform in South Africa: a 21<sup>st</sup> Century Perspective*, Johannesburg: June 2005, p. 30.

<sup>31</sup> "Crime 'Deters' SA 2010 Tourists," *BBC*, July 23, 2007.

<sup>32</sup> "South Africa Reels at Serious Crime Rise," *Financial Times*, July 4, 2007.

<sup>33</sup> "SA Violent Crime 'Unacceptable,'" *BBC*, July 3, 2007.

<sup>34</sup> U.S. Department of Commerce, *South Africa Country Commercial Guide, Fiscal Year 2003*, July 2002.

unemployment continued to rise, and income distribution did not show signs of significant improvement. Nevertheless, the income of the average black household almost doubled from 1996 to 2004, according to a South African source.<sup>35</sup>

The rate of growth in Gross Domestic Product (GDP) averaged 3% per year in the first decade after apartheid (1994 - 2004) and rose to an average of 5% in the past three years. The IMF expects this rate to slow and has forecast a more modest rate of 4.8% for 2007 and 4.5% next year.<sup>36</sup> While these annual GDP growth rates represent an advance over economic performance in the 1990s, much higher growth rates will be needed if South Africa is to substantially increase employment among the black majority and reduce the sharp inequalities in income distribution among the races. Although unemployment has fallen slightly, from 26.5% in 2005 to 25.5% in 2006, and with 24.2% projected for 2007, the rate remains far above the government's target of 15%, and unofficial estimates place the current rate much higher.<sup>37</sup> The vast, poverty-stricken townships surrounding South Africa's cities remain a potential source of political instability. In recent years periodic riots have erupted in several poor municipalities to protest local government corruption and inadequate service delivery. Although turnout and support for the ANC remained high nationally in the March 2006 municipal elections, voters boycotted the polls in a number of townships in which the ANC had formerly enjoyed strong support, and several hundred former ANC supporters stood as independent candidates. Conditions in the townships have improved marginally with the expanded availability of electricity and the provision of clean water taps. However, popular resentment is reportedly deepening with respect to the widening gap between the rich and poor. Much of this resentment is said to be directed toward the wealthy black business elite that has emerged in recent years.<sup>38</sup>

Many economists attribute South Africa's economic difficulties, in part, to the slow pace of privatization. Despite its commitment to privatization under GEAR, the government remains heavily involved in transportation, communications, energy production, and the defense sector, and after the 2004 elections expressed a desire to restructure most remaining state-owned enterprises rather than expand privatization. Delays are due partly to government concerns that privatization will boost unemployment temporarily, fueling criticism from COSATU and the SACP. Moreover, the government is trying to find ways to promote "black empowerment" by assuring that a significant portion of the shares in privatized companies will be acquired by black South Africans rather than by wealthy whites or foreign investors. Another point of view, championed by COSATU and the SACP, is that job cutbacks

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<sup>35</sup> The average household income for blacks increased by 71% from 1996 to 2004, according to the South African Institute for Race Relations' *South Africa Survey 2004/2005*.

<sup>36</sup> "IMF: Doubtful of South Africa Reaching Nominal Economic Growth,"

<sup>37</sup> These figures are official rates given by the South African government and the International Monetary Fund. The World Bank reports that unemployment, under its broadest definition, including discouraged workers, may be as high as 37%, according to its *Country Brief*, November 2006.

<sup>38</sup> Rachel L. Swarns, "Rich, but Not Comfortable in South Africa's Black Elite," *New York Times*, August 2, 2002.

that often follow privatization are contributing to unemployment and the growing income gap in South Africa. Some argue that the South African government should be intervening in the economy to save jobs, and to create new jobs, perhaps through a major public works program.

In 2005, the Mbeki government unveiled its new Accelerated and Shared Growth Initiative for South Africa (ASGISA), which is designed to raise the average economic growth rate to 4.5% from 2004-2009 and to at least 6% from 2010-2014 through targeted interventions, including public investment in infrastructure. The ASGISA plan also aims, through these economic growth policies, to cut unemployment rates in half by 2014. Another economic program, the government's Black Economic Empowerment (BEE) program, was initiated in 1994 and is designed to address racial inequalities in the business sector. In 1994, blacks owned less than 5% of the country's private enterprises; today over 30 black-owned or black-empowered companies (approximately 15%) are listed on the South African stock exchange. This rise in black ownership is echoed by a significant increase in the black middle class, which reportedly grew by over 400,000 between 2005 and 2006.<sup>39</sup> Some anticipate that the middle class will continue to grow by 50% a year in the coming years.<sup>40</sup> Nevertheless, the lack of skilled labor may be hampering the success of the program, as may complicated or unclear regulations. According to a 2005 survey of domestic and foreign firms, "While supporting the need for affirmative action, most foreign investors acknowledge that the lack of clarity surrounding the application of Black Economic Empowerment has had a dampening effect on their plans to further invest in South Africa."<sup>41</sup> In February 2007, the government instituted the BEE Codes of Good Practice, which make both listed and unlisted companies subject to empowerment requirements and targets, but offers concessions to small businesses and foreign investors.<sup>42</sup>

In the first decade of post-apartheid rule, analysts expressed concern over the government's ability to attract foreign investment at the levels needed to spur growth. Sound macroeconomic policies, including reduced tariffs and export subsidies, the loosening of exchange controls, improved enforcement of intellectual property laws, and legislation designed to improve competition have been cited by observers as responsible for the country's current and expected economic growth. A recent World Bank study found that South Africa is one of the top 30 easiest countries in which to do business.<sup>43</sup> Investors are, however, reportedly worried by labor relations, high crime rates, and corruption. Political risks arising from regional instability, particularly in neighboring Zimbabwe, are regarded as another deterrent

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<sup>39</sup> "South Africa's Black Companies Forge Ahead," *Africa Business*, April 2006.

<sup>40</sup> "How SA's Black Buying Power is Changing Society," *African Business*, August/September 2006.

<sup>41</sup> United States Department of Commerce, "Doing Business in South Africa: A Country Commercial Guide for U.S. Companies," 2006.

<sup>42</sup> Multinational corporations can maintain 100% ownership provided they meet other BEE criteria, including employment and procurement targets.

<sup>43</sup> See the *Doing Business* section of the World Bank's website at [<http://www.worldbank.org>].



to investors, and South Africa's own racial, class, and political divisions are seen as sources of concern. Transparency International ranks South Africa 51 out of 158 in its 2006 Corruption Perceptions Index, indicating that it is perceived as less corrupt than other Sub-Saharan African countries (only Botswana and Mauritius ranked less corrupt than South Africa), but more corrupt than many competitors for investment in other parts of the world.<sup>44</sup>

The Economist Intelligence Unit in late 2006 reported a positive outlook for the South African economy but has highlighted the country's executive "brain drain" as "one of the weakest aspects of — and greatest threats to — South Africa's recent strong economic performance" and suggests it may affect the government's ability to reach its target 6% GDP growth.<sup>45</sup> The report also suggests that the outcome of the debate over the role of state assistance may have the greatest effect on the country's capability to meet ASGISA goals, and consequently, the question of presidential succession within the ANC may have significant ramifications on those goals.

## U.S. Relations

U.S. policies toward South Africa and the anti-apartheid struggle were a contentious issue from the 1960s through the 1980s, with many arguing that the United States was doing too little to promote human rights and democratic rule. Congress enacted the Comprehensive Anti-Apartheid Act of 1986 (P.L. 99-440) over President Reagan's veto in order to affirm U.S. support for democratic change. The legislation imposed a number of sanctions against South Africa. The Reagan Administration, by contrast, had been pursuing a policy of "constructive engagement" (i.e., dialogue) with the white South African regime, regarding this approach as the most effective way of promoting change.

In the early 1990s, the United States assumed a lead role in supporting South Africa's transition to democracy. Policy makers at that time saw the South African democratization process as a model for other African countries, and expected that the country would soon become a stabilizing force as well as an engine for economic growth throughout the sub-Saharan region. South Africa's need to focus on domestic economic and social problems meant that U.S. expectations for the country's regional role were perhaps not met in full in the first post-apartheid years. But South Africa's leadership in the launching of NEPAD; the deployment of South African peacekeepers to Burundi, Cote d'Ivoire, and Sudan; and intensive South African involvement in the peace process in the Democratic Republic of the Congo have highlighted South Africa's capabilities as a regional actor. South Africa also assisted U.S. efforts to resolve the Haiti crisis by providing an exile location for former President Bertrand Aristide. Given South Africa's role in conflict mediation and resolution throughout the continent, the United States has worked to expand the

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<sup>44</sup> Berlin-based Transparency International describes itself as a non-governmental organization devoted to combating corruption. The index is based on the reported perceptions of business people and country analysts. A country with the rank of 1 has the least corruption.

<sup>45</sup> The Economic Intelligence Unit, Ltd., *Country Report September 2006*.

country's peacekeeping abilities through the African Contingency Operations Training Assistance (ACOTA) program.<sup>46</sup>

Since 1992, South Africa has been among the leading African recipients of U.S. aid and is currently the largest recipient on the continent. U.S. assistance to South Africa in FY2006 stood at an estimated \$224 million, and \$363 million has been allocated for FY2007. The Bush Administration has requested \$609 million for FY2008. In its FY2008 congressional budget justification, the State Department reports that "the U.S. Government's (USG) relationship with South Africa is transforming from that of donor to one of strategic partnership," and accordingly, "activities in Peace and Security will continue to increase in importance while development programs will be phased out in the next couple of years." U.S. assistance will focus fighting HIV/AIDS and tuberculosis, improving primary health care services, and assisting the South African government to implement economic reforms and to improve its regional peacekeeping capacity. USAID reports that the assistance program is supporting efforts to promote sound governance, reduce unemployment and poverty, increase access to shelter and basic municipal services, and improve the quality of education. The program also aims at strengthening the health system, particularly with respect to combating HIV/AIDS and tuberculosis, according to USAID. The United States is working with four countries, including South Africa, on the new \$22 million Women's Justice and Empowerment Initiative, which supports South Africa's *Thuthuleza* (the Xhosa word for comfort) centers dealing with victims of violent sexual crimes. U.S. assistance also includes \$900,000 to restart an International Military Education and Training (IMET) program in South Africa.

The United States provides significant assistance to South Africa's fight against HIV/AIDS through the President's Emergency Plan for AIDS Relief (PEPFAR), having contributed an estimated \$458.5 million since the program's inception in FY2004. The FY2006 budget allocated \$221 million for the program. The Administration has requested \$591.5 million for FY2008 through the Global HIV/AIDS Initiative. As of March 2007, the PEPFAR program had provided ARV therapy to an estimated 296,700 patients, transmission prevention treatment to over 1,584,000 pregnant HIV-infected women, and palliative and/or tuberculosis care for 514,000 South Africans. PEPFAR's South Africa program also funds public education efforts to promote abstinence, faithfulness, and healthy behavior to reduce the risk of transmission among high-risk groups, and includes support to Takalani Sesame, the South African version of Sesame Street.<sup>47</sup>

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<sup>46</sup> For more information see CRS Report RL32773, *The Global Peace Operations Initiative: Background and Issues for Congress*, by Nina M. Serafino.

<sup>47</sup> Takalani Sesame, which features Kami, an HIV-positive character, drew criticism in the United States from some lawmakers and religious groups who were concerned a similar character would be age-inappropriate if introduced on U.S. television. See, for example, "Politicians Keep HIV-Positive Muppet at Arm's Length," *Knight Ridder Tribune News Service*, August 5, 2002.

## Cooperation in Fighting Terrorism

U.S. and South African law enforcement authorities have cooperated for several years on terrorism investigations, including investigations into the possibility that South Africa is being used as a haven for Islamic militants from outside the region.<sup>48</sup> In 1999, South African authorities arrested Khalfan Khamis Mohamed, a Tanzanian later convicted in the bombing of the U.S. embassy in Dar es Salaam, and deported him to the United States. Khalfan had reportedly sought to hide among Cape Town's Muslims after he fled Tanzania. More recently, one of the suspects of the July 2005 London bombings, Haroon Rashid Aswat, who was arrested in Zambia, was thought to have spent time in South Africa. There is continuing concern, both in the United States and South Africa, that other terrorists may seek to hide in South Africa, or make use of its modern transportation and communications systems for transit, smuggling, and money-laundering.<sup>49</sup>

The U.S. Department of Treasury's Office of Foreign Assets Control (OFAC) includes several South African nationals in its Specially Designated Nationals List (SDN), which sanctions individuals and groups believed to have links to terrorism. In a controversial move, the South African government recently used its position as a member of the U.N. Security Council's Al-Qaeda and Taliban Sanctions Committee, also known as the 1276 Committee, to block United Nations travel and financial sanctions on two of these individuals, Farhad Ahmed Dockrat and Dr. Junaid Ismail Dockrat. The South African government has argued that it requires more time to examine the evidence against the Dockrats before applying international sanctions.

There is concern over the potential use of South African travel documents by potential terrorists. At the time of his arrest, Aswat was carrying a South African passport, and according to media reports, others with suspected ties to terrorism have been apprehended at U.S. and British borders, as well as in Pakistan, with South African travel documents.<sup>50</sup> The U.S. State Department's Office of the Coordinator for Counterterrorism has noted concern regarding fraudulent travel documents, saying, "efforts to limit the accessibility of passports and identity documents to potential terrorists are limited by resources and corruption in the Department of Home Affairs."<sup>51</sup> Authentic South African passports were found during raids by British police on suspected terror groups in London in 2004 and again in 2005. South Africa's intelligence minister reported in August 2005 that groups allegedly linked to al-Qaeda had been discovered in southern Africa and that maritime targets could be threatened. U.S. law enforcement agencies provide training to their South

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<sup>48</sup> "SA, US Work in Tandem to Find Terrorist Cells," *Business Day*, December 11, 2002.

<sup>49</sup> "Spreading Influence: In South Africa, Mounting Evidence of al Qaeda Links," *Wall Street Journal*, December 10, 2002.

<sup>50</sup> "Arrests and Plots Give South Africans a New Program," *New York Times*, August 9, 2004.

<sup>51</sup> U.S. Department of State, *2005 Country Reports on Terrorism* [<http://www.state.gov/s/ct/rls/crt/2005/>].

African counterparts, supply needed equipment to the South Africa Police Service, and share information.<sup>52</sup>

The South African government has expressed differences with the United States in the latter's designation of Hamas and Hezbollah as terrorist organizations. In May 2007, prior to the Hamas military seizure of the Gaza Strip, the South African Minister of Intelligence met with Hamas leader and then-Prime Minister of the Palestinian Authority Ismail Haniyeh. According to some media reports, he publically praised Hamas and invited Haniyeh to visit South Africa.

## Diplomatic Differences

Despite the cordial relations that officially exist between South Africa and the United States, some analysts suggest that diplomatic differences highlight what U.S. Assistant Secretary of State for African Affairs Jendayi Frazer has referred to as a "rough patch" in U.S.-South African relations.<sup>53</sup> As one U.S. official pointed out, the country has had close ties with the Non-Aligned Movement countries, and has exhibited "marked sympathy toward countries that exert their independence from the West."<sup>54</sup> South Africa has reportedly expressed opposition to the Bush Administration's proposal to locate a new U.S. combatant command, Africa Command or AFRICOM, on the continent.<sup>55</sup> In addition, South Africa has taken a critical stance toward the war in Iraq, and former President Nelson Mandela has been vocal in his opposition to what he views as U.S. unilateralism on Iraq. South Africa also differs significantly with the United States on Iran. During an August 2006 visit by the Iranian Foreign Minister to Pretoria, South Africa affirmed its support for Iran's "inalienable right to pursue nuclear energy for peaceful purposes," at the same time that the Mbeki government announced its intention to consider renewing its uranium enrichment program.<sup>56</sup> South Africa, which dismantled its own nuclear weapons program after the fall of apartheid, insists that any enrichment program would be strictly peaceful in nature.

**The United Nations.** South Africa's current role as a non-permanent member of the U.N. Security Council has been controversial, and the South African

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<sup>52</sup> "Law Enforcement," available at the website of the U.S. Embassy in Pretoria [<http://usembassy.state.gov/pretoria>].

<sup>53</sup> Janine Zacharia, "U.S. Finds an Antagonist in a Country on the Rise," *International Herald Tribune*, June 27, 2007.

<sup>54</sup> Remarks by Deputy Assistant Secretary of State Linda Thomas-Greenfield, "U.S.-South Africa Relations: The View from Washington," Washington, D.C., September 14, 2006.

<sup>55</sup> According to South African media reports, in July 2007, the U.S. Ambassador to South Africa, Eric Bost, publicly expressed frustration that the country's defense minister would not respond to requests for a meeting with General Kip Ward, recently nominated to be commander of AFRICOM. For more information, see CRS Report RL34003, *Africa Command: U.S. Strategic Interests and the Role of the U.S. Military in Africa*, by Lauren Ploch.

<sup>56</sup> "South Africa's Support for Iran's Nuclear Program 'Holds Firm'," *BBC Monitoring Africa*, September 1, 2006.

government has been criticized by the United States as well as by many human rights activists for its lack of support for human rights issues raised before the Council.<sup>57</sup> In January 2007, South Africa voted against a resolution on political prisoners in Burma, arguing that alleged human rights abuses in sovereign countries are not covered by the mandate of the Security Council as defined by the U.N. Charter. It argued that because the abuses do not pose a direct threat to international peace and security, they would be more appropriately addressed by the U.N. Human Rights Council.<sup>58</sup> In March 2007, while serving a one-month term as President of the Security Council, South Africa reportedly blocked discussion of human rights abuses in Zimbabwe.<sup>59</sup> Nobel laureate Archbishop Desmond Tutu said of the Burma vote, in which China and Russia cast a double veto, "I am deeply disappointed by our vote. It is a betrayal of our own noble past...The tyrannical military regime is gloating, and we sided with them. If others had used the arguments we are using today when we asked them for their support against apartheid, we might still have been unfree,"<sup>60</sup> Former DA leader Tony Leon expressed similar sentiments on his government's alleged refusal to address the Zimbabwe situation, calling it "extraordinary irony" that the ANC government would use the same argument used to block debate on the abuses of the former apartheid regime in South Africa.<sup>61</sup>

South Africa and the United States also have differed on Middle East issues addressed by the Security Council. In May, South Africa abstained from a U.S.-sponsored resolution to establish an international tribunal to investigate political killings in Lebanon, arguing that although it supported the establishment of a tribunal with "Lebanese ownership," it was not appropriate for the Security Council to impose a tribunal upon the country and "politicize international criminal law."<sup>62</sup> The country also has been vocal in its opposition to Security Council sanctions on both Sudan and Iran, arguing that such sanctions would ultimately harden the target governments' positions rather than reduce tensions. However, after efforts to modify resolution language, South Africa ultimately did vote for sanctions against Iran in March 2007, "to remind Iran of its responsibility towards the IAEA and the Nonproliferation Treaty."<sup>63</sup>

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<sup>57</sup> See, for example, Colum Lynch, "South Africa's U.N. Votes Disappoint Some," *Washington Post*, April 16, 2007; James Kirchick, "Why, the Beloved Country?," *Los Angeles Times*, July 29, 2007.

<sup>58</sup> U.N. document, S/2007/14, January 12, 2007.

<sup>59</sup> "Britain Wants U.N. Security Council Attention on Zimbabwe," *Voice of America*, March 16, 2007.

<sup>60</sup> "Desmond Tutu 'deeply disappointed with South Africa's vote against U.N Security Council resolution on Myanmar,'" *International Herald Tribune*, January 21, 2007.

<sup>61</sup> "South Africa Reportedly Blocking U.N. Debate on Zimbabwe Crisis," *Business Day*, March 20, 2007.

<sup>62</sup> China, Indonesia, the Russian Federation, and Qatar also abstained. U.N. document, S/2007/315, May 30, 2007.

<sup>63</sup> U.N. Document S/Res/1747, March 24, 2007. For South African government statements on the vote, see "Iran Keeps Up Nuclear Consultation with SA," *Business Day*, July 9, 2007.

**Zimbabwe.**<sup>64</sup> Political and economic turmoil in neighboring Zimbabwe has led to a massive exodus of Zimbabweans in search of work. Some sources estimate that up to four million Zimbabweans (30% of the total population) are now living outside the country. South African government sources report that they have seen a sharp increase in border crossings since the Zimbabwean government implemented price controls on basic commodities in June 2007; over 4,000 Zimbabweans a day are now reportedly crossing the border into South Africa, both legally and illegally. Zimbabwe's other neighbors, Zambia, Botswana, and Mozambique, also have seen a significant rise in immigration. While many stay in these countries to look for work or stay with relatives, others commute across the border daily to buy basic staples that are now unavailable in their own country. Those who are caught by South African police are sent back to Zimbabwe; the International Organization for Migration (IOM) has reported that the number of Zimbabweans repatriated from its facility in Beitbridge, South Africa increased from 40,000 in the last six months of 2006 to almost 118,000 in the first six months of 2007. One South African official recently acknowledged that Zimbabwean migration has become "a serious problem."<sup>65</sup>

During his 2003 visit to Africa, President George W. Bush called President Mbeki his "point man" on Zimbabwe.<sup>66</sup> The United States has been outspoken in its criticism of the policies of Zimbabwe's President Robert Mugabe with respect to human rights, democracy, and land reform, and has imposed "targeted sanctions" prohibiting travel to the United States by Zimbabwe leaders. President Mbeki, by contrast, chose to deal with President Mugabe through "quiet diplomacy," or diplomatic engagement, and South African officials have called for western countries to reconsider the penalties they have imposed on Zimbabwe.

As Zimbabwe's largest trading partner, many observers consider South Africa to be in a position to exert substantial leverage on its neighbor. At the same time, South Africa must weigh the unintended effects of such leverage — state collapse across its northern border could produce a sharp increase in illegal migration and have a substantial impact on South Africa. In 2005, as the International Monetary Fund (IMF) threatened to expel Zimbabwe from the Fund for debt payment arrears, the country requested a loan of up to \$1 billion from South Africa for fuel, food, and electricity, as well as to address the IMF payments. Amid rumors that the South African government would make any potential loan conditional on economic and political reforms, the loan negotiations stalled and Mugabe found another source from which to repay the IMF dues.<sup>67</sup>

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<sup>64</sup> For more information on South Africa's policies on Zimbabwe, see CRS Report RL32723, *Zimbabwe: Current Issues and U.S. Policy*, by Lauren Ploch.

<sup>65</sup> Comment by South African Deputy Foreign Minister Aziz Pahad in "South Africa: A Cold Reception for Zimbabwean Migrants," *IRIN*, August 16, 2007.

<sup>66</sup> Comments made by President Bush during press conference on July 9, 2003 in Pretoria [<http://www.whitehouse.gov/news/releases/2003/07/20030709.html>].

<sup>67</sup> "Zimbabwe Pays Part of IMF Debt," *The Washington Post*, September 2, 2005.

Following Zimbabwe's 2005 parliamentary elections, which the British and American governments termed "fundamentally flawed" and "seriously tainted," the head of South Africa's parliamentary observer mission, Mbulelo Goniwe, chief whip of the ruling African National Congress (ANC), was quoted saying that the delegation had "unanimously agreed that the elections were credible, legitimate, free and fair."<sup>68</sup> Leading the Southern African Development Community (SADC) observer delegation, current South African Deputy President Mlambo-Ngcuka congratulated Zimbabwe on "the holding of a peaceful, credible, well-managed and transparent election. The people of Zimbabwe have expressed their will in an impressively instructive manner that will go a long way in contributing to the consolidation of democracy and political stability not only in Zimbabwe, but also in the region as a whole."<sup>69</sup> Both statements received substantial criticism in the international press.

Mbeki's Zimbabwe policies have drawn criticism from within his country; former President Mandela, Archbishop Tutu, former opposition leader Tony Leon, and even the ANC's ally, the Congress of South African Trade Unions (COSATU), have been vocal detractors. COSATU delegations have been forcibly expelled from Zimbabwe twice, first in 2004 and more recently in late 2006, when COSATU members traveled to Harare to express their support for Zimbabwean human rights activists after incidents of alleged police violence. One COSATU leader remarked, "we are not quiet diplomats," and "we will not keep mum when freedom does not lead to respect for workers and human rights."<sup>70</sup> When the Mbeki government issued a terse initial statement following the March 11, 2007, arrest of opposition and civil society activists, COSATU criticized the government for a "disgraceful" response, "in the face of such massive attacks on democracy and human rights, especially coming from those who owed so much to international solidarity when South Africans were fighting for democracy and human rights against the apartheid regime."<sup>71</sup>

The future of South Africa's policy toward Zimbabwe may be determined at the ANC's national conference in December 2007. Among the possible candidates for ANC president, former Deputy President Jacob Zuma, who has been plagued by scandal, has referred to the Zimbabwean president as "a monster," but has defended Mbeki's quiet diplomacy.<sup>72</sup> Current Deputy President Phumzile Mlambo-Ngcuka has suggested South Africa has "lessons to learn from Zimbabwe" on how to speed up

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<sup>68</sup> "The Real Fraud in Zimbabwe," *The Washington Times*, April 6, 2005.

<sup>69</sup> "Zimbabwe's Enabler; South Africa Falls Short as Monitor of Democracy," *The Washington Post*, April 4, 2005.

<sup>70</sup> "We Are Not Quiet Diplomats," *Daily Mail and Guardian* (Johannesburg), November 5, 2004.

<sup>71</sup> "South Africa Ends 's 'Silence' on Zimbabwe, Urges Harare 'to Respect Rule of Law,'" *BBC Monitoring Africa*, March 14, 2007.

<sup>72</sup> "I'm No Mugabe, but I Have Sympathy for What He Has Done," *The Sunday Telegraph* (London), November 26, 2006.

its land reform process.<sup>73</sup> Analysts contend that Cyril Ramaphosa or Tokyo Sexwale might take a stronger approach toward Zimbabwe. Sexwale has criticized Mbeki's policy, saying, "When a freedom fighter takes a wrong step, it is time for other freedom fighters to stand up and say 'we know you are a great man, but we cannot support what you are doing.'" <sup>74</sup> He has suggested that the Zimbabwean government may be ignoring Mbeki's efforts, and that it may be time to "turn up the volume."<sup>75</sup> Ramaphosa has expressed similar sentiments.

## Trade

The United States and South Africa enjoy a strong trade relationship. The United States leads the world in direct foreign investment in South Africa, with over 600 American companies active in the country.<sup>76</sup> As Table 1 indicates, the United States runs a deficit in its merchandise trade with South Africa. Nevertheless, South Africa is the largest market for U.S. goods on the continent, with imports totaling over \$4 billion in 2006. Leading U.S. exports include transportation equipment, chemicals, and electronic products, while leading imports include minerals and metals, and transportation equipment.<sup>77</sup> U.S. officials point out that South Africa continues to enjoy major benefits from the African Growth and Opportunity Act (AGOA, P.L. 106-200), enacted by Congress in May 2000, with nearly all of the country's exports qualifying for duty-free entry into the United States. Through AGOA, South Africa exported \$1.8 billion in such products as vehicles, chemicals, minerals, metals, and agricultural, textile, and apparel products in 2006, making the country the largest and most diversified supplier of non-fuel products under AGOA.

**Table 1. U.S. Merchandise Trade with South Africa**

(\$ billions)

	2003	2004	2005	2006
Exports to South Africa	2.819	3.178	3.907	4.462
Imports from South Africa	4.624	5.945	5.886	7.501
Balance	-1.805	-2.766	-1.979	-3.039

Source: U.S. Census Bureau, Foreign Trade Division

During a February 2002 visit to South Africa, U.S. Trade Representative Robert Zoellick proposed the creation of the United States' first free trade agreement (FTA) with sub-Saharan Africa, linking the United States with South Africa and the other members of the Southern Africa Customs Union (SACU): Botswana, Lesotho,

<sup>73</sup> "Mugabe: Why Africans Applaud Him," *New Statesman* (London), August 7, 2006.

<sup>74</sup> "Chorus of Disapproval Grows As Sexwale Speaks Out on Mugabe," *Zimbabwe Independent*, October 6, 2006.

<sup>75</sup> "Zimbabwe 'Ignoring' SA Diplomacy," *BBC*, May 15, 2007.

<sup>76</sup> Europa Regional Surveys of the World, *Africa South of the Sahara 2006*, 35<sup>th</sup> ed. Routledge, London: 2005, p. 1098.

<sup>77</sup> U.S. International Trade Commission.



Swaziland, and Namibia. SACU is the United States' second largest trading partner in Africa behind petroleum-rich Nigeria. Reaction to the FTA proposal in the region was reportedly positive, but there were concerns about the scope of the negotiations. Some observers felt that U.S. proposals to include intellectual property, government procurement, and services in the negotiations could have a negative impact on the SACU countries, and that the United States was not sensitive to the differing levels of development within SACU. Negotiations began in 2003 but were suspended in April 2006, when U.S. and SACU officials agreed on a new work program that will aim to address a broad range of trade and investment issues, and may contribute in the long term toward a possible FTA. Analysts suggest that the momentum for SACU negotiators to complete the FTA may have been lost, given that AGOA benefits were extended through the AGOA Acceleration Act of 2004 (P.L. 108-274) until 2015.<sup>78</sup>

## Prospects for the Future

Analysts seem generally confident that South Africa will remain politically stable for some time to come. There are tensions in rural areas over land, since most land remains in white hands,<sup>79</sup> but South Africa seems far from a rural upheaval over land, as has been the case in Zimbabwe. The government has undertaken a land reform program which, though behind schedule, is transferring government-owned land, disused land, and land purchased from willing sellers to African farmers.

The principal worry for some analysts is that South Africa will become a de facto one-party state under the ANC, weakening checks and balances in the political system. Should this happen, some fear that the regime could become increasingly authoritarian and unresponsive to the needs of its citizens. ANC leaders reject this view, arguing that their party is a national liberation movement committed to transforming South Africa and fulfilling the aspirations of the poor.<sup>80</sup> Others argue that the power of the ruling party is limited by the country's free and very active press, an independent judiciary, and a bill of rights enshrined in the constitution. In any event, President Mbeki and other ANC leaders want their country to be seen as a leader in Africa, and as a spokesman for Africa and the developing countries generally in world affairs. To play such roles, South Africa must continue to be recognized as a successful democracy.

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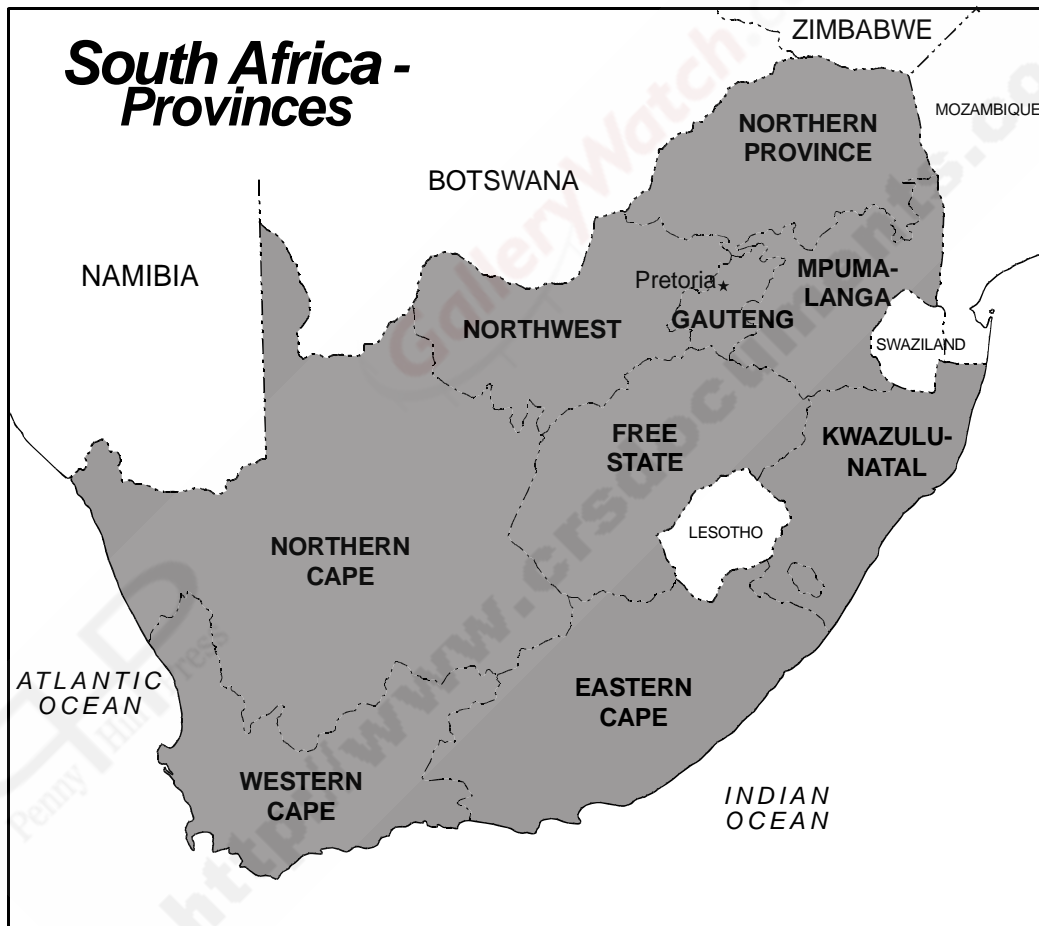
<sup>78</sup> For further information, see CRS Report RS21387, *United States-Southern African Customs Union (SACU) Free Trade Agreement Negotiations: Background and Potential Issues*, by Danielle Langton.

<sup>79</sup> South African Institute of Race Relations, *South Africa Survey, 2001/2002*, Johannesburg: 2001, p. 12-14.

<sup>80</sup> See, for example, President Mbeki's December 16, 2002 address to the ANC national conference [<http://www.anc.org.za/ancdocs/history/mbeki/2002/tm1216.html>].

For most observers, the major uncertainties about South Africa's future are long-term rather than short-term. There is a risk, some believe, that in five or ten years, or possibly longer, continuing inequities in the distribution of wealth, perhaps combining with AIDS deaths on a large scale among the poor, will raise social tensions to dangerous levels. From this perspective, South Africa's long term stability is linked to the success of the South African government and its partners in fighting poverty and reducing the toll of the AIDS pandemic.

**Figure 1. Map of South Africa's Provinces**



Source: Map Resources. Adapted by CRS. (12/02 M.Chin)

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**Note:** South Africa shaded; all unshaded areas are independent countries.