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Personalities and Pressures shaping SA's EU negotiations

The next round of the SA-EU Free Trade Agreement (FTA) talks will be held from 16 - 18 September in Brussels. This will be the twentieth round of talks in these protracted negotiations. Some analysts feel that unless agreement is reached by mid-October, the FTA will not materialise. Who are the personalities that shape these negotiations and what are their options?

Significance

International trade negotiations are often shaped as much by government policy as by the personalities of those involved in the technical discussions. South Africa's negotiations with the European Union (EU) over a Free Trade Agreement have been in progress since 1994. The negative sentiments that have recently emerged from negotiators on the prospect of reaching an agreement have led to questions about the role and abilities of the SA team.

Analysis

South Africa's Departments of Foreign Affairs (DFA) and of Trade and Industry (DTI) are separate units, run by different ministers with independent budgets. Each department has its own vision and plan of how to achieve its objectives. Yet both bureaucracies participate in international trade negotiations.

Perceptions of the two departments differ widely. It is often argued that the DFA has not altered much since South

Africa's transition to democracy. Apart from Ambassadorial-level posts, most senior officials remain white and male. By contrast, the DTI has reformed not only its vision of economic and trade relations inside South Africa and without, but its internal composition has also undergone a dramatic change. The DTI is arguably more representative of the new South Africa.

South Africa's negotiating team is led by its Ambassador to the European Union, Belgium and Luxembourg, **Elias Links**, a Foreign Affairs appointee. However, under him, most negotiators are members of the DTI. Until recently, DTI's **Faizel Ismail** was Links' deputy and Ismail's influence over South Africa's negotiating mandate should not be underestimated. Educated at the University of Sussex in the UK, Ismail provided a strong developmentalist approach to the negotiations. His close links with the Development Bank of Southern Africa (DBSA) and the Industrial Development Corporation (IDC) have been evident in the strong emphasis he gives to the regionalist



approach to development. **Mfundu Nkuhlu**, now Chief Director of the DTI's African trade relations section, said at the time of finalising South Africa's negotiating mandate with the EU that his sector's responsibility was to "police and monitor other sections of the DTI which are responsible for promoting trade relations with other parts of the world" and that it was "imperative that we evaluate each and every relationship against the policies that we hold for the region". (This, on its own, is an unusual situation, as one would expect DFA to have the broad vision — be that developmental, or otherwise — of relations with the region and the world; and DTI to be exclusively concerned with the details of tariff liberalisation and the financial benefits that could be gained for South Africa.)

This approach has resulted in considerable delays to the finalisation of South Africa's negotiating mandate. Pretoria's commitment to development issues necessitated consultation with the region and the register of progress on the Southern African Development Community's (SADC) free trade protocol signed in August 1996. In the interim, Ambassador Links was left to explain to Brussels the reasons for such delays — a situation creating considerable frustrations on both sides. Tension between DTI and DFA officials has been exacerbated by the basing of most of the DTI negotiating team in Pretoria and not Brussels. This has not only contributed to a lack of communication between the two parties, but also to a difference in perception of the state of, and approach required to, the negotiations.

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Ambassador Links has a strong academic background, having been attached to the University of the Western Cape (UWC) for a long period before serving in the Department of Finance. He is an approachable and accomplished diplomat — eliciting positive reports from his counterparts in the EU. However, some DTI representatives apparently are not always in agreement with his leadership style. Some DTI officials have argued that the negotiations should not be led by a DFA-appointee. Their respective

approaches to the process has also differed: the DTI has tended to be more confrontational in reaction to the EU's proposals. The Ambassador, by contrast, has been seen to be more willing to explore alternatives not proposed in the European mandate. This has resulted in a number of tense moments

and conflicts. During one of the recent negotiating rounds, DTI officials decided to launch a walk-out due to seemingly insurmountable differences between South Africa and the EU, leaving a meeting preceding talks between senior officials. Although the representatives from DFA who were present opposed the walk-out, they were outnumbered by their DTI colleagues. Upon arrival at the South African Embassy in Brussels the team telephoned their Minister, **Alec Erwin**, in Pretoria to inform him of events. Minister Erwin reportedly ordered them back into the meeting, arguing that they had no better forum in which to voice their objections.

Tensions between DFA and DTI members have evidently spilled over into the personal arena. Although officials would be loathe to make the connection, Faizel Ismail's recent

shift to another section within the DTI occurred when tensions were running particularly high about the negotiations. Disguised as a promotion, this move has seemingly gone a long way to relieving tensions around the negotiating table. Ismail has now made way for his less outspoken deputy, **Bahle Sibisi**, who arguably fits in more closely with Links' style.

In the EU, trade agreements fall under the authority of the European Council, whereas authority for foreign policy decision-making has not yet been granted to the supra-national institution. The Maastricht Treaty created an intergovernmental pillar, the Common Foreign and Security Policy (CFSP), which aims at creating consensus on foreign policy between the 15 EU members. (So far, the co-ordination of the CFSP has not been successful, as individual member states respond differently to international crises — the recent Iraqi conflict being a case in point.) Trade negotiations are treated as business deals and political policy differences minimised. South African officials were slow to grasp the significance of this, and were therefore disappointed when the Republic failed to secure the anticipated benefits from the EU's initial offer.

European bureaucrats have considerable experience and training in handling intricate trade negotiations. The recent change in the chief negotiator from **Phillipe Soubestre** to **Philip Lowe** should not have a notable impact on the negotiations. It might, however, be to the advantage of South Africa, as Lowe is a British national. The British government has been supportive of South Africa's position from the outset of the negotiations —

reflecting its historic ties with the Republic, as well as its pro-reform stance toward the Union's Common Agricultural Policy (CAP) which absorbs nearly 60% of the EU's budget. The CAP is a contentious issue within the negotiations, as agriculture is seen as the one area in which South Africa could benefit from a FTA as long as the EU reduces its tariff barriers.

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Likely Scenarios

The stage is set for three possible outcomes to the negotiations:

Withdrawal

If little progress is forthcoming by November, South Africa and the EU could both decide to withdraw from the talks. The European negotiating calendar will be increasingly congested with ongoing discussions on the widening (specifically incorporating Eastern European states) and deepening of membership, along with the future of the Lomé Convention.

Diluted agreement

Having invested so much effort into this process, it is possible that both partners could decide on a watered-down agreement focusing on development co-operation and partial trade liberalisation. This deal could have much less of the developmental and regional agenda than that which is sought by South Africa, though there may be opportunities to pursue this line in future negotiations.

Eleventh-hour political breakthrough

It is still possible for South Africa and the EU to finalise the negotiations and to sign a FTA at the SADC-EU ministerial conference to be held in Vienna on 4 November 1998. The likelihood of this outcome will largely reflect the extent of political will prevailing on both sides.