



EUROPEAN PARLIAMENT

DELEGATION FOR RELATIONS WITH SOUTH AFRICA

**11th EP / South Africa Interparliamentary Meeting
2 - 10 February 2008**

GAUTENG - CAPE TOWN

Report by Mr Sean O'Neachtain, Acting Chair of the Delegation

A. Introduction

The 11th IPM in Cape Town took place only 6 months after the visit of a South African Parliamentarian Delegation, led by Mr O. K. BAPELA, House Chairperson in the National Assembly (ANC), in Strasbourg in September 2007; this regular frequency of contacts underlines the importance given by both partners in re-dynamising parliamentary dialogue and the intensity of parliamentary exchanges.

During the visit, which focused extensively on science & technology EU-funded projects – putting the emphasis on health issues- the EP Side was represented by a 4-Strong Parliamentary Delegation, exceptionally Chaired by M. Sean O’NEACHTAIN (IRL, UEN) as M. Lapo PISTELLI (ALDE, I), Chair of the Delegation, had to cancel his participation at the last minute due to political developments in his Member State – and while other Members of the Delegation had already arrived in Johannesburg. The timing of the visit was nonetheless crucial as it coincided with the State of the Union address by President Thabo Mbeki – which the acting Chair of the Delegation attended¹.

As a result of the IPM, both South African MPs and MEPs agreed to repeat their 2007 call for the creation of an EP/SA Joint Parliamentary Committee and unanimously adopted a Final Declaration to this effect (annexed). Indeed, such a formal dimension is currently lacking in the Trade, Development and Cooperation Agreement, whereas it is usually included in the Cooperation Agreements which are signed by the EU: a JPC could furthermore provide for the necessary democratic oversight of the proceedings of the Cooperation Council which has already been set up under article 97 of the TDCA and be able to submit recommendations to the Cooperation Council.

B. Situation in South Africa

Political outlook

President Mbeki is still playing a leading role, even though he is internally weakened: his attempt, at the African National Congress [ANC] National Conference (Polokwane, 16-20 December 2007) to be re-elected as African National Congress leader, failed – and his former Vice-President, Jacob Zuma, managed instead to secure a 60% majority. The choice of the ANC leader is crucial, and not only in terms of internal party politics: the ANC leader is widely expected to be the ANC’s 2009 presidential candidate and, thus, South Africa’s next President.

It should be reminded that President Mbeki, who cannot seek a 3rd presidential mandate, attempted to seek another term as ANC leader mainly to block J. Zuma’s way. Not only did this fail, but there is now someone with whom he has a strained relationship and different political views, leading his majority party. Zuma is widely seen as representing the “traditional” left wing of the ANC while Mbeki is seen as centre-left. In his first speech as ANC leader, Zuma

¹ No room being foreseen by the South African Parliament for other Members of the Delegation, other MEPs were only able to attend the State of the Union speech on a private basis, as Democratic Alliance MPs agreed to extend them their own invitations. Given that no provisions were made in order to enable the Secretariat to join the Chair in following M. Mbeki’s address, this element cannot, unfortunately, be included in this report.

underlined the "*serious challenges of unemployment, poverty and inequality*" and insisted that growth is necessary to close the gap between the rich and poor. J. Zuma has also suggested more emphasis on pro-poor / social policies, through some changes in micro policies (education, social grants, HIV/AIDS, fight against crime, land reform, rural development). In the macro-economic field, more "open discussions" on inflation targeting are expected to be high on his political agenda.

Furthermore, all the candidates nominated by the Zuma' camp were elected to the ANC's top six positions: Jacob Zuma as party president, former ANC secretary-general Kgalema Motlanthe as deputy president, National Assembly Speaker Baleka Mbete as national chairwoman, South Africa Communist Party chairman Gwede Matashe as secretary general, North West speaker Thandi Modise as deputy secretary general, and former Mpumalanga premier Mathews Phosa as treasurer-general. Commenting on these last political developments, ANC MPs met by the EP Delegation stressed that "*the political system is working very well*" as "*democracy is also functioning internally*" within political parties. They were keen to point out that the Democratic Alliance also saw a recent change of leadership – proving, more generally, that civil society is now mature and able to debate in a contradictory matter. This being said, "*we are not saying that the ANC will always be right*"; "*having Jacob Zuma ANC leader and, simultaneously, Thabo Mbeki SA-leader is a new experience in our democratic practices*". While "*it is important that they are seen as working together*" (...), "*there won't be any major policy shift*".

Relations with the EU

South Africa's relations with the EU are different from other African countries. South Africa is an ACP country but is not eligible for the European Development Fund. The EU and South Africa have signed a Trade and Development Cooperation Agreement (TDCA) in 1999 and the development cooperation is financed through the Development Cooperation Instrument; nevertheless, South Africa, as a party of the Cotonou Partnership Agreement between the EU and the ACP, initially opted to negotiate the Economic Partnership Agreement foreseen in Cotonou. Nonetheless, as MEPs discovered during the IPM, South African MPs the EPA theme is seen in highly controversial terms (as described under section D of this report).

It should however be added that, in November 2006, the Joint Cooperation Council adopted the South Africa-EU Strategic Partnership. On 14 May 2007, the Joint Action Plan to implement the Strategy was adopted. It foresees closer cooperation in a wide range of areas from political dialogue to science and technology cooperation - environmental protection and climate change being among key cooperation areas.

The EP approved the Country Strategy Paper for South Africa (2007-2013), which is a Joint Country Strategy Paper drawn up by South Africa and the European Commission but also with the EU Member States: accordingly, future EC cooperation strategy seeks to support efforts to reduce poverty and inequalities in the country. Operations should be directed at promoting employment creation, social cohesion as well as governance, regional integration and TDCA facilities, with an indicative allocation of € 980m for 2007-2013 period.

C. Launch of the SA Video-Conferencing system (LSP)

The LSP was designed to contribute to the strengthening of democracy and good governance and, more specifically, to support the South African Legislatures (national and provincial) to fulfil their Constitutional mandates in a citizen oriented manner – seeking to contribute to the legislative sector in South Africa by addressing a number of challenges related to lawmaking, oversight and public participation.

The project, which was funded by the EU, achieved a number of results, including the development and improvement of facilities and equipment; development and procurement of systems for lawmaking; capacity building for institutional office bearers and presiding officers; support and improved capacity for committees; research support enhanced; strengthening of public participation structures; mainstreaming of gender and disability policies and practices; and training of Members of Parliament and Provincial Legislatures.

This installation was completed in December 2007, and was thus jointly launched on 7 February, in the margins of the IPM, by the Speaker of the National Assembly Ms. Mbete, the Chair of the National Council of Provinces Mr. Mahlangu, M. Lodewijk Briet, Head of the EC Delegation in South Africa, and M. O’Neachtain, acting Chair of the EP Delegation.

C. The Interparliamentary meeting: main themes

The IPM lasted two days, covering extensively a wide range of topics of mutual interest – and with the South African side, notably, showing a deep interest in the current EU constitutional process. This report, however, puts the emphasis on the following topics, which were the ones most intensively discussed:

Trade Issues: Economic Partnership Agreements

i. Background

This issue was the one most hotly debated – the South African side including it in the agenda as an item “*disrupting regional integration*”. It should be reminded at this point that South Africa initially chose to join the EPA negotiations with SADC (Southern African Development Community)², even though the country’s trade relationship with the EU is covered by a distinct Trade, Development and Cooperation Agreement (TDCA) and a separate agreement on wines and spirits. Yet it is true that regional trade between South Africa and its SADC partners could be disrupted after an EPA between the EU and SADC but without South Africa. Therefore, SA joined the negotiations first as an observer and later as a full member. By the end of 2007, however, South Africa objected to the finalisation of the SADC/EU EPA agreement: as a result

² SADC is composed of 14 countries: Angola, Botswana, the Democratic Republic of Congo, Lesotho, Madagascar, Malawi, Mauritius, Mozambique, Namibia, South Africa, Swaziland, United Republic of Tanzania, Zambia and Zimbabwe. But Angola, Botswana, Lesotho, Mozambique, Namibia, South Africa, Swaziland and Tanzania took part to the EPA negotiations under this region.

no EPA was signed with SADC as a whole, but interim agreements were signed with some of its Member States.

South Africa has, now, indicated that it does not plan to sign this agreement and that it will continue exporting to the EU under the TDCA - which is a WTO-compatible free trade agreement. Therefore, the country's exports will not be affected by the expiry of the Cotonou trade regime. Nevertheless, the non-participation of South Africa is expected to have implications on the implementation of the interim agreement, as it forms a customs union with Botswana, Namibia, Lesotho and Swaziland under SACU (Southern African Customs Union)³. According to the European Commission, the main provisions contained in the interim EU-SADC EPA are the following:

- Full Duty-Free Quota-Free access to all ACP exports to the EU, with a transitional period only for sugar and rice. As for South Africa, improvements have been negotiated in respect of the TDCA, notably for fisheries, industrial and processed agricultural products.
- Progressive and asymmetric liberalisation of EU imports into ACP countries, excluding the most sensitive products;
- Specific provisions on: trade defence instruments; non discriminatory treatment; trade facilitation; technical barriers to trade; sanitary and phytosanitary measures; administrative assistance; improved rules of origin to facilitate manufacturing operations in the ACP states; development cooperation.

Furthermore, the agreement includes commitments to complete negotiations on services and investment in 2008. Negotiations on competition and public procurements will be envisaged only when adequate capacity is built in the ACP.

ii. South Africa's position in the EU-SADC EPA negotiations

The main bone of contention between the EU and South Africa has been trade in services and trade-related issues. This seems difficult to reconcile with the substantial offers South Africa has tabled in the WTO Doha Round, the importance of the services sector in the South African economy and the existing network of bilateral investment treaties South Africa has concluded with SADC member states and a number of third countries, including EU MS. The second main objection by South Africa during the negotiations has been the EU's decision to offer a differentiated treatment towards South Africa, due to the country's levels of development and degree of competitiveness in both African and EU markets. South Africa's decision not to join other SADC countries in initialling the interim EPA can be interpreted in many ways: to some extent, irritation over the commitments made by other SADC countries to negotiate trade in services and investment issues; the claimed limiting effect of the MFN-clause on its trade policy space (notably vis-à-vis Brazil and India) and, possibly most importantly, internal politics favouring protectionism.

iii. The position of South African MPs

³ SACU is composed of five countries: Botswana, Lesotho, Namibia, South Africa and Swaziland.

House Chairperson O. Bapela (ANC) stressed that other SADC states had signed interim EPAs with the EU “*under duress*” or, in the words of another participant “*not with a gun on their forehead, but a bazooka*”. The result of these alleged bullying tactics (the EU being accused to “*refuse seeing the legal complications of its EPA offer*”, always “*issuing ultimatums*” etc) is, now, that:

- “*SACU is going to collapse*”
- “*SADC has now been divided into 5 blocks and (...) no longer exists*”.

The South-African side stressed to MEPs that “*we take note that most of you did not know what happened at the EU/SA negotiations – which is why we would like to give you this background*”, underlining, in particular, that President Barroso had made a personal commitment to President Mbeki, in the margins of the Africa summit in Lisbon, to examine this issue personally and officially visit South Africa in order to discuss how to resolve this problem.

While this was a step in the right direction, South African MPs complained that “*there has been an extremely worrying backtracking on the European side; nothing appears in the minutes, and everybody on the European side denies there ever was such a commitment*”. This feeling of frustration, which did appear to be genuine to many members of the EP delegation, led some of their African counterparts to ask the question openly: “*[now that we have explained you the problem] – what is the actual influence of the European Parliament?*”. Ambassador Sooklal, in particular, wondered whether the EU “*would really like to be held accountable for the breaking-up of SACU, the oldest Customs Union in the World*”.

Other SA MPs, and notably M. Sithole or M. Martins, warned that the way EPA negotiations were being conducted, this could even “*derail our otherwise excellent relations with the EU*” as “*the political temperature has reached boiling point*” and “*you have to realise that you have made no friends*”. Other SA MPs also used strong language (“*recolonisation attempt*” was heard) and, concretely, warned MEPs that should the EU insist in such a handling of the matter “*this is a free market...we have to look after ourselves, and China is there*”. M. Bapela, nonetheless, attempted to defuse the situation: even if South Africa does not sign an EPA, “*we will still have the TDCA*”; as, however, the EU-SA relation is “*a partnership of equals, this means that we both need to find common ground*”

Energy crisis

Electricity supply in South Africa (SA) is currently in crisis, as the existing generation capacity can no longer meet the growing demand. This situation has arisen due to a lack of investment in additional generation capacity, during a period of strong economic growth and a significant increase in consumption. The temporary solution of so-called “rolling blackouts”, is however potentially devastating to the economy ; it should be borne in mind that the Government’s credibility is directly at stake, as the lack of additional capacity is the result of the Government insisting in 1998 that Eskom (the national electricity company) shelve plans to for new power stations. Even though this decision has been reversed, building additional power plants will be a lengthy exercise: shortages will, most likely, persist until at least 2012 – meaning they will affect South Africa when the World Cup is held.

Commenting on this challenge, many ANC MPs explained that while alternative sources of energy are being explored (nuclear, wind, and solar – especially in Cape Town), the current

crisis particularly affects the less privileged and the poor. This seems to confirm that, as many commentators have observed, the economic toll from the electricity crisis could also threaten other government objectives, most notably the poverty alleviation and employment creation targets set out in the Accelerated and Shared Growth Initiative for South Africa (ASGISA) strategy, which aims to halve poverty and unemployment by 2014.

Specifically on nuclear energy, M. Bapela reminded that South Africa, a signatory of the Non-Proliferation Treaty, is nonetheless interested in developing this energy for peaceful purposes and is currently developing a new, revolutionary type of reactor – the Pebble Bed Modular Reactor⁴, which SA expects to export as the small-scale and niche application of PBMRs means that this technology is considered to be ideal for smaller countries. Furthermore, M. Bapela underlined that as 90% of the electricity is produced by coal, and only 6% nuclear, this should change, stressing that no radioactive leakages have happened and that the Koeberg nuclear plant in Western Cape meets all safety criteria. It should be reminded here that the proposed government strategy would see the construction of 12 conventional reactors and 24 pebble bed modular reactors (PBMR). Nuclear power is thus expected to contribute 20 to 25% of SA electricity generation by 2030.

...in context

Other MPs, however –notably from the Democratic Alliance- hinted that the problem should be seen in context: in previous (i.e. Apartheid) times, the very nature of the oppressive regime meant that few would have noticed, as *“the whole of the country was not electrified; now, with democracy, this has become a bigger issue”*. Nonetheless, the current government is largely to blame for the energy shortages – which is, to a big extent, due to extremely poor handling by Eskom (the state electricity company) and which everybody saw coming. The target of attaining a projected growth of 6% will now, most likely, be missed due to the energy crisis (according to the some estimates, energy shortages could mean that the nominal GDP growth will be reduced by 2.2 % a year until the problem is solved).

Even though they were critical of the government for its handling of the crisis, DA MPs also put sharp questions to the EU: South Africa’s energy crisis cannot be seen independently from the climate change and global warming phenomenon, they argued, and, there, *“the first world has an easy ride”*. As to developing nuclear power, and even though they stressed that *“we don’t have the option – we must go nuclear”*, they also enquired on European policies on the matter and particularly on nuclear waste, as, in South Africa, *“we are just burying these in the desert”*. This seemed to confirm that there is considerable scope for international co-operation and partnership on scientific grounds, notably with the EU, in many areas of SA’s nuclear development.

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⁴ The PBMR pilot project includes the construction of the demonstration power plant at Koeberg. The current schedule is to start construction in 2009 and for the first fuel to be loaded four years later. The other major component of the pilot is establishment of a pebble fuel plant at the Pelindaba site, west of Pretoria. According to Finance Minister Trevor Manuel, South Africa will commit to financing 51% of the capital requirements for the PBMR project over the next 3 years. Construction of the first commercial PBMR modules are planned to start three years after the first fuel has been loaded into the demonstration reactor, i.e. in 2016.

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Saturday 2 nd February	15.00 –16.30	EP Secretariat : Coordination meeting with EC Delegation Pretoria
	16:45 - 17:30	Visit to the Apartheid Museum
Sunday, 3 February	11.00-16.30	Visit of Pilanesberg Reserve – working lunch / briefing on National habitat and reserves/conservation issues <i>Return to Johannesburg</i>
	20.00-20.30	Security Briefing by EC DEL Pretoria Regional Security Officer Jacques Mauve
Monday 4 February	9.00	Briefing by EC DEL Pretoria HoD Lodowijk Briet
		<i>Visit of Alexandra Township and Soweto:</i>
	10.15-11.30	Health Partnership Programme, Bathuseng Community
	14.00-15.20	Chris Hani Baragwanath Hospital: Briefing on HIV-AIDS by Professor Alan Rees
	15.20-16.30	Meeting with Senior Advocate Majokweni, National Prosecution Authority
	19.30-21.30	Reception hosted by EC Delegation (guest speaker: M. Moeletsi Mbeki)

<p>Tuesday 5 February</p>	<p>9.30 Visit of Pretoria Forensic Laboratory</p> <p>10.45 transfer to International Organisation on Migration HQ, Pretoria</p> <p>11.00 Presentation by IOM (migration / trafficking in human beings)</p> <p>14.00 Departure for Mamelodi (St Francis Church)</p> <p>14.00-15.30 Children Home Care & Nursing Services: Visit of other <u>health activities with one NGO</u> funded under the thematic budget lines (Volunteers Service Overseas, VSO), Tateni Home Care Nursing service and St Francis church</p> <p>15.40 <i>departure to O.Tambo Int. Airport, Johannesburg and</i></p> <p>21.30 <i>Arrival at Cape Town Lodge Hotel, Cape Town</i></p>
<p>Wednesday 6 February</p>	<p>7.30 Breakfast meeting in presence of Acting Chair Sean O’Neachtain and HoD L. Briet</p> <p>08h45 Arrival of EP delegation at South African Parliament</p> <p>09h00 Meeting with the African National Congress</p> <p>09h30 Meeting with the Democratic Alliance</p> <p>10h00 Meeting with Inkatha Freedom Party</p> <p>10h50 Meeting with other parties</p> <p>11h10 Press Conference</p> <p>12h00 IPM with SA Parliamentary Delegation</p> <p>13h00 Lunch offered by SA Parliamentary Delegation</p> <p>14h00 IPM with SA Parliamentary Delegation</p> <p>19h30 Reception hosted by M. Obed Bapela, House Chairperson</p>
<p>Thursday 7 February</p>	<p>8.30 Departure to SA Parliament</p> <p>09h00 Launch of Video-Conferencing system for the Legislative Sector (National Assembly)</p> <p>11h20 IPM with SA Parliamentary Delegation</p> <p>14h00-17h30 IPM with SA Parliamentary Delegation</p>
<p>Friday, 8 February</p>	<p>10:00-13.00 State of the Nation Parade</p>

	14:00 - 15:00 Lunch hosted by EC DEL Hod Lodowijk Briet, Waterfront
	15:30 - 17.30 Meeting with EU HoMs (French Presidency) ,
Saturday 9 th February	8.30-10.00 Breakfast presentation on activities related to the Pesticide Programme (PPECB), Cape Town Lodge Hotel
	11:30-14:00 Visit to Pesticide programme beneficiaries: Table Grape Farm and Packing Station (Sandrivier Landgoed)
	15:00 – 16:30 Presentation on Citrus Exports to Europe (M. Vaughan Hattingh, CEO Citrus Research Int/al, PIP Beneficfary)
	19:00 <i>return to Cape Town</i>
Sunday 10	15:00 – 17:00 Coordination meeting EP Secretariat / EC Delegation (debriefing, press release, press cuttings, regie)

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List of participants (9)

<u>Members (4)</u>	<u>Group</u>	<u>Country</u>
Mr Seán Ó NEACHTAIN <i>Acting Chair</i> <ul style="list-style-type: none">• <i>Committee on Transport and Tourism</i>	UEN	Ireland
Ms Frieda BREPOELS <ul style="list-style-type: none">• <i>Committee on the Environment, Public Health and Food Safety</i>	PPE-ED	Belgium
Ms Anne FERREIRA <ul style="list-style-type: none">• <i>Committee on the Environment, Public Health and Food Safety</i>	PSE	France
Ms Teresa RIERA MADURELL <ul style="list-style-type: none">• <i>Committee on Industry, Research and Energy</i>	PSE	Spain

PPE-ED Group of the European People's Party (Christian Democrats) and European Democrats
PSE Group of the Party of European Socialists
UEN Union for Europe of the Nations Group

General Secretariat of the European Parliament, DG External Policies (2)

Mr. Philippe KAMARIS	Administrator
Ms. Germana CARNAZZA	Administrative Assistant

Political groups staff (1)

Ms Katia STASINOPOULOU ALDE

Interpreters (2)

Mr. Pascal PIGNOT French booth, Head of team
Ms. Geraldine WOJCIK French booth