

## Political Focus | South Africa

# Friend or foe? Foreign policy takes centre stage

- South Africa's preparations for the 15<sup>th</sup> Brics Summit in August, which the country is hosting, have been overshadowed by the International Criminal Court (ICC) and the warrant of arrest it issued for one of the expected attendees, Russia's President Vladimir Putin, on charges of war crimes. Domestic and foreign critics have accused Pretoria of being much too cosy with Moscow, notwithstanding official assurances that South Africa is neutral in the Russia/Ukraine conflict, and Washington's ambassador to the country caused a diplomatic storm in May when he claimed that South Africa had supplied Russia with weapons. Denials have since given way to a diplomatic charm offensive with South African officials trying to temper the concerns of the country's Western partners, who account for much of its trade, and its Brics partners, who are poised to welcome new members.
- A peace initiative spearheaded by President Cyril Ramaphosa saw several heads of state travel with him to Ukraine and Russia on a 'peace mission' in June, but the initiative was undermined by lukewarm support, logistical issues, and a generally cold reception by the warring sides. Mr Ramaphosa will be joining numerous African heads of state at the upcoming Russia-Africa Summit in St Petersburg before returning home to lay out the red carpet for visiting Brics heads of state (with the exception of Mr Putin, who will not be attending).
- Deputy President Paul Mashatile finds himself in the public spotlight, but not for the reasons he would have hoped. The man who deputises for Mr Ramaphosa at the Union Building but also at the headquarters of the ruling African National Congress (ANC) has had his lavish lifestyle choices – and past – scrutinised. The question on everyone's lips seems to be: who is Paul Mashatile, the man who would be president?

Table 1: Worsening socio-economic conditions are a key driver of risk

Key Measures		
<b>Structural Risk</b>		
<i>Index of risks related to demographics, social cohesion, past conflicts, and economic stressors.</i>	<b>Moderate</b>	High unemployment and ethnic fractionalisation raise risk while low demographic pressure dampens it.
<b>Institutional Risk</b>		
<i>Index of institutional quality: rule of law, level of democracy, and prevalence of corruption.</i>	<b>Low</b>	Rule of law and corruption have worsened, otherwise institutions are among strongest in region.
<b>Analyst's view and forecast</b>		
<i>Subjective, forward-looking assessment of overall political risk over the short to medium term.</i>	<b>Low to moderate</b>	ANC factionalism hobbles policymaking. Hardship is increasing anger and the social compact is failing.
<b>Overall rating: Low to moderate</b>		<b>Risk trend is stable</b>

Source: Oxford Economics Africa

## The Putin problem

South Africa has found itself between a rock and a hard place since March 17, when the ICC issued an arrest warrant for Mr Putin. Up until that point, South Africa had maintained a diplomatic ambivalence to Russia's invasion of Ukraine and avoided taking a firm position, abstaining from UN votes on the matter and calling, instead, for a ceasefire followed by dialogue. However, **Pretoria's invitation for Mr Putin to attend the Brics Summit could not be reconciled with the country's obligations in terms of the Rome Statute and its legal obligations to carry out the ICC's arrest warrant**, and efforts to find a legal loophole to satisfy all parties proved futile precisely as domestic pressure intensified. [The lengths to which South Africa had gone](#) to try and find an exception to allow Mr Putin to attend became apparent when the high court ordered the state's answering affidavit in a matter brought by the opposition Democratic Alliance (DA) to be made public. The DA was seeking a declaratory order compelling the state to arrest Mr Putin, should he touch down on South African soil. The matter was rendered moot when **Mr Ramaphosa announced, on July 19, that Mr Putin would skip the Brics Summit** and instead send Foreign Minister Sergey Lavrov. **The decision, purportedly made "by mutual agreement" between Brics members, spared Mr Ramaphosa from having to make a difficult decision**, but the whole episode – and Mr Ramaphosa's self-evident willingness to entertain his Russian counterpart – will reverberate into the future and impact relations.

**It is no secret that the West wants to isolate Russia** and needs as many countries as possible to join in this endeavour for it to succeed. On the whole, African countries have maintained a strategic neutrality, frustrating efforts to cut Moscow off from markets and multilateral forums. South Africa's perceived closeness with Russia has long irked its Western partners and the US in particular. **The tensions came to a head on May 11 when US Ambassador Reuben Brigety told reporters that the US believed that South Africa had supplied arms to Russia.** Referring to a sanctioned Russian merchant vessel that docked at a naval base in Cape Town in December, Mr Brigety said he was "confident that weapons were loaded onto the [Lady R]." [Mr Brigety later apologised](#) – sort of – but **the claim**

**set off a diplomatic storm with South Africa's access to the US market via [the African Growth and Opportunity Act \(Agoa\)](#)**

**seemingly at stake.** Mr Ramaphosa ordered an inquiry, headed by a retired judge, but the findings will be of little consequence. The bugbear was always Mr Putin's presence at the Brics Summit and, more pointedly, the growing significance of the bloc and the role played by the New Development Bank (NDB), often referred to as the 'Brics Bank'. The NDB does not yet represent a challenge to the global financial architecture and does not rival the IMF or World Bank in terms of subscribed capital or projects financed. However, the club is growing with Bangladesh, the UAE and Egypt joining the institution and Uruguay provisionally accepted. More significantly, perhaps, is the role the bank plays in members' ambitions for the de-dollarisation of trade and development finance.

**Table 2: There is no shortage of countries looking to join Brics and the NDB**

Brics		NDB	
Current	Aspirant	Current	Aspirant
Brazil	Egypt	Brazil	Uruguay
Russia	Algeria	Russia	Saudi Arabia
India	Saudi Arabia	India	Argentina
China	Iran	China	Zimbabwe
South Africa	Argentina	South Africa	
	UAE	Bangladesh	
	Bahrain	UAE	
	Indonesia	Egypt	

Source: *Oxford Economics Africa*

We think the upcoming Brics Summit will see the bloc formally invite Egypt and/or Algeria to join. The UAE also looks keen to join the project; so too do Saudi Arabia, Iran, and others. The West will fret about lost influence and significance as the US worries about the dollar losing its status as the world's reserve currency. South Africa sees itself as playing a leading role in a shifting global order, but also recognises that existing relationships need to be finessed.

## Mashatile in the spotlight

Mr Mashatile was by no means an unknown figure when he was [elected ANC deputy president](#) in December. He occupied senior positions in the Gauteng provincial government (1996-2009) and served in Cabinet (2010-2014) before being elected ANC treasurer-general in 2017. And yet, beyond ANC circles, his domestic profile was minimal and his international

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reputation non-existent. Closer scrutiny of the man was inevitable once he was [tapped to replace the outgoing deputy president](#), David Mabuza, in March. **On June 26, local media house News24 published an exposé, titled "Mashatile Unmasked", which detailed a lavish lifestyle out of sync with Mr Mashatile's stated income.** The reports also detailed how Mr Mashatile had – between 2016 and 2022 – occupied two palatial residences in Cape Town belonging to prominent and politically connected businessmen with extensive dealings with the government. None are more prominent than Edwin Sodi who is currently a co-accused in the Free State corruption trial that centres on ousted ANC secretary general Ace Magashule.

**After initially paying little attention to the reports, Mr Mashatile was forced to go on the offensive** and defend the relationships, saying the businessmen identified in the reports were "long-time friends" and their association had nothing to do with their current or former business dealings. Mr Mashatile has long been named as a leading figure in the so-called 'Alex mafia', a clique from the Alexandra township outside Johannesburg that went from anti-apartheid activism to enormous success in business and politics. Sensitivity to the 'Alex mafia' moniker saw the Gauteng provincial legislature ban the term and, earlier this month, saw two businessmen, Bridgman Sithole and Mike Maile, apply for an interdict to bar News24 from referring to them as part of the group.

On July 12, News24 published a new exposé, detailing another luxurious residence that Mr Mashatile has called home, this time in Johannesburg and owned by his son, Thabiso, and son-in-law, Nceba Nonkwelo. **The controversy deepened when it was revealed that Mr Nonkwelo's businesses benefited from multi-million rand loans by the Gauteng Partnership Fund, an entity which reports to the provincial Department of Human Settlements which was headed by Mr Mashatile at the time.** Some of the projects linked to the loans were never completed and current Human Settlements MEC Lebogang Maile has ordered an investigation. Mr Mashatile was also criticised for not using his state-funded, official residences in Cape Town and Pretoria which he, like Mr Ramaphosa, eschews in favour of private homes. Mr Mashatile has pointed out that he has never been directly implicated in

wrongdoing or charged, and **his supporters believe that there is an orchestrated campaign to discredit and undermine him** as Mr Ramaphosa's heir apparent. Mr Mashatile is notoriously ambitious and famously pragmatic, and some in the ANC believe he will do whatever it takes to become president. Others worry that his love for finer things makes him susceptible to undue influence.

## Scenarios

**The next general election will take place between May and August 2024.** The ANC faces the prospect of its share of the national vote dropping below 50% for the first time, forcing it into unwieldy partnerships or, possibly, the opposition benches. Decisions by the ANC – and the government it leads – will take place through the prism of political survival. The opposition spies an opportunity to unseat the ANC, but efforts to combine have not yet borne fruit.

*Baseline: ANC remains in power, likely with the help of small coalition partners*

Despite its well-oiled election machine and a familiar blend of nostalgia and populism, the ANC's diminishing popularity is mirrored by declining returns at the polls. The party is forced to work with small, constituency-based parties to form governments at national or provincial level.

*Less likely: ANC clings to power by entering into a coalition with the DA or EFF*

The ANC's share of the vote dips so far below 50% that it is forced to enter into a 'grand alliance' with one of the large opposition parties. A deal with the EFF is more likely, but a coalition with the DA is not out of the question. Big concessions will need to be made.

*Unlikely scenario: The ANC is unseated by a 'grand coalition' of opposition parties*

The ANC drops far below 50% and the opposition achieves a combined majority. A shared desire to unseat the ANC sees parties from opposite ends of the political spectrum go into coalition and form a government.

## Outlook: A whole new world?

We maintain South Africa's political risk rating at low to moderate with trend stable. The de facto start of the election campaign will drive risk over the medium term, and international relations complicate matters further.

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## Key Facts

Institutions	
<b>Head of state:</b>	President Cyril Ramaphosa, 71, in office for 5 years
<b>Political system:</b>	Parliamentary republic
<b>Ruling party:</b>	African National Congress (ANC), in power for 29 years. Centre-left. 58% of seats in National Assembly
<b>Opposition parties:</b>	Democratic Alliance (DA); Economic Freedom Fighters (EFF)
<b>Independence:</b>	1961 from Britain
<b>Next presidential election:</b>	N/A. President is picked by a majority vote in the National Assembly
<b>Next legislative election:</b>	2024. The ANC will struggle to achieve an outright majority and may go into coalition

**Political background**

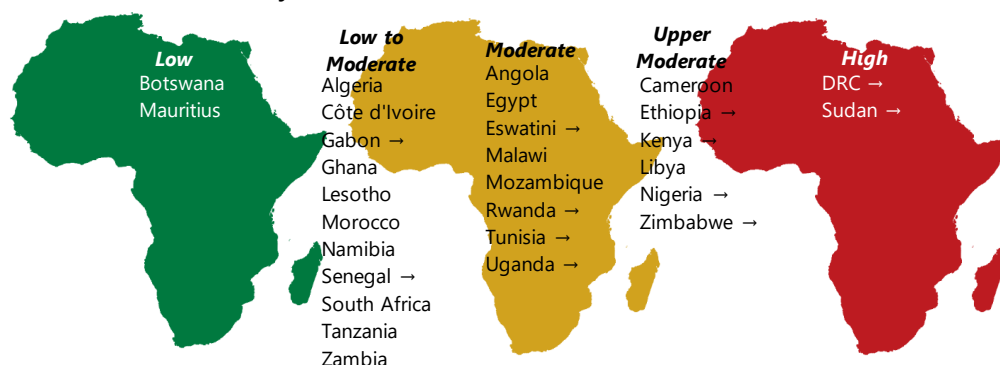
South Africa has some of the oldest archaeology sites in the world and pastoral nations first encountered European seafarers in the 15th century, followed by partial colonisation by the Dutch East India Company in the 17th century and British occupation from the 19th century. The country gained de facto independence to become a union in 1910 and a republic in 1961 under the white minority National Party (NP) with its policy of institutionalised racial segregation (apartheid). In the late 1980s, facing popular resistance and economic atrophy, the regime unbanned the African National Congress (ANC), among others, before entering into a negotiated settlement. Led by Nelson Mandela, the ANC won the first multiparty elections in 1994 and has been in power since. The party has been wracked by internal divisions and contestation, and two presidents - Thabo Mbeki and Jacob Zuma - were recalled before the end of their terms in office. The ANC's hegemony is being challenged by political parties on both ends of the political spectrum as mismanagement and corruption erode its popularity.

International indices	
<b>Corruption perceptions index:</b>	72/180 (2022), -2 since 2021
<b>Press freedom score:</b>	79/100 (2023)
<b>Press freedom ranking:</b>	25/180 (2023), -10 since 2022
<b>Human Development Index:</b>	109/191 (2021)

Demographics	
<b>Population:</b>	60,020,180 (2022)
<b>Urban population:</b>	68% (2022)
<b>Population density:</b>	49.2 people per sq. km (2022)
<b>Pop. growth rate:</b>	1% (2022)
<b>Life expectancy:</b>	63 years (2023)
<b>Adult literacy:</b>	95% (2019)
<b>Population in poverty:</b>	21% (2014)
<b>Gini coefficient:</b>	0.63 (2014)
<b>Unemployment rate:</b>	34% (2022)
<b>GDP per capita:</b>	\$6,775 (2022)



Countries by Political Risk Assessment level (arrows indicate trend)



Source: Oxford Economics Africa, Heritage Foundation, Reporters Without borders