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European Union/South Africa trade, development and co-operation agreement : decision-making, participation and perceived economic impacts

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University of Plymouth

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**The European Union/South Africa Trade, Development and
Co-operation Agreement: Decision-making, participation
and perceived economic impacts**

by

Roger John Levermore

A thesis submitted to the University of Plymouth in partial fulfilment for
the degree of

DOCTOR OF PHILOSOPHY

Department of Geographical Sciences,
Faculty of Science

October 2001

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**The European Union/South Africa, Trade Development and Cooperation Agreement:
Decision-making, participation and perceived economic impacts**

The European Union-South Africa Trade, Development and Co-operation Agreement (EU/SA TDCA), signed in October 1999, is viewed by some in South Africa as not only one of the most important trade and development agreements entered into by the 'new' South African government, but also a significant agreement for setting precedents for other bi-lateral trade and development pacts between the EU and African, Caribbean and Pacific group of states. This thesis considers two major issues related to the EU/SA TDCA. First, it describes and evaluates the structures that supported the South African side of the TDCA decision-making process. Second, it discusses the potential economic impact of the agreement on South Africa and part of southern African.

Prior to the election of the 'new' South African government in 1994, the majority of South Africa's population was excluded – both in terms of access to decision-making structures and from economic prosperity. By exploring the TDCA, the thesis provides a window through which to examine contemporary access to decision-making processes in South Africa and the likelihood of the TDCA promoting economic prosperity for sections of southern African society, particularly the 'traditionally excluded'. Interviews with key actors who helped formulate the TDCA provide information that enabled the evaluation of the TDCA decision-making process and highlighted potential economic 'winners' and 'losers'. Interviewing representatives of the South African wine and textile sectors provided an opportunity to examine in more detail the likely impact of the agreement and decision-making processes, associated to the TDCA, within South Africa.

The results indicate that an overriding message of this thesis is one of complexity. The description of the structures that underpinned the EU/SA TDCA portrayed complex relationships between decision-making 'actors'. In evaluating the inclusivity of the policy formulation process, there was a lack of consensus over who had been included or excluded. Likewise, the identification of potential economic 'winners' and 'losers' proved to be somewhat problematic.

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List of abbreviations

| | |
|------------|---|
| ACP | African, Caribbean and Pacific states |
| ANC | African National Congress |
| AGOA | African Growth and Opportunity Act |
| ATF | Agricultural Trade Forum |
| BAASA | Black Agricultural Association of South Africa |
| BAWSI | Black Advancement of Wine and Spirits Initiative |
| BCEA | Basic Conditions of Employment Act |
| BIDPA | Botswana Institute for Development Policy Analysis |
| BLNS | Botswana, Lesotho, Namibia and Swaziland |
| BSA | Business South Africa |
| BTT | Board of Tariffs and Trade |
| BUSCO | Wine Industry Business Support Company of South Africa |
| CAP | Common Agricultural Policy |
| CASE | Community Agency for Social Enquiry |
| CBOs | Community Based Organisations |
| CCMA | Commission for Conciliation and Arbitration |
| CEWPA | Cape Estate Wine Producers' Association |
| Clofed | Clothing Federation |
| COFESA | Confederation of Employers of South Africa |
| COSATU | Congress of South African Trade Unions |
| CRLS | Centre for Rural Legal Studies |
| CWSI | Cape Wine and Spirits Institute |
| DCCS | Duty Credit Certificate Scheme |
| DEVCO | Wine Industry Development Company of South Africa |
| DFA | Department of Foreign Affairs |
| DPRU | Development Policy Research Unit |
| DTI | Department of Trade and Industry |
| ECLA | UN Economic Commission on Latin America |
| EPAs | Economic Partnership Agreements |
| EPRD | European Programme for Reconstruction and Development |
| ERO | European Research Office |
| ETI | Ethical Trade Initiative |
| EU | European Union |
| Euro | EU currency unit |
| EU-SA TDCA | European Union-South Africa Trade, Development and Cooperation Agreement (also termed TDCA) |
| FAWU | Food and Allied Workers Union |
| FDI | Foreign Direct Investment |
| FEDSAL | Federation of South African Labour Unions |
| FGD | Foundation for Global Dialogue (now IGD) |
| FRWUSA | Farm and Rural Workers Union of South Africa |
| FTAs | Free Trade Areas and Free Trade Agreements |
| GATT | General Agreement on Tariffs and Trade |
| GDP | Gross Domestic Product |
| GEAR | Growth, Employment and Redistribution Policy |
| GNU | Government of National Unity |
| GSP | Generalised System of Preferences |
| IDC | Industrial Development Corporation of South Africa Ltd |
| IDS | Institute of Development Studies |
| IFAA | Institute for African Alternatives |
| IFIs | International Financial Institutions |
| IGD | Institute for Global Dialogue |
| IMF | International Monetary Fund |
| ISI | Import Substitute Industrialisation |
| ILRIG | International Labour Resource and Information Group |

| | |
|----------|---|
| KWK | Co-operative Wine Cellars Committee |
| KWV | Kooperatiewe Wijnbouwers Vereniging |
| LDCs | Least-developed countries |
| LDRs | Lesser Developed Regions |
| MFA | Multi-Fibre Arrangement |
| MFN | Most Favoured Nation |
| NACTU | National Council of Trade Unions |
| NAFCOC | National African Federated Chamber of Commerce |
| NAFU | National African Farmers Union |
| NAKPO | National African Knitter Producers Organisation |
| NDA | National Department of Labour |
| NEDLAC | National Economic and Development and Liaison Committee |
| NFKTA | National Fabric Knitters' Trade Association |
| NGO | Non-Governmental Organisation |
| NICs | Newly Industrialised Countries |
| NIEP | National Institute for Economic Policy |
| R | South African Rand (currency unit) |
| RDP | Reconstruction and Development Programme |
| RIAs | Regional Integration Agreements |
| RF | Rural Foundation |
| SAAU | South African Agricultural Union – Now SA Agric |
| SACGA | South African Cotton Growers Association |
| SACIEC | South African Clothing Industry Export Council |
| SACOB | South African Chamber of Business |
| SACP | South African Communist Party |
| SACTMA | South African Cotton Textile Manufacturers Association |
| SACTWU | South African Clothing and Textiles Workers Union |
| SACU | Southern African Customs Union |
| SADC | South African Development Community |
| SAIIA | South African Institute for International Affairs |
| SAMP | Southern African Migration Project |
| SAL | Structural Adjustment Lending Programme |
| SANCO | South African National Civics Organisation |
| SANGOCO | South African NGO Coalition |
| SAPPA | South African Port Producers' Association |
| SAPs | Structural Adjustment Programmes |
| SATIEC | South African Textile Industry Export Council |
| SAWIS | South African Wine Information Services |
| SAWIT | South African Wine Industry Trust |
| SAWPIEA | South African Wine and Spirit Industry Employers' Association |
| SAWSEA | South African Wine and Spirit Employers Association |
| SAWMTA | SA Worsted Manufacturers' Trade Association |
| SEFTA | South African-European Union Free Trade Agreement (trade component of the TDCA) |
| SETA | Sectoral Education Training Authority |
| SFW | Stellenbosch Farmers' Winery |
| SMMEs | Small, Medium and Micro Enterprises. |
| TDCA | see EU-SA TDCA |
| TESELICO | Technical, Sectoral Liaison Committee |
| Texfed | Textile Federation |
| TIPS | Trade and Industry Policy Secretariat |
| TRC | Truth and Reconciliation Committee |
| TURP | Trade Union Research Project |
| UNCTAD | United Nations Conference on Trade and Development |

UNISA
WFP
WID
WOSA
WTO

University of South Africa
Women on Farms Project
Women in Development School
Wines of South Africa
World Trade Organisation

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AUTHOR'S DECLARATION

At no time during the registration for the degree of Doctor of Philosophy has the author been registered for any other University award.

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Relevant seminars and conferences were attended, external institutions were visited for consultation purposes and papers and reports have been prepared for publication.

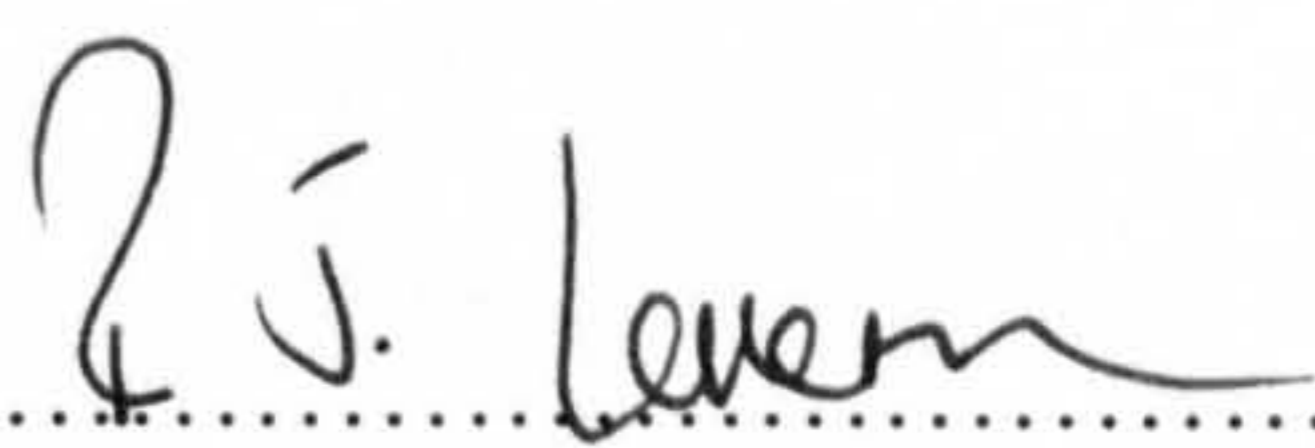
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Date.....18/1/02.....

Chapter One:

Introduction

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1.1 Background

After the dismantling of apartheid legislation in 1990, the South African state began a process of reintegrating into the world economy. South African governments since 1990 have entered into a number of trade-liberalising agreements as part of this integration process. They include bi-lateral agreements with Malawi, Zimbabwe and the European Union (EU),¹ as well as multi-lateral agreements, such as that agreed under the Marrakesh Treaty of 1994 and the Southern African Development Community's (SADC) Free Trade Protocol.

This thesis examines the European Union-South Africa Trade, Development and Cooperation Agreement of 1999 (EU-SA TDCA),² and in particular the South African side of the TDCA's decision-making process. It seeks to explore two important issues; the nature of the contemporary decision-making structures in South Africa supporting the formulation of the TDCA, and the potential economic impacts of the TDCA on South Africa and parts of southern Africa.

The nature of decision-making in South Africa is an important political and academic issue because of the exclusion of vast sections of South African society from various decision-making structures prior to 1994 (see for example, Brookes, 1968; Lemon, 1976, 1987; Lester et al., 2000). An analysis of the South African decision-making apparatus which underpinned the formulation of the TDCA therefore provides an opportunity to assess how far stakeholders in the 'new' South Africa are now included in decision-making processes. The position of 'previously excluded' sections of the South African population (also termed traditionally marginalised or disadvantaged) therefore provides a key indicator of how far inclusive politics have permeated 'post-apartheid' South African decision-making.

¹ The term EU is used throughout the course of the thesis when discussing many facets of the European Union. I am aware that there are legal definitional differences between the EU, European Community and European Commission, yet for ease of definition, and for the purpose of this research on South Africa, instead of using the terms commission or EC, EU is used unilaterally throughout. This is not to say that this research regards the EU as a monolithic organisation, as it is comprised of many actors.

² Officially entitled *Agreement on Trade, Development and Cooperation between the European Community and its member states, of the one part, and the Republic of South Africa, of the other part.*

An analysis of the trade component of the TDCA, described as a trade arrangement fundamentally based on neo-classical/neo-liberal economic ideology (Hirsch, 1997; Bond, 1999), also permits identification of the perceived 'winners' and 'losers' from the agreement in both South Africa and parts of southern Africa.

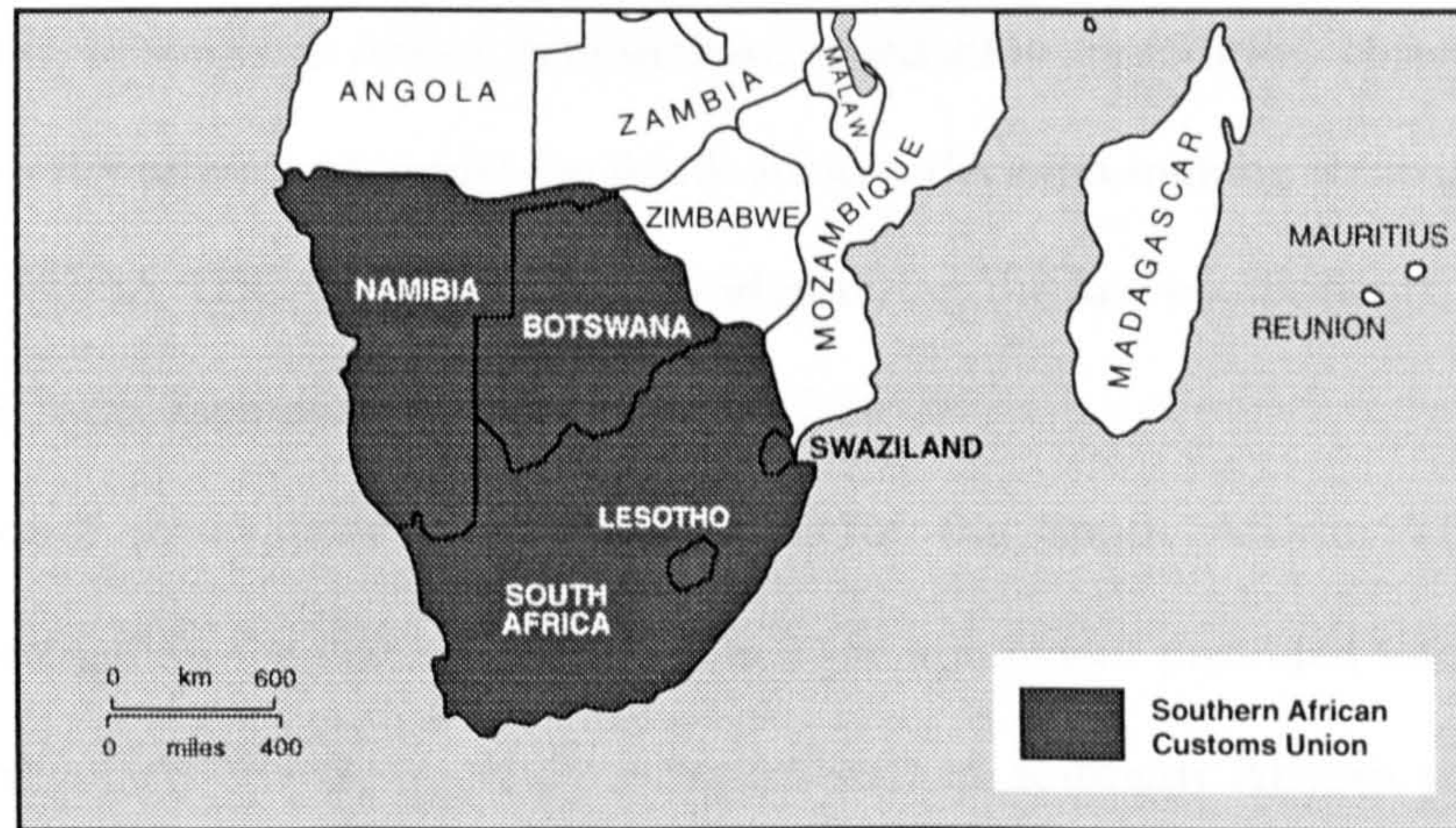


Figure 1.1: Map of SACU

Aside from these issues, the EU-SA TDCA is also an important agreement in its own right. Firstly, it is seen as symbolically important, representing the South African state's re-admittance into the global economic community (Phaswana, 2000; Levermore, Gibb and Cleary, 2000). Secondly, the trade agreement also has ramifications for the southern African region – particularly Botswana, Lesotho, Namibia and Swaziland (known collectively as the BLNS), who, along with South Africa, form the South African Customs Union (SACU). The map in figure 1.1 (see above) outlines the SACU region. As the customs union has common trade boundaries, the BLNS have become *de facto* members of the trade agreement. Thirdly, the TDCA is important to the EU in that the agreement has been heralded as a blueprint for reciprocal Economic Partnership Agreements (EPAs) between the EU and African, Caribbean and Pacific (ACP) states (Davies, 2000, 6).³ However, to re-emphasise, an analysis of the TDCA is undertaken mainly to assist in providing a window through which to focus on issues of inclusivity in the new South Africa and the potential impact of the agreement. Before beginning the analysis, therefore, this chapter outlines the major objectives (1.2), research themes (1.3) and structure (1.4) of the thesis.

³ These EPAs are in the process of being negotiated, and have been agreed to under the terms of the Cotonou Agreement (signed June 2000), which replaces the non-reciprocal Lomé convention (European Centre for Development Policy Management, 2001).

1.2 Aims and Objectives

This thesis has two central aims. The first is to explore the South African decision-making structure supporting the TDCA negotiations. The second is to assess the potential impact of the agreement on South and parts of southern Africa. Within these broad aims are four key objectives;

- First, to outline and model the South African decision-making structures, in relation to the EU-SA TDCA, in particular by identifying the key components and actors in the TDCA decision-making process.
- Second, to evaluate the inclusiveness of the South African TDCA process by investigating the extent to which this trade agreement provided various stakeholders (particularly the traditionally marginalised) in southern African with access to the decision-making processes, and influence in determining the content and outcome of the TDCA.
- Third, to provide an assessment of the perceptions of the potential economic impacts of the TDCA on southern Africa. This includes a consideration as to what extent the agreement might be termed as 'neo-classical'. Although the South African media, and academic analysis world-wide (Badurally Adam and Darroch, 1997; IDS and BIDPA, 1998; Jachia and Teljeur, 1998; Graumans, 1998; Goodison, 1999) have occasionally detailed likely beneficiaries and 'losers' of the TDCA, no study to date has considered a wide-ranging southern African perception of the likely 'winners' and 'losers' of the agreement.
- The fourth objective is to provide a more detailed understanding of both the inclusiveness of the decision-making process and the potential impact of the TDCA by conducting a micro-analysis of the South African wine and textile industrial sectors.

1.3 Research themes

The chapter now expands upon the salient issues associated with these four main objectives under consideration. They are, first, debates describing, exploring and understanding decision-making processes; second, issues of inclusivity in decision-making structures; third the perceived economic

impact of the TDCA in the context of perspectives of economic development, and; fourth, an examination of the South African wine and textile sectors in the context of furthering an assessment of the TDCA.

1.3.1 *Objective One: Decision-making structures and the TDCA*

The literature describing decision-making structures suggests that careful consideration needs to be given to defining what decisions are taken when policy is formulated (Cox, 1967; Peterson and Bomberg, 1999). Sidjanski (1973), for instance, suggests that 'open' or 'closed' decisions are made, where open decisions provide opportunities for stakeholder participation but closed decisions do not. Traditional literature on decision-making processes focused predominantly on government decision-making process (known as a statist/realist approach). Allison's 1971 description of the policy formulation process associated with the Cuban missile crisis is the best-known example of this genre (Allison, 1971; Cornford, 1973). These statist/realist theoretical perspectives view decision-making as a closed process, where policy was decided by senior decision-makers, independent of the society they interact with (Lieberfeld, 2000). The statist/realist position has been challenged somewhat by pluralist perspectives. Lieberfeld (2000) for instance, argues that many non-governmental actors also influence the decision-making apparatus. The act of describing political decision-making structures can be further explored by using models generalising decision-making processes in order to attain a framework to enable an understanding of particular decision-making systems (Snyder et al., 1969; Allison, 1971; Parsons, 1995). Chapter Two (2.5.1) explores competing perspectives on the nature of describing decision-making structures and the benefits and problems of applying models to understand their complexities. For this thesis, the Snyder model (Snyder et al., 1969) was adapted and applied to the SA TDCA decision-making structure. This model is operationalised in Chapter Four, to identify the key decisions made, the various components that influenced the construction of the TDCA, and those actors involved in this decision-making process.

1.3.2 *Objective Two: Inclusion and Exclusion in the TDCA decision-making structure*

The second theme proceeds from *descriptions* of decision-making structures to evaluate the *inclusivity* of government policy formulation. This issue of inclusivity is contentious given South

Africa's past and has attracted much academic, media and political interest, with a voluminous literature considering social and political exclusion in apartheid South Africa (for a list of general sources see above). More recent academic and non-academic interest has focused on the changing democratic processes since the election of the 'new' South African government in 1994. Debates have been wide-ranging – including comparisons between the ANC and previous apartheid governments (Butler, 1998; Spence, 1999), the degree of state interference in the media (Miller, 1995; Graybill, 2000; Salazar, 2000), democracy in a dominant party system (Lodge, 1999a; Hudson, 2000), political corruption (Ellis, 1996; Lodge, 1999a), and the transition from resistance politics to governance (Butler, 1998).

Debate concerning the inclusiveness of South African decision-making processes has taken a number of directions. For example, a growing body of literature has explored the increasing exclusion and intolerance directed towards black non-South Africans within South African society (Schutte, 2000) and contests the official government discourse that the renaissance of Africa should be based on an inclusive pan-African idea, *Ubuntu*, where all Africans are incorporated into future development (Sindane, undated; Mgibi, 1997; Lodge, 1999a). Other literature explores the inclusion of 'previously disadvantaged' or 'traditionally marginalised' peoples, particularly within South African civil society (such as Lanegran, 1995; James and Caliguire, 1996; Hilliard and Kemp, 1999; Zuern, 2001). The definition of such groups, along with civil society and stakeholders, is difficult (James and Caliguire, 1996; Glaser, 1997). Throughout this study, previously disadvantaged groups or people have been regarded as those largely excluded from apartheid South Africa's decision-making structures. This includes people outside the 'white' political process – i.e. those termed 'black', 'Indian' or 'coloured'.⁴ Thus, many 'stakeholders' in contemporary South African society are included in this group – including the unemployed, agricultural and industrial labourers, owners of small, medium and micro enterprises (SMMEs), and civil society in general.

⁴ This thesis has faced similar problems to many researchers who study South Africa, particularly in relation to the use of certain terminology. Terms such as black, white, coloured, Indian, or South African are used without inverted commas despite the ambiguous and contentious nature of using such terms. For a full debate on this concern please see Chapter Three (3.2).

These issues feed into more general theoretical discussions about participation in decision-making structures. Much literature attempts to define the concept of participation, particularly in relation to the different levels of inclusion for stakeholders in participatory and representative democratic systems (Beetham and Boyle, 1995; Weale, 1999; Lucas, 1976), where it has been argued that the state has a tendency to inhibit participation of the community in decision-making processes (Botes and van Rensburg, 2000). Of particular relevance to this research is the debate concerning the feasibility of stakeholder participation in governmental policy formulation processes (Held, 1996; Lucas, 1976). Publications focusing on inclusion and exclusion in developmental trade agreement policy-making processes, similar to the EU-SA TDCA, reflect that many 'actors' with vested interests can be excluded (Hodd, 1987; Chisti, 2000; Marchand, 1994). They note that political marginalisation can occur on many levels, by continents (such as Africa in the WTO or IMF) (Hodd, 1987), states, industrial sectors, and stakeholders (such as women, the unemployed, migrants).

In examining the inclusivity and exclusivity of the TDCA this work not only examines inclusivity of structures supporting the South African side of the TDCA negotiations, but also the inclusion and exclusion taking place on a number of levels (between the EU and South Africa and within the South African TDCA decision-making structure itself).

Chapter Two examines further the conceptual debate surrounding this issue, whilst Chapter Five assesses southern African perceptions of the inclusivity of the TDCA policy formulation process. Chapters Seven and Eight then consider the theme of exclusion and inclusion in the wine and textile sectors (in relation to the TDCA).

1.3.3 *Objective Three: The impact of the TDCA on economic and social development in South Africa*

The third theme is an evaluation of the perceived impact of the TDCA on economic development in South and southern Africa. This relates to research on competing development paradigms and critiques of neo-classical economic development perspectives.

Pape (2000,1) notes that 'there is a need to go beyond broad generalisations and examine national and regional specifics' when evaluating development ideas and policies that are based on neo-classical economic perspectives. Examination of the perceptions of those living in southern Africa towards the potential impact of the EU-SA TDCA therefore provides the opportunity to look at these specifics in a national and regional sense.⁵ Furthermore, by exploring the wine and textiles industries, two sectors suggested by interviewees as distinct winners and losers from the agreement, the study provides an understanding of the potential impact of the TDCA at an industrial level.

One of the explicit objectives of the EU-SA TDCA is that the agreement should enhance the economic development of South Africa. Many analysts suggest that the TDCA is based mainly on neo-liberal economic development theory (Hirsch, 1997; Bond, 1999). This paradigm has gained increasing global acceptance, particularly since the 1980's when modernisation and dependency perspectives were largely discredited (Belassa, 1993). Chapter Two briefly considers the debate surrounding the genealogy of development thinking since 1945, outlining the climate in which neo-liberal development policies espoused by International Financial Institutions (IFIs) (such as the WTO, IMF) were gradually accepted by governments throughout the world and especially in Lesser Developed Regions (LDRs). The parameters of the development debate from 1945 were largely set by modernisation perspectives on the one hand, and dependency on the other. Attacks on both perspectives facilitated the ascendancy of neo-liberal development thinking. A common criticism of all development perspectives has been that they have failed to reduce poverty, economic marginalisation and political exclusion of states, regions and communities (Leys, 1996; Cox, 1996; Dickson, 1997). Yet it is neo-liberal inspired policies that have attracted most criticism (Payne, 1981; Cox, 1983; Bleaney and Fielding, 1995; Escobar, 1998; Nayyar, 1999), especially in their marginalisation of sections of society traditionally defined as 'disadvantaged' or on the periphery – such as women (Chowdhry, 1995), migrants (Skeldon, 1998; Dale, 1999), the unskilled and unemployed (Ghosh, 1999).

⁵ Regional in this sense means southern Africa and not sub-regional areas in South Africa.

The post-1945 evolution of development perspectives in South Africa has closely mirrored this genealogy of development thinking. The ruling National Party government (from 1948 to 1994) broadly borrowed from modernisation theories, applying policies to assist the development of 'underdeveloped' (i.e. non-white) areas within South Africa, especially the 'homelands' (Maasdorp, 1974). The opposition, spearheaded by the ANC, espoused a more dependency/Marxist-related development ethos. Following the demise of apartheid legislation, the post-1994 ANC-led government policy has to a large extent focused on the development of the 'previously disadvantaged' with policies designed to 'empower' mainly non-white communities. Some of these policies were based on redistribution through taxation, whilst others were based on redistribution associated with neo-liberalism (Bond, 1999; Brohman, 1995a). South African government policy is increasingly being linked to neo-liberal economic perspectives, reflecting the global acceptance of policies associated with economic neo-classicism. Chapter Six contextualises the themes discussed here in an examination of the perceived impact of the TDCA on the southern African region.

1.3.4 *Objective Four: Wine and Textile sectors (Micro analysis)*

The South African wine and textiles sectors are examined as examples of industries that are perceived to have most benefited or lost out under the agreement. The fourth theme of this study is an analysis of these two industries (in chapters Seven and Eight) and their inclusion in the TDCA decision-making process and perceptions of the impact of the agreement. Although these two sectors represent only a minor part of the overall free trade arrangement, in focusing on wine and textiles, themes raised above are re-examined to present a more comprehensive understanding of the TDCA process. They take the issues raised above a stage further and allow for an exploration in greater empirical detail of a micro-analysis of the agreement.

The South African wine sector is an industry that epitomises South Africa's past and in some ways captures the problems and promise of South Africa's future. It was a symbol of apartheid, implementing segregation between 'ethnic' communities, employing people in terrible conditions, and was a target of boycotts and sanctions. However, in 2001 the wine sector acts as a quasi-

embassy for South Africa – with exports booming and the industry attracting many tourists to the Western Cape.

Textiles, on the other hand, has suffered from a number of afflictions common to South Africa in the 1990's – trade liberalisation, the influx of legal and illegal imports and previous under-investment in equipment has resulted in a huge reduction in employment. It is the type of industry that is highlighted in the literature as being marginalised, particularly by those states who can compete on a cheaper basis than South African textile companies.

1.4 Structure

In order to analyse the four objectives identified the thesis is divided into seven further chapters. Chapter Two begins by outlining the main features of the agreement, and examines the TDCA in the context of the major post-1945 economic development perspectives; modernisation, dependency, and neo-liberalism. It then considers the extent to which the trade component of the agreement is based on neo-liberal/neo-classical theoretical assumptions. Responding to the criticism that neo-classical trade policies exclude vast sections of society from representation in the formulation of these agreements, the final section of the chapter explores the perspectives on the constitution of decision-making structures, particularly issues relating to inclusion and exclusion of stakeholders.

Chapter Three discusses methodological and philosophical considerations and the research methods employed in this study. It first reviews primary and secondary literature used to explore the diversity of issues examined in the research. Two periods of interviews in southern Africa provided the primary data for the study. In the first period nearly sixty people closely associated to the TDCA decision-making process were interviewed. The second in-depth interviews were conducted with representatives of the South African wine and textile industries, including employers, employees, Community Based Organisations (CBOs) and exporters. This section emphasises that a reflexive account of my positionality throughout the research process is most important. The construction of my perspectives and relationship with the interviewees (as well as

literature) all contribute to provide an understanding of the methodological concerns expressed throughout the information-gathering process of the thesis.

The remaining chapters concentrate on the four themes identified above. Chapters Four, Five and Six present information from the first series of interviews. Chapter Four details the TDCA decision-making structure and identifies four major components that influenced the construction of the TDCA - the internal environment, the South African statal process, 'detached observers', and the external environment. It also identifies the 'actors' involved, such as government departments, the negotiating team, labour, business, and civil society representatives. This chapter also examines the relationships between these actors within the TDCA decision-making process. Chapter Five articulates stakeholder and decision-maker perceptions of the inclusiveness of the TDCA decision-making process. The chapter also assesses the influence of each component in formulating the TDCA and the degree of inclusivity in the process. Chapter Six explores interviewee perceptions of the likely impact of the agreement on South Africa and sections of southern Africa. It assesses how interviewees tended to view 'winners' and 'losers' of the agreement in terms of industrial sector, with many reluctant to identify individual stakeholder groups as being beneficially or adversely affected by the TDCA. From these results, the wine and textile industries, winners and losers respectively, are examined as case studies to explore further the economic impact and inclusivity of the TDCA and the decision-making structure.

Chapters Seven and Eight conclude the empirical element of the study by exploring the wine and textile industries within the context of the TDCA and TDCA decision-making structure. The first section in each chapter briefly outlines the geography, history and politico-economic concerns of each industry. The second section details the organisation and structure of the sector, key actors, and their relationship with the TDCA decision-making process. The third section assesses how representatives from these sectors view the potential impact of the agreement on their industry, whilst the fourth section presents each sectors' understanding of the inclusiveness of the decision-making process.

Finally, Chapter Nine presents a summary of the study's main conclusions, reflects on the findings, and explores further the conceptual understanding of the issues discussed in relation to the broad understanding of the TDCA and TDCA decision-making structure, and in the context of the specific results obtained from the wine and textile case studies.

Chapter Two:

The Trade, Development and Cooperation Agreement; development theories and decision-making processes

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2.1 Introduction

The purpose of this chapter is to explore the conceptual background to the European Union-South African TDCA and the South African decision-making process. It begins with a summary of the TDCA (2.2), outlining the different sections of the agreement. The remainder of the chapter looks at concepts that describe and evaluate decision-making processes, as well as economic development and trade perspectives (around which objectives one to three are based) in order to facilitate an understanding of the issues addressed in this research.

The TDCA links into a history of development paradigms that place economic growth as one of the most important ways of promoting development in 'less-advanced' areas of the world. The first debate (section 2.3) conceptualises the TDCA in the context of major development perspectives since 1945 (modernisation, dependency and neo-liberalism/neo-classicalism¹) and places them in a South African context. It has been argued that the trade component of the TDCA (hereafter the South African-EU Free Trade Agreement – SEFTA) is based primarily on neo-classical/neo-liberal economic thinking. In order to gauge the perceived impacts of the agreement on South and parts of southern Africa, the third section (2.4) critiques this perspective and examines the literature that identifies both the benefits and disadvantages, and more specifically, 'winners' (highlighted in 2.3.1) and 'losers' from neo-liberal trade liberalising development policies. Criticisms of the neo-classical economic approach have highlighted that policies associated with this perspective have, overall, failed to alleviate poverty (Brohman, 1995a; Bond, 1999). Instead, they have exacerbated economic marginalisation and in the process excluded many sectors of society from related decision-making processes (Hodd, 1987). The fourth section (2.5) surveys the literature describing and evaluating decision-making structures and considers issues of stakeholder inclusion and exclusion in these processes.

¹ Although there are subtle variations in the terms neo-classical and neo-liberal, they are used interchangeably throughout this thesis. As Prögler (2000) notes, the difference is mainly in name only. Both perspectives are irrevocably linked to major economic philosophers, such as Milton Friedman. For further discussion on the use of these terms, see Chapter Three (3.2).

2.2 Summary of the TDCA

The EU-SA TDCA represents just one aspect of economic, political and social co-operation between South Africa and the European Union that dates to before the abolition of apartheid legislation. Since 1994, the EU has become the South African state's largest international development aid donor, trading partner and foreign investor (European Union in South Africa, 2001).² Presently, 40% of South Africa's exports go to the EU region, and finance from the EU accounts for 70% of South Africa's annual total foreign investment (European Union in South Africa, 2001).

Although negotiations for a long-term trade and co-operation agreement began in 1994 (the formal negotiation process was officially opened in June 1995), discussions on trade arrangements for products such as wine and fish were discussed in 1993 (for further details of the wine negotiations see Chapter Seven). The EU produced two mandates outlining the direction of the agreement – one concerning political parameters in 1995 and a trade mandate in 1996. Some co-operation negotiations were resolved swiftly. For example, the Science and Technology agreement (officially outside the TDCA) was signed in December 1996. Partial accession to the Lomé Convention followed rather acrimonious discussions in April 1997.³ However SEFTA negotiations were lengthy with over 24 rounds of official face-to-face discussions.⁴ The main details of the trade pact were agreed by the EU at its Berlin Summit in March 1999. The TDCA, including SEFTA, was not signed until 11 October 1999 and negotiations still continue over arrangements outside the TDCA, such as wine and spirits, and fishing rights.⁵ The TDCA was ratified by the South African parliament in October 1999, yet ratification is still required by some EU member states and the

² Phaswana, 2000, notes that in 1999 EU imports amounted to R5.5 billion to South Africa, while South Africa exports R4.1 billion of goods to the EU.

³ The South African government's main aim was for a more comprehensive inclusion in the Lomé Convention but the final agreement saw South Africa excluded from the non-reciprocal trade chapter and financial aid package (Davies, 2000, 6). For further details of South Africa's qualified membership of the Lomé Convention, see European Commission Delegation in South Africa, 1999, 4-8.

⁴ This does not include the informal sessions that took place or the recent rounds negotiating the wine and spirits or fisheries agreements.

⁵ For a chronology of the TDCA negotiation process, from 1994 to 1999, see Bertelsmann-Scott, Mills and Sidiropoulos, 2000, 131-135.

WTO.⁶ Furthermore, the BLNS have still to concur with the agreement, under terms laid out in the 1969 SACU treaty.⁷ Many aspects of the TDCA began to be implemented from 1 January 2000.

The official TDCA negotiations took place between representatives of the EU and the South African government. At this official level the TDCA can be viewed as a bi-lateral agreement. However, SEFTA might also be defined as multilateral as the impact of the trade component extends *de facto* to Botswana, Lesotho, Namibia and Swaziland (BLNS) who, along with South Africa, form the South African Customs Union (SACU) and, of course, the 15 member states of the EU.

As figure 2.1 illustrates, the TDCA comprises of the main agreement text, ten annexes and two protocols. The main text has 109 articles, divided up into eight main titles (listed in figure 2.1). The ten annexes mainly detail EU and South African tariff levels that apply for agricultural and industrial products and their phase-down period (apart from those on the reserve list which are excluded from tariff reductions). There are also annexes relating to fisheries products (annex V) and an exchange of letters in relation to the EU/SA Wine and Spirits Agreement (annex X). The first protocol deals with Rules of Origin; the second relates to customs matters. There are also three separate agreements that are associated with the TDCA, but officially fall outside its remit. They are the Science and Technology Agreement and, at the time of writing, the unresolved Fisheries⁸ and Wines and Spirits agreements.

The European Commission (1999, 10) notes that from this main agreement, protocols and annexes, the TDCA has eight major aspects. These are as follows:

- Political Dialogue
- Social and Cultural Cooperation

⁶ The WTO, under Article XXIV, requires free trade agreements to remove all customs duties on 'substantially' all trade between parties over a maximum period of ten years.

⁷ At the time this thesis was submitted (end of October 2001) an official at the South African Department of Trade and Industry noted that the BLNS states have still not given their concurrence, and had no indication of when, or whether, they would do so.

⁸ Much doubt surrounds the likelihood of any agreement between the South African government and the EU on a fisheries agreement. In April 2001, a South African government official was quoted as saying that such an agreement would be impossible because there was no 'common ground' between the two parties (Ensor, 4 April 2001).

- Financial Assistance
- Economic Cooperation
- Institutional set up
- Development Cooperation
- Developmental Free Trade Area
- Trade Related Issues

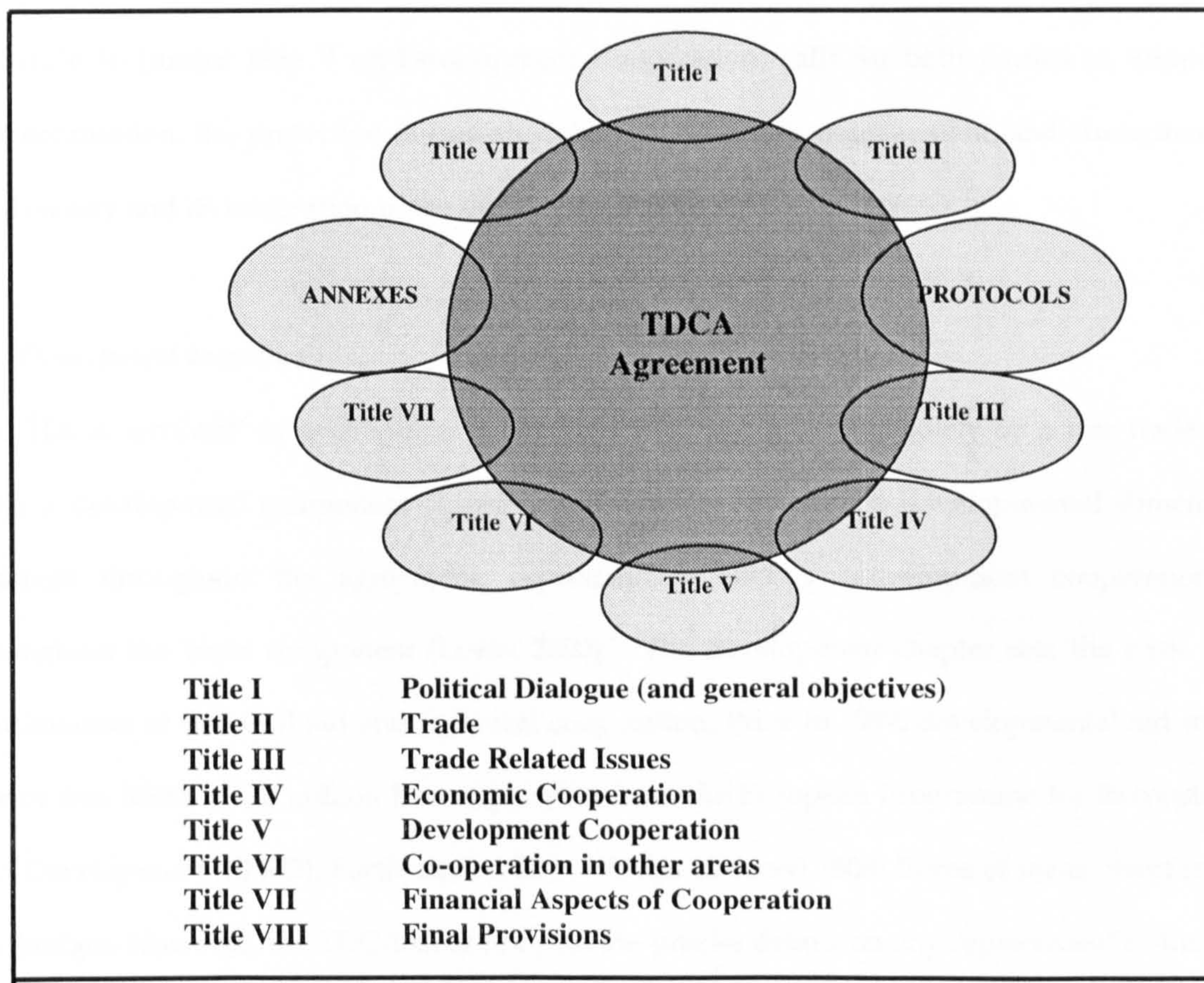


Figure 2.1: The components of the TDCA

Although the agreement covers issues such as cooperation in tourism, the environment, technology and culture, the political, developmental and trade dimensions of the TDCA are considered to be the most important (Nedcor, 1999). These areas of the agreement are explained in more detail below.

- *Political Dialogue*

Title I of the main agreement considers political dialogue between the EU and South Africa. Article 2 discusses 'respect for democratic principles and attachment to principles of good governance', whilst Article 4.2 promotes social justice to 'help create the necessary conditions to eliminate poverty and all forms of discrimination'. Throughout the main text, reference is made to other forms of political cooperation. Examples include the establishment of a new decision-making institution – the Co-operation Council – responsible for negotiations between South Africa and the EU after the implementation of the agreement (see article 97 under Title VIII). Furthermore, part c of article 66 (under Title V on Development Cooperation) calls for both parties to 'support the democratisation, the protection of human rights, sound public management, and strengthening of civil society and its integration in the development process'.

- *Development assistance*

The TDCA 'evolved' as negotiations progressed from being centred solely on a free trade to one with a development component (Lowe, 2000). Some argue that a developmental dimension is inherent throughout the agreement, especially in Title V (development cooperation) and throughout the trade component (Lowe, 2000).⁹ The development chapter sets the basis for the continuation of financial aid and technical cooperation. Prior to 1999, developmental aid to South Africa was R900m (130 million Euros) per year from the European Programme for Reconstruction and Development (EPRD). Furthermore, South Africa obtained 150m Euros of loans direct from the EU budget. However, the TDCA does not provide precise details on any replacement to the EPRD, developmental aid figures, or how future aid will be allocated. Under Title V, Article 66, the agreement states that 'special attention will be given to providing support to the adjustment efforts occasioned in the region by the establishment of the free-trade area under this Agreement, especially in the SACU'¹⁰; furthermore, 'Programmes shall be focused on the basic needs of the previously disadvantaged communities and reflect the gender and environmental dimensions of development'. Development is also referred to in Title IV (Economic cooperation) noting that the

⁹ Philip Lowe, (2000), one of the EU's main negotiators, noted that development was the 'leitmotif' behind the overall agreement.

¹⁰ This was referred to by some interviewees as 'compensation measures'.

agreement should promote 'the economic empowerment of historically disadvantaged groups' (Article 50), particularly those from SMMEs (Article 54).

- *Economic Cooperation, trade and trade-related issues*

The tariff liberalising dimension of the agreement is described as being a reciprocal trade arrangement, but one that is asymmetrical and differentiated. It is asymmetrical in that South Africa usually has more time to reduce tariffs than the EU (a maximum of 12 years compared to 10 for the EU). Most of the EU tariff reductions take place within the first three years – the bulk of South Africa's liberalisation takes place between 6 and 12 years. As table 2.1 illustrates, SEFTA is also termed a differentiated agreement because the EU liberalises 95% of its total imports from South Africa, with South Africa reducing tariffs on 86% of imports from the EU.

| Years | SA's access to the EU | EU's access to SA |
|--------------|------------------------------|--------------------------|
| Start | 77% | 50% |
| 3 years | 83% | 55% |
| 6 years | 89% | 64% |
| 10 years | 95% | - |
| 12 years | 95% | 86% |

Table 2.1: Transition table for total trade in the SEFTA part of the EU/SA TDCA

Additionally, SEFTA has to take into account the Southern African Development Community's (SADC's) trade protocol, in that the EU/SA FTA allows a 'margin of preference for products from SADC countries seeking access to the SA market over competing products from the EU' (Davies, 2000, 8). Under the main agreement, trade is covered almost entirely under Title II, with industrial products under section B and agricultural products under section C. Safeguard of agricultural products takes place under article 16.¹¹ Title III considers trade-related issues, such as the safeguard clause (Article 24) and safeguard procedures (Article 26). Rules of Origin are referred to in Article 28, but explained in detail under Protocol One. This sets the rules for where goods are

¹¹ The agricultural support mechanism is prompted if imports cause serious disruption to industries from either the EU or South Africa.

allowed to originate from, though cumulation of products from other southern Africa states is fully or partially permitted depending on whether the product/material originates from non-SACU ACP states, or from materials originating in the BLNS.

However, the main trade aspect of the agreement surrounds tariff liberalising arrangements for some 8000 industrial and agricultural products. Annexes II to IV outline the rate at which the tariff for each product will be reduced after implementation. There are six lists with varying tariff reduction periods, ranging from no tariffs at implementation to list six, the reserve list, which includes goods that are not currently eligible for tariff reduction, but are open to review in the future.

On the industrial products side, the EU has placed six items on the reserve list (such as aluminium powder) whilst South Africa has included tyres, footwear, various leather products, certain clothing, textiles and yarns, carpets, and motor vehicles and components (Nedcor, 1999). In terms of agriculture, 61% of total (EU and South Africa combined) goods will be duty-free and between 26-28% of SA goods will not benefit from preferential tariff levels or quotas.¹² However, for many of South Africa's agricultural products, access will only be allowed towards the end of the 10-year commitment period. The EU has many agricultural products on its reserve list, including beef, some dairy products, cut flowers, rice, maize, certain canned fruits and wine. The South African government has included beef and mutton; maize, wheat, dairy and sugar. Beef and sugar have been included by both sides to protect the preferential trade granted by the EU to the ACP. In terms of EU subsidies there is also a Joint Declaration that refers broadly to EU subsidies, though this contains no detailed provisions.

In summary, the TDCA has established key trade, development and political criteria for future EU-South Africa cooperation. The main motivation for the TDCA was the use of regulated free-trade policies to encourage South Africa's development, and correspondingly, access to new markets for the EU member states. Despite its important political component, therefore, the TDCA

¹² The industries benefiting from quotas includes cut flowers, canned fruit, fruit juice, dairy, wine and sparkling wine.

exhibits strong trade and development policies, designed to promote and disseminate wealth to Lesser Developed Regions (LDRs). A key aspect of this should be enhanced prospects for traditionally marginalised societies. The next section examines this issue further by reviewing the TDCA in the context of post-1945 economic development paradigms.

2.3 The TDCA and competing paradigms of economic development

An explicit objective of the TDCA is the support of economic development in South Africa and, indirectly, to the southern African region. Indeed, trade and trading relations have been one of the most important policies in furthering economic development (Peet, 1991). In order to develop this debate a stage further, this section places the EU-SA TDCA within the context of the main competing development paradigms (section 2.3.1) as well as development practices in South Africa (section 2.3.2), from 1945 to the present.

2.3.1 *Parameters of the economic development debate: Modernisation, Dependency and 'Neo-liberal' Perspectives*

As noted in chapter one (see 1.3.3), the parameters of development thinking after 1945 were mainly set by, on the one hand, modernisation approaches and, on the other, dependency perspectives.¹³ Central to the assumption of much early development thinking was the belief that economic growth was fundamental to the process of development and progress in LDRs (Peshkin and Cohen, 1967, 11; Potter et al., 1999, 43). Although more recent thinking has recognised non-economic influences on development (Potter, et al., 1999, 43), many post-1945 theoretical perspectives and development institutions, such as the World Bank, International Monetary Fund, World Trade Organisation, still adhere to such a belief (Slater, 1993, 423). This notion of progress has tended to emanate from the 'developed' world, who teach 'the rest of the world that escape from their lot is possible, and this has made the desire for economic growth, modernization, and rapid industrialization the universal ideology of political elites in all countries' (Gilpin, 1987, 263).

¹³ This is not to say that other development perspectives have not been influential. For instance, Amirahmadi (1987) assesses the impact of 'non-capitalist forms of development' on the socialist world from 1945 to 1985. Post-modern perspectives have become increasingly prevalent in contemporary development discourse (Simon, 1999).

Although there are many strands of economic-development thinking (examples include orthodox Marxist, functionalist, mercantilist, post-modern and structuration)¹⁴ this survey of post-1945 development paradigms places the EU/SA TDCA in the context of the three main broad development schools - modernisation, dependency, and neo-liberalism. These broad schools of thought, apart from capturing many of the disparate dimensions of development thinking also represent the paradigm shifts that have characterised post-1945 development theory.

I Modernisation approaches

Although this discussion considers modernisation theory since 1945, its origins date back decades and centuries (Peet, 1991, 10). The diverse and heterogeneous modernisation approaches to development have been comprehensively chronicled (see for example Harrison, 1988, 57-61). However, some of the tenets central to most modernisation perspectives can be summarised in two debates.

First, the central message from classic modernisation theorists was that the world essentially consisted of two halves – developed (or advanced and modern) and undeveloped (or traditional).¹⁵ Developed societies ‘were distinguished by their economic, social, cultural, and political modernity, which sharply contrasted with the traditional values of underdeveloped, developing... societies’ (Corbridge, 1995, 2). The aim of development in modernisation perspectives is the transformation of the social, cultural, political and economic aspects of undeveloped societies into those of developed societies (Roberts and Hite, 2000, 9).

The second is the centrality of economic growth to modernisation advanced by Närman (1999, 151) who noted that ‘the idea of modernisation can be seen as a logical extension of economic growth theories’. Modernisation perspectives were rooted in Keynesian economics, which

¹⁴ For information on these and other perspectives refer to Leys 1996; Corbridge 1995; Preston 1996; Webster 1990; Harrison; 1988; Peet 1991; Potter, et al., 1999; Simon and Närman, 1999.

¹⁵ The reasons for this perceived dichotomy between developed and undeveloped preoccupied modernisation scholars. Talcott Parsons for instance built upon Weber and Durkheim explanations relating to the uniqueness and ‘superiority’ of Western civilisation (Webster, 1990).

advocated state intervention (for example, through state investment in infrastructure and technology, Rostow, quoted in Corbridge, 1995), and a partial rejection of neo-classical economic theory. This partial rejection was a result of the perceived socio-economic devastation caused by the collapse of relatively unregulated global financial markets during the 1930s (Preston, 1996). Assured by the perceived success of state-intervention and centrally planned economies (adopted in 1930s America, during the war years and under the Marshall Plan in Europe after 1945), modernisation promoted development-oriented and targeted state intervention in the economy and the market (Webster, 1990; Harrison, 1988). That said, other modernisation approaches advocated the implementation of laissez-faire, liberal economic policies, promoting capitalism, the market, and tariff liberalisation (Preston, 1996). Indeed, Chowdhry (1995, 30) argued that 'it is... the goal of modernization theory to turn Third World countries into capitalist market economies'.¹⁶ Furthermore, the philosophies of modernisation, whether economically, psychologically, culturally, or biologically inspired, had at their centre the advocacy of economic growth as a recipe for developing the 'undeveloped' areas of the world. For instance, Hagen argued that psychological changes were necessary to overcome and discredit superstitions which were seen to be prevalent in developing regions and a barrier to the acceptance of economic modernity (Peet, 1991, 26). Moreover, a stable political structure was critical to economic modernisation, as was the national media in disseminating the ideas of capitalist modernity (Lerner, as quoted in Roberts and Hite, 2000, 10). Additionally, Hoselitz argued that it was necessary to create an atmosphere for entrepreneurs to thrive, as they reputedly did within 'civilised' Western societies (Peet, 1991, 25-6).

II Dependency

Many dependency perspectives arose out of criticisms of modernisation approaches. For instance, dependency theorists, such as Gunder Frank, objected to the simplistic manner in which the traditional or undeveloped world was portrayed (Harrison, 1988, 44, and 77-79). Dependency theorists also criticised aspects of capitalism, and argued that it led to the exploitation of the 'Third World' (Webster, 1990, 80). A process of exploitation was fuelled by international trade and colonialism (Frank 1967, 22). Moreover, Wallerstein declared that 'all states within the capitalist

¹⁶ This is not to say that these two strains of modernisation were incompatible.

system cannot develop simultaneously by definition because the system functions by virtue of having an unequal core and peripheral regions' (quoted in Larrain, 1989, 15). This distinction between core and periphery (also termed self-centred and peripheral by Amin and developed by Wallerstein into three divisions; core, periphery, and semi-periphery), is a common characteristic that binds the broad school of dependency theories. Frank identified the existence of the centre/periphery divide as one reason for the lack of development in many LDRs and noted that, 'the centre consistently and systematically expropriates the economic surplus from the periphery through the mechanisms of the international market' (quoted in Dickson, 1997, 40). This 'exploitation', dependency perspectives argue, resulted in economic marginalisation, particularly of those in the periphery (Roberts and Hite, 2000, 12).

Despite its opposition to the effects of modernisation and capitalism, it is fair to say that dependency theorists produced few alternatives to challenge modernisation. Although opposing the implications of unregulated market capitalism, many dependency thinkers supported the idea of strong state intervention, economic growth, and Western oriented socio-cultural policies to achieve development and 'progress' (Skeldon, 1997). Indeed, Palma (1981) divided dependency into three broad schools and noted that all advocated economic growth to achieve development in LDRs. One of these perspectives emanated from the UN Economic Commission on Latin America (ECLA), which supported the policy of Import Substitute Industrialisation (ISI) to protect indigenous industrialisation within Latin America from the detrimental effects of capitalism (Roberts and Hite, 2000, 14).

III Modernisation, Dependency and trade

Modernisation and dependency approaches provided two opposing faces of post-war development thinking. However, both perspectives had some common ground, in that both believed in economic growth to promote development of underdeveloped/peripheral regions (Potter et al., 1999). An important component of economic growth for both perspectives was the creation of trade. Global trade policy in the era of modernisation and dependency - between 1945 and the mid 1970s - was on the one hand characterised by the establishment of international financial institutions (IFIs), for

example, the International Monetary Fund (IMF) and General Agreement on Tariffs and Trade (GATT), to increase international trade and reduce tariffs,¹⁷ particularly in more industrialised regions, and on the other, the implementation of arguably protectionist regional trade regimes using inward-oriented trade policies, predominantly in LDRs (Krueger, 1995, 1-2).

Although these developments, particularly trade and tariff liberalisation, were mainly associated with modernisation (Peet, 1991),¹⁸ ISI and more protectionist stances were supported by early dependency theorists and practitioners (especially Raul Prebisch and ECLA). For instance, they asserted that 'regional integration constitutes a defensive reaction on the part of the developing countries both to enhance their bargaining power vis-à-vis the developed world and to mobilize regionally their own limited resources for development in lieu of external assistance' (Segal, 1966-7, 252). Furthermore, some dependency theorists believed that protectionist trade policies were necessary to facilitate the development process in LDRs (Lall, 1993, 47). ISI was the main policy assisting the sheltering of new infant industries behind protective trade barriers which were thought to be in danger from international competition because of their high initial costs of production (Lall, 1993). In the early 1960s, ISI was heralded as a 'successful economic growth model in combining the interests of various classes around the project of inward-oriented national development' (Gülalp, 1998, 955).¹⁹ Newly formed (and plentiful) Regional Integration Arrangements (RIAs) in LDRs quickly adopted these policies (Balassa and Stoutjesdik, 1975-6, 57-9). Hazelwood (1979, 41) noted how the United Nations propagated the view that these RIAs were important organisations in fostering economic and industrial development. However, following their ascendancy at the start of the 1970s, RIAs and protectionist trade policies were challenged and increasingly supplanted by development thinking and policies associated with neo-classical economic perspectives.

¹⁷ For example, average tariff levels reduced from approximately 38% in 1947 to approximately 8% in 1972 amongst the 62 countries that comprised the General Agreement on Tariffs and Trade (which had started off with 23 in 1947) (Gibb and Michalak, 1994, 13).

¹⁸ Modernisation supported conventional theories advocating the increase in global trade through a reduction in the level of tariffs, whereas dependency theorists claimed that while an increase in trade benefited the whole world, it was 'of much greater benefit to the centre (where manufacturing production is concentrated) than to the periphery (which was destined to produce primary products)' (Palma, 1981, 408).

¹⁹ Gwynne (1985, 24-8) notes that the areas where ISI successfully occurred include the motor industry in Brazil, Chile, Argentina and Venezuela.

IV Neo-classical/neo-liberal economic development perspectives

In many ways, criticisms of modernisation and dependency theories led to the re-emergence of neo-liberal economic perspectives. Attacks on modernisation theory from the mid-1970s increasingly emanated from neo-liberal sources who criticised Keynesian economics, the underpinning of many modernisation theories. Kay (1993, 695) highlighted one such criticism, in that:

state interventionism... has created distortions in the price mechanisms which has resulted in the misallocation of productive resources and therefore lower rates of growth. The neo-liberal slogan is that imperfect markets work far better than imperfect governments and planning.

The neo-liberal 'crusade' was led by individual academics (such as Deepak Lal and Bela Belassa), the financial press, politicians and government officials, as well as by IFIs (such as the World Bank and GATT - now the World Trade Organisation - WTO). Lal, a persistent critic of state intervention in the economy and one-time economic adviser to the World Bank, argued that the state was effective at social control and developing infrastructure but, by using what he termed 'Dirigisme dogma', the state should not intervene in economic policies – be they foreign trade controls, industrial licensing, or forms of protectionism (Lal, reproduced in Corbridge, 1990, 62-3). In many ways it could be argued that such state intervention continues today, with policies such as the EU's Common Agricultural Policy (CAP) (referred to in 7.4) being an obvious target for neo-classical economic criticism. Furthermore, a big element of ISIs downfall, as well as theoretical objections, was its poor performance in achieving development.

Belassa (1993, 25-6), also with links to the World Bank, asserted that LDRs benefit in three ways from the neo-liberal concept of economic development. First, they can benefit from specialising and exporting (exploiting) their valuable natural resource products. Second, particularly in the early stages of industrialisation, LDRs can utilise unskilled and therefore cheap labour forces (making them more competitive). Third, they can compete on the global market where international specialisation creates 'comparative advantage'. Neo-liberal thinking suggests that wealth created by the unhindered operation of the market will 'trickle-down' to all sections of

society (Friedman, as noted in Krugman, 1994) and reduce, or eventually eliminate, regional inequalities (Simon, 1990).

Furthermore, neo-liberal developmental agreements are often tied to a condition that signatory parties have a commitment to the democratic process (Zack-Williams, 2000), which should provide the basis for stable internal conditions upon which neo-classical economics can thrive. In addition, Lal and Rajapatirana (1987) claim that statistical tests validate the neo-liberal case that freer trade enhances economic growth and therefore development in LDRs. Furthermore, Ng and Yeats (1997, 898), contend that open economies work better for LDRs, supporting the view that trade liberalisation and Structural Adjustment Programmes (SAPs) make an important contribution to industrialisation and the more efficient utilisation of resources. Neo-liberal and neo-modernisation theorists also contend that the increasing marginalisation of the LDRs is due more to either the freedom of the market being impeded (Lal, 1993) or the corruption and domestic discord in these areas.

IFIs also initiated a change in development discourse, planning and policy by advancing economic neo-liberal approaches to development. During the 1980's the World Bank and IMF informed developing states that they needed to put 'their own houses in order. They needed to have freer markets and export-oriented growth, not to blame their problems on some hostile and amorphous [core/periphery] 'world system'' (Lister, 1997, 58). Peet (1991, 40) adds that, 'theories very similar to modernization continue to direct policy in governmental and international aid agencies (such as the World Bank), but theoretical justification tends to be sought more in neo-classical economics than developmental society'.

Clare Short, the UK's secretary of state for international development, exemplifies many (although not all) government officials around the world who promote neo-liberalism. For example, Short argued that globalisation (based on neo-classical economics):

...increases wealth creation... To avoid [being marginalised]...developing countries must become full participants on the global economic stage, shaping and influencing the global rules in line with their interests and needs. (Short, 1998, 456).

In many ways neo-liberal approaches to development are identical to those of modernisation, in that they continue to promote capitalism and only advocate social and political intervention to maintain the operation of the market (Marchand and Parpart, 1995). Modernisation theorists demanded the maintenance of political order; under neo-liberalism there are requests for 'good governance' (Slater, 1993, 426-8; Moore, 2001) and a commitment in developmental agreements to democratic and transparent decision-making processes. The EU-SA TDCA is just such an example of this linking of economic and political criteria.

V Neo-classical economic trade policy

Despite analysts proclaiming the limited success of ISI, by the mid-1970s both ISI and state intervention in the market were enduring a barrage of criticism. Radical dependency theorists became increasingly frustrated with ISI failing to break the 'cycle of poverty' in the periphery (Gülalp, 1998, 955), and it was also viewed as a dangerous form of dependence (Seers, 1981, 14). Yet, most criticism arose from neo-classical/neo-liberal economic perspectives, as ISIs and RIAs were considered to be diverting and reducing, rather than creating, trade (Mwase, 1995, 480). As an alternative neo-liberals advocated that LDRs should accept more open trade policies, such as those credited for achieving high levels of economic growth in the Newly Industrialised Countries (NICs) in South East Asia. Their perceived success further undermined both protectionist trade policies and RIAs (Lall, 1993, 48-51). The alternative neo-liberal trade approach was based on 'getting prices right' by reducing government intervention in the market and reducing tariff levels as far as possible, and to bring about the kind of 'dynamic growth' registered by the East Asian NICs' (Lall, 1993, 52). In order to initiate this:

transparent, liberal, outward-looking trade policies are critical in attracting foreign investment. Private capital flows to Africa have risen much less than to other countries, and Africa has missed out on the benefits that often accompany such flows - the transfer of technologies and management and organizational skills, and the creation of jobs (Sharer, 1999, 2).

IFIs played an important role in promoting trade liberalisation as an 'engine of economic growth and a road to development' (Lutz and Singer, 1994, 1697). Indeed:

international agencies have attempted, through mechanisms such as the World Bank's Structural Adjustment Lending (SAL) programme, to push developing countries in the direction of greater outward orientation by ...promoting trade liberalisation (Bleaney and Fielding, 1995, 175).

A 1983 World Bank report noted that states pursuing tariff liberalising strategies had a 'superior performance in terms of export, economic growth and employment' (as quoted in Kiely, 1998, 65). Mike Moore, director-general of the WTO argues that trade is an 'important part' of promoting development in LDRs (Moore, 2001).

The re-emergence of RIAs in the late 1980s (termed the era of New Regionalism) caused concern amongst neo-liberals, and led to numerous writings investigating whether these new regional arrangements would hinder or assist trade liberalisation policies (see Gibb and Michalak, 1996; Mwase, 1995; Richards and Kirkpatrick, 1999; Robson, 1993; Hine, 1992; Poon, 1997; Cook, 1998). Lal (1993, 353) epitomised those sceptical of the resurgence of regional trading blocs, arguing that they would hinder multilateral trade liberalisation, and that, 'historically, FTAs [Free Trade Areas] have been the economic policy of the uncompetitive and the foreign policy of the weak'.

However, at the same time, there were those who argued that New Regionalism posed little threat to the opening of global trade and that new RIAs actually assisted in freeing trade as the new agreements differed fundamentally from the regionalism of the 1960s (Langhammer, 1992, 217-27). Most regional economic integration schemes are based on outward-looking trade policies and are established to promote trade liberalisation (Robson, 1993, 329-348). The enthusiasm for the more overtly protectionist RIAs seen in the 1960s had all but disappeared in most areas of the world (Langhammer, 1992, 217). In adopting neo-liberal trade policies, regional integration 'can help the sub-region attain greater economies of scale, widen markets, enhance industrial efficiency, reduce the sub-region's external dependency and the vulnerability of its economy' (Mwase, 1995, 481). Marchand argues that the link between New Regionalism and neo-liberal economic development is clearly evident, noting that, 'the current wave of 'new regionalism' appears to have become the developmentalist dogma of the 1990s. Its advocates expect it to be the new cure-all for many problems', in much the same way as neo-liberal policies have been heralded (Marchand 1994, 65). The dominant form of trade policy now operating in LDRs are those supporting trade liberalisation and a lessening of statal intervention in the market place (i.e. neo-classicalism). The wave of new

regionalism assists in reducing tariffs and their trade liberalising policies and proclaimed benefits have been underpinned by the neo-liberal justifications outlined above.

2.3.2 *Development perspectives in South Africa: 1945-2001 and the EU-SA TDCA*

Two strands of South African development ideology existed from 1948-1990. The first emanated from apartheid governments, who, following a Verwoerdian²⁰ model, regarded South Africa as comprising developed (white) and undeveloped (non-white) peoples. Tapscott asserts that the model regarded this divide as analogous to divisions between 'First' and 'Third' worlds (Tapscott, 1995, 178-80). Governmental policies during this era therefore could mainly be considered as being rooted in modernisation theory. Policies were adopted (in rhetoric at least) to 'develop' Bantustans (Maasdorp, 1974). 'Economic underdevelopment and poverty was attributed to the backwardness of the Africans themselves and their resistance to modernizing forces' (Tapscott, 1995, 177). Official government documents commented that the black, African population was only at the start of the modernisation trail.²¹ However, these 'development' policies differed from modernisation elsewhere. South African economic policies did not espouse partial marketisation. Furthermore policies were used as a way of legitimising the apartheid regime (Tapscott, 1995, 177). Global criticisms of modernisation policies from the 1960s onwards were used by South African developmentalists to excuse the poor conditions of Bantustans and the failure of apartheid development policies. Tapscott (1995, 177) argues that it is a 'gross distortion' to blame Keynesian economics for the failure of such governmental policies. A search for an alternative development 'solution' was initiated by government in the 1980s. Big business, economic developmentalists, think-tanks and other organisations called for more free-market reform, and with government receiving sizeable finance from the private sector, legislation for privatisation and more 'neo-liberal' economic policies was introduced (Tapscott, 1995, 187).

²⁰ Referring to policies associated with Hendrik Verwoerd, South African Minister responsible for 'Native Affairs' (1950) and Prime Minister (1958-66), and generally seen as an architect of apartheid.

²¹ Tapscott (1997) notes this. See pp. 175-179.

A second strand of development thinking in South Africa came from anti-apartheid groups (such as the ANC and the South African Communist Party) whose main goal was the 'liberation of society from apartheid and capitalism' (Bond, 1997, 1). Their policies for socio-economic development were premised on dependency/Marxist theories. Bond (1997) traces six variants of this:

- a) Colonialism of a Special Type
- b) Articulations of a mode of production
- c) Fractions of capital
- d) Racial capitalism
- e) Social history
- f) Regulation theory.

The original theories (a-c) argued that revolution against racist colonialism should be accompanied by revolution against capitalism - asserting that both fostered dependent relations between the core and periphery (Bond, 1997, 9-14). However, this position was challenged by Regulation theorists who noted that 'post-Fordist' institutions were necessary in order to "kick-start' capitalist growth' (Bond, 1997, 14). These Marxist/dependency theories were central to ANC policy when apartheid policies were being dismantled in the early 1990s. It should be noted that development, also termed empowerment, policies, particularly of those communities marginalised by apartheid, were central to the 'new' South African government's developmental policy. However, previous dependency theories were replaced in favour of more neo-liberal-style development policies (Adelzadeh, 1996; Bond, 1997, 1999, 2000; Adam et al., 1997; Saul, 1999; Simon, 2001; ILRIG, 1998). This has been acknowledged by government officials. For instance, Alan Hirsch, a director in the South African Department for Trade and Industry, observed that 'the government's position could be described as neo-liberal - but only in a restricted view and in relation to issues such as trade policy reform, privatisation and tax reduction' (Hirsch, 1997, 98). Many interviewees accordingly identify neo-liberalism as the dominant development paradigm in South Africa, particularly since the partial replacement of the Reconstruction and Development Programme (RDP) with the Growth, Employment and Redistribution policy (GEAR). Bond (1997)

adds that GEAR blends together elements of neo-modernisation with neo-liberalism. It is within these contexts of the evolution of South African development policy that the EU-SA TDCA was negotiated.

There are however two major obstacles to characterising the EU/SA TDCA as being exclusively based on neo-liberal economic thinking. First, the agreement is a new RIA and, as identified above, many neo-classical analysts oppose these regional arrangements, arguing they are detrimental to reducing tariffs globally. Second, both the EU and South Africa have implemented many non-tariff barriers and protectionist restrictions in their new trading relationship. One South African economist interviewed in 1999 noted that in terms of anti-dumping laws, the EU was the world's leading user and South Africa was placed fourth. This suggests that the actions of the two signatories can be seen to be protectionist and thus challenges the TDCA's neo-liberal tendencies (#59, 1999).

Despite these concerns about protectionism, the agreement has many dimensions that reflect neo-classical economic perspectives. The central element of SEFTA is the liberalisation of tariffs, which is fundamental to neo-liberal perspectives, on 8000 industrial and agricultural products. Furthermore, the EU-SA TDCA is seen to be most important to GEAR,²² as Hirsch noted:

We want to ensure that the arrangement with the EU will allow for us to diversify our trade, both in terms of our imports and in terms of our exports so that we will be able to get raw materials that we can't obtain elsewhere at a suitable price from the European Union, and be able to export non-traditional exports to the EU. So in terms of ...[GEAR], it is not so much a question of massively increasing the level of trade with the European Union... it is also the restructuring of the trading relationship between the EU and South Africa. This will be a very important element as it will contribute to the success of the GEAR strategy (Hirsch, 1997, 77).

Furthermore, many of those interviewed accepted that the TDCA was based on neo-classical economic thinking. For instance, a senior economist, noted that that TDCA is 'picking up a lot of IMF type structural adjustment programmes and giving it a kind of South African flavour' (#5, 1999).

²² Hirsch notes that GEAR is based on neo-liberal policies, such as the reduction of the protection system, the removal of demand-side interventions, introduction of supply-side support, and the facilitation of exports. For details see Hirsch (1997, 74-5).

To summarise, in considering the TDCA in the context of general and South African development, the agreement can be seen as partly reflecting the evolution of development discourse since 1945. Furthermore, the TDCA can be classified as being mainly based on neo-classical economic perspectives, yet it possesses some characteristics that might be regarded as protectionist. Having discussed the ascendancy of neo-liberalism and the perceived benefits which prompted this, the following section critiques neo-liberal economic development and trade thinking and policies, with particular reference to issues of inclusivity.

2.4 Critique of neo-classical economic development

Despite the dominance of economic neo-liberalism in contemporary development discourse there is mounting criticism of this approach. Two common themes emerge from the literature criticising neo-liberal development theory. The first refers to 'general' criticisms; the second to claims that neo-classical developmental policies have perpetuated economic marginalisation and political exclusion.

I General Criticisms

The importance of the notion of the market, Structural Adjustment Programmes (SAPs), the perceived success of neo-classical economics in NICs, the trickle-down effect, and the support of IFIs for neo-liberalism are the most commonly criticised aspects of neo-classical economic developmental perspectives and policies. These five concerns are now briefly considered.

First, the neo-liberal definition of the market has been contested as being excessively abstract. For example, Brohman (1995b, 126) notes that, 'highly skewed power relations and structural inequalities within many societies produce real-world markets that are far removed from the ideal types of neoliberal theory', and that:

neoclassical theory treats people as atomistic individuals who are bound together only through market forces. People are reduced to isolated creatures of the marketplace, devoid of history, cultural traditions, political opinions and social relationships beyond simple market considerations (Brohman, 1995a, 297).

That neo-liberalism places such importance on the unhindered operation of the market has led to concerns that the preponderance on 'market imperatives [is] ruining ordinary people's lives' (Daniels and Macfarlane, 16-22 February 2001).

Second, although neo-liberal development theory may be characterised as embracing the virtues of the free market, in reality many such programmes are accompanied by SAPs designed to restructure the economics of countries seeking neo-liberal development. The detrimental impact of SAPs have been well chronicled, particularly in terms of 'conditionality', where those governments receiving aid have their policy influenced under the terms of the aid with the donor body (Bond, 1999, 12-15). Hodd (1987, 336) contests that 'there is no strong evidence that the reform programmes [introduced by SAPs] will make the distribution of income more egalitarian or help those sections of the population in most poverty'.

Third, the pitfalls of inward oriented trade regimes and the perceived success of NICs have also been overstated in many neo-liberal accounts of development programmes. Many of the inward-oriented RIAs were hampered by the oil crisis and the resulting international economic crisis (Payne, 1981; Cox, 1983; Cochrane and Sloan, 1973). Similarly, the success story relating to NICs is a crude characterisation, based more on state intervention in the market than non-intervention (Nayyar, 1999).

Fourth, there have been very few indications to support the contention that the 'trickle-down effect' has actually occurred within LDRs (Founou-Tchuigoua, 1996; Brohman, 1995a, 299-300), or if they have, benefits have been very localised (Simon, 1990). Indeed, certain statistics show that living conditions have worsened for many people since neo-liberal programmes have been the dominant form of development assistance. Keet (199, 20) estimated that in 1996, 1.6 billion people, from over 100 countries had lower living standards than they had experienced in the early 1980s (Keet, 1999, 20). Keet asserted that this situation will deteriorate whilst both the EU and US follow 'predatory and pre-emptive regional free trade strategies'. Their 'aim is to incorporate such

emergent regional groupings into broader FTAs in order to open them up to the dominant economies/companies therein' (Keet, 1999, 23). Keet (1999) also sees radical flaws in the trade policies of free market economics which discredits the trickle-down effect. First, it enables and encourages 'the already strong, the well-endowed, the well-placed, favoured, fortunate - or ruthless - to prosper, radical deregulation and unfettered competition simultaneously play upon and intensify the disadvantages of the weak' (Keet, 1999, 19). Indeed, many analysts contend that development in the LDRs has failed because of the ethnocentric manner in which Western values were replicated and universally applied without taking into account the processes of indigenous regions (Brohman, 1995a; Bruton, 1985; Crush, 1995). As Brohman (1995b, 121) comments, 'from the more traditional modernisation paradigm to the newer neoliberal framework, mainstream development theory has been almost entirely rooted in the historical and social experiences of a few Western industrialised societies'.²³

Fifth, questions have also been raised about IFIs for their role in promoting economic neo-liberal policies. For example:

IMF policies are based on an idealistic view of the role and efficacy of market forces which, on the one hand, ignores the informal and non-market sectors of Third World economies, and on the other reinforces the capabilities of monopolies, multinational corporations and powerful Northern economies (Dickenson et al., 1996, 274).

It should be noted however that institutions which support neo-liberal economic policies have (to an extent) recognised these criticisms. The World Bank for example, noted that:

a deeper understanding of development involves a recognition that sweeping beliefs are often incomplete, that layers of complexity are buried not far beneath the surface, and that wisdom is often contingent on the particular conditions of time and place (World Bank, 2000, 2).

Furthermore, Mike Moore has accepted that 'most citizens in the world's 49 least-developed countries (LDCs) have apparently been bypassed by the benefits of globalisation. They are experiencing marginalisation' (Moore, 2001). However, Moore argues that the alleviation of this peripheralisation is the escalation of tariff liberalisation (Moore, 2001).

²³ Other analysts note that all development theories – including dependency – have a Eurocentric Grand narrative (Gülalp, 1998, 957).

II Economic marginalisation and political exclusion

The second strand of criticisms relating to neo-classical economic development theory and practice (although it extends also to all forms of development) concerns its primary focus on economic growth at the expense of socio-cultural factors. This neglect, analysts argue, has resulted in the increased exclusion of LDRs in the global economy, the marginalisation of its peoples and their lack of representation in decision-making bodies (Leys, 1996; Dickson 1997; Chatterjee and Finger 1994; Cox and Sinclair, 1996).

Despite a commitment to democracy, which implies an adherence to inclusive decision-making, neo-classical economic development has been criticised for excluding and marginalising peoples its policies are supposed to assist. For example, LDRs are poorly represented in global economic decision-making bodies like the IMF and World Bank, both in terms of voting rights and the lack of resources available at their disposal for lobbying and thus influencing policy decisions (Hodd, 1987). Furthermore, some analysts believe that the WTO dispute system is heavily weighted in favour of developed countries. Wadula (22 March 2001) for example notes that developing countries have lost 90% of cases disputed with developed countries. He suggests that this is due to location of the WTO, the language used (English – a ‘language used by the majority’ of developed countries), and the lack of capacity and resources of LDRs to provide a credible defence. Despite the evidence presented here, some analysts argue that the ‘democratic deficit’ in IFIs is changing. Beattie (31 January 2001) for example, notes that the IMF increasingly insists that government’s consult with civil society representatives whilst development policies are being formulated. The issues relating to exclusion and marginalisation in decision-making systems, particularly within neo-classical trade agreements, are discussed further in section 2.5.2.

In terms of economic marginalisation, Bruton (1985, 1100) notes that, ‘the most frequently noted failures are... inadequate growth of employment opportunities and the apparent increases in inequality combined with little, if any, reductions in the percentage of populations classified as living in poverty’. Economic marginalisation can occur in terms of social class, ethnic and gender group (Brohman, 1995b, 125), as well as being based on territory. Brohman notes that ‘development

theory has focused almost exclusively on 'states' and 'national economies' as its basic units of analysis, precluding any serious treatment of local cultures and ethnic identities' (Brohman, 1995b, 124). Indeed, it is claimed that many free trade policies have been applied aspatially, taking little account of the specific regions, geographical location, or history (Nayyar, 1999).

The 1999 UNCTAD Trade and Development Report draws similar conclusions concerning excessive trade liberalisation (Raghavan, undated). Keet noted that:

subordination and marginalisation of the weak is not an incidental side-effect of free market economics. It is inherent in a system that requires the small or weak to compete "on an equal" footing with the large and strong, and with each other for the attentions of the large and strong; and which actively encourages the latter to take advantage of such competition to maximise their own already considerable advantages (Keet, 1999, 19).

The literature on economic marginalisation identifies three 'groups' or areas as being most excluded; women, migrants, and marginalisation dependent on industry or region. The position of each group are briefly evaluated below.

A Exclusion based on gender

The literature on the marginalisation of women within the discourse of development has evolved in four stages since 1945. In the first two 'development decades' (from 1945 to 1960s) women were either 'invisible' or seen as an obstacle to development because they represented traditional family life – seen by some developmentalists as a hindrance to the introduction of modernisation (Parpart, 1995, 21; Marchand and Parpart, 1995, 13; Townsend, 1993, 170). Ester Boserup's 1970 report, *Women's Role in Economic Development*, marked a second stage in the post-1945 analysis of the relationship between marginalised women and development (Whitworth, 1994). The Women In Development (WID) school, which originated after this report, advocated a mainly liberal-leaning approach to development, asserting that if women were allowed to participate in areas they were hitherto excluded, this would alleviate their situation (Whitworth, 1994). Indeed, WID was supportive of the perceived emancipatory benefits of liberal markets (Chowdhry, 1995, 29-30) and the liberal WID approach impacted considerably on global development institutions, such as the

World Bank, which in 1979 produced a report entitled *Recognizing the "Invisible" Women in Development* (as noted in Chowdhry, 1995).

This liberal approach was criticised by a broad grouping of dependency/structuralist/Marxist feminists, who comprised the third stage of post-1945 development feminist thought, and 'post-modern' feminists, who comprise the fourth stage.²⁴ Dependency perspectives argued that increased participation and reliance on the market would not remove the inequalities experienced by women. Instead they suggested that the core/periphery structure actually perpetuates inequalities. Both dependency and post-modern perspectives also argue that neo-liberal development policies - such as SAPs and trade liberalisation - have a negative impact on women in LDRs by exacerbating the poverty of poor women, by increasing the workload, and by decreasing social spending and 'throwing the burden of this reduction largely on women's unpaid labour' (Chowdhry, 1995, 33).

Contemporary perspectives on the impact of neo-liberalism on women suggest that although neo-classical economics has meant increased participation of women in the formal economy (Pape, 2000), the policies associated with trade liberalisation have affected women's lives as workers, traders, consumers and as mothers (Goldman, undated). For instance, neo-classicalism advocates the reduction in government expenditure on welfare provision, thus reducing finance spent on state aid to women in some countries around the world. Hale (1998) notes that women are employed in industrial sectors that are most prone to unemployment as a result of reducing tariffs on trade (such as textiles and clothing).

B Migrant exclusion and marginalisation

Migration is an important issue in the analysis of economic development in LDRs. As Amin (1995, 29) notes, whilst migration has always happened and occurs because of many factors, 'what makes the modern migratory phenomenon unique is its connection to the globalisation of the capitalist

²⁴ Post-modern perspectives criticize previous feminist perspectives on development for their portrayal of women from LDRs as 'benighted, overburdened beasts, helplessly entangled in the tentacles of regressive Third World patriarchy. The imaginary of poverty, powerlessness and vulnerability was readily captured by development discourse' (Parpart, 1995, 21).

economy'. Furthermore, the relevance of migration to development and (capitalist) economic growth has been noted by the three major post-1945 development paradigms (Skeldon, 1997). To some, migration was seen as a necessary factor in the modernisation of LDRs (Appleyard, 1989), while for others, excessive migration was evidence of underdevelopment or the peripheralisation of the margins (Skeldon, 1997). Modernisation and neo-liberal development theorists have generally argued that migration, or the utilisation of labour in international markets, assists in the economic growth of LDRs by reducing unemployment and introducing foreign currency in the form of remittances. These were valued for instance at \$2.5 billion to India in 1980 (Appleyard, 1989, 487-490).

Neo-liberal/modernisation development has been criticised for exacerbating the marginalisation of LDRs by promoting migration. There appears to be a contradiction between neo-classicalism's market aspiration of labour mobility and its requirement for strong statal units to organise modes of production and control property and the workforce. As Dale (1999, 8) notes:

Capitalism engenders tendencies towards labour mobility and towards the generalization of political rights and citizenship, but simultaneously depends upon the establishment of economic, political and cultural infrastructures through which management of social reproduction occurs. These processes invariably entail the transgression of the free mobility of labour, and indeed, the limitation of rights.

Such limitations have sometimes resulted in the victimisation of migrants. Statal migration policies (within developed and lesser-developed regions) have created a culture of hostility towards migrants, 'that makes him or her an object of suspicion at best, and abuse and exploitation at worst' (Skeldon, 1997, 4). Dale (1999, 1) adds that such racism is prevalent amongst mainstream parties and the media, ensuring that 'the public arena is supplied with a regular diet of scare stories about the "threat" of undocumented immigrants and the dangers of 'floods' of refugees 'swamping' the nation'. The xenophobic victimisation of migrants adds to the marginalisation they already experience through temporary, poorly paid and exploitative labour conditions. *The World Development Report 1999/2000* (World Bank, 1999, 6) recognises such marginalisation, and suggests that public policies should take into account the marginalisation caused by the "forces of trade".

C Marginalisation based on regions and industries

Marginalisation can also occur on numerous regional and industrial levels and these have long been recognised in the development literature. Indeed the very existence of such inequalities provides the development discipline with its *raison d'être*. Gunnar Myrdal for instance, concentrated almost entirely on regional inequality, noting that 'the play of free market forces works towards inequality between regions, and such inequality is reinforced by the movements of capital, goods and services' (Myrdal, quoted in Brookfield, 1975, 100).

Africa has been highlighted as an area where structural marginalisation dominates the region, more so than any other area of the globe (Hodd, 1987). It has been argued that this is because of Africa's lack of representation within IFI decision-making structures that have had a profound impact on the continent's development. For example, Africa has a cumulative vote worth 5.2% in the IMF, compared with 67.5% for 'industrialised' countries (Hodd, 1987, 332). In the three World Bank voting chambers, Africa has between 4.5 and 7.6% of the vote, compared to the industrialised states who have between 65.4% and 67.1% (Hodd, 1987, 334). Other analysts have claimed that IFIs have a 'Green room' where 'the rich and powerful countries retreat to strike agreements to the exclusion of developing countries and then seek to superimpose their decisions on the meeting' (Masemola, 2001).

Koo (1981) suggests that the periphery-centre dichotomy caused by economic neo-liberal policies and furthered by the influx of multinational companies, has created strong labour-displacement in marginalised regions and has resulted in many industries, particularly in LDRs, being uncompetitive and excluded in global trading patterns. Moll (1993) states that the intended effect of neo-liberalism on industrial firms is that they 'will respond to the bracing winds of competition by becoming more competitive and efficient'. However, 'the problem with this... is that exposure to foreign competition can just as easily kill off certain industries as spur them to greater heights of efficiency and competitiveness. This is exactly what has been happening in the South African textile industry' (Moll, 1993, 220). Furthermore, these factors push the unemployed towards more 'marginal service activities' such as the indirect economy, and fuels immigration.

However, it must be stated here that neo-liberals counter that economic marginalisation and political exclusion are not caused by neo-classical economics but by the continuation of protectionism and high tariff barriers (Moore, 28 May 2001). Indeed, all development perspectives have been blamed for facilitating exclusion and marginalisation. Brohman (1995b, 125) argues that 'patterns of discrimination and inequalities based on social class, ethnicity, gender and other social relations were virtually ignored [by development theories]'

To summarise, the first finding to emerge from this debate on neo-classical economics is that it is highly polarised. According to some, the gap between the supporters and detractors is becoming an 'ever widening chasm' (Simpson, 2001). Intergovernmental financial institutions (IMF, World Bank and WTO), academics (usually either economists or those linked to these institutions such as Deepak Lal and Bela Belassa), government officials and the 'financial press' are based in one camp promoting neo-classical economics. In the other are many NGOs,²⁵ academics and the 'protesting public'. Very little middle ground exists (Simpson, 2001). That said, a 'third way' has been noted by some writers of development issues. Goldman for instance argues:

Trade is not a neutral process. Some people argue that trade has only positive impacts. Others argue that trade liberalisation has only negative impacts. A third group argues that trade can have positive impacts, but that the benefits of trade are often unevenly distributed because of inequality in society. They argue that poor people, and particularly women, often bear the brunt of the negative impacts of trade such as job losses or a pressure for wages to decrease. (Goldman, undated, 5).

Examples that the polarised debate has softened slightly have also been noted above (see for example, Moore, 2001). Furthermore, not all governments have welcomed neo-classical economic policies. The Tanzanian government for example have suggested that it has resulted in exclusion, not inclusion (Jones, 29 January 2001).

However, there are far more examples of hard-line positions being adopted by both sides. Tony Blair, the UK Prime Minister, labelled those opposing neo-classical economics as a 'travelling

²⁵ This is a rather crude stereotyping. The groups are not homogenous, and some government officials, economists etceteras will be critical of neo-liberalism. Conversely, not all NGOs are critical of capitalism (Petras, 1997).

anarchists' circus' (Black and White, 18 June 2001). Those opposing neo-liberalism have argued that it represents the 'rule of corporate tyranny' (Masemola, 2001).

The second finding arising from this review of literature critiquing neo-liberalism is that those supporting neo-classical economic thinking tend to be less specific in identifying 'winners' from trade policies and agreements. Instead vague references are made towards the trickle-down effect and benefits accruing through comparative advantage. The literature criticising neo-liberalism is more specific in identifying 'losers'. Three of the most common groups identified as being 'losers' are women, migrants and marginalised industries and regions. These 'losers' are not only excluded in terms of the economic impact of neo-liberalism but also excluded from the decision-making processes that formulate these policies. This is despite neo-liberal trade and development agreements advocating democratic decision-making. The following section therefore surveys the literature that surrounds describing and analysing the inclusivity of decision-making systems.

2.5 Decision-making approaches and issues of inclusion and exclusion

Section 2.2 noted that the TDCA commits itself to democratic principles, and in Article 66, affirms its allegiance to strengthening the integrative aspects of the developmental process, particularly the inclusion of civil society. There are those who have argued that the TDCA links economic growth with greater inclusiveness and democratic decision-making systems in South Africa. For instance, Rob Davies, notes that the EU-SA relationship 'could contribute to economic growth and development and thus to the strengthening of democracy in South and southern Africa' (Davies, 2000, 5). However, as the literature in section 2.4 has indicated, neo-liberal economic and trade development agreements ostensibly have a vague commitment to democratic - and by association inclusive - decision-making structures, yet in reality many stakeholders are often excluded - particularly those defined as 'disadvantaged'.

Chapters Four and Five describe and examine the specifics of the South African TDCA decision-making structure. To provide context for this later analysis, this section reflects on the

literature that firstly describes decision-making structures, and secondly, evaluates their inclusivity in relation to issues of participation and exclusion.

2.5.1 *Literature describing decision-making processes*

The pursuit of describing and understanding decision-making processes dates back centuries, with Machiavelli's work exploring 'statecraft' being one of the earliest. In the twentieth century, Allison's 1971 account of the Cuban missile crisis is seen as the core analysis in furthering the understanding of decision-making systems (Peterson and Bomberg, 1999). By examining decision-making models of the time, Allison argued that the crisis could be understood through three perspectives – as a rational actor process (choices that the national governments had), organisational process (saw that government was composed of different organisations), and/or through bureaucratic politics (where national government is comprised of individual actors/decision-makers who have their own interests and objectives).

There are multitudes of contemporary approaches used to examine decision-making processes drawing from a number of academic disciplines (Parsons, 1995, xvii). For instance, psychologists have considered the cognitive processes behind the making of decisions (see Ranyard, Crozier and Svenson, 1997). Economics and management studies also have a substantive number of publications considering decision-making in the workplace (see Samuels et al., 1999, who presents a useful summary of these). Philosophical approaches examine how decision-making systems can best be understood (Nagel, 1990). The literature contains many perspectives on the dimensions of describing decision-making. Table 2.2 illustrates a summary of the diverse array of many perspectives available for analysts of decision-making processes.

| Approach | Description |
|---|---|
| Stagist | Policy formulation is composed of a series of steps and stages (see Lasswell, 1956). |
| Statist | Nation-state acts as an autonomous actor, free of influence from interest groups (Hansen and Park, 1995, 186-189). Cutting and Kouzmin (1999) are concerned with the dynamics of cabinet decision-making. Closely linked to realist perspectives. |
| Realism | Views decision-making as a 'power relations' event between adversarial parties, in which internal political influences (such as perceptions of decision-makers and the society they interact with) are largely omitted (Lieberfeld, 2000, 19-20). |
| Pluralist- elitist | Focuses on power and how it is distributed and the way it shapes the decision-making process reference. Considers an array of influences on decision-making structures, away from the narrower realist perspective. Pluralist perspectives argue that 'the perceptions of decision-makers and their constituents, and the relationship between the state with the society that surrounds it, can each influence policy choices in ways unaccounted for by realism' (Lieberfeld, 2000, 20). |
| Neo-Marxist | Critiques policy-making in capitalist societies (Poulanzas, 1978). |
| Comparative public policy | Compares different statal decision-making process and notes that policy is often determined by: <ul style="list-style-type: none"> ▪ socio-economic factors (Wilensky, 1975). ▪ party government (Castles, 1982). ▪ class struggle (Offe, 1984). ▪ neo-corporatism (focus of big business in shaping policy) (Lehmbruch and Schmitter, 1982). ▪ institutionalism (role that state and other institutions play) (Hall, 1986). ▪ intergovernmental (other external actors influence the decision-making process) (Rhodes, 1992). ▪ Interest group influence (Williams, 2000). ▪ |
| Technocratic approaches | The role of technical expertise in shaping decisions (Bell, 1976). |
| Rationality and irrationality approaches | Decisions are made on the basis of rational theory (Heineman et al., 1997; Stone, 1997). |
| Personality | Decision-makers, as humans, influence decisions (Verplanken and Svenson, 1997). Stresses the importance of leadership (Vroom and Yetton, 1973). |
| Decision- making in LDRs. | Considers state and non-statal policy structures, using approaches described above (such as pluralism, elitist, rational actor) (Turner and Hulme (1997)) |

Decision-making in trade policy

Hansen and Park, (1995) argue that the nation-state is an autonomous actor not influenced by interest groups. But pluralists argue that interest groups do exert pressure. Hansen and Park apply a statistical model for their work and apply it to the International Trade Administration.

Table 2.2: Summary of different perspectives describing decision-making systems

Chapter Four (section 4.2) uses these approaches to construct a framework to describe the South African structure supporting the TDCA policy formulation process. One of the major debates surrounding decision-making political systems has been between realist/statist and pluralist perspectives. An example of the realist/statist position is provided by Allison – the three perspectives he used to examine the Cuban missile crisis place the state as primary actor. Pluralist approaches criticise the narrow scope adopted by realists and broaden their analysis to incorporate other actors who influence the decision-making processes leading to policy formulation.

A second debate discusses the complexity of understanding decision-making and that defining the level, nature and type of decisions (and often non-decisions) taken can delineate, and thus simplify the process of describing decision-making processes (Turner and Hulme, 1997; Cox, 1967; Peterson and Bomberg, 1999). For example, Sidjanski (1973, 7) notes that policy formulation involves the making of ‘open’ or ‘closed’ decisions; closed means no participation is permitted from outside the official governmental process.

Many of the approaches identified in Table 2.2 advocate the use of models in order to ‘comprehend the multiplicity of factors and forces which shape’ decisions (Parsons, 1995, 57) and provide a framework to explain, describe and simplify the complexity of decision-making structures. David Easton’s ‘black box’ model is one of the best known examples of this genre. Easton’s model views decision-makers as being influenced by a number of ‘inputs’ from channels such as political parties, the media, and interest groups and attempts to understand the ‘conversion’ of these influences into formal policy (termed an ‘output’).²⁶ Rational-choice theory provides alternative models, often based on statistical modeling, to describe the science of explaining (and often predicting) policy outcomes. According to Stone, these models aim to

²⁶ For further information of the Eastonian black box model, see Parsons (1995, 23-4).

consider all possible alternatives when deciding a policy. In so doing some analysts believe that the rational decision model offers a 'determinateness, the promise that if you go through the process of analysis, you will get a definite answer' (Stone, 1997, 250).²⁷

However, the use of models to simplify complex processes does pose certain dangers. For instance, 'in trying to make sense of the abstract... we tend to see them as real concrete things' (Parsons, 1995, 61). Allison's model of the Cuban missile crisis was criticised for hugely oversimplifying very complex decision-making processes (Cornford, 1973). Furthermore, these models have been promoted as an attempt to capture the 'reality' of a situation, but, as Parsons (1995, xvii) remarks, 'there can be no one definition of policy analysis, and no one theory or model can capture or explain the complexity involved in... the 'web of decisions''. Indeed, a complete understanding of how a policy has been formulated is 'unknowable' (Parsons, 1995, 1). Instead, this thesis appreciates that a description of decision-making is an interpretation and 'it exists in the context of contending interpretations' (Parsons, 1995, 62).

A survey of work describing the South African decision-making process reveals that although much has been written on how policies have been constructed and formulated,²⁸ relatively little has successfully described the decision-making structure. Williams (2000) provides anecdotal evidence to suggest that 'resistance' analyses of the South African apartheid decision-making processes took a neo-Marxist approach, which argued that the apartheid decision-making apparatus was supported by capitalism. Perhaps the best-known description of apartheid South Africa's decision-making system was provided by Geldenhuys and Kotzi (1983). This account identified the most important and influential decision-making and actors in South African political society at that time. The most recent publications that describe policy formulation emanates from Lodge (1999b), Khan (1998), and Lieberfeld (2000). Lieberfeld in particular advocates the use of pluralistic approaches to provide an accurate description of the South African decision-making structure.

²⁷ Other models describing decision-making processes included Vroom and Yetton's (1973) normative model of leadership styles, and Bueno De Mesquita's (1997) expected utility model.

²⁸ This literature mainly examines the formulation of apartheid policies. See in particular Brookes (1968) and Butler (1998).

This survey of the literature has therefore provided useful frameworks for describing governmental decision-making processes in the EU/SA TDCA context. In detailing the South African structures supporting the TDCA decision-making process, this research reflects on the following:

- The diversity of approaches that can be used to describe decision-making processes
- The importance of defining what decisions were taken in formulating policy
- Although useful for simplifying a complex picture, models rarely depict reality entirely accurately
- Work on South African decision-making structures is limited.

2.5.2 *Literature evaluating inclusion, exclusion and marginalisation of decision-making systems*

This section considers literature that debates issues of inclusion, exclusion and participation in decision-making systems that surround governmental policy formulation processes, particularly in relation to South Africa and neo-liberal economic developmental policies.

There is a tendency for the work examining inclusion/exclusion issues in governmental decision-making processes to assume that optimum participation of all stakeholders is desirable and that it would lead to greater levels of inclusion in decision-making systems (Hilliard and Kemp, 1999; Lucas, 1976). This is especially the case in developmental-related policies, where the *de facto* participation of the local population is viewed as most important (Hoddinott et al., 1999; Botes and van Rensburg, 2000). Furthermore, many in the field consider that those in power, such as government, strive to reduce the levels of participation open to stakeholders (Held, 1996).

Those that suggest stakeholder participation is desirable argue that the system of representative democracy, prevalent in many countries that adhere to liberal democracy practices, provides only the most minimal form of inclusion for society (Beetham and Boyle, 1995, 9). Weale (1999, 85) notes that in a representative system, 'the public's power of decision is limited to choosing those persons or bodies charged with institutional responsibility for making the final decision'. Held (1996) maintains that vast numbers of people are excluded from participation under

this system – often on the basis of class, ethnicity, or gender. The feeling that government opposes participation is supported by Hilliard and Kemp, who argue that ‘participatory democracy and citizen participation do not come as natural options to any government. There is a perception that the public are treading on a holy domain and are, in fact, interfering with the running of the country’ (Hilliard and Kemp, 1999, 368).

The other side of the debate suggests that mass participation in decision-making systems is unfeasible because it creates inertia, through ‘sheer weight of numbers’ (Lucas, 1976, 138). Indeed, Held (1996, 267) asks:

is it feasible in densely populated, complex societies, to extend the realm of democracy from periodic involvement in elections to participation in decision-making in all spheres of life... It is hard – if not impossible – to imagine any political system... in which all citizens could be involved in face-to-face discussions every time a public issue arises.

This debate on inclusivity and the feasibility of participation raises many interesting questions and sub-debates. Firstly, the parameters of the debate are not as dichotomous as might be suggested. Many commentators say that within representative democracy systems there are chances for direct inclusion, either via the establishment of pressure groups or referenda on key issues (Beetham and Boyle, 1995). The definition of what constitutes participation has also been considered in the literature. Lucas (1976, 136) notes that participation ‘can take many forms. Merely to know what decisions are being taken, and why, is to be in on them’. Furthermore, in relation to the earlier debate concerning open and closed decisions, participation is not possible unless all relevant parties have access to the full debate (Lucas, 1976). Indeed, there are other commentators who assert that participation not only means participating in deciding a particular policy ‘but also having a role on what emerges on to the political agenda in the first place’ (Weale, 1999, 85).

Decisions surrounding who should be included in decision-making processes are always being taken. Weale (1999) for example says that children, prisoners, and migrants are included or excluded depending on the statal decision-making process. However, the question of whether potential participants have the will and resources to become included are also addressed in the literature. Lack of resources has long hampered stakeholder hopes of participating in decision-

making processes (Lucas, 1976; Held, 1996). In addition, stakeholders do not always have the will to participate, whether because of apathy, other priorities, or a sense that their input will be ignored (Hilliard and Kemp, 1999).

This debate therefore tends to suggest that inclusion and exclusion can occur at many levels and for numerous reasons. Finding an appropriate level of inclusion represents the middle ground in this debate. Lucas (1976, 138) states that:

We have to strike a balance, different in different cases, between sharing power among a few people effectively, and sharing it with many, but also nominally, and between giving participators only the right to know or only the right to speak at a relatively low cost in cumbersomeness and formality, and giving a greater say at a much greater cost.

Discussion has also centred around participation associated with neo-classical trade and development agreements. As noted in section 2.4 above, decision-making structures surrounding trade liberalising agreements and global institutions (such as the World Bank, IMF and WTO) supporting neo-classical macro-economic policies are increasingly attacked for excluding many of those directly affected by these policies (Díaz-Bonilla and Robinson, 1998; Mudde, 1998; Bond, 1999; Tangara, 2001). The literature on this relationship between neo-liberalism and democracy centres on an assertion that neo-liberalism has the tendency to disrupt collective representation (such as NGOs and Trade Unions) (Williams and Taylor, 2000, 23). Habib and Taylor for example argue that neo-liberalism curtails NGOs' ability to help the poor and marginalised because of its ability to erode NGO participation in decision-making processes. Indeed, Beckman (1993) notes that neo-liberal institutions want to create a civil society in its own image, yet in so doing they suppress existing civil society interests that are considered protectionist. Furthermore, de Senarclens (1998, 95) notes that the IMF and World Bank (along with multinational companies) are frequently disillusioned by state's reluctance to embrace neo-liberalism and therefore have encouraged links with civil society group and multinational firms in the global market.

Mudde (1998) also raises the question of civil society participation in the post-Lomé negotiations, which has not occurred thus far, though the ACP secretariat claims it is willing to 'mainstream' civil society's participation in two of the four negotiating groups. However, the

secretariat remarked that the ACP group would firmly oppose civil society being incorporated in any decision-making forum at an EU-ACP level (Mudde, 1998). With the volume of criticism directed against neo-liberalism's record for excluding many stakeholders from the decision-making structures that decide development policies, many are now calling for local people to be more empowered to avoid having 'alien' ideas imposed on them (Tangara, 2001). Botes and van Rensburg's (2000) work on community participation suggests that the idea of historically marginalised peoples being included in decision-making has gained increasing importance in the last three decades with the growth of NGOs and CBOs. Indeed, there 'exists a growing view that local communities and beneficiaries should be involved in the development, implementation, and monitoring of interventions designed to reduce poverty' (Hoddinott, *et al*, 1999). The chapters that evaluate the degree of inclusiveness in the structures supporting the South African side of the TDCA decision-making process will reflect on these debates.

Other debates on inclusion and exclusion have considered the lack of participation that seems to occur in LDRs (Zack-Williams, 2000). Turner and Hulme (1997) consider these issues in depth, and note that, characteristically, popular participation faces many obstacles, the official channels of participation are few, and the civil service/bureaucracy often decides policy.

Commitment to inclusive democratic decision-making processes appears to sit reasonably comfortably with the post-1994, ANC-led South African government. Many analysts have praised the democratic inclusiveness of the partners that comprise the government (Lodge, 1999a; Glaser, 2001).²⁹ Associations closely linked to the ANC during its exclusion from apartheid South Africa were renowned for their inclusivity. For example, COSATU is renowned for its participatory democracy (Maree, 1998). Likewise, the anti-apartheid movement thrived on grass-roots participation (Lanegran, 1995; Hilliard and Kemp, 1999; Zuern, 2001). The ANC itself called for an inclusive governmental decision-making structure (*African Journal of International and Comparative Law*, 1993) and it has a strong reputation in representing women's interests (Zulu, 1998). James and

²⁹ It should be noted that some of the parties that comprise the South African government have been viewed as essentially undemocratic. The South African Communist Party for instance was associated with Stalinist political systems far removed from liberal-democracy (Glaser, 2001, 215).

Caliguire (1996) argue that South Africa has achieved much, having undergone a remarkable democratic transformation. This was supported by Helga Jansen, a member of an NGO with close links to labour, interviewed in 2001. She noted that:

There are mechanisms, there are all kinds of forums, which we get sick to death of, but they are there, ...and there are all kinds of hearings and speak-outs. I think what was recognised by the incumbent government... was that people needed a space to vocalise their anguish, their poverty, their dreams, their aspirations. People needed mechanisms for that. Otherwise there would have been discontent (#Jansen, 2001).

However, the 'new' South African government has also been criticised for undemocratic practices, including curbing the freedom of the media, and for excluding stakeholders from aspects of the democratic process (Sampson, 22 April 2001; Daniels and Macfarlane, 16 to 22 February 2001). This is particularly the case for certain NGOs (James and Caliguire, 1996), civil society (Lodge, 1999a; COSATU, 1999), women (Hassim and Gouws, 1998) and migrants. One NGO representative argued that 'government has set up the structures but they have not provided civil society with the kind of resources that they would need in order to participate as a meaningful force' (#51, 1999).

Migrant groups have been identified as the most marginalised from being included in the South African decision-making process. This is stated by Vincent Williams, of the Southern African Migration Project (SAMP), who noted that:

Migrants essentially do not have a voice in South African society. There are a couple of groups who work with refugees. Migrants *per se* have absolutely no voice. They themselves are usually not very well organised. Those of us who work in the field tend to work grappling with policy and research and not representation, or their participation in South African decision-making structures...We are not in the business of mobilising migrants. We are in the business of looking at migration policies... we tend to work with governments rather than the migrants themselves. Of course one of the questions is, how do we know what the migrants want, if we do not talk to them directly? (#Williams, 2001).

The 'new' South African governmental decision-making process has consequently been defined as an 'elite-mass' model which means that within the constitution, the South African government has made many commitments to participatory democracy whilst recognising that many stakeholders in South African will not be able to participate. Hilliard and Kemp (1999, 366) note that:

This model normally inhibits politicians from always sharing information with their constituencies; for both practical and politically expedient reasons. This particular policy model prescribes that a handful of persons formulate policies for the majority. To keep up a semblance of citizen participation, the policy-makers extensively democratize the policy process. Ultimately, however, grassroots participation is more of a nuisance value than anything else.

An example of this is South Africa's National Economic and Development Liaison Committee (NEDLAC) which many herald is an example of citizen participation. The explicit aim of NEDLAC was to bring civil society into the decision-making process (James and Caliguire, 1996). However, in determining which NGO's should represent civil society the 'selection criteria turned out to be so stringent and inappropriate, however, that only three NGO's qualified' (James and Caliguire, 1996, 63).

This section has surveyed the literature that explores describing and evaluating decision-making structures. The first finding that emerges is that models have been used to assist in describing decision-making structures – a potentially complex process. The second finding surrounds the definition of what is meant by the terms inclusion and participation. As the literature review has shown little consensus has been reached on finding a common definition acceptable to all. This is clearly apparent in the comments that relate to the perceived inclusiveness of the South African decision-making process.

2.6 Conclusion

This chapter has explored the conceptual background to the EU-SA TDCA and the South African side of its decision-making process. This has resulted in a number of findings and key issues that are relevant for the following empirical chapters (chapters Four to Eight).

First the TDCA has been placed in the context of the major post 1945 economic development perspectives (modernisation, dependency and neo-liberalism). From the summary of the TDCA's

contents, the agreement, particularly the trade component SEFTA, can be categorised as being premised primarily on neo-classical economic thinking.

Second, this review implies that neo-classical economic approaches now dominate both the philosophy and policy of development (especially trade) across the globe, particularly in LDRs. This chapter has also noted that the evolution of development perspectives generally (from modernisation to neo-liberalism) was also mirrored to an extent in the South African internal environment and it has been argued that since 1994 the South African government's macro-economic policy has increasingly been shaped by neo-liberal economic thinking. Due to such dominance it might be logical to expect that both the domestic (or internal) and international (or external) environment in which decisions are taken in relation to development are inevitably shaped to reflect this dominance of neo-liberalism. Indeed, Williams and Taylor (2000, 21) believe that 'the international discourse of neoliberalism has played a crucial, and often underestimated, role', in influencing South Africa's contemporary macroeconomic policy. As a result those 'decision-makers' associated with the South African structure supporting the TDCA decision-making system who were interviewed might well have been influenced, either consciously or subconsciously, by this climate. If so, this situation might result in alternative views to neo-liberalism not being considered in economic developmental and trade policy formulation processes. That said, since the so-called collapse of the Cold War and 'communism', alternatives to neo-liberalism have failed to generate enough support to present a credible assault on the hegemony of neo-classicalism. Indeed, this review has noted that although there are different perspectives on economic development, their thinking on trade, in terms of any increase in trade being seen as desirable, is very similar. The following chapters aim to explore further the influence that the dominance of neo-classical economic perspectives might have on decision-makers in the South African TDCA policy formulation structure.

Third, the next key issue to emerge from the literature assessing the neo-classical economic development perspective (section 2.3.1 and 2.4) is that it identified that more 'losers' than 'winners' result from the implementation of neo-classical trade and development policies. The literature

identified an 'ever-widening chasm' between those supporting neo-liberal policies and those opposing it. The selection of 'winners' (2.3.1) as a result of economic neo-liberalism unsurprisingly emanated mainly from representatives of intergovernmental institutions (WTO, IMF) or academics (Lal and Belassa) with an established record of supporting neo-classical economics. The benefits they identified were rather vague, such as LDRs profiting from a cheaper labour source, or that the 'trickle-down' effect will 'benefit' the whole of society. On the other hand the literature reviewed in section 2.4 illustrates that specific 'losers' were identified mainly by NGO officials or academics with an established history of criticism against neo-liberalism. Women, migrants, and certain regions and industries were highlighted as the most likely categories to be 'marginalised' by free market trading agreements, such as the EU-SA TDCA. Future chapters that assess perceptions surrounding the likely impact of the TDCA on southern Africa will examine this identification of 'losers' and 'winners'.

Fourth, the literature also suggested that certain stakeholders are also excluded from developmental decision-making systems. Section 2.5.2 therefore surveyed literature that evaluates issues of participation, inclusion and exclusion in decision-making systems that surround policy formulation processes, particularly in LDRs, South Africa and also IFIs. A less clearly defined polarised debate also takes place in the literature. On the one side are analysts who argue that stakeholders should be allowed access to the decision-making processes. The other side suggest that too much stakeholder participation may result in inertia and that access to various decision-making structures is not feasible. This literature survey provided the foundation for an analysis of the perceptions of inclusion and exclusion of stakeholders to the TDCA policy formulation process to be conducted in Chapter Five.

Fifth, although the description of decision-making systems in South Africa is rather limited, this chapter has highlighted that differing approaches can be used to describe decision-making processes in general. Many perspectives suggest that models, although imperfect, can be particularly useful in attempting to simplify what can be a complex picture. This evaluation of the literature is important because it provides the foundation for describing the South African TDCA

Chapter Two: The Trade, Development and Cooperation Agreement: development theories and decision-making processes

decision-making process in Chapter Four. Before this description proceeds, the methodological and philosophical concerns, along with methods, are discussed in Chapter Three.

Chapter Three:

Methodological considerations, philosophical debates and methods

Contents:

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3.1 Introduction

Contemporary human geography is characterized by methodological diversity, a plethora of methods and approaches which link in complex ways to underlying philosophical debates. (Graham, 1997, 6).

The previous chapter considered a range of debates relating to the description and evaluation of decision-making processes and assessments of economic development perspectives that underpin neo-classical trade and development agreements. Following the advice of Graham in the quotation above, this chapter considers methodological issues, methods and underlying philosophical debates that frame this study and which had to be considered before and during this research.

Much has been written on the problems of retrospective accounts of detailing methodology (Cloke et al., 1995; Shaw, 1999). This was negated to an extent within this research programme by a continual assessment of the potential methods that could be employed and an awareness of methodological/philosophical concerns that might be experienced. The chapter portrays this, dividing the themes (philosophical debate on positionality, methods and methodological concerns) into three sections. The first (3.2), philosophical debate, looks at the issue of positionality in relation to this research. The second (3.3) describes how content analysis of primary and secondary documentation and semi-structured interviews were chosen as central methods. The third (3.4), methodological concerns, relates closely to the first two sections, reflecting my position within this research process.

3.2 Philosophical Issues

'All research... adopts a philosophical position even if this is done so unconsciously' (Flowerdew and Martin, 1997, 15).

That all research is determined to some extent by the researchers' philosophical positions and epistemological standpoints is argued by many authors within the social sciences (such as Blaikie, 1993; Christians, 2000; Ladson-Billings, 2000), particularly those involved with cultural/social strands of geography (Visser, 2000; Radcliffe, 1994; Graham, 1997; Sidaway, 1992, 2000; Madge, 1993; Pile, 1994). This research is no exception and a reflexive account of my 'positionality' is outlined below. Stating such a position is essential to this research when considering the range of

predominantly theoretical discussions outlined in the previous chapter and the nature of my investigations in southern Africa.

My 'positionality' is reflected in the sensitivity that this research has towards terminology surrounding notions of race and ethnicity. There is a great deal of literature that focuses on the inherently racist connotations of language based on skin colour (black, white, coloured) or nationality (such as South African, British, or Cameroonian) (Boulding, 1959; Balakrishnan, 1995; Levermore, 2000). However, the use of such terms is unavoidable in the context of this work - these phrases are used with such regularity in everyday and academic discourses that continually highlighting and objecting to them throughout this text is just unpractical. Furthermore, the specific use of certain phrases was also occasionally objected to by those interviewed (such as #Bhorat, 2001). For instance, the use of the term 'neo-liberal' was deemed to be subjective - signifying a hostility towards neo-classical economic perspectives, because usually only those objecting to 'neo-liberalism' would use the term. In view of this concern, much of this thesis uses the phrases neo-classical and neo-liberalism in equal proportions and interchangeably, in order to avoid accusations of being biased to any particular side.

There are also a multitude of potential concerns that confront a white, male, 'Western' academic investigating aspects of decision-making and development in a so-called 'developing' area of the world. Madge (quoted in Visser, 2000, 234) suggests that 'it is worth considering whether research in the Third World by First World academics is still only possible by dynamic, subtle but ongoing Western imperialism', particularly when studies, such as this research, concentrating on development issues, have been accused of being imbued with 'colonialist tendencies' (Sidaway, 1992). Whether South Africa can be considered a 'Third World' area is debatable, yet this does not alter the terms of this debate, as at best, South Africa is viewed as a state 'in transition'. Visser (2000, 234) notes that many of these issues (concerning 'Western' academics) relate to research undertaken in South Africa, and points to the restraints, 'social, economic, gender, race and cultural background of the researcher and researched, [that are placed] on the types of investigations one might be able to undertake'. Indeed, Valentine (1997, 114) cautions that:

If you are embarking on research in the developing world it is particularly important to be aware of your privileged position in terms of wealth, education and so on, in relation to those you will be working with, and to recognise that your research is embedded in the context of colonialism.

A further problem was noted by Sidaway (1992, 404) who stated that the 'process of acquiring inside knowledge of a foreign environment to enrich the researchers' previous 'external' knowledge is often fraught with difficulty'. For instance, there is a one-way flow of information by Western academics looking at developing areas. Indeed, some interviewees (such as #Saunderson, 2001), particularly from the wine industry, implied that researchers, notably from the UK, who study development issues and democratic inclusivity in South Africa do so from a rather contradictory position, as similar conditions in the UK are often ignored in their reflections on the research process. Madge maintains that there is a 'thunderous silence' in the reflexivity of such research (Madge, 1993, 295).¹ Moreover, Pile (1991, 463) comments that:

Quite content to criticise structures of power operating in society, geographers have avoided confronting the power relations upon which geographical research relies and thrives. The researcher constantly slips out of the analysis, and is never rescued... The observer remains mysterious, distant and silent while the subject discloses more information: the researched is highlighted and the researcher hidden.

Other geographers suggest that these problems are particularly acute when interviewing 'foreign elites', which much of this research is based on. Herod (1999, 314) notes that:

There is one issue which seems particularly problematic when interviewing foreign elites, and that is the issue of the cultural positionality of the researcher and thus the presumed validity and meaningfulness of the knowledge they produce.

This problem is defined as an insider/outsider dilemma, where some scholars claim that only an 'insider' can obtain 'true' knowledge, whilst others opine that 'outsiders' are more neutral (the debate is summarised by Mullings, 1999). This discussion is furthered by Sidaway (1992, 406) who argues that:

To assume that 'insiders' automatically have a more sophisticated and appropriate approach to understanding social reality in 'their' society is to fall into the fallacy of Third Worldism, and a potentially reactionary relativism.

¹ This is supported by Ladson-Billings (2000) who campaigns against what she sees as the dominance of a 'Euro-American' regime of truth.

How should this research proceed in the face of these considerations? One way would be to follow the path advocated by the anthropologist Vincent Crapanzano. He challenged the commonsensical assumptions made in previous research work, proclaiming that the:

ethnographic encounter, like any encounter between individuals or, for that matter, with oneself in moments of self-reflection, is always a complex negotiation in which the parties to that encounter acquiesce to a certain reality. This 'reality' belongs... to none of the parties to the encounter (Crapanzano, 1980, ix).

Crapanzano published his entire interviews with an individual named Tuhami, in an attempt to make both researcher and research material as visible as the researched. Alternatively, Madge advises that:

Perhaps one way to begin to counter Eurocentrism is... to contest and challenge the implications of the system which the academy is intimately connected with, including the government and grant-awarding bodies. A micro-scale situated non-innocent perspective may thus be connected to the macro-scale political economy (Madge, 1993, 297).

The scope of this research, although aware of such criticisms, cannot possibly challenge the 'Eurocentric' system in the ways envisaged by Madge, or publish all the interview scripts as implied by Crapanzano. Far more realistic is Rose, who notes that ultimately:

We cannot know everything, nor can we survey power as if we fully understand, control, or redistribute it. What we may be able to do is something rather more modest and yet, perhaps, rather more radical: namely, to inscribe into our research practices some absences and fallibility's while recognizing that the significance of this does not rest entirely in our own hands (Rose, 1997, 318).

This research has seriously considered these concerns and this is reflected in the attempt to make the research material and researcher as visible as possible. Tapes of interviews have, when requested, been copied and sent to interviewees. Furthermore, Ph.D. chapters and copies of the South African Institute for International Affairs (SAIIA) report (that was based on the first set of interviews and published in 2000) were sent to other interviewees so that information obtained was shared and made 'visible'. Additionally, the final version of this thesis will be presented to the University of South Africa (UNISA).

This section has highlighted the problems associated with 'positionality'. The following section illustrates the evolution of methods used.

3.3 Methods

Social scientists have gradually realised the advantages of using a variety of research strategies so that the problems associated with one strategy may be compensated for by the strengths of others. This is called triangulation – using different research methods or sources of data to examine the same problem (Hall and Hall, 1996, 44).

This section describes the ‘triangulation’ method used in this research. Questionnaires, interviews, examining documents and ethnographic approaches in gathering ‘primary data’, in order to complement literature reviews (‘secondary data’), are the major approaches listed in literature that considers qualitative research (such as Herbert, 2000; Valentine, 1997; Blaikie, 1993; Denzin and Lincoln, 2000). Two of these research methods were employed in this thesis; the examination of primary and secondary documents and semi-structured interviews. Selecting appropriate methods and analyses of data altered throughout the course of the thesis, depending on how the research path evolved, on what data was being accumulated, and on what information was required for each stage of the research process. This section charts the evolution of the research path, noting which method was being employed, when, and why. The diagram in figure 3.1 (below) illustrates what methods and analytical techniques were used during the duration of the Ph.D. The diagram records five research stages. This section is divided accordingly, noting the methods used for each research stage and, where necessary, the type of analysis that was utilised.

I Stage One: November 1998-June 1999

Throughout the course of the research process secondary and primary literature was collected in order to deepen the scope of analysis and clarify issues associated with the four main objectives. From November 1998 to June 1999 secondary literature provided differing contexts in which to explore the EU-SA TDCA (such as reflecting on differing development theories and the mechanics of decision-making). This was complemented by a collection of primary documentation, specifically from NGO websites and from South African media sources on the Internet. An analysis of this documentation was continually undertaken, being grouped around the objectives outlined in Chapter One, in the manner of content analysis as suggested by May (1997, 173) and Sarantakos (1993, 212). To June 1999 all media articles collected were summarised and linked to the

appropriate research objectives. This content analysis assisted in identifying some key people to be interviewed before I travelled to southern Africa for the first fieldwork period.

Semi-structured interviews were considered the most appropriate form of acquiring information on the dimensions of the EU-SA TDCA being investigated. The use of questionnaires was considered in order to solicit views and perceptions from those people involved in the EU-SA TDCA decision-making process, asking them, for example, to identify the key themes they associated with the agreement. However, their use was discounted, primarily because fewer than 15 people had been identified as potential 'decision-makers' by the time the second research stage began in July 1999. It was felt that sending a questionnaire to such a small sample would not be conducive to the research process.

| <u>STAGE OF RESEARCH</u> | <u>METHODS EMPLOYED</u> | <u>ANALYSIS</u> |
|---|---|---|
| 1: November 1998-June 1999 | Secondary and primary (e.g., government documents, South African media) | Content analysis |
| 2: July 1999-October 1999 (Fieldwork 1 – southern Africa) | Semi-structured interviews and primary documents | |
| 3: October 1999 – September 2000 | Primary/secondary documentation | Comprehensive coding of transcribed material and content analysis |
| 4: October 2000-February 2001 (Fieldwork 2 – South Africa) | Semi-structured interviews and Primary documents | |
| 5: March 2001-June 2001 | Primary/secondary documentation | Coding of transcribed material & content analysis |

Figure 3.1: Diagram of methods and analytical techniques employed throughout the research process

Questionnaires were also ruled out because they tend 'to ask a rigid set of simple questions which 'force' or push the respondents' answers into particular categories' (Valentine, 1997, 110). Indeed, questionnaires can limit the kind of information that can be gathered, and sometimes fail to inform the researcher of **intimate** individual perceptions. These perceptions were important for the research process because they formed the foundations to analyse the South African TDCA

decision-making process, the potential economic impact of the agreement, and an examination of the wine and textile sectors. Interviews, however, tend to allow for analysis with depth, particularly important when attempting to discover perceptions of the agreement, or to explain the rationale behind how policies were decided. Despite the in-depth nature and openness of the interviews conducted, the method employed could not be considered ethnographic, as the analysis of the interviews does not examine the text produced in sufficient detail (as set out in Herbert, 2000, 551-2).

2 Stage Two: July-October 1999

Kvale (1996, 81) notes that there are seven stages of interview investigation; thematising, designing, interviewing, transcribing, analysing, verifying, and reporting. Thematising asks for research aims to be clarified. These were outlined in the introductory chapter (1.2). The transcription, analysing, and verification stages are discussed throughout this section. The issues surrounding designing an interview and the dynamics of interviewing are so voluminous that a full discussion of them is not possible here (see instead Kvale, 1996; Sarantakos, 1993; Hall and Hall, 1996). In terms of design, semi-structured interviews were chosen over structured or open-ended because I felt that certain common themes should be explored in each interview, but a degree of flexibility was necessary in order to assist the flow of conversation. A further aspect of design, choosing an interview medium, presented a choice between face-to-face, telephone, email, or Internet exchanges.² Despite concerns raised above, relating to 'Western' researchers investigating in the 'non-Western' world, the advice of Radcliffe (1994, 11) was followed; that 'Events can be understood adequately only if they are seen in context'. Therefore, two stages of fieldwork in southern Africa were organised throughout the research investigation. The first, from July to September 1999 was based at the South African Institute for International Affairs (SAIIA) in Johannesburg and involved interviewing nearly sixty people (decision-makers) on various aspects relating to the EU-SA TDCA. A list of all their names, occupation status and date interviewed is tabulated in Appendix A. Due to ethical considerations (noted in section 3.4) this list will be omitted from the final (post-viva) thesis print.

² At one stage developing a web page, where interaction on a message board to accrue totally anonymous data was considered, but later rejected due to the likelihood that only a miniscule exchange would be possible.

The interview design reflected the issues that arose from the four main objectives broad themes that had evolved at this early stage of the research. Different questions were posed, depending on what category the interviewee was assigned to. There were six categories:

- 1 South African decision-makers**
- 2 BLNS decision-makers**
- 3 South African lobbyists (including business, government and civil society)**
- 4 Southern African lobbyists**
- 5 Academic/think-tanks/researchers**
- 6 Miscellaneous - Those outside South Africa, yet within the process - such as EU delegation.**

An example of these six different interview forms is reproduced in Appendix B-G. Questions for all 'interview types' centred around six themes. They were:

- 1 Perception of the agreement ('winners/losers')**
- 2 Description of the South African structures supporting the TDCA decision-making process**
- 3 Perceptions of how decisions were made (e.g. Who had most influence?)**
- 4 Perceptions of the perspectives surrounding trade liberalisation**
- 5 How the BLNS were included**
- 6 How different stakeholder groups participated**

Before the interview process began some of the advice, noted from the literature, concerning the potential problems associated with interviews was considered. The first related finding who to interview. Valentine (1997, 116) suggests that this task is particularly difficult with large organisations (such as businesses and governments). This was occasionally the case in this, the second stage, of research, in South Africa, as contact from the UK was difficult, with many emails/faxes to 'faceless' people either not being answered or not getting through. Telephone

contact was often more successful, but a lengthy and expensive process. Even within South Africa, the process of locating an 'appropriate' interviewee was time-consuming. However, employing what Valentine (1997,116) describes as 'snowballing', once one or two representatives from the 'elite' were interviewed, access to others (often on recommendation by previous respondents), was easier. Furthermore, advice on whom to interview was also provided by officials at SAILA.

The practicalities of where to hold interviews and the asking of questions is also raised in the literature (particularly Valentine, 1997; Kitchen and Tate, 2000). Care was taken to be suitably presented, avoid places where either the interviewee or myself might feel 'vulnerable',³ or were too loud; to phrase questions so that yes/no answers could be avoided; listen carefully; and not to repeat questions. Despite this preparation, some inevitable problems occurred. For example, in the first interview, when a tape and external microphone was used, I forgot to turn the external microphone on, so an hour-long interview was lost, save the notes that were scribbled throughout. A further example occurred in the second interviewing period, where during an interview with a wine producer, a considerable quantity of wine was consumed, which resulted in the interview flowing in unintended directions. Valentine (1997, 124) suggested one useful way of initiating analysis, and acting as a safety net when such events occur is to write a research diary, describing interview experiences in conjunction with the interview process. This was followed to some extent during this research, as notes were immediately written following interviews, noting briefly how the interview went, and any important points that had to be followed up. An example of this is provided in appendix H. This shows my comments of how the interview went, and on mistakes made. In other notes, leads to follow up were also noted, and this frequently led to the analysis of future documentation.

Also during this second stage, a large quantity of primary documentation was obtained from the government, parliament, NGO's, business, labour and civil society. This even included a copy of documents that formed the basis for discussing tariff lines at negotiations between the EU and South African negotiators (#Labour Proposal, 1997; SEIFSA, 1997).

³ Although there were several moments where I felt rather unsafe - for instance, walking for five minutes between destinations in central Johannesburg and waiting for a taxi that never arrived in Bellville, Cape Town.

3 Stage Three: October 1999-September 2000.

This stage was characterised by continuing the accrual of documentation and undertaking a **comprehensive coding** of the transcribed tapes.

The process of analysing transcribed data can be convoluted, with some of Tesch's 43 types of qualitative analysis techniques (outlined in Crang, 1997) being suitable for an examination of the data collected. Indeed, the issue of how to 'interpret' data has been thoroughly documented (Crang, 1997; Bryman and Burgess, 1994; Kelle, 1995; Kelle and Laurie, 1995; Lonkila, 1995; Seidel and Kelle, 1995; Araujo, 1995). For this research, a basic form of manual coding was applied to transcribed interviews (only the 'relevant' aspects of the interviews were transcribed).⁴ Bryman and Burgess (1994, 218) see the use of coding as 'a key process since it serves to organise copious notes, transcripts and documents that have been collected and it also represents the first step in the conceptualisation of data'. However, there are those who see the process of coding as generating an inductive approach to forming theories. This is central to grounded theory methods (Lonkila, 1995), and resonates with positivist assumptions. Indeed, Araujo (1995, 96) argues that 'Codes... are categories and categories are relations between our cognitive models and representations of the social world, available through interview transcripts'. This research did not use this version of coding and instead adopted an approach to coding as suggested by Crang (1997, 188), that 'codes are not there to be rigidly reproduced, nor to be counted, but as an aid to the researcher in making sense of material'. Therefore the coding method used for the interviews conducted during the third stage of research was to comprehensively transcribe the interviews and organise the resulting 'data' into seven themed groups. These were:

- A: Criticisms of the agreement and trade liberalisation in general**
- B: Inclusion and marginalisation from the decision-making process. This also incorporates the inclusive African theories of *Ubuntu* and the concept of African Renaissance**
- C: Relating to researchers and impact studies**

⁴ Using such a method meant that other forms of qualitative analysis were not used, such as more detailed forms of coding and computer-assisted qualitative research programmes.

D: Benefits of the agreement and justification of neo-liberal development

E: Description of the decision-making process

F: Impact of the TDCA on SACU and the BLNS

G: Consequences of the agreement on Lomé

As appendix I illustrates, transcribed text was divided into different themes, and the transcription process also incorporated my experiences. Interviews were written up with space provided for personal comments in the right hand column. Some of the conversation was not transcribed because the topic of conversation was very general and therefore did not relate to the scope of the research.

One final decision relating to the analysis of the interview transcripts concerns the use of computer software to assist in analysing unstructured, bulky and complex qualitative data (Bryman and Burgess, 1994, 218). A growing literature recommends that such computer software is conducive to more efficient analysis. For example, Kelle and Laurie (1995, 27) state that computer aided research 'increased the trustworthiness of qualitative findings considerably because these facilities can ensure that the hypotheses developed are really grounded in data and not based on single and highly untypical incidents'. This researcher spent time exploring over ten qualitative computer programmes, from NUD*IST to Kwalitan. Indeed, a sample of interviews were tested against different software. Ultimately it was decided that manual coding was preferable. This was due to the language and communication problems that were experienced during the interviews, and it was felt that an intimate knowledge and closeness to the transcribed data would yield a more accurate portrayal of the information provided (Bryman and Burgess, 1994).

4 Stage Four: October 2000-February 2001

The 'results' from stage three of the research process provided the basis for chapters Four and Five. The identification of perceived 'winners' and 'losers' of the agreement, sharpened the focus of the research, as the wine and textile industry were clearly identified as a 'winning' and 'losing' industrial sector. The fourth stage of research analysed these sectors, and from previous contacts made, as well as a content analysis of primary and secondary of literature relating to these

industries, thirty people were identified as potential interviewees for the second fieldwork period, for four weeks from January to February 2001. A table identifying these representatives are listed in Appendices J and K. Once again they have only been included in the first draft of this thesis. As is highlighted in Appendices L and M, interview questions (for wine and textile respectively) were much more focused, seeking an understanding of how the agreement was perceived within the industries and the degree of access that stakeholders within each sector had towards the decision-making process. Moreover, the first page of the interview schedule provides a summary of the information known, from content analyses of documents, of the interviewee and/or interviewee's organisation. The design of the interviews were therefore quite different from the first fieldwork period. The first gathered information on a broad range of aspects, mainly concerning the EU-SA TDCA and associated decision-making processes; the second was much more specific.

5: Stage Five: March 2001-June 2001

As appendix N illustrates, the second interview analysis process was similar to the first, although the transcription process was slightly less comprehensive and the coding is conducted immediately after the tape was transcribed. There is no 'themed code' as such, with information immediately inserted into previously organised (on the basis of the content analysis of documentation) chapters.

This section has considered the evolution of a triangulation of research methods employed throughout this study. This evolution mirrors the continually changing scope of the research from a broad to refined focus. The practical process of using these methods, particularly interviewing, highlights a number of methodological considerations that are discussed below.

3.4 Methodological considerations

This section examines two methodological considerations that arose during the research process. The first relates to arguments that interview/qualitative research techniques tend to be unscientific and lack objectivity. The second surrounds the often complex relationship that exists between interviewee and interviewer, particularly when research is conducted in South Africa – with its unique historical and 'ethnic' characteristics.

3.4.1 *Objectivity*

Ethnographic research is the least scientific of the research approaches since, by definition, it involves a small sample size, is difficult to replicate, and contains a great deal of subjectivity and interpretation on the part of the researcher (quote by Rengert in Herbert, 2000, 558).

Such criticism has been applied to qualitative methods, including interviews. Indeed, 'Positivists often criticize in-depth interviews, claiming that interviewers bias the respondents' answers or that interviewers are not or cannot be objective or detached' (Valentine, 1997, 111). There is a substantial and expanding body of literature that contests such a view, arguing that objectivity is not possible in any form of scientific investigation, whether quantitative or qualitative methods are used (Herbert, 2000; Valentine, 1997). Herbert (2000) argues that all research requires interpretation and is therefore subjective. No research is purely 'neutral', even if positivist methodology is employed. Valentine notes in defence of interviews that:

all research work is explicitly or implicitly informed by experiences, aims and interpretations of the researcher who designed the questionnaire or the interview schedule and that researchers should treat participants as people, not objects to be exploited or mined for information (Valentine, 1997, 112).

This concern over the treatment of interviewees has led to other criticisms of the use of interviews as a research method. Fontana and Frey (2000, 262) are particularly critical; 'The techniques and tactics of interviewing... are really ways of manipulating the respondents while treating them as objects or numbers rather than human beings'. This research process has certainly borne this in mind when interviewing. Measures were taken to reassure the interviewee that an interview was considered a two-way process, where information was often swapped,⁵ and tapes of the interview occasionally copied and handed to the interviewee. For example, a tape was sent to Helga Jansen (ILRIG). She arranged for an interview with workers at a textile factory in Cape Town and contributed to the interview. In these respects I viewed the interview process as not just a 'passive means of gathering information but... also a social encounter' (Kitchin and Tate, 2000, 215).

⁵ This happened in many interviews, as the interview took the form of a conversation, where information was swapped between parties.

3.4.2 *Relations between interviewer and interviewee*

The treatment of the respondent is just one of the components that forms the complex relationship between interviewee and interviewer. The other aspect that concerned this research surrounded unequal power relations (particularly between 'elites' and myself) and potential 'communication' problems.

A complex series of power relationships lie between myself, defined and regarded as a white, male, 'Western' researcher, and respondents from a society that is marked by a strong sense of history and ethnicity. These relationships are far from simple, especially when an interview is conducted with a member of the so-called 'elite'. The majority of meetings staged during both stages of fieldwork were with what can be termed the elite in South Africa and Botswana. Specifically, this included senior civil servants, former Cabinet ministers, MP's, directors of business, and senior trade union representatives. Schoenberger (1991), Valentine (1997) and Herod (1999) all consider the power relations that exist during such meetings. Valentine, for example, observes that power relations are often overturned in researcher-elite interviews, noting that:

If you are interviewing elites and business people, it is they who often have the upper hand, by controlling access to knowledge, information and informants. Indeed, they often want to have some influence over the research process, refusing to allow interviews to be tape-recorded or demanding the right to vet interview transcripts and influencing the way that research findings are presented (Valentine, 1997, 114).

Furthermore, Schoenberger argues that:

The corporate interview is susceptible to problems of control since the likely respondents are people accustomed to being in control and exerting authority over others. There is a risk that the respondent will impose his or her own agenda on the interview and taking it in directions that are not directly relevant to the research or are not worth lengthy elaboration (Schoenberger, 1991, 182).

Rarely was such 'influence' exerted during the series of interviews I conducted. On a number of occasions tape recording was refused (see discussion below) and research findings were requested. Far more common was care taken over information provided (particularly from government officials) but many within the business community, as well as trade unionists, appeared to have been very candid in their responses, and very helpful in providing information. At times the problems of a researcher based over 6000 miles from their respondents was of more concern. Herod touches on some of potential problems when noting:

...when conducting research involving *foreign* elites the researcher may face particular issues of transcultural communication and understanding that s/he does not have to face when conducting research involving *non-foreign* elites. Likewise, when conducting research involving foreign *elites* the researcher often has access to well-defined organizational structures, lines of institutional contact and information... which are not available when interviewing foreign *non-elites*. At the same time, however, information about such organizational structures may be more difficult to locate for foreign organizations than for domestic ones (Herod, 1999, 313).

Indeed, as noted elsewhere in this chapter, access to organisations, before any 'snowballing' effects registered, was painstakingly slow. The problems of gaining access to the 'elite' in South Africa, when considered to be an 'outsider' has hindered the research of both Visser (2000) and an academic, from Ghana, and who was interviewed during the first fieldwork period (#10, 1999).

Visser (2000, 231) noted that:

The problem of how I should be perceived, seen, understood, and finding a category within which to place me, played an important role in a struggle to get interview appointments, access to certain types of information, as well as conducting some of the interviews.

Furthermore, the Ghanaian academic (#10, 1999) noted that 'I was deprived of the opportunity to have inside knowledge', when attempting to gain access to decision-makers in the EU-SA TDCA structure. These experiences rarely affected my research. Indeed, I share with Herod the feeling that although it 'would be hard to prove definitively, I have always felt that the simple fact that I was a Western academic afforded me a warmer reception than had I been a local researcher' (Herod, 1999, 317). Indeed, I was accorded very warm receptions, particularly by representatives of traditionally disadvantaged peoples. At one meeting, after asking if I was hungry, a roast dinner and dessert was served to me, whilst in the middle of conducting an interview. Moreover, belonging to a very well known South African organisation (SAIIA) might also have assisted the interview process. Access was also granted in the characteristically 'closed' wine industry, even following a furore caused by a UK journalist who, a few weeks prior to my second field trip, had an expenses paid trip for three days, met a few wine dignitaries, and then extensively criticised the sector on his return to the UK (see Mossop, 2001). Irrespective of the merits of his article, his comments failed to obstruct my access to the industry.

Constantly shifting unequal power relations between interviewee and interviewer might account for some of the 'communication' or 'relationship' difficulties that arise in an interview

situation. Visser (2000), in his research based on local decision-making in South African towns, compiled a list of these. He noted that, due to the historically 'closed' nature of formal South African decision-making structures, interviewees tended to be very wary and defensive when asked questions about the decision-making process. In my experience, this happened on a number of occasions, sometimes by employers or representatives of the wine industry, but more particularly when interviewing senior civil servants and EU officials in southern Africa. The reason for this could be attributed to the interviewees perception that information being stated was highly sensitive. During those times the tape was switched off and only minimal notes were made. Such a procedure was agreed upon when considering the ethics involved when interviewing. A form concerning ethics was completed and passed by the University of Plymouth Ethics Committee in 1999. This stated that issues such as anonymity and confidentiality were recognised, and stated to the interviewees before individual meetings began. Therefore, for the first series of interviews, comments have been recorded anonymously, and as chapters Four and Five demonstrate, only a number (prefixed by # and the year – 1999) has been placed by a reference to an interviewee's quotations to denote who made the comment. However, the process was altered for the second series of interviews – this time interviewees were given a choice and if they requested their comments to be anonymous, then the same quotation system is installed in Chapters Seven and Eight. However, in those cases where it has not been, their name appears beside their quotation. Other ethical considerations have been discussed above (see section 3.2) relating to the 'visibility' of the researcher in the interview and transcription/reporting stages.

Valentine (1997) and Visser (2000) both agree that a common failing with interviews, induced by unequal power relations, is that respondents often provide information that they feel the interviewer wants to hear. This is compounded by communication problems, mainly misunderstandings by both parties of what different words and phrases mean.⁶ This is not only due to language, but also cross-cultural and cross-contextual meanings. An example revolved around the definition of development, where in one interview with a representative of the

⁶ I spoke no other official South African language and often interviewed people whose second or third language was English.

NEDLAC, I had been asking questions on macro developmental policies and the respondent was bemused; to him, development meant running water and electricity (#22, 1999).

One further problem that was encountered in South Africa, and also experienced by Visser, was that you had the perception that some respondents felt that you were too young. Visser explains this is not an uncommon perception as, 'A young and "nat agter die ore" (wet behind the ears) male, quite simply does not command the same respect and seriousness someone, for example, in his or her middle-age, would be able to command' (Visser, 2000, 233).

This section has charted some of the methodological considerations that were encountered during the research process. At times they touch upon the issues of reflexivity, positionality and general ethics of qualitative research as debated above (section 3.2). In view of the calls for a more 'transparent' scrutiny of the researcher in the research process made under philosophical considerations, this section has made visible many of the fieldwork experiences.

3.5 Conclusion

The three sections around which this chapter is based – philosophical issues, methods and methodological considerations – have highlighted four important methodological aspects that relate to this study. First, as the scope and evolution of the research has altered, so to have the methods. Second, a process of triangulation, using content analysis of primary and secondary documentation, as well as semi-structured interviews, are the main methods that have obtained information on which the following chapters are based. Third, the 'positionality' of this study has been outlined, and the problems experienced by a so-called 'Western' academic researching in a society that is concerned with historical and 'ethnic' positions have been charted. This links to the fourth important aspect – that positionality, perceptions of me as a researcher, as well as access to organisations and information, and communication problems, were all limitations that posed constraining problems on the research conducted.

Chapter Four:

The South African TDCA decision-making process

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4.1 – Introduction

This chapter explores the South African decision-making processes in the formulation of the TDCA by describing the major components and actors that contributed to constructing the TDCA. This description derives mainly from interviews conducted with participants in the EU-SA TDCA formulation process (as outlined in Chapter Three). The chapter has two main sections. The first (4.2) outlines the framework upon which the description of the South African policy formulation process is based. The second (4.3) comprehensively describes the decision-making process.

4.2 – Framework outline

As discussed in Chapter Two (2.5.1), a plethora of studies have advised how to describe decision-making processes. On the basis of one of these debates, concerning whether to use a realist or pluralist perspective, this research adopts a more pluralist approach in analysing the EU-SA TDCA because of the weaknesses identified in the narrow realist position. The review of literature also suggested that a definition of the decisions involved in formulating policy was important. Therefore, in relation to the TDCA, there are four major areas where decisions were made (Davies, 2000). The first set of decisions were made in a *macroeconomic* context, such as whether or not to adopt neo-liberalism in the economic development of South Africa, and whether to join the non-reciprocal Lomé Convention. The second set of decisions concerned the framework in which political decisions were made; such as how the mandate should be formed (what were the priorities and strategy of the South African government) and should South Africa's neighbours in SACU be incorporated? Third, the technical nature of the agreement had to be considered, particularly the agreement of tariff levels for individual products. Fourth, the TDCA was officially negotiated on a bi-lateral basis – face-to-face meetings occurred between representatives of the EU and the South African government. There were also discussions between EU member state officials, EU parliamentarians and South African officials. However, due to the South African states membership of the South African Customs Union (SACU), the agreement also has a multi-lateral dimension. The other SACU members – Botswana, Lesotho, Namibia and Swaziland (BLNS) are also directly

affected by the agreement. Therefore, both the South African government and EU discussed the potential impact of the TDCA with the BLNS.

Under the structure that supported the South African side of the TDCA decision-making process, negotiations also took place on a number of other levels and between varying actors. These are summarised as follows:

- Between the South African negotiating team and other South African government departments
- Within the South African statal process (at an executive level)
- Between the South African government/negotiating team and industry (on a bi-lateral basis)
- Between the South African government/negotiating team and labour (on a bi-lateral basis)
- Between the South African government and non-governmental 'stakeholders' via South African governmental departments, the South African parliament and NEDLAC (a tri-partite, and some might argue, quad-partite basis)
- Between the South African government and both business and labour, on a tri-lateral basis (at NEDLAC)
- *Within* industrial sectors in order to construct different sectoral responses to the agreement (often between business, organised labour and occasionally other stakeholders)
- Between the South African state/negotiating team and stakeholders (including business and labour, as well as SACU and SADC) at academic and non-academic conference proceedings

The literature in Chapter Two also focused on the use of models to simplify complex decision-making systems. In order to acquire a thorough understanding of the South African side of the TDCA decision-making structure, Snyder's 1969 model (as detailed in Levermore, Gibb and Cleary, 2000, see figure 4.1 below) is adapted for the purpose of this research. It provides a valuable starting point by organising information on the decision-making process into four categories; the statal decision-making process; the way that the internal environment influences

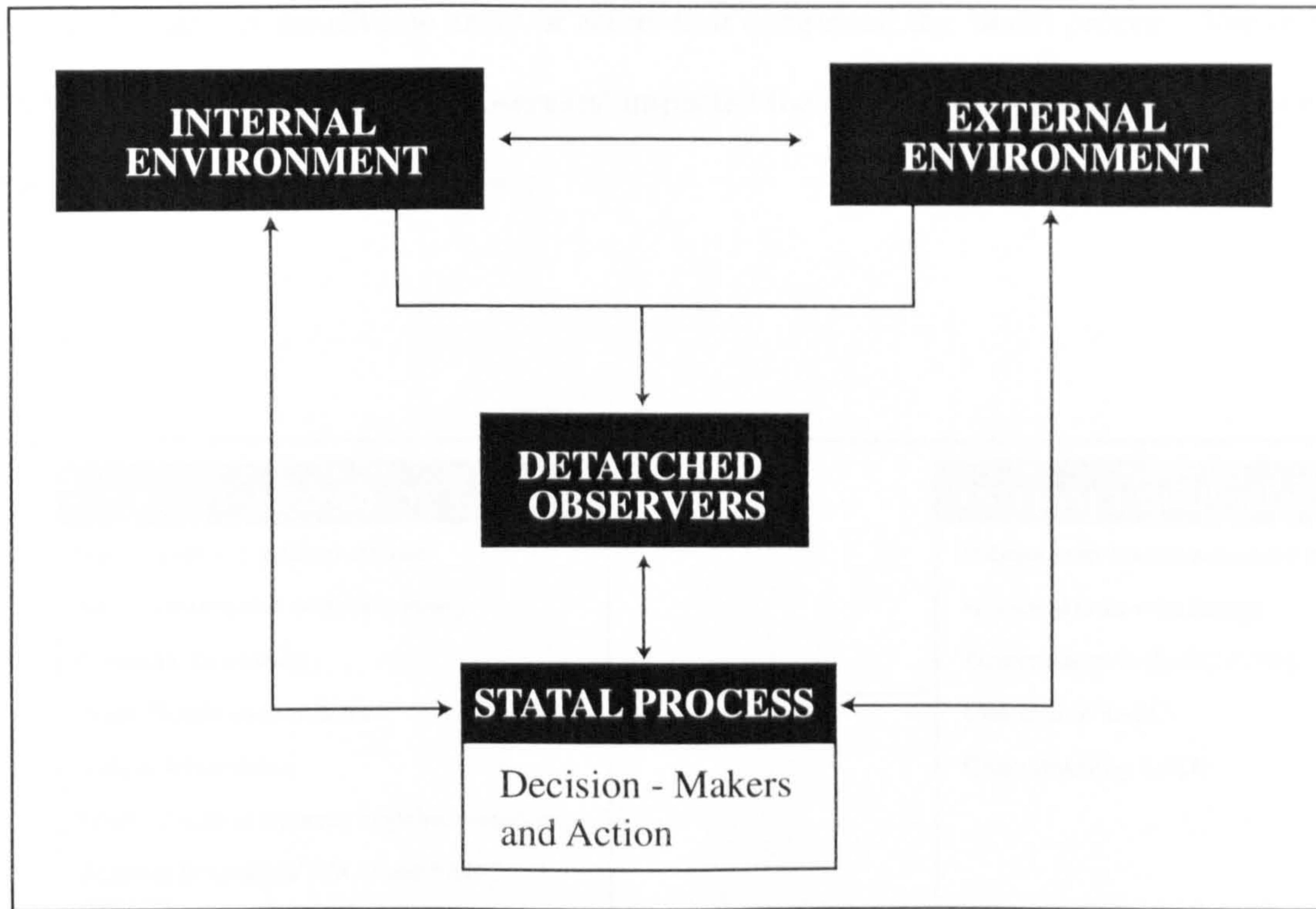


Figure 4.1: Model of Factors shaping a characteristic Decision-Making Process (from Levermore, Gibb and Cleary, 2000, 3)

decisions; external factors; and the role of so-called 'detached observers' (such as research bodies and the media). As noted in Chapter Two, models have limitations in terms of their analytical ability. Most importantly, decisions are not made in such neatly-compartmentalised spheres. In some senses there is a blurred distinction between the internal and external factors influencing the TDCA decision-making process. This is illustrated in figure 4.2 (see below), with the presence of both neo-liberal economics and SACU/SADC in both the internal and external environments. However, the model does simplify a very complex picture and helps in evaluating the extent to which the structure can be considered inclusive or exclusive. Figure 4.2 places the original diagram in a South African context. The following section describes the role of each component in assisting the formulation of the EU-SA TDCA.

4.3. Components of the Decision-Making Structure

The remainder of the chapter describes in detail each component that comprises the South African structures supporting its formulation of the EU-SA TDCA. The first (4.3.1), lists those factors in the internal environment that influenced the climate in which the TDCA was negotiated. The second

(4.3.2) documents the diverse array of actors that comprised the 'statal process'. The third section (4.3.3) outlines how 'Detached Observers' impacted the EU-SA TDCA. The fourth and final section (4.3.4) describes the external actors.

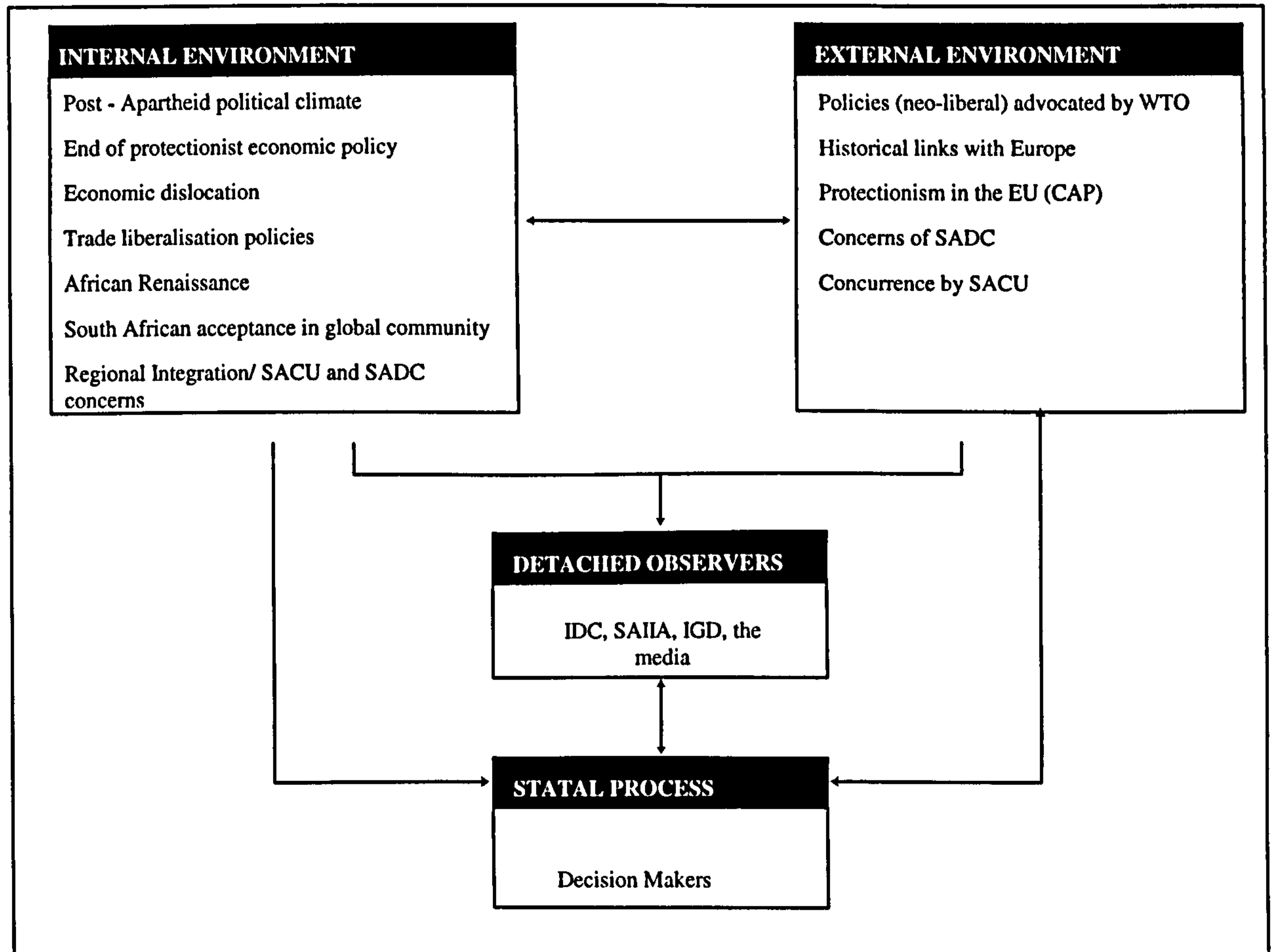


Figure 4.2: Factors shaping the EU-SA TDCA Decision-Making Processes (from Levermore, Gibb and Cleary, 2000, 4).

4.3.1 Components of the Decision-Making Structure: A: The Internal Environment

Accompanying the evolution of South African development policy, as outlined in Chapter Two (2.3.2), are internal debates, identified by interviewees, that have influenced the formulation of the TDCA in South Africa. These discussions surround the post-apartheid political and economic climate, potential for economic dislocation (including the threats posed by crime and AIDS), the renaissance of Africa, regional integration, the inclusion of South Africa into the global community, and the perceived weakness/inexperience of South African decision-makers.

Three of these debates -regional integration, African Renaissance, and opposition to neo-classical economic perspectives -which exemplify the influence of the internal environment on the TDCA decision-making process, are discussed below.

I Regional Integration

The first internal influence on the TDCA is concern expressed for South Africa's neighbours within southern Africa and the movement towards regional integration. The lengthy, and often critical, analysis of the SA/EU TDCA process promoted a greater understanding of the regional implications of the deal (Keet, 1997b) such as the threat posed to BLNS income that is currently generated by common SACU tariffs. As stated in the summary of the TDCA (see 2.2) the South African government undertook a 'dual track' policy concerning free trade agreements with both SADC and the EU. This means that the South African government was trying to 'ensure that its neighbours are given preferential access over the EU in its market' so that southern African states were not further marginalised by the TDCA (Cassim, 1998, no page number).¹

II African Renaissance

A raft of eclectic ideas, statements and policies that are combined to promote an 'African Renaissance', address these regional concerns. Trade liberalisation is seen as central to the rejuvenation of the African continent. The importance of African Renaissance to the decision-making process is demonstrated in the influence it exerts within the echelons of key South African decision-makers. Lodge (1999a) noted that since its earliest public reference in June 1997, the idea of African Renaissance has gained an almost iconic status in South Africa. Indeed Khoza (1999, 279) contends that the 'concept of an African Renaissance has become a central theme to South Africa's vision as a country and the geo-economic role of the African continent and its member states'. In many ways African Renaissance argues for the development of African peoples through economic growth, aided by the cancellation of African debt, an improvement in its terms of trade, increases in domestic and foreign investment, the expansion of development assistance, and better access to developed world markets (Mbeki, 1999a, xvi). African Renaissance is partly founded on a belief in

¹ However, the SADC protocol took effect on 1 September 2000 but the implementation of a fully operational free trade zone is still being hampered.

market economics as well as equality to democratic processes (Lodge, 1999a). However it is also jointly based on the concept of *Ubuntu*, an African ideology that promotes the universal comradeship of all Africans (Mgibi, 1997; Sindane, undated).² In the context of the influence this has on the decision-making process, economic advancement in the rhetoric of *Ubuntu* should be for the equal benefit of all Africans (particularly in southern Africa).

III Opposition to neo-liberalism

There has been heated debate around the implementation of macroeconomic policies, such as GEAR, being accepted by South African society. Among those supportive are some government officials (see Erwin, 2000), big business, economists and the financial press (see *Business Day* editorial, 23 July 1997). For example, Michael McDonald, a leading representative for the Steel Industry, asserted that 'The social partners in NEDLAC are strongly committed to the principles of trade liberalisation generally and are not opposed, in principle, to the conclusions of FTA's with the EU and SADC' (McDonald, 1998b, no page number). However, he warned that such support could not come 'at any price'.

The policies of the TDCA and GEAR have encountered considerable opposition in South Africa, particularly from academics, NGOs, civil society and from within the coalition parties in government - COSATU and the South African Communist Party (SACP)(McDonald, 1998a, 3). For example, at parliament's public hearing on the TDCA, COSATU argued that tariff liberalisation would 'exacerbate the job crisis engulfing the country. We are not convinced that jobs generated from increased exports to the EU will outweigh job losses from increased imports' (quoted in South African Press Agency (anon.), 27 October 1999). The SACP were also highly critical, noting that 'raging capitalism [is] threatening to devour the whole of humanity, destroy our environment and multiply poverty throughout the entire globe' (Blade Nzimande, South African Press Agency (anon.), 25 October 1999). Ebrahim Patel (South African Clothing and Textiles Workers Union - SACTWU) adds; 'Our tariffs now are where our international obligations require them to be in the

² *Ubuntu* has many definitions but most centre on the 'spirit of universal collective humanity', with mutual respect for humans at its cornerstone. Indeed, Sindane (undated, 1) notes that *Ubuntu* underpinned African democracy before European colonisation of Africa.

year 2004. By being five years ahead of our obligations we have sacrificed tens of thousands of jobs' (Patel, 10 September 1999).

Adam Habib (Foundation for Global Dialogue, 1997, 98-9) noted that four major organs of civil society also opposed the GEAR document. A representative of the youth movement criticised both the TDCA and tariff liberalisation associated with GEAR, contending that:

The agreement is only in the interests of capital; sustainable job creation is unlikely... Government must stop doing what only benefits the west to the detriment of SA and the entire African continent (Phasa, *Business Day*, 20 October 1999).

Furthermore, the South African academic Dot Keet (1997b) argued that policy relating to trade liberalisation:

threatens to incorporate South Africa into the global market-place on terms and at a rate very different to what had previously been contemplated - with the attendant dangers that many South African producers, forced to face competition from powerful industrial producers/exporters, would find it extremely difficult to carry through the necessary economic (and social and political) reconstruction and transformation (Keet, 1997b, 30).

Many NGO representatives are also critical of GEAR and trade liberalisation, particularly its impact on poorly paid women workers. John Pape (2000), an ILRIG official argues that in the contemporary era of tariff liberalisation (1970-1998), the percentage of women in the workforce in South Africa has only increased from 32 to 33%. He adds that since the WTO tariff reforms, the clothing sector has lost 80,000 jobs. Women account for 76% of this workforce (Pape, 2000). Goetz asserts that policies comparable to GEAR 'rule out social welfare measures to subsidise women's reproductive contributions to the economy' (Goetz, 1998, 241). Indeed, Tamara Jansen, also from ILRIG, asserts that:

South African women workers also have to contend with the government's economic policy constraints. The economic policy of GEAR has cut social welfare spending, increased unemployment and under-employment, and placed pressures on women as single parents (Jansen, April 2000, 7).

This debate appears to mirror the polarised discussion identified in Chapter Two. As this section has shown, some government officials, economists and the financial press are in one camp, generally supportive of neo-liberalism, whilst NGOs, academics, civil society and some of the government's partners are in the other.

These factors, illustrating the internal debate in South Africa, provide examples of the domestic influences on the South African TDCA policy formulation process. Despite considerable opposition from groups within South Africa, including two of the three organisations that form government, the TDCA and tariff liberalisation has been implemented. This leads to speculation that the decision to pursue the TDCA has been followed notwithstanding the reservations voiced against it. This perhaps indicates that those opposing the government's stance over neo-liberalism have had no success in influencing the South African macroeconomic climate. One can suggest that the dominant status of the neo-classical economic perspective may have affected South African decision-makers more than the internal climate has. However, the portrayal that the 'opposition' lack any 'credible' alternatives may also be a factor in the equation.

4.3.2 – Components of the Decision-Making Structure: B - Statal decision-making mechanics and decision-makers

Interviewees identified this component as central to understanding the complex decision-making structure. Figure 4.3 outlines the governmental, para-governmental and non-governmental institutions and structures involved, to varying extents, in constructing the South African structures that supported the formulation of the TDCA. It emphasises that South Africa's negotiators were assisted in policy formulation by a multitude of organisations and actors, from both inside and outside the governmental apparatus. The eight 'bodies' identified as having at least peripheral involvement were:

A: The Negotiating team

E: Agricultural Trade Forum

B: Government/Executive

F: Civil society and civil society representatives




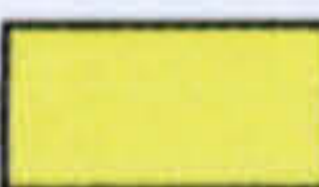

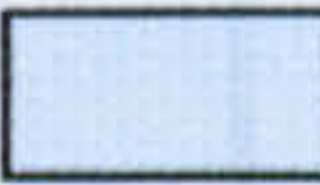
C: Parliament

G: Labour/Business

D: NEDLAC

H: SACU/SADC

For ease of identification throughout the thesis the different actors encountered (along with others listed in following chapters) are divided into six categories, which are listed as follows:

- | | | |
|-----------------|---|---|
| CATEGORY ONE: | STATUTORY/GOVERNMENTAL/STATAL BODIES |  |
| CATEGORY TWO: | NON-GOVERNMENTAL RESEARCH GROUPS/ DETACHED & 'UN-DETACHED' OBSERVERS |  |
| CATEGORY THREE: | EMPLOYER/BUSINESS |  |
| CATEGORY FOUR: | EMPLOYEE ORGANISATIONS |  |
| CATEGORY FIVE: | CIVIL SOCIETY AND THEIR REPRESENTATIVES |  |
| CATEGORY SIX: | EXTERNAL ACTORS |  |

The figure shows the sheer complexity of the relationship between organisations, actors and categories, involved in formulating the TDCA. This section clarifies relationships between these bodies by examining the role each played in formulating the EU-SA TDCA.

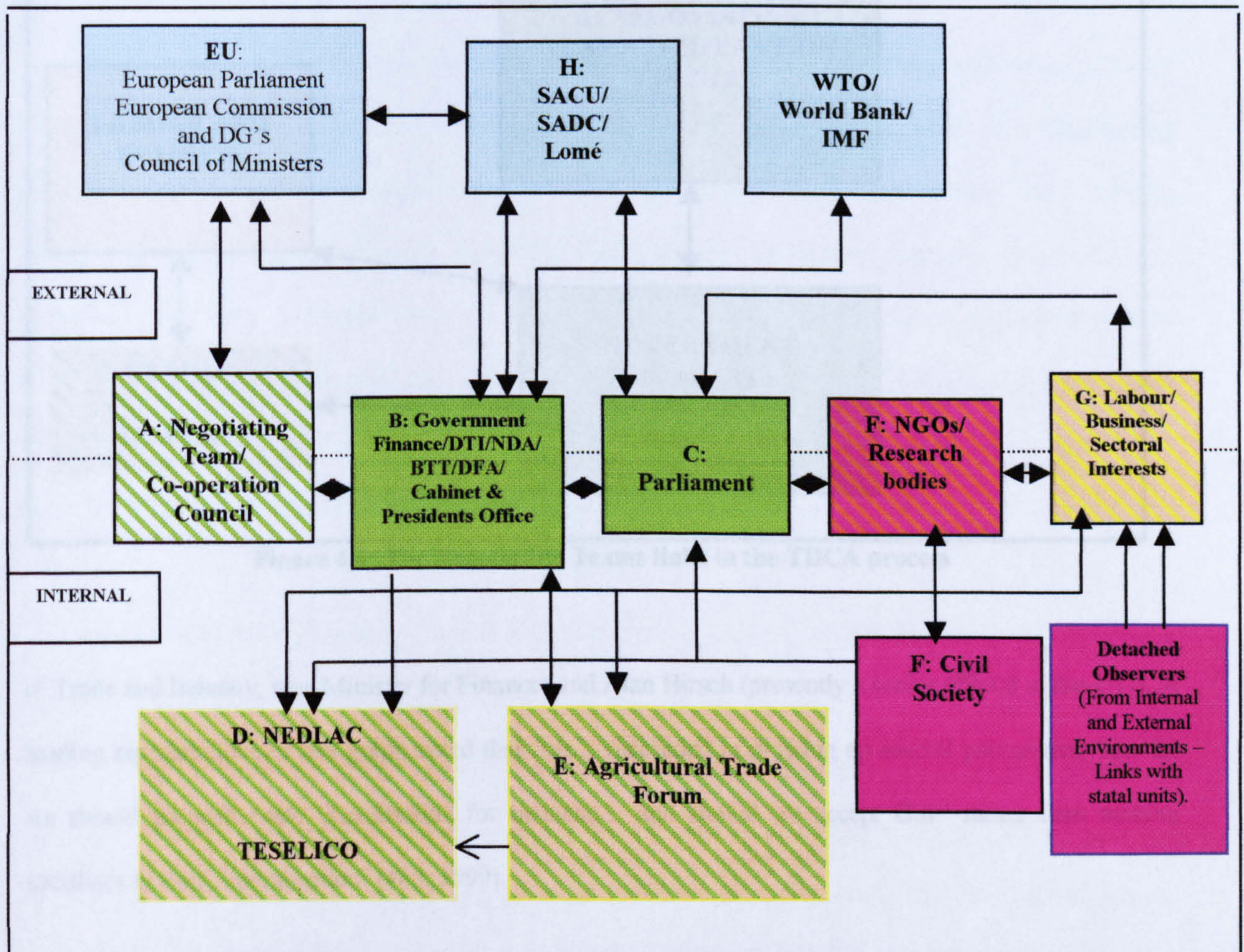


Figure 4.3: Organisations involved (and their inter-relationships) in shaping the SA/EU TDCA

A Negotiating team (Statutory/Governmental/Statal body)



The official negotiating team was assembled following EU mandates in 1995 and 1996. Prior to this, there was a preliminary negotiating team, established by the Department of Foreign Affairs (DFA) that decided the negotiating stance to be taken, the possibility of full/partial Lomé membership, and the parameters of external trade policy that the South African government should follow. This panel consisted of about 20 people, including bureaucrats from the old National Party (NP) government and new ANC people, such as Trevor Manuel (briefly Minister

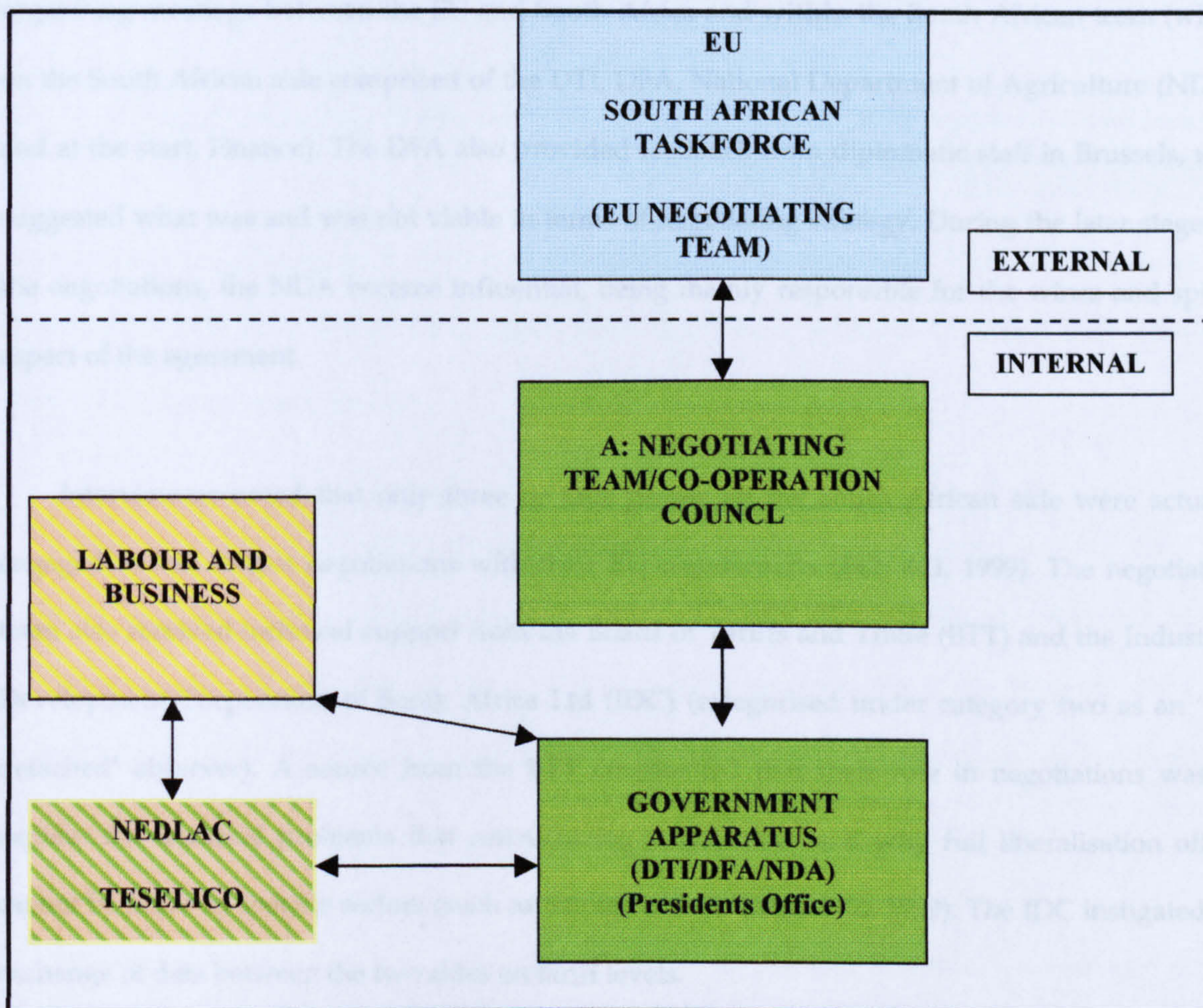


Figure 4.4: The Negotiating Teams links in the TDCA process

of Trade and Industry, now Minister for Finance) and Alan Hirsch (presently a senior official at the DTI). A leading representative of this group noted that 'we... succeeded in drawing up several parameters; how far we should go with trade liberalisation for instance... and should we accept GSP³ rather than making sacrifices in trade liberalisation' (#43, 1999).

³ GSP stands for the Generalised System of Preferences, a system of preferential trading relations.

The official negotiating team for the EU-SA TDCA was led by both South Africa's EU Ambassador Eltie Links, and Bahle Sibisi, Director-General of International Trade Relations at the Department of Trade and Industry (DTI). They came under the supervision of Alec Erwin (Minister at the DTI) and the cabinet. A DFA official detailed the history of the negotiating team and its changing composition. When the team was first established the DFA was the major government department determining its operation, yet, for most of the talks, due to its economic content, the DTI became the Department in charge of the negotiations. The DFA then became responsible for organising meetings between the EU and South Africa and within the South African team (which on the South African side comprised of the DTI, DFA, National Department of Agriculture (NDA), and at the start, Finance). The DFA also provided feedback from diplomatic staff in Brussels, who suggested what was and was not viable in terms of negotiating strategy. During the later stages of the negotiations, the NDA became influential, being mainly responsible for the wines and spirits aspect of the agreement.

Interviewees noted that only three or four people on the South African side were actually engaged in face-to-face negotiations with their EU counterparts (#42; #43, 1999). The negotiating team also received technical support from the Board of Tariffs and Trade (BTT) and the Industrial Development Corporation of South Africa Ltd (IDC) (categorised under category two as an 'un-detached' observer). A source from the BTT commented that their role in negotiations was to explain the technical problems that restructuring might incur and why full liberalisation offers cannot be made in specific sectors (such as textiles and clothing) (#16, 1999). The IDC instigated an exchange of data between the two sides on tariff levels.

Superseding the negotiating team is a 'Co-operation Council', which consists of officials from the EU's Development Directorate-General and the South African DTI (managed by Alastair Ruiters, a DTI Director-General). The Council meets irregularly to discuss progress in dismantling tariffs and to examine disputes (Wadula, 30 March 2000 and 3 April 2000). It met for the first time on 31 March 2000 and, according to officials from the DTI, it informed the BLNS of the meeting's details.

As Figure 4.4 indicates, only the EU and South African government departments have direct participation in the negotiating team and Co-operation Council. This would suggest that the negotiating team, one of the most important actors shaping the final outcome of the TDCA, tends to exclude non-governmental stakeholders. This is certainly the case for the Co-operation Council and the issues that it considers. However, in reality access to officials of the South African negotiating team was possible, either via contact with government departments or, for the social partners (business and labour), through the NEDLAC process.

B Government/executive structure (Statutory/Governmental/Statal body)



Whereas the negotiating team discussed technical concerns over trade (mainly tariff rates), the government/executive body formulated both the broad political mandate and provided assistance over technical matters.

The government/executive structure established under the *apartheid* regime has been transformed since 1994. Apart from the complete change in political personnel within government, the composition of the civil service has altered. The percentage of the black population in senior management positions in 1994 was 2%; by 1996 that figure had risen to 30% (Lodge, 1999a, 108).

Figure 4.5 illustrates that the government/executive structure is rather unsurprisingly at the very centre of the South African TDCA policy formulation process and links in with all the other categories and actors. Interviewees identified four departments that contributed to the policy-formulation process, either in shaping policy, and/or supporting the negotiating team in a variety of ways; the departments of Trade and Industry, Agriculture, Foreign Affairs, and Finance. The Director-Generals and Ministers of these departments, along with Cabinet and the Presidents Office (termed the executive), are responsible for having the final say over the South African side of the agreement. A description of their roles in the TDCA policy formulation process is now considered.

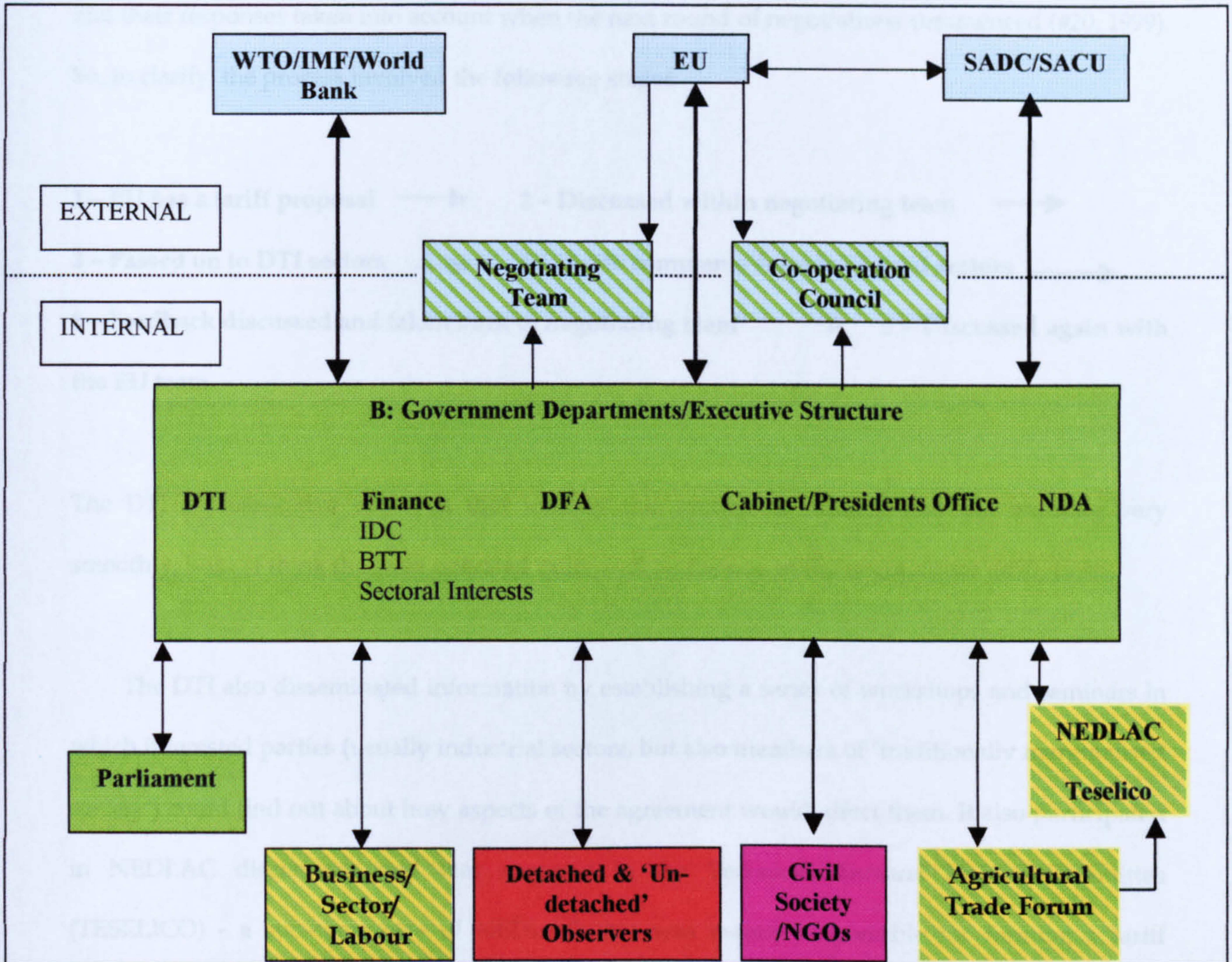


Figure 4.5: Government structure within the South African TDCA decision-making process

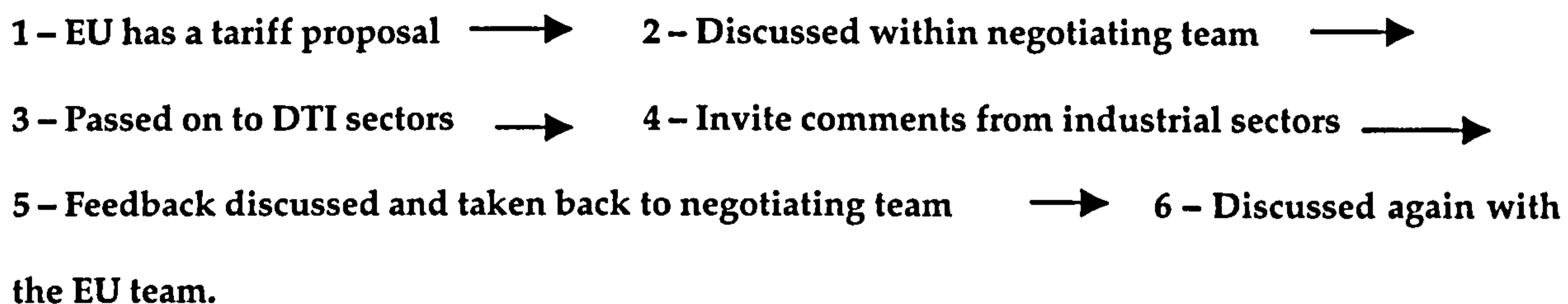
I Department of Trade and Industry (DTI)

One interviewee, a NGO/Detached Observer with close links to government, argued that the main driver behind these negotiations was primarily a new generation of bureaucrats in the Department of Trade and Industry (#5, 1999). As figure 4.6 below illustrates, the DTI had contact with many categories and actors in the TDCA decision-making process, from un-detached observers to industrial sectors and aspects of civil society. These links are detailed below.

When the South African negotiating team received tariff proposals from the EU, on mainly industrial products, they were divided and sent back for analysis by the respective sector within the DTI that was responsible for the product under consideration (these sectors range from clothing to agro-business). A senior representative for one of these sectors outlined the mechanical process undertaken once an offer for tariff reappraisal was received. The industrial sector (which frequently included business and labour working together) that the tariff related to was informed of the offer

and their responses taken into account when the next round of negotiations commenced (#20, 1999).

So, to clarify, the process involved the following stages:



The DTI representative observed that initially this system of contact ‘was not working very smoothly, but... I think the team operated quite well by the end of the negotiations’ (#20, 1999).

The DTI also disseminated information by establishing a series of workshops and seminars in which interested parties (usually industrial sectors, but also members of ‘traditionally marginalised society’) could find out about how aspects of the agreement would affect them. It also participated in NEDLAC discussions and was engaged in the Technical, Sectoral Liaison Committee (TESELICO) - a sub-committee of NEDLAC that was mainly responsible for forming a tariff response to the EU mandate (for further detailed see section D below). The DTI was also responsible for co-ordinating relations with both SADC and the other members of SACU - BLNS.

The DTI was assisted by the BTT and the IDC on technical matters. The IDC, a state-owned financial research institution (and therefore termed here an un-detached observer), supported the governmental negotiating process by providing statistical analyses and undertaking economic modelling to form a picture of the potential impact the reduction of tariffs would have on South African industrial sectors.

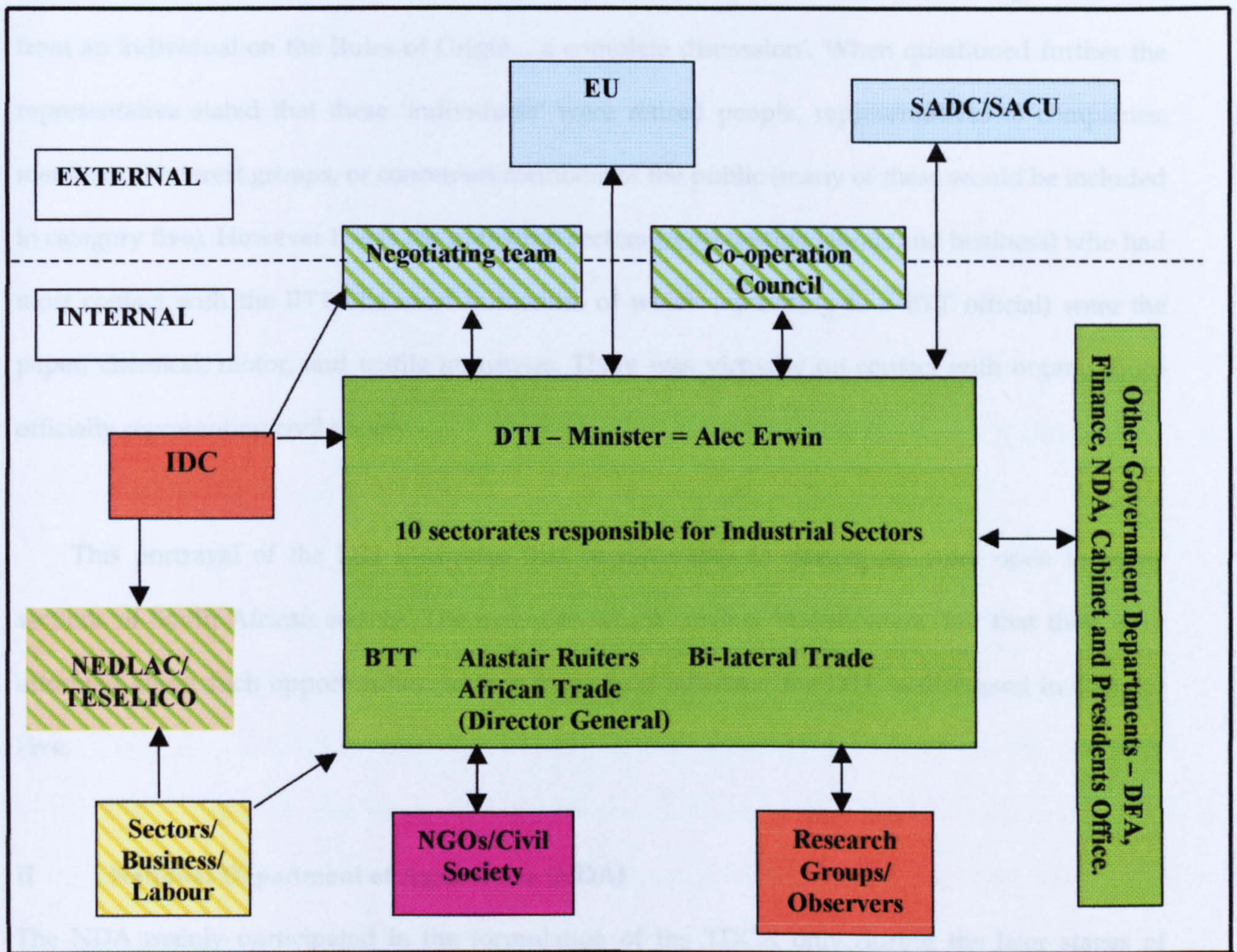


Figure 4.6: The DTI in the TDCA decision-making process

The BTT is a statutory body that advises the government on tariff issues. One of its senior representatives detailed BTT's role in the EU-SA TDCA decision-making process as follows:

we developed a tariff offer - the International Trade Relations Department [of the DTI] - headed by Bahle [Sibisi] - they handed us a proposal... that we then published [in the *Government Gazette*] in the name of the Board of Tariffs and Trade... for any interested party to comment on that. The board then received comments, which we studied and discussed (#16, 1999).

These comments were distributed to the relevant DTI sectors. The director of each division sector discussed information received with the BTT and 'it would be decided which [of these] would be valid or not' (#16, 1999). TESELICO finally screened views making it past this stage, and action decided upon (#19, 1999). This process differs from 'normal' BTT procedures on tariff advice, which tend not to seek comments from industry or the public (#16, 1999). Views were received from individuals, interest groups, and representatives of business and labour. According to a representative of the DTI, the input provided by individuals was significant. 'We have received a

lot of letters... [and in terms of influencing the process] I have received an amazing submission from an individual on the Rules of Origin... a complete discussion'. When questioned further the representative stated that these 'individuals' were retired people, representatives of companies, members of interest groups, or concerned members of the public (many of these would be included in category five). However it was the industrial sectors (representing labour and business) who had most contact with the BTT, the most influential of which (according to a BTT official) were the paper, chemical, motor, and textile industries. There was virtually no contact with organisations officially representing civil society.

This portrayal of the DTI illustrates that opportunities to participate were open to many sections of South African society. The extent to which various 'stakeholders' felt that they were informed about such opportunities, or that they could influence the DTI, is discussed in Chapter Five.

II National Department of Agriculture (NDA)

The NDA mainly participated in the formulation of the TDCA only during the later stages of negotiations. The Minister of Agriculture at the time that negotiations started, Derek Hanekom, appointed advisers to consider issues relating to the TDCA (as well as trade policy in general) and formalised relations between the department and the Agricultural Trade Forum (ATF) (for details see section E). Meetings took place regularly with this tri-partite organisation. Furthermore, the NDA produced an information document on the agreement (National Department of Agriculture, 1999a) which was widely distributed throughout the agricultural industry.

Taken together, the advisers, ATF, and dissemination of information, suggests the NDA established a comprehensive network of obtaining and disseminating information from the agricultural sector. A NDA official suggests that business and labour representatives particularly had a fair degree of access to the TDCA policy formulation process on agricultural matters, notably via the ATF. However, it is unclear as to what channels were open to civil society groups (#19, 1999).

III Department of Foreign Affairs (DFA)

Although sidelined to some extent, the DFA was involved in organising EU-SA meetings (see negotiating team) and in obtaining views from other relevant government departments. The diverse nature of the TDCA meant that the Health, Communications, and Transport Departments were also affected by the agreement. Therefore the DFA organised presentations by those departments in order to 'get their visions on how they think cooperation of the EU should be' (DFA official, #43, 1999). Furthermore, along with the NDA and DTI, the DFA lobbied various EU institutions. Due to the nature of their role in the TDCA decision-making process it appears as if DFA officials rarely consulted non-governmental stakeholders.

IV Department of Finance

This Department, although not involved in the day-to-day interactions, nor having representation on the negotiating committees (apart from briefly at the beginning) (#15, 1999), was deemed to be an important actor because of its involvement as a result of the TDCA's links with trade liberalisation measures, which the finance department advocated through the establishment of GEAR. It was therefore influential in determining the political decisions in which the negotiations took place, and the department also maintains links with external organisations such as the World Bank.

V Executive level

Broad policies are decided at the executive level (Director-Generals of the DTI, Cabinet Ministers and the President's Office). Many interviewees asserted that Nelson Mandela and Alec Erwin considerably influenced the TDCA and the context in which it was negotiated. For instance, some interviewees argued that following the dismantlement of apartheid legislation, the 'Mandela factor' promoted a 'mood' in which internal and external actors, in rhetoric at least, wanted to assist South Africa in re-joining the global community (#11; #12; #23; #27; #44, 1999). An example of this 'factor' on the internal environment, relates to the transformation of ANC economic policy, which provided the climate for the TDCA in which the TDCA was negotiated. According to a representative of a lobby group pushing for increased trade liberalisation in South Africa, Mandela's influence was seen as vital to this transition. He noted that:

I am told of two occasions on which Mandela has been autocratic in Cabinet. After one overseas trip he said that nationalisation is off the table... the second time was after another overseas trip and he said that we are going to privatise (#27, 1999).


Others argued that Alec Erwin influenced the ideological shift within South Africa towards trade liberalisation. One interviewee observed that:

...the key person here is Alec Erwin. He was the key ideological person in COSATU in the 80's... he emerges as a supreme technocrat in the 90's... shifting the labour party movement from protectionism to market thinking (#8, 1999).

Furthermore, Erwin has also been credited by some as personally propelling the TDCA process forward. One business representative asserted that, 'only once he [Erwin] decided that it [the agreement] was going to happen that it happened' (#23, 1999).

So, who was responsible for finalising the South African position in respect to the EU-SA TDCA? Mandela and the Cabinet appear to have established the environment for the acceptance of trade liberalisation, and Alec Erwin the broad details of the EU-SA TDCA. However, some within the DTI say that although the Minister decides policy, it is frequently the Director-General's of the DTI who actually determine the details (#20, 1999).

To re-cap, government was involved in the policy formulation process in a number of ways – the Departments of Trade and Industry, Agriculture, Foreign Affairs and Finance were principally involved in organising the negotiations, as well as disseminating information and collecting opinions from those most likely to be affected by the TDCA. The diagrams outlining governments relationship with other actors illustrates that many other 'players' has some level of access to the governmental structure.

C Parliament (Statutory/Governmental/Statal body) 

The South African parliament had been involved in the TDCA decision-making process from the start, participating in debates surrounding South Africa's possible entry into the Lomé Convention. It has had strong relations with the European Parliament, and began engaging with them on the subject of the EU-SA TDCA once the EU rejected South Africa's application for full

Lomé membership. MPs close to the negotiations noted that parliament participated in the EU-SA TDCA decision-making process in a number of ways. Initially, government asked it to comment on the political parameters of the EU mandate; three chambers (agriculture, foreign affairs, and trade and industry) met to consider their response and in 1996 produced a report on the agreement. One MP noted that the report ‘caused quite a few waves’, as people accused parliament of ‘usurping the role of the executive’ (#57, 1999).

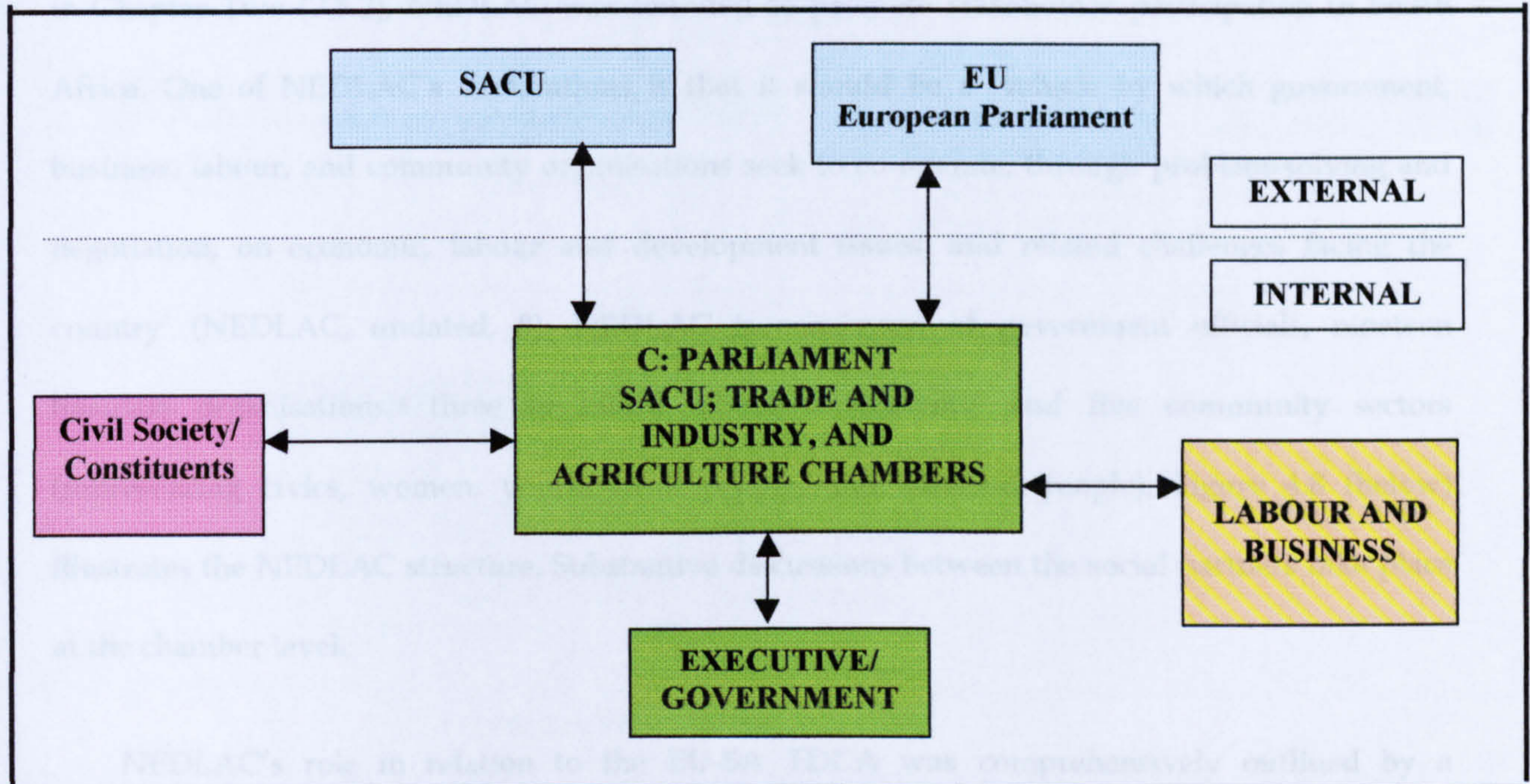


Figure 4.7: The South African parliament in the Decision-Making Process

As figure 4.7 indicates, parliament includes many different stakeholder voices in the parliamentary process. Indeed, parliament is one of the few organisations in the TDCA process that actively incorporates civil society interests. In October 1999, parliament, through the National Assembly’s committees on trade and industry, foreign affairs and agriculture and land, convened a half-day of public hearings on many facets of the TDCA. They wanted to ‘hear from stakeholders... to come and tell us what this thing is going to be for them’ (quoted from an MP involved, #57, 1999).

D NEDLAC

Mixture of:

- (Statutory/Governmental/Statel body)**
- (Employers/Business)**
- (Employee Organisations)**



Even before the establishment of NEDLAC under the 1995 NEDLAC Act (making NEDLAC a statutory body), the National Executive Council (established under the Government of National Unity - GNU) discussed economic and trade relations between South Africa and the EU. As noted in Chapter Two (2.5.2), NEDLAC was founded to promote stakeholder participation in South Africa. One of NEDLAC's declarations is that it should be a 'vehicle by which government, business, labour, and community organisations seek to co-operate, through problem-solving and negotiation, on economic, labour and development issues, and related challenges facing the country' (NEDLAC, undated, 8). NEDLAC is comprised of government officials, nineteen business organisations,⁴ three organised labour movements⁵ and five community sectors (representing civics, women, youth, rural people, and disabled people). Figure 4.8 (below) illustrates the NEDLAC structure. Substantive discussions between the social partners take place at the chamber level.

NEDLAC's role in relation to the EU-SA TDCA was comprehensively outlined by a NEDLAC representative as follows:

NEDLAC ... is this institution that gets people together... The law states that all labour-market issues has to come to NEDLAC. And then it says, all other significant socio-economic policy, leaving significant open to interpretations. There are lots of policies that do not make it to NEDLAC... [However] at the very start of the negotiations, government said that this is what we intend to do... there [followed] numerous presentations to NEDLAC in the strategy formulation stage of the South African government developing its mandate. So, the process in NEDLAC has been that whenever there was a meeting between SA and the EU... there were, most times, a meeting before and after that meeting. So, before that meeting they would say... this is on the agenda... this is our thinking on it, what is your feeling? And then business and labour would have an opportunity to add information, critique their thinking (#22, 1999).

The same interviewee noted that the TDCA NEDLAC negotiations differed to normal discussions:

Your typical NEDLAC - type agreement is, government would table a policy document, or green paper, or white paper, or draft bill, and there would be meeting scheduled for... a period of two months where people would discuss that, and then... agree on the policy principles, and then there is a NEDLAC agreement, there is a report that goes out... [stating

⁴ Including Business South Africa (BSA) and the National African Federated Chamber of Commerce (NAFCOC).

⁵ The Congress of South African Trade Unions (COSATU), National Council of Trade Unions (NACTU), and the Federation of South African Labour Unions (FEDSAL).

that] this is what government, business and labour [have] agreed. With the EU trade negotiations ...the negotiations are happening between South African government officials and EU government officials - it would be unwise to tie up your negotiator to a NEDLAC agreement that does not give them any flexibility in the course of the negotiations with the other party. So, what we had at NEDLAC then was a forum through which government would sound off its emerging strategy as it happened with NEDLAC partners and get advice and input, but more importantly to get information (#22, 1999).

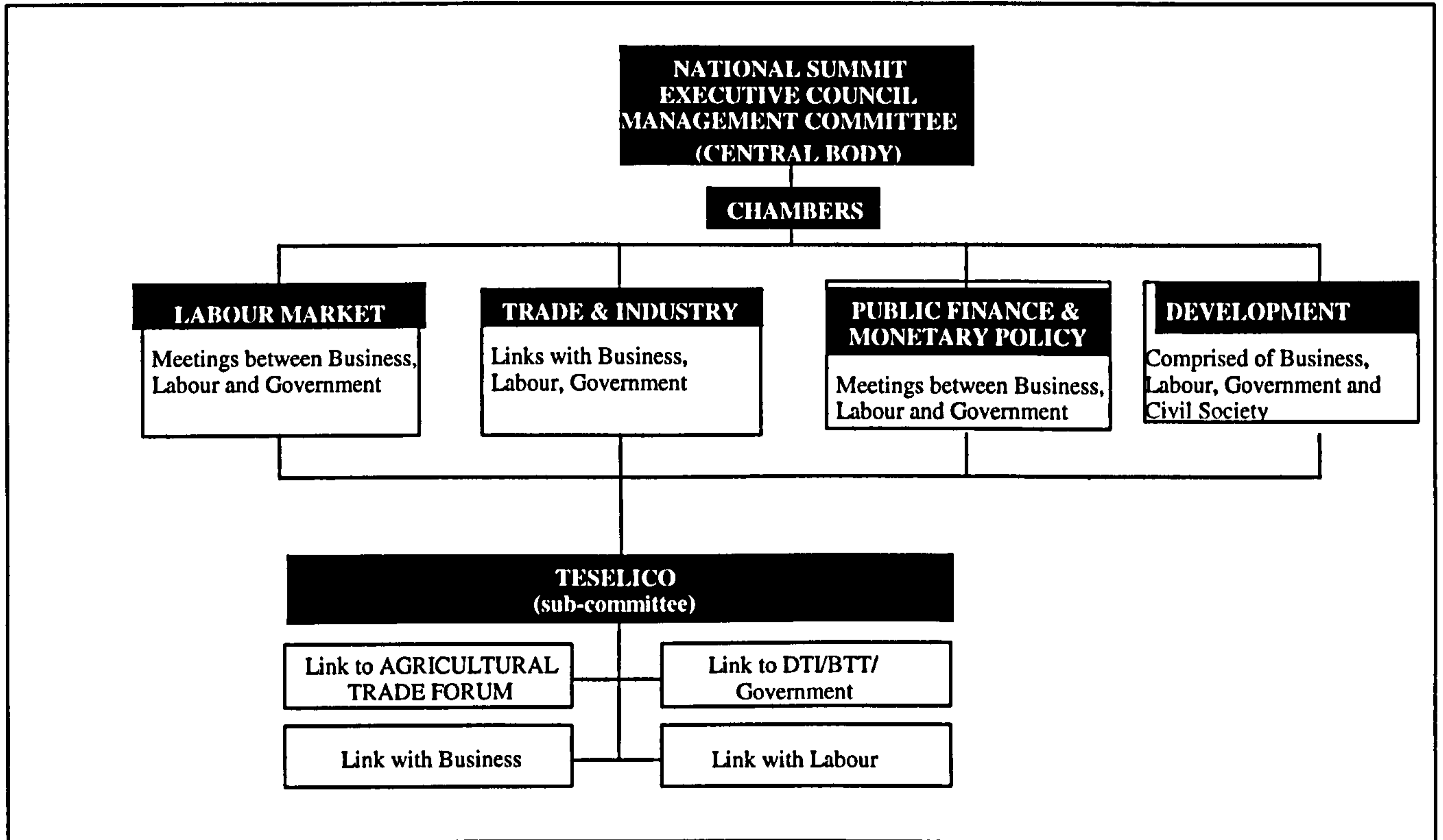


Figure 4.8: The NEDLAC Structure

This description of the NEDLAC process highlights the experiences of formulating the EU-SA TDCA from the perspective of a person who attended almost every meeting. The TDCA was discussed in the Trade and Industry chamber, where government, labour and business met to discuss matters (the community representatives sit only on the Development chamber). An important sub-committee, TESELICO was established as the main consultative forum (as a subsection to this chamber) in which government trade negotiators met with business and labour to monitor the bi-lateral discussions between the DTI's sectoral divisions. Furthermore TESELICO's members (a selective group comprising six representatives from government, eight from business, and three from labour), devised a clandestine response to the EU mandate (a South African tariff proposal), which was finalised in December 1997.⁶ Hence, NEDLAC has been characterised as being a mix between actors in categories one, three and four. Community representatives were

⁶ TESELICO still exists, discussing the unfinished business of the TDCA, and other potential trading agreements.

permitted to discuss the TDCA formally, but only at the Executive Council level. Figure 4.9 displays NEDLAC's links with these and other actors during the TDCA formulation process.

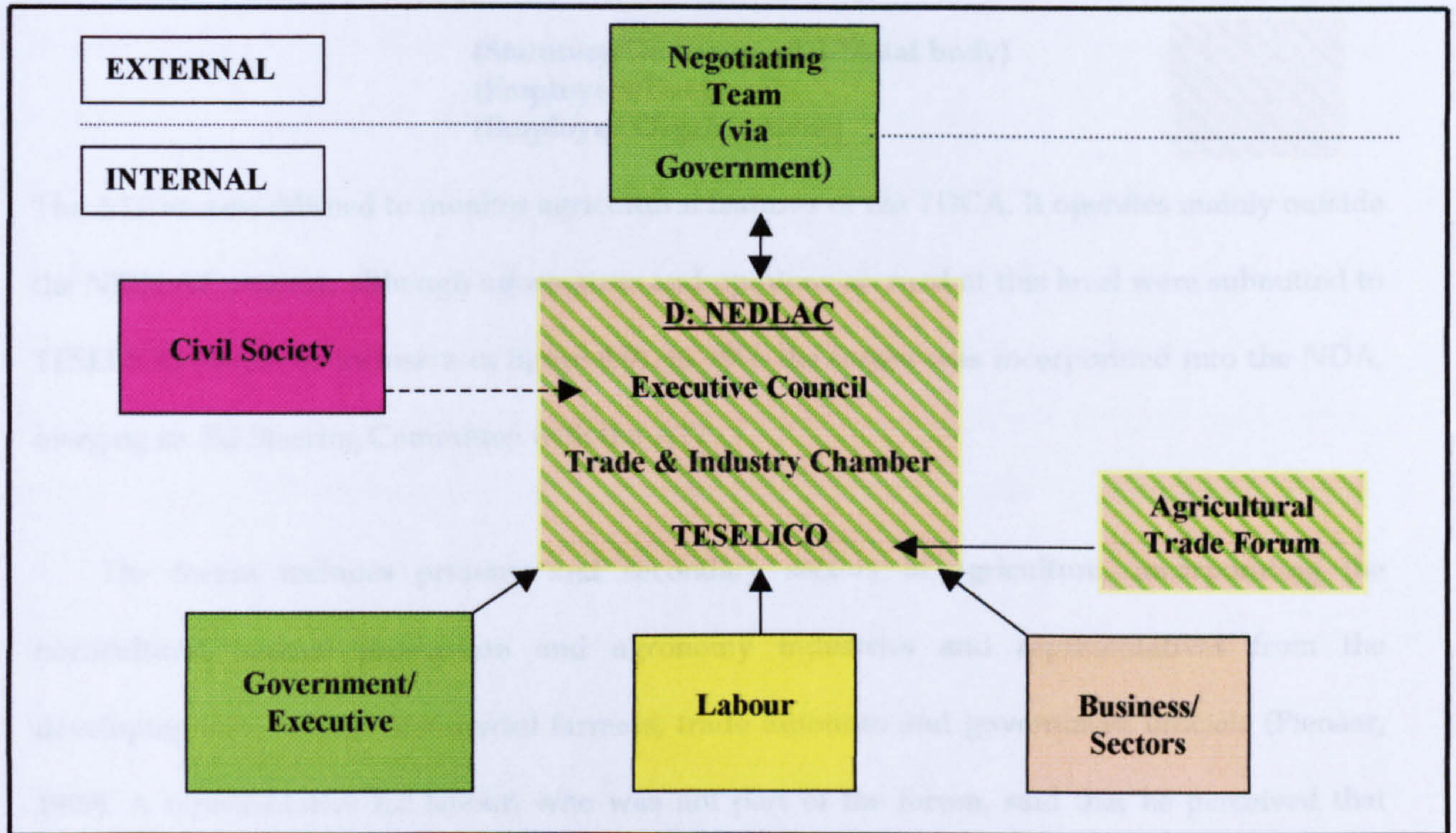


Figure 4.9: NEDLAC in the TDCA process

To summarise, NEDLAC can be viewed as a debating forum and a body which legitimises the government mandate. It was a place where those negotiating with the EU had to defend their case before and after meetings with their EU counterparts. A NEDLAC representative noted that the government side were given quite a rough time; 'coming to NEDLAC was [the negotiator's] ... rehearsal to the actual negotiations. [It] was more terrifying for him at times than sitting across the table with the European Union' (#22, 1999). Furthermore, those close to the NEDLAC process argue that it:

was one of the better places through which government could gather this kind of information... So, its only somebody who is exporting... to Europe to say these are the hassles that I had... regarding getting my goods onto the European market... because of the barriers. So NEDLAC was the place where the government bureaucrat could speak directly to the businessperson or have a link ...to gather those kinds of information (#11, 1999).

This description of NEDLAC gives the impression of an inclusive relationship that NEDLAC has with South Africa's social partners. Labour, Business, sectoral interests, government, and civil

society are all represented, although civil society is only included to a limited extent in the TDCA formulation process.

E Agricultural Trade Forum (ATF) Mixture of:

- (Statutory/Governmental/Statal body)
- (Employers/Business)
- (Employee Organisations)



The ATF was established to monitor agricultural features of the TDCA. It operates mainly outside the NEDLAC process, although information and opinions accrued at this level were submitted to TESELICO (hence its inclusion in figure 4.9). In 1996 the forum was incorporated into the NDA, merging its EU Steering Committee with the ATF.

The forum includes primary and secondary sectors of agriculture, incorporating the horticultural, animal production and agronomy industries and representatives from the developing farm sector, commercial farmers, trade unionists and government officials (Pienaar, 1999). A representative for labour, who was not part of the forum, said that he perceived that those working in the ATF 'really did their work well' in representing agriculture and providing information about the agricultural aspects of the EU-SA TDCA to them (#52, 1999). A senior source at the forum commented that consumers were also represented but this was not corroborated by other sources (#19, 1999).

F Civil Society and their representatives



Some interviewees noted a further, eclectic group participating on the periphery of the South African TDCA decision-making process. They are labelled here as civil society and their representatives and this grouping includes individuals, and Non-Governmental Organisations (NGOs), or Community Based Organisations (CBOs) who research and represent the interests of 'civil society'.⁷

Individual stakeholders played a role in decision-making mainly by corresponding with the BTT over issues related to the TDCA (see the DTI section). A diverse array of NGOs or 'civil

society' lobby groups also 'participated'. According to a representative from the DFA, some lobbied EU organs (such as the European Parliament or member states) in the hope of obtaining a better deal for civil society in South Africa. Other bodies organised conferences and workshops in order to assist in the general understanding of the agreement. They performed an important function in representing the interests of those peoples or regions that are traditionally viewed as excluded and marginalised. Examples of such organisations include the International Labour Resource and Information Group (ILRIG), Panos, Action South Africa, and the Institute for African Alternatives (IFAA). ILRIG (1998) and Panos (1998) produced critical reports of the impact of neo-liberal economic policies (see table 4.1 in section 4.3.3 and Chapter Five), in an attempt to influence the macroeconomic decision-making climate, whilst also airing alternative economic viewpoints. Furthermore, these organisations also communicated frequently with representatives of both 'excluded' communities in South Africa and the BLNS. Therefore, they acted to allow those defined as marginalised to have access to information in the TDCA decision-making process. Aside from these NGOs, there are CBOs that took an interest in macroeconomic and development issues. One of these is SANGOCO (South African National NGO Coalition), which aims for greater co-ordination of civil society forces. A further organisation, Isandla, 'conceptualises and cultivates analytical frameworks, decision-making tools and learning processes to empower people in government and civil society organisations to act in ways that are consistent with their policy intentions' (Isandla, 2001). The Civil Society Initiative is a platform that encourages the growth of civil society institutions to increase their participation in the political decision-making process (Jones, 19 March 2001).⁸ These initiatives and institutions support those who argue in Chapter Two (2.5.2) that there are 'bodies' that encourage civil society participation in South African political decision-making structures. However, apart from civil society's chance to discuss the TDCA at NEDLAC and parliament, it is not clear from either the literature or interviews, the extent to which civil society was formally incorporated into the TDCA process.

⁷ This research recognises that civil society is a notoriously difficult concept to define. For a discussion on the pitfalls of attempting to present a simplified understanding, please see Botes and van Rensburg (2000).

⁸ Mathiane (20 February 2001) note that some see the movement as elitist.

G Labour/Business/Sectoral representation



Both labour and business have been included together under this section because many interviewees stated that for most of the agreement, labour and business lobbied together on a sectoral basis (#11; #52, 1999). They can be seen as vital ingredients to the South African TDCA policy formulation process because both labour and business submitted draft tariff proposals to the negotiating team (SEIFSA, 1997; Labour proposal 1997). That said, both labour and business had different ways of participating in the TDCA decision-making process. Furthermore both had differing experiences in their perception of being included in the structure (see Chapter Five, sections 5.4 and 5.5). This section firstly outlines the labour movements access to the decision-making process. Secondly, business perspectives are reflected upon. Thirdly, decision-making **within** a sector is considered.

First, the South African Labour movement has three major collective union movements, each of which followed the negotiations extensively, met government and business, and assisted in the construction of the South African response to the original EU trade offer. A representative of the National Council of Trade Unions (NACTU) noted that he went to each and every union within his domain to ascertain their opinions of the agreement in order to compile an assessment of each sector (#52, 1999). The union movements were assisted in their understanding of the issues that surround the TDCA by a trades union NGO research group (TURP - Trades Union Research Project) who provided an assessment of the agreement (TURP, 1997).

Second, business had similar avenues open to them in acquiring information and participating in the decision-making process. As has been illustrated, businesses were represented within NEDLAC, TESELICO, and the Agricultural Trade Forum, mainly via business organisations organised along sectoral lines and overseen by Business South Africa (BSA) (which represent approximately thirty business associations, such as aluminium, steel, motors, and textiles). Some of the organisations that comprised BSA kept their members informed by producing reports on the potential impact of the agreement (such as SACOB, 1999, and South Africa Foundation, 1999).

Furthermore, institutions such as the South African Chamber of Business (SACOB), asked its members to comment on the tariff offers, and to 'bring home their problems', either to SACOB, or directly to the DTI. However, the role of these bodies is rather limited. A source from SACOB commented that:

We as a representative body - can only talk about principles, we cannot go in and protect the paper and pulp [sector], except to say that they have got these problems, they are going to face competition... and that sort of thing. We can only be a facilitating body... we could never be expected to know the ins and outs of every industry (#21, 1999).

An example of how a large company was kept abreast of the information, and slightly influenced the policy formulation process, was provided by a very senior representative of a large industrial company in the Western Cape. When in Brussels the company official spoke to the South African agricultural attaché and one of the leaders of the negotiations, Eltie Links. The company were also kept informed of the process, both through written correspondence with the NDA, and through receiving advice from an academic analyst who specialised in analysing the TDCA. The direct, bi-lateral link between business representatives and government officials was highlighted by some interviewees (particularly, #53, 1999) and within the literature (COSATU, 1999, 3).

The access that Small, Medium, and Micro Enterprises (SMMEs) – a sector of industry that was targeted for assistance in SEFTA as being an example of where traditionally disadvantaged peoples are employed – had to the TDCA decision-making process is unclear. Few organisations exist which officially represent SMME interests in the South African decision-making process. One agency that does assist the development of SMMEs (including the promotion of SMME access to the policy formulation process (NTSIKA, 2001)), NTSIKA, stated that they had no representative in the policy formulation processes.

Third, an example of the decision-making process within an industrial sector was provided by an official for the clothing sector. A clothing mandate relating to any proposed tariff reduction in the TDCA was formulated by the sector in 1995 and presented to the DTI and at NEDLAC. The official described the process as follows:

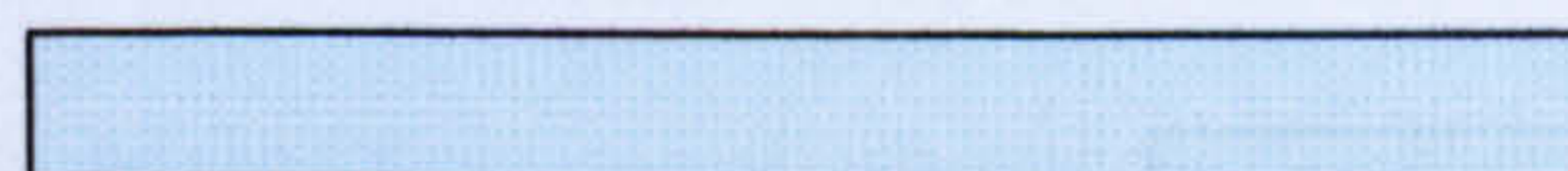
The central, national body communicated to its regional offices that they required a mandate, and it therefore goes to the regional areas, and then all the responses get fed back to our committee structure and they sit together and talk

about it. If there is a problem it goes back down... It is a fairly democratic structure; the small guys say their piece as well... not only the big guys (#29, 1999).

To summarise, business and labour were mainly represented by sectoral associations during the TDCA process. However labour, but more often business, representatives had direct access to government departments as well as to NEDLAC. Both also had an important role in constructing the South African tariff proposal formulated in TESELICO (as noted under Section D above). This therefore indicates a high degree of access in the TDCA formulation process. However, it is unclear as to how well incorporated SMME's were within this structure, as well as individual companies within industrial sectors. Furthermore, the inclusion of the un-unionised workforce is similarly uncertain.

H SACU

External Actors



As noted throughout this thesis, the common trade boundaries that exist between SACU member states (Botswana, Lesotho, Namibia, South Africa and Swaziland) mean that the FTA element of the TDCA will *de facto* impact on the non-South African part of SACU. Under Article 19 of the 1969 SACU treaty, the BLNS have an effective veto of the TDCA if they do not concur with the agreement. Therefore the BLNS are an important element of the statal decision-making structure. The EU and South African government consulted the BLNS regularly throughout the negotiations and, as figure 4.10 highlights, links between the BLNS and the South African parliament, as well as detached/undetached observers, were recorded by those interviewed. South African government officials noted that the BLNS received regular feedback from a variety of sources, such as:

1. The EU (notably DGVIII, and the EU-ACP group). The EU arranged in Maseru (September 1999) to discuss how to 'compensate' the BLNS for its likely loss of revenue from the impact of the TDCA. Furthermore, according to a senior member of the Foreign Ministry in Botswana, the BLNS were also 'asked to submit a list of products that they considered to be sensitive' (#31, 1999).
2. The South African DTI (particularly from the chief director of the African desk).
3. The South African parliament (workshops were organised to inform the BLNS of the potential impacts)

4. South African government representatives in Brussels.
5. NGOs published research papers on the potential impact of the agreement on SACU (see examples in section 4.3.3 below)
6. Conferences were also organised by a collection of these organisations, as well as academia, enabling the dissemination of information within the BLNS.

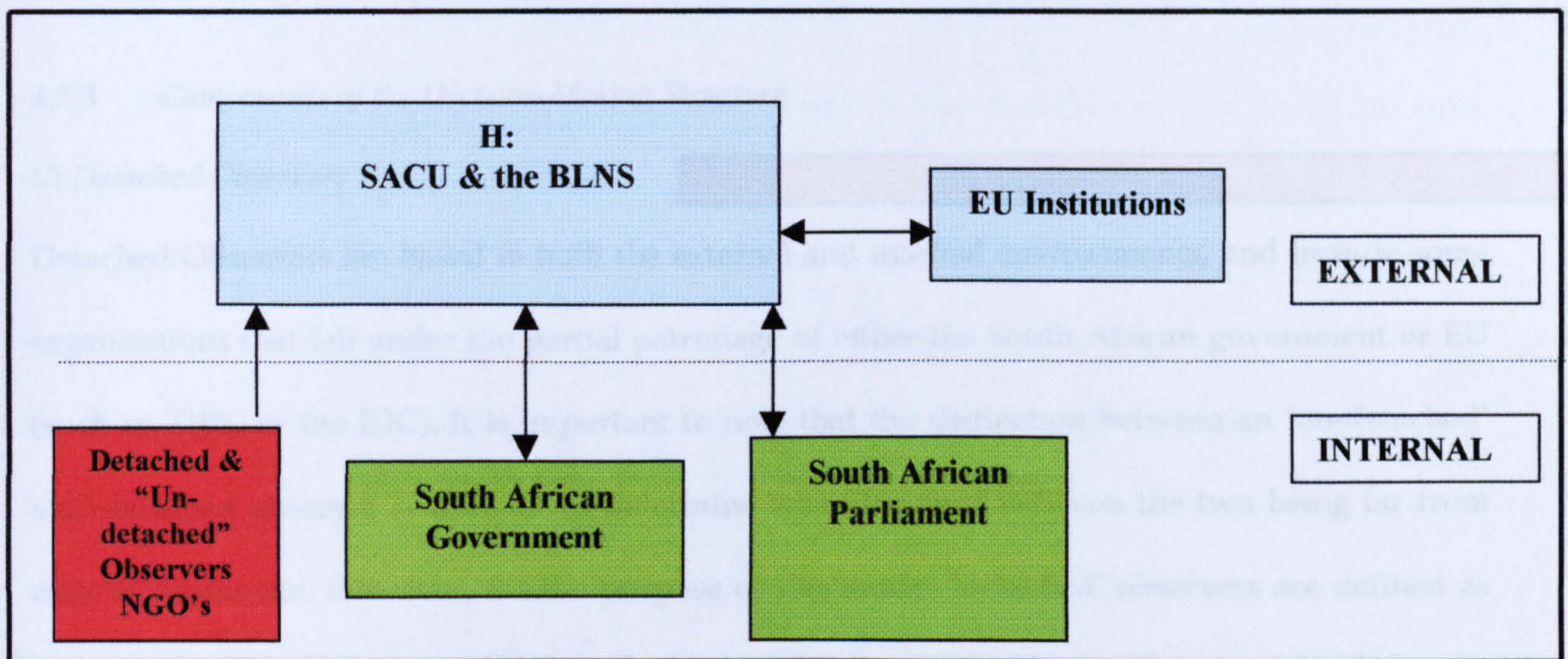


Figure 4.10: SACU in the TDCA process

However, direct BLNS participation in the negotiations was rejected by the EU, arguing that as Lomé members (their terms of access to the EU are via the Lomé convention) they were automatically excluded from TDCA negotiations.

In conclusion, this section has identified the actors that comprised the statal component of the South African TDCA decision-making structure. The role of each of these actors in the TDCA formulation process has also been outlined. This description is incomplete. Interviewees, understandably, did not (and could not) always provide an entirely comprehensive account of how each actor and component related to one another. Despite this, enough of an outline of the statal decision-making process has emerged to illustrate that in theory access to the statal decision-making system was incredibly open and inclusive. Not only were labour and business representatives provided with opportunities to participate, as one might expect, but so too were the BLNS and those identified in Chapter Two as being traditionally marginalised. Certainly

parliament and NEDLAC can be considered to have provided a high level of opportunity for all parties interested in the TDCA to be included. Even the negotiating team was accessible via meetings in the Trade and Industry chamber of NEDLAC. Furthermore, an emerging trend identified in this section was that agricultural interests appear to have been well represented by both the NDA and ATF, although one interviewee noted that some industrial sectors, such as motors and textiles, were also influential participants. Such trends will continue to be elaborated upon in the following chapter.

4.3.3 Components of the Decision-Making Structure

C: Detached Observers

Detached Observers are based in both the external and internal environments, and include some organisations that fall under the partial patronage of either the South African government or EU (such as TIPS, or the IDC). It is important to note that the distinction between an 'un-detached' and detached observer is difficult to determine with divisions between the two being far from easy to demarcate. However, for the purpose of this study, 'detached' observers are defined as organisations or research groups that claims that their research is 'neutral' and is intended to be 'objective' and unbiased. That is not to say that 'un-detached' bodies are not. However, an 'un-detached' organisation, such as the IDC is so closely attached to the South African government during the negotiations it can hardly be described as being 'detached'. Those interviewees who commented on the role of detached observers noted that in the course of negotiating the EU-SA TDCA, NGOs and researchers contributed to the decision-making process in three ways. First, some provided advice to the South African government on the likely impact of the agreement. Second, they produced reports on differing aspects of the EU-SA TDCA. Third, they provided an opportunity to disseminate information relating to the agreement and facilitated discussion of it, either via conferences or the media. The following three sections examine the role of these actors in the TDCA process.

I Advice

A leading analyst of labour relations in South Africa argued that the tri-partite members of the South African government received much advice from research organisations, particularly

'overseas economists' (#8, 1999). The first influential 'detached observer' was the European Research Office (ERO), which provided policy advice for officials in the transitional government who were considering the different options of economic relations with the EU. A member of this group noted that they were advised to apply for full Lomé membership, which 'had quite a strong influence on government at that stage' (#43, 1999).

A second research organisation - the Development Policy Research Unit (DPRU) - was established during South Africa's transition from apartheid, to advise COSATU on macro-economic policy (#54, 1999). One ex-DPRU researcher, Alan Hirsch, now a chief director at the DTI, has been influential in driving the South African government towards trade liberalisation. Two other organisations within South Africa - TIPS (the Trade and Industry Policy Secretariat) and the National Institute for Economic Policy (NIEP) - have also provided advice to government and COSATU about the impact of the EU-SA TDCA and liberalising economic policies in general. TIPS in particular has provided a strong link between the research community and government, especially over trade policy. One interviewee noted that senior DTI officials attend TIPS workshops, which are held every two or three months (#Bhorat, 2001). Bhorat comments that:

Any interesting or significant work that takes place in the Trade and Industrial policy, if you would like policy-makers to have access to it... [TIPS] is the primary medium... there is a very strong link between ...academic research and policy makers. And so that [TIPS] is the mechanism through which ...we engage with the policy makers (#Bhorat, 2001).

II Reports

As table 4.1 (below) illustrates, reports concerned with various aspects of the TDCA have been published by a rich array of sources – from the World Bank and EU to the South African Council of Churches. Those interviewed perceived these reports to have influenced the South African negotiations to varying degrees.

| Title of report | Date of report | Produced by | Commissioned by |
|---|-----------------------|--------------------|------------------------|
| Study on the Economic Impact of the Proposed EU-SA Free Trade Agreement on the BLNS countries | 1997 | Imani Consultants | EU |

| | | | |
|---|----------------|---|---|
| The European Union-Tunisia Free Trade Area Agreement and Some Lessons for South Africa | 1997 | Mustapha Nabli (World Bank) | Trade and Industrial Policy Secretariat, South Africa. |
| Overview of Trade Policy in South Africa | September 1997 | Carolyn Jenkins (Centre for the Study of African Economies, University of Oxford) and Nandipa Siwisa (DTI) | TIPS |
| The Impact of Regional Integration on Southern African Agriculture | December 1997 | Gavin Maasdorp, Economic Research Unit, University of Natal. | Academic journal – Agrekon |
| Impact on South African Meat Demand of a Possible Free Trade Agreement with the European Union | December 1997 | MSA Badurally Adam & MAG Darroch, Department of Agricultural Economics, University of Natal. | Academic journal, Agrekon. |
| Responding to Regional Realities | 1998 | The ACP-EU Joint Assembly and the SACU parliamentary liaison group. | The ACP-EU Joint Assembly and the SACU parliamentary liaison group. |
| Study to Assess the Economic Impact of the Proposed EU-SA FTA on the BLNS | July 1998 | Institute of Development Studies (IDS) and the Botswana Institute for Development Policy Analysis (BIDPA) | EU and the BLNS |
| Free Trade with Europe – the winners and losers. The results of the SMART simulation | July 1998 | TIPS/UNCTAD (Jachia & Teljeur) | DTI |
| The European Union-South African Negotiations: The sting is in the tail | July 1998 | Anne Graumans, Netherlands Institute for Southern Africa (NIZA) | NIZA |
| Trading in Futures – EU-ACP Relations: Putting Commerce before cooperation? | 1998 | Panos | Panos |
| An alternative view of Globalisation | 1998 | ILRIG | ILRIG |
| Measures and Policies Impacting on South African Industry | 1999 | IDC | IDC |
| Marginalisation or Integration?: Implications for South Africa's partners of the SA-EU trade deal | 1999 | Paul Goodison (ERO) | IGD |
| The Costs of Staying the Course | June 1999 | Asghar Adelzadeh (NIEP) | NIEP |
| Deindustrialisation in Southern Africa? A General Equilibrium Analysis | August 1999 | David Evans, IDS | IDS |

| | | | |
|--|-------------------|---|--|
| After Negotiations: Assessing the Impact of Free Trade Agreements in Southern Africa | September 1999 | Jeffrey Lewis, Sherman Robinson and Karen Thierfelder | International Food Policy Research Institute |
| The EU-South Africa Trade, Development and Co-operation Agreement: An analysis of its implications in southern Africa | 2000 | Eurostep – European Solidarity Towards Equal Participation of People | Eurostep |
| The European Union- South Africa Trade Agreement: Implications for Post-Lomé Relations | 2000 | | South African Council of Churches |
| Geographical Indications and the South Africa- European Union Free Trade Agreement | 2000 | Emily Craven and Charles Mather | University of WITS, South Africa |
| Regional or Multilateral agreements? An evaluation of the Southern-Africa Trade Policy Scenarios | March 2000 | Maurizio Bussolo (Overseas Development Institute) | European Development Policy Study Group |
| The Impact of the SA-EU Agreement on Small, Medium and Micro Enterprises in South Africa | June 2000 | South African Institute of International Affairs | Ntsika Enterprise Promotion Agency |
| Rhetoric or Reality? EU policy towards South Africa, 1977-2000 | October 2000 | Beth Perry (Bradford University) | European Development Policy Study Group |

Table 4.1: Summary of reports relating to the TDCA or tariff liberalisation

Some reports clearly did have an impact. One academic analyst suggested that articles from the academic journal *Agrekon*, which were heavily based on econometric modelling, exerted a strong influence on the NDA and, in particular, the previous minister Derek Hanekom (#6, 1999). The analyst states that ‘Hanekoms speeches... [have] clearly been influenced by people who... are pushing free trade and... liberalised agricultural regimes in a very unthinking way... this is mobilisation - get on track - or get off’ (#6, 1999).

The second influential report was produced by the Botswana Institute for Development Policy Analysis (BIDPA) in July 1998, assessing the impact of the agreement on the BLNS. The assessment, highlighting potential revenue loss, received widespread publicity in the Botswanan government. The reports central contention is supported by the Botswana Minister for Commerce and Industry. At a conference held in Gaborone in July 1999, the Minister stated that, ‘these fears have been

confirmed by a number of studies, the most comprehensive of which was the one commissioned by the EU and undertaken by BIDPA' (Kgoroba, 1999, 5).

It is more difficult to assess the impact of the remainder of studies on the TDCA process. Indeed, many of those interviewed did not see these reports as having a significant role or influence; thus, arguably they have been largely ignored. The Imani report (1997), commissioned, researched, and published before the negotiations began, has been largely neglected because the research was undertaken before the details of the EU and South African Mandates were known. The joint UNCTAD/TIPS (Jachia and Teljeur, 1998) report for the DTI was commissioned specifically for its negotiations with the EU over the free trade area part of the agreement. The SMART simulation programme employed was used by many countries in preparation for the Uruguay Round and was therefore influential in previous decision-making procedures. The report contends that, 'both the European Union delegation and South Africa have utilised it in the context of current negotiations' (Jachia and Teljeur, 1998, 37). However, it is debatable whether this report had a significant influence over the TDCA, though two of its conclusions have certainly been reflected in rhetorical concerns expressed by the South African government on the potential agricultural benefits of the TDCA and its possible detrimental effect on the BLNS. It is difficult to establish whether these concerns would have been addressed by the negotiators had it not been for the report. A leading negotiator on the South African side asserted that quantitative reports, such as that produced by the Trade and Industry Policy Secretariat (TIPS) and UNCTAD, had virtually no impact on the governmental apparatus during the discussions. It is difficult to assess the remaining reports as the decision-makers interviewed expressed no comment on them. Furthermore, many of these reports were published after the main negotiating process had finished, and many researchers did not publish their analyses with the intention of influencing the TDCA decision-making process.

III Disseminating Information

Detached observers disseminated details of the agreement, either via reports, the media or by conferences. Both the literature and interviewees have argued that the media has been responsible for not only disseminating information, but also, as a result, influenced the climate in which the TDCA has been negotiated. For example an ILRIG report (1998) claimed that the media was

influential in arguing the case for neo-liberalism. Indeed, a *Business Day* editorial (23 July 1997) opined that the 'greater our interaction with the rest of the world and the greater our own markets' openness, the better for the entire country's future'. Conversely, Michael Laidler, the EU ambassador to South Africa, contended that the South African media ignored the potential benefits of the agreement (quoted in Wadula, 31 March 2000). Martin Viljoen, a senior representative of the textile industry, and interviewed in 2001, argued that 80% of communication between government and big business takes place in the media, and that the media should be taken very seriously as an actor when considering the decision-making process (Viljoen, 2001). That this should be the main form of communication between these two actors, should be of concern to business and government officials.

Conferences also contributed to disseminating information to a wide audience. At many of these conferences those involved in the negotiations presented papers explaining the progress of the agreement and its potential impacts. Table 4.2 lists some of the conferences that were organised, inside and outside South Africa. It was noted previously that the ERO conference had an impact on the decision-makers when South Africa applied for full Lomé membership. The only other conference that seems to have influenced the TDCA decision-making process was the 1997

| Title of conference: | Date | Organised by: | Subject: |
|---|--------------|--|--|
| ERO Workshop | 1995 | ERO | The future of economic trading relationships with South Africa. Attended by negotiating group. |
| South Africa's Relations with the EU | 1997 | Foundation of Global Dialogue/Friedrich Ebert Stiftung | EU/SA TDCA – Negotiation stances, internal justification and potential impact. |
| European –Southern African Cooperation in a Globalising World | October 1998 | European Network for Information and Action (ENIASA) | Examines differing aspects of neo-liberal policies in a globalising world. |
| Farewell to Lomé? The Impact of Neo-Liberal EU policies on the ACP countries | April 1999 | Terre des hommes/Koordinat ion Súdisch Afrika/ Weed | Looks at different aspects of neo-liberal economic policies – including an account of Southern Africa. |
| South African Business and the European Union in the Context of the New Trade and Development Agreement | June 1999 | Konrad-Adenauer-Stiftung/Rand Afrikaans University | Business Perspectives of the EU/SA TDCA |

| | | | |
|---|----------------|--|---|
| Assessing the EU-SA Agreement | September 1999 | South African Institute for International Affairs (SAIIA) | Assesses different facets of the EU-SA TDCA. |
| Post-Lomé Convention Trade Regime: Implications for Southern Africa | October 1999 | Institute for Global Dialogue | Will EU-SA TDCA be used as a blueprint for post-Lomé trade? |
| The European Union-South Africa Trade Agreement: Implications for Post-Lomé Relations | March 2000 | South African Council of Churches | Paradigm shift in development thinking |
| A Review of Regional Integration in Southern Africa | June 2000 | SAIIA/Nordic Council of Ministers/British High Commission/Konrad-Adenauer-Stiftung | Trade liberalisation and its likely impact on southern Africa |
| The Cotonou Agreement: opportunities and challenges for EU-Southern African trade | October 2000 | Action South Africa | An introduction to Cotonou and a reflection on the EU-SA TDCA |

Table 4.2: Conferences focusing on aspects of the EU-SA TDCA

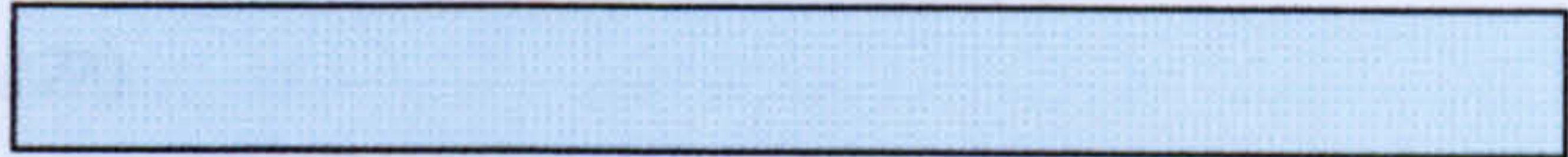
Foundation for Global Dialogue (FGD) conference, in which the DTI decided that the Agreement between South Africa and the EU should have a strong developmental element to it (Foundation for Global Dialogue, 1997). The other conferences listed in Table 4.2 did not receive many comments from those interviewed. It is therefore difficult to assess their importance to the TDCA process.

To summarise, the role of 'Detached Observers' (research organisations, the media and academia) in the TDCA decision-making process has varied. The media has been introduced as a further actor that should be considered in this assessment of the EU-SA TDCA policy formulation process. Conferences disseminated information to audiences that varied from those community stakeholders likely to have attended the March 2000 South African Council of Churches conference on the TDCA, to business representatives who were at the 1999 Rand Afrikaans University conference on how business may be affected by the TDCA. Furthermore some interviewees argued that detached observers did exert an influence on the formulation of the TDCA. For instance, conferences such as the FGD seminar in 1997 resulted in the TDCA having a strong developmental aspect towards it. The BIDPA report and ERO workshop with negotiators also had a profound influence on decision-makers. Additionally, others have claimed that the media has significantly

affected the climate in which the TDCA is discussed. However, many of the conference proceedings and reports tended to have a very limited influence on the TDCA.

4.3.4 – Components of the Decision-Making Structure:

D - The external environment



As the preceding diagrams and description has implied, the external environment is an important component in the South African TDCA policy formulation process. Although many external actors were involved in different aspects in formulating and influencing the agreement, this section charts how three groups of actors within the external environment affected the decision-making process in South Africa. They were:

1. The IMF/World Bank/WTO
2. The European Union
3. Neighbouring States.

I IMF/WTO/World Bank

Some argue that these IFIs have dictated that the South African government's macroeconomic policy be based mainly on neo-classical economic thinking. For instance, Bond (2000, 156) argued that the World Bank has influenced both ideology and policy, particularly towards socio-economic policies and international trade relations. A number of interviewees supported this view. A government bureaucrat involved with the transitional government, who attended the Marrakesh trade discussions in 1992, noted that 'the presence of the ANC stalwarts [at this meeting] was ... an eye-opener as to the process of liberalisation and that [they were told] there is no way back [to old ANC economic policies]' (#43, 1999). Furthermore, when Mandela attended the World Economic Forum he was repeatedly informed that macroeconomic policy had to be based on liberalisation, not nationalisation (#43, 1999). A leading figure within the business community noted that the IMF and World Bank arrived in South Africa swiftly during the dismantlement of the apartheid legislation. Their intention, he declares, was 'to brainwash! They had very sizeable staffs, and the ANC were very quickly brought into the worldview of an IMF or World Bank... way of thinking' (#24, 1999). Such opinions were confirmed by leading members of the ANC. Writing in 1994, Tito

Mboweni (then Deputy Head of the Department of Economic Planning, now Chairman of the South African Reserve Bank) noted that 'the IMF and the World Bank are...determined to influence the policy agenda in South Africa. The IMF visits South Africa every year... Their Article IV papers are highly influential in government policy circles, ... [and] the Bank's research results have made a big impact in South Africa' (Mboweni, 1994, 73).

It should be noted however that not all analysts within South Africa subscribe to the opinion that the WTO, IMF, and the World Bank were the main catalysts for trade liberalisation in South Africa. Cassim (1998, no page number), for example, states 'there was already a consensus among policy-makers to such a process'. Haroon Borat, director of the DPRU, interviewed in 2001, concurred with this viewpoint. He argued that:

I think it is probably wrong to say that the World Bank brought their mission into South Africa and got all the top dogs and said, listen, you toe the line, because I don't think that it the way that the world works generally. There is no doubt that intelligent thinking, pragmatic people, ANC is very pragmatic, and the economic policies lent themselves to that kind of thinking...

Indeed, as soon as the industrialised governments, which has been anti-apartheid supporters sort of lent an ear to the thinking of Mandela and those below him, it became very clear to the new South African government that look, there was no way we can pursue these policies. And we can't underestimate the degree to what happened in the Soviet Union actually influenced events (#Bhorat, 2001).

Furthermore, the WTO is also seen by some as an organisation that can be utilised to South Africa's advantage, rather than an institution that dictates South African trade policy. A senior official from NEDLAC provides an example, arguing that 'South Africa is hopeful that it might win certain things at the WTO level that they might not have won [with the EU] at a bilateral level'⁹ (#22, 1999).⁹

II The EU

As the description of the statal process implies, the EU, not surprisingly, was a most important player in the South African TDCA decision-making structure. For instance, the EU dictated to an extent the parameters of what could be agreed. Before the agreement, constraints were placed on South Africa's pursual of alternatives to a free trade agreement. Following the EU's refusal to grant South Africa full Lomé status, the South African government had little choice but to accept the

⁹ Such as ruling on the use of Traditional Expressions like port, sherry, grappa and ouzo.

TDCA. A leading DTI bureaucrat protested 'we did not have a choice of partner' (#20, 1999), even though other trading partners might have been preferable. Furthermore, a source from the DFA queried the argument used by the EU that the WTO would not allow any further Lomé-type agreements. He argues that with an increasing number of developing countries becoming involved in the WTO, such (Lomé-type) agreements might be permitted in the future (#43, 1999). On this basis, he insisted that the EU used this perception to persuade South Africa to pursue the TDCA; 'One does feel that it is an instrument to make us toe the line... to delimit the parameters of the ... discussions' (#43, 1999).

During negotiations, the South African decision-makers interviewed noted that the experience and huge bureaucratic capacity of the EU, along with a restrictive EU mandate, meant that the European Union wielded much influence throughout the negotiations. A DFA official felt that the EU presented the mandate as an insurmountable barrier and that the European

Council did well in not prescribing too much. But we were absolutely floored by the fact that... Council had decided this is the mandate, there is no way in which you can persuade Council differently. And we insisted that they go back to Council... drop the linkage - we do not accept it (#43, 1999).

He also argued that South African inexperience in negotiations was a factor (#43, 1999), commenting:

we haven't had anything to do with negotiations, it was being thrown in at the deep end... and that's where we were - we were guided by the European Union... through the texts that they had... through their negotiating skills and tactics and whatever (#43, 1999).

One South African negotiator expressed that it was evident that EU negotiators had no political agenda, 'so it was virtually impossible to cash in on any of the political statements of goodwill' (#20, 1999) expressed by politicians at the time of the demise of apartheid legislation. Indeed, South African negotiators claimed they witnessed few signs of promised goodwill. Individual EU member states resisted the agreement (especially over agriculture, fisheries, and wine and spirits). A DFA representative commented that 'it hurt. That one country - Spain - could go and sway the whole relationship that we envisaged as being good and giving it a sour note' (#43, 1999). The sentiment was echoed by a senior representative of business, who argued that Spain's objections to the agreement hid another agenda:

it would not have any agreement unless we agreed to grant fishing rights... and we wondered if that was really true... which I doubted, or whether Spain had any alternative objectives. And they had alternative objectives, and one of them was that they wanted an EU agreement with Mexico which others were resisting... and so they were holding out against South Africa in order to ... curry favour in Mexico (#11, 1999).

Officials from the EU denied that there were any hidden agendas, or that Mediterranean states had conspired to reject the agreement (#39; 40, 1999). Philip Lowe (Director-General for the then DGVIII of the EU) argued at the 1999 SAIIA conference in South Africa that the TDCA was actually 'delivered' by these countries as they compromised or relented over issues of contention, despite much domestic opposition.

Furthermore, there is lack of agreement amongst those questioned about how insurmountable the EU mandate was. For example, an MP close to the negotiations commented that South Africa's negotiators were successful in preventing the EU mandate totally guiding the negotiating process. He noted that in standard negotiations with the EU, '95% of negotiation takes place in the Commission, and only 5% outside' (#57, 1999). However, in the EU-SA TDCA 'I think that the ratios were a bit different in our case... I think we were [a] more active negotiating partner' (#57, 1999).

The EU also influenced the negotiations via its involvement in relations between the BLNS and South Africa. A source from the DFA relayed his disbelief when the EU treated SACU as if it did not exist or was a sham (#43, 1999). The academic Dot Keet (1997a, 284-294) asserted that the EU played on the inherited problems between South Africa and the BLNS, and proposed that the BLNS would benefit from free trade since it would end the price-raising effects of South Africa's Customs Union-related protective tariffs. Keet also argued that 'Europe will undoubtedly use its influence and put pressure on the weaker and more vulnerable governments in Southern Africa, and on more cautious elements, old and new, within the South African government to counter any alternative approach and further alliances' (Keet, 1997a, 293).

III South Africa's neighbours

SACU/BLNS

The SACU influenced the TDCA decision-making process in two ways. Firstly, Article 19 of the SACU treaty states that trade negotiations with a third party have to include all SACU members (this was waived during the negotiations). Furthermore, as stated above, any agreement signed has to have the concurrence of SACU. Secondly, those South African negotiators interviewed claimed that they lobbied successfully to protect the BLNS sensitive industries (#43; #20, 1999). Indeed a negotiator from the DTI noted that, 'I think that in many cases it was a very defensive tool to use... because the EU never pushed us on any areas that we... proved to be sensitive to the BLNS' (#20, 1999). However, some argue that those in South Africa used the 'BLNS-card' in order to protect South African industries. A senior economist for a Johannesburg based business claimed that some businesses in South Africa also used this in order to protect their own industry (#24, 1999).

SADC

Analysts of the southern African region have argued that the post-1994 South African government have aimed to improve development in not only South Africa, but also the southern African region, and in particular the Southern African Development Community (SADC) (Simon, 1998a; Horton, 1999). Two interviewees noted that this consideration made an impact on the TDCA negotiations. An adviser to the Swaziland government argued that South Africa pushed for a SADC trade deal to be implemented before SEFTA was, in order to avoid the EU having more beneficial access to South Africa than the southern African region would. A negotiator from the DTI confirmed that SADC interests were considered in the process; 'we also had to take into account the SADC negotiations, and there was a commitment to ...the SADC offer would be asymmetrical in favour of SADC' (#20, 1999).

Lomé

The current Lomé convention based on non-reciprocal trade is currently being renegotiated between the EU and the ACP under the Cotonou Agreement (2000). Some of those interviewed argued that the EU-SA TDCA would be a blueprint for these renegotiations (#4, 1999). Indeed, a source from business stated that he informed one of the South African negotiators that:

if you fuck it [the EU-SA TDCA] up for South Africa, you fuck it up for the entire Lomé as well because... they [the EU] they are going to use what concessions they can out of South Africa (#11, 1999).

This section details the perceived influence of financial institutions, the EU and, to a lesser extent, South Africa's neighbours on the decision-making process in South Africa. One analyst close to the EU-SA TDCA negotiations did not think that South Africa was greatly influenced by external actors (#4, 1999). However, evidence from those close to the decision-making process suggests otherwise. Indeed, when regarding the role played by IFIs, it is difficult to assess where their influence ends. However, unlike the statal component, external institutions are not shackled by the responsibility to include South African stakeholders in their decisions. It is clear, therefore, that this component of the decision-making process has a powerful impact on the final agreement, yet simultaneously may well be the least inclusive all four components.

4.4 Conclusion

This chapter has described the structure supporting the South African side of the TDCA decision-making system. This has been done by placing the TDCA policy formulation process within a descriptive model, as suggested by the literature reviewed in Chapter Two (2.5.1). The model used here has established and examined the decision-making framework through an analysis of the interviews conducted with South African decision-makers close to the TDCA formulation process and related literature. The model was useful in that it provided a basis for a structured evaluation of the key actors and components involved in shaping the TDCA. As the literature review warned, models describing decision-making structures have limitations. For example, the model used here tended to suggest that decisions were made in neatly-compartmentalised and autonomous spheres. Despite this, the model has enabled an interpretation of the South African TDCA policy formulation process. It has assisted a description of the process and conveyed its complexity. The major findings that have emerged from this description are as follows:

First, the model helped in identifying that decisions concerning the TDCA took place at many different levels, from between the EU and South African negotiating teams to *within* South African trades union movements and industrial sectors.

Second, in describing the role each of the four components and numerous actors played in shaping the South African TDCA formulation process, the model assisted in portraying the subtle interactions not only between components and actors, but also *within* each component and actor category. This demonstrated that a number of tensions existed, particularly within the internal environment where disagreement over the direction of the South African government's macroeconomic policy has mirrored the polarised debate surrounding the global debate. In one camp, largely supportive of neo-liberalism, are many government officials, economists, big business and the financial press. In the other are NGOs, civil society and academics. They are joined by two organisations that form government – COSATU and the SACP. The refusal of the South African government to consider alternatives to the partial neo-classical policies already implemented may well reflect the dominant influence of neo-liberalism as discussed in Chapter Two.

Moreover, tensions were also evident between the internal and external components. This occurred over concerns by some South African actors that neo-liberal economic approaches were being imposed by multilateral institutions such as the IMF and World Bank and also over the feeling that, to an extent, the EU controlled the TDCA negotiating process, to the detriment of South African interests. Indeed, it appears as if the South African government were intent on pursuing a macro-development policy that was not entirely linked to neo-liberalism when they asked to become full Lomé members. This was rejected by the EU.

Third, the model has begun to assist an assessment of the influence that each component had in shaping how the TDCA was formulated. Calculating the degree of influence exactly is incredibly difficult and probably impossible to do. Therefore, a further limitation of the model is that it fails to adequately explain the power relations between various components and actors. However, it does not prevent an analysis of interviewee perceptions of how important different components and

actors were. For instance in section 4.3.3 interviewees noted that some detached observers influenced government policy, particularly over trade issues. Yet it was the external environment that most interviewees noted had a strong bearing over the climate in which the TDCA was discussed. In terms of direct influence on the formulation of the TDCA, interviewees identified that the EU, not surprisingly, due to its role as a major player in international relations and bilateral trade arrangements, exercised a great deal of control on the South African side of the TDCA decision-making process. This control inevitably provoked criticism from some interviewees, not only, as one would expect, from academia and NGOs, but also government officials, who implied that the degree of influence exercised by the EU would result in South Africa experiencing more 'losers' than 'winners' from the impact of the agreement. The extent to which this might be the case is considered further in Chapters Five to Eight.

Fourth, the picture described in this chapter suggests that in theory the South African TDCA decision-making structure appears to have permitted the inclusion of a diverse range of actors in South and southern Africa. This is particularly so within the statal component which, despite lacking a fully comprehensive description of how each actor related to each other, appeared to allow participation from all sections of southern African society. The South African parliament and NEDLAC seem to be most inclusive. Furthermore, the South African agricultural sector, along with some industries such as textiles and motors, were specifically identified by interviewees as having had a lot of access to the TDCA decision-making structure. Was this inclusion surprising considering that both industries had been identified in the literature review as being likely to be marginalised economically from the impact of neo-liberalism? In some ways it was unanticipated given that a conclusion drawn from Chapter Two was that those marginalised by neo-classical economic policies tend to be excluded for the policy formulation process. However, as both industries have large workforces their participation, particularly in the knowledge that a neo-liberal agreement might be to their detriment, should not be too unexpected. Women and migrants, also identified in Chapter Two as likely to be marginalised and excluded from decision-making, received no comments from those interviewees who provided a description of the South African TDCA decision-making process. Their inclusion into the structure, in theory, would be the same as any civil society group identified section F of 4.3.2 in this chapter.

One probable reason why the South African TDCA structure was depicted as being inclusive was that those interviewees who could provide a descriptive account tended to be restricted to being either South African government officials or those very close to the TDCA negotiations. It is in their own interests to portray the TDCA policy formulation process as being inclusive, particularly in the context of the polarised debate surrounding neo-liberalism in Chapter Two.

The following chapter operationalises the model and in so doing evaluates the inclusiveness and exclusiveness of the South African TDCA decision-making process, whilst also attempting to further assess the level of influence that each component and actor played.

Chapter Five:

Perceptions of the South African TDCA decision-making structure

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5.1 Introduction

A description emerged from the previous chapter of the South African side of the TDCA decision-making structure. This chapter builds on this by exploring, from an analysis of interviewee responses and related literature, how inclusive the process was regarded. It documents perceptions from government, business, labour, civil society, the BLNS, detached/un-detached observers, and Europe, who commented on the level of inclusivity of the South African TDCA structure. An evaluation of how each of the six 'actor' categories listed in Chapter Four allowed for inclusion and the extent of their influence in shaping the TDCA (already begun in Chapter Four) is presented in sections 5.2 to 5.7 below.

5.2 The inclusiveness of statal/governmental actors

A description of the 'statal' process, outlined in Chapter Four (4.3.2), indicated that the South African government provided a most inclusive framework. Many of those interviewed, especially representatives from business and government close to the negotiations, tended to agree with this assessment. For example, a representative from the DTI noted:

...it has been a very long process. **Everyone** has been consulted. The document has been released for public consumption. And everybody with an interest has been able to comment on it (#20, 1999).

Furthermore, a senior business representative firmly argued that the 'new' South African statal system allows for an amazingly high level of participation:

What we have today, at least in national structures... is very much a consensus seeking way of doing things, and it has come from the history of what has gone on in the last 20 years in South Africa... the need to talk to all stakeholders on all issues is something that has developed almost organically in South Africa, almost more than anywhere else. It is quite an astounding process... very unusual for people who haven't experienced it (#11, 1999).

A labour movement sociologist agreed, noting that one of the leading South African negotiators, Alec Erwin, 'came out of the trade union movement where they have operated on the principle of accountability and report back... and it is supposed to be done in quite an open, transparent way' (#8, 1999).

However, the interviewee then argued that the TDCA was not negotiated in that manner, suggesting that they would conform to more 'conventional' decision-making processes linked to trade agreements, which tend to have a high level of 'closed' decisions. Those who argued that the statal process limited participation mainly emanated from NGOs with close links to civil society. One senior representative of a Cape Town NGO, who participated occasionally in the Development Chamber of NEDLAC, argued that civil society was marginalised from NEDLAC¹ because it is:

basically a tri-partite kind of structure. COSATU and NACTU send their leadership - it is technical expertise on who gets there... it is representative democracy, not a participatory one. The way the thing is structured and the issues that are dealt with, it would not make sense to send a shop steward there to discuss the EU/SA trade deal, because they wouldn't have come from a kind of process where they would be able to input into that type of structure. I'm not saying that workers don't have views on those types of things, they should be listened to, but I mean... if they go to NEDLAC they would be silenced. I think that it is good that they are represented, but it is also at the same time... it's a way of silencing them, or bringing them into a structure for which they are not actually prepared to participate in. We just sat there [in the NEDLAC Development Chamber] in silence because we were not able to [participate]... so we might respond to one tiny little peripheral issue... but we were not able to participate as an equal, and yet... someone could come in and do a study of that and write it up in the newspapers as it being a decision supported by civil society (#51, 1999).

Moreover, NEDLAC and parliament, lauded in Chapter Four for their extraordinary inclusiveness, have had question marks raised regarding such an assessment. Some interviewees argued that the importance of NEDLAC as a debating chamber is diminishing, thus reducing the capacity of the organisation to coherently represent various stakeholder groups that discuss policy within its chambers (#11; #20, 1999). A NEDLAC official unsurprisingly dismissed NEDLAC's waning influence, arguing that:

I think certainly NEDLAC's influence is not as big in the society wide way than it was in the first period of the ANC government... that's for obvious reasons - that first period is when all the big policy issues were tackled. We were re-writing all the laws - that is not going to happen for ever, so NEDLAC had a very special role to play in that... There is a whole lot of problems within the constituencies that leads people to conclude, that well, NEDLAC does not have an important role any more. I don't think that that is true. There is a culture in this society that I think is entrenched... one of consultation of engaging, of having dialogue in order to reach [decisions]. [For] new government bureaucrats - NEDLAC [was also] important for experience - to gain confidence to act decisively - perhaps they no longer need NEDLAC for that purpose. [Furthermore], I don't think the BTT speaking directly to industry associations is bypassing NEDLAC by any means. I think the strength

¹ NEDLAC is included here because it is mainly an statal institution, having been established under parliamentary law.

of all this stuff has been the fact that ...there are different avenues opening in order to gather information and make judgements (#22, 1999).

However, it was not only stakeholder groups who were identified as being largely excluded from the South African TDCA decision-making process. For example, a clothing sector representative argued that both clothing and textiles were sidelined for the first few years in the policy formulation process by the negotiating team, as they were overshadowed by negotiations of agricultural products (#29, 1999).

The South African parliamentary process was also criticised for not translating any discontent that was felt by parliamentarians, or stakeholders, towards the exclusive nature that the South African government treated the EU-SA TDCA decision-making process. One senior trade unionist claimed that:

From what I understand, at the [parliaments] public hearing when COSATU gave its representation, the members of the [select parliamentary] committee [were] rather concerned about the cavalier attitude of government in concluding this damn thing [the agreement], but then what happens is that they [the select committee] cannot fall over backwards themselves and say that our trade negotiators have done a good deal, a good job here (#21, 2001).

Furthermore, representatives for civil society have claimed that gaining access to information relating to the agreement was more difficult than the picture presented by DTI officials in the previous chapter (#45; #51, 1999). For example, *Government Gazette* [where details of the TDCA appeared] has a very exclusive and limited circulation. A senior labour representative claimed that the DTI was concerned by this and are exploring other avenues in attempts to disseminate information to a wider audience (#52, 1999).

Interviewees closer to the TDCA negotiations also argued that the system was exclusive and that 'closed' decisions were often made. A senior labour representative noted that everyone within the NEDLAC process represented their own interests, without really considering all aspects of society (#52, 1999). He added that 'meaningful' participation tended mainly to be with industrial sectors. In addition, a senior BTT official commented that the DTI consulted with sectors and through NEDLAC, yet, 'when it comes to putting the final thing together you cannot really consult, particularly when the Minister became involved. In the end there were a few amendments without

[any] consultation' (#16, 1999). Furthermore, there were tensions between departments, notably the DTI and NDA. An interviewee who attended both NEDLAC and TESELICO meetings noted that relations between the tri-partite members of NEDLAC (where communication was often rowdy) was better than relations between these government departments (#22, 1999). Although the DTI is said to have criticised the NDA for being too conservative, the NDA cultivated good relations with those in business who were interviewed. A labour representative noted that the NDA did a thorough job in keeping agriculture informed (#19, 1999). Furthermore, a senior business representative claimed that the DTI sometimes failed to respond to queries from the business community, questioning whether the DTI was as accessible in practice as it is in theory (#21, 1999).

To summarise, despite external constraints on the statal process, as noted in 4.3.4, it is evident that many interviewees, particularly government officials, believed that because the agreement was publicly available (tariff proposals were published in the *Government Gazette*) and there were high levels of communication, notably between business, labour and government, the South African side of the TDCA policy formulation process was therefore highly inclusive. Indeed, for sectoral representatives, who received *Government Gazette*, attended regular meetings with the DTI, Agricultural Trade Forum, or within NEDLAC, this might have been the case. However, representatives of civil society argue that their participation in the decision-making structure was limited. More importantly, government officials noted that decisions related to the TDCA were often closed to any participation or influence, outside of the executive level. Ultimately any judgement concerning the inclusiveness of the statal decision-making structure depends on 'who you are. Some would say yes [it is inclusive], and some no. It depends on whether they were consulted or not, and how integrated they were... in the national organisations that represented them' (#22, 1999).

5.3 The inclusiveness of non-statal actors – Detached Observers and Researchers

It has already been noted that detached observers were involved to varied extents in the TDCA negotiations. For organisations such as the DPRU and TIPS, their link with government was strong. Horaan Borat (director of the DPRU) notes that:

...the engagement between the research community and the policy-makers is actually very strong because, as you well know, Alan Hirsch has leapt from the research environment into the DTI. David Lewis, who was the previous director [at DPRU] has left here and is now chair of the Competition tribunal... Alastair Ruiters, [a DG at the DTI] and Alec Erwin worked here in the economic trends group, which was the forerunner of the DPRU. It is partly a reflection of skills shortages and also I think a positive reflection of links between the research community and policy-makers (#Bhorat 2001).

Many organisations however had far less access into the decision-making process. Some interviewees argued that this was particularly the case for 'local' (non-Western) and African researchers. Bothma (30 September 1999) noted that these 'Western' observers influenced policy more than 'local' advisers did. My personal experiences in gaining information in South Africa (noted in Chapter Three) tend to confirm this impression. Analysts have commented that such preference to overseas white and Western advisers or researchers over Africans is contrary to the spirit of *Ubuntu* detailed in section 4.3.2 (#10, 1999). Vincent Williams, an official for the South African Migration Project (SAMP) argued that 'there is clearly a disconnectedness between South Africa and the rest of the continent. In many ways we are much more familiar with people coming from North America and from Europe and from the UK (#Williams, 2001). This is one reason why some interviewees regard the decision-making process as largely excluding Africans whose nationality was not South African.

A further concern surrounding detached observers role in the South African TDCA process relates to the exclusive nature of some conferences examining the EU-SA TDCA. Instead of encouraging debate amongst a broad range of stakeholders, interviewees claimed that they tended to espouse narrow ideological positions. Two observers who attended the 1999 SAIIA conference noted this as an example. One, a leading politician, claimed that the debate was stifled (#57, 1999); the other, from an NGO in Cape Town, argued that the conference:

became a back-slapping exercise - not looking at who would be adversely affected; it's like free trade is a triumph for humanity and everyone should celebrate... At a supposedly academic conference there was no critique (#51, 1999).

It should be noted that many of these criticisms were only applied to detached observers, rather than researchers connected with marginalised groups (such as civil society or the BLNS). However, insufficient information was obtained to ascertain completely the level of participation accorded to different groups in this category. As the description of non-statal detached observers in the previous chapter concluded, the South African side of the TDCA policy formulation process did permit a degree of participation by very few, and select, detached observer groups (such as TIPS and DPRU). Aside from these close links, it appears as if other researchers, particularly close to civil society, were more excluded from the process. Furthermore, some conferences organised by detached observers failed to address issues of those stakeholders outside of the tri-partite arena.

5.4 The inclusiveness of business and industrial sectors

As documented in Chapter Four (4.3.2), when industrial sectors lobbied the statal decision-making process, both labour and business representatives were usually included within the same team. This section though documents only the sectoral and business perceptions of the TDCA, whilst the following section (5.5) outlines specific labour relationships with the decision-making process.

Chapter Four described that business representatives, especially large companies, had excellent access to the TDCA decision-making process. Responses from business and sectoral officials indicate that in general the business community was content with their access to the TDCA policy formulation process. An official from SACOB argued that government was 'very transparent... if anybody [said]... they didn't know [about the agreement] ...we said that you were given the opportunity. It was there' (#21, 1999). The sectors identified as having most access to the decision-making process were agriculture, and contrary to findings from the literature review, the clothing, textiles and motor industries (#20, 1999). An agricultural representative insisted that there was close cooperation between agriculture and government, noting 'I believe we [agriculture] were in a more informed position than the rest of the economy. We really collaborated ... very closely

with government' (#19, 1999). An economic analyst argued that the strongest lobbyists were those with the most to lose (such as textiles, #5, 1999). Officials close to the internal (South African) negotiations argued that these potential 'losers' employed a largely 'defensive' lobbying strategy in an attempt 'not to open up their markets' (#20, 1999) (this applied to the textile, clothing and motor industries). A Department of Finance representative claimed that although these industries are not facing insurmountable tariff reductions, 'they are the most protected industries, certainly from a labour perspective. That's where the biggest noise is, and is always going to be' (#15, 1999). Conversely, an 'offensive' strategy was adopted by those with most to gain (identified by a DTI representative as fruit and vegetables -Capespan made a strong representation (#20, 1999)).

However, other interviewees argued that business should have had more access to the statal structure. Although a senior source for the clothing sector gave the decision-making process his qualified support (there had been consultation), he stated that 'I certainly would have liked to be a hell of a lot closer to the negotiations table' (#29, 1999). A senior businessperson from Johannesburg went further, noting:

to a large extent I think that business was excluded in the NEDLAC process. Effectively the final agreement that emerged was something that, while we were involved in the process, we weren't properly involved in the process (#11, 1999).

Some business sources contrasted the South Africa TDCA policy formulation process with previous South African trade negotiations. A senior representative of the steel sector argued that in the 1994 WTO negotiations 'nobody knew what they were doing and we worked closely together... we didn't hide anything'. However, 'In the EU negotiations... a lot of things were done behind our backs' (#11, 1999). This opinion supports the view that a number of 'closed' decisions were made.

Interviewees close to the business world noted that the TDCA decision-making process highlighted a number of inherent problems with the internal structure of business/sectoral representation. These included tensions between businesses separated along black/white lines,² the lack of dissemination of information relating to the agreement (from business representatives to

² That said, SACOB (representing mainly white businesses) and NAFCOG (for black empowerment) have formed a joint non-profit company intent on unifying the two organisations, in order to improve relations between the two sides (Wadula, 13 November 2000).

smaller businesses, particularly SMMEs), and the lack of comprehensive sectoral representation in the process. A senior NEDLAC official observed that business at NEDLAC was represented by 'broad-based umbrella' organisations. Their policy was also broad-based, resulting in the following problem:

you are sitting in a NEDLAC meeting and business has five people in it. One of them is Bess Robertson [representing SACOB], one is say Michael McDonald [representing steel]... right? So Don Botha used to work for the steel corporation, so guess what the protocol that business made? Steel. And the clothing and textiles person was here, so we had a protocol for that. We didn't have anybody here from the plastics industry, so we didn't have a plastics protocol (#22, 1999).

'Representation was an important thing' (#22, 1999), therefore, and some sectors were excluded from being represented:

The way in which business is organised was exposed ...Does Business South Africa really represent the interests of all business? And it's meant to be... but if the person they have sent to the meeting is from the steel industry, then that person will by and large represent the steel industry (#22, 1999).

The description of the access business had to the TDCA decision-making process in Chapter Four showed that business representatives, in theory, were included in the structure to a remarkable degree. However, the perceptions presented here suggest a more complex and varied picture. In practice, this section can conclude that senior business representatives had considerable access to the decision-making process, particularly if their sector was represented at NEDLAC. Sectors with most input tended to be those adopting a defensive (textiles, motors) or offensive (agriculture) stance. Those associated with agriculture (remembering that only three senior representatives were interviewed) felt that it had benefited most from access to the decision-making process. However, the question of whether all sections of the business community, particularly SMMEs, had an equal amount of access, or much influence in the final outcome, has to be raised. It is impossible to assess if business significantly influenced the final outcome of the TDCA. Interviewees have remarked on whether they felt included, or even if they influenced the process, yet it is not possible to know what their exact impact was on the making of the TDCA. Furthermore, it is likely that many businesses had little knowledge of the TDCA and had no motivation in participating in the negotiating process.

5.5 The inclusiveness of employee organisations

The South African labour movement was seen by Barchiesi (1999, 21) as a 'source of stabilisation in a context marked by macroeconomic free-market orthodoxy'. However it faced difficulties from 1994 onwards which, interviewees argued, impeded its role in the TDCA decision-making process. First, there was an exodus of leadership into the government. This resulted in less experienced officials participating in the TDCA policy formulation process. Second, few labour representatives were familiar with trade issues, therefore only a handful became involved in the process. Moreover, labour did not represent agricultural sectors until the later stages of the agreement. Even then it is unclear from the interviews whether the main union responsible (the Food and Allied Workers Union - FAWU) covered (or had the capacity to represent) every agricultural sector. Furthermore, labour representatives complained of a lack of resources available to enable them to assess the agreement. Third, analysts have observed that gaps are emerging between the union leaderships and their members. This is a situation that is said to have been exacerbated by increasing international competition - as deemed necessary by neo-classical economic theory. Indeed, 'the challenge that faces union leadership is to maintain the support of rank and file members while working with management to compete at a global level' (Louw, 29 January 2001).

As a result of these factors, few interviewees felt that labour were as fully incorporated into the EU-SA TDCA process as business was, or as much as labour had been included in the 1994 WTO talks. This view was outlined by a senior labour negotiator:

Labour has been involved in the formulation of South African trade policy in the past. I think the real, big and key intervention that was made by labour ... led to the signing of the Marrakesh agreement. So labour was involved in that, and ironically Alec Erwin was one of labour's representatives in that. So there is a kind of involvement. I was not involved in that process, but what I... have gathered is that the extent and the amount of documentation that was made available to the SA negotiators... was far superior in respect to what we were given with the EU [agreement] (#47, 1999).

This negotiator cited a number of occasions when he was denied reports relating to the agreement which others had access to; 'I know for a fact that the IDC had [reports]. I asked for this and I was told no you can't have it!' (#47, 1999). When information was supplied, it was done so at the last minute 'when it is impossible to get proper and rational discussion' (#47, 1999). In general, 'The

issue is that government has got significant resources... but I was very unhappy with the provision of information' (#47, 1999). He felt that one possible reason for lack of government co-operation was that the 'Government was scared that we were going to come and have a clearly ultra-protectionist line... and clearly any information in our hands would actually help' (#47, 1999). Other members of the labour movement echoed this criticism of the statal process. COSATU for instance, in its submission to parliament on its observation of the TDCA negotiating process, argued that:

These processes were inadequate for COSATU to input substantively and continuously into the negotiations process. At many stages insufficient information was available. An additional source of frustration to labour was that at some points during the negotiation government engaged in bilateral sectoral meetings with employers but did not extend this arrangement to include labour (COSATU, 1999).

Furthermore, an interviewee argued that government did not heed opposition from labour and business about changes on tariff lines (notably metals) (#52, 1999). When asked why their requests were being ignored, they were told it was because the Minister had said so (that decision therefore was a closed one). The same source noted that government decisions were frequently not based on the tri-partite NEDLAC process. As far as the final mandate was concerned, this representative noted that the final agreement was dissimilar to the labour (and business) proposal drafted in 1997. He argued that the only protocol South Africa ended up with was on hemp in textiles and clothing, but that was not requested by labour negotiators. All concessions made on clothing and textiles products were done so by the DTI (#52, 1999).

However this statement is not supported from the summary of the TDCA, and its protocols, in Chapter Two (2.2), as wine and fishing, along with protocols on trade liberalisation are documented. Indeed, another senior labour representative present at the TESELICO negotiations, who asserted that the final agreement was fairly close to this tariff proposal, contested this view. Those countering the alleged lack of inclusion refer to an offer by the South African government (after two years of lobbying by the social partners) for both labour and business to join government in the negotiating team in face-to-face talks with the EU. However, Ebrahim Patel (General Secretary of SACTWU) rejected this for reasons unknown, despite other labour officials clamouring to be included (#52, 1999).

The articulation of these perceptions point to a picture of the labour leadership being represented in many organs of the statal process, but they were poorly supported in terms of resources and were excluded from making any substantial influence on policy formulation. Indeed, one labour negotiator remarked, 'My understanding is that in the end we made very little impact' (#47, 1999).

5.6 Civil society and inclusivity

When looking at criticisms of neo-classical economic development perspectives in Chapter Two (2.3.3), one debate suggested that those most likely to be peripheralised or excluded by such policies were women and migrants, as well as South African industrial sectors. Section 2.5.2 of the same chapter suggested that the South African decision-making process may well be inclusive, but warned of the detrimental impact of neo-liberalism, particularly on NGOs representing civil society. In Chapter Four, although civil society in general were portrayed as being on the periphery of the South African TDCA decision-making structure, community representatives were given the opportunity in theory to discuss the TDCA. Indeed, Alec Erwin gave presentations on the EU-SA TDCA to the Executive Council of NEDLAC. Furthermore, an open debate on the EU-SA TDCA was organised by the South African parliament. Although most decision-makers interviewed did not identify civil society, let along women and migrants groups, as being included or excluded from the decision-making structure (individual industrial sectors and trade products were more frequently selected as being marginalised), those that did voice their perceptions can be divided into one of two groups.

In the first were those that tended to agree with COSATU's observation, given during their submission to the open parliamentary debate prior to ratification of the TDCA. They stated that the 'fact that so few stakeholders are making submissions today, despite the huge effects the Agreement will have, is an indication of the disempowerment of broader society in this process' (COSATU, 1999, 7). Women were seen as especially excluded (COSATU, 1999, 13). According to a leading representative for civil society, at NEDLAC there were few realistic opportunities to discuss the concerns held by stakeholders (#45, 1999). Indeed, as described in 4.3.2, there are five

groups that represent South African civil society at NEDLAC – the South African National Civics Organisation (SANCO), which represented aspects of civil society, women, rural, the disabled, and youth. This grouping therefore excludes sections of South African society - particularly the unemployed, consumer groups, or migrants. Furthermore, the TDCA was only extensively discussed in NEDLAC's Trade and Industry chamber, where civil society is not included. The only chamber within NEDLAC that permits civil society inclusion is the Development chamber - and even though the agreement clearly has developmental aspects, it was not discussed in that chamber. An official representative for civil society, talking specifically about the EU-SA TDCA, argued that the perception was that South Africa has an advanced, transparent and inclusive tri-partite decision-making process, which requires little input for South African communities.

However:

in terms of this EU trade thing... people think in their minds that it's only the tri-partite group that needs to be there, but what they forget is that the end user... at the end of the day comes from civil society... it is us (#45, 1999).

This representative added that:

government [were] elected [by] the people, but there are certain major issues where we must get the views of the people so, ...if we say tomorrow we do not want this thing, what are [government] going to do? [They] cannot do anything! We may have said it but unfortunately we... lack information about this EU trade (#45, 1999).

Those interviewees in the second group argued that civil society was not detrimentally barred from participating. Some either believed that all aspects of southern African society were included (#20, #42, 1999) or that the inclusion of civil society was not feasible (#16, #22, 1999) and should be limited to tri-partite actors. Firstly, some officials from the DTI noted that any individual who wanted to 'have their say' could do by contacting the BTT (#20, 1999). This, they argued, meant that the process was open to input from all sections of civil society. This is obviously a very broad definition of what access means, and one that many within civil society may have trouble agreeing with, for the reasons implied above. Secondly, the dominant message from those directly involved in the negotiation process was that many community organisations are either too weak and/or disorganised to participate in the talks (such as #11, 1999). An official from NEDLAC, who observed the representation of community within the Development Chamber, argued that there were vast problems with obtaining a mandate from such disparate, heterogeneous groups (#22,

1999). He noted that whilst there is a claim for more inclusion (particularly for those groups excluded from the development chamber - such as the unemployed or consumer groups):

...we've had a fair amount of problems with that constituency. They are represented by women, by youth, you know, and, in the current period in South Africa, a lot of those mass based organisations have been experiencing problems. They are certainly not as effective as they have been in the previous period. Most of the attention in South Africa focuses on delivery by the government, whereas in the previous period it was resistance politics played out by coloured non-governmental community type groups. So, when one looks, and why the community has not participated in this, part of it has to do with the problems they were experiencing as a constituency in organising themselves, and this was just an additional thing that they didn't have... sufficient experience and capacity to deal with (#22, 1999).

In addition, Horaan Bhorat, director of DPRU, noted that official CBOs are generally 'under-resourced, poorly staffed – they are small, they are desperate, and you can see it in NEDLAC. And if you go into it even more deep, at say under the macro NEDLAC level, at a sectoral level, it is even worse' (#Bhorat, 2001). Furthermore, the NEDLAC official commented that civil society had more pressing developmental needs - such as attaining health care, education, welfare, running water, and electricity. Therefore the relevancy of this agreement to civil society was somewhat lost when compared to the struggle for these basic amenities (#22, 1999).

To conclude, many decision-makers interviewed failed to identify civil society as being detrimentally excluded from the TDCA decision-making structure. No group (women, migrants) were specifically highlighted, and therefore the analysis has concentrated upon civil society in general. It is indicative of the interviewees' position within the decision-making process that they focused their responses mostly on industrial sectors rather than civil society groups. This should not be surprising considering that the free trade aspect of agreement concentrated mainly upon such sectors and individual products. However, those who did express an opinion on the inclusion or otherwise of civil society in the TDCA policy formulation process were grouped in one of two categories. This reflects the rather polarised understanding of the general South African decision-making process outlined in Chapter Two (2.5.2).

5.7 External actors and inclusivity

The description of the external environment in Chapter Four (4.3.4) has already documented the extent to which external actors, such as IFIs and the EU, purportedly free from the pressures of having to include stakeholders, have influenced the South African side of the TDCA decision-making structure. The perceptions of interviewees on the impact of external actors are quoted throughout this thesis (particularly in Chapters Seven and Eight). In particular, the 'closed' and exclusive nature of the EU has attracted much criticism. An international lawyer who specialises in global trade, argues that the EU 'rigged' the TDCA decision-making process 'so that it can regularly apply leverage to win fresh concessions from Pretoria' (Fraser, 21 June 2001). Furthermore, some commentators argued that the inclusion of the 'carrot of development' in the TDCA was a ploy that could be 'used to secure a more advantageous trade agreement for the EU' (Business Day (anon.), 7 March 2001). President Thabo Mbeki also lambasted the EU, saying that the 'nice words' expressed in promising a beneficial deal for South Africa were 'laid to waste' by the detrimental influence the EU exerted over the negotiations (Xako, 12 February 2001).

Furthermore, some analysts and interviewees throughout the southern African region claimed that southern African states and stakeholders were excluded. Indeed, the BLNS, as noted in section 4.3.2, were not allowed to participate directly in the TDCA negotiations process. One group of interviewees (who tended to be from either Botswana, Lesotho, Namibia or Swaziland) agreed that this meant that the BLNS were effectively excluded from the process (#54; #38; #36, 1999). Many of those questioned in Botswana felt that South Africa should have included BLNS to a far greater extent than they did in the talks, particularly as South Africa in some ways used the BLNS to obtain more concessions from the EU for themselves (as alleged in Chapter Four, 4.3.4). The feeling that BLNS should have been included in the talks was epitomised in two interviews. The first was with an official from the Botswanan Commerce Ministry, who commented that:

The initial position of the BLNS was they wanted to get involved in the negotiations... and South Africa also wanted them to get involved. It was the EU that did not agree... The EU were saying, look, you are already members of the Lomé convention. We did want to get involved - I do not understand how we could benefit from not participating. We should have been involved (#38, 1999).

The second was with a senior Botswanan trade unionist:

there was not much consultation between the South African government and other member states of SACU. That's why some states were worried about the impact. South Africa is gaining from Botswana - we put a lot of money in South Africa. So when they do trade deals with other regions, they should consult with the BLNS (#33, 1999).

The feeling of resentment at being excluded was embodied by an academic who closely observed the negotiations. He noted:

what came out of that [the agreement], in my assessment was that the South Africans were strategically using the BLNS to put even more pressure to extract as many concessions as possible from the EU. But as to whether they did deliver for the BLNS countries - I doubt it very much...South Africa acted as big brother... they were very arrogant (#37, 1999).

Furthermore, a senior researcher from Namibia, argued that:

South Africa has always taken unilateral decisions and it has really not come to that time that they have to do things differently. It [SACU] still is a South African administered unilateral decision-making arrangement. SACU normally receives... what South Africa has decided, not what its about to decide (#54, 1999).

He added, in relation to the EU-SA TDCA:

South Africa sort of started to negotiate with the EU without informing its partners... That is a debatable issue, even between the BLNS and South Africa people are debating that South Africa has not really told them, accept what has happened... but there has not really been a serious attempt [to] involve the BLNS in the negotiations (#54, 1999).

Other forms of exclusion were recorded within the BLNS, as business and labour representatives claimed they were not informed of the details or the proposed impact of the agreement. For example, many business representatives in Botswana criticised the Botswanan government for its lack of communication in relation to the potential impact of the deal and not even asking for feedback from business and labour. One business representative noted that we 'have not met much on this. Last month [July 1999] we had a meeting in Gaborone for SACU members. That is where we got the information. Before that we knew very little' (#36, 1999). Indeed, one interviewee with extensive knowledge of the Botswanan political system opined that the government 'had very successfully dialogued, and responded to big business, but medium and small scale business ... thought they were being neglected and let down' (#35, 1999). He concluded that he felt that the Botswanan public knew little of the agreement, whilst also noting that there was

poor communication between government departments, so senior officials in one department would not know the official Botswanan position in relation to the EU-SA TDCA; 'Part of the problem here is that ...the process tends to get concentrated in few, few hands...' (#35, 1999).

However, a second group of interviewees (mainly those close to the South African government) claimed that the BLNS were effectively included because the South African negotiators safeguarded their interests, and that both South Africa and the EU regularly consulted them throughout the entire process (#43; #50; #41, 1999). A senior source at the DFA asserted that:

...one of the first things I said to the EU negotiators was, as a member of the team, we cannot go into this alone. We have to either get the EU to accept SACU as co-negotiators, to have a SACU-EU agreement, region-to-region, or we will have to talk to the SACU countries and get their permission to actually waive article 19 [the 1969 SACU treaty] for the time being... and let us negotiate an agreement on their behalf too, because it is going to influence them, and then obtain their views, and sanction going ahead with it...

[However] the EU flatly refused. They said it would create a tremendous dilemma, they are all Lomé members. The closest that we got to a solution in that regard was to invite, during one round of negotiations... their [BLNS] ambassadors as observers. So we invited them, and it happened for one round... for the rest we had to brief them and there were double briefings, which also led to [a] certain tension... The BLNS actually responded positively. Again, you do respond positively to somebody who pays your bread and butter. Unfortunately... I'm not sure whether it came from the heart, whether it was motivated by practical considerations (#43, 1999).

An MP close to the negotiations commented that BLNS interests were protected because 'they had an opportunity to... put sectors and industries that were of concern to them' (#57, 1999). Moreover, the South African negotiators 'tried to anticipate the impact [on the BLNS] and make their own assessments' (#57, 1999). This perception was confirmed by an economic adviser to the Swazi government, who noted that the BLNS were not excluded and even received some information before the EU did (#50, 1999).

Of the two perspectives, the first is supported by less evidence, as those interviewees arguing that the BLNS were marginalised tended to be on the periphery of the negotiating process and therefore had little knowledge of the policy formulation structure. The second set of perspectives were espoused by interviewees with much closer access to the TDCA decision-making structure.

However, a third perspective was provided by very senior source in Botswana's Foreign Ministry who noted that Botswana did not even want to participate because:

in the negotiations, whatever the EU and South Africa agreed on, if you are part of that, those things are going to bind you. Whereas, if you were outside, you could always say to the EU, by the way, we have this agreement... (#31, 1999).

A close observer of these negotiations agreed with this opinion, noting:

I think the truth may lie somewhere closer to those who say that they were asked to come on board and they were reluctant. I tend to agree with those who [say] that you have been a bit lax here in Botswana, partly because some of our people think we are rich because... there is so much money stashed away in foreign reserve [and] partly because the officials are over-extended... Just a narrow circle of people who are dealing with these issues (#37, 1999).

This section builds on an overview of this environment in Chapter Four (4.3.4), and on the influence that external actors – the BLNS – had on the TDCA. There appears to be a paradox, in that there is little doubt that the external environment exerts considerable influence over the South African TDCA decision-making structure, and yet external actors – the BLNS – may well have been excluded from South Africa's policy formulation process, even though the TDCA will automatically affect the whole of SACU.

5.8 Conclusion

The description of the structure supporting the South African TDCA decision-making system in Chapter Four suggested that the process was, in theory, remarkably inclusive. However this chapter has examined the perceptions of those interviewed and shows that in practice the degree of inclusion in the decision-making process is more subtle and complicated than that presented in the previous chapter.

The first key issue that has emerged here is that although the structure is still inclusive, access to it varied depending on which actor category was considered. For example, senior business representatives, particularly in the agricultural or textile and motors industries, or certain labour representatives, had more resources and more chance to participate than SMMEs or a member of a traditionally marginalised community. Indeed, agriculture, motors and textile representatives were

all perceived as being influential during the process. This finding therefore supports the conclusion made in Chapter Four where these industries were identified as having been included, in theory, in the South African TDCA decision-making structure. Furthermore, access differed *within* categories. For example, within industrial sectors participation varied considerably. The case studies in Chapters Seven and Eight gauge further this finding. A related conclusion is that, when interviewees had been asked who they perceived to have been included and excluded, the majority identified industries rather than sections of South Africa's civil society, such as women and migrants.

Second, many of the decisions made in the South African TDCA policy formulation process were 'closed', as in the manner described in the literature review (2.5.1) meaning that certain decisions taken throughout the policy formulation stages were limited to senior decision-makers. With the TDCA including innumerable 'closed' decisions, the chances of gauging accurately the influence of the majority of actors listed here is made more difficult. One of the possible reasons why access was limited was because 'decision-makers' felt that equal and optimal participation for all could well have resulted in the South African TDCA policy formulation process being hindered by inertia. As discussed in Chapter Two 'full' participation is viewed by some analysts as not being feasible. One interviewee noted that when a diverse cross-section of civil society have become involved in the decision-making process in South Africa the result has been 'chaotic' (#11, 1999). Furthermore, as noted in Chapter Four (4.3.2), the TDCA negotiations were different from 'normal' negotiations on South African economic and labour issues. It has been argued that a degree of secrecy was necessary in order to withhold from the EU South Africa's negotiating stance as it would have denied the South African negotiators any 'flexibility' in negotiations with their EU counterparts (#22, 1999).

That a different picture has been portrayed is not surprising. The number of interviewees who could provide information describing the decision-making process was restricted in Chapter Four to those closest to the decision-making process, as they alone had a close and intimate knowledge of it. However many more interviewees representing a broader spectrum were able to comment on their perceptions of the inclusiveness of the TDCA policy formulation structure. That some of those

interviewed argued that the South African TDCA policy formulation process was exclusive could be due to their high expectations of access to decision-making in the post-apartheid era.

This chapter also adds to the evaluation initiated in Chapter Four on the tensions that exist between and within components and actors who comprised the South African TDCA decision-making structure. Examples have been provided here that illustrate the tensions that existed within government departments as well as in business and trade unions. This finding highlights both the benefits and limitations of the model introduced in Chapter Four. It has provided a foundation to enable the evaluation of the TDCA process and explore the interaction and tensions between components and actors. However, the model promotes a tendency for actors to be categorised as if they were homogenous. The interview perceptions shown here though, noting the tensions within categories, have suggested that actors and components display a high level of heterogeneity.

The following chapter will identify, from interview responses, who is likely to benefit from the agreement. Thus the analysis seeks to explore the relationship between access to policy formulation and the perceived impact of the agreement. Furthermore the chapter also selects two case studies for an in-depth micro-scale study of the issues raised, to now, and cast more light on aspects of the TDCA that have been difficult to grasp at a macro-level, such as assessing the influence of various components and actors, notably in the external environment.

Chapter Six:

The 'winners' and 'losers' of the TDCA

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6.1 Introduction

Literature reviewed in Chapter Two suggested a polarised debate exists, where either 'losers' or 'winners' result from the implementation of trade and economic development agreements based on neo-classical economic thinking. Furthermore, those defined traditionally as 'losers' were shown to be marginalised or excluded from the decision-making process that surround such agreements. However, the description of the South African TDCA decision-making process in Chapter Four suggested that the policy formulation structure was remarkably inclusive. The analysis of this in Chapter Five presented a more complex picture where generally many had the chance to be included, yet many obstacles hindered realistic chances of stakeholder to participate. This chapter challenges the clear-cut, polarised picture of there being 'winners' and 'losers' as a result of the TDCA, as what materialises from interviewee perceptions concerning the potential economic impact of the TDCA is a picture as complex as that portrayed on the degree of inclusiveness in Chapter Five.

The chapter is divided into five parts. The first two (6.2 and 6.3) document broad concerns and benefits; the second two (6.4 and 6.5) examine specific stakeholder groups or industrial sectors that have been identified as potential 'winners' and 'losers'; the fifth (6.6) considers the impact of the TDCA on southern Africa (the BLNS, SADC, or other ACP members within Lomé). The final section (6.7) summarises this analysis and indicates why the wine and textile sectors were chosen as case studies to provide a deeper understanding of the dimensions of the TDCA under examination. To assist this analysis, table 6.1 below has been devised from the interviewee responses, indicating the areas that are likely to benefit or lose out from the agreement. The table has been divided into three categories that reflect the disparate groups selected; general comments, specific identification; and the impact of the TDCA on southern Africa. Table 6.1 is useful for summarising this interview 'data' but omits other information. It reduces interviewee responses to a number, thus obscuring both the interviewee's relationships to the TDCA, and properly defining the context in which a 'category' was selected. For example, a claim that the textile industry in Botswana is likely to be adversely affected by the agreement is counted in the table as being detrimental to textiles and the BLNS.

| Name of category identified as: | Perceived as benefiting from the TDCA: | Perceived as not benefiting from the TDCA: |
|---|---|--|
| GENERAL – Criticism of EU – denied full access to Lomé | - | 8 |
| Concern over Dispute resolution mechanism | - | 3 |
| Lack of governmental industrial policy | 1 | 3 |
| Burden on capacity and infrastructure of businesses | - | 1 |
| Global recognition/integration globally/platform for stability | 10 | - |
| Experience in negotiations | 4 | - |
| Total | 15 | 15 |
| SPECIFIC: | | |
| Agriculture –General | 10 | 4 |
| General (concern over the CAP) | - | 6 |
| Wine | 7 | 1 |
| Wine – concern over Port & Sherry | - | 2 |
| Seasonal agricultural products | - | 1 |
| Livestock (Dairy, Pigs) | - | 1 |
| Fruit | 4 | - |
| Fruit – Canned Peaches | - | 1 |
| Proteas | 1 | - |
| Cut Flowers | 2 | - |
| Cut flowers – tulips | 1 | - |
| Vegetables | 1 | - |
| Vegetables – Asparagus | 1 | - |
| Fruit juices | 1 | - |
| Cheese | 1 | - |
| Tobacco | 1 | - |
| Total | 30 | 16 |
| Fisheries | 1 | - |
| Industry –General | 2 | 2 |
| General – disinvestment and deindustrialisation | - | 3 |
| Textiles | - | 14 |
| Clothing | 1 | 7 |
| Motors | - | 9 |
| Shoe | - | 1 |
| Electronics | - | 1 |
| Total | 3 | 37 |
| Society –Small businesses/farmers | 3 | 4 |
| Big business | 1 | - |
| Skilled workers | 1 | - |
| Unskilled workers | - | 3 |
| Unemployed/prospect of unemployment | - | 10 |
| Inclusion of social clause | 1 | - |
| Consumers | 1 | - |
| Investors | 4 | - |
| Public – reduction in taxation | 1 | - |
| Civil society | - | 2 |
| Women | - | 2 |
| Migrants (including comments on xenophobia in South Africa) | - | 10 |
| Total | 12 | 31 |
| SOUTHERN AFRICA | | |
| BLNS (due to revenue loss/ threat of competition) | 5 | 10 |
| SADC | - | 4 |
| Lomé | - | 8 |
| No opinion given/ or asked for/ non-committal | 7 | 8 |

Table 6.1: Identification of categories (sectors, communities, and neighbouring regions) perceived to be affected by the TDCA

6.2 General 'Losers'

Criticisms of trade developmental policies that are based on neo-classical economic thinking were documented in Chapter Two (2.3.3 and 2.4). Within South Africa similar concerns have surrounded the government's acceptance of a mainly neo-liberal economic and developmental framework, which has been enshrined in GEAR (see Chapter Four, 4.3.1). Taken together, these concerns have indicated that the TDCA and trade liberalisation might exacerbate unemployment and poverty, whilst also hinder economic restructuring. As a result, those most likely to 'lose' would be the unskilled workforce and women (Jansen, April 2000).

Some interviewees agreed with these broad findings from the literature. Two South African academics commented that the SEFTA (trade liberalisation) element of the TDCA would initially intensify levels of inequality (#4; #5, 1999). One stated that his general concern was about liberalisation and the pace that it is going:

You are taking an ideological position of accelerated trade liberalisation and in the meantime the economy has more than 30% unemployed... what do you have [as a] guarantee, beside textbook economics? That it is going to do the job? Because some old theory said, liberalise and everybody will benefit? Do you realise how many books have been written criticising that framework? Even the mainstream has abandoned that approach! (#5, 1999).

He also noted, along with an official from the Department of Finance that unemployment would most likely be created in such labour-intensive industrial sectors as shoes, textiles or motors (#5; #43, 1999). This view was supported by an NGO representative who affirmed that 'clearly free trade policies have an impact on jobs and certain industries' (#51, 1999).

Table 6.1 shows that eight interviewees criticised the choice of the EU as a trading partner. An academic opposed the TDCA because it was 'not cognisant of the challenges facing the South African economy and government' (#5, 1999). Of these eight, some argued that industrial sectors will not be able to compete effectively because of non-tariff barriers to trade (#11, 1999) and doubt the potential effectiveness of the dispute resolution/safeguard mechanism that was included in the agreement to protect areas of the economy under threat from such barriers (#47, 1999). Interviewees also argued that the TDCA could also be detrimental because of customs control

inefficiency. A leading trade unionist declared that customs officials had little training, poor pay, and only previously checked three per cent of imported goods (#52, 1999).

These concerns were compounded by the lack of a clear government industrial policy. Some viewed this as a hindrance in selecting sectors that could benefit from the TDCA. One economist links the lack of policy with trade liberalisation:

I do not believe that accelerated tariff liberalisation is a good thing, especially when you do not even have a industrial policy... it's not there! Not only me – every one is saying. We are starting to have trade policy of tariff liberalisation before we are having an industry policy, and I think that it [should be] the other way round. You got to know where you want your industries to be ...what industries you want to be strategic whatever and you use your trade policies to achieve them (#5, 1999).

Similar criticisms were expressed in two interviews. A senior official at NEDLAC opined that this was a 'shortcoming with the [negotiation] process', and believed that there should have been more sector-based thinking (#22, 1999). A leading negotiator for labour lamented not identifying sectors, particularly infant industries that require protection until strong enough to compete with EU firms (#52, 1999).

The inaccuracy of impact studies that have considered the potential affects of the TDCA has also been viewed as compounding the criticisms voiced by interviewees. One argues that impact studies failed to take into account the impact of neo-liberalism on employment prospects and civil society (#5, 1999). From the literature, Adelzadeh noted:

Underlying the results presented in GEAR is a modelling exercise which is fundamentally problematic because the Reserve Bank model that was used has never been made public and thus has never been the subject of independent and rigorous debate by professional economists. Moreover, according to GEAR the model cannot provide information on the income distribution effects of policies..., (Adelzadeh, 1996).

An academic analyst supports this view, noting that impact studies 'are tricky because they are not very good at showing welfare. They can show a bit of welfare impacts... and this is what the modellers themselves admit to' (#6, 1999).

From both the interview responses and the literature, a number of broad concerns were outlined relating to the tariff liberalisation aspects of the TDCA. It has been suggested that the

likely 'losers' from these concerns will be the workforce, through job losses, especially in labour-related industries (such as textiles) and part-time women workers. It should be noted that those interviewees who tended to express these general concerns mainly emanated from academia. However, as table 6.1 demonstrates, other interviewees also identified that general benefits will accrue from the TDCA. These are discussed in the following section.

6.3 General Benefits

For all the criticisms expressed above, much of the literature in South Africa (primarily the financial press) and many of those interviewed (especially business and government representatives) argued that the agreement would be broadly beneficial for South Africa. In the South African financial press for example, immediately following the signing of the main agreement, *The Citizen* heralded the TDCA as a trade deal that will 'significantly boost Foreign Direct Investment in South Africa' (*The Citizen* (anon.), 20 October 1999). Furthermore, *Cape Business News* argued that:

...this agreement we probably got the best deal possibly at this time... In many ways, the SA/EU agreement was good practice for the more formidable challenge of the WTO negotiations which are expected to carry on for the next three years... For now, the SA/EU trade agreement forms the basis of a reasonable and reliable structure for doing business with Europe (*Cape Business News* (anon.) November 1999).

Furthermore, *Business Day*, reflecting 18 months after the TDCA was implemented, observed that in the year following the operation of the agreement South African exports to the EU increased by 35%.¹ This compared with a 20% increase in the preceding year (Wadula, 11 June 2001). This increase may also have been caused by other, non-TDCA inspired, factors, such as the weakening Rand, which makes South African goods more competitive in the international market.

Government officials have argued that the TDCA will generally benefit the South African economy. Alec Erwin for instance asserted that the agreement makes 'unique inroads' into the EU's agricultural market (Erwin, 2000, vii). Rob Davies MP, argues that the TDCA will also provide opportunities for manufacturing industries (Davies, 2000, 10).

¹ EU exports to South Africa rose by 20%.

Many interviewees who thought that the agreement would be beneficial reflected these comments from government or the media. Business representatives suggested that the TDCA will generate a climate of policy credibility and therefore improve the potential for an increase in Foreign Direct Investment (FDI) (#11; #23, 1999). Indeed, as table 6.1 illustrates, ten interviewees stressed that the major benefits are symbolic; the TDCA will bring South Africa more prominently into the global market. A senior EU official affirmed that the TDCA would create opportunities, especially for business, which will broadly 'develop' the South African economy:

The general belief is that FTA will help SA integrate into world markets, into the global world economy. [It] will force South African producers to become internationally competitive to survive and by so doing will provide a platform for more solid, sustainable economic growth and development over the long term (British government official, #14, 1999).

Furthermore, interviewees, mainly from the business community tended to challenge the view expressed above (6.2) that trade liberalisation exacerbates unemployment. A leading business representative claimed that many job losses had been in gold mining, an industry that has nothing to do with tariff reductions (#23, 1999). An economist commented that unemployment in South Africa tended to occur because of protective, inward-looking economic policies, rather than tariff liberalisation (#3, 1999). Indeed, Horaan Bhorat, director of the DPRU, argued that from his statistical calculations, trade liberalisation will result in job creation in South Africa (#Bhorat, 2001).

It was not only the financial press or government and business representatives who had praise for the agreement. Labour representatives for example heralded the inclusion of the social clause, noting it was the first of its kind in these types of agreements (#47, 1999).

To summarise this section on the broader identification of likely 'winners' and 'losers' of the TDCA, those interviewees critical of the TDCA tended to be on the periphery of the decision-making process (for example academics, NGO representatives). They expressed concern that particularly the SEFTA aspect of the TDCA would be to the general detriment of the South African economy. Interviewees closer to the government (as well as the financial press) tended to disagree with such identifications, and noted that the deal will provide stability, thus improving the economic climate in which South African industrial sectors participate. The following section discusses which specific categories interviewees predicted will win or lose from the TDCA.

6.4 Specifics: Losers

Section 6.2 above detailed broad concerns relating to the potential impact of the TDCA. The literature and interviewees also highlighted certain aspects of society, or industrial sectors who might be detrimentally affected by the implementation of the agreement. Therefore this section is divided into two. The first part considers industries and businesses, whilst the second documents the potential impact on South African society.

I Industrial sectors in the South African economy

Table 6.1, identified the following industrial sectors as being likely 'losers':

- Textile
- Clothing
- Motors
- Shoe
- Electronics
- Agriculture

Of these, table 6.1 illustrates that agriculture (selected with 16 references), textiles (14 references) and motors (selected with 9) would be the economic sectors most likely to be detrimentally effected by the economic impact of the TDCA.

Although Alec Erwin identified that agriculture could make inroads into the European market, some interviewees have argued that the TDCA has not increased the limited access for agricultural products entering the EU market. The failure of the agreement to tackle South African agriculturists' concern over EU subsidies (the Common Agricultural Policy was viewed as giving EU agricultural firms an unfair advantage, particularly in canned peaches) has exacerbated such limited access. Interviewees were also critical over the EU's insistence that the South African wine industry change the names of its port, sherry, ouzo and grappa products (#43, 1999). Such concerns have been supported by a few articles in South Africa's financial press. For example, *Business Day* suggested that the 'balance of the agricultural dispositions of the agreement does reveal, to some

bemusement, that SA made more concessions in the agricultural sector to the EU', despite impressions given by the South African and EU negotiators that the TDCA would open up the EU agricultural market (Fraser, 21 June 2001).

In connection to the two major industrial sectors identified (textiles and motors) an official from the Department of Finance commented that both motors and textiles were equally likely to lose out from the TDCA (#15, 1999). Indeed, a business representative claimed that during negotiations the DTI convinced the motor industry that it could not protect all its jobs in the wake of trade liberalisation (#21, 1999). Furthermore, an official from the BTT was disappointed with the agreement for textiles (and clothing), remarking that 'we are giving away more than we are getting' (#20, 1999). This identification of textiles and motors as a likely 'losing' sector, contrasts somewhat with a finding that emerged from Chapter Five (5.4), that motors and textiles did have good access to the TDCA process (although their issues might have been sidelined) and were regarded as highly effective lobbyists. This would seem to suggest that despite access to the South African structures supporting the TDCA decision-making process, the 'defensive' lobbying strategy employed by these sectors failed to translate into what interviewees perceived to have been a beneficial agreement.

Small businesses and previously disadvantaged (i.e. black) farmers - in all sections of the South African economy - were also identified as potential 'losers'. A prominent South African politician argued that the agreement entailed an increase in documentation and change in practice which small businesses had a lack of capacity and experience to deal with (#57, 1999). A senior economist also stated that the 'lack of specificity and certainty [surrounding the agreement] will not do any good for small businesses' (#10, 1999). A Ntsika report (2000, 3) suggests that the TDCA poses a threat to Small, Medium and Micro Enterprises (SMMEs) because they will be opened up to extremely competitive EU practices.

Small-scale farmers have specifically been identified as losers. A director at the DTI argued that if any group might be disadvantaged from the agreement it would be black farmers (Cook, 13

September 2000). An academic who has analysed the farming situation in South Africa contended that:

...small farmers are not going to be part of this agro-export drive. If the EU [agreement] means that we are going to get better access to European markets, the beneficiaries [will be] big agribusiness... [For] small scale, black farmers, it is going to be very hard, but that should not be surprising, because they are not part of it in Chile, they are not part of it in Mexico, and other agro-exporting countries. By deregulating agriculture, you really stuff small-scale farmers. Whether it leads to a big increase in people employed on farms, ...in proper jobs, is, I think, a little bit in doubt. Whether it leads to massive numbers of small farmers as part of this export-drive is, I think, very much in doubt (#6, 1999).

The situation of small farmers was compounded when an agricultural negotiator claimed that they (black farmers) contributed so little to the economy that they are of little relevance to the trade deal (#58, 1999).

II Society

An analysis of table 6.1 illustrates that decision-makers tended to identify industrial sectors of the South African economy as winners or losers more often than sections of South African civil society. That said, previously disadvantaged 'black farmers' have been identified above as a 'losing' community. Some interviewees, mainly on the periphery of the decision-making process, did however identify sections of society as being adversely affected by the TDCA (as well as by trade liberalisation in general). For example, a senior representative of SANCO argued that the agreement would be to the detriment of civil society - especially the unemployed, unskilled and part-time (women) workers (#45, 1999).

Women, although selected in the literature (2.4) as being excluded by such neo-liberal trade policies as the TDCA were only identified in two interviews as likely 'losers' (#51, #56, 1999). The exclusion of migrants was more extensively detailed during interviews. A Cape Town NGO researcher was critical of the 1999 'Buy South African' campaign² for its anti-migrant rhetoric:

I think that that [the campaign] is problematic because if you push a... protectionist, nationalist, kind of approach to consumerism ...what does that say about workers in other countries? For instance, if you look at the Clothing and Textiles Union, their position, at least [Ebrahim] Patel's position, is that there is no longer a place in the world for national unions, we need global unions... So the South African Clothing and Textiles Union is organising workers in Lesotho to

² A trade union campaign in 1999 which undertook to protect South African jobs in the clothing and textiles sectors, seen by some as a backlash against the affects of trade liberalisation.

join in their union, but at same time they are pushing a 'Buy South Africa' campaign! Now, what do you say to the workers in Lesotho about the products that are coming out of the places where they are employed? (#51, 1999).

Furthermore, an agricultural analyst argued that if the expected growth in agriculture (as a result of the TDCA) occurs:

...that worries me about agricultural exports is that they rely on foreign workers, women, and children... and they pay them badly. So, the victims of competitive agriculture, in Chile, Argentina, Brazil... farmers turn to very vulnerable sectors of the work force to get things going and that is happening in South Africa; Not a direct affect of trade liberalisation, it might increase. From a regional point of view that might not be a very bad thing, but from the point of view of hiring an extremely vulnerable workforce, given that South Africa has a very kind of xenophobic migration policy right now, is not great (#6, 1999).

The xenophobia directed against migrants questions the understanding and application of *Ubuntu* and the African Renaissance, outlined in Chapter Four (4.2.1). Indeed a business representative from Johannesburg opined that:

don't talk to Africans - the rest of Africa - about black South Africans because they will tell you that they are more racist than any other nation that they have come across. Why are they not welcome in South Africa? They are not seen as being able to contribute to the South African economy? No! *Ubuntu* is South Africans and we will accept Botswanans and Namibians, Lesotho and Swaziland, [but] we won't accept Mozambicans and others (#30, 1999).

Indeed, an interviewee from Namibia declared that the rhetoric surrounding the TDCA implied that 'we can do better things than Africa' (#54, 1999).

That these civil society groups and industrial sectors have been identified as potential losers comes as no surprise as the literature review in Chapter Two indicated that peripheralised industries and 'traditionally marginalised' elements of society do not benefit from economic, trade or development policies based on neo-classical economic perspectives. This raises the question – do these interviewee views reflect their own opinions, or do they illustrate the influence of the literature? Many of those who have identified specific 'losers' are from academia, NGOs, or civil society – in other words those associated with the critical side of the polarised debate on neo-liberalism. However, as the quotations above demonstrate, government officials, business representatives and the financial press (i.e. the 'other' side) have also specified potential 'losers'.

6.5 Specifics: Benefits

The literature review of the positive aspects of neo-liberalism revealed that any benefits identified tended to be broad and lacked precision. Table 6.1 though illustrates that many interviewees selected specific industries and parts of society as likely to 'win' under the terms of the TDCA. However, the identification of 'winners' emanating from society by interviewees has remained vague. 'Small farmers', consumers and investors are the civil society groups that elicited 'votes' from the interviewees. Comments on how they would benefit, or requests for more precision were not forthcoming. Therefore, this section focuses exclusively on the many positive perceptions of the agreement for South African industrial and agricultural sectors.

Table 6.1 notes that in 1999, before the agreement was signed, only three interviewees 'voted' that the TDCA might actually benefit industry. An NDA official felt that for industry, the TDCA was not 'seen as something that will make them rich overnight' (#44, 1999). A senior clothing representative, although expressing concerns, was the only interviewee from industry who noted that his sector would actually benefit from the agreement, commenting:

what we're picking up already is that there's very strong interest in the market place already, ...from the EU buyers, and South Africa manufacturers are highly active already, and they are highly desperate ...to get this thing going. Even the first, marginal cut is spelling promise, although it didn't seem like a lot to us... I suppose because of high interest rates, we are less sensitive to 1% of our protective levels. It is already starting to have an impact... there is a buyer on Cape Town who is already making strong waves, and they are planning everything (#29, 1999).

However, a year after the agreement was signed, the South African MP Rob Davies attested that manufacturing industries, particularly steel, were perhaps best placed to take advantage of the TDCA (Davies, 2000).

The literature, and 23 interviewees who identified agriculture as the likeliest beneficiary from the TDCA, numerically dwarf those arguing that industry will be the main winner. An agricultural union official commented 'agriculture was of fundamental importance to the agreement', stating that the governmental position was:

if we do not have a satisfactory agricultural agreement then they are not interested in a FTA at all. That was the position of [government]... and eventually that was also the position of parliament (#19, 1999).

One business representative who participated in TESELICO described the deal as 'enormously advantageous' for agriculture (#11, 1999). An analyst from an NGO, supporting free trade reform, suggested that even small farmers could benefit, provided that they specialise in niche markets (such as tulips, cut flowers, and asparagus) (#27, 1999). Two officials with past and present positions in the NDA argued that quotas have assisted in the perception that agriculture (especially small businesses) will benefit from the TDCA (#44; #58, 1999). However, the positive assessment of the quotas system has been criticised extensively since the interviews were conducted. As Chapter Seven observes, much resentment exists in the wine industry in relation to the wine quotas. Even those in the cut flowers business have complained that any benefits they could have accrued were hampered due to lengthy bureaucratic procedures introduced by the South African government (Willson, 12 February 2001).

That said, the two largest winners within the agriculture sector have been identified as the wine (7 references) and fruit (four references) industries. Certainly, both, but particularly wine, were highlighted in the media as likely to benefit from the agreement (see for example, Dlodlu, 12 April 1999 and Business Day (anon.) 28 June 2000). Indeed, export figures for both industries have increased dramatically since the main agreement was signed. Fruit juice exports rose by 53%; wine by 23%. However, as the wine agreement has still to be resolved, the increase in wine sales could not possibly be as a direct result of the TDCA (Wadula, 11 June 2001)

As with textiles and motors, officials from the DTI recorded that the fruit industry, particularly CapeSpan, made very strong representations during the agreement. However, the agricultural lobby tended to argue for the reduction of tariffs, and as the TDCA is a trade liberalising creature, it is not surprising that those lobbying (offensively) for liberalisation would benefit from the agreement, whilst those arguing (defensively) for limited reductions (such as labour-intensive industries) would not benefit.

6.6 Southern Africa

Interviewees also identified states that neighbour South Africa, as potential winners and losers of the agreement. This includes the BLNS, SADC, and other ACP countries. The first section details the potential losses, and the second potential benefits, of the TDCA for the southern African region.

I Southern Africa – 'Losers'

As table 6.1 shows, ten of those interviewed suggested that the potential economic impact on the BLNS will be detrimental. There are a variety of reasons for this. The first 'group' of concerns relate to the lack of BLNS expertise in being able to deal with the tariff liberalisation process (#43, 1999). A senior politician who had been part of the negotiations with the NDA contended that BLNS will have difficulties grasping complex issues associated with the TDCA, noting that these issues were rarely discussed within SACU (#58, 1999).

The second 'group' identifies the serious economic implications of the trade aspect of the TDCA, either from the threat of competition from cheaper EU goods or the likely dramatic reduction of the SACU customs revenue pool, because of the reduction and eradication of tariffs on most EU goods. These concerns were identified in the literature and briefly discussed in Chapters Two and Four. For example, Paul Goodison from the European Research Office (ERO) argued that over 50 products produced by the BLNS primarily for the South African market will now be threatened by the EU goods entering under the TDCA (Goodison, 1999, 41). Many interviewees reflected this apprehension over both increased protection and the reduction in the customs pool. For example, a Botswanan government official argued that cheaper EU goods will displace BLNS goods in the SACU market and therefore threaten BLNS manufacturers (#38, 1999). Other interviewees contend that those industries most at risk are the textiles, motors, fridge, canned pineapple and infant industries (#33; #37; #50, 1999). Furthermore, an official from the South African Department of Finance estimated that BLNS revenue raised on tariffs of products entering SACU would be reduced by half - from six billion Rand to three billion Rand. This is likely to have a dramatic effect on the BLNS. In 1995/6, this source of revenue accounted for over 50% of the

Lesotho and Swazi state's income. The figure was 30% for Namibia and 16.3% for Botswana (Goodison, 1999, 40).

Misgivings about the impacts of the TDCA on SADC member states have also been noted within the literature (see in particular Business Day (anon.) 7 March 2001) and by interviewees. The July 1999 edition of *SADC Today* stated that the 'FTA is ... seen by many as a further complication to negotiations on the SADC Trade Protocol' (Madakufamba, 1999, 4). Nathan Shamuyarira, Zimbabwe's Industry and Commerce Minister echoed such a view; 'The SA-EU agreement has grave implications for the region. The agreement was signed at a time when we were calling for more trade within SADC' (quoted in *SADC Today* (anon.), 1999, 4). In terms of the potential impact of the agreement on SADC, some interviewees (such as #43, 1999) predicted that products from the EU could well enter the SADC without paying duties, as the monitoring of exports would almost be impossible for national custom controls. Perhaps of far more importance, as noted throughout this thesis (particularly in Chapter Four, 4.3.4) is that some analysts view the EU-South Africa TDCA as being important to SADC countries' future trading relations with the EU because 'the establishment of a SADC FTA area implies that any future EU-South Africa TDCA, [will] *de facto* become the determining basis for future EU-southern Africa trade arrangements' (Goodison, 1999, 42). This means that SADC (and other ACP member states) will have to negotiate reciprocal trading agreements in the future with the EU, rather than non-reciprocal ones. Interviewees have argued that if TDCA-style agreements were replicated for other ACP members this could cause de-industrialisation, trade diversion and regional fragmentation (#50, 1999; CIDSE, 2000). A senior South African trade unionist lamented that South Africa sometimes forgot that they had responsibility for future trade agreements for these ACP members (#52, 1999).

A further detrimental affect of the TDCA on ACP countries was identified by a South African government official at the DFA who was concerned that the EU would compensate BLNS' loss of revenue by using Lomé funds (#43, 1999). The official claimed that it does 'not mean that the EU is playing a fair game. It means that they are robbing people to pay off [the BLNS revenue loss]'.

II Southern Africa: Benefits

Those more closely involved in the TDCA decision-making process were more inclined to argue that BLNS had been included, and therefore tended to reject the argument that BLNS will suffer as a result of the TDCA. Five interviewees argued that complaints concerning SACU revenue loss were exaggerated as the pool has already decreased as WTO agreements have reduced tariffs globally anyway. Moreover, BLNS are currently in a beneficial position because they 'have got the advantage of actually claiming compensation [from the EU] for too fast a reduction of the pool' (DFA official, #43, 1999). This interviewee also argued that BLNS had few industries that would have to compete with the EU companies as safeguards included in the agreement will protect those that might suffer. Furthermore, he notes that the TDCA will be beneficial to the BLNS as it will give 'them the rationale to... accept that liberalisation is on them and they have to change'.

Two other interviewees very close to the decision-making process affirmed that the agreement would not harm the BLNS. A Swazi government adviser said that both South Africa and the EU took into account BLNS requests to exclude certain products in the talks, particularly sugar and beef (#50, 1999). A senior official from the Ministry of Foreign Affairs in Botswana argued that BLNS would ultimately benefit from the deal, as cheaper imports would assist businesses and consumers, whilst also ensuring access to international markets (#31, 1999).

In summary, this section presents mixed views from interviewees on the potential impact of the agreement. This finding is not unusual. The literature cannot agree on who will win or lose from neo-classical economic development policies. However, this section though suggests that gauging the potential impact of an agreement is far more complex than the rather clear-cut impression that the polarised debate in the literature implies. Furthermore, it is interesting to note that interviewees who opined that the BLNS had limited opportunities to participate in the TDCA decision-making process (in Chapter Five, 5.7) also tended to argue that they will 'lose out' under the terms of the agreement. Similarly, those more involved in the negotiations, and who argued that the BLNS were included, claim that they will end up benefiting.

6.7 - Summary and Identification of Case Studies

This identification of potential 'winners' and 'losers' from the perceptions based on future economic impacts of the TDCA has produced results that slightly differ from those identified in the review of the literature relating to neo-classical developmental trade perspectives in Chapter Two (2.3.3 and 2.4). Whilst sections of civil society were identified as potential 'losers' in the literature, the predominant view amongst those interviewed was that either a region (the BLNS), seen as peripheral to the TDCA decision-making process, or industrial sectors (irrespective of their participation in the policy formulation structure) were more likely to be identified. This concurs with some of the conclusions drawn in Chapter Two. This selection is not surprising, as those interviewed were often decision-makers close to the SEFTA aspect of negotiations and therefore tended to concentrate solely on agricultural and industrial tariff lines. However, those who viewed the TDCA in a broader context (such as economic analysts, academics, and researchers from NGOs) also identified aspects of civil society (women, unskilled labourers, migrants), small businesses, and the BLNS as being impacted by the agreement. The major contrast between the image presented by the interviewees and the general literature is that the interviewee portrayal is far more complicated than the rather clear-cut arguments drawn by the opposing camps in the literature review.

A more detailed reflection of these results suggest that although the agricultural sector of the South African economy had sixteen references listing it as a potential 'loser', twenty-three regarded it as likely to benefit from the agreement. Indeed, Alec Erwin, one of the chief decision-makers who oversaw the negotiation process, particularly highlighted agriculture as the main beneficiary – provided that agricultural industries made the most of the quotas, and small farmers move into niche markets. Wine and fruit were the specific products selected as being the most likely sectors to take advantage. This is somewhat surprising considering that the most contentious issue of the agreement related to the wine and spirits protocol (which still has to be agreed – see section 2.2)³ and that the EU has excluded many agricultural products from being liberalised.

³ However, the most controversial aspects of the protocol had yet to be fully realised when interviews were conducted in 1999.

Conversely, at the time the interviews were conducted, in 1999, only three decision-makers suggested that the TDCA would benefit industry, whilst thirty-nine identified the TDCA as being detrimental, particularly to labour-intensive sectors. This is despite virtually all South African industrial products being accorded duty-free access within the first few years of the TDCA being in operation. This ratio was redressed slightly by Rob Davies (2000), who reflected that industry was more likely to benefit from the agreement than agriculture.

The previous chapter outlined that although the policy formulation process was theoretically inclusive, it was more so for sectoral representation (of large business and labour) than it was for the BLNS, small businesses (SMMEs) or for other sections of South Africa's stakeholders (women, migrants and the unemployed). This chapter has illustrated that sectors who had fairly good access to governmental decision-makers (such as Capespan and agriculture in general), and those who adopted an 'offensive' negotiating strategy, calling for the opening up of markets, are the potential winners. However this was not the case for motors and textiles, which were 'defensive lobbyists' and argued for caution in tariff liberalisation. Whilst they might have been extremely efficient in presenting their concerns to the DTI (if not in NEDLAC), they were perceived not to have benefited from the agreement.

The next stage in the research process is the selection of case studies in order to examine in further detail the potential economic impact of the agreement and the South African side of the TDCA decision-making structure. In identifying case studies to choose, one possible route to follow would be to interview representatives of different societal groups identified in Chapter Two as most likely to be excluded (such as women or migrants) or included, in order to record their experiences and perceptions of the EU-SA TDCA. However such a selection is problematic, being too broad in scope and not supported in quantifiable or qualitative means from the interview data detailed in the last three chapters. A clearer focus should be obtained by examining and comparing the experiences of groups of actors within the industrial sectors identified as being likely winners or losers of the agreement. The sectors will inevitably include a cross-section of South African society. Therefore, an analysis of the industrial sector selected will also provide a chance to reflect

on the inclusion and exclusion of societal groups, such as skilled and unskilled labour, women and migrant workers, and large and small scale firms. An analysis of both table 6.1 and interviewee comments reveals that, of the perceived beneficiaries, either the wine or fruit industries are suitable for analysis. For the 'losers' either the textiles or motor industries are apt for examination.

From the 'loser' category, the textile sector was selected for the following reasons. First, textiles has been more consistently identified in both the literature surveyed, and by interviewees, as a 'losing' sector than has the motor industry. Second, the potential impact on textiles is considered greater than in motors. For example, textiles claim that from 1994 to 1999, 500,000 lost their jobs as a result of trade liberalisation in South Africa (Business Day (anon.), 23 February 2001). Third, an interviewee claimed that textiles employs many women and unskilled workers, thus providing a useful link with the conclusions of the literature review on the marginalisation of these groups.

There is less to separate the wine and fruit industries. Both were identified by similar amounts (seven references made relating to wine, four to fruit). Both are also seen as important politically to the potential success of the agreement, with wine (16%) being South Africa's single largest agricultural export and fruit the combined largest (in excess of 44%) (Statistics South Africa, 2000). Research on the impact of trade liberalisation on the fruit industry has already been conducted (Turok, 1998; Head, 1998), mainly from the perspective that trade liberalisation has been detrimental to the sector. The South African wine sector has therefore been selected for three reasons. First, in comparison to fruit, the South African wine sector has received less analysis in respect to trade liberalisation. Second, the fruit industry is more diverse than the wine industry. Therefore a range of external factors, such as different fruit markets, would complicate research in this area. Third, during the interview process, one senior decision-maker noted that the wine company, KWV, was itself investing 477 million Rand in promoting the social development of South African society (#58, 2001). This developmental assistance would be interesting to compare with the perceived developmental impact of the TDCA on the wine industry.

6.8 Conclusion

This chapter has analysed interviewee perceptions of the potential impact of the EU-SA TDCA, primarily its trade component, and its major finding is that 'winners' have been identified as often as 'losers' have. This differs to the literature reviewed in Chapter Two, which suggested that specific 'losers' were more likely to result from trade and development agreements similar to the EU-SA TDCA. When 'winners' were identified in the literature review, they tended to be rather vague and unspecific. One possible reason for this discrepancy is that there are differences between what the literature analysed - policies already in operation, based on neo-liberalism, where the impact could be measured, and the perceptions articulated in this chapter - on an agreement that was only signed in October 1999 and implementation began in January 2000. A fully comprehensive assessment of the agreement can only be conducted in years to come.

The second finding, which supports conclusions made in Chapter Two, is that those identifying more 'winners' than 'losers' tended to be government officials and those who identified more 'losers' were often CBO representatives, NGO officials and academics with a record of contesting neo-liberalism. In view of the 'ever-widening chasm' between the two camps and the vested interests that accompany them, it should come as no surprise that governmental officials and those closely involved in the negotiations were more reticent in selecting 'losers' and were far more willing to identify potential winners. Likewise, academics and NGO officials are under similar influences to highlight more 'losers' than 'winners'. Therefore, one has to consider if the literature may have influenced the perceptions of those interviewed. The contrasting ideological baggage that accompanies this polarised debate could well mean that arguments presented by interviewees might not necessarily have been 'objective'. Certainly the picture that has emerged in the chapter is made more complex by the influence exerted by whichever side of the ideological debate that each interviewee is on. Despite this, a further finding is that of the categories highlighted in Chapter Two as being the most likely to be detrimentally effected by neo-liberal trade and development agreements and policies, only industrial sectors have been identified to any great extent. This is followed by peripheralised regions, such as SADC, BLNS and ACP states, and then, to a lesser degree, communities, such as women and migrants.

Another key issue that emerges from this chapter is the exploration of a linkage between those identified as 'winners' and 'losers' and their access to South African TDCA decision-making process. Just as it is difficult to accurately assess the influence that each component and actor has on the formulation of the TDCA, so to is it difficult to correlate clear patterns suggesting that perceived 'winners' are included more in the decision-makers process than likely 'losers'. The clearer correlation seems to be that those employing 'defensive' strategies (and by definition more likely to view themselves as likely 'losers') attempting to resist the tide of trade liberalisation had less influence on the TDCA than those 'offensive' lobbyists who wanted to reduce tariffs. This is not surprising, given that the TDCA is a trade liberalising agreement and those lobbying for tariffs to be reduced would more likely succeed than those who did not.

A further conclusion is the identification from the interviews of two industrial sectors to look at the issues raised in chapters Four to Six in more detail. One is a perceived 'loser' of the TDCA and the other a likely 'winner'. It is hoped that the in-depth study on the wine and textile sectors will provide a clearer picture on the complex and difficult issues raised in the previous three chapters on the description and examination of the TDCA and the South African side of the TDCA decision-making process. To recap, these are:

- The linkage between offensive and defensive lobbyists and the influence exerted on the TDCA formulation
- To gauge the influence that different components and actors had on the South African decision-making process
- The extent to which decision-makers are consciously or subconsciously influenced by the external environments general acceptance of neo-liberalism
- The extent to which the influence of external actors makes the agreement detrimental to South Africa.

The micro-studies should also provide more insight into the following:

- The accurate identification of 'winners' and 'losers'

- To gauge further the issue of inclusion and exclusion in the South African TDCA decision-making structure
- To evaluate how accurate the description of the TDCA policy formulation process was in Chapter Four.

Chapter Seven:

The South African Wine Industry

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7.1 Introduction

This chapter follows the identification by decision-makers in the last chapter that the wine industry could be a potential 'winner' from the TDCA, and that wine (being part of agriculture) had considerable access to the South African TDCA decision-making process. This analysis considers the extent to which the perceptions of those interviewed in 1999, who were outside the wine industry, are actually representative of feelings in the South African wine industry. Indeed from the South African media's reporting of the wine aspect of the TDCA there is a suspicion that, due to lengthy and contentious proposals under discussion in the wine and spirits protocol, issues surrounding the TDCA would not be well received within the wine sector. The main aim of this chapter is to gauge how a micro-scale analysis of one aspect of the TDCA can further an understanding of the issues raised in the preceding chapters. The picture presented here is a complex one. This is evident from an outline of the industry in the following section (7.2) that presents an overview. From this debate it is apparent that the wine industry is, on the one hand, a mirror that reflects the much-criticised past of apartheid South Africa – such as the harsh treatment of labourers and the implementation of apartheid policies (Keenan, 1998). It is therefore a sector, perhaps more than any other, which is sensitive to analysis. However, on the other hand, the wine industry in 2001 illustrates the potential for the future prosperity of South Africa with exports booming and tourism growing. Following this overview, the chapter then describes the wine industry's organisational structure and relationship between different 'actors' in the wine industry TDCA decision-making process (7.3). Section 7.4 re-considers the perceptions of the wine sector towards the EU-SA TDCA, and section 7.5 documents views considering the inclusivity of the wine TDCA decision-making structure.

7.2 Outline of the South African Wine sector

In order to contextualise the discussion on the South African wine sector in the TDCA decision-making process, it is necessary to outline defining characteristics of the wine industry. This details firstly the location of the wine producing areas in South Africa. Secondly, the political history of

South African viticulture, from 1900 to 1990 is examined. Thirdly, the contemporary economic scene is portrayed, along with a discussion of contemporary economic and political concerns.

Before describing the industry, it must be noted that some statistics relating to the wine industry, both during and after the apartheid era (particularly when referring to levels of employment), are considered by many to be inaccurate (*Cape Business News*, May 1998; Bolin, 5 September 2001). Nevertheless, this report has included an array of statistical information, but only for rough approximations so as to indicate the levels of exports¹, employment etceteras.

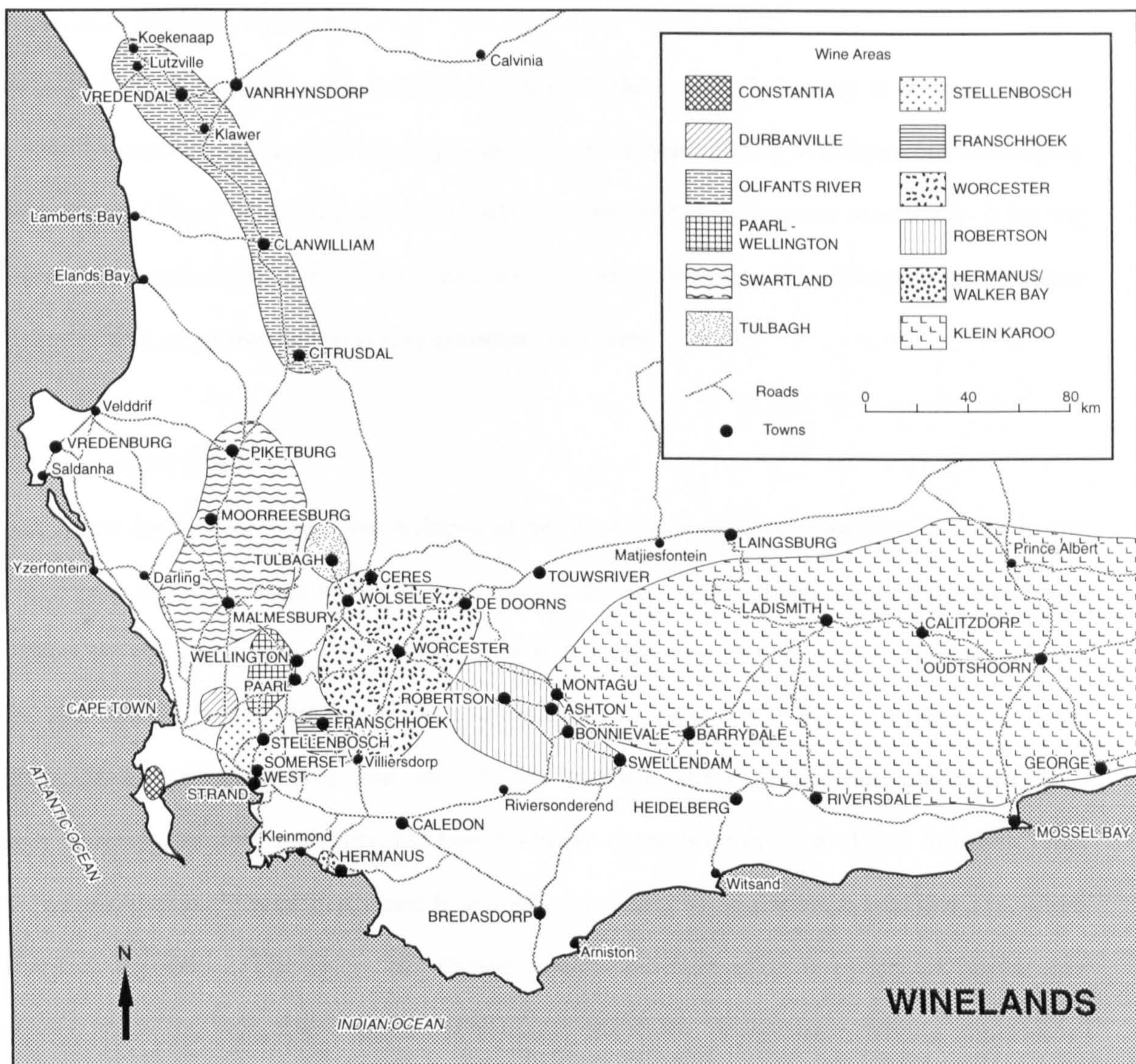


Figure 7.1: South Africa's wine producing regions

¹ However, some interviews noted that export figures are among the most accurate in the world (# De Klerk, 2001).

7.2.1 *Location*

Approximately 950 million litres of wine are produced annually in South Africa, for both domestic and international consumption (Wines of South Africa, 2000). 90% of this emanates from the Western Cape (US Department of Commerce, 1999), which is considered the best grape-growing area in South Africa (Walton, 1997, 130). Within the Western Cape, there are twelve wine-producing areas. These are listed in figure 7.1 above. New wine producing areas are being established in other regions, including near the Orange River in the Northern Cape and in the Free State.

7.2.2 *Political History – 1900-1990*

The political history of the wine trade in South Africa in the twentieth century is characterised by three main themes. First, the growing importance of the Kooperatiewe Wijnbouwers Vereniging (KWV) company. Since its formation in 1917 KWV's quasi-statutory powers resulted in it having very close connections with apartheid governments. Second, appalling labour conditions for wine employees. Third, consumer boycotts and economic sanctions.

I Importance of KWV

The KWV was formed following the collapse of South African exports caused by disease to the local wine crop and the effects of British free trade policies.² As the wine lakes grew, KWV was established to 'end the chaos and wastage within the industry' (Walton, 1997, 130). From the Control Act of 1923 to the Wine and Spirit Control Act of 1970, KWV was entrusted with legal powers in terms of the production and sales of wine in South Africa. It therefore possessed certain statutory or quasi-statutory authority. Michael Fridjhon, of the South African Wine Industry Trust (SAWIT) notes that KWV was 'firstly and foremostly a farming co-operative. It was like a favoured trade union. It was a trade union, but it had powers entrenched in it by act of parliament' (Fridjhon, 2001). By 1990 KWV controlled virtually the entire wine sector, having supervisory powers over all exports (Walton, 1997). Due to its position within the wine industry it is not surprising that KWV and other large players in the sector (Distillers for example) always had

² High transportation costs meant that South Africa's highly reputed dessert wines were no longer competitive in European markets that it dominated in the eighteenth and nineteenth centuries.

excellent access to successive apartheid governments (G. Williams, 1999). Some wine analysts argue that throughout this era, KWV controlled the industry to such an extent that it was nicknamed 'the Mafia' (Ashurst, 1997).

II Appalling labour conditions

By any standards, working and living conditions generally for labourers in the wine industry were bad, although there were exceptions where some farmers treated their workers well. Gavin Williams (1999) notes that ever since slavery was abolished in 1838, wine owners have searched for cheap and expendable labour. For instance, in the 1960s prisoners were often used as labourers. Furthermore, permanent and temporary wine employees were low paid (frequently by the 'tot' system³), and housed in poor accommodation (Ewert and Hammann, 1999, 214).

Segregation along 'ethnic' lines was also implemented. The introduction of the Coloured Labour Preference Policy in 1954 led to a mainly 'coloured' workforce. However, during the 1970s labour shortages induced an influx of 'migrant' African workers from the Eastern Cape, as well as increasing numbers of women labourers. Ewert and Hammann (1999, 212) argue that the mixture of African and Coloured workers resulted in 'racial tension', the residue of which continues to the present day. Indeed, the pressure to limit any influx of 'African' workers was immense and resulted in an increase in women employees.⁴ Many authors argued that women were the most 'powerless' category of workers (Ewert and Hammann, 1999; Hill-Lanz and O'Grady, 1997). Pressure was brought to bear on male employees to ensure their wives/sisters co-operation in the workforce, often resulting in violence against women workers (Hill-Lanz and O'Grady, 1997, 111).

Throughout the apartheid era, successive governments, in a close relationship with wine company owners, kept quiet on the issue of these conditions (Crush, undated). Ewert and Hammann (1999) have argued that this labour system, particularly before 1989, was one of 'despotic paternalism'. However, during the 1980s reforms, initiated not by workers resistance, but by NGOs (such as the Rural Foundation (RF) that had close links to government, farmers, and

³ The 'tot' system means payment by alcohol.

conservative overseas donors⁵) began to dilute this paternalistic relationship. The reforms were introduced however to promote social stability and therefore increase productivity. For example, in 1982, the RF introduced programmes, to reduce the fertility rate, teenage pregnancies, and infant mortality rate, that were closely linked to modernisation theory, (Ewert and Hammann, 1999, 209) as outlined in Chapter Two (2.3.1).

III Consumer boycotts/sanctions

Due in part to these labour conditions, but also because of apartheid policies in general, consumer boycotts against South African produce, and limited economic sanctions, were introduced from the 1970s and were removed by 1994. The impact of these sanctions have been contested. Firstly, the boycotts were never wholly effective; 'the longer they persist, the more holes are punched in them by those determined to make money where others refuse to tread' (Walton, 1997, 131).⁶ However, Walton also noted that consumer boycotts crippled the wine industry by reducing wine sales and dissuading outside expertise to enter the South African wine sector (Walton, 1997, 131).

By 1990 the industry had a tarnished image, it was dominated by the KWV, and labour conditions, with few exceptions, were extremely bad. Consumer boycotts along with sanctions also effected the sector. Gavin Williams (2000) has argued that those in control of wine were conservative and reactionary. Indeed, Erica Platter (quoted in Williams, 1999) allegedly contended that 'the wine industry was run by people who would have preferred to keep Mandela in prison for another twenty years'.⁷ The ill feeling towards the 'wine establishment' was so strong that some called for KWV to be summoned to answer before the Truth and Reconciliation Committee (TRC) (Mail and Guardian, 13 June 1997). In the early 1990s, as sanctions were lifted, the wine industry had to face up to a number of dramatic shifts in the political and socio-economic landscape.

⁴ Hill-Lanz and O'Grady argued that 'it is the farmers' need for cost-saving and productivity, coupled with the racial legislation intent on keeping numbers of African workers down, that resulted in women's increased employment' (Hill-Lanz and O'Grady, 1997, 112).

⁵ Please note that although the RF might have been considered an organisation that helped disadvantaged peoples, interviewees suggested it was not a Community-Based Organisation in the true sense as it did not emerge from the community – it was formed by government, farmer and external actors (#Ewert, 2001).

⁶ One of those interviewed, Johann Krige noted that only countries that Scandinavian countries, Canada and the US imposed official sanctions against the South African wine industry. Indirect boycotts by consumers and companies throughout many other European states (#Krige, 2001).

7.2.3 *Political and economic concerns*

The outline of the wine sector proceeds by detailing the contemporary economic situation of the industry. It then considers four themes central to understanding the current politico-economic situation within the wine sector. They are:

- Employment issues
- Empowerment
- Government policies
- Trade liberalisation

I The contemporary economic situation

Wine contributes about 1.6% to the South African Gross Domestic Product (GDP), 1% to total employment, and 1.3% to total exports (IDC, 1999b, 1). The contemporary economic climate since the ending of sanctions has been characterised, not surprisingly, by a dramatic expansion in exports. Between 1991 and 2000 wine exports have increased by 504% (Mateme, 31 August 2001). Export wines now account for over 20% of the local crop (#Fridjhon, 2001). This boom has been sustained and fuelled by the falling exchange rate for the South African Rand (Ewert and Hammann, 1999). The main beneficiaries have been those who built a reputation for quality wines (Ewert and Hammann, 1996). The largest international market is the UK, which account for 40% of South Africa's exports. Sales to other Western European countries amount to 36% of sales. However, the domestic scene has remained largely stagnant. Sales have stayed at 400 million litres a year. Domestic wine is sold via boxes, or throwaway containers, and not in bottles (the ratio is 80/20), thus indicating that the quality of domestic wine sold is not high (Cape Business News (anon.), July 1999).

⁷ The Erica Platter affair relates to an interview by Erica Platter, wife of well-known wine writer, John Platter, with the UK media. She stated that if it were up to wine farmers then Mandela would still be in prison. This provoked a major storm within the industry (#Ewert, 2001).

II Employment Issues

Many, although not all, parts of the wine industry are labour-intensive (Ewert and Hammann, 1999).⁸ The numbers of those directly or indirectly employed in the wine sector is estimated to be 3,300 cellar staff (Wines of South Africa, 2000). The number of permanent employees ranges from 60,000 (Ewert, 13 October 2000, private correspondence) to 98,857 (KWV report, 1997) with a majority of these being male. The number of total workers, incorporating temporary seasonal workers, ranges from 100,000 (Ewert, 13 October 2000, private correspondence) to 345,000 (Wines of South Africa, 2000). The majority of seasonal workers are believed to be female. The structure of the workforce is divided into hierarchies, often based on either 'ethnic' background or type of employment. A workforce profile schedule of five large wine-producing companies prepared by the South African Wine and Spirit Industry Employers' Association illustrates clearly that 'white males' dominate the more skilled occupational levels. African and Coloured people predominate in the un-skilled 'elementary' occupations (South African Wine and Spirit Industry Employers' Association, 2000). Furthermore, an analysis of the wine industry by Ewert and Hammann (1999) revealed that the labour force is geographically and ethnically localised. 75% of the permanent workforce originated from near the farm, and most were coloured and Afrikaans speakers. However, since 1994 there has been a substantial Africanisation of the Western Cape. Although migrants from outside of South Africa comprise no more than five per cent of the wine workforce (Ewert, 13 October 2000, private correspondence), population movement from within South Africa, to the Western Cape, is considered the major form of migration.

Poor labour conditions were identified as a major characteristic of the wine industry before 1990. The issue is still of major concern although some interviewees argued that the situation is improving. Having examined issues relating to the development of traditionally disadvantaged peoples in South Africa (2.3.2), it would be fair to expect that previously disadvantaged workers would have their economic status improved by policies of the new government. Indeed, government has introduced legislation that were designed to empower the workforce and improve

⁸ The wine industry is probably more capital intensive than is believed. Although the primary agriculture portion of the wine industry is 'relatively labour intensive, the other portions of the industry (i.e. Co-operative cellars and refining) is very capital intensive. On average this is on the same level as the economy as a whole' (KWV report, 1997, no page number).

working conditions. For instance, the Basic Conditions of Employment Act (1993) provided the workforce with the right to collective bargaining. Article 66 of the 1995 Labour Relations Act established the Commission for Conciliation and Arbitration (CCMA), which is an independent dispute resolution body. The 1998 Employment Equity Act was introduced to reduce the wage gap between highest and lowest-paid employees, as well as to improve labour representation in companies with 50 or more employees (IDC, 1999b). FAWU representative Katishi Masemola agrees that such policies have assisted previously marginalised labourers (#Masemola, 2001). However, in terms of representation there are very few union members amongst the wine workforce. Ewert (4 May 2001, private correspondence), estimates that no more than 7% of the workforce is unionised. There is however a non-union body, Plaaswerkersvereniging (Farm Workers Association) who claim to represent 90% of the wine workforce (#JG Le Roux, 2001; #Hall, 2001).

Furthermore the Ethical Trade Initiative (ETI), established to promote better working conditions, promoted partially by UK supermarkets, involves input from all corners of the wine industry, from CBOs (such as the Centre for Rural Legal Studies), development bodies (such as the South African Wine Industry Trust) and wine producers (Kanonkop, Diemersfontein).

Those who argue that labour conditions within the wine industry have improved immensely tend to emanate from the 'old establishment'. For instance, in 1998 KWV argued that there was 'excellent rapport and liaison between KWV's management and personnel', despite there being no salary increase in that year (KWV, 2000). This perception was conveyed during interviews with representatives for wine farmer organisations. Sakkie Van Der Vyver, of one of the co-operatives representative bodies, KWK (Co-operative Wine Cellars Committee), claimed 'I think that the good will that exists between the labour force within the wine industry and the farmer is better than what you would find in big corporations with a mono [labour] population' (#Van der Vyver, 2001). Likewise Johann Krige, manager of Kanonkop vineyard, noted:

We don't have any labour problems - they work 24 hours a day sometimes, which is totally illegal, but that is the way they work, and that is the loyalty that they have. I haven't got any unions, I have no problems because I look after them because I try to create wealth and the wealth I get I will channel it down to the lower echelons... they have a netball court, soccer pitches... I think it is the only part of the world that has an electrified fence around my labourers cottages... The

set up on a farm level is just so different. I work here as a family. People live here on my property, I have to look after them - they are my responsibility (#Krige, 2001).

Fridjhon notes that there are two pressures on wine farmers, particularly exporters, to improve the conditions of their workers. He states:

as South African wineries acquire a profile in their own right, they recognise that they have to pay their workers properly. They recognise two reasons for that. One is that you can hardly have a brand name in the UK and then be caught out paying appalling wages. But, it is much more positive than that - they recognise that the type of input they need from their labourers, every level, through their project, requires, skills. They need to train these people. So, as people become responsible for their final product, the general conditions of employment tend to improve (#Fridjhon, 2001).

For all the 'progress', other analysts argue that labour conditions have not improved enough. For example, the Minister of Labour, Mdladlana, stated at an address given to the wine conference in 1999 that 'all is not well... down on the farm', with 'abusive behaviour continuing towards labourers, lack of cooperation from farmers to let inspectors inspect farms, and the lack of increase in pay for 'elementary' occupations (Department of Labour, 1999). Ewert and Hammann (1999, 202) note that since 1990 'neither export revenues, not democratization or pro-worker legislation have fundamentally changed the labour regime on South African wine farms'. The situation, they argue, remains 'imbued with the spirit of paternalism', particularly in the less 'high-profile' wine growing areas (such as to the north and east of Worcester). Farmers still determine the working rules, wages and accommodation. Often profits made from exports are invested in new plantings, cellar upgrades and private consumption, not on improving labour conditions (Ewert and Hammann, 1999). The 'tot' system also still occurs although not to such a large extent. Ruth Hall (Centre for Rural Legal Studies) contends that:

it has taken on different forms. So, although now you may not be forcibly paid in alcohol, somebody who is paid very little money but has access to a farm shop and doesn't have easy access to town to buy groceries gets into perpetual debt and if you are in perpetual debt you have large deductions made off your cash wages every week... you then end up with no cash but access to the shop where you can get the alcohol. So, it is a cyclical thing. (#Hall, 2001).

Furthermore, as the low unionisation figures imply, farm workers have not succeeded in building an effective bargaining power. Hall states that labour interests within the wine sector are

'seen as a vulnerable sector because it [the industry] does not have a bargaining council'⁹ and it will not have one for the foreseeable future. It does not have the level of unionisation that is necessary' (#Hall, 2001).

The status of women workers in particular is noted as being poor. Hill-Lanz and O'Grady (1997, 111) argue that women's 'current relationship to employment, housing and land is a result of a system of paternalism and patriarchy interacting to keep women dependent' and that women rarely participate in decision-making processes associated with the wine sector. Indeed, Ewert contends that 'the situation generally is that most women on farms are dependent for their livelihood, for their shelter, on the position of men... On very few farms do women enjoy a separate contract, a written contract from their partners. And that says it all' (#Ewert, 2001).

III Empowerment issues

An examination of perceptions into the issues of inclusion in the South African wine industry demands an investigation into policies designed to 'empower' traditionally disadvantaged groups, both politically and economically. Many interviewees discussed at length their opinions on empowerment. Some queried what empowerment actually meant and others noted the benefits and problems associated with empowerment policies.

A few interviewees probed the rationale and reasons for empowerment, noting that its definition was essential before the development of policies for the development of traditionally marginalised peoples could be enacted. These perceptions were epitomised by David Sonenberg of Diemersfontein Farm. He argued that:

I think that is really one of the most challenging things that we grapple with - what is the meaning of genuine empowerment? What is cosmetic? What are real, life-changing actions within an employer organisation that allows somebody to become 'empowered'? ...and it is not necessarily about you know, giving an extra R10 a week, or bonuses or profit share of whatever - not necessarily an equity scheme... because all these things, whilst they have their merits, they should be part of something - something more holistic - that you pay attention to what goes on in the workplace - how people get opportunities to training and to develop themselves- that seems to be the thing that is more honest at the end of the day!

⁹ Bargaining councils bring together employer and employee representatives to agree collective decisions.

To suddenly say to a farm worker you are a shareholder, it kind of doesn't fit. And that feels cosmetic and out of desperation to do things which are going to have an impact rather than something that you can sit back and face yourself in the cold light of day, and say have I been honest about what is a legitimate expectation to someone's development as opposed to a wish to be seen to be doing something. Those are the hard issues to face because the latter has less glamour, less newspaper publicity but you might actually be producing change.

There is indeed a debate surrounding the best approach to follow in order to initiate empowerment, particularly in development agencies linked with the wine industry, such as DEVCO and New Farmers who believe that wealth creation is the answer, usually via 'marketing products' or providing more responsibility to traditionally marginalised peoples. An example of development assistance was provided by a source close to New Farmers:

We came to the conclusion [that] the way we must position ourselves is to successfully implement so-called farm worker equity schemes, where farm workers, many of them illiterate people, on farms, get an ownership stake in that farm... Their representatives serve on the board of directors on that farm... their children grow up in a different atmosphere where workers are aware of what is our turnover, our cost structures, and maybe out of that the next generation will be different people. We also implement on those farms what we call a development agenda. A people-oriented development agenda... Within these projects they develop in certain areas... We focus on financial, on decision-making, skills and social (#2, 2001).

This idea has support from some producers. Krige notes that 'if you create wealth all other things [helping the poor for instance] will just come by itself' (#Krige, 2001).

A range of empowerment initiatives (such as the legislation noted above) have been promoted to 'uplift' previously disadvantaged workers. These range from Wines of South Africa (WOSA) assistance (#Krige, 2001) to development agency programmes (such as the Land Reform Credit Facility operated by Khula enterprises)¹⁰ and private farm policies.

Perhaps surprisingly (in view of the history of the wine sector) traditional wine leaders go as far as to say that social 'empowerment' has always been one of their major concerns. KWV, for example, proclaims that the company has 'a proud record of empowerment and social responsibility involvement in the wine industry extending over the past 30 years' (KWV, 2000, no page number). KWV have also won awards for social responsibility, and was a founder member of the New Farmers development company. Ewert and Hammann (1999) however have noted that co-

operatives (particularly those who export) made most effort to adapt to the new economic and political environment. This view was supported by a South African Agricultural Union representative who argued that many co-operative cellars, in the past and present, have provided ample opportunities for developing farmers (Huyssteen, 1999). Indeed, Nelson Mandela also commended the wine sector:

We are aware of imaginative initiatives launched in this industry to help those who have previously been denied access, to acquire land and shares in existing enterprises. In these initiatives there is a great deal of promise for progress. The same applies to your commitment to the promotion of human resource development and of labour relations, which fits in with the spirit of our new democracy. (Paarl Town Hall, April 24, 1996, quoted in US Department of Commerce, 1999, no page number).

Despite such praise many analysts have criticised empowerment initiatives. One obvious problem (as discussed above) is the lack of any clear definition of the term empowerment. Marthinus Saunderson notes that 'we have various empowerment [initiatives] in the Western Cape. And now you can define empowerment how you like. We don't have a proper definition... even Ramaphosa¹¹ cannot give a definition - it is a problem - if you don't have a definition you can't really measure whatever is happening within the marketplace' (#Saunderson, 2001). Others have argued that new/disadvantaged farmers tended to have a lack of understanding of the business of the wine industry, whilst there is a general lack of commitment from private companies to the process of empowerment (IDC report, 1999b, 17). A more damning indictment has been detailed by the US Chamber of Commerce in their report on the South African wine sector. It states that:

Economic empowerment is still limited to too few instances and still narrowly focused. The process at this stage is focused on a small number of individuals who were in any event relatively better off than the average historically disadvantaged person is (US Department of Commerce, 1999, no page number).

Indeed, an official close to a major development agency also noted that the majority of farmers going to them for 'empowerment' were not previously disadvantaged peoples or new entrants, but usually-white farmers in financial difficulties (#2, 2001).

¹⁰ Operated with the Department of Land Affairs. Established to finance 'commercially viable land transfer projects to previously disadvantaged people' (Khula, 2001).

¹¹ Cyril Ramaphosa is a leading authority on black empowerment.

This examination has focused on many viewpoints relating to empowerment issues. There is an obvious link between them and contemporary labour conditions within the wine sector. They have both aroused tensions between government and the industry.

IV Government policies

Relations between the established order in the wine sector and government have been characterised as being tense, due in part, to the perceived support of the wine establishment of the pre-1994 apartheid government and, as noted above, concern within government over labour conditions and the alleged slow pace of private-led empowerment initiatives. These relations were further strained by the proposed deregulation of KWV into a private company in 1997. A lengthy court case ensued. Senior industry officials, outside of KWV, were concerned that this would damage the wine sector. Riaan Kruger of the Cape wine and Spirits Institute (CWSI) claimed that:

We said there were no ways that [KWV] can be a referee and a player. You want to become a company fine, become a company but then all your statutory powers must collapse. That led to a very unpleasant year in the industry...we believe that it is so short-sighted to go into court battle with your own government and to fight them - we just thought that they [KWV] positioned themselves totally incorrectly. (#Kruger, 2001).

The result of the demutualisation of KWV meant that many of its statutory powers passed to institutions such as South African Wine Information Services (SAWIS).¹² Furthermore, KWV also financed the establishment of SAWIT and will fund its maintenance until 2009. Government-KWV relations were worsened by increasing excise duties on wine and spirits. Lourens Jenker, the KWV chairperson, claimed that government received R2 billion per annum from the wine industry, whereas wine producer's total income was R1.45 billion. This he claimed was unfair treatment against the wine sector (Huyssteen, 1999).

V Trade liberalisation

The issue of trade liberalisation was a further concern for those interviewed. Many argued that its impact on South Africa was detrimental. The first complaint, one that tends to unite producers from new world wine producing areas is the continued subsidisation of EU farmers. Joubert

¹² Under the 1998 amendment to the 1970 Wine and Spirit Control Act and 1996 Agricultural Marketing Control Act.

provided figures which suggested that the EU indirectly subsidised farmers to the value of R7 billion in 1998. This represents 45% of EU wine farmers total income (#Joubert, 2001). This compares to 4% for South African wine farmers (KWK, undated). Indeed, two officials from KWK perceived that the contemporary level in tariffs on wine entering the South African market to be virtually nil; Kobus Joubert noted that:

there is a tariff but no restrictions. I mean we are now the most capitalistic country in the world as far as that is concerned. I mean anybody can come in here and bring whatever he likes. There is no limitation - anyone can market wine in South Africa (#Joubert, 2001).

Joubert adds that wine from France now sells for a little as 10 Rands (less than £1) – which is less than it costs South African firms to produce and transport wine. No corroborating information was found to support this latter assertion.

Representatives of traditionally disadvantaged communities also cast doubt on the developmental benefits of trade liberalisation, with one representative arguing that the reduction in tariffs has enhanced economic apartheid; ‘the ‘haves’ - their positions were strengthened because new markets were opened up’ (#Adams, 2001).

Not all viewed trade liberalisation detrimentally. For example, some analysts have contended that the 2001 African Growth and Opportunity Act (AGOA), signed between sub-Saharan African governments and the US government, provides easier access to the US market for South African wine (Africa Magazine, February 2001).¹³

As noted in the contemporary economic situation, wine exports to the EU are by far the largest export destination of South African wine. According to SAWIS (South African Wine Industry Information and Systems, 2000) in 1999, 99 million litres were exported to the EU, out of a total of 129.9 million. Therefore any negotiations with the EU are of great interest to South African wine exporters. Discussions on an EU-SA wine agreement began in 1993. Negotiations first took place directly between wine industry representatives and the EU. In 1994 the South African side of the wine negotiations was put under the control of the NDA. Although the main SEFTA discussions

finished in 1999, negotiations concerning the wine aspect of the TDCA are still being debated.¹⁴ Due to the protracted nature of the discussions, some negotiators doubted whether the agreement would ever be reached (#Kruger, 2001).

Although the wine agreement is shrouded in secrecy¹⁵ an analysis of the provisional protocol (mentioned in 2.2), media reports and interviewee responses, suggests that there appear to be three major areas of the TDCA that relate to the wine sector. The first, a wine quota of 32 million litres to be exported duty-free (but liable for excise) to the EU each year, is part of the main trade agreement. Details of the quota are listed under Section C, Articles 14 and 15 of the main agreement. Notice 20584 of 1999, from the NDA website, details that 90% of the quota, which is for bottled wine and sparkling wine (not bulk), is to be divided amongst traditional exporters. According to NDA official Gunter Müller, the quota amount available to each exporter is based on the level of exports from 1994 to 1996. Ten per cent of the quota is reserved for new entrants – defined as previously disadvantaged farmers or those who have never exported (#Müller, 2001). The EU have a reciprocal quota allowing EU wine producers access into the South African market. NDA officials note that this quota is currently in operation, yet, despite the NDA allocating South African quotas for exports in 2000, the EU blocked the implementation of this quota until agreement had been reached on the outstanding wine agreement. This prompted Müller to exclaim that:

We are of the opinion that the EU are not fulfilling their commitment under the agreement by delaying, by not implementing the wine quotas. That is in the TDCA and all other provisions of the TDCA have been implemented! (#Müller, 2001).

Many questions have been raised about the quota allocation. For example, Marthinus Saunderson of SAWIT has queried whether new entrant farmers would be able to export 10% of the quota as they will not have enough wine (#Saunderson, 2001). Furthermore, the use of 1994-1996 export figures is to the benefit of 'KWV-style' groupings, who have seen their market share decline since 1996 (#20, 2001).

¹³ Indeed, African wine can now be exported without tariffs applying. Wine from other continents have a 22 US cents per litre levy (Panafican News Agency (anon.), 15 February 2001).

¹⁴ Wadula (17 September 2001) notes that the wine agreement should be concluded 'any day'.

¹⁵ Those involved in negotiations, from the wine industry, were asked to sign a secrecy agreement one week before I arrived to interview them, forbidding any disclosures concerning the content of the wine protocol.

The other areas of interest for the wine industry surround Annex IV - the wine protocol aspect of the agreement. As Bahle Sibisi, a prominent South African negotiator noted, this had very little to do with actually eliminating tariffs or generating free trade (Sibisi, 1999). An issue that has received most attention concerns the EU's insistence that South African producers cease to use the names sherry, port, grappa and ouzo within five years.¹⁶ This has aroused much controversy in the wine sector (see section 7.4 below). At the time of writing the South African and EU negotiators have still to reach a conclusive agreement on this matter. Indeed, one area of contention relates to when the five-year period should commence. Müller notes that in 2000, the EU 'proposed that the phasing out period [is part of] the TDCA agreement and the clock should start when the TDCA was implemented' (Müller, 2001). The South African side opine that it should begin when the wine agreement has been concluded.

In order to overcome any difficulties in the re-naming of these spirits, the EU will provide E15 million as a means of compensation¹⁷, or, depending on definition, development of the wine industry. However, the use of this funding, still to be paid by the EU, is vague. There is a debate within the industry as to how best this money be used. Müller states that the formulation indicates that it is for development of the wine and spirits industry (Müller, 2001). However, Kobus Joubert feels that 'we have problems with sherry and port and we must support the sherry and port farmers to get on their feet again!' (Joubert, 2001).

This outline has examined the location, history and political economy of the wine industry in South Africa. The wine sector before 1990 was characterised by a close connection between established wine producers and apartheid governments, the domination of the sector by KWV, generally very poor labour conditions and the mixed effects of a consumer boycott and sanctions. In 2000, the picture has altered, as exports are booming and some legislation has improved

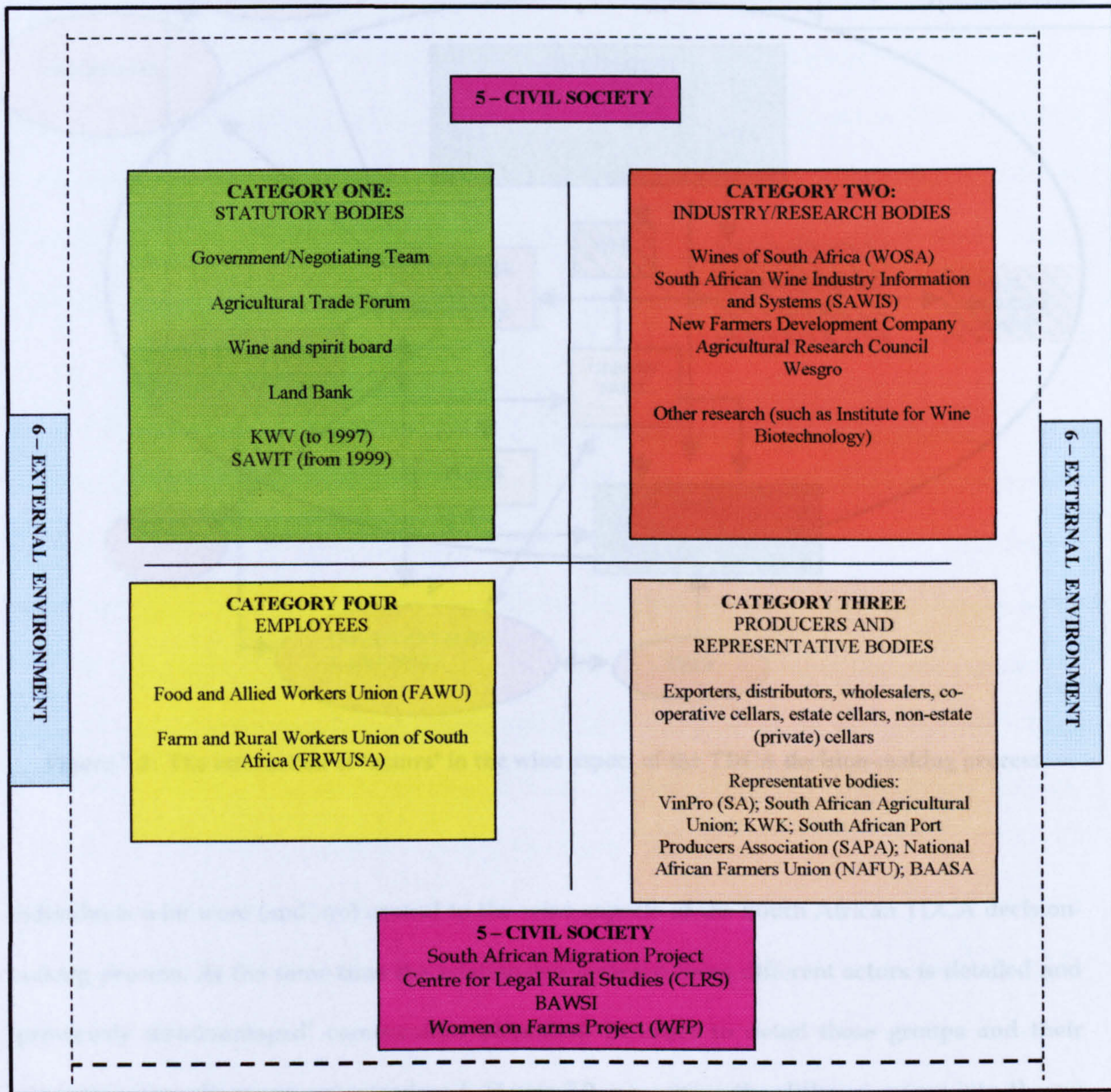
¹⁶ Fridjhon (2001) has asserted that it is useful to distinguish between terms such as Port and Sherry, which are generic descriptions associated originally with areas of origin, and Grappa and Ouzo which are beverages of no particular origin.

¹⁷ Again there is a debate as to the length of time that the compensation will be paid over. Wadula (17 September 2001) has noted that the EU propose compensation be paid over a twelve year period.

conditions for traditionally disadvantaged wine labourers. The wine industry is very important to the whole South African economy, both for the employment it provides and the income it generates. Some argue that the wine sector is crucial importance to South Africa's economic survival (KWV report, 1997). This section has also outlined where wine fits into the TDCA agreement. Although the wine protocol and negotiations has been well documented in the South African media, wine represents only a small proportion of the entire agreement. By focusing on this one aspect the following sections of this chapter can make a more detailed exploration of the themes raised in the preceding chapters. This analysis continues by describing the current organisational structure of the wine sector, noting how the established wine producers, government, and new 'actors' relate to each other. In so doing further detail will hopefully be added to the description of the TDCA decision-making process, as outlined in Chapter Four.

7.3 Current organisation

In some ways the changing status of KWV, from quasi-statutory organisation to private company, transformed the organisational structure of the wine industry. As already noted above, 'statutory' powers were transferred to the government and other institutions. New 'bodies' have also emerged from the financial settlement imposed with the demutualisation of KWV in 1997. This section identifies 'actors' within the wine industry and highlights those institutions and



- 1 'Statutory' bodies ■
- 2 'Non'-Statutory bodies ■
 - a. Development agencies
 - b. Research institutions
 - c. Miscellaneous
- 3 Producers and their representative bodies ■
- 4 Employee organisations ■
- 5 Civil Society and Community Based Organisations ■
- 6 External Environment ■

Figure 7.2: Categories of organisations involved in the Wine industry

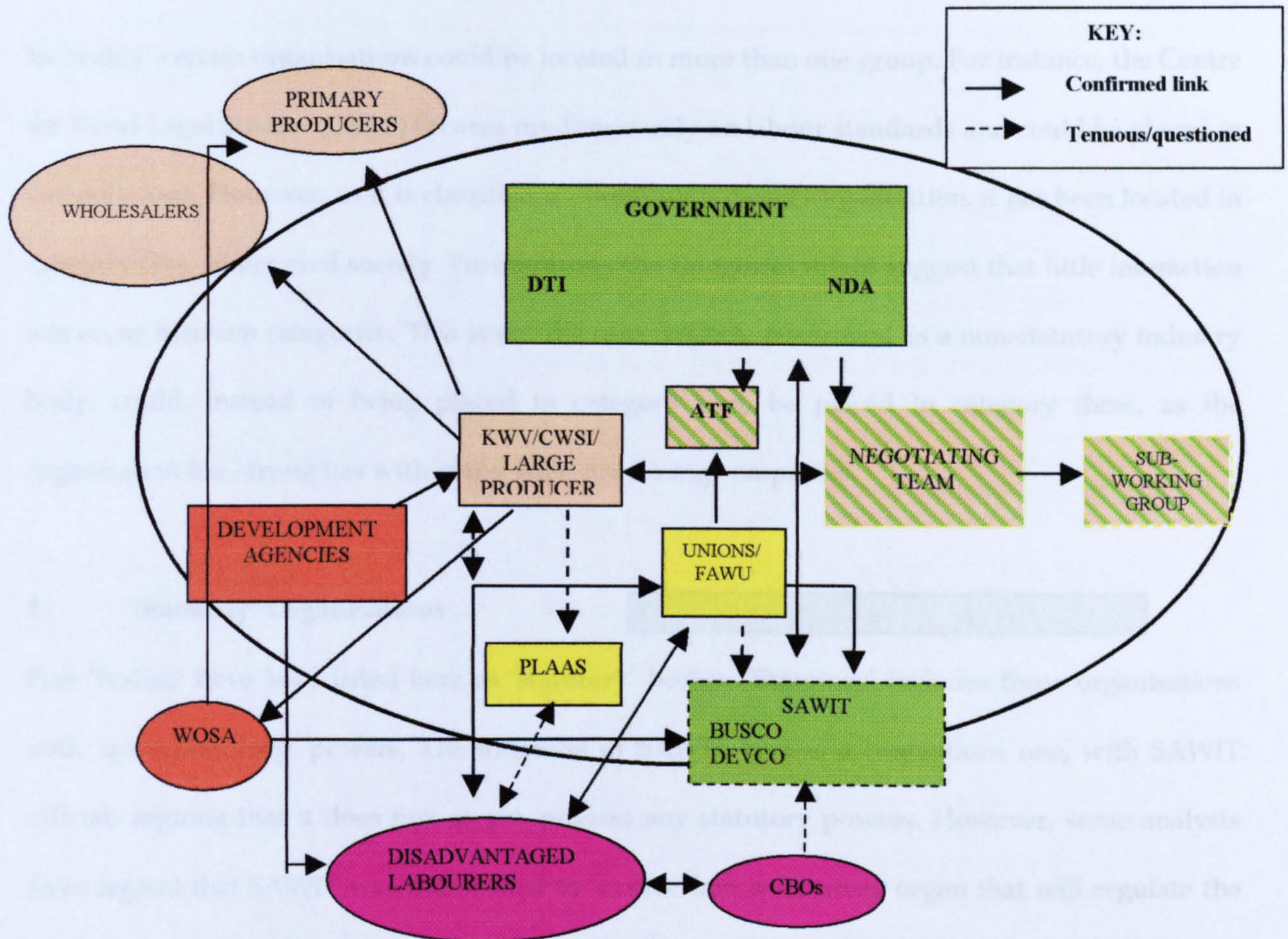


Figure 7.3: The interaction of 'actors' in the wine aspect of the TDCA decision-making process.

individuals who were (and are) central to the wine aspects of the South African TDCA decision-making process. At the same time the relationship between these different actors is detailed and 'previously disadvantaged' communities identified. In order to detail these groups and their interaction, two diagrams are introduced. Figure 7.2 categorises the different actors into the six colour-coded categories, introduced in Chapter Four (4.3.2). Figure 7.3 notes the confirmed and tenuous links between the different players in the wine TDCA decision-making structure. These diagrams are derived mainly from the information collated during the interview process and complemented by an analysis of wine-industry related literature. It must be noted that these diagrams are not taken from any of this literature. Indeed, organisational diagrams for the South African wine industry are few and far between.

There are obvious problems in placing different institutions into simplistic groupings. The categorisation for instance suggests that it is possible to demarcate clearly between each category.

In 'reality' certain organisations could be located in more than one group. For instance, the Centre for Rural Legal Studies (CRLS) focuses predominantly on labour standards and could be placed in category four. However, as it is classified a Community Based Organisation, it has been located in category five, under civil society. Furthermore, the categories might suggest that little interaction can occur between categories. This is not the case. WOSA, positioned as a non-statutory industry body, could, instead of being placed in category two, be placed in category three, as the organisation has strong ties with many wine producing companies.

1. 'Statutory' Organisations



Five 'bodies' have been listed here as 'statutory' bodies. 'Statutory' includes those organisations with 'quasi-statutory' powers. The inclusion of SAWIT here is a contentious one, with SAWIT officials arguing that it does not, as yet, possess any statutory powers. However, some analysts have argued that SAWIT was established to 'evolve into a statutory organ that will regulate the wine and spirit business in a sort of sectoral NEDLAC' (Enterprise, anon., December 1997). Table 7.1 below provides a brief summary of each 'body'. Of these 'statutory' organisations, only the government, ATF, KWV and SAWIT are listed in figure 7.2 above.

As described in Chapters Four and Five, government departments played a major role in the TDCA policy formulation process. The NDA was the primary department that considered the wine aspects of the agreement, although the DTI was involved at crucial times and had overall control of the negotiations. Figure 7.2 also illustrates that there were wine negotiating task teams and this comprised representatives of KWV, CWSI, Vinpro, Stellenbosch Farmers' Winery (SFW) and the Wine and Spirit Board, as well as the NDA and other government departments (#Müller, 2001). Towards the end of 2000 this team was dissolved and replaced by a wine and spirits 'implementation task team'. This met on a regular basis to effectively implement and conclude the agreement (#Müller, 2001). This group has a similar composition to the previous task teams and government officials claim that DEVCO is represented (#3, 2001).

| 'Body' | Overview |
|--|---|
| Government | (I) - National Department of Agriculture (NDA) (ii) - Department of Trade and Industry (DTI) (iii) - Negotiating team |
| Land Bank | Provides finance for empowerment policies. For the first nine months of 1999, the Land Bank lent R171.5 million to 'previously disadvantaged individuals' (Streek, 9 December 1999). |
| Wine and Spirits Board | Administers the appellation system. Members include the NDA, Agricultural Research Council, and the producer/wholesaler representative groups, Vinpro (SA), and CWSI. |
| KWV (to 1997) | Possessed 'quasi-statutory' powers until 1997. |
| Agricultural Trade Forum (ATF) | Meet once a month. Two representatives from the Wine Industry. Willie De Klerk from KWV and Riaan Kruger of Cape Wine and Spirits Institute (CWSI). For further details see chapter five. |
| South African Wine Industry Trust (SAWIT) (from 1999) | Established - 1999 following the conversion of KWV to company status in December 1997. KWV is sole contributor to the Trust, which will total R337 million by 2009. SAWIT has control over two Article 21 companies. The first - Wine Industry Business Support Company of South Africa (BUSCO): -Involved in the promotion of South African wine overseas. The second - Wine Industry Development Company of South Africa (DEVCO): - Responsible for implementing empowerment policies, or the 'social upliftment of the disadvantaged of the wine industry' (Wynboer Magazine (anon.), 1999). |

Table 7.1: Summary of 'Statutory' institutions.

At the ATF matters surrounding the EU-SA TDCA were often discussed in the forum. Two wine representatives, from KWV and CWSI, represented the wine industry on this forum along with representatives of the Food and Allied Workers Union (FAWU). The NDA took many TDCA-related issues to the ATF for discussion, such as the quotas that many agricultural products were offered.

Within the South African TDCA policy formulation process SAWIT had virtually no role as the Trust was only established towards the latter stages of negotiations, in 1999. However, it has been included in the diagram because, since its formation, it has gained a high degree of importance. A source from the NDA stated that a member of DEVCO, a black business person, involved with Small, Medium, and Micro Enterprises (SMMEs) also participated on the implementation task team (further details below). However, their involvement was not known by Marthinus Saunderson, the chairperson of DEVCO.¹⁸ In addition, a senior member of SAWIT was used as an unofficial adviser,

¹⁸ He notes that 'If there was a DEVCO member he had no mandate from DEVCO - it was never discussed at a level. It was never discussed at DEVCO level - there is no DEVCO mandate! There is no DEVCO position, specifically on the agreement' (#Saunderson, 2001).

occasionally on issues relating to the wine agreement, to the previous NDA Minister, Derek Hanekom.

2. Non-Statutory/Industry/Research Bodies

The second category is an eclectic array of associations that have been divided between development agencies, research institutions/individuals, and miscellaneous industry organisations. These are discussed separately below.

Development agencies

Table 7.2 below lists a number of 'development agencies' that assist in developing the agricultural industry, especially the wine sector, and in particular previously disadvantaged farmers. This is by no means a comprehensive list of all development bodies. Figure 7.3 indicates that these agencies have confirmed links with wine producers such as KWV, as well as historically marginalised groups.

| Name | Description |
|---|---|
| New Farmers Development Company | KWV was the founder member of this company. Aim is to 'empower disadvantaged farmers', yet also make a profit. |
| WESGRO | Western Cape Development Agency. Attempts to attract foreign investors into a diversity of industries (including wine) into the Western Cape region. They currently have 27 projects – worth R1.5 billion in the pipeline. In last financial year they received R1.3 billion in foreign investment, which provided 1,000 jobs (Cape Times (anon.), 30 January 2001). Particularly promotes SMME growth. |
| Khula Enterprise Finance Limited | Established to support traditionally marginalised communities. A majority shareholder is the DTI. |

Table 7.2: Development agencies

Research

It has been estimated that in the agricultural field there are 4,000 researchers. One of the major tasks for these organisations is to promote the empowerment of indigenous/disadvantaged farmers. The most important of these groups are listed in table 7.3 below. No evidence has been uncovered that suggests these organisations had any significant role in formulating the EU-SA TDCA. However, SAWIS probably provided data on the wine industry for negotiators.

| Names | Details |
|--|--|
| South African Wine Industry Information and Systems (SAWIS) | Responsible for producing statistics and disseminating information on the wine industry. This includes producing an annual Wine Directory. This is a role taken over from KWV. |
| Winetech | Wine Industry Network for Expertise and Technology Established in 1996 to co-ordinate research on the wine industry, and is responsible for constructing a strategic study for the whole industry (Ewert, 13 October 2000, private correspondence). |
| Programme for Land and Agrarian Studies (PLAAS) | This research organisation, within the Government School at the University of the Western Cape (UWC), examines labour processes, agrarian and land reform within the agricultural environs. |

Table 7.3: Research institutions

Non-statutory industry bodies

Figure 7.3 notes just one institution in this sub-category, but it is perhaps the most important organisations in this category, notably in terms of influence that they possess within the wine sector. WOSA, previously named the South African Wine and Spirit Exporters Association (SAWSEA), was established in 1978 and is dominated by major wholesalers such as KWV, Distillers, Stellenbosch Farmers Winery, Gilbeys and Douglas Green Bellingham. WOSA currently has 103 members and its main responsibility is for the promotion of export opportunities. It is an affiliate to the wholesaler's representative organisation, CWSI. These wholesalers account for 80% of WOSA exports,¹⁹ although co-operative exporters are gaining a wider base. As is evident from figure 7.3, WOSA has close links with these producers and wholesalers. Furthermore, it is also 'related' to SAWIT as it receives substantive funding from BUSCO. According to Chief Officer, Su Birch, WOSA is hoping to become an official, government-sponsored export council (#Birch, 2001).

3. Producer organisations, employers and representative bodies

This category includes some 300 wholesalers, produces, exporters, and farmers, both 'established' as well as 'new entrants' or Small, Medium and Micro Enterprises (SMMEs), who are involved in exports. In order to clarify this category further three tables are introduced. The first, table 7.4, charts the types of wine producers - ranging from exporters to private cellars. The second, table 7.5, details the numerical division of these producers. The third, table 7.6, lists the representative organisations.

¹⁹ Which is 70% of current wine exports (#Birch, 2001).

| Types | Details |
|------------------------------------|---|
| Exporters/ Distributors | Firms include Vinimark, which distributes exports for 30 producers in the Western Cape. In the UK market, four merchants (including Raisin Social and Tesco) have been highlighted as being involved in not only exporting wine, but also offering advice on marketing (such as suggesting an improvement of labour conditions). |
| Wholesalers | Includes KWV, Distillers, and Stellenbosch Farmers Winery. |
| Co-operatives | Traditionally smaller producers. Many have been praised for their 'progressive' and modern practices. Co-operative firms include Simonsig (a large exporter), Vredendal, and Swartland. |
| Estates | Big names include Fairview, Glen Carlou, Warwick, Paul Sauer, Wildekrans and Zandvliet estates. The Fairview estate is 'representative of the modern South African outlook' (Walton, 1997, 134). |
| Private Cellars | |

Table 7.4: Wine Producers: Types of organisation

The wine production process involves the growing of grapes,²⁰ which are then passed on to cellars for the pressing of grapes into wine. As table 7.5 illustrates, there are 4,664 growers, 295 cellars, and 56 bulk wine buyers.²¹ Those growing grapes are dominated by a large majority of small

| TYPES OF PRODUCERS | NUMBERS | |
|--------------------------------|------------------------------------|-------------|
| Primary Wine Producers | Tons of Grapes Pressed | Nos. |
| | 1 – 100 | 2345 |
| | 100 – 500 | 1653 |
| | 500 – 1000 | 470 |
| | 1000 – 5000 | 194 |
| | 5000 – 10000 | 2 |
| | Total | 4664 |
| Wine cellars which crush grape | Coops | 69 |
| | Private Wine Cellars – Estates | 79 |
| | Private Wine Cellars – Non-Estates | 139 |
| | Producing Wholesalers | 8 |
| | Total | 295 |
| Number of bulk wine buyers | Wholesalers | 46 |
| | Exporters | 10 |
| | Total | 56 |

Table 7.5: Wine Industry Structure (Source: IDC, 1999)

farms that produce less than 500 tons of grapes per annum. They can sell these to any cellar and face much competition to do so (IDC, 1999b, 42). Of the cellars, 69 are termed co-operative, 79 are private estates, and 139 are labelled 'non-estate'/private cellars. A further eight wholesalers also produce wine. The figures for these categories are constantly changing as many new cellars are being formed, and

²⁰ It must be remembered that wine farmers are often also fruit farmers (Cape Business News (anon.), May 1998). Ewert and Hammann (1996, 153) argue that this was due to stagnant domestic markets, where many wine farmers were forced to diversify (often into fruit).

²¹ Wines of South Africa (2000) puts the figure for cellars at 315.

there is a trend for co-operatives to change into estates or limited company status (*Cape Business News*, October 1997). Co-operatives produce about 75% of South Africa's wine.²² In 1996, 59 co-operatives produced 864,291 tons of wine grapes, with the average co-

| Representative | Details |
|---|---|
| KWV | Also a spokesbody for primary producers – wine farmers and co-operatives. Have representatives on many forums, including wine industry task teams, and ATF. |
| CWSI | Established – 1967. Represents interests of producing and distributing wholesalers of wines, spirits and liqueurs. Members include: Stellenbosch Farmers Winery; Distillers Corporation; Gilbeys; Douglas Green Bellingham; Seagram of South Africa; Jonkheer; Mooiuitsig Wineries. Represented on statutory bodies (Wine and Spirit Board), non-statutory bodies (Winetech), and at the EU-SA TDCA discussions with government (represented by director Riaan Kruger). |
| South African Wine and Spirit Employers Association (SAWSEA) | Riaan Kruger is also chair of this organisation. |
| Vinpro | South African wine farmers' representative organisation for wine producers. It also produces services as directed by KWV (Huyssteen, 8 January 1999). |
| KWK | Established 1949 to represent co-operative wine cellars. In 1998 its members produced an estimated 75% of wine sold in South Africa. It now also represents wine producers and one estate, not only co-operatives. |
| SA Agricultural Union (SAAU). Now called SA Agric | Independent producer and voluntary trade organisation. Comprises provincial agricultural unions, commodity organisations and businesses owned by farmers (such as co-operatives). SAAU were represented at the Agricultural Trade Forum during the EU-SA TDCA negotiations. |
| Cape Estate Wine Producers' Association (CEWPA) | Formed – 1968. Represents wine estate makers that produce their own wine. |
| South African Port Producers' Association (SAPPA): | |
| National African Farmers Union (NAFU) | This union, established for black (previously excluded) farmers in 1991, has been funded by the NDA and the US department of agriculture. Known as the black counterpart to Agric SA. |
| Black Agricultural Association for South Africa (BAASA) | Represent qualified black agriculturalists. |

Table 7.6: Producer representative organisations

operative amounting to 14,649 tons. However, these cellars are diverse, ranging from the dedicated producer of wine only (producing 100,000 tons) to one that produces a few thousand and also deals with fruit and tobacco. These producers also have a large array of representatives, which to some analysts conveys the perception that the industry is fragmented and divided. These representatives are listed in table 7.6 (above). Three of these representative bodies participated in the wine aspect of

²² Furthermore, one third of co-operatives produce two-thirds of the crop. However, numbers are blurred, because some co-ops buy grapes and bulk wine from each other or from outside growers.

the EU-SA TDCA discussions. One of those, SA Agric, was involved in the general details of discussions, as noted in Chapter Four, via participation in the ATF and in having a special adviser to the previous Agriculture Minister, Derek Hanekom. However, they were only involved on the fringes of the wine TDCA debate. From the information gathered two actors, KWV and CWSI appear to represent the industry on most issues,²³ particularly the EU-SA TDCA. They are not the only representatives but the impression obtained from their representation on many wine forums is that they dominate the wine industry representative process.²⁴ Indeed, the chairman of KWV added weight to this impression when he implied that KWV and CWSI were the main representatives of the industry in the EU free trade talks when, in an address to KWV shareholders, he stated that in relation to the EU-SA TDCA negotiations, the:

KWV, in conjunction with CWSI and the Departments of Agriculture and Trade and Industry, will still attempt to serve the best interests of wine and spirits producers (KWV, 2001).

Despite the reining in of KWV powers, they remain immensely influential, as they fund SAWIT, helped establish New Farmers, and effectively run VinPro (#Fridjhon, 2001). The table also illustrates that the representative 'membership' for these organisations tends to overlap (such as KWK, KWV and CWSI). It could be claimed that the industry has too many representative bodies and that their creation is the result of a fragmentation of the representation within the industry. It is clear that no one group speaks as a unified voice for the sector. The dominance of these white representatives and the continuation of mainly wine farm owners, has led some to claim that 'South Africa is in a state of economic apartheid... and it is perfectly clear in the South African wine industry. The ownership of the majority of mainly wine farms, six years on from 1994, is still white' (#Adams, 2001).

²³ KWV and CWSI, mainly through their representatives, Willie De Klerk and Riaan Kruger respectively, also sit on a numerous wine and agricultural industry forums, ranging from Winetech, the ATF, New World Wine Producers Forum, and SAWIT.

²⁴ De Klerk (#2001) remarked that he and Riaan Kruger 'were members of the broader negotiation team at all times, but only a selection of people from that team participated in the actual negotiations. Only on one occasion were we part of the latter although we were always present at meetings of the broader team that did all strategising for the actual negotiations. The negotiating team had several task teams to do research into issues such as oenological practices, intellectual property rights, viticulture, etc. These were made up of the relevant specialists. We have also been members of the Wine Agreement Implementation Task Team, appointed also by the Minister for Agriculture, advising on implementation and the text of the Agreement, but have to wait until all outstanding issues have been resolved before we will be able to finish our work in this regard'.

4. Employee Organisations/Representatives

As noted above, few wine farm workers belong to a trade union. Despite the low unionisation rate, the number of trade unions associated directly or indirectly with the wine sector proliferate. Ruth Hall estimates that 16 unaffiliated unions exist (Hall, 2001). Of the affiliated unions, the FAWU and the Farm and Rural Workers Union of South Africa (FRWUSA) are best known. Ewert and Hammann (1999) rate FAWU (affiliated to COSATU) as the strongest union amongst co-operative cellars²⁵ and large estates. According to FAWU's bargaining secretary, Katishi Masemola, the union became involved in the EU-SA TDCA by convening a summit which included companies from the wine sector, as well other sectors (red meat, dairy) and lobbied parliament.²⁶

Although unionised labour represents a small percentage of overall labour in wine production, many wine farm owners interviewed claimed that there is a farm workers association, called Plaaswerkersvereniging, which represents 90% of wine farm labourers on the Western Cape. JG Le Roux for instance notes that 95% of his workforce belong to this organisation. However, as section 7.5 elaborates, the accuracy of these figures is open to debate. Therefore, the relationship between Plaas and traditionally marginalised peoples is contested, and this is displayed in the contested relationship (tenuous link) between Plaas and 'disadvantaged' labourers in figure 7.3. This figure also appears to demonstrate that the only input that labour representatives had in the South African TDCA structure was via the Agricultural Trade Forum and informal discussions with advisers of the previous Agricultural Minister, Derek Hanekom (Goldblatt, 2001).

5. Community Based Organisations (CBOs)

CBOs and NGOs in the wine sector before the end of apartheid legislation tended to act as anti-apartheid organisations, forming one side of a very polarised debate in South Africa until 1990 (Ewert, 2001). The other side were the established wine sector outlined above. Ewert maintains that the camps are just as polarised in 2001, but the issue of contention is the current political state

²⁵ Ewert and Hammann (1999) note that in co-operative wine cellars union density is 95% (75% of these are African workers).

²⁶ Particularly the Agricultural and Trade and Industry Chambers.

and structure of the wine industry (Ewert, 2001). These organisations are also indirectly involved in representing interests in the wine communities. Two of these, Women on Farms Project (WFP) and CRLS are based in Stellenbosch. WFP 'strives to strengthen the capacity of women who live and work on farms to claim their rights and fulfil their needs' (Women on Farms Project, 2001), and are aware of the exclusion that women have historically faced in wine decision-making structures. The CRLS, established in 1991, 'dedicates itself to the equitable distribution of power and resources in the rural areas of South Africa' (Centre for Rural Legal Studies, 2001). Input into the CRLS emanates from trade unions, other CBOs, rural advice officers and farm worker forums (Hall, 2001).

A further group, the Black Association for the Wine and Spirits Industry (BAWSI), has been established for previously disadvantaged peoples in the wine industry, primarily 'non-white' labourers, in order to initiate the transformation of the industry. Included are representatives of CBOs, NGOs and trade unions. The organisation aims for the facilitation of black ownership and representation of farm labourer rights.

As figure 7.3 displays, these groups are on the periphery of the South African structure supporting the TDCA decision-making process - the main link appears to be via SAWIT, who were not directly involved in the negotiations, and an ambiguous link via the NDA negotiating team.

6. External environment

The influence of external actors has already been referred to in the previous section, especially comments that referred to EU subsidisation, which affects the climate that South African firms market their wine. Obviously the EU is a major 'actor' that cannot be ignored when considering the wine aspect of the TDCA decision-making process. So too are supermarkets who, apart from exerting pressure on farms to raise labour standards, also sell a vast quantity of exported South African wine. It must also not be forgotten that external actors played a central role in sanctions and boycotts that impacted upon the South African wine industry before 1990.

Summary

This section has furthered the description of the TDCA decision-making structure by considering how the wine industry was incorporated into the TDCA policy formulation process by detailing the 'players' involved in TDCA decision-making processes within the wine sector. Wine has no single body that represents the industry and it can be argued that the sector appears to be highly fragmented. Established actors such as KWV still possess much influence. From this description, and taking into account the conclusions drawn from Chapters Four and Five, four groups seem to have had a significant influence on the formulation of the wine part of the TDCA. They are as follows:

- The first is at the statal level where government ministers and senior director-generals within departments decide on policy.
- The second, at a more operational level, is the negotiating team.
- The third are the large companies and individuals that represent them, who are included in the various task teams and industry forums (such as KWV and CWSI).
- The fourth are those actors in the external environment.

As noted in previous chapters, it is difficult to calibrate the extent of influence that each actor played in shaping the wine aspect of the TDCA. However, it appears from this micro-study that those representing the wine industry had considerable opportunities to present their case to the NDA negotiating team. In addition, this section suggests that in negotiations surrounding the wine protocol of the TDCA, 'established' institutions are virtually the sole representatives of the wine industry. For instance, KWV and CWSI have had (and have) participated on various negotiating task teams and the Agricultural Trade Forum. These established actors represent some of the large businesses and producers in the wine sector. Many of the other actors appear to be on the fringes of the TDCA decision-making structure. However, labour and black business representatives are becoming increasingly incorporated. Evidence has been presented that suggests that the NDA implementation task team for instance has included a member of DEVCO (though not in that capacity) – perceived to be a representative of a previously marginalised community. Furthermore, in the wider wine industry context, institutions such as SAWIT provide (albeit very recent and limited) opportunities for members from 'the community'. The extent to which all stakeholders

from categories one to five have felt included into the decision-making process is detailed in section 7.5 below. Prior to that, section 7.4 records the wine sectors perception of the impact of the TDCA.

7.4 Perceptions of the EU-SA TDCA

Criticism of the agreement emanated from virtually all of the wine industry and contradicted 'decision-makers' views articulated in Chapter Six that stated the sector was likely to benefit from the FTA. One wine industry interviewee, with very close links to government, suggested that those who said that wine will benefit 'do not know what they are talking about' (#3, 2001). Only five of the twenty-one interviewee's within the wine industry could identify anything positive about the agreement. Even these comments lacked lucidity and detail. For example, Saunderson, without elaborating, stated 'I think it [the agreement] will have a positive impact on the industry' (#Saunderson, 2001). Hall noted that those producing for 'niche' markets would be the 'big winners', although her comments were mainly reserved for fruit farmers – not wine producers.

Fridjhon argues that:

I think that there will be general benefits for South Africa and for the EU. In other words I see the agreement as for all its hiccups producing an improvement in trade flow which would be beneficial to both sides. I don't see the agreement as bringing particularly enhanced benefits for the wine industry. I think that it is true that we will be able to export more wine and under certain circumstances take benefit from the duty deal, but the reality is that purchasers in the EU are not buying wines on the basis of trade deals... The wine farms will get more money in Rand terms, but the collapsing Rand is giving them more money in Rand terms anyway (#Fridjhon, 2001).

Finally, Ewert views the agreement as potentially empowering, stating that it 'could potentially promote 'empowerment' by giving preferential access [when allocating quotas] to farmers and cellars that are socially 'progressive'' (Ewert, 13 October 2000, private correspondence).

Concerns and criticisms relating to the agreement can be grouped into six categories. These are:

1. Fear of unemployment
2. Lack of development perspective
3. Anger over traditional expressions
4. Ambiguity of the financial 'compensation' package

5. The likely impact of the quota to be minuscule
6. Antipathy towards the EU

The potential for unemployment is a fear expressed by the FAWU representatives interviewed. Masemola for instance argues that the 2,000 jobs lost (20% of the overall workforce) from the merger between SFW and Distillers was mainly due to pressures of trade liberalisation, which the EU-SA TDCA induces (#Masemola, 2001).

Two interviewees (Saunderson and Goldblatt) argued that in terms of the trade aspect of the TDCA, 'development' of traditionally marginalised peoples in the wine industry was not being advanced. Goldblatt for instance asserted that:

...black empowerment initiatives, I don't think are benefiting from the trade agreement. I think what they are benefiting from is good marketing and good marketing is able to bypass any trade agreement and trade treaty... I would be very surprised if the SA-EU trade agreement to date has any direct benefit on black empowerment groups. (#Goldblatt, 2001).

The furore surrounding 'port and sherry' negotiations provoked the most criticism, particularly from the 'established order'. Kruger detailed his objections thus:

obviously my people are fanatical trademark people. That is their whole livelihoods. So, from that you can understand that they have been very nervous, about possible implications from this agreement... We are petrified, Intellectual Property Rights are becoming more and more important and we are very uncertain even at this late stage on how exactly the wording would read. I personally think that when we in our naiveté went into these negotiations we thought that it is going to improve the flow of products - imports and exports - we are going to recognise each others oenological and viticulture practices. We are going to have one form instead of ten forms... the irony is that there is a technical side to the agreement, but the EU pushed it away ... their focus all along has been intellectual property rights... our official position is that South Africa's industry is giving more that we are getting. (#Kruger, 2001).

However, the extent of the detrimental impact on the port and sherry industry has been queried by Fridjhon who argues that:

The reality is that the smart end of the sherry market is tiny anyway. South African sherry at that level is not an export product. Trade to the EU is only 10, 20, 30,000 cases... such a small amount should not have endangered the agreement...

The vagueness surrounding the E15 million financial package to 'develop' the wine industry has also caused consternation, with Kruger noting:

there is uncertainty - who should get it, who shouldn't get it, will it be paid, you know, on the one hand they say it is not directly linked to the phasing out of port and sherry. On the other hand, they say they will pay it in instalments as we phase out port and sherry. Speaking as a lawyer, I throw my hands up in the air! (#Kruger, 2001).

Moreover, Krige asks:

...how would that [compensation] get channelled back into the wine industry? Would a government that we all know has got financial problems etceteras and you have got all the has-beens [sic] in the country... and wouldn't that money end up in a big black hole somewhere? Any funds that do get channelled back to South Africa... should get channelled back through the industry and not through the government because through government it is just going to disappear. (#Krige, 2001).

The delay in the implementation of the quota (which is outside the wine agreement) has also provoked criticism. It is the only area of the main trade agreement that still has to be initiated.

Kruger notes:

...that's actually where I think a lot of frustration from my side of the industry comes from [because] there seems to be a lot of contradiction in terms. Yes, there is the quota which is part of the Free Trade Agreement, but it has not been implemented yet. We believe for the simple reason that they say the wine agreement has not been finalised yet and we haven't started phasing out port and sherry. (#Kruger, 2001).

However there is widespread belief within the wine sector that the impact of the quota, despite amounting to a significant proportion of overall exports to the EU, will be minuscule. For instance, Birch comments that 'I don't think it is going to make a radical difference and one of the things that really scares me about it is as I understand it the money does not go to us, the money goes to the importer in the form of a rebate, it is not a reduction, it is a rebate' (#Birch, 2001). Furthermore, JG Le Roux feels that the quota is 'a move in the right direction, but it doesn't mean much. It would probably [earn] more or less 25 cents a litre... so, the benefits are very small' (JG Le Roux, 2001). Indeed, Kruger argues that the quota is almost worthless when arguing:

I am telling you, industry, the section that I speak for... we can actually live without this agreement! We don't see so many benefits! Our intellectual property rights are much more important to us than 32m million duty-free quota which works out ...at R27 million... It's negligible when you start looking at the prices, you know.

...it isn't as if there is going to be a cash incentive of R27m. It just doesn't work that way! I mean, sure you sit down with your agent and you try to slash prices but I mean it works out at 65 South African cents! That is the price difference - 5 pence! On a bottle of wine which retails for £3.99! It's nothing! ...I can tell you that is one thing that irritated us no end the last 18 months or so because we kept on reading in our own newspapers, and we know it was leaked or initiated by the EU [that] South Africa are dragging their heels, and they are losing this incredible duty-free quota, which would increase their exports by ... double it... so really! So,

as for as the quota is concerned, it is not nothing, but it is negligible. (#Kruger, 2001).

The debate surrounding port/sherry traditional expressions, ambiguity over financial assistance to develop the industry, and the non-implementation of the quotas have all contributed towards a feeling of antipathy towards the EU. Saunderson reflects this perception when stating, 'we have an EU agreement which is more in favour of the EU people once again than in terms of South Africa' (#Saunderson. 2001). Anger at EU practices was voiced by many, including De Klerk who asserted that:

I believe that the concepts of the European Union are completely outlasted and outdated. And I believe that the European Union will have to have a very in depth and a very serious look at the strategies at the agreements that they signed... I do not believe that the European Union is upholding its WTO obligations. This will bring serious conflict with the rest of the world. (#De Klerk, 2001).

A source within the agricultural sector added that, 'As far as we are concerned ... let me put it very bluntly - we have got no faith in that agreement. Because in some or other way we know the status quo will be maintained and we will have to enter the market as the situation is now' (#2, 2001). This source adds that no matter what happens, the EU will provide subsidies in order to negate any benefits that might have a detrimental impact on EU farmers. This antipathy is not only directed at the EU, but also non-statal EU actors, such as UK supermarkets. Birch contended that:

we have increasingly now, this consolidation of supermarket buying power and the ability of those guys to really screw you and what happens every time there is a depreciation of the Rand they try to screw you on that, and now that there is a reduction in tariffs they will try and screw you on that! So the only people that are going to win in my opinion are the buyers! They have such power, the supermarkets and the pressure on them to deliver a profit... There is quite a lot of buying power in the hands of very few people. (#Birch, 2001).

The result of these overwhelmingly negative perceptions has led some within the sector to ask if the agreement has any potential benefits. No stakeholders, from previously disadvantaged labourer to established producers, appear to be positively affected by the TDCA. A senior figure close to the wine industry and government negotiators comments:

I must honestly say... my perception is, via interaction with people who are very close to the whole process, is it really to our benefit? Is it really so dramatic that it is going to change agriculture in South Africa or make a substantial contribution to really change things? Overall I detect scepticism amongst people who were very, very close to the process. (#2, 2001).

This scepticism has led to a great deal of uncertainty about the agreement. Goldblatt notes this when stating:

...the thing about all these trade agreements and trade regimes is that every country reserves escape clauses and escape provisions... which theoretically has the potential to make an absolute nonsense of any trade agreement. And then the other thing that is very, very seldom considered is the powers of government and quasi-government agencies to influence what consumers actually look for and are concerned about. So, for example, while there is nothing in the EU trade agreement about say labour practise, all that you need is for writers and the good in Hampstead to stand up and say South Africa practices bad labour practice on its farms, and there goes half the market, so the physical act of actually signing a treaty is subject to both political vagaries and social vagaries which are capable of manipulation. (#Goldblatt, 2001).

The previous section noted that those representing the wine industry at the negotiating task-teams had considerable opportunity to represent the interests of the wine sector. From the conclusion drawn in Chapter Six it would appear that the 'offensive' strategy noted to have been employed by the wine representatives in reducing tariffs had succeeded as the industry had been identified a potential 'winner' from the agreement. However, the views articulated here tend to contradict these earlier findings. The overwhelming majority of comments made on the potential impact of the TDCA were critical. From these perceptions one could argue that the agreement appears not to have the wine industry's best interests at heart. If this is the case then the influence that wine representatives had on the policy formulation process is therefore limited. Instead, some of these comments imply that the actors deemed to be more influential are external ones. This applies particularly to the EU, with interviewees arguing that it will be the people of the EU that will benefit from the agreement, to the detriment of those in South Africa. The influence of different actors within the wine sector and external actors is discussed more fully in the following section.

7.5 Perceptions of the TDCA decision-making process

The description and examination of the wine industry's decision-making process in section 7.3 suggested that four groupings had most access and influence in the wine aspects of the TDCA policy formulation process. At the same time it noted that the wine industry's structure was fragmented and that the sector lacked a single voice representing all the sector. The section also suggested that access to wine decision-making structures for previously disadvantaged peoples

was gradually happening, but at a very slow pace. Most traditionally marginalised stakeholders and representatives appeared, at best, to be on the peripheries of the TDCA decision-making process. The previous section, 7.4, illustrated that all categories of the wine industry were dissatisfied with the TDCA, either in terms of the potential access it would have or on the proposed articles within the wine protocol. This section provides an account from all sides of how inclusive the wine TDCA decision-making process was regarded. These perspectives often compete and contradict each other, but the aim is to allow an equal articulation of all viewpoints. The section is divided into six parts, following the categories as laid down in figure 7.2.

'Statutory' Organisations



This examination deals with the three main 'actors' that were identified by interviewees as being the most important 'statutory' groups associated to the wine decision-making process in general, and the TDCA process in particular. These are government/NDA, the negotiating team, and SAWIT.

1. *Government/NDA*

There has been much publicity about tense relations between government and the wine industry since 1994. This was discussed briefly in section 7.2 above. Indeed, many wine establishment figures felt that the ANC government were hostile towards the wine industry. For instance, Su Birch of WOSA remarked that:

I think there is this big schism between ourselves and Pretoria. This feeling that you know of all these rich, white people, makes, sitting on their beautiful Cape Dutch estates. They don't give a fuck about labour, they don't care about government, they are all anti-ANC, etceteras, etceteras. So it is a huge problem. (#Birch, 2001).

Indeed, some feel that such hostility has resulted in the wine industry being discriminated against by the national government. Kobus Joubert of KWK contends that:

A very big problem for us on the producer side is research. They [the national government] should allocate to the Western Cape, R860 million for research and they [have] cut it down to R68 million - only for the Western Cape! And I am talking politics now, but [this occurs] because the Western Cape is the only province of the country that is not ANC!! (#Joubert, 2001).

Many of the producers interviewed felt excluded to some degree by the present Minister for Agriculture because of the lack of time that the minister was prepared to grant to see leading figures within the wine industry, and indeed the farming community in general. Joubert and Sakkie Van der Vyver complained that:

the minister of Agriculture - we cannot get hold of her! The KWV cannot get hold of her!... They do not even answer the phone! There is contact on a social level [at] wine functions and etceteras... but if you want to make an appointment there is no hope. (#Joubert, 2001).

KWV is perceived to [be the main wine representative] and ... so they are the only [company] that can get access to the Minister, but it was publicly stated a few weeks ago by the chairman of the KWV, that after 44 phone calls there was no reply! (# Van der Vyver, 2001)

Despite such comments some industry representatives praised the NDA and DTI for the access allowed for the few wine industry representatives. One of these, Willie De Klerk (#2001) contended:

They [the government] have done more in being participative and being transparent in the process of negotiating a possible agreement with the European Union on wine... than any other country in the world... So, we are very, very happy and very fortunate and it is gratifying to have that situation.

The other, Riaan Kruger (CWSI) adds:

We have no quarrel with him [Erwin] - no fight. In actual fact we wrote to him, even when he gave up port and sherry and said thanks a lot, that you held out so long... I must say 10 out of 10 for our government. (#Kruger, 2001).

That De Klerk and Kruger praised the NDA for its inclusiveness is not surprising since both participated on the TDCA wine taskteams and, as Goldblatt notes below, the organisations they represent have regular contact with some NDA officials. What is more surprising is that FAWU union representative Katishi Masemola, who was not involved in the wine taskteams, still argued that 'we were very happy with the representation [accorded, particularly] the fact that we were allowed to be there [at the ATF]' (#Masemola, 2001). Furthermore, NDA civil servants also felt that communication between 'industry' and government was good. Gunter Müller noted that 'there is an open discussion on all issues relevant to trade'. Steven Goldblatt, who was a special adviser to ex-NDA Minister Derek Hanekom, explained that efforts were made to include representatives from many groups, including labour. He contended that:

Various attempts were made to contact organised labour from the Ministry... not necessarily to bring them on board but to inform them, and I was involved in 30 such telephone calls, including one to the union to the labour representative at NEDLAC, and the end of the day it was quite clear that the farm worker union... were engaged in internecine warfare and in battles of survival (#Goldblatt, 2001).

Therefore, although attempts were made to contact labour and establish their views on issues relating to the wine agreement, their focus was blinded somewhat by internal struggles.

Despite such attempts interviewees were also critical of the statal process. De Klerk (#2001) argued that government has not taken all of their concerns on board. Furthermore, FAWU representatives were not happy with the 'limited information disclosure by government officials' (#Masemola, 2001) Likewise, KWK officials were not content with the secrecy surrounding the wine negotiations:

...everything was kept below the blanket - that was the problem for us! We got little feed back... they decided that this agreement is very sensitive and they cannot let anything out ...but nothing has happened yet! And that is our problem - we don't know where we are, we don't know what is going on and even the KWV cannot answer me! (#Joubert, 2001).

A further issue that was identified concerned the apparent 'split' within the NDA, particularly when Hanekom was minister, as under his tenure 'the NDA did not deal with any of Hanekom's representatives because the department was absolutely in conflict with the Minister... what you landed up with was people [siding] with the old [established] institutions' (#20, 2001). This link between the NDA and KWV/CWSI was also highlighted by Goldblatt (#2001) who argued that 'most of the people from the NDA received their intelligence, and therefore their perceptions from CWSI and KWV'.

2. *Negotiating task-teams*

The various task teams comprised of individuals representing the NDA and industry. Some felt that these forums were representative. For example, Müller thought that:

what emerged in our negotiations team, and now in the task team, is fairly representative of what was going on in wine... of course there are detailed differences, that will always happen. I think one thing the wine industry obviously did not want to give up the names port and sherry... but as these negotiations teams we are only an advisory capacity to the Minister and the Minister makes a decision. On port and sherry it was ruled to be in the national interest to give it up. Obviously the wine industry was not very happy with that. (#Müller, 2001).

Müller also argued that he did not believe that the team should be representative, as the main requirement of each team member was for their knowledge and experience of the industry; 'these

people are not really representing. They have been appointed by the Minister for their expertise. They are not formally appointed for representing anybody (#Müller, 2001).

However, Johann Krige (Kanonkop), when asked if this team was unified, said:

No. The guys that were looking at the system and the structure and dealings and what not are all lawyers - legal trained people - not practising law per se but being involved in legal activities as legal consultants, but they have no sense about what is going on in the market place - zilch! How do you structure something like that if you have got a lot of legal eagles sitting there trying to work something out? From my point of view one must look at the promotional activities and those funds come back, how is it going to be spent? It must be spent on promoting the industry and to get lawyer trained people to do that is impossible. (#Krige, 2001).

Furthermore, De Klerk contended that the taskteams did influence the outcome of the wine aspect of the TDCA:

...someone like Minister Erwin and the minister of Agriculture, certainly paid a hell of a lot of attention to what was recommended. The exception I think is the well-publicised situation surrounding port and sherry (#De Klerk, 2001).

3. SAWIT

It has been argued by some senior figures in government that the Trust might be able to act as an official voice for the wine industry in the form of a 'wine cabinet', ensuring more representation, and alleviate the perceived fractious organisational structure of the wine industry (#20, 2001). One interviewee suggested that KWV opposed such a move (#20, 2001). Whatever the 'truth', some SAWIT officials felt that they should have played a role in the negotiations. Marthinus Saunderson (#2001) argued that:

I don't think there was proper development representation. Obviously, I didn't doubt for one moment... when any government official, when they talk about the agreement that they have South African interests and development interests on their heart, but I would like to see that [development is] really given an opportunity to have direct input.

However, De Klerk (KWV) argues that SAWIT's status precludes them from representative duties. He notes:

Let's put this thing in perspective. The Wine Industry Trust is a trust that has been set up by KWV and government. The money comes from this company and the idea behind DEVCO [*and BUSCO and SAWIT*]... is to render services... It does not make them a role player. It certainly does not make role players with any regard to any international agreements because they are not going to produce grapes, they are not going to produce wine, they are not going to produce brandy or anything of the sort. Quite frankly, I don't see any need for DEVCO to be present, because who does it actually represent?

Question marks also relate to SAWIT's internal decision-making process and composition. The ambiguous and relatively secret nature of NDA's appointment of Trustees has led some to believe that the appointment process is 'shady' (#20, 2001). Furthermore, the inclusiveness of farm worker representative groups was also queried. JG Le Roux asks why unions are represented as DEVCO, yet Plaaswerkersvereniging is not.

Non-Statutory/Industry/Research Bodies

The only group that was commented on from this category was WOSA. As with SAWIT, those linked with WOSA hope that this organisation will have more influence in the wine decision-making process in the future. This view is exemplified by Krige who argues that:

I happen to be on the board of WOSA so I am biased already, but to my mind WOSA would probably become one of the most important bodies in this country in the wine industry, without any doubt... I don't think a lot of people understand the importance of exports to the industry. A lot of people have not got to grips with it really... So, WOSA should be a major player in activities such as these... [Furthermore] it is now quite representative - they have got a constitution etceteras, they have got people from SAWIT on their board, they are transparent, they look after the so-called 'has-beens' in the country, so it is a very transparent organisation.

Producer organisation and representatives

The majority of perceptions under this category surround the continuing representation of the whole wine industry by CWSI and particularly KWV. KWV representatives justified their representative status. JG Le Roux (#2001) noted that:

There is definitely one [representative] that is supported 98% by the farmers and that is the KWV co-operative. Not the group, not the commercial side, but the co-operative... It is very representative of all the farmers here - they have political representatives in that sense in every district, which is voted to by the farmers... So, if someone is to talk to for the **farmers** side it really should be the KWV co-operative. (JG Le Roux, 2001).

However, many interviewees questioned, to varying degrees, KWV's (and to a lesser extent) CWSI's prominent role as industry representatives. Criticism emanated from KWV officials who noted that:

in the past KWV was the sole player. But it is not anymore so. But the problem is, I don't have any problems with the KWV representing us, but there is, as far as I am concerned, problems between the KWV and the government because of the court case and in the process everybody is suffering at the moment and that is a problem for us and the government they are stiff necked about it and they have decided that we will do whatever we want to do and that is that. (#Joubert, 2001)

I think we need to resolve the issue about KWV having sole representation... they are the only recognised body representing the wine industry from the primary producing side... a couple of our members always felt that, you know, why can't we have direct access to parliament or whatever constitution? (#Van der Vyver, 2001).

More critical comments have been made by other individuals within the industry. For example, Krige (#2001) argues that the wine industry was not unified in the negotiations. He and Birch (#2001) asserted that KWV and CWSI are not representative of the whole industry. Kruger also notes specific concern over the situation of KWV, stating:

...there is still a lot of bad feelings and vibes between KWV and government - that is true. And that worries us. Because it is not good for the industry to have a situation like that and no matter how hard we try to position ourselves in a lot of instances we are still sort of painted with the same brush. That industry - a bunch of Afrikaners... people who do not want to adapt to the new South Africa... I must say [that what] has happened over the last 2/3 years since that court case... is that government departments, and I am not talking NDA, or DTI, I am talking finance and others as well, they have been increasingly speaking and liaising with CWSI, as opposed to KWV. (#Kruger, 2001).

The most damning critique of the continuation of KWV and CWSI's representation of the wine industry emanates from a very senior and experienced source within the wine industry. He notes:

...all of the wine industry negotiations with the EU... have been characterised by KWV's domination of the negotiating process - even at the time when they were in conflict with the Minister... I mean I was outraged to discover that people in the Department of Agriculture, who were basically old lawyers, who had been dealing with KWV prior to 1994 continued to work with KWV - and what Willie De Klerk and Riaan Kruger were doing in those negotiations is anybody's question... it is the old boys! So, even though it was post-94, when they came to those negotiations, the NDA went to KWV, KWV ... these were the people who represented South Africa's interests exactly as they have in the past. So, they were coherent as a group, they were not representative, they did not represent even the new ministers advisers... they [KWV] are hugely more influential than most people realise. They have just a great re-invention of themselves, they are chameleons. They have created organisations which they say are at arm's length but aren't (#20, 2001).

Employee Organisations/Representatives



Comments relating the inclusion of labour interests has already been referred to in category one above, where FAWU representatives felt they had been included in the process, yet received scant information about the progress of the agreement. The low level of unionisation within the industry indicates that labourers may well be peripheralised from the wine TDCA decision-making structure. Indeed, it is unclear exactly how effective Plaaswerkersvereniging are in organising and

representing the views of its members, and the exact size of its membership is vague. Ewert (4 May 2001, private correspondence) notes that this:

Association was initiated 'from above' by former white employees of the Western Cape Agricultural Union (i.e. farmers)... In liberal/left/oppositional circles this is regarded as a 'sweetheart union'. There is no proof they have the (signed up or otherwise) support of 90% of the farm workers in the region [as they claim]. In fact, nobody knows what the extent of their support is.

Therefore, labour representation in terms of participation in the EU-SA TDCA process was likely to have been negligible. When FAWU representatives were present at ATF forum meetings, their main focus was on the potential for avoiding job losses. In this vein, FAWU organised a cross-agricultural protest to parliament to campaign against the agricultural terms of the agreement. This included not only labour representatives but also farmers and producers. Furthermore, interviewees also argued that the gap between leadership and membership meant that workers interests were hardly articulated. This view was endorsed by Masemola (#2001) who stated:

you know there is a gap between leadership and membership, maybe because of financial constraints; unions do not have the resources, human and financial, to regularly convene meetings where we report back to our members where we explain to them the dynamics of the EU/SA trade negotiations... So, in terms of the EU/SA trade negotiations our interaction with membership was virtually nil.

However, Masemola justifies the lack of discussion by arguing that very few labourers actually understand issues relating to the EU/SA TDCA.

Aside from the 'gap' between workers and union officials, trade unions like FAWU suffer from financial resource problems. When asked how much time he devoted to analysing the wine section of the TDCA, Masemola reflected that 'I had a limited time to be honest because I must do others things apart for this. It is not like I am a full-time researcher for the union (#Masemola, 2001). Furthermore, infighting has resulted in the ineffective representation of workers. Goldblatt (#2001) argues that:

I think that one needs to very seriously place the position of agricultural labour in its correct context, particularly in on the farms in the Western Cape. I don't think that they are, or were, very organised... farm worker unions were engaged in internecine warfare and in battles for survival of one kind or another and this was not their priority... What you might find now is that 100,000 workers on the wine farms say we were not consulted - I certainly would not attempt to gainsay that and the truth of the matter is that they were not consulted. Having said that, very serious attempts were made to contact the ostensible union leaders who have since been deposed four times over (#Goldblatt, 2001).

One further problem in terms of effective representation of farm labourers concerns the culture that still exists of workers' unblinking acceptance of the 'bosses rules'. This was highlighted by Anzill Adams and Joachim Ewert. Adams (#2001) commented that:

what is happening in the wine industry is that, particularly the vulnerable groups, like the farm workers associations, they are still very much entrenched in the culture where the white owners are still the boss. What he says is rule.

Community Based Organisations (CBOs)

Section 7.3 illustrated that traditionally disadvantaged communities, in the shape of civil society and CBOs, are very much on the margins of the wine industry decision-making process. However, some interviewees suggested such an impression is incorrect. For instance, Gunter Müller (#2001) contended that all government policy is guided by assisting and developing all stakeholder communities.

Other wine industry sources admitted that they did not know whether civil society had been included. Fridjhon (#2001) stated that, 'I have no idea to what extent they were canvassed over trade negotiations'. Riaan Kruger and Su Birch though felt that the previously disadvantaged remain excluded from the decision-making process. Kruger for example reflects that 'the answer is quite straightforward and simple. That is they [civil society] aren't represented. One can say the pace of change is too slow and we have a feeling, this is a CWSI view, that change is still too slow' (#Kruger, 2001).

De Klerk challenges the definition of disadvantaged groups and argues that previously disadvantaged communities have been included in the wine agreement process when contending;

If it (definition of marginalised groups) is not made a colour issue, which I pray it is not, it cannot be said that these groups are not represented. But even if that was the case, it cannot be claimed that white representation was overwhelming in the compilation of the Implementation Task Team. I regard the Task Team as one that purely of people in Government and industry who have the required expertise to bring about in practice what the Minister wants. Secondly in my view the different stakeholders are fully or at least satisfactorily represented. That is why it is disturbing to hear allegations that only one person represents DEVCO on the team! DEVCO is something that we (KWV and Government) formed and at least four/five members of the Task Team are also involved in the representative structures of SAWIT, DEVCO and BUSCO. Why are no questions raised regarding Busco representatives?

Goldblatt (#2001) meanwhile notes that the NDA did try to include representatives of different previously disadvantaged communities. He felt that:

...the problem in what you are trying to do is there were no organised women's groups in the Western Cape on farms two years ago, or they might have been. I'm sorry there might well have been, but they were not flying flags and today they are flying flags and what they will say to you... is sure, we were here and nobody came to speak to us. I'm not that sure how evident they were at the time.

Furthermore, two interviewees argued that in broadening participation to include CBOs and individual stakeholders could result in the inertia of the decision-making system (#Krige, 2001).

For example, Goldblatt (#2001) argues:

It would be very nice if government was negotiating anything... speaks to everybody that could possibly be effected by the outcome. But governments do not work like that, they can't work like that and in fact [otherwise they would risk] procrastinating and turning things into absolute slurry. (#Goldblatt, 2001).

External environment

As category six in section 7.3 noted, 'external' actors have influenced many aspects of the contemporary wine industry, particularly in relation to the Ethical Trade Initiative and the labour conditions. Ill feeling towards the EU and supermarkets was illustrated by interviewee comments in section 7.4. Some interviewees opined that the South African government had little choice but to agree to the conditions imposed by the EU negotiators (#Goldblatt, 2001) due to the overriding imperative of re-joining the international community. Likewise, Riaan Kruger (#2001) argued that the EU used the

Free Trade Agreement to clobber Alec Erwin over the head... they were holding him ransom with the whole free trade agreement and eventually what is port and sherry in the bigger context of things? My gripe is with the way the EU have been acting. They... like talking principles but where are the principles about grappa and ouzo? ...We are still upset with the EU - we don't trust them!

This section has added substantially to the analysis of the inclusivity of the South African TDCA decision-making process as outlined in Chapter Five. The description of the wine TDCA policy formulation process (in section 7.3) differed to the description of the TDCA structure (in Chapter Four) in that it highlighted in theory that although wine representatives had considerable access to the decision-making process they were not particularly inclusive. Perhaps such an image

was expected given the reputation that the wine industry had, as detailed in section 7.2, of being a sector that has been reactionary and conservative and occasionally in conflict with the new ANC-led government. Such an image is difficult to erase. In practice, the perceptions articulated here support what has been described in theory. Although other industry representatives are incorporated, access to the various decision-making forums appears to be mainly in the hands of just two organisations, KWV and CWSI. These two have long represented the industry on countless forums, particularly the wine taskteams. Therefore the industry appears not to be fully representative during the TDCA negotiating process. That is not to say that some NDA officials did not strive for the inclusion (in terms of consultation if not access) of a broader cross-section of wine stakeholders. The factional state of the farm workers unions has not helped labour representation. Furthermore, two interviewees argued that it is not feasible for a high level of participation as it may result in hindering the operation of the policy-making process. This links in with similar arguments stated in Chapters Two and Five. Further evidence is also presented that the climate in which the wine TDCA is formulated is predetermined to an extent by decisions made by the EU. This is particularly the case with EU subsidisation.

The established representative structure is however being threatened. Wine farmers, many of whom have been traditional supporters of KWV, have started to suggest that they should have more input into the general decision-making process. New institutions, such as SAWIT and WOSA, are setting their sights on being influential decision-makers in the future. This gives the impression that the wine industry decision-making process, long regarded as fragmented, will continue to be so in the future.

7.6 Conclusion

This case study provided a micro-analysis of one small part of the overall EU-SA TDCA. The central aim of the chapter was to further an analysis of the potential impact of the TDCA and improve the description and analysis of the South African TDCA decision-making structure. In a number of ways it has succeeded in doing this.

First, the analysis of potential winners in Chapter Six has been queried by the analysis of wine interviewees perceptions of the TDCA in section 7.4. The overwhelming view contested Chapter Six's identification of the wine industry as a potential 'winner' from SEFTA. There are a number of possible reasons for this contradiction. Perhaps the most obvious is that the wine interviewees grew critical of the agreement due to the prevarication over negotiations and the resentment caused by the EU stipulation that names such as port, sherry, ouzo and grappa be changed. That such antipathy was caused is supported by the many quotations included in section 7.4 above. However, at a general level, for those interviewees whose comments formed the basis for chapters Four, Five and Six, the wine industry would seem to be a potential winner for a variety of reasons. Agriculture was perceived to have been extremely well presented in the negotiations and the EU's relaxation of tariffs on agricultural products was heralded as a first - something that South Africa could well capitalise on. Furthermore wine received a tariff quota of 32 million litres and a E15 million 'compensation' package. However, as the comments above testify, wine interviewees regard this as minuscule.

Second, the analysis of the wine TDCA decision-making process demonstrated that the industry did not speak with a homogenous voice. KWV and CWSI, although joined occasionally by representatives of other organisations, tended to represent the whole sector in the TDCA wine negotiations. Many wine interviewees, whether from labour, CBOs, academics or even farm owners, criticised, to varying degrees, the level of inclusivity that the wine TDCA policy formulation process provided. There is something ironic about KWV's voice not being heard by the Minister for Agriculture. How many times have the voices of the 'nobodies' and 'has-beens' within the wine industry, particularly in the apartheid era, been ignored? However, the continuing influence of these 'traditional' representatives in the TDCA decision-making process reflects the power relations inherent within the industry, which has been white-dominated throughout the course of the history of the South African wine industry. Therefore, given the tensions that have existed between this power bloc and the higher echelons of the post-1994 South African government, it is surprising that KWV is still one of the most dominant voices in the wine decision-making process. However, as section 7.5 has noted, these traditional representatives of the wine

industry have maintained good relations with some NDA officials. They had influence during the negotiations; those with little power in the wine industry were unsurprisingly not included in the TDCA wine negotiations although some interviewees argued that attempts were made to consult representatives from a broad spectrum of the sector. Apart from the power structure within the wine sector, other possible reasons that groups were excluded is that their inclusion may have resulted in hindering the TDCA decision-making process, or that some representative groups (notably trade unions) were beset by internal divisions which may have diverted their focus away from the TDCA negotiations.

Third, this analysis explores further the perception of the influence of external actors. As has been noted throughout the thesis the actual influence that external players have on the process is impossible to accurately calibrate. However, as was evident in section 7.4 some interviewees felt that the EU influenced the negotiations to such an extent that they viewed the TDCA as being mainly for the benefit of the EU. From these negative comments one might expect to have seen much criticism by wine interviewees to the decision-making procedures that accepted such a deal. Indeed, there were critical comments directed towards the government, negotiating team and the wine representatives, yet many perceptions were favourable.

Fourth, this chapter has added to the general description of the South African TDCA decision-making structure. Section 7.3 used aspects of the model introduced in Chapter Four (such as the statal component, detached observers and external environment) to devise a diagram to describe the organisation of the wine sector. The description of the wine TDCA decision-making structure has increased the detail on some of the actors in the general TDCA policy formulation process. For instance, the NDA can now be viewed as a more complex actor, as some NDA officials maintained links with KWV; other NDA representatives claimed they attempted to broaden the decision-making structure, whilst the current ministerial level at the NDA appears to have little contact with any groups in the wine industry.

Chapter Eight

The South African Textile Sector

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8.1 Introduction

The South African textile sector displays features that suggest it can be characterised as a stereotypical 'peripheralised industry', as set out in Chapter Two (2.4). Indeed, in Chapter Six, the South African textile industry was identified as an industrial sector that was likely 'lose out' from the EU-SA TDCA, despite the general perception that textile representatives had considerable opportunities to influence TDCA's formulation. Following the interviewing of twelve representatives of the South African textile industry, and an analysis of related literature, this chapter examines issues raised in preceding chapters and furthers three objectives central to this research. It explores the potential impact of the TDCA, as well as describing and analysing the South African TDCA decision-making process. In order to do this the chapter is structured as follows. Part one (section 8.2) starts by providing a brief outline of the geography, history, politics and economics of the industry. Part two (8.3) describes the organisational structure of the South African textile sector, identifying key actors and institutions as well as their roles within the textile TDCA decision-making process. The third part (8.4) re-visits perceptions of the impact of the EU-SA TDCA on textiles by providing an in-depth articulation of views from within the industry. The fourth part (8.5) examines textile decision-making processes and scrutinises the avenues open to textile representatives.

8.2 An overview of the South African textile sector

This overview is divided into three sections. The first outlines the location of the South African textile sector. The second documents its contemporary history. The third considers economic and political concerns affecting South African textiles.

A note of warning precedes this examination of the textile industry. Firstly, as with wines, statistics are notoriously inaccurate and vary considerably. Secondly, literature surrounding the industry often fails to provide a clear definition of textiles, frequently blurring distinctions between fibres, fabrics and clothing. However, some refer to a textiles 'pipeline' which is comprised of three broad industries (Salinger et al, 1999; IDC, 1999c). The first are those producers of *fibres* (such as wool, cotton, mohair, sisal and synthetics). The second stage of the pipeline involves *yarns* (which

includes silk, filament, wool, vegetable, cotton, and spun synthetics) and *fabrics*. The final stage is *apparels*, made up textiles (bed linen, towels, blankets etceteras) and industrial textiles. Textiles relates primarily to the first two stages of the pipeline, yet in order to obtain an accurate portrayal of the industry, the clothing and footwear sectors cannot be completely ignored from this research. South African clothing manufacturers are major consumers of South African textile products and many companies are classified as being both textile and clothing manufacturers. For example, SEARDEL is the largest clothing and textile company in South Africa.

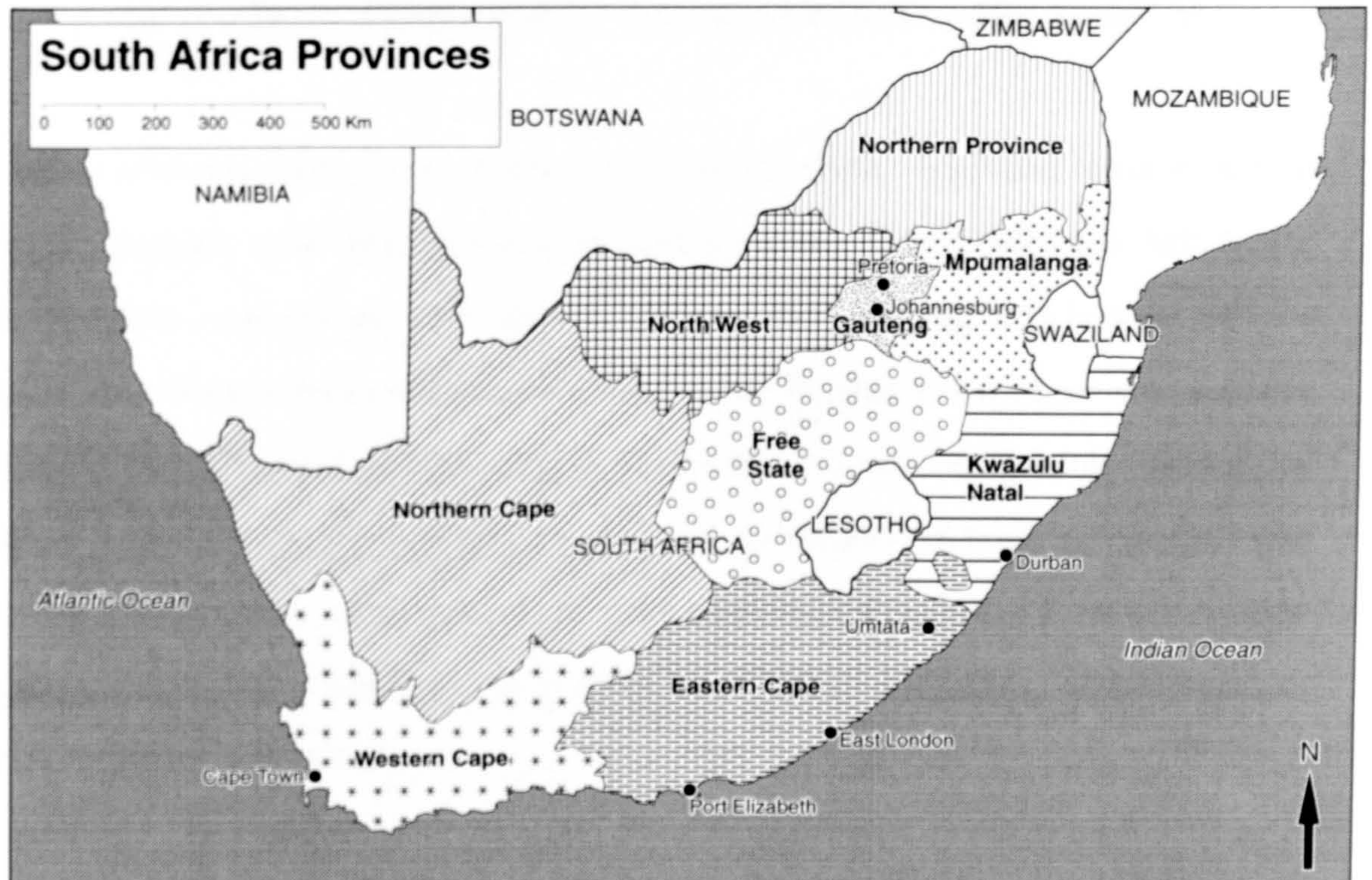


Figure 8.1: Map of South Africa's provinces and major textile-producing towns

8.2.1 Location

There are an estimated 300-350 textile manufacturers in South Africa and they are spread from the Western Cape in the south-west to the Northern Province in the north-east (Mbendi, 2000; #Martin Viljoen, SATIEC, 2001). Textiles are less spatially concentrated than the wine industry, yet clusters do exist. Mohair, for example, is produced mainly in the Eastern Cape. Cotton is more diverse, being grown around North Western Province, Mpumalanga and Kwazulu Natal (Textile Federation, 2000, 7-8). Many of the largest textile manufacturers are based near the ports of Durban, East London, Port Elizabeth and Cape Town. Hennie Bruwer (Cotton South Africa) estimates that 80% of the industry is located in clusters around Cape Town and Durban (#Bruwer, 2001). The map in figure 8.1 (above) highlights these provinces and cities.

8.2.2 *Textiles from 1900-1990*

The creation, existence and maintenance of a textile industry in South Africa has been considered to be extremely important. Salinger et al., (1999) suggest that industries such as textiles can assist moves towards the modernisation of South African society, in that it allows for 'developing areas' to be weaned off their dependence on agriculture. Thys Loubser, from the South African Textile Industry Export Council (SATIEC), concurs:

The starting point of any industrialised nation has been a yarn and textile industry. These will create sustainable job opportunities and empower African people to establish a service industry that can grow (Business Day, (anon.), 18 February 2000).

Before 1945 the South African textile sector was minuscule, employing fewer than 3,500 workers, principally manufacturing rugs, blankets and sheeting (Textile Federation, 2000, 2). The industry rapidly expanded after 1945, with demand for fabrics increasing 150% between 1949 and 1981. By 1960, 19 firms were producing knitted fabrics and 46 mills produced cotton-based yarns and woven fabrics (Textile Federation, 2000, 3). The increase in South African textiles was also due to direct intervention by the Industrial Development Corporation of South Africa (IDC) who constructed many aspects of the sector in the 1950s (Fine and Rustomjee, 1996, 166-168), and the introduction of an import substitution policy (ISI), which stemmed the tide of imports from East Asia (Textile Federation, 2000, 3).

Such protectionism characterised the global trade of textiles in the era that the South African textile sector was expanding. From 1960 the global industry was regulated, particularly following the introduction of the Multi-Fibre Arrangement (MFA) in 1974. This agreement, which was supposed to be temporary,¹ exempted the textiles and clothing trade from GATT disciplines. It allowed industrial countries to place quotas on imports of various textile and clothing products, thus giving 'producers in the North time to restructure and adapt to competition from cheaper imports from the South' (Friends of the Earth, 2001). Therefore, the MFA limited the potential for growth in the newer (lesser developed) producing textile areas. One textile analyst argued that due to the MFA, the international environment in which South African textiles entered in 1990 was one that 'exploited the textile and clothing manufacturing industries of the poorer countries' (Jansen,

¹ The MFA was renewed five times until 1990.

December 1999, 2). From the 1970s ISI was also criticised for making the South African textiles and clothing sector largely non-competitive (US Department of Commerce, 1998) and being detrimental to domestic producers (outside of textiles), particularly those in the clothing sector that required fabrics and fibres from other areas of the world (Salinger et al., 1999). Despite these protectionist measures, Williams and Hanival (1999, 72) noted that the geographical distribution in the textile, clothing and footwear industries has 'changed dramatically in the past 25 years. This has resulted in sizeable employment losses in Europe and North America and employment gains in Asia and other developing countries', whereby 'developed' states relocated some labour intensive aspects of the industry to 'developing' areas. Indeed, the global trend in the production of textiles in the twentieth century has been away from the previously dominant producing areas of the UK, USA and Japan, towards developing/lower cost states (Salinger et al., 1999), such as South Africa.

By 1990, the South African textile industry partially reflected the growth in trade and protectionist regime. In many ways the industry was also characterised in similar ways to that of the wine industry. There were pronounced differences in pay between 'ethnic groupings' within the textile workforce. In the early 1990's African employees were paid 27.2% of white wages (Salinger et al., 1999). However, the treatment of labourers was not considered as harsh as conditions described in the previous chapter. Of more concern were boycotts of, and sanctions on, South African goods, particularly as domestic consumption decreased as consumers requested higher quality and more varied goods from 'foreign' sources (Textile Federation, 2000, 2). As in the wine industry, some textile companies managed to successfully navigate around these constraints on trade and opened an export lifeline. A representative for one large textile company noted that his company started exporting when sanctions were in place (#33, 2001). Sanctions were though one of the causes for the poor state of the industry in 1990. Brian Brink (executive director of the Textile Federation – Textfed) reflects that this caused foreign and local disinvestment in the textile industry. This meant that operators were 'just not putting anything into their... machinery at all' (#Brink, 2001). When apartheid legislation began to be dismantled after 1990, and high tariff barriers were being reduced, many textile manufacturers came to realise that new technology was required in order to compete (#Brink, 2001).

8.2.3 *Political and Economic concerns*

The move towards automation was identified in both the literature and from interviews as one of six major issues that has affected the South African textile sector after 1990. The other issues were:

- Employment concerns
- Illegal imports
- Dependence on exports
- Second-hand clothing
- Tariff liberalisation and trade agreements

It is important to note however that these themes do not comprehensively document all issues that affect textiles. Although subjects such as the strikes of 1996 and 1999 did have an impact upon the sector, and environmental concerns are increasingly important, this section primarily reflects upon those issues deemed important by the interviewees. Therefore, this analysis proceeds by documenting the economic significance of textiles to the South African economy and then discusses these issues in relation to contemporary politico-economic concerns in the industry.

I Economic situation

Textiles contributed R13 billion to South Africa's balance of payments in 1999. This represents 1.5% of the Gross Domestic Product,² although another estimate is that the spinning and weaving section of textiles has contributed 2.2%.³ Furthermore, textiles is the sixth largest manufacturing industry, contributing 3.6% towards total manufacturing production (Cape Media, undated). Domestic textile sales reached R9.8 billion and exports R2.6 billion in 1999, whilst legal imports were R4.03 billion (Textile Federation, 2000, 7). The tables in figure 8.2 demonstrate that from 1995 to 1999 both legal imports and exports have risen in all textile areas apart from the importation of fibres. In terms of exports, textiles is the eleventh largest exporter of manufactured goods. This is the equivalent to one third of total agricultural exports (Textile Federation, 2000, 2). The major export destinations are Mozambique, UK, USA, Zimbabwe, Hong Kong and Taiwan (Cape Media,

² This figure emanates from the Textile Federation, 2000, 7-8.

³ According to an IDC report, 1999c, 1.

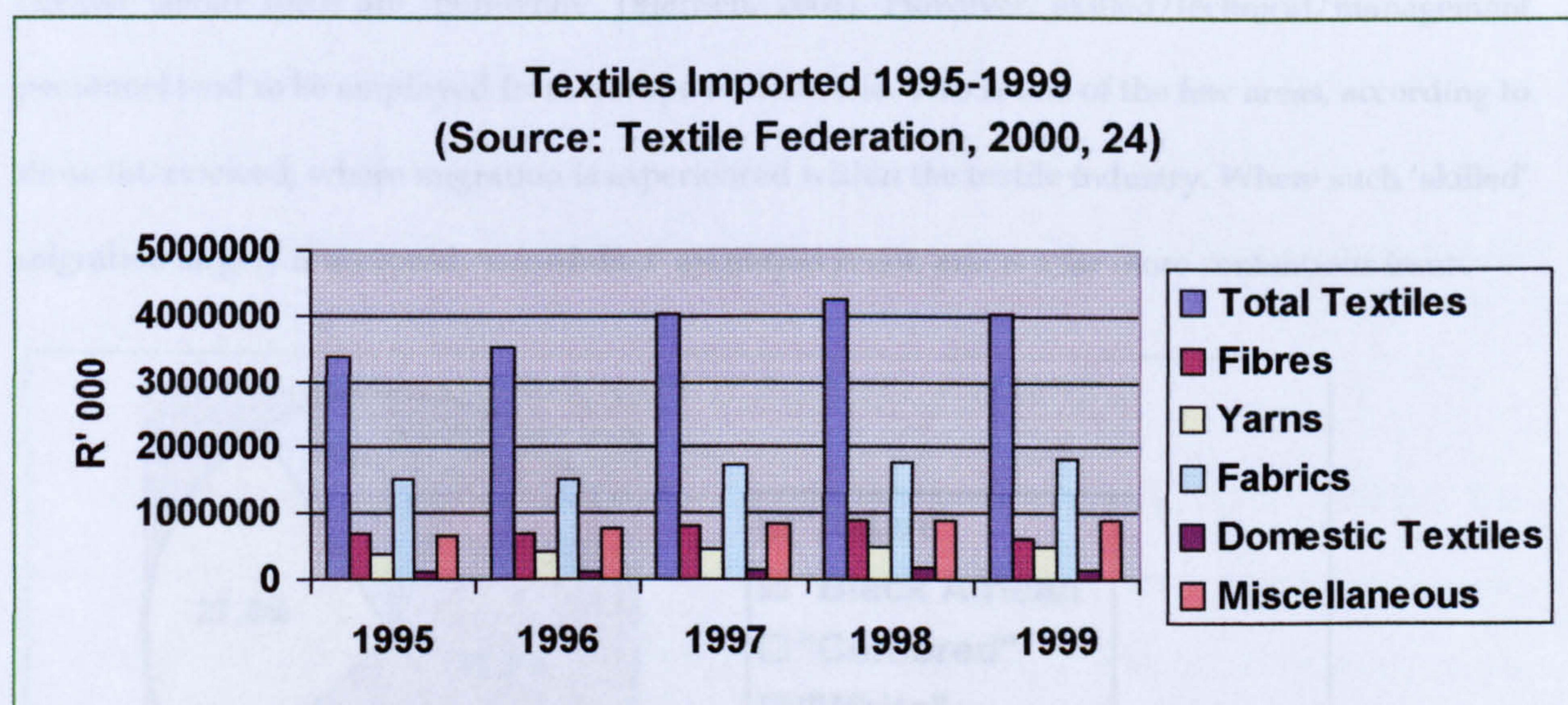
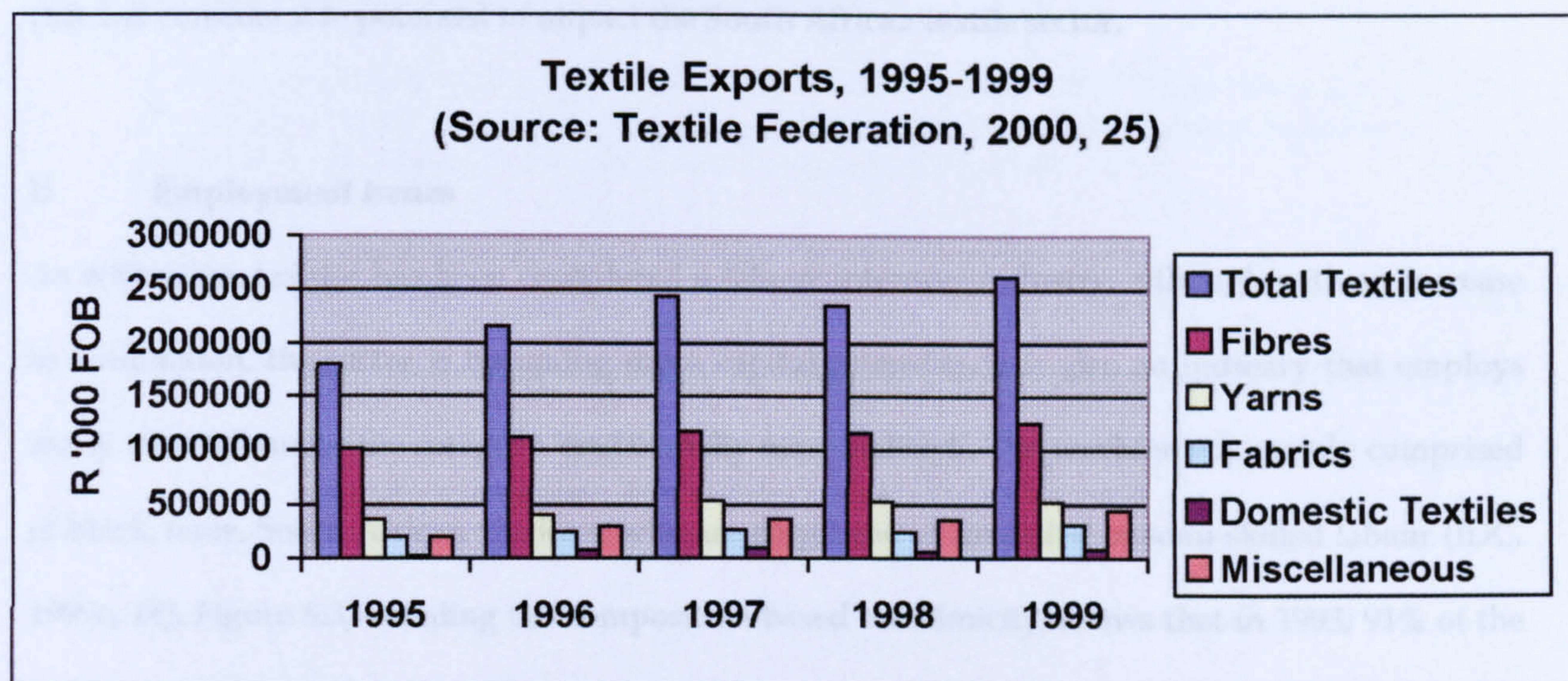


Figure 8.2: Export and Imports of Textiles to/from South Africa from 1995-1999.

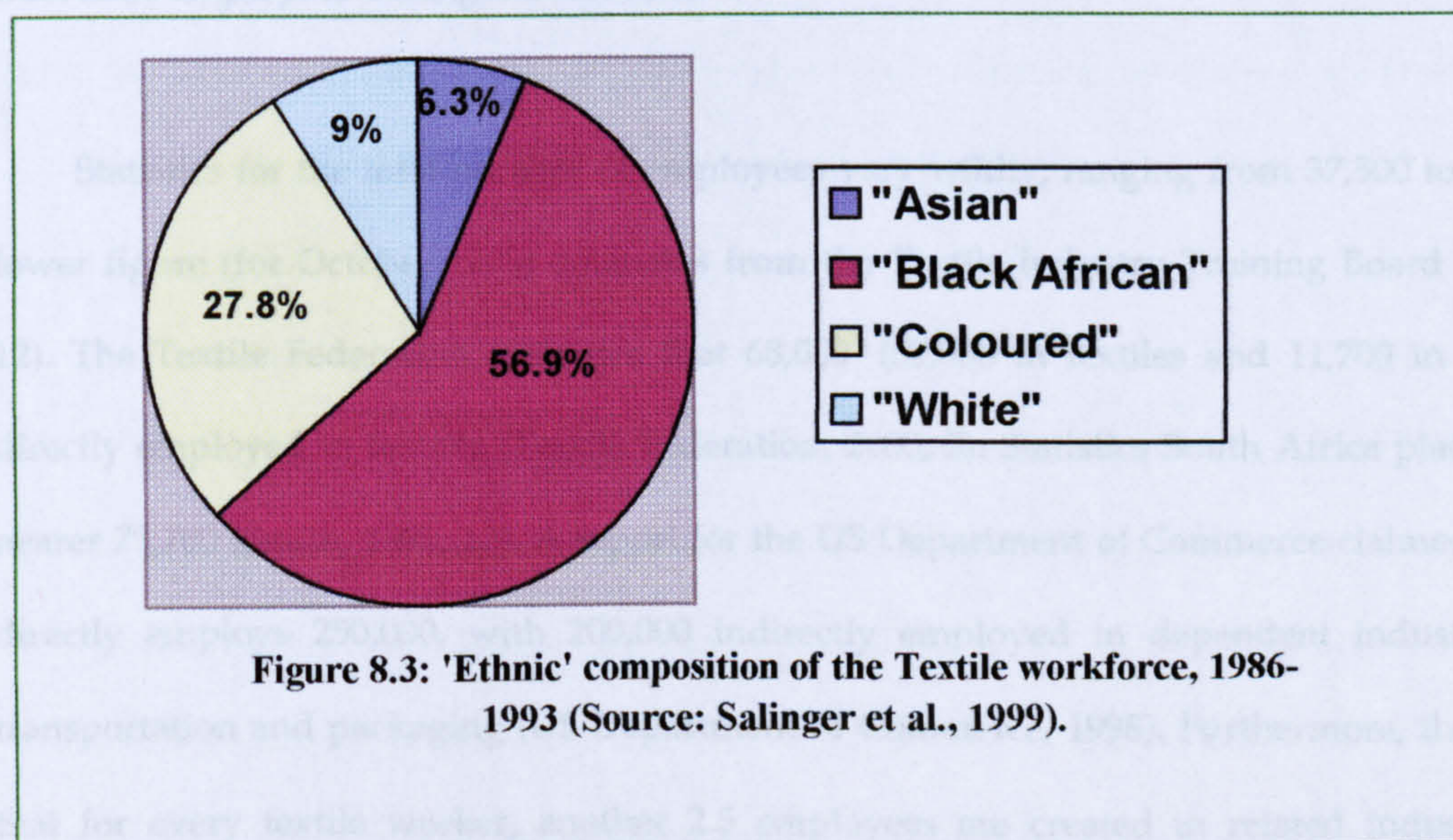
undated). Legal imports have increased from R3.36 billion in 1995 to its current figure of R4 billion in 1999. Many imports originate from East Asia, Australia, New Zealand, China, Eastern European states, Uruguay and Argentina, whilst major African importers are Malawi, Mozambique, Zambia and Zimbabwe.⁴ Illegal imports, a huge concern for the industry (see further details below) are also estimated to have risen dramatically. The current rate of imports from the EU stands at R1.14 billion (20% of total imports). Exports meanwhile represent R1.47 billion in 1999 (36% of total

⁴ The last three are huge exporters of cotton.

South African exports) (Textile Federation, 2000).⁵ The EU-SA TDCA is therefore an agreement that has considerable potential to impact the South African textile sector.

II Employment issues

As with wine, textiles has been considered a labour intensive industry, although with an increase in automation, the sector is becoming more capital intensive. It is also an industry that employs many who fall under the category 'traditionally marginalised'. The workforce is mainly comprised of black, male, South African workers, who are employed as unskilled or semi-skilled labour (IDC, 1999c, 14). Figure 8.3, detailing the composition based on ethnicity, shows that in 1993, 91% of the textile workforce derived from previously disadvantaged 'ethnic' groups. Contemporary figures based on ethnicity are no longer published but anecdotal evidence suggests that the majority of the current labour force are 'non-white' (#Jansen, 2001). However, skilled/technical/management personnel tend to be employed from Europe or East Asia. This is one of the few areas, according to those interviewed, where migration is experienced within the textile industry. Where such 'skilled' migration largely is accepted, 'non-skilled' migration is not, and is a far more contentious issue.



There are no official figures for the number of migrants in the industry, but like the wine sector, less than 5-10% of the workforce is believed to be non-'South African'. Most migration occurs along South Africa's borders with Mozambique and Zimbabwe (#23, 2001). The issue of employing,

⁵ These figures only include 12 of the 15 EU member states.

mainly undocumented migrants, is a contentious one. A very senior textile source, when asked how many migrants there were in the industry, stated that:

I guess that is one of the questions that I should not answer. I think there are... occasionally some employers might, in order to get around the Labour Relations Act – bring in temps... I am sure that the buggers do that (#22, 2001).

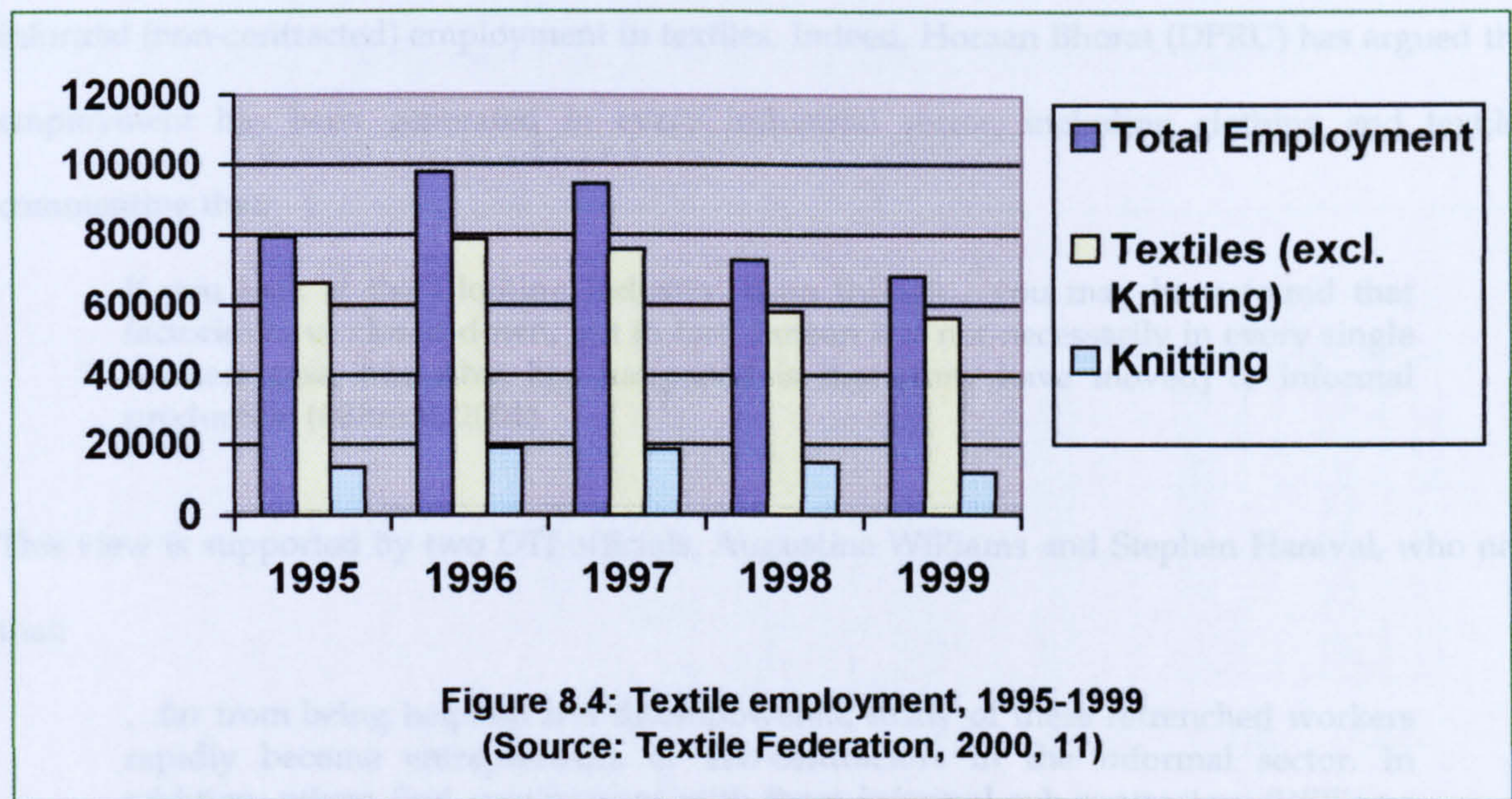
Interestingly, two other forms of migration were referred to during the interviews. Helga Jansen (ILRIG) noted that 'there have always been migratory patterns from agricultural areas into the city and now more than ever'. The second, more prevalent migration, occurs with textile and clothing firms relocating to neighbouring states, such as Malawi and Mozambique, to take advantage of lower labour costs, different labour conditions and lower levels of social protection (Horton, 1999, 47; #Jansen, 2001).

A further marginalised group, identified in chapters two and five - women – comprise 32% of the textile workforce (#Bennett, 2001). This compares to a national average of 33% and in the clothing sector close to 80% (Salinger et al., 1999)). Yet, there are some areas of the industry where the proportion of female workers is high. For instance, the Cotton Industry employs more female than male employees during harvest time.⁶

Statistics for the total number of employees vary wildly, ranging from 37,500 to 450,000. The lower figure (for October 1998) emanates from the Textile Industry Training Board (Smith, 1999, 12). The Textile Federation estimates that 68,000⁷ (57,000 in textiles and 11,700 in knitting) are directly employed in textiles (Textile Federation, 2000, 5). Statistics South Africa places the figure nearer 75,700 (Smith, 1999, 12). A report for the US Department of Commerce claimed that textiles directly employs 250,000, with 200,000 indirectly employed in dependent industries such as transportation and packaging (US Department of Commerce, 1998). Furthermore, the IDC asserts that for every textile worker, another 2.5 employees are created in related industries (Textile Federation, 2000, 5).

⁶ Male employees dominate the permanent workforce though.

⁷ And 80,000 work on cotton farms.



That the number of 'formal' workers is declining rapidly, however, is rarely contested. Figure 8.4 clearly illustrates that employment levels have decreased from 98,000 in 1996 to approximately 68,000 in 1999,⁸ representing a loss of 31% in just four years. Brink states that unemployment has affected all aspects of the textile pipeline. The debate over unemployment is clearly one of the most striking characteristics of the contemporary textile scene. But what factors are to blame for this? From the interviews conducted and the literature analysed these are deemed to be:

- The impact of illegal imports (Netshitomboni, 2000, 68).
- Labour inflexibility (Lace, 2000).
- Automation.
- Trade liberalisation and accompanying policies (reduction in ISI) (Smith, 1999, 12).
- The collapse of Asian economies (Japan and Taiwan are South Africa's two largest trade and investment partners (Textile Federation, 2000, 8-9)).
- The volatility of the global financial markets (US Department of Commerce, 1998).
- The oversupply of international markets (IDC, 1999c, 6).
- Second-hand clothing (Delorme, 2000).

⁸ Netshitomboni (2000) argues that 1996 employment figures are distorted because employment in that year (which showed an increase across all sectors) was a reflection of the inclusion of former 'Bantustan' employment statistics for the first time. This conceals that continual decline in employment since 1990.

It must be noted however that these figures for unemployment fail to show the levels of informal (non-contracted) employment in textiles. Indeed, Horaan Bhorat (DPRU) has argued that employment has been generated in every industrial sector, including clothing and textiles, commenting that:

If you look at the Clothing industry, even though... you may have found that factories have closed down, but in fact, I mean it is not necessarily in every single workers case, but what has happened is that [they have moved] to informal production (#Bhorat, 2001).

This view is supported by two DTI officials, Augustine Williams and Stephen Hanival, who note that:

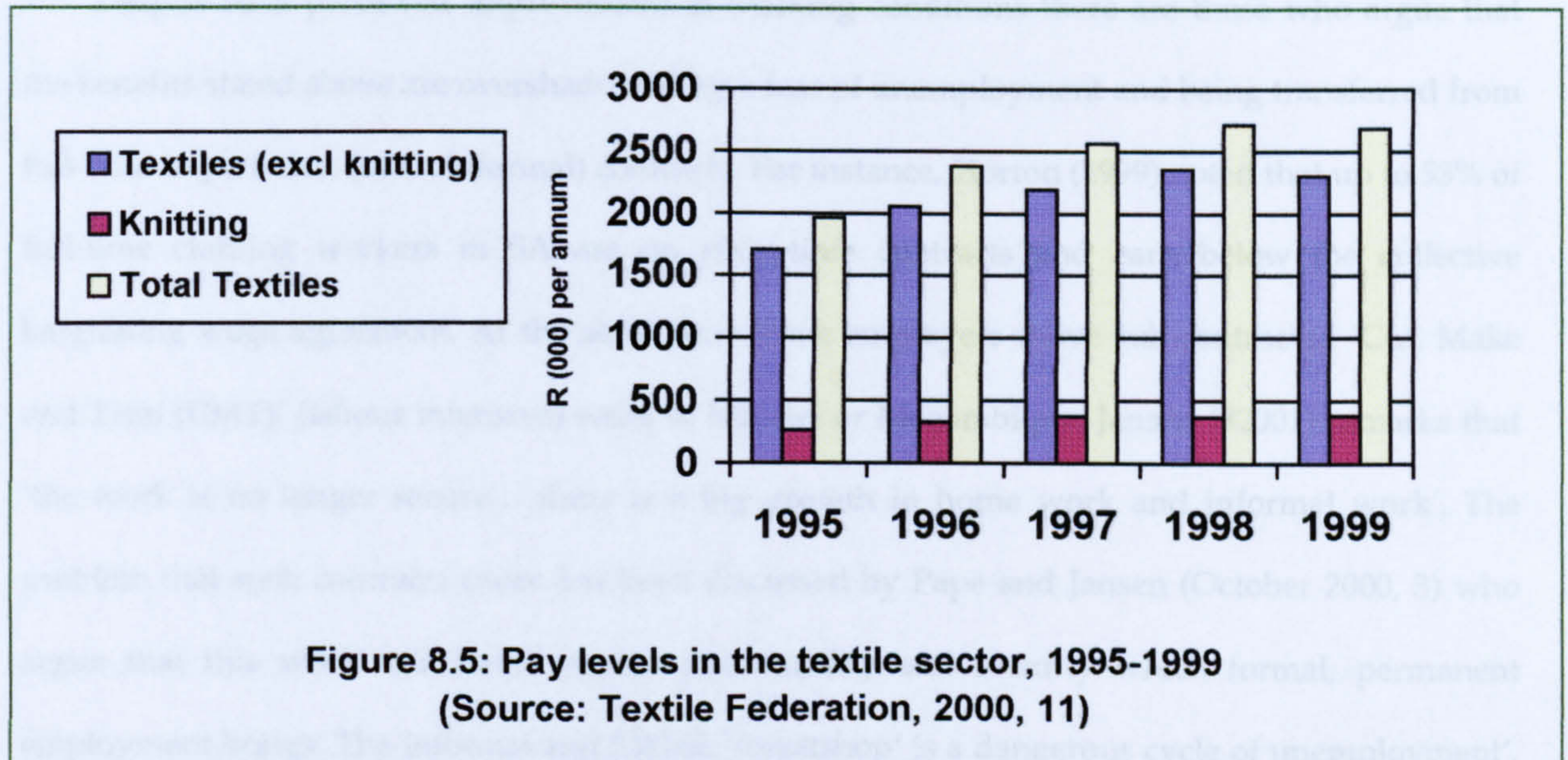
...far from being helpless and disempowered, many of these retrenched workers rapidly become entrepreneurs or sub-contractors in the informal sector. In addition, others find employment with these informal sub-contractors (Williams and Hanival, 2000, 74).

Whatever the correct figures for retrenchment levels, textiles still employs over 2.2% of the total official, formal workforce (IDC, 1999c, 1) and is between the fourth and sixth largest employer in South Africa (Textile Federation, 2000, 5). There is also growing opinion that the sector has 'turned the corner' and official employment will increase. Evidence from some interviewees supports this viewpoint. One trade union official, Monroe Kalipi from SA Fine Worsteds, provides an overview of the employment history at the company since the late 1980's:

Let me be specific on SA Fines... Let me start in the 80s. It was a very stable company with a workforce of about 900 to a 1000 and now since the beginning of the 90s we see a decline, a sort of downslump in the industry where jobs were being lost [from 1000 to 560]. The management structure has been constantly changing since the early 1990's. We are now seeing a positive trend from the management – in terms of trying to secure jobs for this place. [They] had been disillusioned in the past... a sinking feeling... but now [there] is change. Now a feeling that they can make it work.

Some interviewee comments, supported by selected literature, suggest that despite decreasing uncertainty over job security, labour conditions within textiles generally improved since 1990. Figure 8.5 illustrates that wage levels have risen throughout the industry from 1995 to 1999 (between 1997 and 1998 they increased by 18%). Government Acts (such as the Labour Relations Act, 1995, outlined in Chapter Seven) have also benefited employees to some extent. Interviewees

with links to textile workers noted that the establishment of Bargaining Councils and Industry Education Boards should further improve labour standards, particularly in training.⁹



Aspects of 'labour-friendly' government legislation have been criticised by clothing and textile representatives. Paul Theron (Clofed) argues that:

Due to the labour intensive nature of our industry, we are more severely impacted than most other industries... Our ultimate competition and threats come from countries having more labour flexibility, and wages substantially lower than ourselves... Although good intentioned, labour-friendly legislation results in a reluctance by employers to employ more people, it entrenches existing jobs and will not lead to employment growth (quoted in Richards, 1999, 3).

Furthermore, some textile employers oppose the 1997 Basic Conditions of Employment Act (BCEA) because of its provisions for compulsory paid maternity leave. In an industry where one third of workers are women, industry leaders claim that job losses will result (Salinger et al., 1999).

Non-governmental empowerment initiatives, seeking to improve the economic status of traditionally marginalised peoples, are also affecting labour conditions within textiles. For example, Cotton South Africa encourage the growth of, what they term, emerging smallholders in the cotton industry. Hennie Bruwer (#2001), Cotton SA's Chief Executive Officer explains that:

⁹ Industry Education Boards are overseen by the Sectoral Education Training Authority (SETA). By April 2001 employees had to contribute 1% of the overall wage bill to a general training fund. This was established under the Skills Development Levies Act, 1999.

... we set ourselves a goal a couple of years ago that by 2005 we would very much like to be in a position where the smallholder contribution is 30%. But whether we will achieve that, I doubt it because there are certain macro factors that are working against our initiatives [such as the slow process of land restitution].¹⁰

Despite such perceived improvement in working conditions there are those who argue that the benefits stated above are overshadowed by a fear of unemployment and being transferred from full-time to part-time (often informal) contracts. For instance, Horton (1999) noted that up to 53% of full-time clothing workers in SA are on short-time contracts and earn below the collective bargaining wage agreement. At the same time some employers move sub-contracted 'Cut, Make and Trim (CMT)' (labour intensive) work to Malawi or Mozambique. Jansen (#2001) remarks that 'the work is no longer secure... there is a big growth in home work and informal work'. The problem that such contracts cause has been discussed by Pape and Jansen (October 2000, 3) who argue that this work 'can never replace the stability and security which formal, permanent employment brings. The informal and SMME 'sweatshop' is a dangerous cycle of unemployment'. Women workers tend to be those who suffer most from such employment as they:

...not only have to struggle [with] the loss of jobs, but they also have to deal with cuts in Welfare budgets such as the cuts in the New Child Support Grant. They also have to support children, elderly parents and unemployed husbands and partners. This situation together with rising crime, violence against women and unemployment increases their economic and financial responsibilities (Jansen and Pape, October 2000, 1).

Indeed, gender discrimination in terms of wage levels has been noted by Jarvis (1997, 21-22) who documents that women in the textile industry receive an average of R288 a week. This is R50 less than the average for men. Reflecting on the government policies and the worsening working conditions for women, Helga Jansen remarks:

So, the conditions are deteriorating and that is the contradiction. There are all these sophisticated labour laws... and it is not recognising that the reality is that women are prostituting themselves; economically prostituting themselves (#Jansen, 2001).

The description of these textile employment issues shows that the workforce in 2001 is comprised mainly of 'traditionally marginalised' peoples. Since 1994 conditions under which they work have improved for those who remain in formal, permanent, full time employment. However,

¹⁰ Furthermore, governmental and non-governmental agencies (such as Wesgro, Clotex and Ntsika) have established funds and programmes to assist SMMEs.

the movement towards informal, part-time work and the huge reduction in the formal workforce has resulted in a growing sense of insecurity for these previously disadvantaged groups. The following four contemporary politico-economic features to affect the textile sector have received far less attention than the issues that surround employment. However, many interviewees claim that they have had a significant impact on the textile sector.

III Automation/Competitiveness

One interviewee argued that increased automation and technological change 'seem to be the strongest determinant of employment shifts' (#Bhorat, 2001). In 1996 *Cape Business News* reported that the decline of the textile industry was partly due to South African textile firms being 'less innovative' than international competitors (*Cape Business News*, (anon.) December 1996). Indeed, some analysts argued that new machinery was essential in making the textile sector internationally competitive (IDC, 1999c, 1). Lace (2000) estimates that four billion Rand has been invested by the industry into technological improvements since 1990. However, Walter Simeoni, of the Frame Group, argues that another two billion Rand will be required to make the textile sector internationally competitive (*Business Day* (anon.), 23 February 2001).

IV Illegal Imports

Many interviewees commented on the sudden increase in illegal imports that have accompanied the dismantling of tariff barriers in South Africa. Analysts estimate that illegal imports may contribute to 11% of textile industry sales (IDC, 1999c, 43) and approximately 50% of clothing sales (Smith, 1999, 12). The South Africa-Malawian trade agreement is seen as a major culprit in allowing goods that originate in 'the East' to enter Malawi and then pass into South Africa without paying tariffs. This is exacerbated by inefficient custom control checks. Illegal imports are blamed for increasing unemployment and it is regarded by some analysts to be the 'biggest single problem to hit the industry' (Smith, 1999, 12).

V Dependence on Exports

Figures suggest that the clothing and textile industries are becoming more dependent on exports. The largest clothing and textile company in South Africa, SEARDEL, increased their exports by

42% from 1999 to 2000 (representing R229 million) (Business Day (anon.), 23 February 2001). Furthermore, Monroe Kalipi (#2001) remarked that SA Fine Worsteds is mainly selling internationally, where in the past most sales were to domestic markets. In addition, Brian Brink (#2001) noted that 'the domestic economy is extremely depressed at this point... so the salvation is get out there and export'.

VI Second-hand clothing

The influx of second hand clothing from 'developed' regions of the world is an issue that predominantly affects the clothing sector, but has ramifications for textiles. Despite the obvious good intentions of the second hand market, the 'massive introduction of second-hand clothes competes with local production and de-structures the economy. As a result, tens of thousands of workers lose their jobs (Delorme, 2000, 22). Indeed, Bernard Richards argues that:

...where second hand clothing is allowed in, like in Zambia or wherever, the local industry collapses. The do-gooders of the first world think that by donating their used clothing they are helping people, they are actually not. They are not helping people if they are not getting jobs.

VII Tariff liberalisation and trading arrangements

Past, present and future trade liberalising arrangements have attracted considerable attention. As the literature surveyed in Chapter Two (2.4) demonstrates many analysts claim that neo-liberal, tariff-liberalising policies have resulted in the textile industry being marginalised globally. Articles in South Africa's financial press reinforce this impression (see especially Radebe, in *Business Day*, 26 February 2001). For example, *Business Day* estimated that tariff reductions have led to 172 factories being closed and 34,000 people being made unemployed in the textile and clothing industries since 1999 (Jenvey, 2001).¹¹

The phase down of tariff import levels into South Africa (see table 8.1 below), agreed by the South African government in 1993, means that the textile sector has to cut tariffs to an agreed rate by 2003, rather than 2007, as GATT regulations advise (Michie and Padayachee, 1997). Although the table illustrates that clothing goods have experienced most reduction (from 90% to 40%),

¹¹ The figure has been put at 115,000 since 1995.

synthetic fibres, yarns and fabrics will see their tariffs reduced by more than half their 1994 rates by the end of 2002.

| | 1994 | 1995 | 1996 | 1997 | 1998 | 1999 | 2000 | 2001 | 2002 |
|-----------------------------------|------|------|------|------|------|------|------|------|------|
| Synthetic Fibre | 25% | 23% | 21% | 19% | 17% | 15% | 13% | 11% | 7.5% |
| Yarn | 32% | 30% | 28% | 26% | 24% | 22% | 29% | 18% | 15% |
| Fabric | 45% | 42% | 39% | 36% | 33% | 30% | 27% | 24% | 22% |
| Clothing | 90% | 84% | 78% | 72% | 66% | 60% | 54% | 47% | 40% |
| Household made-up textiles | 55% | 52% | 49% | 46% | 43% | 40% | 37% | 34% | 30% |

Table 8.1: Tariff phase down of textile imports to 2002 (Source: US Department of Commerce, 1998).

Aside from the EU-SA TDCA, South Africa also has entered into tariff liberalising trade agreements with other states and regional trading blocs (with more on the way). This includes bilateral agreements with for example, Zimbabwe, Malawi and the EU. A multilateral arrangement has been agreed with SADC and the African Growth and Opportunity Act (AGOA) was unilaterally introduced by the USA.

Under the EU-SA TDCA, the phase down of textile (along with clothing and footwear) products is located in Title II (Trade) under Industrial Products (some textile products, such as cotton, are also listed under Agricultural products). The details for each product's tariff rate, and the rate of reduction, is under Industrial Products as listed under Annexes II and III (elimination of European Community and South African tariff barriers). Tariff phase down levels for most textile products to enter the EU occurs after six years (see article 11, EU/SA TDCA, 1999). For South African tariffs, the reduction takes place over eight years (Article 12, EU/SA TDCA, 1999), and falls to 50% of South Africa's Most Favoured Nation (MFN) tariff levels (Textile Federation, 2000, 4). There are other provisions within the agreement that might affect the textile trade. For instance, Anti-dumping (Article 23) and Rules of Origin (Article 28 and Protocol 1) could result in non-tariff barriers to trade (as outlined in Chapters One and Five). The prevention of illegal imports should be assisted by Article 48 that promotes co-operation between EU and South African customs officials.

These trade liberalising agreements have attracted both praise (US-Africa Bill) and criticism (Malawi, SADC) from textile interviewees. The trade agreement between South Africa and Malawi for example has been scathingly attacked. This is a non-reciprocal trade deal, whereby Malawian goods pay no tariff charges. This has resulted in South African textile firms relocating to Malawi in order to escape the South African duty structure (IDC, 1999c, 41) and consequently textile imports to South Africa have grown 'excessively' (Richards, 1999, 4). Analysts argue that low quality East Asian goods illegally enter South Africa as re-exports from Malawi (IDC, 1999c, 41). Consequently:

Malawi [has] superseded China as the largest exporter of clothing to South Africa, and surpassed Pakistan as the largest exporter of bed linen to South Africa. This is clear evidence of massive country of origin fraud being exploited under the agreement (IDC, 1999c, 41).

The forthcoming SADC FTA, although with the potential to provide South African firms with cheaper raw materials (Smith, 1999, 13), has also been criticised. The agreement 'is likely to accelerate the inflow of illegal imports, and even lead to a substantial relocation of SA clothing manufacturers [the main domestic consumers of yarn and material]' (IDC, 1999c, 6). The Textile Federation is particularly concerned about the agreement. Brian Brink stated that he 'feared it as much as I fear illegal imports' (#Brink, 2001). Malcolm Hughes, also of Texfed, adds that:

With little or no consultation with business and labour, government is set to railroad through a SADC FTA which will lead to the wholesale destruction of industrial sectors and jobs, not only in South Africa, but throughout the entire SADC region (Smith, 1999, 13).

Other trade arrangements are viewed as being more beneficial to the textile industry. Despite criticisms levelled against tariff liberalisation, the Textile Federation stated that 'The textile industry has embraced the General Agreement of Trade and Tariffs and the philosophy of trade liberalisation' (Textile Federation, 2000, 4). Also, although identified by interviewees in Chapter Six as likely to lose out from the EU-SA TDCA,¹² this FTA has been viewed by some within textiles as being a factor in enticing some companies to South Africa. For example, *Business Day* reported that Ramatex Group from Malaysia has been attracted to South Africa by both the EU FTA and the US African Growth and Opportunity Act (AGOA) (Business Day, anon., 3 November 2000).¹³ The US bill, which takes effect from 1 October 2000 to 30 September 2008, has been received with wide

¹² Paul Theron has argued that 'the uncertainty over the EU agreement and the interpretation thereof has had a restraining effect' on both the clothing and textile sectors (Theron, 2000, 3).

¹³ Ramatex are anticipated to create 10,000 jobs.

acclaim throughout the clothing and textile industry. Paul Theron (Clofed) estimates that the Act will create an additional 150,000 jobs (quoted in Jenvey, 2000).¹⁴ Martin Viljoen, hopes that AGOA could double or treble present exports, and remarks that it:

is like a gift. I mean it is not [strictly] a trade [liberalising] agreement, it is unilateral. We have got access... If that does not give the industry an unbelievable push... then one has to start thinking whether South Africa is actually a textile... environment... (#Viljoen, 2001).

Emerging from this brief overview of the textile sector is an outline of the changing economic and political dimensions of the industry, particularly since 1990. The last ten years have seen much transformation. The workforce has been dramatically reduced; legal and illegal imports, as well as exports, have risen, sometimes dramatically; tariff levels have fallen at a quicker rate than directed under the Marrakesh (GATT) Agreement, which has generated a volley of criticism from the unions; and new trading arrangements have created both apprehension and raised expectations. These economic and political concerns indicate that the textile sector in 2001 continues to confront difficulties, some of which have been inherited from governmental and international policies and events prior to 1990. *Business Day* (anon., 23 February 2001) presents a rather bleak future as the industry faces:

...a myriad of obstacles as it seeks to transform itself from a protected, inward-looking sector focused on import substitution, into one exposed to international competition in both imports and exports. Fabric and yarn imports have risen dramatically. Harry Pearce, CE of Da Gama Textiles in East London, estimates that imports now account for half of all textile consumption in SA, up from 20%-25% a decade ago. The effects of falling international prices and declining local customs duties have been exacerbated by customs fraud...

President Thabo Mbeki singled out textiles in his state of the nation address as one of SA's most promising sectors for export-led growth and job creation. Talk to any textiles executive, however, and the emphasis is somewhat different: exports do not so much offer a promising future for the industry as its only hope. SA's textile industry is in dire straights. Seven factories, among them Waverley Blankets and Mooi River Textiles, have closed their doors over the past two years, throwing 3500 people out of work. At the same time, more than 40 clothing manufacturers, the textile producers' main customers have gone to the wall. Far from creating jobs, employment in the industry has shrunk by almost 30% since 1996.

Furthermore, the loss of long-term formal-contracted employment, allied to union concerns over lack of adequate protection against the ill-effects of trade liberalisation policies, means that

¹⁴ It should be noted that the agreement is a reciprocal trade deal. Duval Smith (25 May 2001) noted that in the first three months of 2001, African trade to the US rose by 24%. At the same time, US exports to Africa increased by 23%.

conditions for those 'traditionally marginalised' workers, the majority of the workforce, have not yet been significantly improved.

Some analysts however predict a brighter future. For instance, Textfed notes that:

The South African textile industry has restructured itself in order to survive within the objectives and parameters of the government's economic policy in order to become a modern, dynamic, value-adding, job-creating, exporting, manufacturing sector. It appears as if the industry has reached the turning point and is back on the road to recovery and eventual growth (Textile Federation, 2000, 7).

This section has also outlined that the textile component of SEFTA, as with wine, only comprises a small part of the entire agreement. Analysis of the textile aspect of the TDCA in section 8.4 should provide a more in-depth analysis of the issues raised in preceding chapters. The overview outlined above provides the context into which an analysis of the perceived implications of the EU-SA TDCA, and the decision-making structure that surrounds it, can be placed. The next section describes the organisational structure of the textile sector and the role actors played in the textile TDCA policy formulation process.

8.3 Organisation of the Textiles sector

Since 1990 the institutional structure of the textile sector has undergone drastic transformation. Some major South African companies have been bought by competitors, both domestic and global. The number of Small, Medium and Micro Enterprises (SMMEs), mostly specialising in 'niche products', has risen along with those entering the South African domestic scene from the 'Far East' (Taiwan, South Korea, China etceteras). Furthermore, with the South African government changing from National Party to an ANC-led tripartite coalition, personnel within the DTI, responsible for clothing and textiles, have altered (as noted in Chapter Four). In addition, many research institutes, consultants, industry bodies and NGOs have been formed since 1990. Trade bodies such as the South African Textile Industry Export Council (SATIEC) only emerged in 1999. The organisational structure therefore boasts a myriad of new 'actors', representing a diverse array of interests.

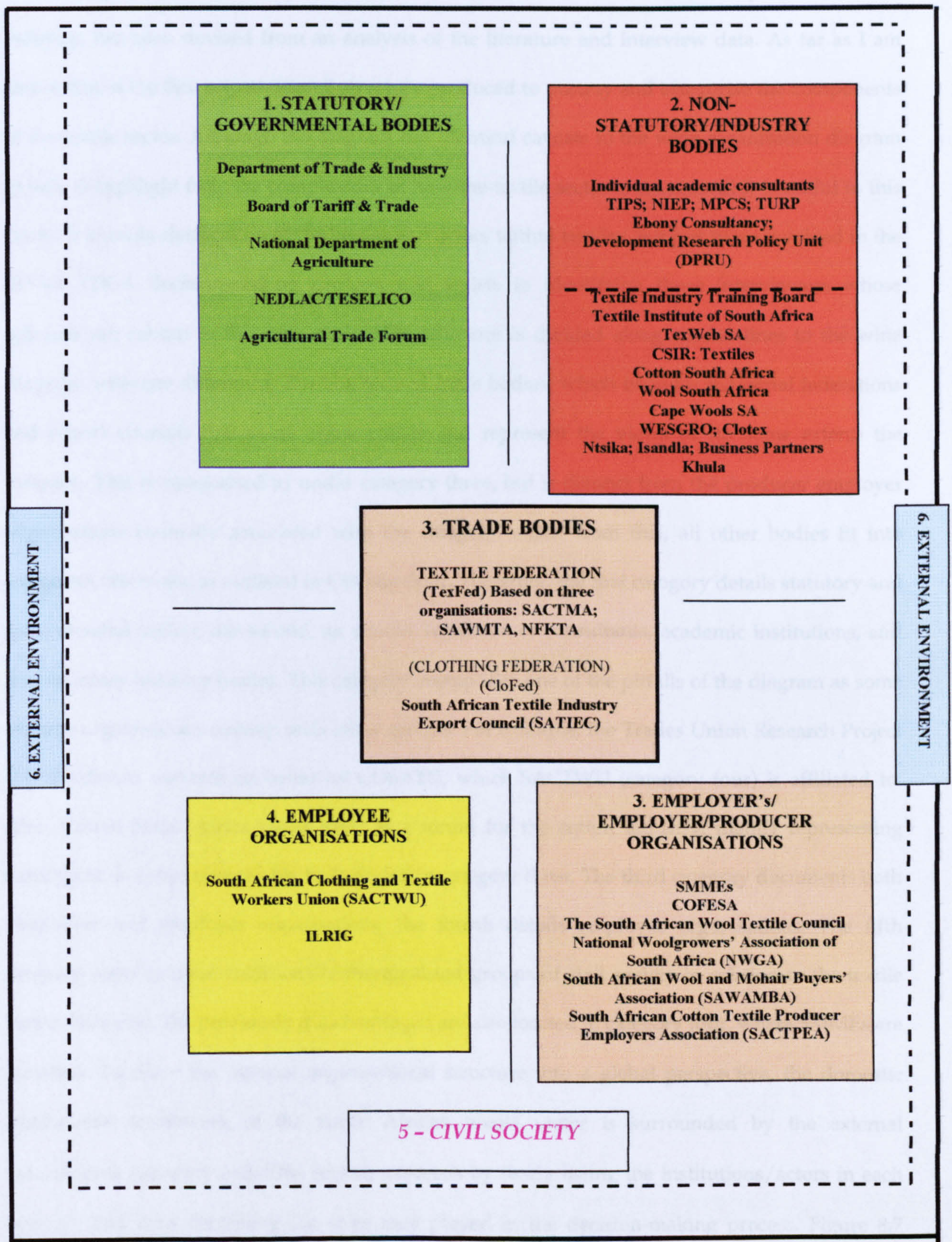


Figure 8.6: The current organisational structure of the Textiles Sector

A diagram (see figure 8.6 above), similar to that constructed for the analysis of the wine industry, has been devised from an analysis of the literature and interview data. As far as I am aware, this is the first organisational structure produced to portray and categorise the components of the textile sector. Although the diagram has identical caveats to the wine organisation diagram (it fails to highlight fully the complexities of how the textile sector is structured) it is useful to this study. It permits clarification of the bodies and actors within textiles, not just those involved in the EU-SA TDCA decision-making process, and assists in identifying those interviewees whose opinions are central to this case study. The structure is divided along similar lines to the wine diagram, with one difference. The box termed trade bodies, which includes industrial federations and export councils that some argue collate and represent the views of (to some extent) the industry. This is categorised as under category three, but is distinct from the producer employer organisations normally associated with the category. Aside from this, all other bodies fit into categories one to six, as outlined in Chapter Four. Therefore, the first category details statutory and governmental bodies; the second, an eclectic collection of consultants, academic institutions, and non-statutory industry bodies. This category exemplifies one of the pitfalls of the diagram as some of these organisations overlap with other groups. For example, the Trades Union Research Project (TURP) directs research on behalf of COSATU, which SACTWU (category four) is affiliated to. Also, Cotton South Africa views itself as a forum for the cotton industry, mainly representing employers, so could conceivably be included in category three. The third category documents both employers and employer organisations; the fourth details employee organisations. The fifth category seeks to place traditionally marginalised groups of civil society in relation to the textile sector. However, the previously disadvantaged are also located in category four, where SMMEs are included. To place the internal organisational structure into a global perspective, the domestic institutional framework of the South African textile sector is surrounded by the external environment (category six). This section proceeds by firstly listing the institutions/actors in each category and then describing the roles they played in the decision-making process. Figure 8.7 assists in providing an overview of how each institution/body fed into the overall TDCA decision-making process. This figure also highlights how other categories of actors within textiles were integrated (or not) into the TDCA structure.

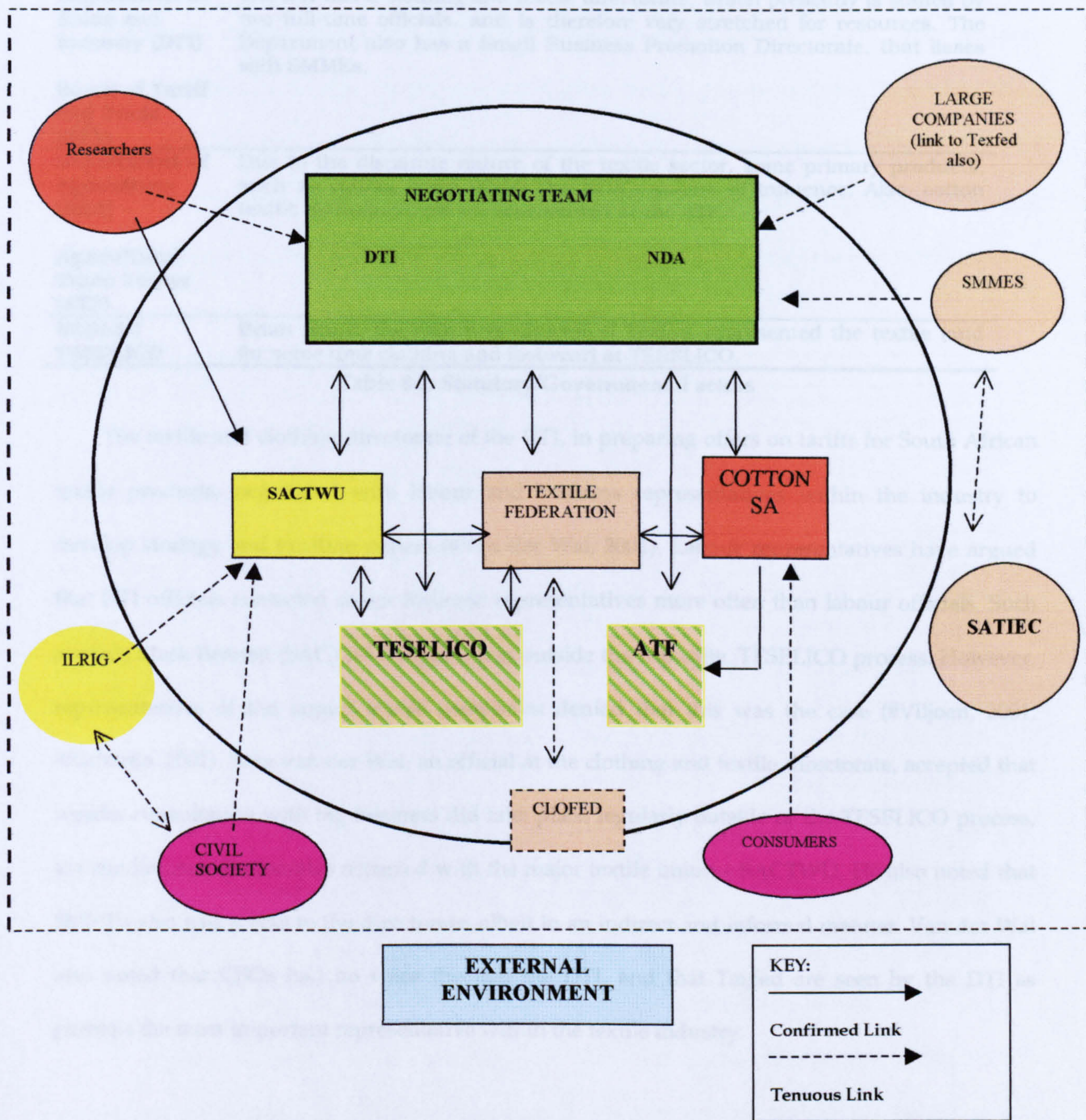


Figure 8.7: Textile sector and the EU-SA TDCA decision-making process

1. Statutory/Governmental actors



The statal decision-making process has been described in some detail in Chapter Four. However, in terms of textiles' access to this statal process, the pertinent 'actors' and bodies within the textile decision-making structure are listed in table 8.2 below.

| Body | Overview |
|---|---|
| Department of Trade and Industry (DTI) | The DTI has a clothing and textile directorate, which presently is staffed by two full-time officials, and is therefore very stretched for resources. The Department also has a Small Business Promotion Directorate, that liases with SMMEs. |
| Board of Tariff and Trade (BTT) | |
| Department of Agriculture (NDA) | Due to the disparate nature of the textile sector, some primary products, such as cotton, come under the NDA's sphere of influence. Also, cotton textile manufacturers are represented at the ATF. |
| Agricultural Trade Forum (ATF) | |
| NEDLAC TESELICO | Brian Brink, the executive director of Textfed, represented the textile (and for some time clothing and footwear) at TESELICO. |

Table 8.2: Statutory/Governmental actors

The textile and clothing directorate of the DTI, in preparing offers on tariffs for South African textile products, negotiated with labour and business representatives within the industry to develop strategy and position papers (#Van der Wal, 2001). Labour representatives have argued that DTI officials contacted senior business representatives more often than labour officials. Such contact, Mark Bennett (SACTWU) argues, was outside the tripartite, TESELICO process. However, representatives of the largest textile companies denied that this was the case (#Viljoen, 2001; #Richards, 2001). Sake van der Wal, an official at the clothing and textile directorate, accepted that regular consultation with big business did take place regularly outside of the TESELICO process, yet similar consultation also occurred with the major textile union – SACTWU. He also noted that SMMEs also had access to the directorate, albeit in an indirect and informal manner. Van der Wal also noted that CBOs had no voice through the DTI, and that Textfed are seen by the DTI as perhaps the most important representative within the textile industry.

Following the conclusion of the textile TDCA negotiations, clothing and textile sectoral summits, to discuss issues of concern within the industry, were established, and included representatives from Textfed, SACTWU, large companies and SMMEs. This form of decision-making appears to include more actors than those who participated under the TDCA process, and therefore might be perceived as being more inclusive.

2. Non-Statutory/Industry/Research Bodies

This section details a diverse set of 'actors', which listed together form a category of 'detached observers' or research bodies and non-governmental industry institutions. In order to more accurately define and describe this category it is further divided into two sections. Two tables assist in this process. The first (table 8.3) lists research, consultancy and investment bodies that have an interest in the textile sector. Then second (table 8.4) identifies those organisations that have a much closer affiliation to textiles. Indeed, for most, the textile and clothing sectors are their sole focus.

| Body | Overview |
|--|---|
| WESGRO | Promotes foreign investment in the Western Cape, particularly SMMEs. Textile and clothing sector included. For full details see Wesgro entry in Chapter Seven. |
| Development Policy Research Unit: | Based at the University of Cape Town, the DPRU research many issues of importance to the South African economy. Was originally established by the ANC. |
| Individual academic consultants | These are academics that are often paid to act as consultants to government over themes that relate to the textile industry. Examples include Miriam Altman (University of Witwatersrand) and Johann Maree (University of Cape Town). |
| TIPS | See entry under Chapter Four. |
| Ebony Consultancy | Assists the development of empowerment initiatives, particularly for SMMEs. |
| Ntsika | Established in 1996. Support small businesses, and run the Trade and Development Programme (TIDP), which is funded by the EU. They are 'assisted' in the implementation by a consortium of local and European consultants and overseen by the Imani group. As noted in Chapter Four (4.3.3), Ntsika commissioned a report looking at the potential impact of the agreement on SMMEs (Ntsika, 2000). |
| Isandla | Devises decision-making tools to empower civil society organisations |
| Trade Union Research Project (TURP) | A NGO research unit for trade unions. Founded 1986. Primarily focuses on economic, work organisation and gender issues. In 1997 commissioned a survey of women workers in the textile and clothing sectors (see Jarvis, 1997). |

Table 8.3: Non-Governmental research and consultancy bodies

As noted in Chapter Five both the DPRU and TIPS exert significant influence within the DTI. In relation to textiles, the DPRU has conducted research on the sector in southern Africa. Individual academics, along with the private company, MPCs, (see below) were also employed to provide an analysis of the textile industry for government.

| Body | Overview |
|---|--|
| Textile Industry Training Board | To develop empowerment in terms of skills for working in the textile industry. |
| TexWeb SA | An information organisation for the entire pipeline of the textile sector. Government financed. |
| CSIR – Textiles (Textek) | A research and information organisation. One of Textek's objectives is to create national employment by encouraging SMMEs in rural and economic development (Lace, 2000). |
| MPCS | A private sector consulting service for business. Frequently used by the DTI for consultancy work. During the SADC negotiations, MPCS consulted both the South African and SADC governments on textiles. |
| Cotton South Africa | Cotton SA is an organisation that views itself as a forum for the industry. Its main tasks are to collate information and co-ordinate research to promote and improve the cotton industry. |
| Wool South Africa | Research/information organisation. |
| Clothing and Textile Service Centre (Clotex) | Aims to facilitate access to information, advice, trade contacts and training opportunities and offers counselling for SMMEs, particularly 'disadvantaged entrepreneurs'. |
| Textile Institute of South Africa | |

Table 8.4: Non-Governmental Industry actors

During the interview stage one representative of Cotton SA was interviewed. A description of this organisation follows, providing a flavour of the nature of a non-governmental textile body. Although other similar organisations could have been selected, Cotton SA illustrates the diversity of the industry and the complexity of the textile decision-making process. Cotton SA view themselves as a forum for the cotton sector. Figure 8.8 portrays their decision-making process. It is evident from this that its structure allows for the representation of many groups within South African society, with consumers, small farmers and trade unionists sitting alongside more established cotton producers. Due to cotton being included under agricultural products in the agreement, Cotton SA tended to be represented at the ATF and NDA through the negotiations. Cotton was also indirectly represented also by Texfed at TESELICO.

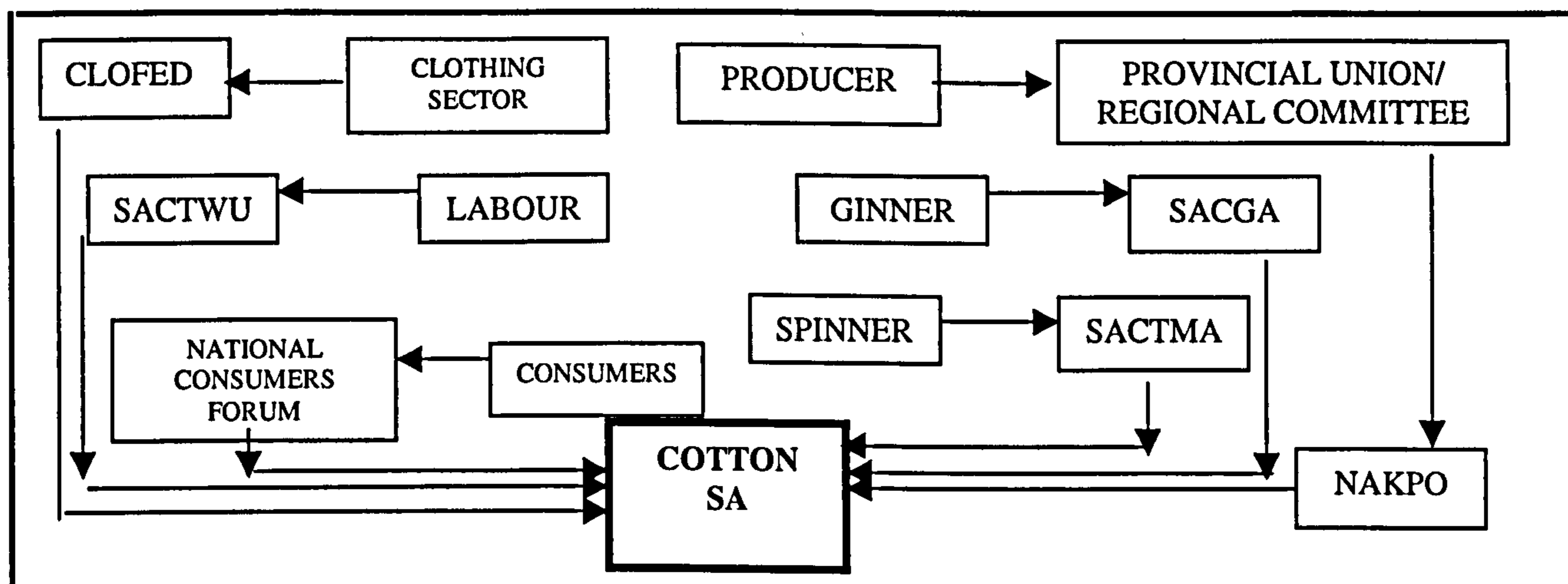


Figure 8.8: Organisational Structure of Cotton SA (Source: Cotton South Africa, undated).

3. Employer Organisations

a: Trade Bodies

The first category, trade bodies, includes organisations that view themselves as promoters of trade, research facilitators, and representatives for some of the wide ranging groups within the textile sector. Table 8.5 (below) provides a summary of the two main textile 'trade bodies' -Texfed and SATIEC. Both presently have close relationships with their clothing counterparts (the Clothing Federation - Clofed - and the South African Clothing Industry Export Council - SACIEC).

| Body | Overview |
|---|---|
| Textile Federation (Texfed) | Founded – 1976. Amalgamation of the Cotton Textile Manufacturers' Association (SACTMA), National Fabric Knitters' Trade Association (NFKTA) and the SA Worsted Manufacturers' Trade Association (SAWMTA). ¹⁵ Includes individual trade associations and corporate members who represent fibre suppliers (such as the SA Wool Board, SANS Fibres and Hoechst Trevira). Individual companies are represented. These are all relatively large companies. Also acts to market the industry and provides statistics and information. |
| South African Textile Industry Export Council (SATIEC) | Established October 1999 by Alex Erwin, to 'facilitate the export of South African textiles to world markets' (SATIEC, 2001). ¹⁶ Formed to 'instil sustainable export culture within the industry... and become a spokesperson for its members regarding export matters' (Salinger et al., 1999). |

Table 8.5: Trade Bodies

As figure 8.7 (the textile sector and the EU-SA TDCA decision-making process) demonstrates, of the two, Texfed was far more involved in the TDCA process, having links with government, through meetings over details with the DTI and face-to-face meetings with the negotiating team at TESELICO. Furthermore, Texfed links in with its clothing counterpart, Clofed, and the clothing and textile union, SACTWU. The Federation worked closely with SACTWU in presenting what Brink called a 'unified' voice for the textile industry. He notes that feedback between the groups happened, yet 'we tended not to caucus with unions prior to [TESELICO] meetings' (#Brink, 2001). Texfed also links in with categories two (non-governmental textile bodies such as Cotton South Africa) and, because its membership comprises of large business, four. Texfed advertises itself as being recognised by the DTI as an organisation seeking to be the official representative of the entire textile pipeline (Textile Federation, undated). It represents the industry at governmental level (such as at the EU-SA TDCA talks) and acts as a negotiating forum within the sector. The filtering of

¹⁵ These associations continue to exist.

¹⁶ Erwin formed the National Export Advisory Council and this includes many industries. Textiles is one of them.

TDCA information occurred within Texfed's executive structure, via a trade and tariff steering committee.¹⁷ Brink (#, 2001) notes that:

There was certainly consultation within the federation, within its executive structure... We have got these three trade associations. From the cotton side there are five representatives on my steering body; from the wool sector there are two and from knitters there are two. So from those representatives of the entire membership I was getting their direct feedback. Err... people like SANS would have made direct ... I was feeding information and positions back to them.

The Federation represents 98.5% of businesses in the cotton industry, 100% of wool worsteds and 55-60% of knitting operators (#Brink, 2001). There is no link between Texfed and SMMEs, or previously disadvantaged groups in general because, as Brink (#, 2001) emphasises, 'none have entered into the membership of Texfed'.

As SATIEC was formed in October 1999 it took no direct part in the negotiations. However they became involved in the TDCA Rules of Origin workshops organised by the DTI. They were also extensively involved in the AGOA process.¹⁸ Their organisational structure incorporates many aspects of the textile export sector, including Fibre and Yarn, Home textiles, handcrafted textiles, technical textiles, Wool and mohair textiles, and Apparel textiles. Many businesses, small and large, have an input into the SATIEC decision-making process, as do Texfed. However, labour and civil society (or CBOs) have no representation. Although close to Texfed, SATIEC is not part of the Federation. One reason for that is SATIEC is trying to entice non-traditional Texfed members (#Viljoen, 2001). These are mainly new companies, either SMMEs, or from the 'Far East' (such as Taiwan, South Korea, China). Therefore, SATIEC could be regarded as an institution that is creating greater interaction between government and the textile sector. Indeed, one of the reasons why export councils were set up was to try and initiate a form of representation of the industry's commitment to export. Part of Viljoen's job is to outline how to 'actually align the export and decision-making, investment, local industry development and exports' (#Viljoen, 2001).

¹⁷ This looked at all trade matters, not just the EU-SA TDCA.

¹⁸ Viljoen (SATIEC) notes that there were striking contrasts between the two agreements: 'AGOA was totally opposite. AGOA was totally driven by the industry, with very little interaction or support or lobbying by the government, with its Foreign Affairs or Trade and Industry. [That] is for some very specific reasons... a country with a high profile within the WTO. Erwin has got a certain direction that he is following regarding WTO developing countries, so it was considered to now get too closely with this ...sort of one-way benefit kind of [agreement].

b Employer's and Employer/Producer Organisations

It is in this part of the organisation of the textile sector that most change has occurred since 1990. Many firms have either been taken over or closed down or have relocated to neighbouring states. For example, Anglovaal Textiles was purchased in 1998 by De Gama Textiles. Da Gama was in turn sold by owners South African Breweries to Claus Daum et Cie. A list of the major companies and their producer/representative organisations are listed below in table 8.6. Note that in November 2000 SEARDEL, South Africa's largest textile group, took over Frame Textiles, the largest textile manufacturer (Radebe, 8 November 2000).

| Major Companies |
|---|
| • Frame Textiles |
| • Da Gama (see note about take-over at the start of this section) |
| • De Nim |
| • Union Spinning Mills |
| • Industex |
| • Anglovaal Textiles (see introduction to this section) |
| • Claus Daum et Cie |
| • SEARDEL |
| • SANS Fibres |

Table 8.6: Major Textile companies

Also included under this section are Small, Medium and Micro sized enterprises. Viljoen estimates that 50 of the 350 textile companies in South Africa are SMMEs. These firms have little formal representation, although one interviewee noted that Business Partners (formerly the Small Business Development Corporation) provided limited assistance to small and new entrant firms.

There are also a number of organisations that represent the diverse elements of the textile trade, from mohair to fibres, yarns to cotton. Some of these have been listed above as being non-statutory (such as Cotton SA, seen as a representative of the cotton industry). They predominantly reflect the interests of large employers (such as SACTPEA)). Furthermore, many of these companies are also represented by the Textile Federation. There is also a specific body that represents employers interests across all industries – the Confederation of Employers of South Africa (COFESA). This organisation has been criticised as being:

the kind of bosses organisation which strives to employ workers outside of the scope of the bargaining councils and unions thereby leaving workers unprotected and ready for exploitation (Jansen, April 2000, 7).

Figure 8.7 illustrates that large employers are on the outside of the TDCA process. However, the diagram is misleading for large companies are represented by Textfed and probably had close contacts with the DTI. SMMEs also have a directorate within the DTI to whom liaison is possible.

4. Employee Organisations and employee representatives

- **South African Clothing and Textiles Workers Union (SACTWU)**

Labour is mainly represented by SACTWU, which was formed following a merger between the traditionally militant (male dominated) textile union and the female-dominated clothing union. One interviewee with close connections to SACTWU noted that tensions have existed within the union, mainly relating to divisions over the degree of militancy within the union movement (#25, 2001). Figure 8.7 indicates that SACTWU have been one of the main agencies in the TDCA textile decision-making process. As noted above, SACTWU has close links with Textfed throughout the negotiations. Furthermore, SACTWU made representations to TESELICO and occasionally to the negotiating team (#Bennett, 2001).

- **ILRIG**

A Cape Town based NGO who research the textile, clothing and footwear industries, particularly from a (female) workers perspective. However, they were very much on the periphery of the TDCA decision-making structure having no direct access to the main organs of the policy formulation process.

5. Civil Society

Unlike the wine industry, there are no CBOs within the textile and clothing sector. Jansen suggests that this might be because textiles is a really conventional, traditional industry, whereas there 'is a whole culture around wine. Generations of people living and working on the same plot of ground' (#Jansen, 2001). Therefore, many stakeholders in civil society seem not to have been represented or included in the TDCA textile decision-making process. Indeed, figure 8.7 infers that these groups appear to be on the periphery of the process. However, civil society (and the previously disadvantaged) does seem to have had indirect representation through labour links with the union movement (category four) and Cotton South Africa (where consumers are represented).

Additionally, as illustrated in chapter four, domestic (such as Isandla) and 'external' NGOs lobby on behalf of civil society communities.

6. External Environment

The major players in the external environment (such as the EU, WTO, IMF) and the roles they play in the South African TDCA decision-making process have already been noted in Chapter Four. Their influence is documented in Chapter Five. In terms of the textile industry most actors are acutely aware of the influence that the external environment plays. Textile manufacturers are constantly being exhorted to enter the 'global stage'; the reduction in import tariff levels exposes many firms to international competition; the industry is becoming dependent on exports. Many of the institutions listed in the categories above therefore interact regularly with the external environment – whether it is links between government and the World Bank say, or between the International Labour Organisation and SACTWU, or 'western' based NGOs and previously disadvantaged communities. The external environment's role in the textile decision-making process was discussed occasionally by interviewees and is articulated in the analysis below (see section 8.4).

The outlining of the actors within the textile sector and the role they played in the textile part of the TDCA policy formulation process has provided further detail on the South African TDCA decision-making structure. There are three bodies from the organisational structure presented above that can be considered the major actors in formulating textiles position in the EU-SA TDCA decision-making process. They are the textile and clothing directorate within the DTI, the Textile Federation and SACTWU. Indeed, from this organisational structure the textile industry appears to operate mostly on a tripartite level, where business (via Textfed), labour (SACTWU) and government frequently met to discuss the TDCA agreement. Even though they are on the periphery, SMMEs and representatives of previously disadvantaged groups tend to be indirectly included. Therefore, the impression gained from this description is that the textile TDCA decision-making structure is highly inclusive. The extent to which all stakeholders were perceived to have been included, based on the interviewing of twelve 'representatives' from various components

within the textile sector, is discussed in section 8.5 (below). The following section analyses the perception of the potential impact of the TDCA on the South African textile sector.

8.4 Perceptions of the agreement

This section proceeds by articulating those opinions from within the industry who viewed the TDCA as a potentially damaging agreement. This is followed by an analysis of more positive perceptions.

A detrimental agreement?

Many of these negative perceptions support comments made in Chapter Six that the agreement will have a detrimental impact. For instance, Brian Brink noted three 'disappointing' aspects of the agreement:

1. The lengthy negotiating period
2. That clothing and textiles were one of the few products in the deal which were not granted asymmetrical status
3. That the future accession of eastern European states to the EU has not been properly considered in the context of the agreement (# Brink, 2001).

Furthermore, Bernard Richards (SEARDEL) (#2001) criticised EU tactics:

...we believed that South Africa had been treated unfairly. We had the promises having been made politically to South Africa to Nelson Mandela and we saw the European Union as ... trying to renege.

The use of subsidies in the EU has also been attacked. Hennie Bruwer (Cotton SA) observed that:

...one of the big concerns in the world today, for a country like South Africa, where we produce a very small percentage of cotton compared to the rest of the world, is the huge amounts of money made available for subsidisation of farmers. The subsidy portion to an average EU cotton farmer was more than 30% of our local price... (#Bruwer, 2001).

This restrains South African farmers competing on the world market as subsidies have depressed world prices and prompts Bruwer's assertion that subsidies could 'kill-off' the South African

cotton industry (#Bruwer, 2001). This would suggest that South African textile companies continue to operate in an international environment that exploits textile industries within LDRs.

Moreover, Mark Bennett (SACTWU) (#2001) argues that the agreement will not empower traditionally marginalised groups, stating that:

...there has been no empirical analysis saying that jobs are going to be lost, we have been fed the line, the South African government has been fed the line, that this agreement is going to create jobs. Bollocks! I can't see jobs being created as a consequence of this agreement. I mean we have not taken any proactive measures to take advantage of this agreement. None. So, I just don't see where we are going to create.

'Neutral'/beneficial?

Comments were also made stating that the agreement will be far from detrimental. Brink noted that the TDCA should not harm the industry, arguing that with tariff 'phase-downs' on products being over eight years for South Africa and six for the EU, the agreement was 'hardly dramatic.... It's not exciting is it? I'm a great proponent of things being phased and gradual, but this is taking it to the ultimate extreme [*laughing*]' (#Brink, 2001). Moreover, Richards (SEARDEL) felt that the overall 'perceptions are positive. We, as an industry, rightly or wrongly, do not see a major threat from European clothing, because it is already fairly expensive'¹⁹ (#Richards, 2001). Sake van der Wal, states that the deal will 'strengthen our export position', and develop 'other possible areas of co-operation within the sector' (#Van der Wal, 2001). Bhorat adds that the agreement should benefit niche markets, hoping that this development will 'provide that gap or space for firms to grow and just reposition themselves' (#Bhorat, 2001).

Many interviewees not linked to textiles in Chapter Six identified the South African textile sector as being a likely 'loser' from SEFTA. This supports findings from the literature review in Chapter Two (2.4), which noted that industries such as textiles are likely to suffer from development policies based on neo-classical economic thinking. The outline of the textile sector at the start of this chapter supports this finding, as large number of job losses in South Africa have been partially attributed to the impact of tariff liberalisation measures since 1993. Therefore, taking into account these figures and literature it is not surprising that the interviewees in Chapter Six

¹⁹ Therefore EU goods will not compete with cheap South African domestic products.

identified textiles as an industry likely to lose out from the terms of SEFTA. However, as textile interviewees have argued, they are far more concerned with trade liberalisation from areas where textiles are produced at a cheaper level than in South Africa (such as SADC or Malawi, as noted in 8.2.3), rather than an area like Europe where textiles are more expensive. This tells us that neo-liberalism should perhaps not be treated as a one-headed beast, as the literature might imply and rather see it instead as being more complex and differentiated.

8.5 Perceiving the inclusiveness of the decision-making processes

Simply describing this structure of decision-making only provides a one-dimensional account of how inclusive the decision-making process was. This section presents a series of views, often conflicting, from those interviewed within the industry, concerning how inclusive both the internal textile, and 'governmental' decision-making process were. The responses are grouped around the six categories introduced in Chapter Four.

'Statutory' Bodies

Government

Relations between the textile industry and government have often been turbulent (Jones, 1996, 37).²⁰ For example, in March 1994, a tri-partisan group was formed, the Swart Panel (comprising of government, manufacturers, and labour representatives) produced a report on future industrial planning for the textiles and clothing sectors. This created tension between textiles, government and Clofed as Trevor Manuel, then the DTI Minister, rejected many of the reports proposals and stated that the DTI alone would be the sole arbitrator in determining the future of these sectors (Jones, 1996, 38). This unstable and contradictory process of tri-partisan consultation and autocratic behaviour is reflected in perceptions of governments role in the textile/TDCA decision-making process. There are those who view the process as inclusive and others who argue that the

²⁰ Jones mentions that between 1994 and 1996 relationships between clothing and textile industries 'fluctuated between outright conflict and attempts to co-operate' (Jones, 1996, 38). This was mainly because CLOFED suggested that there should be a rapid phase down period on tariffs for textile, whilst keeping ten year phase down for clothing.

consultation process is 'insincere', with the DTI particularly taking decisions irrespective of other textile actors' views. Both sets of perceptions are articulated below.

Interviewees from across the textiles spectrum declared that the governmental process is fairly open and consultative. Bernard Richards (#2001) states that in contrast to the previous (NP) administration, where 'nobody in the DTI really understood the industry', access to government is much improved. He notes that the ANC-led government is 'receptive and easy to approach'. Furthermore, Brink (Texfed) suggests that the DTI did consult with its tripartite partners:

the feedback from guys like Bahle and his team in terms of the SA-EU negotiations was good and, relative to the SADC negotiations, was downright bloody excellent. But I think it was personalities. Bahle and his team were open, were consulting us, were at least half listening to us (#Brink, 2001).

The NDA was also praised. Hennie Bruwer commented that Cotton SA provided regular inputs into the ATF. Bennett also remarked that the NDA:

...were very good. Their work was professional, it was done on time, they knew what they were doing. Of course, they were only focusing on 22/23 tariff chapters, but they did their stuff and they did it very, very well (#Bennett, 2001).

Bennett contrasts the NDA process with the DTI:

Whereas with the DTI I think they just wanted to get to an end result... with as little interference as possible. So what it did was, ...the number of organisations it consulted with was [a]... small amount. What they would do from time to time is that we knew that they would go off and meet with individual employers. So, Keran House [former Director of textiles at the DTI] would phone up companies ... it kind of created a situation whereby you did not know what you were doing sometimes (#Bennett, 2001).

Bennett also criticised the DTI's consultation process, reflecting:

If I had to stand back and look at the TESELICO process... As far as the bodies who were really involved, there is a difference between, if you had to use the word "consultation"... because government was consulting us and said they wanted our feedback on things. The problem is that in reality... if we gave them feedback, I think governments view is we gave them views that they did not particularly like and they saw our views as being protectionist, not in the national interest, avoiding the broader benefits of the agreement, all of that kind of stuff... In reality, while they had a number of interactions with us, they did not consult us properly and did not take our views into account properly...

We had meetings, we called them policy sessions at NEDLAC with the Minister for Trade and Policy and ever single one of those sessions raises the problem of the way that the DTI behaves, its officials behaves itself. ... At every single one of them!... Joint cry from business and labour!

Another textile interviewee argued that the DTI were autocratic with decisions, adding that textile producers particularly would have liked more input into the process.

There follows an abstract from the transcribed interview (#29, 2001):

The DTI ran very tightly with... Alec Erwin driven interaction. I think what you would find, ten-to-one, is all the decisions were made there, with little input from the industry, or key industries.

Question: What is your perception of how the textile industry felt by their incorporation in the decision-making process? Would they have liked more access?

Answer: I would have said a lot more input into the process.

This section presents the DTI as a decision-making actor that is, in part, accessible and, as section 8.3 points out, promotes consultation, which is increasingly being spread to previously disadvantaged communities, such as SMMEs (who have been invited to attend sectoral summits). One SMME interviewee however stressed that attendance at these meetings was difficult due to work commitments and financial resources. He notes, 'I am aware of the forum, we have been invited but in general, I am too busy running my business to discuss the issues' (#31, 2001). Such considerations, including the lack of resources, was highlighted in Chapter Five as a hindrance to a fully consultative and inclusive decision-making process.

Research/Non-statutory bodies

Only two organisations were identified here as being involved in the textile sphere of the EU-SA TDCA decision-making process. The first of these, DPRU, as discussed in Chapter Five, has a great deal of influence within DTI circles. Two DPRU researchers have analysed the textile sector in southern Africa. The second organisation is Cotton SA. An outline of their decision-making process suggests that the structure appears highly inclusive, with a number of interested parties being consulted and participating in decisions made. An in-depth analysis of Cotton SA's decision-making process was not possible due to practical difficulties, so, although in theory inclusive, it was difficult to comment on the extent of inclusivity in reality. When questioned on whether any other community groups could be represented, Hennie Bruwer, Cotton SA's representative, answered:

Well let me tell you. I think that at the end of the day we sat down and we said listen, holding such a forum costs a lot - to have a structure like that is very expensive. To have people from all over the country, it is costing a lot of money,

so we tried to be specific and say lets try to have representation of this sector in the textile part (#Bruwer, 2001).

Employers Organisations

A- Textile Federation

Texfed is viewed as a very important voice within the textile sector. It portrays itself as an organisation that is representative of the whole industry. Certainly within Texfed there appears to be a relatively inclusive structure. Indeed, Bennett notes that:

Brian [Brink]... has a really good relationship with his members. So he is quite confident that if he says something then his members will back it up. He will phone around and check it out with his president and a couple of guys [from within the industry] (#Bennett, 2001).

There are however question marks over how much of the textile sector it represents. Van der Wal (DTI) noted above that the Federation only represents large companies. Brink stated that Texfed had no small or new entrants (Brink, correspondence, 5 March 2001). When asked if civil society interests were included, Brink replied:

I certainly did not consult with them. No one questioned that they were not there or anything like that... I certainly did not consult with those guys and I consulted with my membership and then the other two industries that were allied to us [clothing and footwear]. I do not feel guilty about it at all. I think that, to their defence, I think the union in the texts, the aid components, ... made some input but my ears were closed at that stage. I had no interest in that.

Indeed, Texfed does not have 100% representation for all the textile industries it consults. One industry insider noted that:

You know, Texfed is an organisation that's unfortunately got a member bias [towards cotton]. It is purely, I think you must not point fingers. If someone is the only voice in an audience how can you listen to the rest? The dynamic is driven by very few individuals, because most people allow it to happen, and then they are very critical afterwards because it happened that way. And unless you actually represent and you support it... I have never been to a Texfed meeting with more than about 12-15 people. (#29, 2001).

CLOFED

The Clothing Federation in contrast denies that it represents all clothing interests. Richards notes that more than half the clothing industry is not represented, and that attempts to include traditionally disadvantaged groups have failed. Therefore, Clofed presents themselves as lobbying only for the interests of its members. Richards explains that:

The clothing industry employs about 150,000 people directly. Of that 55,000 are employed by the organised urban industry people of the Cape, Natal, Transvaal, then there about another 14,000 or 15,000 people who work in the decentralised areas – Northern Natal or whatever and they are not part of the organised industry. The other 80,000 are SMMEs and they are not represented by anybody to my knowledge. We as a clothing federation ran an SMME desk for a number of years to try and represent interest other than our, direct interest of our members and we got nowhere. We couldn't attract enough attention or we were unsuccessful in enticing SMMEs into our ranks. So I would suggest that at this point in time we represent ourselves.

...In fact we are restructuring CloFed to say that from now on we will only talk for ourselves. We will not talk, we will no longer pretend to be representative of the industry because the government never saw us as representative of the industry anyway although we believe that we were talking on behalf of the industry.

Richards has also noted that apart from SMMEs, new investors entering the clothing and textile sector, such as those from East Asia, which do a lot of business in South Africa, are also not represented in the structures outlined in this analysis.

SATIEC

SATIEC is included here, not because of the limited role it played in the EU-SA TDCA, but for its attempts at including SMMEs in the SATIEC decision-making process. Martin Viljoen lists SATIEC's efforts and the problems faced:

I have tried to identify the most capable SMME person if you can call it that... In each area we tried to get somebody who could represent and then get them involved. Now, I met some very capable [SMMEs] in the UK in May... I identified a woman who could potentially be somebody that you could like champion to motivate ... she said that she had no money to travel... some of them are not on email... I would say it is close to impossible to get an interactive involvement going with them. That does not mean that it shouldn't...

There are a lot of people riding on SMMEs – we have had meetings, Jack Kipling [clothing counterpart] and myself where some of the SMMEs have been very vocal, or very aggressive, they have been not listening and saying, we know best, I will in the end export my stuff and I don't care. They are mostly run by women, with previously disadvantaged women as well; some of them are very clued up because they run very successful businesses, but they just, it is totally different to take on an onus of exporting on you own, to handle the whole process and then, and to even get involved with some of the processes. So, to cut a long story short, we have not been able to. See, they are not unionised... they don't want to be unionised, so they are not part of that support structure, ... but at the same time I do my best to sort of keep a few of them informed... but we have never been able to pull them in, because firstly, they say will you support some of our costs if you want us to get involved, and it has not worked' (#Viljoen, 2001).

Despite these concerns with SMMEs ethics, the attempt to insert small and emerging producers into the SATIEC decision-making process has been approved by some. Nick Murgatroyd

(AfricaNova) states that, 'We have recently become more involved with SATIEC who appear to be doing an excellent job in representing small textile firms on an export level' (#Murgatroyd, 2001).

B Producers/Employers

In 1996, the *Industrial Democracy Review* (Jones, 1996), a labour related journal, suggested that employers and manufacturers threatened the potential success of the textile tripartite system. Jones (1996, 39) remarked that:

...the glue which holds tripartite institutions together in SA is very weak and a major cause for that weakness is the inability of business organisations to represent broad business concerns instead of narrow factional interests.

An anonymous industry source claims that the business sphere of the industry is still divided, noting that:

Now, the industry is fragmented. I would say that 80% of the industry sits in two/three hands, and that is between Claus et cie, Frame Group, which is now owned by SEARDEL, and SANS Fibres...If those three guys could actually get around to having an interactive type of relationship ...they can turn the industry around (#29, 2001).

This assertion has been noted previously within the industry. A number of problems have hampered access to industry information in the past. This has been due in some ways to the lack of co-operation between manufacturers (IDC, 1999c, 14).

Employees/Unions

SACTWU tend to represent those traditionally excluded from society, the low paid, and particularly women (who are the majority within the union). Brian Brink (Texfed) has already noted that he believes SACTWU consulted at least some of these disadvantaged groups, including civil society. Despite representing employees in many areas, there appears to be a 'gap' between the majority of the workforce and the SACTWU 'elite' who represented the union in the TDCA decision-making process. Already outlined is the extent to which the unions and producers (Texfed) formed a common front in negotiations with government. Bennett (SACTWU) felt that there were no tensions between these two actors. However, Brink (Texfed) states that this unified position was strained on a few occasions, particularly over the inclusion of wording relating to social clauses and in terms of the unions perceived protectionist stance.

The perceived 'gap' between union leadership and workers has already been reflected upon in the previous chapter. Within the textile sector Bennett asserts that:

Let me put it to you this way. We certainly did not go down and take it down to shop steward level ...only three people in SACTWU would be able to tell me [what the TDCA is about] No-one would know. But people do know that tariffs affect them. So it wasn't done at that kind of level within SACTWU. It was really done at a leadership level. The other issue is I do not think that you can mobilise workers on the basis of a trade agreement on clothing and textiles. You are not going to be able to mobilise them around those kind of issues. You can mobilise them around wages... and jobs (#Bennett, 2001).

Helga Jansen of ILRIG supports the view that although the workforce was not consulted widely over the TDCA it did not mean that a gap was developing between leadership and shop floor. She observes that there is a move towards corporatisation in SACTWU, but TDCA negotiations are 'not close to the realities of workers'. Indeed on matters of more relevance to workers, 'the unions have mechanisms which are put into place to ensure that workers are part of every decision-making', and 'there are also ways in which information is filtered down... that makes workers feel as if they are participating, and as if the decision that they make at branch level does impact on national direction, you know?'

That said, there are two issues around which SACTWU have been accused of excluding the interests of disadvantaged peoples. Firstly, despite SACTWU being dominated by women, when asked if SACTWU took into account womens interests in the EU-SA TDCA negotiations, Mark Bennett replied that they did not. Furthermore, two interviewees (such as Chirindza) from SA Fine Worsteds argue that traditional management culture excludes women. Very few are in management positions within the textile sector.

The second issue of concern within SACTWU relates to xenophobia, an issue already addressed in connection to clothing and textiles in Chapter Five. The SACTWU campaign in 1999 to 'Buy South African' was viewed in two ways. These are summarised by Vincent Williams (SAMP):

I suppose the first interpretation would be anti-foreigners, anti-immigrants whatever... just the way in which they have conducted their campaign, that is certainly what comes across - we don't want foreign workers, or competition from foreign workers at the end of the day. Now, we were quite concerned with that as well. Even with COSATU they have made statements about the situation about foreign workers, saying that South African workers must come first...

When you talk to them about the labour difference they say, they are not directing the campaign against the foreign workers, they are directing it against the employers, so they are saying that employers should not employ people without their documents or whatever else. So that the argument becomes a lot more sophisticated, because in principle I actually agree with it. They say that employers should not take advantage of peoples statuses and therefore pay them less. So their argument is that they are not against foreign workers they are against exploitative practices of employers.

But of course if you look at the placards and look at the statements they make that's not what they are saying. They are saying, we don't want foreign workers. They are very clear, this is that ... a worker is a worker is a worker. They keep emphasising this. But this is what the leadership says. The way the rank and file interprets the placards I think is entirely different. We don't want foreign workers. We come first. South Africans come first.

Civil Society

As figure 8.7 demonstrates, civil society representatives were clearly on the periphery of the TDCA decision-making process. However, SACTWU argues that 'civil society' claims are addressed generally by the union. Consumer groups were also included via Cotton SA. Yet, the extent to which this 'representation' of civil society had any influence within Cotton SA is difficult to assess. Furthermore, Cotton SA was on the very fringes of the TDCA decision-making structure. Despite their remoteness, civil society and the traditionally marginalised have been referred to throughout this analysis. Textfed stated that they did not consult with them. The government was criticised for failing to resource an effective representation of SMMEs (#Murgatroyd, 2001). More worrying are the comments of Richards that more than 50% of clothing employees (working in the informal sector) have no representation whatsoever.

External Environment

As chapters Four, Five and Seven discussed, there are those interviewees who feel that the internal South African decision-making system is virtually powerless, as decisions made in the external environment dictate what happens to policy in South Africa. This perception was again articulated by a few interviewees associated with the textile and clothing sector. For example, Jansen argued:

... it doesn't matter whether if the government sets up all kinds of small business development corporations... and job creation initiatives, when the quality of those jobs are being impacted by ... trade agreements and liberalisation and by multinationals coming in and basically raping our workers and moving on... [Government legislation] speaks of positivity but it gets negated by what is happening outside, it is negated when our President and our Minister of Finance... have to basically go to bed with the likes of the World Trade Organisation.

Summary

This analysis of the textile TDCA decision-making process parallels findings drawn in Chapters Four and Five in that the inclusive portrayal of the policy formulation process, presented in section 8.3, is challenged by the perceptions of those interviewed. Those who perceived that the structure was inclusive tended to be closely involved with government in the textile side of the negotiations (such as the Textile Federation representative, Brian Brink). Those that argued that the textile TDCA decision-making process was not inclusive were more likely to be on the periphery of the main negotiations. However, the labour representative Mark Bennett who had considerable access to the formulation process, was also critical of the government structure. He argued that 'there was no proper consultation on the EU [agreement] ...they really span us a line... the line was a pretence of consultation' (#Bennett, 2001). Access to the EU-SA TDCA decision-making process has been limited to the tripartite partners. SMME representatives, which usually comprise traditionally marginalised peoples, perceive that there is a gap between themselves and government, and feel excluded from the Textile Federation, an organisation that government views as being representative of the whole textile sector. Interviewees noted that SMMEs, which constitute at least 50% of the clothing sector, have access to very little or no representation.

However, there are views expressed here that illustrate that the situation for all stakeholders has been greatly improved since 1990 and the future seems to promise greater inclusiveness. Walter Simeoni, from Frame Group, notes that Alec Erwin has promised that the textile industry will be more thoroughly involved in future trade negotiations (Simeoni, *Cotton SA journal*, 2000, 6). Additionally, the textile and clothing forums held by the DTI are open to a wide array of stakeholders. Tripartite negotiations, despite tensions, are happening on a regular basis. Labour and producers have closely collaborated over the TDCA. Furthermore other groups traditionally outside of this tripartite process are beginning to be included within decision-making systems. Even some of the traditionally disadvantaged have access to the overall textile decision-making structure in 2001. Notably, SMMEs have increased access via the DTI and SATIEC. Civil society is included in the cotton decision-making structure and trade unions, in theory at least, take into account the views of different sections of the community. However, it must still be noted that marginalised groups cannot be considered as a homogenous unit. The label 'previously

disadvantaged' can be applied to an eclectic collection of groups and individuals. Despite these perceived 'advances' in inclusion in the decision-making process, access is still limited to a few SMMEs that have the resources and time to be able to attend summit forums. Furthermore, many workers still employed in the sector are affected by chronic job insecurities.

8.6 Conclusion

This analysis of the textile side of the TDCA has provided micro-scale detail of the South African decision-making structure, its degree of inclusiveness and perceptions of the potential impact of the agreement.

The first finding to emerge is that the study has added to the description of the TDCA policy formulation process and noted similarities with the general description presented in Chapter Four. In theory, stakeholders from across the textile spectrum had the opportunity to participate. It appears that the NDA provides a better service, and allows more representation, than the DTI. This diverges somewhat from the conclusions made in Chapter Seven. To some extent this conclusion is surprising as the overview of the industry in section 8.2 showed that the sector has been in decline and therefore would probably tend to exclude rather than include stakeholders.

The second finding, as was the case in Chapter Five, is that in practice obstacles restricted access to the textile TDCA decision-making process, aside from the tripartite actors – government, labour and business representatives. SMME representatives in particular have argued that they felt unrepresented, particularly by Textfed. As SMMEs constitute a significant proportion of the textile sector their exclusion is an important one. However, aside from the textile TDCA process, the degree of inclusivity is high, and the chances of greater inclusion are promising. Even some traditionally marginalised peoples (who should not be treated as a monolithic unit) have some access to the general textile decision-making process.

Third, this chapter also considered aspects of the influence different actors had in the decision-making process. For example, many interviewees commented on the EU and European actors as

influential 'players' in the TDCA process. However, they did not express many opinions about the general acceptance to the neo-classical economic climate which some accepted with little criticism. Indeed the Textile Federation proclaimed its support for it. Perhaps this is a case of being subconsciously influenced by the dominance of neo-liberalism in the external environment. However, NGO officials, particularly Helga Jensen found acceptance of intergovernmental financial institutions edicts difficult to stomach.

A fourth finding teased out from this overview is that the South African textile sector has become marginalised economically with the end of ISI and the introduction of tariff liberalisation on imports (as well as illegal imports). The EU-SA TDCA joins GATT and the SADC trade agreement (amongst others) have facilitated such import tariff reduction. Trade liberalisation is at least partially responsible for technological transformation and the influx of illegal imports that have resulted in retrenching a large section of the textile labour force and/or replacing long-term working contracts with short-term, part-time employment. Despite this, trade liberalising policies have been accepted by some within the industry (particularly Textfed and SATIEC). Other voices are more critical (labour, ILRIG). In addition, SEFTA is seen to be less threatening than the SADC FTA and not as beneficial as AGOA.

Fifth, this chapter has questioned further the conclusions in Chapter Six, which selected wine as a winner and textiles as a loser. The previous chapter reflected an overwhelming articulation from wine actors that they did not believe that the wine industry would benefit from the agreement, despite being selected as a winning sector. Textile interviewees did not entirely contradict the textile selection as a losing sector but many did not see the agreement as being totally bad. Of far more concern to them was the SADC free trade agreement.

Chapter Nine:

Conclusions

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The European Union-South Africa Trade, Development and Co-operation Agreement, although similar to other neo-liberal trading arrangements, is important, both nationally and internationally, for a number of reasons. Some interviewees argued that the TDCA is the most significant macro-economic international agreement that South Africa has ever undertaken (#22, 1999; #4, 1999) as it represented the acceptance of the South African state in the 'global community' (#12, 1999). The TDCA is also important at a micro-level as the agreement impacts upon the South African public.

As Jansen and Pape explain:

When we speak of the WTO and trade agreements, such as the European Union/South African Trade Agreement, they seem far away processes negotiated by government officials. But in reality there is a direct link between trade and our working environment. Trade agreements have changed the way in which workers produce goods and the manner in which they are sold. This often results in some workers losing their jobs as industries move away or transform (Jansen and Pape, October 2000, 3).

Furthermore, the TDCA epitomises the dominance of economic neo-classical thinking. If the ANC, with its historic commitment to nationalisation and socialist policies, can accept and employ policies based on neo-liberalism, this says much about neo-classicalism's influence on the South African and global economic climate. Additionally, a number of analysts and interviewees commented that the implementation of this agreement sets an international precedent for the future wave of neo-liberal trade and development arrangements being negotiated between the EU and ACP following the Cotonou Agreement (Cape Business News (anon.), November 1999). Assessing the TDCA is therefore not only relevant to South Africa, but also to the 'developing world' (#22, 1999).

This thesis had two central aims; first, to evaluate critically the South African decision-making process which underpinned the TDCA negotiations and, second, to assess the potential economic impact of the agreement on South Africa. Four objectives were associated with these aims: to describe and model the South African TDCA decision-making structure; to evaluate how inclusive this structure was; to assess the potential economic impacts of the agreement; and, finally, to examine on a micro scale the decision-making and economic impact implications of the agreement, and to evaluate their nuances, through an assessment of the TDCA on the South African wine and

textile industries. This chapter is structured to reflect on the results linked to these objectives, whilst also debating issues that arise from them. Section 9.2 examines conclusions drawn from the literature review. One of the principle findings was that the neo-liberal approach dominates contemporary development discourse, and that there is a polarised debate surrounding the impact of neo-liberalism. Section 9.3 then assesses the main findings relating to the description of the South African TDCA decision-making structure. The portrayal of the EU-SA TDCA formulation process was derived mainly from those interviewees who were involved in establishing the structure of the decision-making system. This information was placed in the context of a model that was developed from the literature review. The model identifies the EU-SA TDCA as being inclusive in theory, yet also alludes to the high degree of influence that the external environment had on the formulation and outcome of the TDCA. Arising from the description are two issues that the section debates further. The first links to the growing belief that access to these processes, for 'stakeholders', is close to being considered a fundamental human right. Second, the high degree of EU influence over the agreement also generates concern for ACP states who are negotiating similar trade agreements with the EU.

Section 9.4 evaluates issues that emerged from perceptions of interviewees on the inclusivity of the TDCA policy formulation process. These perceptions noted that the TDCA decision-making process appeared less inclusive than the description suggested. However, an issue that arises from this is the difficulty of actually defining what participation means. The findings indicate that expectations on the level of participation may well have been excessively high. The section also ponders whether the global neo-classical system generates a climate where collective decision-making is hindered. Section 9.5 follows on from this analysis by examining the main conclusions of the potential economic impacts of the agreement on South Africa, drawn from the perspectives of those interviewed who were close to the TDCA decision-making process, as well as those within the wine and textile industries. This 'selection' process proved to be extremely difficult, as it was almost impossible to find agreement on who would 'win' or 'lose'.

9.2 Findings from the literature

The literature review surveyed a range of debates surrounding the objectives stated above. In so doing it formed the theoretical basis for the empirical chapters (four to eight). This included a review of the key elements of economic development thinking since 1945, and highlighted neo-liberalism as the hegemonic philosophy that underpins most contemporary perspectives on development philosophy and macroeconomic policy. One of the central characteristics of neo-classical economic development is the promotion of free market economies where barriers surrounding trade are reduced or eliminated. The EU-SA TDCA has many neo-liberal dimensions, the most important of which is the liberalisation of tariffs. Second, the benefits and detriments of neo-classicalism were discussed. This formed the basis for considering the potential 'winners' and 'losers' that might result from the TDCA in Chapter Six. One of the major criticisms of neo-liberalism is that decision-making processes that accompany neo-classical trade and development agreements tend to exclude many stakeholders (despite these agreements having a commitment to 'democratic' principles). The literature review therefore also explored work concerning participation in political decision-making systems and suggested the use of a model by which to assist describing and assessing the inclusiveness of the South African TDCA decision-making process.

Perhaps the major issue that emerged from the literature survey was evidence of an increasingly polarised debate on the merits and demerits of neo-liberalism. The first group, mostly governments and intergovernmental financial institutions (IFI's) (such as the IMF and World Bank), claim that significantly more people, particularly in LDRs, would 'win' rather than 'lose' from trade and development policies based on neo-liberalism. Conversely, the opposing camp (NGOs, CBOs, and academics) identified more losers. Although people from both groups occasionally soften their stance (for instance Mike Moore of the WTO recently acknowledged that the 'benefits' of neo-liberalism have 'bypassed many') very few occupy the 'middle ground'. Indeed, there seems to be a division between those in positions of power, who advocate a neo-liberal viewpoint, and those most disadvantaged (or representing the marginalised) in global society, and thus peripheralised from the organs of power, many of whom have protested (with other stakeholders) against

economic neo-classical policies. A growing number of 'populist movements' and NGOs campaign against aspects of neo-classical economics. Simpson (2001) notes that over three million people from over 20 countries have protested in the last year (to August 2001). The 'battle' between the two camps has been symbolised by the protests coinciding with WTO, World Bank and G7 meetings at Seattle in 1999, and Gothenburg and Genoa in 2001. Some analysts claim that anti-economic globalisation protesters emanate only from 'privileged' 'Western' backgrounds and that by protesting against neo-liberalism they are hindering policies that are designed to alleviate poverty and global inequalities (Sen, 19 July 2001). However, at the time of writing, protests have recently taken place against neo-liberalism in Ecuador, Brazil and Argentina. Furthermore, this research has suggested that many in South Africa are critical of neo-classical economic policy. This is not only at an academic or NGO level. Between July and September 1999 tens of thousands of people from the Clothing and Textile Workers Union protested against economic globalisation in Pretoria, Durban, Port Elizabeth and Cape Town (Hlangani, 20 July 1999). These protests show that what appears to be an abstract and theoretical academic debate on development perspectives is relevant to, and makes an impact on, the 'everyday' lives of the population globally. This conclusion is important to this thesis because the impact of this polarised debate could influence the views of those interviewed, especially in their identification of likely 'winners' and 'losers' and their thoughts on issues of inclusivity in relation to the EU-SA TDCA decision-making structure.

Is this neo-classical dominance simply a reflection of the paucity of credible alternatives to neo-liberalism, or is there perhaps a deliberate attempt at what Connolly (1983) refers to as a 'closure of discourse', where other development philosophies are denied a hearing because of the powerful position accorded to neo-classical economic thinking? Some argue that the hegemonic status of neo-liberalism has resulted in the de-legitimatisation of alternatives to economic neo-classicalism (Williams and Taylor, 2000, 21).¹ If this is the case, if the supporters of neo-liberalism have closed off the 'threat' posed by alternatives, and if many accept that the present neo-liberal situation is 'reality', then some argue that 'the march of [economic] globalisation [and all that it entails] seems inevitable' (Daniels and Macfarlane, 16-22 February 2001). This polarised situation poses a dilemma

¹ Such as the African Alternative to Structural Adjustment Programmes (Williams and Taylor, 2000, 22), or post-structural and post-traditionalist perspectives (see Simon, 1997 and 1998b).

for governments striving for economic development as they appear to have little choice but to implement policies premised on neo-liberalism. Some, facing growing protests from the population, against 'economic globalisation' might well want to pursue an alternative to neo-liberalism. However, after the collapse of the last viable alternative ('communism'), pursual of alternatives would appear to be a huge gamble, and indeed infeasible as it would probably unleash the wrath of IFI's and banishment from the 'international community'. Indeed, the Tanzanian government, although critical of neo-liberalism, have argued that 'fighting against globalisation [neo-liberalism] is rather like fighting against the metric system. You may not like it, but the costs of being outside it far outweigh any of the disadvantages of being in'. (Jones, 29 January 2001).

9.3 Decision-making: Description

The description of the TDCA was facilitated through the development of a model (see figures 4.1 to 4.3) that simplified what proved to be a highly complex decision-making system. This model described the overall South African TDCA formulation process and introduced four central components - internal environment, external environments, the statal process and detached observers - that comprised the decision-making structure. The model allowed for an identification of 'actors' that played a part in forming the TDCA. Some of these categories were difficult to delineate. For instance, the detached and un-detached observer categories were vague and not exclusive categories and their contribution to the process difficult to gauge precisely. Many of the components and actors introduced by the model in Chapter Four were also used in the wine and textiles organisational diagrams and figures portraying their respective TDCA decision-making structures. The portrayal of the decision-making processes emanated from descriptions provided by government officials, as well as business and labour representatives who were very close to the negotiations. Relatively few interviewees had a complete and intimate knowledge of the TDCA policy formulation processes. From these descriptions a clearer picture of the TDCA decision-making process emerged. The central finding was that, in theory, the South African statal TDCA decision-making structure was highly inclusive. All the main actors had at least some access to the policy formulation structure. Not only were business and labour included, but so too were those identified in Chapter Two as most likely to be excluded, such as civil society, the traditionally

disadvantaged, and peripheralised regions and industries. Indeed, one industry, textiles, identified in the literature survey as being marginalised by the global economy seemed to enjoy a significant amount of access. Large textile business interests appear to have had most opportunity to participate, yet labour were also included. Furthermore civil society also had access to the TDCA decision-making process, although such representation was generally through indirect channels. One example of this is the Cotton South Africa decision-making process that included consumer representatives in its general decision-making structure. Cotton SA then had its own representatives involved on the fringes of the TDCA policy formulation process. Conversely, the wine case study suggested that its TDCA decision-making process was not particularly inclusive. A few institutions had excellent access but many within the industry had few opportunities to participate. That is not to say that some government officials did not attempt to include a broader cross-section of the wine industry's interests. However the reluctance of the traditional wine elite to change, and the fragmented nature of 'alternative actors' in the wine sector, appear to be reasons why opportunities to participate were limited. These two case studies illustrate how complex the description of the TDCA decision-making process was.

Why was an analysis of decision-making, and varying actors/stakeholders access to it, so important? First, in the South African context, before 1994 access to decision-making structures that shaped the majority of the populations lives was extremely limited. Seven years after the election of the first democratically elected government seems an appropriate enough juncture to gauge South African perceptions of how they have been included in the statal political decision-making structure. Second, there appears to be a growing expectation that more access should be granted to the public, in political, particularly statal, decision-making structures (Beetham, 1999), especially as the state, along with multi-national corporations, increasingly influence, and even dictate, peoples lives globally (Smith and Naim, 2000). Indeed, participation by the public in statal decision-making processes is almost seen as a fundamental human right. For example, a recent United Nations Commission for Human Rights Resolution stated that 'transparent, responsible, accountable and participatory government, responsive to the needs of people, is the foundation upon which good governance rests' (Robinson, 2000). It could be argued that the growing number of mass protests against aspects of the global neo-liberal economic system is an outward manifestation of some

peoples' desire either to participate or influence a decision-making environment that they are seen to be marginalised from.

The model also indicated that actors from the external environment significantly influenced the shaping and formulation of the TDCA. IFI's may well have established a climate wherein the South African government had few real alternatives to the pursuit of neo-classical economics if it wanted to integrate into the world economy. The EU only provided South Africa with one choice – a Regional Trading Agreement (RTA) – which had to be compatible with WTO regulations. In other words, a neo-liberal trading arrangement which would be largely reciprocal and eliminate tariffs on 'substantially [believed to be 90%] all trade' (Stevens and McQueen, 1999). Such external influence on the South African government presents an interesting dilemma for the South African president Thabo Mbeki. Under his plans for an 'African Renaissance' (see Chapter Four, 4.3.1), Mbeki urges African leaders to assume leadership of their economy and economic development (Mail & Guardian (anon.) 2-8 February 2001). However, the macroeconomic and development policies that are being implemented are based on World Bank, WTO, IMF and European Union prescriptions, and premised on an ideology that can be considered to be 'Western'.

This influence once again raises the question as to whether the hegemony of neo-liberalism influences, or even dominates, the climate in which trade and development agreements are formulated, and result in the exclusion of potential alternatives. Certainly in the South African internal environment, those opposing the neo-classical macroeconomic policies of the South African government felt they had few alternatives to turn to. One interviewee, admittedly sympathetic towards neo-liberalism, argued:

looking at the [internal and external] environment in which we found ourselves [South African government] operating we had no alternative but to go for this deal. There was no alternative on the table (#12, 1999).

The ideological polarisation of economic thinking before 1990 completely changed after the collapse of the Soviet Union in 1991. However, as both Chapters Two and Four demonstrated, debates on the ideological direction of South African development and trade policy continue to persist. Those opposing neo-liberal macroeconomic policy are sometimes criticised for living in the past, and by

association being tainted with the spectre of apartheid. A senior South African economist critical of neo-liberalism supports this argument. He argued that:

Even with globalisation... we still have to look at how we want to liberalise, and how... our capital account, you know... our financial market liberalisation. We have to... have some control over the pace and sequence... but using these words makes you a protectionist! (#5, 1999).

The EU also exerted significant control over the TDCA negotiating process. The South African government had been interested in an alternative development framework, requesting full membership of the Lomé Convention. However the EU rejected this for a variety of, primarily neo-classical, reasons (see 4.3.4). That, and the EU influence exerted over the TDCA decision-making process, resulted in a number of tensions between them and South Africa. Numerous quotations throughout this thesis from interviewees have demonstrated this tension. Thabo Mbeki (1999b) has supported some of the interviewee arguments, when in a speech promoting his idea of African Renaissance, he argued that:

The difficulty we will face with regard to the task [of persuading the West to help in the African Renaissance] is illustrated by the problem we are facing even as we stand here, of arriving at the point when we can conclude the bilateral agreement between our country and the European Union. Stripped of all pretence, what has raised the question whether the agreement can be signed today or not, is the reality that many among the developed countries of the North have lost all sense of the noble idea of human solidarity. What seems to predominate is the question, in its narrowest and most naked meaning... what is in it for me? and all this with absolutely no apology or sense of shame [about the exploitation of Africa by European powers in the past].

Furthermore, a senior South African TDCA negotiator, Bahle Sibisi (1999), reflected that 'The impression arising out of the talks... is that the developed world has not yet embraced the notion of a fair deal for the developing world'.

Such sentiments do not bode well for the trade agreements being negotiated between the EU and ACP states in the wake of the Cotonou Agreement as some interviewees have argued that the TDCA provides a blueprint for future trading agreements between the EU and the 'developing' world. Indeed, Cape Business News argued that 'It is widely believed that the SA/EU agreement was always meant to be a model for Europe's future negotiations with the ACP and other developing countries' (Cape Business News (anon.), November 1999). Some analysts have stated that the TDCA represents a major change, or paradigm shift, in the EU's approach to trade relations

between the EU and the 'developing world' (South African Council of Churches, 2000). The principle of non-reciprocity under Lomé, where ACP states were given more access to EU markets than the EU have in the ACP, will be altered. The EU recognised that Lomé was incompatible with WTO rules. The trading arrangements that will follow Cotonou will be based more on the principle of reciprocity. Many commentators from NGOs, in the group opposing neo-liberalism, fail to see how such RTAs could benefit LDRs, because it will lead to 'trade diversion, de-industrialisation and regional fragmentation [happening]. Nor is it possible to see how such arrangements can function unless and until the European Union is prepared to reform and transform its trade policies as they affect sensitive [particularly agricultural] products' (CIDSE, 2000). Indeed, Mike Moore (Director-General of the WTO) has criticised developed region's lack of willingness to reduce tariffs on agricultural goods, arguing that this reduces the potential benefits available to LDRs (see 2.4).

9.4 Decisions-making: Judging participation and inclusivity

Whereas the description of the TDCA was provided by those with an intimate knowledge of the policy formulation process, perceptions of the degree of inclusiveness permitted by the decision-making structure emanated from a broad cross-section of South African society. The findings drawn, and debated above, were based not on perceptions as such but on a 'factual' description of the process. It would be logical to expect that these interviewees, especially government officials, would argue that the structure was inclusive, particularly if the polarised debate surrounding neo-liberalism and participation is taken into account.

One of the central conclusions to emerge from interviewees' perceptions was that although the TDCA was still considered by some (particularly government officials) to be inclusive, the general consensus was that the TDCA policy formulation process did not provide as much access to the decision-making process as the description implied. Actors in all categories criticised the lack of participation and access to decision-making structures. Unsurprisingly, most of those defined as traditionally marginalised, particularly civil society and SMMEs, felt most excluded. The extent of participation varied *within* as well as between categories. For instance, access to the South African TDCA decision-making structure fluctuated within trade unions, government departments,

businesses and industrial sectors. Representation in the wine industry, for example, was mainly restricted to two organisations who characterise the old, traditional, powerful elite. The picture from textiles is rather different. Labour and business worked very closely together and in many ways had considerable access to the textile TDCA policy-making structure. However, the textile representative, Mark Bennett, argued that this inclusion was a 'pretence', as the textile sector failed significantly to influence the outcome of the TDCA. Furthermore, access to the textile TDCA process was mainly restricted to the tripartite partners. SMME representatives interviewed were critical of this exclusion. That said, the overall decision-making process throughout South African society has become vastly more inclusive since 1994. This is particularly evident with the creation of NEDLAC, its quad-partite development chamber, the inclusion of unions, consumer groups, and also CBOs and traditionally marginalised peoples.

The varying perceptions articulated by interviewees indicate that gauging what constitutes participation is very subjective. What for one interviewee appears to be an inclusive process is for another the opposite. For instance, on the one hand, some government officials argued that the statal process was inclusive because businesses, unions, and detached observers were consulted, advice was sought at NEDLAC, and the 'public' had an opportunity to 'engage' with government via communication with the Board of Tariffs and Trade. On the other hand, for a member of civil society, the lack of resources, knowledge of the TDCA, and access to formal representation, limited their opportunity to participate. However, as was evident in Chapter Two (2.5.2) and Chapter Five, the idea that all sections of society and all stakeholders be permitted to participate in political policy formulation processes is hotly debated, especially around development policies that have a direct impact on the community. Some writers and interviewees have said that too high a level of inclusion could create inertia in the policy formulation process (see 2.5.2). Others argue that communities should be more involved in development policies that will impact their lives (Hoddinott et al., 1999). Perhaps the selective inclusion of a limited number of officials who represent large businesses, unions and industrial sectors can be justified because they employ hundreds of thousands of workers and therefore should have more access than individual stakeholders or SMMEs who employ less. That said, the combined contribution of SMMEs

constitutes a significant part of the South African economy. Indeed, the majority of clothing and textile employees work in small and medium sized firms.

There is also an argument to be made that the general increase in access to the South African statal decision-making process since 1994 may have excessively raised expectations of inclusiveness and of the capacity of the South African government to provide access for many stakeholders to decision-making structures. Indeed, the national government is sometimes viewed as the 'only organ' in making decisions that impact upon South African lives (Mathiane, 20 February 2001). However, this is of course far from reality. Government cannot dictate the levels of inclusion in all company, industry or trade union decision-making systems. This thesis has suggested that there are gaps between labour representatives and those they represent. Interviewees have also indicated divisions between black and white businesses. It could be argued that the main task of companies is to deliver a profit, not to ensure equal access to all workers in decision-making structures. Indeed, the exploration of the wine and textile industry decision-making processes demonstrates the lack of control that government exercises in these respective industrial sectors. The wine industry appears to have made little progress in broadening access to its decision-making structures. On the other hand the textile sector, although still with exclusive tendencies, has enabled many traditionally marginalised peoples to have a say in a variety of textile forums, such as SATIEC.

That the EU accorded the South African government no choice as to which trade and development agreement could be considered raises a further problem in defining what is meant by participation as the TDCA was negotiated in a climate in which many decisions had already been predetermined by external actors. This shows that levels of inclusion and exclusion can also be gauged according to which scale (domestic, external) participation is measured on. Therefore, it could be asked, what is the point of being concerned about being included in the domestic TDCA decision-making process if most of the decisions have already been made?

A further issue raised by these findings is that, despite concluding that measuring the influence of each actor and category cannot be reliably calibrated, this thesis has provided an indication of

how interviewees have perceived the control that actors and categories have had on the TDCA policy formulation process. A finding drawn from analysing perceptions relating to the internal environment suggested that the influence exerted by actors within South Africa on the TDCA policy formulation process varied considerably. For instance, within the detached observer category, certain organisations, such as TIPS and the DPRU, who are supportive of neo-liberalism and appear to have been influential in shaping the government's neo-liberal macroeconomic policy. However, other actors in this category, particularly those associated with NGOs and CBOs, had virtually no influence over the TDCA decision-making process. This might indicate a correlation between the polarised debate identified in Chapter Two, where those in power espouse neo-classical economics, and those outside power, are peripheralised.

The operationalisation of the model also highlighted many tensions within the TDCA decision-making process. The previous section noted the uneasy climate that existed between internal South African actors and those in the external environment. However, tensions also existed between actors in the internal environment. For instance, relations between government departments, notably the National Department of Agriculture (NDA) and the Department of Trade and Industry (DTI), were often tense. Strains were also apparent within the NDA itself, as 'divisions' existed between officials and ministers.

There is some evidence to suggest that despite neo-classical economic trade agreements having a commitment to 'good governance', the global neo-liberal economic system provides a climate where tension between actors is inherent. Sociologists of neo-liberalism, such as cultural theorist Pierre Bourdieu (Bourdieu, 1998), argue that neo-liberalism 'destroys' representative organisations based on collective co-operation (such as trade unions and political systems) and encourages the 'production' of a rational individual, free to work and consume in a free market system (Dufour, 2001). Williams and Taylor (2000) add that this tension is due to the belief that neo-classical economics acts on the basis of rationality, whereas political decision-making processes are governed by irrational processes. They argue that 'for [neo] liberals, the market (if left free from unnecessary state/political/irrational intervention) represents the primary mechanism [above democratic decision-making processes] to resolve policy problems at both the domestic and

international level' (Williams and Taylor, 2000, 23). Examples of this tension within collective organisations include trade unions who face a dilemma caused by increased competition as a result of the reduction in tariff liberalisation. They are increasingly torn between the need to support companies that feel they have to become more competitive (which may result in job losses in the short-term but save an industry in the long-term), to survive in the global market place, and the need to keep the support of members who are being affected by the transformation of the economic climate (i.e. job losses and insecure employment) (Louw, 29 January 2001). Problems of a different nature are affecting NGOs in South Africa, as funds from within and outside the country have been cut. Habib and Taylor (1999, 79) argue that this is partly due to 'the obsession with IMF/World Bank structural adjustment [that] means financial cutbacks which are cutting swathes through NGOs'.² A result of these 'tensions', communities wishing to resist policies they see as detrimental might be further excluded from free market economy decision-making systems.

9.5 Potential economic 'winners' and 'losers'

The main conclusion to be drawn from the interviewee perceptions on the potential economic impact of the agreement was that it is incredibly difficult to identify accurately likely 'winners' and 'losers'. The case studies illustrate this well. Representatives of the wine industry, which was selected by many interviewees in 1999 as a likely beneficiary of the TDCA, were almost unanimous in their opinion that the agreement will do little for their sector. This finding was probably due to the ill-feeling that pervaded the industry following the controversial negotiations (particularly since 1999) and the demands made by EU negotiators. Of notable concern was the decision to change the names of South African brandy, port, sherry and ouzo. Conversely, the textile industry was identified by 'general interviewees' as an industrial sector that would be detrimentally affected by the TDCA. This conforms to the expectations raised in Chapter Two, as textiles was classified as a peripheralised industrial sector. Moreover, the industry has been damaged since 1990 by reduced

² The demise of the 'battle against apartheid' may also be a further reason why NGOs (which used to oppose apartheid legislation) receive less money from donors.

tariffs and illegal imports. Therefore, interviewees might have anticipated that SEFTA, and its tariff liberalisation programme, would not benefit the sector. However, textile interviewees tended to disagree with this finding. Although no textile interviewee was enthusiastic about the TDCA, few thought that the agreement was too detrimental. Of far more concern was the SADC FTA (i.e. the intra-regional free trade agreement). The 'winning and losing' aspects of the agreement are not limited to industrial sectors. It was observed in Chapter Six that communities within civil society, or even states, could also 'win' or 'lose'. For example, many interviewees argued that the BLNS were unlikely to receive many benefits from the agreement.

The "real" picture is therefore far more complicated than both sides of the polarised debate on neo-liberalism depicted, which mainly suggested that there are only winners or losers. The more accurate picture is that both winners and losers will result from the TDCA and many (such as the textile industry) will remain unaffected by the agreement. Yet, the situation is still more complicated than that. Those who will benefit or lose out from the agreement will vary not only between states, industrial sectors or community groups, but also within them as well. For example the wine industry, seen by some as a losing industry, but by others as a winner, will see some producers or vineyards benefiting from the agreement, whilst others will not. Even within these vineyards there will be winners and losers within the workforce. Therefore, the identification is incredibly difficult and depends to an extent at which scale the potential impacts are to be measured. If the largest scale is considered, the perception painted by those interviewed is that the European Union will benefit more from the agreement than South Africa. This view has been supported by some impact studies (see Chapter Five). For example, the UNCTAD report indicated that:

while the EU should be able to make considerable inroads into South African markets... the impact of South Africa's exports to Europe will be somewhat less. The one area where South Africa could have made major inroads was in agricultural products... but that is where [South Africa] encountered the greatest hassles in the negotiations (Cape Business News (anon.) November 1999).

Mark Bennett encapsulated the general sentiment expressed by interviewees, arguing that:

When you ask me the question if the agreement is going to be in our favour or not, I think that clearly getting into an agreement with the European Union is good; the potential is ...amazing, but the reality is that at the end of the day we could have

got a lot more from them; we could have got a lot more on agriculture. I think we missed our opportunities. On balance, South Africa missed out on opportunities, aside from the development cooperation sections... where perhaps there were some benefits... we may have exposed some of our industries to a lot more danger than was necessary (#Bennett, 2001).

Although the agreement limited the extent of reciprocity by including the principle of asymmetry, some analysts rejected the idea that this would be to the benefit of South Africa. Brink argues that 'we mistakenly believed that the much-vaunted asymmetry would be in South Africa's favour. In the case of textiles, clothing, motor vehicles, agriculture and a number of other sectors, this could not have been further from the truth' (Brink, 1999), as these parts of the agreement were virtually symmetrical between the EU and South Africa.

There is a worry that if the TDCA fails to generate economic development that will "trickle-down" to the mass of the population who have been historically peripheralised (many remain so), this could result in serious social and political upheaval. Williams and Taylor (2000, 37) believe that the signs are not good. They argue:

adoption of neoliberal principles has exacerbated inequality and increased concentration of wealth into the hands of a privileged few. Apart from the ethically odious (and increasingly dangerous) prospect of living in one of the world's most unequal economies, such a polarised environment is fertile ground for social and political instability which will ultimately repel the very 'investors' GEAR was designed to attract.

Indeed, some commentators fear that unless South Africa gains from such development agreements soon, the economic and social upheavals experienced in Zimbabwe could also be encountered in South Africa (McGreal, 26 July 2001). Many sociologists, as well as academic and non-academic analysts argue that there is a direct link between economic peripheralisation and social dislocation (see for example Cook, 1997 and Dennis, 1997). This is not a new or unique argument. It has been argued that throughout Africa one of the factors that has fuelled the 'breakdown' of civil societies, resulting in the words of Jeffrey Herbst (1996/7) the failure of states – has been the failure of Western-inspired development policies since 1945 (Escobar, 1988). Will policies associated with the new dominant development discourse – neo-liberal development perspectives – actually produce different results? Can the TDCA bring prosperity to South Africa? More importantly, will such prosperity be distributed across a broad spectrum of South African society and pacify the potential

fear of social unrest? Such judgements will take at least a few years to make. If it does not work, as some commentators in Chapter Two have predicted, what development perspectives of the future might be used? Perhaps it might be possible to find a 'middle way' between the two camps in the polarised neo-liberalism debate. Perhaps development perspectives based on neo-classicalism can be moulded to incorporate the different socio-political and economic characteristics that occur in different regions around the world.

9.6 In Conclusion: Reflections, Limitations and future research ideas

Perhaps the overriding message of this thesis is one of complexity. The complexity of describing, and gauging access to, political decision-making structures; and the complexity of gauging the potential impact of neo-liberal developmental trade policies. These complexities contrast sharply with the rather clear-cut impressions that are derived from the literature reviewed in Chapter Two, particularly in relation to the polarised debate on the winners and losers of neo-liberalism. Predicting 'winners' or 'losers' is far from easy. Perceptions obtained from the two case studies, one identified as a likely winner, the other a likely loser, demonstrate the depth of this complexity. Furthermore, a most confusing and contradictory picture emerged when interviewees' perceptions of access and participation to the TDCA policy formulation process were analysed. Definitions of what it means to be inclusive vary considerably. There is such an array of actors, components, players, institutions and stakeholders that even a clear account of simply portraying the mechanics of the TDCA policy formulation process proved difficult. The model which was introduced, although simplifying the picture, still emphasises that the process of making decisions, and the avenues open to provide access to them, are both oblique and numerous.

That such a state of confusion exists is not to be entirely unexpected. For example, interviewees in 1999 who identified potential winners and losers from the economic impact of the TDCA were confronted with an array of views with which to base their opinions. First, the polarised global debate surrounding the general benefits and detriments of neo-liberalism would have provided a broad canvass upon which influence may have been subconsciously exerted. The South African nature of the debate would also have introduced other influences, and factors such

as the ANC's historic support of more dependency-related development perspectives may well have been taken on board. Second, media reports (such as Dlodlu, 12 April 1999; Patel, 10 September 1999) on the success of the wine industry on the one hand, and dislocation of the textiles sector on the other, would have provided added factors in determining who interviewees selected.

This thesis has also discovered that, using a model devised to enable a descriptive and evaluative account of the structures underpinning the South African TDCA decision-making process, policy formulation was structured to allow for a high degree of access and participation. In many ways the structure is very inclusive. Almost all stakeholders had an opportunity to participate in a number of forums, organisations, or debates on the TDCA. However such a portrayal obscures the complexities of the situation. The extent to which each different stakeholder group was actually included is virtually impossible to calibrate. The assessment of inclusivity has therefore been guided by perceptions derived from representatives of various stakeholder groups. Even within these groups interviewees often failed to achieve a consensus of opinion on the extent of access permitted into the TDCA decision-making structure. An analysis of the extent to which stakeholders exploited fully their chance to participate (or were denied doing so by resource limitations) complicates the picture still further. Therefore, the degree to which we understand decision-making depends on attempting to rationalise an often irrational process. As such, the way such terms as inclusion and participation are defined is of critical importance in understanding the processes that accompany policy formulation.

The complex nature of these results also tends to highlight a number of limitations. Perhaps the most obvious is that in dealing with the complexities of decision-making and examining the perceived economic impacts of the TDCA, a number of aspects of this thesis have been simplified in order to understand a rather complicated set of pictures. For instance, criticism of the introduction of a model to assist in simplifying an understanding of the structures supporting the South African TDCA decision-making process have been well chronicled throughout this Ph.D.

Likewise, for ease of description, certain actor categories (specifically the European Union and civil society) have been presented in an almost monolithic manner, when in 'reality' they comprised

disaggregated actors in a similar way to the players in the South African decision-making process. For example, in much academic work, civil society is defined as incorporating all non-government stakeholders, including labour and business. This research has excluded the hierarchies of business and labour as they have separate representatives in the tripartite decision-making processes and senior labour representatives also form part of the ANC-led government. In addition, the European Union has at times been presented monolithically, despite being an institution that possesses a multitude of actors and processes.

Further limitations, of a philosophical and practical nature, revolve around methodological problems, and have already been alluded to in Chapter Three. On a practical level the conduct and analysis of interviews has illustrated the potential and real pitfalls that accompany the gathering of 'data'. Although a plethora of likely problems listed in the literature were mainly avoided, other, expected and unexpected obstacles (chronicled in Chapter Three) presented themselves throughout the fieldwork in South Africa. In hindsight, the experience gained in conducting semi-structured interviews should preclude making these and other similar mistakes in the future. For example, better organisation and use of contacts already garnered should reduce the time and money spent in arranging interviews in South Africa from the UK.

Despite care being taken in candidly reflecting on the positionality of the researcher obvious philosophical problems were confronted when undertaking the research process in South and southern Africa. For instance, power relations were obviously evident in organising and conducting semi-structured interviews, particularly with the so-called 'elite'. That this researcher was given more access to those actors actively engaged in formulating policy surrounding the EU-SA TDCA, than to other academics with a different 'ethnic' background, was a source of great ethical concern. The open reflection of this problem both here and in Chapter Three is only a partial remedy to such a concern. Further research into this problem will hopefully provoke a frank discussion among academics into how to challenge such discrimination.

Furthermore, from a philosophical standpoint, I would more clearly demonstrate the multiplicity and complexity of both civil society and the EU and stress further the post-structuralist

dimension of this work. Indeed, although many aspects of this research could be considered to emanate from a critical theoretical and post-structuralist perspective (due to the subtle deconstruction of power relations within the diverse decision-making structures examined), the theoretical approach has been described as being ultimately within the 'catch-all' pluralist perspective outlined in chapters Two (2.4.2) and Four (4.2). A more strident post-structuralist/critical theoretical approach could be undertaken in deconstructing further the decision-making processes that surround the formulation of neo-liberal trading arrangements. For instance, the original work of Robert Cox, Jurgen Habermas, Michel Foucault, or Antonio Gramsci could shed light on the dominant power structures that are inherent to the making of decisions.

However, highlighting these limitations has illustrated potential opportunities for future research. There are two obvious areas that could be researched further, both of which appear to be relatively unexamined. First, there is scope to undertake an analysis that disaggregates the major actors within trading arrangements globally – such as the EU – using the model introduced in this thesis as a template. Such research could well contest the bulk of the literature on policy formulation within the EU, which fails to stress the complexity of the process, instead advocating that policy is somehow conjured up in a 'black-box' method of devising policies.

This type of study would complement the second potential area for further research, an examination of the likely impact of the new reciprocal trade-liberalising agreements being negotiated between the EU and ACP states, under the terms of the Cotonou Agreement. Interviewees and commentators have been quoted throughout this thesis suggesting that far more research has to be conducted on this 'new paradigm' in trading relations between 'developed' and 'developing' regions of the world. Indeed, comparative work could also be undertaken with the North American Free Trade Agreement (NAFTA), where the similarities and contradictions of both major trading agreements might be examined.

These two proposals for future research, taken together with the two other suggestions presented in preceding paragraphs (for more post-structural analyses and a more candid approach to discrimination in the research process), would not only provide more information on relatively

unexplored areas of academic research but would also allow for a valuable insight into dimensions of power between 'developed' and 'developing' regions of the world. All four suggestions provide a window through which such an examination is possible. Further exploration of global actors in the decision-making process and of trade agreements would provide a policy perspective of 'north-south' relations. A post-structuralist approach would dwell predominantly on the deconstruction of power structures associated with decision-making and the formulation of trading arrangements. Finally, a comparative account of the research process by 'first world' and 'third world' academics would illustrate the different experiences that confront 'developed' world and 'developing' world academics in researching similar research issues.

APPENDIX

LIST OF APPENDICES

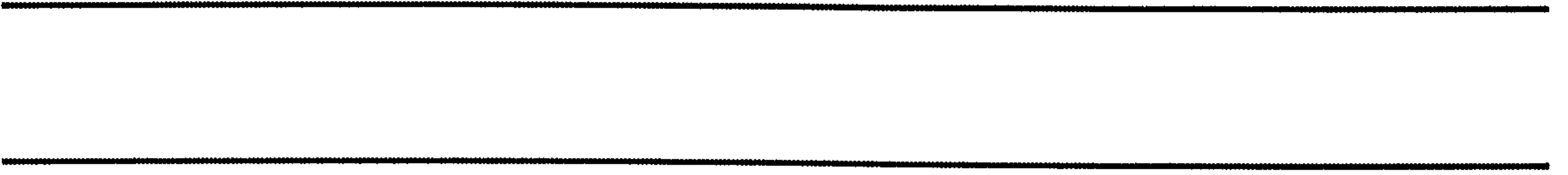
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Appendix A¹:

Table of confidential list of representatives interviewed in 1999

Under terms of confidentiality, the names and dates have been withheld, but were shown to the examiners.

¹ This is only submitted in the first edition for the purposes of the viva. Future editions will not hold this information for confidentiality reasons.



Appendix B

Sample of semi-structured interview questions Group A: - South African decision-makers.

Introduction:

1. My name is Roger Levermore. I am a researcher from the University of Plymouth (or Wits - *which is the best to use, or both?*)
2. I am a researcher from a European University, so my focus is from a European perspective. I am undertaking research that explores the potential impact that the culture of free trade/trade liberalisation will have on South Africa. Of primary importance in this culture, is the recent signing of the South Africa-European Union trade and development co-operation agreement.
3. The outcome of this analysis will be the publication, in mainly European-based journals, of both the potential impact of freeing trade, as well as the decision-making process behind SEFTA.
4. Your comments will be treated with complete confidentiality, with anonymity assured.

Questions:

Introductory questions:

- a - What was your, and your departments, role in the SEFTA negotiation process?
- b - Do you regard these negotiations a success? - *alter this!*
- c - How accessible were the EU institutions?
- d - Which EU institutions did you feel you had to target? [*in relation to the complex decision-making process of the EU*].

More detailed:

- e - If you negotiated again, how would you alter/improve your lobbying?
- f - Did the mandate significantly change throughout the negotiation process from a South African perspective. If so, how?
Think about the order of questions - alter these!
- g - In the negotiations, how was South Africa's position constructed? What input did the civil service provide, or consulting trade unions, business interests, lobby groups, academics/think tanks, or organisations such as the Industrial Development Corporation of South Africa Limited.
- h - One of the ANC's declared goals was to deconstruct the omnipotent grasp that Big Business - from the protectionist days of apartheid - had within South Africa. With the introduction of this free trade deal with the EU, does this assist such a policy goal?
- i - What do you see as the biggest success in negotiations?
- j - and the biggest failures?

Further detail: More personal view:

- k - From a personal viewpoint, which aspects of South African society do you see as benefiting from SEFTA, and from increasing free trade? Why do you think the deal is seen as beneficial to South Africa? Have you conducted (or acquired) any research that bolsters this view?
- l - How did these "benefiting" groups assist in the negotiation process?
- m - Are you, or the department, critical of this move to a free trade agenda, particularly when the ANC had been against neo-liberalism in the past.
- n - In view of this, who does not really benefit by both the SEFTA process, and by the neo-liberal economic process? Were they consulted at all during the SEFTA talks?
- o - A great deal of criticism has been directed at the BLNS for not being included. How were they informally included?

Appendix C

Sample of semi-structured interview questions – Group B: - BLNS (primarily Botswana and Swaziland) decision-makers.

Introduction:

1. My name is Roger Levermore. I am a researcher from the University of Plymouth (or Wits - *which is the best to use, or both?*)
2. I am a researcher from a European University, so my focus is from a European perspective. I am undertaking research that explores the potential impact that the culture of free trade/trade liberalisation will have on Southern Africa. Of primary importance in this culture, is the recent signing of the South Africa-European Union trade and development co-operation agreement, and the effect this will have on SACU.
3. The outcome of this analysis will be the publication, in mainly European-based journals, of both the potential impact of freeing trade, as well as the decision-making process behind SEFTA, notably, the role of the BLNS in this process.
4. Your comments will be treated with complete confidentiality, with anonymity assured.

Questions:

Introductory questions:

- a - What is your stance on the SEFTA agreement?
- b - Do you regard these negotiations a success for Botswana/Swaziland, and the BLNS? - *alter this!*
- c - What was your role, if any, in the process? Did you try to access EU institutions, or South Africa, and how accessible were they?
- d - Which EU institutions did you feel you had to target? [*in relation to the complex decision-making process of the EU*].

More detailed:

- e - If you could alter agreement, which aspects would you alter?
- f - Did the mandate significantly change throughout the negotiation process from a South African perspective. If so, how?
Think about the order of questions - alter these!
- g - How did you reach your view on both SEFTA and the growing trend towards trade liberalisation? Whose advise did you seek? Such as think-tanks, like Charles Harveys bunch?

Further detail: More personal view:

- h- From a personal viewpoint, which aspects of BLNS/Southern African society do you see as benefiting from SEFTA, and from increasing free trade? Why do you think the deal is seen as beneficial to South Africa? Have you conducted (or acquired) any research that bolsters this view?
- i - Are you, or the department, critical of this move to a free trade agenda?
- j - In view of this, who does not really benefit by both the SEFTA process, and by the neo-liberal economic process?
- k - Outline these sectors, and what compensation is likely to be received to correct this [*this can be supplemented in the case of Swaziland with press article - copied - that says some form of agreement has been reached with the EU - AND ASK THIS To the EU guys in Southern Africa - do they have an office in Swazi and Bots?*]
- l - How does this move to free trade in general affect SACU. What talks are progressing with the EU to replace Lomé?

Appendix D

Sample of semi-structured interview questions

Group C: - South African lobby firms who gave advise to the SA govt.

Introduction:

1. My name is Roger Levermore. I am a researcher from the University of Plymouth (or Wits - *which is the best to use, or both?*)
2. I am a researcher from a European University, so my focus is from a European perspective. I am undertaking research that explores the potential impact that the culture of free trade/trade liberalisation will have on South Africa. Of primary importance in this culture, is the recent signing of the South Africa-European Union trade and development co-operation agreement.
3. The outcome of this analysis will be the publication, in mainly European-based journals, of both the potential impact of freeing trade, as well as the decision-making process behind SEFTA. notably, what role did non-governmental organisations play in this process?.
4. Your comments will be treated with complete confidentiality, with anonymity assured.

Questions:

Introductory questions:

- a - Do you regard the SEFTA negotiations a success, and view free trade policies as beneficial to South Africa?
- b - What kind of role did you play in the SEFTA negotiation process? How did you contribute? Who did you contribute to? (who was your contact?)
- c - Any research conducted that examines the potential impact of free trade?

More detailed:

- d - If you could alter any aspects of the agreement, what would that be?

Think about the order of questions - alter these!

e -*[include only is relevant]* One of the ANC's declared goals was to deconstruct the omnipotent grasp that Big Business - from the protectionist days of apartheid - had within South Africa. With the introduction of this free trade deal with the EU, does this assist such a policy goal?

- i - What do you see as the biggest success in negotiations?
- j - and the biggest failures?

Further detail: More personal view:

- k - From a personal viewpoint, which aspects of South African society do you see as benefiting from SEFTA, and from increasing free trade? Why do you think the deal is seen as beneficial to South Africa? Have you conducted (or acquired) any research that bolsters this view?
- l - How did these "benefiting" groups assist in the negotiation process?
- m - Are you, or the department, critical of this move to a free trade agenda, particularly when the ANC had been against neo-liberalism in the past.
- n - In view of this, who does not really benefit by both the SEFTA process, and by the neo-liberal economic process? Were they consulted at all during the SEFTA talks?
- o - A great deal of criticism has been directed at the BLNS for not being included. How were they informally included? - *alter this!*

Appendix E:

Sample of semi-structured interview questions

Group D: - Southern Africa lobby groups

Introduction:

1. My name is Roger Levermore. I am a researcher from the University of Plymouth (or Wits - *which is the best to use, or both?*)
2. I am a researcher from a European University, so my focus is from a European perspective. I am undertaking research that explores the potential impact that the culture of free trade/trade liberalisation will have on Southern Africa. Of primary importance in this culture, is the recent signing of the South Africa-European Union trade and development co-operation agreement. What do the non-governmental sources of the BLNS regard the negotiations of this agreement.
3. The outcome of this analysis will be the publication, in mainly European-based journals, of both the potential impact of freeing trade, as well as the decision-making process behind SEFTA.
4. Your comments will be treated with complete confidentiality, with anonymity assured.

Questions:

Introductory questions:

[- a need here to combine section b, with some of section c]

- a - What do you think of the SEFTA process, and what is its likely impact on the BLNS region/ **specific country?**
- b - What information/opinion did you provide the BLNS with? (not only re. SEFTA but also free trade in general). Who did you contact?
- c - How would you amend the agreement?

More detailed:

- d - What do you see as the biggest success in negotiations?
- e - and the biggest failures?

Further detail: More personal view:

- f - From a personal viewpoint, which aspects of Southern African/BLNS society do you see as benefiting from SEFTA, and from increasing free trade? Why do you think the deal is seen as beneficial to South Africa? Have you conducted (or acquired) any research that bolsters this view?
- g - Are you, critical of this move to a free trade agenda?
- i - In view of this, who does not really benefit by both the SEFTA process, and by the neo-liberal economic process? Were they consulted at all during the SEFTA talks?
- j - What form of compensation is the BLNS likely to receive, and will this assist the BLNS in both the short and long term?
- k - **[some question on post-Lomé future].**

Appendix F:

Sample of semi-structured interview questions

Group E: - Academics/Think tanks.

Introduction:

1. My name is Roger Levermore. I am a researcher from the University of Plymouth (or Wits - *which is the best to use, or both?*)
2. I am a researcher from a European University, so my focus is from a European perspective - *of less stress to academics in South and Southern Africa!!!* I am undertaking research that explores the potential impact that the culture of free trade/trade liberalisation will have on South Africa. Of primary importance in this culture, is the recent signing of the South Africa- European Union trade and development co-operation agreement.
3. The outcome of this analysis will be numerous publications, of both the potential impact of freeing trade, as well as the decision-making process behind SEFTA.
4. Your comments will be treated with complete confidentiality, with anonymity assured - *again, to academics - they might well be used to that!*

Questions:

Introductory questions:

- a - What was your role in the SEFTA negotiation process?
- b - Do you regard these negotiations a success? - *alter this!*
- c - Which EU institutions did you feel that SA had to target? [*in relation to the complex decision-making process of the EU*].

More detailed:

- d - If you negotiated again, which aspects would you like to see altered?
- e - [**include only if relevant**] One of the ANC's declared goals was to deconstruct the omnipotent grasp that Big Business - from the protectionist days of apartheid - had within South Africa. With the introduction of this free trade deal with the EU, does this assist such a policy goal?
- f - What do you see as the biggest success in negotiations?
- g - and the biggest failures?

Further detail: More personal view:

- h - From a personal viewpoint, which aspects of South African society do you see as benefiting from SEFTA, and from increasing free trade? Why do you think the deal is seen as beneficial to South Africa? Have you conducted (or acquired) any research that bolsters this view?
- i - How do you think these "benefiting" groups assist in the negotiation process?
- j - Are you critical of this move to a free trade agenda, particularly when the ANC had been against neo-liberalism in the past. - *rather leading?*
- k - In view of this, who does not really benefit by both the SEFTA process, and by the neo-liberal economic process? Were they consulted at all during the SEFTA talks?

Appendix G

Sample of semi-structured interview questions

Group F: - Miscellaneous – (such as those outside South Africa, yet within the process - such as EU delegation).

Introduction:

1. My name is Roger Levermore. I am a researcher from the University of Plymouth (or Wits - *which is the best to use, or both?*)
2. I am a researcher from a European University, so my focus is from a European perspective. I am undertaking research that explores the potential impact that the culture of free trade/trade liberalisation will have on South Africa. Of primary importance in this culture, is the recent signing of the South Africa-European Union trade and development co-operation agreement.
3. The outcome of this analysis will be the publication, in mainly European-based journals, of both the potential impact of freeing trade, as well as the decision-making process behind SEFTA.
4. Your comments will be treated with complete confidentiality, with anonymity assured.

Questions:

Introductory questions: - alter depending on whom seeing.

- a - What was your, and your departments, role in the SEFTA negotiation process?
- b - Do you regard these negotiations a success? - *alter this!*
- c - How successful were South Africa in this negotiating process?
- d - Which EU institutions did you feel they had to target? [*in relation to the complex decision-making process of the EU*]. Did they do this?

More detailed:

- e - If negotiated again, how would you advise SA to alter/improve their lobbying?
 - f - Did the mandate significantly change throughout the negotiation process from a South African perspective. If so, how?
- Think about the order of questions - alter these!*

Further detail: More personal view:

- g - From a personal viewpoint, which aspects of South African society do you see as benefiting from SEFTA, and from increasing free trade? Why do you think the deal is seen as beneficial to South Africa? Have you conducted (or acquired) any research that bolsters this view?
- h - How did these “benefiting” groups assist in the negotiation process?
- i - Are you, or the department, critical of this move to a free trade agenda?
- j - In view of this, who does not really benefit by both the SEFTA process, and by the neo-liberal economic process? Were they consulted at all during the SEFTA talks?
- k - A great deal of criticism has been directed at the BLNS for not being included. How were they informally included? How did the EU contact them?
- l - How do you see the BLNS in the post-Lomé future.
- m - What form of compensation are the BLNS likely to receive? [*use documentary evidence to support this*].

Appendix H: Example of notes made following interview in 1999

Interview with:

XXXXX

On:

XXXXX

At:

Delegation of the European Commission in Botswana, Plot 68, North Ring Road, Gaborone, Botswana.

Notes:

1. A regional adviser for the EC.
2. Recorded - perhaps the worst interview in terms of “chemistry” between interviewee and interviewer. There was one unfortunate instance, where xxx asked for the tape to be turned off, and made one or two confidential points (see the two notes below). However in doing this he made an off-the-cuff comment that he was very impressed by the SA negotiators – this was not part of the confidential point (or so I thought), and on commencing the taped interview I sought to obtain confirmation of this – which rather annoyed the interviewee.
3. Notes made during the interview:
 - SA - playing off two sides - SADC and the EU. Queries how committed SA is to southern Africa regional co-operation.
 - South Africa - not as virtuous as the SA newspapers would have you believe!

Further action:

1. Send thank you, and an update letter.

APPENDIX I:

119 - Q - But how about the SA-EU FTA?

A - Getting there.

Says that due to reciprocity, SE-EU FTA better than the reduction in tariffs under GATT.

135 - Talks about outside AA - unhappiness in business.

154 - Q - Trying to get back to AA. Non-tariff barriers to trade. How would it affect Anglo?

A - Have been affected by anti-dumping in terms of steel - by the USA.

225 - Discussing industrial policy in SA.

230 - Saw the EU-SA agreement as a sign that there was no going back. It would have helped us a lot to have the agreement in place a lot quicker.

234 - Q Why do you think it took so long for the agreement to be agreed?

A - I think that there just wasn't enough interest in South Africa. They had their eyes on just so many other things... new government, new people, that it was just very low on their list of priorities.

277 - Reputation of Manuel - brilliant minister. In terms of toughness. Won't yield.

2nd tier at Ministry of Finance - ANC sympathies.

EXAMPLE OF CODING:

Two areas most affected by the WTO - Motor vehicles and textiles. Links into Southern Africa side of things. Employers threatened to go on strike over textiles re. proposed signing of SE-Zimbabwe trade deal.

Much discussion on anti-dumping. Is there anything in the agreement that would make existing EU laws any tougher.

Discusses GEAR - 225 ish.

Discusses the change in cabinet personnel - esp. in 1994 - 1996.

Appendix J²:

Table of confidential list of representatives interviewed in the wine industry

² This is only submitted in the first edition for the purposes of the viva. Future editions will not hold this information for confidentiality reasons.

Appendix K³:

Table of confidential list of representatives interviewed in the textile industry

³ This is only submitted in the first edition for the purposes of the viva. Future editions will not hold this information for confidentiality reasons.

Appendix L: Example of questions asked to a representative from the wine industry

Name: CONFIDENTIAL

Status: CONFIDENTIAL

Contact details:

Email: xxx

Phone: xxx

Fax: xxx

Secretary details? Ms. Smit xxx

Address: Main Road - Paarl

Meeting: 14/2/2001 – 2.30

Information:

Following phone call with Pierre Loubser of CEWPA – he notes that both Kruger and De Klerk are legally qualified to represent the two major sections of the industry. Also, De Klerk represents VinPro SA as well!!!

1997 – converted from co-operative to a group of companies.

Has a number of empowerment initiatives...

Long-standing – established – Astera – a personnel forum... this is included in the folder! With these interview notes.

Questions:

Introduction:

- A. My name is RL. Researcher from Plymouth.
- B. Research considers the perceived impact of the EU-SA TDCA on southern Africa and how the disparate grouping within South African played a role in its construction.
- C. Some research has been published – report for SAIIA after three-month spell in SA. Also articles in Business Times (anon.) – reported as being rather critical of government.
- D. Operate confidentiality. Would you like your comments to be anonymous?

Two things to be in the back of my mind:

How decisions were made

How inclusive?

1. **How long have you been working in the SA wine industry? And for KWV?**

More detailed

2. **How is KWV now represented throughout the industry? I know it is represented on some statutory and non-statutory bodies.**
 - **But what about in dealings with government?**
 - **Do you speak at the department level, or with cabinet ministers/MPs?**
 - **Also, what sections of the industry are KWV involved with?**
3. **Do you feel that KWV is adequately represented in the industry and in government?**
4. **How could it be improved?**
5. **And how about during the EU-SA TDCA negotiations?**
6. **What are relations now like with the government?**
7. **How does KWV see the wine industry developing in terms of empowerment initiatives?**
8. **The in-house personnel forum – Astera – how long has that been operating? Have you any information on this? Who is represented?**
9. **What kind of relations to you have with FAWU and other trade unions? What percentage of your workforce are unionised?**

Changing direction to the EU-SA TDCA

10. **Do you see the EU-SA TDCA as benefiting the industry?**
11. **Particularly developing the industry?**
12. **Will it assist KWV's empowerment initiatives?**
13. **Who in the industry is more likely to benefit from the EU-SA TDCA?**
14. **Who is likely not to benefit?**

Going back to decision-making

15. **How is/was the sector organised in its decision-making apparatus? Can you comment on the diagram I have produced which aims to simplify the decision-making process**
16. **Did the sector have a unified approach to negotiations?**
17. **How were the 'community' incorporated into these processes?**

And to finish off

18. **What major issues face the sector today? (Including - has the agreement been successful? In the context of development, workers, the industry etceteras)**
How have empowerment and labour laws affected the wine industry?

Appendix M: Example of interview form for a representative of the textile sector

Name xxx

Status: Executive Director - xxx

Contact details:

Email: xxx

Phone: xxx

Fax:

Secretary details?

Address: xxx

Meeting: 31.1.01 – 9.00am

Information:

Texfed – an industrial federation of trade associations – promotes its members trade and trade-related interests. Proactively **represents** industry on key issues.

Founded – 1976. Incorporates the following trade associations – SA Worsted Manufacturers Association; National Fabric Knitters Association; SA Cotton Textile Manufacturers Association and corporate members representing fibre suppliers in SA – such as Cotton Board (disbanded according to the web searches), SA Wool Board, SANS Fibres, Hoechst Trevira – **I need to question one other of these associations or Boards – either in Johannesburg or Cape Town. I am interviewing a representative for SANS Fibres. Will be meeting Brian on the first day in South Africa – so can obtain further details from him then. So far, no other source has provided contact details and they are not on web pages, or listed in Mbendi web site.**

Lists – Hoerchst SA – based in Johannesburg. Contact – AJ Nathwani – fax – 011 3138428; tel: 011 3138095 – There are other members in the Western Cape – particularly at Paarl – see Berg River Textiles – speak to Robertson or Koeslag – 021 8682230.

Says that it solves its problems “in-house” – through negotiation and compromise.
Seen as the “official” voice of the industry – government recognises its representativeness.

See also the accompany booklet on the state of the industry.

Another role of Texfed – monitoring the effect of international trade! In order to do this it has interaction with the Board on Tariffs and Trade (BTT) and DTI.

Questions:

Introduction:

- A. My name is RL. Researcher from Plymouth.
- B. Research considers the perceived impact of the EU-SA TDCA on southern Africa and how the disparate grouping within South African played a role in its construction.
- C. Some research has been published – report for SAIIA after three-month spell in SA. Also articles in Business Times (anon.) – reported as being rather critical of government.
- D. Operate confidentiality. Would you like your comments to be anonymous?

Two things to be in the back of my mind:

How decisions were made

How inclusive?

Lead-in questions:

1. How long have you been working at Texfed?
2. From the information that I have read, the textile industry has been transformed in some ways since the ending of sanctions. On the one hand there have been moves towards more automation and possibly beneficial trade deals with the US. On the other there have been massive levels of retrenchment, tariff liberalisation, and a surge in the level of illegal imports. In which ways is that a fair assessment? What would you add?

More detailed – EU-SA TDCA

3. So, how is the EU-SA TDCA viewed in this context, and within the trend for increased tariff liberalisation?
4. In what ways might it benefit the sector? Who will “win”?
5. In what ways might it cause problems for the sector? Who will “lose”?

To decision-making processes

6. How is/was the sector organised in its decision-making apparatus?
7. Are you the official voice of the sector in negotiations with government? And also in terms of the EU-SA TDCA
8. Did the sector have a unified approach to negotiations?
9. Can you explain the decision-making process within the textile sector?
 - Can you comment on the diagram I have produced which aims to simplify the decision-making process?
10. How were the unionised interests incorporated?
11. How were the ‘community’ incorporated into these processes?

And to finish off

What major issues face the sector today? (Including - has the agreement been successful? In the context of development, workers, the industry etceteras)

Appendix N:

265 – Q: Unified position? There must have been some disagreements?

A: Yes there were. The ... unions position was that they would have argued for a much more intransigent and more er... position favouring South Africa to a far greater extent. But that was a different on degree.

Carries on in more detail on MFN's ...

278 - ... on matter of substance where the union and ourselves differed was the wording and labour clauses within the texts of the whole arrangement. *Over issues such as union rights...*

We did not support them strongly enough. It was a bit of a two-edged sword. It would come back and bite us later.

300 – Q: Try to ask about how the community was integrated into the decision-making process within the textile association... was the community ever thought of when you were discussing the agreement? Who did you construct your position with? Did you have regular meetings with the unions?

A: No, we tended not to caucus with unions prior to these sessions. There was report back and feedback... There was certainly consultation within the federation, within its executive structure.

321: Q – Could you explain that?

A: We have got these three trade associations. From the cotton side there are five representatives on my steering body; from the wool sector there are two and from knitters there are two. So from those representatives of the entire membership I was getting their direct feedback.

Example of coding from second set of interviews

Says that government sidelined many union positions and that aggrieved labour he feels.

But this is surely not representative of the entire industry – one or two mutterings from others within textiles – such as Viljoen. Also, not even 100% representative of those from wool, knitters and cotton.

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