

5: FOREIGN AFFAIRS

AIM

The aim of the Department of Foreign Affairs is to maintain and promote the Republic of South Africa's external relations.

EXPENDITURE ESTIMATES

Table 5.1 Expenditure by programme

| R million | Expenditure outcomes | | | Preliminary outcome | Medium term expenditure estimates | | |
|---|----------------------|----------------|--------------------|---------------------|-----------------------------------|----------------|----------------|
| | 1995/96 | 1996/97 | 1997/98 | 1998/99 | 1999/00 | 2000/01 | 2001/02 |
| Administration | 70,4 | 94,4 | 122,2 | 116,1 | 122,3 | 115,4 | 117,9 |
| Foreign relations | 800,9 ¹ | 835,9 | 855,6 ³ | 1 007,3 | 957,8 | 901,3 | 920,7 |
| Support services: foreign representation | 190,4 ¹ | 202,5 | 170,5 | 156,5 | 154,7 | 145,6 | 148,8 |
| Subtotal | 1 061,7 | 1 132,8 | 1 148,3 | 1 279,9 | 1 234,8 | 1 162,3 | 1 187,4 |
| Capital works ² | – | – | 0,6 | 120,3 | 40,9 | 11,3 | – |
| Total | 1 061,7 | 1 132,8 | 1 148,9 | 1 400,2 | 1 275,7 | 1 173,6 | 1187,4 |

¹ Spending by programme has been reclassified where possible to correspond to the current programme structure.

² Appropriated on Vote: Public Works.

³ Authorised losses of R5,5 million added.

Until 1995/96 the activities of the *Support services* programme were included under *Foreign relations*, but the programme has since been budgeted for separately.

- ◆ *Administration* comprises financial management, personnel and provisioning administration, legal and other office support services and the formulation of policy by the Minister and management of the Department.
- ◆ *Foreign relations* involves promoting relations with foreign countries, both bilaterally and through multilateral co-operation.
- ◆ *Support services: foreign representation* renders services to support the Department's line function activities.

Table 5.2 Economic classification of expenditure

| R million | Expenditure outcomes | | | Preliminary outcome 1998/99 | Medium term expenditure estimates | | |
|------------------------------------|----------------------|----------------|----------------|--------------------------------|-----------------------------------|----------------|----------------|
| | 1995/96 | 1996/97 | 1997/98 | | 1999/00 | 2000/01 | 2001/02 |
| Current | | | | | | | |
| Personnel expenditure ¹ | 511,8 | 607,7 | 613,3 | 671,7 | 704,4 | 701,6 | 711,0 |
| Other current expenditure | 347,2 | 370,3 | 366,3 | 466,9 | 387,9 | 330,7 | 349,8 |
| Transfer payments | 139,2 | 92,7 | 92,4 | 83,3 | 82,9 | 81,9 | 83,5 |
| Capital | | | | | | | |
| Capital transfers | – | – | – | 0,0 | 0,0 | 0,0 | 0,0 |
| Acquisition of capital assets | 63,5 | 62,1 | 76,9 | 178,3 | 100,5 | 59,4 | 43,1 |
| Total | 1 061,7 | 1 132,8 | 1 148,9 | 1 400,2 | 1 275,7 | 1 173,6 | 1 187,4 |

¹ Departmental personnel expenditure includes employer's contributions to pension funds at a rate of 17 per cent of basic salary in 1998/99 and 15 per cent of basic salary in subsequent years.

Several new missions were opened in 1996/97, resulting in a sizeable increase in personnel expenditure as well as in other current expenditure.

OUTPUTS AND SERVICE DELIVERY TRENDS

Against the backdrop of rapid globalisation and South Africa's re-admission into the international community, South African foreign policy has evolved rapidly, especially in the multilateral arena. South Africa is now a member of more than fifty international bodies, where it promotes not only its own interests, but also those of the African continent.

New markets

Re-admission facilitated diversification into new market.

- ◆ Asia is South Africa's second largest trading partner after Europe and accounts for about 25 per cent of total trade.
- ◆ Intra-African trade has increased from R2,1 billion in 1994 to R6,5 billion in 1997.
- ◆ The Middle East is an important export market for luxury goods and remains a potential source of crude oil supplies.
- ◆ Trade with the Latin American and Caribbean region increased by 30 per cent during 1997 alone.
- ◆ Trade negotiations with the European Communities and relations with the United States and other industrial countries have progressed significantly.

Donor funding

South Africa can readily access international donor funding for projects. For example, the Global Environment Facility co-funded the Cape Peninsula Biodiversity Project. During the last few years donor funding

for development assistance amounted to US\$5 billion from Europe, US\$1,3 billion from Japan and US\$25 million from China.

Missions

South Africa maintains 89 diplomatic missions, as indicated in the table below.

Table 5.3 Number of missions per region

| Region | 1998/1999 | 1999/2000 |
|--------------------------|-----------|-----------|
| Africa | 24 | 24 |
| America | 16 | 15 |
| Asia and the Middle East | 21 | 21 |
| Europe | 30 | 24 |
| Multilateral | 5 | 5 |

Conferences and exhibitions

The Department of Foreign Affairs is responsible for hosting and organising international conferences.

- ◆ South Africa hosted the XII Conference of the Non-Aligned Movement (NAM) from 29 August to 3 September 1998 in Durban, with a budget allocation of R50 million.
- ◆ During November 1999, South Africa is to host the Commonwealth Heads of Government meeting. The estimated budget for this meeting is R39,2 million.
- ◆ Between June and October 2000, South Africa is to take part in Expo 2000 Hanover, both within the South African Development Community context and as a national participant. The estimated budget for participation in this exhibition is R20 million.

POLICY DEVELOPMENTS

Departmental transformation

Since 1994, the Department has played an important role in South Africa's re-admission into the international community. The Department itself had to transform to participate meaningfully in various international forums and to deal with increasing involvement in regional conflict resolution and relief efforts. During the second half of 1998, the Department started a review of its core business and support functions.

Peace missions

The White Paper on South Africa's participation in peace missions was released during October 1998.

DISCUSSION OF PROGRAMMES

Programme 1: Administration

| | Budget estimate | Adjusted appropriation 1998/99 | Preliminary outcome | Medium term expenditure estimates | | |
|-------------|-----------------|-----------------------------------|---------------------|-----------------------------------|---------|---------|
| | | | | 1999/00 | 2000/01 | 2001/02 |
| R million | | | | | | |
| 1998 Budget | 124,3 | 117,0 | 116,1 | 127,2 | 133,3 | – |
| 1999 Budget | – | – | – | 122,3 | 115,4 | 117,9 |

Programme 2: Foreign relations

| | Budget estimate | Adjusted appropriation 1998/99 | Preliminary outcome | Medium term expenditure estimates | | |
|-------------|-----------------|-----------------------------------|---------------------|-----------------------------------|---------|---------|
| | | | | 1999/00 | 2000/01 | 2001/02 |
| R million | | | | | | |
| 1998 Budget | 943,6 | 1 014,9 | 1 007,3 | 929,0 | 887,0 | – |
| 1999 Budget | – | – | – | 957,8 | 901,3 | 920,7 |

As the core function of the department, the *Foreign relations* programme focuses on promoting relations with other countries, finding agreeable solutions to international problems affecting the interests of South Africa, participating in international initiatives on co-operation, peace and order, and protecting the rights, property and citizens of South Africa in other countries.

Main activities

The programme includes the following activities:

- ◆ Implementing the foreign policy of Government.
- ◆ Presenting policy recommendations to Cabinet, Parliament and other participants in the foreign policy formulation process.
- ◆ Promoting trade and investment through facilitating inter-governmental agreements involving issues such as trade, double taxation and air service co-operation.
- ◆ Facilitating the movement of business people and tourists in co-operation with the Department of Home Affairs and consular services abroad.
- ◆ Strengthening bilateral and multilateral relations. Bilateral relations involves planning, implementing and co-ordinating South Africa's foreign policy, representing South Africa abroad and providing consular services in other countries. Multilateral relations entails planning, implementing and co-ordinating the country's foreign policy on international organisations. It also involves representing South Africa in these organisations and promoting sport, culture and communication abroad.
- ◆ Giving assistance and protection to South African citizens abroad through consular services.
- ◆ Gathering information related to international threats and opportunities to the State.

Programme 3: Support services - foreign representation

| R million | Budget estimate | Adjusted appropriation 1998/99 | Preliminary outcome | Medium term expenditure estimates | | |
|--------------------|-----------------|-----------------------------------|---------------------|-----------------------------------|--------------|--------------|
| | | | | 1999/00 | 2000/01 | 2001/02 |
| 1998 Budget | 143,3 | 157,7 | 156,5 | 141,5 | 134,1 | – |
| 1999 Budget | – | – | – | 154,7 | 145,6 | 148,8 |

The *Support services* programme facilitates support structures for proper representation internationally. This comprises co-ordination of foreign visits, legal support in international law, assistance to foreign countries and, where needed, disaster relief.

The programme involves:

- ◆ Corporate liaison – protocol matters, co-ordination of foreign visits and parliamentary, media liaison and operational services.
- ◆ International organisations – membership fees and contributions.
- ◆ Legal services on bilateral and international matters.
- ◆ Administrative support.
- ◆ Bilateral aid – personnel and technical assistance to enhance political aims.
- ◆ Distress relief for foreign countries – financial and other assistance to countries in distress as a result of natural disasters.
- ◆ Project aid – contributing to and controlling the Economic Co-operation Promotion Loan Fund.

FUNDS AND ACCOUNTS

The Department of Foreign Affairs manages the Economic Co-operation Promotion Loan Fund that used to provide concessionary loans to TBVC and neighbouring states. The Fund received income of R14,9 million during 1997/98, bringing the accumulated funds to R848,7 million. On 31 March 1998 the Loan Fund had R317,9 million invested with the Corporation for Public Deposits with outstanding commitments of the Fund calculated to be R135 million at the end of the 1997/98 financial year. The balance of this account is to be transferred to the National Revenue Fund during 1999.