



SOUTH AFRICA – AN OVERVIEW

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Introduction

South Africa, a multiparty, constitutional democracy, is situated on the southernmost tip of the African continent, with the Atlantic Ocean to the west and the Indian Ocean to the east. South Africa held its first democratic national elections on 27 April 1994. With a population of around 54 million people, close to 60% of whom are under the age of 35, it is a young, stable democracy.

Area and Population

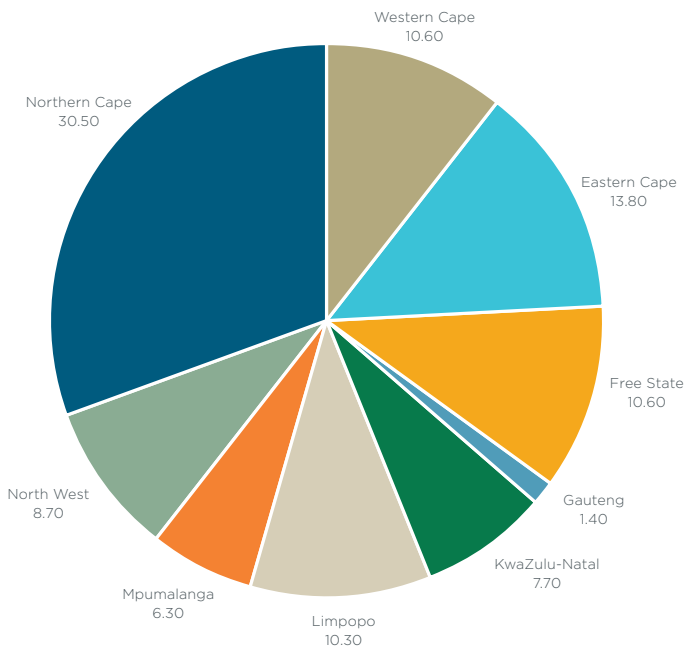
South Africa shares its borders with Botswana, Lesotho, Mozambique, Namibia, Swaziland and Zimbabwe. The total area of the country is approximately 1.2 million square kilometres (or 471 358 square miles).

South Africa is divided into nine provinces:

- Eastern Cape;
- Free State;
- Gauteng;
- KwaZulu-Natal;
- Limpopo;
- Mpumalanga;
- Northern Cape;
- North West; and
- Western Cape.

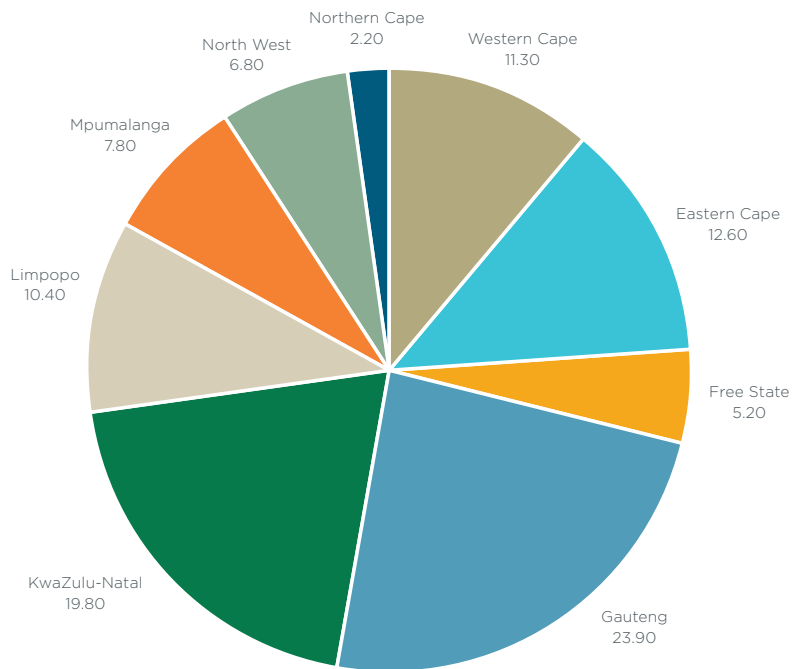
“IN 2011 SOUTH AFRICA JOINED BRAZIL, RUSSIA, INDIA AND CHINA IN THE POLITICAL GROUPING OF LEADING EMERGING ECONOMIES THAT HAS SINCE BECOME KNOWN AS BRICS.”

Percentage distribution of land area by province:

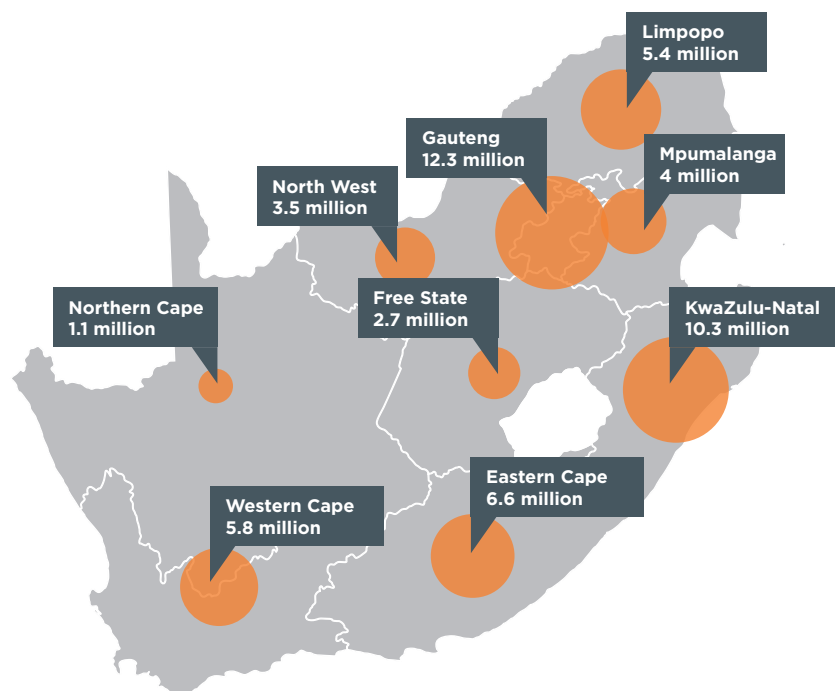


Reference: Census 2011

Provincial population:



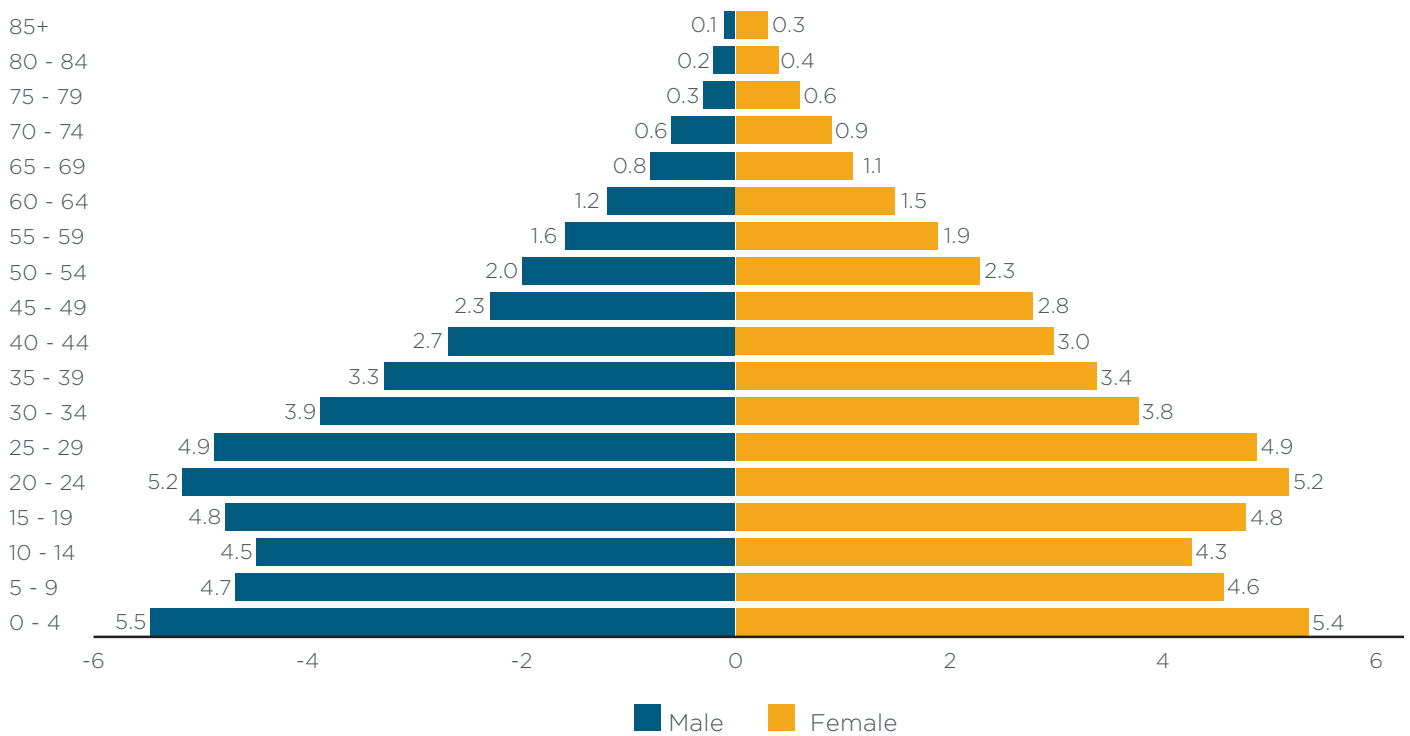
Reference: Statistics South Africa, 2014 Mid-year population estimates



Reference: Statistics South Africa, 2011, Population numbers

While Gauteng is South Africa's smallest province geographically, it has the largest population, with more than 12.914 million people occupying 1.4% of the country's land area. It contributes around 34.7% towards the national gross domestic product (GDP). Gauteng is also home to South Africa's administrative capital, Pretoria (part of the greater metropolitan area of Tshwane).

Total population by age group and gender:



Reference: Statistics South Africa, 2014 Mid-population estimates

South Africa has 11 official languages:

- Afrikaans;
- English;
- isiNdebele;
- isiXhosa;
- isiZulu;
- Sepedi;
- Sesotho;
- Setswana;
- isiSwati;
- Tshivenda; and
- Xitsonga.

According to the Census 2011, the South African population, by first language, comprises 22.7% isiZulu speakers, 16% isiXhosa speakers, 13.5% Afrikaans speakers, 9.1% Sepedi speakers, 9.6% English speakers, 8% Setswana speakers and 7.6% Sesotho speakers; the remaining four languages are spoken by less than 5% of the population. English is widely used as the language of commerce.

Constitutional Framework

Elections

On 27 April 1994, South Africa held its first democratic national election, culminating in the appointment of Nelson Mandela, leader of the African National Congress (ANC) and a former leader of the anti-apartheid movement, as President of South Africa. Mandela's successor, Thabo Mbeki, resigned during his second term of office in September 2008 and Kgalema Motlanthe became the interim President. In May 2009 Jacob Zuma, president of the ANC, became President of South Africa. He was sworn in for a second term on 24 May 2014.

Constitution

The Constitution of the Republic of South Africa, 1996 (Constitution), is the supreme law of South Africa, and came into force on 4 February 1997 after it was passed by the Constitutional Assembly and certified by the Constitutional Court as being consistent with the 34 constitutional principles contained in schedule 4 of the Interim Constitution.

The Constitution provides for:

- a common citizenship for all South Africans;
- the creation of a sovereign and democratic constitutional state;
- a separation of powers between the legislature, executive and judiciary:
 - a Cabinet consisting of the President (as head of the Cabinet), a Deputy President and Ministers
 - a bifurcated Parliament made up of a National Assembly, consisting of between 350 and 400 members, and a National Council of Provinces, consisting of 90 members and representing the provinces at the national legislative level;
 - nine provinces with defined legislative and executive powers; and
 - an independent judiciary, which includes a Constitutional Court, a Supreme Court of Appeal and the High Court (with various divisions);
- a number of state institutions supporting a constitutional democracy, including the Public Protector, Human Rights Commission, Commission for Gender Equality and the Auditor-General.

Most significantly, the Constitution includes a Bill of Rights, which enshrines the fundamental rights ordinarily enjoyed by all persons and groups, irrespective of citizenship. These fundamental rights cover equality, human dignity, privacy, property, freedom of expression, and freedom of association as well as a number of socio-economic rights, for example the right to housing and education. Certain fundamental rights have been limited to citizens only, such as political rights, citizenship, and the freedom of trade, occupation and profession. Unlike the Interim Constitution, which only bound the State, the Constitution applies “horizontally” to a certain extent, binding private persons as well as the State.

Cabinet

Until 30 April 1999, the Cabinet consisted of as many parties represented in Parliament as received a defined minimum of the national vote, and it sought to operate by consensus rather than by voting (the Government of National Unity). The Government of National Unity was formed in 1994 by the naming to the Cabinet representatives of the three largest parties, namely the ANC, the National Party and the Inkatha Freedom Party. Since 30 April 1999, the Cabinet has been appointed by the President from the members of the National Assembly.

Provincial and Local Government

The Constitution makes provision for provincial and local Government in addition to Government at a national level. Each province has its own provincial legislature of between 30 and 80 members and its own chief executive, the Premier. The Premier exercises the executive authority of the province, together with the other members of the Provincial Executive Council, which is constituted in a manner similar to the Cabinet in the national Government.

The provinces exercise limited power on a national level, principally through their representatives in the National Council of Provinces and also through their power to block parliamentary action affecting the constitutional position and status of the provinces.

Although the Constitution allocates certain powers exclusively to the provinces, the national Government is granted the power to override the authority of the provinces in certain circumstances. Consequently, the demarcation of authority between the provincial Governments and the national Government is not precisely defined by the Constitution. It can be expected to develop over time, with guidance from the Constitutional Court as to the extent of the provinces' legislative competence.

Legal System

The South African legal system is based on Roman-Dutch law, influenced by English law, and is subject to the Constitution. Judicial authority is vested in the courts, which are established by, or pursuant to, the Constitution.

The Constitutional Court is the highest court in the land in respect of constitutional matters. Since 23 August 2013, it also has jurisdiction to hear any other matter if it is in the interests of justice for it to do so. The Supreme Court of Appeal hears appeals from the High Courts.

The Constitutional Court exercises both exclusive and concurrent jurisdiction in constitutional matters. In respect of direct challenges to the constitutionality of all forms of legislation, concurrent jurisdiction is exercised between the Constitutional Court, the Supreme Court of Appeal and the High Courts. The court of first instance in such cases is, however, ordinarily the High Court.

The Constitutional Court has exclusive jurisdiction to decide matters involving:

- disputes between organs of State concerning their constitutional status, powers, or functions;
- the constitutionality of a parliamentary or provincial bill;
- a dispute over the constitutionality of an amendment to the Constitution;
- declaring an Act of a provincial legislature or Parliament unconstitutional;
- whether Parliament or the President has failed to fulfil a constitutional obligation; and
- the certification of a provincial constitution.

Decisions of the Constitutional Court are binding upon all persons and upon all legislative, executive and judicial organs of State. Constitutional Court judges are appointed by the President, in consultation with the Cabinet, and on the recommendations of the Judicial Service Commission, an independent body.

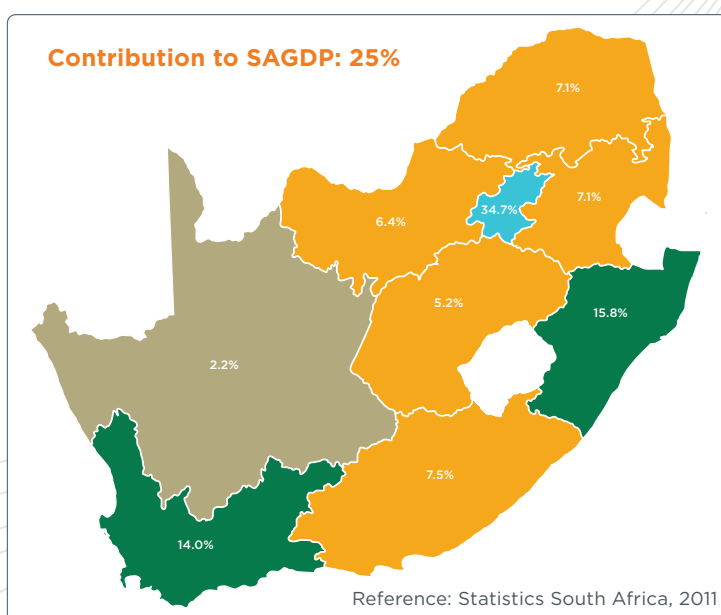
Judgments of the Supreme Court of Appeal are binding on all courts of a lower order and judgments of the divisions of the High Court are binding upon the lower courts within their respective areas of jurisdiction. The Magistrates' Courts, which are divided into regional and district courts, are lower courts and are established by the Magistrates' Courts Act, No. 32 of 1944 (Magistrates' Courts Act). The Magistrates' Courts have both civil and criminal jurisdiction and the Magistrates' Courts Act imposes limits on the type of matters that Magistrates' Courts can entertain as well as the monetary amount of these matters. Several other lower courts exist, including the small claims courts, community courts and equality courts. There are also several specialist courts, including the Land Claims Court, Competition Appeal Court and Water Tribunal.

The Arbitration Act, No. 42 of 1965, governs the procedure to be followed in settling a matter through arbitration, which involves the determination of a dispute by one or more independent third parties rather than by a court.

Economy

South Africa's economy has been completely overhauled since the advent of democracy in 1994. The country's abundance of natural resources (valued at US\$2.5 trillion by Citigroup in 2010 - particularly gold, the platinum group metals, and a wide variety of minerals); well-developed and highly regarded banking and financial sector, growing manufacturing and renewable energy sector; and considerable tourism potential, all contribute to its vibrant emerging market economy. South Africa is considered one of the economic powerhouses of Africa and is Africa's most developed market.

In the 1960s the South African economy enjoyed a strong average real growth rate of 5.5%, led principally by exports of metals and minerals. Although the country experienced periods of excellent growth in the 1970s, particularly during the gold booms of 1973 to 1974 and 1979 to 1981, the economy grew at a lower average real rate of 3.2% during this decade. In the 1980s, major Western export markets were disrupted by oil shocks and measures to counteract inflation. Economic sanctions against South Africa also began to affect the country's economy. These adverse economic influences, together with political uncertainty and social unrest, resulted in an average real growth rate of less than 2.2% per year throughout the 1980s.



During the first half of 1989, the South African economy entered a period of prolonged recession, with an average annual real GDP growth of negative 1.3% during the period 1989 to 1992. Due to decreased political uncertainty, South Africa enjoyed an unprecedented 62 quarters of uninterrupted economic growth from the first quarter of 1993 to the second quarter of 2008. GDP rose by 2.7% in 2001, 3.7% in 2002, 3.1% in 2003, 4.9% in 2004, 5% in 2005, 5.4% in 2006, 5.1% in 2007, and 3.1% in 2008.

This steady growth was, however, brought to a halt by the 2008 global financial crisis. As the impact began to be felt, GDP contracted in the third and fourth quarters of 2008, officially plunging the economy into recession. This contraction continued into the first and second quarters of 2009, with GDP growth at negative 6.4% and negative 3% respectively.

The impact of the global economic downturn would have been far worse, however, were it not for the South African economy being reasonably well isolated due to gold exports and the highly regulated South African banks having had minimal exposure to sub-prime or high-risk home loan securities.

After only two quarters of negative growth, and building on an improvement towards the end of 2009, 2010 saw South Africa's economy beginning to recover. The contributors to the increase in economic activity include the wholesale, retail and motor trade, the catering and accommodation industry, the mining and quarrying industry, general Government services, the manufacturing industry and finance, real estate and business services.

Besides being the year in which the country's economy began to recover, 2010 was also an exciting one for South Africa because it became the first African nation to host the FIFA World Cup. By the end of July 2010, over 3.18 million fans had attended the 64 matches – the third highest turnout in FIFA's history. Although the long-term benefits that the FIFA World Cup brought to South Africa are virtually incalculable, hosting the tournament itself added approximately ZAR 38 billion to the economy in 2010. These benefits, as well as a substantial overhaul of infrastructure fuelled by the advent of the tournament, will have a significant impact on economic and social development in subsequent years. In 2011, 2012 and 2013, South Africa's economy posted moderate growth of 3.5%, 2.5% and 1.9% respectively.

In November 2011, the South African National Planning Commission (Commission) released the National Development Plan (Plan), which sets out the key targets for South Africa's growth towards 2030 and the steps required to achieve the Plan. The Commission's mandate is to take a broad, cross-cutting, independent and critical view of South Africa to help define the South Africa that the Commission seeks to achieve in 20 years' time, and to map out a path to achieve those objectives.

The Plan aims to eliminate poverty and reduce inequality while nurturing economic growth to expand existing opportunities, build capacities and involve communities in their own development so that the overall standard of living may be raised. The Plan was adopted as Government policy following the ANC's official support for the Plan at its party conference in December 2012.

The country drew considerable attention when it was announced on 25 May 2012 that the majority of the dishes of the Square Kilometre Array would be hosted by South Africa in the Karoo. On its completion it will be the world's largest and most sensitive radio telescope.

Trade Arrangements

South Africa has been a member of the oldest customs union in the world, the Southern Africa Customs Union (SACU), since December 1969. In addition to South Africa, SACU presently comprises Botswana, Lesotho, Namibia and Swaziland (the BLNS countries). SACU is intended to promote trade among the BLNS countries, and goods flow freely among these countries unimpeded by internal tariffs or quantitative restraints. There is a common tariff on goods imported from outside SACU.

In light of dissatisfaction with certain aspects of the SACU agreement and changes in circumstances in the BLNS countries, a far-reaching re-examination of the SACU agreement began in late 1994. 2002 saw the successful conclusion of the review of SACU's trade policies by the World Trade Organization (WTO). SACU entered into a free trade deal with the four-nation European Free Trade Association on 1 July 2006.

Lesotho, Namibia, South Africa and Swaziland make up the Common Monetary Area (CMA). The CMA allows for the unrestricted transfer of funds within the area, a common capital market, and substantially uniform exchange control regulations with respect to the rest of the world. The Multilateral Monetary Agreement provides for a uniform exchange control border around the four participating countries. The generally similar exchange control regulations of Lesotho,

Namibia, South Africa and Swaziland enable the area to share its scarce resources, namely domestic savings and foreign exchange. The South African Rand is accepted as legal tender in Lesotho, Namibia and Swaziland. These currencies are pegged with the Rand at par.

On 29 August 1994, South Africa became a member of the Southern African Development Community (SADC). In doing so, South Africa formally indicated its support for Southern African regional company operation. In October 2008, the SADC joined with the Common Market for Eastern and Southern Africa and the East African Community with the intention of forming the African Free Trade Zone (AFTZ), a single free trade zone consisting of 26 countries. The AFTZ will see tariff and non-tariff barriers on trade fall away, creating a larger market and releasing potential for trade, economic development and the creation of employment.

Upon its re-admission to full membership of the United Nations, South Africa became a member of the United Nations Economic Commission for Africa, and occupied the presidency of the United Nations Conference on Trade and Development (UNCTAD) from 1998 to 2000. UNCTAD is a capacity-building organisation that assists developing countries by, among other things, advising on economic issues and issues regarding developing the Third World, as well as assessing the risks involved for Third World countries in global trading. South Africa served its second term as a non-permanent member of the United Nations Security Council from 2010 to 2012.

South Africa has also been a member of the WTO, which aims to supervise and liberalise international trade, since 1 January 1995. Since joining, the country has done away with many import permits and remains committed to the simplification and continued reduction of tariffs within the WTO framework.

In May 1997, South Africa became a member of the Indian Ocean Rim Association for Regional Cooperation (IOR-ARC). South Africa was one of the first 14 countries to be a signatory to the Charter of the IOR-ARC and is a full participant of the IOR-ARC. The main focus of the IOR-ARC is economic cooperation, specifically with a view to expanding intra-regional trade and investment among states of the Indian Ocean Rim. The IOR-ARC aims to assist the region's business community in better understanding the impediments to trade and investment within the region.

South Africa concluded its first major preferential trade agreement, the Trade and Development Cooperation Agreement (TDCA), as a democracy with the EU. The TDCA came into force on 1 January 2000. Alongside the bilateral and the plurilateral trade agreements, South Africa is also a beneficiary of a unilateral preferential trade measure introduced by the US in the form of the Africa Growth and Opportunity Act.

South Africa became a member of the African Development Bank (ADB) in December 1995 and has a 4.8% shareholding in the ADB Group. South Africa qualifies for non-concessionary funding from the ADB in the form of slightly preferential agreements, payment periods and interest rates. Although South Africa does not qualify for the more generous concessionary funding from the ADB or the African Development Fund, it contributes to the African Development Fund, which affords such funding to qualifying member countries in an effort to assist those countries.

On 14 April 2011, South Africa joined Brazil, Russia, India and China, the political grouping of leading emerging economies now known as BRICS. South Africa's inclusion in the group thrust it into the league of the world's fastest-growing and potentially most influential group of nations.

The BRICS countries have the capacity to bring investment, expertise and technology that can help South Africa and Africa accelerate its infrastructure development, which can support inter-African trade and accelerate regional economic integration. South Africa's trade with its fellow BRICS economies increased by 108% from 2007 to 2011, compared with a 12% growth in trade with the European Union over the same period. At the Fifth BRICS Summit hosted by South Africa on 27 March 2013, the leaders of the BRICS countries agreed to establish a development bank to help finance infrastructure programmes and sustainable development in BRICS and other developing countries. At the Sixth BRICS Summit hosted by Brazil on 15 July 2014, the leaders of the BRICS countries signed the long-anticipated document to create the US\$100 billion New Development Bank (formerly referred to as the BRICS Development Bank) and, in addition, a reserve currency pool worth over US\$100 billion. The bank will be headquartered in Shanghai, with an African regional centre in Johannesburg.

Conclusion

Born out of a chequered past, a democratic South Africa has unequivocally stated that it is open for business and ready to tackle the challenges it faces. It embraces its African identity and promises to contribute to growth on the continent. This is expected to be driven by, among other things, Africa's vast natural resources and untapped consumer market.