South Africa: Current Issues, Economy, and U.S. Relations

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South Africa, a majority black, multiracial country of nearly 60 million people, has cordial relations with the United States, notwithstanding periodic strains, and is the largest U.S. trade partner in Africa. President Cyril Ramaphosa took office in 2018, after a series of corruption scandals under the administration of his predecessor, Jacob Zuma. Zuma, elected in 2009, resigned under intense pressure in early 2018, shortly after then-Vice President Ramaphosa was elected to replace Zuma as leader of the African National Congress (ANC), South Africa’s dominant party. The ANC has held a parliamentary majority since the first universal suffrage elections in 1994, which marked the end of apartheid, a system of codified state racial bias favoring whites, but is facing headwinds. In the last general elections, in May 2019, it earned 57.5% of the vote—its lowest margin ever.

South Africa has Africa’s largest Coronavirus Disease 2019 (COVID-19) caseload and a rapidly accelerating outbreak, which has devastated the economy and sharply intensified prior challenges facing the government. Notable among these are years of anemic economic growth and corruption linked to Zuma and a network of business and political associates tied to him. Such graft was so systematic that it was dubbed “state capture.” Multiple efforts to address this problem are underway, including a high-profile commission of judicial inquiry. Zuma also is being tried on charges linked to a 1990s-era arms purchasing scandal.

South Africa has the most diversified and industrialized economy in Africa, but has suffered several years of low growth attributable to such factors as low prices for commodity exports, weak investor confidence, policy uncertainty, and rigid local labor markets. The impacts of COVID-19 may further contribute to this low growth pattern. Key socioeconomic challenges include high rates of poverty, social inequality, unemployment, and public service access disparities—problems that disproportionately affect blacks. Unequal access to land is a notably sensitive issue. State land redistribution efforts have aimed to ensure greater access to land by blacks and other historically disadvantaged groups, but progress has been slow. Other key challenges include violent crime, periodic anti-immigrant violence, labor unrest, and protests over public service delivery and corruption.

The Ramaphosa administration has made economic growth a priority, and is pursuing efforts to reduce unemployment, poverty, and socioeconomic inequality; improve public service delivery; and unite a socioeconomically, geographically, and racially divided society. It also is seeking to attract $100 billion in new investment over five years, and has elicited more than $55 billion in pledges to date. The government also is pursuing an ongoing but controversial effort to amend the constitution to permit uncompensated land expropriation.

U.S.-South African ties are cordial, based on shared democratic values and often-concordant views on regional development goals. The two countries maintain a bilateral strategic dialogue, and the United States provides substantial aid to South Africa, primarily to combat the country’s HIV/AIDS epidemic. U.S.-South African views nevertheless regularly diverge on international policy matters, such as Palestinian statehood, and stances on Iran and Venezuela. Some South African officials also appear to harbor abiding resentments toward the United States, likely attributable to the Reagan Administration’s hostility toward the ANC, which that Administration designated a terrorist group. There also has been periodic friction on a variety of trade issues, including South African eligibility for U.S. duty-free benefits and Trump Administration trade restrictions affecting certain South African exports. The Trump Administration has not pursued any other major changes in the bilateral relationship, and is providing South Africa with COVID-19 assistance. A 2018 tweet by President Trump alleging that South Africa’s government was seizing white-owned farmland and that large numbers of farmers were being killed drew criticism; it was questioned on factual and other grounds by a range of commentators and South Africa’s government.

In recent years, bilateral congressional activity has mainly focused on U.S. health care assistance, trade issues, and consultations during periodic congressional travel to the country. U.S.-South African relations arguably have the potential to deepen, particularly given President Ramaphosa’s prioritization of efforts to reassert the rule of law and turn around the ailing economy, following substantial deterioration in these areas under former President Zuma.
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Introduction

South Africa, a majority black, multiracial country of nearly 60 million people, has the most diversified and industrialized economy in Africa, but has suffered years of low growth and is burdened by deeply embedded socioeconomic inequalities. President is Cyril Ramaphosa (rah-mah-POH-sah), of the majority African National Congress (ANC) party, is leading a reform agenda aimed at improving the economy and public service delivery, and addressing corruption. Coronavirus Disease 2019 (COVID-19) has sharply intensified the already formidable economic and health challenges facing South Africa, which include a high HIV/AIDS prevalence rate.

The National Assembly elected then-Vice President Ramaphosa as president in early 2018, following the resignation of his predecessor, Jacob Zuma. Zuma stepped down in the face of a threat of a parliamentary no confidence vote after defying a decision by ANC leaders to recall him as the party’s national presidential nominee—in large part as a result of multiple corruption scandals. Discontent with Zuma had helped cement Ramaphosa’s victory in a bruising late 2017 ANC election to lead the party, which has suffered a gradual loss of electoral support in recent years. While the ANC was able to retain a parliamentary majority in the last general elections, held in May 2019—a majority it has held since the country’s first universal suffrage polls in 1994—it earned 57.5% of votes, its lowest share to date. After the election, the parliament, under the country’s indirect presidential election system, voted to re-elect Ramaphosa as president.

U.S. Relations

U.S.–South Africa ties are cordial, based in part on shared democratic values and broad bilateral accord on African development goals. There is a large U.S. diplomatic presence in South Africa, which has periodically hosted high-level U.S. leadership visits, including two presidential visits by former President Barack Obama. While South Africa is a U.S. strategic partner—as reflected in a bilateral U.S.-South African Strategic Partnership launched in 2010 during the Obama Administration—high-level bilateral engagement is not as frequent or as multifaceted as it is with some other U.S. strategic partners. South Africa-related congressional activity, which has been limited in recent years, has centered mostly on U.S. health care assistance, notably regarding HIV/AIDS, and trade issues, including during periodic congressional travel to the country. Given South Africa’s economic and political influence in Africa and diplomatic sway among developing countries in multilateral institutions, some Members of Congress may see a scope for increased U.S. engagement with South Africa, a top African recipient of U.S. assistance for years.

The United States and South Africa differ on a range of foreign policy issues, and South Africa periodically criticizes U.S. positions on such matters, but these differences have historically played a limited role in bilateral relations. South Africa is critical of Israel’s policies toward the Palestinians and maintains cordial relations with U.S. adversary Iran, and there has been divergence on other issues, such as responses to Venezuela’s crisis and sanctions on Zimbabwean officials. South Africa also strongly opposed the Trump Administration’s withdrawal from the

1 The last full biennial Strategic Partnership dialogue was held in 2015. Subsidiary “bilateral forums” were held in 2016 and 2017 to review cooperation, which has centered on such areas as health, education, food security, law enforcement, trade, investment, and energy, among other issues. State Department, “Joint Statement: 8th South African-United States Annual Bilateral Forum, 8 June 2017,” June 13, 2017, and “U.S. Relations with South Africa,” January 14, 2020.

2 Senators and Foreign Relations Committee (SFRC), “Bipartisan Foreign Relations Committee Senators’ Statement on Election Results in South Africa,” May 14, 2019, and “Chairman Risch and South Africa’s Foreign Minister Meet to Discuss Strategic Partnership,” August 21, 2019.
U.N. Framework Convention on Climate Change. South Africa’s U.N. General Assembly votes often differ from U.S. ones—though the two countries’ U.N. Security Council (UNSC) votes during South Africa’s current UNSC tenure have been congruent. Some South African officials also have periodically made remarks suggesting that they hold anti-U.S. biases. Such views may be influenced by historic grievances among some South Africans over Reagan Administration policy toward the ANC during the apartheid era. Apartheid was a codified, state-enforced system of racial segregation and socioeconomic and legal discrimination favoring the white minority. It ended with South Africa’s transition to universal suffrage in the early 1990s.

South Africa also is a key regional export and investment destination for U.S. firms—hundreds operate in the country, often via local subsidiaries—and has been the largest U.S. trade partner in Africa since 2014. The United States, which enjoys a services trade surplus with South Africa but has long had a trade deficit in goods with the country, also is South Africa’s largest overall source of foreign investment. While U.S.-South African economic ties are generally positive, trade has been a source of occasional friction—notably during the Trump Administration. It has imposed or signaled a willingness to potentially levy tariffs applicable to selected South African metal and manufactured exports, as well as to review South Africa’s eligibility for trade preferences (see “U.S. Trade and Investment”).

Apart from trade matters, there has been limited new or top-level bilateral engagement under the Trump Administration. In 2017, President Trump and then-President Zuma spoke by telephone on “ways to expand” trade and advance bilateral cooperation on trade and in other areas, including counter-terrorism and multilateral and African peace and stability issues. In an April 2020 phone conversation, Presidents Trump and Ramaphosa also discussed South Africa’s efforts to combat COVID-19, for which the United States is providing assistance.

There has been some bilateral friction over statements allegedly made by President Trump on social media and in other contexts. In early September 2020, reports of derogatory comments allegedly made by President Trump about the late anti-apartheid icon Nelson Mandela provoked a sharp rebuke by the ANC and the Nelson Mandela Foundation, among others. In August 2018, President Trump also sparked controversy by posting a tweet on land expropriation and reform in South Africa, drawing South African government criticism (see “Land Issue” below). Earlier in

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3 In 2019, South African votes in the U.N. General Assembly coincided with those of the United States 22% of the time, but the two countries’ votes have aligned 91% of the time within the Security Council during South Africa current non-permanent UNSC membership, which ends in 2021. State Department, Voting Practices in the United Nations 2019, May 21, 2020.


5 During the anti-apartheid struggle, the Reagan Administration categorized the ANC as a terrorist organization. The Reagan Administration, in contrast to many in Congress, sought to promote change within the apartheid regime, with which it shared anti-communist goals, by pursuing a so-called “constructive engagement” with that regime.

6 As of late 2018 (latest data), the United States was the country’s largest source of portfolio investment and the fourth largest source of foreign direct investment. South African Reserve Bank, Quarterly Bulletin. No. 295, March 2020; and U.S. Bureau of Economic Analysis (BEA), South Africa - International Trade and Investment Country Facts.

7 White House, “Readout of the President’s Call with President Jacob Zuma of South Africa,” February 15, 2017; and Government of South Africa (GOSA) “President Zuma had Telephonic Discussions with President Trump of the USA,” February 13, 2017.

2018, the South African government had summoned the U.S. embassy’s chargé d’affaires to explain President Trump’s alleged use of an obscenity to refer to several African countries.9

Recently, South African views of racial inequality and violence in the United States also have featured in bilateral relations. In June 2020, the South African government condemned violence during mass U.S. protests triggered by the killing of George Floyd and other African Americans by local U.S. police. The government did so despite recently having faced its own protests about South African national police use of violence during the COVID-19 pandemic.10 Administration officials identified South Africa as a prominent backer of a U.S.-opposed draft resolution in the U.N. Human Rights Council (UNHRC) aimed at addressing U.S. racial issues. It was proposed by the UNHRC Africa Group and debated and amended at a June 17/18 UNHRC meeting.11

Despite continuing differences on land and other issues, in October 2019, the Trump Administration signaled support for the Ramaphosa administration’s efforts to seek accountability for the embedded pattern of public corruption under the Zuma administration by sanctioning actors alleged to have been involved in such activity.12 Administration officials also have expressed optimism over prospects for bilateral trade and investment expansion and support for South African engagement in fostering peace and stability in Africa.13

The United States is represented in South Africa by luxury handbag designer Lana Marks, who became U.S. ambassador in late 2019, when she filled a post that had been vacant since 2016. She reportedly has proactively sought to foster renewed bilateral cooperation, notably regarding trade and efforts to counter HIV/AIDS. She also has emphasized efforts to address gender-based violence and women’s socioeconomic empowerment. Marks has said that she aspires to make South Africa a U.S. top-twenty trade partner—a tall order, given that South Africa was the 40th largest U.S. trade partner in 2019. She reportedly suggested to President Ramaphosa that he and President Trump co-host a U.S.-Africa investment summit in Washington, DC featuring leaders from across Africa.14 Marks has drawn some congressional concern over “management and ethics

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10 The South African government also called for “practical action to address” U.S. policy “inadequacies” relating to racial inequity in the observation of human rights in the United States and called on U.S. security forces “to exercise maximum restraint in responding to the anger and frustration felt” by the protesters. GOSA, “South Africa’s Statement regarding protests in America following the death of Mr. George Floyd,” June 2, 2020.


practices” relating to her leadership of the embassy\textsuperscript{15} and for not self-isolating after potentially being exposed to COVID-19 during a U.S. presidential dinner in Florida.\textsuperscript{16}

In mid-September 2020, Marks’s personal safety garnered concern following a report that U.S. intelligence agencies were monitoring an active alleged Iranian state plot to assassinate her—and/or other U.S. officials—in retaliation for the U.S. killing of Iranian general Qassem Soleimani in early 2020.\textsuperscript{17} If true, public reporting of the alleged plot may have averted its execution. Iranian officials denied the claim and U.S. intelligence officials have not publicly confirmed it. The report drew skepticism from observers, given that such an action would likely pose major risks for Iran—including potential significant U.S. military responses, as suggested by a September 14 tweet by President Trump—and harm Iran’s friendly ties with South Africa.\textsuperscript{18}

**Congressional Role.** Congress has long played an active role in U.S.-South African relations. This was particularly true during the struggle against apartheid, from the late 1960s until the first universal franchise vote in 1994. Starting in the 1960s, Congress sought to help spur a democratic transition by repeatedly imposing conditions and restrictions on U.S. relations with the apartheid regime. These efforts culminated in Congress’s enactment of the Comprehensive Anti-Apartheid Act of 1986 (P.L. 99-440), passed over a veto by then-President Reagan. Congressional attention toward South Africa remained strong during the decade after its post-1994 transition.

In recent years, congressional engagement with South Africa has focused on oversight of foreign aid programs, notably health programs funded under the U.S. President’s Emergency Plan for AIDS Relief (PEPFAR) initiative.\textsuperscript{19} Trade and investment relations also have drawn attention in recent congresses.\textsuperscript{20} In 2015 and 2016, Congress helped to resolve a meat-related trade dispute, including by mandating of a special review of South Africa’s eligibility for U.S. trade benefits. More recently, several Members sought to reverse the Trump Administration’s 2018 application of steel and aluminum tariffs to South Africa. Renewed trade discord could arise, and potentially draw congressional attention, as a result of South Africa’s recent imposition of new poultry import tariffs and the eventual outcome of an ongoing U.S. Trade Representative (USTR) assessment of the country’s eligibility for U.S. trade benefits (see below).


\textsuperscript{19} A key focus of interest has been South Africa’s relative progress in controlling its HIV/AIDS epidemic and assuming responsibility for such efforts, which are key PEPFAR goals. The Consolidated Appropriations Act of 2014 (P.L. 113-76) required a report to Congress on projected levels and types of U.S. assistance to be provided under PEPFAR. The report was subsequently submitted to Congress.

Non-COVID-19 U.S. Assistance²¹

Since 1994, South Africa has been a top African recipient of U.S. aid programs, most focused on health programs and funded by State Department and USAID-administered appropriations. These agencies often collaborate with and transfer funds to other specialized U.S. agencies, notably the U.S. Centers for Disease Control and Prevention (CDC), which plays a key technical role in PEPFAR implementation. Following PEPFAR’s authorization in 2003 (in P.L. 108-25), U.S. funding for South Africa rose from $29 million in FY2003 to nearly $580 million in FY2010. Aid levels then declined before rising again to a peak of almost $735 million in FY2019. Cumulative PEPFAR funding for South Africa, which is drawn primarily from the Global Health Programs (GHP)-State and GHP-USAID accounts, has totaled $7.25 billion to date. State Department and USAID-administered assistance totaled $482.5 million in FY2020 (see Table 1). The Trump Administration requested $242 million for FY2021. While Congress’s response to the request has yet to be determined, in recent years, Congress and the Administration have jointly allocated bilateral aid in excess of levels requested by the Administration (see Figure 1, below).²²

In recent years, the South Africa PEPFAR program has been the object of criticism by top Washington, DC-based officials with the Office of the U.S. Global AIDS Coordinator and Health Diplomacy (S/GAC), which manages PEPFAR. In a FY2019 PEPFAR South Africa program guidance memo, Dr. Deborah Birx, head of S/GAC, commended a number of program successes and improvements in U.S.-South African PEPFAR partnership efforts, but said that there were several basic problems with its core treatment programs. Despite significant U.S. funding infusions, she stated, HIV testing, treatment, and treatment retention progress had been “grossly sub-optimal and insufficient to reach epidemic control” over the prior year. She said that a net decline in the number of patients on treatment under the program “demonstrated extremely poor performance.” She also cited program overspending and poor performance,” which she attributed to program management shortcomings that she called an “unacceptable… serious, continued problem.”²³ In an analogous FY2020 memo, Birx cited evidence of a range of corrective actions and progress, but noted some continuing challenges. These included underperformance across the program’s clinical functions and in its HIV/AIDS prevention portfolio, which she said might prevent South Africa and PEPFAR from achieving a key shared HIV/AIDS epidemic control of attaining and maintaining 6.1 million or more people on treatment by 2021.²⁴

Economic growth is another focus of U.S. assistance in South Africa. In FY2021, $2 million in assistance would seek to “strengthen regional market systems, expand competitiveness and open new markets to improve trading systems in South Africa.” It also would promote South Africa’s use of U.S. trade preferences, and promote employment, job training, and small- and medium-sized firm activity.²⁵ Other recent U.S. development aid for South Africa has supported programs focused on basic education, public service delivery, public-private development cooperation, civil society capacity-building and accountable governance support for the office of the Public Protector (a public ombudsman; see below). It also has provided support for survivors of sexual assault and gender-based-violence. The USAID-led Power Africa initiative also supports energy

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²¹ This section does not address COVID-19 assistance, which is discussed later in this report.
²² State Department, Congressional Budget Justification Foreign Operations (CBJ), various years, and State Department response to CRS query May 7, 2020.
²⁵ State Department, Congressional Budget Justification Foreign Operations (CBJ), Appendix 2, FY2021.
projects in South Africa and USAID provides indirect credit for small enterprise activity. Through its Africa Private Capital Group, USAID has facilitated development financing, including efforts to tap local municipal bond and pension fund investment in public goods and services.

![Figure 1. South Africa: State Department/USAID Aid Trends, FY2012-FY2021](image)

**Note & Sources:** Amounts rounded to nearest $ million. State Department congressional budget justifications. FY2020 “actual” amount reflects initial estimated allocation.

**Table 1. South Africa: State Department/USAID Aid by Account, FY2017-FY2021**

(Current $ in millions, actual or requested. Numbers may not sum due to rounding)

<table>
<thead>
<tr>
<th>Account</th>
<th>FY2017 Actual</th>
<th>FY2018 Actual</th>
<th>FY2019 Actual</th>
<th>FY2020 Est.</th>
<th>FY2021 Request</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total</td>
<td>471.0</td>
<td>586.6</td>
<td>735.0</td>
<td>482.5</td>
<td>241.7</td>
</tr>
<tr>
<td>Development Assistance (DA)</td>
<td>6.5</td>
<td>5</td>
<td>3.0</td>
<td>3.0</td>
<td>-</td>
</tr>
<tr>
<td>Economic Support and Development Fund (ESDF)</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>2.0</td>
</tr>
<tr>
<td>Global Health Programs–State (GHP-State)</td>
<td>450.1</td>
<td>560.1</td>
<td>668.3</td>
<td>414.4</td>
<td>225.0</td>
</tr>
<tr>
<td>Global Health Programs–USAID (GHP-USAID)</td>
<td>13.0</td>
<td>20.8</td>
<td>63.0</td>
<td>65</td>
<td>14.0</td>
</tr>
<tr>
<td>International Military Education &amp; Training (IMET)</td>
<td>0.9</td>
<td>0.7</td>
<td>0.7</td>
<td>0.7</td>
<td>0.7</td>
</tr>
<tr>
<td>International Narcotics Control &amp; Law Enforcement (INCLE)</td>
<td>0.2</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Nonproliferation, Antiterrorism, Demining &amp; Related Programs (NADR)</td>
<td>0.3</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
</tbody>
</table>

**Source:** State Department annual foreign aid budget justifications and FY2020 initial allocation report.

USAID also administers the Trilateral Assistance Program (TAP), launched in 2005, under which the United States supports South African foreign aid efforts in Africa. TAP seeks to promote U.S. regional goals by leveraging South Africa’s “democratic systems, regulatory practices, and innovative scientific research” to tackle development, natural disaster, and security challenges in Africa. It provides training, exchange programs, and funding to support South Africa’s provision...
of technical development assistance to other African countries. South Africa has served as a “Strategic Partner” under Feed the Future, a U.S. global food security/agricultural development initiative, by providing technical aid to other African countries. South Africans participate in the joint State Department/USAID Young African Leaders Initiative (YALI), which helps develop the leadership skills of young business, civic, and public sector professionals, and South Africa hosts a YALI Regional Leadership Center.

In addition to bilateral aid, South Africa periodically benefits from U.S. regional programs focused on such issues as environmental management and trade capacity-building, and U.S. agencies other than the State Department and USAID periodically fund targeted, generally small programs. U.S. trade and export promotion agencies are active in South Africa and provide loans, credit guarantees, or other financial services aimed at boosting U.S. exports and/or development and economic growth outcomes in South Africa. A long-standing Peace Corps program has been suspended due to COVID-19, as have all such programs globally.

Security cooperation efforts have been limited in recent years, apart from a long-standing International Military Education and Training (IMET) program. Past U.S. assistance supported the South African military in responding to regional crises and participating in peacekeeping, and included technical support and training on U.S.-sourced C-130 aircraft. Since 2005, South Africa has received peacekeeping training under the State Department’s Africa Contingency Operations Training and Assistance program, a component of the Department’s Global Peace Operations Initiative. South African troops also have benefitted from other U.S. military professionalization programs, and regularly join their U.S counterparts in military training exercises. There is a South Africa-New York National Guard State Partnership Program. The U.S. Department of Defense (DOD) regularly supports South Africa’s biennial African Aerospace Defense Exhibition, and a long-standing U.S.-South Africa Defense Committee meets annually.

In the 2010s, South Africa also benefitted from International Narcotics Control and Law Enforcement (INCLE)-funded law enforcement and criminal justice capacity building as well as Nonproliferation, Antiterrorism, Demining and Related Programs (NADR)-funded training to improve trade and border controls, notably of military and dual-use technologies.

Country Overview

South Africa is influential on the African continent due to its investment and trade relations and political engagement in the region, notably through its active role in the inter-governmental African Union (AU). It also has one of the largest, most diverse, and developed economies in Africa and has made substantial progress in spurring post-apartheid socioeconomic transformation—though many negative socioeconomic effects of apartheid persist and the country has experienced a multi-year period of low economic growth.

26 TAP projects have addressed such issues as constitution drafting in South Sudan, food security in Mozambique, gender-based violence in Malawi and Angola, and climate change responses and water conservation in southern Africa. Quotes from USAID, Country Development Cooperation Strategy South Africa, FY 2013-2019. See also USAID, “Trilateral Assistance,” October 15, 2019, and Fact Sheet: Trilateral Assistance Program, June 2013.

legalization in 1990, political dialogue led to an interim constitution in 1993 and elections in 1994, in which Mandela was elected president. Further post-election negotiations led to the adoption in 1996 of a new constitution and the creation of the Truth and Reconciliation Commission (TRC, in operation until 2002). The TRC documented crimes and human rights abuses by the apartheid regime and anti-apartheid forces from 1960 until 1994, and oversaw processes of restorative justice, accountability, and assistance for victims. It has since served as a model for similar efforts around the world, though observers have criticized the government’s arguably lackluster efforts to prosecute apartheid-era human rights offenders and provide TRC-endorsed reparations.28 Mandela died in 2013.29

The ANC, which currently holds 57.5% of National Assembly seats, has held a parliamentary majority and controlled the executive branch—as the National Assembly elects the president—since the first post-apartheid elections in 1994. Successive ANC-led governments have sought to redress the effects of apartheid, notably through efforts to improve the social welfare of the black majority and public goods and services, and by promoting a pan-racial, multiethnic national identity. While racial relations have improved, divisions remain; references to race in politics and social media spur heated debate, and racially motivated criminal acts periodically occur.

Post-apartheid socioeconomic transformation efforts pursued by the ANC-led state have been substantial, but have fallen short of public expectations for more rapid change.30 These unmet expectations likely have contributed to falling electoral support for the ANC and arguably are a major factor motivating frequent, sometimes violent demonstrations known as service protests. These demonstrations, which also address other issues, such as local government corruption and cronyism, are politically sensitive.31 In 2018, President Ramaphosa cut short an overseas trip to address a spate of unrest featuring service delivery protests, attacks on foreigners, anger over alleged corruption, and clashes between local rival ANC members.32 In the mid-2010s, there also was a wave of mass student protests, some violent, over tuition costs and alleged institutional racism in higher education. Smaller protests have periodically occurred since.33 Labor strikes and unrest, notably in the mining and government sectors, also are common.

The abiding socioeconomic effects of apartheid play a role in a range of enduring development and governance challenges. Despite often-large investments and concerted policy efforts to improve housing, public services, infrastructure, and state technical capacities, delivery of public goods and services remains inadequate and unequally distributed. Such problems disproportionately affect the black population, which also suffers from particularly high rates of unemployment and low educational attainment. While racial disparities have gradually declined,


29 Then-President Obama attended Mandela’s funeral. U.S. House and Senate resolutions commemorated his death, and several House resolutions have since honored Mandela’s lifetime of work to advance social justice.


33 The current government is implementing a pledge, made at the end of the Zuma administration, to fund free higher education for the poor and freeze certain education fees. Mfuneko Toyana, “South Africa Ready to Fund Free University Education: Finance Minister,” Reuters, January 16, 2018; and GOSA, “Remarks by President Cyril Ramaphosa at the NYDA Youth Dialogue, Cape Town International Convention Centre,” February 12, 2020, inter alia.
most black South Africans live in poverty and their average per capita incomes are roughly one-fifth those of the historically privileged white minority.³⁴

Income and consumption distribution are notably unequal. South Africa’s GINI coefficient—a measure of income inequality—is consistently highest or among the highest globally. There are also significant regional, rural-urban, and racial socioeconomic and infrastructure disparities.³⁵

Large segments of the poor majority lack access to decent housing and adequate infrastructure services (e.g., electricity and water), especially in rural areas and in the vast, high-density settlements surrounding most cities. Known as townships, they are mostly populated by poor black and mixed race “coloured” inhabitants.³⁶ Many residents in these areas live in informal housing and often lack legal property ownership, and local governments periodically evict recently settled squatters and destroy their homes.

There also are extreme racial disparities in access to land, despite the continuous implementation of land redistribution and restitution initiatives since 1994. Under such programs, the state has purchased large amounts of land intended to be transferred to populations that had limited or no ability to own land under the apartheid system—primarily those of black, “coloured” or Indian descent. While black ownership and other access to land has risen markedly in some provinces since 1994, redistribution and restitution processes have been slow and have resulted in less extensive transfers than initially projected. As a result, the small minority white population continues to own over 70% of land nationally.³⁷ This has spurred growing demands for uncompensated state expropriation of private land and pushed the ANC to pursue an ongoing effort to amend the constitution to permit such expropriation (see “Land Issue” below).

South Africa also faces challenges with regard to its criminal justice system capacity. While the country has a relatively well-resourced national police force, there are periodic incidents of vigilante mob justice, and police sometimes use heavy-handed, abusive tactics to quell crime and public unrest.³⁸ Several police leaders also have been implicated in misconduct inquiries or corruption. Police performance is a sensitive political issue because rates of violent crime—notably murder, rape, and gun crime—are high.³⁹ The causes of these high crime rates are diverse; in addition to criminal motivations, analysts have identified grievances and fractures arising from socioeconomic inequality and marginalization, as well as social bias, as contributing

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³⁵ World Bank/GOSA, Overcoming Poverty and Inequality in South Africa: An Assessment of Drivers, Constraints and Opportunities, March 2018; and StatsSA), Inequality Trends…, op cit., inter alia.

³⁶ “Coloureds” are a multi-racial group of varying black, white, Khoisan, Malagasy, and other ancestry.


³⁹ Violent crime rates broadly increased in 2018/2019 over the prior year. Murders rose nearly 2%, as they have at an annual average of 2.9% since 2011, when they hit a low after a long-term decline starting in 1995. The country’s per capita murder rate is among the highest globally; it ranked 5⁰ in 2018, when there were 36.4 homicides per 100,000 people, compared to 5 in the United States. Africa Check, “Factsheet: South Africa’s Crime Statistics for 2018/19,” September 12, 2019; Statistics South Africa (StatsSA, a public agency), Victims of crime report 2018/19, October 3, 2019; South African Police Service, Crime Statistics 2018/2019; and U.N. Office on Drugs & Crime, DataUNODC.
Figure 2. South Africa at a Glance

Population (Total/Growth): 59.6 million/1.4% (2020)
Religions: Christian, 86%; traditional and related African religions, 5.4%; Muslim, 1.9%; other 1.5%, none/unspecified 5.2% (2015)
Literacy Rate (% of adults): 95% (2017)
National Poverty Rate (population %): 55.5 (2014)
Youth Population (ages 0–24): 45% (2020)
Under-5 Mortality Rate: 34 per 1,000 live births (2018)
Life Expectancy (years): 62.5 (male); 68.5 (female) (2020)
HIV Prevalence (% of population): 13.01 (total population); 19.7 (adults aged 15–49 years) (2020)
Median Age: 28 years
Racial composition: Black (multiple ethnic groups), 80.8%; “coloured” 8.8%; white, 7.8%; and Asian, 2.6%. Blacks are mostly members of Bantu-based language groups. “Coloureds” are a multi-racial group of varying black, white, Khoisan, Malagasy, and other ancestry. Whites include Afrikaans speakers of Dutch, German, and French Huguenot ancestry and native English-speakers. Asians are of East and South Asian descent, but mostly the latter.
Languages (All official except “other”): Major black indigenous: isiZulu, 24.7%; isiXhosa, 15.6%; Sepedi, 9.8%; Setswana, 8.9%; Sesotho, 8.0%; Xitsonga, 4.0%; siSwati, 2.6%; Tshivenda, 2.5%; isiNdebele, 1.6%; other (Khoi, Nama, and San), 1.9. Non-Africa Origin: Afrikaans, 12.1%; English, 8.4%. (2017)
GDP Growth: 0.15% & -5.8% (2019 & 2020, projected; local constant prices)
GDP Per Capita: $6,100 (2019)
Key Exports: Platinum, gold, and other metals and minerals; diamonds; machinery and equipment.
Key Imports: Machinery and equipment, chemicals, petroleum products, scientific instruments, foodstuffs
National Unemployment Rates, Current and Long-term:* 30.1% & 39.7% (2020, Quarter I)
● For Blacks: 33.8% & 44.1%
● For Young Adults (15–24 years): 59.0% & 70.0%

* The current rate includes persons unemployed for at least a week who are available for work and have actively sought work over the past four weeks. The long-term rate includes those who meet all but the last of these criteria (i.e., discouraged workers, or workers who often have repeatedly tried but failed to secure employment).

factors.\textsuperscript{40} Brutal, drug-dealing street gangs also wield extensive power in many large townships, notably in several near the city of Cape Town. In one such township, the military was deployed to help police counter a spate of murders in 2019.\textsuperscript{41}

<table>
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<th>Femicide and Violence Against Women and Children</th>
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<td>South Africa has one of the world’s highest per capita rates of gender-based violence (GBV) and rape. Children also are often victimized. Several high-profile femicides and child murders in 2012 and 2013 spurred the Zuma administration to sponsor a National Commission of Enquiry into rape and GBV and launch an anti-rape education campaign. Public and policymaker concern about these matters remains intense. In 2019, a series of murders and rapes of women spurred several mass protests and prompted President Ramaphosa—who hosted a National Summit Against GBV in 2018—to cancel his participation in the 74th U.N. General Assembly session. He instead convened a special parliamentary session on GBV and xenophobic violence (see below) at which he announced the launch of a national GBV Emergency Action Plan.\textsuperscript{42} It seeks to strengthen GBV prevention, criminal justice responses, legal reforms, victim support programs, and women’s economic empowerment programs.\textsuperscript{43} In late 2019, parliament appropriated 1.6 billion Rand ($108 million) to fund the plan, which remains under implementation.\textsuperscript{44}</td>
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Broader challenges to social cohesion include widespread de facto residential racial and socioeconomic segregation. While many of the poor live in townships, the wealthy, including many whites, often live in gated, highly secured communities. White farmers are periodically victimized in criminal attacks. While often opportunistic—in part as many such farmers are wealthier than the average citizen—such attacks are sometimes also attributed to racial or socioeconomic resentments. Xenophobic mob violence targeting foreigners, notably foreign shopkeepers, also occur regularly. Some have been large-scale and widespread, as in 2019—following similarly extensive attacks in 2008 and 2015. Smaller-scale incidents also occur, as in early 2020. A wave of attacks in September 2019 spurred tensions with several African countries and a diplomatic rift with Nigeria, as many Nigerian immigrants were victims.\textsuperscript{45} Analysts have linked such attacks to local resentment of immigrants’ socioeconomic mobility success, anti-foreigner rhetoric by politicians, and a lack of preventive state action, among other factors.\textsuperscript{46}

\textsuperscript{40} Chandre Gould, “Comment: Why Is Crime and Violence so High in South Africa?,” \textit{Africa Check}, September 17, 2014; work by the South African Institute for Security Studies (ISS) and the Centre of Criminology, University of Cape Town (e.g., the \textit{South African Crime Quarterly} and ISS’s Crimehub web resource), among others.  
\textsuperscript{42} He called South Africa among “the most unsafe places in the world to be a woman,” and also cited a high level of violence against girls, including babies. He noted that in 2018, 2,700 women and more than 1,000 children were murdered, that more than 100 cases of rape were reported to police daily, and that many more such cases were not reported. GOSA/Presidency, “Address by President Cyril Ramaphosa at the Joint Sitting of Parliament on the crisis of violence in South Africa, National Assembly, Cape Town,” September 18, 2019.  
\textsuperscript{43} A presidential Interim Steering Committee and co-chaired by government entities and civil society groups spearheads plan implementation, and the government finalizing a longer-term National Strategic Plan. Ibid.; GOSA/Presidency, “Minister Pandor leads delegation to UNGA74,” September 12, 2019; and GOSA, “Declaration of the Presidential Summit Against Gender-Based Violence and Femicide,” November 2, 2018, inter alia.  
\textsuperscript{46} Silindile Mlilo and Jean Pierre Misago, \textit{Xenophobic Violence in South Africa: 1994-2018: An Overview}, Xenowatch/African Centre for Migration & Society, 2019, and prior annual Xenowatch analyses; and Human Rights
Another key challenge is a high HIV prevalence, though estimates vary. South Africa reports that 18.7% of adults are HIV-positive in 2020, up from 18.6% in 2019 and 18.5% in 2018, while UNAIDS reports a decrease from 19.2% in 2018 and 19% in 2019 (latest data). Both sources, however, report a slow but steady decline in incidence (new cases per population group share in a given period).\textsuperscript{47} National efforts to counter HIV have received considerable international support, notably under U.S. PEPFAR programs (see above).

Notwithstanding inadequacies in state performance, many of South Africa’s state agencies (e.g., the central bank, the statistical agency, the courts, some ministries, and the Treasury) possess considerable institutional independence and technical capacity. They have arguably made substantial progress in many areas, even if unmet needs remain extensive. South Africa ranked second globally on the International Budget Partnership’s 2019 \textit{Open Budget Survey}, a measure of public budget transparency. While some state-owned enterprises (SOE) are struggling to recover from reported mismanagement and malfeasance under Zuma, these entities manage large, highly complex transport, telecommunication, energy, and other infrastructure systems.

The state also administers a large welfare system that supported about 17.8 million grants serving 11 million beneficiaries as of March 2019. $12.4 billion was spent in the 2018/2019 budget cycle, and such costs are likely to grow. Despite the welfare system’s role in helping to reduce extreme poverty, reported graft and poor administration of the system has spurred considerable controversy in recent years, including with regard to the provision of newly authorized social welfare grants to combat the economic effects of COVID-19.\textsuperscript{48}

\section*{Politics and Governance}

The ANC, the majority party since the advent of universal suffrage in 1994, is ideologically leftist, but in practice melds pragmatic support for private sector-led growth with state-centric economic planning under what it terms the “developmental state” model. The ANC’s political credibility is largely founded on its leading role in the anti-apartheid struggle and its efforts to end deep-rooted, enduring social inequalities. It has struggled to build on this legacy, however, amid the country’s persistent challenges. The ANC’s gradual loss of electoral support, service protests focusing on alleged ANC policy shortcomings, and other indicators suggest that South Africans are increasingly judging the party on its current performance record, rather than its past antiapartheid role—though it remains the country’s most popular party.

The Democratic Alliance (DA) is the second-largest party in parliament, with 84 of 400 National Assembly seats. Its leadership has long been predominantly white, but it has built a growing base among blacks—despite repeated controversies concerning racially insensitive remarks by white party leaders. The DA has regularly confronted the ANC in parliament, at times in league with the Economic Freedom Fighters (EFF), a populist hard-left party centered on black empowerment that controls 44 National Assembly seats. The EFF was formed in 2013 by Julius Malema, firebrand former ANC Youth League leader who later became one of the ANC’s harshest critics.


Two other notable parties include the Inkatha Freedom Party (IFP), a self-described centrist party that was once a fierce ANC rival during the anti-apartheid period, and the Vryheidsfront (Freedom Front) Plus party—which, among other policy goals, advocates for minority rights and self-determination, notably to protect predominantly white Afrikaners’ interests.

Opposition parties have successfully exploited growing voter dissatisfaction with the ANC, notably following a rise in corruption and ANC in-fighting under Zuma. In general elections held in May 2019, the ANC won 57.5% of National Assembly votes and 230 out of 400 seats (down from 249 in the last election, in 2014). This represented the ANC’s worst electoral performance since 1994, and mirrored a similar decline during local elections in 2016. The DA, meanwhile, won 22.7% of the 2019 vote, while the EFF made a large gain, winning 10.8%.49

All political parties’ long-term prospects may depend, in part, on their ability to draw the support of voters among the “Born Free” generation—those born in 1994 or later—who comprise about 47% of the population and about 14% of the eligible electorate. Many in this generation share discontent over corruption, public services, and poverty with their older counterparts—and suffer even higher unemployment rates—but are reportedly less engaged in formal politics and vote at lower rates than older generations.50

At present, National Assembly elections take place under a party-list proportional system, in which voters select a party and each party allocates its share of elected seats based on an internal party nominee lists. As a result, internal ANC politics and leadership selections play a key role in national politics. Rivalry within the ANC at the provincial and local levels—often regarding appointments to local state bodies and the selection of delegates at national party decision-making bodies—is often fierce and has spurred many political assassinations.51 The Congress of South African Trade Unions (COSATU) and the South African Communist Party (SACP) also exert influence within the ANC. They do so under the Tripartite Alliance, a compact under which the two organizations do not independently contest elections but receive selected top ANC and state leadership posts. In recent years, unity among Alliance members has weakened.52

South Africa’s political system may soon change dramatically as a result of a June 2020 Constitutional Court ruling that invalidated a national electoral law banning independent candidates from running in national and provincial legislative races. The court ordered the National Assembly to amend the law within two years to allow for such candidacies. This likely will result in a system of concurrent direct constituency and electorate-wide party list-based elections. While observers see this change as having a range of potential effects, both positive and negative, many see it as likely to foster a more competitive electoral landscape.53


52 Zuma was the focus of often-fierce SACP and COSATU criticism and there have been divisions in COSATU related to the emergence of new unions and discontent among its grassroots membership over a variety of issues. Ashley N. Mabasa, “Alliance Partners Must Have a Clear Plan for Reconfiguration,” Daily Maverick, July 17, 2018.

53 Possible hypothesized negative effects include the potential for a diminishment of collective civic action through political party participation, a rise in the influence of individual politicians, and a possible strengthening of identity-based politics. Karabo Mafolo, “ConCourt ruling paves way for independent candidates to contest elections,” Daily
Ramaphosa Administration

Ramaphosa—a former anti-apartheid activist and labor leader turned business executive—succeeded Zuma as president in early 2018, shortly after narrowly winning a highly contentious ANC leadership election. His win, based largely on a pledge to fight corruption and heal the economy, was a key defeat for the Zuma-linked wing of the party.\(^4\) Ramaphosa’s administration has prioritized efforts to spur economic growth by stimulating public and private investment with the aim of creating jobs and enhancing social services and infrastructure, and to make growth more inclusive. They have pursued inclusivity through “transformation” efforts aimed at expanding and equalizing access to economic opportunities, especially for the poor black majority, using tools such as small business promotion, state procurement preferences, and other actions to boost industrial growth. Other priorities have included mining sector and trade policy reforms, alongside efforts to attract local and international investment, spur digital sector growth, and expand agricultural production.\(^5\) The government is winning such efforts with action to address COVID-19 and its economic effects (see below), with an emphasis on infrastructure investments. In late June, President Ramaphosa hosted a summit to roll out a revised national Infrastructure Investment Plan focusing on such efforts, and in July identified several hundred projects that are to be pursued under the plan, a decade-long, $138 billion line of effort.\(^6\)

Another priority is to combat corruption and enhance the performance of state agencies and state-owned enterprises (SOEs). Public Enterprises Minister Pravin Gordhan—a two-time finance minister under Zuma who later fiercely clashed with Zuma—is spearheading such efforts, though Ramaphosa has also been directly involved. After assuming office in 2018, he ordered probes into irregularities and mismanagement at two major SOEs: Eskom, the national power utility, and Transnet, a transport and logistics firm. He also replaced these SOEs’ boards, along with that of Denel, an important but ailing defense sector SOE, and fired the head of the tax service, a key Zuma ally and Gordhan foe, and appointed a commission of inquiry into malfeasance at the agency. A separate parliamentary commission also probed systematic irregularities at Eskom. Notwithstanding such efforts, several other SOEs with long-standing, severe governance and/or fiscal problems—and now COVID-19-linked pressures—are in dire financial trouble. They include South African Airways, the Land Bank, and Denel, among others.

A high-profile judicial commission of inquiry into state capture ordered by former Public Protector Madonsela, commonly known as the Zondo Commission, after its chair, is continuing its investigations (see textbox below). Its work has been interrupted by the COVID-19 lockdown, and its mandate has been extended until 2021. While its proceedings center on developments during the Zuma administration, the matters at issue remain issues of ongoing concern, as some of the key actors at issue remain active in public affairs or hold high state or party posts.\(^7\) Commission witnesses have confirmed many of the state capture allegations made in

\(^{4}\) His main rival was Nkosazana Dlamini-Zuma, Zuma’s ex-wife, a former African Union Commission chair and longtime cabinet minister. Azad Essa, “Cyril Ramaphosa wins ANC leadership vote,” Al Jazeera, December 18, 2017.


\(^{7}\) The Commission’s proceedings can be accessed at http://www.sastatecapture.org.za.
Madonsela’s report and implicated a range of formerly high profile officials in state capture activity. In commission testimony in 2019, Zuma denied a range of allegations against him, which he attributed to a campaign of character assassination by unnamed national intelligence services.

### Checks and Balances and State Capture

During Zuma’s presidency, opposition parties and nongovernmental organizations used the courts to check executive power by regularly suing state officials, including Zuma. These suits, relating to alleged executive branch overreach, agency malfeasance, and illicit actions, were often successful.

Former Public Protector Thuli Madonsela also acted as a restraint on presidential power. She issued many reports on alleged acts of noncompliance with laws and regulations, corruption, and operational failings by the executive branch and state agencies—and mandated diverse corrective actions. Most notably, in 2016, she issued State of Capture, a highly critical report centering on Zuma, the Gupta family, and a network of Zuma-allied ANC, business, and family associates. The Guptas are an Indian émigré family that accumulated a range of business holdings after arriving in South Africa in the 1990s. The report alleged that these actors had engaged in extensive high-level state-business malfeasance, and mandated the creation of a now-ongoing Zondo commission of inquiry. Zuma fought an unsuccessful legal battle to prevent the report’s release, claiming that Madonsela had violated his due process rights, but established the commission—under court order—shortly before he resigned as president.

The widespread, deep-seated corruption and influence peddling addressed in Madonsela’s report, dubbed “state capture” by analysts and later law enforcement and other officials, continues to roil politics and draw intense public and policymaker attention. The term refers, in particular, to the activities of the Zuma/Gupta and allied ANC and business network. Its members allegedly engaged in collusion that reportedly influenced and even directly shaped many state agency decisions, contracts, regulatory processes, and fiscal decisions in order to advance network members’ mutual political, business, and personal financial interests. The Guptas, central actors in this network, allegedly influenced the appointments of a finance minister and other cabinet members. Their firms also engaged in questionable energy deals with the state utility, Eskom, were awarded or facilitated large state contracts with the state rail company and other SOEs—some involving kickbacks, and their media companies received significant shares of state advert revenues and service contracts. Several western blue chip firms were tarnished by their links with Gupta-owned or linked firms (see textbox below). The Guptas also reportedly sponsored digital media influence campaigns that promoted the political aims of the Zuma-aligned wing of the ANC and their own interests. Involvement in such activity led to the dissolution of the once prominent UK public relations firm Bell Pottinger.

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59 James Hamill, “Zuma’s Testimony to South Africa’s Corruption Inquiry Further Divides the ANC,” World Politics Review, August 7, 2019, among others.


61 The report investigated a pattern of “alleged improper and unethical conduct” by Zuma and other officials “relating to alleged improper relationships and involvement of the Gupta family in the removal and appointment of Ministers and Directors” of SOEs “resulting in improper and possibly corrupt award of state contracts and benefits to the Gupta family’s businesses.” Public Protector, State of Capture, 2016.


Several separate commissions of inquiry have examined alleged malfeasance at various state agencies—including the alleged extralegal manipulation of state security agencies for political purposes under Zuma. In 2019, President Ramaphosa also appointed a special tribunal to fast-track the recovery of public assets lost to graft.

Meanwhile, Zuma faces 16 charges of fraud, corruption, racketeering, and money laundering in a long-running corruption case centering on a 1990s-era state arms deal scandal. Zuma fended off the case for years, allegedly aided by the National Prosecuting Authority (NPA). In 2009, the NPA dismissed the case, but was forced to reinstate the charges in 2018 after an appeals court ruled that its 2009 decision was made under political pressure. The NPA’s allegedly repeated improper favoritism toward Zuma has been the subject of several court cases. In 2018, after a court invalidated the last Zuma-era head NPA director’s appointment, Ramaphosa appointed career prosecutor and former International Criminal Court legal adviser Shamila Batohi to head the NPA. She has prioritized efforts to address state capture, pledged to reform a “broken and dysfunctional” criminal justice system, and end NPA favoritism in high-profile corruption cases.

Two recent developments demonstrate that corruption remains a major, embedded challenge and a continuing threat to the ANC’s political prospects—despite Ramaphosa’s efforts to address the problem—including as a result of resistance to graft-related accountability by some top ANC leaders. One was a series of revelations documenting extensive contract corruption within the government’s COVID-19 response programs, allegedly including by the husband of Ramaphosa’s spokesperson. The Ramaphosa administration has acted to forcefully address the issue. It has, for instance, ordered probes by the Special Investigating Unit (SIU) and other law enforcement agencies, forwarded hundreds of allegedly corrupt officials’ names to law enforcement

While “state capture” is primarily linked to the activities of the Zuma-Gupta network, other actors were also party to the phenomenon—which President Ramaphosa asserts cost South Africa about $34 billion. In October 2019, the U.S. Treasury Department signaled U.S. support for Ramaphosa administration and South African judicial system efforts to seek accountability for state capture activity by imposing sanctions on two of the Gupta brothers and a key associate for engaging in “widespread corruption and bribery, capture government contracts, and misappropriate state assets.” Senate Foreign Relations Committee (SFRC) chairman Jim Risch lauded the action.

64 Tom Wilson, “Graft under Jacob Zuma cost South Africa $34bn, says Ramaphosa,” Financial Times, October 14, 2019.
68 Such favoritism was potentially exemplified by the NPA’s withdrawal of a key criminal case against the Guptas hours prior to Batohi’s appointment. Quote from Qaanitah Hunter, “Batohi’s Harsh Stance on Graft,” Sowetan, July 25, 2019. See also Karyn Maughan, “Can Shamila Batohi Resuscitate the NPA?,” Financial Mail, December 6, 2018; Bonga Dlulane, “Shamila Batohi Names Top Prosecutors To Fast-Track State Capture Cases,” Eyewitness News, April 7, 2019; and Lauren Tracey-Temba, “Leadership is not the NPA’s only challenge,” ISS Today, February 16, 2018.
authorities, and ended state agency emergency contracting authority. Ramaphosa nevertheless faced tough parliamentary questions over this major resurgence of graft under his watch.\textsuperscript{70}

In a related second development, in late August 2020, Ramaphosa successfully won approval from the ANC’s National Executive Committee (NEC) to require that ANC officials charged with corruption vacate their posts. In the wake of the decision, Ramaphosa was reportedly considering a cabinet change, which could further his control within the ANC, which also plans to strengthen the role of its internal integrity commission, require party leaders to regularly declare their financial assets, and more closely govern business ties between party officials, their relatives, and the government.\textsuperscript{71} Ramaphosa also averted an effort to force his ouster by Zuma-allied elements of the ANC, some of whom could be affected by the party’s decision on graft and had spearheaded recent NEC decisions that had appeared to take a weak line against graft.\textsuperscript{72}

Ramaphosa himself has faced allegations of campaign finance improprieties by current Public Protector Busisiwe Mkhwebane,\textsuperscript{73} who also attempted to force Ramaphosa to legally censure Gordhan for his role in setting up an allegedly extrajudicial tax enforcement intelligence unit and other actions. Gordhan sharply questioned her motives and investigatory methods in legal filings.\textsuperscript{74} Mkhwebane is a controversial figure. Critics have alleged that her investigatory actions favored the interests of the ANC’s still-influential Zuma-linked faction and potentially undermined state reform efforts. Especially notable was her 2017 attempt to require parliament to amend the constitution to alter the South African Reserve Bank’s mandate in a manner advocated by the Zuma-aligned wing of the ANC, which the bank successfully fought in court.\textsuperscript{75} Mkhwebane has lost in several key legal proceedings and courts have repeatedly questioned her judgment and integrity, prompting an ongoing parliamentary effort to impeach her.\textsuperscript{76}


\textsuperscript{74} Rebecca Davis, “Defender Pravin Comes Out Guns Blazing Against Protector Busisiwe—and He’s Not Firing Blanks,” Daily Maverick, July 10, 2019, among others.


Land Issue

The Ramaphosa administration is implementing an ANC-endorsed effort to amend the constitution to permit the expropriation of certain private land, without compensation, for redistribution to victims of apartheid-era discrimination and land seizures. After adopting this plan in early 2018, parliament appointed a constitutional review committee that held nationwide hearings and in late 2018 recommended that the change proceed. The National Assembly then appointed a committee to craft and introduce a reform amendment. This effort is highly controversial, both domestically and abroad. It has raised fears that land seizures may mostly target white minority farmers, who own most farmland, and might damage the banking system and prompt international investors to question the security of private property ownership in South Africa. Ramaphosa has worked to dampen such fears.77

In August 2018, President Trump sparked controversy when he posted a tweet stating that South Africa’s government was “seizing land from white farmers” and alluding to “farm seizures and expropriations and the large scale killing of farmers.” His comments drew criticism and were questioned on factual and other grounds by U.S. and South African commentators78 and by the South African government.79 Trump’s tweet also directed Secretary of State Mike Pompeo to “closely study the South Africa land and farm seizures and expropriations.” In February 2020, shortly after President Ramaphosa affirmed his government’s intention to pursue uncompensated land expropriation, Pompeo said that the proposed change would be “disastrous” for South Africa’s economy—though days later, U.S. ambassador to South Africa Lana Marks, predicted that there would “be no confiscation of any private land whatsoever” and that President Ramaphosa was handling the issue “in a totally open and transparent manner.”80

COVID-19 in South Africa

South Africa’s COVID-19 caseload is large, but after rapidly accelerating, the rate of new infections is now slowing. As of September 16, South Africa had 653,444 confirmed cases—about 59.5% of the sub-Saharan African caseload and the eight-largest case total globally.81 COVID-19 antibody surveys, however, suggest that as much as 20% of the population, about 12 million people, may have had the disease—and that the proportion may be as high as 40% in some high-density townships.82 South Africa’s approach to countering the virus has emphasized

77 He has said expropriation would be limited mainly to cases involving “unused land, derelict buildings, purely speculative land holdings, or... where occupiers have strong historical rights and title holders do not occupy or use their land, such as labour tenancy, informal settlements and abandoned inner-city buildings.” Cyril Ramaphosa, “Land Reform in South Africa is Crucial for Inclusive Growth,” Financial Times, August 23, 2018.

78 Uncompensated expropriation of land was not under way at the time of the tweet—and has not occurred to date; nor have farmers been killed in large numbers. Some commentators also asserted that Trump’s comments reflected narratives espoused by U.S. and South African white supremacist groups. Judd Devermont, “Trump’s South Africa Tweet is False, Counterproductive and Dangerous,” The Hill, August 28, 2018; Julie Hirschfeld Davis and Norimitsu Onishi, “Trump Tweet Echoes Agenda of Supremacy,” New York Times, August 24, 2018, among others.


80 She also contended that “now is the time for major US investment in South Africa.” Sarah Smit, “‘We’re Satisfied with SA’s Land Reform Policy’—US Ambassador,” Mail & Guardian, February 26, 2020.


82 Gerald Imray, “South Africa Says 12 Million ‘Probably’ had Coronavirus,” AP, September 16, 2020; and Adele
social distancing, the use of protective face masks, handwashing and hygiene promotion, and large-scale health screening, viral testing, and contact tracing. Several vaccine and other COVID-19 medical research studies also are under way in South Africa.\textsuperscript{83}

In mid-March, nearly two weeks after South Africa’s first confirmed case, the government declared a national state of disaster, giving officials special authority to counter COVID-19. It then issued an array of orders temporarily restricting local and overseas travel, imposing mandatory residential lockdowns, school closures, and banning public and large group gatherings, including religious meetings. Many forms of commerce also were curtailed. Though essential activity exceptions were given for some restrictions, South Africa’s measures have been among the strictest globally, though they have recently been relaxed.\textsuperscript{84} A continuing decline in new infections has led to a gradual easing of restrictions. In mid-September, the government announced a move to Level 1 restrictions, which bar mass gatherings and maintain curfews, among other measures, but allow many activities. The country also is to gradually allow a resumption of international travel and arrivals from countries that do not have high COVID-19 infection rates.\textsuperscript{85}

The negative economic effects of the lockdowns continue to ravage the economy. The poor, many of whom survive hand to mouth in the informal sector, have been particularly hard-hit. To ease the impact of lockdown-related income cuts and business restrictions, the government has been providing small income grants and food to the most vulnerable, though the efficacy of food aid distributions has been criticized, and there have been some reports of corrupt or partisan aid diversions.\textsuperscript{86} Emergency government spending relating to COVID-19 response measures also has been rife with corruption and contract steering, as discussed elsewhere in this report.

COVID-19 restrictions spurred demonstrations over food insecurity, loss of incomes, and a ban on alcohol and cigarette sales. Some protests were violent, and there were multiple incidents of looting of grocery and alcohol retailers. Police, backed by tens of thousands of military troops, were—and remain—deployed to enforce the lockdown and to counter unrest. Police also have reportedly collaborated with private security firms to illegally and forcibly evict squatters from municipal properties.\textsuperscript{87} Some security force elements have engaged in human rights violations, including at least ten reported killings, and there have been hundreds of thousands arrests for lockdown violations.\textsuperscript{88} In response to abuses, courts have ordered military and police disciplinary action.


\textsuperscript{88} Andrew Faull, “State abuses could match the threat of COVID-19 itself,” Institute for Security Studies, April 2, 2020; Franny Rabkin, “Victory for Khosa family as judge makes orders to prevent further state brutality,” \textit{Mail &
actions, as well as broad code of conduct reforms. In June 2020, some protests against lockdown-related police brutality merged with protests in solidarity with ongoing U.S. anti-racism protests and local efforts to fight racism.89 Lockdown restrictions also resulted in a sharp decline in gang-related murders in some crime-ravaged townships, and reportedly spurred rival gangs to engage in joint charitable work (e.g., food distributions). Some analysts, however, assert that gangs may in fact be using such activity as cover for ongoing criminal activity.90

The economic impacts of the lockdown hit South Africa when it was already in a recession and in a fiscal position worse than that prior to the 2008 global financial crisis. Citing the lockdown, many firms, notably in the mining sector, declared force majeure (i.e., suspended operations and/or declared themselves unable to meet contractual obligations due to COVID-19’s unforeseen effects). Others laid off staff, cut salaries, and reduced dividends, and several declared bankruptcy. Although the state’s restrictions on businesses were eased moderately in May and further in June, the negative economic effects of the earlier restrictions—and new ones in the hardest hit areas—have persisted.91 The government’s economic policy responses to the pandemic are discussed below; see “COVID-19: Economic Impacts and Responses”

Responses to COVID-19 also have also shaped politics. The government’s tobacco and alcohol restrictions, in particular, also provoked widespread ire and some protests, and may have driven the rise of a potentially durable tax-avoiding blackmarket in these products.92 Some politicians, at times invoking nationalist and racially tinged rhetoric, also have used responses to the pandemic to score political points.93 The government’s emergency measures also attracted substantial criticism and lawsuits from the DA and other interest groups citing alleged abridgements of constitutional rights. In June, a court invalidated several of the lockdown regulations on constitutional grounds and ordered the government to amend them. The government is appealing the ruling.94 Despite its prioritization of anti-corruption efforts, the Ramaphosa administration has faced its own challenges with corruption in relation to COVID-19 spending. In late July, stating that “corruption puts our lives at risk,” Ramaphosa announced a sweeping investigation into allegations of such graft.95

93 Examples include assertions that post-lockdown restaurant and agricultural jobs should go to South Africans, rather than foreign immigrants—a sensitive issue given xenophobic riots and looting in recent years—and that aid for the tourism sector be prioritized for black-owned businesses. Antony Sguazzin, “South Africa’s Virus Response Exposes Government Divisions,” Bloomberg, May 5, 2020, inter alia.
94 The ruling found that multiple lockdown measures were arbitrary and “irrational.” It drew praise for checking executive state power, but was criticized as poorly constructed, making it potentially subject to reversal upon appeal. Jeanette Chabalala, “Lockdown regulations ruling: ‘Flawed’ judgment creates more confusion than clarity, say experts,” and “Here is what the High Court said about the various lockdown regulations,” News24, both June 4, 2020; Ferial Haffajee, “Prohibition lockdown goes rogue,” April 20, 2020, Daily Maverick; and Pretoria News, “DA welcomes level 3, but will go ahead with lockdown case,” May 27, 2020.
The Economy

South Africa has Africa’s most diversified, industrialized economy and one of sub-Saharan Africa’s top-five-highest GDPs per capita ($6,100 in 2019), making it one of few upper-middle-income countries in Africa, despite several years of anemic growth. South Africa is a top producer of raw and processed mined commodities (e.g., platinum, steel, gold, diamonds, and coal). It also has well-developed automobile, chemical, textile, and food manufacturing sectors, which are part of an overall industrial base that contributed 26% of GDP in 2019 and are key job sources. There are well-developed tourism, financial, energy, legal, communications, and transport sectors, which are part of an overall services sector that contributed 61% of GDP in 2019. The country regularly hosts large global development and business events, and South African firms are active across Africa, notably in the mobile phone, retail, and financial sectors. Some also operate internationally, and the Johannesburg Stock Exchange is among the 20 largest global bourses. South Africa is also a famed wine producer and exports diverse agricultural products, but only about 10% of its land is arable and agriculture contributes only 2% of GDP.

Despite its substantial economic strengths, South Africa’s annual GDP growth, which averaged above 5% in the mid-2000s, has been persistently low in recent years; it averaged 0.8% between 2015 and 2019, and the economy slid into a recession in late 2019. The International Monetary Fund (IMF) estimates that growth stood at under 0.2% in 2019, and projects that the economy would contract by 8% due to COVID-19, up from an estimate of -5.8% in April (see below, “COVID-19: Economic Impacts and Responses”). Recent GDP trends are provided in Table 2. While the nominal value of GDP has slowly risen in constant Rand terms since 2010, exchange rate volatility has caused the value of GDP in dollars to fluctuate greatly, with major implications for the country’s terms of trade, international debt servicing, and integration into global manufacturing chains. Global factors contributing to low growth have included weak investor confidence, attributed to uncertain economic policy trends and alleged poor governance under Zuma, and periods of weak prices and sluggish global demand for key commodity exports, notably to China. While weak commodity prices may hurt national export earnings, they can also reduce the cost of raw manufacturing material imports.

South Africa has a generally open foreign direct investment (FDI) regime, although investors face high taxes, currency exchange volatility, substantial regulatory burdens, large locally entrenched firms, and Black Economic Empowerment policy compliance costs (see below). Some foreign investors have expressed concern over South Africa’s 2015 Protection of Investment Act, which removed special FDI dispute rights enjoyed by foreign investors under bilateral investment treaties (BITS), which South Africa no longer joins. Such investors now must settle most disputes through the South African legal system. Observers have raised concerns about potentially unequal treatment under the law and the possibility of expropriation, which South African law permits in some narrow instances. Increasing FDI is a key government goal; in 2018, Ramaphosa pledged

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96 GDP data from International Monetary Fund, World Economic Outlook (WEO) Database, October 2019. Upper middle-income countries have a per capita gross national income (GNI) of between $4,046 and $12,535 in 2019, as calculated using the World Bank Atlas method. GNI is similar to GDP, but includes income earned abroad.


98 IMF WEO, op cit., April 2020 and October 2019 editions.


100 See, e.g., Azwimpheleli Langalanga, "Imagining South Africa’s Foreign Investment Regulatory Regime in a Global Context," SAIIA Occasional Paper No 214, May 2015; American Chamber of Commerce, Public Affairs Forum
to attract $100 billion worth of new investment over five years, and has elicited at least $55 billion in FDI commitments.\textsuperscript{101} Examples include investments announced by U.S. firms such as McDonald’s, Procter and Gamble, Microsoft, and Amazon, and United Airlines’ entry into the U.S.-South Africa nonstop airline market, alongside Delta Airlines.\textsuperscript{102}

After several years of stagnation, FDI flows into South Africa jumped from $2 billion in 2017 to $5.3 billion in 2018—though they remained lower than a peak of $9.2 billion in 2008. Meanwhile, outward flows declined, dropping from $7.4 billion in 2017 to $4.6 billion in 2018. (See Table 3, above, for summary trade and FDI trends.) The auto industry has been an important focus of job-intensive FDI; South Africa has long hosted Ford plants, and other automakers (e.g., Toyota, BMW, and Nissan) have announced significant manufacturing capacity investments in recent years. Rail locomotive manufacturing has also attracted FDI.

| Table 2. South Africa: GDP and Other Key Economic Indicators, 2015-2020 |
|--------------------------|--------|--------|--------|--------|--------|--------|
| Indicator/Year            | 2015   | 2016   | 2017   | 2018   | 2019   | 2020   |
| GDP (Current Rand, Billions) | 3,064  | 3,076  | 3,120  | 3,145  | 3,165  | 3,199  |
| GDP (Current U.S. dollars, Billions) | 317.6  | 296.3  | 349.4  | 368.1  | 358.8  | 369.9  |
| Real GDP Growth (Annual % Change; Constant Rand)\textsuperscript{a} | 1.2    | 0.4    | 1.4    | 0.8    | 0.2    | -5.8   |
| Real GDP Growth Per Capita (Annual % Change; Constant Rand)\textsuperscript{b} | 4.8    | 6.0    | 5.2    | 3.2    | 3.5    | 4.7    |
| Inflation, Consumer Prices (Annual % Change) | 4.6    | 6.3    | 5.3    | 4.6    | 4.1    | 2.4    |
| Unemployment (Annual; % of Labor Force) | 25.4   | 26.7   | 27.5   | 27.1   | 28.7   | 35.3   |


a. Annual percentage change in GDP in constant (i.e., inflation-adjusted) Rand, with 2010 as base year.

b. CRS calculation of annual per capita percentage change in GDP in constant 2010 Rand.

| Table 3. South Africa: Key Trade Indicators, 2014-2018 |
|----------------------|--------|--------|--------|--------|--------|
| Indicator              | 2014   | 2015   | 2016   | 2017   | 2018   |
| Exports of Goods and Services |
| Value (current $ in billions) | 110.3  | 95.7   | 90.6   | 103.5  | 110.1  |
| Annual % Growth         | 3.6    | 2.9    | 0.4    | -0.7   | 2.6    |
| Value as % of GDP        | 31.5   | 30.2   | 30.6   | 29.6   | 29.9   |
| Imports of Goods and Services |
| Current $ in billions    | 115.6  | 99.9   | 89.1   | 99     | 108.9  |
| Annual % Growth          | -0.6   | 5.4    | -3.9   | 1      | 3.3    |


\textsuperscript{102} State Department, “The Enduring Partnership between the United States and South Africa” [speech], June 21, 2019.
### South Africa: Current Issues, Economy, and U.S. Relations

#### Indicator

<table>
<thead>
<tr>
<th>Indicator</th>
<th>Value as % of GDP</th>
<th>Total Trade in Goods and Services</th>
<th>Exports and Imports, Current $ in billions</th>
<th>Foreign Direct Investment (FDI; $ in billions)</th>
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<tr>
<td>Value as % of GDP</td>
<td>33</td>
<td>31.5</td>
<td>30.1</td>
<td>28.3</td>
</tr>
<tr>
<td>Total Trade in Goods and Services</td>
<td></td>
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</tr>
<tr>
<td>Exports and Imports, Current $ in billions</td>
<td>225.9</td>
<td>195.6</td>
<td>179.7</td>
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<tr>
<td>Foreign Direct Investment (FDI; $ in billions)</td>
<td></td>
<td></td>
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</tr>
<tr>
<td>Inflows (to South Africa)</td>
<td>5.8</td>
<td>1.7</td>
<td>2.2</td>
<td>2.0</td>
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<tr>
<td>Inward Stocks (FDI in South Africa)</td>
<td>138.9</td>
<td>126.8</td>
<td>135.5</td>
<td>156.1</td>
</tr>
<tr>
<td>Outflows (South African FDI abroad)</td>
<td>7.7</td>
<td>5.7</td>
<td>4.5</td>
<td>7.4</td>
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<tr>
<td>Outward Stocks (South African FDI abroad)</td>
<td>146.0</td>
<td>154.7</td>
<td>175.6</td>
<td>276.5</td>
</tr>
</tbody>
</table>

**Sources:** Trade date: World Bank, World Development Indicators database. Investment data: U.N. Conference on Trade and Development (UNCTAD), Annex Tables, World Investment Report 2018 and 2019 editions.

The World Economic Forum (WEF) ranked South Africa as the second most competitive sub-Saharan African economy in 2019 (after Mauritius), but assessed it as 60th globally. The WEF cited as economic strengths South Africa’s large market size, relatively good infrastructure, advanced financial system, and innovation capability, but described its research and development capacities as inadequate.103 The country’s score on the World Bank *Doing Business* index (82nd globally and fourth in Africa in 2019) have dropped over the past decade. The survey suggested that ease of doing business varies within sub-regions of the country.104

South Africa’s private sector is relatively dynamic, although firms face a highly unionized labor force, rigid labor laws and, in some industries, sector-wide wage and working condition agreements negotiated between large firms and unions. Such factors arguably tend to protect incumbent jobholders, reduce labor market flexibility, and limit formal sector economic opportunities for the unemployed and poor, and contribute to chronically high unemployment. South Africa first enacted a general minimum wage law in 2018.105

Oligopolies in some sectors also hinder competition and spur high prices for some locally produced goods.106 There are also skill and geographical mismatches between labor demand and supplies, and low skill levels in some segments of the labor force. This is, in part, an enduring legacy of population and economic controls and discriminatory education and training patterns under apartheid. Information and communication (ICT) adoption rates also are low and uneven, and education quality ranks poorly in international comparisons, despite large investments in the sector, which has negative impacts on workforce capabilities.107

Black Economic Empowerment (BEE) policies, which seek to promote racial equality and economic inclusion using market-based incentives, are a key tool for reversing structural racial disparities. Private firms that receive public contracts must comply with BEE requirements, notably a scorecard-based system. It ranks firms by factors such as racially inclusive ownership.

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and management, investment in skills development for historically disadvantage persons, and prioritization of commercial ties with other BEE-compliant firms. BEE policies can impose compliance costs on firms and limit hiring choices, and have sometimes been criticized for favoring the interests of middle- and upper-income blacks.

Private firms also face state competition, as state-owned firms enjoy regulatory preferences in some sectors, even though their performance has often been poor. According to the IMF, SOEs play a major role, often with limited competition, in providing key products/services, such as power, telecommunications, and transportation (e.g., ports, airways). Their performance thus affects not only the public finances and the borrowing costs of the whole economy, but also economic growth and job creation through the cost of important inputs for a wide range of businesses and households. [...G]enerally, there is a need to allow private firms to compete on a more equal footing with large SOEs.\(^{108}\)

South Africa’s sovereign credit ratings are low and have fallen sharply in recent years. Rising public deficits and debt are also a challenge. Other domestic factors hindering growth include social service delivery challenges and unmet infrastructure needs, which undercut productivity potentials and hurt South Africa’s attractiveness as an investment destination.\(^{109}\) Periodic rolling power blackouts also regularly disrupt productivity economy-wide. They are attributable to year-long delays, technical flaws, and overspending on the construction of two massive new coal-fired plants by the public national power utility, Eskom. Eskom suffers from massive debt, a low credit rating, chronic liquidity problems, and reported mismanagement and malfeasance, including in the form of Gupta-related coal and uranium supply deals.\(^{110}\) The utility’s $30 billion state-backed debt is key factor contributing to South Africa’s low sovereign debt rating. The government is implementing a multi-year, $4.9 billion restructuring of Eskom that is to split it into three entities focused, respectively, on generation, transmission and distribution.\(^{111}\) The country also has faced several recent droughts, including one that caused extreme water shortages in Cape Town, a global tourist destination with a population of 3.7 million. Future water shortages are likely.

The government’s efforts to reduce unemployment, poverty, and socioeconomic inequality, improve education and health care, and unite a geographically and racially divided society are guided by the 20-year National Development Plan (NDP). Crafted by a Ramaphosa-headed commission and issued under Zuma, it is supplemented by multiple shorter-term, sector-specific plans. The NDP emphasizes investments in social services and state operational capacities and efforts to boost employment and incomes. These include labor-intensive state projects and investment in infrastructure, notably in the transport, communications, and power sectors. NDP implementation challenges have included policy inconsistency and poor governance under Zuma, the intractability and extensive scope of the country’s challenges, and financing limitations.


COVID-19: Economic Impacts and Responses

South Africa’s GDP fell 16.4% in the second quarter of 2020, the equivalent of an annualized drop of 51%. As earlier noted, the IMF projects an 8% contraction in GDP in 2020 as a result of COVID-19, ahead of a recovery in 2021 of 3.5%. In addition to a decline in natural resource output and weak global prices for mined commodities, vehicle and auto parts production, and tourism—all key exports—are projected to fall, due to the effects of both the lockdown and weak overseas demand. Key financial rating agencies have recently downgraded South Africa’s sovereign credit rating to “junk” status (i.e., sub-investment grade with an elevated default risk). This is significant because a large share of South African sovereign credit is obtained from the private sector. Such downgrades are expected to spur billions of dollars’ worth of FDI outflows, foreign institutional dumping of South African public bonds, and higher future state credit costs, and the Rand has lost considerable value since the start of 2020. Tax receipts also are down sharply, which is likely to further spur already high deficit spending.

The South African Reserve Bank (SARB) has responded by sharply reducing institutional lending rates, taken other actions to facilitate interbank lending and bolster market liquidity, and is buying South African government bonds from private sellers. SARB also will guarantee a portion of potential losses to private banks participating in an $11 billion public-private loan program. The program is intended to restart economic activity halted by the lockdown, and about half of it is to support firms with less than a 3% credit base, notably trade unions, fear that such efforts are controversial, as key elements of the ANC’s political base, notably trade unions, fear that IFIs might impose policy conditions at odds with ANC policy.

That $11 billion stimulus is part of a 500 billion Rand (~$26 billion) recovery plan announced by President Ramaphosa in April 2020. In addition to stimulating the economy, the plan seeks to fund COVID-19 health interventions and reduce food insecurity and social impacts; 10% is to aid poor and vulnerable persons. A 130 billion Rand ($6.8 billion) share of the effort is to be financed by repurposing existing state spending and tapping other local sources.

South Africa also has approached multiple international financial institutions (IFIs) for loans or grants to fund its response. Such efforts are controversial, as key elements of the ANC’s political base, notably trade unions, fear that IFIs might impose policy conditions at odds with ANC policy.

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113 Emma Rumney, “Toyota’s South African unit sees 15-20% hit to production due to virus,” April 22, and “Exclusive: South Africa’s auto industry could cut up to 10% of workforce due to lockdown - survey,” April 9, 2020, both Reuters; and John Stuart, “South Africa’s Role in the Automotive Components Trade in Africa,” Tralac Blog, January 21, 2020.


or undermine national political sovereignty. After months of consultation, in late July, the IMF approved a $4.3 billion policy-unconditional loan to help South Africa address the COVID-19 crisis. The government earlier received a $304 million loan from the African Development Bank and is discussing further loans with the World Bank. In June, the New Development Bank (NDB, an entity created in 2014 by the BRICS grouping, comprising Brazil, Russia, India, China, and South Africa) approved a $1 billion loan to fund health care resources and the social safety net in response to the COVID-19 pandemic in South Africa.

### COVID-19 in South Africa: International Aid and Cooperation Issues

In addition to seeking possible IFI assistance in its fight against COVID-19, the South African government has received assistance from various foreign governments.

**U.S. Assistance.** The United States has announced at least $41.6 million in COVID-19 health response aid for South Africa. $8.4 million is for risk communications, water and sanitation, infection prevention and control, and public health messaging. $13.2 in “initial” U.S. Centers for Disease Control and Prevention (CDC) resources are to support surveillance and lab work, infection prevention and control, Emergency Operations Centers, border health, vaccine preparedness, COVID-19 response capacity-building and research, and CDC operational support. Also included are up to 1,000 ventilators—through a September 2020 South African government report stated that as of early July, only 150 of the mechanisms had been transferred to South Africa. DOD, through the U.S. Embassy’s Office of Defense Cooperation (ODC) and the Defense Threat Reduction Agency, also have donated locally sourced PPE and thermometers for use by South African military and civilian personnel. Multiple U.S. private businesses active in South Africa also are donating to the country’s efforts to counter COVID-19.

**WHO.** The South African government called the Trump Administration’s stated intent to suspend some or all U.S. funding to the World Health Organization (WHO) “very regrettable.” President Ramaphosa, the current African Union (AU) Chair, also expressed the AU’s strong support for the WHO’s COVID-19 work globally and in Africa and praised the “exceptional leadership” of WHO Director-General Dr. Tedros Ghebreyesus, an Ethiopian physician, the target of criticism by some U.S. officials.

**China.** In February 2020, China’s government sourced 2.8 million facemasks from South Africa to fight the pandemic in China. Once COVID-19 reached South Africa, China’s government donated health supplies (e.g., PPE and testing chemicals) and pledged to provide further support. The local Chinese business community in South Africa, in coordination with China’s embassy, also has donated testing kits and funds. In March 2020, the

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123 CRS Insight IN11369, U.S. Funding to the World Health Organization (WHO);White House, “Remarks by President Trump in Press Briefing,” April 14, 2020; Rama Venkat and Huizhong Wu, “Trump threatens to halt WHO funding, review U.S. membership,” Reuters, May 18, 2020; and GOSA, “South Africa expresses concern at the President of the United States of America’s announcement to cut funding to the WHO,” April 15, 2020.


126 Tim Cocks, “South Africa coronavirus cases rise to 2,415, China donates equipment,” Reuters, April 14, 2020;
South African government evacuated some of its nationals who had been studying in China. This spurred public concerns focused on costs and possible COVID-19 transmission by the returnees, although they were quarantined.\(^{127}\) South African officials also have expressed concern, both on behalf of South Africa and of the AU, regarding allegations of racist treatment of South Africans and other Africans in China.\(^{128}\) In June 2020, China and the AU, represented by President Ramaphosa, co-hosted a summit to review action on combatting COVID-19.\(^{129}\)

**Cuba.** South Africa is hosting a 216-member Cuban medical assistance brigade, which arrived on an aircraft that South African had used to donate medical supplies to aid Cuba’s own COVID-19 fight. Medical cooperation between the two countries is long-standing and rooted in Cuba’s support for the ANC’s anti-apartheid efforts. Leaked documents suggest that South Africa may pay more than R510 million in total (about $127,000 per worker) for the deployment.\(^{130}\) Local critics have asserted that the government should instead have hired retired and unemployed local medical personnel. The United States has called for South Africa to directly pay the Cuban workers, contending that paying Cuba’s government will allow it to “turn a profit on human trafficking.”\(^{131}\)

### U.S. Trade and Investment

South Africa has been the largest U.S. trade partner in Africa since 2014 (when it eclipsed previously larger U.S. imports of oil from Nigeria), and in 2019 ranked as the 39th-largest U.S. trade partner globally. Its goods trade with the United States is more diverse than that with any other African country, and in 2019 totaled just under $13 billion ($5.3 billion in U.S. exports and $7.6 billion in U.S. imports), down from a peak of $16.7 billion in 2011. Trade in services in 2019 totaled nearly $5.1 billion ($3 billion in U.S. exports and $2.1 billion in U.S. imports). In 2018 (latest data), U.S. FDI stock in South Africa totaled $7.6 billion, and centered on manufacturing (e.g., chemicals and food), professional services, and wholesale trade. South Africa’s FDI stock in the United States totaled $4.3 billion.\(^{132}\)

A U.S.-South Africa Trade and Investment Framework Agreement (TIFA) signed in 2012 facilitates bilateral trade and investment dialogues, and there are bilateral tax enforcement and cooperation and double taxation treaties. South Africa also is eligible for duty-free benefits under the African Growth and Opportunity Act (AGOA, P.L. 106-200, Title I, reauthorized until 2025 under P.L. 114-27), but not for special AGOA apparel benefits. South Africa’s $1.2 billion in AGOA exports to the United States in 2019—16% of all its exports to the United States—made it

\(^{127}\) Norma Young, “South Africans are divided over the return of 114 students from China’s coronavirus epicenter,” *Quartz*, March 14, 2020.


\(^{130}\) Sarah Marsh, “Cuba sends doctors to South Africa to combat coronavirus,” Reuters, April 25, 2020; Rebecca Davis, “The White Coat Army: Why is South Africa paying Cuba for doctors when so many of our own doctors are unemployed?,” *Daily Maverick*, May 10, 2020; and @EmbassyCubaZA tweet, April 23, 2020, inter alia.


\(^{132}\) Top U.S. exports center on vehicles, aircraft, machinery, machinery and equipment and parts thereof. Top U.S. imports include vehicles and parts, precious and other metals, diamonds, centrifuges and other filtering technology, ash and residue thereof, and hydrocarbon products. BEA suppresses most sectoral data for South Africa FDI in the United States due to commercial privacy concerns Goods data in this paragraph from USITC, *Trade Data Web*; trade data from BEA, *South Africa…*, op cit.
the largest non-oil-focused AGOA beneficiary and the second largest overall, although the value of its exports under AGOA has fallen since peaking at $2.6 billion in 2013. 133

<table>
<thead>
<tr>
<th>Alleged Improprieties by Local Affiliates of U.S. and European Firms</th>
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<tr>
<td>The local affiliates of several U.S. and European services firms active in South Africa have drawn negative attention. Local units of several blue chip firms, including McKinsey, KPMG, HSBC, and SAP, became embroiled in Gupta-related scandals, and as a result have lost clients and have faced South African and foreign regulatory and criminal probes. SAP admitted to illicit acts pertaining to the payment of nearly $10 million in commissions to Gupta-linked firms to secure South African SOE digital technology contracts. The South African government is continuing to probe SAP’s activities in the country and seeking to void two allegedly illegal contracts with SAP and recover payments made under them. In 2017, SAP also faced U.S. Justice Department and U.S. Securities and Exchange Commission inquiries under the U.S. Foreign Corrupt Practices Act related to its South Africa activities. The consulting firms KPMG and McKinsey allegedly provided Gupta-owned firms and allied actors with accounting and consultancy services that violated auditing or other due diligence standards, and in some cases may have illegal acts. In 2018, the South African government barred KPMG from state agency audits. 134</td>
</tr>
<tr>
<td>In a separate matter, an ongoing, multi-year probe by South Africa’s Competition Commission (Compcomm) of multiple large banks—including local affiliates of some major U.S. banks—found that several had engaged in currency trade price rigging collusion. In April 2017, Ciebank NA admitted to illicit currency trading and agreed to pay a $5.2 million penalty and cooperate with Compcomm’s prosecution of 18 other banks. Compcomm, which initially recommended that the banks be fined 10% of their annual local trading volume, is proceeding with legal actions against the banks. U.S. authorities have also become involved. In 2019, Standard Chartered Bank pled guilty to currency manipulation in an agreement with the New York State Financial Services Department. 135</td>
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U.S. trade preferences for South Africa have been the subject of repeated U.S. debate, as during the 2015 congressional AGOA reauthorization process, which ultimately did not result in changes affecting South Africa’s AGOA eligibility. During that debate and at other times, critics of South Africa’s continued AGOA eligibility have argued that its reciprocal trade agreements with other advanced economies, notably one with the European Union (EU), place U.S. firms at a competitive disadvantage. (The EU agreement gives EU firms preferential tariff access to South Africa; in contrast, AGOA gives South African firms U.S. trade preferences, but does not give U.S. firms reciprocal treatment in South Africa.) Other concerns have focused on the large size and advanced character of South Africa’s economy, notably relative to its African peers, which some have argued make it a U.S. competitor in some sectors. 136 Those supportive of South Africa’s continued AGOA eligibility have argued that South Africa’s exports of high-value items show that AGOA preferences are working as intended—and that helping to improve South

133 South Africa also receives additional Generalized System of Preferences benefits. USITC, Trade Data Web.


136 South Africa, uniquely among AGOA-eligible countries, makes significant use of AGOA in the export of advanced manufactured products, notably motor vehicles and parts, though such exports have fallen in recent years. Even so, these exports comprise a large share of African non-oil exports under AGOA. USITC, TradeDataWeb. See also CRS Report R43173, African Growth and Opportunity Act (AGOA): Background and Reauthorization, by Brock R. Williams; Witney Schneider and Andrew Westbury, “AGOA moves forward: Reviewing last week’s reauthorization in the U.S. Senate,” Africa in Focus, Brookings, May 20, 2015; and Leadership Africa USA, AGOA’s Reauthorization: Beyond 2015, 2015
Africa’s economic development and fosters regional trade, another AGOA goal. (South Africa is a key trade partner of many other African countries).  

In 2015, South Africa’s imposition of anti-dumping duties and other restrictions on imports of certain U.S. meat products spurred a trade dispute and threatened its AGOA eligibility. The dispute was resolved in 2016, after congressional intervention, including a congressionally mandated special review of South Africa’s AGOA eligibility, and negotiations that ended with South Africa lifting these measures. South Africa’s March 2020 imposition of new tariffs on poultry imports from all countries spurred renewed U.S. criticism, though no U.S. countermeasures. Separately, an ongoing U.S. review of South Africa’s eligibility to enjoy Generalized System of Preferences (GSP) tariff benefits could have major ramifications for bilateral trade—and for South Africa’s AGOA eligibility, as AGOA eligibility requires concurrent GSP eligibility. Such a loss could be sizable; over the last decade, over a third of South African exports to the United States by value have received duty-free treatment under GSP (14%) and AGOA (23%). The GSP review, addressed at an early 2020 USTR hearing, centers on the adequacy of South African intellectual property rights (IPR) protections under a proposed law. These reforms, U.S.-based International Intellectual Property Alliance (IIPA) petitions have asserted, undermine various IPR protections, allegedly making South Africa GSP-ineligible. At the hearing, various interest groups argued for and against the adequacy of South Africa’s IPR protections and its eligibility for GSP.  

A similar debate—also focused on IPR concerns—also featured in USTR reviews of South Africa’s AGOA eligibility in 2018 and 2019. South Africa’s move to expropriate land without compensation could also potentially affect South Africa’s AGOA eligibility, although there are no overt signs of such a shift. The State Department’s annual Investment Climate Statements discuss a range of other issues with implications for U.S.-South African investment and trade.  

A series of separate contentious bilateral trade issues also have played out under the Trump Administration. In March 2018, the Administration imposed U.S. tariffs on steel (25%) and aluminum (10%) under Section 232 of the Trade Expansion Act of 1962 (P.L. 87-794, as amended), including imports from South Africa. This action roiled bilateral trade ties, though differences were later largely resolved. In October 2018, the South Africa’s government

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139 Other interests, such as the U.S. National Pork Producers Council, also used the review to argue against GSP for South Africa, citing alleged South African discrimination against their products. Prinesha Naidoo, “South Africa Raises Poultry-Import Tariffs, Drawing U.S. Ire,” March 13, 2020, and “South Africa Exports to U.S. at Risk Pending Program Review,” October 28, 2019, both in Bloomberg; and hearing material and statements submitted in relation to the USTR GSP review (USTR docket USTR-2019-0020).  


142 The most recent edition is “South Africa,” *Investment Climate Statements for 2019*.  

143 For background, see CRS Report R45529, *Trump Administration Tariff Actions (Sections 201, 232, and 301): Frequently Asked Questions*, coordinated by Brock R. Williams and CRS In Focus IF10667, *Section 232 of the Trade*
reported, the Administration granted Section 232 duty exclusions for U.S. imports of 161 aluminum and 36 steel products, largely allaying South African concerns. This action followed South Africa’s initially unsuccessful effort to seek the tariffs’ removal, requests from several Members of Congress seeking an exemption from these tariffs for South Africa, and U.S. firms’ requests for the exclusions.\textsuperscript{144} Separately, on March 31, 2020, the Department of Commerce (DOC) launched an antidumping duty investigation of aluminum alloy sheet imports from South Africa and 17 other countries. In April, the U.S. International Trade Commission found a “reasonable indication” of U.S. industrial harm from imports from the named countries, which provided a basis for the DOC investigation to proceed.\textsuperscript{145}

Another U.S. Section 232 investigation on imports of automobiles and certain automotive parts could result in the levying of additional U.S. tariffs—reportedly up to 25%—on such imports, including from South Africa, which the South African government argued against at a DOC hearing on the matter. In 2019, the DOC submitted a nonpublic report on an investigation into U.S. imports of these products to President Trump, who in May 2019 stated that U.S. imports of these products may “threaten to impair” U.S. national security.\textsuperscript{146} The USTR, under President Trump’s direction, is working to negotiate potential solutions to the threat asserted by the President. Prospects for a resolution of this matter and its effects on South Africa are not clear. As currently envisioned, such negotiations would center on U.S. trade partners that are significantly larger than South Africa, though an exclusion similar to the one granted to South Africa regarding steel and aluminum tariffs may be possible.\textsuperscript{147} A further Section 232, announced in June 2020, could affect U.S. imports of South African vanadium, a rare metal used in alloys and as a catalyst. The investigation, triggered by a petition from two U.S. vanadium firms, is to assess the impact on U.S. national security interests of U.S. imports of vanadium. Some analysts view the action as an erroneous application of the Trade Expansion Act.\textsuperscript{148}

\textsuperscript{144} The exclusions are for products produced in the United States in insufficient amounts or quality, according to the Department of Commerce (DOC). Tanisha Heiberg, “South Africa Says U.S. Decision Not to Grant Steel Tariff Exemption Could Hurt Jobs,” Reuters, May 2, 2018; South African Trade and Industry Department, “South Africa Welcomes Product Exclusion for Some Steel and Aluminium Products from the Section 232 Duties,” October 24, 2018; CRS communication with DOC, October 30, 2018; and Senator Chris Coons, “Bipartisan Group of Senators Urge Secretary Ross to Grant South Africa Exemption From Steel, Aluminium Tariffs,” September 24, 2018.


\textsuperscript{146} White House, “Adjusting Imports of Automobiles and Automobile Parts Into the United States,” [presidential proclamation and source of quote], May 17, 2019, among others.

\textsuperscript{147} DOC, \textit{Section 232 National Security Investigation of Imports of Automobiles and Automobile Parts} (Hearing), July 19, 2018; and CRS In Focus IF10971, \textit{Section 232 Auto Investigation}, coordinated by Rachel F. Fefer.

South Africa and the Rest of the World

Africa

Sub-Saharan Africa is a key focus of South African foreign policy. Its regional activities are multifaceted, but center on investment, peacekeeping, stabilization, and conflict mediation, and the economic and other development priorities of the AU and other sub-regional organizations (e.g., the Southern African Development Community, or SADC). It also often helps coordinate or represent African views in multilateral fora on such issues as climate change, African peace and security issues, U.N.-African cooperation, and developing country priorities. South Africa is currently serving, through the end of 2020, as a nonpermanent member of the U.N. Security Council (UNSC). Some analysts see this as affording South Africa an opportunity to revitalize its international role following what some see as a period of foreign policy drift under Zuma. A key South African aim during its UNSC tenure has been to convince Council members to adopt a proposal under which assessed contributions from U.N. member countries would finance 75% of the cost of AU-led peacekeeping operations.

**Regional Efforts.** South Africa played key roles in the formation of the AU, which President Ramaphosa currently chairs, and the establishment of the AU’s New Partnership for Africa’s Development (NEPAD) strategic socioeconomic development policy framework. It hosts the NEPAD Planning and Coordinating Agency, now the permanent AU Development Agency. In late 2018, South Africa ratified the AU-backed African Continental Free Trade Area (AfCFTA), an emergent free trade area intended to increase intra-African trade by sharply reducing tariffs, among other ends. To advance its policy goals across the continent, South Africa is working to establish a foreign aid agency, the South African Development Partnership Agency (SADPA), but progress has been slow and limited.

**Migration, Conflict Resolution, and Peacekeeping.** South Africa hosts roughly 273,000 refugees, asylum-seekers, stateless persons, and other populations of international humanitarian concern, and many economic migrants. Most of these populations are from Africa. South Africa also sometimes hosts political exiles from other countries. In 2014, one such dissident, a former Rwandan intelligence chief, was assassinated in South Africa. Analysts attributed the killing to the Rwandan government, which denied involvement. In September 2019, South Africa issued arrest warrants for two Rwandans who allegedly carried out the killing.

South Africa has repeatedly sought to resolve the political crises and halt or mitigate armed conflicts that contribute to refugee flows and humanitarian emergencies across the African

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150 Ramaphosa’s priorities are set out in his AU Chair’s inaugural speech, “Acceptance Statement by South African President H.E. Cyril Ramaphosa on assuming the Chair of the African Union for 2020,” February 9, 2020. On AfCFTA, see CRS In Focus IF11423, *African Continental Free Trade Area (AfCFTA).*


continent. It has been particularly active in this respect in southern Africa, on behalf of SADC—as in Zimbabwe, after violent, contested elections in 2008, and in Lesotho, in response to repeated periods of political instability. Since 2009, former South African President Thabo Mbeki has chaired the AU High Level Implementation Panel on Sudan and South Sudan. South Africa has also played mediating roles in conflicts in Cote d’Ivoire, the Democratic Republic of the Congo (DRC), Burundi, and elsewhere.

South Africa also has long deployed uniformed personnel to U.N. peacekeeping operations and contributed troops to periodic AU military interventions. As of May 31, 2020, there were 1,145 South African troops, police, and experts serving with U.N. peacekeeping missions in South Sudan, Darfur, Sudan, and DRC. In DRC, South Africa helped spearhead the formation of a special U.N. peacekeeping unit authorized to carry out contingent offensive operations in coordination with the DRC military to counter armed groups in DRC’s highly unstable east.154

Recently, following U.S. and local policy advocates’ calls for action by the South African government to help address ongoing economic and humanitarian crises, alleged state-sponsored human rights abuses, and persistent political tensions in Zimbabwe, South African officials launched an effort to engage the Zimbabwean government on such issues. These efforts got off to a problematic start. A state delegation sent to consult with Zimbabwean officials in August 2020 did not meet with the political opposition, per a Zimbabwean government request, and resulted in no publicly announced significant outcomes. It also came after Zimbabwean government criticism of a meeting between a top ANC official and exiled dissidents from Zimbabwe’s governing party, some of whom the Zimbabwean government is seeking to extradite. In September, a second, larger delegation—this time from the ANC—traveled to Zimbabwe, and also did not meet with the opposition. The delegation also fueled a domestic political scandal over improper use of state resources and its alleged breaching of a COVID-19 ban on international travel.155 South Africa also is considering helping the Mozambican government counter a burgeoning, Islamic State-affiliated Islamist insurgency in that country’s north, a locus of large-scale commercial natural gas development operations and varied illicit trafficking activity. A South African private military contractor is reportedly supporting Mozambican military operations.156

**China and the BRICS**

South Africa established diplomatic relations with China in 1998, after severing ties with Taiwan, and the two countries maintain close political, trade, and investment ties, which the Trump Administration may view negatively.157 China is South Africa’s largest trade partner. Bilateral

relations take place under a 2010 comprehensive strategic partnership pact and a host of subsidiary cooperation agreements. The most recent such agreements were signed in 2018 during a heads of state summit of the Forum on China-Africa Cooperation (FOCAC). The 2018 summit followed the 10th summit of the Brazil, Russia, India, China, and South Africa (BRICS) cooperation group, which South Africa hosted earlier in 2018. During a state visit to China by President Ramaphosa alongside the FOCAC 2018 summit, China reportedly agreed to provide $10 billion in financing for South Africa, adding to $14.7 billion in investments pledged by China during the BRICS summit. Much of the FOCAC financing was slated to fund South African state economic stimulus, infrastructure, and industrial development projects. The government did not make public the terms and conditions of the deal. These and other deals and loans have drawn opposition Democratic Alliance statements of concern—and lawsuit threats—focused on the transparency of such transactions, which the DA has cautioned will increase South Africa’s indebtedness to China, and may be linked to corruption.\footnote{Susan Comrie, “Guptas Siphoned R100m from South Africa’s Denel arms manufacturing SOE could be the target of some of these investments,” 159 AmaBhungane Centre for Investigative Journalism, September 10, 2018. On DA concerns, see Matuma Letsoalo, Dineo Bendile, Tebogo Tshwane, “China Gifts SA with R370bn,” AmaBhungane Centre for Investigative Journalism, September 14, 2018 and DA, “DA to Question Ramaphosa’s R370 Billion Chinese ‘Gift’,” September 16, 2018, among others.}

Middle East Issues

South Africa maintains cordial relations with multiple Middle East countries, including Iran, Saudi Arabia, and the United Arab Emirates (UAE). These ties have attracted local attention in light of reported pledges by the latter two countries to invest $10 billion each in South Africa, and because South Africa’s Denel arms manufacturing SOE could be the target of some of these investments.\footnote{Luke Daniel, “Ramaphosa Does It Again: UAE Invest a Further $10 Billion in SA,” July 14, 2018, and “Ramaphosa Strikes Gold: Saudi Arabia to Invest R133 Billion in South Africa,” July 12, 2018, both in \textit{The South African}.} South Africa has exported arms to Saudi Arabia and the UAE in recent years, and the Saudi military has reportedly used those arms in attacks in the ongoing war in Yemen. Analysts have suggested that these exports may violate South African human-rights-based arms sale controls.\footnote{Africa Confidential, “Riyadh to the Rescue,” October 12, 2018; Luke Daniel, “South Africa Is Supplying Weapons to Saudi Arabia, Involved in Yemen War,” \textit{The South African}, October 1, 2018; and CRS Report R43960, \textit{Yemen: Civil War and Regional Intervention}, by Jeremy M. Sharp.} Closer relations with Riyadh could affect long-standing South African relations with Iran, which take place through a bilateral Joint Commission of Cooperation created in 1995 and multiple cooperative agreements, as well as South Africa’s reported role as a back-channel intermediary between Iran and Saudi Arabia regarding the war in Yemen.\footnote{Peter Fabricius, “South Africa is Trying to Broker Peace Between Saudi Arabia and Iran in Yemen,” \textit{Daily Maverick}, October 12, 2018; Mahlatse Mahlase, “Mixed Success for Ramaphosa on 3-country Investment Drive,” News24, July 19, 2018; GOSA, \textit{Joint Communiqué of the 13th Joint Commission between the Republic of South Africa and the Islamic Republic of Iran}, October 23, 2017; and GOSA, DIRCO Treaty Register.}

South Africa, which supports a peaceful resolution of U.S.-Iranian differences, “expressed deep concern” over the early 2020 U.S. assassination of Iranian military leader Qasem Soleimani, and in 2018 set out its “deep concern” over the Trump Administration’s withdrawal from the Iran nuclear deal, the Joint Comprehensive Plan of Action.\footnote{GOSA, “President calls for peaceful resolution of US-Iran tension,” January 10, 2020, and “President Ramaphosa expresses deep concern on the decision by the US Government to withdraw from the Joint Comprehensive Plan of Action (JCPOA) with Iran,” May 9, 2018. On the U.S. killing of Soleimani, see CRS Report R46148, \textit{U.S. Killing of Qasem Soleimani}, by Cherie S. Brown.} Such positions and South Africa’s
friendly relations with Iran could potentially hinder relations with the United States, but U.S. officials rarely publicly address South African-Iranian ties. Possible differences with Washington regarding the status of the Palestinians could also potentially roil U.S.-South African relations but, as with Iran, such difference rarely appear to affect bilateral ties.

Outlook

The Ramaphosa administration has taken steps to reverse a sharp rise in corruption and a poor economic performance during the Zuma administration. Multiple inquiries into public sector corruption and malfeasance are under way, alongside SOE reforms. Such efforts are likely to be politically challenging for Ramaphosa, as they may threaten the influence of the still-influential wing of the party associated with ex-President Zuma. Ramaphosa also faces the challenge of balancing pressure from the political left on issues such as land reform and black economic empowerment, with the often influential interests of property owners and the private sector. Ramaphosa has made some progress on the economy, eliciting substantial investment pledges, pursuing a $26 billion COVID-19 recovery package, and pushing reforms that may allow SOEs to contribute substantially more to economic growth. Many of the reasons for weak growth, however, are structural, long-term phenomena that are not amenable to quick fixes, and the growing COVID-19 pandemic has magnified the breadth of the economic challenges facing the country. South Africa’s economy is large and diversified, however, and may have the capacity to expand moderately in the coming years, notably if the country’s large unemployed labor pool can be better integrated into the economy. Because of its market size and economic role within Africa, South Africa is well placed to grow as a key U.S. investment and export destination and hub for U.S. firms active in Africa.

Although South Africa has attracted limited congressional attention in recent years, it is a politically and economically significant actor in Africa, and the largest U.S. trade partner in the region. Some Members of Congress may view the bilateral status quo as satisfactory. Others have voiced an interest in strengthening the U.S.-South African relationship. For such Members, a range of issues may be of interest. They include South Africa’s future status under AGOA and as a trade partner in general, and as a target and hub for potential U.S. investment in the region—potentially through activity supported by the Trump Administration’s Africa-wide Prosper Africa initiative and the recently created U.S. International Development Finance Corporation (DFC). Prospects for South Africa’s relative progress in controlling its HIV/AIDS epidemic and

_Qasem Soleimani: Frequently Asked Questions._


164 South Africa criticized the Trump Administration's recognition of Jerusalem as Israel’s capital, for instance, as well as stated U.S. willingness to recognize prospective Israeli annexation of some West Bank areas under certain circumstances, and often made other statements that display positions at odds with U.S. stances toward the Palestinians and possible Palestinian statehood. See, for instance, GOSA, “South Africa condemns Israel's planned annexation of Palestinian territories” (June 30, 2020), “Statement by the Permanent Mission of South Africa to the United Nations, during the United Nations Security Council Open Debate on the situation in the Middle East, including the question of Palestine, Thursday,” April 23, 2020; and “South Africa’s position on the unilateral decision taken by the United States to recognise Jerusalem as the capital of Israel which undermines Middle East Peace Process” (December 7, 2017).

165 SFRC, “Bipartisan Foreign Relations Committee Senators’ Statement on Election Results in South Africa,” May 14, 2019; and “Chairman Risch and South Africa’s Foreign Minister Meet to Discuss Strategic Partnership,” August 21, 2019.

166 On these efforts and the DFC, see CRS In Focus IF11384, _The Trump Administration’s Prosper Africa Initiative and CRS In Focus IF11436, U.S. International Development Finance Corporation (DFC)._
PEPFAR’s role in helping it to do so—and prospects for it to assume primary or sole responsibility for such efforts—are another congressional issue of interest. Some Members may see a need to consider relative levels and allocations of U.S. assistance to South Africa, which are weighted overwhelmingly toward the health sector. There also is potentially scope for closer military or other security cooperation, including with respect to the emergence of an ISIS-affiliated group in northern Mozambique, a stated matter of mutual bilateral concern. Despite periodic strains in U.S.-South African relations on some international issues, there also may be potential for greater cooperation on a range of international and multilateral matters of mutual bilateral interest, as South Africa’s votes as a current U.N. Security Council member—which have been congruent with U.S. votes—have arguably demonstrated. Some Members may also see a need to focus specifically on the relative alignment of U.S. and South African policy in sub-Saharan Africa, in light of U.S. support for South African assistance in the region under the U.S. Trilateral Assistance Program.

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167 Such interest has been reflected in congressionally required reporting on these issues, as under P.L. 113-76.