



South Africa: Current Developments and U.S. Relations

On February 14, 2018, South Africa’s second term president, Jacob Zuma, resigned—after defying an order by the executive committee of the governing African National Congress (ANC) that he do so, and in the face of a threatened no-confidence vote in parliament. The parliament then elected as national president Cyril Ramaphosa, then national vice president, whom the ANC had chosen to succeed Zuma as its party leader in late 2017, ahead of general elections in 2019. Zuma’s departure came after years of pressure on him to step down, spurred by chronic corruption scandals and weak economic growth under his tenure. It also capped an effort by Ramaphosa, in the face of an intra-ANC split between pro- and anti-Zuma wings, to immediately succeed Zuma.

Country Background

South Africa, which became a multiracial democracy in 1994, is influential in Africa, due to its size, resources, and investment and political engagement across the region—but suffers from deep internal socioeconomic divisions. There has been progress toward racial equality since the first all-race election in 1994, which marked the end of apartheid, a system of legalized racial discrimination favoring the white minority. The deep inequality and poverty apartheid created, however, endures—despite diverse efforts by the ANC to redress its effects. Inequality continues to be borne primarily by the black majority, 80% of the population, which suffers high unemployment, low incomes (about 1/6 that of whites), and the lowest rates of education.

South Africa has the third largest and most industrialized economy in Africa, and is a major mineral producer, but years of anemic economic growth have hampered efforts to reduce poverty and income inequality. Despite massive investments in housing, social services, education, and infrastructure, public service quality has often been poor, spurring many protests. Some have been violent, as have some strikes by miners and mass student protests over higher education costs. Violent crime is also a key problem.

Broader challenges to social cohesion, often tied to socioeconomic marginalization and resentment among the poor, are reflected in periodic xenophobic attacks on African immigrants and their businesses, attacks on white farmers, and widespread de facto racial segregation. Many poor blacks and mixed race “coloureds” live in informal housing in “townships,” while the wealthy often live in highly secured, gated communities. A final key challenge is the high HIV/AIDS adult prevalence rate (18.9% in 2016).


Politics

Since 1994, the ANC has held a parliamentary majority and, as parliament elects the president, controlled the executive branch. The party won 249 of 400 seats (62.3%) in general elections in 2014, after which the parliament reelected Zuma to a second five-year term as president.

Widespread criticism of Zuma’s leadership, however, had increasingly appeared to be undermining popular support for the ANC, despite its historic anti-apartheid role. This generated increasing concern within the ANC over the electoral implications of Zuma’s continued leadership. Tied to this was what some observers called a “crisis of expectations,” in which the state has been seen as inadequately addressing post-apartheid public demands for rapid socioeconomic transformation. As a result, opposition parties have made steady electoral gains. The Democratic Alliance (DA) holds 89 seats and the radical Economic Freedom Fighters (EFF) 25 seats. The EFF’s rise has been rapid; formed in 2013 by Julius Malema, a former dissident ANC youth leader, it is now the third largest party in parliament. It often harshly criticized Zuma and repeatedly disrupted his parliamentary addresses.

Ending Controversy and Tumult Under Zuma

Ramaphosa’s swearing-in ends questions over whether Zuma might have remained national president until general elections in 2019 (as constitutional term limits would have permitted), and may open the way to Zuma’s prosecution on corruption charges (see below). Ramaphosa, whose election has been widely welcomed, has pledged to address corruption and the faltering economy, and other key challenges. Zuma’s departure ushers in an end to a series of high-profile state corruption controversies and alleged commercial favoritism under his tenure, which had spurred fierce intra-ANC and inter-party political competition and harsh criticism of his leadership.

<p>Population: 55.9 million GDP/GDP per capita/GDP growth: \$294 bill./\$5,261/0.3% Unemployment current/extended (current plus discouraged workers): <i>-General:</i> 26.7%/36.2% <i>-For blacks:</i> 30.2%/40.6% <i>-For young adults:</i> 53.3%/65.7% Languages: 9 African languages, Afrikaans, English (all official) HIV/AIDS adult prevalence: 19.2% (2015, per UNAIDS) Sources: South African Gov’t. & IMF (except HIV)</p>	 <p>SOUTH AFRICA</p>
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Zuma had entered office with substantial political baggage (e.g., acquittal in a controversial rape trial and corruption allegations) and faced years of public discontent over a state-funded upgrade of Nkandla, his private home compound. In March 2016, a Constitutional Court found that he had violated the constitution by defying a legally binding finding by former Public Protector Thuli Madonsela, requiring him to pay for some of the cost. Madonsela repeatedly used her post, akin to a state ombudsman, to probe malfeasance under Zuma’s tenure and was seen as a key check on his exercise of state power. The opposition DA then used her ruling as a basis for an unsuccessful attempt to impeach Zuma. A High Court also ordered the National Prosecuting Authority to review its

2009 dismissal of a 783-count corruption case against Zuma linked to a 1990s arms purchasing scandal. Zuma may now face trial in the matter.

Zuma was widely seen as allowing and sometimes facilitating the use of state-owned enterprises (SOEs) and connections to the ANC to advance private gain for his family and political loyalists. Notable alleged recipients have been a network of ANC and business interests related to Zuma, his relatives, and the Guptas—an Indian émigré family closely tied to him. Such dynamics have prompted extensive concern over “state capture,” the focus of a damning 2016 Public Protector’s report. The term refers to allegedly systematic collusion between top state officials and private firms to influence and even control SOEs, state regulatory processes, and public fiscal assets to advance their joint interests through lobbying and corrupt acts.

Politicization of Economic Leadership Under Zuma

Steady economic leadership is arguably crucial if South Africa is to reverse five years of declining economic growth (0.3% decrease in 2016) and rising unemployment. Zuma, however, changed finance ministers five times since 2014, in a manner that his critics alleged had prioritized his political and economic interests over those of the national economy. Notably controversial was his sudden late 2015 decision to replace the generally well-respected then-Finance Minister, Nhlanelo Nene, with a little-known MP, David van Rooyen. Nene's opposition to a large, costly Zuma/Gupta-backed nuclear plants building plan and negation of a large, opaque South African Airways (SAA) aircraft leasing deal, and other factors, reportedly prompted the change. A strong negative market response followed, as did protests and intense, broad-based criticism.

Zuma then replaced Van Rooyen with Pravin Gordhan (finance minister from 2009 to 2014 during Zuma’s first term). Markets responded positively to Gordhan’s appointment of Gordhan. He affirmed Nene’s nuclear build and SAA deal decisions, acted independently of and even in defiance of Zuma, and harshly criticized governance under Zuma—suggesting that growing unethical, corrupt business-state ties might turn South Africa into a kleptocracy. Controversy also erupted in March 2016 after the deputy finance minister reported that the Guptas, purportedly in concert with Zuma, had offered him \$47 million to take the ministerial post under an implicit quid pro quo deal before Nene’s firing.

A growing power struggle between Zuma and Gordhan came to a head in March 2017, when Zuma, in a highly controversial move, replaced Gordhan and several other ministers seen as opposed to Zuma. Gordhan’s successor, Malusi Gigaba, lacks financial sector experience, and initially spurred business concern by echoing Zuma’s calls for swift “radical economic transformation.” After his selection, two major credit agencies lowered South Africa’s debt rating to “junk” status. Many analysts saw Gigaba’s appointment as a sign of continuing Gupta influence and as exemplifying Zuma’s naming of reportedly pliant political loyalists to top state posts. Gordhan’s firing split the ANC leadership and spurred mass anti-Zuma protests and an opposition-initiated no confidence motion in parliament on

Zuma’s leadership. Zuma survived an August 2017 vote on the matter, the sixth such effort, by a slim margin.

U.S.-South Africa Relations

U.S.-South Africa relations are generally friendly, despite residual ANC distrust stemming from apartheid-era U.S. policies and periodic contemporary foreign policy differences. South Africa, for instance, has opposed U.S.-backed international interventions in Iraq and Libya, and differed with U.S. stances on Cuba, Palestine, and Iran. South Africa also did not arrest Sudan’s president, Omar al Bashir, on an International Criminal Court warrant for genocide and other crimes, when he attended a 2015 African Union summit in the country. The United States supports execution of the warrant.

In other cases, the two countries have often, if not always, concurred on political or military crises in Africa. Under the Obama Administration, the two governments pursued development and defense cooperation and a bilateral Strategic Dialogue, begun in 2010. It focused on health, education, food security, law enforcement, trade, investment, energy, and nuclear nonproliferation. South Africa twice hosted visits by then-President Obama and participated in his 2014 U.S.-African Leaders Summit. In early 2017, President Trump and Zuma spoke by phone on trade expansion, African peace and stability, cooperation on counter-terrorism, and multilateral issues—all traditional foci of bilateral relations.

Trade and Aid

South Africa is a key U.S. African trade partner, but trade levels have steadily declined, from \$16.8 billion in 2011 to \$11.4 billion in 2016 (-28.7%). South Africa's trade with the world fell by about the same proportion (from \$250 billion in 2011 to \$179 billion in 2016). South Africa was the second-largest exporter to the United States under the African Growth and Opportunity Act (AGOA) in 2016, but its use of AGOA tariff benefits has fallen in recent years. Its continued AGOA eligibility was made subject to review under P.L. 114-27, which extended and amended the Act. At issue was a bilateral trade dispute over South African restrictions on imports of U.S. meat products. The dispute was resolved in 2016; South Africa lifted the restrictions after intensive dialogue under the review.

Since 1992, South Africa has been a top African recipient of U.S. development aid, but levels have fallen in recent years, from \$515 million in FY2013 to \$470 in FY2017. The Trump Administration requested \$311 million for FY2018 and \$225 million for FY2019. HIV/AIDS and healthcare system aid have been longstanding objects of aid and congressional oversight. South Africa also received limited aid under the Obama Administration’s Power Africa and Global Climate Change initiatives, and under regional programs. Non-health aid has targeted education, varied efforts to increase government accountability and access to justice, and policy development focused on youth unemployment, economic competitiveness, and public service delivery.

Nicolas Cook, Specialist in African Affairs

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