

## **Joint Communiqué of the 9th Session of the South Africa – Sweden Bi-national Commission, Stockholm, 19 – 20 October 2015**

Stockholm, 20 October 2015

At the invitation of Her Excellency, Ms Åsa Romson, Deputy Prime Minister of the Kingdom of Sweden, His Excellency the Deputy President of the Republic of South Africa, Mr Cyril Ramaphosa, visited Sweden on the occasion of the 9th session of the Bi-national Commission (BNC) between South Africa and Sweden from 19 – 20 October 2015 in Stockholm. The two Principals were accompanied by delegations of Ministers, Deputy Ministers and Senior Officials.

On the margins of the BNC, the Co-Chairs also held bilateral discussions on issues of mutual interest at the bilateral and multilateral levels. At a bilateral level, discussions focused on trade and investment, skills development and training as well as job creation among others. At a multilateral level, discussions included co-operation in the implementation of the Sustainable Development Goals, reform of Global Governance institutions, UN and AU peace-building efforts and social cohesion. The meeting reaffirmed the historic ties of friendship and solidarity between South Africa and Sweden, which date back to the struggle for peace, democracy and justice in South Africa. The unequivocal support that the Swedish people gave to the people of South Africa laid a firm foundation for future co-operation between the two countries

The BNC reviewed and welcomed progress made since the 8<sup>th</sup> session of the BNC which took place in 2013 in Pretoria. The BNC also agreed to establish a new Committee on Environment, Water and Energy to cover new areas of co-operation of particular significance for sustainable development.

At the conclusion of the two days of consultations, the Co-Chairs received and welcomed progress reports from the four Committees of the BNC, namely: Political Affairs, Economic Affairs, Science and Technology Affairs, and Environment, Water and Energy Affairs.

The Political Affairs Committee discussed the bilateral relationship as well as selected Foreign Policy concerns of mutual interest. The Committee discussed a number of regional and global issues of mutual interest, including DRC, Burundi, the Horn of Africa, Liberia, Ukraine, Syria and Palestine. The importance of upholding the principles of international law, based on the centrality of the UN Charter and including the principle of territorial integrity was underlined in the discussions. It agreed on the desirability to improve cooperation between the UN and the AU particularly within the peace keeping and peace building fields as reflected in UN Review reports. Sweden and South Africa will work jointly to strengthen inclusive and sustainable peace building by promoting, amongst others, cooperation between women mediation networks as well as training of female mediators

The BNC took note of the success of the Swedish-sponsored full scholarship programme and welcomed the announcement of the extension of the programme until 2021. The programme provides opportunity for study at a post graduate level for South African students at Swedish tertiary institutions in a wide range of fields.

Further efforts will be made to deepen and develop economic relations, not least in the area of trade and investments. Strategic areas include, among others, energy, ICT, mining and transport infrastructure. Focus will be given to ensuring a conducive and predictable investment climate.

It was also agreed to strengthen collaboration in broadband policy framework development and rollout priority areas, including in ICT capacity building, SMME incubation and inclusion thereof in the value chains, as well as data security and e-learning strategies.

The Committee on Science and Technology noted the significant progress on scientific relations between the two countries with appreciation. It highlighted an agreement between the South African National Research Foundation and the Swedish Foundation for International Cooperation in Research and Higher Education which has already resulted in a research call with 103 applications received. An adjudication process of these research applications is currently underway.

Sweden and South Africa are committed to contribute towards a positive conclusion of COP21 in Paris in December 2015 and intend to intensify cooperation on sustainable development. The Committee on Environment, Water and Energy also agreed to continue collaboration on a broad range of issues including chemicals and waste, water resource management, and on the information platforms Water and Climate Change Information for Africa (WACCA) and Drought Early Warning Detection (DEWD). The Committee also expressed willingness to develop cooperation on energy.

At the closing ceremony of the BNC, a Memorandum of Understanding on Water Resources Management, and a Letter of Intent on Environmental Protection and Climate Change were signed, and the joint intent to finalise a Memorandum of Understanding in the field of Energy was expressed. These instruments will enable a broadened cooperation on areas contributing to sustainable development, including in the Blue Economy, and underscore the importance of job creation as a priority for both South Africa and Sweden.

In addition, a Business Forum of South African and Swedish business leaders met during the BNC, to explore the possibilities of future collaboration with particular focus on ICT, mining and energy. The two sides agreed to further pursue trade and investment relations, within the overall thrust of plans to grow a more inclusive economy.

A seminar on the importance of local partnerships was also held during the BNC. There are currently thirteen active partnerships between South African and Swedish local authorities, further deepening people-to-people contact between the two countries. A seminar on the New Climate Economy facilitated discussion on the economic potential of climate change and energy policies.

At the conclusion of the BNC, His Excellency Deputy President Ramaphosa expressed his sincere appreciation and gratitude to the Swedish Government for the excellent arrangements and hospitality extended to him and the South African delegation.

In conclusion, the Co-Chairs agreed that the 10<sup>th</sup> Session of the South Africa – Sweden BNC would convene in South Africa during the second half of 2017, on a date to be mutually determined through diplomatic channels.

## Reports from Committees

### POLITICAL COMMITTEE

The Political Committee took note that the status of bilateral relations was well reflected during the statements made by the principals during the opening plenary. It observed tangible progress of the other committees and looked at areas where more work needs to be done. It expressed satisfaction with the reenergized relations.

Both parties noted with satisfaction the long-standing cultural cooperation between South Africa and Sweden, based on mutual interest and strong contacts between individuals, organisations and the two governments. During the BNC a bilateral meeting on the topic of cultural cooperation was arranged and considering the increased mutual interest on a political level for cultural issues it was decided to increase the cultural policy dialogue. The planned visit by the Swedish Minister for Culture and Democracy to her South African counterpart in 2016 constitutes the next step in this process.

The discussion covered both our bilateral relationship and selected Foreign Policy concerns of mutual interest. The Committee also discussed possibilities for strengthened and deepened partnership in the area of social cohesion.

Among the topics addressed, the following concrete conclusions can be highlighted:

1. The Committee recognized the broad range of municipal partnerships and encouraged them to continue to share experiences on issues relating to local governance in South Africa and Sweden respectively. It took note of the need to improve coordination.
2. The Committee welcomed the announcement of the extension of the scholarship programme funded by the Swedish Institute for a further three years.
3. Regretting the late postponement of the Human Rights Dialogue the Committee agreed to confirm a new date shortly.
4. Agreed on the desirability to improve cooperation between the UN and the AU particularly within the peace keeping and peace building fields. Sweden and South Africa will work jointly to strengthen inclusive and sustainable peace building among others by promoting cooperation between women mediation networks.
5. The committee discussed a number of regional and global issues of mutual interest, including DRC, Burundi, the Horn of Africa, Liberia, Ukraine, Syria and Palestine. The importance of upholding the principles of international law, based on the centrality of the UN Charter, and including the principle of territorial integrity was underlined in the discussions.
6. The Committee agreed to explore possible areas of tri-lateral cooperation.

The Committee undertook to continue exchanging views on matters of mutual interest in the area of international relations, through regular engagements. This will be discussed further at the forthcoming Mid Term Review to be held in South Africa in the latter half of 2016.

## **COMMITTEE ON SCIENCE AND TECHNOLOGY**

Since the signing of the bilateral agreement on Research, Technology and Innovation in 2013, and the creation of the Joint Committee platform, significant progress on the scientific relations between the two countries has been noted with appreciation. Both sides are pleased with the current joint research cooperation activities under this agreement, which are beginning to bear fruit. The following are concrete collaborative activities:

- An agreement between the South African National Research Foundation and the Swedish Foundation for International Cooperation in Research and Higher Education has resulted in a research call with 103 applications received. An adjudication process of these research applications is currently underway.
- A MoU between the South African Medical Research Council and the Swedish Research Council for Health, Working Life and Welfare was signed in July 2015. The MoU is aimed at fostering closer cooperation in health related fields. In implementing this MoU, Swedish researchers are currently in South Africa to advance collaboration aiming at a joint research call in 2016.
- Currently there is delegation of South African researchers in the field of Astronomy visiting various universities in Sweden, as well as the Onsala observatory. A seminar will also be held to develop a concept paper on Swedish-South African collaboration in this field.
- A workshop on Innovation focusing on Health, ICT and Water, will be held in Pretoria on the 22 of October 2015. The aim of the workshop is to further explore collaboration in these fields, bilaterally and through European Union programs, such as Eureka.

Furthermore, both sides also noted with appreciation the imminent high level delegation of Vice-Chancellors visit to South Africa in March 2016. The visit is designed to strengthen and deepen collaborative links in the field of research between the two countries' University institutions.

Lastly, both sides are encouraged by the progress and achieved successes in this cooperation and committed to further explore new areas of collaboration for instance in the fields of gender equality in research and possible advancements of collaboration between Technical Research Institute of Sweden and the Council for Scientific and Industrial Research, amongst others.

## COMMITTEE ON ENVIRONMENT, WATER AND ENERGY

The BNC decided to establish a new Committee on Environment, Water and Energy given the important contribution that these sectors make towards promoting sustainable development and the role the two countries play as members of the High Level Group to ensure implementation of Agenda 2030.

As a principle the Committee agreed to apply, as far as possible, an integrated approach amongst and between the different sectors given their inter-linkages and contribution to sustainable development. Furthermore, in line with policies of both countries, the Committee agreed on the importance to take into consideration gender equality.

Sweden and South Africa share a long-standing friendship and history of fruitful cooperation and both sides expressed a desire to broaden and deepen the bilateral cooperation through the signing of a Letter of Intent of Environmental Protection and Climate and a Memorandum of Understanding on Water Resources Management. Furthermore the Committee noted with satisfaction the joint intent to finalise a Memorandum of Understanding in the field of Energy.

The committee agreed to continue collaboration in the following areas:

- Climate Change and Energy – Coordinated Regional Downscaling Experiment (CORDEX).
- Chemicals – Chemicals management strategy and the Globally Harmonised System (GHS) for classification and labelling of chemicals in South Africa.
- Waste Management - Management of waste, toxic substances and hazardous waste, as well as waste to energy.
- Air Pollution - Quantifying health effects of air pollution and Assessment of air quality levels in South Africa.
- Oceans governance, including Maritime strategy and ecosystem based marine spatial planning.
- Source to sea action platform to support knowledge generation and investment.
- Water resource management – Equity and sustainability in water pricing; Gender and youth issues and local engagement; Using municipality twinning arrangement to reduce water leakage; and Knowledge exchange on transboundary management of surface and ground water.
- Water and Climate Change Information for Africa (WACCA) and Drought Early Warning Detection (DEWD).

On energy matters, the two sides expressed willingness to develop cooperation, supporting work towards a Memorandum of Understanding in the Field of Energy.

The two sides agreed to continue dialogue and exchange views on multilateral environmental agreements such as the UNFCCC; Stockholm, Rotterdam, Minamata and Basel conventions; and UNCLOS. The two sides also agreed to develop cooperation within the work of SAICM beyond 2020. Both countries confirmed the importance of an enhanced policy dialogue within multilateral energy fora such as the International Energy Agency and the Clean Energy Ministerial.

Recognising that climate change is a global problem, requiring a global solution, which can only be effectively addressed multilaterally, both sides expressed their commitment to working towards a successful outcome at COP 21 in Paris.

The Committee recognized the importance of the Green economy and its role in promoting sustainable development.

## **ECONOMIC COMMITTEE**

At the 9th Session of the Economic and Development Committee, both sides exchanged views on the on-going multilateral topics, such as the WTO DDA negotiations, the EU, South Africa's participation in BRICS, developments in the G20, SADC and of the SACU-EFTA FTA. Both sides agreed on the importance of pressing for a successful and balanced outcome at the WTO Ministerial Conference in Nairobi in December 2015, with particular attention to the needs of the least developed countries.

Both sides exchanged views on economic developments in South Africa and in Sweden since the last BNC, held in Pretoria in 2013. The Swedish side provided an update on the Swedish economic development. The Swedish economy remains relatively strong with an expected growth rate of 2,8 percent for 2015. The recent depreciation of the Swedish currency helps restore exports after a number of years of strong appreciation. A stronger economy in the EU area also helps to enhance economic activity in Sweden. They indicated that the employment situation still presents challenges, with 7,2 percent of the labour market participants being unemployed.

Sweden also faces a challenge with a larger than expected influx of refugees, not least from conflict zones in the Middle East. However, the growth forecast for the Swedish economy in the coming years is 2,8 percent for 2016 and 2,6 percent for 2017 and the Swedish Government remains convinced that open trade with partners around the world, including with South Africa, will lead the way for the future.

Gender equality throughout the economy and the society at large is a major priority for the Swedish Government. Women participate extensively in the formal economy with a female labour market participation rate of 84,3 percent, compared with a male labour market participation rate of 89,4 percent. However, there are still challenges connected to ensuring equal salaries and equal possibilities of advancement. Qualitative and accessible child and health care are viewed as key for a high labour market participation rate overall. Moreover, Sweden puts high focus on the green economy, with smart solutions for energy efficiency and saving and minimized green-house emissions at heart of all policies.

The South African side took note and in turn informed the Swedish side about the developments in the South African economy. The South African economy still faces the strong headwinds, with GDP growth rate decelerating by 1.3 percentage points in the 2nd quarter of 2015. In terms of employment, 80 000 new jobs were created during this quarter. Notwithstanding the new jobs



created, the unemployment rate remains stubbornly high, decreasing moderately from 26% in the first quarter to 24.7% in the second quarter.

The development of bilateral trade flows between the two countries was assessed. Both sides expressed dissatisfaction about the state of bilateral trade which remains below potential. Both sides confirmed their wish to revitalize trade relations. The South African side informed the Swedish side about their draft national export strategy which has identified automotives and electro technical exports as the areas with the greatest strategic potential to increase value added trade with Sweden. The Swedish side took note of these developments and informed the South African side that their exports to countries outside of Europe correlate with the operations of Swedish companies in those countries and thus the intimate linkage between FDI and trade. The Swedish side informed the South African side about the Swedish Government's newly adopted Export Strategy, aimed at strengthening exports by existing companies as well at increasing the number of exporting companies. Both sides agreed that Sweden is interested to hear about South African priorities in relation to EU trade regulations.

Both sides underline the importance of ensuring a predictable and enabling legal framework for investments and took note of common initiatives that have taken place since the last BNC. The South African side informed the Swedish side about the South African President's 9 point plan where increasing private sector investment is one of the 9 priorities. To this end, the President announced the establishment of a one-stop-shop to assist with creating an enabling investment environment. It was noted that Swedish companies in South Africa provide at least 15 000 employment opportunities in South Africa and contribute to the creation of another 75 000, and also that the sectors in which Swedish companies primarily focus are those of importance to the economic, social and infrastructural development of South Africa. The Swedish side shared input from the Swedish industry about their positive view on the structure of the South African Independent Power Producer Procurement Program, including for economic transformation. The Swedish side also shared concerns about the amendments to the Private Security Industry Regulatory Act, and about implications of the Broad-Based Black Economic Empowerment policy on Swedish companies' ability to sustainably and successfully operate in South Africa. The South Africa side offered to further engage Swedish companies on the B-BBEE Policy and its implementation with the view of enhancing their understanding of the Policy. South Africa further gave a brief outline about the objectives of the new Promotion and Protection of Investment Bill and highlighted amongst others that the Bill seeks to ensure that South Africa remains open to investment whilst at the same time striking a balance between the rights of foreign investors and Government's policy making space. In response Sweden explained the arbitration framework as developed within the European Union, where the importance of independent arbitration is underscored.

In discussions about sectors of mutual priority, both countries confirmed the importance of power generation, transmission distribution and energy efficiency and the potential for strong collaborations in this area, especially with regards to renewable energy; energy efficiency; power quality; transmission; and smart grids. South Africa shared information about their procurement program of energy from independent power producers (REIPPPP) and about ongoing energy infrastructure maintenance. Both matters were identified as holding potential for increased collaboration. Both countries also agreed to look into the possibility of keeping energy in mind in other bilateral programs, and of looking into possibilities of working together towards the SADC region.

Both countries confirmed their shared view of information and communication technology as being key to development of the economy and society. To this end, the common interest for deepening the relations and collaboration in the area of ICT was confirmed. South Africa elaborated on the SA Connect strategy, which aims to substantially increase connectivity and stimulate the economy in South Africa. Sweden shared information on how ICT has been important for the country's development as a knowledge-economy and that the Swedish resource base would be prepared to work closely with South Africa in the country's strive towards ensuring that the objectives of SA Connect are realised. South Africa confirmed their interest in working closely with Sweden in this regard.

South Africa shared information about the importance of and potential in mineral beneficiation in South Africa and the work towards a comprehensive plan for enhanced mineral beneficiation operations. Sweden shared experience from the transition the Swedish mining industry has undergone and pointed to strong labour union collaboration and the development of entrepreneurship and SME around the major mining houses. Both sides noted with satisfaction the exchanges that have taken place since the last BNC and the strong presence of the Swedish industry in mineral beneficiation in South Africa. Both sides agreed to look into how the Swedish experience could be put to use in South Africa, both regarding modernization and social innovation.

The two sides reflected on various issues facing the global and mineral industry including low commodity prices and increasing cost of production. The South African side informed the Swedish side about the upcoming Mining Phakisa to be held from 26 October 2015 in South Africa. The South African side further expressed its aspirations particularly on opportunities identified in narrow reef hard rock mining. It was agreed that both sides will facilitate discussions between the relevant stake-holders about policy positions and upcoming intentions. It was further agreed that South Africa will share the outcomes of Mining Phakisa with the Swedish side and the progress report will be shared during the Mid-Term Review.

Transport infrastructure is a matter of great importance for the economic activities of both countries. South Africa shared information about their forthcoming investment plans in infrastructure, through the President's Infrastructure Cooperation Committee (PICC) initiative, including in the areas of railway transports and road safety. Sweden shared an interest to connect South Africa with the Swedish resource base for the country's plans and to work closely with South Africa including regarding energy, ICT and transport infrastructure for ensuring the success of the PICC. This would also be to follow up on visits that have taken place in both directions.

South Africa and Sweden shared their respective approaches to the blue economy, South Africa through the priorities of their Blue Economy Ocean Phakisa, and Sweden through their Maritime Strategy. Both countries agreed to share further input with one another in regard of the blue economy and to identify areas of mutual interest and importance for the bilateral relations that can be further explored.

Both sides commented on the increased importance of agriculture and food in international trade and on export interests in both directions, with a focus on consumer safety. South Africa informed Sweden about their focus on the agro processing industry and about the progress of Swedish applications to export pork, chicken and bovine semen to South Africa. Sweden shared thoughts about Swedish wine imports from South Africa, which have been going down.



Both countries agreed that there is a strong interest in activities that can enhance bilateral trade and investment and enhance the functioning of respective economy. Activities will be undertaken to share experience on how to strengthen labour market relations, enhance women's participation in the economy and to see opportunities in a dialogue with companies investing in the other country, about how to ensure sustainable business for a sustainable society and economic development.

The South African side informed the Swedish side about the National Development Plan (NDP) calls for the creation of 11 million jobs by 2030 and it is anticipated that 90% of these jobs will be created by SMME's. The South African side further shared that there has been a notable decrease in the representation of women as business owners in South Africa since 2007 from 43% to 37%. At the same there is a large representation of women in the informal sector. Through the unlocking of the potential of SMME's and cooperative, which is one of the points on the 9 point plan, South Arica aims to give specific attention to the participation of woman in the economy.

The main challenge facing both countries was to create conditions that lead to more employment and decent jobs for all citizens. Both countries strive towards being knowledge based economies and the ongoing program, where South African students are granted full scholarships for masters studies in Sweden, covering for tuition fees and living expenses, was appreciated from both sides as a way to strengthen this.