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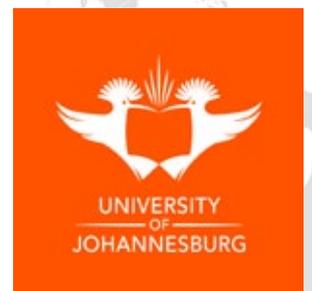
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**TRANSNET'S INTERNATIONALISATION
AND SA FOREIGN POLICY:
The potential for Transport Diplomacy in Africa**

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The potential for Transport Diplomacy in Africa**

Lebohang Makekeng

Lebohang Makekeng is a third year PhD candidate at the University of Johannesburg. His research centres on transport, diplomacy, and Africa's infrastructure development.

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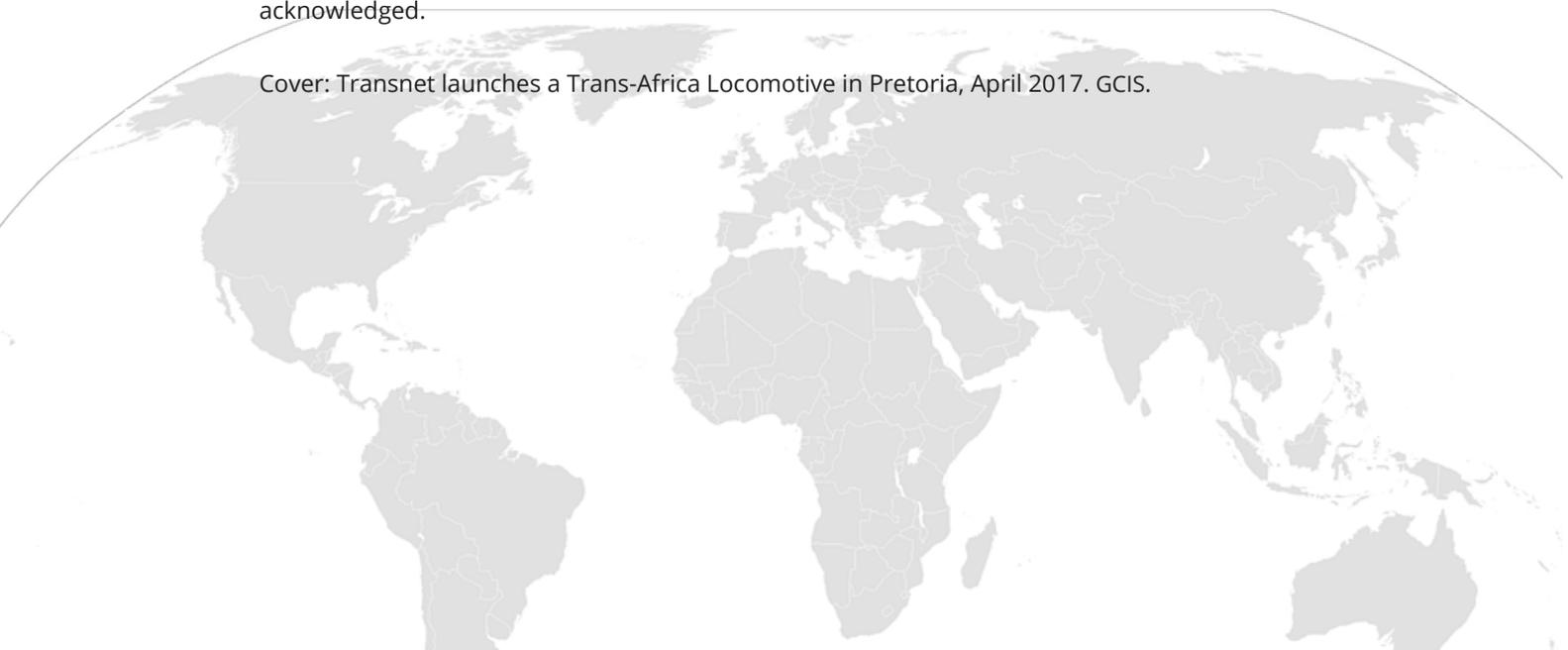
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For enquiries, contact:
Bhaso Ndzendze, Research Director, CACS
Tel +27 (01)11 559-7504
Email: bndzendze@uj.ac.za

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Cover: Transnet launches a Trans-Africa Locomotive in Pretoria, April 2017. GCIS.





Introduction

The evolution of South Africa's foreign policy and diplomacy over the past two decades cannot be divorced from changes in the global system. Notably, South Africa's readmission into the global community in the early 1990s coincided with and was partly driven by the end of the Cold War. In the process, it became what Brian Hocking (1993) has referred to as a 'catalytic state', essentially a type of state that is dynamic in nature and capable of entering into partnerships with other governments, the private sector and transnational organisations.

Contemporary global relations are characterised by the decline of the Westphalian state, with foreign policy no longer being the exclusive preserve of traditional actors such as ministries of external affairs and defence. In line with this trend, a host of South African state, non-state and transnational actors, including state-owned enterprises (SOEs), have effectively become involved in South African foreign policy.

SOEs as foreign policy contributors

SOEs began to internationalise in the mid-20th century in key sectors such as transport, mining and construction. As soon as SOEs begin to operate internationally on a commercial basis, similar to multinational corporations (MNCs), they are commonly referred to as State-owned Multinational Corporations (SOMNCs). However, in contrast with their private sector counterparts, they remain accountable to their owners, namely national governments. In line with this, Cuervo-Cazurra, Inkpen, Musacchio and Ramaswamy (2014) define SOMNCs as: 'legally independent firms with direct ownership by the state that has value-adding activities outside of their home countries'.

In 1999, China launched its successful Zou Chu Qu / Go Abroad Strategy, aimed at integrating SOMNCs into the global economy by extending foreign direct investment (FDI) to the resource extraction, trading and technical services sectors. In 2013, China built on this strategy by introducing the One Belt, One Road initiative, which is ushering in a new era of internationalisation by its SOMNCs, and creating favourable conditions for them to invest abroad (Alon et al 2014).

In May 2017, South Africa's energy generation and transmission utility, Eskom, launched an Integrated Africa Strategy aimed at positioning it as a major player in key energy markets across Africa (interview with Msimanga, 2019). Three years previously, in March 2014, Transnet had launched its Africa Strategy aimed at positioning this giant railway and ports enterprise as a key player in the continent's transport industry.

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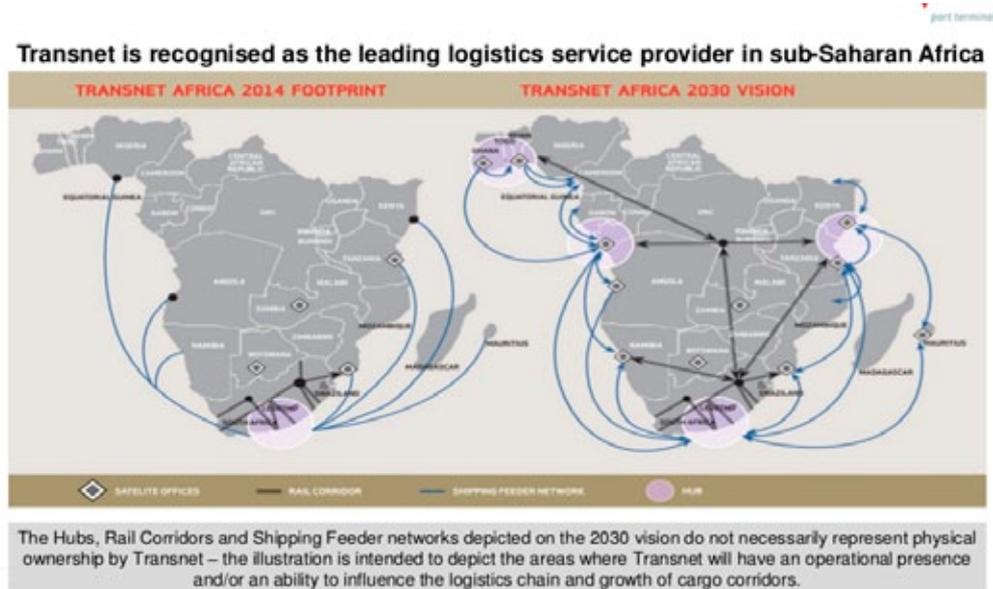
Given this, South Africa's SOMNCs and Transnet in particular should be drawn into the 'concentric circles' of foreign policy-making, and the Department of International Relations and Cooperation (Dirco) should leverage their potential role by means of Transport Diplomacy across Africa. As Dr Jacobus Loubser, a former general manager of Transnet's forerunner, South African Railways and Harbours (SAR&H), has noted (1980), Transport Diplomacy is the 'art of enabling the transport potential of a country to perform a maximum role in that country's relations with other countries, for the furtherance of its own as well as the common interests of its partners.'

Viewed from this angle, Transnet's assets, such as its diesel locomotives, bulk gondola wagons and fuel tankers, assume a bigger status beyond the conveyance of goods. They should also be used to contribute to foreign policy, since they are well positioned to play a role in a 'carrot and stick' strategy. Indeed, South Africa leads the continent in terms of transport infrastructure and technical know-how. For instance, in 2019, South Africa assembled the world's longest production train, on the line between the Sishen mine and Saldanha Bay, comprising 375 wagons, and some four kilometres in length (Liedtke 2019). South Africa's rail network adds up to about 30 400 kilometres (Transnet Freight Rail 2017), compared with Egypt's 6 700 kilometres (Egyptian National Railways 2020) and Nigeria's 3 528 kilometres (Index Numdi 2020). This illustrates South Africa's lead over other big African economies, and puts Transnet in a strong position to provide railway solutions for the entire continent (see Figure 1).

Historically, it will be recalled that, following the failure of its proposed Constellation of Southern African States (CONSAS), the apartheid government leveraged railway transport as an 'antidote to isolation in southern Africa' (Loubser 1980; Geldenhuys 1981). In the absence of diplomatic relations with the region, and with the knowledge that most of its neighbours were landlocked and had poor transport infrastructure, South Africa packaged and marketed its transport capabilities in a way that prompted talks between Pretoria and its neighbours.

Following Rhodesia's unilateral declaration of independence in 1965, Zambia closed the southern rail corridor between itself and Rhodesia, and sought to obtain an alternative rail link to the Indian Ocean independent of the white-ruled southern countries. As a result, Zambia and Tanzania asked China to build the Tanzania-Zambia Railway Authority (Tazara) line. Completed in 1975, it was initially hailed as an African developmental marvel. However, it later ran into capacity and financial difficulties. In 1980, given the need to secure the export of Zambian copper, Zambia Railways Limited (ZRL) signed a commercial agreement with the South African Transport

Figure 1: Transnet’s projected expansion into Sub-Saharan Africa



Source: Transnet 2014.

Services (today’s Transnet) which provided for the following: ‘... two trains per day, one each from Komatipoort and East London via Beit Bridge and Mafikeng respectively, were arranged to convey fertiliser to Zambia. On the return trip, Zambian copper was carried for export through East London. Approximately 1 500 to 2 000 trucks were made available to convey freight daily north of the Victoria Falls bridge to and from Zambia and Zaire’ (Loubser 1980).

The reopening of the southern transport corridor and the seamless flow of Zambian cargo to South African ports repositioned Pretoria as a solutions provider to Africa’s infrastructural challenges. Indeed, there are numerous other instances besides ZRL of South African transport infrastructure being brought within the potential ambit of foreign policy.

However, Dirco remains aloof to the potential advantages of transport diplomacy. In chapter seven, the National Development Plan 2030 (NDP) states: ‘It is an incontestable reality of capitalist international relations that it may be states that secure international trade or financial relations, but it is, ultimately, private companies that do business across borders.’¹ This position fails to recognise the full significance of the current expansion of South African SOEs such as Transnet, Eskom, Denel and PetroSA into Africa, and the vital role they could play in South African foreign policy.

The launch of Transnet International Holdings (TIH) by the Transnet Group on 30 May 2018 contradicts any notion that global mercantile activities are the sole preserve of the private sector. At its core, TIH is mandated to provide logistics solutions in the port, railway and pipeline realm in Africa, the Middle East and South East Asia. This implies that Transnet will embark on a revenue diversification venture outside the parameters of its local market, and will as a result follow in the footsteps of South African multinationals such as Shoprite, MTN and Sasol.

The way forward

Given all this, has the time not arrived for Dirco and Transnet to collaborate? Transnet has the operational and technical know-how to contribute to the continent's infrastructure and economic growth, as envisioned in the African Union's Presidential Infrastructure Championing Initiative (PICI). Leveraging this potential contribution by means of Transport Diplomacy could rekindle and solidify Pretoria's leadership role in Africa. Indeed, South Africa's Transnet, and not Beijing's China Railway Rolling Stock Corporation (CRRC) or the Russian Railways, should play a leading role in developing African transport infrastructure.

Transnet has the operational and technical know-how to contribute to the continent's infrastructure and economic growth

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