SOUTH AFRICA'S POST-1994 DIPLOMACY IN SECURING THE SUPPLY OF OIL

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ABSTRACT

In the 21st century, global energy challenges have led most countries to pursue energy security, specifically access to oil, as a strategic foreign policy goal. The diplomacy involved in realising this goal is complex and highly competitive in light of geo-political dynamics marked by a tight market, instability in oil supplying countries and the politicisation of the oil trade.

South Africa faces huge socio-economic challenges, rooted in its history of apartheid, and as a net importer of crude oil, energy security is critical to the country's development. In the past 21 years, since the inception of its democratic order, South Africa has advanced strategic diplomatic partnerships with selected oil-producing countries in order to secure access to this key resource. These initiatives have yielded mixed results due to a variety of factors.

Given this context, this study examines South Africa's energy diplomacy within the global energy discourse. The extent to which South Africa's post-apartheid diplomacy has been positioned to secure the country's supply of oil is investigated, with particular focus on how South Africa has used structured bilateral mechanisms to access oil in Africa and the Middle East – the two regions from which it imports the largest quantity of its crude oil. The study also assesses the risks associated with exploring access to oil in these regions.

It argues that although South Africa's energy diplomacy has contributed to the supply of oil in the past 21 years, long term security of supply cannot be guaranteed without a robust diplomatic strategy that mitigates both internal and external risk factors and locates diversification of supply sources as its central pillar.

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ABBREVIATIONS/ACRONYMS/UNITS OF MEASUREMENT

ACSA	Airports Company of South Africa
APPA	African Petroleum Producers Association (APPA)
APRM	African Peer Review Mechanism
AUC	African Union Commission
BNC	Binational Commission
CEF	Central Energy Fund
CFIR	Consultative Forum on International Relations
CPA	Comprehensive Peace Agreement
DRC	Democratic Republic of the Congo
DIRCO	Department of International Relations & Cooperation
EIA	Energy Information Administration
ERB	Energy Resources Bureau
EU	European Union
FOCAC	Forum for China-Africa Cooperation
GEAR	Growth, Employment and Redistribution
ICTS	International Cooperation, Trade and Security Cluster
IEA	International Energy Agency
IOC	International Oil Company
IRENA	International Renewable Energy Agency
IRP	Integrated Resource Plan
JBC	Joint Bilateral Commission
JEC	Joint Economic Commission
JMC	Joint Ministerial Commission
Mb/d	Million barrels per day
MEND	Movement for the Emancipation of the Niger Delta
MK	Umkhonto we Sizwe
NDP	National Development Plan National
NNEECC	Nuclear Energy Executive Coordination Committee
OAU	Organisation for African Unity
OECD	Organisation of Economic Cooperation and Development
OPEC	Organisation of Petroleum Exporting Countries
PASA	Petroleum Agency of South Africa

PETROSA	Petroleum Oil and Gas Corporation of South Africa
SA	South Africa
SADC	Southern African Development Community
SAFPI	South African Foreign Policy Initiative
SAPIA	South African Petroleum Industry Association
SFF	Strategic Fuel Fund
SONA	State of the Nation Address
SPLM	Sudanese People's Liberation Movement
TFC	Total Final (Energy) Consumption
UNGA	United Nations General Assembly
US	United States
USSR	Union of Soviet Socialist Republics

CHAPTER 1
INTRODUCTION

1.1 Identification of the Research Theme

Energy security has emerged as one of the critical themes in the international energy discourse. Its global significance is strengthened by the reality of the vulnerabilities of countries to the supply of energy, unprecedented increase in global energy demand, and the question of global warming (Club de Madrid, 2006:9). Energy and oil in particular are strategic resources for all countries. They are central to economic development across the globe and are regarded by most governments as crucial to national interest, security and the exercise of full sovereignty (Makube, 2008:57). In this regard, Schumacher (as quoted by Goldthau & Sovacool 2012:232) stated that 'energy is not just another commodity, but the precondition of all commodities, a basic factor equal with water, air, and earth'.

The increasing integration of the world energy markets and the sheer scale of the global trade in oil have made the issue of access to this resource a pressing one for all countries, including South Africa. Although oil resources are large, they are finite and unevenly distributed around the world. In 2006, around 40 million barrels of oil crossed oceans in tankers. It is estimated that by 2035 this figure could rise to 101 million barrels per day (IEA, 2013a:457; Yergin, 2006:79). A global scramble for oil is therefore evident in the context of limited supply. The scramble appears to have been caused by several factors which threaten global energy security. These factors include global oil price instability and political instability in oil exporting nations, increased fear of international terrorism and geopolitical dynamics (World Energy Council, 2009:24). The increase in global oil demand compels Yergin (2006:70) to ponder: '... in the background – but not too far – is renewed anxiety, whether there will be sufficient resources to meet the world's energy requirements in the decades ahead'.

From the aforementioned, it is becoming increasingly evident that in the 21st century and beyond, energy security will shape the contours of foreign policies and diplomatic strategies of most countries. Some of the leading contemporary powers, notably the United States (US) and China, have taken the lead in this regard. In 2010, the US

Department of State established the Energy Resources Bureau (ERB) in order to ensure access to secure and reliable sources of energy as well as managing 'the geopolitics of today's energy economy through reinvigorated energy diplomacy with major producers and consumers' (US Department of State, 2010).

Similarly, after the end of three decades of energy self-sufficiency, China has exponentially increased its demand for oil from the global market in order to fuel the domestic petroleum needs due to the expanding economy. As the IEA postulated in its World Economic Outlook 2013: '...the centre of gravity of energy demand is switching decisively to emerging economies, particularly China, India and the Middle East, which drive global energy use one-third higher' (IEA, 2013a:23).

Like the US and China, post-apartheid South Africa also faces energy security challenges. The country is heavily dependent on the international market for its petroleum needs. For example, in 2012 South Africa consumed 616,000 barrels of oil per day, of which 378,000.00 were imported (US EIA, 2014). More than half of the country's daily crude oil is imported from the Middle East and Africa. A 2007 study projected that the South African economy could lose about R926 million per day in the event of any disruption in global oil supply (SA Department of Energy, 2007:5). Against this background, securing an uninterrupted supply of oil at an affordable rate is necessary for South Africa's economic growth and development as well as its ability to address the persistent challenges of poverty, unemployment and inequality.

It was in the context of a complex global energy security dilemma and pressing domestic concerns that South Africa's post-apartheid foreign policy and diplomacy evolved. While President Mandela's focus was on integrating South Africa back into the world community of nations as a champion of human rights, his successor Thabo Mbeki pursued a foreign and diplomatic agenda that balanced the country's regional and global commitment to the domestic development objectives (Pfister, 2006:28). Through the adoption of the macro-economic framework Growth, Employment and Redistribution (GEAR), Mbeki drew a link between the country's domestic and foreign policies. During this period, the promotion of national interests became the leitmotif of South Africa's foreign policy and diplomacy. In this regard the pursuit of wealth and security defined

South Africa's engagement with the world which continues to be the case even today (Alden & Le Pere, 2006:55).

The external vulnerability of the South African economy to the instability of global energy supply invariably determines its international relations strategy. As a result of this, since 1994, South Africa has forged strategic partnerships with countries such as Iran, Saudi Arabia and Nigeria from which it sources its crude oil. Until 2011, Iran was South Africa's second largest supplier of crude oil after Saudi Arabia (US EIA, 2014). However, the 2012 sanctions on Iran by the US and the EU, and the impact thereof on South Africa's energy needs, brought into sharper focus the political dimension of energy and highlighted a need for the country to develop a long term diplomatic strategy for energy security. Although the loss of oil from Iran was substituted by increased imports from Nigeria (US EIA, 2014), the delicate political relations between the two countries once more underscores the necessity of robust energy diplomacy.

This study aims to investigate the extent to which post-apartheid South Africa has utilised its diplomacy to secure the country's supply of energy, particularly crude oil focusing on the period from 1994 to 2014. It also examines the external vulnerability and dependency of the South African oil sector and investigates the challenges and opportunities presented by the existing global realities in this domain, and finally presents proposals for clearer and stronger energy diplomacy. This research will therefore *inter alia* advance an understanding of energy diplomacy as a form of niche diplomacy.

1.2 Literature Overview

The utility of energy diplomacy as a tool to secure the supply of oil is steadily gaining the attention of both practitioners and academics. The pursuit of energy security takes place in the global arena which witnesses contestation between two major international relations paradigms: realism, a dominant thought that sees states' motives as driven primarily by the quest for power and profit; and idealism, which conceives of politics and states' conduct as 'the sum total of collective activities where human beings decide on what the common good is, how it can be pursued justly and fairly' (Pfister, 2006:28). In this context, this literature overview covers the following themes which constitute critical

theoretical pillars of this study: energy on the global diplomatic agenda and the resultant development of energy diplomacy as niche diplomacy; and the international dimension of South Africa's oil requirements.

1.2.1 Energy on the global diplomatic agenda: conceptual context

From antiquity to modern times, diplomacy has been conceptualised in tandem with global politics, as is clear from the work of authors such as Berridge (2005), Watson (1982), Bull (1977) and Nicolson (1969). Du Plessis (2006:91) credits diplomacy with being 'the master instrument to implement foreign policy, as well as an instrument in the utilisation of other techniques'. It is essentially an instrument used to maximise the attainment of foreign policy goals and promote national interest.

Diplomacy in its original form entails negotiations, cooperation and pacific settlements of conflicts. It is a major characteristic of the idealist approach to international relations. Diplomacy also features prominently in the realist paradigm as it is strongly utilised by states to project power and influence in order to maximise benefits and minimise losses in international politics.

Energy diplomacy is a relatively new and weakly defined concept in diplomatic studies. Barbieri (2010-2011) defined energy diplomacy as 'an assurance of energy sources by building partnerships through diplomatic exchanges'. Energy diplomacy has recently developed as niche diplomacy. The former Australian Foreign Minister, Gareth Evans, was the first to use this concept and defined niche diplomacy as 'concentrating resources in specific areas best able to generate returns worth having, rather than trying to cover field' (Evans, 2012).

Through energy diplomacy, countries seek to attain energy security. Although there is vast literature on energy security, there is no clear conceptual definition of the concept. Therefore, the meaning is contextually determined. Energy-deficient countries define energy security as 'the assurance of sufficient energy supplies at affordable prices to sustain economic development' (World Energy Council, 2009:26). A number of scholars and institutions, *inter alia* Yergin (2006), Kruyt (2009) and Goldthau (2012) have made contributions to the energy security discourse. In South Africa, there has recently been

a surge of interest in this subject. Writings from contributors such as Ganeshau and Sharma (2011), Ichumile Gqada (2012) and Van Wyk (2013) have enriched this debate. These authors have highlighted South Africa's energy security concerns and proposed possible solutions.

Richard Scott (1994:12) posited that the 1973 oil crisis catapulted energy security as a major issue into the international arena. The crisis laid the foundation for the current energy security architecture. In particular, the formation of the Paris-based International Energy Agency (IEA) galvanised the highly industrialised countries to cooperate on energy policy with energy security as the primary focus. Through the IEA, these countries collaborated to tackle the 'energy problem' and develop defensive strategies in the event of disruption in global oil supply or excessive rise in oil prices. The mandate of the IEA included coordinating cooperation amongst the industrialised countries on energy security and other questions of energy policy (Scott, 1994:12). As a result, the issue of energy – previously shunned by diplomats as 'low politics' – became embedded in the diplomatic agenda of major powers. As Scott (1994:24) aptly recounted in an overview of the IEA's twenty-year history: '...the success of the IEA was made possible by an essentially optimistic judgement that constructive co-operation in a coherent institutional setting provides the best means for tackling serious multinational problems, particularly in view of the disagreeable alternatives that might have to be faced'.

Yergin opined that although the Western energy security system had stabilised the global oil environment, including during the aftermath of the 1991 Persian Gulf War, developments spurred by some emerging economies towards the end of the 1990s and the beginning of the 21st century continue to threaten the status quo. He observed that the substantial demand for oil due to dramatic economic growth of China and India respectively, has inflated the price of oil. This situation tightens the oil market. Other compounding factors include the insufficient wells to produce oil, limited refining capacity, Venezuela's energy policies and relations with the West, as well as instability in Iraq (Yergin, 2006:72-73).

From the above, it is evident that countries are increasingly maximising their foreign policies and diplomatic strategies to secure access to energy, particularly oil, albeit in

varying degrees and success. However, oil supply security remains largely elusive, calling into question the effectiveness of the current measures. There is therefore a need to explore further and deeper how international and diplomatic efforts can be strengthened in order to tackle the challenge of oil supply security.

1.2.2 The international dimension of South Africa's oil requirements

The orientation of post-apartheid South Africa's foreign policy and diplomacy continues to be the subject of debate by proponents of realism and idealism alike. Pfister (2006) and Alden and Le Pere (2006) proposed that since 1994, there has been a noticeable shift from a human rights-driven foreign policy to one premised on national interests. This shift is indebted to the country's pervasive socio-economic challenges of poverty, unemployment and inequality and the need to secure the supply of energy, particularly oil.

South Africa faces enormous economic and social challenges. To comprehensively reverse this historic deprivation, there is a need to substantially grow the economy in order to create sustainable jobs. However, the economy of South Africa is energy intensive. As Davidson and Winkler (2006:4) documented, during 2006 petroleum products accounted for 38 per cent of South Africa's total final energy consumption (TFC), 72 per cent of which was derived from crude oil imported from the Middle East and West Africa.

Oil is a key energy concern and thus an integral component of South Africa's national interest. The US EIA (2014) noted that in the two decades between 1994 and 2014, South Africa – pursuant to its foreign policy objectives and national interests – advanced partnerships through bilateral diplomatic engagements specifically with Iran, Saudi Arabia, Nigeria, Angola and the Sudan. According to the US EIA (2014) from 1994 to 2011 South Africa's second largest supplier of crude oil was Iran. In particular, South Africa's relations with Iran have attracted the most criticism from human rights oriented foreign policy proponents. Relations between South Africa and Iran are coordinated through the Joint Bilateral Commission (JBC) – a structured bilateral coordinating mechanism used to manage relations with anchor states (SA DIRCO,

2009). Through the JBC South Africa has concentrated resources in managing its bilateral relations with Iran in order to secure the assurance of oil supply.

In this regard Ebrahim asserted that 'Iran is also the source of about one quarter of our crude oil imports. It is therefore in our mutual interest to work together in tackling any impediments to trade and investment that there may be in order to deepen our economic relationship' (SA DIRCO, 2009). Evidently South Africa's relations with Iran have confirmed the primacy of national interest as a key driver of South Africa's foreign policy and diplomacy. More importantly, it is a classic case demonstrating how energy diplomacy has been utilised to promote the country's interests.

The US EIA (2014) pointed out that following the imposition of US and EU sanctions against Iran in 2012, Nigeria emerged as South Africa's second largest provider of crude oil, and the largest on the continent. In 2013 oil imports from Nigeria comprised of 24 per cent of the overall total imports. Among other factors, oil is a key driver of South Africa's foreign policy and diplomacy towards Nigeria. Answering a parliamentary question in 2013, Deputy President Kgalema Motlanthe (SAFPI 2013) highlighted that 'African countries have been an ever increasing source of crude oil to our country'. In 2012 over 40% (56 million barrels) of South African crude oil needs were met by African countries, mainly from Nigeria and Angola.

In a discussion of South Africa's relations with Nigeria, Uyo Salifu (2011) observes that the relationship between the two countries resembles a mixture of competition and cooperation. In recent years the two countries have differed on key foreign policy issues, including the crisis in Côte d'Ivoire, chairpersonship of the African Union Commission (AUC), claims to permanent seats in a reformed United Nations Security Council and alleged ill-treatment of Nigerians in South Africa. However, she added that both countries recognise a need for collaboration.

In this context bilateral cooperation between the two countries is coordinated through a Bi-National Commission (BNC) at the level of the Deputy President and Vice President, respectively. The South Africa-Nigeria BNC has, since its inception, held several meetings. Importantly, there is a working group on minerals and energy cooperation, highlighting the significance South Africa attaches to cooperation with Nigeria in the

realm of energy. The last meeting of the BNC, held in Cape Town during May 2012 and hosted by Deputy President Kgalema Motlanthe, happened amidst the US and EU's sanctions against Iran (SA Presidency, 2012a). The joint *communiqué* issued at the end of the meeting noted that the increase of South Africa's import of crude oil from Nigeria during this period was facilitated by enhanced diplomatic engagement between the two countries. However, bilateral relations between the two countries remain sensitive, exposing South Africa's access to Nigerian oil to diplomatic and political caprices.

As illustrated in South Africa's relations with Iran and Nigeria, respectively, energy is a key driver in the bilateral relationships. However, South Africa's future access to oil in these markets depends on how well it manages bilateral relations with these countries and, more importantly, how it diversifies its source markets. While there is an expansive literature on both diplomacy and energy security, little has been written regarding South Africa's energy diplomacy. In this regard, this study will contribute to the advancement of scholarship in this area.

1.3 Formulation and Demarcation of the Research Problem

Although the world faces many daunting and interconnected social, economic and environmental problems, there is consensus that energy stands at the core of key challenges that face humanity all over the world, and it has therefore assumed a prominent place on the global diplomatic agenda.

South Africa, the most industrialised and diversified economic player on the African continent, is heavily impacted by global developments in the energy sector. The South African economy is energy intensive, and deeply relies on imported crude oil for most of its energy needs. There have been efforts by the South African Government to mitigate its external vulnerabilities in order to secure the country's oil needs. To be effective, however, South Africa's response has to be supported by a robust diplomatic strategy and greater intra-governmental coordination as well as a diversification strategy.

This study, therefore seeks to respond to the following research question: To what extent has South Africa's post-apartheid diplomacy been positioned to secure oil

supply? Three interrelated subsidiary questions are explored in order to further elaborate on the over-arching question. These questions are:

Firstly, to what extent has the supply of or access to oil resources impacted the global diplomatic agenda? The assumption is that energy security became a major diplomatic issue in the aftermath of the 1973 oil crisis. The crisis particularly galvanised the industrialised countries to synergize their diplomacy and laid the foundation for the current Western energy security cooperation mechanisms. The study examines the current Western-led energy security system which excludes the developing world, in light of uncertainty in the global energy market. This was done with the aim of identifying the benefits and opportunities presented in South Africa as a member of BRICS to engage industrialised countries of the West on the broader question of global oil supply security.

Secondly, what are the implications of South Africa's dependency on the global oil market for economic growth and development? The most basic research assumption in this regard is that the South African oil sector is vertically and horizontally integrated into the world oil market. The study highlights and discusses South Africa's vulnerability to the external environment. It examines the country's heavy reliance on imported crude oil largely from politically fragile countries in the Middle East and Africa and explains how this poses a major threat to the country's energy security.

Thirdly, what has been South Africa's diplomatic response – if indeed any response has been articulated – to the evolving international developments related to oil supply security? This paper asserts that since the dawn of its democracy, South Africa has utilised both its bilateral and multilateral engagements to promote, advance and secure its strategic energy interests. There have been mixed results in this regard due to the underlying complexities in the global arena and attendant domestic institutional coordinating and implementing capacities. Although there is empirical evidence that demonstrates that oil supply is not a one-dimensional sectoral issue to be championed by one department, South Africa is yet to locate the issue prominently in its diplomatic priorities.

1.4 Research Design and Methodology

This study, *inter alia*, adopts a qualitative research methodology. The study is descriptive as well as analytical relying on primary as well as secondary sources. The specific qualitative research methodology to be adopted for this study is documentary analysis, which is a non-interactive qualitative research approach.

The research relies on information collected from primary and secondary sources to formulate a comprehensive description and analysis of South Africa's post-1994 diplomacy in securing oil supply. Primary sources include South African policy documents and legislation relating to energy supply and security. Thus, a review of publications by relevant South African Government departments, policy pronouncements as contained in speeches, media releases and conference outcomes is considered necessary for this study. Secondary sources include, but are not necessarily limited to, scholarly journal articles by South African and international experts, as well as newspaper, magazine, and research reports dealing specifically with South Africa's energy supply security, especially between 1994 and 2014.

1.5 Structure of the Research

This study is structured as follows:

Chapter 1: Introduction

Chapter one introduces the theme under study, explains the research problem, provides an overview of the methodology to be used, and provides a structural preview of the study.

Chapter 2: Conceptual framework: Diplomacy, niche diplomacy and energy security

This chapter provides the theoretical background for this study. This basically entails providing conceptual clarification of the major concepts involved in the study, such as diplomacy, niche diplomacy and energy security.

Chapter 3: The international dimension of South Africa's oil requirements

This chapter examines South Africa's oil-deficiency and vulnerability to the external energy environment. Such a process entails examining South Africa's oil requirements and dependency on the global energy market.

Chapter 4: South Africa's diplomatic participation in the international oil supply discourse: Opportunities and challenges

This chapter builds on the previous one by assessing the extent to which post-apartheid South Africa has utilised diplomacy to secure its oil supply, and how this has manifested at a policy-institutional level. The successes and shortfalls of related strategies are identified in order to contribute to a research agenda and enrich diplomatic policy development in this field.

Chapter 5: Evaluation and conclusion

This final chapter presents the main findings of the study as well as a summary of the previous chapters. It also provides an evaluation of the assumptions formulated in chapter one.

CHAPTER 2
CONCEPTUAL FRAMEWORK: DIPLOMACY, NICHE DIPLOMACY AND ENERGY SECURITY

2.1 Introduction

The 21st century energy security challenges have positioned oil diplomacy as a major topic in international relations. The upsurge in the global demand for oil and the tectonic shift in the consumption patterns of this finite resource from the North to the South have made oil a special area of scholarly inquiry. The 'scramble for oil' is redefining the contours of foreign policy and diplomacy of many states. However, the measure of success depends on the extent to which states manage to integrate energy, especially access to oil as a foreign policy priority to be pursued through diplomatic networks and processes.

In this context, this chapter delineates the concepts of diplomacy, energy security and niche diplomacy which are central to this research. This centrality is premised on the fact that energy security is necessary for sustainable economic growth and national security and therefore this chapter is structured around those key concepts. Given the fact that oil is an important component of energy security and a central focus of this study, this chapter also explores the strategic importance of this resource and the agency of diplomacy to ensure the security of supply. In this regard an account is provided of how oil diplomacy has evolved focusing on the Organisation of Oil Exporting Countries (OPEC), the International Energy Agency (IEA), the United States (US) and China.

2.2 Niche Diplomacy: A Conceptual View

Niche diplomacy is a form of diplomatic specialisation, channelling diplomatic resources and expertise into a specific area of international relations, in order to optimally use diplomatic resources where they can make the most impact. To understand niche diplomacy and locate it properly, it is necessary to unravel the concept of diplomacy.

2.2.1 Theoretical perspectives on diplomacy

Diplomacy has been described by De Magalhães (1988:15) as an 'activity whose roots lie deep in the remote history of humankind'. As a practice or profession, diplomacy pre-dates the modern Westphalian state system. Its historical antecedents straddle amongst others African Greek and Italian civilisations (De Magalhães,1988:15). Despite the rich heritage of diplomacy as a practice, it has advanced rather slowly as a theoretical framework. This deficit however is being addressed in the 21st century with much credit to a new generation of diplomatic writers with practical experience who continue to write extensively on this subject (Spies, 2013:205).

Diplomacy has evolved in tandem with changes that have occurred in international politics. Its ability to adapt to the changing global environment has enhanced its utility as an effective instrument of statecraft in pursuit of national interest, creating international peace and promoting development through dialogue and negotiations. Although diplomacy is as old as humankind itself (Nicolson, 1969:11-12), the concept eludes easy and unambiguous description. Its definitions are as numerous as there are authors on the subject. Ernest Satow, for example, defined the concept as 'the application of intelligence and tact to the conduct of official relations between the governments of independent states…and between governments and international institutions' (Roberts, 2011:3). Similarly, Nicolson posited that diplomacy is 'the management of international relations by negotiation, the method by which these relations are adjusted and managed by Ambassadors and envoys; the business or art of the diplomatist' (Nicolson, 1969:4).

In the post-Second World War period, two contending schools of thought dominated theoretical discourse on diplomacy. Firstly, the positivist proponents conceptualise diplomacy as primarily concerned with relations between states, preoccupied with matters of 'high politics' (political-military) tracing its origin to Renaissance Europe (Pigman, 2010:201-202). This school of thought is inspired by the realist theoretical framework which identifies the state as the major actor in international relations and the pursuit and exercise of power as the driving motive (Dunne & Schmidt, 2005:162-164).

In contrast, post-positivist scholars situate diplomacy within a wide range of global actors and processes. Accordingly, adherents to this thought recognise the role and influence of non-state actors, sub-national entities and social groups in diplomatic discourse. Similarly, there is the recognition of new themes that impact the global diplomatic agenda and define states' interest beyond the traditional scope to include new items such as the economy, science and technology, culture, education and energy (Pigman, 2010:202).

There is consensus that modern diplomacy involves not only state actors, but a plethora of other players with themes cutting across all subjects of human endeavours and interests. However, states still remain key actors in international relations. Spies (2005) as noted in Du Plessis (2006:125) defined diplomacy as 'a peaceful, reciprocal instrument of foreign policy, for the conduct of relations between entities, mainly but not exclusively states, through the use of official intermediaries'. While acknowledging the centrality of states in international relations there is recognition of the agency of other non-states actors.

Plischke (1981), as noted in Du Plessis (2006:124), stated that diplomacy 'is the political process by which political entities (generally states) establish and maintain official relations, direct and indirect with one another, in pursuing their respective goals, objectives, interests, and substantive and procedural policies in the international environment; as a political process it is dynamic, adaptive, and changing, and it constitutes a continuum'. Similarly Du Plessis (2006:119) stated that diplomacy is primarily 'a political instrument with which to maximise the national interest of states and to pursue foreign policy goals and objectives. It is regarded as the most direct, traditional, conventional and peaceful instrument of foreign policy'. It is evident that diplomacy is the 'master institution of international relations' (Wight, 1978:113).

Diplomacy as the primary instrument of foreign policy is strongly embedded in a bureaucratic framework. It is both a profession with diplomats as agents as well as an institution. Foreign ministries or departments of foreign affairs provide policy and administrative control and support international relations with missions and embassies as the executing units (Du Plessis, 2006:14).

The expansive foreign policy agenda and the increasingly technical nature of issues handled by diplomats greatly impact the organisation of various government ministries and their concomitant diplomatic structures and processes. Therefore a state's diplomatic agenda now typically includes issues such as telecommunications, trans-frontier land pollution, and more importantly, energy resources. Similarly, the challenges of coordination and fragmentation have become a common feature as more and more ministries and agencies acquire foreign policy interests. While the challenge of fragmentation and coordination is more acute and pronounced in major developed countries and developing countries, it is less in smaller advanced industrial states due to higher degrees of selection and prioritisation of issues (Barston, 2006:17).

Therefore, it is evident that modern diplomacy, notwithstanding the primacy of states in international relations, is characterised by the increasing role of non-state actors. Similarly diplomacy has evolved in order to better respond to the complex environment and new themes on the diplomatic agenda.

2.2.2 Niche diplomacy

As Barston (2006) alluded to**,** more issues are crowding the diplomatic agenda. Yet the resources to tackle these challenges and maximise opportunities are limited. The solution lies in what Evans (2011) refers to as niche diplomacy. In this context, niche diplomacy is defined as 'concentrating resources in specific areas best able to generate returns worth having, rather than trying to cover the field' (Evans, 2011). Evans' concept denotes some form of specialisation, and it relies on the logic and language of economics. The notion of niche diplomacy, essentially the ability of a 'nation's diplomacy to generate returns, primarily for the country itself, depends on very careful selection of the policy product lines to be developed and also on an accurate reading of global political-market conditions' (Henrikson, 2005:67-68).

Niche diplomacy, although it can be utilised by any state, is commonly practised by those generally classified as 'middle powers'. These are states which are not big or strong enough to impose their views on anyone but do have the moral pedigree to persuade others to support their causes (Evans, 2011). Recently the use niche diplomacy has gained currency because of the decreasing budgets of most foreign

ministries. Canada for example, faced with shrinking resources, was one of the countries to move away from traditional generic and routine diplomacy to a an approach which put at the core of its foreign and diplomatic priorities clear and identifiable Canadian interest (Potter, 1996:25).

Over the past twenty years, South Africa has pursued multiple international roles concurrently, motivated by the desire to break with the apartheid past and pursue an ambitious foreign policy agenda. Recently there has been a more determined effort to elevate national interest in the country's foreign policy priorities. In his first State of the Nation Address (SONA), President Zuma declared that his administration would ensure that 'our foreign relations contribute to the creation of an environment conducive to sustainable economic growth and development' (Zuma, 2009). Similarly, former Deputy Minister of International Relations, Mr. Ebrahim Ebrahim announced that South Africa's foreign relations 'will be driven by the need to deliver to the masses of our people, which is at the core of our national interest' (Ebrahim, 2009).

The effectiveness of South Africa's foreign policy and diplomacy has varied. Spies (2010:87) argued that to enhance an effective foreign policy and diplomacy South Africa may benefit from a more selective approach and specialisation in certain areas. Its expertise in other niche areas, notably disarmament, conflict resolution and climate change, constitute useful instruments in its diplomatic toolkit (Spies, 2010; Van Wyk, 2012). Niche diplomacy is therefore useful for all states, especially in the era of fiscal austerity and pressing national development imperatives, to concentrate resources in specific areas where the possibilities for maximum benefit exist.

2.3 Energy Security

Security has always been a concern of states, and in the globalised world of the early 21st century, this concern has only grown more complex. It is a difficult concept to define due to its different forms. Energy security is of primary concern to this study and is examined in the subsequent sections.

2.3.1 Security: Contextual framework

As previously stated, the concept of security is a highly contested one. However, it is traditionally closely associated with the realist theory of international relations. This perspective defines security in a political-military context and equates it with the use of force (Buzan *et al*, 1998:1). Stephen Walt (1991:2012-2013) defined security studies and by extension security as 'the study of the threat, use and control of military force'. Walt cautioned that expanding security studies excessively 'by issues such as pollution, disease, child abuse, or economic recessions… would destroy its intellectual coherence and make it more difficult to devise solutions to any of these important problems'.

The realist view of security held more sway, especially during the Cold War period in the context of the dominance of the international system by the two superpowers, namely, the US and the former Union of Soviet Socialist Republics (USSR), and the attendant military and nuclear obsessions (Buzan *et al.,* 1998:2). However, the rise of the economic and environmental agenda in the 1970s and 1980s and the post-Cold War era has challenged the primacy of the state, and its military concerns, in the conceptualisation of security. During this period a new generation of scholars emerged who called and advocated for a 'widening' and 'deepening' of the definition of security to better respond to the challenges facing humanity. The leading proponents of this view include Mohammed Ayoob, who argued that national security requires that a state possesses more than simply 'security hardware' (control of coercive force) but also 'security software' (legitimacy and integration). Ayoob (1997:130) defined security 'in relation to vulnerabilities, both internal and external, that threaten to, or have the potential to, bring down or significantly weaken state structures, both territorial and institutional'.

Buzan *et al.* (1998:5-6; 21-22) reinforced the traditional military-political understanding of security and posited that it is essentially about survival. These authors argued that an issue becomes an international security concern when it poses an existential threat to a designated referent object, traditionally but not necessarily limited to the state, incorporating government, territory and society. However, Buzan *et al.* used the level and sector analysis framework to extend the definition of security beyond its traditional

scope. For simplicity, this study will not refer to all five cited levels of analysis, but only to the three most frequently used, namely: international system, national units (states) and individuals. Intersecting with the levels are the military, political, economic and societal sectors. In this context, existential threat is understood in relation to a referent object at all the applicable levels and sectors of analysis. Accordingly, the scope of the definition of security is not only confined to one level or sector, politico-military, but rather to all sectors in the context of the 'widening' and 'deepening' approach.

For the purpose of this study, security will be defined as the absence of a threat, whether real or imagined, at an individual, national or international level. In this regard, any issue may be a security concern when it poses an existential threat to the political institution, economic system or to the broader society. Thus the definition of this concept will be used in its broader sense, beyond the classical political-military realm.

2.3.2 The link between energy and security

The concept of energy security, like that of security itself, has eluded any explicit definition. To address this lack of conceptual clarity, the meaning is derived from the context of the referent object. Therefore, energy importing countries, such as South Africa, define energy security as the availability of sufficient oil supplies at affordable prices. The preponderance of literature on energy as well as policy makers rightfully link energy security to oil. This is understandable because oil constitutes the largest single component of the total final energy consumption; it fuels industry and transport and it is the life blood of modern and industrial civilization.

A disruption to this vital resource carries with it existential risks to humanity (Matutinovic 2009: 4251) The 1973 oil crisis reverberated all over the world, especially in the industrialised countries of the North and catapulted the current Western-oriented energy security system into disorder.

Oil importing countries therefore ought to invest in measures that would insure them against the risk of harmful disruptions of oil imports. As Lisberel aptly stated in Vivoda (2009:4616): '... a nation that has to rely heavily on international markets for oil imports faces a multitude of potential disruptions of oil. Disruptions are any events that lead to

imbalances between supply and demand in the international oil market, and they can occur as a result of political, market, and accidental/natural events, or a combination thereof'.

Energy security has been a global concern for almost a century. The concept gained traction on the eve of the First World War, when Winston Churchill, First Lord of the Admiralty made a decision to substitute coal – which was in abundant supply locally – with imported oil from the then Persia (Iran), as a source of power for British naval ships. Churchill made this historic choice in order to ensure the British naval supremacy over their German rival. The challenge, however, was that the British navy was made to rely on insecure supplies of oil from Persia, a concern to which Churchill responded: '... safety and certainty in oil lie in variety and variety alone' (Yergin, 2006:69; Cherp & Jewell, 2011:202). Churchill's decision elevated energy security as an integral part of a national strategy. Effectively, the survival of the British navy and their success on the battlefield depended on the uninterrupted supply of oil. Any disruption to the supply of oil had major implications to the British national security and thus exposed the country to an existential threat.

Even during the Second World War the notion of energy security was of critical importance. The supply of fuel to the military was of strategic importance. The British energy infrastructure networks and refineries were military targets for enemy troops in order to weaken their strength and capabilities. Battles were fought over the oil fields in Indonesia, the Middle East, the Caucasus and Romania. For the better part of the 20th century 'the most politically prominent problem of energy security was protecting oil supplies, vital for the modern armies…the main threat for such supplies' was seen as posing existential threat which called for military action (Cherp & Jewell, 2011:202).

There is empirical evidence that, in the context of energy security, any disruption to the supply of oil has the potential to pose existential threat to the referent object, be it the international system, national polity or individual.

2.3.3 Oil as a strategic concern

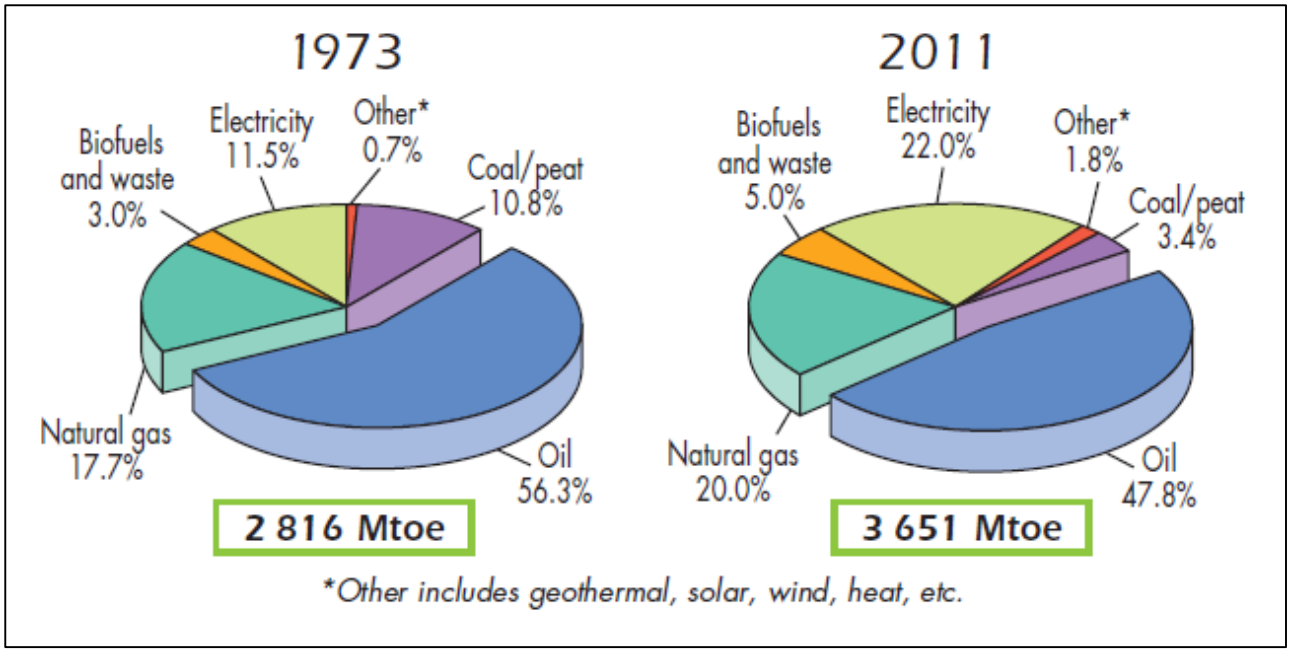
In stressing the strategic importance of oil to economic growth and development of countries, Yergin (2008:xvii) observed that the story of oil is the chronicle of epic events

that have touched all of humanity. He (2008:xv) further stated: '...throughout the history of oil, deals have been done and momentous decisions have been made – among men, companies, and nations – sometimes with great calculation and sometimes almost by accident. No other business so starkly and extremely defines the meaning of risk and reward and the profound impact of chance and fate'.

Yergin's reflection underscores the centrality of oil to global security and prosperity as well as to civilization. From the author's description, two themes best encapsulate oil as a strategic concern. Firstly, oil is the greatest contributor to business and economic development. The oil industry was the greatest industry ever to develop towards the end of the 19th century. It was the largest leading in size and second to none in terms of its contribution to the world's tonnage of international trade and shipping (Odell, 1986:11). Through major price movements, it can propel economic growth, or conversely, it can drive inflation resulting in a recession as it did during the 1973 'oil crisis'.

Oil constitutes the largest single component of the total final energy consumption accounting for about 47.8 per cent (see Figure 1). More than 50 per cent of global oil demand is concentrated in the transport sector, and most of it in road transport. It is predicted that in 2035 global demand for oil will grow from 86.7 MB/d in 2011 to 101.4 mg/d largely driven by the transport sector (IEA, 2013b:.61).

Figure 1: 1973 and 2011 fuel shares of total final consumption



Source: IEA – 2013 Key Energy World Statistics

The second theme links oil to national strategy, global politics and power. As indicated previously, oil determined the course and outcome of both the First World War and the Second World War. It was a game changer for the British navy during the First World War, and one over which battles were fought during the Second World War. Cambanis (2012) argued that due to the US pursuit of oil, it has become a common denominator to any major conflict that ensued in the Middle East from the Iran-Iraq war in the 1980s to the invasion of Iraq in 2003.

It can therefore be seen that oil is crucial to states' efforts to achieve political, security, economic and social goals. It is a strategic commodity, critical for national strategies and international politics. Any unmitigated disruption to the supply of and access (buy or sell) to oil may pose an existential threat to the state – by destroying the economic base thereby creating political instability and undermining its legitimacy; military – depriving them of the vital resource to be combat ready; and the global system – destroying global development and prosperity with the resulting instability and conflict over scarce resources.

2.4 The Diplomacy of Oil Security

Energy security challenges are complex and trans-national. As already noted, access to oil remains one of the strategic concerns of states. Although oil reserves are still available in appreciable quantities, the commodity itself is finite in supply and is also unevenly distributed in the world. Around 70 per cent of the reserves are located in the Middle East, a region regarded by the West as politically unstable. It is this concern over disruption in oil supply, deep anxieties over price volatility and the tendency to use oil as a 'political weapon' which has catapulted energy security, particularly oil, onto the diplomatic agenda (Sovacool, 2007:5505-5507). Developments that propelled oil into the global diplomatic discourse are briefly considered in the sections that follow.

2.4.1 The Organisation of Petroleum Exporting Countries (OPEC)

Unable to satisfy domestic petroleum needs due to the growing economy in the 1950s, US oil companies expanded their activities abroad in order to secure more oil contracts. Over the ensuing years, these companies dominated the oil industry and exerted enormous power and influence in the oil-producing countries. They determined the production and prices of oil and thus the revenues due to the host governments, the majority of who were in developing countries. However, dominance over this vital industry was soon met with serious opposition in the 1960s and 1970s, amidst a growing spirit of resource nationalism and anti-colonialism that prevailed, especially in Latin America, the Middle East and Africa (Odell, 1986:12-22).

The situation reached a turning point in the late 1950s when, reportedly due to oil production surplus, the international oil companies (IOCs) significantly reduced the prices of oil below the 'posted' norm. This development deprived oil-producing countries of the much needed revenue and resulted in the formation of the Organisation of Petroleum Exporting Countries (OPEC) in 1960 with Venezuela, Saudi Arabia, Iraq, Iran and Kuwait as its founding states. OPEC was the first multilateral body and intergovernmental forum established to collectively champion the interests of oil-producing countries in the South and enhance their bargaining power. The principal objective of OPEC was to 'coordinate and unify petroleum policies among Member Countries, in order to secure fair and stable prices for petroleum producers, an efficient,

economic and regular supply of petroleum to consuming nations, and a fair return on capital to those investing in the industry' (Simmons *et al*, 2014:44).

OPEC triggered, arguably, the first major global energy security crisis in 1973 when, in protest against the US support for Israel during the Arab-Israeli conflict, it imposed an oil ban targeting the US, the Netherlands, Denmark, then Rhodesia (now Zimbabwe), South Africa and later several other European countries. The Arab OPEC members withheld the supply of oil to targeted countries until their political and economic demands had been met, eliciting accusation mainly from the West that they were using oil as a 'political weapon' (Scott, 1994:28).

Consequently, the price of oil quadrupled, from $2.50 to $10 per barrel per day, plunging the global economy into a crisis of unimaginable circumstances. These prices drove inflation to toxic levels posing both a political challenge and an existential threat to Western states (Cherp & Jewell, 2011:203; Yergin, 1988:113). Over the years, OPEC has grown in size and influence and its decisions have had a great impact on the global diplomatic and energy security discourse (Odell, 1986:12-22).

2.4.2 The International Energy Agency (IEA)

The 1973 oil crisis triggered the current Western global energy security architecture and galvanised the Organisation of Economic Cooperation and Development (OECD) to mount a multilateral diplomatic approach to tackling the energy security challenges. The crisis impelled the industrialised countries of the North under the umbrella of the OECD to establish, in 1974, the Paris-based International Energy Agency (IEA). The initial primary objective of the IEA was to assist its member countries, within the multilateral diplomatic framework, to coordinate emergency responses to disruption of oil supplies through the release of emergency oil stocks to the market. Energy, particularly oil security was the prime motive behind the establishment of IEA. Gradually the mandate of the IEA evolved to include the provision of energy analyses, technology surveys, projections, and policy recommendations (Simmons *et al.,* 2014:35).

The 1973 oil crisis brought a realisation to industrialised countries that issues of energy security could not be left to individual countries alone and underscored a need for

international cooperation through permanent institutions. Accordingly, OECD countries recognised the fact that their inability to effectively neutralise the effects of the oil embargo was attributable to the inadequate institutional base at a global level. It was in this context that the IEA was established (Scott, 1994:30).

Although the IEA has been successful in many ways, not least the collective energy security response mechanism in the event of the disruption of oil and the recognition of this vital resource as a security and global diplomatic issue, new challenges, external to its remit, have arisen. As Yergin (2006:77) suggested, the exclusion of key countries from the global South like China and India could prove to be its undoing. It would be wiser if the IEA were to engage China and India – the key drivers of the current global oil demand and consumption – in order to integrate them into the existing energy security system. Whether these two countries would agree to be co-opted or would rather call for a universal energy security structure within the UN system free from the historical ideological vestiges, remains key to comprehensively tackling the 21st century energy challenges (Caceres & Ear, 2012:55).

2.4.3 The US and oil diplomacy

The US' insatiable quest for oil had far reaching ramifications for its foreign policy and diplomacy in the 20th century and beyond. In the post-Second World War period the US – the world's largest economy – had sufficient petroleum to satisfy its domestic needs and was a net exporter of oil to Western Europe. However, towards the 1970s robust economic growth and the inability of US oil companies to generate enough oil supplies forced the US to look for oil beyond its borders (Odell, 1986:28-29). Between 1970 and 1973, US oil imports rose from 3.2 million barrels to 6.0 million barrels per day. By 1979 imports had reached 8.6 million barrels per day (Yergin, 1988:125).

The US oil import vulnerability was precipitated by a triad of factors, namely that a quarter of its energy demand was fed by imported oil; over a third of its oil originated from the Middle East; and almost two thirds of its crude came from outside their respective regions (Vivoda, 2009:4617).

The rise of US oil imports in the 1970s, and hence increased reliance, coincided with two significant developments both of which were of worrying concern to the Americans: the 1973/4 oil crisis and the use of oil as a 'weapon', and the Iranian Revolution in 1979 resulting in the fall of the friendly regime of the Shah. At the time of the Iranian Revolution, the US oil imports stood at around 38 per cent of consumption. These events as Korb and Conley (2008) affirmed: '...solidified the initial connection between energy and security'. They further posited that 'the embargo's longest effect, however, was to force US policymakers to accept that the energy issue had irrevocably moved from the domestic to the national security sphere'. This realisation ensured that the United States would have to maintain an active military and diplomatic presence in the Middle East for the foreseeable future.

The oil crisis in the 1970s forced the US to aggressively pursue the oil import diversification policy whose strategy entailed gradually reducing its reliance on oil imported from the Middle East, while actively increasing its oil import from Canada, Mexico, South America, Africa, Europe and Central Asia (Vivoda, 2009:4618).

The 1973 oil crisis in particular prompted President Richard Nixon in 1974 to announce 'Project Energy Independence 1980' and to declare that 'in the year 1980, the United States will not be dependent on any other country for the energy we need to provide our jobs, to heat our homes and to keep our transportation moving' (Nixon, 1974). Nixon's Secretary of State Henry Kissinger further elaborated and avowed that 'the US will never permit itself to be held hostage – politically or economically – to foreign suppliers of oil' (Sovacool, 2007:5506).

While President Nixon set the national energy goal, it was President Jimmy Carter with his (in)famous Carter Doctrine who catapulted energy security to the helm of the US foreign and diplomatic priorities and changed the course of history in the Middle East. In his State of the Union Address, President Carter in 1980 cautioned that 'the crises in Iran and Afghanistan have dramatized a very important lesson: our excessive dependence on foreign oil is a clear and present danger to our Nation's security'. President Carter further warned that the US would not hesitate to use military force in the Persian Gulf region to defend its national interests especially 'the free movement of Middle Eastern oil' (Carter, 1980).

Literature is replete with accounts of the extent and depth of the US involvement in the Middle East. Although the moral efficacy of the Carter Doctrine is dolefully deficient – as the US has been the common denominator in almost every bitter conflict in the Middle East – it nevertheless provided a framework and impetus for the realignment of the US military and diplomatic machinery to support its pursuit of oil interests in this region (Cambanis, 2012). Importantly, the US foreign policy and diplomatic approach in the Middle East has reinforced the realist conception of diplomacy as the projection of coercive power in an anarchic international arena. The US' use of both military and diplomacy to advance its oil interests and the interplay thereof, continues to enrich the discourse on energy diplomacy.

Today, energy security continues to occupy a privileged position in US foreign policy and diplomacy. Following an intensive review of its diplomatic structures and processes, in 2010 the US State Department established the Energy Bureau Resources (EBR) in order to integrate and strengthen its diplomatic and programmatic efforts on, *inter alia*, oil, natural gas, and coal (US State Department, 2010). Addressing students on the eve of the launch of the EBR, former US Secretary of State Hillary Clinton (2010) announced that: "In the coming weeks, I will be sending policy guidance to every US embassy worldwide, instructing them to elevate their reporting on energy issues and pursue more outreach to private sector energy partners…in the past, the State Department obviously conducted energy-related diplomacy…but we did not have a team of experts dedicated full-time to thinking creatively about how we can solve challenges and seize opportunities. And now we do. That, in and of itself, is a signal of a broader commitment by the United States to lead in shaping the global energy future".

As reflected in the 2013 World Energy Outlook (IEA, 2013a:23) the US objective of reducing her over-dependence on imported oil from the Middle East seems to be on the immediate horizon. In 2012, the US only imported 40 per cent of its total oil consumption, 53 per cent of which came from its Western allies. There is undoubtedly a causal link between the diplomatic efforts and resources the US deployed in advancing its energy interests abroad, including its oil import diversification policy and strategy, and the improvement in its energy security index – a development of great interest to policy makers and researchers on diplomacy and energy security.

2.4.4 China and oil diplomacy

China's rapid economic growth since the beginning of the 1990s created a parallel demand for oil. In 2010 Beijing consumed around 8.5 million barrels of oil per day largely driven by the manufacturing and transport sectors. At present, China is the second largest consumer of oil (11 per cent of the world supply) in the world after the US, and with the economy continuing to grow, so too will the demand for this resource. Oil is the second most prominent fuel in the country's energy mix. Currently China imports half of its crude oil (IEA, 2013a).

China understands that resource availability is pivotal to economic growth, and energy resources are the most critical. In this context the manufacturing, modern living that the Chinese have embraced, industrial processes and the budding transport sector depend on energy, particularly oil. Any shortage of oil will thus amount to economic suicide with dire consequences for the political stability and security of the country. It is these considerations that have shaped Beijing's approach to energy security and foreign policy (Caceres & Ear, 2012:47 -51).

China's three decades of energy self-sufficiency came to an end in 1993, when it became for the first time a net importer of oil. Since then, China has largely relied on the external market to satisfy her quest for oil. China's oil import dependence and vulnerability mirrored that of the US: a significant proportion of her energy demand was fed by imported oil; over a third of her oil originated from the Middle East and almost two thirds of her crude came from outside their respective regions (Vivoda, 2009:4617)

However, what distinguished China's approach from that of the US was the peaceful nature of her pursuit of energy security beyond her borders. Except tensions in the South China Sea and East China Sea over the disputed energy-endowed islands, China's energy security strategy exemplified a peaceful rise, an approach that resonated with the idealist pacific and cooperative conception of world politics (Mayer & Wűbbeke, 2013:273-276).

In recent decades China intensified her efforts to secure foreign oil and gas needs by aggressively pursuing strategic bilateral relations with key energy producers and

resource rich countries. China's range of diplomatic contact reached countries in Africa, Central and South East Asia, the Middle East and Russia. China prioritised these regions because firstly, they hosted more than 90 per cent of the world oil and gas reserves, secondly, they were already the leading source of Chinese oil and gas imports and thirdly, they offered ease of pipeline connections and transport infrastructure (Caceres & Ear, 2012:52-53).

However, it is China's relations with the African continent and its focus on energy resources, particularly oil that has attracted attention especially from Western policy-makers and analysts. China is attracted to the African continent because of its rising role in global affairs, but more importantly, its rich endowments in natural resources, particularly oil. Relations between Africa and China are coordinated at a broader level through the Africa-China Forum for Cooperation (FOCAC) that was launched in 2000. China has also intensified bilateral diplomatic relations with individual African countries. In recent decades a host of bilateral agreements were signed, mostly in the oil sector, with African countries such as Angola, Nigeria, Gabon, Sudan, Kenya and Algeria, among others (Taylor, 2006:944-950).

While it is too early to conclude that China's energy diplomacy is a success story, indications are that China is on a positive trajectory. This much was alluded to by Caceres and Ear (2012:56) when they observed: '... in the midst of uncertainty, what seems to have a ring of truth is that a novel, forward-looking energy diplomacy, along with great power diplomacy and good neighbour diplomacy, constitute Beijing's multi-layered new diplomatic approach'.

2.5 Conclusion

This chapter provided conceptual clarifications. Concepts such as diplomacy, niche diplomacy and energy security were defined. It was also shown that diplomacy evolves as a response to shifts that continually take place in international relations. Diplomacy was generally described as an instrument used by states to achieve their foreign policy goals. The chapter also demonstrated how new themes emerged on the diplomatic agenda that were not traditionally in the remit of this discipline and practice.

While this diplomatic agenda is expanding, the resources available continue to shrink. It was in this context, as explained in this chapter, that the notion of niche diplomacy gained currency. It was argued that niche diplomacy is a diplomatic specialisation in which states allocate scarce resources and time to identify areas in order to maximise returns to the benefit of a state. While niche diplomacy can be practiced by any state, it was noted that the majority of the countries currently practicing it are those generally classified as 'middle powers'. South Africa was identified as one of the countries practicing this form of diplomacy.

This chapter also looked at those epoch making events that inserted energy security onto the diplomatic agenda. In this regard the formation of OPEC was discussed including the 1973 'oil crisis' and the subsequent establishment of the IEA as a Western response to the oil crisis. It was indicated that the IEA is the epicentre of the current western energy security architecture.

It was further demonstrated how the quest for oil due to the massive economic growth of both the US and China shaped the contours of their respective foreign policies and diplomacy. Interestingly, it was noted that at some point the two countries were energy self-sufficient as they had enough production of oil domestically. However, with the reduction in local production and the demand for more petroleum by their respective economies, both countries had to look for oil beyond their borders, and this marked the beginning of what evolved into oil diplomacy. Building on this commonality, it was also indicated that the US and China shared a profile with regards to their oil import vulnerability. Common traits were that oil was a vital feed in these countries' energy demand, over a third of the two countries' oil imports originated from the Middle East; and almost two thirds of their crude came from outside their respective regions. Thus it was shown how a robust import diversification strategy pursued by the two countries contributed to their enhanced energy security.

Finally, a nexus was drawn between energy security and diplomacy. The next chapter of this study will examine South Africa's vulnerability to the global oil market.

CHAPTER 3

THE INTERNATIONAL DIMENSION OF SOUTH AFRICA'S OIL REQUIREMENTS

3.1. Introduction

The South African economy, the second largest and arguably the most diversified on the African continent, is energy intensive. Although oil constitutes a significant percentage of the total energy consumption, the country has limited oil reserves. Consequently South Africa depends on the international oil market for a substantial share of its petroleum needs. This dependency exposes the country to oil price shocks with potential risks to the economy. Some perspectives regarding the extent and nature of this dilemma are required, so as to facilitate subsequent analysis of South Africa's diplomatic remedies. This chapter therefore provides an overview of South Africa's development challenges and its need for a sustained energy supply.

The country's socio-economic problems are aptly captured in President Zuma's 2014 SONA when he asserted: '... the triple challenges of poverty, inequality and unemployment continue to affect the lives of many people' (SA Presidency, 2014). To address these challenges, the economy must grow by at least 5 per cent by 2019. The key to achieving this objective is an imperative to respond to the country's energy constraints (SA Presidency, 2014).

In this context, this chapter analyses the country's energy mix focussing on oil as a strategic resource and an enabler for economic development. Oil constitutes 22 per cent of South Africa's total energy consumption. The mining and transport sectors are the key drivers of the country's oil energy demand and consumption and this trend aligns with the current and future global energy patterns. Further, the chapter examines the degree of the country's vulnerability to the oil price shocks and the potential impact on the economy. Petrol price in South Africa is heavily influenced by the price of crude oil in the international market and it is quoted in US dollars per barrel. Thus the international price of crude oil has a direct bearing on the price of petrol in the domestic market. This variable will also take into consideration the Rand/Dollar exchange rate.

Finally the chapter outlines the impact or the challenges of the country's dependence on the global oil market. South Africa is the largest consumer of petroleum on the African continent after Egypt (US EIA, 2014) yet it has limited proven oil and gas reserves. Consequently the country is a net importer of crude oil largely from the Middle East and West Africa – regions considered to be risky from a political and security point of view. This chapter therefore explores the extent to which South Africa's dependence on these countries for its oil requirements renders it susceptible to harmful crude oil import disruptions.

3.2. South Africa's Development Challenges and the Need for Sustained Energy Supply

In the past two decades since the attainment of freedom and democracy, South Africa's energy sector has played a significant role in helping the South African state achieve remarkable developmental goals. For example, the country has made significant progress in redressing apartheid-induced inequities. Its economy has recorded a steady growth at an average of 3.2 per cent a year, especially between 1994 and 2012 (Goldman Sachs, 2013).

Although this growth is attributed to, amongst others, a sound macro-economic policy framework and prudent fiscal management by the South African authorities, it is important to stress that sustained industrial development as a result of constant supply of energy, especially oil, immensely contributed to this achievement. Because of this, between 1994 and 2012, South Africa's employment figures grew by 5.6 million, and millions of formerly disadvantaged groups became integrated into the mainstream economic activities in the country (Goldman Sachs, 2013; SA Presidency, 2013:12; World Bank, 2014).

In recent years, however, the economy has stagnated and the triple challenge of poverty, inequality and unemployment has become acute. Unemployment remains South Africa's biggest hurdle with around 34 per cent of the economically active population unemployed – 66 per cent of which is the youth (Goldman Sachs, 2013).

Growing the economy, though not a panacea, thus represents the single biggest challenge of post-apartheid South Africa. To address unemployment, the South African economy needs to grow by at least 5 per cent in the coming 20 years (Goldman Sachs, 2013). The National Development Plan (NDP), a development framework for the country, therefore envisages an economic growth of 5.4 per cent in order to reduce unemployment to 14 per cent by 2020 and 6 per cent by 2030 (SA Presidency, 2013).

To address South Africa's unemployment, inequality and poverty is a herculean task. This is even more complex in light of globalisation and integration of world markets where the economy is impacted by both domestic and external factors. The energy sector is one common and crucial enabler and the life-blood of growth, particularly in the mass industrialisation phase that emerging economies, including South Africa are facing today. As Voser (2012) correctly asserted: '...without heat, light and power you cannot build or run the factories and cities that provide goods, jobs and homes, nor enjoy the amenities that make life more comfortable and enjoyable'.

In its Energy Security Master Plan, Liquid Fuels South Africa commits to enhance its level of energy security by ensuring that diverse energy resources, in sustainable quantities and at affordable prices, are available to the South African economy in support of economic growth and poverty alleviation, taking into account environment management requirements and interactions among economic actors (SA Department of Energy, 2007).

The country's Energy Security Master Plan (Master Plan) elaborates a set of short to medium term energy security objectives or goals which include among others ensuring that the country has access to reliable, affordable, clean, sufficient and sustainable sources of energy to meet the domestic demand, promoting diversity in the supply of energy, ensuring that there are stable/affordable energy prices and promoting an integrated government-wide approach to dealing with energy (SA Department of Energy, 2007:22).

South Africa's energy vision is articulated in the country's development framework, the NDP (2012b), and expressed in a programmatic framework in the Integrated Resource Plan (2011). The NDP envisages a South Africa which by 2030 will have sufficient

supplies of electricity and liquid fuels to avoid disruptions to economic activity, transport and welfare.

Despite progress in addressing the country's energy needs, recent experiences in electricity outages in the form of blackouts and brownouts, and fuel shortages in 2005, have underscored the country's vulnerability to energy shortages. The Moerane Commission of 2006 – prompted by the 2005 fuel crisis – particularly laid bare the challenges in the oil sector (SA Department of Energy, 2007:11). These challenges include inadequate and insufficient energy infrastructure as well as the absence of a clear liquid fuels strategy.

Of concern, which is relevant to this study, is the comparatively low crude oil stocks – way below the international benchmark – that poses a major threat to the country's energy security (Trollip *et al*, 2014:7). According to the South African Department of Energy there are only 10.5 million barrels of crude oil stored, equivalent to 22 days of supply – far below the 42 days target set (SAPA, 2014). Similarly, it is further revealed that whereas most international airports operate with fuel stock levels of 30 days, South African airports operate with stock levels of only 5 days (SA Department of Energy, 2007:21).

3.2.1 An analysis of the South African energy profile

South Africa is the second largest economy in Africa and arguably the most advanced and diversified. It is one of the energy intensive countries among the emerging economies. Due to the size of its industry, it has the highest energy demand on the continent accounting for 30 per cent of total consumption (US EIA, 2014). Because of the high level of mining and industry activities, especially in iron and steel, the country uses high energy input per unit of gross national product. As shown in Table 1, South Africa compares favourably with other countries of similar economic size in terms of energy intensity. It is above Indonesia and not too far from South Korea (Winkler, 2006:36-37)

Table 1: Energy consumption and intensity indicators

	TPES/capita (Toe/capita)	*TPES/GDP (Toe/000 1995 US$)*	*TPES/GDP (Toe/ 000 PPP 1995 US$)*	*Electricity consumption per capita (national average) (kWh/capita)*
South Africa	2.51	0.63	0.29	4 533
Africa	0.64	0.86	0.32	501
South Korea	4.10	0.31	0.30	5 901
Indonesia	0.69	0.70	0.25	390
Non-OECD	0.96	0.74	0.28	1 028
OECD	4.78	0.19	0.22	8 090
World	1.67	0.30	0.24	2 343

TPES = total primary energy supply, toe = tons of oil equivalent, PPP = purchasing power parity (adjusted to remove distortions of exchange rates), GDP = Gross domestic product

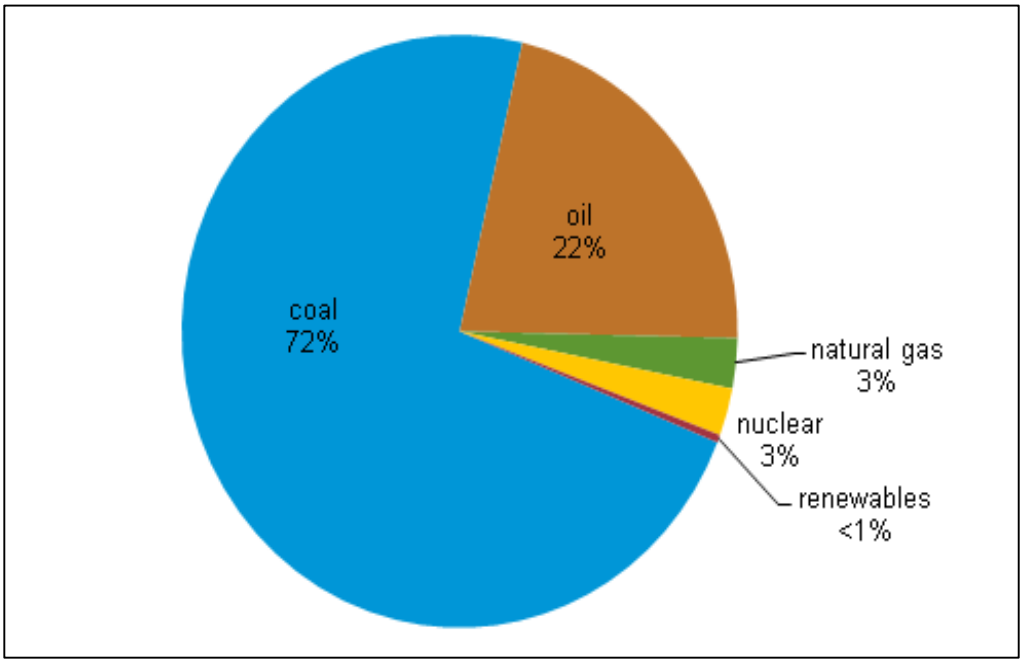
Source: IEA(2002a)

In recent years the country has embarked on energy efficiency initiatives, and deployed new technologies in the manufacturing and processing sectors. However, these developments are unlikely to fundamentally change the country's energy intensity because its energy-intensive industries, which are the back-bone of its economy, are an integral part of its 'minerals-energy complex' (Winkler, 2006:36-37).

Coal is the primary source of energy in South Africa. It constitutes about 72 per cent of total energy consumption and generates about 90 per cent of electricity. Although the South African government has made a commitment to reduce the country's reliance on coal due to environmental concerns, South Africa will continue to rely on this resource for the foreseeable future because it is available in appreciable quantities. It is estimated that South Africa hosts 5 per cent of the world's coal reserves and 95 per cent of Africa's endowment (BP Statistical Review, 2013).

The second major source of energy and the most critical is oil, which in 2012 accounted for 22 per cent of total energy consumption, followed by natural gas (3%), nuclear (3%) and renewables (less than 1%). Figure 1 reflects a complete picture of total energy consumption in 2012 (US EIA, 2014).

Figure 2: Total primary energy consumption in South Africa, 2012



Source: US EIA, 2014

Although oil constitutes a significant share of South Africa's total energy consumption, the country does not have sufficient proven reserves. It relies extensively on the external oil market. However, South Africa has developed a sophisticated synthetic fuels industry, comprising coal to liquid and gas to liquid, generating almost 90 per cent of petroleum produced domestically (US EIA, 2014).

3.2.2. Oil as South Africa's strategic resource

One of the consequences of South Africa's steady economic growth in the immediate aftermath of the end of apartheid in 1994, which is of relevance to this study, was an increase in the demand for oil energy. Due to the expansion, primarily in the mining and transportation sectors, there was an upsurge of 2 per cent in total oil consumption (Wabiri & Amusa, 2011).

Like the US and China whose robust economic growth impacted total oil demand and consumption, South Africa consumes a substantial amount of oil. On average the country uses 630kbd to power critical sectors of the economy like agriculture, industry, mining, manufacturing and transport.

As indicated previously, oil constitutes 22 per cent of the total energy consumption. In 2010, the transport sector accounted for 34 per cent of the total energy demand, a trend in line with the global energy pattern (SA Department of Energy, 2012). The World Energy Outlook 2013 attributes the increase in the global demand for energy, particularly oil, to the growth in the transport sector in China, as more and more people become affluent and the demand for passenger transport increases (US EIA, 2013). More than 50 per cent of the global oil demand today is concentrated in the transport sector, and most of it in road transport. It is predicted that in 2035 global demand for oil will reach 101.4 mb/d from 86.7 mb/d in 2011, largely driven by the transport sector (IEA, 2013b:61).

A similar trend is discernible in South Africa as the demand for energy is also expected to rise on the back of higher oil consumption by the transport sector (see Table 2). It is estimated that by 2050, the demand for oil in this sector will reach 44 per cent, a substantial increase from 34 per cent in 2010. As of 2012, industry (37%) excluding mining accounted for the highest proportion of total energy demand, followed by transport (34%), residential (11%), mining (8%) commerce (7%) and agriculture (3%). Although the percentages provided for each sector of the economy relate to the total energy consumption, the significant driver of total energy consumption is oil (SA Department of Energy, 2012).

Table 2: Proportion of current and projected energy demand within different sectors

SECTOR	2010	2030	2050	Change
Industry (Excluding Mining)	37%	33%	34%	⬇
Mining	8%	7%	4%	⬇
Agriculture	3%	2%	3%	▬
Commerce	7%	7%	7%	▬
Residential	11%	9%	8%	⬇
Transport	34%	43%	44%	⬆
TOTAL	100%	100%	100%	

Source: SA: Department of Energy, 2012

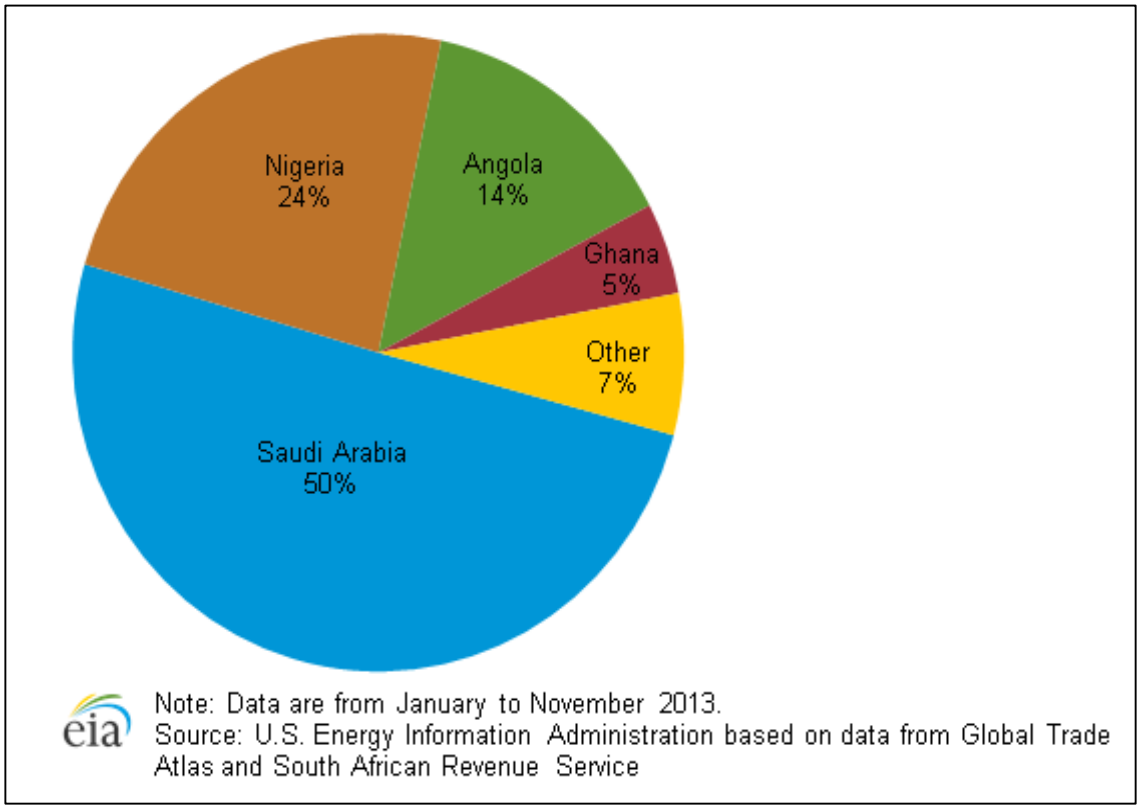
From the information provided, while not exhaustive, it is evident that oil is critical to the South African economy. As in the case of China and the US, this resource's availability is pivotal to the growth of the economy. Oil is crucial to sustain the manufacturing sector, mining, industrial processes and more importantly, as already alluded to, the transport industry. Industrial agriculture is dependent on oil especially in the agri-business sector for the production of fertilizers, herbicides and pesticides. Similarly the manufacturing sector uses energy as feedstock in the manufacturing of products such as plastics, paints and pharmaceuticals (Wakeford, 2006:2). These key sectors contribute to around 59 per cent of the country's GDP (SA Department of Energy, 2007:16).

Oil is a lubricant without which all the critical sectors, especially transport, would virtually collapse with dire consequences for the economy and the stability of the country. As indicated earlier, a study by the Department of Energy has revealed that billions of South African Rand would be lost in the event of a disruption in the supply of oil. Therefore, energy security is pivotal to the stability and security of South Africa and the well-being of its people.

3.3. South Africa's Dependence on the Global Oil Market

As mentioned, South Africa is the largest consumer of petroleum on the African continent after Egypt (US EIA, 2014). However the country has limited proven oil and gas reserves. South Africa consumes on average 630 kbd of oil of which only 180 kbd is produced domestically (US EIA, 2014). South Africa imports a substantial amount of its crude oil from the African continent and the Middle East. Until 2012 Iran was the second largest supplier of crude to South Africa. However, after the imposition of sanctions by the US and the EU, Saudi Arabia (50%) became the largest supplier of oil, followed by Nigeria (24%), Angola (14%) and Ghana (5%), respectively (US EIA, 2013). A total picture of South Africa's oil imports for 2013 is reflected in Figure 3 .

Figure 3: South African crude oil import by country of origin, 2013



Source: US EIA, 2013

Although Saudi Arabia and Nigeria are richly endowed with oil, both countries are prone to political and security challenges. Saudi Arabia in particular is located in a region with a history of conflict, while Nigeria is fighting a protracted insurgency (Vivoda, 2009:4616).

3.3.1 The impact of South Africa's dependence on the global oil market on its macro-economy

As previously indicated, South Africa relies extensively on the global market for its crude oil. However, the price of crude oil, globally, has a direct impact on the price of petroleum and petroleum products domestically. In order to understand this linkage, it is necessary to explore how the price of crude oil is determined.

3.3.1.1 Determination of the world's price of crude oil

According to Nkomo (2006:10) the determination of the price of crude oil has evolved in three stages. Until the 1970s prices were determined by the multi-national companies

that had a complete monopoly on the international oil market. However, after the 1970s OPEC asserted its influence largely through the amount of oil they produced or made available to the market. As discusssed, this was a blunt instrument that OPEC used to highlight other political grievances they had (notably, the Arab-Israeli conflict) and which culminated in the 1973 oil crisis. However, since 1980 the crude oil price is set by international markets. In this regard, two benchmark crudes are widely used and thus serve as reference prices: Brent and West Texas Intermediate which are traded in the New York and London futures exchanges, respectively (Hermann, *et al*, 2010:123

Although there are many factors that affect the price of crude oil, the balance of supply and demand is the most important. The demand for oil is largely determined by economic growth. In this context, and as indicated previously, the US economy, with a ferocious appetite for oil, largely influenced the price of oil in the past. Recently, however, high oil demand has gravitated to the east, with the Chinese economy consuming a proportionately higher rate of oil, thereby increasing the global demand for this commodity (Hermann *et al.,* 2010:124).

Regarding the supply of oil, the oil producing countries (both OPEC and non-OPEC members) largely influence the price of oil through their production decisions. In deciding how much oil to produce these countries consider political, economic and geological factors. In recent years other factors have emerged, such as new technologies, disruptions in the supply and production process which may occur as a result of technical, natural (disaster) or political exigencies (Wakeford, 2006:4). All these highlighted factors have a direct bearing on the production and supply of oil and consequently the price of crude oil.

3.3.1.2 Determination of the price of petrol

According to the SA Department of Energy (2014), the petrol price in South Africa is heavily influenced by the price of crude oil in the international market and it is quoted in US dollars per barrel. As previously indicated, international oil prices are determined by supply and demand in a particular market. This may also include speculation about the demand and supply of oil. Therefore the international price of crude oil has a direct

bearing on the price of petrol in the domestic market. This variable also takes into consideration the Rand/Dollar exchange rate.

3.3.1.3 Oil shocks: Conceptual overview

Wakeford (2006:2) defined 'oil shock' in terms of the fluctuation of the prices of world crude oil. These fluctuations are usually caused by either the demand or the supply of oil. The fluctuation depends on, among others, the speed and duration of a shock with obvious consequences for the economies. Most commentators agree that there have thus far been three historical incidents of oil price increases, the impact of which align with the definition of 'oil shock': The 1973 'oil crisis', 1979 Iranian revolution and the 1990 Iraqi war. In all these cases there was a disruption in the supply of oil resulting in a substantial increase in the prices of oil.

3.3.1.4 Impact of oil: The global crude oil prices/shocks on the economy

As happened in the case of the three 'oil shocks' , the first victims of an oil price shock are the consumers who bear the brunt of higher prices of goods and services due to inflation. The difficulty for the consumers is that they do not have an option of substituting petroleum and petroleum products in their consumption because of the fixed nature of the machines/equipment that they use. Similarly the producers will also be affected by oil shocks because oil is a critical input factor in the production process and there is no immediate substitute for it (Nkomo, 2006:11-13).

3.3.1.5 The vulnerability of the South African economy to oil shocks

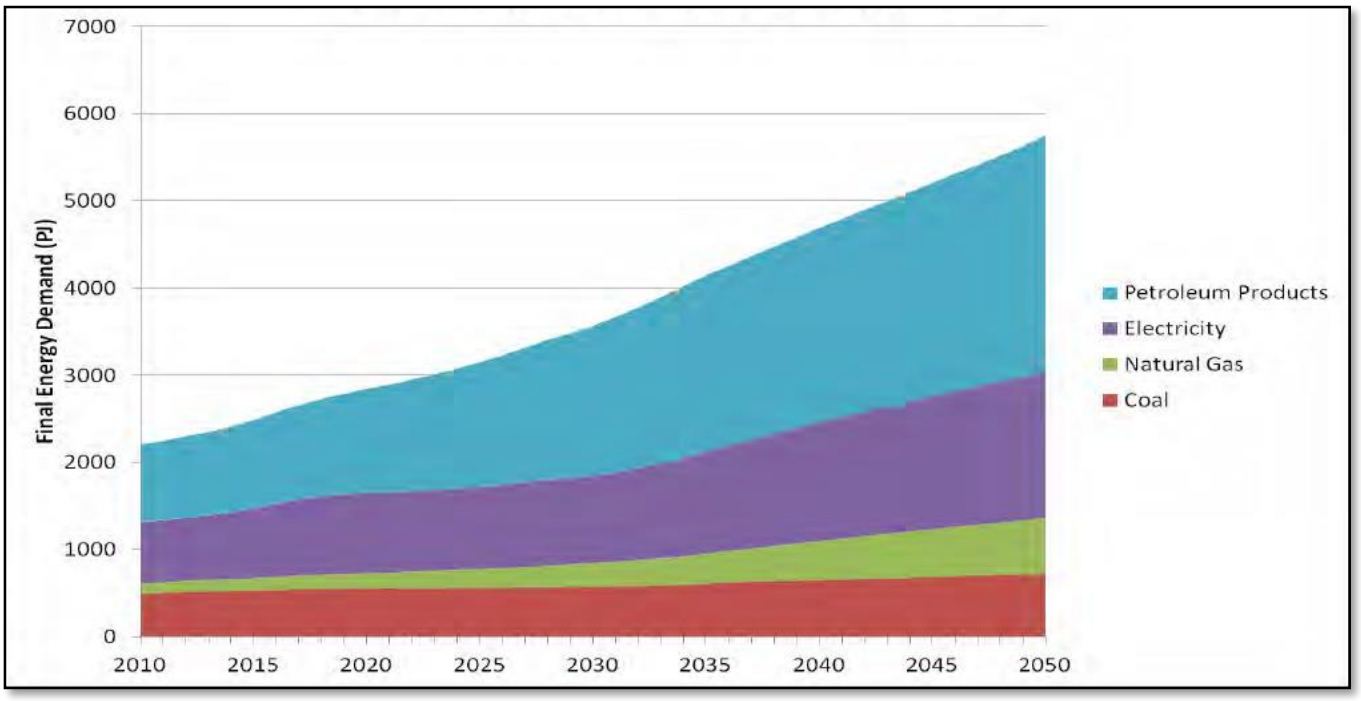
According to Nkomo (2006:10) the vulnerability of oil importing countries to oil shocks can be determined by using a three-dimensional framework, namely: oil import dependence (proportion of oil consumption that is imported); oil resource dependence (ratio of oil to total energy use); and energy intensity of the economy (ratio of energy use to real gross domestic product).

Thus to understand the extent of South Africa's vulnerability to the global oil price shocks/market, Nkomo's three dimensional framework will be applied. Firstly, as observed, South Africa relies substantially on the global oil market for its crude oil, and

in 2012 the country consumed about 630 bbl/d of oil, 450 bbl of which was imported. This constituted about 71 per cent of the country's petroleum needs. Therefore, any disruption to the supply of imported oil would be disastrous to the South African economy.

Secondly, it was also asserted in the previous section that oil accounts for 22 per cent of total energy consumption. According to the South African Department of Energy (see Figure 4), the demand for petroleum products will, between 2010 and 2050, increase substantially, relative to other energy carriers. In particular the demand for petrol and diesel will increase in order to meet transportation needs. Similarly, it is projected that there will be a surge in the demand for diesel in the mining sector. Against this background it is evident that oil is a critical component of the South African energy sector and the life blood of the economy.

Figure 4: Final energy demand by energy carrier

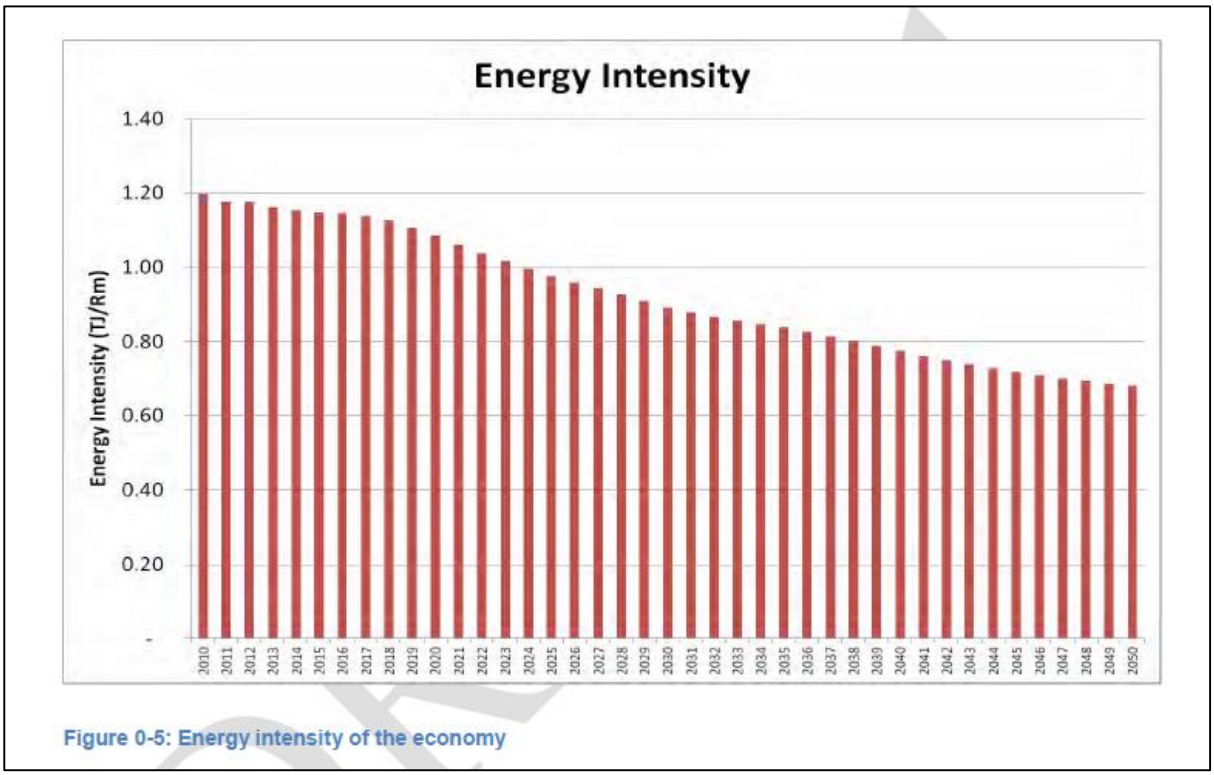


***Source*: SA Department of Energy, 2012**

The third dimension relates to the energy intensity of the economy. It is understood that the annual per capita energy consumption of the South African economy is 2.4 tons of oil equivalent. Moreover, critical sectors of the South African economy such as industry

and mining, as well as Industrial agriculture (agribusiness) is energy intensive. The extraction activities in mining and processing of iron and steel in particular consume a proportionately high amount of energy (Davidson & Winkler, 2006:4). A projection by the SA Department of Energy reveals that although the level of energy intensity of the South African economy will decrease slightly towards 2050 (see Figure 5), energy, especially oil, will still remain a critical input factor. The reduction will be a consequence of (hence conditional on) structural changes in the economy, technological advancement and improved efficiencies.

Figure 5: Energy intensity



***Source*: Department of Energy, 2012**

Thus, it is evident that the South African economy is vulnerable to global oil price shocks, as the country is heavily reliant on the global oil market for its petroleum needs. In the event of a disruption in the supply of oil, both the producers and consumers will be negatively affected with major ramifications for the economy. The disruption to the supply of oil will be severe because the country's oil resource dependence is high, because after coal, oil is the second largest energy carrier and the most critical. In 2012 it constituted 22 per cent of the total energy consumption. Finally, it has been

demonstrated that the South African economy is energy intensive. While the level of intensity is likely to decrease in the future, albeit marginally, oil is expected to continue to be the major energy resource.

3.3.1.6 The implications/challenges of South Africa's dependence on the global oil market

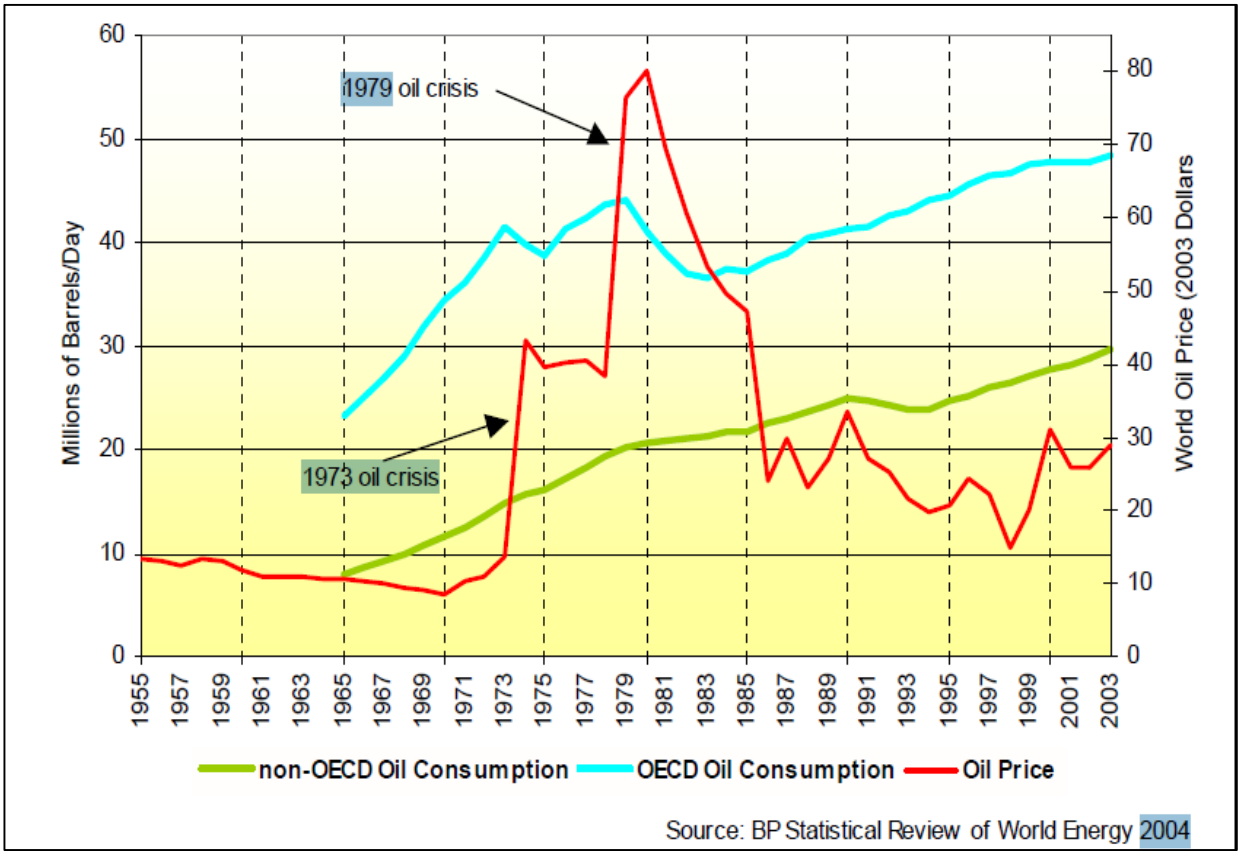
South Africa's heavy reliance on imported crude oil poses two sets of challenges. Firstly the country imports crude oil at a price set by the international markets based on the global demand and supply of oil. These prices fluctuate. Petrol price in South Africa is thus determined with due regard to both the price of crude oil and the costs of refining domestically. With the increase in the price of crude oil there is a corresponding increase in the price of petrol with the burden passed on to the consumers. South Africa's dependence on imported oil exposes the country to the vagaries of rising crude oil prices and volatility of the price of oil, both of which stifles economic activity and inhibits investor confidence (Wabiri & Amusa, 2011).

Secondly, as noted, most of the countries from which South Africa's crude oil is imported are prone to geopolitical and security instability thus posing a risk to the continuous supply of oil. This risk factor in particular exposes South Africa to both economic and national security problems it has no control over (Wabiri & Amusa, 2011). A country that relies heavily on international markets for oil, faces a multitude of disruptions which may be caused by, amongst others, political or natural events or a combination of factors (Vivoda, 2009:4616). This fact was demonstrated when the US and the EU imposed sanctions on Iran, severely disrupting South Africa's access to its largest source of crude oil: Iran (Scholvin , 2014:10).

Over the past decades, there have also been instances of numerous disruptions of oil due to security and political problems which also affected South Africa. In all of these instances such as the 1973 oil crisis and the 1979 Iranian revolution, oil prices escalated, thus negatively affecting the global economy (see Figure 6.). According to Goldemberg (1988) as reported in Marquard (2006:49) these two crises catapulted the global economy into a recession. Between 1973 and 1981 the OECD countries paid about 1.5 trillion dollars more for oil than they would have spent had the crises not

occurred. South Africa was one of the first countries that were targeted by OPEC in 1973 due to its strong links with Israel. Similarly the Iranian crisis also disrupted the latter's oil flows to South Africa because of the deposed leader's strong links with the South African government. It should be noted that at the time Iran was South Africa's largest oil supplier (Marquard 2006).

Figure 6: World oil price and world oil consumption



Source: Marquard, Doctoral Thesis (BP Statistical Review, 2004)

Goldemberg (1988) in Marquard (2006:49) asserted that 'a wise oil-importing government will seek to diversify its supplier mix as much as possible, so that a possible future disruption, and a failure of any one producer, reduces the economic vulnerability and does not cut off adequate supply of oil'.

Wabiri and Amusa (2011) argued that in considering measures to mitigate the risk of South Africa's oil-import vulnerability, policy-makers should consider the risks associated with imports from each of the supply sources. The authors assigned a high risk-weight to oil exporting countries that, among other factors, are prone to political and

security instability. High risk-weight implies high costs and potential insecurity of supply, a situation that can imply higher prices on oil-related products.

3.4 Conclusion

This chapter examined South Africa's dependence on the international oil market for its petroleum needs. In this context the chapter briefly analysed South Africa's development challenges and identified energy as a critical input factor for economic development. In this regard the South African energy sector was examined focussing on oil as a strategic concern.

Given the country's reliance on the global oil market, an analysis determined the degree of vulnerability of the economy to the oil shocks. In this regard Nkomo's three dimensional framework was used focussing on oil import dependence, oil resource dependence and energy intensity of the economy. Accordingly it was revealed that South Africa is dependent on the global oil market for its petroleum needs. It was established that oil constitutes a significant share of total energy consumption. It was further revealed that the South African economy is energy intensive, with industry and the mining sector accounting for a larger share of total energy consumption.

This chapter also examined the source of South Africa's crude oil imports. It was established that South Africa imports most of its oil from countries that are prone to political or security instability exposing the country to a high risk of disruption in the supply of oil. It was further revealed that in the past decades major global oil disruptions were precipitated by political instability in oil producing countries. Two of those instances, the 1973 oil crisis and the Iranian revolution in 1979, directly affected the flow of oil to South Africa with negative ramifications for the country's economic development and national security.

In conclusion an argument was advanced that it is safer and advisable for countries that rely on imported oil to carefully assess the political and security risks of the sources of their energy especially oil, given the potential risks to disruption in the event of instability. The following chapter explores the extent to which South Africa has used oil diplomacy to secure reliable access to oil.

CHAPTER 4
SOUTH AFRICA'S DIPLOMATIC PARTICIPATION IN THE INTERNATIONAL OIL SUPPLY DISCOURSE: OPPORTUNITIES AND CHALLENGES

4.1 Introduction

South Africa needs abundant energy resources in order to grow the economy and redress the apartheid induced socio-economic inequities. The strategy for economic growth entails enhancing its products and manufacturing capacity so as to stimulate both domestic and foreign investments. To achieve this objective, South Africa needs access to a secure, uninterrupted and affordable supply of oil.

Oil is fundamental to the social and economic development of South Africa and the country's economic progress is pivotal to the prosperity and security of its entire people. However, South Africa is oil-deficient. The country thus depends on the international oil market for its crude oil and petroleum needs. For example, for almost two decades from 1994 to 2009 more than 70 per cent of crude oil in South Africa was imported – a staggering percentage – the bulk of which was sourced from countries in Africa and the Middle East (Wabiri & Amusa, 2011:445).

South Africa's excessive reliance on the international market for its crude oil has exposed the country to the risk of disruption in the supply of oil. This oil-import vulnerability has presented South Africa with three sets of challenges:

First; there is a strong correlation between the country's import prices and the international crude oil prices. Domestic oil prices are therefore largely influenced by the global crude oil prices. Therefore the volatility and fluctuation in the global oil prices directly affect the domestic crude oil prices and the economy of the country.

Second; during the past twenty years South Africa imported almost 94 per cent of its crude oil from Africa and the Middle East – two regions that are particularly prone to domestic and geopolitical instability. According to Wabiri & Amusa (2011:445) there is a nexus between instability in oil-producing countries and the disruption in the supply of crude oil in affected oil-importing nations.

Third; increased competition and the 'scramble for resources' in Africa by countries such as China, India and the United States, have underscored the most urgent and pressing necessity of a robust oil diplomacy strategy.

Given the above context, in the past two decades South Africa – through its foreign policy and diplomacy – has sought to advance its national interests in the international arena, especially its access to oil. This approach was consistent with President Zuma's declaration that 'our foreign relations contribute to the creation of an environment conducive to sustainable economic growth and development' (Zuma, 2009). Similarly, former Deputy Minister of International Relations & Cooperation, Mr Ebrahim Ebrahim also asserted that South Africa's foreign relations 'will be driven by the need to deliver to the masses of our people, which is at the core of our national interest' (Ebrahim 2009).

This chapter will thus evaluate the efficacy of post-apartheid South Africa's foreign policy and diplomacy to enhance her energy security. Specifically, attention will be paid to how South Africa used structured bilateral mechanisms like the BNCs and JBCs as a form of niche diplomacy to promote greater cooperation with Africa (Nigeria, Angola) and the Middle East (Saudi Arabia and Iran) in order to access oil.

The chapter will also assess the associated risks of over-reliance on these countries for oil, and how South Africa's pursuit of oil through her diplomacy has manifested at a policy/institutional level. The successes and shortfalls of the related strategy will be identified, in order to contribute to a research agenda and enrich diplomatic policy development in this field.

4.2 Development of South Africa's Oil Diplomacy

South Africa's quest for oil security has over the years had a significant impact on the country's foreign relations and diplomacy. In the 1960s and 1970s, in protest against the apartheid system, both the United Nations General Assembly (UNGA) and the Organisation for African Unity (OAU) respectively passed resolutions calling for an oil embargo against South Africa. At the level of the UNGA, pressure was brought to bear

on South Africa through a stream of resolutions calling for sanctions against the apartheid regime. In 1962 for the first time the UNGA passed Resolution 1761/12 which called for a ban on all exports to South Africa. A significant milestone was recorded in 1975 when the General Assembly passed Resolution 3411/30, repeated throughout the 1980s and early 1990s, specifically calling for an oil embargo against South Africa. In this regard a comprehensive programme to effect the implementation of the oil embargo was developed (Marquard, 2006:284).

On the African continent, a more concerted campaign was launched culminating in the resolution of the OAU Council of Ministers in 1964 which specifically appealed to all oil producing countries to urgently halt the supply of oil and petroleum products to South Africa. Although the UN and OAU resolutions carried no legal force, they nevertheless dented the international moral standing of the country and had a constraining effect in the trade dealings with the regime (Marquard, 2006:284)

A turning point in the oil trade embargo against South Africa occurred in 1977 when all OPEC members except Iran took a decision to impose oil sanctions on South Africa. However, after the Iranian revolution in 1979, Iran joined the oil embargo. This development was a major setback for South Africa because during this period, the country imported 90 per cent of her oil from the Middle East. As a result of this, in 1979 South Africa came closest to running out of oil (Marquard, 2006:284).

In response to the international oil sanctions, South Africa developed the State Oil Security Strategy, which comprised of three core phases and elements: From 1960 to 1973 two programmes were developed – the first was a programme to find indigenous oil reserves including developing the synthetic fuels industry and secondly, the development of a large scale strategic oil reserve. This was a period which saw the establishment of a state-owned entity (SOE) called Soekor which later became SASOL Limited . Soekor was an integral part of the State Oil Security Strategy and its mandate included undertaking offshore exploration, if necessary. This did not succeed because of the international oil sanctions campaign against South Africa. The period from 1973 to 1979 – an era marked by the 1973 ‘oil crisis’ – saw an acceleration of the development of the synthetic fuels industry and a cut in liquid fuel consumption including petrol restrictions. The Cabinet Committee on Energy and the Energy Policy

Committee were formed and SASOL 2 was established, including the formation of a state-owned refinery, Natref. The last phase from 1979 to 1993 was the consolidation of the synthetic fuels industry. Crude oil acquisition was also taken over by the state and coordinated by the Strategic Fuel Fund (Marquard, 2006:284).

The Strategic Fuel Fund (SFF) was managed by SASOL and was responsible for secretive oil sanctions busting activities including shady trading with Iran and some countries in the Middle East. In the early 1980s South Africa's oil trade was conducted in secrecy in order to protect the vast network of collaborators and sanctions busters from international scrutiny. This situation was untenable and was only saved by the end of apartheid in the early 1990s (Marquard, 2006:300).

The dawn of democracy in South Africa in 1994 therefore marked a turning point in the country's foreign relations, particularly its oil diplomacy. With the cessation of sanctions, including those targeting the oil sector, South Africa could freely pursue her oil interests in the international market. However South Africa's pursuit of crude oil in the external domain took place against the backdrop of different domestic and global contexts.

Domestically, the post-apartheid administration fundamentally changed the governance of the oil sector, which in the past was overly regulated by the state amidst a veil of secrecy. Since 1994 there has been greater transparency and the deregulation of the sector with the Department of Energy (DOE) as the implementing agency of the country's energy security strategy (Davidson & Winkler, 2006:27; Marquard, 2006:247). DOE is primarily responsible for energy policy. It was established in 2009 when the former Department of Minerals and Energy was divided into the Department of Energy and the Department of Mineral Resources**.** This aspect is dealt with separately in the following section.

Although the country can now freely pursue her oil interests in the international market, it has to contend with challenges ranging from the potential disruption to the supply of oil to the volatility of the price of oil. Similarly, on the continent of Africa, South Africa competes with other energy-hungry powers involved in the 'scramble for Africa' for energy resources, particularly oil, at the front end of which is the US and China on the one hand and India and Brazil on the other (Daniel & Lutchman, 2006:492).

It is in the context of these global opportunities and challenges that South Africa's post-apartheid administration, through her foreign policy and diplomacy, advanced her oil interests in the international domain. Unlike in the period before 1994, during the past two decades South Africa's pursuit of oil has been marked by greater transparency and openness.

4.2.1 Policy and institutional context

Diplomacy is a vehicle through which states as well as other actors articulate, coordinate and secure particular or wider foreign interests. Foreign Ministries and diplomatic missions are the key institutions that are responsible for the execution of diplomacy, and the coordination of foreign policy. Over the years the practice of diplomacy has evolved in tandem with the changes that have occurred in the international arena. The increasingly technical nature of various issues on the diplomatic agenda, such as energy, has had a major impact on the organisation of foreign ministries and diplomatic missions (Barston, 2014:10).

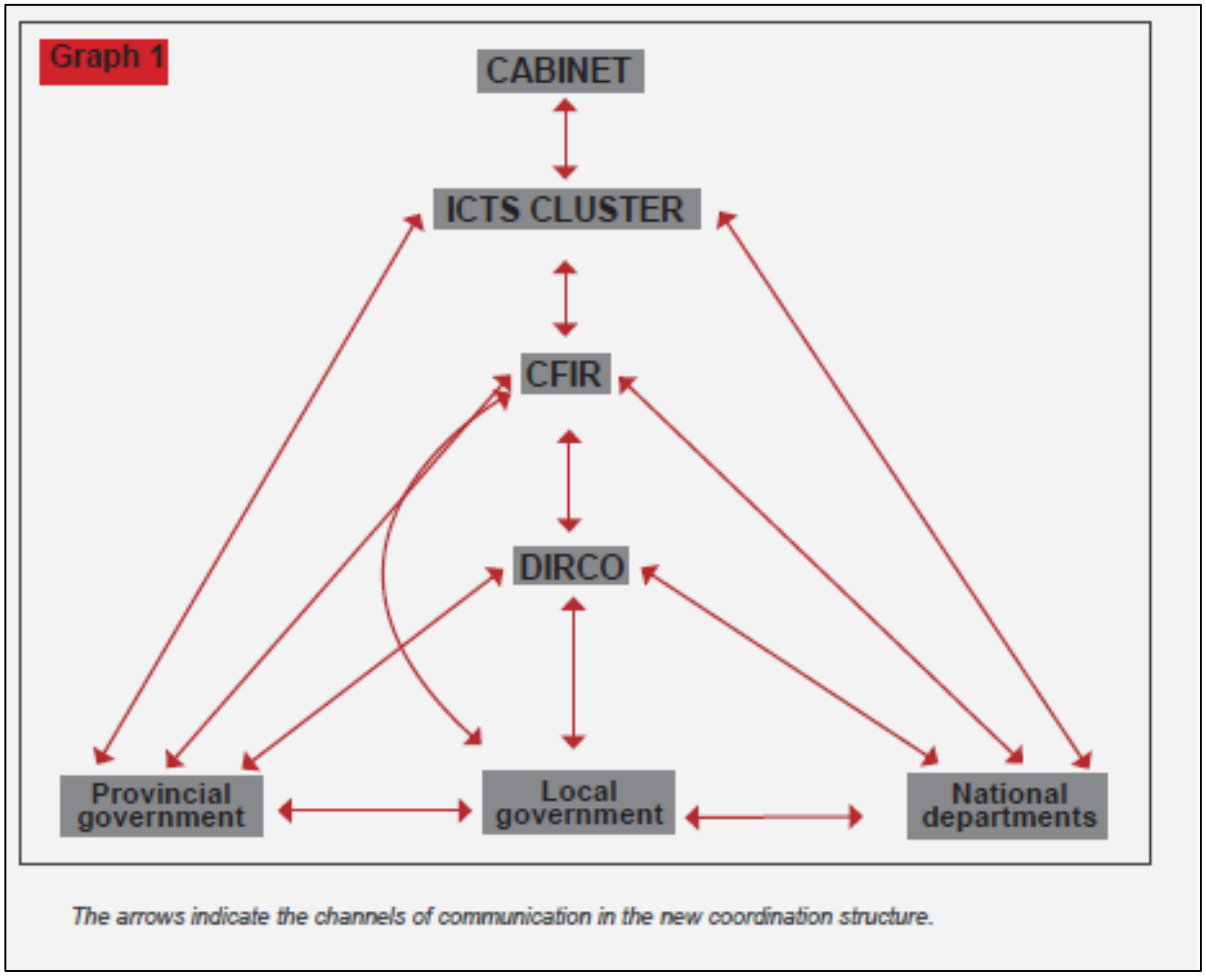
Consistent with international practice, foreign policy and diplomacy in South Africa is coordinated by and through the Department of International Relations and Cooperation (DIRCO) and its respective missions abroad. Although, in terms of the South African Constitution, the President is ultimately responsible for South Africa's foreign policy, the Minister of International Relations and Cooperation (the Minister) has been entrusted with the formulation, promotion and execution of South Africa's foreign policy. In executing this responsibility, the Minister is obliged to consult the Cabinet and the relevant Minister(s) on crosscutting or multi-sectoral issues that concern other ministries and departments (SA DIRCO, 2013:21).

Consultation and coordination with other departments is crucial because in recent years more and more issues have crowded the diplomatic agenda. As a result of this a number of other Ministries have become increasingly involved in international relations. This development has brought to the fore the unintended consequence of coordination overlaps. Because of this the South African Government approved the *Measures & Guidelines for Enhanced Coordination of South Africa's International Engagements*

(Guidelines) in order to coordinate the conduct of international relations and the implementation of its foreign policy in 2009.

Following the adoption of the Guidelines, the Consultative Forum on International Relations (CFIR) was established in 2009 in order to serve as an intergovernmental structure comprising senior officials from all spheres of government mandated to foster coordination and information-sharing on the implementation of the country's foreign policy. As reflected in Figure 7, CFIR reports to the International Cooperation, Trade and Security Cluster (ICTS), which like the CFIR, is chaired by the Director-General of DIRCO (SA DIRCO, 2009:10).

Figure 7: New Coordination Structure



Source: SA DIRCO 2009

In order to create the capacity in government and across departments to adhere to the approved Guidelines and effectively implement South Africa's foreign policy, DIRCO

has developed an economic diplomacy training programme for its diplomats and other relevant officials from all the spheres of government. The focus of this programme is on economic diplomacy, because attracting investment and market access is understandably one of South Africa's foreign policy priorities. The curriculum of the economic diplomacy comprises three core areas: trade and investment, tourism and managing the image and brand of South Africa (Parliamentary Monitoring Group, 2013). Unfortunately, energy is subsumed under trade and investment and is not given the prominence that it requires. This is unfortunate because it is absolutely critical that DIRCO streamlines into its curriculum a module on energy security for both its diplomats and government officials, especially those who work in the energy sector.

South Africa has also used structured bilateral mechanisms such as Binational Commissions (BNCs) and Joint Bilateral Commissions (JBCs) as vehicles to coordinate relations with strategic countries. The bilateral mechanisms are supported by joint technical working groups/technical committees, each comprising a cluster of relevant line function departments. These committees serve to promote cross sectoral cooperation in areas such as energy, trade and investment, education and training and defence, security and international cooperation. DIRCO is responsible for convening meetings of the structured bilateral mechanisms. However, practically the role of DIRCO is only limited to convening meetings of these intergovernmental structures and does not substantively make an input in substantive matters, especially in the area of energy where it does not have the requisite expertise and competency (SA DIRCO, 2009:14).

In the context of the above institutional framework the Department of Energy has during the past two decades expanded its scope of international activities through bilateral and multilateral engagements. For example, it has concluded partnership agreements with countries such as Russia, Nigeria, and the Democratic Republic of Congo (DRC) with the ultimate objective of enhancing the country's security of energy supply. Similarly the Department has also actively participated in multilateral engagements such as the Southern African Development Community (SADC) Energy Ministerial meeting, the International Renewable Energy Agency (IRENA), the International Energy Agency (IEA) Ministerial Meeting, the African Petroleum Producers Association (APPA)

meeting and the Conference of Energy Ministers of Africa (SA Department of Energy, 2013:32).

A significant milestone in the country's quest for energy security was achieved with the establishment in November 2011 of the Cabinet National Nuclear Energy Executive Coordination Committee (NNEECC) under the leadership of President Zuma. In 2014 the committee was renamed the Energy Security Cabinet Sub-Committee with a mandate to consider broader energy security questions, including the country's petroleum needs (SA Department of Energy, 2013:11). The Minister of International Relations and Cooperation was also appointed to this committee, presumably in appreciation of the international dimension of the energy question.

However, despite the many policies and institutional processes established to coordinate the implementation of South Africa's foreign policy, especially the pursuit of energy, the security of oil supply remains elusive because of a lack of a dedicated capacity within DIRCO on energy security. There is no provision in the organisational structure of DIRCO or its missions for a team of experts, like in the US Department of State, whose responsibility it is to think creatively about how to solve the energy security challenges and seize the opportunities presented by the global realities. This is particularly crucial for South Africa whose oil dependency vulnerabilities pose a threat to the economic well-being and national security of its citizenry.

The lack of technical capacity in DIRCO to coordinate the country's energy security initiatives has thus presented two sets of challenges: Firstly, even though DIRCO, through structures such as CFIR and BNCs/JBCs/etc, coordinates the overall implementation of the country's foreign policy, it does not have the expert knowledge to appreciate the global energy trends as well as the technical knowledge of the subject, thus limiting its capacity to make meaningful contribution on the issue of energy security. Secondly, although the Minister of International Relations and Cooperation is a member of the Energy Security Cabinet Sub-Committee, she does not have the support of a technical team from her department with requisite knowledge on the subject matter, thus also limiting her capacity to influence the outcomes of the deliberations.

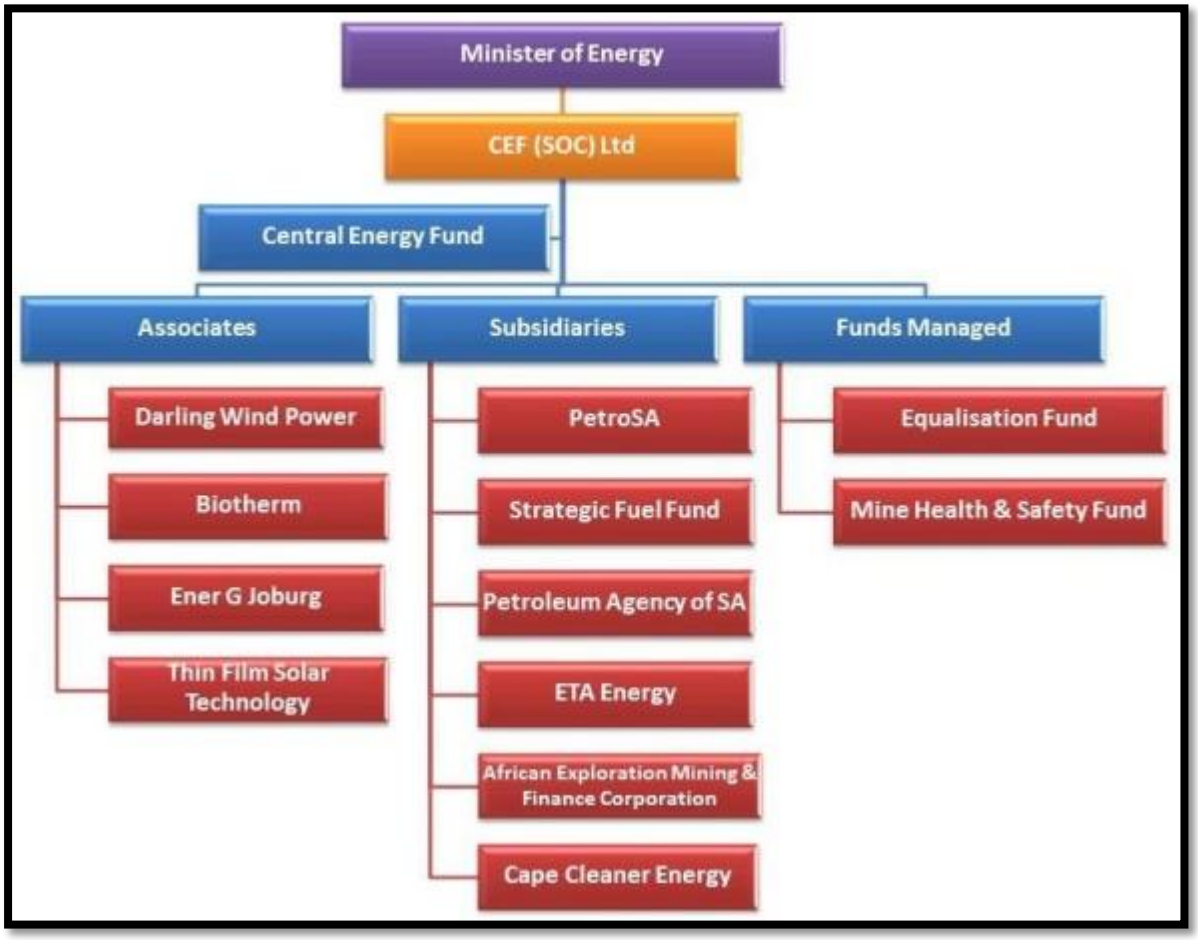
Given DIRCO's inherent capacity challenges and institutional deficiencies, the pursuit of energy security in the international domain is left to the Department of Energy which may not be well equipped to deal with the global political and security risks associated with the question of access to oil. The 21st century energy security challenges require robust diplomatic machinery, well-resourced and skilled, to dissect the global risks associated with the supply of energy.

4.2.2 South African energy security strategy

As indicated in the previous section, the Department of Energy is responsible for managing the country's energy policy in order to ensure energy security. The country's energy security strategy seeks to ensure access to diverse, affordable and sufficient energy resources in order to fuel the country's economic development.

The Central Energy Fund (CEF) – a subsidiary of the DOE – is the implementing agency of the energy security strategy. The CEF was established in 1997 in order to oversee and coordinate the country's efforts towards a more sustainable energy future. The CEF reports directly to the Minister of Energy and is mandated amongst others to acquire, explore, generate and manufacture any energy form. Although the CEF is part of the state, it operates autonomously (Daniel & Lutchman, 2006:495). As shown in Figure 7, the CEF has set up amongst others the Petroleum Oil and Gas Corporation of South Africa (PetroSA) and the Petroleum Agency of South Africa (PASA) in order to engage in the exploration and production of crude oil and promote the exploration and exploitation of crude oil, respectively. PetroSA in particular explores for oil around the world, with a focus on Africa (SA Department of Energy, 2015). Although the CEF and PetroSA undertake activities in the international domain, DIRCO is not represented in their respective Boards.

Figure 8: Organogram of the Central Energy Fund



***Source**: Central Energy Fund, 2015*

One of the outputs of the CEF was the adoption of the White Paper on Energy Policy which was promulgated in 1998 (Daniel & Lutchman, 2006:495). Some of the key objectives of the White Paper included: increasing access to affordable energy services; stimulating economic development; and securing supply through diversity. Since its adoption the White Paper has been implemented through a raft of more than twelve legislations including the National Energy Act of 2008; the Petroleum Pipelines Act of 2003; the Petroleum Pipelines Levies Act of 2004 and the Mineral and Petroleum Resources Development Act of 2002. In addition to these legislations, the DOE has also passed a series of enabling energy policies such as the Energy Security Master Plan for Liquid Fuels of 2007; Integrated Resource Plan of 2010 and the Draft Strategic Stocks Petroleum Policy of 2013.

The Energy Security Master Plan for Liquid Fuels in particular has identified a need for strategic reserves consideration as an insurance against the potential disruption in the supply of oil. As indicated elsewhere in this study, the South African economy would lose close to a billion Rand per day in the event of a disruption in the supply of oil. In this regard the Master Plan recommended that: industry players, including the Airport Company of South Africa (ACSA) be obliged to hold 28 days of crude oil (this was later revised to 42 days); PetroSA should import 30 per cent of crude oil consumed in South Africa and that the company should acquire its own vessel(s) to minimise dependence on foreign tankers (SA Department of Energy 2007:7). The latter point is crucial because as was the case during the recent US and EU sanctions against Iran, although South Africa was not bound by these sanctions, it could not import oil because the foreign tankers it relied on for transport were Western-owned and thus had to comply with the embargo.

However, notwithstanding the laudable energy security plans elaborated in various legislations and policies in the past two decades, South Africa has not yet consolidated its oil reserves. For example to date, there are only 10.5 million barrels of crude oil stored – equivalent to 22 days – far below the 60 days target set. Similarly, ACSA only hosts stock levels of 5 days, also below the international benchmark of 30 days (SAPA 2014). There is no doubt that in the event of a disruption in the supply of oil, specifically jet fuel, the airline industry would be critically affected.

Addressing the issue of strategic oil reserves is key to the success of South Africa's energy security strategy. The low stock levels and excessive reliance on countries that are prone to political and security instability represent the major fault lines in the country's quest for a sustainable energy future.

Part of the solution is highlighted in the White Paper on Energy Policy which places Africa at the centre of South Africa's energy strategy. The White Paper welcomes increased opportunities for energy trade, especially in the Southern African region, and encourages a diversity of both supply sources and primary energy carriers (SA Department of Energy 1998:27). The following section will therefore examine how South Africa's energy security strategy has evolved on the African continent, especially its response to the imperative of diversifying the supply sources.

4.2.3 South Africa in Africa: Pursuit of oil needs

Africa is central to South Africa's evolving foreign policy and diplomacy. South African policy makers have made it clear that forging closer and deeper relations with the African continent is at the pinnacle of the country's foreign policy agenda. But there is another important reason why South Africa has prioritised the African continent: a quest for energy resources, particularly oil.

Africa is endowed with abundant oil resources. It is estimated that the continent holds about nine per cent of known world oil reserves (around 105 billion barrels). In 2013 there were around 200 billion barrels of recoverable oil in sub-Saharan Africa with Nigeria at the forefront with almost 63 billion barrels (IEA, 2014:463). Similarly, the Republic of Congo, Gabon and Angola also hold significant reserves. It is estimated that in the coming two decades due to innovations in exploration and extraction, twelve African countries, including Tanzania, Ethiopia, Kenya, Malawi, Mauritius and Ghana, amongst others, are likely to become high-level oil exporters, adding approximately 25 billion barrels to the export basket (Diamond & Mosbacher, 2013:91).

Daniel & Lutchman (2006:493) posit that the African crude oil market has generated great interest, primarily because of the following three reasons:

Firstly, the African continent is considered an alternative to the Middle East, especially after the 9/11 disaster in the United States and the security challenges prevalent in this region. The Middle East has been and continues to be a hotbed and an arena of violent extremism. The US 'War on Terror', the rise of extremist groups like Al-Qaida, the Taliban and ISIS, and the so-called 'Arab Spring' have all compounded the political and security dilemma facing this region.

Secondly, most African oil exporters have not joined OPEC and thus are not bound by the latter's decisions on oil production levels. A number of African countries have only recently made oil discoveries and therefore find the terms of joining this organisation onerous.

Thirdly, most of the oil from Africa is of a higher grade (sweet) and thus compatible with existing refineries especially those in South Africa. Lastly, as indicated in the previous paragraph, there are positive prospects for even more oil discoveries on the continent (Daniel & Lutchman, 2006:493).

Given the afore-stated reasons, during the past two decades South Africa has actively pursued oil interests on the African continent in order to respond to the country's growing energy demands. As highlighted in the previous section, PetroSA has been used as a key vehicle in the country's search for oil. There are other private players, like SASOL, that have also ventured onto the African continent and beyond in search of oil. Accordingly PetroSA has made a number of acquisitions on the continent. The company's strategy has been to use 'a combination of economic muscle, technical edge and tactical diplomacy' to advance South Africa's oil and gas pursuits (Daniel & Lutchman, 2006:501). In some instances the company has ventured on its own, while in others it forged strategic partnerships with other companies.

PetroSA's pursuit of oil on the continent has been buttressed by parallel diplomatic efforts by the South African government, in the form of structured bilateral partnerships. An appraisal of these efforts is therefore necessary in order to highlight how the country's diplomatic activity in selected African countries has advanced its energy security agenda. This exercise will not necessarily seek to assess the efficacy of these structured bilateral mechanisms as an instrument to implement foreign policy. Measuring foreign policy implementation is a complex and difficult process which will require a separate study.

4.2.3.1 Nigeria

Nigeria is a significant player on the African continent and a dominant power in West Africa. It is Africa's most populous nation with an estimated 150 million citizens (Gopaldas, 2012). Recently, after rebasing its economy, Nigeria surpassed South Africa as the largest economy in Africa. Significantly, the country is endowed with abundant oil reserves. According to the International Energy Agency (IEA), as of 2013 Nigeria held 63 billion barrels of oil placing her ahead of other oil producing countries in sub-Saharan Africa (IEA, 2014a:463). On average the country produces 2.4 million

barrels of oil per day, of which 2.3 million barrels are exported (IEA, 2014:475). As indicated in Chapter 3, in 2013 South Africa's crude oil imports from Nigeria accounted for 24 per cent of its overall crude oil imports, placing her uniquely as the country's largest supplier of crude oil on the African continent and the second globally.

South Africa considers Nigeria as one of her strategic partners in Africa, and South Africa uses the Binational Commission (BNC) to advance her interests with Nigeria. The South Africa-Nigeria Binational Commission was established in 1999 and is chaired by the respective Deputy Presidents. The BNC is supported by a number of subsidiary committees. Through the BNC the two countries seek to promote and deepen greater institutional cooperation at bilateral, regional and global levels (Otto, 2012).

In between the meetings of the BNC and its subsidiary bodies, the South African High Commission supported by its Consulate-General in Lagos plays an important role in coordinating bilateral relations between the two countries. The South African diplomatic representation in Nigeria ranks amongst the country's prominent and premier institutions, comprising of a Minister Plenipotentiary as the deputy head of the Mission, three counsellors and a defence attaché serving as heads of the respective sections in the Mission (SA DIRCO, 2015a). It is unclear if any of these diplomats has been assigned the portfolio of energy and if so, whether such official possesses the requisite technical competencies.

Although this BNC covers a broad spectrum of issues, it is evident that cooperation in energy – especially trade in oil – constitutes the hallmark of this collaboration. For example the most important agreement that was signed during the 2012 session of the BNC covers cooperation in oil and gas. The importance of energy in the two countries' bilateral cooperation was affirmed by the former High Commissioner of South Africa to Nigeria, Ambassador Kingsley Mamabolo, when he asserted that 'South Africa must begin to look towards Nigeria for its oil and crude oil' (Alao, 2012). To a certain extent these diplomatic efforts have yielded some results as by 2013 Nigeria had substituted Iran as South Africa's second largest source of crude oil.

However, Nigeria's status as a reliable and stable supplier of crude oil to South Africa may be undermined by two factors. Firstly, there is a delicate internal security situation

in Nigeria which could hinder the country's oil productive capacity and its export quantity, including to South Africa. Nigeria is fighting an insidious battle against Boko Haram, a radical Islamic group which seeks to install an Islamic state in Nigeria (Gopaldas, 2012). On the other hand, in the Niger Delta region the Nigerian government is battling the Movement for the Emancipation of the Niger Delta (MEND) which continues to attack oil fields and pipelines across the country (Reuters, 2013). Because of the fragile situation in Nigeria, especially in the Niger Delta region where most of the production of oil is located, as well as the theft of oil, the IEA predicts that Angola will temporarily overtake Nigeria as the largest producer of oil in Sub-Saharan Africa (IEA, 2014b:535).

Secondly, South Africa's bilateral relations with Nigeria have been tested on several occasions over the past two decades. Differences in some key, foreign policy questions on the continent, such as the 2010/11 crisis in Cote d'Ivoire, the 2012 election of the African Union Commission Chairperson, the on-going dispute over the African membership of a potentially reformed United Nations Security Council, and the mass deportation of Nigerians in 2013 for the violation of visa requirements all compounded difficult and complex relations between the two arguably most powerful countries on the continent (Salifu, 2011).

Recently an academic at the University of Cape Town, Professor Mills Soko, berated the South African Government for failing to challenge Nigeria's 'bullying' attitude towards South Africa. In particular Soko chastised Nigeria for amongst others: not cooperating in the repatriation of the mortal remains of 84 South Africans who died in Nigeria following the collapse of a church building in Lagos (it took several months before the bodies were returned to South Africa); over-reacting on the issue of xenophobic attacks against Africans in South Africa and the subsequent threat against South African businesses in Nigeria. Soko was also critical of the BNC and attributed the poor state of bilateral relations to its failure to enhance qualitative political dialogue between the two nations (Soko, 2015).

However, what Soko failed to appreciate, was that it was during the 2012 session of the BNC that South Africa managed to increase its crude oil import from Nigeria, following the imposition of US and EU's sanctions against Iran, which negatively affected South

Africa's crude oil import from Iran. Regarding 'irritants' to bilateral relations, former Deputy President Kgalema Motlanthe had this to say to the Nigerian authorities during the plenary of the BNC:

> *Both of us need a heart-to-heart talk inspired by the spirit of brotherhood and sisterhood as Africans with a shared destiny, so that we surface home truths as a prerequisite to clear up any irritants that may be currently serving as a wedge between us (Ohia, 2012).*

It is evident that although relations between the two countries encompass many areas, access to Nigerian oil is one of the key factors that continue to shape South Africa's diplomatic strategy for Nigeria. This fact has been affirmed by the South African Deputy President, and articulated by the country's chief diplomat to Abuja. This approach has generated positive results because to date Nigeria is South Africa's largest supplier of crude oil. However Nigeria's internal security challenges and to a large extent the unpredictable twists and turns in bilateral relations between the two countries have made Nigeria a high risk oil-import country. It would be in South Africa's interest to continue to enhance diplomatic dialogue with Nigeria in order to consolidate her access to oil from this market while simultaneously diversifying her sources of supply from more stable countries.

4.2.3.2 Angola

Relations between South Africa and Angola pre-date the 1994 democratic dispensation in South Africa. During the struggle against apartheid and colonialism in Southern Africa, Angola provided shelter and material support to the freedom fighters from South Africa, Zimbabwe and Namibia. In particular in the 1970s and 1980s a number of military bases of the African National Congress (ANC) military wing, Umkhonto we Sizwe (MK) were based in Angola (Kasrils, 2013). Many of the MK freedom fighters who were trained in Angola now occupy senior positions in the government of South Africa and are thus playing a constructive role in the evolving relations between the two countries.

Ironically, however, for the better part of the first two decades of South Africa's democracy (especially during the terms of former Presidents Mandela and Mbeki), relations between South Africa and Angola were frosty over differences, amongst others, on how Angola could resolve her internal armed conflict. Following the successful transition to democracy in South Africa, former President Mandela believed that the military conflict between the MPLA led Angolan Government and UNITA could only be solved through dialogue – a view that the Angolan President Jose Eduardo dos Santos strongly dismissed (Ndlovu, 2014:196). Thus, over the ensuing years, bilateral relations between these two states could not develop to their fullest potential.

However, upon his election in 2009, President Zuma swiftly moved to solidify bilateral ties with this nation and capitalised on its shared history with South Africa. For example the first state visit that President Zuma undertook upon assuming the presidency of South Africa in 2009 was to Angola – signifying the importance the President attached to South Africa's relations with Luanda (Tolsi & Roussouw, 2009:2). A State Visit is the highest form of political expression exchanged between two friendly nations. During this visit, the two countries signed an agreement on oil, paving the way for PetroSA and Angola's state oil company, Sonangol, to cooperate on oil projects. Underscoring the importance of cooperation between the two countries in the field of oil Angolan President Jose Eduardo dos Santos, during President Zuma's visit to Angola asserted: '... energy security is one of the most important aspects of peace and stability' (Redvers, 2009:1).

Angola is important to South Africa because it is the second largest producer of crude oil on the African continent. It is estimated that unless the security situation in Nigeria improves, Angola may surpass Nigeria as the continent's largest producer of crude. In 2013, South Africa sourced 14 per cent of its overall crude oil imports from Angola, placing the latter in the third spot as the country's largest supplier of crude oil after Nigeria. Currently 90 per cent of South Africa's total imports from Angola are crude oil. By 2013 the two countries had signed around 122 agreements covering cooperation, amongst others in energy, trade and industry, mining, defence and science and technology (SA Government Communication and Information System, 2015: 256).

A significant development between South Africa and Angola was the establishment of a Tripartite Mechanism on Dialogue and Cooperation between South Africa, Angola and the DRC in 2013. This tripartite mechanism seeks to promote cooperation between the three countries in three areas, namely: politics and diplomacy; security, defence and public order; economy and infrastructure; and public administration and local government. The secretariat of this structure is based in Luanda, Angola. These two countries are vital (potential) sources of South Africa's energy carriers: Angola is a provider of crude oil while the DRC is a potential source of hydro power. Significantly, South Africa intends to use this trilateral mechanism as a springboard for regional and political integration (SA DIRCO, 2014).

However, like Nigeria, Angola faces an armed insurrection in the Cabinda region by a separatist movement – the Liberation Front for the Enclave of Cabinda. The Cabinda region is responsible for more than half of the country's oil output. In 2009 a Human Rights Watch report alleged systematic torture of members of the Liberation Front for the Enclave of Cabinda by the Angolan security forces (Tolsi & Roussouw, 2009:2). Meanwhile, South African authorities have downplayed these concerns. Dr Rob Davies, South Africa's Trade Minister, is reported to have said that South Africa would rely on the African Peer Review Mechanism (APRM) to deal with human rights related concerns in Angola if they existed. This stance has exposed South Africa to an accusation that it is pursuing a policy of 'oil first, human rights later' (Tolsi & Roussouw, 2009:1)

Angola's proximity to South Africa and common membership of SADC, as well as a shared political history between its current leaders make this country an ideal supplier of crude oil to South Africa. As indicated, a substantial amount of South Africa's imported crude oil comes from Angola. Undoubtedly the high-level diplomatic engagement between the two countries – predicated on a strong shared history of struggle against colonialism and apartheid – has contributed to, amongst others, a steady growth in cooperation, especially in the oil sector. However, the security challenges in Angola make it a high risk oil import country. Thus, as in the case of Nigeria, it would be in South Africa's interest to continue to enhance diplomatic dialogue with Angola in order to consolidate her access to oil from this market while simultaneously diversifying her sources of supply from more stable countries.

4.2.3.3 Sudan

Sudan is one of the countries in Africa which is endowed with oil reserves. Although Sudan is not one of the largest suppliers of oil to South Africa, the story of South Africa's mediation in this country and how such diplomatic efforts facilitated acquisition of oil contracts, represents one of the interesting cases to review in the context of this study.

Following on a decade long civil war, from 2006 to 2011 former South African President Thabo Mbeki facilitated the implementation of the Sudanese Comprehensive Peace Agreement (CPA) between the government of Sudan and the Sudanese People's Liberation Movement (SPLM) of Southern Sudan – which paved the way for the creation of the state of South Sudan in 2011.

Relations between South Africa and Sudan were solidified in 2005 when President Mbeki paid a state visit to Khartoum. Notably, President Mbeki was accompanied by a high profile political and business delegation. During this visit – which took place on the eve of the agreement between Sudan and SPLM – PetroSA signed an agreement with the Sudanese state oil company, Sudapet, for oil concession rights. This oil transaction was viewed by some as an 'expression of gratitude to the South African government for its role in brokering the comprehensive peace agreement between the two warring parties' (Daniel & Lutchman, 2006:502).

Although the PetroSA-Sudapet oil agreement was quantitatively not significant, it exemplified the South Africa's use of peace diplomacy to advance and promote its national interests, especially in the context of the country's quest for oil security. This point is explicit in Laurie Nathan's observation that:

> *Although Pretoria's positive relationship with Sudan in the face of the Darfur catastrophe is inconsistent with a commitment to human rights and democracy it is not surprising or anomalous. It reflects many of the core economic, political and ideological elements of South Africa's foreign policy: growing commercial interests on the continent; a*

> *strategic need for oil … a desire to contribute to peace and stability in Africa (Van Nieuwkerk, 2012:96).*

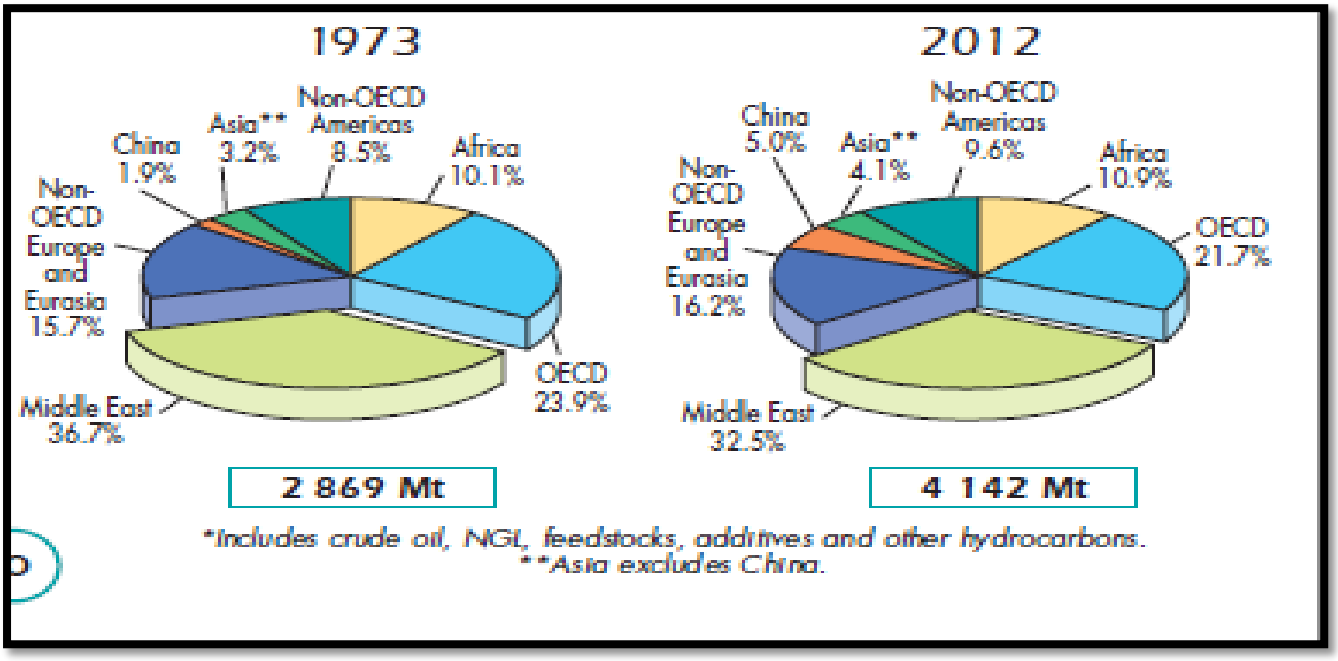
It is evident from the aforementioned, that South Africa has used its privileged diplomatic position as a mediator in the Sudan conflict to facilitate access to Sudanese oil. However, the security and political challenges present in both Sudan and South Sudan pose a threat to both countries' oil output and export capacity. While South Africa should continue to contribute through peace diplomacy to both peace and stability of Sudan and South Sudan respectively, it should also explore oil opportunities in more stable markets.

4.2.4 South Africa's pursuit of oil in the Middle East

The Middle East is endowed with abundant quantities of energy resources, particularly oil. Between 1973 and 2012 (see Figure 8) this region accounted for 32.5 per cent of crude oil production followed by the OECD at 21.7 per cent. OPEC forecasts that oil production in the Middle East will increase from 24.1 mb/d in 2013 to almost 32 mb/d in 2040 (OPEC, 2014:313).

However, the Middle East is prone to political and military insecurity. In the latter half of the 20th century there were at least 14 significant oil disruptions caused by political and military disturbances in the region (Bielecki, 2002:242).

Figure 9: 1973 and 2012 regional shares of crude oil production



Source *: IEA Key World Energy Statistics*

These conflicts, as indicated in Table 3, manifested both between and within states. It is argued that because of the prevalence of oil and other resources they often assumed a prolonged and destructive nature as in the case of the 'tanker war' linked to the Iraq-Iran war, and the Arab-Israeli conflict which triggered one of the major global oil crisis in the 20th century, the effects of which shaped the contours of the current Western energy security system (Cherp, 2012:368-369).

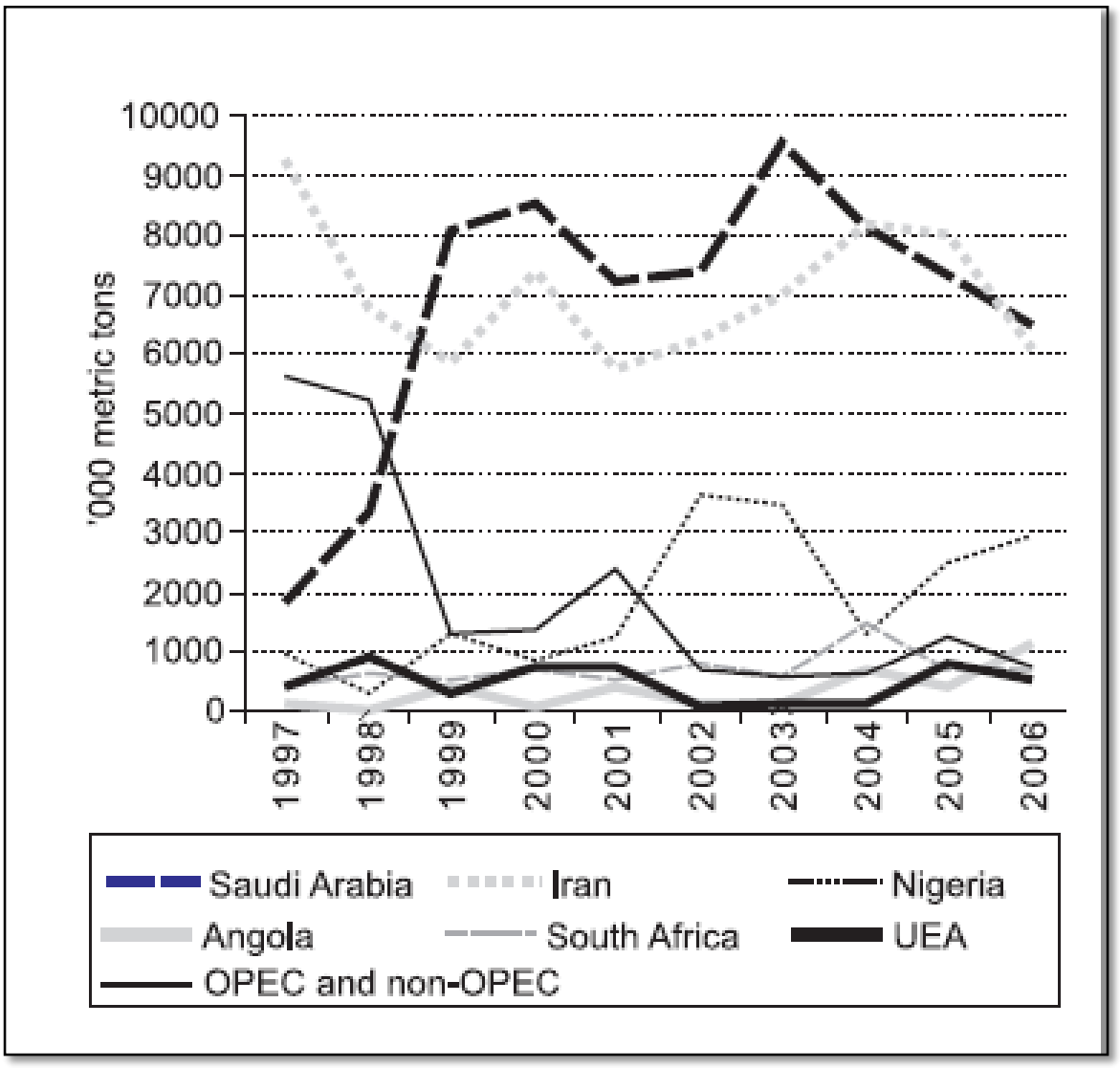
Table 3: Major inter-state conflicts and tensions related to oil and gas systems since the end of World War 11

Year	Resource/system in question	Security event or measure
1950	US and other oil exports to China	The Western bloc's Coordinating Committee for Multilateral Export Controls placed China under an oil embargo during the Korean War of 1950.
1956	Saudi oil reserves/production	Saudi oil embargo against France and the United Kingdom following the Suez crisis
1967	Middle Eastern oil embargo	Imposed by Arab nations on the USA, the UK or in relation to all oil exports after the beginning of the Six-Day War.
1973–1974	Oil production/reserves of Arab oil exporting countries	OPEC and Arab oil embargo, generating the first "oil price shock"
1979	Oil exports of Iran	Iranian revolution
1980	Crude oil exports of Iran/Iraq	"Tanker War" between Iraq and Iran
1981	Algerian gas supply	"Gas Battle" between Algeria, Italy, the United States and others
1990–1991	Kuwait oil reserves	Iraq invasion of Kuwait eventually repelled by the United States and allies
2003	Russian crude oil delivery/ pipeline infrastructure	Cut-off in Russian oil supplies to Latvia
2003	Iraq and Middle East oil reserves	US invasion of Iraq
2005	Pricing mechanism of Russian gas	Gas dispute/cut-off in Russian gas supplies to Georgia
2006	Pricing mechanism of Russian gas	Cut-off in Russian gas supplies to Ukraine and Moldova
2006	Russian crude oil delivery/ pipeline infrastructure	Cut-off in Russian oil supplies to Lithuania
2007	Pricing mechanism of Russian oil deliveries to Ukraine	Russian interruption of the Druzhba oil pipeline
2009	Pricing mechanism of Russian gas	Cut-off in gas supplies to Western Europe, causing side unclear (Ukraine or Russia)

Source: *Global Energy Assessment: Toward a Sustainable Future, 2012*

In the past twenty years South Africa sourced the largest percentage of its crude oil requirements from the Middle East. As reflected in Figure 9, between 1997 and 2006, Saudi Arabia and Iran constituted the largest suppliers of crude oil. According to the South African Petroleum Industry Association (SAPIA), the two countries also dominated the South African oil market between 2001 and 2013 (SAPIA 2014:36).

Figure 10: South Africa's crude oil imports and own production



***Source**: Journal of Energy in Southern Africa Volume 20.1*

During the past two decades, these two countries collectively accounted for more than two thirds of the country's oil imports. With the imposition of sanctions against Iran in 2012 by the EU and US, imports from Iran stopped completely, leaving Saudi Arabia as a dominant source of South Africa's crude oil accounting for 52 per cent of the country's total imports. To develop a comprehensive picture of South Africa's oil diplomacy in the past two decades, it is therefore necessary to examine the country's relations with the Middle East with a focus on Iran and Saudi Arabia.

4.2.4.1 Iran

South Africa-Iran relations have a chequered history. In the 1970s the two countries, Iran under the *Shah* and South Africa under the erstwhile apartheid government, enjoyed good bilateral relations. During this time, Iran was South Africa's largest supplier of crude oil (91 per cent) while South Africa supplied Iran with uranium. However after the 1979 Iranian revolution which resulted in the overthrow of the *Shah* regime, the new Iranian government developed closer relations with the liberation movements in South Africa and severed ties with the apartheid government (Marquard, 2006:249).

With the end of apartheid and the inception of a new government in South Africa in 1994, diplomatic relations between the two governments were revitalised. A Joint Bilateral Commission (JBC) at Ministerial level was established to coordinate cooperation between the two countries. Through the JBC, the two countries regularly review the state of bilateral relations and identify new areas of cooperation. The JBC with Iran is the longest running structured bilateral mechanism that South Africa has with any country. Although areas of bilateral cooperation cut across many sectors, trade in oil was the most strategic and important for South Africa because until 2012 Iran was, as reflected in Figure 1.8, Pretoria's second largest supplier of crude oil. This fact became evident during the 9th session of the JBC in Pretoria in 2006 when former Iranian Foreign Minister Mr. Moucher Motakki revealed that:

> I*n the petroleum and petrochemicals sector, Iran's exports to South Africa has risen from 140 000 barrels per day to 157 000 barrels per day. Besides, the one-billion dollar project of olefin 9 undertaken by the Iranian National Petrochemicals Company and the South African Sasol will go on stream in the coming months (SA DIRCO, 2006) .*

Similarly, former South African Deputy Minister of International Relations and Cooperation, Mr. Ebrahim Ebrahim during a meeting in Pretoria in 2012 with his Iranian counterpart, Mr. Hossein Abdollahian, affirmed that due to Iran's support for South Africa's quest for democracy and freedom during apartheid as well as her rich endowment with energy resources particularly gas and oil, South Africa attached great

importance to her relations with Iran (Ebrahim, 2012a). Notwithstanding the above, Scholvin cautions that: 'Using political partnerships in order to secure oil supply is an almost self-suggesting strategy, not only because South Africa lacks any significant domestic resources ….but because until recently South Africa received 29 per cent of its oil imports from Iran – which is on account of the conflict over its nuclear programme, probably the most uncertain supplier imaginable' (Scholvin, 2014:191).

Scholvin's caveat that Iran is 'probably the most uncertain supplier imaginable' is instructive because Iran's nuclear programme, which is a bone of contention with the West, is complex with multifaceted dimensions. Even though an agreement has been reached between Iran and the Five Permanent members of the United Nations Security Council plus Germany (P5+1) on Tehran's nuclear programme, the implementation of this agreement will continue to pose serious challenges. There is therefore no guarantee that as it happened in 2012, the EU and the US will not, in the future, impose sanctions on Iran on account of a dispute over implementation, thereby disrupting Iran's capacity and capability to supply oil including to South Africa.

4.2.4.2 Saudi Arabia

Since 1994 Saudi Arabia has been South Africa's largest supplier of crude oil. As indicated in the previous section, crude oil imports from Saudi Arabia hover around 52 per cent of the country's total imports. A foundation of bilateral relations between South Africa and Saudi Arabia was laid during the state visit of the former President of South Africa, Mr Nelson Mandela, to Riyadh in 1994. It was significant that Saudi Arabia was chosen amongst the first countries that President Mandela chose to visit immediately after his election. It could not have been because of a common ideological persuasion or shared positions in multilateral institutions. The major driving force behind the visit was a quest to pursue South Africa's oil interests.

Similarly, in 2007 former South African President, Mr Thabo Mbeki, also undertook a state visit to Saudi Arabia. During this particular visit the Joint Economic Commission (JEC) was established between the two countries in order to coordinate economic cooperation (Qobo & Soko, 2010). In 2012 the JEC met again in Riyadh for its fourth session in order to assess progress in promoting greater cooperation in key economic

sectors. At this meeting former South African Deputy Minister of International Relations and Cooperation Mr. Ebrahim Ebrahim highlighted that Saudi Arabia remained South Africa's largest supplier of crude oil (Ebrahim, 2012b). It is therefore evident that trade in oil remains the key pillar of the South Africa-Saudi Arabia relations, and the JEC an important vehicle to facilitate the constant supply of this vital energy resource.

However, Saudi Arabia's status as a reliable supplier of oil is threatened by a fragile domestic situation in the country and delicate geopolitical dynamics in the region. The major fault line in the Saudi body polity is the regime's approach to treat the country as culturally uniform despite its diverse regional, tribal, cultural and sectorial diversity. Calls for reform of the system have been met with suppression and repression. In 2007 around 172 so-called 'terrorists', with connections to top army personnel, were arrested in Saudi Arabia allegedly for hatching a coup (Yamani, 2008). Analysts have cautioned against any hope of reforms following the accession to the throne of the 79 year old ailing king Salman bin Abdulaziz Al Saud. It is believed that King Abdulaziz Al Saud was an anti-reformer within the Saudi dynasty (Weaver, 2015).

Regionally, Saudi Arabia continues to fight a proxy war across the Middle East. Determined to contain what it perceives as the Iranian 'Shia threat' and the rise of a 'Shia crescent' which basically postulates a view that the Shi'ites, supported by Iran, pose a threat to peace and security in the Middle East, Saudi Arabia supported by the US extends generous financial and military support to Sunni governments in the region, including anti-government forces in Syria and Iraq (Yamani, 2008:153). The recent intensification of the decade's long struggle in Yemen is seen as an extension of the frontier of a conflict between Iran and Saudi Arabia that is raging in the Middle East. Some commentators postulate that the latest developments in Yemen are instigated by Iran with a view to distract Saudi Arabia from active involvement in both Syria and Iraq (Reardon, 2015).

It is clear therefore that in the preceding two decades South Africa deployed considerable diplomatic efforts in forging closer bilateral ties with Saudi Arabia in order to ensure access to crude oil. Undoubtedly, these efforts yielded positive results as today Saudi Arabia is the country's largest supplier of crude oil. However, given the precarious security situation in the Middle East as well as the restive internal political

situation in Saudi, the risk to the disruption of production and export of oil is high. Thus it behoves those countries, like South Africa, that are too dependent on imported oil from this country to consider appropriate risk mitigating strategies. A central component of such a risk mitigating strategy should entail diversifying its sources to more stable markets.

4.3 Conclusion

This chapter has explored the evolution of post-apartheid South Africa's oil diplomacy. This process entailed a brief exposition of the country's foreign policy and diplomacy and the nexus with domestic priorities. It has been argued that South Africa needs to grow its economy in order to address the triple challenge of poverty, inequality and unemployment. However, the country requires abundant oil resources which it does not have in sufficient quantities. Because of this it relies on the international crude oil market for its oil and petroleum needs.

Highlighted in this chapter was South Africa's use of structured bilateral mechanisms to advance the country's energy interests in the Middle East and Africa – the two regions from which it imports two thirds of its crude oil. These two regions are important for South Africa because from an energy point of view they are home to the world's largest crude oil reserves.

Specifically, in the African continent, South Africa's diplomatic relations with Nigeria, Angola and Sudan were examined. It was indicated that Africa has featured prominently in South Africa's oil security index because the continent is generally considered relatively more safe than the Middle East in terms of the possible disruption to the supply of oil. Furthermore, most of the oil producing countries on the continent produce crude oil of a high grade, which is compatible with the refineries in South Africa. Finally, it was indicated that most oil producing African countries are not members of the OPEC cartel and thus not bound by the latter's decisions on production cuts.

Pertaining to the Middle East it was indicated that this region is endowed with abundant oil resources and forecasts are even more positive for the future production. However, although the Middle East and Africa are South Africa's leading suppliers of oil, these

regions face political and security challenges which pose a risk to the supply of oil. With regards to the Middle East in particular, it was indicated that the world's three most significant disruptions to the supply of oil were triggered by events in this region, all of which incidentally also directly affected South Africa's access to oil and threatened the economic and security well-being of the country. More specifically this chapter also highlighted specific risks in each identified country. It was within this context that South Africa's use of structured mechanisms was examined, especially their effectiveness in advancing the country's access to oil and mitigating the associated risks. It was indicated that in the main South Africa successfully harnessed its diplomacy to secure access to oil, especially in countries from Africa and the Middle East.

However, the chapter cautioned against too much reliance on these regions on account of the associated security and political risks to the disruption of oil. As Wabiri & Amusa (2011) warned, internal political strife or accidents have the potential to hinder productive capacity and limit the export quantity generated by a particular oil-producing nation, with negative implications for the oil-energy security of countries relying on that nation for their crude oil imports.

It was further revealed that although DIRCO uses structured bilateral mechanisms to advance, amongst others, the country's energy agenda, the absence of a dedicated unit in its head office to analyse global energy and oil trends and advance the country's oil interests presents a major institutional weakness. As a result of this lacuna, this task has been left to the Department of Energy and its agencies which may not be capable of navigating the complex global environment within which the oil trade is conducted.

In conclusion, it is recommended in this chapter that in order to enhance the country's energy diplomacy particularly access to oil, South Africa should (a) develop resident institutional capacity both at DIRCO and its missions abroad in order to contribute towards the mainstreaming and insertion of energy security within the country's foreign policy thrust and diplomatic agenda and (b) increase oil supplies from the low risk oil-producing countries – meaning diversification of its sources of crude oil.

CHAPTER 5
CONCLUSION AND EVALUATION

5.1. Introduction

The overall aim of this research was to investigate the extent to which post-apartheid South Africa has used her diplomacy to access affordable and reliable oil. The specific objectives of this research were to:

1. Explore the extent to which the supply of or access to oil resources impacted the global diplomatic agenda.
2. Evaluate the implications of South Africa's dependency on the global oil market for economic growth and development.
3. Examine South Africa's diplomatic response to the evolving international developments related to oil supply security.

This concluding chapter will provide an overview of the study focusing on the main arguments and conclusions of each chapter. Significantly, it will provide an answer to both the main research question and related subsidiary questions. As is the nature of any research, there are always hurdles to overcome. Thus, this chapter will identify challenges and limitations to this study. Finally, it will make recommendations about a subsequent, complementary research agenda.

5.2. Overview of the Research

Chapter 1 of this study highlighted the challenges of energy security and the impact thereof on the diplomatic agenda. Accordingly, this study has affirmed oil as a vital energy resource and one which is the lifeblood of the economies of all countries including South Africa.. Oil constitutes the largest single component of the final energy consumption; it fuels industry and transport and it is the life blood of modern and industrial civilization. Oil's global significance is magnified by the sheer size of trade in this energy resource in an integrated world energy market.

However, despite its importance to humanity, access to oil suffers from the risks of disruptions which pose a threat of an existential nature to the economies of nations and

their security, because of factors such as instability in oil exporting countries; global crude oil price volatility, international terrorism and geopolitical dynamics in oil producing regions. These risks, as highlighted in the study, are further compounded by the global competition for this resource and the large concentration of recoverable crude oil reserves in regions like the Middle East and Africa which are considered high risk due to associated security and political challenges.

Within this context, it is argued in this study that given the globalised nature of the threats to the supply of and access to oil, the question of energy security has become a foreign policy and diplomatic centrepiece of most countries, especially the likes of South Africa, US and China – whose economic growth has fuelled their appetite for this finite energy resource. With regards to the US in particular, this study has shown how the quest for oil has shaped the contours of its foreign and security policy towards the Middle East for decades.

It was within the context of a 'scramble for energy resources' in a complex global environment that South Africa's post-apartheid foreign policy and diplomacy evolved, particularly its energy diplomacy. It has been highlighted in this chapter that South Africa shares similar oil external vulnerabilities with the US and China. The country is oil-deficient and extensively relies on imported crude oil for its petroleum needs. Like the US and China, South Africa needs oil to fuel its economy, relies on imported crude oil, and is dependent on oil from outside its region – especially from the Middle East and Africa.

In order to mitigate the risks associated with this oil vulnerability South Africa deployed its foreign policy and diplomacy and forged strategic partnerships with targeted countries. To evaluate the success of this strategy this study aimed to investigate the extent to which post-apartheid South Africa utilised its diplomacy to secure the country's supply of energy, particularly crude oil focusing on the period 1994 – 2014.

The specific research objectives identified in this regard were firstly, to determine the extent to which the supply of or access to oil resources impacted the global diplomatic agenda; secondly, assess the implications of South Africa's dependency on the global oil market for its economic growth and development and thirdly, evaluate South Africa's

diplomatic response to the evolving international developments related to the oil supply security

Chapter 2 clarified the following concepts: diplomacy, niche diplomacy and energy security. A deeper understanding of these concepts was necessary because they constitute the core elements of oil diplomacy. This chapter also provided an account of how oil diplomacy evolved focussing on OPEC, IEA, the US and China.

Diplomacy has been defined as a political process by which political entities (generally states) establish and maintain official relations, direct and indirect with one another, in pursuing their respective goals, objectives and interests in the international arena. In recent decades diplomacy has evolved to include new themes such as energy security, environment and telecommunication. Diplomacy's ability to adapt to these global changes has therefore enhanced its utility as an instrument of statecraft.

Due to limited resources and a quest for maximum impact, some states have adopted an approach of niche diplomacy as a vehicle of promoting their bilateral or multilateral interests. Niche diplomacy is a form of diplomatic specialisation in which states allocate scarce resources and time to identify areas in order to maximise returns to the benefit of a state. While niche diplomacy can be practiced by any state, the majority of the countries currently practicing it are those, like South Africa, that are classified as 'middle powers'.

It has been argued in this study that in recent years energy security has emerged as one of the key challenges in the international arena and one that required a diplomatic response. This leads to countries using their foreign policy, specifically the instrument of diplomacy, to advance their energy security agenda. In this context, energy security has been defined as the availability of sufficient oil supplies at affordable prices.

This study has affirmed that the definition of security has transcended the traditional political-military context in which it was traditionally used, to include new issues such as the environment, economy and energy. This broadening of the scope of the definition of security has been more discernible in the realm of energy because of the nature and the risks associated with the disruption of the supply of this resource.

It has been asserted that energy security is linked to oil due to the fact that this energy resource constitutes the largest single component of the total final energy consumption. As indicated in the study, the year 1973 presented a turning point in the international energy security landscape. The 1973 'oil crisis' and subsequent similar oil incidents framed the discourse on energy security. In particular the decision by OPEC in 1973 to stop its supply to some Western countries and their allies, including the US, Israel and South Africa, brought to the fore the political dynamic in the trade of oil. This crisis, which resulted in the formation of the IEA, inserted energy security at the top of the global diplomatic agenda.

Among the countries that incorporated energy security as one of their key foreign and diplomatic concerns were China and the United States, respectively. These two countries exhibited common energy security challenges which included, *inter alia*, high economic growth, which triggered a voracious appetite for oil; reliance on imported crude oil and lastly reliance on markets outside their regions for oil.

The study has shown how the US and China have used diplomacy to mitigate their specific energy security risks and transition to a secure and assured energy future. From the US and Chinese experience it can be concluded that firstly, energy security is critical to the economy and the security of nations as well as the international community at large. Secondly, due to the globalised nature of the risks associated with the pursuit of oil, diplomacy has emerged as an effective instrument to secure access to this vital resource and mitigate the attendant risks.

Chapter 3 explored South Africa's oil-deficiency and vulnerability to the external energy environment. Such a process entailed examining South Africa's oil requirements and dependency on the global oil market.

This section revealed that post-apartheid South Africa needed to grow the economy in order to reverse the deep seated socio-economic challenges in the country. South Africa continues to be plagued by pervasive unemployment, inequality and poverty. Unemployment is particularly high amongst the youth. It is therefore argued that South

Africa's socio-economic challenges pose a major threat to both the security and stability of the country.

It was highlighted in this chapter, that to grow the economy South Africa needs a stable and affordable supply of energy, particularly oil. The critical sectors of the South African economy, such as agro industry, industry, mining, manufacturing and transport need a reliable and affordable supply of oil. Industry accounts for the largest share of the total energy demand, followed by the transport sector. It is estimated that by 2050 the demand for oil in the transport sector will reach 44 per cent.

It was indicated in this chapter that South Africa, as the second largest and most diversified economy in Africa, has the highest energy demand on the continent accounting for 30 per cent of total consumption. Due to the high level of mining and industrial activities, it has the highest level of energy intensity.

It was asserted in this chapter that oil is the most important and critical energy resource for the South African economy. It constitutes 22 per cent of the total energy consumption. For instance, since 1994, due to the expansion primarily in the mining and transportation sectors there was a 2 per cent increase in total oil consumption. By 2012, on average the country consumed around 620 kbd of oil. A study conducted by the South African Department of Energy revealed that in the event of a disruption in the supply of oil, the South African economy could lose almost a billion Rand each day, with dire consequences to the economy and stability of the country.

South Africa's energy policies and strategies such as the Energy Master Plan, the NDP and the IRP 2010 underscore the need for diverse energy resources in sustainable quantities and affordable prices in order to propel the economy to a higher growth trajectory.

However, South Africa does not have sufficient oil reserves domestically to satisfy her petroleum requirements. It therefore depends on the external oil market. Like China and the US, South Africa suffers from the following three strategic oil vulnerabilities: firstly, the country needs oil to grow the economy; secondly, it relies on imported oil for

its crude oil requirements and thirdly it sources oil from outside its region – particularly from the Middle East and Africa.

Consequently, South Africa's dependence on the international oil market has exposed the country's access to affordable oil to the following threats:

Possible disruption to the supply of oil due to instability in the Middle East – South Africa's largest source of crude oil and

Through empirical evidence, Chapter 3 demonstrated a causal link between instability in oil-producing countries and the disruption in the supply of oil. The supply and prices of oil have been impacted by three major occurrences namely, the 1973 'oil crisis', the 1979 Iranian Revolution and the Iraqi War. Two of these incidents, the 1973 'oil crisis' and the Iranian Revolution, also significantly affected the supply of oil to South Africa. Interestingly, all these incidences occurred in the Middle East.

Fluctuation and volatility of the price of oil with potential negative effects on the national economy and the wellbeing of its people

Chapter 3 also demonstrated how the international price of oil is determined. It was indicated that although the international price of crude oil is determined by a variety of factors, the balance of supply and demand in the market is by far the most important. Since 1980, the crude oil price is set by the international markets with the benchmark crudes widely used as reference prices being Brent and West Texas Intermediate, which are traded on the New York and London future exchanges, respectively.

It was further revealed that by and large the demand for oil is principally determined by economic growth. The nexus between the international crude oil price and the price of oil in South Africa was drawn. It was established that the petrol price in South Africa is directly affected by the international crude oil prices, and is quoted in US dollars. When crude oil prices fluctuate due to a disruption in the supply of oil, which is rapid and lasts for a long time, oil prices experience a 'shock' which affects the prices of oil domestically as it happened in the three oil crises referred to in this study. South Africa

is susceptible to oil shocks because it has high import dependence; high oil resource dependence and a high energy intensity of the economy.

Against this background, Chapter 3 concluded that South Africa's over reliance on the Middle East and Africa for its oil has exposed the country to a threat of disruption to its access to oil. Similarly, over-reliance on the international market has imported uncertainty to the domestic prices of oil due to the 'oil shocks' which are both harmful to the economy of the country as well as the wellbeing of its people. The key solution in mitigating these risks is embedded in Winston Churchill's wise counsel that: '... safety and certainty in oil lie in variety and variety alone'. Therefore, the development of a robust oil diplomacy which is firmly anchored within the country's foreign policy and diplomatic machinery with the diversification of source markets of oil as its central tenet, is key to South Africa's secure energy future.

Building on the preceding section, Chapter 4 sought to determine the extent to which South Africa's post-apartheid administration wielded diplomacy to access affordable oil and mitigate the threats and risks to its supply.

As this study has shown South Africa has relied extensively on the countries in the Middle East and Africa for her oil. Africa is particularly attractive because the continent is home to significant recoverable crude oil reserves accounting to almost 9 per cent of the global figure; crude oil found on the continent is of a higher quality; after the 9/11 terrorist attacks in the US Africa became an alternative safer option for oil and lastly most African crude oil producers have not joined OPEC therefore they are not subject to the organisation's decisions. Within this context key suppliers of South Africa's crude oil on the continent are Nigeria and Angola, respectively.

On the other hand, the Middle East is South Africa's largest supplier of crude oil. This region accounted for 32.5 per cent of the world crude oil production between 1973 and 2012, and the forecast predicts an even higher percentage by 2040. Saudi Arabia and Iran dominated the South African oil market and supplied more than two-thirds of the country's oil imports during the past two decades.

However, South Africa's excessive reliance on these two regions poses a threat to the country's uninterrupted supply of oil because they variously exhibit the following risk factors which may pose a threat to their capability and capacity to supply oil: internal political dissent and an armed insurrection; geopolitical tensions; high democratic deficit and the politicisation of oil.

It is against this background that Chapter 4 evaluated South Africa's diplomatic engagement in pursuit of crude oil. In this regard it has been highlighted that South Africa coordinated her bilateral relations with key strategic partners through the structured bilateral mechanisms such as the BNCs and JBCs. This approach, which is analogous to niche diplomacy, was deployed, especially in countries from which South Africa sourced the largest percentage of her crude oil.

However, the absence of resident capacity within DIRCO to coordinate the country's energy diplomacy has been evident. Instead, the Department of Energy through the CEF and PetroSA is the leading agency of the country's energy security strategy. This study has therefore concluded that given the global risks that characterise oil trade, DIRCO and its Missions, as the premier diplomatic institutions in charge of coordinating South African foreign policy, are better placed to be at the apex of the country's international oil pursuits.

5.3 Summative Conclusions

This study aimed to investigate the extent to which South Africa's post-apartheid diplomacy has been positioned to secure oil supply. In responding to this question, the following interrelated questions have been explored:

Firstly, to what extent has the supply or access to oil resources impacted the diplomatic agenda?

To better understand this question, this study sought to draw a nexus between diplomacy and energy security. In this regard diplomacy has been broadly defined as a political instrument used by states to maximise their national interest within the global arena. Although diplomacy as a practice is as old as antiquity, it has evolved in tandem

with the fundamental changes that have taken place in the international arena. One such change was the appearance on the international agenda of new themes such as the environment, telecommunications and energy. Of these themes, energy has emerged as one field whose impact has transcended national borders in terms of magnitude and scope. The availability of this resource or disruption thereof therefore has consequences of an existential nature on the economies and security of both states and the international community in its entirety.

It is argued in the study that in the course of the 20th century energy security increasingly became a major preoccupation of states, both individually and collectively. However, the concept does not have one uniform definition. Its meaning is derived from the context it is used within. For example, oil importing countries like South Africa define energy security as the availability of sufficient oil supplies at affordable prices. Thus the disruption to the supply of oil, due to factors such as instability in oil producing countries, geopolitical dynamics, and terrorism amongst others poses a threat to the security of this energy resource with major consequences to the economy and national security of states.

This study has revealed that the concept of energy security first gained traction on the international stage during the First World War, when Winston Churchill substituted coal with oil as a source of power for the British navy. This strategic decision was taken in order to enhance the tactical mobility of the naval ships over their German rivals. Due to the unpredictability in the availability of oil supply, which was imported from the then Persia, Churchill introduced the notion of diversity – more precisely, diversification of source markets – in order to respond to the uncertainty in the supply of this energy resource.

It is affirmed in the study that even during the Second World War the issue of energy security was pertinent. British energy infrastructures like refineries were legitimate targets of enemy troops in order to weaken their strengths and capabilities. Similarly, battles were fought over the oil fields in Indonesia, Middle East and the Caucasus because of the strategic value of this resource. Therefore, in the 20th century the most politically prominent problem of energy security was the protection of oil supplies which was vital for the modern armies.

It is indicated in the literature that the first multilateral body to be established with a focus on energy security, particularly oil, was OPEC in 1960. OPEC was formed by oil producing countries in the South who were irked by the Western oil companies' manipulation of oil prices. Over the years OPEC became a powerful forum in the global petroleum market. A defining moment for the oil sector was reached in 1973, when OPEC members – angered by US support for Israel in the Arab-Israeli War – imposed an oil ban targeting some Western allies including South Africa which resulted in the so-called 'oil crisis'. Evidently, OPEC members used their monopoly of oil as leverage to address their political grievances. Undoubtedly, this event embedded energy security, particularly oil, in the belly of global security and politics in the ensuing decades. Other subsequent incidents like the 1979 Iranian Revolution and the Iraqi War only served to illustrate this fact even further.

The formation of the Western-led IEA in 1974 was a direct response to the oil crisis and the oil activism of OPEC members. This 'oil crisis', as indicated in this study, induced the current Western energy security system and architecture, with the IEA as its bulwark. Through the IEA the Western countries developed a multilateral system to, amongst others, develop joint strategies to tackle the disruption in the supply of crude oil, exchange and share information on energy and promote the idea of strategic oil stock reserves amongst its members.

The IEA was successful in many ways, especially to the extent that firstly, it served as a multilateral platform for the collective energy security response mechanism for its Western members, and secondly, it heralded recognition of energy as both a diplomatic and a security issue.

However, its undoing was the exclusion from its realm of key countries of the global South, especially India and China – the two countries that drive oil consumption and demand in the 21st century and beyond. Similarly the imbalance in the allocation of the world's crude oil reserves and the looming threat of disruption to the supply of oil has also compounded the restive global energy security system. While most of the oil importing countries are in the West, the world's largest recoverable crude oil reserves

are in the Middle East, Africa and Latin Africa – regions that are prone to security and political instability.

Apart from the IEA, the US and China have also played a significant role in the politicisation and securitization of energy. While in the post-Second World War period the US had sufficient petroleum to satisfy her domestic needs, in the 1970s due to declining oil wells and robust economic growth the US became a net importer of crude oil from the Middle East. Through his Carter Doctrine, President Jimmy Carter catapulted energy security to the helm of the US foreign and diplomatic priorities – a development which changed the course of politics in the Middle East.

Similarly, China's decades of energy self-sufficiency came to an end in 1993. China's case study is significant because although it is not part of the current IEA energy security system, its demand for oil has had a major ramification for the global demand and supply of oil. Over the past four decades, China's growing economy has consumed vast quantities of imported crude oil. Significantly, what distinguished China's oil energy security strategy from that of the US was its relatively peaceful pursuit of oil beyond its borders. In the process, China concluded a number of strategic bilateral relations with countries in Africa, Central and South Asia, the Middle East and Russia in pursuit of oil and gas.

A key conclusion from this study is that in recent decades, especially during the post-Second World War era, energy security has become an integral part of the diplomatic discourse. The global nature of the risks associated with access to this resource has triggered a multilateral response to this challenge as evidenced in the formation of OPEC and IEA, respectively. Similarly, leading countries like the US and China have also installed the pursuit of oil at the centre of their foreign policy and diplomacy thus significantly driving the development of energy diplomacy.

Given the above global context, a key question to ponder is what are the implications of South Africa's dependence on the global oil market for economic growth and development?

This study revealed that South Africa needs to grow its economy in order to address the pervasive socioeconomic conditions that have afflicted the majority of its population. Post-apartheid South Africa is beset by massive unemployment, especially amongst its youth, huge inequality and pervasive poverty. To address these problems the country needs to grow the economy with an average of at least 5 per cent by 2019. Access to affordable energy, especially crude oil, is key to achieving this goal. The South African economy, being the second largest and most industrialised in Africa, is energy intensive. Oil constitutes the most critical source of energy accounting for almost 22 per cent of total energy consumption. On average South Africa use around 630kbd to power critical sectors of the economy, such as agriculture, industry, mining, manufacturing and transport. It is estimated that by 2050 the demand for oil in the transport sector will reach 44 per cent.

However, despite its high demand for oil, the country is oil-deficient. South Africa therefore depends on imported crude oil for her petroleum needs. This dependence carries two risks: disruption to the supply of oil due to instability in its source markets (Middle East and Africa) and fluctuation in the price of oil.

For example, between 1994 and 2012 the country imported a large percentage of its crude oil mainly from Africa and the Middle East – the two regions that are prone to political and security instability. It is highlighted in the study that like the US, South Africa's oil vulnerability hinges on a triad of factors, namely: it relies heavily on imported oil for its petroleum needs; it imports a substantial portion of its oil from outside its region with the resultant challenges of transportation; and lastly, it imports a substantial quantum of its oil from the Middle East and Africa, both of which are high risk regions.

This over-reliance on the international market for this vital energy resource poses an existential threat to both the economy and the security of the country. It has been revealed in this study that in the event of a disruption in the supply of oil, South Africa could lose close to a billion Rand per day. This is excessive for a country that is experiencing high levels of poverty, unemployment and inequality.

A major conclusion that can be drawn from this research is that South Africa's over-reliance on the international oil market for its petroleum needs – especially in those countries that are prone to security and political stability – poses a threat to both its economy and national security. Similarly, such dependence exposes the domestic oil prices to the fluctuation of the international crude oil prices, a factor South Africa has no control over.

In the context of the afore-stated oil vulnerability this study has sought to respond to the question:

To what extent has South Africa utilised its diplomacy to access oil from the international market?

As indicated, South Africa is dependent for its petroleum needs on an international market which is characterised by major uncertainty related to, amongst others, security and political instability, the threat of terrorism, geopolitical dynamics and crude oil price volatility.

This study has chronicled how South Africa has used its diplomacy to navigate this complex terrain in order to advance her oil interests. It has been argued that even during apartheid, South Africa has had to harvest a difficult international market for oil due to the UN and AU's apartheid-related sanctions.

The research revealed that Africa and the Middle East have emerged as post-apartheid South Africa's key suppliers of crude oil – accounting for almost 94 per cent of crude oil imported during the period under review. Africa is a particularly attractive market for South Africa because of its proximity, its relative security compared to the Middle East, the type of oil produced as well as the fact that most oil-producing countries on the continent are not members of OPEC. On the other hand, the Middle East hosts the largest reserves of recoverable oil. However, the risks identified with accessing oil in these regions, especially from countries such as Nigeria, Angola, Iran and Saudi Arabia include unstable domestic security and political situation, geopolitical tensions and in the case of Nigeria unpredictable bilateral relations with South Africa.

To mitigate the risks associated with its access to oil South Africa strengthened its policy and institutional capabilities in order to support the effective implementation of its diplomacy in this domain. In this regard the key pillars of South Africa's energy security strategy included the White Paper on the Energy Policy, Energy Master Plan – Liquid Fuels, the Integrated Resource Plan and structured bilateral mechanisms such as the BNCs and JBCs with countries like Nigeria, Angola, Iran and Saudi Arabia, amongst others. These structured bilateral mechanisms included energy as one of their focus areas.

Institutionally at its head office, DIRCO has also strengthened its coordinating mechanisms through the establishment of the CFIR which serves as an intergovernmental structure for all the spheres of government with a mandate to synchronise the implementation of South Africa's foreign policy. CFIR reports to the ICTS Cluster, a Cabinet sub-committee on international cooperation, trade and security. Most government departments are represented at CFIR and ICTS Cluster by their respecteive accounting officers and directors of international relations.

Although these policies and a mosaic of institutions that underpin South Africa's energy security strategy have been partially effective, the threat of a disruption to the supply of oil remains high because of the nature of the risks, especially in Africa and the Middle East. Correspondingly, the absence of a dedicated unit within DIRCO and its Missions, with requisite skills and competencies on energy issues has deprived South Africa, especially its foreign ministry, an opportunity to analyse global energy and oil trends and main-streaming energy issues in the country's foreign policy and diplomatic agenda. This weakness is reflected in DIRCO's failure to integrate energy security as one of the key foreign policy priorities.

The key conclusion that can be drawn from this research is that during the past two decades South Africa has exerted laudable efforts through its diplomacy to secure access to oil in the international market. This is a notable feat because for 20 years the country managed to secure the required crude oil (70 per cent) from key suppliers abroad. However, South Africa's over-reliance on Africa and the Middle East has made it vulnerable to the prospects of disruption. Similarly the absence of a resident capacity

within DIRCO competent to deal with energy security issues may weaken the implementation of the country's energy security strategy in the external domain.

Therefore, to strengthen the country's energy security strategy, South Africa might consider (a) developing resident institutional capacity both at DIRCO and its missions abroad in order to contribute towards the main-streaming and insertion of energy security within the country's foreign policy thrust and diplomatic agenda and (b) increase oil supplies from the low risk oil-producing countries – meaning diversification of its sources of crude oil.

5.4 Challenges Experienced in the course of the Research

This study hinged on two concepts: energy security and diplomacy. Conducting research in these two fields has been an interesting journey. Energy security is a field that has recently evoked sustained scholastic curiosity because of its impact on humanity. Similarly diplomacy, although historically a field associated with 'high politics' and the elites in society, has also undergone major changes and its relevance is now increasingly appreciated across a broad spectrum and involves more actors than it did in the past.

However, applying these two concepts in one research project, as is this case in this study, has been a difficult task. The major hurdle was a lack of conceptual definition and clarity that is associated with with these concepts. Diplomacy has several meanings while energy security derives its meaning from the context in which it is used. As a result, this definitional deficiency may in some respects obscure the full meaning and relevance of some of the facts presented in this study.

The second limitation of the study is the secrecy that has shrouded the trade in oil. Although there is sufficient literature on energy security in general, there is limited country specific information on oil trade. What is available publicly at best are statistics with limited narrative to explain the rationale behind the data. By its very nature the business of oil is conducted in secrecy. This limitation has affected the quality of

information gleaned and has left the author at times with an option of drawing inferences from the available information.

Thirdly, foreign policy decision making on strategic issues such as the import of oil is mainly classified. It is often the case that the final decision on such matters is taken by the Cabinet. However, it is not known which subsidiary body of Cabinet processes such decisions and what the role of DIRCO is in this regard. Very few details are publicly shared. As a result, this research mainly utilises press statements released by DIRCO which are often terse and therefore of limited academic value.

5.5. Recommendations for Further Research

This study has asserted, based on empirical evidence, that South Africa has a limited upstream oil sector with estimated oil reserves of only 15 million barrels. Although the country has the most developed synthetic fuel industry on the African continent, this only generates around 30 per cent of its petroleum needs. The country therefore has to rely on the international oil market for the largest chunk of its crude oil to refine into petroleum products.

However, there have recently been suggestions that South Africa is endowed with vast quantities of shale gas, and if exploited, could be a game changer not only in the national energy space but could also radically alter the regional energy dynamics. The US EIA estimates that South Africa possesses 390 trillion cubic feet (Tcf) of recoverable shale gas resources (US EIA, 2015). Shale gas is the source of petroleum and natural gas. In April 2011 the South African Government lifted a moratorium on the issuing of exploration licences for shale gas. However, the option of shale gas is a hugely unpopular one, especially within environmental activists.

It is understood that the South African Integrated Resource Plan of 2010 will soon be reviewed and is expected to include shale gas as part of the country's energy mix. This is one area that will require careful analysis, especially with regards to how it will impact on the country's demand for imported crude oil. Specifically, there is a need for a scholarly and scientific enquiry into the extend to which the potential shale gas reserves

in South Africa will change the country's energy security profile, particularly oil. Recent successes in the US will no doubt provide valuable lessons in this regard.

5.6. Concluding Remarks

This study has affirmed that energy security is a subject that is integral to the survival of humanity. This concept is associated with oil because this vital energy resource fuels the economies of nations and is the lifeblood of modern industrial civilization. The disruption to the supply of oil has major ramifications to the economies of nations, well-being of the populace and national security of states.

This study has traced the evolution of energy security, particularly the strategic importance of oil to both the First World War and the Second World. During these tragic and catastrophic events the strategic importance of oil was affirmed, especially to the mobility of modern armies. However, it is argued in this research that the 1973 'oil crisis' triggered by OPEC embedded energy security firmly in the diplomatic discourse. This event, which resulted in the formation of the IEA, laid the foundation for the current Western dominated energy security system.

However, the foundation of this energy security system is challenged by two factors: firstly, the world's largest recoverable crude oil reserves are located in the Middle East and Africa – regions that are prone to security and political instability whereas most of the consumers are in the West. Secondly, this system has excluded at least two countries from the global South – India and China – which are the key drivers of the current and future energy consumption. This global energy uncertainty is further compounded by such factors as geopolitical tension in the Middle East, the threat of terrorism in oil producing countries and the volatility and fluctuation in the price of crude oil which has a direct bearing in the domestic prices of oil.

Amidst this global energy uncertainty, this study has accessed South Africa's energy requirements in the wake of its economic development challenges. In this regard it has been highlighted that South Africa needs crude oil in order to grow the economy and address its socio economic deprivation. As the most industrialised and diverse economy in Africa, South Africa consumes large quantities of energy and its economy is

energy intensive. Like the US and China it is argued in the study that South Africa faces the risk of oil import vulnerability. The country imports a substantial part of her crude oil, it relies on the Middle East for the substantial portion of its imported oil and lastly it imports oil outside its region.

It is in this context that the post-apartheid South Africa forged strategic partnerships through the structured bilateral mechanisms such as the BNCs and JBCs with countries like Iran, Saudi Arabia, Nigeria and Angola in order to access oil. Within these structures which are coordinated by DIRCO the Department of Energy and its agencies are principally responsible for the implementation of the country's energy security strategy outside South Africa.

To a certain extent these efforts were successful because during the period under review South Africa managed to secure the required crude oil from the international market. However, the study has identified two key weaknesses in the country's current energy security strategy which could in the long term undermine its impact or successful implementation. These gaps are firstly, an over-reliance on the regions like Africa and the Middle East which are considered high risk due to the threats associated with access to and supply of oil and secondly, the absence of a dedicated capacity within DIRCO to deal with energy security issues and streamline those within the country's foreign policy and diplomatic strategy. A robust oil diplomacy strategy for South Africa should be predicated on a strong institutional base within DIRCO as well as a diversification of source markets to more stable suppliers.

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