



SAIIA REPORTS

number one

INDIA AND SOUTH AFRICA: THE SEARCH FOR PARTNERSHIP

by

Greg Mills



THE SOUTH AFRICAN
INSTITUTE OF
INTERNATIONAL AFFAIRS
Established 1934

India and South Africa: The Search for Partnership

**by
Greg Mills**

**A Report on an International Workshop
organised by
The South African Institute of International Affairs
and
The Institute for Defence Studies and Analyses**

**Jan Smuts House
Johannesburg, South Africa
25-26 March 1997**

Copyright © 1997

THE SOUTH AFRICAN INSTITUTE OF INTERNATIONAL AFFAIRS

Jan Smuts House, Braamfontein, Johannesburg, South Africa
Tel: (011) 339-2021 Fax: (011) 339-2154

All rights reserved

ISBN: 1-874890-72-2

SALLA National Office Bearers

Dr Conrad Strauss, Chairman
Gibson Thula Elisabeth Bradley
Brian Hawksworth Alex Pienaar
Dr Greg Mills, National Director

TABLE OF CONTENTS

<i>PREFACE</i>	<i>1</i>
<i>INTRODUCTION</i>	<i>2</i>
<i>THE STRATEGIC ENVIRONMENT</i>	<i>5</i>
<i>REGIONAL DEVELOPMENTS</i>	<i>16</i>
<i>INTERNATIONAL AND REGIONAL CO-OPERATION</i>	<i>20</i>
<i>BILATERAL CO-OPERATION</i>	<i>25</i>
<i>CONCLUSION</i>	<i>33</i>
 <i>APPENDICES:</i>	
<i>PROGRAMME</i>	<i>34</i>
<i>PARTICIPANTS</i>	<i>36</i>
<i>SPONSORING INSTITUTES:</i>	<i>37</i>
<i>The Institute for Defence Studies and Analyses (IDSA)</i>	
<i>The South African Institute of International Affairs (SAIIA)</i>	
<i>SAIIA PUBLICATIONS</i>	<i>38</i>
<i>ABOUT THE AUTHOR</i>	<i>39</i>

PREFACE

The visit by President Nelson Mandela to India on 27-29 March 1997 served to emphasise the concerns and opportunities common to both parties in this bilateral relationship. During the time of the President's visit, these issues were the subject of a joint workshop held in Johannesburg between the South African Institute of International Affairs (SAIIA) and the New Delhi-based Institute for Defence Studies and Analyses (IDSA).

The participants in the workshop's discussions were drawn from the ranks of practitioners in international relations as well as from the academic and NGO communities. The meeting focused on both the theory and practice of international and bilateral Indian-South Africa relations. Session One focused on the global and regional strategic environment, painting a picture of the security concerns of developing nations at the cusp of the new millennium. Session Two provided a comparative examination of the interests in the recently-formed Indian Ocean Rim Association for Regional Co-operation (IOR-ARC). Session Three looked at the prospects for international and regional co-operation, and examined some issues of mutual concern for security: the proliferation of landmines and small arms, de-mining strategies, the flow of illegal drugs, and the inter-relationship between these and other forms of criminal activity. The potential for bilateral co-operation was the focus of Session Four, with particular emphasis on maritime and other, broader, forms of collaboration, including reform of the United Nations and the revitalisation of the Non Aligned Movement (NAM). The workshop concluded with an identification of areas of mutual concern which will form the basis of a research agenda for future meetings of this kind.

This Report attempts to draw out the main arguments made during the workshop. Revised versions of the papers prepared for the conference will be published in 1997 by the SAIIA and IDSA.

I would like to thank Jasjit Singh of the Institute for Defence Studies and Analyses for his essential contribution to both the organisation and debate of the workshop. As a group, we are indebted to Caroline de Pelet of SAIIA for managing the conference, and to Ruth Liber, Anne Katz, Pippa Lange and Alan Begg for their assistance in the production of this Report. Finally, the financial assistance of the South African Human Sciences Research Council (HSRC), the Rosebank Hotel and the Indian Ministry of External Affairs is gratefully acknowledged, as is the hospitality given by the Indian Consul-General to South Africa (Johannesburg), Skand R. Tayal, and the Indian High Commission. It should be noted that the views expressed herein should not be construed as representing the outlook of these bodies, nor of the SAIIA and IDSA.

Greg Mills
Johannesburg, April 1997

INTRODUCTION

Linked by a common language and heritage, South Africa and India have long enjoyed a close political relationship. In India there is widespread empathy for the land which admitted Mohandas Gandhi the lawyer, and spawned Mahatma Gandhi the statesman and father of modern India. There is also the shared oceanic history from the time of Arab traders, through the Dutch East India company, to today's newly-created Indian Ocean Rim Association for Regional Co-operation, which became a formal entity in Mauritius on 6 March 1997. Also, the Indian diaspora in South Africa of one million people provides important familial and trading links. India's prominent anti-apartheid role led to a strong relationship with the ANC before formal inter-state diplomatic links were restored in 1993.

For both countries, there is a similar need to take on regional responsibilities in potentially unstable regions. As the workshop heard, this is necessary in a rapidly evolving post-Cold War world, where - in the face of rising domestic expectations - there has been a broadening of the security agenda to encompass non-traditional security issues such as poverty, crime, pollution and other latent threats. For both states, this in turn raises the problem as to how such transnational threats can be accommodated within the current global and regional multilateral frameworks, and what types of reform might be necessary to empower these organisations. At the global level, this includes shared concerns about UN reform, and what the future role and relevance of the Non-Aligned Movement (NAM) might be. The latter issue is especially pertinent, given South Africa's hosting of the 12th NAM summit in late 1998. At a regional level, the future operation and purpose of existing organisations is also a matter of mutual concern, as South Africa struggles to balance its priority commitments to the Southern African Development Community (SADC) with the need to expand its market contact beyond just its immediate neighbours.

Both states face similar challenges in coping with the effects of economic globalisation, for example in the sequencing of economic reforms as part and parcel of a programme of liberalisation, and coping with their social consequences. There is also the need to encourage regional growth in surrounding countries, so as to prevent the overflow of instability across their national boundaries. Although both nations are seen as 'hesitant economic reformers', during this decade India has enjoyed remarkable success, which South Africa can both learn and gain from. Its annual rate of economic growth has leapt from under one percent in 1991 - the 'Hindu rate of growth' - to roughly seven percent annually since 1994. There was a 300 percent increase in stock-market capitalisation between 1990 and 1994, and foreign investment grew from US\$235 million in 1991 to around US\$2 billion in 1995.

Although late entrants to the game played successfully by the Asian tigers and China, India's economic reformers have successfully stabilised and simplified a previously over-regulated market through a combination of the liberalisation of public sector industries and tariffs, and the institution of attractive foreign investor regulations. This was, however, built on the back of a programme of agricultural self-sufficiency - the so-called 'green revolution' - started in the 1970s.

India's Rate of GDP Growth: %	
1991-92	0.9
1992-93	4.3
1993-95	4.3
1994-95	7.1
1995-96	6.8

India's Industrial Output Increase: %	
1991-92	0.6
1992-93	2.3
1993-94	5.6
1994-95	8.8
1995-96	11.6

India's Forex Assets: US\$ billion	
January 1991	1.12
December 1991	3.58
December 1992	5.46
December 1993	9.81
January 1994	19.89
December 1994	20.81
June 1995	19.60
December 1995	17.47

Source: Federation of Indian Chambers of Commerce & Industry

The forming of new ties between the two countries, coupled with economic reforms, has led to a dramatic expansion in bilateral trade of nearly 800 per cent, from just R290 million in 1993 to R2.3 billion in 1996. Such increases have propelled Asia to the status of South Africa's second largest trading entity after the European Union. While South Africa is seen by Indians as a bridgehead into the markets of Southern Africa, India is similarly viewed by South Africans as a springboard into South Asia.

Demographically, both nations suffer huge inequalities in wealth. It is estimated that about 40 percent of the world's desperately poor live in India, and over 50 percent of the population is illiterate. There is much South Africa

could learn from India's experience of affirmative action in attempting to break down job discrimination based on the caste system, and its experience in small business development.

Of course there are differences. With a population of over 920 million, India is home to some 15 percent of the world's people, making it the world's sixth largest economy in terms of purchasing power. In the political realm, India has followed an independent line on nuclear matters, refusing to sign the nuclear Non-Proliferation Treaty (NPT) until it is firmly linked to an overarching process of nuclear disarmament of all powers, including the United States, China, France, the United Kingdom and Russia. By comparison, South Africa is the only unilaterally disarmed nuclear weapons state, and actively helped to achieve a conditional extension of the NPT in May 1995.

On a visit to India in December 1996, Deputy President Thabo Mbeki stated that 'Our common hope of success will depend on our ability to act together. We are reassured that we can count on India as our strategic partner in this historic endeavour which seeks to give birth to a new world, of a just and lasting peace, of prosperity for all peoples, and equality among nations'. As South Africa seeks to reorient its foreign policy, India offers both market opportunities and the prospect of strategic partnership, both of which the workshop sought to explore.

THE STRATEGIC ENVIRONMENT

Greg Mills posed the question: would the 21st century security agenda result in the end of 'defence' as we know it? The interregnum characterised - even seven years after the fall of the Berlin Wall - as the post-Cold War world has been equated with the emergence of an international consensus on military-security issues. More often than not, this confluence around the strategic thinking of the United States (US) and its allies, states broadly that:

- The world is today a more (and not less) predictable place than during the Cold War;
- Non-traditional military-security issues pose a new security agenda, especially for developing countries; and
- Improvements in communication and increasing interdependency have globalised the nature of military-security threats, encouraging extra-regional intervention.

In providing a picture of the contemporary world, Mills' paper highlighted the range and nature of today's security challenges and examined how these might be manifested and accommodated at the global, regional and national levels. Although there is disagreement among analysts about their effects, there are at least six immutable factors about the way in which the contemporary world is moving which will impact on aspects of defence-security in the future:

The *first* trend is that of economic globalisation. The rapid acceleration of economic activity across national borders does not only apply to goods, but also services. The big question is whether it is unstable: whether interdependence can be maintained in the face of different cultures; and whether the environment can sustain high growth, both in terms of fallout or decay such as the greenhouse effect, and in terms of the demand for raw materials.

Second, we stand on the edge of massive population growth. In 1995, the world's population was nearly 5.7 billion; by 2020 it will grow 36 percent to 7.7 billion. The Indian population will climb 40 percent to 1.3 billion, and China's by 200 million to 1.4 billion. The current South African population is expected to increase by 54 percent, from 42 million to 65 million by 2026. Given such rates of population increase, there is a need to emphasise stability as a pre-requisite for development, both locally and regionally.

Third, the United States, Japan and Europe all face aging populations. Between now and 2030, the ratio of the working population, those from 20 to 64, to the elderly over 65, will drop from 5:1 in the US to 3:1, from 5:1

in Japan to 2:1, and from 4:1 in Germany to 2:1. Public pension and health costs could skyrocket against an increase in taxes and budget deficits and a reduction in the rate of economic growth.

Fourth, there is increasing divergence between the most advanced and most under-developed economies. This is exacerbated by the advent of new technologies, as well as political instability in many of the poorer areas, especially Africa. In some states there is an increasing gap between state capacity on paper - for example, in Russia with its nuclear arsenal and military might - and the reality of managing this capacity in terms, for example, of nuclear waste and preventing the proliferation of technologies.

Fifth, related to point four above, greater international interdependency and the rise of non-state actors has accompanied a reduction and, in some areas, collapse of state functions. This is particularly true for a number of African nations, where competencies normally associated with the state, such as the provision of basic services, security and tax collection, have been left to individuals within those countries.

Sixth, related specifically to the defence-security sector, there has been an overall - though not region-wide - decline in defence expenditure since the end of the Cold War.

World Military Expenditures US\$ billion (1993)

	1985	1993
US	339.2	297.3
Asia-Pacific	99.0	144.7
Europe	231.9	201.7
Russia	157.7	86.3
Greater Middle East	100.9	57.9
Western Hemisphere	28.8	26.1
Sub-Saharan Africa	9.8	8.8
WORLD	967.4	823.0

Source: Institute for National Strategic Studies, *Strategic Assessment 1995*, p.21.

Not surprisingly, the total turnover of arms sales (US\$30.2 billion in 1996) worldwide is now less than half the level reached in the late 1980s, when the Cold War was in full swing.

World Arms Sales US\$ billion (1994)

	1987	1995
US	20.8	13.3
USSR/Russia	29.1	3.0
UK	6.4	4.8
France	3.7	3.8
China	2.7	0.6
Germany	1.9	1.4
Others	14.0	3.3
TOTAL	78.6	30.2

Source: International Institute for Strategic Studies in the *Financial Times*, 10 October 1996.

These figures, however, do not tell the full story of the decline in capital expenditure. As defence budgets shrink, much of the brunt of this reduction has fallen on equipment procurement rather than personnel and operational costs (P&O). South Africa has experienced a considerable decline in this regard. The defence budget has dropped from 4.5 percent of GDP in 1989-90 (R23.4 billion in 1997 rands) to 1.6 percent in 1997-98 (R9.6 billion); and in the same period, the capital project share of the budget relative to P&O costs has fallen from 43 percent in 1989-90 to 14 percent in 1997-98.

South African Defence Budget Comparison: 1989-90 to 1997-98 (Real Terms-Rbn)

1989-90		1997-98
4,278 (18%)	Personnel	4,269 (45%)
9,147 (39%)	Operating	3,958 (41%)
9,942 (43%)	Capital	1,352 (14%)
23,367	TOTAL	9,579

A cutback in defence spending can be seen, paradoxically, either as a threat in itself, or as a means to safeguard against threats. While a reduction in defence spending overall should be welcomed as a positive effect of the post-Cold War, it is clear, too, that this cutting back has not necessarily improved, but may instead have worsened security in many countries. This is partly due to the fact that the reduction in defence spending has not been an even phenomenon worldwide, and also that the major powers are no longer able (or readily prepared) to intervene, or to provide assistance or training in the manner of the past.

Modern Security Dilemmas

Against this background, the late 20th Century has seen a rise in prominence of so-called non-traditional security issues which impacts both on the nature of current institutions and the manner in which policy-makers, academics, soldiers and the general public alike view the issue. This is the challenge: not only to identify but also to address future security problems at the appropriate levels. Questions are being asked about the utility of military force in an age when the classical threat-based approach to defence and security planning no longer applies exclusively. In an era when the revolution in telecommunications means that little can be shielded from the gaze of the international community, new approaches are required to counter threats that are arguably non-military and often latent. These can be grouped into the inter-related (and not mutually exclusive) 'baskets' of territorial, economic, political and environmental insecurities.

Territorial threats would include the threat of outside invasion, which, although there are isolated incidents (such as the border troubles between Ecuador and Peru, Belize and Guatemala, and Venezuela and Guyana) have reduced in international significance. A related issue is the threat of sovereign infringements or incursions, which include illegal fishing and the issue of illegal immigration.

As noted above, the global trend towards a reduction of military expenditure poses security dilemmas, although paradoxically, increases in expenditure could themselves create difficulties through economic pressure and the exacerbation of regional imbalances. The proliferation of weapons of mass destruction (WMD), especially nuclear, chemical and biological weaponry, could also fall into this category, although this has obvious implications, too, for political sovereignty.

Economic threats include the most pressing and common issue, poverty, and related to this, problems of economic growth (including debt, access to investment, food security, etc.). For many small states, the pace and extent of economic globalisation and the sheer weight of international financial transactions offer opportunities to economic criminals (so-called 'cyber-terrorists'), when the slightest wobble in the system creates ripples, even waves. It has also led to greater marginalisation for some countries (particularly those geographically distanced from markets), with concomitant security dilemmas. The safeguarding of intellectual property rights is a recent security dilemma related to globalisation. Population growth (which relates to migration and urbanisation trends) has security implications, as does the issue of aging populations. Countries with annual birth rates in excess of 2.3 percent will double their populations within 20 years, creating attendant demands on education, housing, welfare and employment. Disease and health concerns, such as the potentially pandemic threats of AIDS, malaria and certain water-borne diseases, will also fall within this basket. Concerns

about the spread of disease will, it is envisaged, take new twists in the 21st century, as drugs become resistant to strains of infection.

Political threats involve international crime, corruption, piracy, and illegal narcotics and weapons smuggling, as non-state actors wield, in some cases, greater clout than smaller states. It has been estimated by the British National Criminal Intelligence Service that the value of money laundered worldwide in 1993 alone amounted to US\$500 billion, while the UN's estimate for the same year was over US\$1 trillion. Countries that do not succeed in countering money-laundering could suffer from a lack of investment; though many are caught between the need to provide latitude for businesses to operate, and the need to tighten controls.

Finally, the basket of environmental threats includes the issues of trans-boundary pollution, global warming and nuclear waste, as well as the effects and possible conflicts of interest relating to depleted natural resources, especially water.

The range of contemporary security concerns can be said to be 'multi-layered'; existing and overlapping at the global/international, regional/continental and local/national levels. In this, it is clearly impossible specifically to localise the nature of threats, especially poverty. It is possible, however, to identify more clearly the likely time-frame in which these concerns are most likely to manifest themselves.

The changing nature of conflict, the potential proliferation of weapons of mass destruction in the hands of rogue actors (state or otherwise) combined with increased pressures on defence spending, have implications for the nature of military operations, defence procurements and equipment, as well as future security co-operation.

Tensions relating to these issues could, of course, surface within and not just between states. Ethnic factors, whether in the former Yugoslavia and Soviet Union, or in the Great Lakes region of Africa, will remain both an outlet for, and a cause, of political division and expression. Religious factors, too, will play their part, though the distinction between religious fundamentalism and uprisings and straightforward criminal activity is increasingly difficult to discern. Within an already crowded security agenda, the role of non-state actors and increasingly 'soft' or 'dysfunctional' states complicates the need for systems of regulation and management. It is likely that in the future, the concerns of major international players will be driven, principally, by a concern for their economic relations. But changes in the nature of the security challenges faced by developed nations have occurred against a backdrop not only of reducing Western defence expenditures, but also, contrastingly, in the face of increased humanitarian pressures on these (Western) states to intervene and take on global responsibilities. There is a public expectation of both 'success and survivability' - where military forces

are not only expected to be successful in their missions, but military losses are no longer acceptable, particularly in the United States. Also unacceptable is the strategy of 'rubblising' nations in the pursuit of peace.

Against this background, greater responsibility will inevitably fall on regional powers, who will be expected to provide the political and military leadership, finances and manpower to meet these low intensity defence-security challenges. There will also be related challenges and changes to the nature of arms procurement, military equipment and the structure and ethos of armed forces.

Two major international trends are already present in Western and allied government defence spending: mergers and increased international collaboration. And given the wide range of roles expected from today's militaries and the less clearly definable range of threats, there is a need 'to leverage technology' - to use, wherever possible, 'off-the-shelf' commercial technology; to transform equipment from single to multi-mission purposes; to expect a 50-year life-cycle from equipment (and only an eight-year development cycle); and to reduce the number of weapons-types in service.

South Africa and Africa

South Africa has undergone dramatic changes in this area. Following the political transition in 1994, the old South African Defence Force (SADF - 110,00 strong) was merged with the forces of Transkei, Bophuthatswana, Venda and Ciskei (the so-called TBVC states - 12,000), as well as the armed wings of the African National Congress (ANC - 26,000), the Pan-Africanist Congress (PAC - 6,000) and Inkatha (IFP - 6,000). The force structure of the new South African National Defence Force (SANDF) has been reduced (March 1997) to 95,545 personnel, of which 21,119 are civilians. By the turn of the century, South African will be looking to possess a force of around 60,000, including civilians.

In Africa, it should come as no surprise that, while there may be some positive improvements, especially in the area of African conflict resolution through the Organisation of African Unity (OAU) and other regional initiatives, the continent will for the foreseeable future continue to be blighted by a number of continually resurfacing trouble-spots. As Western commitment and policy towards this and other African crises will unfortunately be influenced by domestic financial constraints, it is anticipated that African institutions will increasingly be left to their own devices in responding to these security challenges. It should be noted that the current structures are incapable of addressing the range and scope of contemporary security demands: from global warming on the one hand to 'Mad Cow Disease' (BSE) and regional conflicts, possibly involving weapons of mass destruction and, increasingly, non-state actors, on the other. Even

internationally, old security agencies, such as NATO, now face the challenges of both broadening their remit and their membership. At a regional level, then, there will be a need for increased co-operation on a wide range of issues; while at the global level, if the United Nations is to achieve the 'participatory multilateralism' aspired to, its credibility will have to be enhanced through reforms of its Charter, membership of the Security Council, its agencies and practices.

India and South Asia

By comparison with Africa, India's security concerns and geo-strategic stakes extend far beyond the South Asian confines. In this context, Inder Mahotra of IDSA argued that Southern Asia has been free from inter-state wars for a quarter of a century. The last armed clash took place between India and Pakistan in 1967. Since then, but for a brief eruption of tension in 1987, peace and tranquillity have prevailed along the so-called Line of Actual Control (LAC). This state of affairs has been reinforced by two agreements, made in 1993 and 1996. A number of Confidence Building Measures (CBCs) are in place. More are being discussed. Even an across-the-board reduction of troops along the LAC is on the agenda.

Apocalyptic forecasts of an India-Pakistan war, probably over Kashmir, quickly escalating into a nuclear exchange, have been belied. A proxy war in Kashmir goes on, of course, because of trans-border support through arms supplies and the infiltration of insurgents. The insurgency has passed its peak, however, and could be contained by the democratically elected state government, as happened earlier in the neighbouring Punjab.

Major water-sharing agreements with Nepal and Bangladesh have contributed to a striking improvement in India's relations with neighbours other than Pakistan. This is attributed by many to the 'Gujral Doctrine', named after the Indian Foreign Minister, which lays down that in dealing with smaller neighbours, India need not insist on reciprocity in all cases, a welcome advance in relations, even with Pakistan, in that the two countries are resuming the dialogue that Benazir Bhutto abruptly ruptured three years ago. The South Asian Association for Regional Co-operation (SAARC) is an instrument for promoting economic and political co-operation, and is seen as a link in the chain that includes both the Indian Ocean Rim Association for Regional Co-operation and the Association for South East Asian Nations (ASEAN).

Though an inter-state war in Southern Asia has been ruled out, the region bristles with serious security problems born of both domestic and external factors. The lethal mix of religion and politics, combined with the surge of ethno-nationalism, forms one of the two main strands of the domestic causes of security problems, the other being the spread of small arms, the narcotics

trade and terrorism, all of which have external dimensions, too.

Religious extremism and ethno-nationalism, which are of relatively recent origin in other parts of the world, have afflicted the Indian sub-continent since 1947. At present Afghanistan is the central source of the export of religious extremism, small arms and narcotics (or rather narco-terrorism). Its most badly-affected victim is the sub-continent, particularly Kashmir. Pakistan-backed Taliban, now controlling Kabul, are seen as a threat to stability and security in the whole region, including Central Asian states in the neighbourhood.

Ideally, Indian security interests would be best served if the environment were non-nuclear. But this has been rendered impossible by the obdurate refusal of all five nuclear weapon parties to give up their nuclear arsenals. No wonder India cannot give up this nuclear option nor accept treaties like the NPT and the Comprehensive Test Ban Treaty (CTBT). Of the 40 countries possessing ballistic missiles, 13 are in close proximity to India. This, as well as China's supplies to Pakistan of both nuclear technology and M-11 missiles, is among the imperatives of Indian security policies.

Southern Africa

In Southern Africa, *The Declaration and Treaty of the Southern African Development Community*, signed by the SADC Heads of State and Government in Windhoek in 1992, expressed confidence that recent developments such as the independence of Namibia and the transition in South Africa '... will take the region out of an era of conflict and confrontation, to one of co-operation; in a climate of peace, security and stability. These are prerequisites for development ...'. The Declaration called, *inter alia*, for '... a framework of co-operation which provides for ... strengthening regional solidarity, peace and security, in order for the people of the region to live and work together in peace and harmony ... The region needs, therefore, to establish a framework and mechanisms to strengthen regional solidarity, and provide for mutual peace and security'. The subsequent establishment of the *Organ on Politics, Defence and Security* has given some effect to these ambitious intentions.

Given the recent elevation of South Africa to the chair of SADC and the obligations that this position bestows upon the country, the Director of the South African Institute for Security Studies (ISS), Jakkie Cilliers, took stock of the progress made with the SADC Organ 12 months down the line.

As chair of SADC, South Africa is responsible for realising and putting into practice the ambitions of the Organ. President Mandela has recently engaged in an intensive series of regional consultations in an effort to mitigate emergent sources of conflict in Lesotho and Swaziland, and to find a solution

for the ongoing humanitarian and political tragedy in Zaire. These initiatives by the South African president are a welcome departure from the apologetic diplomacy that the region's dominant power had been engaged in previously. Prior to these developments, SADC member states had been reluctant to exercise regional leadership in issues related to preventive diplomacy and conflict management. One reason for this reluctance may be that certain heads of states have themselves been under intense pressure to allow a greater degree of transparency, freedom and democracy in their own countries. Too obvious a programme to facilitate democratisation and elections in another country might backfire on regional leaders who themselves face criticism for a perceived increase in authoritarianism and intolerance. A second reason is that the Organ is still in its infancy, although it does draw from the extensive memory of what was previously the Front Line States (FLS) grouping in Southern Africa, and is able to build on the existing Inter-State Defence and Security Committee (ISDSC).

According to Cilliers, the greatest deficiency within SADC arguably relates to the absence of integrated systems, processes and methods to deal with the issues of human rights and the advancement of democracy and good governance. This is clearly a contentious issue and one sensitive in many SADC member countries. A country such as Swaziland is perceived to be non-democratic, while others, such as Angola and Mozambique, are in slow transition from a state of devastating civil war. Countries such as Zambia and Zimbabwe have been accused of being undemocratic in election-related practices, while some see South Africa drifting towards one-party dominance in the absence of an effective political opposition to the ruling African National Congress (ANC). In other countries, such as Malawi and Lesotho, military and para-military intervention in politics remains a real threat. Clearly, the region suffers from a lack of consensus regarding the political values which the SADC Treaty so obviously endorses.

The objectives of SADC - as outlined in the SADC Treaty, including its regional economic development and political co-operation, defence and security legs - are represented diagrammatically in Figure 1 below.

The Organ is a subsidiary part of SADC and therefore it abides by the same principles as those of SADC, including the sovereign equality of all member states, the peaceful settlement of disputes, and the observance of human rights, democracy and the rule of law. These principles provide content to the intention to move to a common system of political values, systems and institutions - a commitment which has thus far been sadly lacking among a number of SADC member states. In Article 21 of the SADC Treaty (which deals with areas of co-operation), member states also explicitly agree to co-operate in the area of 'politics, diplomacy, international relations, peace and security'.

FIGURE 1: SADC OBJECTIVES

<i>SOUTHERN AFRICAN DEVELOPMENT COMMUNITY</i>	
REGIONAL ECONOMIC DEVELOPMENT AND INTEGRATION	POLITICAL, DEFENCE AND SECURITY CO-OPERATION
achievement of development and economic growth	evolution of common political values, systems and institutions
alleviation of poverty	promotion and defence of peace and security
enhancement of the standard and quality of life	
support for the socially disadvantaged through regional integration	

At present, the Organ essentially exists only at the level of the Heads of State and the ISDSC. The ISDSC is composed of a ministerial council with three sub-committees, respectively on defence, security and intelligence. Below the level of the defence sub-committee, there are three functional committees: the Operations Sub-committee, the Standing Maritime Committee and the Standing Aviation Committee. The various departments of Foreign Affairs are therefore excluded from the present functioning of the Organ as it exists at present, while the attitude of most governments (with the exception of South Africa in most cases) towards the involvement of any non-government actors - from either NGOs, research organisations or universities - is generally hostile.

Apart from the Summit of Heads of State and Government itself and the ISDSC, no clear mechanism is available for the pursuit of the objectives related to the area of foreign policy and human rights. This is particularly cogent because SADC has become widely accepted as a regional arrangement of the United Nations, as envisaged in Chapter VIII of the *UN Charter*. In this context, it is essential that SADC links its efforts to deal with conflict avoidance, management and resolution with both the OAU and the UN. Clearly, any development of the Organ would have to be based on the principles and objectives of SADC, as embodied in the Treaty, as well as those objectives that have been formulated for the Organ itself.

FIGURE 2: ORGAN OBJECTIVES

<i>ORGAN FOR POLITICS, DEFENCE AND SECURITY</i>				
MILITARY/ DEFENCE	CRIME PREVENTION	INTELLIGENCE	FOREIGN POLICY	HUMAN RIGHTS
protect against instability	promote close co-operation to deal with cross-border crime	promote close co-operation	promote co-operation and common political value systems and institutions to deal with cross-border crime	develop democratic institutions and practices
develop a collective security capacity	promote community-based approach	provide early warning	develop common foreign policy	encourage observance of universal human rights
conclude Mutual Defence Pact			promote conflict prevention, management and resolution	encourage and monitor international human rights conventions and treaties
develop a regional peacekeeping capacity			mediate in inter- and intra-state disputes	provide early warning
			promote preventive diplomacy	
			provide early warning	
			encourage and monitor international arms control/disarmament conventions and treaties	
			co-ordinate participation in peace operations	
			address extra-regional conflicts which impact on the region	

India and South Africa are both founder members of the 14-nation Indian Ocean Rim Association for Regional Co-operation (IOR-ARC), founded on 6 March 1997 in Mauritius. These two countries, together with Australia, form a strategic triangle around the Indian Ocean and are expected to take the lead in promoting the new organisation. Current members of the IOR-ARC are: Australia, India, Indonesia, Kenya, Madagascar, Malaysia, Mauritius, Mozambique, Oman, Singapore, South Africa, Sri Lanka, Tanzania and Yemen.

David Burrows examined the Indian and Southern African perspectives on the Indian Ocean Rim (IOR) and found both similarity and divergence in their approach. He considered two primary issues with respect to the IOR-ARC agenda: namely, the question whether security matters should be included, and the problem of establishing the scope, numbers and criteria for membership.

On the question of including security within the scope of the IOR-ARC, South Africa and India were in general agreement that it should be omitted. There are many regional and local disputes amongst the countries of the Indian Ocean Rim that make the issue of security controversial and potentially divisive. Examples are the ongoing animosity between India and Pakistan, particularly over Kashmir, and the Singhalese-Tamil separatist conflict in Sri Lanka. There are also differences of opinion over nuclear disarmament and the role of extra-territorial powers in the region, in particular over the US and French naval presence. Consequently, it was decided during the negotiations leading up to the creation of the IOR-ARC that security issues would be excluded, in order not to jeopardise co-operation in the economic sphere.

It was suggested that a separate security organ, the Indian Ocean Regional Forum (IORF) be created, based on the Asian Regional Forum (ARF) in the Asia-Pacific region.¹ This could allow important security issues to be discussed simultaneously with economic matters, without controversy in one forum hindering progress in the other.

On the issue of membership, there was a potential difference of opinion between India and South Africa. India favoured an exclusive approach to membership of the IOR-ARC, arguing that as the 'region' had not yet been officially defined, the potential membership could be as high as 44 or even 60 states. India argued that administratively it is very difficult to deal with

¹ See Botha PJ, 'Security and Co-operation in the Indian Ocean Rim'. Paper given at the conference on *The Utility of Naval Power*, Cape Town, 17 October 1996.

such larger regional groupings because meetings degenerate into ineffective talking shops.

Australia favoured an inclusive approach to membership, arguing for a rapid expansion of membership in order to encourage trade in the spirit of the World Trade Organisation (WTO). Australia has one of the most competitive and open markets in the region and could thus profit from such free trade.

While India's official reason for opposing inclusive membership appears reasonable, it was argued that the real reason behind its attitude was its distrust of Pakistan. In the past, Pakistan had used every possible forum to discuss the Kashmir issue, to India's chagrin. This led to accusations by potential member countries outside the IOR-ARC that the process was less than transparent and was driven by political motivations.

A compromise was eventually reached in the negotiations leading up to the founding of the IOR-ARC after India had nearly walked out of the proceedings over the membership issue. The precept of 'open regionalism' was accepted in principle following WTO recommendations. So, according to the Charter of the IOR-ARC, all sovereign states in the region were eligible for membership, but accession would not be automatic and official applications would have to be submitted and voted upon.

South Africa faces the dilemma that while it understands the gradual 'phased approach' to expansion of membership supported by India, it has a commitment to the SADC sub-region which remains its foreign policy priority. In the wake of apartheid, South Africa cannot afford to appear to be deserting its new African allies for more lucrative economic opportunities elsewhere.

Consequently, South Africa has supported the inclusive approach to membership expansion and has tentatively supported the accession of the whole of SADC to the IOR-ARC. This would obviously open up the organisation to landlocked states such as Zimbabwe and Botswana, which claim that they rely on the Indian Ocean for their economic prosperity. However, if landlocked states were admitted to the IOR-ARC, it could increase potential membership of the grouping to about 60 states, raising administrative problems once more.

These and other factors, while not leading to any major differences of opinion between India and South Africa over the IOR-ARC, do seem to have resulted in a difference in commitment to this process. While India sees its role in the Ocean that bears its name as vital, and is prepared to put its resources behind the initiative, South Africa seems to be vacillating. South Africa's initial post-apartheid excitement at helping to create an organisation that will expand its international links seems to have been supplanted by a growing sense of pessimism.

Questions are being asked as to whether South Africa could gain as many benefits simply by liberalising global trade under the WTO and concluding bilateral agreements with some of the IOR countries. The IOR-ARC appears to be a low priority for the South African government, as few resources are being put forward to support its participation. If South Africa's apparent lack of commitment continues, this could severely damage the IOR-ARC and thus set at risk South Africa's bilateral relations with India.

IOR-ARC Economic and Trade Issues

Rajesh Mehta of the Indian Council for Research on International Economic Relations (ICRIER) examined economic and trade issues in the IOR-ARC. His paper outlined first, the importance of the Indian Ocean Region in world economy and international trade; second, the trade linkage of the region with the rest of world; third, the level and the growth of intra-regional trade among the countries of the Indian Ocean; and, fourth, the potential for intra-regional trade under alternative forms of trading arrangements.

Mehta argued that the Indian Ocean is vital for international trade and economy. The countries of the Indian Ocean Rim have a population of about two billion (or one-third of the world's population), which produces goods and services worth one trillion US\$ annually (around eight percent of global production), creating a significant market in the world economy. The ocean is rich with precious mineral and metals, marine and other natural resources, and has a vast tidal energy. It carries more than half of the world's container ships. The countries of the Rim have significant human resources and technological capabilities, and are becoming internationally competitive in the global market.

Second, Rim countries have increased their share of the global economy at a very fast rate. The volume of trade doubled between 1988 and 1994, and the region's share of global trade increased from 9.6 percent in 1988 to more than 11 per cent in 1994. Furthermore, both exports and imports with developing countries have increased at a faster rate than in the world as a whole. The balance of the trade gap of IOR-ARC with the rest of the world was negligible - less than two percent.

Third, the Rim has substantial potential to become a zone of economic co-operation, and the advantages of making it a trade bloc would be manifold. A significant part of trade flow from the countries of the Indian Ocean is destined for the region itself. It has been noted that many countries in the region have shown a higher growth than in the rest of the world. Intra-regional trade accounts for one-quarter of the Rim's total trade and the extent of intra-regional trade has been increasing over the last few years.

Fourth, the fourteen countries of IOR-ARC account for 65 percent of regional

trade. The contribution of Singapore, Malaysia, Australia, Indonesia, India and South Africa account for 97 percent of total regional trade flows in the IOR. The share of India and South Africa in the total export to the countries of the region is 6.5 percent and four percent respectively. A substantial part of India's as well as South Africa's trade is destined for the IOR-ARC. South Africa has a trade surplus with these countries, and the value of India's exports to the region is less than the value of imports.

Mehta estimated the amount of trade diversion under three possible scenarios of regional arrangements: first, as a regional economic association; second, as a preferential tariff arrangement; and, third, as a free trade area. This estimate has been based on the trade information of 40 Indian Ocean Rim countries and involves 6,600 commodities, using a simple method of cost comparative advantage. The results show that intra-regional trade can be increased 22 percent if a regional economic association is formed, and by 11 percent if a preferential tariff arrangement or a free trade association is established.

INTERNATIONAL AND REGIONAL CO-OPERATION

This section looked at problems common to Southern Africa and South Asia relating to the legacy of conflict; notably, the issues of landmines, and weapons and drug-smuggling.

Landmines and De-mining

Laurie Boulden considered the effects of landmines on regional development in Southern Africa and South Asia. For decades, anti-personnel landmines have represented a silent threat to human life. Landmines do not distinguish between the footstep of a soldier and that of a child, nor do they recognise the end of conflict. Due to their durability and low cost, these indiscriminate weapons have become unconventional weapons used in unconventional wars, including their use as weapons of terror against non-combatants. This is especially the case in Southern Africa and Afghanistan, where years of conflict have left millions of landmines in the ground. Removing these mines will be a slow and expensive process: removing just one mine, which may have cost as little as US\$3,00 to manufacture, can cost up to US\$1,000. However, aside from the direct costs of mine clearance, landmines have serious consequences for other aspects of a nation's recovery and survival, even after peace has returned.

Among the most evident effects of landmines is the medical suffering experienced by civilians, often women and children, but landmines also exact an inestimable socio-economic toll on nations. The presence of landmines, even in small quantities, makes vast tracts of arable land unusable for farming; makes river banks, fishing, and clean water inaccessible; and forces people off the land. The presumed presence of even one landmine renders acres of land too dangerous to be utilised. In addition, refugees returning after a conflict often do not know about the presence or location of landmines in their former communities, and become victims, sometimes within hours of their return home. Increased population in tandem with the reduction of suitable land for crops and grazing can lead to increased urban migration, putting even more stress on war-damaged cities and infrastructures. Combined with these pressures, manufacturing and development resources may be rendered unserviceable by landmines. Until indigenous resources can be reclaimed, post-war recovery will be stifled and the economic weakness of one state will be felt throughout the region. Refugees, trade and development flows cannot be contained within the borders of only one state - a fact to which Southern Africa and South Asia can attest.

In the face of these tremendous costs and challenges, two main courses of

action to liberate the globe from its landmine problem are under way: the pursuit of a comprehensive ban against anti-personnel mines, led by the Canadian government, and mine action programmes to remove mines and prevent further landmine injuries. In the search for a comprehensive ban, two areas of divergence in approach between the Indian and South African governments may be noted. The latter has unilaterally suspended the use, production and stockpiling of anti-personnel mines. In contrast, the Indian government contends that disarmament through the Conference on Disarmament (CD) in Geneva can be pursued only as part of a comprehensive approach which should deal with the issue of nuclear non-proliferation first.

Around the world, de-mining and mine awareness activities are conducted by three sectors - the United Nations, commercial companies and private non-governmental organisations - using three main techniques: manual and mechanical mine removal, and the employment of mine-detecting dogs. Each technique has its own challenges and benefits, and the experiences of Angola, Mozambique and Afghanistan provide valuable examples for the future of mine programmes.

Primarily these efforts demonstrate that only through co-ordinated, prioritised and comprehensive programmes can residents prevent further landmine tragedies and begin to reclaim the resources necessary for development. At present, movement towards a mine-free globe is slow, but new technologies are being researched and tested in order to increase the effectiveness of mine clearance. Boulden argued that with additional attention and funding, Southern Africa and South Asia can recover from the destructive violence of their pasts.

Illegal Narcotics Trafficking

Glenn Oosthuysen outlined the extent of illegal narcotics trafficking in Southern Africa and suggested various strategies for control. He noted that Southern Africa's new-found participation in the global community, facilitated by the demise of apartheid and the resolution of a host of civil conflicts, has been exploited by criminal networks and drug trafficking syndicates. The response of Southern African countries to these subversive elements has bearing not only on the emerging international framework which aims to curtail the trafficking of drugs, but also on the extent to which the region will be able to safeguard its state structures, economic institutions and citizens from the deleterious effects of organised crime and drug use.

South Africa has been the primary target of traffickers using its sophisticated transportation and banking facilities and exploiting its low levels of policing capacity and poor socio-economic conditions. Since Europe and the United States comprise the country's major trading partners, traffickers (mostly Nigerian syndicates) utilise these well-developed links to trans-ship drugs to

these consumer markets. Smuggling cocaine and heroin from South America, Mandrax from India and heroin from South Asia, traffickers also use Angola, Namibia, Botswana, Mozambique, Zimbabwe and Zambia as stop-over points for drugs on their way to South Africa. Indian traffickers allegedly use the expatriate Indians in South Africa and Zambia to smuggle Mandrax and heroin into the region. Increasingly, drugs serve as a form of currency linking criminal networks involved in vehicle thefts, gun-running, ivory, diamonds and gold smuggling - all of which share regional trafficking routes.

Southern Africa is a major producer of cannabis, regarded as a traditional crop. In some areas it is the only viable cash crop for rural farmers recruited by cannabis syndicates. Cannabis is traded within the region and exported, mostly to the Netherlands and United Kingdom, where it is often exchanged for designer drugs (such as LSD, Ecstasy and other amphetamines). Many traffickers are paid with the drugs themselves, which means that these individuals/groups rely on the establishment of a local market to make their money.

Thus, South Africa is not only a transit country but is steadily becoming a consumer market. The lack of adequate data-gathering facilities makes it difficult to quantify the increased levels of consumption. However, increased drug seizures and declining street prices serve as some indication of the growth in the local market. Crack cocaine and designer drugs are the fastest growing drugs on the market, while poly-drug usage (involving cannabis) is also a feature. In contrast with practice in other countries, cannabis and other drug use are closely related in South Africa, suggesting that there is a symbiotic relationship between rural poverty, cannabis production and drug abuse.

The 1988 *United Nations Convention against Illicit Traffic in Narcotic Drugs and Psychotropic Substances* is the rallying point of international efforts to curb the market in drugs. Increasingly, the Financial Action Task Force proposals on money-laundering are assuming mandatory proportions. However, these efforts have arguably been undermined by strong bilateral pressures from developed countries which have raised political tensions and issues of sovereignty. Of those countries which have acceded to the 1988 Convention, not all have implemented domestic measures to give real effect to its principles. At a regional level, the necessity for the SADC Protocol to Combat Illicit Drug Trafficking (which is yet to be implemented by all SADC states) has been questioned: arguably its objectives could just as easily be achieved if all SADC states implemented the 1988 Convention. Regional political rivalries and sensitivities continue to obstruct effective regional co-operation in acting against traffickers.

Efforts so far have focused on law enforcement and interdiction measures since these are the areas in which international pressure and support have been most forthcoming. In general, government has ignored the problem of

the growing demand for drugs. Consequently, South Africa has failed to develop a centralised national drug control policy, and has offered few resources for information-gathering or research.

Oosthuysen argued that Southern African states should not simply adopt the internationally determined minimum standards of drug control to appease the developed, consumer countries. Instead, they should become more proactive in protecting the integrity of their own state institutions, financial sectors and populations. However, they cannot do this so long as the assistance which is offered them is focused primarily on law enforcement and prevention of trans-shipment of drugs.

The international priority attached to illegal narcotics trafficking in Southern Africa offers the region the opportunity to participate in the emerging international framework and thus secure for itself those resources and measures which can best provide long term protection for its societies. This would be a preferable and more constructive response than the temptation to 'throw the baby out with the bath water' because of the apparent United States/European Union dictation of drug policies, which may be considered to be insensitive to the needs of developing societies.

The Southern Asian Dimension

Tara Kartha of the Institute for Defence Studies and Analyses looked at the threat posed by weapons and narcotics trafficking in Southern Asia. She argued that the nature of war appears to have undergone a change. While most officers of regular armies can today expect to retire without having 'fought a war' in the conventional sense, over 35 countries are engaged in debilitating, manpower-intensive conflicts against non-state actors armed with low cost weaponry, including rapid fire assault weapons, grenades and explosives. In many cases, such conflicts are closely tied to the trafficking of narcotics, which offers a resource base for the conduct of non-conventional war.

Within Southern Asia there are three of the largest narcotics producers in the world (Afghanistan, Myanmar and Pakistan), as well as a vast 'weapon warehouse' (Afghanistan) which has within it an estimated US\$5-8 billion's worth of arms that form a part of the 'Cold War legacy' diffusing steadily through the entire region and beyond. Kartha contended that Pakistan - which continues to be a major actor in the Afghan conflict - is today experiencing a 'boomerang effect' from those weapons it previously exported to conflicts elsewhere, and which are now being used in criminal and terrorist actions inside Pakistan territory. The country also has an alleged two million strong addict population within the country, as narcotics trade routes move into Karachi and Lahore from cultivation areas in Afghanistan and within.

Kartha contended that the Kashmir conflict is fed by covert operations launched by the Pakistan intelligence agencies who are flush with money and have an unprecedented access to weapons. Independent sources point out that these agencies have an estimated three million Kalashnikovs in reserve, for fermenting a 'Jihad' in countries where Islam is considered to be under threat. It is hardly surprising, therefore, that conflicts in Tajikistan, Myanmar, Bosnia and Turkey have all been linked in various degrees with the Afghan war, and to the thousands of fighters who were trained and armed within Pakistan.

Closely linked is the spread of organised crime. Gun running has become a highly profitable activity, and traditional gold and silver smugglers have turned to this commodity. The tentacles of this network link Bombay to Pakistan and the Middle East countries, and beyond, into Russia and China,. All these countries, especially Russia and China, have identified rising crime levels as a crucial threat to their security. Yet, as guns and narcotics continue to spew out from conflict areas through porous borders, governments find that there is little that they can do to stem the tide.

Even as Europe and the United States declare a 'war' against the threat of 'narco-terrorism', there is a realisation that global controls are required to bolster nascent regional and national measures effectively. South Africa and India, which have both been hard hit by the proliferation of weapons, have much to learn from each other in the areas of border and gun controls, and demobilisation procedures. There is a need for both, Kartha argued, to underline the effects of proliferation on security and human development in international fora such as the evolving IOR-ARC. At least seven countries out of this 14-nation grouping face similar threats in varying degrees, since the Indian Ocean routes are vital corridors for narcotics and weapon movements.

BILATERAL CO-OPERATION

Ruchita Beri examined the possibilities for a partnership between India and South Africa. Noting that India and South Africa share historical ties which could encourage the prospects of a closer relationship, she argued that the time has come to convert this association of the past to a concrete strategic relationship for the future. This partnership could be evolved through co-operation in various fields - both in the bilateral and multilateral context.

The Economic Realm

Beri *first* argued the case for improved co-operation in the economic realm. Both India and South Africa are middle-ranging economic powers in terms of manpower and technological capabilities, and have sizeable industrial and tertiary sectors. Again, both of them are in search of a new collaborative network and have much to contribute to each others' advantage. India could use South Africa's expertise in mining, while the latter could use India's strengths in the field of agro-based small-scale industries, textiles, drugs, pharmaceuticals, computer software and electronics.

Here the SAILA Research Associate, Jonathan Katzenellenbogen, provided a comparison, within a globalised context, of the Indian and South African economies which he labelled as 'hesitant reformers', and outlined the opportunities for bilateral trade.

In the great wave of deregulation and economic liberalisation that has swept the world, India and South Africa stand out among those that are tardy and have hesitated along the path of policy reform. Katzenellenbogen offered a brief survey of the economic performance of the two countries, and reviewed aspects of economic policy. Lessons on growth and adjustment were examined, and the suggestion was made that particular attention should be given by South African economic policy makers to the reasons behind the fast rise in Indian labour-intensive exports and the operation of the massive informal sector.

The final section of this paper reviewed South African-Indian trade. Both countries were what the World Bank terms, 'slow integrators' until, in the case of India, extensive trade and investment reforms were implemented, and in the case of South Africa, the first democratic election of 1994 occurred. The index used by the World Bank as a measure of speed of integration includes exports growth to GDP, foreign direct investment to GDP, and creditworthiness. As shown in the table below, the speed of integration is linked to growth potential.

Comparative Growth Rates: 1985-94

Country/Region	GNP Per Capita Dollars 1994	Average annual Per Capita growth 1985-94
East Asia and Pacific	860	6.9
South Asia	320	2.7
India	320	2.9
Sub-Saharan Africa	460	-1.2
South Africa	3040	-1.3

Until the trade reforms began in 1991, India was virtually a closed economy. With a GNP of close to 2.5 times that of South Africa, India exported approximately the same value of merchandise exports as South Africa in 1994.

India and South Africa: Exports and Imports

Country	Merchandise Exports (Million \$) 1994	Merchandise Imports (Million \$) 1994	Exports as % GDP	
			1980	1994
India	25000	26846	7	12
South Africa	25000	23400	36	24

India's growth has been beyond expectations, although there is now growing concern that the momentum may have slowed with the election of a vulnerable coalition government of 13 parties. Growth in South Africa remains half the rate of the government goal of six percent and although macro-economic policies are viewed as sound, implementation of development plans is the most serious concern.

India and South Africa: Per Capita Growth Rates pre- and post-1994

Country	Annual Average Per Capita GNP Growth 1985-94	1994	1995	1996
India*	2.9	5.4	5.3	5.0
South Africa	-1.3	0.5	1.2	0.5
* India FY runs from April to March				

Although a low income country, some of India's social indicators are more advanced than South Africa's. India's population growth rate of 1.8 percent compares favourably with South Africa's rate of 2.2 percent. Life expectancy differs little - South Africa's is 64 years and India's 62. Income distribution in India is slightly more equal than in South Africa, which may give some indication of India's potential to achieve higher growth.

As a low income country, India faces a mammoth task in overcoming basic infrastructural problems in its development. South Africa faces massive problems in extending the electrical, water, and road and telephone networks to what were formerly classified as black areas. Infrastructure is, however, not acting as a serious impediment to growth in South Africa, as it is in India. The drop-off in Indian growth from 7.1 percent in 1995 to 6.8 percent in 1996 is largely attributed to the fall in the rate of growth in electricity production.

The agendas for reform in India and South Africa occur in widely disparate environments. India had a far more restrictive investment and trade regime. Both have pursued a gradualist approach to economic reform based on consensus building. In both countries, this was possibly the best approach, as shock therapy might have undermined the process.

The series of reforms undertaken in India since 1991 has covered virtually every area of economic regulation and has amounted to a decisive break with the country's history of central planning, a high degree of regulation, and attempts at virtual autarchy. The trade and exchange rate regime, taxation, investment regulation, the financial sector and the tax system have all been substantially reformed. Trade reform has lowered extremely high barriers, which effectively excluded all consumer goods imports, but they are still among the highest in the world. Public enterprise reform and cuts in government spending are the contemporary economic policy priorities, but could be difficult to achieve. Indications are that the reform programme has had a positive impact on poverty alleviation and employment creation. The reform laid the basis for a surge in labour intensive exports, much along the lines of East Asia's pattern of development.

With an unemployment rate of close to one-third and the scant possibility of the formal sector creating jobs on a sufficient scale to absorb new entrants into the workforce, South Africa urgently needs job creation strategies. Labour intensive exports and the operation of the Indian informal sector lessons on the informal sector should be closely examined by South African policy makers.

After the hiatus created by sanctions, India's exports to South Africa are only around one percent of the country's total. Total India-South African trade grew by close to 58 percent from 1994 to 1995, and by 64 percent in the following year. Whether trade will continue along this rate of growth is doubtful, but may be possible if major contracts eventuate.

South African exports to India are largely concentrated in a narrow range of commodities, iron and steel, chemicals and coal. Diamonds and gold are exported to India through third countries. Indian exports are more diversified but textiles and apparel make up around 22 percent, agricultural products around 20 percent, chemicals, 13 percent, and machinery and equipment, 8.5 percent.

South African Exports to India (Jan-Oct 1996)

South African Exports to India (January-October 1996)	
Category	Percentage Share
Base Metals	31.3
Chemicals and Allied	25.4
Mineral Products (Coal)	18.3
Textiles and Articles	8.2
Pulp and Paper	6.8
Machinery and Equipment	4.2
Miscellaneous	5.8

South African Imports from India (January-October 1996)	
Category	Percentage Share
Textiles and Textile Articles	22.0
Agricultural Products (Rice)	20.0
Chemicals	13.4
Machinery and Equipment	8.5
Sins and Leatherware	8.4
Base Metals and Articles	7.1
Plastic and Rubber Articles	3.3
Footwear and Headgear	3.2
Vehicles	3.2
Miscellaneous	10.9

Source: SA Dept. of Customs and Excise

The largest investment in South Africa to date by an Indian company is that by the UB Group with the purchase of Mabula Game Reserve for R30 million, and a 30 percent stake in National Sorghum Breweries for R70 million. In 1996, the Export-Import Bank of India made a US\$10 million line of credit available to the Standard Bank. Under the terms of the credit, loans can be made for machinery, plant and equipment and drugs and pharmaceuticals. Some 25 Indian companies have set up offices in South Africa. These range from general traders to firms in the pharmaceutical, small-scale machinery, bicycle, chemical, steel and software industries.

South African- Indian Trade: R Millions

	1994	1995	1996 (Jan-Oct)
SA Exports	488.2	701.4	891.9
SA Imports	406.2	711.2	844.9
Total Trade	894.4	1412.6	1812.8
Ranking in SA exports	25.0	24.0	21.0
Ranking in SA Trade	24.0	26.0	23.0

Source: SA Department of Customs and Excise

While India's trade position with South Africa might rank relatively low, South Africa's Department of Trade and Industry (DTI) has granted it a ranking of sixth in its Trade Potential Index, described by the DTI as, 'a simple framework to determine relative market potential and pinpoint overall trends as far as South Africa's recent export performance'.

Maritime Co-operation

The *second* area of potential co-operation highlighted by Beri which could enhance regional security was in the maritime domain. Both South Africa and India have long coastlines and maritime interests which need to be protected. The guidelines for regional maritime co-operation developed by the Maritime Working Group of the Council for Security Co-operation could be helpful in evolving a framework. They include various aspects like maritime surveillance, naval co-operation, protection of sea lanes and marine scientific research training. Commodore Chubby Howell of the South African Navy (SAN) examined the potential for maritime co-operation between the two states. He noted that the South African White Paper on Defence explains that governments have an inherent right and responsibility to ensure the protection of the state and its people against external military threats, and defines the broader strategies which will be employed to this end:

- Political, economic and military co-operation with other states;
- The prevention, management and resolution of conflict through non-violent means; and,
- The deployment of the Defence Force.

The manner in which the South African National Defence Force (SANDF) will fulfil its tasks is based on foreign policy pronouncements by the government.

The state has a number of instruments with which it may ensure political, economic and military co-operation with other states, and the prevention, management and resolution of conflict through non-violent means. It also has a number of instruments with which it may promote its interests. The military in general and the Navy in particular are valuable instruments of state which help in the achievement of the broader strategies.

The use of the sea for commerce (trade) and for the projection of power lies at the core of maritime strategy. The ability to ensure for oneself the use of the sea for these two ends, even in the face of adversity, and to constrain an opponent from enjoying such advantages in situations of conflicting interests, is vested in maritime power. This holds true in peace and in war, and the scope may range from fishery protection to opposing the projection of hostile power.²

The Indian Ocean covers a water surface area of some 73,600,000km² with a total length of coastline bordering the ocean of 66,526 km. It washes the shores of three continents and 36 states and for centuries has been an area of both contention and co-operation.³ Today, the Indian Ocean provides the major shipping routes for the movement of products such as crude oil, petroleum, coal and iron ore. Two thirds of the world's maritime traffic travels through the Indian Ocean and the Red Sea (Suez Canal). Half the world's container ship traffic and one-third of the bulk carrier traffic sails through the Indian Ocean.

As a point of comparison, Howell noted that the Indian Navy is responsible for the defence of India's maritime interests and protects over 7,600 km of coastline. Given that 97 percent of India's international trade is seaborne, protection of its sea lines of communication is of considerable importance. In the Southern Atlantic Ocean, South Africa is presently engaged in establishing friendships and exercising with littoral states of the western seaboard of South America. The same cannot be said of the Indian Ocean Rim as yet. South Africa, Howell argued, needs to develop a similar relationship with the players of note in the Indian Ocean.

The potential for improved maritime co-operation between India and South Africa arises primarily from a common heritage and common interests and includes the following:

² Groenewald Rear-Admiral EP, Chief of Naval Operation. Unpublished paper on Maritime Defence Philosophy, 1997, p.1.

³ Roy Vice-Admiral MK, 'Maritime Co-operation in the Indian Ocean' in Mills G (ed.), *Maritime Policy for Developing Nations*. Johannesburg: SAILA, 1995, p.183.

- Both India and South Africa are regional powers, border on the Indian ocean, are strategically located in terms of influencing events in the Indian Ocean and have a shared interest in the area.
- Both have a common history of foreign and largely British involvement. The roots of both Navies were determined to a large extent by the British Royal Navy.
- Both countries are responsible for a large maritime area and both require sizeable naval forces to patrol it.
- Both countries have a strong defence industry.
- Both countries have to contend with shrinking defence budgets.

Formal military co-operation with India was established in December 1994 with the arrival of the first South African Military Adviser to India. Since that time, there has been co-operation across a broad scope of activities at various levels, including:

- The advocating of maritime co-operation as an effective confidence-building measure not only between navies, but also between countries;
- The exchange of training facilities, technology, development of common doctrine and inter-operability, including:
 - The exchange of military and maritime related information;
 - The exchange of naval officers for training purposes; and
 - The participation in combined training and exercises;
- Smuggling and narcotics control;
- Elimination of piracy;
- Combatting of environmental pollution; and
- Search and rescue operations.

Training, Peacekeeping, Defence and the Multilateral Arena

The *third* area of potential co-operation highlighted by Beri, was that of technical training. India has in the last few years provided training to South African diplomats, under the Indian Technical and Economic Co-operation Programme. This could be expanded to other areas such as management, defence policy and strategy, as well as in engineering.

The *fourth* area related to peacekeeping in the African continent, under a UN or OAU mandate. India has been involved in these operations for the last forty-five years, the majority of them in Africa. Related to this, the *fifth* area was that of defence. The ongoing changes in the defence industries of the world have made defence collaboration a necessity for the survival of indigenous defence industries. The present co-operation in the defence equipment field could be expanded to defence research and the development field.

Apart from these bilateral issues, multilateral co-operation within the IOR-ARC, the UN, and the Conference on Disarmament was mooted. It was argued that there was a need for changes in the UN Charter and in the structure and functioning of the organisation, especially the Security Council, to reflect the changes in the composition of international society in the last 50 years. With growing polarisation between the North and South, due to differences in development, Beri argued the case for co-operation among the developing countries of the South. By resurrecting the Non-Aligned Movement, Indo-South African co-operation could help articulate the concerns of countries outside the privileged arc of the South.

CONCLUSION

On 28 March 1997, at the conclusion of President Nelson Mandela's visit, India and South Africa launched a strategic partnership, seeking economic co-operation in shared Indian Ocean waters and democratic reforms in the United Nations. The joint declaration signed by President Mandela and Prime Minister H.D. Deve Gowda stated: 'Convinced that the United Nations structures needed to be more representative of the concerns and diversities of the developing world, India and South Africa re-emphasise their belief in the need for UN reforms'. The declaration expressed the resolve of the two nations to co-ordinate efforts to make the recently formed Indian Ocean Rim Association for Regional Co-operation 'an instrument of substantive partnership'. Recognising South Africa's geo-strategic position as a trans-shipment point between Asia, Africa and Latin America, it went on to say that: 'The economies of India and South Africa have certain comparative advantages, complementarities and resources which can be optimally used to promote economic development through co-operation'.⁴

In the multilateral domain, reform of the United Nations, revitalisation of the Non-Aligned Movement, the purpose and functions of the Commonwealth, and the need for greater elaboration of the role, structure and purpose of the IOR-ARC were the four areas of future research and co-operation identified by the workshop. In particular, the exact purpose of the IOR-ARC remained unclear to most participants, especially its relationship to non-state actors and the utility and scope of the research agenda which has been established.

In terms of bilateral issues, a comparative study on the effects of export strategies and globalisation warranted attention. How successful were India and South Africa in their search for advantage, and were there any lessons common to both states? Finally, there was clearly also a need for comparative research on related internal social and political dynamics, particularly on aspects of federalism, parallels with South Africa's Reconstruction and Development Programme, as well as affirmative action.

⁴

See *Weekend Star*, 29 March 1997.

PROGRAMME

CHAIRS

Sara Pienaar, Jasjit Singh and Antoinette Handley

Day One - Tuesday, 25 March 1997

Opening Remarks

Skand R. Tayal, Indian Consul-General
Les Labuschagne, Chief Director (Asia), Dept. of Foreign Affairs

Session One: The Global Strategic Environment
A Security Agenda for the 21st Century
Greg Mills, SALLA

The Evolving International Security Environment
K. Subrahmanyam, IDSA

The Evolving Security Architecture in Southern Africa
Jakkie Cilliers, Institute for Security Studies (ISS)

Security Issues in Southern Asia
Inder Malhotra, former Editor, Times of India

Session Two: Regional Developments

The Indian Ocean Rim Initiative:
A Comparative Indian and Southern African Perspective
David Burrows, SALLA

The Indian Ocean: Economic and Trade Issues
Rajesh Mehta, Indian Council for Research
on International Economic Relations (ICRIER)

Session Three: International/Regional Co-operation

Landmines and De-mining in Southern Africa and South Asia:
A Comparative Overview
Laurie Boulden, SALLA

Illegal Narcotics Trafficking in Southern Africa
Glenn Oosthuysen, SALLA

Light Weapons and Narcotics Trafficking in Southern Asia
Tara Kartha, IDSA

Session Four: South Africa-India: Bilateral Co-operation

The Potential for Maritime Co-operation
Commodore Chubby Howell, South African Navy

*A Comparison of the Indian and South African Economies:
Where Lie the Opportunities?*
Jonathan Katzenellenbogen, SALLA

The Potential and Prospect for Strategic Partnership
Ruchita Beri, IDSA

Summary
Greg Mills, SALLA
Jasjit Singh, IDSA

Day Two - Wednesday, 26 March 1997

IDSA-SALLA Round Table discussion

PARTICIPANTS

Ruchita Beri, IDSA
Laurie Boulden, SALLA
David Burrows, SALLA
Jakkie Cilliers, Institute for Security Studies
Colonel I. Gryffenberg, South African National Defence Force
Antoinette Handley, SALLA
Braam Hanekom, Goldfields
Captain R.A.S. Hauter, South African National Defence Force
Don Henning, Armscor
Commodore Chubby Howell, South African Navy
Tara Kartha, IDSA
Jonathan Katzenellenbogen, SALLA
Les Labuschagne, Department of Foreign Affairs
Carl le Roux, Department of Foreign Affairs
Garvey Lion, Eskom
Inder Malhotra, IDSA
John McKenzie, The Anglo American Corporation
Rajesh Mehta, IDSA
Greg Mills, SALLA
Krish Naidoo, Armscor
Glenn Oosthuysen, SALLA
Sara Pienaar, SALLA
A. Rayment, Price Waterhouse
Colonel J.N. Roets, South African National Defence Force
John Seiler, Political Researcher
Jasjit Singh, IDSA
Captain Virendra Singh, Indian High Commission
Ian Spence, Goldfields
K. Subrahmanyam, IDSA
Q. Swart, Department of Foreign Affairs
Skand R. Tayal, Indian Consul-General
Colonel J.A. van Tonder, Defence Headquarters
Amanda Visser, Die Beeld
Colonel S.J. Weyers, Defence Headquarters

SPONSORING INSTITUTIONS

INSTITUTE FOR DEFENCE STUDIES AND ANALYSES

The Institute for Defence Studies and Analyses (IDSA) is an independent body set up to conduct study and research on problems of national and international security, and the impact of defence measures on the economic, security and social life of the country. The current director is Air Commodore (retd.) Jasjit Singh.

With a staff of around 70, the IDSA produces a number of regular publications. The *Asian Strategic Review* is an annual publication which commenced in 1991-92, and contains a review and assessment of major strategic developments in Asia including trends in defence expenditures and military power. The *Delhi Papers* constitute research studies undertaken at the Institute on specific areas of national and international security

THE SOUTH AFRICAN INSTITUTE OF INTERNATIONAL AFFAIRS

The origins of the South African Institute of International Affairs (SAIIA) date back to the Paris Peace Conference of 1919. In this fragile post-war atmosphere many delegates expressed a strongly-felt need for the establishment of independent, non-governmental institutions to address relations between states on an ongoing basis.

Founded in Cape Town in 1934, in 1960 the Institute's National Office and Library, containing arguably the most comprehensive collection on Southern African international relations, were established at Jan Smuts House on the campus of the University of the Witwatersrand. SAIIA's six branches countrywide are run by locally-elected committees. The current National Chairman is Dr. Conrad Strauss and the National Director, Dr. Greg Mills. The SAIIA produces a wide range of publications including the *South African Yearbook of International Affairs*, *South African Journal of International Affairs*, *International Policy Update*, the *Occasional Paper* and *Bibliographical* series, as well as a number of specialised book projects.

The Institute has established a proud record of independence which has enabled it to forge important links with leaders of all shades of opinion both within South Africa and outside. It is widely respected for its integrity. The information, analysis and opinions emanating from its programmes often exercise an important influence on strategic decision-making in the corporate and political spheres.

SAIIA's independence is enshrined in its constitution, which does not permit the Institute itself to take a public position on any issue within its field of work. However, it actively encourages the expression of a diversity of views at its conferences, meetings, and in its publications. Its independence is also assured by the fact that it is privately sponsored by its members - corporate and individual.

SAIIA PUBLICATIONS

BRADLOW SERIES:

Filatova I, *One, Two/or Many? Aspects of South African Debate on the Concept of Nation* (Bradlow Series No.7) (June 1995)

Barber J, *South Africa in the Post-Cold War World* (Bradlow Series No.8) (March 1996)

BOOKS:

Mills G (ed), *From Pariah to Participant* (1994)

Mills G et al (eds), *South Africa in the Global Economy* (1995)

Mills G, *Maritime Policy for Developing Nations* (1995)

Mills G & J Cilliers (eds), *Peacekeeping in Africa* (1995)

SAIIA Research Group, *South Africa and the Two Chinas Dilemma* (1995)

Edmonds M & G Mills, *Uncharted Waters: A Review of South Africa's Naval Options* (1996)

Venancio M & S Chan, *Portuguese Diplomacy in Southern Africa* (1996)

Mills G (ed), *SAIIA Yearbook of International Affairs, 1996* (1996)

Handley A & G Mills (eds), *From Isolation to Integration?* (1996)

Oosthuysen G, *Small Arms Proliferation and Control in Southern Africa* (1996)

BIBLIOGRAPHIES

Musiker N, *Kaunda's Zambia 1964-1991* (Bib. Series No. 26) (1994)

Strachan B, *Angola: The Struggle for Power The Political, Social & Economic Context 1980-1993* (Bib. Series No. 28) (1995)

Schoeman E, Kalley JA & N Musiker, *Mandela's Five Years of Freedom: SA Politics, Economics & Social Issues 1990-1995* (Bib. Series No. 29) (1996)

Strachan Beth, *Mozambique: The Quest for Peace* (Bib. Series No. 31) (1996)

ABOUT THE AUTHOR

Greg Mills was born in Cape Town in 1962, and attended Diocesan College (Bishops). He holds an Honours degree in African Studies from the University of Cape Town, and a MA and Ph.D. in International Relations from Lancaster University in the United Kingdom.

From January 1994 - July 1996, he was Director of Studies at the South African Institute of International Affairs (SAIIA) at Jan Smuts House in Johannesburg. Before this appointment, he taught at the Universities of the Western Cape (1990-94) and Cape Town (1991-93). He is a research associate of the Centre for Defence and International Security Studies at Lancaster (1991-) and the Institute for Security Studies in South Africa (1992-).

He became the SAIIA's National Director in July 1996.

Mills has written many journal and popular articles, specialising in security-related and regional-foreign policy analysis. He has published eight books with the SAIIA, entitled: *From Pariah to Participant: South Africa's Evolving Foreign Relations, 1990-1994*; *South Africa in the Global Economy*; *Maritime Policy for Developing Nations*; *Peacekeeping in Africa*; *South Africa and the Two Chinas Dilemma*; *Uncharted Waters: A Review of South Africa's Naval Options*; the first-ever *South African Yearbook of International Affairs*; and, most recently, *From Isolation to Integration: The South African Economy in the 1990s*. Recent research travels have taken him to East Asia, Europe, the United States, the Balkans, Latin America, India and Southern Africa. He has attended numerous local and international conferences and is a regular columnist for South African newspapers.

He has received numerous international and local awards, including: Human Sciences Research Council Doctoral Merit Bursaries (1987-89), the Philip Andrew Memorial Scholarship at Lancaster University (1988-89), and more recently, a Visiting Fellowship at the Strategic and Defence Studies Centre at the Australian National University (1997). In 1996, he was selected as a participant in the European Union's Visitor's Programme for 1997.



**THE SOUTH AFRICAN INSTITUTE
OF INTERNATIONAL AFFAIRS**

PO Box 31596

Braamfontein 2017

Tel: (011) 339-2021

Fax: (011) 339-2154

Email: saiiagen@global.co.za