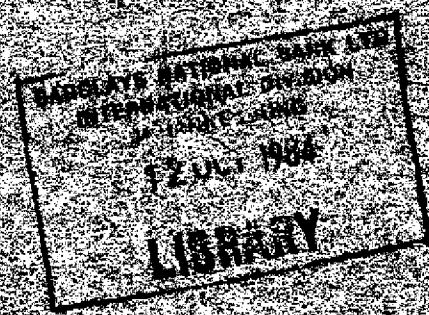


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**SADCC:
A POST-NKOMATI EVALUATION**

Gavin Maasdorp



THE SOUTH AFRICAN INSTITUTE OF INTERNATIONAL AFFAIRS



DIE SUID-AFRIKAANSE INSTITUUT VAN INTERNASIONALE AANGELEENTHEDE

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It should be noted that any opinions expressed in this article are the responsibility of the author and not of the Institute.

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by

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1984

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PREFACE

This paper is the end product of a metamorphosis. In mid-1982 the author was commissioned by a Johannesburg-based organisation with interests in other Southern African countries, to assess the prospects facing SADCC. A 69-page confidential report titled "The Southern African Development Co-ordination Conference: An Evaluation of Progress and Prospects" was completed later that year. Subsequently the South African Institute of International Affairs expressed an interest in publishing the paper, but the author was obliged to give priority to sponsored projects of the Economic Research Unit and, as time went by, it was clear that some extensive fleshing out was necessary. The second stage of the metamorphosis was represented by an extended version titled "Squaring up to Economic Dominance: An Evaluation of SADCC", completed in December 1983 and presented to a private conference of the SAIIA and the World Peace Foundation, Boston, at Hilton, Natal, in January 1983. The signing of the Nkomati Accord in March 1984 came at a time when the manuscript had almost reached finality, and necessitated further work which was completed early in June.

The author is indebted to Michael Spicer and Peter Vale of the SAIIA for their perceptive, in-depth comments on the final draft, to Alan Whiteside of the Economic Research Unit for his comments on the original report, and to participants at the Hilton conference for a stimulating discussion session on his paper. Needless to say, they are exonerated from blame for any shortcomings in the final version. He wishes to thank Margaret Knee for so efficiently meeting the many demands on her typing skills, and Jenny McDowell and Hem Hurrypersad for preparing the maps. Last but not least, he is grateful to his wife Jane, for her forbearance during 'lost' week-ends and evenings.

G.G.M.

Durban, June 1983

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1. SOUTHERN AFRICA - AN ECONOMIC MOSAIC

Since 1979 two moves have been made to promote greater economic interaction and co-operation among the countries of Southern Africa. These are the South African government's proposal for a Constellation of Southern African States (CONSAS) and the African-initiated, nine-nation Southern African Development Co-ordination Conference (SADCC) (1). In addition, another new economic grouping - the Preferential Trade Area for Eastern and Southern Africa (officially PTAESA but usually abbreviated to PTA) - extends beyond the confines of the sub-continent.

These moves are not new. Since World War II successive South African Prime Ministers have toyed with the idea of regional co-operation - economically and politically - in Southern Africa (2) while the Organisation of African Unity (OAU), since its establishment in 1963, has mooted the idea of regional economic integration as a first step towards a common market for the entire continent.

The Constellation

Although the idea of a 'constellation' of states has become identified with Mr. P.W. Botha, the term was coined by Mr. B.J. Vorster in 1975 (3) and was first spelt out in some detail by the South African Foreign Minister, Mr. R.F. Botha, in a speech in Zurich in March 1979 (4). The idea was elaborated on by the Prime Minister in his Carlton Conference address in November 1979.

At that time it was envisaged that CONSAS would comprise all of Africa south of the Kunene and Zambesi rivers, but the possibility of extending it to embrace other countries in the

sub-continent was not discounted. CONSAS was based on the expectation that 'Zimbabwe-Rhodesia' under Bishop Muzorewa and 'South West Africa-Namibia' under a Democratic Turnhalle Alliance government would be part of a moderate, non-Marxist grouping of countries. Since then, political change in Zimbabwe and a continued stalemate in Namibia, together with a rebuff from Botswana, Lesotho and Swaziland (the 'BLS' countries), has resulted in CONSAS consisting merely of South Africa and the four 'independent' homelands, i.e., a restructuring within the 1910 boundaries of the Union of South Africa to form an 'inner' constellation as opposed to the initial idea of a broader ('outer') grouping. The term 'constellation' is not one which is known to political scientists (5), but the structure is on confederal lines. The economic content of CONSAS rests on the co-ordinated regional development strategy of which industrial decentralisation is the linchpin.

SADCC

SADCC had its genesis in the grouping of five 'Frontline States' which emerged in 1975 after Portugal's exodus from its African territories. These states - Zambia, Botswana, Tanzania, Angola and Mozambique - were concerned primarily with the Rhodesian and South West African problems; the former has been resolved but the latter is still a force which binds them in a loose political association (now extended to include Zimbabwe). A secondary, but increasing, concern of the Frontline States was with what they perceived as South African economic domination of, and growing hostility towards, them. Thus, from about 1977, the Frontline States thought of forming a regional organisation to promote economic development and resolve conflicts. Background research was commissioned and papers were prepared in 1977 and 1978; these were later presented to a conference in Arusha, Tanzania, in 1979 at which a declaration of intent also was approved. This was ratified in Lusaka in April 1980 when the five countries, together with Malawi, Lesotho, Swaziland and the newly-independent Zimbabwe, formally established SADCC (6).

In South Africa SADCC often is referred to as 'the counter-constellation'. This perhaps is because, first, the idea of formalising the relationship initially was mooted at a meeting in Gaborone in May 1979, i.e., after Mr. R.F. Botha's Zurich speech and his statement in Parliament the following month, and second, President Kaunda in Arusha advanced several reasons for opposing the constellation. However, the evidence now is that SADCC was not formed merely as a counter to CONSAS; rather "SADCC and CONSAS should be viewed as simultaneous responses to long-term processes of revolutionary change in Southern Africa" (7).

The PTA

Concurrent with the moves to form SADCC was an initiative of the United Nations Economic Commission for Africa (ECA) to establish a Preferential Trade Area for Eastern and Southern Africa (8). The ECA had for long favoured the idea of greater regional economic co-operation in Africa, but the establishment of a PTA was first recommended at a Council of Ministers meeting of the Multinational Programming and Operational Centre for Eastern and Southern Africa (a subsidiary of the ECA) in Lusaka in November 1977.

In March 1978 nine of the possible 17 member states (Zimbabwe was not yet independent) signed a declaration agreeing to negotiate a treaty. Other countries later signed as well, and the proposed PTA thus covered 18 states from Ethiopia southwards, including the BLS countries and the Indian Ocean island-states but excluding Rwanda, Burundi and Zaire. A number of meetings were held concerning the drafting of the PTA treaty which was finally ready for signature towards the end of 1981. A meeting was called for that purpose in Lusaka in December 1981 but, of the 18 countries, only 14 were represented and only nine signed. In 1983 Rwanda and Burundi were admitted to the deliberations, thus increasing potential membership to 20 countries.

The PTA was formally inaugurated on 1 January 1983 with 13 signatories - Lesotho, Swaziland, Zimbabwe and Burundi all had signed the treaty in 1982. Rwanda followed suit in 1983. The present position, therefore, is that of the 20 potential members, ten (Djibouti, Ethiopia, Kenya, Lesotho, Malawi, Mauritius, Somalia, Uganda, Zambia and Zimbabwe) have both signed and ratified the treaty, four (Burundi, the Comoros, Rwanda and Swaziland) have signed but have not ratified, and six (Angola, Botswana, Madagascar, Mozambique, Seychelles and Tanzania) have yet to sign (9). The headquarters of the PTA are in Lusaka.

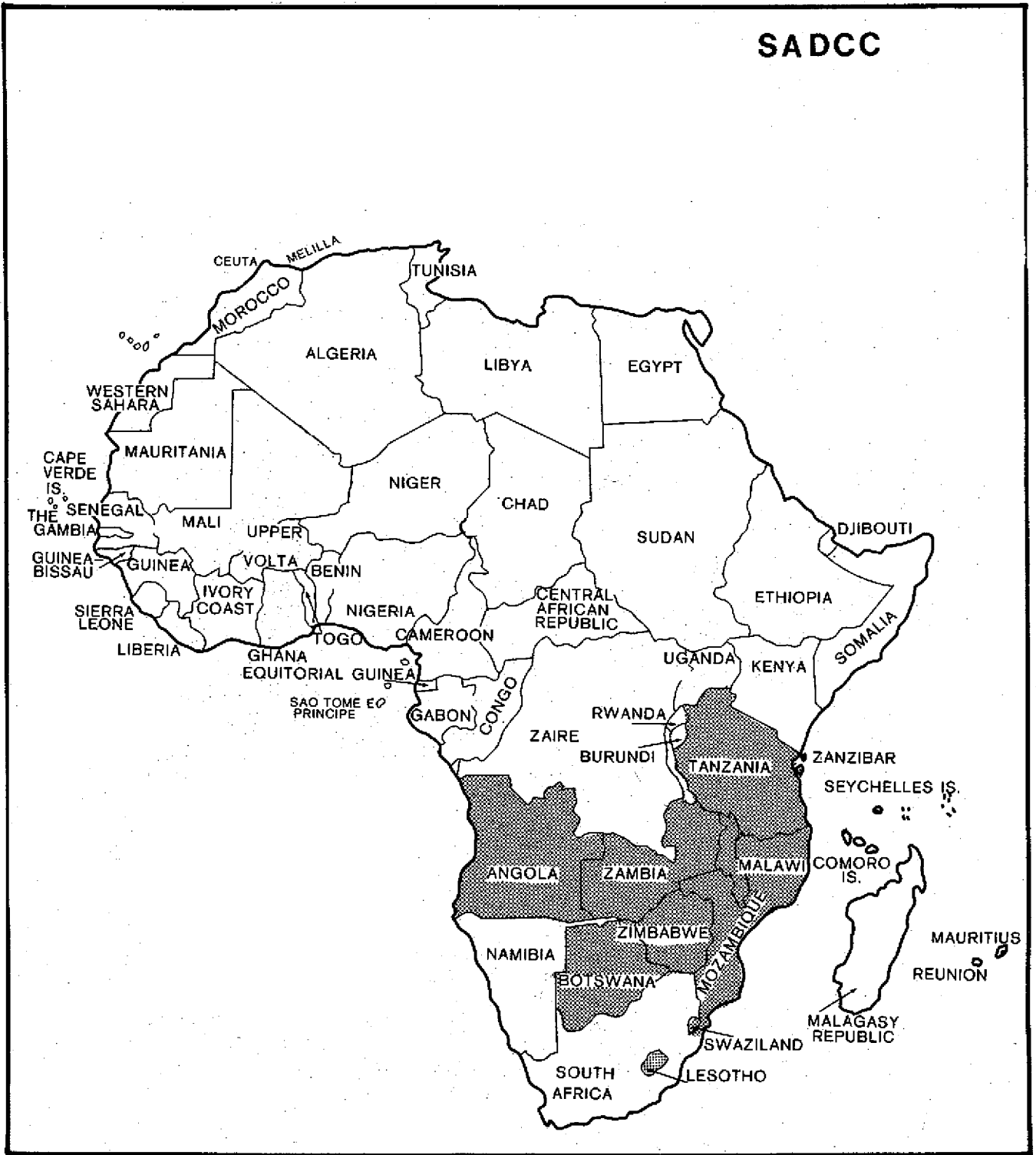
Future Membership

In addition to these three new economic groupings in Southern Africa, there are two older ones, namely, the Southern African Customs Union (SACU) and the Rand Monetary Area (RMA), both of which have antecedents dating from 1910. A customs union was formed between the Union of South Africa and the High Commission Territories (Basutoland, Bechuanaland and Swaziland) in that year, and South African currency was adopted by the territories although no formal agreement was signed to this effect. South West Africa subsequently was incorporated into the customs and monetary areas by virtue of its being administered by Pretoria. In 1969 the now-independent BLS countries renegotiated the customs union agreement with South Africa, and in 1974 monetary arrangements were formalised when Lesotho, Swaziland and South Africa concluded the Rand Monetary Area Agreement, Botswana electing to introduce its own currency system.

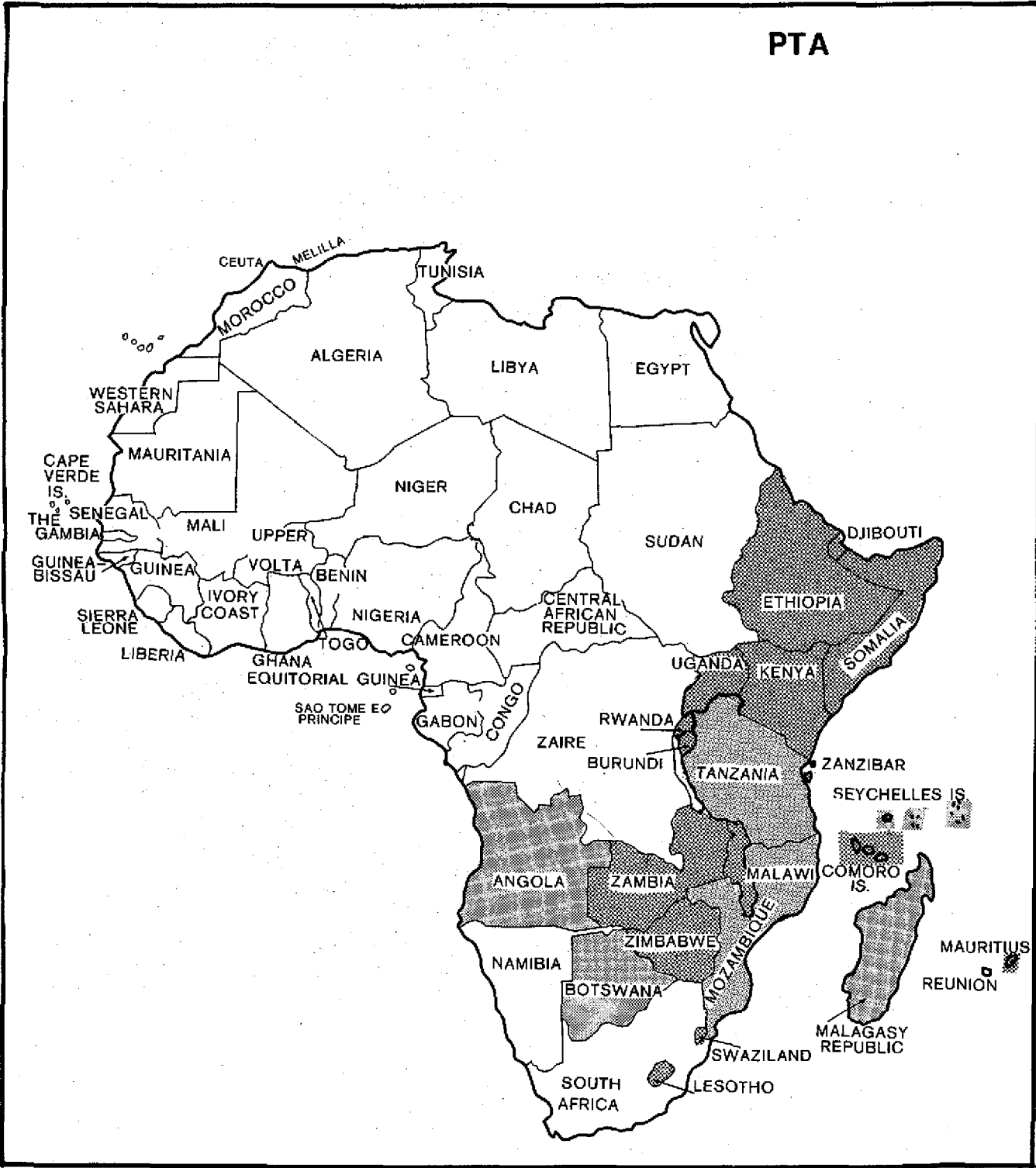
Maps 1-4 show the present Southern African economic mosaic and illustrate the overlapping membership of various groupings. This is further depicted in Table 1.

It is clear that CONSAS has no prospects for geographic expansion since neighbouring countries are all members of the OAU, a body which will not recognise the independent homelands. It is for this reason that Transkei, Bophuthatswana, Venda and

SADCC

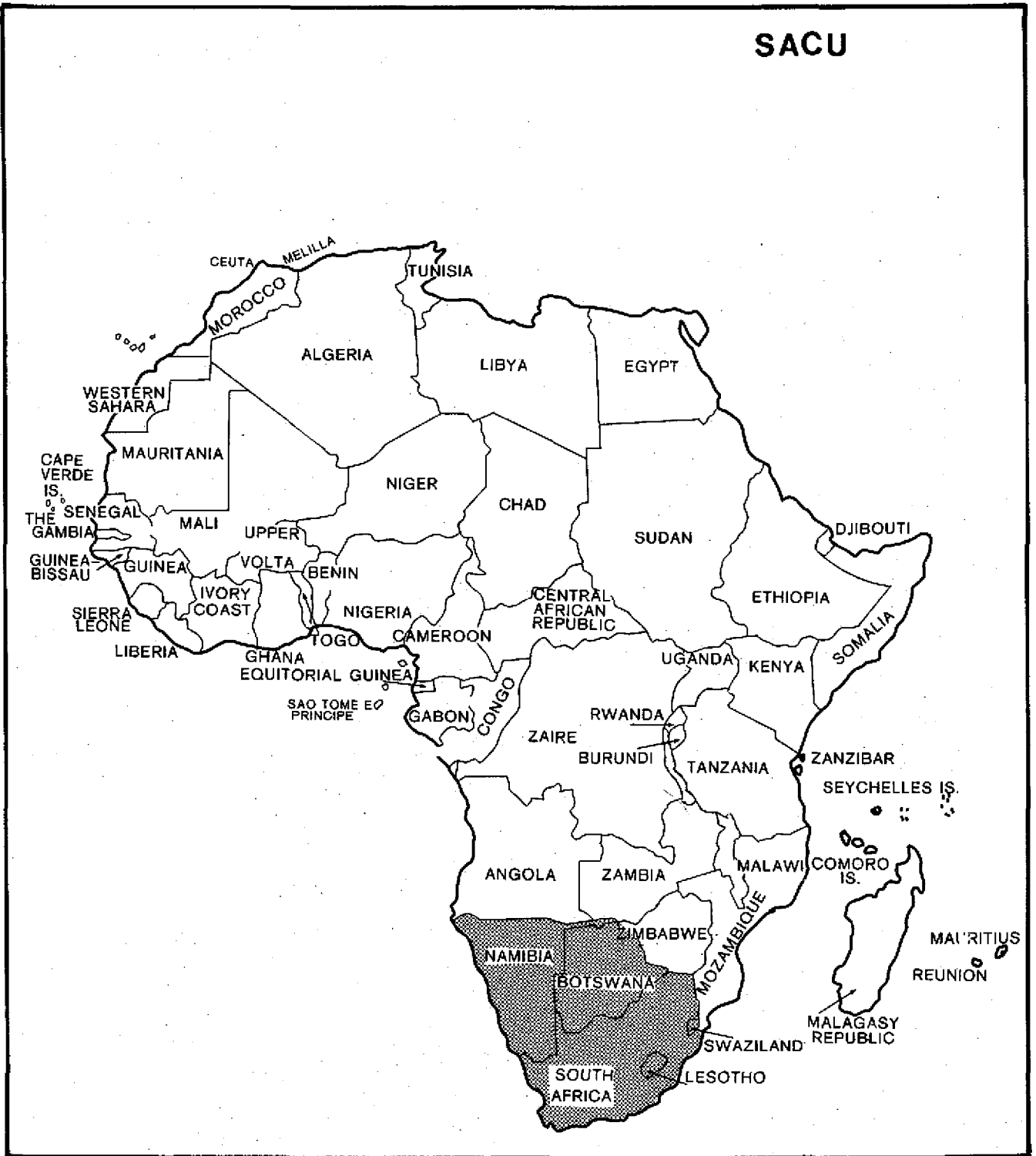


Map 1.

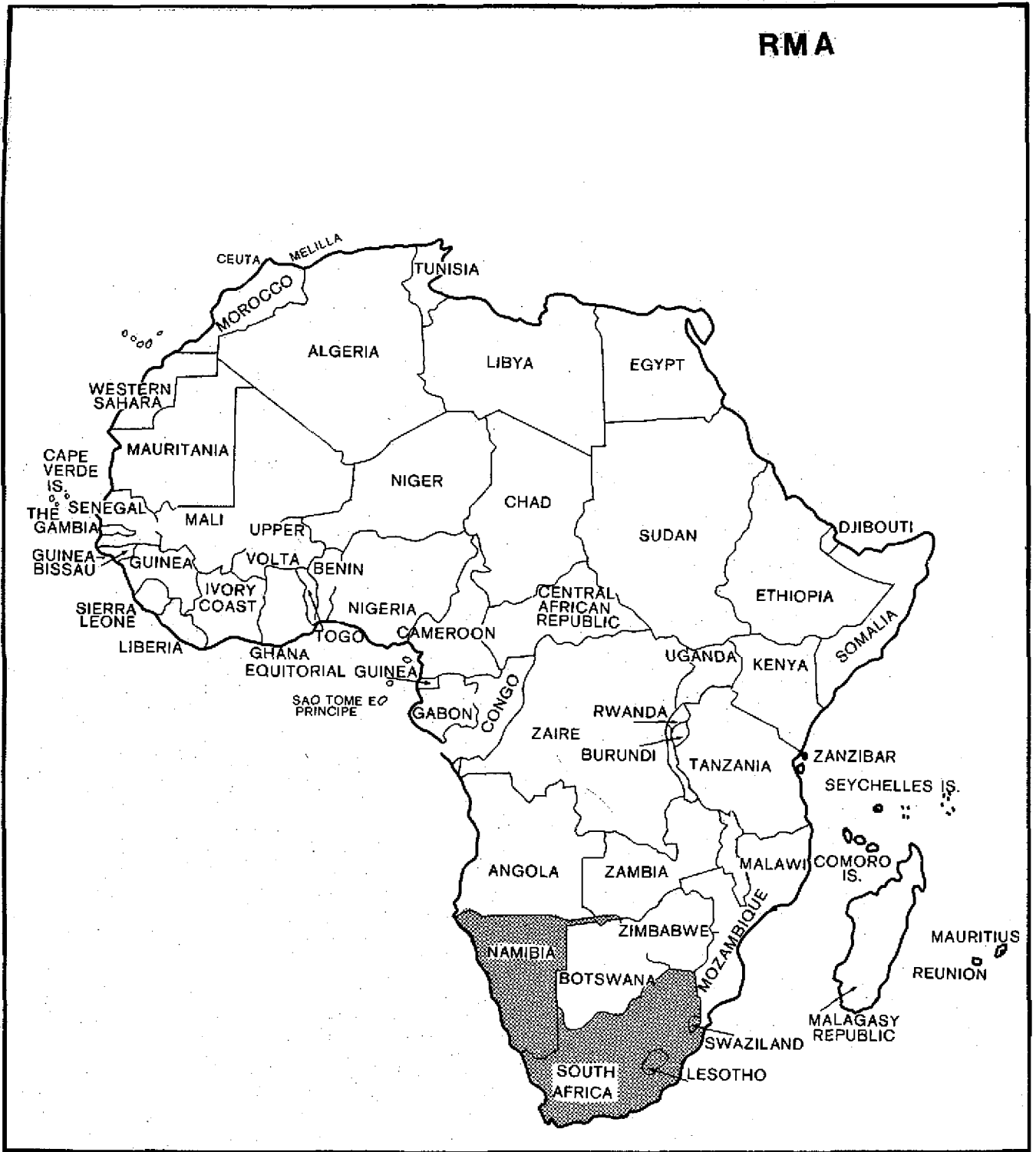


Map 2.

SACU

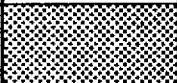
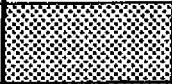
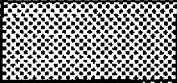
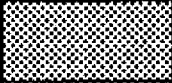
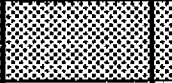
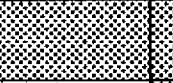
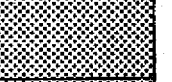
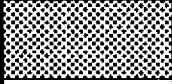
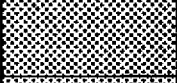




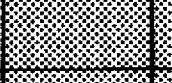
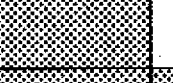



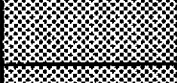
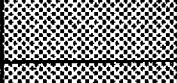
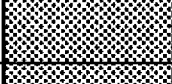
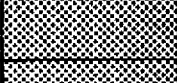




Map 3.



Map 4.

Table 1 Composition of Economic Groupings in
Southern Africa

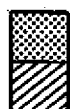
	CONSAS	PTA (a)	RMA	SACU	SADCC
Angola		+			
Botswana		+			
Lesotho					
Malawi					
Mozambique		+			
Namibia		+			+
South Africa (b)					
Swaziland					
Tanzania		+			
Zambia					
Zimbabwe					

Notes: (a) Other PTA members: Comoros, Djibouti, Ethiopia, Kenya, Mauritius, Somalia, Uganda, Rwanda, Burundi.

Countries still to sign: Angola, Botswana, Madagascar, Mozambique, Seychelles, Tanzania.

(b) Includes Bophuthatswana, Ciskei, Transkei and Venda.

Symbols:



Member of grouping



Member by virtue of being administered by S.Africa but likely to withdraw on independence



Likely future member

Ciskei (the so-called TBVC states) are not formal members of the SACU or, indeed, of the RMA. It is true that an independent Namibia under a government of a Multi-Party Alliance type may remain within the SACU and RMA and join CONSAS, but most observers seem to agree that elections would be won by the South West African Peoples' Organisation (Swapo). This party has observer status in SADCC and its economic advisers are known to favour the severing of formal links with South Africa. Quite apart from political considerations, the economic arguments for such moves may be strong (10); however, the issue of the territory's membership of the SACU and RMA would require detailed study in order to determine the costs and benefits of alternative actions. The territory would cease to be covered by the Agreements as soon as Pretoria's jurisdiction ended, and the independent state would have to decide either to apply for membership or immediately to institute its own customs tariffs and monetary system. But if Namibia did decide to opt out, it might be possible for it to persuade South Africa to agree to continue applying the Agreements for an interim period pending the introduction of its own systems (as Botswana arranged to continue using the rand between 1974-76). Alternatively, Namibia might elect to apply for membership of the SACU and/or RMA and then undertake cost-benefit analyses of its position.

In the last two years there have been indications of some strain in the hitherto good relations in the Customs Union. The BLS countries have failed to persuade Pretoria to agree to amendments to two key aspects of the SACU Agreement, namely, those relating to the revenue-sharing formula and the method for calculating payments from the common revenue pool (11). South Africa, however, wishes to shift the emphasis in the Agreement to regional development aspects, e.g., transport and industry, in order to facilitate the implementation of the co-ordinated regional development strategy with the 'independent' homelands. Thus there might be some pressure on the BLS countries if not formally to recognise these homelands then at least to enter into negotiations at which they are represented. This clearly would

be politically difficult for the BLS countries. If these contentious issues can be overcome, however, both the SACU and RMA should continue to function to the benefit of the smaller members.

The PTA has faced considerable problems in becoming established. In many of the 20 potential member countries there is considerable scepticism about its short- and medium-term prospects. Implementing the treaty will be more difficult than signing it and, so far as Southern Africa is concerned, the PTA is likely to play second fiddle to SADCC.

Since its establishment, the SADCC grouping of nine countries has come to assume increasing prominence in the press. A number of academic papers have analysed the early activities of SADCC, including the allocation of portfolios and the initial projects in transport and communications. The present paper will deal only briefly with the aims and organisation of SADCC and will concentrate rather on evaluating progress and future prospects.

2. AIMS AND ORGANISATION

After the background research and draft proposals for the co-ordination of economic development had been completed, the Foreign Ministers of the Frontline States met in Gaborone in May 1979. At this meeting they committed themselves to establishing a formal grouping of countries to pursue the objective of co-ordinated development. This led to a meeting of the Economics Ministers of the five states in Arusha, Tanzania, in July 1979 to discuss the creation of a permanent organisation to be known as the Southern African Development Co-ordination Conference.

Aims and Establishment

From the outset it was made clear that no formal economic integration (such as a free-trade area or customs union) was contemplated; rather, the emphasis was placed on the transport and communications infrastructure, the co-ordination of foreign aid, and the promotion of industry and trade. One of the main goals was the reduction of economic dependence, particularly on South Africa. This dependence was most manifest in the field of transport, hence the stress on that sector.

At the Arusha meeting it was decided to invite Lesotho, Swaziland, Malawi and an independent Zimbabwe and Namibia to join the grouping (12). Zimbabwe was regarded as a vital geopolitical cog given the configuration of railways and roads in Southern Africa. Lesotho, Swaziland and Malawi faced many of the same development problems as the other countries and were regarded as being subject to pressure from South Africa. It has been recognised, however, that Lesotho is in many respects peripheral to SADCC - it is entirely surrounded by and dependent on South Africa, and extensive links with SADCC are difficult (13). The membership of Tanzania and Angola at first sight may be regarded as somewhat anomalous as they have no substantial economic links with South Africa; however, apart from their

'frontline' commitment to the attainment of an internationally-acceptable political independence first in Zimbabwe and then in Namibia, their railways and ports could play an important role in lessening the dependence of some of the landlocked states on the South African network.

SADCC was established at a meeting in Lusaka in April 1980. This meeting issued a declaration titled 'Southern Africa - Toward Economic Liberation'. The Arusha discussions were reaffirmed and the document stressed the need to reduce economic dependence on South Africa, to increase economic interdependence among themselves through regional co-operation (especially in the field of transport and communications) and to obtain the support of other countries and international bodies.

Institutions

In July 1981 the Heads of State, meeting in Salisbury, signed a 'Memorandum of Understanding' codifying all previous decisions relating to institutional arrangements. This document contains 17 Articles dealing with, inter alia, the institutions, financial and legal matters, membership, settlement of disputes, and obligations. It established the following institutional structure:

- (i) a 'Summit' of Heads of State or Government which is the supreme body and which meets annually;
- (ii) a Council of Ministers (consisting of one member per country) which is responsible for overall policy, co-ordination and supervision, and which meets at least once a year;
- (iii) sectoral Commissions, each of which is governed by a Convention ratified by member states;
- (iv) a Standing Committee of officials which is responsible to the Council of Ministers; and
- (v) a Secretariat headed by an executive secretary.

SADCC now has been placed on a firm organisational footing. A permanent Secretariat with a small staff has its headquarters in Gaborone and commenced operations in October 1982.

The chairman and vice-chairman of each institution are elected for specific periods, the policy being that these offices should rotate among the representatives of the member states. Similarly, the meetings of the various institutions rotate among the countries. In addition to the institutional meetings, an annual consultative meeting is held with donors, the first of which was in Maputo in November 1980, followed by Blantyre a year later, Maseru in January 1983 and Lusaka in February 1984. The 1982 meeting, originally scheduled for November, was postponed to January 1983 "in order to afford adequate time for documentation to reach invited guests well in advance of the conference" (14), while the consultative meeting scheduled for November 1983 in Lusaka was postponed to February 1984, so as to enable detailed analyses of the effects of the drought to be tabled. These annual consultative meetings usually are referred to in the press as donors' or pledging conferences but this is incorrect: they are meetings between SADCC and its international partners not all of whom are donors, and their purpose is not to seek pledges (15).

Funding

SADCC regards the annual consultative meeting as an important part of its programme. It depends overwhelmingly on foreign aid for the funding of projects, and these meetings provide an opportunity for reviewing agreed projects and presenting new ones for consideration.

Almost all funds are derived from international aid agencies and Western countries which have shown considerable interest in the activities of SADCC from the outset. The Arusha meeting was attended by representatives of the major Western countries, the European Economic Community (EEC), the World Bank and the United

Nations Development Programme (UNDP). An even more impressive array was assembled at the Maputo, Blantyre, Maseru and Lusaka meetings. Represented at Maseru, for example, were 23 international organisations and development agencies and 29 governments. The major commitments thus far have come from the African Development Bank, the EEC Fund and the OPEC Fund. The UNDP, World Bank and Arab Bank for Economic Development in Africa, also are important sources. Among individual governments, the major sponsors have been Saudi Arabia and Kuwait, while important contributions are being made by the Western nations. Some developing countries such as Venezuela and Brazil (despite the latter's debts) also are co-operating. In contrast, China and the USSR have declined invitations to attend the conferences and only two Comecon countries - East Germany and Romania - have been present (the latter for the first time in 1984).

Priority Areas

The 'Programme of Action' drawn up at Lusaka in 1980 and subsequently extended, allocates different priority areas to different countries for co-ordination. The current allocation is set out in Table 2.

A possible further field of co-ordination is that of health. The desirability of establishing a separate 'portfolio' for this sector is being investigated by Swaziland.

No portfolio for tourism has been established and there has been no announcement that this is in the offing, but Ministers of Tourism from the SADCC countries met in Harare in April 1984. This meeting sought ways and means of co-operation, and agreed to the joint marketing and promotion of SADCC abroad, a regional approach to donor agencies for technical assistance funds, the establishment of training institutes for personnel in the industry, and the exchange of information. It was recognised that the long-haul destination costs of visitors from abroad

Table 2

Allocation of Responsibilities

Country	Area
Angola	Energy conservation and security
Botswana	Crop research in semi-arid tropics Animal disease control
Lesotho	Soil conservation & land utilisation
Malawi	Fisheries Forestry Wildlife
Mozambique	Transport and communications
Swaziland	Manpower development and training
Tanzania	Industrial development
Zambia	Development Fund Mining
Zimbabwe	Food security

would need to be justified and that a variety of attractions consequently was necessary (16).

3. SECTORAL PROGRESS

Since dependence on South Africa was regarded as being most acute in the field of transport and communications, it is not surprising that concentration initially was focussed on this sector. Growing emphasis subsequently has been placed on food security and industry, and more recently too on energy. The remaining portfolios listed in Table 2 thus far have not been the subject of attention at annual consultative meetings, and fisheries, forestry, wildlife and mining in fact were added only during the 1981/82 year.

Transport and Communications

The only sectoral commission established so far is the Southern African Transport and Communications Commission (SATCC) which commenced operations in July 1980. The headquarters of the SATCC is in Maputo, and a Technical Unit, staffed and funded mainly by the Nordic countries (Denmark, Norway, Sweden and Finland) and Italy, operates from there.

Project Costs

At the first consultative meeting in Maputo in 1980, 97 projects in this sector were presented. By the time of the Maseru meeting this had increased to 133 projects for which a sum of \$2 538.4 million was required; comparable figures a year later were 112 projects at a total cost of \$2 854 million. The foreign-exchange component of the Lusaka total amounted to \$2 271 million (or four-fifths), the balance to be met with local currencies (17).

At the Maseru meeting in 1983 just over one-quarter (\$664.4 million) had been 'committed', i.e., allocated to specific projects - \$487 million from external and the balance from domestic funds. By the end of 1983 only a further \$185 million

had been raised externally, meaning that less than one-third of the foreign-exchange requirements had been found. This disappointing result was ascribed mainly to the security problems in Mozambique and protracted discussions regarding the financing of the Dar-es-Salaam port and Tanzania-Zambia (Tazara) railway projects. Of the new money raised in 1983, only \$52 million was for important projects in Mozambique (\$27 million for road and rail and \$25 million for ports); donors were tardy because of security risks, and it had proved easier to obtain funds for inland surface transport in Botswana, Lesotho, Zambia and Malawi.

The number of projects declined during the year - some were deleted and some downgraded. The projects are at varying stages of preparation or implementation, and only a handful have been completed. The distribution of costs and commitments among the different project groups as tabled at the Maseru meeting is shown in Table 3.

The majority of transport projects are associated with what are known as 'port transport systems', e.g., road projects in Lesotho are grouped under the 'Maputo Port Transport System'. The table illustrates that these port transport systems absorbed 64 per cent of total estimated costs, the major investments being directed at the east coast port systems (especially those of Maputo and Beira).

Surface transport absorbed 80 per cent and civil aviation and telecommunications 10 per cent each of total estimated project costs. However, increased attention now is being devoted to telecommunications projects. These have the advantage of yielding tangible results quickly - the emphasis is on earth satellite stations which are quick to set up - and also remove one of the major obstacles to greater use of the Mozambican ports.

Table 3

Project Costs and Commitments

Project Group	Total costs		Total committed	
	US \$ Mill.	%	US \$ Mill.	Col.(3) as % Col.(1)
Operational co-ordination	(1) 9,4	(2) 0,4	(3) 3,8	(4) 40,4
Training	2	0,1	1,6	80,0
Port Transport Systems:				
Maputo	552	21,7	160	29,0
Beira	414	16,3	58	14,0
Nacala	235	9,3	101	43,0
Dar-es-Salaam	339	13,4	22	6,5
Lobito	90	3,5	14	15,6
Intra-regional surface transport	404	15,9	41	10,1
Civil aviation	258	10,1	155	60,1
Telecommunications	235	9,3	108	46,0
Total	2538,4	100,0	664,4	26,2

Source: Overview, Maseru: SADCC, 1983, p.9.

Criteria for Project Selection (18)

The general principles agreed between the SATCC and financing agencies are as follows:

- (i) existing facilities should be used to their fullest extent before further infrastructural investments are made;
- (ii) priorities should be established by the member states; and
- (iii) the agencies require feasibility studies as a basis for the commitment of funds.

In project appraisal, the financing agencies tend to be particularly concerned with economic, financial and technical feasibility. The appraisal takes into account:

- (1) the contribution of a project to the removal of economic

- bottlenecks;
- (ii) the effect of the project on general economic development;
 - (iii) the expansion of employment opportunities and other social considerations;
 - (iv) the introduction of new technologies to raise productivity; and
 - (v) the capacity of the borrowing country to service additional external debt.

These principles of project appraisal thus force the SATCC to pay attention to economic criteria, i.e., the optimal solutions in terms of resource allocation. The economic viability of all projects is assessed but, given the aims and objectives of SADCC, factors of a political, strategic and social nature also have to be considered and benefits cannot always be quantified. Thus the priority rating of projects is based on political, technical, developmental, institutional and economic criteria, and in particular according to the extent to which the countries concerned are dependent on the South African transport system for their international links. Preference also is given in the ratings to projects which meet the special needs of landlocked countries; serve at least two countries rather than merely national needs; relate to the rehabilitation and upgrading of existing infrastructure rather than new construction; provide education and training for local staff; and offer the greatest potential for secure, reliable and efficient movement of goods and passengers.

Projects for Reducing Dependence

Of special interest, given the SADCC aim of reducing the dependence of its members on South Africa, are those projects which directly affect the use of that country's network. Such projects are associated principally with the Maputo port transport system or in the civil aviation and telecommunications fields.

The port of Maputo plays a key role in the plans of the SATCC. Projects at the port itself relate to improvements to the entrance channel; the construction of a coal terminal at Matola for handling exports from Zimbabwe, Swaziland and Botswana; and the provision of equipment for a container terminal. Both the road and railway from Maputo to Swaziland require rehabilitation, and the former is to be upgraded and the latter electrified. A new road is proposed from Maputo to Zimbabwe, and this also would provide an alternative route between Swaziland and Zimbabwe (there is little or no road traffic between these countries at present).

Transport projects in the landlocked countries of Botswana and Lesotho also are grouped under the Maputo Port Transport System. In Botswana the projects relate to the rehabilitation of telecommunications and the renewal of the track. The projects concerning Lesotho are aimed at promoting that country's "economic independence" (19). It is intended to establish a customs terminal with container facilities in Maseru in order to obviate the present system whereby containers from overseas have to be opened, de-grouped and cleared at South African ports (mainly Durban) with resultant delays and increased costs. Lesotho is at present totally dependent on South Africa for the supply of fuel, and it is planned to provide a fleet of 84 tank wagons for transporting oil products from Maputo as well as to increase oil-storage capacity at Maseru in order to ensure a three-months' strategic reserve. This project might free Lesotho of its dependence on oil supplies from South Africa but the trains from Maputo would still have to use the South African rail system (in fact, the line into Maseru is owned by the South African Transport Services).

In Lesotho three roads are to be upgraded and a new one built as part of a scheme to reduce its dependence on the South African transport system. Of these projects, however, only the Southern Perimeter road (Mohaies Hoek-Qachas Nek) may in fact do so. The stated rationale for constructing the Taung-Sani Top

road is particularly suspect, namely, that it represents the shortest route between Lesotho and the coast and that Maputo is to be used for import and export traffic (20). Lesotho's chief merchandise export - wool - is marketed through the South African Wool Board in Port Elizabeth, while almost all direct imports from overseas are landed at Durban. Neither Lesotho nor the port of Maputo possess the marketing infrastructure to handle wool exports; output is too low to attract buyers to sales in Maseru. And not only is it unlikely that imports would be diverted from rail to road, but Durban is closer to Sani Top than Maputo and so the use of Maputo would increase the landed cost of goods in Lesotho. The rationale thus would appear to have little or no economic substance, especially as any traffic into Lesotho from whatever source has to cross South African territory.

At Beira and Nacala there are a number of projects associated with the improvement of the harbours and port facilities. The rehabilitation of the railway lines from these ports to the interior (from Beira to Zimbabwe and Malawi and from Nacala to Malawi) is considered particularly important, as is that of the Tazara line (from Dar-es-Salaam to Zambia) for which provision also is made for the supply of locomotives, wagons and other equipment. The major project associated with Lobito is the rehabilitation of the Benguela Railway to Zaire and Zambia.

A number of intra-regional railway projects (all medium- to long term) are designed to provide the landlocked countries with alternative routes to the coast. The proposed Trans-Kalahari line would enable Botswana to export coal and other minerals through Walvis Bay and reduce its use of the South African railway network. However, Walvis Bay is part of the Cape Province and the line therefore would depend on a South African port unless either Pretoria agreed to relinquish the area or a new harbour were to be constructed elsewhere on the Namibian coast. Other projects to be investigated are alternative railway links from Zambia to the coast - to Mozambican ports via Malawi or Zimbabwe, to the Benguela Railway bypassing Zaire, and to

Namibia via the Caprivi Strip. None of the proposed intra-regional road projects would appear to affect the use of roads by SADCC countries.

On the civil aviation side, the airport at Matsapha in Swaziland is being upgraded, but this cannot be regarded as a project to reduce dependence on South Africa since there are also direct connections by jet aircraft with other SADCC states. In contrast, the new airport south of Maseru (scheduled for completion in 1984) will enable Lesotho to establish direct jet links with other countries and minimise the use of Johannesburg, while the new terminal building at Harare might enable that airport to supersede Johannesburg as the politically most acceptable one for traffic to and from many of the SADCC countries. However, the financial viability of jet links between Lesotho and other countries is doubtful; one possibility, though, is for Lesotho to attempt to corner part of the South African-northern hemisphere market allowing in cut-price operators (as Swaziland apparently has arranged with an Israeli airline). But such schemes would increase the dependence of these airports on South African custom, and the price cuts would have to be substantial to compensate for the cost and inconvenience of travel between South Africa and the airports themselves.

So far as telecommunications are concerned, a proposed earth station would provide Swaziland with a direct international link and thus reduce its dependence on South Africa. Similarly, a microwave link between Francistown and Bulawayo with a connection to Zambia would enable Botswana to be reached without having to rely on the earth station in Johannesburg.

Food and Agriculture

By the time of the Maseru meeting over 30 projects (covering food security, animal disease control and fisheries, and costing \$100 million), had been submitted for funding and several had been completed (21). At Lusaka a year later, however the focus

had switched almost exclusively to drought relief and food security, and total programme costs had increased dramatically to \$554,6 million of which \$300 million was for relief and emergency food and seed imports (22). Relief requirements were exacerbated by cyclone damage in Mozambique and Swaziland in January 1984.

Food Security

The main emphasis in the food and agriculture sector has been on food security, and this has been lent an air of urgency by the drought which has ravaged almost the entire sub-continent. Since 1982 increased attention therefore has been devoted to this issue, and at Lusaka the main theme was drought. This was done not merely for short-term relief purposes but with a longer-term goal in mind, viz., to initiate food-security strategies which would guarantee better insulation in future.

Malawi is the only country to have escaped relatively unscathed and also is the only one still able to export grain, during the first nine months of 1983 supplying 60 000 tons of maize to Zambia and 15 000 tons to Tanzania (23). In the past Zimbabwe and South Africa have supplied the region but both have been unable to do so in 1983 and 1984. The majority of SADCC countries are net importers of grain crops even in good years, and massive food aid recently has been provided in response to emergency appeals.

Emphasis is being placed especially on early-warning systems, national food plans and reserves, post-harvest food losses and drought-control measures. Parts of the plan are already in operation, for example, both Tanzania and Zambia operate early-warning systems for cereal production. The plan makes provision for the establishment of a regional food reserve based on national stocks, and recommends that each country maintain a three-month stock of one or two staple commodities. Projects being investigated through feasibility studies relate to national and regional statistical data banks, food processing and

joint action in respect of imports and food procurement. Drought-control measures include the provision of dams and boreholes, and the development of water resources and drought-resistant crops.

Animal Disease Control

The countries most concerned with projects in this sector are Botswana, Zimbabwe, Zambia, Malawi, Tanzania and Mozambique, and joint efforts have continued with regard to the eradication of foot-and-mouth disease. Another key area receiving attention is the development of vaccine production to serve regional needs within the group. A plant was opened in Botswana in 1981 and has the potential to supply all SADCC needs; previously, Botswana had produced foot-and-mouth vaccine at a small laboratory but had managed to provide emergency supplies to Zimbabwe, Zambia and Swaziland.

Other Agricultural Projects

Less progress appears to have been made in other agricultural sectors. Joint responsibility for soil conservation and land utilisation originally was assumed by Lesotho and Zimbabwe. However, at the Council of Ministers meeting in 1981, sole responsibility for co-ordination was assigned to Lesotho and the transfer of responsibility from Zimbabwe was completed early in 1982. As mentioned earlier, fisheries is a relatively new addition to the list of portfolios, as are forestry and wildlife. Nevertheless, some projects, notably concerning fishing on Lake Malawi, have been identified. A project on the conservation, management and utilisation of wildlife has been identified (meetings of the wildlife committee are held in conjunction with those of fisheries), as have tentative areas for co-ordinated action in forestry. These are research, exchange of personnel, training at various levels, mapping and inventory compilation, the development of forest-based industries, the setting of standards, watershed management on multi-national river systems, and specimen collection.

By mid-1982 progress in the field of crop research in the semi-arid tropics had been limited by "inadequate member state attendance at technical meetings" (24). However, considerable technical aid was being obtained in preparing proposals for specific commodity research, e.g., into groundnuts, millet and sorghum, and at the Harare meeting the development of drought-resistant crops was high on the list of drought-control measures.

Industry

An initial presentation by the co-ordinating country (Tanzania) was made in 1981 at Blantyre but it was not until the Maseru meeting in 1983 that industry featured prominently on the agenda. Of the 66 projects submitted, 43 were for implementation and 23 for study. There was some confusion as to the estimated cost of these projects; the figures in the documents tabled amounted to \$198.7 million (25) but official statements mentioned \$800 million and this later was upped to \$1500 million (26). Subsequent SADCC papers referred to 88 projects (55 for implementation and 33 for study) having been tabled at Maseru, requiring a total investment of \$1 524 million of which \$1 241 million (81 per cent) was to be in foreign and the balance in local currencies (27). No explanation has been given of the discrepancy between this and the Maseru documentation. In the industrial paper presented at Lusaka in 1984, the total estimated investment needed had been scaled down to \$1 209 million of which \$927 million (or 77 per cent) was in foreign currency (28).

Although the purpose of the Maseru meeting was to present a progress report to partner countries, not to seek investment commitments, it was reported that delegates were dissatisfied with the projects submitted (29). Many of the projects were regarded as unrealistic and further investigation was required to ascertain whether a particular country was ready to produce a particular product and whether that product could be marketed in competition with current suppliers. The SADCC approach to indus-

try was criticised because of the failure to consult with the private sector despite the fact that the bulk of industrial investment clearly would have to be sought from this source.

After the Maseru meeting SADCC engaged consultants to interest investors abroad in its industrial projects. In January 1984, i.e., just before the Lusaka meeting, a workshop was held in Harare to promote private-sector participation. Over 80 companies from 20 countries were represented, and by the end of that month the workshop had resulted in foreign-exchange commitments of \$410 million which, added to the sum of \$240 million committed by the end of 1983, meant that \$650 million (or 70 per cent) of the foreign-exchange requirements had been found (30).

Studies have been made of the SADCC market base, its inputs, existing production capacity and product use, the potential for intra-regional trade, and locational and logistical feasibility. The projects submitted at Lusaka covered the following fields: salt, textiles, textile chemicals, pesticides and insecticides, tractors and farm implements, fertilisers, pulp and paper, and cement. Most progress on reaching agreement with investors has been made in the fields of textiles and salt.

It is not clear precisely what the relationship (if any) is between SADCC's Harare workshop and an investment-promotion meeting, convened in Lusaka in October 1983 by the United Nations Industrial Development Organisation, at which eight SADCC countries (all except Mozambique) and Mauritius presented projects requiring \$920 million to 300 delegates representing potential investors both from the West and the Eastern bloc countries (31). But the countries negotiated individually with delegates and presumably this is not the way a SADCC investors' meeting would handle the issue: if the aim is that all member countries should have some success in interesting investors in projects, SADCC itself would have to rank the projects so as to ensure that discussions are focussed around the order of

priority.

Energy

The energy sector now is figuring more and more prominently on the SADCC agenda but work is still at a relatively early stage. The Council of Ministers, however, has agreed in principle to create a Southern Africa Energy Commission (SAEC) which will be the second commission of SADCC.

The SADCC countries together are well endowed with energy resources -Angola produces oil, a number of countries have rich coal resources, there is considerable hydro-electricity production and further potential, and natural gas resources have been found. At Maseru, three projects were submitted for funding, while at Lusaka 21 projects were tabled of which 18 found potential donors (32). Priority is being given to the co-ordination of petroleum supplies and the establishment of a regional electricity grid.

Offshore oil prospecting is being conducted along the east coast and at present Angola is the only oil producer in the grouping. Although Angola is willing to supply its SADCC partners, there are a number of problems (33). First, the country has insufficient refining capacity and even if it were to build another refinery, it could not cater for SADCC demand. Second, and more important, Angola produces only heavy and waxy crude which is unsuitable for other SADCC refineries which have been designed for light crude from the Middle East. It is only if new finds of lighter, sweeter oil are made that these refineries could be supplied.

With regard to an electricity grid, links have been proposed between Botswana and Zambia and between Swaziland and southern Mozambique. Alternative sources of energy such as solar and wind power also are being investigated in an attempt both to reduce the consumption of wood in certain countries and to conserve

foreign exchange outlays on oil. Zimbabwe is replacing 20 per cent of its petrol consumption with ethanol and Malawi also has an ethanol project.

Other Sectors

The remaining portfolios have been accorded less attention to date at the annual consultative meetings.

Manpower Development

Although regional co-operation in this sphere clearly is important for the success of other SADCC projects (which could be jeopardised if a participating country suffered from a shortage of key personnel), manpower still tends to be regarded as a national rather than a regional problem (unlike transport). Thus governments examine their own national requirements but it is hoped to feed these into a SADCC plan (34).

Such a plan now appears to be emerging. An inventory of specialised training facilities in the region has been scheduled for completion in 1983, measures to encourage student exchange have been recommended, and consultants are undertaking studies to provide basic data on manpower and to identify projects and areas of co-operation. Apparently each country is to be assigned responsibility for training in a particular sector, e.g., teaching, management and administration, engineering, mining, the sugar industry and health. Zimbabwe already has been allocated the training programme for health personnel (35).

Mining

Zambia, which is responsible for co-ordination, has drawn up a list of initial areas for study. These include: manpower and training; exploration, metal fabrication and mining-product links to the manufacturing sector; the manufacture of machinery, spares and chemicals for use in mining; marketing; financing of

projects; legislation, taxation; and labour utilisation. The proposal is that a Southern African Mining Industry Development Agency (SAMIDA) be established to co-ordinate these activities. Close co-ordination is envisaged with the industry and manpower sectors.

The SADCC grouping is among the leading producers of asbestos, cobalt, copper, chromite, diamonds, iron ore, lithium and zinc. It also has considerable reserves of oil, uranium, nickel and coal, as well as a range of other minerals. An increase in pre-export processing of minerals is regarded as important.

Southern African Development Fund

Some difficulty appears to have been encountered in this sector, although agreement in principle on a number of technical issues has been reached. Zambia, the co-ordinating country, was requested in 1981 to look more closely into the viability of the proposed Fund, particularly in view of the international economic climate.

At the Blantyre conference, Zambia and the Economic Commission for Africa put forward a document (36) suggesting that the fund would require \$5 000 million over a five-year period. It was proposed that member states subscribe 52 per cent of the authorised capital and donors the remainder. In order to reduce the financial burden on the member countries, only one-quarter of the authorised capital would be paid in immediately while the remainder would be on call. It was also proposed that the Fund would operate like the International Monetary Fund (IMF) with countries having the equivalent of 'special drawing rights'.

Zambia's proposals had been rejected at the Council of Ministers meeting in September 1981, the reason apparently being that member states were worried about the creation of any centralised bureaucracy or funding agency. This would run

counter to SADCC's policy of making the funding for and control over specific development projects the duty of the country on whose territory the development is planned or which is charged with that particular development portfolio.

More recently, it has been reported that, at the 1983 Heads of State meeting, the Fund received only scant mention and that the agreement to establish the institution still is vague. The idea has been called Zambia's "pet scheme" (37).

Response from Donors

It is unfortunate for SADCC that its establishment coincided with a world economic recession which as yet shows few clear signs of abating. This means that aid funds for Third World countries are limited and the World Bank, for instance, is experiencing difficulties obtaining concessionary finance at a time when the need for assistance to Africa has never been greater. In real terms commodity prices are at their lowest level for 40 years while interest rates are high.

Nevertheless, SADCC can be reasonably pleased with the response it has elicited from donors. At the closing ceremony at the Maseru meeting, in a statement on behalf of invited guests, a World Bank official stated that SADCC's positive approach to regional problems, clear sense of priorities and pragmatism were appealing to donors (38). The Swedish Foreign Minister stated that SADCC had made more progress than had been thought possible three years ago. He attributed this in large measure to "the pragmatic and functional approach adopted by the SADCC leadership, i.e., emphasising implementation of concrete projects and working on the basis of decentralisation, consensus in decision-making, and avoiding the establishment of a large inter-governmental bureaucracy" (39). Donors also held up SADCC as a good example of co-operation between developed and developing countries as well as among developing countries (40).

4. THE FUTURE : SURVIVAL OR STRESS?

Jargon aside, SADCC has set out to pursue, through co-ordinated action, the following goals:

- (a) to reduce economic dependence, especially on South Africa;
- (b) to promote regional co-operation and the equitable sharing of the benefits of that co-operation;
- (c) to mobilise the resources of member countries to promote national, inter-state and regional policies for economic development; and
- (d) to secure international support for its strategy and aid for its projects.

The critical questions seem to be whether SADCC will be able to (i) survive intact as an economic grouping, (ii) reduce the dependence of its members on South Africa and (iii) reach lasting political accord with Pretoria to allow economic development to proceed under conditions of relative peace. This section is concerned with the first of these questions; the remaining ones will be dealt with in the succeeding sections.

Strengths

Attempts at regional economic co-operation throughout the world have a chequered history. Africa has been no exception and SADCC has attracted its share of sceptics. Whether or not this scepticism is justified can be determined only by an examination of forces which may be binding or dividing, either now or in the future.

Common Interests

The SADCC countries perceive a number of common interests. First, like the rest of the Third World, they wish to promote economic development and reduce their dependence on richer countries. Although each country obviously has its own national

policy, the countries have to work together on certain issues, transport co-operation between maritime and landlocked states being an obvious case. But all are relatively small and weak individually and therefore there is considerable merit in establishing a regional grouping to bargain with the rest of the world. The same argument may be applied to their positions vis-a-vis South Africa; Table 4 illustrates South Africa's overwhelming economic strength in the sub-continent. An economic grouping of the less-developed countries would therefore enable some of them, at any rate, to reduce the extent of their dependence on South Africa by diversifying their external links.

Table 4 Population, National Product and Per Capita Income
 - SADCC Countries and South Africa, 1980

Country	Population (mill)	GNP (\$ mill)	GNP per capita (\$)
Botswana	0,8	730	910
Lesotho	1,3	520	390
Swaziland	0,6	380	680
Mozambique	12,1	2810	230
Angola	7,1	3320	470
Zambia	5,8	3220	560
Zimbabwe	7,4	4640	630
Malawi	6,1	1390	230
Tanzania	18,7	4780	280
Total SADCC	59,9	21490	359
South Africa	1,0	66960	2290

Note: Namibia = 1,0 1420 1410

Source: Africa Insight, 13(8), 1983.

Second, although the emphasis is on common economic interests, there is also a common political interest, namely, opposition to the race policies of South Africa. This is an emotional issue which cements ties elsewhere in Africa. To this is linked the notion of some type of pan-Africanism.

A number of other points are also relevant here. SADCC is not a legacy of colonialism; it is a voluntary association and has not been imposed from outside. And the bureaucracy has been kept to a minimum, in part through the spreading of sectoral responsibilities among the countries. Finally, the scope of activities is limited to areas in which the benefits from co-operation are easily discernible (41).

Theoretical Justification

Membership of SADCC does not exclude states from participation in other economic groupings, e.g., BLS remain in the Southern African Customs Union. It is a loose association and therefore avoids most of the difficulties inherent in economic-integration arrangements such as free-trade areas and customs unions; it is formal schemes which have a record studded with failures.

Theoretically, a country should enter into economic-integration arrangements only with others at similar levels of development (42). This is clearly not the case in Southern Africa (see Table 4) and the point can be illustrated by referring to the Customs Union (43).

At first glance, in terms of theory, it might seem absurd that small states such as BLS are in a customs union with a larger, more industrially-developed country. But, on closer examination, one can perhaps explain why the SACU has been unusually successful and harmonious. First, the raising factor in the revenue-sharing formula, together with the stabilisation factor, are attractive to BLS. Second, South Africa is the

cheapest source of basic consumer goods for their low-income populations. Against this, the Customs Union also contains disadvantages: the BLS countries have found it difficult to industrialise, partly because they have a limited domestic-market potential and partly because they find it difficult to compete against more efficient South African industries. Their small economic size, however, limits the potential for such competition, and therefore they probably have less to lose from preferential-trade relationships with South Africa than would other countries in SADCC. Because they have larger populations, the other SADCC members have a greater potential for import-substituting industries and hence more to lose from competition with South African industries. They would consequently almost certainly find closer economic ties (such as envisaged in CONSAS) less attractive.

Yet, official SADCC communiqués repeatedly have stated that South Africa would be welcomed as a member if it were to change its domestic policies: President Kaunda has even gone on record as saying that a racially-integrated South Africa would be welcome in the PTA as well (44). These statements imply that SADCC's problem with South Africa is a political rather than an economic one; the stated goal of reducing dependence on South Africa then is shown up as stemming from an opposition to apartheid rather than from any real or imagined problems of dependence per se. But more important, however, these statements have to be examined from the perspective of economic theory relating to integration and trade.

Although SADCC, as we have noted, is not an economic-integration arrangement, it is attempting to promote trade among its members, albeit along informal lines. But should it formalise preferential-trade agreements among its members, then it is difficult to see how South Africa could be welcomed into the organisation as her exports would be likely to overwhelm the SADCC market if tariff barriers were to be lowered. The only way for SADCC to admit South Africa to membership under preferential-

trade conditions and at the same time to avoid having its markets dominated, is to wring concessions out of Pretoria; an example is the preferential-trade agreement between South Africa and Zimbabwe which heavily favours the latter's products. The problem, however, is that certain industries in South Africa already are strongly opposed to the terms of the Zimbabwean agreement, and opposition to an extension, on concessionary terms, of such an agreement to the entire SADCC area, would emanate from a wide spectrum of the manufacturing sector; in such circumstances Pretoria hardly would be able to negotiate membership. In short, SADCC's theoretical attitude to a racially-integrated South Africa may be summed up as follows: normal trade - yes; concessionary preferential trade - yes; preferential trade on equal terms - no, even were a black radical government to be installed in Pretoria (45). In other words, the formation of SADCC then would be justified on theoretical economic grounds quite irrespective of politics.

Another important focus of SADCC's activities relates to the co-ordination of industrial development among member countries. This entails the allocation of industrial plants among members. In practice it is extremely difficult to obtain agreement on this allocation, and again the process would be unlikely to be any easier if South Africa were to be admitted to the grouping. South Africa has a difficult enough task to create manufacturing jobs on a scale sufficient to keep unemployment to manageable proportions without the added complication of having to conform to an allocation of new industries.

But, the question of relationships with South Africa aside, and given the fact that the nine countries wish to co-operate economically, is there a theoretical justification for the formation of SADCC?

Recent work on economic integration is critical of formal schemes. Thus El Agraа finds that the theory fails to provide an economic rationale for the formation of customs unions (46) while

Robson concludes that "no a priori case exists for integration among developing countries" (47) and Green considers the theory "largely irrelevant to the actual purposes, processes and problems of Third World economic coordination" (48).

From a theoretical point of view, therefore, SADCC would seem to be superior both to the PTA, which is regarded as merely the first step towards full integration, and to the SACU. This advantage over the PTA may prove decisive in determining the long-term future of the two organisations but, for the reasons mentioned in the previous paragraph, the BLS countries derive certain advantages from the SACU not normally found in economic-integration schemes.

Problems

Nevertheless, having established that there is a rationale for the existence of SADCC does not necessarily mean that the grouping will function effectively. SADCC is aware that there are problems which have to be overcome in "building up the habit of effective regional co-ordination" (49) but, at the same time, it is sensitive to the tendency of commentators to concentrate on what it sees as divisive issues and to cast doubts about its ability to succeed (50). However, precisely because it is easier to document, in the light of past schemes which have failed, the obstacles (present and potential) rather than the binding factors, it is important to examine the problems in order to determine their magnitude and likely effect.

It seems that the success of SADCC will depend on the following:

- (a) the maintenance of political goodwill among members;
- (b) the maintenance of political stability in member countries;
- (c) the efficient operation of sectoral responsibilities, especially of transport services;
- (d) an equitable distribution of the benefits of membership; and

- (e) an ability to attract funds greater than that of countries acting individually.

Political Goodwill

At the outset, an obvious problem is that the SADCC states are a disparate grouping. They differ in the degree of their economic ties with South Africa, their colonial background, their present ideologies and the state of their economies.

So far as their economic links with Pretoria are concerned, at one extreme Botswana, Lesotho and Swaziland are partners in the Southern African Customs Union while Lesotho and Swaziland are fellow members of the Rand Monetary Area (RMA). The Southern African Regional Tourist Council (SARTOC) embraces Malawi, Swaziland and South Africa. There is some trade between Angola and South Africa and even less in the case of Tanzania which, historically, has been more closely orientated to East rather than Southern Africa, having been part of the East African Common Market with Kenya and Uganda. The remaining members have strong links with Pretoria in one or more of the transport, trade and employment fields.

Angola and Mozambique are former Portuguese territories while the remaining countries in the grouping are part of the British Commonwealth. Angola, Mozambique, Tanzania, Zambia and Zimbabwe are following various 'socialist' policies of development while the others adhere to the 'market-economy' path.

The countries have chalked up vastly differing economic performances since their independence. Whilst Malawi, Botswana and Swaziland were achieving favourable rates of economic growth until they encountered adverse conditions not of their own making in the 1980s, the economies of Tanzania and Zambia are run down and those of Angola and Mozambique have deteriorated rapidly. Zimbabwe is experiencing the political, social and economic problems of re-organisation after a civil war as well as the

problems stemming from adapting to a new economic system. No fewer than four of the SADCC countries - Lesotho, Malawi, Tanzania and Angola - are classified as 'least developed', i.e., they are amongst the world's poorest nations.

These contrasts have led Weisfelder to state that "only exceptional circumstances and ingenuity can sustain solidarity within so diverse a group" (51) and both he and Thompson conclude that the different economic systems in SADCC could create serious problems (52). For example, there may be conflicts between efficiency and economic growth, on the one hand, and equity and localisation, on the other, or the countries may have different priorities for investment, e.g., telecommunications vs. rural development. These differences could easily create problems in the way of co-operating on projects; in short, SADCC may become bogged down "in a host of squabbles rooted in divergent approaches to developmental problems" (53).

In the past, differing foreign policies within the grouping have caused some tension. This issue first came to the fore at the Maputo consultative meeting in 1980 when it became clear that ideological differences were frustrating certain projects. Because Angola and Mozambique are not signatories to the Lomé II Convention, projects located in these countries do not qualify to receive EEC aid, and this caused concern among the remaining seven which are signatories. The annexure to the Lomé II Convention contains the 'Berlin clause' which recognises West Berlin as part of West Germany and hence of the EEC. Bonn insists that its position on the legal status of West Berlin be included in all treaties between West Germany and other countries, but this is opposed by East Germany and Russia who argue that the post-war agreement conferred special status on West Berlin. Angola and Mozambique have strong ideological ties with the Eastern bloc but in June and July 1982 Mozambique signed industrial and food-aid deals containing the Berlin clause with Bonn, and subsequently both countries signified their willingness to participate in the next round of the Lomé talks in 1983. The

position at present, therefore, is that the EEC cannot fund key port and rail projects in Angola and Mozambique but that the two countries nevertheless qualify for some EEC funds available for non-associates of the Lomé Convention (54).

This change in attitude by Angola and Mozambique has been interpreted as "a tacit admission that the Communist Comecon trade bloc cannot meet their development requirements"(55). Comecon is an association of industrialised countries and it finds it difficult to integrate Third World countries. Thus Angola has adopted a more pragmatic attitude towards the West especially with regard to investment, and Mozambique also is attempting to mend its fences with the West and has established diplomatic relations with the United States (56). However, Mozambique apparently added a letter to the West German agreement qualifying its position on West Berlin so as to remove a perceived diplomatic affront to its East European allies.

Thus, foreign-policy differences appear to have been diminished even though some countries are still ideologically close to the Comecon grouping. SADCC has rejected the idea of a formal alliance between itself as an organisation and the major power blocs.

Political Stability

By 'political stability' here is meant the functioning of a political system free of armed aggression on the part of dissident groups against the government. Clearly, the existence of such aggression could hamper the ability of any particular country to fulfil its obligations to SADCC and also threaten SADCC projects in that country.

There is a wide range of political systems within the grouping - from a multi-party parliamentary democracy in Botswana to one-party states of the left and right. It is in some of these one-party states that instability is found, notably in

Angola and Mozambique where guerrilla activities damage transport links. The causes of instability have been partly external - 'destabilisation' by outside powers which will be discussed in Section 6 - and partly internal in the sense that acts of aggression are bound to occur in countries where there is no freedom of political association or expression.

Guerrilla activities in Angola and Mozambique have had a severe impact on SADCC transport projects. As noted earlier, SADCC has made transport its key sector because of the dependence of most of its members on the South African network. And, within the transport sector, the emphasis is on the east coast ports - especially those of Mozambique - and associated rail and road projects. Given that Mozambique is assigned the key strategic role, it stands to reason that political stability within that country is a sine qua non for the reduction of SADCC dependence on the South African network. However, its transport system has been the target of frequent attacks by the Mozambique National Resistance (MNR) (57). For the landlocked countries, therefore, transport links through Mozambique, especially in the centre of the country where most of the attacks have been concentrated have proved fragile.

MNR activities have threatened crop production as well as several large development projects (58). SADCC plans to rehabilitate roads and railways have been difficult to carry out as consultants have been unable to conduct their work in safety. This has slowed construction and repair work as well as the completion of feasibility studies.

A foreign diplomat was quoted in mid-1983 as saying that, although security in Mozambique caused concern, it should be viewed as a temporary problem (59). But at the end of 1983 the Beira-Maputo road and the Beira-Malawi and Maputo-Zimbabwe railways were virtually unusable and, in the wake of the Nkomati Accord, the question still is: just how temporary is the problem? Whether the government can defeat the MNR remains to be seen. It

certainly is doubtful in the short term despite the fact that the Nkomati Accord obliges South Africa to curtail any support for the insurgents: the MNR, after all, is a political movement, and it has continued its activities in the post-Nkomati period. It has cut electricity lines to Maputo and Beira and attacked the Nampula-Nacala and Tete roads in the northern and central regions. The latter road represents the shortest route for freight vehicles between Malawi and Zimbabwe/South Africa, and some convoys have been abandoned or destroyed. Thus these vehicles are now moving under armed cover provided by Zimbabwean troops who are also guarding the road, railway and pipeline from Beira to the border.

The disruption of key transport infrastructure has the potential to disturb political relationships within SADCC, and this is exacerbated by the inefficient operation of railways and ports.

Efficient Sectoral Operations

The problem of inefficiency is most marked in the transport sector. It has been said that the guerrilla activities of the MNR probably cause fewer problems than the continued poor management of ports and railways in Mozambique as well as the shortage of specialists and materials to effect repairs. According to one report, the Mozambique transport network can operate efficiently for short periods but then reverts to inefficiency: "Timetables are meaningless, trains are cancelled without notice, wagons are lost" (60).

One of the main reasons is the chronic shortage of middle management caused by a combination of several factors, namely, the neglect of African education and training prior to independence, the adoption after independence of an ideology which induced most of the existing skilled manpower to leave the country, an unwillingness on the part of government to engage large numbers of expatriates on contract, and reluctance among

expatriates anyway to accept postings to a country suffering from an uncertain security position as well as chronic shortages of foodstuffs and other consumer goods. Added to this is the difficulty of improving productivity levels in the labour force when the local currency is almost worthless and there is nothing to buy with higher earnings (61).

Similar problems have occurred on the Tazara line between Tanzania and Zambia, but both governments have realised that they were too hasty in localising posts and thus 250 Chinese managerial and technical staff returned towards the end of 1983. Although underpowered locomotives still are a problem, the trip has been reduced to 3-4 days (it previously took anything up to 15 days) (62). The position on Tazara thus has improved, but concern has been expressed about the ability of the Zimbabwean railway system to cope with traffic in view of recent resignations of key managerial staff and an increase in accidents (63).

The combined effect of guerrilla attacks and inefficiency is to slow the movement of cargo, and the success of SADCC may depend on the political willingness of member states to accept this fact. However, inefficiency also may arise through the administrative structure of SADCC and the allocation of sectoral responsibilities among member countries.

The fact that SADCC is not a large bureaucracy - it has only a small Secretariat in Gaborone and is represented abroad by a liaison committee in London - is regarded both by the grouping itself and by some commentators as an advantage. In contrast, other writers believe this structuring may be disadvantageous.

Apparently there was considerable pressure to have a large Secretariat but this was resisted, notably by Botswana which has an efficient civil service and which was reluctant to see the creation of a large bureaucracy for fear that it could degenerate into a talking shop. Now, however, there is concern about

SADCC's capacity to shoulder a growing burden of project implementation. Countries responsible for sectoral co-ordination are free to approach their responsibilities as they think best. As mentioned, the only Commission established thus far is the SATCC. For the rest, technical units usually are set up within the relevant ministry in the co-ordinating country, e.g., the Ministry of Energy in Angola and the Ministry of Industries in Tanzania, while in the Ministry of Agriculture in Zimbabwe there is a four-person administrative support unit. This means that government officials in those countries may shoulder a dual load - their normal national work plus SADCC responsibilities. These technical units probably strain the manpower resources of the co-ordinating countries anyway (unless they are staffed by specially-recruited expatriates). As the number of projects increases, so does the burden on officials, and their capacity fully to utilise the funds and assistance promised has been questioned (64).

The Secretariat plays a co-ordinating role, assisting the Ministries concerned in implementing their sectoral mandates. It arranges access to consultants for feasibility studies and to technical experts for whom it also may draw up conditions of service. Clearly, a major function of the Secretariat is to implement decisions taken at 'Summit' meetings. The Zambian Prime Minister is reported to have criticised the way in which such decisions were being followed up: financing bodies would not be prepared to invest in SADCC projects if they were not properly appraised, documented and implemented, and donors had complained of undue delays in the use of funds allocated (65).

Thus both the Secretariat and the individual Ministries may be understaffed. Indeed, at a press conference at Maseru, the Secretary-General mentioned that one of the major problems facing SADCC was a shortage of skilled and experienced personnel to handle the various sectoral portfolios. This is made no easier by the multiplicity of meetings - with donors, standing committees of officials, summits, etc. To quote Anglin, "the

proliferation in the number and frequency of specialised meetings has been so rapid that the burden of representation, in terms of money and manpower, is proving more than some governments can manage. As a result, there are already complaints of meetings having to be cancelled for lack of a quorum" (66).

Another factor which may strain the patience of some countries has been mentioned by Weisfelder. Referring to the allocation of responsibilities among the member states, he writes: "The probability that all SADCC states will sustain high involvement and fulfill their commitments to the organization is quite low...Someone skeptical about SADCC once remarked that it required a special sense of humor to assign responsibility for development finance to Zambia and industrialization to Tanzania" (67). The problem is that a country does not necessarily have a record of achievement in the field for which it is allocated responsibility, and indeed it is not clear precisely how the allocation was made (68). Tanzania's presentation on industry was criticised at both the Blantyre and Maseru meetings. The 1983 report was regarded by delegates as neither well-researched nor realistic (69) and the allocation of the sector as an act of cynicism on the part of the other members given Tanzania's failure in the field and the disavowal of industrialisation in its development planning (70). Similarly, the quality of Zambia's work on the proposal to establish a Development Fund has been criticised at SADCC meetings. But a country does have recourse to technical assistance - the ECA has helped Zambia in its role - and this would not seem to be an insuperable problem.

Sharing of Benefits

This is another important internal problem facing the SADCC and is linked with that of the emergence, within the grouping, of industrial polarisation.

An equitable distribution of the costs and benefits of membership, although considered of critical importance in the theory of economic integration, is very difficult to achieve in practice. Failure to do so was one of the important reasons for the breakup of the East African Common Market. In particular, it is difficult to co-ordinate industrial development and distribute new plants among member states, and an official of the Confederation of Zimbabwean Industries has been quoted as saying that there is in-fighting with regard to industrial projects (71). A degree of industrial polarisation exists within the grouping - the nine countries are at different levels of industrial development and this poses problems in the formulation of strategy for the sector. Zimbabwe is the most advanced industrial country and, like Kenya in the East African case, it stands to increase its industrial dominance over time. There is already a realisation of this - Weisfelder quotes top officials in Lesotho expressing their fears that SADCC may become a vehicle for Zimbabwean regional dominance (72) and it has been said that Botswana is not keen to escape from the South African frying pan only to land in the Zimbabwean fire (73). The problem manifested itself with the expected termination of preferential trade between Zimbabwe and South Africa in 1982. Since Zimbabwe was selling 75 per cent of its manufactured goods south of the Limpopo, it would clearly have had to find alternative markets and it therefore looked to SADCC. But the individual SADCC states wanted to protect their own producers of similar goods - something they are entitled to do since there is no free-trade area. Recently, prominent Zimbabwean industrialists have stated that their country's industries are well placed to serve SADCC (74). Statements like this might only heighten the suspicion on the part of the other countries, although Weisfelder mentioned that SADCC is aware that projects must be initiated quickly in all member states to forestall fears that only some are benefiting (75). More recently the then Secretary-General implored Zimbabwe to see "the region not only as a market but as a possible source of essential imports" (76).

However, Zimbabwe has restricted clothing imports from Botswana and banned imports of rice from Malawi (its traditional supplier), instead purchasing 6 000 tons from North Korea (66). In addition, Zimbabwe also has been involved in a controversy regarding energy.

The desire of countries to be self-sufficient in certain fields may militate against co-ordinated projects. For instance, a SADCC electricity grid is a technical possibility and would be of great economic advantage provided that the countries trusted one another. However, countries tend to be very sensitive in energy matters - they are afraid of the damage that could be caused to their supplies if political relations change and they therefore attempt to become independent in the supply of electricity (78). The point is taken, but if a SADCC electricity grid is to be established some risks will have to be faced by member countries, and the temptation to embark on prestige projects (so common in the Third World) will have to be resisted.

In 1982 Zimbabwe decided to proceed with the second stage of the Hwange (Wankie) power project. This would reduce its dependence on Zambia for power but Zambia would lose its only major export to Zimbabwe. Zambia regarded this as contrary to the spirit of SADCC co-operation: it would have been cheaper for Zimbabwe to import hydro-electricity, and Zambia's foreign exchange earnings then would have provided a market for a range of manufactured goods from Zimbabwe. Zambia's installed power capacity is double its domestic demand but Zimbabwe, in pursuance of an energy strategy formulated during the UDI period, has identified four hydro-electric sites on the Zambesi and seven coalfields. From a SADCC point of view, it would be preferable for the installed capacity of Zambia and Mozambique to be used than to construct new plants (79).

When asked whether Zimbabwe's policy accorded with that of SADCC, the then Secretary General provided a diplomatic answer

but one which underlines an extremely important point: the position is that SADCC's regional strategy cannot prevent members from embarking on national programmes (80). SADCC merely strives to co-ordinate these national plans in order to strengthen development in a regional context, but it has no power to check or reduce gaps between member states or to compensate the weaker ones.

Quite apart from nationalism, however, national economic policies have an important effect on ability to attract foreign investment. As Kenya so amply has demonstrated, a country following a market-economy path with a minimum of bureaucratic red-tape can create a climate conducive to private investment. Some SADCC countries follow contrary policies, although rapid decisions apparently can be made in Angola and Mozambique. In contrast, businessmen regard Tanzania as "offering investment disincentives" (81).

Attraction of Funds

The precise expectations which each of the nine countries entertained upon forming SADCC probably varied. However, the expectation of economic benefit almost certainly was a common one, and in this regard another condition for the success of SADCC would seem to be that it must demonstrate that it is able to attract more funds than would its member states acting individually. It is not so easy to do this; for example, although the 1980 meeting in Maputo attracted pledges of \$650 million, less than one-fifth of this sum could be considered as new funds. The balance consisted of funds already committed by donors to individual countries, and it was convenient to donors to channel the aid through SADCC.

In principle, projects serving more than one country should be attractive to donors, but in practice donors have always preferred bilateral to multilateral aid. This is true both of Western and Comecon countries; both sides attach strings to aid

funds and look for trade concessions. Not only are the Soviet-bloc countries parsimonious when it comes to foreign aid, but they have been described as "the most obsessive proponents of bilateralism within the SADCC experience" (82), hence the absence of their support at the annual consultative meetings. Thus Angola and Mozambique probably would be able to negotiate more aid bilaterally than through SADCC (although any such aid from Comecon sources presumably would not be directed at SADCC projects). It has yet to be shown that SADCC is more attractive for donors than is the continuation of bilateral aid to individual countries.

If individual countries negotiate aid funds themselves, to then nail the projects concerned to SADCC mast is to obscure the true position. In transport, for example, relatively little new funding has been negotiated by SATCC; most is from national sources or bilateral agreements which have been lumped under the organisation's banner. The new funding which SATCC has obtained is for technical assistance and consultancy.

More important than securing pledges from donors, however, may be the successful functioning of the proposed Southern African Development Bank. It has a particularly important role so far as the provision of foreign exchange is concerned. Some member states suffer from a shortage of foreign exchange to pay for goods and services, and not only does this restrict intra-SADCC trade but it can sometimes be a source of conflict. For example, Zambia was short of foreign exchange and accumulated huge arrears for port charges at Dar-es-Salaam for which it was unable to pay. Thus its relations with Tanzania were soured (83). The development of a payments mechanism by central banks may be essential to promote trade among member states, and a feasibility study of a clearing house is to be conducted.

5. THE FUTURE : DIMINISHING DEPENDENCE ON

SOUTH AFRICA?

The second important question regarding the future is the extent to which SADCC will be able to reduce its dependence on South Africa and the time scale likely to be involved. As we have noted, this reduction is one of SADCC's major aims; we have seen, too, that the perceived problem of dependence is essentially political (arising from South Africa's race policies) rather than economic. But dependence is artificial in the field in which it is greatest, namely, transport: South African ports are not the natural or traditional outlets for the landlocked countries north of the Limpopo. And it is economically undesirable in the spheres of food supplies and employment, the latter of course also presenting the political and social complications of racial discrimination. But, in the other major field of dependence - trade - the fact is that SADCC countries have to engage in international trade anyway and the economic question is: which goods can be obtained from which country at the lowest total delivery cost?

Transport

South Africa has 75 per cent of the sub-continental rail network (Map 5) and the most efficient ports. Its rail system has traditionally carried most of the import traffic of the BLS countries and the export traffic of Botswana and Lesotho. However, because guerrilla warfare effectively has closed the railway from Zambia to the Angolan port of Lobito to international traffic for over eight years, and because of the insecurity and inefficiency (mentioned earlier) on the Mozambique transport system, South Africa has been handling an increasing proportion of the foreign trade of Zimbabwe, Zambia and Zaire in



Map 5.

the past few years. The volume of rail traffic between South Africa and its northern and eastern neighbours over the last few years, is shown in Table 5.

Use of the South African Network

Although the volume conveyed has declined in the last two years, it was estimated (84) that in late-1983 some 65-70 per cent of Zimbabwe's and 50-60 per cent of Malawi's foreign trade was being routed via South Africa. Comparative figures in the case of Zambia were 40 per cent for exports and 70 per cent for imports. Table 5 excludes Lesotho; in 1982/83 444 000 tons crossed the Lesotho-South African border by rail and 36 000 tons

were transshipped to road transport from railheads along the border (85). These rail and road tonnages represent virtually the entire foreign-trade volume for Lesotho; only a miniscule amount is accounted for by airfreight.

Table 5 Rail Freight Traffic between South Africa and Neighbouring Countries - 1979/80, 1980/81 and 1982/83 (tons)

To/from	1979/80	1980/81	1982/83
<u>Botswana, Zimbabwe, Zambia</u> <u>Zaire, Malawi:</u>			
Northbound	1529791	2866452	1575816
Southbound	2654063	2472982	1460394
<u>Swaziland, Mozambique</u>			
Eastbound	2932533	2581792	1391862
Westbound	1267435	1518469	1385350
Total	8383822	9439695	5813422

Source: South African Transport Services, Johannesburg.

In addition to rail traffic, there is a considerable but unknown volume of freight traffic by road between South Africa and its neighbours. No data are available in respect of private hauliers, but the Road Transport Service of the South African Transport Services conveys some 149 000 tons on the Swaziland and some 40 000 tons on the Lesotho route each year (86).

The proportion of Zimbabwean trade being handled by South African ports is the reverse of the position prior to the closing of the Mozambique route in 1976. The trend, however, has been somewhat reversed in the last three years: in 1980 South African ports handled 89 per cent of Zimbabwean traffic. The major traffic switch has occurred in the case of petroleum products and this, together with the economic recession and drought, explains the decline in traffic reflected in Table 5. Towards the end of

1981, Zimbabwe was importing all its diesel, one-third of its petrol and one-half of its aviation fuel from South Africa, but the re-opening of the Beira pipeline and Mutare refinery has reduced this figure.

Official forecasts of Zimbabwean foreign trade nevertheless show an expected 50 per cent being via South Africa in 1985/86 (87), and even when the Mozambican projects have been implemented, it is estimated that South Africa will still handle some 30 per cent of Zimbabwean traffic. Consignments of maize from abroad under food-relief schemes are being landed at Port Elizabeth and other South African ports for onward transmission to Zimbabwe (600 000 tons), Zambia (300 000 tons) and the BLS countries (300 000 tons); this traffic commenced in April 1984 and the shipments should be completed by the end of the year (88).

Reasons for Transport Re-orientation

Factors which have prompted the switch in traffic from Mozambique include insecurity, organisational inefficiency, transport delays, the danger of theft, and poor telecommunications. The fear of guerrilla attacks on the Beira railway has been such that Zimbabwean shippers for a long time virtually stopped sending their cargo to Beira, preferring instead to use South African ports, while Zambia and Zaire continue to rail most of their copper through southern ports. However, the guerrilla threat to the line has been reduced by the presence of Zimbabwean troops on the trains, and increasing volumes of container traffic from Zimbabwe now are using the port of Beira while Zaire apparently is considering routing its mineral exports through Beira (89). For some time now the Maputo-Zimbabwe line has operated only intermittently because of sabotage, but nevertheless it carries steel and sugar exports from Zimbabwe; for a while the exports were consigned through South Africa via Komatipoort to Maputo but the Zimbabwe government subsequently withdrew its subsidies on transport costs

and exporters now prefer to suffer the delays and losses caused by sabotage rather than pay the additional railage charges on the longer route.

Apart from the psychological factor, another reason why Zambia and Zaire continue to use the South African system is that they rely on quick payment for their copper exports and therefore cannot afford the delays which occur in Mozambique (90). Zimbabwean traffic via Mozambique tends to consist of goods without urgent arrival deadlines, and comprises mainly exports. Importers prefer the more reliable southern route as they face foreign-exchange scarcities and therefore time their goods to arrive as stocks are running out (91).

Severe staffing and technical problems are experienced in the transport sector. On the staffing side, both Zimbabwe and Mozambique lack top and middle management as well as qualified artisans and technicians. Both are using expatriates from India in their workshops as supervisory staff while the former is also employing British engineers and technicians and Pakistani artisans on contract. Zimbabwe has instituted its own intensive training programme but the problem is that it takes years to train skilled railway staff. On the technical side, there is a shortage of locomotives and rolling stock in Mozambique, together with an inability to repair stock. Zimbabwe, however, has obtained 60 new diesel locomotives and this has alleviated the position.

There are other problems too. For example, Zimbabwean firms complain of a lack of effective telephone and telex links with Maputo: telex messages can take up to one week to get through and Beira can be reached from Harare only by telex via Berne, Switzerland. But this could be remedied when the new microwave link is installed later in 1984.

Traffic between South Africa and the SADCC countries probably would have been even greater had it not been for the

fact that bottlenecks in Mozambique and countries to the north of the Limpopo have led to embargoes on the further movement of goods (92). In February 1981, at the request of Zimbabwe, the then South African Railways (SAR), now known as the South African Transport Services (SAT) (93), placed an embargo on goods traffic to Zimbabwe, Zambia and Botswana. This was due to congestion on the National Railways of Zimbabwe (NRZ) system and applied only to general merchandise traffic, not to fuel, perishables and containerised goods. The following month South Africa, at the request of Mozambique, imposed a temporary embargo on all goods traffic between Komatipoort and Maputo. The reason was that SAR trucks were not being returned quickly enough. Zimbabwe and Zambia were also apparently using SAR trucks for internal conveyance. Early in 1982 there was a heavy increase of traffic in Zimbabwe and hence an increased flow of goods between the NRZ system and South Africa. But again the flow was repeatedly curbed by a series of embargoes on loading, and the result was a stockpiling of commodities and restricted maize exports from Zimbabwe. In Zimbabwe a considerable shortage of skills developed after independence and in 1981 about 50 per cent of all diesel locomotives were out of action at any one time. Thus exports were 25 per cent lower than they should have been, maize could not be moved to the market and import quotas were slashed (94).

Transport problems in Zimbabwe and the east-coast countries have encouraged a flourishing road-haulage business between Zambia and South Africa. The journal African Business (95) has referred to advertisements placed in the Zambian press and issued by a parastatal organisation, Contract Haulage. These advertisements promoted the use of road transport to and from Zeerust, a major railway and road transit depot in the Western Transvaal (see Map 6). Goods from Zambia are trucked direct between Lusaka and Zeerust via the Kazungula ferry across the Zambesi in the north-east corner of Botswana. The railway is operated in both these countries by the NRZ, and Zambian firms have suffered from delays and inefficiency on this route. The



Map 6

main attraction of the Zeerust route is the quick movement of imports from South Africa; Zeerust is only 250km west of Johannesburg and goods can be transported there by road or rail. Another problem with small rail consignments is pilferage, and this is reduced by using road transport instead of rail.

Alternatives

Many of the transport problems discussed above will no doubt persist in the short term - they are of a structural nature - but could be overcome in the longer term, e.g, through technical training. More problematical, however, is the security issue. In the past South Africa often has been accused of supporting MNR attacks on roads, railways and the oil pipeline in Mozambique in order to maintain its hold on SADCC traffic (96). But there have been military changes since Nkomati and the question today, as we noted in Section 4, is whether MNR activities can be curbed.

If not, it is possible that the west-coast ports may become a viable alternative to the east-coast ones so far as the landlocked states are concerned provided an internationally-acceptable political settlement were achieved in Namibia and South Africa agreed to hand over Walvis Bay (which would be the terminus of the proposed Trans-Kalahari railway). Even if South Africa retained its control of that port, a settlement probably would imply the withdrawal of all foreign forces from Angola and an eventual end to political instability (one way or the other), in which case Lobito and possibly other Angolan ports might assume greater importance, especially for Zambia. Lobito is the terminus of the Benguela Railway which was the main route for copper exports from Zambia and Zaire and for imports from the West. Prior to its independence in 1964, Zambia had been dependent on routes to the south, but it reorientated its trade, and between 1973-75 50 per cent was being handled by Lobito (97).

Alternatively, the Tazara line might be able to cater for traffic from Zambia, Malawi and possibly Zimbabwe, but this would

depend on greatly improved rail and port management in Tanzania and on a further connection to Malawi, and would be enormously expensive for Zimbabwe. The Tazara line was opened in October 1975, two months after the effective closing of the Benguela Railway, and soon became the main route for Zambian traffic. But, with the normalisation of relations between Zambia and Zimbabwe in 1980, the southern route was re-opened so that Zambia's traffic was once again redirected. In 1981, 40 per cent of Zambia's external traffic used the southern route as against only 35 per cent on the Tazara line and 2 per cent on the Benguela Railway. Another 22 per cent used the road to Dar-es-Salaam which was therefore Zambia's main port. In the last few years the Tazara line has operated under severe restrictions, notably a low availability of motive power and long wagon turn-around times, and traffic in 1980 was only 55 per cent that of the 1977 peak. Nevertheless, the line has the potential capacity to carry all Zambia's external traffic, and Dar-es-Salaam is closer to the Copperbelt than either Lobito or Beira (98). As noted in Section 4, operations on this line have improved again now that the Chinese have resumed control at the request of the two governments concerned.

Of all the SADCC countries, Malawi probably has been hardest hit by transport difficulties in Mozambique. Until recently the railway from Beira to all intents and purposes had ceased to function as a result of guerrilla activities (it is being protected by Zimbabwean troops) and there are technical and manpower problems both at the port of Nacala and the line from the port. Although this line now is being rehabilitated, it will be unable to cope with Malawi's demands before 1988/89. Malawi has no rail link with Zambia and hence with the Tazara line to Dar-es-Salaam, but recently signed an agreement with Tanzania to construct a road link between the countries to open up the use of Tanzania's ports (99). In 1982 only 11 000 tons (less than 2 per cent) of Malawian traffic passed through Tanzanian ports (100).

In the meantime, however, in the absence of a direct rail

connection Malawian trade is obliged to use a combination of road and rail to and from South African ports. There is a direct road link to Harare via Tete in Mozambique (unsafe because of MNR activities) and a circuitous route via Zambia and Botswana. Both South Africa and Zimbabwe exert tight control over road-transportation permits, so that transshipment between modes is necessary. This adds to the already considerable increase in transport costs, and Malawi now is finding its competitive position on world markets for its major exports eroded while the increased import bill (especially for fuel and fertiliser) has also been influential in forcing the country to renegotiate its external debts (101).

In summary, the dependence of Zambia, Malawi and Zimbabwe on the South African transport system could be eliminated if the rail and port systems of SADCC maritime states were to function efficiently and infrastructure were to be improved. The first condition is dependent, in part at least, on security problems being overcome. At this stage there appears to be little hope of natural flows through Angola and Mozambique occurring for the next few years and in the meantime Zambian and some Malawian traffic might be diverted to Dar-es-Salaam.

The remaining SADCC countries traditionally have had close transport links with South Africa. The southern railway system in Mozambique and the port of Maputo largely depend on Witwatersrand traffic, and one of the main thrusts of the Nkomati Accord is to reinforce this. Although Maputo also is the natural port for Swaziland, the kingdom will be more than ever integrated with the South African system when the new northern rail link to Komatipoort is built. This project will increase the degree of interdependence between the countries: the finances of the Swaziland Railway will depend heavily on mineral through-traffic from the Transvaal to Richards Bay and the route will afford such traffic a considerable saving in transport costs.

Botswana also is to construct a new rail link to South Africa, and it is ironic, given the expressed SADCC objective of reducing transport links with South Africa, that the Botswana Railway will depend for most of its revenue on attracting through traffic between northern countries (notably Zambia and Zaire) and South Africa, i.e., on increasing traffic flows to and from the south. Lesotho is totally dependent on South Africa in the field of transport and has no alternative given its geographic position.

Trade

The second important area of contact between South Africa and SADCC is trade. No detailed breakdown of South Africa's trade with the rest of the continent is available; trade statistics can be obtained only if African states publish them. South Africa does not and neither do most African countries who do not wish to reveal their trade contacts. But, despite contrary political rhetoric, 46 of the 49 OAU member states traded with South Africa in 1981. Apart from exports of R1 000 million within the Customs Union to the BLS countries, South Africa that year exported goods worth R1 038 million to the rest of Africa (102). But this figure excludes indirect exports estimated at about R400 million (103). Exports to the rest of Africa (outside the SACU) represented 5,5 per cent of South Africa's total exports and exports to BLS 5 per cent (104). There was a marked imbalance in the direction of trade, imports from the rest of Africa totalling only R317 million.

Since 1981, however, South Africa's exports to the rest of Africa have declined both in volume and value: food exports have been wiped out by drought, and African countries have faced increased foreign-exchange problems. Although South Africa is holding its share of the Southern African market, it has no credit lines or special financing facilities available to enable it to expand its trade with the rest of the continent at present (105).

The South African Grip

The BLS countries are the most dependent of the SADCC states on trade with South Africa. Lesotho receives over 95 per cent, Swaziland over 90 per cent and Botswana some 86 per cent of its imports either from South African producers or from South African agents of foreign producers. South Africa, in turn, takes 40 per cent of Lesotho's, 20 per cent of Swaziland's and 14 per cent of Botswana's exports (106). South Africa is also Zimbabwe's major trading partner, taking 22 per cent of its exports (excluding gold) and supplying 28 per cent of its imports (excluding fuel). Trade with Zambia has increased substantially and South Africa is now Zambia's second most important supplier, while it is the chief source of imports for Malawi and Mozambique (107). The majority of Angola's trade with Africa in fact is with South Africa while South African goods also find their way into Tanzania, albeit indirectly.

Because of the high and increasing cost of transport from the rest of the world, South Africa has become the chief source of supply to much of Africa. It is also the closest source, which means that delivery time is shorter. However, certain government industrialisation policies followed largely for strategic reasons are bound to reduce the country's competitive position, a good example being the Atlantis diesel engine plant which has substantially increased the price of tractors and trucks.

Possibilities for intra-SADCC Trade

Nevertheless, South Africa remains the dominant source of manufactured goods for most of the nine countries and, if the position is to be changed, detailed planning and co-ordination will be required. It has been stated that the SADCC countries tend to produce a similar range of manufactured goods - leather, foodstuffs, textiles, handicrafts - and that therefore they do not need to trade with one another as they do not supply one

another's needs. Complementary rather than competitive industries are needed if trade within the grouping is to be increased. However, a SADCC investigation into industrial and trade potential has found an unexpectedly large variation in national surplus capacity and shortages, i.e., one country has a particular industry operating at below capacity while other countries are importing that product from outside. A large number of industrial products with trade potential have been identified. Most construction materials are produced within SADCC and so are many key industrial inputs. Recently, Malawi has discovered that it produces children's shoes whereas Zimbabwean footwear manufacturers do not; the result has been a flow of exports from Malawi to Zimbabwe. SADCC believes that the pulp industries from Swaziland, Zambia and Tanzania could be coordinated to produce different finished goods and so could the gas, ammonia and fertiliser industries of Swaziland, Mozambique and Tanzania. But there are few, if any, examples of such coordinated planning having worked satisfactorily anywhere and this will be a major problem; as noted on p.35 above, it is not proving easy.

Whereas the existence of competitor industries in countries forming a customs union is regarded as essential for trade creation (108) within the union, in a loose association such as SADCC a country can keep out competitive imports through tariff protection or quantitative restrictions. An example of this has recently occurred; it concerns Zimbabwe and Botswana and also illustrates the dependence of Zimbabwe on South Africa as an export market.

In March 1981 South Africa gave notice of its intention to end the trade preferences originally granted in 1964 to manufacturers of finished goods (especially of clothing, textiles and footwear) in the then Rhodesia. A year later, however, South Africa agreed to renew the agreement at the last minute. But, despite the renewal, there were a number of problems. First, there was continued uncertainty over the duration of the

agreement. Second, the South African government invited representations from its manufacturers regarding the terms of the agreement. Third, because of the delay in renewing, some South African importers had found new sources of supply and it was felt that some Zimbabwean firms had probably lost their southern markets. Fourth, the Zimbabwean dollar was tied to the US dollar and, because of the weakness of the rand, Zimbabwean goods were more expensive than before in South Africa and their competitive ability was diminished. Fifth, the increased price of Zimbabwean goods also was due to rising costs of production. Finally, foreign-currency restrictions and the resultant reduction of raw material imports and capital expenditure outlays were leading to stagnating manufacturing output in Zimbabwe (109).

The Zimbabwean clothing industry was particularly hard hit and was operating at 60 per cent capacity. Yet clothing imports had increased by over 60 per cent in the previous year, the main source being Botswana. The two countries have a long-standing trade agreement which allows an almost free flow of goods provided 25 per cent of the value is added in the importing country. Clothing imports from Botswana increased dramatically between 1980-82 - sufficiently so to reverse, in the first five months of 1982, Zimbabwe's traditional favourable balance of trade with Botswana. Zimbabwe thus was obliged to protect its clothing industry by restricting imports from Botswana and a quota was agreed upon by the two governments (110). SADCC's aim of encouraging inter-regional trade may be difficult to accomplish in the case of competitive industries.

Problems

The importance of the trade agreement with South Africa is illustrated by a Zimbabwean government study which urged that the agreement be renewed as the country stood to lose 7 000 jobs and R66 million per annum in foreign exchange. In 1980 Zimbabwean exports of manufactured goods to South Africa totalled R116 million of which R70 million was covered by the trade agreement.

If this were not renewed, these exports could not compete on the South African market (111). These figures prompted Hill to write: "...it seems likely that officials concerned with trade promotion will be promoting trade with South Africa as energetically as with other partners, despite the overall SADCC intention to move towards disengagement from South Africa, and it seems unlikely that Zimbabwe will be able to afford materially to change this relationship in the near future" (112).

Zimbabwe apparently can gain very little at present by switching its trade to the north - although the demand is there, the currencies are weak. Many of these countries face a severe shortage of hard currency and Zimbabwe in fact also has its 'forex' problem. Often it is South Africa which benefits from this shortage; for example, by the time Zambian importers obtain approval from their Central Bank for a foreign-exchange allocation, they require the goods so urgently that they are obliged to deal with suppliers offering the quickest delivery rather than being able to purchase in the cheapest market. Because they are so desperate they face a sellers' market and South African firms, knowing that they have the advantage over competitors with regard to delivery time, are able to increase their prices (113). In attempting to penetrate the Malawian market, exporters have encountered an additional problem in the form of favoured credit terms extended by South Africa. These terms ensure that the South African product ultimately is cheaper (114).

As previously mentioned, the shortage of foreign exchange is an important constraint to increasing intra-SADCC trade. Inter-regional payments need to be improved and some sort of barter system instituted. Attention is being given to the feasibility of eliminating foreign-exchange payments by setting up a system of balancing and clearing accounts (under the proposed Development Bank) which would operate not only for merchandise exports but also for transport services. However, this would work only if individual states would then give priority to

purchasing from their debtors.

The fact that the currencies of the nine are not convertible is a major barrier to trade. Possible solutions being investigated are bartering (which is becoming increasingly important in Africa today) and the use of local currencies along the lines of the Tanzania-Mozambique trade protocol (115). Reciprocal accounts are opened in each country's central bank which allow a partner to honour letters of credit in local currency without recourse to another (hard) currency. A net ceiling of \$10 million is placed on transactions in any one year. In Year 1 (1980) Mozambique had a net deficit of \$7,5 million which was carried over to Year 2; a net trade surplus with Tanzania that year of \$0,8 million improved Mozambique's position somewhat. Such an arrangement can have short-term benefits as it eliminates the drain on foreign-exchange reserves, but in the long term its effectiveness depends on how equitable the trade flows are between partners.

Preferential treatment is also required to boost trade within the bloc. For example, countries with import-licensing systems could give preference to fellow-SADCC members, while those operating tariff systems could grant concessions. But the problem here relates to various other agreements to which SADCC states are parties. The SACU agreement does not allow the BLS countries to grant preferences to other countries, the PTA does not allow trade preferences to be given among the nine SADCC states that are not also extended to other PTA countries, and various agreements with the EEC through Lome II might present further barriers.

Whilst there is certainly scope for increasing intra-SADCC trade, it is unlikely that some of the countries (especially BLS) will be able to obtain basic consumer goods as cheaply as from South Africa or that SADCC will be able to provide the range of manufactured goods that South Africa does. Established trade patterns also are difficult to break down, e.g., a report quotes

Zambia as preferring to trade with South Africa than the with rest of the continent: South African firms supply a wider variety of goods and pay promptly for imports while other African countries ignore orders and are tardy in paying (116). A considerable market for South Africa within SADCC seems assured for some time to come, although the composition of manufactured exports might change; as economic development proceeds in SADCC, its demand may shift to more sophisticated products in which South Africa may have a competitive edge. As a recent report states: "Everything from project management to heavy equipment naturally comes cheapest and, above all, quickest from South Africa" (117).

Trade in Grain Products

A final aspect of SADCC-South African trade which deserves some attention is that in grain products. As mentioned earlier, an important programme within SADCC is that of food self-sufficiency. The inability of the SADCC states to feed themselves has been described as perhaps the most humiliating aspect of their relationships with South Africa (118).

In the long term the real question is whether SADCC will be able to increase food production to cope with population growth. According to the Minister of Agriculture in Zimbabwe, the SADCC population is expected to increase by 36 per cent during the present decade. This is an average annual rate of growth of 3,1 per cent and may be an over-estimate. Nevertheless, according to his projections, the total population would increase from 58 million to 78,4 million and there would thus be a greatly increased demand for food (119). In normal years SADCC produces only about 80 per cent of its cereal requirements, and the BLS countries in particular are dependent on supplies from South Africa. SADCC as a whole probably has the potential to achieve self-sufficiency in cereal production - the area of potential arable land totals 475 million ha of which only 23 million ha are being cultivated (120) - but this potential varies from country

to country; some will remain net importers but perhaps a SADCC producer could replace South African supplies. In any case, South Africa also will have to face the problem of feeding a growing population and grain exports on the same scale as in the past cannot be taken for granted.

Employment

In common with the rest of the Third World, SADCC states face the problem of creating sufficient employment opportunities to accommodate labour-market entrants. All the SADCC states have at one time or another exported labour to South Africa, and some continue to find South Africa an important - or at least useful - source of employment. Although manpower development and training is included in the SADCC Programme of Action, there is no formal programme for the reduction of employment dependence on South Africa as there is, for example, in transport and communications. Nevertheless, it is necessary to mention employment dependence in this paper as the results of programmes in other fields will affect the ability of individual countries to reduce this dependence.

Seven SADCC states (all, excluding Tanzania and Angola) agreed at a meeting in Gaborone in 1980 to form the Southern African Labour Commission (SALC) to harmonise and co-ordinate policies and practices with regard to the supply of migrant labour to South Africa. Tanzania was admitted as a member in 1983 at the same time that the SALC applied to become a sub-committee of SADCC (121). This request was due to be considered by the Council of Ministers in 1984 but indications were that it would not be regarded as a high priority. The initiative to establish the SALC has been assisted by the ECA, and the first meeting was held in Mbabane in October 1980. Zambia's participation in this group seems to be anomalous as it does not export labour to South Africa (in fact it has not been present at some subsequent meetings), and the same can be said about Tanzania: their membership should be regarded as symbolic.

South African Demand

At these meetings ways and means have been discussed of ending the labour flow to South African mines. However, for Zimbabwe the flow was already ending. On 6 February 1982 the Zimbabwean government announced that no more local recruiting of labour for South African mines would be allowed; it was opposed to its citizens working in South Africa although it could not stop individuals from seeking employment there. It also closed the office of its labour representative in South Africa. Since then South Africa has repatriated Zimbabwean miners on the expiration of contracts and withdrawn work permits for individuals in other sectors with the result that the number of migrants from Zimbabwe has declined from 16 965 in 1981 to 7 742 in 1983.

In effect, only five SADCC states now supply labour to South Africa. Migrant labour is absorbed principally by the mining industry. Numbers recruited by the Chamber of Mines from each country in 1972, 1977 and 1982 are shown in Table 6. The last column shows total employment of SADCC labour in the South African economy in 1983.

Labour supplies from Angola and Mozambique declined, and from Malawi and Zimbabwe fluctuated, over this period. The Angolan government terminated supplies at independence in 1975 and the Malawian government following on the crash of an aircraft carrying returning miners in 1974; later, supplies from Malawi were resumed, but on a smaller scale. Supplies from Botswana remained relatively stable while those from Lesotho and Swaziland have increased although they have tended to stabilise over the last few years. The table clearly illustrates that the Chamber has almost reached its target of 60 per cent local supplies; in 1981 the figure was in fact 58,9 per cent. The figures for Angola and Zambia in the last column of Table 6 refer not to migrants but to long-term workers who have resided in South Africa for many years.

Table 6 South African Chamber of Mines Labour Recruitment,
September - 1972, 1977 and 1981

Country	M i n e s						All sectors
	1972		1977		1982		
	No.	%	No.	%	No.	%	1983 (no.)
Angola	3097	0,8	645	0,2	-	-	68
Botswana	21250	5,5	24676	5,9	18328	4,2	25967
Lesotho	69950	18,2	92875	22,2	96416	22,0	145797
Malawi	116307	30,2	6131	1,5	15943	3,6	29622
Mozambique	82837	21,5	41667	9,9	44785	10,2	61218
Swaziland	4800	1,2	9696	2,3	10555	2,4	16773
Zambia	-	-	-	-	-	-	743
Zimbabwe	2	-	15910	3,8	-	-	7742
Total SADCC	298243	77,4	191600	45,7	186027	42,4	287930
Namibia	799	0,2	2757	0,7	1313	0,3	
South Africa	86213	22,4	224622	53,6	251398	57,3	
Total	385255	100,0	418979	100,0	438738	100,0	

Sources: The Employment Bureau of Africa Ltd.; Department of Cooperation and Development.

What of the future? The demand for labour in the gold-mining industry is expected to fall substantially by 2000, so that this sector of the South African economy might find little difficulty in adjusting, over a period of time, to any reduction in labour supplies from SADCC. But, as Table 6 illustrates, SADCC labour also finds employment of a contractual nature in other sectors (notably agriculture and domestic services). Thus SADCC estimates are that, in 1976/77, it supplied 392 000 migrant workers (122) of whom only about 190 000 were recruited by the Chamber of Mines. SADCC figures may be somewhat high; official South African figures for 1977 were 357 000, 327 000 for 1979, (123) and, as Table 6 shows, 288 000 for 1983. Thus the trend is downward - for internal political and economic reasons quite

apart from any actions by SADCC states to curb supplies. On the political side, legislative changes have resulted in residents of the homelands receiving preference over foreign Africans in the job market, and this has been reinforced by the growing employment problem among Africans both inside and outside the homelands. Thus, within the structure of CONSAS, the independent homelands are exerting pressure on Pretoria to confer preference to their residents in labour placement.

Paradoxically, therefore, attempts by SADCC countries to reduce their dependence on labour exports may be superfluous in the light of trends in the South African labour market. If these trends persist, the exporting countries obviously will have to absorb all of their labour force in due course.

Labour-absorptive Capacities

The aim of the SALC is to reduce and later eliminate the supply of migrant labour. The Commission's work is directed at two issues, namely:

- (i) The terms and conditions of the supply of labour and its employment in South Africa. These include recruitment conditions, the licensing and control of recruitment operations and procedures, attestation fees and other levies, and employment and living conditions in South Africa, notably improvements to the workmens' compensation arrangements. The aim is to develop a uniform approach to bilateral arrangements with South Africa.
- (ii) Projects for the redeployment and training of labour withdrawn from South Africa. The ECA and the ILO have assisted in drawing up a list of project areas for absorbing labour, and attention is being focused on encouraging greater government expenditure in rural areas, co-operatives, labour-intensive schemes, rural development projects with an agricultural base, the informal sector and foreign investment.

The important question which arises is whether these countries can afford to cut off supplies of labour and, if so, whether they can create sufficient jobs to absorb the labour. The possibilities vary from country to country.

Of the SALC members, Lesotho is by far the most dependent on labour exports to South Africa. In 1980 some 150 000 Basotho were employed in South Africa as against only 40 000 in the wage sector at home, the balance of the labour force being in agriculture and the small informal sector. During the Third Five-year Plan period (1980/81-1984/85), the projected increase in the labour force is 77 500 (124). But, as the Plan states: "Even if no migrants return, the modern sector is not likely to absorb more than 20 per cent of the job seekers" (125). Since the absorptive capacity of the agricultural sector is also low, there appears to be no possibility of Lesotho voluntarily withdrawing labour from South Africa.

There is another aspect to Lesotho's employment dependency too, namely, the importance to the economy of the earnings of migrant workers and especially of deferred pay and remittances from the Chamber of Mines. In 1977/78 migrants' remittances accounted for 40 per cent of GNP (126), while in 1982 miners' deferred pay and remittances amounted to R11,5 million (127). As the SADCC background paper states: "Termination of the system (of migrant labour), without compensatory financial transfers from other sources, would pauperise the great majority of Basotho households" (128).

In the circumstances, the suggestion (129) that Lesotho institute a phased withdrawal of labour over a 15-year period must be dismissed as totally unrealistic, to say the least. In fact, as has been pointed out by this author, the best long-term solution for Lesotho is probably closer economic integration with South Africa, for "without the free movement of labour to South Africa implied in a common market, its large-scale rural development is all but impossible" (130).

Of the other supplier states, the problems of re-absorption are probably greatest in Botswana. With limited opportunities for import-substituting industries and little potential for extending arable agriculture, the economy is dependent on livestock farming and mining. But although it may be difficult, especially in the short run, various studies have shown that there is considerable potential for expanding the local use of labour (131). The prevailing drought and recession have made the position more desperate but nevertheless Botswana appears to have the potential significantly to reduce its labour exports to South Africa in the long term, and already has achieved some success in this regard.

In the remaining countries - Malawi, Mozambique and Swaziland - it should be easier to terminate migrant labour flows to South Africa. Both Malawi and Mozambique have been able to re-absorb the bulk of their migrants (the number of Malawians on the mines fell by 121 000 between 1973-76 and the number of Mozambicans by 69 000 in the year after independence) (132) without any overt political problems although "no information is available to suggest how and with what success the migrants concerned have been re-absorbed in the domestic rural sector" (133). In Malawi only 25 per cent of the potential arable area is under cultivation, industrial growth until recently has been brisk and the long-term absorptive capacity of the economy appears favourable (134). Mozambique is a large country with a wide range of natural resources and in the long run there is no reason why it should have to export labour. At the Nkomati Accord talks, an important topic was the increased employment of Mozambican labour in South Africa, but this interest on the part of Mozambique might be due to important short-term effects (the link between labour exports and foreign-exchange earnings, as well as drought, floods and recession) rather than to long-term necessity. Swaziland has never been heavily reliant on migrant labour and, with a favourable natural-resource endowment, could also absorb a greater proportion of its labour force, a proviso perhaps being that it find some way to compete with the

incentives offered to industries locating in the decentralised areas of South Africa.

Nevertheless, it will not be easy for these three countries to cut supplies to South Africa. As a SADCC country study of Mozambique pointed out: "The foreign exchange and employment situation will be seriously worsened if access to the RSA labour market is curtailed" (135). In 1982 deferred pay and remittances by Mozambican miners amounted to R51,1 million while comparable figures for Swaziland and Malawi were R9,2 million and R18,9 million respectively (136). The SADCC background paper probably is correct in concluding that in these three countries "the problem of reabsorption of migrants is manageable, albeit difficult and costly" (137). The South African labour market continues to fulfil a most useful role for these countries - in reducing unemployment and in providing foreign exchange.

There is an interesting contrast between the stress in the SADCC background paper and that in the ILO collection. Whereas the latter recommends that the supplier states themselves initiate a phased programme of withdrawal, the former stresses the problems they would face if South Africa reduced the opportunities for migrants or terminated the system! The SADCC paper thus recommends a policy of maximising benefits from the migrant labour system and preparing contingency plans to reduce the costs of a "sudden reduction or termination" (138) of opportunities for migrant labour. It stresses the need for an urgent study of employment possibilities in Lesotho (139).

Although one of the stated aims of the SALC is ultimately to eliminate migrant labour, this seems to be an impossible one for Lesotho and a relatively remote one for the other four countries.

Dependence and Interdependence

Most economic relationships involve interdependence rather than only dependence. This Section has dealt with the question

of SADCC's dependence on South Africa, but what of the reverse?

In the field of transport, for instance, South African dependence on SADCC is found in the use of the harbour at Maputo and of neighbouring rail and road systems to reach export markets. The rail link under construction with Swaziland involves potential interdependence as it will provide the shortest and lowest-cost route to Richards Bay for several million tons per annum of mineral exports from the Transvaal lowveld. The South African Transport Services conveys and handles a considerable volume of SADCC traffic (see Table 5) but cannot be said to be dependent on this traffic which provides less than 2 per cent of its total revenue.

So far as trade is concerned, not only do SADCC markets absorb almost one-tenth of South Africa's exports but a calculation for 1979 showed that over 5 per cent of value added and some 300 000 jobs in all sectors could be attributed to the level of exports to BLS alone (140). These figures sound high but seem to illustrate that trade with SADCC is important to South Africa.

The Electricity Supply Commission (Escom) in South Africa is to receive a maximum of 8 per cent of its supplies from the Cahora Bassa hydro-electricity scheme in Mozambique: in May 1983 the governments of South Africa, Mozambique and Portugal signed an agreement in Cape Town for the supply of electricity by Hidroelectrica de Cahora Bassa (the joint Portuguese-Mozambican company controlling the dam) to Escom. The agreement is worth approximately R100 million annually and supplies, which are to commence during the second half of the year (having flowed only intermittently since 1977), are likely to constitute the cheapest power available to South Africa (141). An electricity grid and hence increased interdependence between South Africa and its neighbours is developing; at present Lesotho, Swaziland and parts of Mozambique, Zimbabwe and Botswana receive power from Escom (142) and Mozambique feeds into the Escom grid; the others have

the potential to do so too, a good example being Lesotho whose proposed Highland Water Scheme is based on the sale of power to Escom and water to the Southern Transvaal industrial region.

South Africa, Swaziland and Mozambique have a joint water agreement concluded in 1983, governing the common use of waters of five rivers. A 'tripartite permanent technical committee' has been established to make recommendations with regard to the division of river flows, the initiation of water schemes, and the co-ordination and integration of each country's planning (143). Until now there have been bilateral agreements (Swaziland/Mozambique and Swaziland/South Africa), and the downstream country has been dependent on the upstream, i.e., Mozambique on Swaziland and South Africa, and Swaziland on South Africa. More recently, the 'Limpopo Basin States' (South Africa, Mozambique, Zimbabwe and Botswana) have met in Maputo to consider the use of the waters of the Limpopo, and it is hoped to establish a joint technical committee (144).

The BLS countries and Zimbabwe traditionally have been dependent on South African investment - in mining, manufacturing, distribution and tourism. Of these countries it is BLS which would find it most difficult to replace South Africa: because of their membership of the SACU and/or RMA they virtually are extensions of the South African economy and this means that much of the foreign investment is by South African firms or South African branches of overseas companies. Their small economic size (small populations and low per capita incomes) is another reason why they have not attracted the interest of overseas investors to any significant extent. In contrast, Zimbabwe has a far larger, more diversified economy with good growth potential if politico-economic conditions are favourable, in which case it may have considerable attraction for investors from abroad particularly since it is the most developed of the SADCC countries.

The tourist industry in these three countries as well as in

Zimbabwe and Malawi is dominated by South African visitors. South Africans as a proportion of total visitors are roughly 90 per cent for Lesotho, 60-65 per cent for Swaziland and 36 per cent for Zimbabwe as well as 15 per cent for Malawi (145). There is considerable South African investment in hotels in the BLS countries and, with one exception, all casinos in these states are controlled by a South African group, albeit with a substantial local (government or para-statal) shareholding. South Africa also was the major source of tourists in pre-independence Mozambique.

An important aspect of interdependence is symmetry. An useful approach to analysing this question in the case of SADCC is to employ the concepts of 'sensitivity' and 'vulnerability' dependence (146). Sensitivity refers to the degree of responsiveness within a given (unchanged) policy framework - how quickly and at what cost do changes in one country cause changes in another? Vulnerability refers to the ability of a country to adjust to changing circumstances over a period of time. Based on the previous discussions in this paper, the types of dependence may be assessed as in Table 7.

This table illustrates that high-vulnerability dependence is exhibited in a number of sectors by Lesotho (because of a poor resource base and geographic position), in tourism by the BLS countries, and in some sectors by South Africa. However, some qualifications are necessary. Although tourism is important in the BLS economies, it is possible that they may be able to adjust over time to having a diminished tourist industry, but probably not without some difficulty. South Africa's vulnerability, however, is qualified according to its ability to find alternative export markets and hence obviate the necessity to use neighbouring railway systems. In the field of employment South Africa may not find it so easy entirely to replace Basotho mine labour. The conclusion, nevertheless, must be that there is an asymmetry in the relationship in Pretoria's favour. The extent of SADCC dependence on South Africa in the fields of transport,

Table 7 Types of Dependence in SADCC/South African Relations

Sector	Sensitivity	Vulnerability
Rail/road	Botswana, Lesotho, Malawi, Mozambique, Swaziland, South Africa, Zambia, Zimbabwe	Lesotho (South Africa?)
Ports	Botswana, Lesotho, Malawi, Mozambique, South Africa, Zambia, Zimbabwe	Lesotho
Airports	Botswana, Lesotho, Swaziland	
Trade	<u>Imports</u> - Botswana, Lesotho, Malawi, Mozambique, Swaziland, Zambia, Zimbabwe <u>Exports</u> - Lesotho, South Africa, Zimbabwe	Lesotho Lesotho (South Africa?)
Employment	Botswana, Lesotho, Malawi, Mozambique, South Africa, Swaziland	Lesotho (South Africa?)
Fuel	Botswana, Lesotho, Swaziland, Zimbabwe	Lesotho
Coal	Lesotho	Lesotho
Tourism	Botswana, Lesotho, Malawi, Swaziland, Zimbabwe	Botswana, Lesotho, Swaziland

trade and employment is likely to be substantial for some years to come, but the potential undoubtedly exists for an overall reduction of links. However, this potential varies from country to country, and the costs of adjustment might be substantial.

Table 7 excludes the water and power sectors. As the downstream countries, Swaziland and Mozambique could be both highly sensitive and highly vulnerable to South African actions, and in the same way Lesotho and Swaziland could be highly sensitive in the field of electricity. The proposed Highland Water Scheme in Lesotho could introduce a high degree of

sensitivity and vulnerability into water and power relations between that country and South Africa, and it is a moot point as to which of the two would be in the more dependent position. Exports of water and power could perhaps be Lesotho's main source of revenue, but merely by agreeing to the project Pretoria would in fact concede a considerable measure of its present self-sufficiency. Perhaps the issue could be settled by locating the main power plant in South Africa as apparently has been considered in an earlier feasibility study; this would ensure an allocation of key installations to both countries.

Although the aim of SADCC is one of reducing economic dependence on South Africa, it must be noted that this has been questioned from four different perspectives: (147)

- (i) Sceptics doubt whether member governments have either the wish or the will to accept the economic sacrifices implied.
- (ii) Some critics argue that disengagement would neither harm South Africa seriously nor save the SADCC countries from 'racist retribution', i.e., military measures.
- (iii) Another view is that pre-occupation with economic disengagement may lead to an abandonment of the commitment to political 'liberation'.
- (iv) Radicals believe that the approach of concentrating on South Africa as the primary target is misconceived - the major problem is international capitalism, not South African economic dominance in the region.

The second and third points lead to a consideration of future political relationships between SADCC and Pretoria.

6. THE FUTURE : IN THE WAKE OF NKOMATI

The future of SADCC would appear to depend largely on political developments in the sub-continent, and specifically on those involving South Africa. As the economic and military power in the region, South Africa has shown that it has the means to destabilise neighbouring countries, at least in the short term. Although there recently has been a flurry of diplomatic action between Pretoria and its neighbours, destabilisation still remains a policy of last resort. A review of the state of SADCC-South African relations, therefore, is necessary before concluding this paper.

SADCC Attitudes

SADCC has adopted a pragmatic and realistic attitude towards Pretoria. Its documents consistently reiterate that links with South Africa will have to be maintained for a long time to come and that, in fact, trade might increase in the short term. As a recent report put it: "The dream of an anti-South African regional economic community is utterly fanciful (and to be fair, SADCC knows it)" (148). The aim is one of gradual disengagement from South Africa, i.e., it is essentially long term.

SADCC also has acknowledged that it has a stake in preventing the imposition of mandatory sanctions against South Africa. This has been publicly acknowledged by the leaders of all those countries bordering South Africa. At Maputo in 1980, the Chairman of SADCC, Mr. Peter Mmusi, stating that he spoke on behalf of the nine, reiterated that he was not in favour of sanctions. The Zimbabwean Minister of Finance, Economic Planning and Development, Mr. Bernard Chidzero, stated that the countries would support sanctions if it would not hurt them, but asked how sanctions could be imposed without hurting Lesotho (149). It

appears, therefore, that some of the countries voting for sanctions at the OAU may do so only as a show of solidarity rather than in the hope that sanctions would be instituted. (Indeed, the OAU itself has always recognised that sanctions would be damaging and perhaps disastrous for BLS).

More recently, however, statements issued after SADCC meetings have been interpreted as signifying a move towards increasing militancy (150). Thus the statement at Blantyre in 1981 was interpreted as being especially significant because Malawi, for the first time, was a signatory to a document publicly criticising South Africa. Much also was made of the fact that Malawi hosted the conference. The 'summit' meeting in Gaborone in July 1982 was interpreted as setting an increasing tone of militancy as delegations from the ANC, PAC and SWAPO were present for the first time at a SADCC gathering. However, although similar delegations attended the Maseru meeting in 1983, these organisations were not represented at Lusaka in 1984. South Africa's destabilising role was criticised in the final communiqués issued after both the Maseru and Lusaka meetings, but the latter acknowledged that there were signs of a less aggressive stance on the part of Pretoria (151).

Despite its involvement in SADCC, however, Malawi maintains strong links with South Africa. It has long maintained that more influence can be exerted on South Africa through contact and dialogue than by boycotts. Immediately after the 1981 Blantyre meeting, an agricultural agreement was signed between the two countries while in May 1982 the new Malawian ambassador to Pretoria stressed the increasing trade and tourism ties with South Africa (152). Subsequently, a waiver by Pretoria of a 5 per cent surcharge on imports from Malawi increased trading ties (153), but South Africa later abolished the surcharge altogether so that Malawian exports no longer enjoy preferential treatment.

There have also been clear differences in response among

SADCC states to the problems of relationships with South Africa. Reducing dependence on Pretoria is only one of SADCC's objectives and not all member states regard this as the pivotal issue (154).

So far as SADCC policies are concerned, the Programme of Action is a realistic one and cognisance has been taken of the position of the BLS countries and their long-standing economic relationships with South Africa. Joint projects with South Africa, such as the Swaziland-Komatipoort and Botswana-Ellisras rail links and the Highland Water Scheme in Lesotho, have met with SADCC approval despite being in apparent conflict with the objective of reducing dependence. The view within SADCC is that these projects are economically important to BLS and that, by strengthening their economies, they will enable these countries ultimately to become more independent of South Africa.

South African Attitudes

Pretoria's policy towards SADCC has been the subject of much attention, analysts tending to agree with Peter Vale's identification of two distinct groups, namely, 'hawks' and 'doves' (155). Briefly, the argument is that the hawks believe that its economic and military power are Pretoria's only available instruments to ensure its security in the face of what they perceive as a commitment by neighbouring countries to destabilise South Africa via support for the ANC. Pretoria therefore should retaliate by manipulating economic ties and supporting disaffected groups in these countries, thereby keeping them economically dependent and militarily weak. The doves, in contrast, believe that such an aggressive stance would alienate the West and generally harm the country's international relations. They consequently favour the strengthening of economic ties so as to induce the SADCC states to adopt a reasonable approach.

The military issue is discussed later in this paper. Examples of the manipulation of economic ties which frequently

are quoted are the threatened termination of the preferential trade agreement with Zimbabwe, the return of migrant labour to Zimbabwe, delays in the transportation of key imports such as foodstuffs and petroleum, and the withdrawal of locomotives and wagons on loan from South Africa to Zimbabwe. Such events certainly were not at the instigation of the SAT which has long-standing and amicable working agreements with railway organisations in the sub-continent. Indeed, the then General Manager of the SAT, Dr. J.G.H. Loubser - a strong advocate of 'transport diplomacy' - and his successor have reiterated their willingness to help neighbouring states overcome their transport problems. At any one time, there are at least 7 000 SAT goods trucks on foreign rail systems and more than 1 500 foreign goods trucks on the SAT network. South African trucks are hauled as far as Zaire and occasionally even into Tanzania. The SAT has always been willing to assist, e.g., it has seconded management and engineering staff to Malawi and Swaziland and assisted in clearing blockages caused by derailments and accidents on the Komatipoort-Maputo line (156).

It is true that the SAT has withheld shipments on occasion, but only to induce the return of wagons. The South African government, however, has intervened in normal working relationships between railway administrations by insisting on discussions at ministerial level (157). This was unacceptable to Zimbabwe and ultimately talks were held at senior-official level.

It has been argued that it was in the formulation of policy towards Zimbabwe that the different strands of South African thought were polarised, and that the hardliners - those who believe that "the gun and the maize train will speak louder than a hundred speeches at the United Nations" (158) - came to the fore. In public statements, however, South African government spokesmen have come across as doves favouring peaceful relations with prosperous and stable neighbours (159). Government spokesmen and academics also have mentioned the importance of economic development in neighbouring countries and of a positive view

towards such development. A South African diplomat in Malawi, Dr. J.A. Shaw, in an address in that country, stated that South Africa welcomes SADCC's efforts to improve its economic position. Prosperous neighbours would be good for South Africa and Western aid would be welcomed (160). A senior government official has stated that South Africa favours the SADCC initiatives for development as this would increase inter-dependence in Southern Africa and promote co-operation (161). The Director of the Africa Institute, Dr. G.M.E. Leistner, has stated that it would be a serious mistake to view SADCC in a negative light. Development would be to the benefit of South Africa as its neighbours would provide better markets and be responsible economic partners (162).

The economic approach is the one which is favoured by the private sector (163) which realises the importance of the SADCC market. Public statements both from business and government during the last few years represent a considerable advance on earlier South African attitudes. The unfortunate appellation 'counter-constellation' probably led to initial antagonism towards SADCC, but the fact that the formation of the grouping was greeted with considerable scepticism - by politicians, businessmen and the press - probably was a reflection of the conventional wisdom in South Africa which has it that the country's membership is a sine qua non for a sub-continental economic grouping to succeed. The automatic assumption is that South African economic growth would spill over its borders and that, because of the strength of trade, transport and other ties, closer economic relationships (often referred to as a 'common market') with Pretoria are both necessary and desirable for the optimal development of its neighbours. This assumption, however, is theoretically unsound (as illustrated in Section 4) and conflicts with empirical evidence on the relationship between 'cores' and 'periphery'.

From an economist's point of view there is no good reason why South Africa should be unduly sensitive about the aims of

SADCC; they are natural when there is one large, dominant country in a region. There are a number of analogies, e.g., Canada and Mexico versus the USA, West African states versus Nigeria. In fact, there are good reasons why development in neighbouring states should be welcomed. South Africa's priority is to develop its own poorer regions, and it does not have the resources - financial, manpower or infrastructural - to devote to the economic development of the sub-continent. It is itself only a middle-income country and therefore should welcome an infusion of foreign aid to SADCC, particularly as it is clear that trade and other ties will be maintained for many years.

Pre-Nkomati : Destabilisation

What politicians say is one thing; what actually happens in practice is another. If pragmatism has tended to prevail at the economic and operational level in SADCC-South African relations, the position has been murky in the politico-military arena in the pre-Nkomati period. It has been widely held that Pretoria as well as certain neighbours (in their individual or 'frontline' capacity, not under the SADCC umbrella) have aided and abetted insurgents. These charges have been denied by both sides but, clearly, a climate in which neighbouring countries provide bases for armed infiltration into South Africa, and South Africa in turn retaliates either by direct military action or by assisting guerrillas, not only would disrupt progress, e.g., by damaging the transport network in Mozambique, but also would lead to unnecessarily-strained political relations.

A problem facing South African commentators is that legislation makes it difficult, if not impossible, to acquire official information on military operations. They thus operate under a disadvantage perhaps not always appreciated by their foreign counterparts and have to rely on foreign sources or local leaks for their information. Although the media in South Africa gave much publicity to the country's military incursions into Angola and raids on Maputo and Maseru, and there was no doubt

where Pretoria's sympathies lay in the internal politics of Angola, Mozambique and Zimbabwe, its position with regard to Lesotho - the fourth target of alleged 'destabilisation' - still remains unclear. Foreign sources, however, have had little doubt about South African support for the MNR in Mozambique, Unita in Angola and the Lesotho Liberation Army - this certainly was the common view of delegates and journalists at the SADCC meeting in Maseru. However, the credentials of the MNR and Unita as political movements in countries where the will of the population never has been tested in elections often are overlooked (164).

South Africa, through its overt raids into Angola, Maputo and Maseru, and its perceived support for insurgents in neighbouring countries, had gained the reputation of "a regional ruffian or desperado" (165). A continuation of such policies could have proved costly; it was becoming more and more likely that that SADCC donor countries would take an increasingly hard line against Pretoria wherever projects which they had funded were the targets of destabilisation. A particularly hard line was taken at Maseru by the Commissioner of the EEC, Mr. Edgard Pisani, who referred to the destruction of EEC projects. Although not confident about the possibility of imposing sanctions, he did not rule out the fact that the growing tide of public opinion in the EEC could lead to a policy of disinvestment in South Africa being followed. Pretoria, in turn, believed that it was the object of a concerted attempt at destabilisation by African states demanding a change both in the behaviour of the government, i.e., in its race policies, and in its structure, i.e., replacing a minority (white) with a majority (black) government (166). This perception on the part of Pretoria may be wrong - Anglin writes: "A peaceful resolution of the conflict would be the most attractive outcome for a majority, if not all the Frontline States. Since 1969 they have been committed, under the Lusaka Manifesto, to just such a settlement. Moreover, they would probably be prepared to accept something short of full majority rule, at least initially, provided a formula for

meaningful power-sharing could be devised " (167).

The position towards the end of 1983 was that the South African Prime Minister had invited African countries to sign non-aggression pacts and treaties prohibiting aid or sanctuary to insurgents, while the Secretary-General of SADCC had appealed to South Africa to join in creating peace in the sub-continent. The words were there from both sides, but the will to translate them into practice was not apparent despite ministerial meetings between South Africa and Angola in the Cape Verde Islands (in December 1982 and February 1983) and the disclosure, during the visit of the South African Foreign Minister, Mr. R.F. Botha, to Lisbon at the end of November 1983, that discussions between his country and Mozambique had been held in Komatipoort in December 1982 and May 1983. (This visit by Mr. R.F. Botha appears to have been connected with that by President Machel to Portugal and other Western countries). It was apparent, however, that there were two clear options open to Southern African countries. The first was to eschew giving aid or refuge to dissident groups. This would remove the basis for aggression and presumably resources then would be devoted to meeting the economic goals of SADCC and CONSAS. Alternatively, aid and refuge could continue to be given, resulting in continued aggression. Economic progress by both sides would be retarded and the danger of conflict would increase.

The Road to Nkomati

Events moved rapidly following the return of the Foreign Minister to Pretoria. By Christmas 1983 delegations from South Africa and Mozambique had met in Swaziland to discuss certain aspects of mutual co-operation, and early in the New Year a joint communique on these talks was issued.

Establishment of Joint Working Groups

The communique stated that four joint working groups would

meet in mid-January in Pretoria and Maputo. These groups were the following: (168)

- (i) security - to find practical ways of eliminating violence and infiltration and a way effectively to implement and monitor the process;
- (ii) economic - to discuss transport services, manpower, mineral and energy affairs, agriculture, industries and trade;
- (iii) Cahora Bassa - to discuss the existing agreement on the use of power from this project; and
- (iv) tourism.

The first and third groups met in Pretoria and the others in Maputo. The Cahora Bassa Joint Working Group subsequently also met in Lisbon with the government of Portugal.

The Accord of Nkomati

This Accord was signed by the President of Mozambique and the Prime Minister of South Africa on the banks of the Komati River at the border post between their countries on 16 March 1984. It is essentially a non-aggression treaty committing the countries to the principles of good neighbourliness and the peaceful co-existence of different political and economic systems. There were some interesting contrasts in the focus of the speeches made by the two signatories (169).

The President stated that confrontation and violence did not serve the best interests of either party. A relationship of economic dependence was not conducive to stability and harmonious progress, and he therefore rejected any relationship which would increase economic dependence: ways had to be found to develop not only resources and infrastructure but also circumstances likely to bring reciprocal advantages and benefits on the basis of equality. He reaffirmed his country's total adherence to the principles of SADCC's Lusaka Declaration; SADCC was not anti-South African but refused to be economically dependent on South Africa. He paid tribute to the role of the OAU and the Frontline

States.

The Prime Minister, again referring to a constellation of states, tended to stress the economic advantages of Southern African countries working together. He specifically mentioned co-operation to rationalise and increase food production; develop intra-regional trade; establish housing programmes, education and training schemes, and health services; create employment; exchange information on programmes to counteract drought, floods and other natural disasters; and negotiate for increased prices on world markets for minerals and raw materials. He stressed the urgent need to create better opportunities for people and to free them from the chains of poverty, ignorance and disease. In contrast, the President mentioned the struggle for equality, democracy and justice.

The Lusaka Agreement

Although negotiations between South Africa and Mozambique have been the most comprehensive, mention must be made at this stage of the Lusaka Agreement between South Africa and Angola on troop withdrawals. This Agreement was concluded in February 1984 at discussions which were also attended by the United States. A Joint Monitoring Commission (JMC) was established, and commenced work at the beginning of March to observe the orderly withdrawal of South African troops from Angola (170). This move implies the cessation of Pretoria's support for Unita and is tied to the vexed question of Namibian independence.

Post-Nkomati : Rapprochement?

Other SADCC countries were represented at the signing of the Nkomati Accord by their ambassadors to Maputo. The Accord (and the Lusaka Agreement) drew mixed reactions from various quarters.

Reactions to the Accord

The leaders of the six Frontline States - which of course include Angola and Mozambique - met in Arusha at the end of April. Whilst approving of the agreements, the communique (171) was careful to add that apartheid is the root cause of South Africa's problems and that their objective is to eliminate it by whatever means, preferably peaceful. They appealed for foreign aid to consolidate their fragile economies; this was important if they were to be able to play a constructive role in the search for peace and freedom in the sub-continent. They expressed the hope that South Africa would honour its commitments. Later there were reports of plans for a 'summit' meeting between South Africa and the Frontline States (172).

Despite this communique, the opinions of SADCC leaders appear to vary. Presidents Nyerere and Kaunda gave their support and the latter has defended the Accord, saying that Mozambique had no option as it could not risk being taken over by the MNR and thereby becoming an extension of South Africa's Bantustans (173). However, he subsequently appealed to other Frontline States and Lesotho not to enter similar agreements as this would represent a setback to the liberation struggle (174).

The Prime Minister of Zimbabwe supported the Accord but felt there was no need for a similar one between his country and South Africa since his government had always followed a cautious line on the ANC which Mozambique now was adopting. Zimbabwe would benefit from the Accord as there was at least one MNR attack each week on railways which affected the economy. The Accord did not constitute an acceptance of apartheid; the Frontline States were too weak to offer military bases to the ANC and Zimbabwe could best help the ANC diplomatically if it was strong both politically and economically (175).

Botswana leaders, however, took a sceptical line. The Foreign Minister felt that since the Accord did not deal with

apartheid which was the underlying cause of conflict, it would be short-lived (176). President Masire felt it could not be described as a non-aggression pact since no neighbouring countries were aggressors; South Africa had bullied Mozambique into the Accord. Later, however, he expressed optimism that the Accord would improve relations between South Africa and Mozambique and that the Angola cease-fire would lead to independence for Namibia (177). It should be noted that both Botswana and Zimbabwe have always refused material assistance to the ANC although they have provided political and diplomatic support.

Of the remaining SADCC countries, Malawi expressed a special interest in the success of the Accord. The Minister of Transport and Communications stated that Malawi looked forward to reaping the benefits of the Accord as 70 per cent of her exports normally used the port of Beira (178).

In South Africa the Accord was opposed by white conservatives who prefer military solutions. African views appeared mixed, some welcoming negotiation and the more radical groups expressing disappointment; all agreed, however, that change in South Africa itself was the key to lasting peace.

Internationally, the Accord was applauded by the West. In contrast, the Soviets and their Comecon satellites were concerned at the apparent reduction in their influence and also at the effect on the ANC and SWAPO, but are unable to offer Mozambique a better economic deal.

The effect of Nkomati and Lusaka on Unita and the MNR are not as clear now as they appeared to some observers in March when it was widely felt that these movements would have to obtain new sources of military support. But both remain as active as before, and it may not be difficult for them (especially Unita) to continue to obtain supplies. The ANC may have to change its tactics but still commands diplomatic support, and SWAPO is

involved in discussions with South Africa on the Namibian independence issue.

Other Meetings with South Africa

A number of other SADCC countries also have had discussions with South Africa in recent months. The BLS countries of course have regular customs union and/or monetary meetings with Pretoria and Malawi has diplomatic relations, but what is different about recent negotiations is that they revolve around the security issue.

In April delegations of the South Africa and Swaziland governments met in Pretoria and announced that they had in fact concluded a security agreement in 1982. They now were to exchange trade representatives and establish trade missions, and an agreement to this effect was signed in Cape Town in May. On his return home the Swazi Prime Minister was quoted as saying that "our main aim was to strengthen the already strong ties with South Africa" (179) - a contradiction of the SADCC aim of reducing links!

In March and May delegations from Botswana visited South Africa for talks on security matters. The South African Foreign Minister made it clear that they were not negotiating an accord but rather practical arrangements to prevent violence being planned in either country (180). Concurrently with the May meeting, the President of Botswana, speaking in Washington, (181) stated that his country was under pressure from Pretoria to sign an accord but that, since there were no hostilities, a non-aggression pact was unnecessary. According to him, South Africa had threatened to deploy its troops along the border and to make conditions more difficult at the border posts through which most of Botswana's foreign trade passes. However, Botswana would not sign a pact as this would mean giving up its independence and would be a major shift in its foreign policy.

South Africa and Lesotho have met on a number of occasions of late. After a meeting in Cape Town in April, it was reported that South Africa wanted a non-aggression pact and that, failing this, the Highland Water Scheme and continued Basotho migrant labour would be threatened (182). Lesotho provides an example of the limits of the Nkomati approach: despite being the country most dependent on South Africa, threats have not worked to date and it has resisted signing a pact.

In April the South African Foreign Minister visited Malawi and it was reported that there were strong indications that he had been to a number of African countries, that the Prime Minister had met various African leaders, and that a large number of cabinet ministers from African countries had visited South Africa (183). The countries were not specified.

The most significant deliberations, however, almost certainly were those in Lusaka in May on the Namibian issue, bringing together Swapo and the Multi-Party Conference (MPC). Although no substantial progress was made at the talks, two important developments were Pretoria's agreeing to sanction independence provided the MPC and SWAPO could agree, and Swapo's empowering its leader to sign a ceasefire agreement with South Africa. As against these points, however, the MPC insisted that the UN recognise the internal parties and withdraw its recognition of Swapo as the sole representative of the Namibian people. And the question of Cuban withdrawal from Angola remained unsolved (184). A parallel resolution of the Angolan conflict and Namibian independence might be required.

Implementing the Accord

Since the signing of the Nkomati Accord there has been considerable activity on the part of both governments to implement the terms and to ensure that the gains each party expects will be forthcoming.

Mozambique's Gains

The economy of Mozambique has taken a considerable battering since independence. This is due partly to self-imposed political actions (the failure to keep the skilled Portuguese community, the imposition of sanctions against Rhodesia, aid to anti-government forces in the Rhodesian civil war), and partly to other factors such as the world economic recession, drought and floods. The activities of the MNR were due both to internal and external factors - the one-party state system of government and encouragement from sources outside the country.

The result was that, at the beginning of 1984, the economy was in a precarious position and there was a serious shortage of most commodities. A report of the National Planning Commission (185) calculated that Mozambique had lost R7 000 million since independence of which R4 750 million was estimated to be due to South African activities (including a fall in the number of migrant labourers recruited, the abandonment of the system whereby the salaries of mineworkers were paid in gold at a preferential price, a decline in traffic through Maputo and the consequent loss of railway and harbour revenue, and support for the MNR). No mention was made of the cessation of tourism - an activity not encouraged since independence - but the effects on the economy must have been considerable.

Clearly, Mozambique expects that the Accord, by leading to greater security, will pave the way for foreign investment and encourage the resumption of traditional trade routes serving the Transvaal as well as Zimbabwe, Zambia and Malawi. Its envisaged gains, therefore, are political (the military defeat and hence political demise of the MNR) and economic. The sheer security requirements of the Machel government are not replicated elsewhere in Southern Africa except Angola, and economic links between Mozambique and South Africa have endured; both these are important factors behind the Accord.

South Africa's Gains

Similarly, South Africa expects both political and economic gains from the Accord as well as from its agreement with Angola, any other non-aggression pacts it may conclude with neighbours, and Namibian independence. Not only has defence claimed a large share of the budget for a considerable period now, but it is felt in government circles that, even when returns to South African private investment in Namibia are taken into account, the cost of public administration in the territory is such that it is a net drain on the economy (the Prime Minister made a big play on this point during his European tour in 1984). These defence and administrative costs thus could better be channelled into pressing domestic areas such as housing, education, etc.

Politically, South Africa expects gains on three fronts. In regional terms it anticipates a recognition that the problems should be solved by countries in the region rather than by intervention from abroad. Its mixture of military, economic and diplomatic pressure on its neighbours has paid off, and the peacemakers now can replace the hawks. The virtual isolation of the ANC means that in effect a new cordon sanitaire has been established.

Internally, the reduced threat of ANC guerilla infiltration is expected to give Pretoria time to concentrate on the new constitution, Black housing and education, and related issues. Internationally, South Africa expects some credit for its actions and a reduction in isolation, and the Prime Minister's trip to Europe (in full swing at the time of writing) is testimony to this.

Can the Parties Deliver?

An important, perhaps crucial, question following on from the Nkomati Accord, is whether South Africa and Mozambique can do enough to satisfy each other's expectations.

For the government of Mozambique the main issues relate to security, efficiency of public administration and the creation of a climate favourable for foreign investment.

(i) Security: As has been noted previously, it may not be easy to overcome the MNR. It is unclear just how strong this organisation is - it claims to possess a stockpile of weapons sufficient for another two years (186) but the government believes its activities will decline within the next few months as it loses logistic support (187). Whether it will do so remains to be seen, and the earlier belief that commitment to assist in the defence of the Cahora Bassa powerlines, might involve the deployment of forces in Mozambique, no longer appears so certain.

(ii) Administrative efficiency: An improvement in managerial and technical efficiency in public administration is of fundamental importance, particularly in the transport sector which is a key to increased-revenue earning for the government. It is anticipated that expatriate skills will be obtained, and South Africa and Britain (the Port of Liverpool Authority) already are lending a hand.

(iii) Investment climate: An improved security situation coupled with greater administrative efficiency would provide a more attractive proposition for foreign investment and tourism. But a moderation of some of the economic policies of government also seems to be important, and there is an awareness of this fact: the President has pointed out that poor management of state companies and wage increases unaccompanied by increases in output are contributory factors to the country's poor economic performance (188). The government announced in 1980 that it would denationalise certain operations, and is now examining legislation to encourage an expanded private sector and foreign investment. It is also negotiating membership of the World Bank and International Monetary Fund, and this will provide access to drawing rights and technical expertise. However, it will take a while yet to restore the confidence of businessmen: this is an

extremely important point as there may be a danger of too great an expectation on the part of Mozambique regarding foreign investment. Two views in business circles may be distinguishable: (i) that it would be foolish to invest until the climate has improved, and (ii) that investment now is a necessary risk if the potential benefits of the Accord are to be realised.

South Africa's contribution to the Accord will have to be focused on the Cahora Bassa project, security, transport, tourism and industrial and commercial investment. It is doubtful, for the reasons outlined in Section 5, that South Africa can increase its intake of migrant labour from neighbouring countries, although it might perhaps use the Accord as a lever against Lesotho by granting preference to recruits from Mozambique.

(i) Cahora Bassa: As mentioned on p.70 above, at the beginning of May the governments of South Africa, Mozambique and Portugal signed an agreement in Cape Town on the supply of electricity from the Cahora Bassa Dam on the Zambesi River. Two powerlines supplying South Africa came into service in 1979 but the scheme never operated to its maximum and in fact was completed only recently on the strength of a R50 million credit granted by South Africa to Portugal. Interest on the loan is being paid by Portugal which can be refunded by Mozambique only when output is resumed.

(ii) Security: This agreement also provides for South Africa and Mozambique to take steps to protect the transmission lines, and the Joint Security Commission established in terms of the Nkomati Accord is handling the operation. This could include the use of South African air and ground forces to patrol the lines.

(iii) Transport: Maputo remains the natural port for the Southern Transvaal industrial region - South Africa's major urban and manufacturing region - as well as for the Transvaal Lowveld. Transport officials have visited Johannesburg to canvass business for the port, and the Director of the Mozambican Railways has stated that Maputo is 'useless' without South African trade (189). Transvaal coal and steel, however, have moved to Richards Bay in recent years and appear unlikely to revert to Maputo, at

least until they can be assured of a similar level of efficiency. But it is possible that EEC countries importing South African coal may insist on the use of Maputo as a form of aid. As mentioned earlier, the SAT has played an important role from time to time in management at the port, and the private sector perhaps could assist in this regard.

(iv) Tourism: Some 107 500 South Africans visited Mozambique annually before independence. Clearly, they would remain the major market, and a Mozambican delegation visited South Africa in May to discuss tourist promotion and the visa position. Hotels are being refurbished and a leading South African hotel chain is reported to be interested in investing in Mozambique. But it will take a considerable effort to restore the industry to its previous level in view of changes in the pattern of tourism in the sub-continent in the last ten years.

(v) Investment: Prior to independence in 1975 much of the industrial investment in Mozambique was attributable to South African firms and South African subsidiaries of multi-national corporations. Some of these companies have continued operating, albeit at well below full capacity, but many closed down. They may now consider reactivating their dormant plants; at least one company has already done so, using raw materials from South Africa on a long-term credit basis. This company reports that the foreign exchange position in Mozambique has improved following the injection of funds from the West (190). A South African government mission visited Maputo in April for talks on the channelling of investment inquiries to the Mozambican government. However, organised industry in South Africa believes that private investors will need government guarantees and lines of credit (191).

An important point to note is that the Accord has been signed at a low point in the South African business cycle. The economy has been hard hit by the sluggish world economy, the low gold price and drought, and the government has commitments to the new constitution, homeland development, urban housing, African education, and transport. It is not in a position, therefore, to

offer much in the way of financial aid to Mozambique. A key role will have to be played by the West, not only in providing public and private investment funds but in demonstrating that the market-economy system is superior to central planning.

Misgivings still remain on both sides. South Africans are unused to dealing with a government which professes an adherence to Marxist policies, while Mozambique in turn is concerned about South African racism and domination. Mutual trust remains to be built, but Pretoria's peace initiative apparently is being accepted as sincere because it has been formulated in the face of doubts from the hawks and opposition from the right (192). Nevertheless, relations with Mozambique (or with any other African country, for that matter) are unlikely to be warm as long as the South African government persists with its present race policies.

Effect of Nkomati on SADCC

The Nkomati Accord has been interpreted as having implications for SADCC's goal of regional economic self-sufficiency and reducing dependence on South Africa. The validity of this contention can be judged only by relating it to the main fields of SADCC-South Africa contact, namely, transport, trade and employment.

It frequently has been pointed out in this paper that the maritime countries hold the key to reducing SADCC's perceived dependence on South Africa. In this respect the port and rail systems of Mozambique are of critical importance. If the Nkomati Accord leads to stability in Mozambique, and if this is accompanied by increased efficiency in the transport sector, normal SADCC trade routes could be resumed. So far from militating against SADCC's goals, therefore, the Accord probably would further them: the use of the South African transport network would decline and alternative trading patterns might be facilitated. The impetus given to economic growth in Mozambique

could enable it to reduce its dependence on employment in South Africa for its labour force, particularly if its largely-untapped mineral and other resources were to be developed. Mozambique's dependence on South Africa might be increased in aspects such as tourism and the port of Maputo (the latter a case of interdependence anyway), but for SADCC as a whole it cannot be said that the Accord is a contradiction. The same would not necessarily hold true, of course, for similar accords between South Africa and other SADCC states.

7. CONCLUSION

Despite both the enormity of the task faced by SADCC in meeting its goals, and the unsettled political issues in the sub-continent, most foreign observers appear cautiously optimistic about the grouping's future.

After the Blantyre meeting in 1981, one foreign diplomat stated that SADCC "must be counted a modest success so far" because nine African states were "actually working in a relatively serious and pragmatic manner at economic co-operation" (193). A later assessment in the London Times concluded: "Greeted with some scepticism at the time of its formation, SADCC has at least earned the respect of Western governments and international aid agencies for its seriousness of purpose, sensibly limited objectives, and refreshing lack of cant and political posturing" (194). Major aid donors, firms involved in SADCC projects and diplomats were reported as still optimistic at the time of the Gaborone 'summit' in 1982 (195) and this certainly seemed to be the mood at the Maseru meeting in January 1983 after which it was stated that SADCC's programme had "gathered renewed although still modest pace" (196). And the Canadian International Development Agency was sufficiently impressed after the Lusaka meeting to state that SADCC would be a priority in its future African leading (197).

However, some scepticism still prevails. One journal pointed out that "for all its good intentions SADCC is riven with contradictions" (198) and that, for the BLS countries which it regards as having little realistic chance of breaking free from South African economic links, "SADCC's wider separatist aims are simply pie in the sky" (199). The Economist has been consistently sceptical of the organisation's ability to reduce the economic dependence of its members on South Africa (200).

Discussions with government officials and businessmen in

some SADCC countries reveal that, in general, whilst the idea is considered a good one and it is hoped that it will succeed, there is considerable doubt as to the chances. There are signs that not all member countries may yet be convinced of the benefits of SADCC membership, at least in the short term. Thus the Chairman of the National Industrial Development Corporation of Swaziland has stated that the real benefits of SADCC probably are long-term and yet to be seen whilst those of the SACU are immediate (201). Similarly, the then acting head of the Swaziland Central Statistical office stated that SADCC was still a young organisation and Swaziland did not know whether or not it would benefit; SADCC was too big and too diverse and he did not see how diverse ideologies could be harmonised. Also, SADCC could not replace the SACU insofar as Swaziland's revenue-earning was concerned (202).

The last point seems irrelevant as membership of the SACU is entirely compatible with that of SADCC. In fact, Swaziland's (and Lesotho's) overlapping membership of the four groupings - SACU, RMA, SADCC and PTA - depicted in Table 1 could well act as a spur to industrialisation: products manufactured there would have duty-free access to the market of the SACU and preferential access to those of the PTA, while marketing would be facilitated by any transport and communications improvements under SADCC. Swaziland is more favourably located than Lesotho in relation to African markets and, in theory, could prove an attractive location for South African industrialists looking for access to such markets as well as to overseas companies wishing to exploit the Customs Union market without experiencing the political pressures often associated with investing in South Africa. But it remains to be seen whether the advent of the PTA and SADCC will make any significant difference to industrial investment in Swaziland; thus far overseas firms have continued to locate in South Africa while South African manufactures continue to find their way into African markets.

Despite some reservations, however, there is no sign of any

country wishing to withdraw from SADCC. On the contrary, a number of countries (including Zaire) apparently have expressed an interest in joining, but SADCC believes it should consolidate its structure further before expanding (203). Zaire's application for membership in 1982 apparently received an unenthusiastic response, the reasons being not only that its government was alleged to be corrupt, but that its not unfriendly relationships with South Africa and its re-establishment of diplomatic ties with Israel, made it unpopular among member states (204). However, it would be difficult to accept some of these reasons: for instance, Malawi maintains diplomatic relations with South Africa and Malawi, Swaziland and Lesotho with Israel. But historically, Zaire has not been part of the Southern African bloc, and perhaps a more likely development, as mentioned in Section 1, is that an independent Namibia would seek membership for which an open invitation has been extended.

How justified is the optimism or pessimism about SADCC? The organisation's achievements thus far appear to be that it has (i) established a structure for co-operation and regular meetings in a number of spheres, (ii) embarked on a realistic programme of projects concerning infrastructure and agriculture, and (iii) brought the needs of the region to the attention of donors.

It certainly is unrealistic to expect to see the results of SADCC's efforts at this early stage of its history. As anyone who has worked in the field of project appraisal knows, projects have a long gestation period - the identification, appraisal, negotiation and implementation phases all take time. SADCC has been in existence for just four years, and many of its projects are now only at the negotiation stage; the majority will not be in operation until the second half of the 1980s. One cannot expect to see results, let alone miracles, overnight. But among the early projects to be completed are those in the telecommunications sector which will overcome an important bottleneck for importers and exporters in the landlocked countries.

SADCC's potential appears to lie in the spheres of infrastructure (transport and communications) and production (of foodstuffs and energy) rather than in industry and trade. Its theoretical justification, on which it ultimately must stand, is that it is a loose grouping rather than a form of economic integration. Despite this fact, however, the experience of attempts at the allocation of industries in economic groupings elsewhere in the world indicates that industrial co-operation is fraught with political problems, namely, the pull between national and regional goals. And its theoretical strength would be vitiated by any attempt to translate SADCC into "a kind of common market" (205) as has been suggested. Not only is the potential complementarity of industrial structure required for intra-regional trade lacking, but the problem of industrial polarisation would occur.

However, SADCC may be able to play an important role in stimulating trade between its members and the rest of the world. For example, it recently has been reported that SADCC and the so-called 'like-minded countries' (Australia, Austria, Belgium, Canada, Denmark, Finland, France, Ireland, Italy, the Netherlands, Norway and Sweden) might join together in a mini-experiment along the lines of the proposed New International Economic Order (NIEO). This mini-NIEO could include income stabilisation measures, commodity storage arrangements, import support schemes, improved export preferences, technical assistance in trade promotion, credit guarantee and support schemes in the area of trade, investment initiatives, improved food strategies, the establishment of a development fund, and the co-ordination of aid (206). It is along these lines rather than the promotion of intra-SADCC trade that the grouping might find its best results; this is not to say, of course, that no attempt should be made to encourage intra-regional trade, and the guidelines already laid down for trade mechanisms and payments arrangements (especially on reducing the use of scarce foreign exchange) (207) are a step in the right direction.

SADCC already has been most successful in focusing the attention, once a year, of major aid donors on Southern Africa. The importance of this function cannot be overlooked: individually, the member countries almost certainly have less clout with donors than they do acting in concert under the SADCC umbrella. SADCC also more effectively articulates the development needs of its members than does the OAU, Lomé or any such body. And all factors (political, military or otherwise) affecting economic development in Southern Africa are brought into focus at these meetings. SADCC probably is instrumental in changing the perceptions of donors about the sub-continent - something which may well be reflected in changing foreign policies in due course.

With regard to SADCC's future relations with Pretoria, it must be stressed once again that the long-term absorption of an apartheid-free South Africa would be theoretically justified only so long as no form of economic integration were contemplated otherwise South African industrial and trade domination in the region almost certainly would be accentuated. But, even when the political issues in Southern Africa have been resolved, and even if no economic integration is attempted, it is likely that one may expect a grouping such as SADCC to exist in order to counter South African economic hegemony. Such existence by SADCC side by side with South Africa would not be an obstacle to regional economic co-operation which is a different matter altogether from regional economic integration. In fact, co-operation would be both highly desirable and necessary, as indeed it is even with the political differences which exist today between SADCC and Pretoria. In the meantime agreements such as the Nkomati Accord between individual SADCC states and South Africa do not necessarily conflict with the organisation's goal of reducing dependence on the sub-continent's dominant power. In fact, it is at least as plausible an argument that, through political engagement with South Africa, SADCC countries may well be able more strongly to prod Pretoria more rapidly along the road to

internal reform than they would be if they continued in their efforts to isolate the country politically.

In conclusion, the idea of SADC as a loose grouping of countries working together co-operatively on a realistic programme of action is theoretically justified. In practice the pace of its progress is likely to be modest rather than spectacular, the key variables being the achievement of managerial and technical efficiency, the adoption of economic policies favourable to private foreign investment, and the eradication of the guerrilla factor. Despite the Nkomati Accord and other recent initiatives, open conflict remains the joker in the pack which could severely dislocate moves towards greater economic co-operation in Southern Africa.

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108. Trade creation is regarded as a benefit of customs unions. If industries in partner countries are not competitive, there is trade diversion (a high-cost supplier from within the customs union supplants a low-cost source outside) and this is a cost. Nevertheless, for long-term, intra-union trade the industries of partner countries should have the potential to become complementary. Since SADCC is not a customs union, trade would be facilitated by the existence of complementary industries (as explained in the previous paragraph).
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110. Ibid., 3 October and 17 October 1982. More recently, the two countries concluded discussions on a trade agreement, and the clothing industry apparently was an important issue; see Botswana Daily News, 30 April 1984.
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132. Stahl, op cit., p.25.
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144. Natal Mercury, 28 March 1983.
145. Calculated from official statistical bulletins in these

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146. Following Tostensen, op cit., pp.16-20.
147. Anglin, op cit., pp.29-31.
148. The Economist, 16 July 1983.
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