

DIE SUID-AFRIKAANSE INSTITUUT VAN INTERNASIONALE VERHOUDINGE  
THE SOUTH AFRICAN INSTITUTE OF INTERNATIONAL AFFAIRS

NOT TO BE REPRODUCED  
WITHOUT PERMISSION



*Southern*

*Africa* **Record**

Number 46

SOUTHERN AFRICA RECORD contains the original texts of, or extracts from, important statements by political leaders, government representatives and international organisations, concerning international relations in the southern region of Africa. In addition to statements on issues of current concern, some significant statements made in the past are included in the RECORD from time to time. The reproduction of these policy statements of the past and present is intended for information and reference purposes, not only for students, but also for all those who are concerned with the relations between the countries of Southern Africa.

Statements are reproduced if and when texts become available (not in chronological order), and it must be emphasised that the selection of statements included in SOUTHERN AFRICA RECORD should not be regarded in any sense as indicating a viewpoint as to the relative importance of one or other statement over another not reproduced or reproduced in a later number of the RECORD. In any case, as the Institute itself cannot, in terms of its Constitution, hold a viewpoint on any aspect of international affairs, no views expressed in any statement reproduced in the RECORD should be identified with the Institute.

*Compiler: Alan Begg*

---

Published by the South African Institute of International Affairs. Four issues per year.  
Subscription rate R20,00 per annum (South Africa). R30,00 elsewhere.  
Price per copy R5,00 (plus postage for overseas airmail).

Uitgegee deur die Suid-Afrikaanse Instituut van Internasionale Aangeleenthede. Vier uitgawes per jaar. Intekengeld R20,00 per jaar (Suid-Afrika). R30,00 elders.  
Prys per eksemplaar R5,00 (plus posgeld vir buitelandse lugpos).

ISSN: 0377 5445

---

# SOUTHERN AFRICA RECORD

Number Forty-six, No. 2/1987

---

## Contents/Inhoud

### **Southern Africa**

- Major extracts from SADCC Ministerial Conference in Gaborone, Botswana,  
February 5 and 6, 1987
- Report on SADCC Industry and Trade Sector page 3
- Extracts from SADCC Report on Energy Sector page 8
- Report on SADCC Food, Agriculture and Natural Resources Sector page 20
- Extract from SADCC Report on Mining Sector page 29
- Extracts from SATCC (Southern Africa Transport and Communication Commission)  
Report to SADCC page 32
- Extract from Speech by Dr. I. Tabaković of Yugoslavia on behalf of the  
Non-Aligned Movement page 36
- Extract from Report on Nordic SADCC Initiative page 36
- Extract from Speech by Peter McPherson of US Agency for  
International Development page 41
- Extracts from Speech by S.G. Marzuffo at SADCC Seminar for Businessmen page 44
- Text of Treaty for Establishment of Preferential Trade Area (PTA) for Eastern  
and Southern African States: June 1982 page 47
- Extracts from Explanatory Address on the PTA by Zimbabwe's Deputy Minister  
for Trade and Commerce, Cde. C. Sanyangare: Harare, 22 January 1987 page 63

### **South Africa, United Nations and Antarctica**

- Extracts from UN 41st General Assembly Debate on Question of Antarctica,  
18 and 19 November 1986 page 68

### **Malawi and Mozambique**

- Statement by the Embassy of the Republic of Malawi to Accredited  
Diplomatic Missions in Washington DC on RENAMO relationship page 75

### **USSR and South Africa**

- Extracts from an address by Gleb Starushenko of USSR Academy of Sciences  
(Africa Institute) on South Africa. Moscow, June 24-26, 1986 page 76

DIE  
SUID-  
AFRIKAANSE  
INSTITUUT  
VAN  
INTERNASIONALE  
AANGELEENTHEDE

Jan Smuts Herdenkingslesing



Jan Smuts Memorial Lecture

THE  
SOUTH  
AFRICAN  
INSTITUTE  
OF  
INTERNATIONAL  
AFFAIRS

THE JAN SMUTS MEMORIAL LECTURE programme was established in 1984 to commemorate General J.C. Smuts as a statesman of international stature and is intended to focus on current world concerns by means of lectures delivered by speakers who are themselves of international reputation.

*The first Jan Smuts Lecture was given by SIR LAURENS VAN DER POST in Pretoria on 24 May 1984 on *The Importance of Smuts in the Future of the Afrikaner.**

This second Jan Smuts Memorial Lecture was delivered by Professor J.P. Barber at Jan Smuts House, Johannesburg, on 15 January 1987.

Professor Barber is presently the Master of Hatfield College and Professor of Politics at Durham University.

We recommend this paper unreservedly.

**R5,00 plus postage.**

IS THERE A  
SOUTH  
AFRICAN  
NATION?

JAMES BARBER

## Southern Africa

Report by the SADCC Industry and Trade Sector from B.P. Mramba, M.P., Tanzanian Minister for Industries and Trade and Chairman SADCC Industry and Trade Ministers Committee. February 1987.

This document represents an initial attempt by the SADCC Industry and Trade sector to compile and up-date investment policies and mechanisms of SADCC member states.

The document is also intended to provide potential investors and co-operating partners with basic information which they will need in the process of decision making. In addition this document will enable SADCC member states to learn from each other for the purpose of improving and harmonizing their investment policies and mechanisms for their mutual benefit. The document contains a profile of each SADCC member state covering geographical location, population, resources, economic potential, infrastructure, industrial licensing and registration, transfer of know-how, provision for financial flows, import and export regulations, taxation, manpower and skills, as well as other facilities and incentives available to potential investors.

In view of the dynamic nature of the process of economic development itself, it is not easy, though desirable, to publish a work of this kind that at any period is absolutely up to date for all the nine independent states. This implies that there will be need to up-date the document as and when appropriate. To be fair to the historic perspective of development of these nine countries, it is impracticable to have at this time, a common set of investment policies and mechanisms for the region. It is desirable to work for harmonized common practices for investments in the SADCC region. To achieve this objective SADCC Industry and Trade sector is undertaking the necessary studies.

Despite the divergence in investment policies and mechanisms in each country, there are also common areas that reflect the overall SADCC approach in regard to industrial development. These relate to industrial development objectives, strategies and priority sector considerations, the role and participation of government in directing industrial development and in attracting local and foreign investments.

## INTRODUCTION

### **SADCC Member States**

SADCC is a regional organization comprising the following nine member states:

People's Republic of Angola  
Republic of Botswana  
Kingdom of Lesotho  
Republic of Malaŵi  
People's Republic of Mozambique  
Kingdom of Swaziland  
United Republic of Tanzania  
Republic of Zambia  
Republic of Zimbabwe

The member states agreed on a policy of regional co-operation in July 1979, and by April 1980, the SADCC programme of development was adopted by the first summit of the Heads of States and Governments that was held in Lusaka, Zambia. Thus SADCC evolved from the historic Lusaka Declaration on the theme "Towards economic liberation". The basic development objectives of SADCC are best summarized by the Lusaka Declaration, whose highlights are as follows:

Reduction of economic dependence particularly but not only on the Republic of South Africa;  
Forging of links to create a genuine and equitable regional integration;  
Mobilization of resources to promote the implementation of national, inter-State and regional policies;  
Concerted action to secure international co-operation within the framework of the strategy for economic liberation.

### **SADCC Economic Potentials**

Spreading over 4,9 million sq km of mostly savannah land, the SADCC region is rich in agricultural, mineral and energy resources. Rivers such as the Zambezi, Linyanti, Okavango, Rufiji and Kwando, as well as lakes such as Nyasa/Malaŵi have enormous potential for hydroelectric power generation. These largely untapped water supplies could also be used for irrigation works and agricultural production to meet the demand of regional and export markets. In order to create viable agro-industries, for which enormous scope exists, advanced technology and better agricultural and water resource management are necessary. Abundant reserves of diamonds, gold, coal, iron ore, copper, lead, bauxite, nickel and many other minerals give rise to much of the region's employment and generate considerable foreign currency earnings.

In the post-colonial period, many southern African countries started to look for new opportunities to transform their economies, moving away from

a reliance on the supply of primary goods and encouraging the manufacture of finished products for export. To achieve this goal, however, managerial, technical and financial help is needed from the more advanced industrial countries. The countries of the region have therefore developed a favourable environment of foreign investors, backed by new laws and regulations to encourage investment from abroad.

The SADCC region experiences a variety of climatic conditions ranging from tropical to temperate climates. The distribution of the SADCC area in square kilometres between the member states is as follows:

	<i>Sq km</i>
Angola	1 246 700
Botswana	582 000
Lesotho	30 300
Malawi	118 485
Mozambique	801 590
Swaziland	17 363
Tanzania	945 000
Zambia	752 614
Zimbabwe	390 245

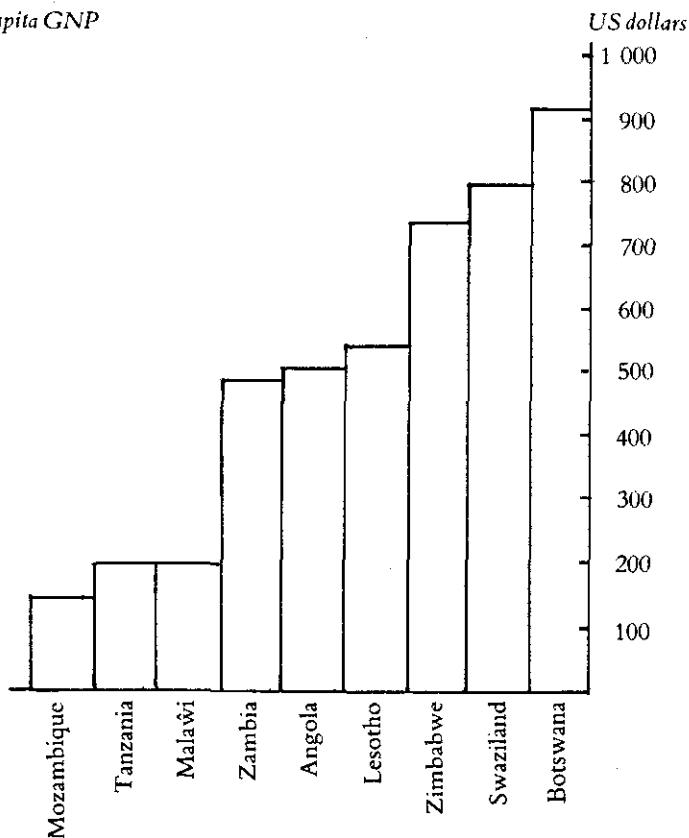
The total population of the region was 60,5 million by 1980 and is projected to increase to approximately 84 million and more than 110 million in the years 1990 and 2000 respectively. The population projection for the SADCC member states is as follows:

<i>Country</i>	<i>Population (in millions)</i>		
	<i>1980</i>	<i>1990</i>	<i>2000</i>
Angola	7,9	10,0	12,0
Botswana	0,8	1,2	1,7
Lesotho	1,3	1,7	2,3
Malawi	6,1	8,0	12,0
Mozambique	12,0	17,0	24,0
Swaziland	0,6	1,0	1,2
Tanzania	18,7	26,0	36,0
Zambia	5,7	8,0	11,0
Zimbabwe	7,4	11,0	17,0
	60,5	83,9	117,2

The per capita GNP of the SADCC member states in 1984 varied from \$210 in Malawi through \$740 in Zimbabwe to \$910 in Botswana.

Latest GNP figures for all the member states are not available on a comparable basis. It has not been easy to work out growth rates for individual countries for projecting GNP because most of the economies of SADCC countries have been experiencing fluctuations in their growth rates due to drought, fall in the world price of major exports, civil wars and external aggression to the extent that whatever growth is recorded, it does not portray the potentials of member states. In other cases the discovery of strategic minerals has resulted in the recording of unusually high growth rates compared

1984 per capita GNP



Source: *Financing Adjustment with Growth in Sub-Saharan Africa, 1986-90* (Washington, DC, World Bank).

Note: GNP figures for Mozambique and Angola are those of 1981. (*Investment Policies and Mechanisms of SADCC Countries, 1986*).

to previous years. These reasons have rendered it difficult to project GNP figures for individual countries.

The major commercial crops produced in the SADCC region are the following: cotton, tobacco, oil-seeds, coffee, tea, sisal, sugar-cane, cashew-nuts, pyrethrum, cloves, citrus fruits, mangoes, pineapples, potatoes and timber. Mineral potential existing in SADCC includes: petroleum, natural gas, diamonds, iron ore, coal, copper, gold, manganese, silenium and tantalite.

In most of the SADCC states only a few of these minerals have been exploited. Only in Zimbabwe and Zambia has extensive work been undertaken



with regard to the development and commercial operations of the mining industry. In short, therefore, the SADCC region remains one of the richest in mineral resources in the world.

As can be seen from the above facts and figures, SADCC has tremendous potential for economic development and it is on the basis of this potential that the SADCC framework of co-operation seeks concerted efforts to exploit its natural resources for self-reliance and sustainment of economic development. For this reason foreign investment emphasis and specific areas of foreign investment may differ from one country to another depending on policy objectives and resources.

### **SADCC Industrial Objectives and Strategies**

SADCC operates on the basis of decentralization and minimum bureaucracy. In this way sectoral programmes are co-ordinated by a specific member state as may be decided from time to time by the summit of Heads of States and Governments. The United Republic of Tanzania is thus responsible for industrial development and trade co-ordination for the region. The key-word is co-ordination for, although SADCC operates on generally agreed industrial directives and strategies, each member state is guided by its own national industrial policy and planning. This approach is consistent with the policy directives of the SADCC Summit of 1981, often referred to as the Blantyre Memorandum on Industrial Co-operation namely that industrial development of the region should be based on the following objectives and strategies:

- (a) To reduce external dependence on imports of industrial products and inputs;
- (b) To reduce in particular dependence on the Republic of South Africa for industrial products and inputs;
- (c) To increase the size of the industrial sector both nationally and regionally;
- (d) To increase the scope of linkages within the national and regional industrial sectors to make particular industries and industrial activity more integrated and self-reliant and less dependent on raw materials, intermediate inputs and spares from outside the region;
- (e) To increase the diversity of industrial sectors of member states.

### **Potential Foreign Investment Areas**

In all the SADCC States, the government plays a crucial role in determining the broad priorities and setting the general direction with regard to industrial development. The role and degree of participation of the government in the promotion of industrial investment, however, varies from one member state to another.

Generally speaking, foreign investment is encouraged in all SADCC

member states, and in some states this encouragement covers all sectors of economic activity either as joint ventures or wholly private companies.

The industrial policies and mechanisms of SADCC member states show that foreign investment is accorded priority in the following broad areas:

- (a) Production of mass consumer goods to satisfy basic necessities and improve the standard of living;
- (b) Resource-based industries to exploit the potential resources existing in such areas as agro-industries;
- (c) Development of core industries such as iron and steel and petrochemical industries;
- (d) Export-oriented industries as a way of diversifying the export base in order to obtain much needed foreign exchange;
- (e) Production of intermediate goods in order to create inter-linkages within the sector and with other sectors and for the purpose of reducing dependence on intermediate inputs.

### **Investment Incentives**

In order to encourage the development of the industrial sector, the governments of SADCC member states offer a number of incentives designed to assist investors in the following manner:

- (a) Supporting investors during the initial period of an infant enterprise by way of, for example, tax allowance on pre-operational expenses and tax holidays for specified periods;
- (b) Encouraging investors to adopt technologies that are labour intensive to assist in solving unemployment problems. Together with this, investors are also provided with taxable allowances that are directly linked with expenses of technical training.
- (c) Providing support to exporting firms by taxation incentives. This is done mainly by way of allowing refund or drawback on import taxes for inputs and materials used in the manufacture of products that are destined for the export market;
- (d) Providing incentives to investors as part of government policy of dispersing industries from the major economic centres to the underdeveloped areas of concerned member states;
- (e) In nearly all SADCC states the government has entered into double taxation arrangements with a number of foreign countries as a way of attracting foreign firms to do business in the SADCC countries.

Extracts from the SADCC Report on the Energy Sector. February 1987.

## **INTRODUCTION**

Convenient and economic access to energy is a prerequisite for development. SADCC co-operation in the Energy Sector is designed to develop regional

strategies aimed at securing reliable and cost effective energy supplies to all member states; in support of the productive sectors of their respective economies.

The SADCC region is rich in energy resources; but uneven distribution means that there are supply deficiencies in some areas. Furthermore, the costs of importing petroleum products causes severe depletion of foreign exchange reserves in all countries, except Angola. Some member states also require substantial imports of coal and electricity, although output in the region exceeds current demand.

Key to the achievement of increased activity in the region's productive sector is economic access to appropriate forms of energy. This problem is not, however, exclusive to the commercial sectors; the depletion of woodfuel resources makes cheap energy less available to a large number of households.

In order to achieve a high degree of regional self-sufficiency, and the effective distribution of energy, it will be necessary for SADCC states to develop intra-regional trade and co-operation. The current level of energy exchanges between the member states is relatively low. Only in the electricity sector do significant intra-regional exchanges take place; this form of co-operation is, however, being expanded through a number of SADCC interconnection projects. In addition, there is considerable potential for intra-regional exchanges in both the coal and the petroleum sectors.

The energy sector is well suited for commercial investment. In fact, nearly all petroleum and coal development is made through the activity of international companies.

Although the electricity sector is largely operated by parastatal utilities, it still offers opportunities for viable commercial investment.

Another area of investment is in the supply of commercial energy to rural and peri-urban areas. In many areas the supply of electricity either by small scale power plants, or grid extension to rural areas should be considered part of infrastructure development to provide a basis for increased production and economic growth.

## **SADCC Energy Situation and Development**

### *Introduction*

Two main problems have characterized the energy situation in the SADCC member states during the last decade:

- the dependence on the import of oil and oil products; and,
- the depletion of woodfuel resources.

Increases in petroleum prices have led to depletion of foreign exchange reserves in most countries. Some member states import their oil from or through South Africa and these supplies are obviously threatened by the mounting crisis in that country.

The progressive depletion of the region's woodfuel resources means that

energy is less available to the large majority of households, which depend almost exclusively on this source of energy. This also leads to ecological deterioration and reduced agricultural production in the long run.

However, 1985 saw signs of economic recovery. Most of the member states which had been severely hit by drought during the past three years received ample rain, leading to increased agricultural production. In a number of countries industrial production also increased. In addition, early 1986 witnessed a sudden drop in world oil prices and this should alleviate pressure on the foreign exchange positions of the eight oil importing SADCC member states, and provide a welcome stimulus to economic development and growth.

This paper presents the SADCC energy situation and describes the context for SADCC's work in this sector; it also briefly discusses the possible consequences of the fall in the price of oil. The close relationship between energy consumption and economic development in the region is also analysed.

### **SADCC Energy Consumption**

The traditional fuels, mainly woodfuel, account for about 80 per cent of total energy consumption in the region (Figure 1). There are, however, large regional differences in the pattern of energy consumption. The total per capita energy consumption in the region corresponds to 750 kg of coal equivalents or 500 kg of oil. This is about one tenth of the corresponding average in the OECD area. Figure 2 shows the per capita net use of oil, coal and electricity in the SADCC member states in 1985, converted into oil equivalents. Total per capita consumption of these commercial energy sources ranges from about 25 kg of oil equivalents in Malawi and Mozambique to some 300 kg in Botswana, Swaziland and Zimbabwe — with the SADCC average of 100 kg. Details of the consumption of commercial sources of energy in the region during 1985 can be found in Figure 3: transport accounts for 36 per cent of this consumption, industry for 25 per cent and mining for 16 per cent. The use of commercial energy resources in the SADCC member states varies in approximate proportion to GDP. Figure 4 (not included) shows energy consumption and GDP as estimated in 1984 (1983 for Lesotho and Swaziland). The variations in energy intensity (defined as commercial energy consumption per unit of GDP) reflect the differences in level of urbanization and industrialization among the member states. Zambia and Zimbabwe are the countries with the most energy intensive economies.

### **Trends in Energy Production and Consumption**

#### *General*

With the exception of Angolan petroleum production, the main trend

over the last decade has been a levelling off in the production and use of commercial energy (coal, oil products and electricity); whereas the consumption of wood has increased, roughly proportional to the growth of population.

Figure 5 (not included) indicates regional consumption of electricity, oil products and coal since 1975. Only electricity demand has grown significantly during this period, while there has been a reduction in the use of coal. However, even the growth in electricity consumption has been less than the growth in the regional population over the same period. Regional consumption of electricity, oil products and coal increased by about 3,5 per cent, 4,5 per cent and 5,5 per cent respectively from 1984 to 1985. Most of the SADCC member states increased their consumption of commercial energy last year; although there are large variations between countries. Zimbabwe alone accounts for about half of the regional increase.

### *Petroleum*

Energy development trends vary in all sub-sectors, but most significantly in the oil sector. Angola, as an oil exporting country, has increased its consumption of oil products by about 50 per cent in the period 1975–1985. Botswana and Lesotho have also increased consumption significantly. The other countries of the region have either registered small increases or a decrease, the largest in Zambia with about 30 per cent reduction over this period. As can be seen from Figure 3, petroleum consumed in the region is used mainly for transport (70 per cent). Diesel and gasoil (primarily the former) account for almost 50 per cent of the total regional consumption of oil products, gasoline for some 20 per cent and jet fuel for 10 per cent.

### *Coal*

Slow growth in the consumption of coal is connected with the region's recent low level of economic activity and low industrial production. The use of coal for power generation has increased during the past two years as a result of the new coal fired plant in Zimbabwe. In 1985 about 1,2 million tons, out of a total coal consumption of 4,2 million tons, were used in thermal power plants; while 0,8 million tons were used for coke production. Most of the remaining production was used in mining and for industrial purposes. The region's large coal resources are mainly located in Botswana, Mozambique, Zambia and Zimbabwe. It is not, however, viable at the present time to exploit these resources on a large scale because of the high transport costs involved. Development of local coal markets is necessary if the coal reserves are to be used as a substitute for other sources of energy.

### *Electricity*

Although the consumption of electricity did not increase between 1982 and 1984, 1985 registered the highest ever level of consumption. This is

mainly due to an increase of some nine per cent in Zimbabwe. The bulk of SADCC electricity consumption is concentrated along the central grid between northern Zambia (the Copperbelt) and southern Zimbabwe (Harare/Bulawayo); reflecting demand from the mining and urban sectors in Zambia and the industrial and urban sectors in Zimbabwe. The mining sector accounts for 30 per cent of the regional electricity consumption and industry for 33 per cent (Figure 3).

Figure 6 (not included) shows the SADCC electricity production and consumption since 1970. This drop in production since 1980 is due to a decrease in production at Cahora Bassa. Out of a total electricity production of 18,8 Twh in 1985, 83 per cent was provided by hydroelectric power stations, 14 per cent by coal-fired thermal plants and the remaining three per cent by other thermal stations. Total installed capacity at SADCC power stations was approximately 6 900 MW at the end of 1985, of which 5 200 MW came from hydropower stations. Out of the 1 700 MW of installed capacity at thermal power plants, coal fired plants accounted for some 900 Mw. Installed capacity is expected to increase by some 700 MW in 1986, due to commissioning of several large units. The major new unit is an extension of Hwange coal-fired plant in Zimbabwe, representing an additional 560 MW.

The region has a hydropower potential of about 15 times the current production capacity. Figure 7 illustrates the hydropower resources in the region. There should be a significant potential for increasing demand for all commercial energy sources once economic conditions have improved and industrial production increases.

### *Woodfuel*

Although average SADCC per capita consumption of woodfuel (including charcoal) is about 1,4 m<sup>3</sup>, patterns of consumption vary greatly. The annual consumption of 40 m<sup>3</sup> wood in Tanzania corresponds to more than twice the sustainable yield. In Malaŵi the wood demand exceeds sustainable yield by more than 30 per cent, and this figure will increase. Even if other countries are better off when considering the total national figures, deficits exist within the countries with shortages in some districts. For example, in Mozambique, the national annual growth in forest resources is some 50 per cent higher than the demand for wood; nevertheless the supply situation has been described as satisfactory in only four out of ten provinces.

### **Energy and Economic Development**

Usually economic development leads to increased consumption of commercial energy. However, as we have already seen, the energy intensity (consumption of commercial energy/GDP) varies greatly among the SADCC states because of different degrees of urbanization and industrialization. The

relationship between energy consumption and GDP depends on the extent to which an economy is diversified. Methodological problems linked to the registering and estimation of GDP make it necessary to be careful when considering this relationship. Nevertheless, the development of GDP in the SADCC countries is in good correspondence with the development of demand for commercial energy.

Figure 8 shows the development of GDP (weighted together for all member states) and commercial energy demand over the period 1975–1985. Except for 1980 and 1981, the per capita GDP has decreased every year until 1984. The per capita energy consumption shows a corresponding pattern, but the decrease has been even greater. This may be due to the increases in petroleum prices and the heavy burden of oil imports. The per capita consumption of commercial energy sources increased from 1984 to 1985 by one per cent.

### **Possible Consequences of the Fall in Oil Prices**

In 1980 all of the member states except oil-exporting Angola spent between 20 and 50 per cent of their export earnings on the importation of oil and oil products. Since then consumption has been reduced. The world market average crude oil prices have also declined slightly over the last 3–4 years as the demand decreased. However, in some SADCC countries total export earnings have declined even more than the decrease in oil expenditure; and in 1984 petroleum imports for Lesotho, Mozambique and Tanzania were more than half of export earnings. In the remaining five countries the ratio varied between 10 and 20 per cent. This picture may change dramatically as a result of the sudden fall in world market oil prices.

The annual SADCC oil bill in 1984 was about US\$ 800 million. Figures are not yet available for 1985, but there are reasons to believe that the figure for that year is of the same magnitude or slightly higher than in 1984. The world market average crude oil price in 1985 was US\$ 28 a barrel (Arabian light). If we assume an average price of US\$ 14 a barrel in 1986, this means that the oil importing SADCC countries may save about US\$ 400 million in foreign exchange this year. This calculation may be too simple, but it serves to indicate the magnitude of the financial implications for the SADCC region.

### **SADCC Energy Balance 1985**

The 1985 energy balance and energy flow diagrams for the SADCC region comprise the production, supply, conversion and consumption of coal, oil and oil products, electricity and woodfuel. Natural gas (produced in Angola) is not included. The production of coke is included in the coal consumption in the manufacturing sector, and the woodfuel figures include the

consumption of charcoal. Several of the figures are provisional, and may be adjusted later. However, the balance and flow chart feature the main characteristics of the SADCC energy situation.

The main characteristic to be read from the energy balance is that the energy exchange between the member states is relatively small. Only in the electricity sector is a considerable amount of energy exchanged between Zambia and Zimbabwe. However, in 1985 SADCC was a net importer of electricity. Botswana, Lesotho, Mozambique and Swaziland imported in total about 0,8 TWh from South Africa. The production from Cahora Bassa was only about 0,3 TWh in 1985, while the capacity of this power station corresponds to an annual production of more than 10 TWh (36 PJ), mainly for export to South Africa.

The total energy consumption picture was dominated by woodfuel, which currently accounts for about 80 per cent of final consumption. It should be noted, however, that this share is considerably lower if end-use efficiencies are taken into account (energy consumption expressed in terms of useful energy).

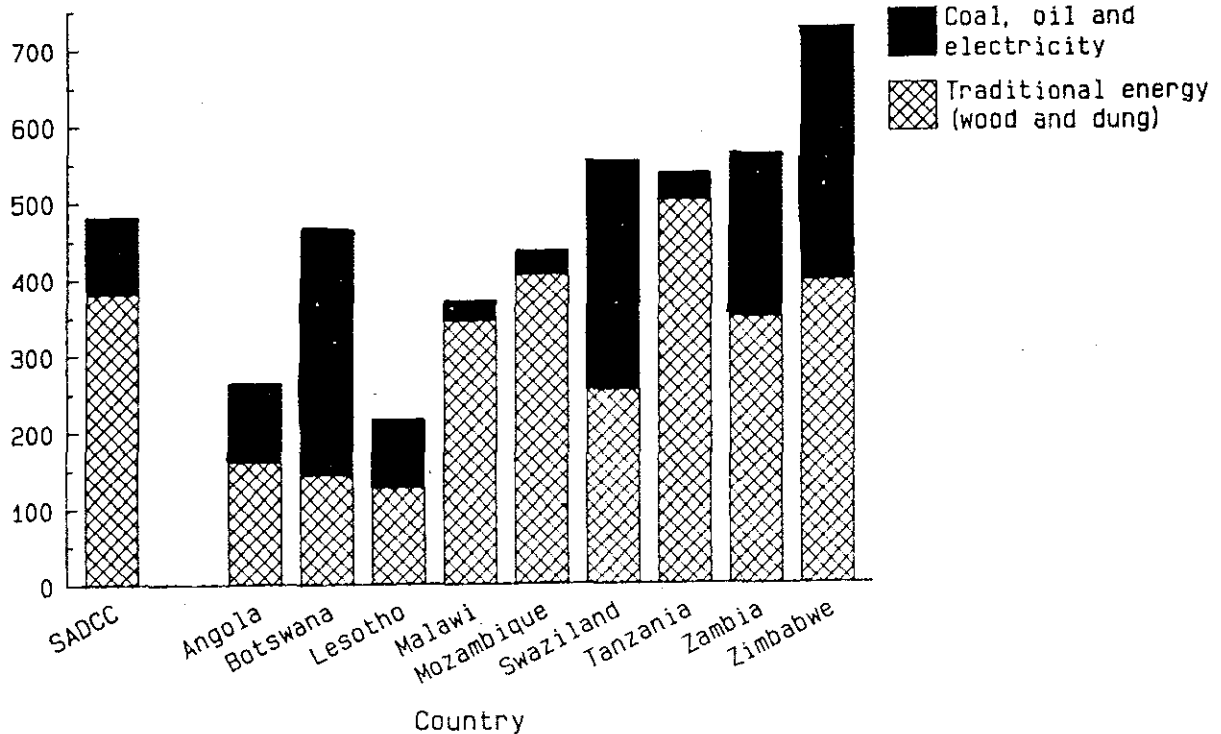
Note: The conversion factors used in the energy balance and flow chart are as follows:

Coal	29,3 GJ/t	
Crude oil	42,6 GJ/t	1 ton = 42,6 GJ
LPG	45,5 GJ/t	
Gasoline	44,0 GJ/t	
Jet fuel	43,2 GJ/t	
Kerosene	43,2 GJ/t	
Diesel	42,5 GJ/t	
Heavy fuel oil	41,5 GJ/t	
Electricity	3 600 J/Wh	
Woodfuel	11,4 GJ/m <sup>3</sup>	



# Per Capita Energy Consumption SADCC 1985

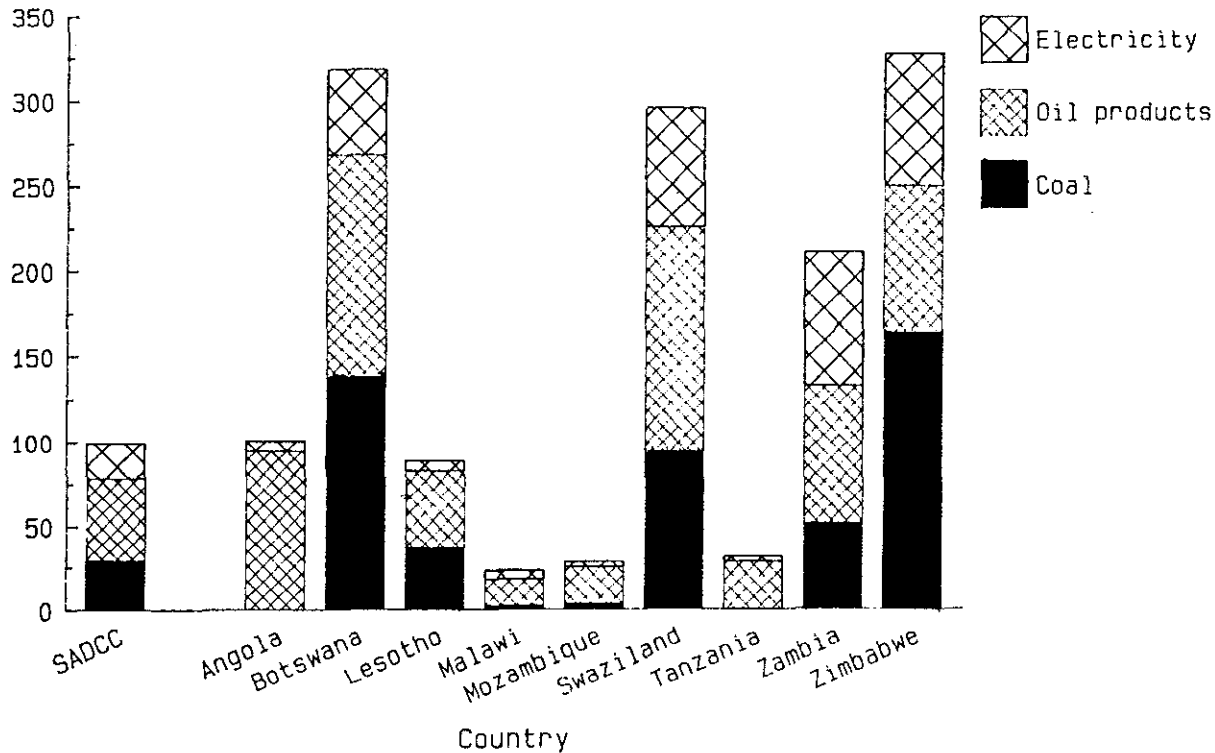
Kg oil equivalents



Source: SADCC Energy Sector, Angola

## Commercial Energy Consumption per Capita SADCC 1985

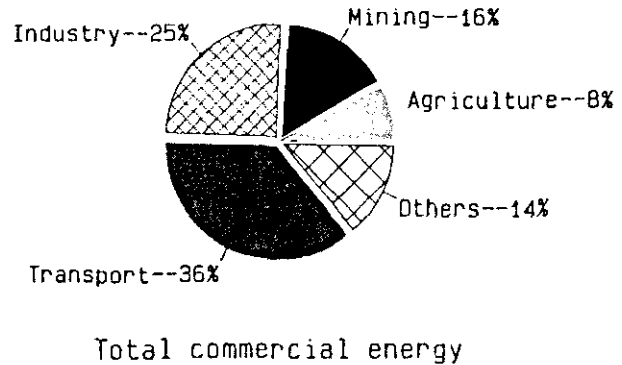
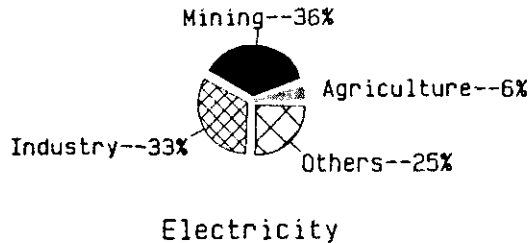
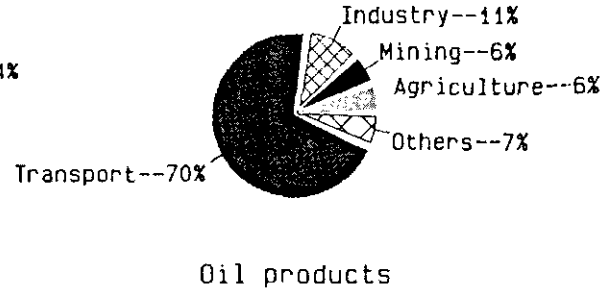
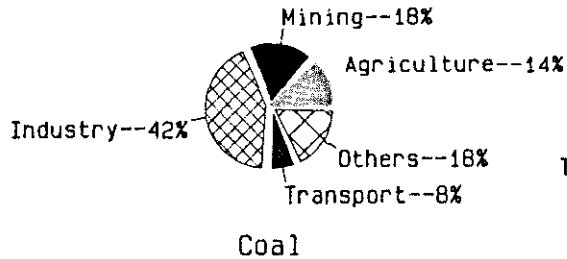
Kg oil equivalents



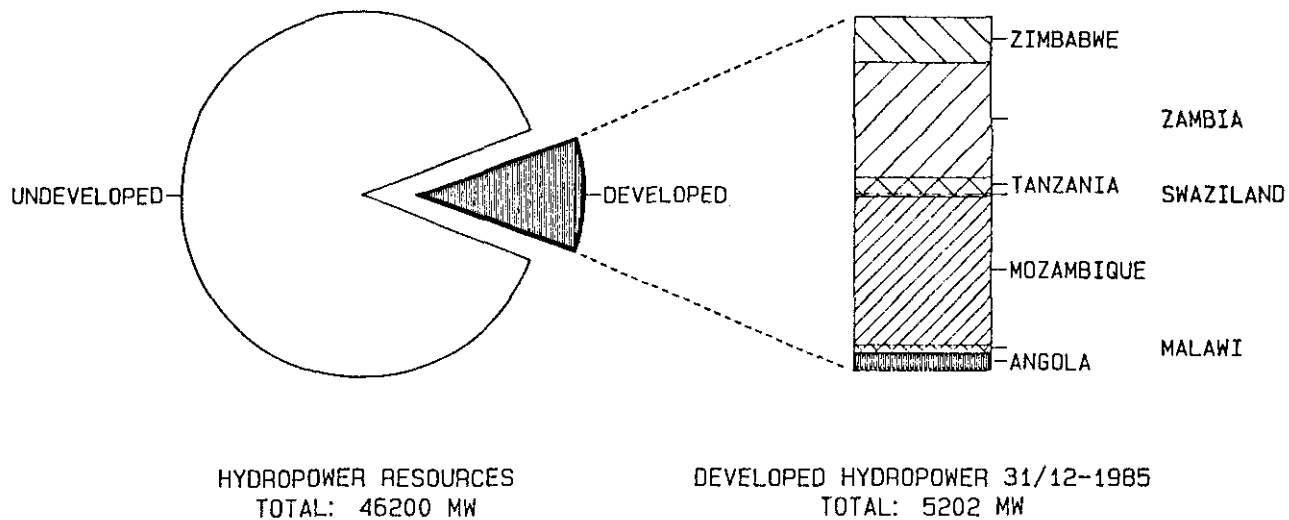
Source: SADCC Energy Sector, Angola

FIGURE 2

# SADCC Consumption of Coal, Oil and Electricity by Sector 1985



# Hydropower Resources in SADCC 1985

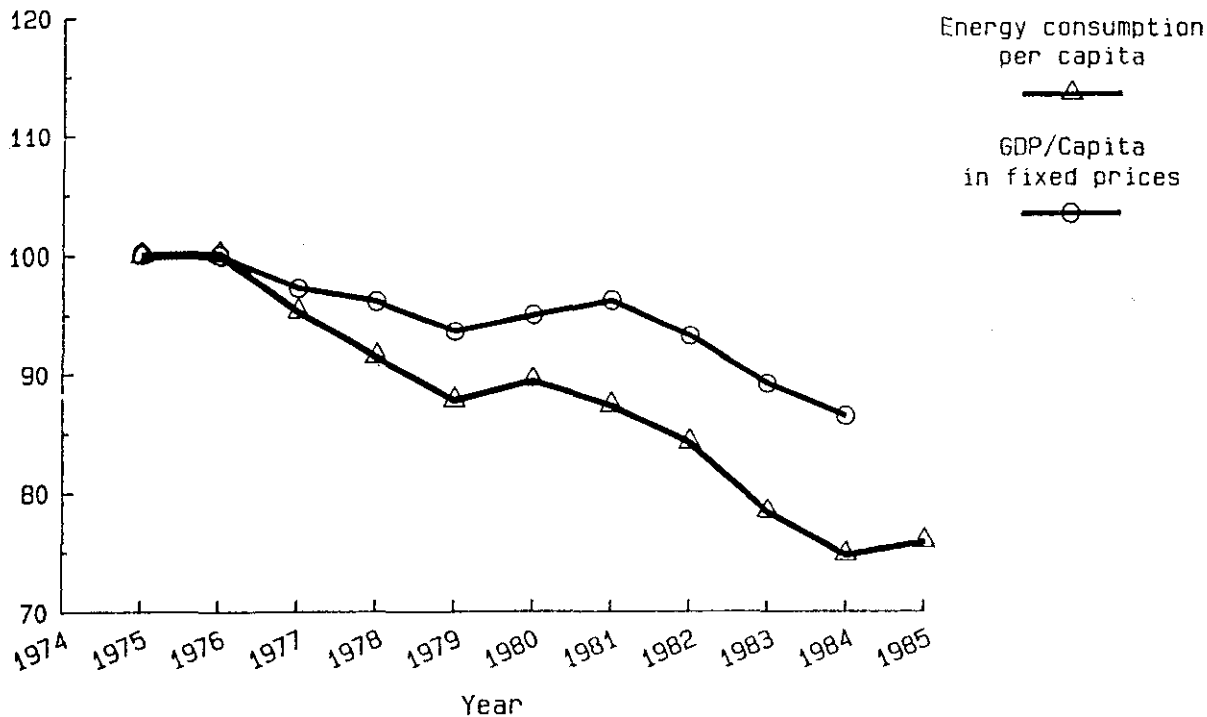


Source: SADCC Energy Sector, Angola

FIGURE 7

# Energy Consumption and GDP per Capita SADCC 1975 - 1985

Index 1975 = 100



Energy consumption excludes woodfuel  
Source: SADCC Energy Sector, Angola

## INTRODUCTION

The Food, Agriculture and Natural Resources sector occupies a central position in the economic structure of the SADCC region. Simple mathematics tell the story. The population of the region currently estimated at 70 million is growing by around two million per year, and is, therefore, likely to exceed 100 million by the year 2000 and then double to 200 million between the year 2020 and 2030. Up to eighty per cent of the population and labour force in member states are dependent on agriculture for employment and income. It follows that increasing the productivity of agriculture is essential for raising the standard of living of the people of the region.

Over the past six years, SADCC's member states have gained considerable experience and confidence in designing, and implementing a wide range of projects to improve the productivity of the agricultural sector. Moreover, SADCC is now better able to evaluate the performance of its projects and to learn from its successes as well as its failures. SADCC's agriculture strategy encompasses both food and agriculture and natural resources, for it is only on the basis of sound environmental management policies and programmes that sustainable agricultural development can take place.

SADCC's strategy addresses not only the goal of achieving regional self-sufficiency in food production but also the goal of achieving household, national, and regional food security.

Food security is defined as ensuring that all members of a household have access to enough food to lead a healthy and normal life. The two elements of food security are: *food availability* through food production, reduction of post harvest losses, grain storage and international trade and the *ability* of people to gain access to food through home production, purchase in the market, food for work, child feeding programmes and family food transfers. SADCC's food security programme will address both sides of the food security equation: food availability and access to food.

Since poverty is a central cause of malnutrition and food insecurity, SADCC explicitly acknowledges that increasing food production cannot, in and of itself, solve problems of hunger and food insecurity in the region, and explains why rural income and employment generation activities should be integral components of the strategy.

The strategy covers both food and cash crops which are necessary to reduce rural poverty, improve living standards and contribute to the growth of the national economy through increased export revenues. Given the current situation in the region, however, differing emphases may be called for among the various SADCC member states. In food deficit countries, greater emphasis should be given to increasing and sustaining food production; al-

though, obviously, not to the exclusion of increasing revenues from cash crops. In food surplus countries, the emphasis should be on diversification into cash crops and income and employment generating activities such as dairy production, horticultural crops, small ruminants and rural small scale industries.

In recent years there has been considerable consultation among SADCC member states with regard to agricultural development and the management of natural resources. The approach to co-operation in this sector is based on each country's national policies and interests. There is, in fact, a very large measure of agreement in approach:

- all member states give high priority to increasing production of both food and cash crops; on a sustainable, long term basis;
- important policy adjustments are taking place in each country with the aim of increasing food production and creating the conditions necessary to develop a vibrant and growing agricultural economy; and
- all countries are looking for increased commercial and concessional investment in agriculture.

In summary, the regional strategy is designed to reinforce the capacity of member states to feed their people, to provide productive employment, to reduce food dependence on South Africa and international sources and to enhance the capacity of the agricultural sector to speed-up the economic transformation of SADCC's economies.

### **Overview of Food, Agriculture and Natural Resources**

Agriculture is a strategic sector in the economies of SADCC member states because a majority of the population lives and works in the rural areas. From 1980 to 1986, agriculture contributed 34 per cent of the region's GNP, employed up to 80 per cent of the total labour force and accounted for about 26 per cent of the total foreign exchange earnings. In the member states that are not dominated by mining, agriculture contributed about 60 per cent of total foreign exchange earnings.

The SADCC region is well endowed with basic resources of land, labour and water for agricultural production, broadly defined to include crops, livestock, forestry, fisheries, and wildlife. Out of a total arable land base of 477 million ha, 5 per cent is under crops; 41 per cent, range land; 33 per cent, forests and woodland; and 21 per cent is at present considered unsuitable for agricultural use, given available technology and market conditions. However, in Lesotho and Malawi most of the land has been brought under cultivation. Botswana is carefully considering the environmental implications of opening new land for irrigation.

SADCC recognizes that, when considering the region's labour resources, it must always be acknowledged that women occupy a very central position in the production structures of SADCC member states, especially in rural

peasant agriculture. In Lesotho, and to a lesser extent Botswana and Swaziland, women constitute the bulk of the rural labour force, as most men have left to seek employment, mainly in South Africa; and in the other member states women constitute a majority of the rural labour force because men have left to seek employment in the urban areas.

SADCC's fisheries, forestry and wildlife have vast production potential. For example, output from freshwater fisheries increased dramatically from 1978-1982 as illustrated by the following annual percentage increase: Mozambique 50, Zimbabwe 29 and Botswana 11. To date, however, exploitation of these natural resources has been pursued on an *ad hoc* and generally unregulated harvesting basis. Little effort has been devoted to applied research to raise the productivity of the natural resource base in the region.

The economies of member states are open and integrated into the world economy but trade within the SADCC region is extremely small because of inadequate transport facilities, low level of industrialization, foreign exchange constraints, war and sabotage. For example, recorded intra-SADCC trade accounted for about 5 per cent of the SADCC countries' total imports in 1982. On the other hand, the SADCC countries' trade with South Africa is considerably higher, representing 7 per cent of their total exports and 30 per cent of their imports.

The performance of agriculture in most SADCC states has been unsatisfactory over the past decade. This poor performance has been part of an *Africa-wide downward trend for three decades*. For example, because the rate of population growth exceeded the annual rate of increase of agricultural production, the annual growth rate of agricultural production per capita was negative (-0,31 per cent) for the last 35 years. Furthermore, because of drought, over the past decade, the annual growth per capita rate of agricultural production fell by -1,04 per cent from 1978-1985. This negative per capita growth rate was offset by food imports which rose to 12 million tonnes in 1985. Food aid accounted for seven of the 12 million tonnes of imports in 1985. Three commodities accounted for 87 per cent of Africa's total food imports (commercial and food aid) in 1985: wheat 50 per cent, rice 22 per cent, and maize 15 per cent, respectively.

Two lessons flow from this sobering analysis. First, there will be a need for large and continuing public and private investment in the agricultural sector, just to keep up with population growth. Second, increased attention will have to be given by SADCC to environmental issues, including long term research by biological, physical and social scientists on developing sustainable production systems for food and cash crops, fisheries, forestry and wildlife.

Although Africa-wide food production trends are disturbing, the food and agricultural outlook has improved in many SADCC member states in 1985 and 1986. For example, Malaŵi and Zimbabwe currently have significant maize surpluses available for export. Zimbabwe has about two million



tonnes of maize carry over which is equivalent to three years' normal domestic sales by the Grain Marketing Board (GMB) and the equivalent of four years' consumption of sorghum in storage. Moreover, Malaŵi has exported maize for seven of the past ten years and currently has a surplus of several hundred thousand tonnes available for export. Finally, Zambia is making vigorous attempts to shift its economic base from copper to agriculture. Zambia's 1985-1986 maize crop of 1,1 million metric tonnes will come close to ensuring self-sufficiency until June 1987, when new harvest deliveries begin. The dynamism of the "maize belt" in the middle of the SADCC region — i.e., in Zambia, Malaŵi and Zimbabwe — is not, however, solely the result of the weather or imported maize varieties from other continents.

The improvement in maize production in the region is, in part, the outcome of sustained investments in research on hybrid maize in Zimbabwe for 28 years before a biologically stable and economically profitable variety — SR-52 — was developed. The SR-52 variety was transferred to Zambia where it is known today as Z-752. The improved maize varieties in Zimbabwe, Zambia and Malaŵi, coupled with favourable policies and supporting institutions (i.e. extension services, availability of credit and fertilizer, and appropriate pricing and marketing arrangements), illustrate the strategic importance of strengthening national agricultural research services in the SADCC region and linking policy reforms with proven on-shelf technical packages.

### **Major problems facing the sector**

#### *Main Constraints*

The overall objective of the SADCC Food, Agriculture and Natural Resources programme is to improve the living conditions of the majority of the region's population. The major constraints which inhibit the achievement of this objective are:

- the lack of the technical, managerial and financial resources to implement agricultural programmes; and,
- the problems of mobilizing these resources, both from within the region and externally.

These problems are compounded by the:

- low level of technology among small scale farmers; and
- inability of support and extension service, and the marketing infrastructure, to meet the needs of farmers; and
- military and economic destabilization by South Africa.

Even when these constraints have been overcome, agricultural production is dependent on:

- the vagaries of the weather; and,
- the region's fragile environment.

Since production is largely undertaken by smallholders, and is almost ex-

clusively rainfed, weather conditions can nullify the best laid development programmes.

### *Long Term Problems*

Good harvests in 1985 and 1986 have dramatically improved the short term food outlook in several countries in the SADCC region. But beneath this welcome turn of events are five long term problems:

- Food production–population imbalance
- Lack of jobs in rural areas
- Poverty, malnutrition and household food insecurity
- National and regional food insecurity
- Environmental degradation

It is worth examining each of these problems:

### *Food Production–Population Imbalance*

Rapid population growth is increasing the pressure on food supplies and the natural resources base, including fisheries, fuelwood and grazing land for wildlife and livestock. In many SADCC states, growth in population and incomes will demand that food supplies grow at 4 to 5 per cent per year; an awesome task in the light of historical evidence. For example, the few countries achieving these rates of growth of food production have brought large areas of idle land under cultivation and/or intensified irrigated production. Moreover, few countries have achieved, and sustained, 4 to 5 per cent annual growth rates for the agricultural sector as a whole for a decade or more. For example, from 1880 to 1960, the annual compound rate of growth of agricultural output was 1,5 per cent in the US and 1,6 per cent in Japan. In short, rapid population growth necessitates that expansion of efficient food production be one of the cornerstones of food security strategies in SADCC. Food aid can help to fill the food gap as it did in India for 15 years, 1956–1971. In the final analysis, however, each member state must develop a cost effective strategy to ensure food availability through local production, storage and trade.

### *Lack of Jobs in Rural Areas*

On average, seven out of ten people are living in rural areas in the region. The majority of the people will still be living in rural areas by the year 2000, because of the stark inability of the industrial and service sectors to generate adequate jobs. For example, in the 22 low income countries in Africa, the labour force in agriculture fell by only six percentage points (84 to 78) over a 16 year period — 1965 to 1981.

SADCC member states recognize that rural employment generation will be as important a challenge in the 1990s as expanding food production has been during the 1980s. For example, in Zimbabwe's 1986–1990 Devel-

opment Plan, rural employment generation is being given high priority because roughly 85 000 school leavers have been added to the labour force for each of the past three years. It is estimated that only about 6 000 of the 85 000 school leavers in 1986 will find jobs in the industrial and services sectors. Finding productive employment for the remainder in farming and rural non-farm activities is a major challenge for planners and local communities.

SAIDCC's food and agriculture strategy addresses the following employment question: *what can be done to help school leavers, redundant workers in mining and parastatals, and returning miners from South Africa, find productive employment in agriculture and rural non-farm activities until population growth declines or industrial expansion creates more urban employment opportunities?* This challenge requires far-reaching programmes to bring more land under cultivation, increase the productivity of land presently in use, promote rural growth points and market towns, employment-intensive industries and long-term public works programmes. These programmes can fulfil the triple objectives of providing jobs, increasing the purchasing power to acquire food, and developing rural infrastructure.

In summary, the emerging employment crisis requires a medium and long term perspective, since the newcomers to the labour force in the year 2000 are already born. Close co-operation between industrial and agricultural planners is required to develop policies and programmes that concentrate on increasing the rate of agricultural growth and spreading employment opportunities throughout the rural economy.

### *Household Food Insecurity*

The Food and Agriculture Organization (FAO) estimates that about one-fourth of the people in Africa were malnourished in 1985. The concept of food security has gained wide acceptance over the past few years. SADCC embraced the concept of food security six years ago at its inaugural Summit meeting, and the World Bank endorsed this concept in its publication *Poverty and Hunger* in January 1986.

Food security is defined as ensuring that all members of society have access to an adequate diet throughout the year. The key elements of a food security strategy are the availability of food (through domestic production, storage or imports) and the ability to acquire adequate food through home production, purchase in the market, food for work programmes or food grants.

SADCC member states recognize the special role of women in agricultural and general rural development and, therefore, in the achievement of household food security. Therefore, policies and measures are being developed, as part of the overall strategy for agricultural development, which will enhance and facilitate the participation of women, not only in the chores of production, but in the appropriate planning and decision-making processes.

The problem of food insecurity can be tackled at the household, national

and regional levels. Expanded food production and grain storage will not automatically solve malnutrition nor household and national food insecurity problems. For example, India is self-sufficient in basic food grains and it donated 100 000 tonnes of food aid to famine-stricken African countries in 1985. India is now, however, devoting increased attention to malnutrition and household food insecurity problems because around one-fourth (200 million) of its total population do not have food security, at the household level.

The thrust of SADCC's food security strategy is clear; research on food crops, and investment in food production and storage are essential but not sufficient vehicles for solving malnutrition and household food insecurity problems. The reduction of poverty is a central part of a strategy to reduce food insecurity and malnutrition. Rural income and employment generation, food aid, and public feeding and public works programmes are important components of a strategy to tackle malnutrition and food insecurity among the poor, the underemployed and the sick.

#### *National and Regional Food Insecurity*

From 1980 to 1986, SADCC's main concern has been getting food and agriculture programmes moving, with the aim of reducing its food dependence on South Africa and the world at large. Changes in the world food economy and international capital markets dramatize the need for SADCC's agricultural strategy to be continually modified in the context of changing international realities. National and regional food insecurity can originate from drought and national, regional and international economic forces, including the following:

- natural disasters such as drought, floods, disease and pests;
- blockades and disruption in transport routes; and,
- shifts in international prices of food imports and export crops.

Since SADCC economies are open and heavily dependent on international trade for food imports, such as wheat, and for exports, such as beef, cotton, coffee and tea, it follows that national and regional food insecurity can originate in sudden and unpredictable shifts in commodity prices and concurrent increases in foreign exchange requirements for food imports. For example, in the early 1970s, wheat prices in international markets rose from US\$ 60 to US\$ 220 per tonne in just 18 months. World sugar prices peaked at 45 cents a pound in 1980 but then fell steadily to three cents a pound by 1985 and recovered to nine cents by mid-1986. Since world cotton production has been running ahead of demand, world prices fell to 60 cents a pound in 1985, a one-third reduction from 1980 prices.

Research on international commodity markets is a crucial input into national and regional food policy analysis. The challenge is to design cost effective national and regional food security policies to combat a given level of

risk associated with drought, pests, e.g. locusts, transport disruption and international price movements.

To anticipate rather than respond to changes in the world food economy, SADCC invites its co-operating partners to help increase its policy analysis capability as part of the strategy to develop local capacity in economic management.

### *Environmental Degradation*

Evidence from a wide range of scientific studies indicates that sustained overuse of biological systems can lead to a cascading effect that is difficult to reverse. The loss of top soil, tree and grass cover from increasing human and livestock pressure is now a fact of life in the region and in other parts of Africa. For example, livestock numbers in Africa have increased 75 per cent from 1950 to 1983. In a number of SADCC countries, fuelwood consumption is now running far ahead of tree growth. There is, therefore, a need to address the problems of environmental degradation in the region. There is a need to implement measures to preserve natural resources and a healthy environment. But these measures require sound economic analysis and close co-operation between specialists in ministries of natural resources and ministries of agriculture.

### **National Agricultural Policies and Policy Reforms Under Way**

SADCC member states have, in recent years, reassessed their policies for stimulating agricultural production and rural development. As a result, important policy adjustments are under way within the region which hold the promise of increasing production and reducing poverty. Among the common approaches being adopted are:

- All member states are pursuing policies to increase local staple food production and reduce imports.
- All member states recognize that both small and large scale farmers have an essential role to play in national agricultural production.
- All member states are implementing policies, including pricing policy reform, aimed at increasing agricultural production, and are seeking to increase the role of private enterprise, especially in agro-industry and marketing.
- All member states are implementing policies aimed at attracting local and foreign investment in agriculture.
- All member states give high priority to strengthening agricultural institutions; particularly extension, research, marketing, credit and input-supply.
- All member states seek to develop their scientific, technological and manpower capabilities in order to shift to a science-based agriculture.

Botswana deserves special mention for developing innovative programmes to tackle both sides of the food security equation. Now in the fifth year of drought, Botswana is providing supplementary food and financial assistance to about 60 per cent of its population during some time of the year. Botswana's food security programmes are being carried out by inter-ministerial committees reporting to the Vice-President who is also the Minister of Finance and Development Planning.

Zambia has recently taken some tough political decisions to shift its economic base from copper to agriculture because the real output of its economy has been declining for the last decade. Under Zambia's restructuring programme, agriculture is being given the number one priority. In October 1985 a weekly foreign exchange auction was introduced and the Kwacha depreciated 61 per cent in three months. Spare parts and consumer goods are now more readily available, both essential incentive goods in rural Zambia. Zambia has raised official producer prices, especially for maize and has reconstituted its seed parastatal with the assistance of a private seed company from Sweden and technical assistance from SIDA. Zamsced recently released four new maize varieties that were developed by the national maize research team of ten scientists in the Ministry of Agriculture. Zambia is now on the verge of self-sufficiency in maize, mainly because of dramatically higher prices in 1985-1986 (from K28,32 to R55 per 90 kg bag), improved varieties and favourable weather. Zambia's maize crop for 1986 is estimated at 1,1 million tonnes, enough for domestic consumption until the next harvest begins in June of 1987.

In January of 1986, Zambia announced the termination of the monopoly of the National Agricultural Marketing Board (Namboard) in maize and fertilizer marketing. Under the new policy, it will be possible for Namboard, co-operative societies and private traders to participate in the marketing of maize and fertilizer. Namboard will, however, remain the buyer of last resort and be responsible for maintaining the nation's buffer stock of grain.

Zambia's decision to introduce floor prices to replace official guaranteed prices (intended to cover production costs) for the 1986-1987 maize year is a major innovation that is designed to reduce the government cost of storing unexpected large crops. A floor pricing policy also permits a farmer to sell his crop at higher than floor prices prevailing in the market.

Angola and Mozambique are seeking to increase incentives and support to small-scale and private farmers, and to streamline and increase the productivity of state farms. These countries are also encouraging foreign private investments in agriculture and agro-industries. Mozambique is also implementing a programme whereby agricultural exporters are allowed to retain a percentage of the export earnings they generate.

SADCC member states, notably Zambia and Zimbabwe, are pursuing policies to reduce food subsidies. For example, Zambia recently announced

the elimination of the subsidy on maize used in making beer, stock feed and breakfast meal (a twice-ground maize meal principally consumed by higher income groups).

### *Conclusion*

SADCC states are taking important steps to revamp their agricultural policies, institutions and incentives structure for farmers and traders, including an expanded role for the private sector in agro-industries and grain trade. However, serious development problems remain that cannot be dealt with by individual member states in a cost-effective manner. SADCC's regional strategy for food and agriculture is designed to reinforce the capacity of member states to implement these policies. Such policies require major investments and may involve significant social costs. Furthermore, the benefits will often take some time to be realised. SADCC's co-operating partners are, therefore, urged to increase significantly the flow of concessional and non-concessional funds, technical assistance and other inputs.

Extract from Report on Mining Sector Presentation to SADCC Conference.  
February 1987.

## **MINING**

### **Strategy**

The Mining Sector presentation to the last Annual Consultative Conference, which took place in Harare in January 1986, outlined SADCC's strategy for the development of the mining industry in the region. The general approach to work in this sector, and the potential investment, are also discussed in the Conference document *SADCC: Investment in Production*.

It may be useful, however, to recapitulate the factors which form the background to SADCC co-operation in this strategically important sector:

- The mining industry is an important component of the regional economy, supplying essential inputs for the manufacturing, agriculture and construction sectors. For many countries, mining provides the bulk of foreign exchange earnings and is a significant employer of labour.
- The mineral wealth of the region is substantial and well diversified, including base metals, energy minerals, ferro alloy metals, precious metals, industrial and refractory minerals, gemstones, and fertilizer and chemical minerals. The exploitation of this wealth has, over the years, been almost exclusively for export purposes.
- The mining sector, however, faces great challenges. Most significantly, the current prices for base metals are continuing to fall from their already

historically low levels. This has caused severe economic problems for a number of member states.

- Although for some countries of the region the prospects of discovering major new mineral reserves are slight, for others there is considerable potential for new investments. Efforts are, therefore, under way to increase knowledge of the region's mineral resources with a view to identifying new areas for investment. In addition strenuous efforts continue to be made to ensure the long term viability of the mining industry.
- SADCC's strategy emphasizes the need to develop and diversify the mining sector and to promote new mining activities. It also seeks to take full advantage of the wide range of minerals within the region to develop intra-regional trade.
- High priority is given to developing the mineral resources of the region to directly serve the needs of the regional economy. Local beneficiation will, therefore, be given emphasis in the development of this Sector.
- Given the current low level of prices for base metals, and the enormous costs of establishing major new mining initiatives, special attention is being given to the development of small-scale mining to exploit the large number of relatively small mineral deposits in the region. SADCC governments will assist, as best as possible, the small-scale entrepreneurs — local, regional or foreign — to invest in the exploitation of these deposits. The mining infrastructure which already exists in the region provides an excellent basis to support such small-scale initiatives. Regional co-operation with regard to the use of ore treatment, smelting, refining and other facilities will greatly enhance the viability of such small scale mining.
- In addition, there is considerable scope for regional co-operation in joint training; the sharing of mining facilities; and in joint action to produce many of the essential inputs to mining, such as mining chemicals etc. Efforts are in hand to develop programmes to meet these objectives.

## **Programme Review and Status of Projects**

### *Projects Under Implementation*

Most of the original projects in the Mining Sector programme have secured funding. Studies are proceeding well and it is anticipated that concrete projects for implementation will be developed out of the findings of these studies, once completed.

One project, the *Central Isotope Geochronology Laboratory*, which is based in Harare, is in operation and three studies have been completed. The follow-up to these studies is under consideration by the SADCC member states:

— *Mining Machinery and Spare Parts Manufacturing, Repairing and Reconditioning Facilities*: Through this project SADCC has undertaken a review and assessment of the existing mining machinery facilities in the region with



the objective of identifying current and future demand for mining machinery and spare parts. The report also provides advice on the possibility of establishing facilities for manufacturing, reconditioning and/or repairing mining machinery to cater for both small and large scale operations.

- *Foundry Fabrication and Machining Facilities*: A review and assessment has been undertaken of existing fabrication, foundry and machining facilities in the region. This review takes into account present and future demand and includes an examination of future expansion programmes.
- *Development of Iron and Steel Industry*: A preliminary study has been completed, in association with the PTA, to assess present and potential projects within the region aimed at the establishment of iron and steel plants; with emphasis on product specialization to meet the iron and steel requirements of SADCC member states.

The following four studies were commissioned in 1986 and are expected to be completed early in 1987:

- *Regional Mining Sector Skilled Manpower Survey*: The object of this project is to provide an assessment of the professional, technical and managerial requirements for the region and forecast future needs. The study will also seek to identify training institutions which require strengthening and whether or not there is a need to establish new training institutions.
- *Small Scale Mining, Processing and Marketing*: This study is to identify existing small-scale mines and examine production, processing and marketing policies with a view to making recommendations on technical assistance and possible financing schemes to encourage small-scale operators. The project is also to review the region's existing legislation with regard to small-scale mining and, where necessary, propose modifications.
- *Inventory on Geology, Minerals and Mining*: This project has the task of identifying existing institutions of relevance to the establishment of a mineral inventory and commenting on their adequacy for formulating national policies. The project will assess the methodology employed by these institutions with regard to the procurement, classification and storage and retrieval of this data; with a view to the introduction of computerized handling facilities.
- *Market Study for Semi-Finished Copper Products*: This study, which covers semi-manufactured and finished copper products (wire rods, rod bar sections, sheets, plates, strips and tubes), will seek to determine the feasibility of establishing a regional fabrication plant.

Further work is under way on the development of the following projects:

- *Production of Mining Chemicals and Explosives*: The objective of this project is to provide data on existing facilities for the production of mining chemicals and explosives; taking into consideration supply and demand. The study will also examine the availability of raw materials in the region in order to justify the establishment of new facilities.

- *Sharing of Mineral Processing Facilities*: This project will review and assess existing and planned mineral processing facilities; with a view to establishing how best they might be utilized for the benefit of the region as a whole.
- *Development of Fertilizer Mineral Raw Materials*: This project will review and make an assessment of current known and inferred occurrences of phosphate minerals, limestone, sulphur and gas for fertilizer manufacture.
- *Hydrogeological Investigations*: It is intended that hydrogeological investigations should be carried out within the region so that potential sources of water can be identified and the viability of their exploitation examined. This programme will be developed in close consultation with SADCC's sector for Soil and Water Conservation and Land Utilization.

### *Projects Requiring Support*

The SADCC Mining Sector strategy emphasizes, *inter alia*, the need to identify and implement projects that can be developed fairly rapidly and have immediate economic impact. A new area aimed at the development of non-metallic minerals has been added to the programme. Realizing the potential contribution of the abundant coal resources to economic development in the region, activities aimed at the exploitation of these resources will be included in the Sector's programme. Work is under way to identify projects, in consultation with the Energy Sector.

Summary descriptions of the projects still requiring support appear as Annex A. (*not included*.)

A summary of the status of the projects in the programme is given as Annex B. (*not included*).

Extracts from Southern Africa Transport and Communications Commission Report (SATCC). February 1987.

## **1. Introduction**

This is the seventh SATCC report to SADCC Consultative Conferences. The programme of projects has basically remained the same. New projects have been incorporated in the programme, and project descriptions have been refined and updated through the years. In this document the present status of the programme is described.

SATCC objectives, policies and strategies have been explained in detail in the previous reports. Therefore in this report only a summary is given.

Also the Goods Traffic Forecast, Mineral Transport Study and the Coal Marketing and Transport Study have been reported earlier. This information has not been repeated in this report. It should be noted, however, that updating of these studies is included in the SATCC work programme for 1987.

Similarly other general, detailed descriptions of programmes have been omitted and only the main principles repeated here.

Thus the report mainly consists of the description of the present status of the SATCC Programme of Projects.

## **2. Summary of SATCC Strategies**

### *2.1 Objectives and Policies*

The basic objectives are listed in the Convention on the Establishment of the Southern Africa Transport and Communications Commission (SATCC) of 1980. One of the key objectives is to reduce economic dependency, particularly, but not only, on the Republic of South Africa.

Of first priority towards that end is the rehabilitation and upgrading of the existing facilities and provision of adequate telecommunications and civil aviation services.

In addition to capital investment projects operational co-ordination and training have been included in the strategic planning of future activities.

The programme is divided into three main activities:

- (i) Operational Co-ordination;
- (ii) Training; and
- (iii) Capital Investment Projects.

Programmes have been prepared separately for surface transport, civil aviation, telecommunications, meteorology and postal services.

### *2.2 Operational Co-ordination*

The general objectives within the Operational Co-ordination activity are:

- (i) Improvement of intra-regional transport and co-operation in operations through establishment of bilateral and multi-lateral transport agreements and by joining international conventions;
- (ii) Promoting regional co-ordination and co-operation on maintenance of infrastructure and equipment;
- (iii) Regional harmonization of standards and specifications;
- (iv) Harmonization of rules, regulations and practices related to operations and maintenance of the infrastructure and facilities for services.

Specific objectives and detailed programmes for implementation have been prepared for each transport sector and described in the previous SADCC reports.

The implementation is co-ordinated and monitored through meetings of representatives of all transport and communications sectors. In telecommunications these goals are achieved through SATA (Southern African Telecommunications Administrations) Conferences.

During 1985 it was decided that Meteorology and Postal Services shall be included in the tasks of SATCC. Meetings for operational co-ordination have been initiated also within these two new sectors.

### 2.3 *Training*

The training projects of SATCC are closely co-ordinated with the activities of the Regional Training Council in Swaziland.

The main objectives adopted for training are:

- (i) Existing institutions shall be used and if necessary be expanded to meet the regional needs;
- (ii) Training facilities shall be established throughout all member states;
- (iii) Capital investment projects shall include training programmes;
- (iv) Possibilities for the establishment of regional training facilities shall be investigated.

The training activities within SATCC are also dealt with by sectoral meetings described in Chapter 2.2. above.

Action programmes have been prepared for each sector and studies on training needs are and will be carried out on a regional basis.

### 2.4 *Capital Investment Projects*

The implementation programme for capital investment projects is mainly based on the following principles, that highest priority shall be given to:

- Rehabilitation of existing facilities; and
- Projects reducing economic dependence and promoting regional trade.

*In the present circumstances special emphasis has been put on projects which will give the capacity to handle all of the international trade of the member states through the SADCC ports.*

In this respect the first priority should be given to the transport corridors leading from hinterland to the regional ports of Maputo, Beira and Dar es Salaam.

Of primary importance within each of the above transport systems are the railway projects, followed by port projects to provide adequate capacity for any emergencies. In this respect projects related to track, motive power, rolling stock and railway telecommunications should come first.

The capital investment projects are divided into five main groups:

- Surface Transport Systems
- Civil Aviation
- Telecommunications
- Meteorology
- Postal Services

In the preparation of the plan the technical and economic feasibilities of the projects have been assessed on the basis of studies carried out within and outside SATCC and on the Traffic Forecast prepared by SATCC.

The likelihood of attracting local and/or external resources has also been considered.

Most of the Projects within the Port Transport Systems have been sched-

uled for implementation or initiation of implementation during 1986–1990. Other projects have been regarded to be of lower priority for the fulfilment of the two main objectives and thus been scheduled for the period 1991–1995. Such projects are mainly projects not included in the port systems or the regional railways or trunk road network.

Other projects are aiming at facilitating the planned export of e.g. coal and minerals in the future. The projects have been scheduled in accordance with the national plans in this respect.

### 3. Summary of Costs and Financing

This presentation is based on information received by the end of September 1986.

The *total cost* of the 158 main projects in the programme is estimated at US\$ 3 071 million. Financing is fully secured or serious negotiations are under way for 32 main projects. In addition 33 subprojects in Beira and Dar es Salaam Ports Systems are considered fully financed. The *secured funds* amount to US\$ 1 123 million, i.e. 37 per cent of the total costs.

This represents a major increase in secured financing, as the corresponding percentage in early 1986 was 25 per cent. This is partly due to the fact that the governments of the member states have committed themselves to providing the local costs of all projects in the programme.

It should be noted that US\$ 423 million of the secured funds consist of local currency components. The secured foreign currency part including funds which are under serious negotiations, is US\$ 978 million.

It should be further noted that for most of the other projects financiers have been approached and preliminary contacts taken. These projects have in earlier reports been listed under the heading “under negotiation”. This time only projects for which the outcome is anticipated pretty surely to be positive, are listed under that heading.

On that basis financing being discussed is estimated to be US\$ 278 million, i.e. 9,1 per cent of the total cost of the projects.

The financing gap is US\$ 1 670 million, i.e. 54 per cent of the total cost. This gap means the part of total project cost which is not secured or under serious negotiation with any financier.

It is estimated that about 5 per cent of the total cost of the implementation of projects has been spent on general and capital investment project studies (excluding detailed engineering). If the same applies to the whole programme even in the future, it would mean that about US\$ 150 million will have been spent on studies. Therefore, during negotiations for financing arrangements, possibilities for reducing the volume of studies should be carefully considered in order to make more funds available for implementation purposes.

It should be noted that the financing gap is still 66 per cent in the Maputo

and Beira Port Transport Systems, and 37 per cent in the Dar es Salaam Port Transport System. Consideration of additional funding for these systems in the present circumstances should be of first priority.

A summary of the estimated costs and status of financing by transport system is given in Table 1.

Extract from Speech by Dr Ibrahim Tabaković of Yugoslavia addressed to SADCC on behalf of the Non-Aligned Movement. February 1987.

... It is probably unnecessary to specially emphasize that the non-aligned countries do not consider the mutual co-operation of developing countries as an alternative to co-operation between the developed and developing countries, but that it is rather the question of an additional and complementary component of unified functioning of the world economy. For, as the South can not exist without the developed North, neither can the North further develop without the progress of the South. Everybody is aware of this interdependence, but the problem today is to have it recognized.

In the framework of intensifying the consistent struggle we are waging for the establishment of the new international economic order, allow me to stress the importance of the Action Programme for Economic Co-operation, and particularly the "resolution of the non-aligned and developing countries to investigate and exploit the enormous possibilities for mutual co-operation in financial, technical, industrial, trade and all other fields, with the aim of achieving the collective self-reliance and development of indigenous economies" which was jointly expressed in Harare. The stands of the Declaration of the 7th Summit Conference and other documents of the Group of 77 are on the same lines...

### **Nordic SADCC initiative on Expanded Economic and Cultural Co-operation between the Nordic countries and the SADCC member States**

Report Adopted by the Joint Meeting of Nordic and SADCC Ministers. 4 February 1987.

The first twelve months of the life of the Nordic/SADCC Initiative saw the initiation of a broad spectrum of activities aimed at developing the programmes outlined in the *Joint Declaration* and the *Framework for a Programme of Co-operation 1986-1990*. During this period consultation between the two regions intensified both in regard to the overall development of the Initiative and the elaboration of the specific projects and programmes.

**Table 1**  
Costs and Status of Financing of Projects (US\$ million)

	Costs			Secured		Under Negotiation		Financing gap	
	Total	Foreign	Local	Amount	%	Amount	%	Amount	%
Regional Operational Co-ordination and Training Projects	45,18	45,07	0,11	18,36	40,6	0,8	1,8	26,02	57,6
Maputo Port Transport System	680,9	567,2	113,7	231,1	33,9	—	—	449,8	66,1
Beira Port Transport System	613,9	538,4	75,5	101,6	16,5	109,2	17,8	403,1	65,7
Nacala Port Transport System	265,0	223,2	41,8	163,4	61,7	80,4	30,3	21,2	8,0
Dar es Salaam Port Transport System	554,6	460,1	94,5	284,5	51,3	67,8	12,2	202,3	36,5
Lobito Port Transport System	186,6	180,5	6,1	30,3	16,2	—	—	156,3	83,8
Intraregional Surface Transport	239,2	190,4	48,8	80,3	33,6	13,1	5,5	145,8	60,9
Civil Aviation	145,12	130,82	14,3	38,2	26,3	—	—	106,92	73,7
Telecommunications	292,3	266,3	26,0	169,9	58,1	4,7	1,6	117,7	40,3
Meteorology	12,6	12,6	—	2,7	21,4	2,5	19,8	7,4	58,8
Postal Services	35,93	33,53	2,4	2,4	6,7	—	—	33,53	93,3
<b>Total</b>	<b>3 071,33</b>	<b>2 648,12</b>	<b>423,21</b>	<b>1 122,76</b>	<b>36,6</b>	<b>278,5</b>	<b>9,1</b>	<b>1 670,07</b>	<b>54,3</b>

As a result of the Initiative the Nordic countries are now even more deeply involved in the overall development of the region; in addition to providing continued support for bilateral and regional development projects. In the light of this more comprehensive involvement, it is necessary to preface the first Annual Report with a brief discussion of the context within which Nordic/SADCC co-operation is being developed.

### **Southern Africa in crisis**

The signing of the *Joint Declaration*, on 29 January 1986, coincided with the crisis in Southern Africa entering a new and even more dangerous phase. Within South Africa itself, popular resistance to apartheid has increased markedly and repression has also been intensified. It is recognized that the SADCC member states cannot insulate themselves from this conflict. Already very considerable damage has been done to their economies as a direct and indirect result of South Africa's actions.

The Nordic countries have been in the forefront of those urging concerted international action against apartheid; and have each, at a national level, implemented a comprehensive set of measures. The impact of these measures is kept under constant review. In addition, substantial additional resources have been announced during the year to support the SADCC *Programme of Action* and to alleviate the suffering of the victims of apartheid.

International economic sanctions are now a reality which must affect all regional planning. The impact of sanctions on the economies of the SADCC member states will cause problems but also provide new possibilities for growth. The SADCC member states, however, do not wish that their vulnerability should be used by the international community as an excuse for not imposing sanctions against South Africa.

### **International economic environment**

The stalling of global negotiations to restructure the world economy gave the original stimulus to the Nordic countries to seek a special relationship with a smaller group of developing countries. It was thought that such a relationship might provide a model through which some of the proposals made in the global negotiations could be further developed at a practical level. In the longer term, therefore, the Initiative will cover a wide range of economic and cultural relations between the two regions. An assessment of the current impact of the world economy on the region's prospects for growth and development is, therefore, crucial in determining the priorities for action within the Initiative.

Over 1985-1986 the international economic environment, as it affects SADCC's member states, stabilized and became, on balance, marginally more favourable. This improvement is, however, inadequate given the sharp deterioration which took place during the preceding years. With regard to the



region's terms of trade, the prices of some exports — notably coffee — rose, while the prices of most imports were relatively stable and some — notably petroleum products — fell. However, these improvements followed major falls since 1977 and were from the worst terms of trade experienced since the Second World War. Furthermore, SADCC's external debt now represents 60 per cent of annual regional product and 250 per cent of annual exports. The region, therefore, faces very severe external debt service problems.

The Nordic countries remain one of the region's main sources of development assistance and provide significant resources through both bilateral and multilateral channels. Summaries of the current involvement of the Nordic countries in the SADCC *Programme of Action* appear as an annex to this report and indicate the scope of the Nordic commitment to the regional programme. (not included).

Overall, however, external assistance (net of debt service) to SADCC member states has grown only modestly in the past two years. The growth in respect of support for co-ordinated priority projects included in the *Programme of Action*, while uneven, has been impressive. However, when drought-related emergency aid is subtracted, overall regional net inflows of concessional finance on a real per capita basis show little improvement.

This unfavourable international economic environment increases the urgency of acting on the SADCC *Programme of Action*, and the OAU's *African Priority Programme for Economic Recovery* (APPER) more broadly; and further heightens the significance of the Nordic/SADCC Initiative.

### **A programme unfolds**

The Nordic/SADCC Initiative focuses on the development and implementation of measures to strengthen the productive sector in the SADCC region; to stimulate joint ventures and other forms of commercial investment; to increase intra- and inter-regional trade; to increase cultural co-operation between the regions; and to improve the efficiency and effectiveness of development assistance.

The process of consultation which led to the signing of the *Joint Declaration* coincided with a period of review and reassessment within SADCC itself. It is, therefore, not surprising that the main thrust of the Initiative should mirror closely the new developments which have taken place within SADCC over the past twelve months. There has, in fact, been a close relationship between the elaboration of the Initiative and the new focus of SADCC activities. In this context, the Nordic and SADCC governments have agreed to work together to improve the climate for enterprise investment and to foster a more entrepreneurial spirit within the region.

During 1986, SADCC has sought to broaden the scope of its programme by giving greater emphasis to production and intra-regional trade. It is in this context that, during 1986, the Council of Ministers formally launched a re-

gional trade programme and decided that the focus for the 1987 Annual Consultative Conference should be *Investment in Production*.

### **The Progress Achieved**

Senior officials from both regions met in Stockholm in June 1986 to review progress in the implementation of the *Framework for a Programme of Co-operation 1986-1990* and agreed on the various tasks and activities to be undertaken. A further joint meeting took place in Oslo in November 1986.

At these meetings there was agreement that, although the actions foreseen in the context of the Initiative would have a specific character, it was not possible to maintain a watertight distinction between such new programmes and those being implemented, with Nordic support, in the general SADCC programme or at a bilateral level between the Nordic and SADCC countries. Given that the Initiative seeks enhanced economic and cultural co-operation at a region-to-region level, it was understood that the Initiative would gradually encompass the totality of these relationships. In the first instance, however, attention would be focused on the new programmes to be undertaken and the mobilization of additional resources both public and private.

It was agreed that all the actions to be undertaken should be of a clearly regional character. Given the specific characteristics and problems of the region it was not, however, considered possible to provide rigid guidelines; but the following indications would be kept in mind when assessing the regional character of projects:

- projects should contribute significantly to the reduction of dependence and increased self reliance in a specific area of co-operation.

- projects should, generally, benefit more than one member state.

In assessing joint venture investments the regional character of a project might relate to:

- the ability of the project to meet the needs of the regional market;

- the utilization of raw materials from more than one country;

- possible regional participation;

- inter-regional export potential.

The *Framework* clusters the activities to be implemented under four main headings: support for the productive sector; trade; development assistance; and cultural co-operation. This report will discuss each of these in turn: (not included).

### **Support for the Productive Sector**

The issue of improving the climate for investment in the region, both with regard to the conditions for investment and the more intangible problem of the image of the region in the eyes of potential investors, is central to the success of the Initiative. A first step in this process has been the publication and dissemination of a compilation of SADCC member states' investment

codes. There is now a growing consensus within the region on the main elements of policy which should be implemented in order to stimulate both local and foreign investment.

Extracts from Remarks by Peter McPherson, Administrator US Agency for International Development. Principal US Response Speech 5 February 1987.

... As we all know, the Southern African Development Co-ordination Conference grew out of the concerted efforts of Angola, Botswana, Mozambique, Tanzania and Zambia — the original Frontline States — to support independence in Zimbabwe and Namibia.

This transition was successful in Zimbabwe, and with that success came the recognition that stability and economic growth were shared regional concerns. The Frontline States saw the imperative of going beyond short term political co-operation. They wisely concluded that equitable development and greater economic interaction between states was essential for the peace so long absent from this gloriously endowed sub-continent.

The result was SADCC, established in April 1980 at Lusaka. The original Frontline States were joined by Zimbabwe, Lesotho, Malaŵi and Swaziland. Together you formalized your intention to pursue a co-operative strategy of regional development — thereby setting a standard of consensus: a rallying point where regional economic opportunities and problems could be addressed.

The accomplishments of SADCC since 1980 are impressive.

The most recent annual progress report attests to significant mobilization of resources, both foreign and local. Transportation planning and co-operation may be among the most impressive in the Third World. But the most important achievement, I believe, has been the commitment made to solve common development problems together; and, a commitment to exploitation of common assets for the advancement of all the people of Southern Africa. ...

... With SADCC, this region of Africa has a forum in which this vision of the future can be translated into action. Were Seretse Khama here today, I am sure he would be strong, clear, and positive in his view of the future. He would rate the 70 million people strong. He would point out again the rich soils and mineral deposits. Then he would urge us to work resolutely toward:

- A Southern Africa that receives greater added value from its mineral and agricultural production;
- A Southern Africa that is food self-reliant;
- A Southern Africa that manufactures more of its own capital goods and generates some internal capital, from locally owned companies;
- A Southern Africa able to offer new employment and increased incomes

to a skilled workforce that can move naturally across borders in search of employment;

— A Southern Africa with diverse economies, yet interlinked through efficient transportation and communication systems, and with substantial and roughly balanced regional trade.

This kind of vision is not Utopian. It could come in most of our lifetimes. Yet we are not blind to the formidable challenges that lie in the path.

— First and foremost, the end of apartheid. Unless apartheid is ended, it will poison the future of all, even its creators. All human development is rooted in equal opportunity. The same is true of nations, and SADCC represents that ideal.

— Second, economic reform programmes are the prerequisites for new growth. Important structural adjustments are under way in Zambia, Malawi, Mozambique, and Tanzania. We, the donor community, must strengthen our support for these essential efforts in order to generate more export-related growth, employment and additional income.

— The countries in this region will need to further adjust and co-ordinate exchange rates to open regional opportunities for increased trade. Consultation with the private sector is essential to assure that other barriers, which inhibit firms from investing across national boundaries, are also lifted.

— Natural routes to the sea need to be rehabilitated so that the region's transportation network can function at full efficiency. Costly dependence on the long routes through South Africa is unhealthy economically and undermines future progress.

— Southern African countries need to reduce their current level of unhealthy economic dependence on South Africa. There are, of course, important and mutually advantageous economic links between SADCC countries and South Africa. But SADCC countries should seek less economic dependency over the medium term and that should result in more growth and benefit to all in the region. One must strive for balance, and the current economic situation is clearly out of balance.

— Logically, a post-apartheid South Africa must take its place as a source of technology, raw materials, capital goods and as a market for regionally produced goods. A positive vision, however, also requires development of strong economies within SADCC, and Zaïre as well, so that the region can trade and compete on a more equal footing with South Africa.

Finally, we would counsel that the economies of Southern Africa develop in ways that capitalize on each country's comparative advantage, with considerations of essential economies of scale. This is necessary for terms of trade with the outside world to improve. That is fundamental for the exports that must fuel your economic security.

The fact that many of these objectives are high on SADCC's agenda and are mentioned in the documentation prepared for this conference gives me

great hope for the future development of this region. It also underscores why the theme of this conference — *Investment in Production* — makes such good sense.

The private sector is not only an important player in economic growth—it must play the leading role. As concessional sources of financing, the donors welcome SADCC's plan for implementation of programmes to promote trade and increase exports. That brings together government and private interests. We should do all we can to support this very desirable programme. I would urge the representatives from the private business community who are here at this conference to note the great potential of this region. We hope the private sector will respond to the attractive long-term investment opportunities the region presents.

Mr Chairman, my vision is not without danger. This is a time of great immediate peril in Southern Africa.

As the crisis of minority rule in South Africa deepens, the spillover effect on the Southern African economies is real and dangerous — with ramifications that might be underestimated. It would be tragic if the future of this region is mortgaged by counterproductive recriminations or further sanctions within the region which would jeopardize the economic future of all the parties in this sub-continent. It is time for positive action, not more sanctions here.

Sir Seretse Khama speaking before the OAU concerning the sanctioning of South Africa reminded us some time ago to think twice. He said: keep the channels of communication open and dialogue alive. Let us continue to put our heads together and in sincerity work out positive and realistic strategies toward the achievement of our goals.

I believe SADCC and its programme of action represent the kind of positive and realistic strategy Seretse Khama had in mind.

We are here today to confirm the solidarity of the international partnership between SADCC members and the donor community.

For our part, the United States is prepared to undertake a new initiative in Southern Africa — one which would build upon our current programme of approximately 175–200 million dollars annually in food and development assistance to SADCC and member countries.

On 22 July of last year, President Reagan announced that Secretary Schultz and I would undertake a study of America's assistance role in Southern Africa. The President asked us to examine the needs of the region and what could be done to improve transportation, and expand trade and private investment.

As some of you may recall, I was in the region last August to consult with SADCC governments on the development of such a programme. I met at that time with the governments of Zambia, Malaŵi, Mozambique and Botswana, and met personally with Presidents Kaunda, Banda, and Masire and

with the SADCC leadership. In September, I also had extensive discussions in Washington with then Foreign Minister Chissano and Finance Minister Osman of Mozambique. Out of these consultations, the United States has developed a multi-year initiative for economic progress in Southern Africa. Our initiative proposes that the United States increase its support to:

- Rehabilitate important transport and regional port facilities;
- Support economic, trade and monetary policy reforms designed to attract more investment to the region, both foreign and indigenous. This will be done with quick disbursing grants; and
- Fund mechanisms to facilitate trade among the Southern African countries themselves, and between them and the rest of the world.

We propose that this initiative extend over the next several years. We have asked our Congress for 93 million dollars in additional assistance to Southern Africa, to be committed over the next 18 months. This will be a first instalment on what we hope will be the development of significant new areas of co-operation between the United States and the region.

On 4 December 1986 in a major Southern Africa policy speech, US Secretary of State George Shultz concluded by saying: "There is too much at stake for us to turn away in despair and let destructive events run their course. The economic engine created by the talent and sweat of all the peoples of Southern Africa is too important to be destroyed by reckless action from any quarter. The hopes of all the region's people for a better life for themselves and their children are too precious to be squandered away in futile efforts to preserve apartheid in South Africa or by a leftward lurch toward a new authoritarianism". He pledged that the US will stand with you and will remain engaged in the search for peaceful solutions and new economic growth. If we are true to ourselves we can pursue no other course . . .

Extracts from Speech delivered by Sal G. Marzullo at the SADCC Seminar for Businessmen. 4 February 1987.

. . . A major concern that we will address during the plenary sessions and workshops is how to increase investment flows into the region. We need to look at what overall policies are important to encourage the private sector, what establishes the credit worthiness of a project, what elements are part of the investment decision, and what motivates businessmen. As we examine these questions, I would first like to make the case that indigenous businessmen and foreign investors are both motivated by the same goals and objectives. The theme paper does cite some variance in objectives among parastatals, indigenous businessmen and foreign investors. Yet, I think profits, political and financial stability, markets and a source of skilled labour are essential to all of us who operate companies, whether they are large, like the

company I represent, or small, like a corner trading store. Profit is a word that we all know: for some it has a positive connotation, for others it has a negative image. For the businessman, whether he be a local citizen or a foreign investor, profits are a necessity. However, along with profits, the businessman also seeks a situation in which his business will have a chance to succeed and grow over a long period of time, at least as long as he is alive and has a family to feed and stockholders to whom dividends must be paid. I hope that the indigenous businessmen from the SADCC member states will be able to teach us some of the techniques that they have developed to survive in a difficult economic environment. Those of us from outside of the region have much to learn. Yet at the same time, I hope our experiences both abroad and in our own economies, all of which have been going through transition periods and economic hard times, may be of some value to those who live and breathe in Southern Africa.

In order to focus squarely on some of the issues affecting international investment flows, I hope some of the following issues will be discussed:

1. The need for country-specific, growth-orientated and export-promoting economic strategies.
2. The detrimental effects of overvalued exchange rates.
3. The need for simple, clearly stated and positive investment codes.
4. The usefulness of one-stop centres for processing external investment proposals.
5. Tariff structures.
6. Repatriation of profits.
7. The security of, and ability to repatriate invested capital.
8. The shortage of foreign exchange.
9. The need for aggressive promotion efforts to attract foreign investment.

The last point was discussed in the theme paper. To quote, "For the foreign investor, investing in SADCC is only one of the options available. Its attractiveness is weighed up against other alternatives. This means that policies pursued by the SADCC governments have to take into account what other countries are doing."

Since we are here today as friends looking together at common problems and how to solve them, we must look at what a multinational is at its best and how development cannot take place without its presence as a responsible partner. There has been much debate over the last decade about the private sector in development. Whatever one's position on the subject, we should all realize that the multinational offers a fruitful area for analysis for all those genuinely interested in international development and co-operation. Without private sector participation, it is very doubtful that significant development of any kind can take place in the developing world or even in the developed world.

Many countries have viewed the multinationals as interfering with their

right to shape their developmental destinies, and have even accused them of imposing a cultural imperialism on some nations just beginning to find a sense of their own national consciousness. Surely it is time to rethink the role of the multinational on the world development scene for it is an economic structure that has a key role to play in development.

The most significant thing about the multinational corporation, in the opinion of many observers, is that it helps to create a true world economy. It has in many ways become the most important vehicle for developing a rational system for the allocation of resources and the breaking down of boundaries between nationals in such matters as trade, communication and technology. This latter, the transfer of technology, involves much more than the transfer of technical knowhow. It involves educational development, motivational factors for workers who suddenly find themselves in greater social and economic mobility in countries where such mobility has not existed before. We are, it is true, still wrestling with this problem of technology transfer. Increasingly, multinational affiliate companies are run by citizens of the host country and they operate at the highest levels of management. One of the major contributions of multinationals that is often overlooked is the role they play in the training and development of tens of thousands of skilled managers and administrators in the developing world.

Multinationals also contribute greatly to the development of indigenous business. Nigeria, Brazil and Mexico are but a few examples of countries where thousands of local industries were formed which were badly needed.

Less developed countries have often criticized multinationals for being "in conflict" with host country goals. Developing countries should no longer view the multinational as a competitor, a rival, a negative presence; and multinationals need to be sensitive to the host country in which they operate and where possible to understand and co-operate in national development goals and objectives. The conflicts that have existed between governments and multinationals can be eliminated or at the very least minimized when both exercise responsible leadership. National development will be accelerated when host country and multinationals view themselves as partners in development and not as antagonists with different sets of objectives . . .



## Southern Africa

It seemed appropriate to include the Preferential Trade Agreement in this issue of the *Record* for purposes of comparison with the SADCC material also published. Only those chapters of technical import have been omitted. The background to the PTA is outlined in the review by the Zimbabwean Deputy Minister of Trade and Commerce.

Treaty for the Establishment of the Preferential Trade Area for Eastern and Southern African States. 9 June 1982.

### PREAMBLE

The President of the People's Republic of Angola;  
The President of the Republic of Botswana;  
The President of the Republic and Chairman of the Supreme Revolutionary Council of Burundi;  
The President of the Federal Islamic Republic of the Comoros;  
The President of the Republic of Djibouti;  
The Chairman of the Provisional Military Administrative Council and of the Commission for organizing the Party of the Working People of Ethiopia and Commander in Chief of the Revolutionary Army of Socialist Ethiopia;  
The President of the Republic of Kenya;  
*His Majesty the King of the Kingdom of Lesotho*;  
The President of the Democratic Republic of Madagascar;  
The Life President of the Republic of Malawi;  
The Prime Minister of Mauritius;  
The President of the People's Republic of Mozambique;  
The Head of State and Government and President-Founder of the National Revolutionary Movement for the Development of Rwanda;  
The President of the Republic of Seychelles;  
The President of the Somali Democratic Republic;  
*His Majesty the King of the Kingdom of Swaziland*;  
The President of the United Republic of Tanzania;  
The President of the Republic of Uganda;  
The President of the Republic of Zambia;  
The President of the Republic of Zimbabwe;

*Conscious* of the overriding need to foster, accelerate and encourage the economic and social development of their States in order to improve the living standards of their peoples;

*Convinced* that the promotion of harmonious economic development of their States calls for effective economic co-operation largely through a determined and concerted policy of self-reliance;

*Recalling* the African Declaration on Co-operation, Development and Economic Independence adopted by the Tenth Assembly of Heads of State and Government of the Organization of African Unity, in May 1973 at Addis Ababa in Ethiopia;

*Bearing in mind* the Declaration of Intent and Commitment on the establishment of a Preferential Trade Area for Eastern and Southern African States adopted by the First Extraordinary Conference of Ministers of Trade, Finance and Planning held in Lusaka, Republic of Zambia, from 30 to 31 March 1978;

*Inspired* by the decision contained in the Final Act of the Second Extraordinary Session of the Assembly of Heads of State and Government of the Organization of African Unity held at Lagos from 28 to 29 April 1980 that there should be established an African Common Market by the year 2000;

*Determined* to foster closer economic and other relationships among their States and to contribute to the progress and development of the African continent and the achievement of an African Common Market;

*Resolved* to act in concert for the establishment of a Preferential Trade Area for Eastern and Southern African States as a first step towards the establishment of a Common Market and eventually of an Economic Community for Eastern and Southern African States; and

*Having in mind* the principles of international law governing relations between nations, such as the principles of sovereignty, equality and independence of all States and non-interference in the domestic affairs of States;

HEREBY AGREE AS FOLLOWS:

## **Chapter One**

### **ARTICLE 1**

#### **Interpretation**

In this Treaty:

“Authority” means the authority of the Preferential Trade Area established by Article 6 of this Treaty;

“Bank” means the Eastern and Southern African Trade and Development Bank established by Article 32 of this Treaty;

“Commission” means the Intergovernmental Commission of Experts established by Article 11 of this Treaty;

“Committee” means a Committee established by or under Article 11 of this Treaty;

“Common List” has the meaning assigned to it in Article 1 of Annex I of this Treaty;

“common customs tariff” means an identical rate of tariff imposed in the same manner;

“co-operation” includes the undertaking by the Member States in common, jointly or in concert of activities undertaken in furtherance of the objectives of the Preferential Trade Area as provided for under this Treaty or under any contract or agreement made thereunder or in relation to the objectives of the Preferential Trade Area;

“Council” means the Council of Ministers established by Article 7 of this Treaty;

“customs duties” means import or export duties and other charges of equivalent effect levied on goods by reason of their importation or exportation and includes suspended duties and fiscal duties or taxes where such duties or taxes affect the importation or exportation of goods but does not include internal duties and taxes such as sales, turnover or consumption taxes, imposed otherwise than in respect of the importation or exportation of goods;

“goods in transit” means goods being conveyed between two Member States or between a Member State and a third country and passing through another Member State or Member States and, “transit” shall be construed accordingly;

“Member State” means a Member State of the Preferential Trade Area;

“person” means a natural or legal person;

“Preferential Trade Area” means the Preferential Trade Area for Eastern and Southern African States established by Article 2 of this Treaty;

“Secretariat” means the secretariat of the Preferential Trade Area established by Article 9 of this Treaty;

“Secretary-General” means the Secretary-General of the Preferential Trade Area provided for by Article 9 of this Treaty;

“third country” means any country other than a Member State;

“Treaty” means the Treaty for the establishment of the Preferential Trade Area;

“Tribunal” means the Tribunal of the Preferential Trade Area established by Article 10 of this Treaty;

“unique situation” when used in respect of Botswana, Lesotho and Swaziland includes economic, geographic, monetary, migratory labour and transport and communications problems faced by these countries.

## Chapter Two

### ESTABLISHMENT AND PURPOSES

#### ARTICLE 2

##### **Establishment and membership**

1. THE HIGH CONTRACTING PARTIES hereby establish among their respective States a Preferential Trade Area for Eastern and Southern African States, referred to in this Treaty as "the Preferential Trade Area", as a first step towards the establishment of a Common Market and eventually of an Economic Community for Eastern and Southern African States.

2. Membership of the Preferential Trade Area shall be open to the following Eastern and Southern African States:

- The People's Republic of Angola;
- The Republic of Botswana;
- The Republic of Burundi;
- The Federal Islamic Republic of the Comoros;
- The Republic of Djibouti;
- Socialist Ethiopia;
- The Republic of Kenya;
- The Kingdom of Lesotho;
- The Democratic Republic of Madagascar;
- The Republic of Malawi;
- Mauritius;
- The People's Republic of Mozambique;
- The Republic of Rwanda;
- The Republic of Seychelles;
- The Somali Democratic Republic;
- The Kingdom of Swaziland;
- The United Republic of Tanzania;
- The Republic of Uganda;
- The Republic of Zambia;
- The Republic of Zimbabwe;

3. The Member States of the Preferential Trade Area shall be the Eastern and Southern African States set out in paragraph 2 of this Article that sign, ratify or accede to this Treaty and such other immediately neighbouring African States that become Member States of the Preferential Trade Area under the provisions of Article 46 of this Treaty.

#### ARTICLE 3

##### **Aims and specific undertakings of the Preferential Trade Area**

1. It shall be the aim of the Preferential Trade Area to promote co-operation

and development in all fields of economic activity particularly in the fields of trade, customs, industry, transport, communications, agriculture, natural resources and monetary affairs with the aim of raising the standard of living of its peoples, of fostering closer relations among its Member States, and to contribute to the progress and development of the African continent.

2. The functioning and development of the Preferential Trade Area shall be reviewed in accordance with the provisions of this Treaty with a view to the establishment of a Common Market and eventually of an Economic Community for Eastern and Southern African States.

3. For the purposes set out in paragraphs 1 and 2 of this Article the Member States agree to implement the undertakings set out in paragraph 4 of this Article and as provided for elsewhere in particular provisions of this Treaty.

4. (a) The Member States undertake by way of the Protocols annexed to this Treaty to:

- (i) gradually reduce and eventually eliminate as between themselves customs duties in respect of imports of selected commodities produced within the Preferential Trade Area;
- (ii) establish common rules of origin with respect to products that shall be eligible for preferential treatment;
- (iii) establish appropriate payments and clearing arrangements among themselves that would facilitate trade in goods and services;
- (iv) foster such co-operation among themselves in the fields of transport and communications as would facilitate trade in goods and services;
- (v) co-operate in the field of industrial development;
- (vi) co-operate in the field of agricultural development;
- (vii) establish conditions regulating the re-export of products within the Preferential Trade Area;
- (viii) promulgate regulations for facilitating transit trade within the Preferential Trade Area;
- (ix) simplify and harmonize their trade documents and procedures;
- (x) co-operate in customs matters;
- (xi) standardize the manufacture and quality of goods produced and traded within the Preferential Trade Area;
- (xii) recognize the unique situation of Botswana, Lesotho and Swaziland and their membership of the Southern African Customs Union within the context of the Preferential Trade Area and to grant temporary exemptions to Botswana, Lesotho and Swaziland from the full application of certain provisions of this Treaty; and

- (xiii) govern such other matters as may be necessary to further the aims of the Preferential Trade Area.
- (b) The Member States further undertake to:
  - (i) relax or abolish quantitative and administrative restrictions on trade among themselves;
  - (ii) promote the establishment of appropriate machinery for the exchange of agricultural products, minerals, metals, manufactures and semi-manufactures within the Preferential Trade Area;
  - (iii) promote the establishment of direct contacts between, and regulate the exchange of information among their commercial organizations such as State trading corporations, export promotion and marketing organizations, chambers of commerce, associations of businessmen and trade information and publicity centres;
  - (iv) ensure the application of the most favoured nation clause to each other;
  - (v) adapt progressively their commercial policy in accordance with the provisions of this Treaty; and
  - (vi) take in common such other steps as are calculated to further the aims of the Preferential Trade Area.

#### ARTICLE 4

##### **General undertaking**

The Member States shall make every effort to plan and direct their development policies with a view to creating conditions favourable for the achievement of the aim of the Preferential Trade Area and the implementation of the provisions of this Treaty and shall abstain from any measures likely to jeopardize the achievement of the aims of the Preferential Trade Area or the implementation of the provisions of this Treaty.

### **Chapter Three**

#### INSTITUTIONS OF THE PREFERENTIAL TRADE AREA

#### ARTICLE 5

##### **Institutions**

1. The institutions of the Preferential Trade Area shall be:
  - (a) the Authority;

- (b) the Council of Ministers;
  - (c) the Secretariat;
  - (d) the Tribunal; and
  - (e) the Commission, the Committees and such other technical and specialized bodies as may be established or provided for by this Treaty.
2. The institutions of the Preferential Trade Area shall perform the functions and act within the limits of the powers conferred upon them by or under this Treaty.

## ARTICLE 6

### **The Authority of the Preferential Trade Area — establishment, composition and functions**

1. There is hereby established an Authority which shall be known as the Authority of the Preferential Trade Area and which shall consist of the Heads of State and Government of the Member States.
2. The Authority, which shall be the supreme organ of the Preferential Trade Area, shall be responsible for considering matters of general policy and for the general direction and control of the performance of the executive functions of the Preferential Trade Area and the achievement of its aims.
3. The decisions and directions of the Authority taken or given in pursuance of the provisions of this Treaty shall be binding on all other institutions of the Preferential Trade Area and on those to whom they are addressed other than the Tribunal within its jurisdiction.
4. The Authority shall normally meet once every year and may hold extraordinary meetings at the request of any member of the Authority provided that such a request is supported by one-third of the members of the Authority or upon the proposal of the Council of Ministers addressed to the Secretary-General. Subject to the provisions of this Treaty, the Authority shall determine its own rules of procedure.
5. The decisions of the Authority shall be taken by consensus.

## ARTICLE 7

### **Council of Ministers — establishment, composition and functions**

1. There is hereby established a Council which shall be known as the Council of Ministers and which shall consist of such Ministers as may be designated by each Member State.
2. It shall be the responsibility of the Council:
  - (a) to keep under constant review and ensure the proper functioning and development of the Preferential Trade Area in accordance with the provisions of this Treaty;

- (b) to make recommendations to the Authority on matters of policy aimed at the efficient and harmonious functioning and development of the Preferential Trade Area;
  - (c) to give directions to all other subordinate institutions of the Preferential Trade Area; and
  - (d) to exercise such other powers and perform such other duties as are conferred or imposed on it by this Treaty or as may be determined from time to time by the Authority.
3. The decisions and directions of the Council taken or given in pursuance of the provisions of this Treaty, shall be binding on all other subordinate institutions of the Preferential Trade Area and on those to whom they are addressed other than the Tribunal within its jurisdiction.
4. The Council shall meet at least twice a year and one of such meetings shall be held immediately preceding an ordinary meeting of the Authority. Extraordinary meetings of the Council may be held at the request of a Member State provided that such a request is supported by one-third of the Member States.
5. Subject to any directions that the Authority may give and to the provisions of this Treaty, the Council shall determine its own procedure including that for convening its meetings, for the conduct of business thereat and at other times and for the rotation of the office of Chairman among the members of the Council.
6. The decisions of the Council shall be taken by consensus.
7. Where an objection is recorded on behalf of a Member State to a proposal submitted for the decision of the Council, the proposal shall, unless such objection is withdrawn, be referred to the Authority for its decision.

## ARTICLE 8

### **Decisions of the Authority and the Council**

The Authority shall determine the procedure for the dissemination of its decisions and directions and those of the Council and for matters relating to the coming into effect of such decisions and directions.

## ARTICLE 9

### **The Secretariat**

1. There is hereby established a Secretariat of the Preferential Trade Area.
2. The Secretariat shall be headed by a Secretary-General who shall be appointed by the Authority to serve in such office for a term of four years and shall be eligible for reappointment for a further period of four years.
3. The Secretary-General shall be the principal executive officer of the Pref-



erential Trade Area. In addition to the Secretary-General, there shall be such other staff of the Secretariat as the Council may determine.

4. The terms and conditions of service of the Secretary-General and the other staff of the Secretariat shall be governed by regulations that may from time to time be made by the Council:

Provided that the Secretary-General shall only be removed from office by the Authority upon the recommendation of the Council.

5. In appointing staff to offices in the Secretariat, regard shall be had, subject to the paramount importance of securing the highest standards of integrity, efficiency and technical competence, to the desirability of maintaining an equitable distribution of appointments to such offices among citizens of all the Member States.

6. (1) In the performance of their duties the Secretary-General and the staff of the Secretariat shall not seek or receive instructions from any Member State or from any other authority external to the Preferential Trade Area. They shall refrain from any actions which might reflect on their position as international officials responsible only to the Preferential Trade Area.

(2) Each Member State undertakes to respect the international character of the responsibilities of the Secretary-General and the staff of the Secretariat and shall not seek to influence them in the discharge of their responsibilities.

7. The Secretary-General shall:

- (a) as appropriate, service and assist the institutions of the Preferential Trade Area in the performance of their functions;
- (b) submit a report on the activities of the Preferential Trade Area to all meetings of the Authority and the Council;
- (c) be responsible for the administration and finances of the Preferential Trade Area and all its institutions and act as secretary to the Authority and the Council;
- (d) keep the functioning of the Preferential Trade Area under continuous examination and may act in relation to any particular matter which appears to merit examination either on his own initiative or upon the request of a Member State made through the Commission and the Secretary-General shall, where appropriate, report the results of his examination to the Commission;
- (e) on his own initiative or as may be assigned to him by the Authority or the Council undertake such work and studies and perform such services as relate to the aims of the Preferential Trade Area and to the implementation of the provisions of this Treaty; and
- (f) for the performance of the functions imposed upon him by this Article, collect information and verify matters of fact relating to the functioning of the Preferential Trade Area and for that purpose may request a Member State to provide information relating thereto.

8. The Member States agree to co-operate with and assist the Secretary-

General in the performance of the functions imposed upon him by paragraph 7 of this Article and agree in particular to provide any information which may be requested under subparagraph (f) of paragraph 7 of this Article.

## ARTICLE 10

### **Tribunal of the Preferential Trade Area**

1. There is hereby established a judicial organ to be known as the Tribunal of the Preferential Trade Area which shall ensure the proper application or interpretation of the provisions of this Treaty and adjudicate upon such disputes as may be referred to it in accordance with Article 40 of this Treaty.
2. The Statute and other matters relating to the Tribunal shall be prescribed by the Authority.

## ARTICLE 11

### **The Intergovernmental Commission and Technical Committees — establishment, composition and functions**

1. There shall be established at such times as the Council may decide, as institutions of the Preferential Trade Area, the following Commission and Committees:
  - (a) the Intergovernmental Commission of Experts;
  - (b) the Customs and Trade Committee;
  - (c) the Clearing and Payments Committee;
  - (d) the Committee on Agricultural Co-operation;
  - (e) the Committee on Industrial Co-operation;
  - (f) the Transport and Communications Committee;
  - (g) the Committee on Botswana, Lesotho and Swaziland.
2. There may be such other Committees as the Authority, on the recommendation of the Council, may from time to time establish or as may be established under this Treaty at such times as the Council may determine.
3. The Commission or a Committee other than the Clearing and Payments Committee, shall consist of representatives designated by the Member States to serve on the Commission or on a Committee. Such representatives may be assisted by advisers.
4. The Commission or a Committee may establish such subcommittees as it may deem necessary for the purpose of discharging its functions and specify the composition of such subcommittees.
5. The Commission shall:
  - (a) oversee the implementation of the provisions of this Treaty and for this purpose a Member State may request the Commission to investigate any particular matter;

- (b) for the purposes of subparagraph (a) of this paragraph, request as necessary the Secretary-General to undertake specific investigations and to report his findings to the Commission;
  - (c) submit from time to time reports and recommendations to the Council either on its own initiative or upon the request of the Council concerning the implementation of the provisions of this Treaty; and
  - (d) have such other functions as are imposed on it under this Treaty.
6. Each Committee shall submit from time to time reports and recommendations to the Commission either on its own initiative or upon the request of the Commission or the Council concerning the implementation of related provisions of this Treaty, and have such other functions as are imposed on it under this Treaty.
7. Subject to any directives which may be given by the Council, the Commission or a Committee shall meet as often as necessary for the proper discharge of its functions and shall determine its own rules of procedure.

## **Chapter Six**

### CO-OPERATION IN OTHER FIELDS

#### ARTICLE 28

##### **General and other aspects**

Subject to the provisions of this Treaty, the Member States undertake to consult with one another through appropriate institutions of the Preferential Trade Area for the purpose of harmonizing their respective policies in such fields as they may, from time to time, consider necessary or desirable for the efficient and harmonious functioning and development of the Preferential Trade Area and the implementation of the provisions of this Treaty. In particular, but without prejudice to the generality of the foregoing, the Member States undertake to:

- (a) promote the establishment of direct contacts between, and regulate the exchange of information among, their commercial organizations such as State trading corporations, export promotion and marketing organizations, chambers of commerce, associations of businessmen and trade information and publicity centres;
- (b) promote the establishment of appropriate machinery for the exchange of agricultural products, minerals, metals, manufactures and semi-manufactures within the Preferential Trade Area;
- (c) promote the establishment of common training programmes and institutions in various fields which would assist in the development of the manpower required within the Preferential Trade Area;

- (d) regulate the activities of their State training and other commercial enterprises so as to ensure that they play an effective role in the development of the Preferential Trade Area; and
- (e) take in common such other steps as are calculated to further the aims of the Preferential Trade Area and the implementation of the provisions of this Treaty.

## **Chapter Seven**

### **ECONOMIC COMMUNITY FOR EASTERN AND SOUTHERN AFRICAN STATES**

#### **ARTICLE 29**

#### **Gradual establishment of a Common Market and an Economic Community for Eastern and Southern African States**

Two years before the expiry of ten years from the definitive entry into force of this Treaty, the Commission shall propose to the Council for its consideration and recommendation to the Authority for its approval, measures which in addition to the provisions of this Treaty would be required to be implemented as from the end of the said period of ten years, in order to assist in the development of the Preferential Trade Area into a Common Market and eventually into an Economic Community for Eastern and Southern African States.

## **Chapter Eight**

### **SPECIAL PROVISIONS IN RESPECT OF BOTSWANA, LESOTHO AND SWAZILAND; THE COMOROS AND DJIBOUTI**

#### **ARTICLE 30**

#### **Protocol in respect of Botswana, Lesotho and Swaziland**

The Member States agree that a Protocol on the unique situation of Botswana, Lesotho and Swaziland within the context of the Preferential Trade Area to be annexed to this Treaty as Annex XII shall, taking into account their membership of the Southern African Customs Union, regulate such unique situation and the granting to Botswana, Lesotho and Swaziland of temporary exemptions from the full application of certain provisions of this Treaty.

## ARTICLE 31

### **Special provisions in respect of The Comoros and Djibouti**

The Member States, recognizing the special economic conditions of The Comoros and Djibouti, agree to grant them temporary exemptions from the full application of certain provisions of the Treaty as provided for in this Treaty.

## Chapter Twelve

### GENERAL AND TRANSITIONAL PROVISIONS

## ARTICLE 41

### **Headquarters of the Preferential Trade Area**

The headquarters of the Preferential Trade Area shall be determined by the Authority.

## ARTICLE 42

### **Official languages**

The official languages of the Preferential Trade Area shall be English, French and Portuguese.

## ARTICLE 43

### **Relations with other regional organizations**

1. Subject to the provisions of Article 4 of this Treaty, the Member States may be members of other regional or subregional associations whether with other Member States or not, in technical, scientific and economic fields for the purpose of strengthening co-operation among themselves.
2. The Secretary-General shall endeavour to co-ordinate the activities of the Preferential Trade Area with those of the associations referred to in paragraph 1 of this Article.
3. The Preferential Trade Area shall maintain such continuous working relations with the Organization of African Unity, the United Nations Economic Commission for Africa and such intergovernmental organizations within the subregion as would assist the Preferential Trade Area in the implementation of the provisions of this Treaty.

## ARTICLE 44

### **Status, privileges and immunities**

1. The Preferential Trade Area shall enjoy international legal personality.
2. It shall have in the territory of each Member State:
  - (a) the legal capacity required for the performance of its functions *under this Treaty*; and
  - (b) power to acquire or dispose of movable and immovable property in accordance with the laws and regulations in force in each Member State.
3. The Preferential Trade Area shall in the exercise of its legal personality be represented by the Secretary-General.
4. The privileges and immunities to be recognized and granted by the Member States in connexion with the Preferential Trade Area shall be determined by the Council.
5. The Secretary-General, acting on behalf of the Preferential Trade Area, shall conclude with the Government of the Member State in whose territory the headquarters or other institutions of the Preferential Trade Area shall be situated, agreements relating to the legal capacity and the privileges and immunities to be recognized and granted in connexion with the Preferential Trade Area.

## ARTICLE 45

### **Preliminary arrangements**

1. The Authority shall at its first meeting:
  - (a) appoint the Secretary-General;
  - (b) determine the place where the headquarters of the Preferential Trade Area shall be situated and, if necessary, arrangements for an interim secretariat; and
  - (c) give such directions to the Council and other institutions of the Preferential Trade Area as are necessary for the expeditious and effective implementation of this Treaty.
2. Subject to the provisions of paragraph 1 of this Article, the Council shall within two months of the provisional entry into force of this Treaty, hold its first meeting and:
  - (a) appoint persons to offices in the secretariat in accordance with the provisions of this Treaty;
  - (b) give directions to subordinate institutions of the Preferential Trade Area;
  - (c) give all necessary directions to the Secretary-General as to the implementation of this Treaty; and
  - (d) do all such other things as may be necessary for the expeditious and effective implementation of this Treaty.

## ARTICLE 46

### **Membership or association of other countries**

The Member States may together negotiate with any African State not included among those referred to in paragraph 2 of Article 2 of this Treaty but which is an immediate neighbour of a Member State and which has transmitted to the Secretary-General its intention of becoming a Member State or of entering into other co-operative arrangements with the Preferential Trade Area.

## ARTICLE 47

### **Amendment**

1. Any Member State may submit proposals for the amendment of this Treaty.
2. Any proposals for amendment of this Treaty shall be submitted to the Secretary-General who shall communicate them to the Member States.
3. Any proposals for the amendment of this Treaty shall be submitted to the Secretary-General through the Council to the Authority for its consideration not less than six months after the Member States have been given notice thereof under the provisions of paragraph 2 of this Article.
4. Any amendment to this Treaty shall be adopted by the Authority by consensus and shall enter into force when ratified by a two-thirds majority of the Member States.

## ARTICLE 48

### **Withdrawal**

1. Any Member State wishing to withdraw from the Preferential Trade Area shall give to the Secretary-General one year's written notice of its intention to withdraw and at the end of such year shall, if such notice is not withdrawn, cease to be a Member State of the Preferential Trade Area.
2. During the period of one year referred to in paragraph 1 of this Article, a Member State wishing to withdraw from the Preferential Trade Area shall nevertheless observe the provisions of this Treaty and shall remain liable for the discharge of its obligations under this Treaty.

## ARTICLE 49

### **Annexes to the Treaty**

The Annexes to this Treaty shall form an integral part of this Treaty.

## ARTICLE 50

### **Entry into force, ratification and accession**

1. This Treaty shall enter into force provisionally when signed by or on behalf of the High Contracting Parties and definitively upon ratification by at least seven signatory States.
2. Any State referred to in paragraph 2 of Article 2 of this Treaty may accede to this Treaty on such terms and conditions as the Authority may determine. This Treaty shall enter into force in relation to an acceding State on such date as its Instrument of Accession is deposited.

## ARTICLE 51

### **Depositary**

1. This Treaty and all Instruments of Ratification or Accession shall be deposited with the Executive Secretary of the United Nations Economic Commission for Africa who shall transmit certified true copies of this Treaty to all Member States.
2. The Executive Secretary of the United Nations Economic Commission for Africa shall notify the Member States of the dates of deposit of Instruments of Ratification and Accession and shall register this Treaty with the United Nations, the Organization of African Unity and such other organizations as the Council may determine.

In pursuance of the provisions of paragraph 1 of Article 51 of the Treaty for the Establishment of the Preferential Trade Area for Eastern and Southern African States, I hereby certify the foregoing to be a true copy of the said Treaty.

9 June 1982

Date

Adebayo Adedeji  
Executive Secretary of the  
United Nations Economic Commission  
for Africa

Depositary of the Treaty for the  
Establishment of the Preferential  
Trade Area for Eastern and Southern  
African States

Supplied by the Department of Foreign Affairs,  
Pretoria.



## Southern Africa

Address on the Preferential Trade Area for Eastern and Southern African States by the Zimbabwe Deputy Minister of Trade & Commerce, Cde. C. Sanyangare. Harare 22 Jan. 1987.

The decision to establish the Preferential Trade Area as a first step towards the establishment of a sub-regional economic community was taken in March, 1978 in Lusaka, Zambia at the first extraordinary meeting of Ministers of Trade, Finance and Planning. This extraordinary meeting also established an inter-governmental negotiating team entrusted with the task of negotiating a related Treaty and its protocols.

The PTA has a structure composed of the following bodies: The Authority; the Council of Ministers; the Secretariat; specialized bodies which may be established in terms of the PTA Treaty. The Authority is composed of the heads of state and government of the member states. The Authority is the supreme organ of the PTA and is responsible for considering matters of general policy and for the general direction and control of the performance of the executive functions of the PTA and the attainment of its goals.

The Authority normally meets once a year but can hold extraordinary meetings at the request of any member provided such request is supported by one-third of the members of the Authority or upon the proposal of the Council of Ministers. The decisions of the Authority are taken by consensus.

The Council of Ministers is composed of such ministers as may be designated by each member state. The main responsibilities of the Council of Ministers are:

1. To keep under constant review and to ensure the proper functions and development of the PTA in accordance with the provisions of the Treaty.
2. To make recommendations to the Authority on matters of policy aimed at the efficient and harmonious functioning and development of the Treaty.
3. To give direction to all other subordinate institutions of the PTA.

The Council normally meets twice a year, extraordinary meetings of the Council can be held at the request of any member provided that such a request

is supported by one-third of the member states. Decisions of the Council are also by consensus. The Secretariat is headed by a Secretary-General who is the principal executive officer of the PTA and is appointed by the Authority. The Secretary-General is supported by a body of other staff. The Secretariat is responsible for:

1. Servicing and assisting the institutions of the PTA in the performance of their functions.
2. Preparation of reports on the activities of the PTA to all meetings of the Authority and Council.
3. The general administration including financial administration of the PTA and all its institutions and provides secretarial services to the Authority and Council of Ministers.
4. Undertaking any duty consistent with furthering the aims and objectives of the Treaty.
5. The constant review of the PTA operations meriting examination and reporting on its findings to the appropriate organs of the PTA.

The other organs of the PTA are the commission and technical committees which are specified in the Treaty and such other committees as the Authority, on the recommendations of the Council of Ministers, may from time to time determine. Broadly speaking these committees are responsible for overseeing the implementation of the provisions of the PTA Treaty.

The PTA operations are financed from annual contributions by the member states and other financial sources as may be determined by the Council of Ministers. Like any other organization the PTA has a budget. The budget is prepared by the Secretariat and is approved by the Council of Ministers, and its accounts are audited each year by qualified persons from member states as designated from time to time by the Council of Ministers.

Most people do not comprehend the full nature and scope of the PTA and its proximate and ultimate aims. Despite its name, the PTA does not confine itself to trade, it includes the creation of viable production capacities in agriculture, industry and other related infrastructural facilities. The PTA addresses itself to virtually every question relating to the promotion of sub-regional economic integration in Eastern and Southern Africa and provides a framework which should facilitate this integration process for the eventual establishment of a sub-regional free trade economic community.

The various protocols of the Treaty address themselves to co-operation in key productive sectors of the economy, namely customs, natural resources, monetary affairs, agriculture, trade, industry, transport and communications. Free trade forms an important part of PTA aspirations.

The basic aim of the protocols concerned with trade is to increase the volume of trade and the facilitation of its flow. Specifically, these protocols cover reduction and elimination of trade barriers; customs co-operation; rules of origin for products to be traded within the PTA: re-export of goods;

transit trade and transit facilities; clearing and payment arrangements; simplification and harmonization of trade documentation and procedures; and standardization and quality control.

The cardinal principle of the PTA Treaty is collective effort in attaining self-reliance. It is based on the tenet that the countries of the Eastern and Southern Africa region can, acting collectively, restructure their economies and generate a process of balanced and dynamic indigenous development based primarily on the material and human resources available in the sub-region.

Zimbabwe signed the PTA Treaty on 29 June 1982 and ratified the Treaty on 30 September 1982. To date the following countries have signed the PTA Treaty: Burundi, Comoros, Djibuti, Ethiopia, Kenya, Lesotho, Malaŵi, Mauritius, Rwanda, Somalia, Swaziland, Tanzania, Uganda, Zambia and Zimbabwe. Countries which are eligible to be PTA members but have *not* signed the Treaty are Angola, Botswana, Madagascar, Mozambique and the Seychelles.

... The operational phase of the PTA was formally launched here in Harare on 1 July 1984, during which time Zimbabwe was Chairman of the PTA. In operational terms the organization is, therefore, quite young, but it is quite pleasing to note that the organization has made some modest progress during its short span of life. The approved common list of commodities that are supposed to receive preferential rates of duty was published by the PTA Secretariat in January 1984. We here in Zimbabwe gazetted the same list on 22 June 1984. Negotiations to expand the common list of commodities are carried out after every two years.

Goods in the PTA common list started enjoying preferential rates of duty in those countries that had established PTA tariff columns with effect from 1 July 1984. To date the countries that have established PTA tariff columns are Malaŵi, Zimbabwe, Zambia, Kenya, Uganda, Burundi, Rwanda, Tanzania and Ethiopia.

The PTA Clearing House which is based in Zimbabwe started operating in February 1984. The functions of the PTA Clearing House are to undertake clearing operations in respect of eligible transactions among PTA member states, to facilitate the efficient and speedy transfers of payments between member states and the use of national currencies for transactions.

Member countries are able to use national currencies in the settlement of payments during a transactions period of two calendar months, with only net debit balances at the end of this period requiring settlement in convertible currencies. Payments on transactions in local currencies alleviate the problem of shortage of foreign currency within the sub-region.

Exporters and importers carry out their transactions through their commercial banks, and the national banks of each member state settle the debit balances at the end of each settlement period. Details of the operational pro-

cedures for the clearing house are contained in a manual that was prepared by the Reserve Bank of Zimbabwe.

From February to December 1984 business that was transacted through the Clearing House was worth UAPTA 37,02 million (UAPTA = 1SDR) UAPTA stands for Unit of Account of the Preferential Trade Area and is equal to one Special Drawing Right which is regularly quoted in the daily newspaper together with other currencies and similarly fluctuates up and down. During 1986 transactions with UAPTA 59,4 million have been conducted through the PTA Clearing House.

By the end of 1984 only six countries were using the PTA Clearing House. These were Ethiopia, Malawi, Mauritius, Swaziland, Zambia and Zimbabwe. As a result the potential of the Clearing House has not been fully utilized up until now. The figure increased to ten countries by 1986, when Burundi, Kenya, Lesotho and Rwanda began to use the Clearing House. The Clearing House has been operating smoothly, and it is pleasing to note that none of the PTA member states using the facility has defaulted at the end of each settlement period. The Clearing House is until 1989 hosted by the Reserve Bank of Zimbabwe.

To further strengthen the operations of the Clearing House, commercial banking institutions in Zimbabwe have been encouraged to open banking accounts with their correspondent banks in the PTA and these correspondent banks have been requested to reciprocate by opening Zimbabwe-dollar banking accounts via their respective central banks who will in turn channel such transactions through the Clearing House to the commercial banks in Zimbabwe.

The PTA is also making progress in facilitating the movement of people within the region by working towards relaxing visa requirements of nationals of member states. This would mean that nationals of member states will be granted visas to enter into territories of other member states upon presentation of valid travel documents when the protocol of visa requirements has been signed by member states. The ultimate objective is to eliminate visa requirements altogether.

With regard to the problems facing the PTA I would like to say that the operations of the PTA, like those of any new organization, have met with some operational problems. The main issue being the slowness of some member states in implementing the decisions of the Council or the Authority. Examples of this are the slow rate at which the PTA tariff rates were published and also the fact that it took quite some time to have the ten countries now utilizing the Clearing House to do so.

The other problem area has been the rules of origin which enable commodities to receive preferential treatment, particularly the requirement that enterprises which will receive preferential treatment should have 51 per cent equity holding by nationals of member states. This proved too high to be

attained immediately and the authority in its wisdom suspended this requirement for a period of five years to give time for companies to adjust. Companies will in the meantime receive preferential treatment at lower levels of local equity holding.

Text supplied by Department of Information  
P.O. Box 8150  
Causeway

## South Africa, United Nations and Antarctica

UN Forty-first General Assembly First Committee, 49th Meeting —Debate on Question of Antarctica. 18 November 1986.

... The First Committee (Political and Security) began its debate on the Question of Antarctica this afternoon, hearing eight speakers.

... The debate centred on the necessity felt by some countries to revise the 1959 Antarctic Treaty, which now has 32 signatories, of which 18 are consultative parties, and to make the Antarctic region a "common heritage of mankind" governed by principles similar to those found in the 1982 Convention on the Law of the Sea and the 1967 Outer Space Treaty. Nearly all of the speakers expressed concern at the on-going negotiations among consultative parties to establish a "minerals regime" in Antarctica.

The First Committee (Political and Security) meets this afternoon to take up its agenda item on the question of Antarctica.

The General Assembly first took up the item in 1983 and requested the Secretary-General to prepare a comprehensive study on all aspects of Antarctica, taking fully into account the Antarctic Treaty System and other relevant factors.

The Assembly requested those states conducting scientific research in Antarctica, other interested states, and relevant international organizations having scientific or technical information on Antarctica, to lend the Secretary-General assistance in carrying out the study.

The Secretary-General's report was submitted in 1984 (document A/39/583). Part I of the report describes the physical characteristics of the continent, its legal and political aspects, the Antarctic Treaty System and scientific research and natural resources. Part II contains the views of states on the issue.

Under a draft resolution adopted last year (40/156 A), the General Assembly requested the Secretary-General to update and expand the study on the question of Antarctica (A/39/583) by addressing questions concerning the availability of information from the Antarctic Treaty Consultative Parties to the United Nations on their respective activities in, and their deliberations

regarding, Antarctica; the involvement of the relevant specialized agencies and intergovernmental organizations in the Antarctic Treaty System; and the significance of the United Nations Convention on the Law of the Sea in the southern ocean.

The report of the Secretary-General (document A/41/722) contains information on the involvement in the Antarctic Treaty System by various specialized agencies, including the World Meteorological Organization (WMO) the Food and Agriculture Organization (FAO), the International Civil Aviation Organization (ICAO), the United Nations Environment Programme (UNEP), and the International Whaling Commission.

The first speaker, Lloydstone Jacobs (*Antigua and Barbuda*) said that . . . Central to the debate were two fundamental matters. Those were the non-democratic nature of the decision-making system over Antarctica and the need for a universal sharing of the benefits to be derived from Antarctica. If those two issues could be addressed in a meaningful way, the Assembly could make significant progress. It was not enough for the consultative parties to assert that their scientific activities demanded that they have a greater say in the decision-making process and equally unacceptable for them to state their concern over the introduction of a global decision-making process as a reason for keeping out the majority of nations.

In that context, he wished to draw attention to the inconsistency of the participation by many of the consultative parties with the apartheid regime of South Africa in the Antarctic Treaty. South Africa should be expelled from Antarctica altogether. For his part, he would never accede to the Antarctic Treaty while South Africa was party to the decision-making process in Antarctica.

Mr Punungwe (*Zimbabwe*) said . . . the Treaty Powers certainly had a preponderance of power. Yet, should such power force the rest of the international community to go along with an anachronistic and discredited dictum, that might be right? he asked. That was what the consultative Powers would have the world do, but he could not accept it. Antarctica was not a "pie", but a time bomb. He wanted a hand in the disposal of that bomb and he wanted to participate in any decisions that were made with regard to it.

He wished to state clearly that he was not worried about being left out of the Antarctic regime because of the denial of certain benefits. His sole preoccupation derived from principle. There were questions that should be answered. Should there be a minerals regime? Should the ecological system be disturbed? Would the disturbance of that system have adverse consequences for the international environment? The Antarctic Treaty System, with fewer than 20 consultative parties, was not competent to give answers to such questions to the international community.

Antarctica had significant environmental, scientific, economic and secur-

ity consequences for the entire international community, he said. Hence, it should be regarded as the common heritage of mankind. It was inconceivable that decisions pertaining to such an important issue could be the exclusive preserve of a small group of states.

J.V. Greho (*Ghana*) said that he first wished to correct the apparent incorrect impression in the minds of certain Treaty parties that harm was intended when small countries called for broader international co-operation in the Antarctic. All that was being asked was that the 1959 Antarctic Treaty be brought into line with the reality of the contemporary world. Multilateral co-operation was a major ingredient in present-day international relations. He was convinced that all the positions in the debate could find a compromise in a new structure, imbued with United Nations attributes, yet which, at the same time, preserved some of the laudable features of the present Treaty.

The Treaty had scored many successes, he said. It had kept the Antarctic demilitarized and nuclear-weapon free. It had preserved the environment and encouraged scientific exploration. It was a model of East-West co-operation. However, a system that excluded the overwhelming majority of mankind was seriously unjust. It had been said it was open to membership on application, but it would be better if the organization maintained the transparency and equity found in the United Nations. Further, the price for acceding to membership had been deliberately set high to restrict the membership.

For fair and equitable management, the Antarctic should be brought directly under the United Nations, he said. Such jurisdiction could create a regime consistent with the 1967 Outer Space Treaty, the 1970 Moon Treaty and the 1982 Law of the Sea. Like all common spaces, the Antarctic was devoid of population, possessed some of the world's largest resources and, by virtue of its common status, should not be legally appropriated by any state or group of states.

He said he did not advocate a broadly based Antarctic system in a spirit of confrontation. He was disturbed by the apparent ultimatum from the Antarctic Treaty parties to the effect that, unless there was agreement soon on areas of difference, they would no longer participate in the on-going exchange of views. That was an unacceptable posture in any international negotiation. Matters of major importance to the overwhelming majority of mankind could not be suppressed indefinitely. Such suppression only caused issues to re-emerge in violent forms. Therefore, he appealed to the Treaty parties to reconsider any move they might make to close the door to any further exchange of views.

In addition, he said, he was more than surprised that those who professed to be allies against racism and *apartheid* had suddenly found the South African regime an indispensable partner in the Antarctic Treaty. The Treaty should not even remotely be seen as co-existing with racism . . .



### Three Draft Resolutions relating to Antarctic Treaty 19 November 1986.

The First Committee (Political and Security) approved this afternoon three draft resolutions on the question of Antarctica, as it completed consideration of the item.

Under one of the texts approved this afternoon, the General Assembly would appeal once again to the Antarctic Treaty consultative parties to take urgent measures to exclude South Africa "at the earliest possible date" from participation in their meetings (document A/C.1/41/L.88). The roll-call vote on this draft, which was introduced by the representative of Malaysia, was 99 in favour to 1 against (Canada), with 5 abstentions. Twenty-one delegations did not participate in the vote.

Under the provisions of a second text on Antarctica, introduced by the representative of Malaysia, the Assembly would express concern at the continuing non-availability of information to the Secretary-General on certain issues affecting the question of Antarctica and request the Secretary-General to continue to follow all aspects of the question and provide an updated report to the Assembly at its next regular session. This draft (document A/C.1/41/L.86) was approved by a roll-call vote of 76 in favour to none against, with 9 abstentions. Forty delegations did not participate in the vote.

By the third draft approved this afternoon, also introduced by the representative of Malaysia, the Assembly would call upon the Antarctic Treaty parties to impose a moratorium on the negotiations to establish a minerals regime until such time as all members of the international community could participate fully in such negotiations (document A/C.1/41/L.87). This text was approved by a roll-call vote of 76 in favour to none against, with 10 abstentions. Thirty-eight delegations did not participate in the vote.

*(Summaries of the draft resolutions considered by the Committee this afternoon, as well as sponsors, appear in Take 1 of this Press Release.)*

Statements in the concluding debate this afternoon were made by the representatives of Bangladesh, Trinidad and Tobago, and Australia (speaking on behalf of the states parties to the Antarctic Treaty), and Morocco.

#### **First Committee (Take One). 19 November 1986.**

The First Committee (Political and Security) meets this afternoon to continue its debate and take action on three draft resolutions concerning the question of Antarctica.

Under the first draft (document A/C.1/41/L.86), the General Assembly, taking into account the provisions of the 1982 United Nations Convention on the Law of the Sea and noting with appreciation the expanded study on the question of Antarctica submitted by the Secretary-General, would express

concern at the continuing non-availability of information to the Secretary-General on certain issues affecting the question of Antarctica.

The Assembly would request the Treaty parties to keep the Secretary-General fully informed on all aspects of the question of Antarctica so that the United Nations could function as the central repository on all such information.

The Assembly would further request the Secretary-General to follow all aspects of the question and to provide an updated report to the General Assembly at its forty-second session.

This draft is sponsored by Antigua and Barbuda, Bangladesh, Brunei Darussalam, Congo, Ghana, Indonesia, Malaysia, Mali, Oman, Pakistan, Rwanda, Sri Lanka, Sudan and Zimbabwe.

By the second draft (document A/C.1/41/L.87), the General Assembly would reaffirm that any exploitation of the resources of Antarctica should ensure the maintenance of international peace and security, the protection of its environment, the non-appropriation of its resources and the international management and equitable sharing of the benefits of such exploitation.

The Assembly would call upon the Antarctic Treaty parties to impose a moratorium on the negotiations to establish a minerals regime until such time as all members of the international community can participate fully in such negotiations.

This draft is sponsored by Antigua and Barbuda, Bangladesh, Brunei Darussalam, Congo, Ghana, Indonesia, Malaysia, Mali, Oman, Pakistan, Rwanda, Sri Lanka, Sudan and Zimbabwe.

Under the provisions of the final draft (document A/C.1/41/L.88), the General Assembly would view with concern the continued status of the *apartheid* regime of South Africa as a Consultative Party to the Antarctic Treaty and urge the Consultative Parties to exclude South Africa from participation at the earliest possible date.

The draft is sponsored by Antigua and Barbuda, Bangladesh, Cameroon, Congo, Ghana, Malaysia, Mali, Nigeria, Oman, Pakistan, Rwanda, Sri Lanka, Sudan and Zimbabwe.

#### **First Committee** (Take Four). 19 November 1986.

Richard A. Woolcott (*Australia*), speaking on behalf of the States Parties to the Antarctic Treaty, said that the Antarctic Treaty System was a valuable instrument which had, in the unique Antarctic environment, functioned in ways which furthered the purposes and principles of the Charter.

Thirty-two nations were parties to the Treaty and a number of those had acceded since the question of Antarctica was first taken up in the First Committee, he said. That was not a "small group of nations", as one speaker had said yesterday; nor was the majority of the world's population excluded from the Treaty, as another had suggested. In fact, Treaty parties numbered one-

*fifth of the membership of the United Nations and the majority of people in the world lived in member countries.*

The Treaty's achievements included the preservation of peace and harmony in Antarctica for a quarter of a century; the establishment of Antarctica as an effective, functioning, nuclear-weapons-free zone; the prohibition of any measures of a military nature; the promotion and dissemination of *important scientific research and co-operation, in the interests of all mankind*; the protection of the environment; and the promotion of active co-operation with international organizations, he said. Antarctica was subject to an existing legal regime.

The Treaty System had shown itself to be flexible in adapting to evolving circumstances, he went on. The first example was the openness of the Treaty. *The Treaty was open to accession by any Member of the United Nations* as were the other instruments already concluded within the Antarctic Treaty System.

The instrument currently being negotiated within the system — the Antarctic minerals regime — would be open to all states, he continued. Moreover, the meetings undertaken under the auspices of the Treaty System were open to all Treaty parties. *Specifically, the acceding states had been able to participate, openly and very effectively, in the Antarctic Treaty consultative meetings and the minerals negotiations.*

He said there was nothing to prevent any state with a serious interest in Antarctica from becoming a party to the Treaty and participating fully in its on-going activities.

A very considerable volume of information on Antarctica had been made available to the Secretariat, and to international organizations, on an on-going basis, he said. He questioned whether the delegations which called for more information had in fact consulted all the information already available. Their interest seemed to be in making an issue of requiring more and more information so as to prepare the way for further United Nations resolutions on Antarctica and implement "a process for the progressive erosion and ultimate replacement of the Antarctic Treaty". That prospect the States Parties to the Treaty would not accept.

Continuing, Mr Woolcott, speaking on behalf of the consultative parties to the Antarctic Treaty, said there had been some "grossly exaggerated claims" with respect to Antarctic mineral resources. Antarctica was not some "vast cornucopia" of minerals. The Secretary-General's first report had pointed out that no mineral deposits, economically worth extracting, had been found in Antarctica. Moreover, given present technology and under present economic circumstances, it was unlikely that such minerals as did exist in Antarctica, could be developed until well into the next century. The Treaty parties had, however, seen the need to develop a regime to govern mineral resource activities against the possibility of future commercial prospecting.

They had been concerned with preventing a possible future scramble for resources and in protecting the fragile and unspoiled Antarctic environment.

The Treaty system itself operated by consensus, and the parties had been consistently ready to apply the same principle to consideration of Antarctica in the United Nations, he said. The Treaty parties had actively sought means to promote consensus resolutions during successive General Assemblies. They succeeded in 1983 and 1984. "But Malaysia and its supporters last year adopted attitudes which resulted in the breaking of consensus."

The draft resolutions put forward by Malaysia contained material which was known in advance to be unacceptable to the Treaty parties, he said. Thus, consensus had broken down for the second year. "Once again, the Treaty parties were negotiating seriously towards consensus with Malaysia and, once again, this had not been reciprocated." The result now was that consensus would be even more difficult to re-establish in the future.

He went on: "What else were we to make of Malaysia's intentions when we were presented with resolutions, which were drafted before the Secretary-General's report appeared, but which call for a further elaboration of that unseen report? Was this the language of consensus?"

Remarks made by several speakers during the debate had strayed from the facts, he said. It was not true, as some speakers had suggested, that the non-aligned countries in Luanda, New Delhi or Harare had declared Antarctica the common heritage of mankind. That could readily be verified by reference to the relevant documents.

There was no justification for further studies to define, or give greater precision to the international area of the sea-bed, he went on. Such area, in accordance with international law, could be determined only as a consequence of a previous determination of the limits of national jurisdiction. In the case of Antarctica — unlike that of outer space and the deep sea-bed — claims of sovereignty existed and, together with provisions to protect the position of other parties, including those which did not recognize the claims, were taken into account in the regime which managed Antarctica.

He said the goal of the growing number of Treaty parties was the protection and enhancement of the Treaty System and its operation for the universal good. The only useful and practical role for the General Assembly would be to assist, and not to hinder, that process.

# Malaŵi and Mozambique

Statement by the Embassy of Malaŵi in the US to Accredited Diplomatic Missions in Washington, DC on RENAMO relationship. 17 October 1986.

The Embassy of the Republic of Malaŵi presents its compliments to the Diplomatic Missions accredited to Washington, DC and has the honour to state the Malaŵi Government's position in response to the Maputo declaration issued after the Summit of Heads of State and Government of the Frontline States held in Maputo, Mozambique on 12 October 1986, as follows:

The Malaŵi Government wishes to make it very clear that it does not support the Mozambique National Resistance (RENAMO) and there are no bases in Malaŵi for that organization.

In this regard, early in October 1986, the Malaŵi Government has demonstrated its friendship to Mozambique by handing over to the Government of Mozambique the latter's over one thousand soldiers who fled from battles with RENAMO bandits.

Negotiations are going on between Malaŵi and the People's Republic of Mozambique concerning the establishment of a Joint Security Commission so that it could deal with security matters which would aim at eliminating suspicions and misunderstandings.

In addition, the Malaŵi Government has always pursued a policy of good neighbourliness and it is determined, therefore, to continue to co-operate with Mozambique particularly in areas of common interest, such as in-transit transport facilities. The current arrangements whereby Malaŵi's imports and exports are passed through the long, circuitous and expensive routes *through the South African ports are regarded as temporary.*

The position of Malaŵi as stated above was explained in a letter from the Life President of Malaŵi, His Excellency Ngwazi Dr H. Kamuzu Banda which was addressed to the Chairman of the Frontline States, Dr Kenneth D. Kaunda, President of the Republic of Zambia and the Prime Minister of the Republic of Zimbabwe, Mr Robert Mugabe. A special envoy carried the letter and he was also asked to explain the position of Malaŵi to the two leaders, which he did quite clearly.

The Embassy of the Republic of Malaŵi avails itself of this opportunity to renew to the Diplomatic Missions accredited to Washington, DC the assurances of its highest consideration.

## USSR and South Africa

Extracts from Reports to II Soviet-African Conference "For Peace, Co-operation and Social Progress" by Gleb Starushenko, USSR Academy of Sciences (Africa Institute) Moscow 24 June 1986.

The regime in South Africa embodies what is the most evil and despicable in the capitalism of the imperialist stage — superexploitation, militarism, contempt of any human being that does not belong to the elite. Being doomed by history for this reason alone, this regime, anachronistic as it is, drags on preserving colonialism and racism in the form of apartheid and depending upon them for its existence. These two institutions, like slavery, have been rejected and outlawed by all states. The regime that sponsors them is basically anomalous<sup>1</sup> in the modern world and must be eliminated without delay. This, in fact, is the opinion of most of the people of South Africa and practically of all states. The controversial issue, however, which is the object of acute political struggle not only on the world scene, but in South Africa itself, is that of means and ways to achieve the desired end. This practical aspect of the problem acquires special significance in the light of the latest developments in South Africa that tend to aggravate international tension to a dangerous limit and call for concerted actions to clear up the conflict situation.

. . . In the past two years the anti-racist struggle in South Africa has risen, according to a prominent African nationalist, to a qualitatively new level. The selflessness of young patriots and the heroic deaths of over 1 500 demonstrators have plunged Pretoria's regime into an unprecedented crisis. The "upper strata", i.e. the ruling classes together with their state and socio-economic institutions have clearly demonstrated that they are no longer capable of exercising their power by old methods. They are forced to manoeuvre and dodge, resort to cunning and trickery, concede concessions and reforms. These tactics testify to the emergence of one of the key elements of a revolutionary situation described by Lenin as "crisis of the upper strata".

The above mentioned events have also precipitated the "crisis of the lower strata", i.e. the emergence of other prerequisites for a revolution. The op-

<sup>1</sup> Anatoly Gromyko. *The crisis in the South of Africa*. M., 1981, p.6.

pressed classes are not only demonstrating their unwillingness to live as before, but intensifying their struggle against the existing order. According to an African leader, the people want to gain freedom immediately. They want to rule their country and be the arbiter of its destiny today, but not to-morrow. They are sick and tired of the harangue about the need to postpone liberation to a later time for some reason or other. They now see the purpose of their life exclusively in the fight for freedom. They have lost their fear of death because "to live" for them means "to be free".

There exists a danger, however, that the struggle against apartheid may lose momentum and even bog down at the present pre-revolutionary stage. The historical experience of other countries attests to the fact that if revolution does not go ahead, does not set any new tasks and does not gain appreciable results, it is bound to sustain a defeat. Considerable strata of South African society still keeps away from the struggle. Moreover, even the forces participating in mass protests not infrequently fail to co-ordinate their efforts. The abrogation of the laws prohibiting the blacks to use the same trains and visit the same restaurants as the whites, banning interracial sexual relations and mixed marriages, i.e. the abolition of the so-called small apartheid has failed to defuse the situation in South Africa. To provide a real solution to the crisis, it is necessary to abolish the production relations based on the system of apartheid. This system cannot be changed, it must be destroyed.

The anti-racist struggle in South Africa and the national liberation movement of the Namibian people directed against the colonial oppression join in a single revolutionary torrent. This amalgamation tends to enhance the revolutionary potential of both liberation armies and expand the scope of South African revolution. Yet the solution of the Namibian problem is seriously hampered by the interference of external imperialist forces and shows practically no signs of real progress.

The support of the international community of states to the liberation movements of South Africa and Namibia, important as it may be, is still not sufficient. Here are a few facts:

— the numerous UN and Security Council resolutions recognizing the illegal character of the occupation of Namibia by South Africa and mapping out concrete steps for the liberation of that country are being ignored;

— despite the fact that most of the states have been demanding comprehensive sanctions against the regime of apartheid for over a good quarter of a century, the means that have been imposed are not only very limited in scope, but completely disregarded by many countries, particularly the Western states;

— in defiance of the opinion of the absolute majority of the states that recognize the right of the people of Southern Africa to armed struggle for their liberation (some of these states even render them direct material and military support), South Africa and the USA label such struggle as inter-

national terrorism and engage under this pretext in a virtual war against the Frontline States.

The problem of the elimination of the regime of apartheid in South Africa and the regime of colonial rule of Namibia has two aspects, the internal and the international ones. In view of the fact that imperialism has embarked on the road of neo-globalist, i.e. interventionist policy in Southern Africa, like in other parts of the world, the importance of the international aspect greatly increases.

We are firmly convinced that the solution of all internal problems of the liberation movement is the sovereign right of the people and their political parties. Proceeding from this universally recognized principle, I should like now to outline our general approach to certain issues that are currently in the focus of ideological and political struggle.

The process of the shaping of a revolutionary situation which we now witness in South Africa is far from being completed. Protest demonstrations are largely confined to African townships around big cities. The broad masses of the black population, particularly in bantustans, often stay aloof. The main participants in anti-racist action are students and the unemployed. The South African working class has not yet thrown the full measure of its enormous revolutionary potential into the scale of revolutionary struggle. It is to be expected that the establishment of a powerful trade union federation, the Congress of South African Trade Unions (COSATU) will greatly intensify not only the political, but also the economic struggle in the country.

The broader the scope of the participation of the South African proletariat in the liberation struggle will be, the closer will be the co-operation between the South African Communist Party, the recognized and experienced leader of the South African workers, and other anti-racist forces.

It is also noteworthy, that the communists play an important part in raising the level of the scientific guidance of the movement. In the past few years their theoretical journal African Communist has given a thorough analysis of the current situation in the south of the continent and has drawn important political conclusions. Proceeding from the objective laws of social development, the communists do not advance at the present stage of social development any other slogans but general democratic ones. They believe that the restructuring of South African society along socialist lines is a matter of the future and will be possible only after the necessary conditions have ripened.

Being internationalists as they are, the South African communists take a firm stand against adventurist plans of all kinds of leftist organizations and movements of the so-called Black Consciousness (Pan Africanist Congress, AZAPO, National Forum, and others) convincingly and authoritatively showing their reactionary nature. The slogans of such organizations, such as the armed struggle against the whites without any compromise, for the for-



mation of black South Africa (Azania), the establishment of the rule of the blacks, etc. might lead the masses away from the actual struggle for their independence and do irreparable damage to the liberation movement. The negative attitude of the communists of South Africa to leftist demogagy clearly shows that the CPSA comes out not only as an organizing revolutionary force, but as a factor of stability, a guarantor against adventurism, black chauvinism and racism.

*It was only to be expected that the activity of the United Democratic Front, very heterogeneous as it is, would bring up numerous and complex problems. One can hardly accept the prediction of certain Western politologists that the current trends lead to the enhancement of the prestige of the UDF at the expense of the ANC. These amalgamations are not rivals, they are acting in one direction. The manners in which they act are essentially different, since the former is a legal organization, whereas the latter is outlawed. One should not forget, however, that they have a common programme, the Liberty Charter, and that they fight against a common formidable enemy. In the view of Soviet analysts the strengthening of understanding between the ANC and the UDF is dictated by the need to improve the organization of the anti-racist actions. The United Democratic Front which is not infrequently their initiator and direct organizer still represents an amorphous amalgamation some members of which are not even willing to participate in mass campaigns. Since the ANC is more homogeneous and has amassed considerable experience of struggle for the unity of anti-racist forces, it can and must make a valuable contribution to the formation and consolidation of a single united national front of patriotic forces.*

In this context yet another internal problem deserves mention — the policy of the anti-racist forces towards the ruling white minority. As is known, the privileged groups have begun to show signs of a split over the character of the reforms which are aimed at preserving the present regime, and not at its elimination. Unlike the white bourgeoisie, which is not tied to the chariot of apartheid and appears to be inclined to enter into negotiations with the ANC, the middle and lower strata of the white community facing the possibility of losing their privileges tend to support the most reactionary parties, more rightist than even the ruling National Party.

It appears that there exist real possibilities for widening the cleavage which has not yet been sharply defined. First, the programmes of the anti-racist forces do not advance plans for a broad nationalization of capitalist property as an indispensable condition and are ready to give the bourgeoisie the corresponding guarantee. Second, far from all members of the white community, including those belonging to its middle and lower strata, are willing to die in the last ditch in defence of the “camp” as they are urged by the right extremists. Obviously, they would prefer a compromise and can hardly be expected to risk their lives and join in a massacre as deadly to the indigenous population

as to themselves. Third, already today the ANC might work out comprehensive guarantees for the white population which could be implemented after the elimination of the regime of apartheid. Such guarantees would suit both the liberals and the pragmatists from the white community, neutralizing at the same time the die-hards.

The examples of Kenya and Zimbabwe where the white minority feel absolutely safe attest to the practicability of such a solution. The above precedents need not be regarded as rigid models. For instance, the parliament may consist of two chambers: one formed on the basis of proportional representation and the other, possessing the right of veto, on the basis of equal representation of four communities.

The elaboration of the constitutional principles of the future anti-racist state would be instrumental already today in promoting good relations and eliminating mistrust between the communities.

The new state might also be a unitary system with autonomous components. The forms and substance of such autonomy should be defined with due regard for the will of the population revealed, for instance, in referendums, through negotiations, etc. Concrete issues related to the functioning of such a system might become the object of a national conference, its main participants being the government of the Republic of South Africa and the true representatives of the non-white population.

The work of the Committee for elimination of racial discrimination clearly shows that the existence of multiracial societies in the modern world without serious discrimination and antagonistic contradictions is not a Utopia. This conviction shared by the Soviet representatives with their colleagues in the Committee is based on the reports of 24 signatories to the International Convention on Elimination of Race Discrimination. Such reports are submitted periodically to the Committee and give detailed accounts of the way the states fulfil their obligations in accordance with the convention. The population of most African states is very heterogeneous not only from the ethnic, but also from the racial viewpoint. True, some of them are not yet free from certain tensions arising from relations between different races or ethnic groups, but no country has such a dire record of racial hatreds as the regime of apartheid. As regards the relations between the black and white populations in South Africa, the same African continent provides examples of peaceful co-operation between these races. The misgivings of a certain part of the South African white population viewing majority rule in their country in terms of Doomsday horrors are largely traceable to racist propaganda combined with hoary provincialism and downright ignorance.

In view of the fact that racial and political tensions in South Africa are now aggravated to a breaking point and the sides are distrustful and suspicious of one another, the peaceful settlement of the conflict might be expedited by resorting to the institution of international guarantees, the sides selecting the

guarantors by agreement from among prestigious international organizations or individual states.

We are convinced of the possibility of Namibia's and South Africa's liberation not only because we believe in the objective laws of social development and in the historical inevitability of the elimination of colonialism and racism. Our confidence is also based on the investigation by Soviet scientists of the concrete trends of social development in Southern Africa and of the growing prerequisites for an anti-racist revolution: its objective and subjective factors. However, in order to allow the inner processes in South Africa to take their natural course and enable the people of the country to take their destiny into their own hands, it is necessary to exclude any possibility of foreign intervention and export of counter-revolution.

The policy of the Soviet Union in Africa, as well as in other regions of the Third World is based on the generally recognized principles of inter-state relations. The USSR does not participate in the exploitation of natural and manpower resources of the countries of this region, has no mines or factories on their territory, does not interfere in their internal affairs and does not seek to change the existing regimes. For this reason the basic interests of the Soviet Union in Africa are not affected by any current changes in the political and economic life of the region. This has been borne out by the decisions of the latest 27th Congress of the CPSU, the ruling party of the Soviet Union which have defined the strategic aims of Soviet foreign policy for 1986-1990 and for the period ending in 2000.

The aim of the policy pursued by the Soviet Union is to ensure to the maximum possible degree that all African states develop in accordance with objective historical laws and that their social and state systems are determined exclusively by the results of the struggle of internal class and political forces without any outside interference. The Soviet Union is a resolute opponent of any export of counter-revolution and revolution, of any interference in the internal affairs of sovereign states. Its aim is to help consolidate the political independence of young states and to expedite their advance towards economic independence. The Soviet Union seeks to achieve this aim primarily by political means, and also by granting newly-formed states economic, scientific and technical aid. It stands to reason that the methods of attaining the set goals are modified or altered in accordance with changes in the international situation. Today the Soviet Union lays special emphasis on the need to eliminate or lessen the menace of thermo-nuclear war. . .

. . . International law is an important element and one of the great achievements of human civilization. The norms regulating today's relations between states are a product of many centuries and even millenia. The observance of generally recognized norms of international intercourse is an identification sign of membership in a civilized society. The importance of the norms of international law can hardly be exaggerated in the nuclear age, when even a

minor error in making an international decision may trigger a global catastrophe and annihilation of the human race.

. . . Let me outline our approach, which is incidentally, shared by many African states. In our opinion, the settlement of any conflict situation should be based on due regard for legal interests of all states, since it is only under this condition that the settlement once achieved can be stable. The system of international security proposed by the Soviet Union cannot be stable if it does not provide for the interests of all its participants. Indeed, a system implies interconnection of its parts and failure to integrate one of its elements inevitably upsets the system as a whole. . . .

# Publications of The South African Institute of International Affairs

## Occasional Papers/Geleentheidspublikasies

Issued on an irregular basis, and containing the text of addresses at Institute meetings or original articles. Price per copy: R4 (plus postage).

Latest titles are:

Alan Whiteside: *Past Trends and Future Prospects for Labour Migration to South Africa.*

G. Tötemeyer: *Détente or Aggression? — South Africa's Namibian Policy.*

R. D'A. Henderson: *South Africa and Selective Economic Sanctions: A Canadian Perspective.*

B. Dollery: *Has the Disinvestment Issue been carefully considered?*

M. S. Navias: *Israel's relations with South Africa: 1948-1973.*

M. C. L. Brown: *The Asia-Pacific Region: A World Transformed*

## International Affairs Bulletin

Three issues per year and supplied free of charge to members. Subscription rate R16 per annum South Africa; R26 elsewhere. Price per copy R6 (plus postage overseas airmail).

## Vol. 11, No. 1, 1987 includes articles by:

Seweryn Bialer and Philip Nel on *Soviet Foreign Policy*, by Deon Geldenhuys on *S.A.'s Isolation* and two new contributors, Michael Rip and Larry Benjamin.

## Bibliographical Series/Bibliografiesereëks

No. 12. *South Africa's foreign relations 1980-1984: a select and annotated bibliography.* Compiled by Jacqueline A. Kalley. R25,00 plus postage.

No. 13. *South Africa's Chrome, Manganese, Platinum and Vanadium: Foreign Views on the Minerals Dependency Issue.* An Annotated Bibliography by Eve Andor. R25,00 plus postage.

No. 14. *The Southern African Development Coordination Conference (SADCC).* A select and annotated bibliography by Elna Schoeman. R25,00 plus postage.

## Special Study:

The Economic Implications of Disinvestment for South Africa pp. 100  
Carolyn M. Jenkins. R20,00 plus postage.

## Jan Smuts Memorial Lecture:

Prof. James Barber's excellent and provocative paper *Is there a South African Nation?* has been reprinted and copies are available. R5,00 plus postage.

## Note:

Readers are invited to apply to the Compiler for copies of full texts when only extracts have been printed.