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REPORT ON BRITISH AND EUROPEAN AID TO THE SOUTHERN AFRICAN DEVELOPMENT CO-ORDINATION CONFERENCE

by

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PROGRESS POSTPONED?

The Southern African Development Co-ordination Conference (SADCC) was formed immediately after the liberation of Zimbabwe in 1980. SADCC exists to promote the region's economic development in the face of South African destabilisation. Pretoria's independent neighbours are sovereign states but the Lusaka Declaration with which SADCC was founded affirmed that "economic liberation is as vital as political freedom." SADCC's member states recognised that they were "free but everywhere in chains."

SADCC is a unique attempt to mobilise national interests for regional development. The Lusaka Declaration outlined its four main goals:

* to reduce economic dependence, particularly - but not solely - on South Africa

* to forge the necessary links for regional cooperation and economic integration

* to mobilise and exploit member states' own resources

* to achieve economic liberation through international cooperation

Until 1975, the apartheid regime had been secure behind the white-ruled buffer states of Rhodesia, Angola and Mozambique. But after the successful liberation struggles of Frelimo in

Mozambique and Angola's MPLA, Zimbabwe's liberation in 1980

completed South Africa's encirclement. White South Africa was as traumatised as black South Africa was inspired. The newly

independent front line states, committed to multiracialism and socialism, were a serious political and ideological threat to

apartheid.

Immediately after Robert Mugabe's ZANU came to power in Zimbabwe, the front line states of Angola, Botswana, Mozambique, Tanzania, Zambia and Zimbabwe joined with Lesotho, Malawi and Swaziland to form SADCC. The front line states' support of Zimbabwe's liberation struggle had exposed their economic vulnerability. But their shared sacrifices also demonstrated the benefits of co-operation.

South Africa vs. SADCC

Pretoria has since been determined to make the front line states appear shambolic rather than symbolic. To "kill the dream" of prosperous multiracial democracy in Southern Africa. A central ideological plank of apartheid - the argument that majority-ruled black states were inherently inefficient - would be threatened if the newly-independent radical states were allowed to succeed.

South Africa has shown its violent hostility to SADCC in successive raids before its annual conferences, each designed to demonstrate it's capacity to sabotage SADCC initiatives. In November 1981 commandos attacked the Beira-Zimbabwe railway line and sabotaged port facilities in Beira itself prior to SADCC's second conference in Malawi.

The third SADCC conference, held in the Lesotho capital of Maseru in January 1983, was marred by SADF raids on Beira's oil storage facilities and a Maseru abattoir, both SADCC-funded projects. In January 1985 the annual meeting in Mbabane, Swaziland was preceded by another commando raid on the South Africa-Maputo railway and MNR sabotage of the Swaziland-Maputo line.

Counting The Cost

Since its formation, SADCC has struggled to create the conditions for economic growth and development in the troubled region. It has done so in the midst of a global economic downturn and South African aggression.

The full cost of Pretoria's destabilisation is incalculable. Financial estimates cannot adequately convey the human costs or the loss of SADCC members' potential growth. SADCC states have had to bear the additional costs of the rapid escalation of South African aggression which has resulted in:

* direct war damage such as the South African Defence Force (SADF) sabotage of Zimbabwe's air force, oil refineries in Angola's Cabinda enclave and port facilities in Beira, Mozambique.

* extra defence spending, including the stationing of one-quarter of Zimbabwe's army in Mozambique to guard the Beira railway and oil pipelines. It costs Zimbabwe about $5 million a month to maintain its 8000 troops guarding transport routes through Mozambique. Defence eats up 40% of government spending in Angola.

* the costly care and resettlement of refugees,the burden falling on Malawi and Zambia which have sheltered most of the 850,000 displaced Mozambicans.

* additional transport and energy costs, particularly for the land-locked front line states. Since 1983, for instance, sabotage by MNR bandits has denied Zimbabwe the use of the Chicualacuala rail line to Maputo, potentially its most economical route to the sea. Unita and SADF attacks on the Benguela railway have confined Angola's economic development to secure coastal areas.

* lost exports and tourism, a vital source of invisible earnings. Transport problems have caused orders to be lost following severe delays or the non-arrival of export deliveries. Mozambique's once-fashionable tourist resorts around Maputo and Beira are now dilapidated. The homeless now fill the capital's deserted hotels.

* lost production, both agricultural and industrial. Angola, once a major exporter of agricultural produce is now forced to import 80% of its food: in 1986 alone food production fell by 16%.

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The production of coffee, Angola's main export crop is due to increase from 231,000 bags in 1986/7 to 314,000 bags in 1987/88. But this is way below the 4.3 million bags produced in 1972/3 before South African destabilisation took off.

During his October 1987 visit to the US, President Joaquim Alberto Chissano announced that Mozambique was producing only "25% of what we were producing in 1973" after MNR bandits had destroyed much of the country's economic infrastructure.

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At its 1988 conference, held in Arusha, Tanzania, SADCC estimated that from 1980 to 1986 South Africa's destabilisation had cost its members at least $30 billion. This figure amounts to:

- more than the region's total GDP of $25 billion in 1985

- equivalent to over a third of SADCC countries' total export earnings from 1930 to 1984

- greater than the amount of overseas development assistance received over the same period.

According to some analysts, these costs are rising at a rate of about $4 around billion a year. The price of opposing apartheid has been far greater than the support received from the international comirunity. Excluding Tanzania, SADCC received only $8.6 billion in aid between 1980-84.

In human terms, 5 million Mozambicans have been affected by famine and war, 3.8 million of whom face starvation. There are

600,000 displaced persons in Angola alone. In February 1988, Zimbabwe's Prime Minister Robert Mugabe estimated that 1 million people had died and 8 million refugees displaced since 1980 as a result of South African aggression.

According to UNICEF, eight and a half million peasants have been dislocated and four and a half million threatened with starvation. The relief organisation estimates that from 1983-85 at least 200,000 people died as a direct result of South African aggression, including the blocking of emergency relief supplies. In Mozambique and Angola alone, war-related dislocation (food shortages, the disruption of health services, etc) causes the deaths of 120,000 children each year - one death every four minutes.

Stranglehold

Pretoria is able to employ its military might and economic muscle to stifle its neighbours' independent development. In 1985, South Africa's gross domestic product (GDP) was three times greater than the combined GDP of the SADCC states. Its economic power gives the apartheid regime a stranglehold over neighbouring states whose economies have been underdeveloped and distorted by colonial rule.

SADCC members continue to depend on South Africa for transport and communications;trade;energy suppliesjand employment for thousands of migrant workers whose remittances remain a vital source of foreign exchange.

Transport

Angola and Mozambique provide the most natural, economical and efficient routes to the sea for their land-locked neighbours. There was not even a direct rail link between Zimbabwe and South Africa until a sanctions-busting line was built in 1975. Yet South Africa has been able to force neighbouring states to route trade along its transport network.

South Africa dominates regional transport, controlling the arteries of the regional economy. Of the 90,000 km of railway track in the whole of sub-Saharan Africa, over 25% is in South Africa. Through surrogate forces like Unita and the MNR, South Africa has sabotaged alternative rail routes through Angola and Mozambique.

Trade

Over half of SADCC trade still passes through South Africa although precise figures are complicated by BLS membership of the customs union. In 1984 about 30% of SADCC imports came from South Africa. The value of trade between South Africa and SADCC members was four times higher than the total value of intra-SADCC trade.

While many South African products cannot compete on the world market, alternative custom in neighbouring states is secured through easy credit and attractive discounts. South African firms operating in neighbouring states will import goods from their own homeland rather than buy more cheaply from other African states or on the world market.

Energy

South Africa supplies high-grade coal, electricity and refined oil products to most of its neighbours. It provides all of the petroleum products required by Botswana, Lesotho and Swaziland (BLS) as well as essential supplies to Malawi, Zambia and Zimbabwe. South Africa currently meets all of Lesotho's electricity needs and most of the requirements of Botswana and Swaziland too.

Yet South Africa itself receives vital electricity supplies from the Cahora Bassa Dam in Mozambique. Under an arrangement agreed with the old Portuguese colonial authorities, Mozambique's own energy goes first to South Africa and then back to Maputo. Maputo is not directly linked to Cahora Bassa but to the South African electricity grid - a further example of the distortion of the regional economy resulting from South African-centred colonial rule.

Migrant Labour

Approximately 600,000 SADCC nationals work in South Africa. The wage remittances of its migrant workers provide Lesotho's main source of income. The country receives an estimated Â£150 million from 150,000 migrant workers - over half the country's workforce

- who earn a living in South Africa. Swaziland, Malawi, Botswana and Mozambique also gain vital revenue from the remittances of their citizens working in South Africa's mines, on its farms and as domestic workers.

Labour migration does not only increase dependence on South Africa through reliance on wage remittances. The resulting labour shortages in areas like Mozambique's Tete and Zambezia provinces have led to poor cultivation practices, deteriorating soil fertility and, therefore, an increasing dependence on the wages of migrant workers. Another vicious circle.

South Africa is increasingly able to use the deportation of migrant workers as an economic sanction. Rising wages, union organisation and unemployment within the apartheid economy have made many migrant workers dispensable. A more stable and experienced workforce is now a more attractive proposition for South African employers.

In 1986 South Africa threatened to repatriate Mozambican migrant miners whose repatriated wages provided up to one-third of their homeland's foreign exchange. In February 1988 Pretoria announced the repatriation of 1000 Malawian miners on the grounds that they were "Aids carriers".

But Pretoria was forced to back down on the expulsion of Mozambican miners following opposition from the Chamber of Mines, the mining employers' organisation. Plans to repatriate all of Mozambique's migrant miners have folded as the Chamber feared the disruptive effect of the sudden loss of a skilled and experienced section of the workforce. About half of them (about 30,000) will now be allowed to stay although fresh recruitment is banned.

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Rand Zone and Customs Union

Botswana, Lesotho and Swaziland (BLS) are part of the South African-dominated customs union. Lesotho and Swaziland use the South African rand as their own currency and the value of Botswana's currency, the pula, is also closely tied to the fate of the rand.

BLS have been bound to South Africa's customs union since 1909 when they were still British protectorates. The customs union ensures that there is a free flow of trade between BLS and South Africa but high tariffs are imposed on imports from outside the union.

Pretoria collects and administers the tariff revenue which it redistributes between the members. This revenue is a vital source of income for each of the BLS states. It provides about half of the Lesotho and Swaziland governments' revenue and about a third for Botswana.

There are hidden costs. Firstly, the most developed economy inevitably dominates trade and production within the union. Few businesses in the 3LS states can compete with their South African counterparts from which they must import nearly all their machinery and manufactured goods.

Secondly, high tariffs on imported goods protect South Africa's own industries and force BLS states to buy South African goods which may be more expensive and of poorer quality than products made elsewhere. So South African firms, unable to compete on the world market, enjoy a local captive market.

Thirdly, because of their close trade and currency links with South Africa, BLS have themselves suffered from the apartheid regime's economic crisis and the plummeting value of the rand.

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Rand Aid?

At first glance, it may seem as if South African Premier P. W. Botha is the region's kind uncle, distributing customs union revenue and purchasing neighbours' exports. But each year South Africa receives over Â£1300 million from neighbouring states' purchases of its own goods; at least Â£150 million in charges for the use of transport routes and facilities; and a further Â£60
70 million for 'invisible' services like insurance, tourism, and maintenance. All in all, South Africa Inc. gains around Â£900 million profit from its neighbours. SADCC is in business to redress the imbalance (1 982 figures from Hanlon, p. 29, Apartheid's Second Front).

In his address to the opening session of the white parliament on 5 February 1988 P.W. Botha signalled the start of further efforts by South Africa to break out of its isolation, repeating his call for a regional conference of Southern African countries. Pretoria seems keen to revive its Constellation of Southern African States (Consas - an abortive attempt to force neighbouring states into a South African-dominated confederation) through its insidious contribution to regional co-operation, highlighting Lesotho's Highland Water Scheme, the Sua Plan soda ash project in Botswana and South African firms' involvement in the modernisation of Maputo harbour.

"Weaving the Fabric"

SADCC was the nail in the Consas coffin. Although initiated by the front line states, the additional membership of Lesotho, Malawi and Swaziland means that all nine majority-ruled states of Southern Africa can present a common front to Pretoria.

SADCC's member states range from Swaziland's conservative monarchy to the radical regimes of Angola, Mozambique and Zimbabwe. This political diversity forces SADCC members to focus their attention and energy on practical and mutually-beneficial programmes.

The organisation is less rhetorical than functional. SADCC does not even take a position on sanctions against South Africa as its members are divided on the issue. Each member recognises that SADCC first needs to develop its own infrastructure and resources to withstand the inevitably damaging impact of Pretoria's punitive counter-sanctions.

Shared practical problems are addressed through sector-based programmes. Each SADCC member has a specific responsibility. Mozambique is in charge of rehabilitating transport, its most crucial source of income and the key to regional co-operation and de-linkage. Botswana relies on beef exports for much of its foreign earnings so it is responsible for developing animal disease control. Angola, a major oil producer, supervises SADCC's energy programme.

In drawing on the national resources and expertise of its members, SADCC's action-based programmes operate without a huge bureaucracy. SADCC has only a very small central staff based in the Bostwanan capital, Gaborone.

SADCC's survival is itself a major achievement. It has not only had to withstand South Africa's "total onslaught." It was born in the midst of a world economic recession which brought on a collapse of prices for the region's exports and severe cuts in development assistance.

SADCC members have resolved to "weave a fabric of regional cooperation" to disentangle themselves from South Africa's economic tentacles. The combined wealth of the front line states is only just over a quarter of South Africa's. But their economic vulnerability is not a natural state of affairs. European colonial powers, business corporations and the apartheid regime itself combined to bind neighbouring states to South Africa's economy.

Southern Africa is a fertile region and rich with valuable minerals - coal, chrome, copper, platinum, diamonds, nickel, iron, bauxite and gold. Minerals account for over 60% of regional export earnings. The rest are largely agricultural products.

But the collapse of world commodity prices has brought about an acute shortage of foreign exchange, the funds required to pay for imports of manufactured goods. Unable to pay for machinery, spare parts and other vital resources, most SADCC countries are unable to reduce their dependence on imports by expanding their own production. It is a vicious circle.

Aid cannot compensate for the decline in the region's purchasing power. So a key SADCC priority is the rebuilding of the region's economy, exploiting its rich base of raw materials to develop local industry and reduce its economic dependence.

Problems

SADCC's most recent conference, held in Arusha, Tanzania, in January 1988, reflected the organisation's problems and progress. In recent years each country has been adversely affected by deteriorating terms of trade. On top of this, Mozambique and Angola in particular continue to suffer from South African-sponsored banditry.

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Attacks by the MNR rebels have aggravated the famine which still threatens huge swathes of Mozambique. The war-torn country was short by more than a third (284,000 tonnes) of its grain needs (831,000 tonnes) from April 1987 to the May 1988 harvest. In 1987 4 million people out of a population of 14 million still faced starvation.

In December 1986 Mozambique's Department of Food Security projected a shortfall of 160,000 tonnes in basic grains until the next harvest in May 1987. With basic needs estimated at 357,000 tons, expected supplies amounted to no more than 196,000 tonnes. By the time the May harvest arrived drought and war had ensured that it was the lowest for 30 years. Only 21,000 tonnes of maize and 19,000 tonnes of paddy rice were marketed.

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South Africa's military occupation of southern Angola in support of its surrogate army Unita has continued to prevent economic recovery. The disastrous 50% drop in the price of oil in 1986 severely reduced Angola's foreign exchange earnings.

Nor have SADCC countries escaped the debt crisis which afflicts many developing countries. At the end of 1985, SADCC's collective debt totalled $14 billion, equivalent to 50% of the region's gross domestic product (GDP).

The poor economic performance of SADCC members was largely due to

depressed commodity prices which cut the earnings of members dependent on mineral and agricultural exports. Increases in the cost of imported manufactured goods further aggravated their balance of payments difficulties, forcing SADCC countries to seek even more credit. When severe shortages followed the collapse of oil prices in early 1986, Angola was unable to secure long-term credit until it joined the International Monetary Fund (IMF).

In May 1987 Mozambique agreed a package of new economic measures

with the IMF which it too joined in 1984. The package includes a $45 million loan for industrial investment and $700 million to pay for essential imports. But the IMF predicts that Mozambique will need about $1 billion a year in foreign aid until well into the next decade.

Breaking The Bonds

But the Arusha meeting was not all doom and gloom as great strides have made in some of the most crucial sectors.

Transport and communications have always held pride of place in SADCC's programme priorities. It is imperative for SADCC to improve its own transport facilities in order to remove South Africa's 'squeeze card'.

* The volume of SADCC traffic using South African ports fell from

75% in 1980 to 58% in 1987. By late 1987, Zambia's copper exports were being re-routed away from South Africa - 80% through

Tanzania, 20% via Beira.

* Mozambique is expected to earn $135 million from transport earnings in 1988 compared to $45 million in 1986, reflecting an increase in trade through the reconstructed port of Beira.

* Around $2 billion has been devoted to the rehabilitation of the Beira, Dar and Nacala railway routes. The upgrading of the Nacala railway line and container terminal are on schedule and the first phase of the Beira-Machipanda Railway completed.

* Nacala port, which handles Malawi's trade, operated at 84% of its capacity in 1987 thanks to SADCC investments. The rehabilitation of the Beira and Nacala corridor routes will allow SADCC countries to reduce traffic through South Africa to nil by 1 992.

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SADCC's Jugular

The 188-mile road-and-rail link through Mozambique's Beira corridor is a lifeline to the land-locked SADCC states of Malawi, Zambia and Zimbabwe. Through its MNR proxies, South Africa has previously closed the Zimbabwe-Maputo railway, denied Malawi access to the Indian Ocean along the Nacala and Beira routes and forced SADCC states to use outlets through South Africa.

The Beira line is crucial to SADCC's goal of reducing dependence on South African transport routes as a first step to self-reliance. The Beira line can carry 3500 tons of Zimbabwean freight daily but has recently averaged only 1400 tons. Operating at full capacity the port of Beira would be able to take 60% of SADCC's regional traffic and triple Mozambique's foreign exchange earnings.

Western finance, secured through SADCC, is paying for heavier rails, reconstructed berths and a deeper harbour entrance to allow in ships of up to 50,000 tons. Mozambique's Beira Corridor

Authority plans to triple the ports' capacity by 1990.

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Many white Zimbabwean industrialists who maintain close personal and business links with their South African counterparts have not switched from their old sanctions-busting routes. In 1987, about 80% of Zimbabwe's exports still went via South Africa even though it is $200-$300 cheaper to route a container via Beira than Durban.

Nevertheless, some elements of Zimbabwe's business community, concerned about their economic vulnerability, have established the Beira Corridor Group headed by Dennis Norman, a former agriculture minister in Ian Smith's government. The Group's debenture issue in 1987 was heavily oversubscribed, indicating the degree of confidence in SADCC's most vital project.

The tide is turning. About 204,000 tons of Zimbabwe's exports passed through Beira in 1986, an increase of 13% over the previous year. Between October 1986, when Zambia Consolidated Copper abandoned South African routes, and March 1987 Beira also handled 17,000 tons of Lusaka's vital copper exports.

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* SADCC's next priority is the reopening of the Benguela Railway which runs from Zambia's copper belt, through Zaire to Lobito on Angola's Atlantic coast. Apart from a brief interlude in 1980, the line has been closed since 1975 as a result of Unita attacks.

But in September 1 987 President Dos Santos met with representatives of Societe Generale, the Belgian majority owner of the Benguela line. The Angolan government holds only 10% of the controlling company's stock but it has paid the salaries of its employees since 1975. Within weeks, SADCC's executive secretary Simba Makoni announced a $400 million ten-year plan to develop the Benguela railway through the Lobito Corridor.

Traffic on the Benguela railway has been restricted to less than a third of the line. The restoration of the track would cost at least $280 million but potential sources of finance, like the African Development Bank and the World Bank, require assurances that the line will be secure. If South Africa succeeds in seizing Cuito Cuanavale, the strategic fortress town currently under siege from the SADF and Unita, they would be able to strike into Angola's central plateau and seize the Benguela.

SADCC's food programme has been made all the more urgent in the light of the lethargic international response to the recent famine. Recent years have seen famine in Mozambique and severe shortages of food in Angola. But Malawi, Tanzania and Zimbabwe have produced maize surpluses. The drought renewed the urgency behind the development of SADCC's Regional Food Reserve and food-swapping arrangements between member states.

SADCC's food security projects aim to reduce reliance on the food aid which is itself subject to the ebbs and flows of international power politics. Among SADCC's recent successes are:

* a successful $16 million improvement programme has produced high-yield strains of sorghum and millet

* a regional early-warning-system has been developed to predict food shortages and arrange advance relief.

SADCC has 69 projects covering coal, electricity, woodfuel and renewable energy sources. The region has a surplus of electricity generating capacity but severe problems with making this energy available. SADCC is keen to develop resources like Malawi's unexploited coal reserves not least because SADCC members cannot afford to spend valuable foreign exchange on fuel imports.

Energy is also a source of SADCC members' economic dependence on South Africa. Land-locked Zimbabwe was forced to import 35,000 tonnes of petrol, diesel and aviation fuel at a cost of Â£8 million in January 1987. The 200-mile Beira oil pipeline through which Zimbabwe usually imported its oil has been sabotaged by Pretoria's MNR surrogates.

Many people still depend on woodfuel, a reliance which has caused the erosion of forests, desertification and a deterioration in the productivity of land. Access to electricity is also hampered by South African-sponsored sabotage of supply lines and pylons.

SADCC is not an EEC-type common market or a centralised planning

agency. Its pragmatic approach is based on neither market nor

marxist forces. SADCC has resisted Western pressure to adopt a

strictly-commercial, market-based approach to its work, insisting on its right to determine the region's own priorities. But it has set up private sector business councils (at national and regional levels) to boost trade and industry through regionally co-

ordinated investment.

A more recent SADCC priority is "investment in production", the theme of SADCC's February 1987 conference in Botswana. SADCC members are beginning to mobilise domestic capital to take advantage of their own natural resources and markets, reduce member states' reliance on primary exports and secure greater self-sufficiency in trade and industry. In September 1987, for instance, Zambia shifted the processing of its iron ore from South Africa to refineries in Zimbabwe.

Avoiding 'Another Lebanon'

South Africa is not strategically vital to the health of the global economy. The regional economy of Southern Africa as a whole contributes only $40-$50 billion to total world trade of $5000 billion. As a market, the region's population of 100 million is no larger than that of Nigeria and its GDP is equivalent to Belgium or Argentina.

But 'another Lebanon' in the region is hardly in anyone's interest. The aid which is trickling into SADCC partly reflects Western concern to minimize the destruction of the region's infrastructure, given the economic potential of a post-apartheid Southern Africa. SADCC also represents an avenue for non-colonial powers like Canada and the Scandinavian countries to spread influence, generate goodwill and secure access to valuable raw materials.

The 1988 Arusha conference heard that over $1000 million has been pledged to SADCC members up to 1991. However, SADCC has so far secured only 34% of the $6.4 billion it needs for 493 vital regional projects. Even this ambitious target only goes some way to repairing the damage caused by South African destabilisation since 1980.

Unfortunately, the value of much Western aid to SADCC has been reduced by the counter-effect of power politics. The United States recently donated about $30 million to SADCC yet it has also provided $15 million in covert aid and ground-to-air Stinger missiles to Unita rebels in Angola. Unita has consistently claimed responsibility for attacks on the Benguela railway, SADCC's only railway route to the Atlantic.

Destructive Engagement

With a few notable exceptions, Britain and the United States have failed to condemn or counter South African aggression. London and Washington have consistently vetoed the most effective response - the imposition of sanctions.

In February 1986, British Foreign Minister Sir Geoffrey Howe rejected the front line states' call for sanctions on the grounds that "it would be wrong to increase pressure on South African now when there was some kind of change." Yet 1986 saw increasing repression within South African with the SADF entering the townships. Thousands have been killed and over 20,000 detained since the State of Emergency was declared.

Sanctions Plus

In fact, SADCC's economic vulnerability to South Africa has been exploited by Pretoria, London and Washington to postpone sanctions against apartheid. In August 1986 the US State Department opposed calls for sanctions on the grounds that South

Africa would retaliate against the front line states with

sanctions of its own.

Similarly, in June 1985, responding to a question on sanctions, Mrs Thatcher replied, "Have you looked at how goods are going to get in and out of Zambia and Zimbabwe? Close Beit Bridge and how are you going to do it? When there was drought that's the route through which the maize went to keep people alive".

Yet within months of her comments Zimbabwe's million tonne maize surplus was helping relieve food shortages - in South Africa. That same year, Zambia also enjoyed a major maize surplus.

SADCC exists to undermine the argument that sanctions will only

hurt South Africa's neighbours by offering practical

alternatives to economic dependence. Some sanctions could even benefit some of the more vulnerable front line states. Financial sanctions, especially by creditor banks, would prompt a fall in the value of the rand and so improve the terms of SADCC's trade with South Africa.

But while politically committed to sanctions, SADCC members themselves can have little effect. In August 1987 Zimbabwe was forced to drop plans to impose trade sanctions on South Africa, including the denial of landing rights to South African Airlines, in the face of the threat of counter-sanctions.

In 1986, nearly 10% of Zimbabwe's exports, worth $123 million, went to South Africa. But 21% of the country's imports worth $205 million came the other way, making Zimbabwe vulnerable to a cut-off of supplies. A shortage of vital machinery and spare parts for industry, agriculture and mining would cause economic chaos and political and social unrest resulting from the austerity, redundancies and unemployment.

The Harare government is gradually reducing South African ownership and control of Zimbabwe's economy. Since independence in 1980, the government has acquired a controlling interest in major companies like Central African Pharmaceuticals and, in August 1987, bought a third of the shares in Delta Corporation, the South African-owned retail and leisure giant.

A report by the West German Starnberger Institute recently confirmed that sanctions by the front line states would be ineffective. The Institute confirmed that only "targetted

sanctions" by the most advanced industrial countries would have

an immediate effect on the South African economy and at the same time protect the front line states from retaliatory sanctions by Pretoria.

According to the report, published in 1987, an "irrecoverable

weakening of the apartheid regime" would follow selective

sanctions by Britain, the US, West Germany, Japan, France and

Switzerland, including:

* a refusal to roll over loans and a ban on new ones which would bring South Africa to the brink of bankruptcy and prompt a massive flight of capital

* trade sanctions, particularly a ban on imports of South African minerals and capital goods

The most immediately effective contribution Britain could make to SADCC would be to end its opposition to comprehensive mandatory economic sanctions against South Africa. The imposition of sanctions remains the only meaningful option for those committed to ending apartheid, halting South African aggression and securing regional peace and development. British development assistance to SADCC should not be an alternative but additional to economic sanctions against South Africa.

Interdependence

South Africa is the region's economic powerhouse and enjoys considerable profit from regional trade. In 1987, South Africa's trade surplus with SADCC members was $1.3 billion. In imposing its own retaliatory sanctions, South Africa would be jeopardising a hefty trade surplus along with its earnings from invisible trade, like transport insurance and port charges.

South African investments in neighbouring states would also be at risk. South Africa interests own around $1 billion worth of private stock in Zimbabwe, 25% of the country's total private stock. Each year South Africa receives substantial sums in repatriated profits and dividend payments.

15

The apartheid economy also exhibits many of the weaknesses of the SADCC member states. It is heavily dependent on mineral rather than industrial exports and on foreign inputs - from Western technology and finance to energy and migrant labour from its neighbours.

So South Africa's economic relationship with its majority-ruled neighbours is one of interdependence. In many ways, South Africa would be shooting itself in the foot if it imposed wholesale counter-sanctions. They would cause the loss of vital revenue and jobs within South Africa and further aggravate existing tensions within the South African establishment. For example, businesses would quickly lose regional markets to European competitors.

British Aid to SADCC

South African aggression has aggravated the region's economic crisis and increased the urgency of aid and assistance to SADCC's member states. Yet Britain has remained lukewarm towards SADCC and consistently criticised its efforts to break out of Pretoria's economic embrace.

* In 1984, at SADCC's Lusaka conference, Britain refused to provide further money for SADCC while existing funds for the rehabilitation cf Mozambique's railways were being spent "too slowly." The slow pace of progress was due to sabotage by the South African-backed MNR but the British government's response was to punish the victim.

Yet even where attacks delay or halt specific projects, support can still be transferred to other SADCC initiatives. Britain should follow the example of Italy which simply doubled its commitment from S50 million to $100 million when it experienced similar take-up problems.

* By 1986, British bilateral aid to SADCC and the front line states had declined to 55% of its 1980 value. Aid to the front line states (Angola, Botswana, Mozambique, Tanzania, Zambia and Zimbabwe) fell from Â£100 million in 1980 to Â£57 million (1980 prices). Aid to SADCC fell from Â£133 million in 1980 to Â£75 million in 1986.

* In 1985 British overseas development assistance (ODA) stood at only 42.6% of its 1980 peak. During the period of 1977-79, under the last Labour Government, British ODA commitments to Southern African countries totalled $250.4 million. In 1979, the Conservative Government was elected. From 1980-82, British ODA to SADCC members fell to $173 million. By 1983-85 it had shrunk to $104.7 million.

* Britain claims to be more generous than most other Western donors but seven of SADCC's nine member states are members of the Commonwealth, countries to which it has an historic debt and responsibility. Despite these ties, British aid to Commonwealth countries has been eclipsed by other nations. Eight countries including Italy, Sweden, Netherlands, Denmark and Norway - have bettered British aid to Tanzania.

* The decline in British ODA to the region was only halted in 1 985 in the face of the international campaign for sanctions. When the EEC produced a package of mild sanctions against Pretoria in September 1985, the British government responded with a Â£107 million increase in bilateral aid to Southern Africa.

* Since 1980 the British government has committed Â£30 million to SADCC transport projects. But it was only in the face of a fierce international campaign for sanctions that the British Government expanded its support for SADCC, increasing its commitment from Â£12 million in 1983 to Â£35 million in 1987. It is only since September 1985 when Britain began to push 'positive measures' of regional development as an alternative to sanctions that two-thirds of British pledges to SADCC have been made available.

Britain should increase bilateral aid to SADCC states to levels comparable to those of 1980-1982 and ensure that such aid assists projects which address SADCC's own needs and priorities. Such a package should be a supplement rather than substitute to a programme of sanctions.

Euro-Aid

The Commission of the European Community supported the formation of SADCC and the EEC has funded a number of vital projects.

* In February 1987, the EEC contributed $22.1 million to rehabilitate the Tanzara railway link between Zambia's copper belt and the Tanzanian port of Dar es Salaam.

* Individual EEC members have also made their own specific commitments to SADCC. In September 1987, for instance, Italy pledged a further $12 million to repair the vital oil pipeline between Zambia and Dar.

But between 1980 and 1985 the EEC failed to fund SADCC's most vital work - the rehabilitation of Mozambique's transport network. Transport rehabilitation receives only 40% of the EEC's allocation to the region. The EEC has shown little commitment to de-linkage. It is co-financing the Lesotho Highland Water Scheme which will serve South Africa's industrial heartland.

Only under the Third Lome Convention has the EEC assisted the Beira Corridor programme and SADCC's attempts to link Malawi with the Tanzara rail network. This means that major projects like the Nacala Railway Corridor must be financed by funds diverted from other urgent projects within SADCC's member states.

Angola secured Â£69 million in credit from Britain in March 1 988 but a broader and long-term European commitment is needed. In November 1986 the European Parliament was presented with a proposal to set up a new budget line to assist SADCC's resistance to "campaigns of economic and political destabilisation conducted by South Africa." However, the European Commission effectively vetoed the proposal with the support of the Commission's British president who feared a "dangerous precedent".

The EEC's long-term advance commitments fail to take into account SADCC's ever increasing needs in the face of more frequent and costly incidents of Pretoria's aggression. The EEC should follow the example of other donors and increase its support for SADCC in line with the rising costs of South African destabilisation.

Unfortunately, Britain is unlikely to set the pace. When Britain's commitment to SADCC is criticised, Government representatives refer to an additional Â£103 million contributed through the EEC (European Economic Community) between 1986-1990.

But, while in 1980 British ODA to Southern Africa made up just under 37% of all EEC ODA, its share had been nearly halved to 17.7% by 1984. The government has responded to calls to increase aid by simply shifting existing money between current commitments.

British aid to SADCC through the EEC should be expanded to allow the EEC to maintain its commitments without depriving SADCC members' national projects of scarce funds. Britain should also support a new line in the EEC's annual budget to permit a rapid response to the unforeseen, additional costs of South African aggression.

British Food Aid

While the United States and EEC have dumped their own grain mountains on the region, Britain has pioneered "triangular food deals" through which grain surpluses are purchased from within SADCC for use in the region's famine-stricken areas.

In 1986 Britain provided 21,500 tonnes of maize for famine relief in Mozambique, every sack of which was purchased from Zimbabwe. Mozambique got the grain and Zimbabwe received Â£4.5 million from the sale of its surplus maize.

About 40% of EEC food aid to the region is now "triangular" which assists SADCC's goal of reducing aid dependency through agricultural development. But, reflecting the Conservative Government's own commitment to development over aid, Britain should press for a long term commitment from the EEC to SADCC's Regional Food Security Project, ensuring that food aid does not consist of dumping EEC surpluses but instead promotes agricultural development in the region.

Aid and Austerity

The severe economic problems and crippling debts facing most SADCC members has forced them to seek credit from international agencies like the World Bank and International Monetary Fund (IMF). British development assistance to Southern Africa is frequently linked to the 'structural adjustment programmes' which the IMF has imposed on the region's governments. In other words, British aid comes with strings attached.

The Â£30 million made available to Zambia in 1987 was tied to Lusaka's implementation of a 'structural adjustment agreement' with the IMF. The agreement led to such austerity that food riots broke out in Lusaka and industrial unrest in the copper belt. Recent aid to Mozambique (Â£5 million) and Tanzania (Â£25 million) has been tied in a similar way.

The ' belt-tightening' policies imposed by the World Bank and IMF tend to hit the most vulnerable groups. The resulting social unrest and occasional political turmoil provides further scope for South African destabilisation.

The conditionality of British aid undermines the regional self-reliance at the core of the SADCC ideal and implies that aid will be withheld if IMF and World Bank policies are not implemented. Similar strings are now being attached to EEC funds. A recent grant to Mozambique was made available only after Maputo agreed terms with the IMF and World Bank.

[Indented in tone or boxed:

There is no one better than ourselves that know better our needs and priorities. We must not accept the habit of plans being made outside our region.

Mozambique's President Samora Machel at SADCC's Founding Conference in Lusaka, April 1980.

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SADCC's central goal of regional self-reliance would be promoted by freeing British aid from conditions imposed by the IMF and World Bank where the region's governments consider the social costs of structural adjustment programmes to be too high.

Tied Aid & Associated Financing

Despite Mrs Thatcher's enthusiasm for the free market, recipients of British aid are not free to shop where they like. Britain's bilateral aid programme is increasingly tied to the purchase of British goods and restrictions on trade.

SADCC members are forced to buy British goods rather than purchase each others products from within the region. According to recent studies, these restrictions reduce the value of aid by about 25%.

Under "associated financing" deals, donors from the industrialised countries of the North compete for involvement in development projects. Companies in the donor countries often link up with bureaucratic interests in the receiving countries. Projects are then all too often chosen according to the interests of certain groups and the ease with which they can be financed rather according to proven need.

The construction of prestige projects - like the presidential residences and Kamzu academy of Malawi's President Banda - leads to huge commercial debts, suck in imports and contribute little to economic development.

SADCC's trade and industry programme exists to prevent such distortions by ensuring that the region's own resources are used in development projects wherever possible. As the second largest industrial power in Southern Africa, Zimbabwe is able to produce many goods needed throughout the region. But goods which could be produced within SADCC are still imported from Europe or the United States. Zimbabwean exporters cannot compete with the credit arrangements of associated financing schemes enjoyed by exporters from the industrialised North.

Not only does associated financing prevent SADCC members developing their industrial base. It also assists European and North American penetration of regional markets on which SADCC members' own industries depend.

Restrictions on the procurement of goods need to be loosened to allow SADCC members to buy products from each other and project aid linked to exploiting SADCC's own industrial capacity. Norway already supports "import support schemes" which allow aid to be used to buy goods from within the region and which therefore promote trade between SADCC members.

Britain could increase the real value of aid and boost trade within SADCC by pressing fellow EEC members to replace national procurement restrictions with broader European or SADCC-wide criteria. Britain should also press for more open access to the EEC for SADCC members' exports and preferential access for SADCC products in the event of South African counter-sanctions .

Regional self-reliance would be further promoted by using British project aid funds to develop industry within SADCC in order to reduce the region's imports.

Keeping the Peace?

The British government has sent military advisers to train officers in the armed forces of Zimbabwe, Mozambique, Lesotho and Swaziland. Officers from other SADCC states also attend military training courses in Britain.

In a deal announced shortly after Samora Machel's death in October 1986, Britain supported the formation of a 600-strong battalion, partly funded by the giant Lonhro Corporation, to guard the Nacala railway line. The British Army also doubled the number of Mozambican officers at its training centre in Nyanga, Zimbabwe.

Britain's military support for Mozambique and the other front line states is neither exceptional nor sufficient. In September 1987 President Francois Mitterand committed France to the defence the Nacala railway line which is more vulnerable to attack than the well-guarded 3eira line. A number of French firms are involved in Nacala's rehabilitation.

Britain's commitment is also tied to the government's determination to to offset the clamour for sanctions against South Africa. At the Commonwealth summit in Vancouver, Canada, in August 1987, the British government proposed additional military and technical aid to the front line states as am alternative to economic measures.

About 300 former British servicemen are currently serving in the SADF. Alan Gingles, Sandhurst graduate and former member of the Ulster Defence Regiment, was one of them. He was killed by his own mine while planting the device on a railway line in Mozambique. A white ear found in a nearby tree and notes for a novel about Northern Ireland were the only clues to his identity.

The British government has failed to halt the recruitment of British mercenaries and ex-servicemen into the SADF. Nor has Britain taken any action over South Africa's 's Citizenship Amendment Act. Since it was passed in 1984 half a million British passport holders are subject to conscription. One in every ten troops patrolling the townships is a British passport holder, enjoying the full rights of British citizens.

In what should be an important precedent for other creditor nations, Italy has cut Mozambique's debt interest repayments. The Italian government's move, announced in January 1988, will reduce the interest rates on Maputo's debt from 10-12% to 1.5%.

Mozambique's Finance Minister Abdul Osman has already asked the British government to follow Italy's example and reduce interest payments on its debt. The Scandinavian states and Holland are expected to follcv Italy's example. The Soviet Union has already written off the interest on Mozambique's debts to Moscow. Britain should follow Italy's example and cut the interest on Mozambique's debt and reschedule repayments. The government should not only increase bilateral aid to Southern Africa but support moves to reduce the burden of debt on SADCC members.

Positive Policies

The British Government has been slow and stingy in its response to the acute crisis facing SADCC members as a result of South African destabilisation. The following policies would help restore a reputation already tarnished in the eyes of much of the world by the British Government's hostility to sanctions.

* Britain should end its opposition to comprehensive mandatory economic sanctions and increase bilateral aid to levels comparable to those of 1980-1982.

* Development assistance to SADCC should be additional to economic sanctions against South Africa and reflect both SADCC's own priorities and assist de-linkage from South Africa.

* British aid to SADCC through the EEC should be further expanded to allow the EEC to maintain its commitments without depriving national projects of funds.

* Britain should support a new line in the EEC's annual budget to meet the cost of South African aggression and press for a long term commitment from the EEC to SADCC's Regional Food Security Project.

* Procurement restrictions on 3ritish aid to SADCC should be loosened and national procurement restrictions replaced with broader European or SADCC-wide criteria.

* Britain should press for open access to the EEC for SADCC members' exports and preferential access to the EEC for products displaced by South African counter-sanctions.

* Regional self-reliance would be promoted by freeing British aid from harsh conditions imposed by the structural adjustment programmes of the IMF and World Bank.

* Regional self-reliance would be further promoted by using British project aid funds for industrial development within SADCC.

* Britain should extend credit and cut interest payments on SADCC members' debt.

* Military assistance to the front line states should be increased in proportion to the increase in South African-

sponsored aggression.

* Steps must be taken to halt the recruitment of British service personnel and the conscription of British passport holders into the SADF.

Britain's commitment to SADCC is likely to remain shaky as long as it sees aid to Southern Africa as a means of avoiding sanctions. The government seems prepared to treat the wounds of destabilisation but won't confront the bully.

SADCC's programmes are vulnerable to South African attack as long as Pretoria continues its hidden war against its neighbours. But Mozambique's President Chissano recently stated that "we cannot wait until we have won the war before we start rehabilitate the economy." SADCC remains committed to the long march to economic independence.