SOUTHERN AFRICA'S FUTURE: EUROPE'S ROLE

Vol. 2 _ SADCC

Southern Africa's future: Europe's role

Volume 2

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AWEPAA

The Association of West European Parliamentarians for Action against Apartheid (AWEPAA) was founded in Copenhagen in 1984. Members and associates are drawn from all national parliaments in Western Europe, the European Parliament, and the parliaments of the United States, Canada, New Zealand, Australia and Japan.

The Association works in cooperation with the UN Special Committee against Apartheid, the UN Council for Namibia, the World Council of Churches, EC agencies and non-governmental organisations, as well as SADCC and Member States' institutions and parliaments. Its aim is to promote freedom and justice in South Africa and Namibia, and development and peace in Southern Africa. AWEPAA provides practical assistance to parliamentarians throughout Western Europe, including information and analysis of developments in Southern Africa and government policies in the West, as well as coordinating and initiating parliamentary action in Western Europe.

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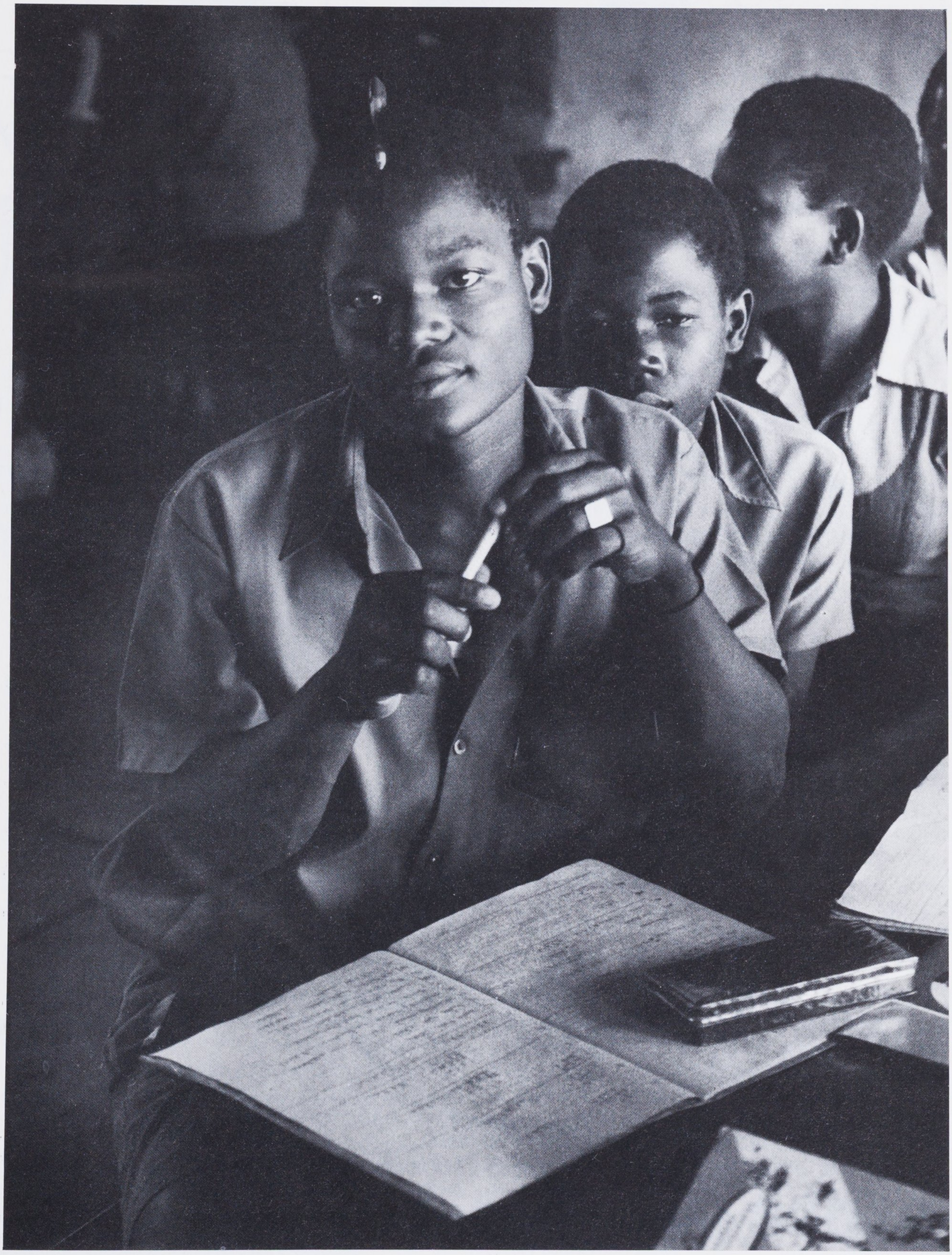
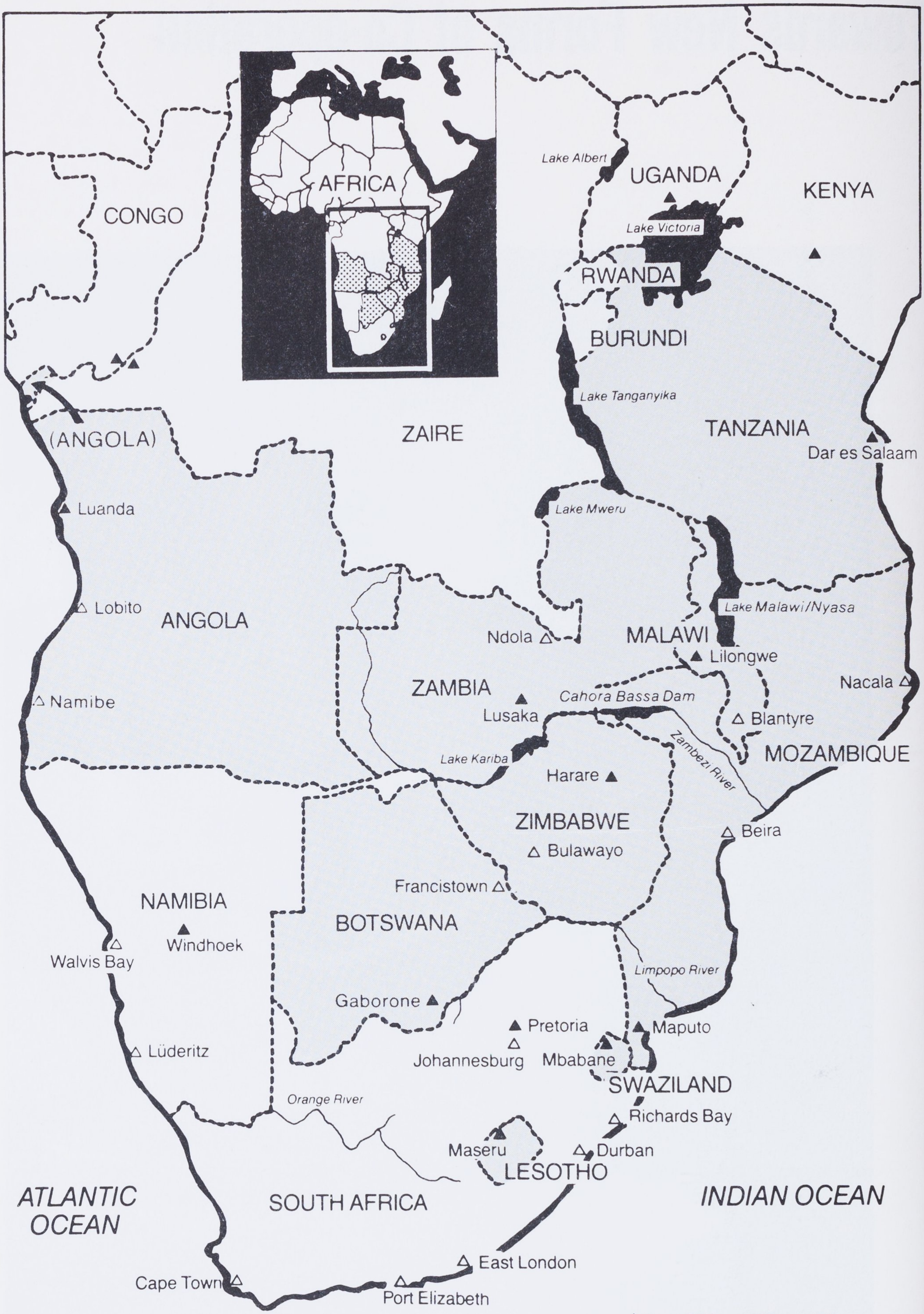


Jan Stegeman

Developing human resources – a basic need, a prime concern.



SADCC Member States

Southern Africa

'For the industrial world we have a message. We recognise your need for access to resources which are under our control. Your needs together presents a solid base for cooperation; not on your terms alone, not on our terms alone. But on the basis of freely negotiated agreements among equals . . ."

Hon. P. S. Mmusi, Vice-President of Botswana and Chairman of the SADCC Council of Ministers, November 1980.

SADCC's Achievements . . .*)

"The three broad achievements of SADCC to date in my view far outweigh the disappointments. In a short space of time we have managed to inculcate the spirit of togetherness within citizens of SADCC member countries. There is now a sense of identity and unity: of belonging to a family of nine nations. The people within SADCC no longer have the feeling of being alone and adrift in a hostile world. Although this feeling of having something in common with our neighbours is intangible, it is evident even in conversations and expressions of ordinary people throughout the region that SADCC has become part of the language wherever you go.

Secondly, in the relatively short period of seven or eight years a diverse group of nine countries with different political systems, with different resources and with populations ranging from 700,000 in the case of Swaziland to 25 million in the case of Tanzania, has managed to put together a coherent Programme of Action encompassing various sectorial activities such as transport, communications, manpower, industry and so forth. As an example of regional cooperation this can have few equals in modern times. We have never heard of any country complaining that it has got a smaller share than others.

The third achievement of SADCC is that it has won the support of the western nations who comprise the internatonal cooperating partners of SADCC. Our cooperating partners in the Nordic countries, the EEC, Canada, the United States and others have already succeeded in generating and mobilising resources of the order of US$2.6 billion for the implementation of the SADCC Programme of Action."

. . . and Disappointments*)

"As for the disappointments, I would point out that SADCC together with its cooperating partners has not managed to raise enough funds. The US$2.6 billion already secured will only finance 40 per cent of the US$6.4 billion needed for the full Programme of Action.

Another area where much remains to be done is that to date there has been far too little use and involvement of national and regional firms, expertise and resources in the implementation of SADCC projects. Supplies of goods and services, economists, engineers, consultants and all kinds of professional implementing staff all come from outside our region, although some of these goods and services are available within SADCC countries.

The problem is that our firms are not aggressive enough in marketing their goods and services within SADCC. They wait for governments to deliver contracts to them. The involvement of foreign firms and professionals in the implementation of SADCC projects is not because of 'tied aid', but our companies and professionals who sell the goods and services required in our projects should come forward and enquire what we can buy from them."

**) These sections are remarks made by SADCC Executive Secretary Dr Simba Makoni in an interview published in the Southern African Economist, Feb/Mar 1988.*

New Dimensions in Cooperation

In 1987 a team of joint SADCC/OECD consultants presented its report 'Joint Study of Structures and Procedures in Co-operation to implement the SADCC programme of Action'. It contains four case studies of SADCC projects, two in the Transport sector and two in the sector of Agriculture and Food Security. The report was presented at the 1988 SADCC Consultative Conference in Arusha. From the study - which is an unusually lucid consultants' product and at times reads as a detective story - the observations most relevant in the context of this brochure, are presented below.

SADCC's Realism . . .

Since its foundation in 1980, SADCC has won considerable international acclaim in development cooperation circles for the sense of realism and purpose which has characterised its light organisational style and the pragmatism of its procedures as a regional body. These include the active participation of its Member States and their administrations in the development of practical projects of a regional character, a pramatic focus on the formulation of sectoral strategies and programmes, and an attribution of sectoral responsibilities to co-ordinating units based in designated Member State ministries. SADCC's particular qualities also involve an insistence on modest administrative structures in respect both of the Secretariat and the co-ordinating units, a form of collective decision making within SADCC-wide systems, and an open and welcoming approach to processes of joint consultation with its co-operating partners on regional programmes and policy issues.

It is evident, however, that SADCC's cooperating partners have performed less well in adapting their negotiation, project preparation and implementation procedures to the special circumstances which justify the priority they have given to SADCC.

SADCC programmes have now moved forward from the initial stages of project formulation to the actual implementation of major schemes in sectors such as transport and food security, which need to be pursued amid economic problems and attention to urgent humanitarian and other needs resulting from South African destabilisation. As a result of these developments, administrative pressures of a new dimension and character have been imposed on the established structures and procedures of SADCC and of its co-operating partners. Faced with these new developments, SADCC has made considerable efforts to adjust its actions to those new demands through, for example, an on-going reassessment of its sectoral strategies, and a continuing review of its organisational arrangements.

and Co-operating Partners' Response.

SADCC's co-operating partners have responded positively to the region's requirements by pledging resources and giving the region a high priority within their development assistance programmes. It is evident, however, that they have performed less well in adapting their negotiation, project preparation and implementation procedures to the special circumstances which justify the priority they have given to SADCC. These special circumstances relate to two general characteristics of SADCC. Firstly, there is an urgency of need in a number of sectors, which means that time is of the essence. Current procedures may involve too much delay between an initial show of interest by a co-operating partner and implementation on the ground. The second factor is the regional character of SADCC. Its particular qualities, involving as they do nine Member States in a substantial Programme of Action, managed by a modest administrative system, demand a flexible response on the part of co-operating partners in adapting their procedures to the requirements of the very regional structures whose original formation commanded their firm developmental support.

The development of an approach to aid administration that responds to the SADCC structure, including an increased decentralisation to regional field offices and an improved coordination within aid agencies between their own regional and bilateral programmes, is required.

Need for Policy Adjustment by SADCC's Partners.

The areas identified in the report as meriting policy adjustment and additional flexibility on the part of co-operating partners include the following:

a) the increased use and involvement of manpower and institutions from within the region in project development and implementation;

b) the development of an approach to aid administration that responds to the SADCC structure, including an increased decentralisation to regional field offices and an improved co-ordination within aid agencies between their own regional and bilateral programmes; in this context, particular attention should be given to the decentralisation of responsibility from partners' headquarters to offices and officers within the region, who would focus on SADCC programmes, and be either accredited to or at the service of governments throughout the SADCC area. Such offices should be distributed among SADCC Member States, possibly according to the sector of the partner's particular development interest;

c) a clarification to SADCC of the procedures required on the SADCC side to expedite project development and implementation, given the administrative and legal constraints the financing agencies themselves face;

d) the avoidance, by co-operating partners in funding SADCC projects, of selectivity as between SADCC Member States;

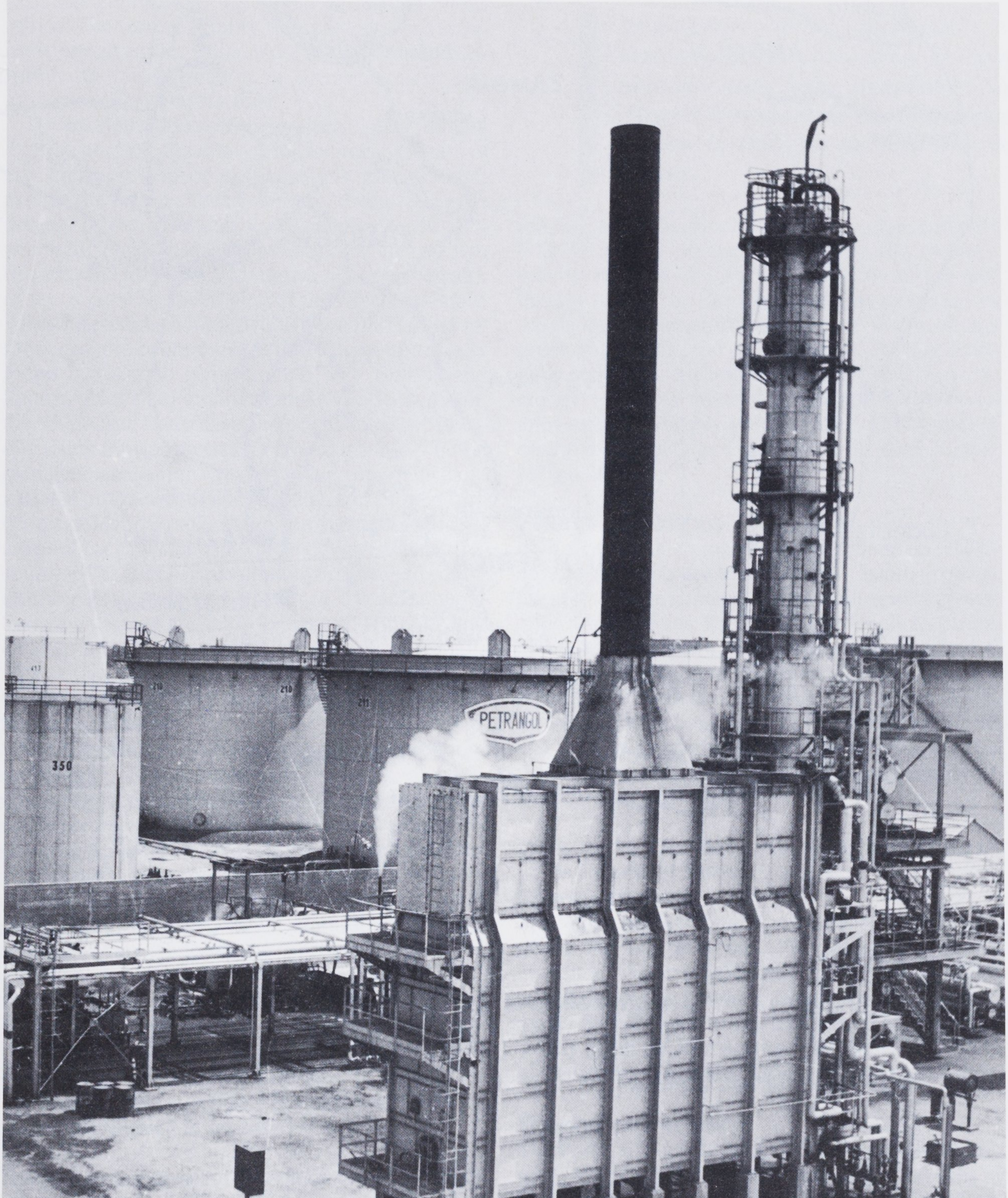
e) greater flexibility in approaches to project preparation and appraisal, such as greater willingness to accept studies sponsored by other agencies, to co-sponsor appraisal studies in areas in which project co-financing is envisaged, and to modify appraisal procedures where these can induce delays in the project development process or limit the proper involvement of SADCC in that process;

f) steps to ensure that executing agencies from outside the region are accountable for the preparation and implementation of SADCC projects to the appropriate SADCC authorities;

g) efforts to ensure that regional implications are taken into account in the programming of aid at a national level, even in the case of co-operating partners not having regional programmes per se.

Co-operating partners have begun the process of adjustment to SADCC realities. The Nordic countries, CIDA and the EEC, for example, have taken particular initiatives in adapting their policies and procedures to the needs of the region. This process should be carried further, and taken up by other co-operating partners. The practical results of regular consultations with SADCC initiated by co-operating partners such as the Nordic Group and the EEC, have demonstrated the value of economic coherence in co-operating partners' overall relations with SADCC and its Member States. In this way SADCC and those particular co-operating partners have been able to build up and strengthen links of confidence and understanding, which have facilitated the handling of regional and closely-related national development problems.

Investment in the SADCC Region



DIP-MPLA/PT

The oil and natural gas deposits, together with the abundance of cheap hydroelectric power and coal resources, make SADCC one of the regions of the world with comparatively cheap energy into the next century.

Ports and Railways

Southern Africa

The SADCC region is rich in natural resources and already constitutes a major market area. Although the situation varies from country to country, in general there are considerable numbers of educated young people who provide a basis for future economic development.

At present the region is pursuing two main thrusts in respect of investment in economic infrastructure and productive capacity. The first of these is related to projects which are designed to enhance and protect existing economic activity in the light of the difficult situation confronting the region as regards South Africa. The second priority is to exploit those economic opportunities which exist and which can contribute to the alleviation of unemployment and foreign exchange constraints.

The most important of the projects falling into the first category are those involving the rehabilitation of the transport and communications infrastructure serving the region. Already severely disrupted by the process of the transition to independence through which the region has been passing over the past two decades, the transport and communications network of the region has been almost destroyed by South African destabilisation activities since 1981. As a consequence, the countries of SADCC have historically found it easier to communicate with Europe and South Africa than among themselves. In addition, the landlocked states have been confronted with steadily rising transport costs for overseas trade. The region generates approximately 60 percent of its gross national product from foreign trade, and expenditure on invisibles now ranks second only to debt service in terms of the utilisation of scarce foreign exchange resources. The effect of this situation has been to curtail intra-regional trade and to reduce the amounts of foreign exchange available for essential imports and development.

Communications and transport – moving ahead

SADCC has so far succeeded in establishing a regional network of sophisticated, satellite based, communication systems, which has enabled the individual countries to route telecommunications direct to overseas countries and which has improved regional communications dramatically. In addition, a massive exercise is underway to refurbish the railway, road and port infrastructure in Mozambique. This programme covers the following specific projects:

1. The Nacala Corridor: linking Malawi with the port of Nacala in the north of Mozambique.
2. The Beira Corridor: linking Zimbabwe with the port of Beira in central Mozambique.
3. The Limpopo Corridor: linking Zimbabwe with the port of Maputo in southern Mozambique.

The total cost of these three projects currently stands at approximately US$700 million and the programme is now estimated at 40 percent complete. Only the Beira Corridor is carrying commercial traffic and in 1987 almost 2 million tonnes of cargo were handled by the port. This made Beira the most important of the non- South African ports serving SADCC countries. As a result, the percentage of regional overseas trade being handled by South African transport services fell below 50 percent at the year end for the first time in a decade. Providing the Limpopo and Nacala Corridors can be brought into operation in 1988, dependency on South Africa is expected to decline steadily until the total overseas trade of SADCC can be handled by the alternative systems in 1990/91.

Achieving this goal will not only reduce dependence on South Africa, an important political objective,

As a result of Beira's increased throughput, the percentage of regional overseas trade being handled by South African transport services fell below 50 percent in 1987, for the first time in a decade.

but will save the landlocked states approximately US$160 million per annum. It would also improve security of access to international trade routes and thereby protect the interests of primary producers in the region. The cumulative effect will also be to improve the security and profitability of existing economic activity throughout the region. The foreign exchange resources released by the savings on invisibles will go a long way towards relieving shortages of essential products and assisting with debt service obligations.

Future priorities

Now that tangible progress is being made on resolving the transport problems of the region, growing interest is being generated in exploiting other economic opportunities. These cover the whole spectrum of mining, agriculture and industrial activities, and, if pursued with vigour, could provide the necessary impetus for widespread economic growth and recovery. There is little doubt that many of the region's political and security problems are directly related to the fact that there has been little or no fundamental economic growth in the past decade.

The opportunities that immediately present themselves include the following:

Energy sources

The region has an abundance of cheap hydroelectric power and coal resources. This, together with the existence of substantial natural gas deposits and the possibility of the discovery of further oil resources, makes SADCC one of the few regions of the world which will have access to comparatively cheap and abundant energy resources into the next century.

Mineral resources

The mineral resources of SADCC are not only extremely diversified but are also substantial in terms of their ability to contribute significantly to world demand. This includes the availability of copper, asbestos, chrome, nickel, uranium and gold. The trade restraints being imposed on South Africa and the unreliability of South Africa as a traditional source of supply for many minerals and metals creates new opportunities for SADCC states. As an example, South Africa supplies 60 percent of world demand for ferrochrome, a commodity which could be sourced in abundance from Zimbabwe.

Agricultural potential

Although the region has severe food supply difficulties at present, the agricultural resources of the region are widely acknowledged as being amongst the most promising of any area in the developing world. Virtually all agricultural products can be produced in abundance. SADCC programmes in the field of research and extension are laying the groundwork for exploiting these resources and there exists a substantial body of indigenous agricultural expertise.

Achieving self-sufficiency in port capacity will not only reduce dependence on South Africa, but will also save the landlocked states some US$160 m/yr.

Development of private sector

To exploit these opportunities SADCC has mounted, over the past two years, a considerable drive to encourage the development of the enterprise sector of the region. This has included the harmonisation of policy, elimination of bureaucratic procedures which are inhibiting progress, and the encouragement of the indigenous business community. SADCC is also encouraging interaction and teaming activity between the private sectors of developing countries and those of individual SADCC states.

This programme is gradually gaining momentum and will eventually provide a groundswell of business activity of all types within the region. Of the more significant responses from the international community, the following stand out:

(a) The negotiation of the Nordic/SADCC Accord, which was signed in 1986 and which is intended to provide a framework for intensified co-operation between the business sector in the Nordic states and their counterparts in SADCC. This initiative has now been reinforced by the decision of the Nordic states to create a special fund to finance the foreign exchange requirements of Nordic/SADCC joint ventures. In addition, all Nordic states are encouranging their different institutions to individually pursue programmes which will reinforce the impact of the Accord.

(b) The establishment of the Canadian Association for the Promotion of the Private Sector in Southern Africa. A product of the intensified interest in Canada in SADCC affairs, CAPPSSA has as its basic objective the pursuit of activities which will result in joint ventures, technology transfers and trade between Canadian firms and their SADCC partners.

Improved use of aid

It must be recognised that given the current difficulties of all SADCC states and the severe financial problems of the region, that foreign aid is essential to the successful implementation of the programme. The foreign aid flows to the region are very considerable and probably reach US$2000 million per annum. There is growing recognition amongst aid agencies that this resource flow in itself can provide significant impetus to the overall programme for stimulating investment and production in the region. Amongst the initiatives which are being actively pursued by individual countries are the following:

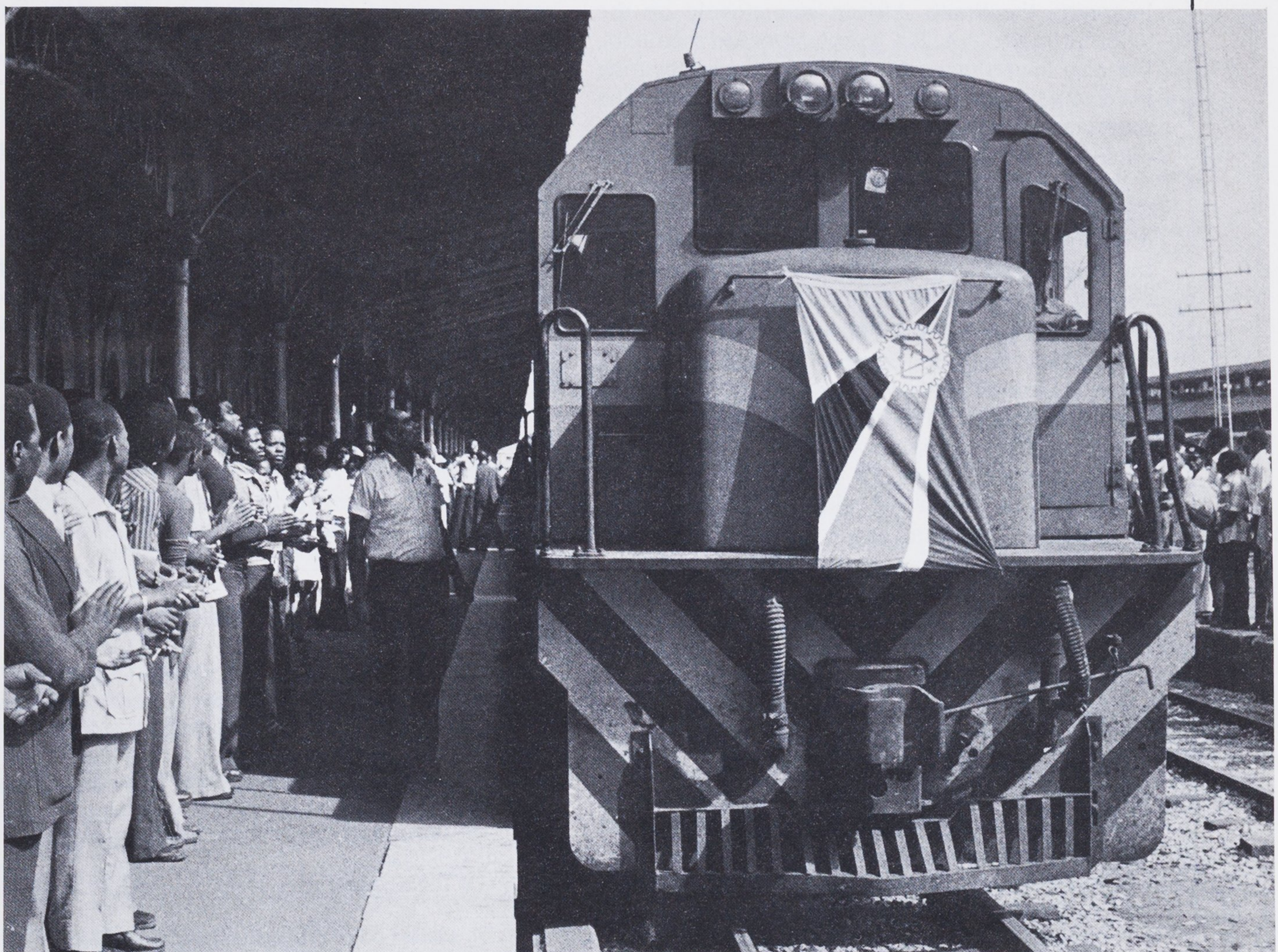
- Increasingly aid flows are being used to finance essential imports under CIP programmes. Under these arrangements aid in hard currency is allocated to individual firms for import requirements with the firms purchasing this hard currency with local currency which is then used to support aid expenditures in socially orientated projects.
- While most aid continues to be tied, donors are increasingly permitting sourcing from other SADCC states or developing countries. This includes encouraging the award of tenders to local firms, sometimes supported by technical assistance and specific imports to enable firms to meet required standards. The effect of such activity is to create a significant multiplier effect which would otherwise be lost.
- Donors are considering proposals to establish revolving funds for financing imports for export orientated industry and for crossborder investment. Trials in this respect in Tanzania and Zimbabwe have shown that such mechanisms can make a significant contribution to economic activity. The World Bank revolving fund for industry in Zimbabwe is a prime example. Donors are considering utilising aid flows for such financing activity, pointing out that there is always a substantial pipeline of funds which is normally held in the donor country and could be used for such purposes.

Conclusion

Throughout the world it is now recognised that the process of economic development is critically predicated on the establishment and fostering of enterprise communities which are committed to the development of their countries. In Southern Africa this factor is further emphasised by the role which such a community can play in demonstrating a viable alternative to the population of South Africa. The developed countries can obviously play a key role in this process by ensuring that they support projects which are designed to foster a favourable climate for enterprise activity and pursue policies which maximise the impact of existing aid flows on this area of activity.

The current situation in Southern Africa, and in the SADCC countries in particular, provides a particularly favourable opportunity for initiatives of this nature. The process has already begun and there is a vigorous partnership developing between the public and private sectors in SADCC and between the SADCC community and developed countries. We need to recognise what is happening and ensure that the momentum is not lost and that reactionary elements in Southern Africa and abroad are not allowed to seriously disrupt the process. Success will bring substantial rewards in terms of enhanced human welfare, more rapid economic development and increased trade opportunities.

External Trade and Transport Routes



'The transport and communications sector continues to have pride of place in the priorities of SADCC'.

The picture, of October 1980, shows the festive arrival in Maputo of the first train from independent Zimbabwe via the Limpopo line. Its rehabilitation is making good progress and start-up is scheduled for mid-1988.

Zimbabwe's dependence on South African routes has fallen from 94% in 1985 to 75% to-day.

Of all the sectors of regional coordination, transport and communications, as the most recent *Annual Progress Report* from the SADCC Secretariat reaffirms, 'continues to have pride of place in the priorities of SADCC'. Rehabilitating and upgrading the region's independent outlets to the sea is vital not only for loosening the South African stranglehold on the external trade of SADCC's six landlocked members, but also for reducing transport costs and securing local enterprises' international business links. The recent shift in emphasis towards 'investment in production', coupled with efforts to promote intra-regional trade, rest on this strategic foundation.

Despite the crippling burden of South African-orchestrated military and economic destabilisation, the concerted efforts in the eastern transport corridors - to the ports of Dar es Salaam, Nacala, Beira and Maputo - are now beginning to achieve concrete results. There has been a slow but steady shift of SADCC trade away from transit through South Africa and onto SADCC routes. Of the total volume of SADCC's external trade, which is running at about 7.5m tonnes per annum (TPA), the proportion passing through Botswana and Beit Bridge fell to during the first half of 1987 and to below 50% by the year's-end.

The approximate division between the major corridors is Maputo 5%, Beira 20% and Dar es Salaam 22%. The Mozambican share has risen from 5% in 1985 to over 20% today. Nearly all of this has so far been carried on the Beira route, because MNR sabotage has kept the Nacala and Limpopo lines closed and restricted the transit traffic via the eastern Transvaal and the Nkomati line to Maputo.

Zimbabwe alone accounts for about half the total volume of SADCC external trade sent via SADCC routes. Here, dependence on South African routes has fallen from 94% in 1985 to 75% today, and a quarter of its trade is passing through Mozambique.

Beira Growth

Substantial progress has been achieved on the ground with SADCC projects under the port transport system plans. In the Beira Corridor, the first phase of the railway rehabilitation (Zimbabwe border/Machipanda - Gondola) has been completed by the two railway authorities - an excellent example of regional co-operation in practice - and line traffic has increased from 1½ to 5 pairs of trains daily. The first of the 2 diesel and 9 steam locomotives under refurbishment by ZECO in Zimbabwe are being delivered and training by ZECO of Mozambican personnel in maintenance is well advanced. Temporary repairs have put the road in 'reasonable' condition, and financing has been secured for its planned reconstruction.

In the port, business users continue to be satisfied with the level of productivity, and a Dutch management assistance team is now in place. Rehabilitation of the shore cranes continues; hardstanding for containers is expected to come into service early in 1988; and the petroleum terminal was completed in August, with a new tank farm well advanced.

In the Beira Corridor, the chief bottleneck nevertheless remains the port, to which sea access is difficult. Its cargo capacity is currently limited to 2m TPA, while the road, rail and pipeline can together carry 12m TPA. Even when fully rehabilitated, the port could handle only abut 40% of regional traffic and is not sufficient on its own. Getting the Limpopo line back into service will therefore be important for freeing Zimbabwean and SADCC traffic from dependence on transit through South Africa.

Limpopo and Nacala rehabilitation

On the Limpopo line, work on rehabilitation started in August. The NRZ is undertaking the work with personnel and equipment transfered from the Beira line. Start-up is scheduled for spring 1988, running one train per day with 1500 tonnes capacity and increasing to 1m TPA. Despite the need for rehabilitating some facilities in Maputo harbour, there is substantial spare capacity and good operational efficiency.

Further north, the first phase of the reconstruction of the Nacala railway (Nacala - Nampula) was compled in January 1987 and phase 2, taking two years and reaching to within 80km of the Malawi border, is progressing at the rate of 1km a day. The resulting

Tied Aid – a Gordian Knot?

During recent efforts to gain access to up-to-date information about upcoming aid-funded contracts in the SADCC region, a number of obstacles have been encountered:

- lack of information at many embassies affecting contracts in the other SADCC states;
- non-availability of the information in English or Portuguese;
- the tied character of much of the aid in question.

This latter point is a particularly serious one. Frequently aid projects specifically limit the business opportunities of companies originating in the developing countries and limit supplies, even of goods and services available in the region, to foreign manufacturers.

If these contracts could be opened to SADCC firms, the cost of the finished project delivered to the recipient would in many cases be lower. This would give rise to more efficient utilisation of the funds, and would also generate a substantial multiplier effect in the region. Given that foreign aid is financing a high proportion of the economic activity of SADCC, such contractual restrictions are actually undermining the industrial potential of the region and frustrating regional efforts to establish export manufacturing capacity and intra-SADCC trade.

The 'un-tying' of more aid contracts would make a significant contribution to the promotion of the region's business sector. This would require changes in the donor countries rather than complex institutional support in SADCC.

track 'is up to international standard and should be able to carry very substantial tonnages of cargo'. Meanwhile, despite the current low carrying capacity and shortage of rolling stock and equipment, commercial services have restarted on a limited scale.

During a recent visit, the major Malawian port users found the harbour to be 'in excellent condition'. The container terminal is more than half way to completion, which will raise its current handling capacity from 25,000 to 26,000 containers per annum.

The high price of transport via South Africa

The currently limited capacity of the Maputo and Beira systems has been by no means the only factor in the low volume of cargo sent via Mozambique. Business preference in Zimbabwe is still oriented to South Africa, and Beira has been underutilised in the past. Even today, although the number of containers passing through Beira has doubled over the past year to about 250 per month, the port manager estimates that 1000 per month could be handled.

The premium on SADCC's external trade imposed by transit through South Africa is substantial, accounting for some 8% of the incremental cost. Clearly, some countries are affected far worse than others. Zambia has to spend 27% of its gross foreign earnings on transport and related services, while Malawi has to pay a crippling 41%. For countries already desperately short of foreign exchange, these are unsustainable burdens.

The South African assault on regional transport routes has been the dominant factor. Malawian sugar offers a good example of the difficulties and extra costs imposed on SADCC exports of bulk commodities. Since the early 1970,s Beira has been the major port. But MNR sabotage closed the direct rail link in June 1983 and the alternative Nacala line in 1984. The volume exported through Beira fell from 115,000 tonnes in 1981/82 to a mere 41,000 tonnes in 1984/85. The tonnage has been raised to some 78,000 tonnes during 1986/87, but only by first trucking the sugar to Harare for onward railing.

In the case of Zimbabwe, the estimated cost of transit through South Africa is about Z$250m per annum. Taking account of other costs, even under current circumstances Zimbabwe is making marginal gains on the rerouting of its trade via Mozambique, despite the heavy military expenditure on its Mozambique operation (about Z$300m annually). In other words, the military expenditure is worth the economic gains and success in the battle against destabilisation would rapidly widen the margin of advantage. The sourcing of imports is also changing: despite the business preference for South African suppliers, Zimbabwean dependence is now down to 18% of its total imports.

It is conceded in some business quarters that there remains scope for further reducing Zimbabwe's economic links with South Africa well short of a radical rupture in trade links. 10% could be trimmed from the invisibles bill of Z$500m per annum, transfering some Z$50m in payments to Mozambique. Some would agree that Zimbabwean businessmen do need to be jolted from time to time out of the easy option of falling back on South African suppliers, which are by no means always the cheapest sources, despite their logistical advantages.

For Zambia, however, the Dar es Salaam Corridor remains paramount. Prime Minister Musokotwane used the occasion of his visit to Beira in July 1987 to stress his country's commitment to the Mozambican routes. Zambia has been sending irregular consignments of copper down the Corridor and the volume has increased rapidly to 40,000 tonnes during the first 6-7 months of 1987.

If current progress with rehabilitation is maintained, the proportion of regional traffic routed to or through South Africa could fall below 40% in the near future. By the end of 1988, throughput is expected to reach 0.4m TPA via Nacala and 2.4m TPA via Beira, raising Mozambique's capacity for SADCC cargo to a total of 3.8m TPA, equivalent to half SADCC's total needs. In addition, capacity through Dar es Salaam is planned to reach 2m TPA. By 1990, Mozambican capacity alone should be sufficient to handle all of the SADCC region's external trade. Strong donor support will remain important to sustaining the momentum of progress already achieved.

In defiance of the continuing large-scale South African military activity in southern Angola, SADCC has decided to give high priority to getting the Lobito Corridor, and in particular the Benguela railway,

Partners in the Corridors

As of August 1987, just over half the capital funding required for the five port transport systems (US$1275m out of US$2536m, or 50.3%) had been secured or was under negotiation. Funds actually committed, according to SADCC figures, were 94% for Nacala, but under 50% for the others (Dar es Salaam 49%, Beira 34%, Maputo 34% and Lobito 11%). These figures include local funds put up by SADCC governments themselves and in fact no foreign funding has even been under negotiation for the Lobito Corridor. Major Western donor commitments to date have included:

- Maputo Corridor: container terminal (Italy); Botswana railway (China, Sweden); Botswana maintenance depot (Denmark); Limpopo line rehabilitation (UK; Canada); Mozambique - Swaziland road (Sweden).
- Beira Corridor: port management (Netherlands); multi-purpose/container terminal (EEC, Norway, Sweden, Finland); oil terminal (Norway); tugs (Denmark); railway upgrading (Italy).
- Nacala Corridor: container terminal (Finland); railway reconstruction (Canada, France, Portugal, EEC).
- Dar es Salaam Corridor: grain facility (Netherlands); container handling equipment (Denmark, Finland); harbour rehabilitation (Norway, Sweden); quarries (Sweden, EEC); track maintenance (EEC, Austria, Switzerland); wagons (Sweden); rescue crane and rerailing equipment (Finland); upgrading the Tanzam highway (Norway); Malawi northern route (US).

back into service. Preparation of a Ten-Year Plan is well advanced and will be reviewed during 1988 at a Technical Co-ordination Conference.

In the Mozambican corridors, many gaps remain. On the rehabilitation of rail track, only Beira - Zimbabwe has been fully funded. Carrying capacity on the Nacala and Limpopo lines will remain limited even after the present phases are completed to allow regular operations. Malawi remains cut off from Beira, likewise the valuable Moatize coal mine, which may be forced to resort to trucking by road. Although not detailed in the SADCC project list, much harbour and railway equipment is needed to get the Nacala Corridor fully operational. The entrance channels to Maputo and especially Beira are in constant need of dredging simply to maintain current depths, and in the latter case deepening and widening is essential to permit larger freighters and tankers to put in. Recently, the two ports have had to share the single bucket dredger, increasing the risk of silting up at Beira.

Security

Mozambique's neighbours have made a major and costly military commitment to protecting the Beira and Nacala Corridors. The Zimbabwean force protecting the Beira Corridor has a strength of 3500 in permanent billets and an overall rotation of around 7500. In general, the level of security is currently 'reasonable' and has been for most of 1987. On average there is one attack per week. 90% of the attacks are minor, involving small groups laying plastic explosive on the track with time charges; only two have been on bridges and only one directly on a train.

The damage caused to the railway by this type of attack is easily restored and once located, it takes on average no more than 40 minutes to complete the repairs. Second-hand steel sleepers are used where needed. A physical inspection of the line is made every morning and a strong repair capacity is maintained, with four National Railways of Zimbabwe teams available. Bush cover is being cleared on both sides of the track along both the Beira and Limpopo lines to reduce the vulnerability to ambush.

The oil pipeline has suffered 22 blowouts during the year, usually caused by plastic charges laid at night. These generally take 1-2 hours to find and 4-5 hours to repair; and it is rare for the pipeline to be out of action for more than 24 hours at a time. During 1987, 5% of operational time has been lost, but since at the current throughput there is 50% spare capacity in any case, the impact has been negligible.

The improved level of protection now assured in the vicinity of the Beira Corridor has led to a large-scale in-migration of refugees from war-ravaged areas farther afield. The population movements have involved hundreds of thousands and the land is becoming severely overcrowded; refugee settlements are mushrooming. Although conditions remain difficult, economic life is beginning to pick up in the Corridor.

The Nacala line is currently guarded by Malawian troops, by special forces, and by a Tanzanian contingent, each taking a section. The 'special forces' consist of 600 mostly foreign troops, including ex-SAS and British army officers, and is financed by the SADCC private sector. Several MNR attacks against the Nacala line last year have been on a substantial scale, causing considerable damage. However, the Beira Corridor Group has noted a recent improvement and the new continuous welded track is more difficult to sabotage.

The Beira Corridor Group and the SADCC business sector

While most attention abroad has understandably been focussed on governments, donor agencies and development assistance programmes, the extent of involvement by local enterprises in SADCC projects and cross-border coordination has been expanding as well. The SADCC Secretariat convened a two-day seminar for business representatives at Victoria Falls in October 1986 and a second one-day seminar in Gaborone the day before the Annual Conference in February 1987. A third business seminar took place in February 1988, in Harare, organised by Business International of the UK.

One of the most tangible instances of this growing momentum has been the formation of the Beira Corridor Group, which raised its capital largely from the private sector in Zimbabwe. The initial phase of the BCG's operations in the Beira Corridor itself have achieved considerable success. Partly as a result of this, the BCG has been extending the scope of its operations to include all the other east coast transport corridors, although Mozambique, and in particular the Zimbabwe - Beira line, remains the main focus of activity. If the Lobito Corridor is activated, the BCG intends to cover the west coast route as well.

The BCG's membership now includes companies based in Botswana, Malawi and Zambia as well as Zimbabwe itself and directors have been appointed in each country. Mozambique Ports User Groups have been formed in Zimbabwe and Malawi, with the latter represented on the former to strengthen coordination, as well as three commodity sub-groups (grain, fertilisers, petroleum). As well as liaising with transport authorities, national business associations and companies, the Groups are arranging regular visits to the ports for familiarisation and on-the-spot problem-solving, which have already achieved practical improvements in handling procedures and have identified shortages and bottlenecks.

Such contacts, exchanges and operational arrangements are vital to the coordination of business activity in a region where travel can be difficult, ignorance and prejudices strong, and administrative procedures slow and confusing. In addition to its coordinating and representational functions, since mid-1987 the BCG has been issuing a newsletter.

SADCC's Friends

AICC

Host and heads of delegation at SADCC Annual Consultative Conference, Arusha, Jan. 1988.

* The founders of SADCC had the shrewd idea of decreeing an annual conference at which the majority-ruled countries of Southern Africa could talk freely about their problems and needs to their outside friends. In response, those friends would candidly explain what they might realistically be able to do and what not.

This year's conference, which has just been held in Arusha, drew an even larger crowd of cooperating partners than usual. By their nature these gatherings can almost always be called successful: new pledges are made, frank exchanges of views take place, and delegates go home with the comfortable feeling that something has been achieved.

There is a much greater gift which SADCC's cooperating partners could give to the region – the opportunity for peace.

How much does it all amount to? The first question is one of hard cash. As Dr. Simba Makoni, the SADCC Executive Secretary, explains later in this issue, the delegates went to Arusha knowing that in seven years, co-operating partners have pledged something like US$2,6 billion in support of the SADCC Programme of Action which is costed at US$6,4 billion. All right, 40 per cent of a loaf may be better than no bread. But why not the whole loaf?

SADCC has to insist that there are some races in which it is unprofitable to back two horses.

At Arusha, reportedly, another US$1 billion was pledged, which would bring total pledges to 56 per cent of requests. These large global figures are a shade slippery, given the gap between good intentions and the ultimate destination. Nevertheless, good manners dictate expressions of appreciation. Let us hope we see the colour of their money.

But there is a much greater gift which SADCC's cooperating partners could give to this region. It is the opportunity for peace. Other factors excepted – and we say enough in this issue to indicate that we do not think SADCC's economic problems are all due to outside conspiracies – it would be silly to deny that the racist campaign of destabilisation is a major cause of the economic crisis in the region. That, after all, is its objective.

Vital economic installations have been destroyed. Where they still stand, they may be out of commission. Acts of plunder, murder and mutilation are not conducive to economic development. How can a country plan to rehabilitate its transport routes knowing that they will be attacked by freebooters funded, in some cases, by governments that count themselves among SADCC's cooperating partners? The $2.6 billion or $3.6 billion or whatever it is that those partners have pledged must be seen against perhaps three or four times that amount of damage done to the region by South Africa. As to the $14 billion of foreign debt owed by the SADCC countries, it may be impossible to say precisely how much of that arises from the consequences of destabilisation, but the connection is plainly there. The same goes for unemployment, hunger, inflation and the other indices of economic distress in Southern Africa.

So the time has come to ask the donors, collectively the rulers of the world, what exactly they think they are doing when they travel to Arusha, express their support for SADCC, and at the same time turn a blind eye, or worse, to the activities of their other friends in the South who make a nonsense of their kindness.

The crisis in Southern Africa is one where the international community, meaning what used to be called the great powers, cannot avoid taking a stand. Western countries go to the SADCC conference in Arusha and make friendly noises. Simultaneously, they send what in business are called letters of comfort to Mr. P. W. Botha and General Magnus Malan. Experience shows that these assurances of non-intervention are quickly translated into bombing attacks. Children die because they are no better than adults at guessing where the bombs will fall.

Britain has been rightly praised, most recently by Mr. Peter Mmusi at Arusha, for its military aid to Mozambique. But Mozambique's only military enemies are South Africa and its proxies. What sense does it make to help a country defend itself against a security threat, without even expressing disapproval of those who are organising that threat?

SADCC's critics have been heard to allege that it is a device to allow the West to bet two bob each way. According to that script, the Europeans keep their stake in South Africa, but hedge it with a little aid to SADCC in case it goes wrong, at the the same time as they appease the anti-apartheid lobby in their own countries. SADCC has to insist, gently but firmly, that there are some races in which it is unprofitable to back two horses.

Southern African Economist

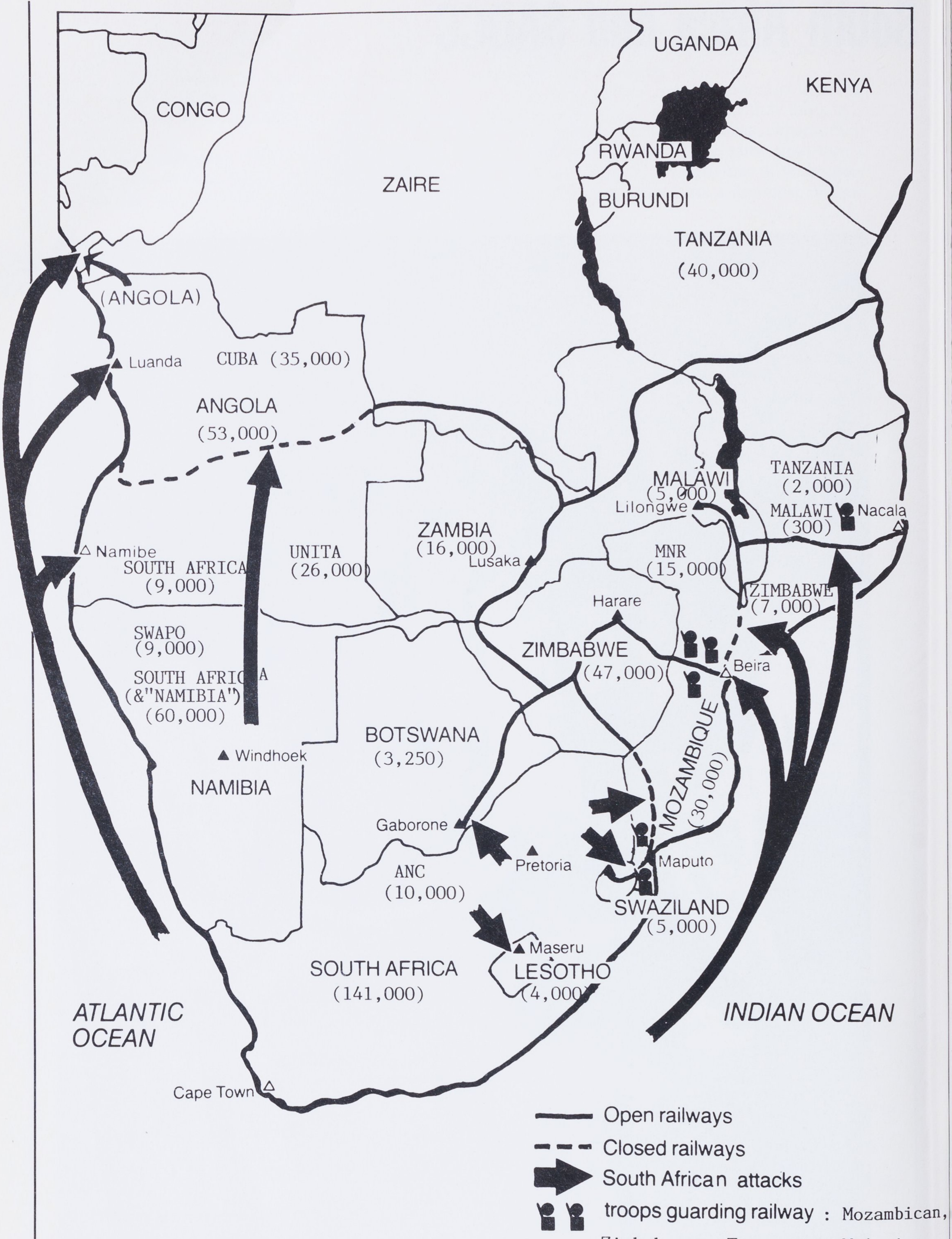
The Southern African Economist saw life with its first issue in February 1988. It is published by the SADCC PressTrust. The Editor-in-Chief is Dominic Mulaisho, economist and novelist from Zambia. About the reasons for its creation, SADCC Executive Secretary Simba Makoni had this to say: Our member governments have for years been concerned about the superficial way in which this region has been projected by the foreign media. It was for this reason that SADCC resolved in 1984 to establish a regional organ to present a fairer and more analytical picture of the region and its economic prospects. We have since clarified what we think should be the role of this regional organ. It has never been envisaged that it should be a mere mouthpiece or a vehicle of cheap propaganda. We expect it to inform, to comment and to criticise objectively and also to provide a forum for people to express their opinions without fear or favour.

**) Editorial comment in the Southern African Economist, Feb/March 1988*

South Africa and SADCC

Mondlane Foundation

At huge costs, Frontline states have to provide security, e.g. through: rural militias and armed workers.



South African Attacks

SADCC Member States

In 1980, the majority ruled states of Southern Africa formed SADCC, the Southern African Development Coordination Conference, with an explicit goal 'to liberate our economies from their dependence on the Republic of South Africa.' Even Malawi and Swaziland, which Pretoria assumed were its client states, joined SADCC.

This forced South Africa to take political, economic, and military action to retain its regional dominance and prevent the success of SADCC. Destabilisation and economic sanctions became the order of the day. By 1984, Pretoria was promoting the idea that South Africa was a 'regional power'. The two world powers, the US and USSR, have legitimate interests in the region. But they must recognise South Africa's right to economic dominance of the region and its right to military intervention in neighbouring states. In practice, this view was never accepted anywhere but in Pretoria, but (in parallel with the so-called total strategy) it provided the guidelines for South African action in the region.

Pretoria's regional policy

South Africa would appear to have eight interconnected regional objectives:

1) *End any support for liberation movements and refugees.* This is both a military goal of ending support and access for guerrillas, as well as the political goal of stopping publicity and campaigning work.

2) *Create the false impression that the problem is outside South Africa,* that the troubles inside are not caused by apartheid but rather by Marxist guerrillas infiltrated through the neighbouring states.

3) *Give apartheid diplomatic legitimacy* by forcing the neighbouring states to recognise the bantustans, open trade missions, sign non-aggression pacts, etc.

4) *Create a buffer against sanctions.* At best, to force neighbouring states to publicly oppose international sanctions against South Africa. At least to ensure such heavy dependence that it is possible to argue that sanctions will rebound on the SADCC states.

5) *Retain economic power and hit SADCC.* Economic power gives substantial leverage, allowing South Africa to impose sanctions to obtain political concessions, as well as allowing it to argue against international sanctions (see 4). South Africa also earns more than R2 billion per year in hard currency from the neighbouring states (even after mine wages and customs union payments), which is an important source of income it wishes to retain. And the neighbours provide possible sanctions-busting routes. Transport becomes a key issue.

6) *Make majority rule look bad,* as a way of defending the continued need for white rule.

7) *Turn people against their government* as a way of weakening government control and perhaps installing a more pliable government.

8) *Create chaos,* both as a means to 6) and 7) above, as well as to force neighbouring states to pay more attention to their own problems and less to apartheid.

Clearly, there are some contradictions within these goals. For example, creating economic chaos reduces the ability of the neighbouring states to buy South African goods, and can actually reduce dependence (as in the case of Mozambique).

Methods of destabilisation

In general, however, these goals provide a recipe for destabilising the neighbouring states in a variety of ways:

1) *Overt military.* South Africa has occupied parts of Angola more or less permanently since 1979. Commandos and/or the air force have attacked Mozambique, Lesotho, Botswana, Zambia, and Zimbabwe. These raids are normally announced, at least after the fact.

South Africa's main tactics is to create and increase economic dependence of the region. The argument is then that if sanctions hurt South Africa, they will also hurt the neighbouring states.

2) *Covert military.* Commandos have made secret raids into all the neighbouring states, often with help from local agents. Favourite targets include railways, oil facilities, and power lines, as well as military bases and the ANC. Assassination squads tried to kill Zimbabwe Prime Minister Robert Mugabe and former Lesotho Prime Minister Leabua Jonathan.

3) *Surrogate armies.* This is the main form of destabilisation, and involves the creation (or taking over) and then control of puppet forces. Unita and the MNR are best known. But South Africa also created the 'Lesotho Liberation Army', 'Super-ZAPU' in Zimbabwe, and the Mushala Gang in Zambia. In addition, there are reports of attempts to create a new dissident force in Zambia and to train Tanzanians. With the possible exception of Unita, these forces are not intended to take over government, but purely to attack economic targets and otherwise create chaos.

4) *Political.* South Africa openly created an opposition party in Lesotho, and may have been involved with opposition politicians in other states. South African agents helped to widen the split between the majority ZANU (PF) and minority ZAPU parties in Zimbabwe. Anonymous anti-government leaflets have been circulated in several countries.

5) *Sanctions and border closures.* South Africa has closed the border and disrupted rail traffic to all neighbouring states at least once. In January 1986, it closed the border with Lesotho for nearly a month provoking a coup – the first successful military coup in southern Africa. In 1981, it imposed trade sanctions against Zimbabwe, particularly disrupting rail traffic. South Africa also manipulates the hiring of migrant miners, the supply of oil and electricity, and even flows in rivers. It has virtually stopped using Maputo port.

Sanctions buffer

The most important topic for this article and in many ways the most complex, is South Africa's attempt to create a buffer against sanctions. (goal 4) The main tactic is to create and increase economic dependence on South Africa. The argument is then that if sanctions hurt South Africa, they will also hurt the neighbouring states.

South Africa would dearly like the neighbouring states to publicly oppose international sanctions against South Africa. So far, only Swaziland has done so. Some members of the new government in Lesotho have also said that sanctions would be harmful to Lesotho, but King Moshoeshoe II has declared that this should not be taken as a reason to oppose sanctions. Malawi, who might be expected to support South Africa on this, has remained notably silent. And the other six states frequently and publicly stress their support for sanctions.

On the other hand, South Africa has succeeded in preventing the neighbours from imposing sanctions themselves, because the cost would be too high. In 1987, for example, Zambia and Zimbabwe were widely expected to cut air links with South Africa, but in the end decided they could not afford to do so. Other attempts to cut trading links, particularly by restricting import licences, have also been withdrawn. Nevertheless, significant efforts *have* been made to reduce trade with South Africa and to delink, if not actually impose sanctions.

South African trade with the neighbouring states is tiny compared to trade with the US, Japan, Britain, or West Germany. If these four impose sanctions it could mean trouble for Pretoria, so they are the real targets of South Africa's campaign. It argues that the neighbours' support for sanctions is only rhetorical, to satisfy public opinion elsewhere in Africa. They 'really' don't want sanctions, the argument goes, but dare not say so publicly. This line is accepted and pushed by the British Foreign Office and by many who wish to defend trade with South Africa. Thus, Prime Minister Margaret Thatcher has said: "I sometimes get the map out and say look at it. 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? That's the maize route. When there was drought, that's the route through which maize wen to keep people alive."

There are two misconceptions in that statement. First, when it was made, the drought was in South Africa and it was Zimbabwean maize going south over the bridge. Second, British sanctions would not close Beit Bridge. But it is exactly these misconceptions and confusions which Pretoria wishes to encourage. And it has had some success in making the neighbouring states political hostages against sanctions.

SADCC itself set out its views clearly in its 1985 memorandum to the OAU: "Those opposed to sanctions argue that they will hurt the neighbouring states. Undoubtedly this is true. But if it accelerated the ending of apartheid, it would be well worth the additional costs." Thus, the cost of sanctions is an investment in ending the much larger cost of destabilisation. Indeed, were it not for destabilisation, "dependence on South Africa would be sharply reduced. Then sanctions would not hurt the neighbouring states so much. So South Africa destabilises its neighbours to keep them dependent, so they will be harmed by sanctions. South Africa's capability to sustain its destabilisation is buttressed by support from the same Western states who point to the harm sanctions would do."

But how much more will they suffer? And who is the hypocrite? Are Simba Makoni and Robert Mugabe calling on others to accept horrific suffering which they personally will not face? Or are they right, and is Mrs. Thatcher shedding crocodile tears as a way of avoiding sanctions? The remainder of this article will try to answer that key question. But it is always essential to put the cost of sanctions beside the rapidly escalating cost of destabilisation.

Whose sanctions

In any discussion of sanctions, it is important to distinguish precisely who is imposing the sanctions: Europe, the US, and Japan; the SADCC states; or South Africa. First, consider sanctions against South Africa. Mandatory UN sanctions such as the arms embargo are imposed by all countries against South Africa. Most countries, including the SADCC states, also impose the oil and sports boycotts. But the OAU and the Commonwealth both exempt the neighbouring states from other embargoes, such as trade and air links. Tanzania and Angola have no trade with South Africa or South African-owned companies (other than De Beers). But the other seven SADCC states retain significant links.

Thus, in evaluating the impact of sanctions against

SADCC and sanctions – opinions vary

Mrs Thatcher is vitriolic about the proponents of sanctions, and explicitly impugns their motives and integrity. Referring to 'black Africans' who appeal for sanctions, she said "I find nothing moral about them, sitting in comfortable circumstances with good salaries, inflation-proof pensions, good jobs, saying that we, as a matter of morality, will put x hundred thousand black people out of work, knowing this could lead to starvations."

The other side was put clearly by the former President of Tanzania, Julius Nyerere: "All the major non-white leaders of the anti-apartheid struggle demand that economic sanctions be imposed against the regime. They are not stupid; they know that among other things this means more unemployment for non-white workers. But they believe that sanctions will greatly weaken the South African apartheid system; and it is that which they are fighing for with their lives and their freedom. Africa also calls for economic sanctions and we are not stupid either. We know that South Africa's retaliation may we. be directed against neighbouring African states. But we also know that our freedom and economic development will remain under constant threat until apartheid is defeated."
SADCC's Executive Secretary Simba Makoni said simply: "The cost of destabilisation far outstrips the total development aid we receive; anyone who stands up and says sanctions should not be imposed because they will hurt us is simply being hypocritical." In a speech on 15 June 1986, Zimbabwe's Prime Minister Robert Mugabe made the same point. "We are already suffering. How much more can we suffer?" he asked. "We support sanctions because it will shorten the time that we must suffer."

South Africa, it is important to ask whether these are imposed by Europe or by SADCC. In the former case, it is a question of a knock-on effect. For example, if European and US sanctions were so successful that South African Railways (SAR) operations were disrupted, this would have a knock-on effect on the SADCC states, disrupting their transport. On the other hand, if those states were to impose sanctions which did not involve using SAR, then there could be a direct effect of disrupted transport.

Counter-sanctions

Also, there is the issue of South African retaliation, often in the form of counter-sanctions. For example, when the US imposed sanctions in 1986, South Africa responded by reducing the recruitment of migrant miners from Mozambique. Similarly, even if international sanctions did not hit SAR, and if SADCC states continued to use SAR, South Africa might impose counter-sanctions by cutting off this service, as it has already done a number of times, and disrupt SADCC transport.

Finally, South Africa might respond to sanctions by stepped up sabotage and destabilisation. So it might disrupt transport by blowing up SADCC railways.

Thus, different kinds of sanctions would act in very different ways, even though they might all, for example, disrupt transport. Thus we shall always distinguish between four cases: 1) sanctions imposed by Europe, US and Japan, but not SADCC; 2) sanctions imposed by some or all SADCC states; 3) counter-sanctions imposed by South Africa; and 4) increased destabilisation in response to sanctions.

Dependence

Now let us look in detail at seven of the nine SADCC states. Tanzania and Angola have few economic links with South Africa and will not be considered here.

SADCC imports from South Africa. All imports from South Africa could be replaced by imports from elsewhere in the world. Various studies in the 1970s showed that, in general, this would be profitable in most instances because South Africa is a high cost and inefficient producer by international standards. The collapse in the Rand has changed this somewhat; in general, items with a high import content are still cheaper on the world market, and would also be most likely to be hit by the indirect effects of sanctions, and thus it would be to the benefit of the neighbouring states to buy those elsewhere now.

South Africa is the source of about 85% of imports for the BLS states (Botswana, Lesotho, Swaziland). This is because they are in a customs union with South Africa. Under the customs union, Pretoria sets high protective tariffs for goods imported from outside, then pays the BLS states roughly \$250 mn (R500 mn) per year in effective customs duties (based on their total imports, including those from South Africa). This is an important source of revenue for all three governments. There are, however, three problems: 1) protective tariffs have made South Africa a high cost supplier; 2) industrial development has largely been in South Africa rather than the BLS states; and 3) payments are two years in arrears. Even a Ford Foundation study recommended that Lesotho leave the customs union. A World Bank study suggested that Lesotho would increase GDP by 4% if it left the customs union, largely because South African goods are so expensive. Estimates suggest that the BLS states would gain between \$20 million and \$50 million (R40-100 mn) per year by leaving the customs union.

The BLS states do not leave the customs union because it would be complex, and there is a serious danger of South African retaliation. It is expected that South Africa would disrupt imports and exports, and thus it would be necessary to reroute transport at the same time. Furthermore, it would have to be done quickly, which would increase the disruption. Nevertheless, if wide-ranging international sanctions were imposed or if South African retaliation became too extreme, then the BLS states (or at least Botswana and Swaziland) might choose to withdraw. For Botswana and Swaziland, a sanctions-imposed withdrawal from the customs union would cause short term hardships, but long term *benefits.*

All SADCC imports from South Africa could be replaced by imports from elsewhere in the world. Studies show that, in general, this would be profitable because South Africa is a high cost and inefficient producer.

Malawi bought 40% of its imports from South Africa in 1984. Smaller portions are imported by Zimbabwe (19%), Zambia (21%), and Mozambique (12%). Even these low levels of imports contain a portion due to force of habit and historic links, as well as items purchased on short notice where the closeness of Johannesburg is important. This suggests that South Africa is a cheaper or better supplier for less than 10% of the goods imported by the SADCC states.

How hard would it be for these four states to stop importing from South Africa? All four states have a long history of importing from countries other than South Africa, and thus could redirect their trade much more easily than the customs union members. In the mid-1970s, Zambia did not import from South Africa at all. During the period 1979-1981 Malawi was redirecting its trade away from South Africa, and joined SADCC. Indeed, it can be argued that South Africa indirectly destabilised Malawi, by hitting its trade routes through Mozambique, in order to prevent Malawi from further cutting trade with South Africa. In 1984, virtually all of Malawi's trade was to or through South Africa. But by 1987, significant amounts were flowing via a new northern corridor through Tanzania and via Beira (indirectly via Zimbabwe as the direct rail link was closed), while Malawian troops were guarding the line to Nacala against the South African-backed MNR, and much of Malawi's traffic was expected to return to that route in 1988.

Special note should be made of food. Zimbabwe and Malawi are normally maize surplus producers and can feed the deficit countries in the region. Some wheat is imported from abroad via South Africa, but could just as easly come via Beira. Botswana is a permanent food deficit country, but it could buy all its maize and fresh produce from Zimbabwe (one way in which the Zimbabwean economy would *benefit* from sanctions). Swaziland is largely self-sufficient in food, and for three years did not legally import any fresh fruit and vegetables from South Africa due to a health ban (linked to a cholera outbreak in South Africa). Lesotho, however, is dependent on food from South Africa.

Exports to South Africa

In the peak year, 1982, Swaziland and Zimbabwe exported \$300 mn (then roughly R300 mn) of goods to South Africa. This fell sharply due to the closure of a South African-owned fertiliser factory in Swaziland, the imposition of a duty on Zimbabwean steel, and the drop in the value of the Rand making imports less competitive. It may now rise again, as US companies like Coca Cola move out of South Africa and into Swaziland, and sell into South Africa from there. It would be hard to find alternative markets for these remaining exports to South Africa, and thus sanctions would harm these export industries. Note that although Mozambique does not export goods to South Africa, the port of Maputo is used for some South Africa imports and exports (one of the few forms of reverse dependence, and much reduced over the past decade) and is a source of revenue for Mozambique.

It is important to note the sharp differences between imports and exports for Botswana and Swaziland. In general, they sell to Europe and buy from South Africa. Their beef, sugar, and fruit and vegetables enjoy protected access to the European Community (EC). South Africa earns \$800 million (R1600 mn) per year in hard currency this way, and it will surely take military action, if necessary, to protect that revenue.

Western sanctions against South Africa will not, of themselves, create hardships in the SADCC states. They are likely to give a boost to SADCC economies.

Mine labour: In 1986, there were about 280,000 migrant workers in South Africa, half from Lesotho. The South African mines are the main source of both jobs and national income for Lesotho, and this could not be easily replaced. For Mozambique, the income and jobs are important but not essential – the number of miners was cut again in 1986 in retaliation for US sanctions, and is now only one third what it was a decade ago. In addition, there are a significant number of illegal Mozambican workers in South Africa; most are refugees from the South African-backed MNR and would not need to be there if destabilisation ended. For Botswana, Malawi, and Swaziland mine labour is useful but not essential. Of the migrants, 185,000 work on the gold mines; 45,000 work on coal, platinum, asbestos, and other mines; and 50,000 work on farms, in factories, and as servants.

Transport, as already noted, is a key area. Historically, Swaziland, Zimbabwe, and Malawi used Mozambique for most imports and exports, while Zambia used Angola (and later Tanzania). The Beit Bridge line (between Zimbabwe and South Africa) only opened in 1975, as a sanctionsbusting route just before the newly independent Mozambique imposed UN sanctions against the Smith regime in Rhodesia. Traffic volumes have not changed significantly in twenty years, while one new railway has opened – the Tazara line from Zambia through Tanzania. This means that if all SADCC railways were open and operating at normal levels, there would be a significant *over*capacity on SADCC ports and railways. The Beit Bridge line is not needed. Botswanan traffic, which did go through South Africa even in colonial times, could also go through Mozambique, leaving only Lesotho traffic that must pass through South Africa.

The actual traffic position changes with the military situation. Zimbabwean troops guard the line to Beira, and a major rehabilitation project is underway. Zambia has already stopped shipping copper via South Africa, and Malawi is again using this route, so their dependence on South Africa is falling. But South Africa has stepped up its attacks on the line from Swaziland to Maputo, forcing Swaziland to send more of its bulk exports via Richards Bay and Durban, and increasing dependence.

About 6 mn tonnes of imports and exports for Zambia, Zimbabwe, Malawi, and Botswana would need to use SADCC routes if South Africa were not available. All this cargo could be carried, in theory, on the upgraded and rehabilitated Tazara and Zimbabwe-Beira lines. But they would have to operate at close to their capacity, and would be sitting targets for South Africa commando raids. It would be better to have at least one more line open, which is why Malawian troops are guarding the route to Nacala (now being rehabilitated with French, Portuguese, and Canadian aid) and Zimbabwean troops now protect the line to Maputo (being rehabilitated with British aid).

Note that the neighbouring states currently pay more than \$100 mn (R200 mn) per year to use South African ports and railways. If traffic were redirected, half that would be saved through lower costs, and Mozambique and Tanzania would earn port and railways revenues. Thus, sanctions would provide a long-term *benefit.*

Energy is a particular problem. The BLS states obtain all of their oil products from South Africa, although Botswana and Swaziland do have rail links to Mozambican ports with fuel handling facilities. The BLS states pay an extra \$25 mn (R50 mn) a year for their sanctions-busting oil, and if would obviously be cheaper (and easier for Botswana and Swaziland) to import directly. However, South Africa has made clear that it will go to considerable lengths to maintain control over oil supplies. It has attacked fuel storage facilities in Beira and Maseru, and when Botswana built extra fuel storage tanks (exactly to provide a buffer against South African counter-sanctions), South Africa refused for more than a year to allow them to be filled. When Lesotho was donated oil in 1983, South Africa simply refused to transport it. Thus, the BLS states would *benefit* from not buying sanctions-busting fuel from South Africa, but it seems unlikely that this would be allowed.

South Africa also supplies all the electricity to Lesotho and significant amounts to Swaziland and southern Mozambique. South Africa supplies coal to the Maputo power station because it has destroyed the railway to Mozambique's Moatize coal mine, but this coal could be bought elsewhere. Some electricity is also supplied to Botswana, but this will end in the near future as power stations and transmission lines already under construction are completed.

Table: dependence and vulnerability

	Les	Swa	Bot	Zim	Zam	Moz	Mal
Imp. from SA	V	V	V	S	S	N	I
Exp. to SA	.	S	.	S	.	N	.
Mine Labour	V	S	I	.	.	S	S
Transport	V	I	V	I	N	.	I
Energy	V	I	S	.	.	S	.
SA investments	S	S	I	S	N	.	.
Border with SA	V	I	I	S	.	S	.
Average importance of SA link	V	I	I	S	N	N	N

Where the importances are weighted, somewhat subjectively, as:
V = very important
I = important
S = significant but not vital
N = not very important, and
. = non-existent of very minor.

In general terms, disruptions of links evaluated as V or I could be quite serious. Disruptions to links marked S could be coped with reasonably easily, although perhaps at some cost. Links marked N could be cut off with no difficulty.

Investments

South African ownership of firms in the neighbouring states is a key element of control. South African firms dominate the wholesale and retail trade in Botswana, Lesotho, Swaziland, and Zimbabwe. Banks in Lesotho and Swaziland are largely South African. South African firms also control the mineral sector in Botswana (where diamonds are vital to the economy) and Swaziland, and are important in Zambia and Zimbabwe. Zimbabwe is slowly reducing South African influence and is buying control of local companies owned by South African firms. The South African monopoly groups are themselves disinvesting and setting up off-shore holding companies, so the remaining holdings are increasingly disguised. Most discussions of sanctions do not make clear what the position will be with respect to South African-owned or controlled firms.

Vulnerability

All but two of the SADCC states *border* on South Africa or occupied Namibia, which makes them vulnerable both to military incursions and to border closures and economic sanctions. Lesotho is surrounded by South Africa, and is thus totally cut off when South Africa closes the border. Botswana and Swaziland have long borders with South Africa (that cannot be easily patrolled, permitting incursions), but both have other outlets to the sea if the South African border were closed. Mozambique and Zimbabwe have important borders with South Africa – these borders could be closed without causing a crisis, but it is relatively easy for South African ground and air forces to cross both borders. Botswana, Angola, and Zambia all border on South African occupied Namibia, and have been attacked from there by South African ground and air forces.

It is possible to set up a table giving (subjective) evaluations of the main links with South Africa, for the seven states that trade with it (see table).

Sanctions I – USA, Europe, Japan

Using this dependence and vulnerability table, we now look at the impact of possible sanctions. Clearly, Lesotho is the hostage state and requires special treatment, so we will reserve discussion of Lesotho for a later section (Exemptions). We will consider separately the four categories of different groups imposing sanctions, starting with the knock-on effects of those imposed by Europe, the US, and Japan, but *not* the SADCC states.

Among the existing sanctions and those on the immediate horizon, the *arms embargo* clearly *benefits* the SADCC states by reducing South Africa's ability to destabilise them. The *oil embargo* hurts Swaziland and Botswana (remember we are excluding Lesotho from the discussion) because they are forced to pay more for sanctions-busting oil, but this is for fear of retaliation (which is really category 4).

Disinvestment, bans on new investment, and bans on loans have three effects. For Swaziland only, membership in the Rand zone means that its currency falls with the Rand. This is partly true for Botswana, because its currency is half linked to the Rand. The other states are not directly affected by changes in cash flows to South Africa. Disinvestment has two contradictory effects. In the intermediate term, the run down of South African industry means that it can less easily supply the neighbouring states, but as we have seen, there are alternatives. In the short term, however, there has already been movement of firms out of South Africa to the neighbouring states, particularly Swaziland, which is clearly beneficial. And in the long term, the SADCC states hope that transnational companies which would have invested in South Africa will instead invest in SADCC economies (although, as Ann Seidman notes, that has its own costs). Thus, it can be argued that disinvestment and other financial sanctions *benefit* the SADCC states. Even Swaziland, which has the most to lose because of its inclusion in the Rand zone, also seems to be gaining most.

Bans on South African *exports* can have two different effects. Most important, the SADCC states are competing suppliers of coal, chrome, and other minerals; of iron and steel; and of agricultural products such as beef, wool, fruit, and sugar. If they can increase their access to restricted world markets at the expense of South Africa, then sanctions will be a *benefit*. This does not always occur; the US, for example, gave South Africa's sugar quota to the Philippines. In general, there would be few negative effects. Second, migrant labour could be cut, but relatively few SADCC migrants are involved in the industries that would be hit. Most are gold miners, and a gold boycott is one sanction that seems almost impossible to impose. So the numbers of migrants sent home due to European sanctions would be small - surely fewer than the 30,000 cut in Mozambican miners which South Africa imposed as an act of retaliation.

SADCC states can use SADCC ports and railways, but this depends on several more years rehabilitation work.

Bans on air links between Europe and South Africa would benefit the neighbouring states, as the flights would terminate there instead.

Thus, the knock-on effects of international sanctions are largely beneficial - at least in the intermediate term. Western sanctions will not, of themselves, create hardships in the SADCC states. Indeed, they are likely to do just the opposite, and give a needed boost to SADCC economies. This does assume, however, that the SADCC states are able to reduce their dependency at the same speed as sanctions are imposed. As sanctions begin to bite and South African industry begins to falter (as happened in Rhodesia in the late 1970s, for example), then the SADCC states must have other sources of supply. This really depends on some level of international aid, particularly in response to South African destabilisation (category 4).

Sanctions II – SADCC

In general, the SADCC states already impose the cultural and sports boycotts, do not sell arms or oil to South Africa, and do not invest there. Thus, SADCC-imposed sanctions would largely involve trade and transport. As the dependence table makes clear, this would particularly affect Botswana and Swaziland, and to a lesser extent Malawi and Zimbabwe. Zambia and Mozambique could cut links with little difficulty.

Bans on sales to South Africa would hurt Swaziland and Zimbabwe. Bans on purchases from South Africa would be disruptive in Botswana and Swaziland, but in the longer term would, as we have seen, be profitable. Furthermore, the reorientation of trade will help those SADCC states that sell coal (Mozambique, Zimbabwe, Swaziland), food (Zimbabwe, Malawi), iron and steel (Zimbabwe) and other goods that SADCC members now buy from South Africa. Some new projects would be required, such as a power line from the Cahora Bassa dam to serve Swaziland and southern Mozambique. With some outside assistance to smooth the transition, a trade ban would not be harmful on balance, and would probably be beneficial. But it would not be easy, especially for Swaziland and Botswana.

One aspect of trade bans needs some clarification. The Commonwealth proposed a ban on government contracts with majority-owned South African companies. This will be difficult, as Zimbabwe, Botswana, and Zambia all have joint ventures with Anglo American. If enforced, this would require nationalisation and some international management support; alternatively, companies could be sold to non-South African transnationals.

Transport is a more fraught issue. As noted, the SADCC states can use SADCC ports and railways. But this depends on several more years of rehabilitation work. Similarly, air links with South Africa remain important (although this is a function of trade links). But these links could be phased out over three to five years.

Sanctions III – South Africa

South Africa could impose trade and transport sanctions against SADCC states, and it would have the same effects as if the SADCC states imposed those sanctions: beneficial in the long run, but disruptive in the short term. And they would be made more disruptive because South Africa could impose those sanctions before the SADCC states were ready.

It is important to remember that sanctions are not in South Africa's long term interest. First, each sanction reduces South Africa's leverage. For example, each time it cuts the number of Mozambican miners, it has lost longer term economic power over Mozambique. Second, South Africa earns a significant amount of money from its trade with the neighbours. Third, it hopes to use the neighbours as sanctions-busting conduits. For example, Swaziland has already been accused of selling South African fruit, and South African firms have already mislabelled goods as coming from Mozambique and elsewhere.

Sanctions imposed by one country are very different from those imposed by many. Successful international sanctions against South Africa will mean it cannot buy vital inputs and cannot sell its minerals and fruit. Successful sanctions by South Africa against SADCC will mean they simply turn elsewhere for the goods once supplied by South Africa.

South Africa wants to keep the neighbouring states economically dependent, and wants to retain the 'economic levers' which it can pull to put pressure on the neighbouring states. South Africa has imposed sanctions against all of its neighbours at one time or another over the past six years, but these sanctions have rarely been kept in force for long. Thus, it seems

Apartheid's Second Front

South Africa's war against its neighbours is apartheid's second front. Nearly one million Southern Africans have died as a result; more than eight million have become refugees - many in their own countries. Since 1980, destabilisation has cost the SADCC states at least $35 billion - nearly triple the total foreign assistance received by SADCC's majority-ruled states in that period. The cost of South African aggression is rising much faster than foreign aid.

Tempo

Key elements in Pretoria's destabilisation policy are to frighten the people and to sabotage economic infra-structure.

likely that Pretoria would not pull up the drawbridge and cut off links with the neighbours, but would rather maintain and increase as many links as possible. This would keep a vital source of revenue, ensure economic levers that could be used for political ends, and would provide a sanctions-busting route. Then, South Africa would use those levers sporadically. It could cut off imports, exports, fuel, electricity, and rail links, as well as sometimes closing the border. But these sanctions would not normally be maintained for long periods, just sufficiently long to be troublesome.

Sanctions IV – South African retaliation

South Africa would surely take military action against operating railway lines to force the landlocked states to send cargo through South Africa. It would continue to attack economic development projects which would aid delinking from South Africa. General destabilisation would increase, probably linked with efforts to overthrow the governments of neighbouring states. All of this would reduce the ability of the neighbours to cut links with South Africa, thus increasing the knock-on effects of European sanctions and the direct effects of SADCC and South African sanctions.

Several other forms of retaliation also need to be considered. South Africa might act to take military control of the diamond mines in Botswana and perhaps other South African owned installations. Similarly, it might take military control of the Lesotho Highlands Water Scheme (as it has already done with major dams in southern Angola).

Pretoria has frequently threatened to expel migrant workers or at least not allow them to renew contracts, and it has actually done this with both Mozambique and Zimbabwe. Many of the migrant miners are highly skilled, however, and thus not easy to replace. This point was stressed in January 1986, when Impala Platinum sacked 20,000 striking miners and then found it could not replace them, resulting in damage to unmaintained mines and a slump in production. Similarly in 1986, when South Africa said it would not renew the contracts of Mozambican miners, the mine owners objected and the government was forced to allow the most skilled half to remain. In the future, the mine owners will object to any large-scale expulsion or non-renewal of contracts. In particular, it is highly unlikely that any of the 185,000 migrant gold miners would be expelled. Nor would South Africa expel other key miners and skilled factory workers. South Africa might be able to round up and expel some illegal workers.

One form of retaliation that is rarely discussed but seems highly likely, because it would cost South Africa nothing, is the withholding of customs union payments. At any time, South Africa owes the BLS states two years of back payments. Especially if the BLS states left the customs union, Pretoria could simply refuse to pay. Similarly, South Africa could end the system whereby it withholds some of the migrant miners' pay and gives it directly to the sending states. Miners would still remit funds to their families, but probably less than is withheld.

Exemptions

There is a long tradition of exempting the neighbouring states from at least some sanctions. Various Organisation of African Unity (OAU) resolutions, for example, exempt either 'countries neighbouring South Africa' or 'independent states in southern Africa'. The Commonwealth makes similar exemptions. Trade with the neighbouring states is much less important to South Africa than trade with the EC, US, and Japan, so the exemptions would not seriously compromise the overall impact. Exempting the neighbours also partly removes them from the arguments against sanctions.

Lesotho is totally surrounded by South Africa and, as the linkage table shows, totally dependent on it. So we must assume that Lesotho will not be required to impose any otherwise mandatory sanctions against South Africa. Lesotho is too much of a potential hostage to ask it to take actions that South Africa would find provocative.

The key question is whether South Africa will take sanctions against Lesotho or retaliate in other ways, as it frequently has. Julius Nyerere has already pointed out that if South Africa retaliated by simply closing the border, it might be necessary to run an airlift similar to that which 'took goods to West Berlin when it was under siege'. But again, it seems that a total blockade of Lesotho would not be in South Africa's interest: 1.5 million starving Basotho could have a destabilising influence on South Africa itself.

It would also make sense to exempt or at least weaken the sanctions to be imposed by the other two customs union states, Swaziland and Botswana. And it must be understood that the states bordering South Africa - Botswana, Swaziland, Mozambique, and Zimbabwe - should be the last, not the first, to impose any other international sanctions.

South Africa would apply its sanctions (cutting off trade, fuel, rail links, and border closures) not for long, but just long enough to be troublesome.

Nevertheless, exemptions would not be unconditional. Sanctions-busting cannot be permitted, and neighbouring states must do their best to follow the spirit if not the letter of sanctions. There might be a regional sanctions monitoring unit established (perhaps with EC, Commonwealth, or UN funding). It should ensure that neighbouring states do not abet sanctions-busting, and look for ways to reduce those links with South Africa which are permitted under exemptions.

Conclusion

In the strongest and most forceful way, the SADCC states are appealing for comprehensive, mandatory, international sanctions. Detailed analysis suggests that this is not a foolish demand, as some in Europe and the US have claimed. Sanctions imposed by South Africa's main trading partners will help, not hurt, the SADCC states.

On the other hand, it will be more difficult for the SADCC states themselves to impose sanctions - but their trade is smaller than that of Europe, the US, and Japan, so it is less necessary that they should do so. Thus, Lesotho, the hostage state, should be exempted from all sanctions. And there should be more limited exemptions for the other states directly bordering on South Africa.

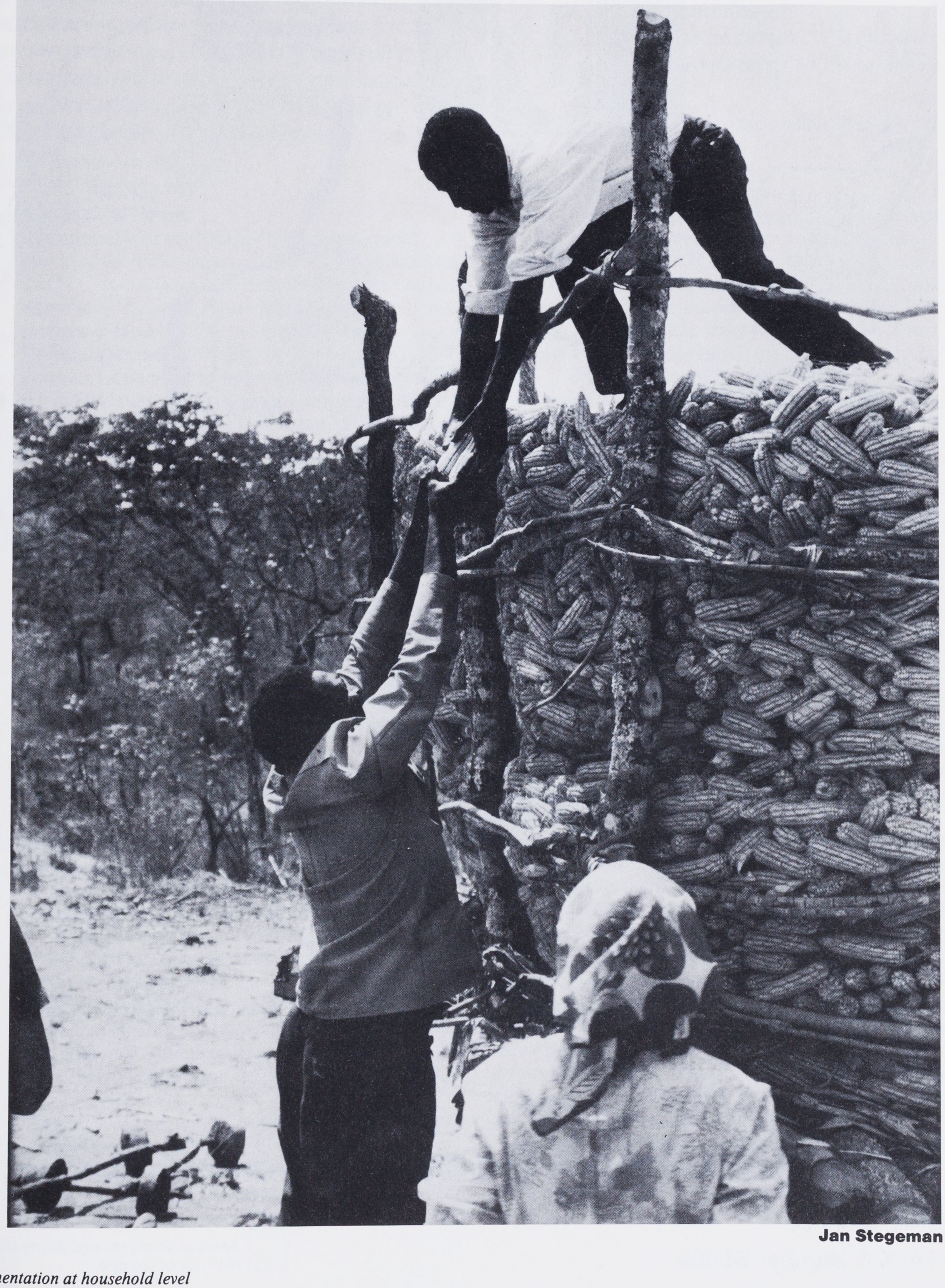
In reality, however, international sanctions will impose a cost on SADCC. This will not be due to the knock-on effects of the sanctions, but due to South African retaliation. These costs could be high. But the cost of destabilisation is already so massive that the additional costs will be relatively small. Furthermore, SADCC is surely right to feel that destabilisation will only end with the end of apartheid. If sanctions speed that end, then any extra cost is a relatively small investment.

'Details of the effects of South African destabilisation are extensively documented in Beggar Your Neighbours: Apartheid Power in Southern Africa *by Joseph Hanlon, published by CIIR with James Currey, June 1986.*

A longer version of this article is published in a reader, edited by Mark Orkin and published by CASE, Braamfontein, March 1988.

Food Security

This is an updated version of a paper prepared for the May 1987 AWEPAA Conference in the European Parliament, Strasbourg.



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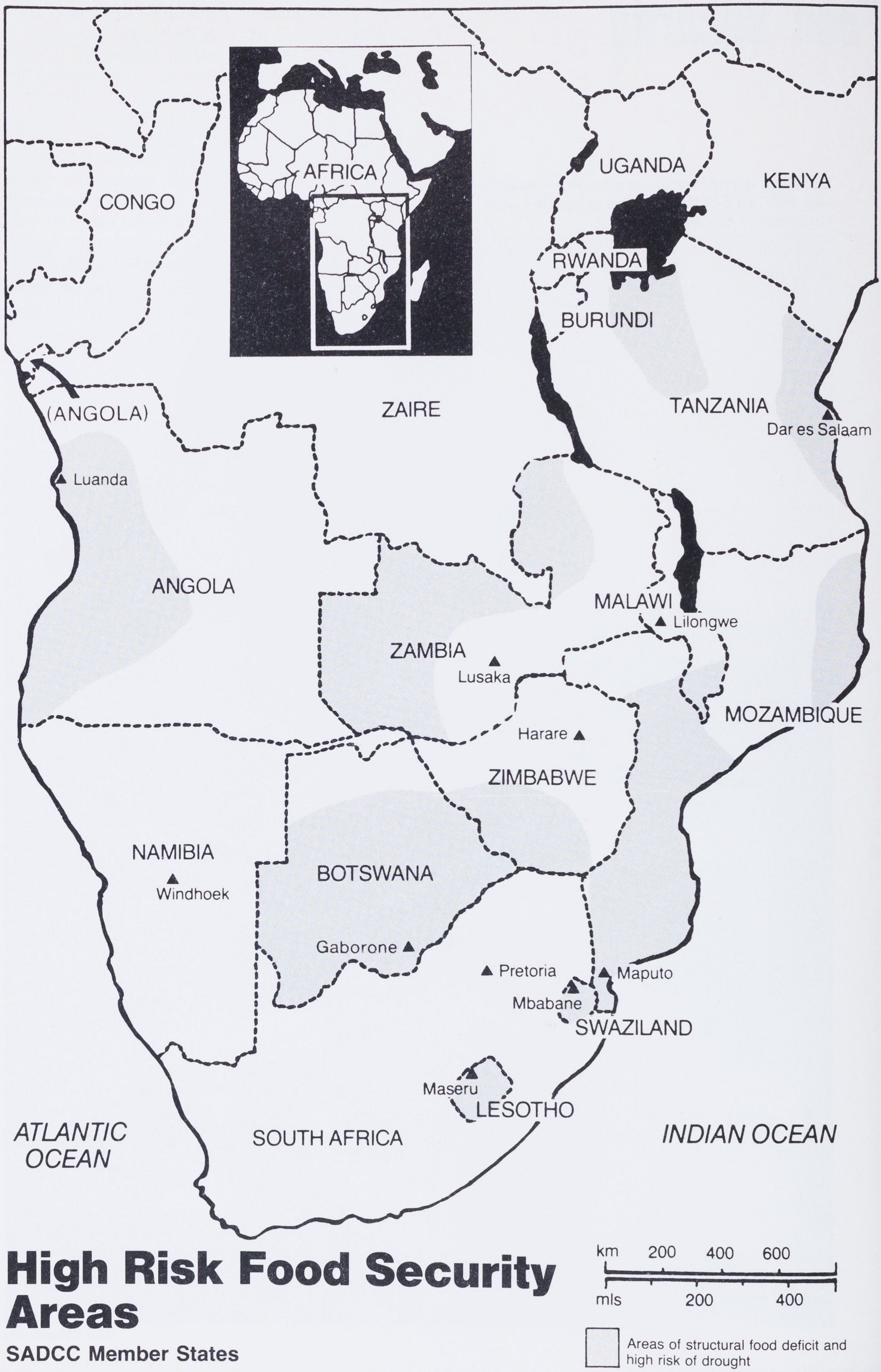


High Risk Food Security Areas

SADCC Member States

> ***"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 likely to exceed 100 million by the year 2000 and then double to 200 million between the year 2020 and 2030. Up to 80% 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."***
>
> *SADCC paper for the 1987 Annual Consultative Conference*

SADCC's Food

In a normal year the SADCC countries overall produce a small food surplus. But seven of the nine SADCC states face food deficits this year. Angola, Botswana, Lesotho and Mozambique all need *emergency* food aid this year, according to a special report issued in February, by the United Nations Food and Agriculture Organisation (FAO). Reasons behind the national food shortages are numerous.

Firstly, while some parts of the region do well, notably areas of Zimbabwe, others cannot produce enough to feed their people even in a normal year. Botswana and Lesotho, for example, regularly produce less than half their grain requirements; areas of Tanzania and Zambia are in deficit. The shortfalls have multiple causes: poor soil fertility, poor climate, low levels of technology, shortage of agricultural inputs, low prices offered to farmers, lack of commercial incentive for farmers to produce surplus crops, inadequate marketing and extension facilities. In turn, some of these reflect foreign exchange shortages caused by falls in export prices and volumes. Other problems, the SADCC states admit, arise from inadequate agricultural policy in the past.

Secondly, the South African-sponsored war in Angola and Mozambique has caused massive disruption both of farming and of food distribution: between them they need to import as much as a million tonnes of food each year.

> ***Even where food is available, people may not have the income to buy it***

Thirdly, most of the region is regularly hit by drought, which can cut harvests dramatically. Botswana's harvest can fall to near zero. Zimbabwe's can halve, which eliminates 15% of the whole SADCC grain production.

Finally, even where food is available, people may not have the income to buy it, or to grow it. Malawi, for example, regularly produces a maize surplus for export; yet in some of its districts child malnutrition is above 50%. To ensure that everybody gets enough to eat, it is not sufficient simply for the food to be available; people must also have access to it.

Counterbalancing the deficits is a huge store of grain in Zimbabwe – at least 2m tonnes. While European and US subsidised grain undercuts the prices of efficient Third World producers like Zimbabwe, the latter can only sell its grain at a loss of $80 per tonne. Limited rail capacity means that Zimbabwe literally cannot afford to export more than a fraction of what it produces. Forced to use largely South African ports, Zimbabwe must spend $35-40 per tonne simply on transit costs.

> ***Drought and disease do not stop at national boundaries . . . agricultural research lends itself to this regional focus***

SADCC's Achievements

In mid-1983, seeds of sorghum and millet were sent out from Zimbabwe to crop research stations throughout the SADCC region, to be planted for trials. It was the beginning of SADCC's agricultural research: the Sorghum and Millet Improvement Programme implemented for SADCC by the International Centre for Research on Agriculture in the Semi-arid Tropics, based in India.

Sorghum and millet are drought-resistent crops, produced by small farmers, and so a priority in the region. The programme was conceived and brought into operation extremely quickly, funded by the USA, Canada and West Germany. It has been very successful in training, in exchange of information between researchers and between the different SADCC countries, and in crop trials. The report of the USAID interim evaluation team concluded: 'The team commends the regional research team on the progress made . . . and their only suggestion is to continue along the lines already started.'

Agricultural research is vital if farmers' risks are to be reduced and their yields raised. It lends itself to a regional rather than national focus: ecological zones do not stop at national frontiers. SADCC research has been extended to beans, groundnuts and cowpeas, with maize to follow shortly.

Some of SADCC's other early achievements are in animal disease control. As with drought, disease crosses borders: stories persist of the terrible rinderpest epidemic that swept down Africa at the end of the last century, killing up to 90% of cattle in some areas and destroying the livelihoods of millions of people. Rinderpest is one of SADCC's highest priorities, and when it reappeared in the 1980s, emergency projcts were carried out (with EC and British funding) in Tanzania and Malawi. Strategic prevention of the disease, however, still requires further funding support. A US$13m programme to eradicate foot and mouth disease along the borders of Botswana, Zimbabwe, Zambia and Malawi is also underway with EC assistance.

In the field of short term food security, SADCC is now gearing itself up. A Regional Early Warning

SADCC Cereal Production and Surplus/Deficit 1985

Country	Population (million)	Production (000 tonnes)	Surplus/Deficit (000 tonnes)
Angola	8.4	408	-313
Botswana	1.07	19	-184
Lesotho	1.5	165	-118
Malawi	7.0	1,422	120
Mozambique	14.0	572	-682
Swaziland	.63	.92	-26
Tanzania	22.0	3,408	154
Zambia	6.6	1,185	-57
Zimbabwe	8.2	3,290	1 735
TOTAL		**10,561**	**629**

System against drought and food shortages was put into action last year, with Danish funding: the regional unit is already operational in Harare with a Zimbabwean director, and national systems are being strengthened, or where necessary created, in each member state.

There are smaller successes too: a sorghum dehuller has been developed in Botswana under a SADCC research project, for example, which is now being manufactured in Tanzania.

Long-Term Strategy

Last year SADCC produced a new strategy paper on Food Security at the household, national and regional levels. At the household level, income and employment generating projects in rural areas are essential components of the strategy. So, too, is increasing food production in food deficit countries, together with diversification into crash crops. Training is given very major emphasis, and SADCC invites its cooperating partners to work closely with it in planning the training effort.

Donors considering support in the Food and Agriculture sector should look at complementary projects at a regional and national level. The two are inseparable.

To achieve these broad objectives requires not one simple solution but a policy package, including using more land, new technology, infrastructure such as irrigation and roads, improved credit and marketing institutions, and favourable economic policies towards rural areas. In some SADCC countries facing a crisis in production, especially those acutely destabilised by South Africa, more exceptional interventions are needed, to provide the inputs and consumer goods that farmers need if they are to produce.

Much of this can only be carried out in national policy, and not by regional projects. The SADCC projects are therefore dedicated to supporting these processes, by such means as common training, information and research, as well as exchange of expertise to assist member states in designing appropriate national projects. This means that donors considering support in this sector must look both at regional projects and at complementary national projects: the two are inseparable.

Where one member state may have a shortfall in a particular crop, however, another country in the region may be able to supply it. SADCC does, therefore, have a wider role: to provide a framework to integrate regional and national policies, and to increase *regional* food security in the face of drought and disaster, so reducing dependence on South Africa and other sources.

SADCC also has an interest in promoting trade, in agricultural goods as in others. In the short run, where a member state is in need of food - and yet, facing a crisis, does not have foreign exchange - SADCC seeks to establish food aid systems that make use of food from another SADCC state, and do not depend on food from outside the region. The largest project in the food security portfolio, the Regional Food Reserve Fund, is based on these criteria.

SADCC's Food and Agriculture Projects

The list of projects is long, and many deserve attention which they cannot receive here. Identified food security projects total US$300m (of which $195m remains, unfunded), plus US$60m for agricultural research (only $6m unfunded) and US$140m for livestock ($60m unfunded).

Regional Food Reserve Fund

This project is an immediate issue: Mozambique is in desperate need of food; in Zimbabwe, in 1987, 2m tonnes of maize were in store. Yet the United States announced that it was shipping 150,000 tonnes of its own grain to Mozambique. Some donors, notably the EC, are buying Zimbabwe maize for Mozambique. SADCC is now proposing a scheme for regular annual assessment of where the region's surpluses and deficits are likely to occur, and for a fund to buy up the necessary food aid (or at least some of it) from within the region. If it can be brought into operation smoothly, it should be quicker and cheaper than many of the present *ad hoc* arrangements. It should allow the region's grain marketers to gain further experience of trading with each other. From the wider perspective of regional institution-building, this would be one of the first permanent institutions of all the SADCC states with a regular, recurrent function.

SADCC now seeks international support. It has requested the EC (which has been closely involved in the development of the project) to host a donor meeting in Brussels, later this year. The funds required will vary from year to year, depending on the food position in the region. SADCC has set a target of 356,000 tonnes of maize, costing some US$68m. The *additional* costs to donors might be lower, however, as some may be able to be transferred from present bilateral food aid allocations. But if this project is to work, SADCC needs a firm base of support.

National storage projects

The Regional Food Reserve Fund project does not provide for additional storage facilities. Some SADCC states do require them, especially in the face of possible South African disruption of transport. In particular, Lesotho, which imports two-thirds of its food from South Africa, has put forward a project for silos to hold a six months reserve.

Food production projects

SADCC is proposing to bring forward a new group of national food production projects in food deficit states with critical foreign exchange shortages. They will be projects that reduce dependence and create rural employment, and give priority to staple foods and to small-scale producers. Meanwhile, there are some very large SADCC projects in Zimbabwe (rural public works) and Tanzania (rice projects), as well as many smaller ones.

Research projects

SADCC's successful research sector is well-funded, but a new programme is being developed for maize, which is by far the most important crop in the region and for which Zimbabwe in particular has decades of research experience to draw on. Irrigation is another new area, where a study of management is sought.

Livestock projects

A range of important animal disease projects remain unfunded. SADCC has already achieved much in this area, and further funding would be effective to consolidate the advances, for example, against rinderpest and foot-and-mouth disease.

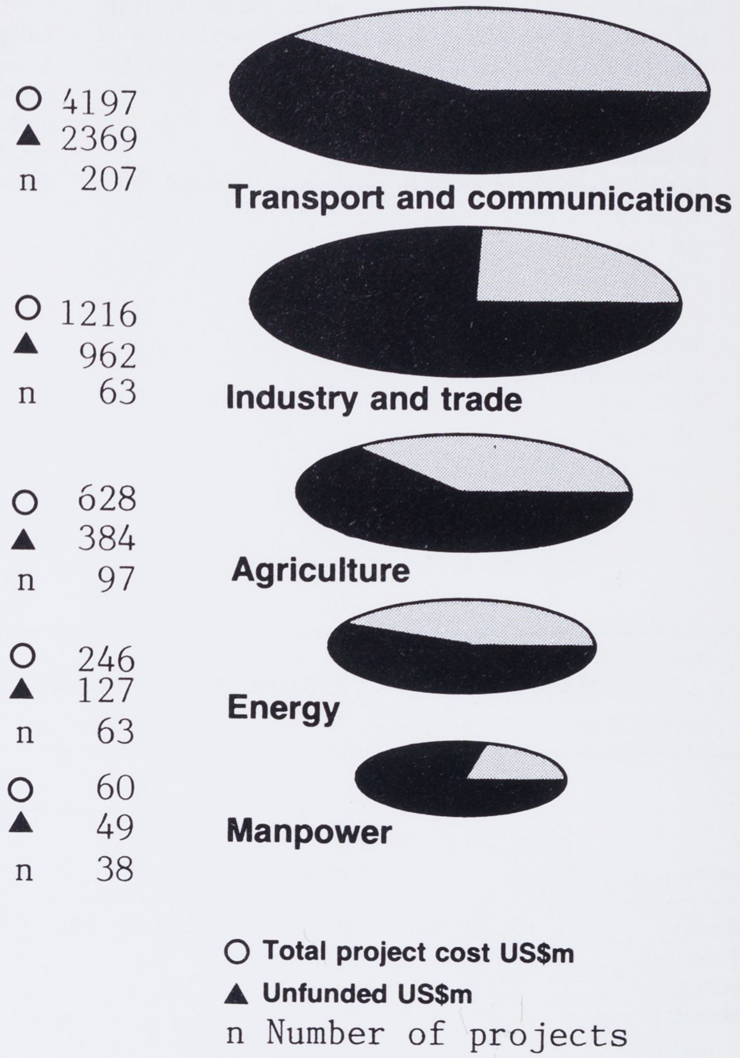
SADCC Project Financing Status by Sector (US$ Million)

Sector	No. of Projects	Total	of which Foreign	%	Local	%	for which Secured	%	Negotiation	%	Gap	%
Energy	63	245.926	234.980	95.55	10.946	4.45	116.430	47.34	2.850	1.16	126.646	51.50
Food, Agriculture and Natural Resources												
Agriculture Research	7	57.600	56.900	98.78	0.700	1.22	38.300	66.49	13.300	23.09	6.000	10.42
Food Security	33	402.969	357.179	88.64	45.790	11.36	72.685	18.04	19.390	4.81	310.894	77.15
Forestry	9	56.523	53.463	94.59	3.060	5.41	25.923	45.86	6.000	10.62	24.600	43.52
Fisheries	11	9.764	9.333	95.59	0.431	4.41	5.774	59.14	0.884	9.05	3.106	31.81
Wildlife	10	7.970	7.970	100.00	0.000	--	0.200	2.51	0.080	1.00	7.690	96.49
Livestock Production and Animal Disease Control	12	73.770	68.790	93.25	4.980	6.75	44.546	60.38	8.000	10.85	21.224	28.77
Soil and Water Conservation and Land Utilisation	15	19.635	17.188	87.54	2.447	12.46	4.327	22.04	4.768	24.28	10.540	53.68
Industry and Trade	63	1215.545	976.375	80.32	239.170	19.68	253.299	20.84	0.250	0.02	961.996	79.14
Manpower Development	38	60.400	60.243	99.74	0.157	0.26	8.709	14.42	2.356	3.90	49.335	81.68
Mining	25	54.482	25.377	46.58	29.105	53.42	30.848	56.62	1.180	2.17	22.454	40.87
Transport and Communications	207	4196.870	3654.110	87.07	542.760	12.93	1564.760	37.28	263.550	6.28	2368.560	56.44
	493	6401.454	5521.908	86.26	879.546	13.74	2165.801	33.83	322.608	5.04	3913.045	61.13

Notes:
1) The column Secured includes both local and foreign resources.
2) The column Negotiation refers to resources for which there is a clearly identified funding source and a high probability of concluding a funding agreement within a specified period.
3) The totals do not include completed or withdrawn projects.

Source: SADCC Annual Progress Report, July 1986-Aug. 1987.

SADCC Project Costs: What is Needed



Source: SADCC Annual Progress Report, July 1986 – August 1987

Nearly a decade ago the nine majority-ruled states of Southern Africa created the Southern African Development Co-ordination Conference, SADCC.
The results since then are impressive. SADCC is a commitment to work together for an integrated development of the region. Many constraints have been faced - constraints that are part of life forr other African states too. But SADCC has been confronted with a special threat: the destabilisation of the region by the minority regime of South Africa. Many, many lives have been lost and the cost of economic destruction is enormous, about three times as much as total development assistance. SADCC and Front Line states are entitled to the support of the democratic forces that believe in justice and peace - economic support as well as assitance to enhance security. The special relationships between SADCC and the Nordic Group and between SADCC and the EC are examples of co-operation that SADCC needs.

This report contains background papers produced for the parliamentarians' working conference 'Southern Africa's Future - Europe's role' on SADCC and the West (Harare, March 1988).
Papers cover the main fields of SADCC action and provide a broad coverage of the scope for greater European cooperation in the future development of Southern Africa.

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