

Monthly review I not published In July and August

Bureau de ups: Bruxelles X

N0 4 0 DECEMBER 1988

THECHALLENGE OF SOUTHERN AFRICA

PARTNERSHIP WITH SADCC AND

TOLERA TING APARTHEID ?

Roel VON MEIJENFELDT

This Lame Briefing focuses on Lame IV's role In Southern Atri-
ca. The EC's partners In this region are SADCC (Southern Afri-
can Development Coordination Conference) and her nine mem-
ber states. Economic cooperation with SADCC cannot be Iso-
lated from the political realities in which SADCC was formed
and operates today, without seriously erodlng the foundations
of SADCC and playing into the hands of the apartheid govem-
ment of South Africa.

The 'total strategy' policy of P.W. Botha, aiming at securing a 'sate'
and 'protitable' situation for the apartheid government in the Sou-
thern African region, was translated by Botha in 1978 into a propo-
sal for regional cooperation in what he called the Constellation of
Southern African States. The creation of SADCC in April 1980 pre-
vented that. SADCC was formed with the aim of carrying the 'strug-
9/9 for political liberation into the economic sphere' and to contri-
bute to the social and economic development at its member states,
taking the interests of their local populations at heart.

The formation of SADCC was however not the end at Botha's total
strategy to secure domination of the region. An active policy of
destabilization has since been implemented, creating enormous
human suffering and causing tremendous economic havoc.

Mozambique is without doubt the most striking example of the el-
lects a! South African destabilization policies. The Washington Post
at April 28th, 1988, captured it all in an editorial: 'a thoroughly do-
cumented report by Robert Gersony, consultant to the US State De-
partment. makes it next to impossible for anyone to ignore further
the atrocities committed by RENAMO, a guerrilla organization spon-
sored by the apartheid regime in South Africa. Its mission of pure
terrorism seems to serve only a Scum African purpose of reducing
Mozambique in helplessness and ruin.'

Inside South Africa, P.W. Botha's 'retormist' policy saw the imposi-
tion since 1986 o! the state of emergency, which has seen the
detention without trial of at least 3&000 persons and nearly 1800
people killed (according to statistics of Economist Intelligence Unit),
the press being severely curtailed from reporting. and a rapidly gro-
wing number of anti-apartheid organizations being banned, 21 al-
ready this year, among which the United Democratic Front. All this
ruthless repression of the demand by the vast majority of the South
African population to establish a non-racia/ and democratic govern-
ment, has not helped Botha to win the 'hearts and minds' of the
South Africans. By refusing to participate in the recent local apart-
heid elections, the South African people showed massive support
for the demands of the democratic opposition.

Under the pressure of the democratic opposition and the in-
creasing biting International sanctlons, which are now affecting
the South African economy seriously because of the increasing
reluctance of the international financial community to provide long
term credits, the Botha government appears to be giving in on the
issue of Namibia and the expected release of Nelson Mandela.

However, the problems in Southem Africa can only begin to be re-
solved it the Botha government is pressed to accept negotiations
about the transfer of power towards a democratically elected majo-
rity government. Everything less will keep the false illusion alive
that apartheid can be transformed.

Since 1985, the EC and Its member states pursue a two-track
policy towards Southern Africa. in the first track, SADCC and its
member states are being supported to help reduce depenriency on
South Africa, and to provide protection against aggression and de-
stabilization by Pretoria. The second track aigys to contribute to the
eradication of apartheid and the formation at democracy in South
Africa. To implement this second track, the EC decided in 1986 to
introduce a limited package a! restrictive measures (sanctions and
some other measures) and positive measures. Under the positive
measures a Special Programme was created providing financial

support for programmes of the democratic movement in South Africa and Namibia which aim at peaceful transformation towards non-racial and democratic societies in both countries.

Under this Programme, the South African partners of the EC are the South African Council of Churches (SACC), the Southern African Catholic Bishops Conference (SACBC), the KAGISO Trust, and NGO-EC Liaison Committee

62. Avenue de Cortenbergh

B - 1040 Bruxelles

Tel: (02) 736

40 87

'19 NM!

the trade unions. These organizations work closely with their European NGO counterparts, who cooperate in the Standing Committee of NGOs with the EC. Their programmes today support well over 300 different projects which cover such areas as the alternative media, civic advice centres, support for political detainees and their families, and an impressive number of initiatives for alternative educational and health facilities.

Since 1986, the repression in South Africa has only increased, highlighted by recent bomb attacks at the headquarters of the SACC and the SACBC. A long list of attacks, detentions, and disappearances of people working for these organizations can be added. In order to support peaceful efforts in abolishing apartheid, the South African partners have jointly requested the EC member states to implement stronger pressure on the South African government, asking for a reduction of South African diplomatic representation in the EC, as well as imposing effective restrictions on imports of South African coal, no more finance for apartheid, and stopping the air links with South Africa.

So far the Twelve have been unwilling to apply further economic pressures on South Africa, stressing diplomatic efforts and the EC positive measures. The unwillingness to respond to the political request of its partners while the situation of the democratic movement becomes more difficult day by day, raises the question as to how seriously the EC is taking the representatives of the democratic movement, and how long the EC member states will continue to bet on Botha.

t
I
S

The lame negotiations are an opportunity for .-j

1) reappraisal of the adequacy of the restrictive measures undertaken by the EC and its member states to put pressure on the South African government, taking the demands of the 50.

South African partners into serious consideration;

2) strengthening of political support for the democratic movements in their struggle to establish a non-racial and democratic society in South Africa and Namibia;

3) considering how the EC might sustain the process of political transition in South Africa and Namibia towards a democratic system of government; '

4) formulating what relationship the EC would wish to establish with a democratically elected government in South Africa.

These issues need to be addressed urgently if the EC partnership with SADCC is to have real meaning and a positive impact on creating peaceful conditions in Southern Africa, in which social economic development can take place.

Author Note

Reel von Mellenfeldt is Secretary of the Standing Committee of NGOs

LOME'S ROLE IN SOUTHERN AFRICA

Paul GOODISON

Regional development coordination

The decade of the 1980s has seen the emergence in Southern Africa of one of the most effective organizations for regional economic cooperation within the ACP grouping. SADCC (Southern African Development Coordination Conference) grew out of the experience of political regional cooperation in the Front Line States initiative and sought to build on the existing network of bilateral and multilateral cooperation with donors. Within a few short years, the SADCC has established itself as the intermediary for regional projects in Southern Africa. The SADCC's principal goals are to promote equitable regional economic development and to reduce the region's economic dependence, particularly but not solely, on the Republic of South Africa.

The SADCC now coordinates 9 sectors entailing over 490 projects and is engaged in development cooperation with countries from across the globe, spanning both the East-West and North-South divides. SADCC's priority sectors are transportation and communications, and food security. The EEC supports the SADCC's Programme of Action from both regional cooperation and National Indicative Programme funds under the Lome

Convention.

SADCC's model of regional cooperation is highly decentralized with each member state taking responsibility for coordinating regional programmes in a given sector. Its network of Ministerial and technical coordination meetings has led to the emergence of a truly regional spirit, with operational problems in a range of areas now being addressed at a regional level. The SADCC's step by step approach to economic coordination, beginning in areas of obvious mutual advantage, has woven a fabric of regional cooperation capable of holding together its nine ideologically diverse states (Angola, Botswana, Lesotho, Malawi, Mozambique, Swaziland, Tanzania, Zambia and Zimbabwe).

However, SADCC's success in project implementation and articulating regional policies and strategies has been undermined by the poor performance of most of the region's economies. These economies have been placed under immense pressures by on the one hand world recession and on the other South i Africa's economic and military destabilization activities against the region. It is this twin hostile general and specific situation which poses a major challenge to the European Community's relations with the SADCC during the negotiations at 'Lome IV'.

SADCC and world recession

Since 1980 and the onset of recession in the OECD states, most ACP states have faced stagnant markets, collapsing prices and worsening terms of trade. Most SADCC states have been no exception to this general trend. Sluggish export performance and unmanageable external debt have placed serious constraints on domestic production, as funds for essential imports have increasingly contracted.

This situation has made itself felt in Europe through a substantial decline in EC exports to the SADCC region, as the burden of debt has increased. For example, Zimbabwe's interest and redemption payments on external debt totalled Z\$ 254.7 million in 1980. By 1986 this had risen to Z\$ 688.4 million, with interest payments increasing by 396% and redemption payments increasing by 190% in 1982, with the process of post-liberation reconstruction well underway. Zimbabwe imported 383.8 million ECU in goods from the EC. By 1986 Zimbabwe imported a mere 287.9 million ECU, a decline of 25%.

Elsewhere in the SADCC region, it onexlooks at the trend in imports from the EC, in five countries where the debt burden resulting from global economic recession is most heavily felt (Mozambique is excluded because of the devastating impact of destabilization) then we find that compared to exports in the early 1980s, Europe has lost some 1.2 billion ECU in export orders as a result of the high external indebtedness.

For the SADCC region the import strangulation this entails has led to serious impediments to growth in the productive sectors. This has resulted in declining living standards for ordinary people throughout the region.

The global economic situation: EC practice under Lomé II

Although current EC guidelines for the renegotiations of Lomé II reflect the stagnant economic performance of ACP economies, their declining imports from Europe and the burden of external debt, the interconnections between these phenomena are hardly explored. Instead the focus is on the role of Lomé resources in the process of structural adjustment.

What this means in reality is illustrated by existing Lomé II practices, particularly as they relate to the Special Community Programme to aid certain highly indebted low income countries in Sub-Saharan Africa which provides resources for general and sector specific import programmes to countries generally undertaking IMF/IBRD programmes of structural adjustment (see Lomé Briefing no 2). In Southern Africa, resources from each country's National Indicative Programmes (NIPs) are deployed alongside Special Programme resources through Sectoral import Programmes (SIPs) established under Article 188 of Lomé II. In the SADCC region SIPs account for 61% of Lomé NIP funds so far committed (since some 50% of NIP funds have been so far committed this means SIPs utilize fully 30% of initially allocated NIP resources). Under the recent mid-term review an extra 97 million ECU was allocated to NIPs in Southern Africa. This represented a 12.5% expansion over initial NIP allocations. It is not worthy that fully 67 million ECU (or 69%) was allocated under the Special Programme for highly indebted African countries, with a further 11 million ECU possibly being allocated to Zambia awaiting a satisfactory EC assessment. "in discussion with the Zambian authorities", of Zambia's serious efforts to undertake structural adjustment measures (Zambia is currently in dispute with IMF/IBRD and pursuing its own structural adjustment programme which complicates the assessing).

For Southern Africa, there are three principal features of interest in the Special Programme for highly indebted African countries.

Firstly, the Southern Africa experience suggests that part of the NIP resources as well as non-programmable aid deployed to try and foster sector specific reforms, are in practice being identified with existing IMF/IBRD programmes of structural adjustment, despite the Commission's expressed desire to maintain its autonomy vis-a-vis other institutions (implicitly the IMF and World Bank). It is becoming apparent however, that considerable divergence exists on important policy questions between governments of the region and the IMF/IBRD. Indeed it is widely felt that IMF/IBRD programmes implemented in most SADCC countries do not take account of the political, social, military and strategic parameters on economic policy making in these countries. Secondly, the kind of conditionality attached to IMF/IBRD structural adjustment is spilling over into the implementation of NIPs, financed through the Lomé Convention. This conditionality threatens to undermine the principles of sovereignty and partnership on which the Lomé Convention is based. If difficulties arise which threaten the continued implementation of the programme then the programme should be subject to joint review. EC insistence on ACP countries meeting set conditions under changed circumstances can only serve to undermine Lomé's spirit of partnership. Furthermore, if governments feel forced to reformulate structural adjustment plans or abandon them because of their social and political costs than the withholding of assistance implied by conditionality, is a direct challenge to the sovereignty of ACP governments. It is central to the SADCC philosophy that no one is better placed than Southern Africans themselves to set their own priorities in the formulation of their own development programmes. The SADCC has looked to its international cooperating partners for a dialogue on how best to address the region's current economic problems.

Thirdly, the basis of funding of the Special Programme is such that the EC has not put its hand in its pocket for a single extra ECU above and beyond resources already pledged under Lomé Arrangements in order to tackle the problem of high indebtedness. However, it is recognized that if EC resources are to have

a role to play in the process of structural adjustment. then they must be substantially expanded. Also, the specific circumstances prevailing in Southern Africa suggest that substantially more funds are required if the SADCC is to cope with the growing cost of South Africa's destabilization.

Singularly absent from the EC Programme is any Community lead on across the board reductions in interest rates. cancellation of debts or schemes for the amortization of existing debt: at their market value rather than their face value. A number of proposals have been put forward to address the debt problem in a developmentally constructive manner, none of which the EC has taken up. The EC's current approach of expanding import programmes does more to address the problem of declining EC exports than it does the fundamental problems facing productive sectors in Africa - the unmanageable burden of external debt and its causes.

Dependency reduction and destabilization

The issue of reducing economic dependence, is one which SADCC is already addressing with EC support. Lorne has seen some significant innovations in this regard. with funds now much more fully involved in SADCC's priority sector of transportation rehabilitation.

However, the EC needs to be responsive to the ever changing situation in Southern Africa, particularly in the formulation of its more general development policies. In this regard the EC needs to take into account the very real impact of South African destabilization on the SADCC economies in its advocacy of structural adjustment. The impact of destabilization may make the full implementation of structural adjustment reforms socially and politically unacceptable, in the short to medium term. in the case of Zimbabwe. South Africa's war against the region has led to substantial increases in the military budget, leading to a 10% government budget deficit. The IMF/IBRD are strongly pressing the Zimbabwean government to reduce the budget deficit. as part of the process of structural adjustment. Yet in the absence of rapid economic growth and the continuing need to keep the Beira Corridor open through the deployment of 10.000 Zimbabwean troops in Mozambique, how can the budget deficit be significantly reduced ?

in its effort to achieve a more independent economy, the Zimbabwean government has resisted IMF/IBRD pressures for comprehensive structural adjustment and gone instead for a series of politically viable 'second best solutions'. To overcome foreign exchange constraints on industry, agriculture and mining, the government has established an export pre-financing revolving fund (initially the IBRD had supported such a facility for industry). This has averted a major recession in Zimbabwean industry (which threatened major job losses) and is stimulating an expected 5% expansion of industrial output (and 4% expansion in the volume of production in mining). The performance of manufacturing exports in 1987 was even more remarkable with a 40% increase over the previous year. The EC needs to remain open to such 'second-best solutions' which may be the only practical policy option given the particular constraints existing in Southern Africa.

SADCC and destabilization

The perpetuation of apartheid in South Africa has exacerbated the detrimental impact of world recession on SADCC countries. Since 1980, the South African government has waged a vicious war against the SADCC region. The financial costs to the SADCC of this war are now more than a staggering \$US 30 billion. its human costs have reached catastrophic proportions. At a routine level, UNICEF estimates suggest that in Mozambique and Angola, South African destabilization has led to an extra 137.000 infant deaths per year. The equivalent. of an Airbus full of under five's crashing every day. At an emergency level there are currently 5.9 million Mozambicans affected by food shortages as a result of the Mozambique National Resistance's (MNR or RENAMO) rural reign of terror, with a further 0.7 million living in refugee camps in neighbouring countries.

Mozambique's emergency: The human impact

0.7 million refugees in neighbouring countries

1.1 million people displaced from their homes

2.2 million affected by severe shortages of food

2.6 million affected by commercial food shortages

it is for all these reasons. human and economic, that Southern African governments have increasingly called for effective international actions to eliminate apartheid in South Africa.

Under Lome III Annex I in a joint declaration on article 4, EEC and ACP governments jointly proclaimed 'their determination to work effectively for the eradication of apartheid'. Yet the experience of Lome III has seen little effective European action to further the goal of eradicating apartheid.

POSSIBLE REFORMS UNDER 'LOME IV'

The EC's response to apartheid

The scope for a commission initiative on apartheid is severely constrained by the divergence of approaches of Community member states. The failure to move ahead with further restrictive measures (the Hague commitment on a coal embargo remains unfulfilled) and inadequate implementation of existing measures amply demonstrate (clearly demonstrated in the European Parliament's Simons Report) the lowest common denominator approach adopted by the Community.

Given this constraint, what practical steps could be envisaged at a ACP-EEC level on the question of eradicating apartheid?

In the past. Europeans have linked the question of apartheid to more general human rights considerations. Although apartheid is undoubtedly a most atrocious violation of human rights, in Southern Africa its impact goes beyond this. The continuation of apartheid has led to an almost daily violation, by South Africa. of the peace and security which the region so urgently needs. For this reason the question of apartheid is more than a human rights issue and needs to be addressed as a political issue in its own right. In discussions surrounding the Lome Convention this is something which the centre-right in Europe is unwilling to do, preferring instead to frustrate effective action on apartheid by linking it to wider human rights concerns.

A foundation for joint ACP-EEC action already exists in the Lome III provisions on the eradication of apartheid. These need to be considerably strengthened and made more concrete. At a political level consideration should be given to a joint ACP-EEC declaration on the related problems of apartheid, Namibia and destabilization. Such a declaration could then be linked to measures to be adopted by ACP states. EEC states and the ACP-EEC grouping jointly. The measures should have the overall objective of contributing to the eradication of apartheid, whilst supporting the victims of apartheid in a politically meaningful way. commensurate with the challenge flung down by the South African state in its campaign to crush the non-violent democratic opposition.

As far as Namibia is concerned coming up to the negotiations towards Namibian independence, there is an added urgency for some form of Namibian representation at the Lome renegotiations. Although the UN Council and Commission for Namibia is the body legally responsible for the protection of the country's natural resources. within the SADCC framework it is SWAPO who is accorded observer status. in the interim, additional financing will be needed to support Namibia in the transitional period. Open provision already exists for this in the EC annual budget for 1989. Zimbabwe's experience provides a useful precedent in this regard.

On destabilization, provision could be made for ongoing ACP-EEC monitoring of the situation with consultations at Foreign Minister level providing the opportunity for the formulation of appropriate policy responses.

Taking account of destabilization / 1

Given the particular circumstances prevailing in Southern Africa a number of modifications to existing Lome provisions could be envisaged. it has become apparent over Lome III. that the needs of Mozambique and Angola were not fully taken into account.

This situation should be rectified. particularly with regard to the

provisions on non-programmable aid such as SYSMIN and STABEX. At the moment, SYSMIN provisions with their trigger mechanisms would not allow for interventions in Mozambique to support the rehabilitation of the mining sector once improvements in the security situation make this a viable proposition. Yet a revitalized mining sector could provide a major boost to foreign exchange earnings to alleviate Mozambique's desperate balance of payments situation. The challenge is to reformulate Lomé provisions to allow them to achieve their aims in situations radically different from those initially envisaged. Even the most cursory examination of the utilization of emergency aid funds in Southern Africa under three Lomé Conventions reveals marked differences in their utilization. Under Lomé I emergency aid provisions were used on a number of occasions to address the negative economic consequences of transportation disruptions in Southern Africa through the provision of balance of payments support. In at least two cases (Lesotho 1976, Malawi 1979) these emergency aid interventions also involved the airlifting of essential supplies to land-locked states in the face of a crisis situation. Under Lomé II and III, emergency aid funds were focused more on relief of 'natural disasters' rather than man-made disasters. Under 'Lomé IV' consideration could be given to deploying emergency aid to prevent crisis situations becoming disasters, through the stockpiling of essential goods in crisis affected areas. Consideration could also be given to disaster prevention by the utilization of emergency aid for LOGISTICAL SUPPORT FOR CIVIL DEFENCE, to defend EC development projects in key economic sectors (such as agriculture and transportation).

Indeed, in Mozambique addressing the question of logistical support for civil defence is going to be central to the country's capacity to undertake any programmes in the focal area of Mozambique's NIP, agriculture and rural development. If agricultural production is to be restored and Mozambique's growing dependence on food aid reversed then the problem of arable land shortages arising from endemic rural insecurity (caused by MNF bandit activity) needs to be addressed. Given the high level of emergency aid required to meet the needs of the current emergency in Mozambique, immediate consideration needs to be given to provisions for logistical support for civil defence to be made within all EC interventions in Mozambique. This could include provisions for such things as radio-communications equipment, uniforms, books, food and water supplies. Only in this manner can emergency interventions be incorporated within a long term programme of economic and social rehabilitation. A satisfactory model for an extension of logistical support for civil defence already exists within Mozambique's NIP. Here, within the agricultural sector, logistical support for civil defence is being built into project design in such a manner that control of resources to support civil defence always remains within the project and is not simply a carte blanche transfer to the Mozambican military. This practice ensures the Community avoids politically embarrassing situations in this sensitive area, whilst supporting civil defence essential to basic agricultural production. Facing up to the implications of destabilization for the SADCC states is a particular European responsibility for since 1984 up to one third of the South African Defence Force (SADF) is composed of men with a citizenship link to an EC member state (dual national South Africa/EC citizenship). To date, the European governments have turned a blind eye to the extensive involvement of EC citizens in the SADF. This throws into sharp relief their equivocation over the question of logistical support for civil defence in Mozambique and other Front Line States.

Reducing Europe's dependence on South African minerals

An area of obvious mutual advantage for the ACP-EEC in the struggle to eradicate apartheid lies in the area where an excessive EC dependence currently exists on imports from South Africa. Currently, South African producers are threatening the withholding of strategic mineral exports if consumers continue to discriminate against South African exports of bulk minerals. Provisions could therefore be made in 'Lomé IV' for investment in ACP states in the development of minerals which are currently impeded from South Africa. Although the development of these minerals is not a priority for ACP states, its importance to the EC should not be underestimated for the current high level of dependence on South Africa provides the apartheid regime with a point of leverage in staving off serious economic sanctions. Opportunities range from low volume, high value strategic minerals such as ferrochrome and platinum group metals, to high volume, low value commodities such as coal. Such 'positive restrictive measures' as a progressive reduction of South African imports as alternative sources are developed, offer a developmentally constructive means of isolating the apartheid regime potentially of benefit to all ACP mineral producers (though particularly those who suffer most from South African destabilization - the Front Line States).

A Lomé Food Charter

Food security has a particular strategic significance in Southern Africa. The fulfilment of this basic need has so far been difficult to achieve given the region's variable climate and on-going destructive activities of South Africa's surrogates. At the moment there is a growing trend towards the use of food aid as an instrument of foreign policy. In Southern Africa attempts are underway to use food aid to achieve agricultural policy reforms which are deemed to be an integral part of the structural adjustment process (- reduction of subsidies on consumption, privatization of agricultural marketing, harmonization of agricultural prices at a regional level, etc.). That this most basic humanitarian support should be a tool for political manipulation is a source of concern in the European Parliament. Under 'Lomé IV' therefore consideration should be given to the inclusion of a Food Charter in the Lomé Convention which would provide the groundwork for the utilization of EC food aid. The Charter would be designed to ensure that food aid contributed effectively to national and regional programmes of food security.

'On investment opportunities

The EC has expressed its desire to strengthen support to the private sector under 'Lomé IV'. This is fully consistent with SADCC's current emphasis on 'Investment in Production'.

One major problem that needs to be addressed is securing reliable and growing market outlets. An opportunity for local enterprises in SADCC countries lies in using Lomé's development assistance funding to help finance trade in ACP goods and services. This is particularly the case with regard to Sectoral or General Import Programmes where greater attention needs to be paid to developing intra-SADCC and intra-ACP trade. There is considerable scope for improvements in the transparency, quality and timeliness of information flows in the operation of Lomé procurement and tendering procedures.

Securing a regular supply at foreign exchange to cover essential imported inputs for both export and domestic production is a second major problem. The Community's interventions in this field have been largely limited to export promotion programmes and further development of export revolving funds, regional export credit facilities and cross-border SADCC investment financing. This might be an appropriate area for Community support to productive activities within the region.

Finally, given SADCC's focus on industrial rehabilitation and new investment projects, there is a need to look more carefully at the functions of the European Investment Bank and the Centre for the Development of Industry in this area.

All these elements could be brought together in an effort not only to strengthen ACP-EEC cooperation in the struggle for the

complete eradication of apartheid. but also to assist Southern African states in response to the changing global economic situation, in undertaking regional economic restructuring. based on the well founded coordination work of the SADCC.

X

A uthor Note

Dr. Paul Goodleon is specialized in EC-SADCC relations and has worked on this subject around EC institutions and NGOs for five years.

WALVLS BAY

Q

U

I

s

' . MAPUTO

' MZILAND

r

o

t

t

I

D

I

I

I

a

v

&uu' Zia

f

- 't

South Africa VQ. . Mm vomS

O mRAILWAvs

_ sows

A COMMENT FROM SOUTHERN AFRICA

Sam MOYO

The analysis of Lome's role in Southern Africa made by Paul Goodison in this Lorne Brieting reflects the major points of concern for SADCC countries during the Lorne negotiations. The issues raised are all of great importance to Southern African ACP states.

The following comments aim at elaborating, from a SADCC point of view, some issues on cooperation with Southern Africa in general, and with SADCC in particular that need special attention in the next Lorne Convention. '

1. Necessity to develop the narrow productive base '

The question of the need for economic reconstruction is fundamental to the SADCC countries but has so far not been dealt with sufficiently.

The principal economic problem relates to export led growth policies in the agricultural sector. To be successful, these policies require expansion of the productive base in the rural areas amongst a far greater number of small farmers. in particular those in drought-prone and environmentally marginal areas. However, the application of these export policies by the SADCC and the pattern followed by the Lome Convention have been short term and seem to be more responding to immediate import requirements by the EC rather than to the long term developmental needs of the SADCC.

in the long term. the economic prospects of the SADCC countries do not look very promising. The heart of the problem is the narrow productive base. The number of producers in the region is small and most land resources that are productive are only accessible to large and commercial farmers. Food aid on a regular basis will remain necessary as long as the productive base - infrastructure, production methods adapted to the environment - has not been developed.

There is thus a major need for foreign funds - soft loans and grants - to be invested in productive infrastructure. The negative investment pattern in the communal areas in particular needs to be reversed since most peasants live in these areas. Improvement of infrastructure in these areas. for instance through water development, would contribute to strengthening the productive base.

For the moment. there is a clear concentration of finance and infrastructure on supporting export oriented agricultural activities. However. an improvement of the productive base demands a serious policy In support of those who do not produce for export.

in the medium term, not tackling this investment problem can have serious political implications as it is already clear that an inadequate productive base is a source of political instability and conflict in the region.

2. Reverse growing unemployment

Connected with this problem of the limited productive base is the growing level of unemployment which has become more consciously articulated of late.

For instance, mechanization of agriculture production. especially in the commercial sector, has increased, leading to less fulltime agricultural employment and a greater use of casual labour. Also, the possibilities for higher employment in the industrial sphere are low. Even if the growth rate in this sector would be high, its narrow productive base would not provide a high employment absorption capacity.

in these circumstances, the employment growth rate of 1.5% to 2% per annum cannot absorb the average population growth of 3.5 % per annum.

What is now required, is a quantum growth in the productive spheres. The policy option for achieving this is to concentrate on a broadly based agricultural led demand strategy to widen the scope of production possibilities in the rural areas. This would expand the employment and income base in the region and therefore create higher levels of demand for other agricultural and industrial products.

Such a strategy for economic restructuring is not along the same line as many structural adjustment programmes because these do not address the region's fundamental problem. Their appropriate pricing policies cannot have the expected economic response in production as the productive base is inadequate. Economic reconstruction and investment policies need to be targeted at utilizing the natural production capacity - the whole population having access to productive land -, at decentralizing investment, and at redirecting investment, especially to marginal areas where more efficient life stock production and more irrigation is needed.

3. Reduce SADCC's vulnerability

The region's need for economic reconstruction is closely linked to its defence needs to face South African destabilization policies. It should be stressed that the SADCC countries are more vulnerable to destabilization when the economic conditions of their people are declining.

As a result, still more regional economic programmes are needed to counter the effects of South Africa's aggressive policies. The economic linkages between the different SADCC countries, some of which already existed before their independence, need to be strengthened. In the meantime, the important movements of people in the region - migration, refugees, etc. - have to be given consideration.

On the other hand, each country's economy has to be considered as a whole. Economic growth in Mozambique, for instance, cannot only be achieved through rehabilitation of its regional transportation routes. Economic policies based on this view would not improve Mozambique's productive base and its resistance towards destabilization. Development of energy, tourism, mining, trade in agricultural and processed goods is needed to create the basis for expanding Mozambique's interaction with the region.

4. Developing the indigenous capacities of SADCC as an organization

The dependence of the SADCC organization on foreign technical assistance for formulating programmes, designing projects, etc., is rather high. At the present time, in contrast to the Nordic countries, the EC is not trying to rectify this situation. New efforts and concrete actions are needed to build up the indigenous institutional capacities and expertise of the SADCC organization in order to strengthen its activities towards long term economic self-reliance. Enhancing the technical capabilities of the SADCC institutions to mobilize resources and to cope with the multiplicity of differing situations and problems facing the region has to be further explored.

One means of doing this, is supporting new NGOs and other indigenous organizations that can provide the technical assistance and services needed. A solid local and regional network, as well as a solid NGO base will guarantee a solid support for SADCC initiatives. in '

This strengthening of organizational capacity, for which EC assistance would be welcome, will help SADCC's development more than any promised improved coordination between the donors of the region.

R

Author note

Sam Mayo is Head of Division of the Department of Agricultural and Rural Development at the Zimbabwe Institute of Development Studies. He is Secretary of ZERO, the regional network of energy organizations.

The opinions expressed in this series do not necessarily represent the views of all member organizations of the Liaison Committee but are the responsibility of their respective authors.

It.

Lome III Agreement with the ACP countries. Certainly the ACP-EC meeting in March 1988 left the ACP participants with the feeling that their demands for a ban on military, technical and nuclear exports from the EC to South Africa, restrictions on EC imports of coal, uranium and gold, plus a mandatory ban on investment in South Africa, and restrictions on flights by South African Airways, were not being taken sufficiently seriously. It has the two fold objective of instituting a 'tax' on apartheid paid by the privileged white population, and reducing the pressure on the SADC states and the internal black population. - In the last decades there has been a staggering and increasing amount of anti-apartheid activity by private organisations particularly NGOs, major banks and human rights groups. although in governmental terms only Sweden and the USSR proclaim total boycotts. needed. with clear distinctions between short term and long term goals. and a recognition that foreign policy goals are often multi-dimensional. Rhodesia's experience shows that although in the short term, resistance grew (the argument of those who say 'white South Africans will be pushed further into the laager'). but in the long term such resistance to internal and external pressures was unsustainable. '

economy. The problem here is that such moves, without additional help to South Africa's neighbours, would cripple SADCC. and would be an incentive for sanctions-busting at a time of low oil prices. Such a scenario could prove difficult for gold, even though a comprehensive ban would cripple the South African economy, and Western banks would like to reduce their holdings (gold earns no interest). Gold is in high demand with an easily disguised origin, although demand could certainly be slowed through a significant tax on private ownership. This would lower South Africa's export revenues.

Elna mu (ed) South African Sanctions Directory 1946-1988.

South African Institute for International Affairs. 1988.

_ Martin Holland. 'The Other Side of Sanctions:- Positive Initiatives for Southern Africa' ' 26(2) 1988.

Janice L913 'The Potential Impact of Economic Sanctions Against South Africa' ' 1 26 (1) 1988.

Douglas Anglia in D. - The Utility of International Economic Sanctions. 1987.

Steve Km and Ray Bush 'Reform of Apartheid and Continued Destabilisation' Wm; 24 (2) 1986.

Charles Becker 'Economic Sanctions Against South Africa' W 29 (2) 1987.

CIIR. The Future of Southern Africa. 1988.

T. m. SADCC's International Co-operation. Oxford. 1988.

E' 'E'

1) Should the EC introduce 'targeted sanctions' against South Africa which would aim at South African vulnerabilities and protect the Front Line States against retaliation (as proposed by groups within the European Parliament and the Stamberger

Institute of West Germany)? -

2) Should the EC supply increased support for the Front Line States and SADCC (beyond ordinary Lomé arrangements) in the light of the additional costs of South African aggression?

3) Should the EC provide 'positive sanctions' to replace minerals currently supplied by South Africa?

Steve Kibble. May 1989.