

BMR/005/0034/29

EUROPEAN PARLIAMENT

COMMITTEE ON DEVELOPMENT AND COOPERATION

DRAFT OPINION

for the Political Affairs Committee

on the situation in Southern Africa

Draftsman: Mr Michael McGOWAN

16 July 1990

PE 139.287

O P I N I O N

(pursuant to Rule 120 of the Rules of Procedure)
of the Committee on Development and Cooperation

Draftsman: Mr M. McGOWAN

At its meeting of 1990, the Committee on Development and Cooperation appointed Mr McGOWAN draftsman.

At its meeting of September 1990, the Committee considered the draft opinion. It adopted the conclusions on September 1990

The following took part in the vote:

INTRODUCTION

Though the situation in Southern Africa is changing rapidly at a political level since the liberation of Nelson MANDELA in February 1990, the underlying economic features of the countries which make up Southern Africa and their development needs are barely changing at all. For some of the countries of Southern Africa, most notably Angola and Mozambique, economic and social development have been retarded while the governments have been forced to spend scarce resources on defence measures and equipment. Because of the strong sense of solidarity which exists between the Front Line States all have borne the brunt of the effects of the wars being fought in Angola and Mozambique. The cost of the wars have been shared in different ways. Malawi, for example, has housed and sheltered 650,000 Mozambiquan refugees; Zimbabwe has undertaken along with Tanzania to provide resources for the military protection of the Beira Corridor; Zambia has supported tens of thousands of refugees from Angola and from pre-independence Namibia.

The solidarity which exists between the states of Southern Africa has also manifested itself by the creation of the SADCC - probably the most advanced and effective regional grouping on the African continent. Established in order to better coordinate efforts to reduce dependency on apartheid South Africa, SADCC has proved particularly effective in canalising joint development efforts at sectoral policy levels.

Trade policy and the moves towards the creation of a Southern African economic community have been led, not by SADCC, but by the Preferential Trade Authority of Eastern and Southern Africa. The PTA, based in Lusaka, has under very difficult circumstances begun to make progress in reducing obstacles to trade between the various countries in the region.

In spite of such common efforts, it must not be forgotten that the countries of Southern Africa are nevertheless very different in terms of their economic structures, their social structures, and indeed their political systems. In terms of their gross national product per capita the following comparisons are useful (source: World Bank, 1988).

| | |
|--------------|---------|
| Angola | 532 \$ |
| Botswana | 1050 \$ |
| Lesotho | 410 \$ |
| Malawi | 160 \$ |
| Mozambique | 100 \$ |
| Namibia | 1272 \$ |
| South Africa | 2290 \$ |
| Swaziland | 790 \$ |
| Tanzania | 160 \$ |
| Zambia | 290 \$ |
| Zimbabwe | 660 \$ |

The above figures demonstrate that even if one bears in mind other factors, such as those proposed by the UNDP recently, development priorities vary for each country and needs also vary.

South Africa

For the first time since the countries of Southern Africa obtained their independence from colonial rule, they are able to look forward to a new relationship with South Africa. The fact that South Africa now has a chance of becoming a united, democratic and non-racial country is completely transforming the development perspective of the region as a whole. But although such change is now possible it is by no means assured. Many things could happen which could destroy even the best made plans for the abolition of apartheid. Yet South Africa still holds the key to the region's development: if democratic and non-racial reforms are established irreversibly, harmonious economic cooperation may follow; if negotiations between the South African Government and the ANC collapse for whatever reason and apartheid continues then the region will be forced to pay the price of more years of instability and disruption.

For these reasons it is crucial that economic and political sanctions against South Africa be maintained. Clearly the international opprobrium for the White South African Government linked to the struggle within South Africa for one man one vote has moved the South African Government in a direction which may otherwise have taken much longer. Sanctions must also be maintained because they provide President De Klerk with the means to argue against the extremist wing of his own party and against the extreme right (ABF) that there is a bonus attached to a peaceful resolution to the problem. Nobody apart from the extreme right has an interest in a violent solution to the problem. Having said that the scenario of prolonged violence and even a possible coup d'etat against President De Klerk cannot be excluded. Already the South African authorities themselves and the ANC have confirmed the existence of extreme right death squads. The Minister of Justice, Mr Kobie COETSEE announced the appointment of a judicial inquiry into "hit squads" at the end of January 1990.

The situation in the province of Natal is a cause of much concern where for more than four and a half years violent skirmishes and killings have occurred as a result of opposition between the Zulu Inkhatha Movement and the ANC. In the Kwazulu tribal homeland, many groups have been armed directly or indirectly by the South African authorities in order to attack ANC targets. Acts of retaliation inevitably followed and Chief Buthelezi has done nothing to calm the Zulu people who he leads. While such fighting continues, it not only provides a reason for the South African Government to maintain a state of emergency in the region, it also promotes a negative image abroad of "blacks fighting blacks". This undermines the ANC negotiating position in spite of the fact that all the other South African homelands have pledged their support to the ANC and its allies. Nelson Mandela and other ANC leaders such as Walter Sisulu have made great efforts to bring about an end to the fighting in Natal and President De Klerk has declared that no arms are being provided officially to the violent groups in Natal.

The South African Government has itself admitted that sanctions work in spite of the fact that trade with European countries has continued. In 1989, according to the IMF Directory of Trade Statistics, South African exports to the larger EC Member States were as follows (in millions US \$): France - 755, Italy - 2621, Spain - 439, UK - 1465, West Germany - 1553. At the same time exports to South Africa from these countries have increased.

Foreign investment in South Africa from Europe and particularly from the United States has been considerably reduced and many companies have withdrawn from South Africa. Even though the UK has lifted the ban on direct investment in South Africa, the recent Dublin Summit confirmed the Community policy of maintaining sanctions. The Council did agree to "consider a gradual relaxation of the pressure when there is clear evidence that the process of change already initiated continues".

The Financial Times has pointed out that capital sanctions imposed by bankers, not politicians, are by common consent the ones that have caused South Africa the most pain. The effect of net capital outflows from South Africa has been considerable and equivalent to what would have been experienced had the gold price been 200 \$ an ounce instead of 400 \$ over the past five years. Consumer boycotts have also been an important political element in the sanctions campaign. Oil and arms embargos forced the South African Government into extremely costly self-sufficiency programmes which it would of course have rather done without. The refusal of the US banks to reschedule RSA debt in 1985 led to increased pressure on the apartheid government to initiate reforms.

However, it is important to bear in mind that South Africa has developed significant economic relations with many countries on the African continent itself. 32% of its manufactured goods are exported within Africa. 12% of South African foreign investment is made in Africa (1 billion US dollars in 1988). Two-thirds of South African exports to the African continent go to Malawi and the Front Line States. Zimbabwe sells 60% of its manufactured products to South Africa. South Africa has managed to maintain such commercial links by building large storage areas in four African countries (Zaire, Cote d'Ivoire, Togo and Rwanda) from where goods are resold.

This indicates that although a post-apartheid democratic South Africa will have urgent internal development needs of its own, particularly if it is to reduce the enormous wealth disparity between the white population and the rest of the country, - to improve education, health, housing, rural development and communications particularly in the neglected non-white areas - it will nevertheless have a significant contribution to make to the development of the Southern Africa region as a whole. Interestingly, following the independence of Zimbabwe and the consequent removal of sanctions from the ex-Southern Rhodesia, the newly independent state managed an 8 per cent growth rate in its first year - and that at a time when the world economy was in a more deprived state than is the case today. Nelson Mandela and the African National Congress have spoke of the need to create a Southern African Economic Community; similar ideas emerged from the recent SADCC Conference.

For the time being the international donor community must continue to provide humanitarian aid and assistance to the victims of apartheid in South Africa. In 1990 the European Community provided 30 million ECU and in 1991 this figure is likely to be doubled at least. As Nelson Mandela mentioned in his speech before the European Parliament in Strasbourg, this has made a considerable contribution to alleviating difficulties experienced particularly in the black townships where education and health centres have been supported.

Now the European Community must be prepared to extend its aid in order to assist with democratisation process in South Africa. It should also involve itself directly or via the United Nations High Commission for Refugees with the organisation for the return and resettlement of the tens of thousands of

South Africans who were forced into exile by the apartheid system. The UNHCR will need to be able to work within South Africa as well. Currently, as a result of apartheid they are not able to do so. When a general amnesty is granted urgent action will be required. The European Parliament must ensure that resources are made available in the 1991 Budget for this.

Southern African economy

The development of the Southern African economy and its accompanying social development is strongly conditioned by what happens inside South Africa. But each and every state of Southern Africa has a sovereign responsibility to decide on its own development priorities. In taking such decisions the governments of the states of Southern Africa have not in general been able to plan their country's future as the weight of international economic factors has so frequently made them deviate from their original course. Their decision taking has therefore inevitably and generally been short-term, responding to dramatic changes in world prices for minerals and raw materials and not to theories of sound economic management. As elsewhere, costly investment projects in mining or mineral extraction still had to be paid for even though receipts from the exports of such materials slumped - thus aggravating the problems of indebtedness. This is not to say that economic management and administration cannot be improved considerably in the countries of Southern Africa - on the contrary, improvement in management and administration is a sine qua non of their future development. But the degree to which this is possible depends very much on outside assistance particularly in higher education and technical training.

In the last five years there has been an evolution throughout Southern Africa in terms of general economic policy making. Those countries, such as Tanzania who for many years operated a highly centralised economy, have privatised much of the parastatal sector in order to increase efficiency. They have also willingly or unwillingly gradually conformed to the strictures of the multilateral financial institutions by diminishing the number of civil servants, devaluing currencies and trimming budgetary expenditure in general. The role of the private sector has been expanded and producer prices for agricultural products have been raised. In return such countries who followed these policy patterns were able to draw on new money from the World Bank and the IMF.

Too frequently the first casualties of such policies have been the mass of the population who have suffered cuts in the health and education field. Many donors including the European Community have attempted to bridge this gap in resources by granting funds to allow governments to pursue their educational and health programmes. Where the remedy has been seen as being worse than the disease, the EC has tried to step in with "a human face" and save essential services. But its resources in spite of the Lome Convention, have been inadequate given the needs of the population.

Countries such as Malawi and to a certain extent Swaziland have traditionally been more "free enterprise" than many of their neighbours. Malawi's agriculturally based economy provides 95% of its export earnings. However the economic base of the country responsible for its foreign earnings is extremely restricted depending almost entirely on large estate-grown cash crops in the hands of relatively few wealthy estate owners. The large mass of the population are peasant farmers who have an increasing difficulty (partly

as a result of floods followed by drought) in producing enough to survive. The 650,000 Mozambiquan refugees who occupy large parts of the southern part of the country have made the situation more acute in spite of massive inputs of food-aid. Malawi remains one of the world's poorest countries and the scarcity of land for the poor people in the midlands and the south, linked to the large number of refugees, makes poverty even more acute.

Swaziland, which is a member of the South African Customs Union and whose currency is tied to the rand, has an economy which is based on private enterprise. 83% of the country's imports comes from South Africa and 37% of its exports go to South Africa. Its economy is agriculturally based with over half the land being leasehold where most of the population live. Freehold land of individual tenure farms provide 75% of the country's exports. Sugar is particularly important in this context and the Lome Convention provides valuable support for private sugar exporters. General standards of living are relatively high throughout the country and health and education programmes operate better than in many other countries of the region.

The major economic power in the region apart from South Africa would appear to be Botswana, although Namibia already has a higher per capita GNP. Both of these countries rely heavily on mining and mineral resources, including diamonds, for their income. In both cases the mining which is carried out is done so by foreign conglomerates - most of the profits find their way out of the country to South Africa, the United States, the U.K. and Germany. Unlike Namibia, Botswana is able to earn foreign currency from its livestock industry, with the European Community securing much of this trade. The environmental impact of intensive livestock management particularly by the large cattle ranches has been severe and communal grazing land has also suffered the effects of drought and over-grazing. Coming to terms with this is clearly a development priority. Botswana has also tried to diversify its economy but agricultural development outside of the livestock sector has been difficult as local maize producers find their prices undercut by cheaper South African imports of maize. One of the consequences of this has been increased urbanisation. Botswana is one of the few countries in Southern Africa (and outside) to have an effective early warning system and storage programme in the event of possible drought. In 1984 two-thirds of the population were receiving supplementary food-aid.

Zimbabwe, having gained independence as a result of a long guerilla war a decade ago, has benefitted from a well developed transport infrastructure and reasonably productive agricultural sector. Economic growth in the early years of independence was only checked by the severe drought and a recession in metal and mineral prices. The economy has also had to bear the cost of high defence spending as a result of the war in Mozambique and a threat to Zimbabwe's own frontiers by RENAMO guerillas. Unemployment has become a serious problem in recent years as, in spite of the government's policy on land distribution (land is sold on a willing-buyer, willing-seller basis, and none has been expropriated from the old landowners) people are still moving to the towns. Though the government maintains a strong commitment to the service sector, it has been able to develop private industry alongside heavier state involvement.

The war situation which both Angola and Mozambique have experienced since independence has, in parts of both countries, seriously limited food production and most other types of income generating activity. The plight of war affected people - those displaced by the war or those who have experienced

direct suffering is acute. In a draft report prepared by the Government of Mozambique and the U.N., the priority requirements for the 1990-91 period are detailed for 4 million war affected people. Particular attention is sought for the 1.4 million internally displaced Mozambicans and 154.000 returnees to the country.¹

The Emergency appeal for 1990/91 emphasises direct humanitarian assistance such as emergency health care, supplementary feeding programmes for children, seed and tool acquisition and distribution, improvement of water supplies and sanitation and other emergency rehabilitation activities. This programme must obtain Community funding; the previous appeal 1989/90 provided no pledges for institutional support to the WFP and the UNHCR with severe consequences for the poorest and most deprived populations.

1990/91 Emergency Requirements . Mozambique

Summary Financial Table

| <u>Sector</u> | <u>US Dollars</u> |
|---------------------------------------|-------------------|
| Food Aid | 56.900.000 |
| Logistics | 34.000.000 |
| Relief and Survival Items | 14.381.250 |
| Agriculture | 8.120.730 |
| Health | 10.401.500 |
| Drinking Water | 910.200 |
| Primary Education | 1.207.346 |
| Programme of Assistance for Returnees | 6.600.000 |
| Institutional Support | 3.278.000 |
| | ----- |
| Total | 135.799.026 US \$ |

The World Bank has sponsored an Economic and Social Rehabilitation Programme in Mozambique which has been operational since the beginning of this year. Consisting largely of infrastructure projects, it aims to complement the government's macro-economic reforms.

Mozambique's economic problems have their roots in the colonial exploitation of the nation's resources. Mozambique subsidised both Portugal and South Africa with cheap coal, sugar and sisal as well as other tropical products. Independence led to a massive exodus of qualified individuals, capital flight and immediate economic collapse. Collectivisation and socialisation of the means of production were started, though since 1980 liberalisation has gradually spread. But, the war with RENAMO has burnt the countries meagre resources (42% of the budget in 1986) and production of all major crops is below levels achieved in 1975. The country has already reached its limit for disasters both from war and from natural calamities including drought and floods. There are hopes for an end to guerilla activity as the government and RENAMO, move towards peace talks. In June 1990, talks

¹See details of the situation as regards refugees and displaced persons in the Report of the Mission of Enquiry on Refugees and Displaced Persons in Southern Africa of the ACP-EEC Joint Assembly, (Malawi, Zambia, Zimbabwe, Mozambique and Angola, April 29 - May 12 1989) (AP/10 of 24 July 1989)

scheduled to take place in Malawi between RENAMO and the Government were postponed. They eventually began in Rome in mid-July 1990. Meanwhile RENAMO groups continue to attack aid convoys and health centres within Mozambique.

The economic situation in Angola resembles that of Mozambique to some extent, except that the war with UNITA has, if anything, cost the country dearer; up to 60 per cent of budget expenditure has been on defence. Only the off-shore oil industry has managed to maintain production; 65 per cent of its output is exported to the U.S. Petroleum constitutes a third of Angolan GNP and 90 per cent of its export income.

The potential wealth of the country far exceeds that of Mozambique however as Angola has important mineral deposits currently under exploited due to military instability in the south of the country. Copper, manganese, diamonds and phosphates are all to be found in considerable quantities.

Yet, the country is very poor in human resources and skills. When the Cubans began to withdraw they took with them not only military supplies but also medical equipment, doctors and qualified nurses. Large sectors of the country are now virtually without any health service, qualified doctors or medicines. Once again large scale humanitarian assistance is urgently required to help the 1.6 million internally displaced persons and local population affected by war. Huila Province in the south of the country, houses many of these displaced persons, yet few have access to even primary health care facilities; agricultural tools and seeds are also needed before the rainy season begins.

Angola has undertaken many economic and political reforms, has attempted to reform its administrative structures, and has applied for the IMF membership. The EC is assisting with a 35 mECU sectoral import programme but doing relatively little as far as humanitarian aid is concerned. This is something which must be remedied.

Regional coordination

Cooperation amongst the countries of Southern Africa is more advanced than in other parts of the continent. Their mutual opposition to apartheid has provided them with a common cause: they have all suffered both economically and in human terms as a result of the deliberate policy of the South African Government.

In a study published by the UN Economic Commission for Africa, destabilisation was determined to be the main cause of the region's economic setbacks. Increased support was requested from the international donor community for rehabilitation programmes, technical assistance, clothing and shelter and other primary needs of the people of the Front-Line States.

The Fourth Lome Convention contains a strengthened section on regional cooperation with more resources which may be used by the countries of the region, via SADCC, to improve industrial and agricultural production and extend communications and transport infrastructures. The last SADCC conference, early in 1990, emphasised the main themes of Enterprise, Skills and Productivity; it recognised also the need to better coordinate national macro-economic programmes and policies. A catalogue of good intentions is proposed.

Until now regional coordination has been confined to different sectors of activity by the SADCC countries, with the SADCC secretariat providing the main organisational support in spite of its very small staff. SADCC has been mandated by its Member States for negotiating purposes with the European Commission.

Conscious of the need to improve commercial relations the SADCC countries have attempted to take on board the trade sector, conferring the task to the Tanzanian Government. However, the existence of the Preferential Trade Authority (PTA) which covers Southern and Eastern Africa has led to complications and a duplication of effort. Given the advances made by the PTA it would seem appropriate to leave commercial matters with them for the time being particularly as they have succeeded in establishing a common list of goods eligible for tariff-free movement, a clearing house based in Zimbabwe to facilitate exchange and a number of other facilities assisting trade relations.

Neither of these organisations as they now stand would be able to assume the responsibilities which will be required in the context of a future Southern African Economic Community (SAEC) - which the ANC amongst others envisages. SADCC has begun to reflect upon the implications of the development of an SAEC but no conclusions have yet been drawn. What is significant however is that for the first time Southern African States are seriously envisaging a future without apartheid, and therefore with a more cooperative and constructive southern neighbour. That, of course, changes everything.

In development terms, and for the foreseeable future SADCC will be able to continue to coordinate various infrastructure projects financed by the international community. What is not so clear is how to improve the efficiency of much of the humanitarian aid which is channeled to the region in order to assist the poorest sectors of the population. Regional cooperation could be strengthened in this context even though organisations do exist to facilitate food-aid operations. The World Food Programme has an area coordinator based in Zimbabwe; the UNHCR also has a Southern Africa regional coordinator.

The European Community, which has delegations in each Southern African State including Namibia, has yet to establish a coordinating office. In addition, given the responsibilities and the work pressure on the members of staff of the different delegations, (the majority of whom are technicians, engineers or administrative officials) insufficient attention is paid to humanitarian aid. Much could be gained, and humanitarian resource allocations better spent if each delegation in the region had an officer with specific responsibilities in this field.

Conclusion

The European Community and its Member States are the main international donors in Southern Africa. The European Parliament has consistently given considerable priority during the budget discussions to those lines which provide resources for aid to Southern Africa - indeed it was the Parliament which created these budget lines (Lines 9530 and 9531, now Lines 7.5070 and

7.5071). NGOs also make major contributions both to relief and development efforts in the region.

Particular efforts will be needed now, to support moves towards democratisation in the region in addition to continued support for humanitarian and infrastructure projects. Political pressure must be maintained to encourage the peace efforts in Angola and Mozambique.

The complementarity which exists between the countries of Southern Africa and their close political relationship founded on the struggle against apartheid must be maintained and enhanced in order that economic cooperation may be promoted more fully. The independence of Namibia has shown that political change even within South Africa is possible, based on democratic principles. The European Community must endeavour through the maintenance of sanctions against South Africa until irreversible changes occur, and by increased development and cooperation to actively promote peace and reconciliation in the region.

Recommendations

1. Resources for humanitarian relief operations should be increased, and emergency aid provided, for the countries of Southern Africa; assistance should also be provided to government structures which are often understaffed and ill-suited to deal with relief efforts and coordination.
2. The European Community should accelerate the commitment of resources provided under Lome IV for refugees and displaced persons.
3. Particular priorities should be established to help children who are the casualties of war and who need special care and attention either provided by government sponsored institutions or by family groups and voluntary associations.
4. Longer term development efforts which are geared to an end to the conflict situation should be envisaged in order to regenerate the region's productive capacity, making it less dependent on raw material production.
5. More attention should be given to the region's food security in conjunction with SADCC; in particular more use must be made of triangular food aid operations, food storage programmes, the provision of tools and equipment, and early warning systems to help forecast drought etc.
6. Continued support must be given to the development of the transport and communications networks in Southern Africa by the provision of materials and equipment, including rolling stock for railways. While extending the Nacala, Tazara, Lobito and Beira projects consideration must be given to their complementarity with the South African transport system given its potential usefulness in an apartheid-free democratic South Africa.
7. Sectoral import programmes, part financed by the European Community, which provide valuable spare parts and equipment for industry and transport should be continued and expanded.

8. Training programmes both in technical and management subjects continue to merit Community support; additional efforts need to be made in the educational sector at primary and secondary levels where NGO programmes can be co-financed by the Community.
9. Commercial and trade cooperation must be more substantially encouraged by the Community, notably by the provision of resources to assist the operations of the PTA Clearing House, in order to enable countries of Southern Africa to trade more amongst themselves.
10. Governments of Southern Africa should facilitate the granting of visas to NGO officials who often have difficulty in gaining recognition by the authorities and thus find coordination more difficult when operating within a given region where cross-border operations are sometimes necessary.
11. More stringent efforts should be made by the political authorities in the Community to stop all private arms supplies to RENAMO and UNITA rebels.
12. The European Community should provide financial resources to encourage the development of democratic institutions in South Africa and enter into discussions with the ANC and other political parties which have now been legalised in order to see how such resources might best be spent.