

**ECONOMIC REGIONALISM IN A WAR ZONE: SADCC's  
Struggle for Economic Liberation Enters Its Sixth Year**

We have built an organisation from our own realities and experience and not from patterns imported from abroad.

President Samora Machel,  
SADCC Summit, Gaborone, 1984

It would appear that over the past 20 years or so, economic co-operation could have moved faster, with fewer failures if those responsible for organising co-operation were not always led by traditional models [which] did not always take into account regional and subregional realities.

Governor Philip Ndegwa, Central  
Bank of Kenya, Journal of  
Development Planning, 1985

The present study is... to consider the kinds of leverage that regional economic interaction offers South Africa... to examine ways in which the Republic could use its economic relationships in Southern Africa for non-economic purposes...

Professor Deon Geldenhuys  
Consultancy Paper for South African  
Government, 1981

SADCC has repeatedly called on the international community to use its influence to deter and halt South African aggression and destabilisation against its neighbours... calls for effective international action against apartheid... several states individually or collectively have instituted limited economic sanctions against South Africa. SADCC member States encourage these initiatives and urge that more effective measures be implemented.

SADCC, Overview volume  
Harare Annual Conference, 1986

This [provision of military support to UNITA] now places the United States clearly in league with South Africa in aggressing and fomenting instability in this region.

SADCC Conference Chairman,  
Vice President Peter Mmusi of  
Botswana, Harare, 1986

SADCC: A Lutta Continua

SADCC - formally born at the Lusaka Summit of April 1980 - was conceived in decisions of the Front line States over February-July 1979 culminating in the Arusha meeting of their senior economic ministers followed by a meeting with

invited national and international development agencies.<sup>1</sup> Therefore with its 1985 Summit and 1986 Harare Annual Conference it entered into its second half decade of full fledged existence.

Over that period SADCC has grown from a dream of co-ordinated economic liberation to a functioning organisation with over 500 priority projects within over a dozen sectoral programmes involving resource targets of over \$5,500 million of which roughly \$1,400 million is committed (and perhaps half as much already spent) and \$1,400 million more under negotiation by the end of 1985. It has had an impact and acquired a profile greater than that of any other African regional economic grouping and played a prominent role in preparations for the 1985 OAU Economic Summit<sup>3</sup> and the 1986 UN Special Session on Africa

Further, SADCC has become a prominent political economic as well as technico economic actor in Southern Africa. From 1981 it has denounced South African destabilisation and aggression as an economic threat to its members and as a set of actions demanding effective international action to counter them.<sup>4</sup> In 1985 its Arusha Summit and in 1986 its Harare Consultative Conference issued calls for sanctions and in 1986 the Harare Conference Chairman issued the first major denunciation of the Reagan Administration's hosting of and restoration of military aid to Jonas Savimbi and his South African sponsored and controlled UNITA as an act of destabilisation and aggression in league with South Africa.<sup>5</sup> This despite the fact that the USA was - and is - one of the SADCC food security and agricultural research sectors' largest financial supporters.

Finally, SADCC has resisted the calls for laissez faire as a route to African economic development.<sup>6</sup> It has insisted that dependence and fragmentation were built in Southern Africa by consistent, sustained state intervention in the economies and economic processes and that economic liberation and equitable regional coordination can only be built by equally consistent and sustained intervention by the governments of its member States. Partly for this reason it doubts the centrality of trade promotion - especially via the common market route - and stresses the importance of coordinating production expansion in transport and communication, energy, knowledge, personnel and manufacturing.<sup>7</sup>

This is a record which compels attention in several respects. Two of the most

important are: SADCC as a distinctly non-traditional and African designed political economic co-ordination process and SADCC as an actor in the struggle for between South Africa's total strategy enforced regional hegemony to increase the safety and profitability of apartheid by regional economic leverage backed by armed force and Southern and South Africans struggle for liberation. The latter is particularly topical in 1986 as both the oppressiveness and aggressiveness of the Pretoria Regime and the buildup of forces favouring at least some serious economic sanctions against it are growing rapidly.

#### An Alternative Approach: To Regional Co-ordination

The SADCC model is distinctly different from the standard common market one in several respects. Its theoretical base is partly a highly adapted economies of scale in expansion of production including production of knowledge model<sup>8</sup> and partly an eclectic pragmatism based on the principle of state perception of common interests believed to be pursued more effectively in common than separately<sup>9</sup>. The focus is on production with trade seen as consequential and instrumental not as a goal in itself.

The SADCC model is straightforwardly interventionist. The Lusaka Declaration<sup>10</sup> quite bluntly outlines how economic dependency on, and political domination by, South Africa was constructed by intervention not free market forces and equally bluntly says that economic liberation must be attained in the same way. When at the Blantyre Annual Conference USAID read a lecture on freeing the market and unleashing private enterprise, the Chairman firmly reiterated that the choice of instruments was for SADCC's member States to decide, not for its cooperating partners (SADCC 1981; Conference Report 1982 - USAID and Chairman's Closing Statements). The combination of a production oriented and an interventionist model have made SADCC very much committed to concrete action.<sup>11</sup>

The institutional model is just as different from the traditional one. The central Secretariat is small (indeed until the end of 1982 it was a responsibility of a member State - Botswana - not a separate institution. It has key diplomatic, conference organisational, internal coordination and publication, and - when so directed - study production duties, but is clearly the creature not the master of the member States. Its proposals can be - and

frequently are - rejected, replaced by state presented substitutes or significantly modified. A weak central secretariat and a commitment to action are apparently contradictory. The SADCC resolution of this apparent dilemma is to:

1. allocate sectoral (e.g energy, food security, agricultural research, transport and communications) coordination to specialist units supervised and run by designated member states and expanding (in one case - transport and communications - to a fully fledged commission) as agreed programmes are put into practice so that programme unit professionals number about 100 in contrast with 5 in the central secretariat.
2. devolve project implementation responsibility on the state(s) in which it is located.

Both of these approaches are in line with SADCC's determination to see that member States are fully involved in all stages from concept through proposal through planning and mobilisation to implementation and review. While accepting that this may be cumbersome or slow, SADCC<sup>12</sup> sees it as essential if decisions are to be perceived as related to real subsequent action, to have member State commitment and understanding behind them and to be acted upon.

Whether the distribution problem has been faced in a novel way or side-stepped for later action is less than clear. SADCC<sup>13</sup> is explicitly committed to "equitable" regional integration. To date this has been achieved partly by having a mix of programmes and projects in each sector seen by all interested member States as benefitting them, partly by rigorous economy on overhead budgets and partly by raising a very substantial proportion of sectoral as well as project costs externally. Some States are not very interested in certain sectors. SADCC does not require projects or even programmes to be of interest to all members and even at sectoral level serious interest of 6 of the 9 members is seen as adequate even though 9 would be preferable. The programme and project mix can be maintained; the minimal present cost will grow (e.g. as increasing numbers of sectoral unit staff are both citizens and SADCC paid); the heavy external personnel and sectoral unit financial support are fairly clearly transitional and, indeed, phasing them down is SADCC policy since the 1986 Harare Council of Ministers meeting.

SADCC has avoided the Christmas Tree approach of an elaborate Treaty with a central common market trunk with other sectoral goals hung around it like decorative balls or tinsel. Sectors have been rejected. Indeed one may suspect that one or two of the present ones would either not have been approved or would have been located elsewhere except for the initial determination to see that each member State had a sector of real interest to itself to coordinate to ensure its full involvement. Probably up to half of proposed projects do not reach agreed regional priority lists and after the initial surge new projects and programmes are relatively few and usually very carefully studied. This degree of prioritisation is surprising as a common interest approach lacks the self defined core of the traditional common market one. The answer appears to be that SADCC has rigorously tested proposals against three principles:

1. would they reduce dependence - especially on South Africa?
2. would they meet a critical regional developmental need not equally well pursued nationally?
3. did they represent areas of perceived common interest - on ways and means as well as goals - among SADCC member States?

For example the long delay in setting up a Trade Sector programme relates to agreement on a common interest in principle but linked with moderately serious disagreement on ways and means. It is fairly typical of SADCC, however, that it has kept trying to resolve these (with a series of in-house, regional team and consultancy studies as inputs into official and ministerial dialogue). If - as seems likely - agreement is reached in 1986-87, then implementation will be able to proceed because there will be a real common agreement on what is to be done, not a papered over chasm.

Whatever else can be said of SADCC's model, it is original and indigenous to the region. One might almost say it springs jointly from perceptions of present overriding needs and from views on the nature of the failure (or inequity) of past integration schemes. SADCC had neither a fairy godmother nor a sinister godfather. Two candidates have been floated - the USSR and the EEC. Both are clearly risible; the USSR has never taken a serious interest in SADCC and a model less similar to the EEC's would be hard to imagine. If any

"outside" agency or agencies were to be cited they should be the Government of Botswana and the Front Line States but both of these are part and parcel of the SADCC region. SADCC has used expatriates but it is notable that all working on key policy and strategy issues have been individually selected by SADCC and were responsible solely to it. It is viewed by its member States as very much their creation in which they take pride of authorship and responsibility for maintenance and development.

#### The Concrete Bond

SADCC sectoral programmes now number 13 with over 500 projects for which as of February 1986 about \$1,400 million had been negotiated (and in substantial part spent) and \$1,400 more was under negotiation (up from \$1,150 and \$1,100 million at the end of July 1985) out of a total cost of the order of \$5,500-6,000 million. In many sectors detailed programmes (including coordination of traffic flows and regulations and direct interaction among enterprises including railroads, ports, airlines, post offices and power corporations) beyond projects were also substantial. Over 1985 SADCC conducted a series of reviews and established criteria for linked 5 year sectoral perspective plans<sup>14</sup> as well as producing a regional Macro-Economic Survey.<sup>15</sup> Taken together this record appears to demonstrate a substantial and growing volume of action, an evolution of coordination toward longer time frames and more sectoral interaction and an intensive - and fairly open - self evaluation exercise.

The results managerially and procedurally include:

1. intense state involvement in planning, programming and implementation; with
2. uneven progress by sector depending in part on the energy and capacity of the coordinating state and its unit;
3. a distinct overburdening of technical units and the Secretariat with meeting demands related to concrete action to which are now added those of formulaating five year coordinated sectoral plans;
4. a real sense of common purpose backed by substantial numbers of personal

contacts (from officials through Heads of State at least 1,000 people have participated in operational SADCC meetings); but

5. also a concern that, while progress is being won, greater speed and efficiency is required given the tasks confronting SADCC in meeting the goals set for it and the burdens laid upon it by its member States.

Communications among productive enterprises have been weak. This may reflect SADCC's preoccupation with other requirements which clearly had to be carried out by governments or a belief that the coordination frame it is creating will create a climate of opinion (including member State opinion in respect to the enterprises they own) which will result in increased enterprise links. However, - with the partial exception of Zimbabwe and Malawi - domestic manufacturing and external trading enterprises (public or private) are not now oriented to seeking regional sources or markets - let alone regional technology or management partners. Thus - ironically - SADCC's attitude to enterprise level coordination and regional economic link building at that level may to date be too laissez faire.

#### SADCC And External Finance: Managing The Transfer Process

SADCC has always seen external cooperation (its standard terminology avoids the use of the terms donor and aid) as important both for securing understanding and support and for mobilising finance. This is typified by the designation of the Annual Conference with co-operating partners in the Lusaka Declaration.<sup>16</sup> In itself that may not be particularly unusual. However its management of the process is virtually unique.

The Annual Conference is distinctive both as to format and as to style. To treat the format first:

1. the Conference is organised and invitations issued wholly by SADCC;
2. all documentation (and it is recognised by the external partners as of high quality) is prepared by the SADCC coordinating units and secretariat;
3. the main opening and closing session speakers are chosen by SADCC;

4. substantial time is provided for dialogue on sectors going well beyond "pledging" and involving two way exchanges of ideas and criticisms as well as some discussion on development themes broader than SADCC. For example, the Nordic states have instituted the tradition of a Nordic paper each year on some broad theme they consider relevant, e.g. Agricultural Policy (especially price policy) in 1984 and Employment in 1986.
5. the Conference Communique (approved by all participating governments and international organisations) is drafted by the Conference Chairman (SADCC's Ministerial Level Chairman who has throughout been the Vice President of Botswana) not by a committee of 'donors' and 'recipients'.

This format does affect the tone of the conference which, unlike the typical donor group, is on an agenda SADCC chooses and also presents on its own terms with the cooperating partners responding. Over time the Conference - despite the obligatory time for the invited delegations to speak - has become less and less a pledging circus and more a forum for reflecting on, reaffirming and exploring next steps in cooperation.

SADCC has also chosen to develop a distinctive style of presentation to the Conferences:

1. extensive sectoral documentation on overall sectoral goals, programmes and results (including old project status) as well as new or represented projects for finance;
2. an Overview which (together with the Chairman's initial Statement) highlights key issues beyond sectors and projects as SADCC sees them;
3. a businesslike tone concentrating on making concrete progress with very little rhetoric and a good deal both of frankness and of friendliness;
4. combined with toughness on perceived threats - e.g. discriminatory aid which excluded certain named states and more persistently South African aggression and economic destabilisation.



The last point is illustrative. SADCC has achieved an image of competent economic action orientation. Therefore, it has been able to make itself heard when it says that as an economic organisation it cannot overlook economic destabilisation, sabotage and aggression which undermine its member States' economies and (literally) destroy key projects and that its cooperating partners have a duty to cooperate on this problem as well as that of finance.<sup>17</sup> When the topic of South African economic aggression was first raised at the Blantyre SADCC it was controversial and three states and one international organisation sought to have it deleted from the Communique. It is now an accepted Overview, Conference and Communique topic even if one which still makes certain governments somewhat uneasy.

Substantively SADCC has managed (in both senses) several innovations in resource flows:

1. in 1980 when renovation and rehabilitation funding was rarely acceptable (as opposed to being fashionable as it has since become) SADCC carefully packaged regional transport rehabilitation programmes as standard projects and won acceptance of many of them (so much so it was later criticised for not stressing rehabilitation!);
2. in the Lusaka Declaration<sup>18</sup>, the priority of drought resistant crop research oriented to poor peasants was laid down and negotiated tenaciously for five years until it came into operation (again the fashionability of the field rose but partly because of SADCC's posing it);
3. food security was developed into an articulated, programmed area which attracted funds inter alia leading to the first national/regional coordinated early warning system in Africa coming into operation over 1986/87. Interestingly, food security was in fact not on SADCC's priority list prior to the 1979 Arusha exploratory conference with cooperating partners to be. It was suggested by them and accepted by SADCC, subject to being able to design plausible regional projects (on which the suggestors had few concrete ideas). The ready acceptance lends credence to SADCC's genuine willingness to listen and the articulation (begun by the 1980 Maputo Conference and fairly fully done a year later) to its innovative capacity.

As noted, finance mobilised or under negotiation as of February 1986 was of the order of \$2,800 million. Even accepting that by no means all was additional, the 80% of that amount which is foreign demonstrates that SADCC has come to be viewed as a viable channel for routing support with a project/programme list of above average quality.

Clearly SADCC has not managed (in either sense) to end the influence of funding agencies on projects and programmes: what they do not fund is unlikely to be done. On the other hand the mobilisation process has been so managed as to win several significant gains<sup>19</sup>:

1. choice by funders is from a regionally agreed SADCC list (offers of projects not on the list are unwelcome and, in practice, not made);
2. SADCC states have held together on their priorities and not allowed donors to manipulate them to change project or (with one or two borderline exceptions) their locations;
3. the attempt to discriminate by excluding states from benefits accruing to funding a major project was so managed that the would-be funder - USAID - restated its conditions in terms of what it would support, additional funding was secured and both the project and regional unity survived;<sup>20</sup>
4. SADCC has evolved means to focus funding on key sub-sectoral project groups, e.g. the 1983 Dar Harbour, 1985 Tazara and 1986 Beira Port and Port Corridor Conferences (serviced by the Southern African Transport and Communications Commission) have broken bottlenecks caused by funding gaps that did threaten cohesiveness of programme implementation.

In 1986 SADCC entered into two new agreements. The one, a "Memorandum of Understanding On Programming of Lome III Regional Funds"<sup>21</sup> was the first case in which the EEC agreed a set of principles, guidelines and allocation patterns for the use of Lome Convention Regional Funds with an ACP Regional Organisation. The second, a "Joint Declaration On Expanded Economic And Cultural Cooperation Between The Nordic Countries And the SADCC Member States" (together with a "Memorandum" on ways toward programme development)<sup>22</sup> set out to lay the foundation for region to region cooperation beyond aid including

agreed development and South-North economic relations principles and on trade (including SADCC exports to the Nordic region) and investment.

In fact external resource mobilisation management has become more important and more distinctive than SADCC's founders anticipated or wished:

1. SADCC initially underestimated the scale of the agreed regional programmes (and thus the funding needed);
2. and - like most other forecasters - did not expect the 1980 world recession to endure through 1983 and be followed by so weak a recovery; nor
3. the explosive rise of South African aggression which over 1980-84 cost SADCC states on the order of at least \$10,000 million<sup>23</sup> and probably about 13,000 for that period and nearly \$25,000 million over 1975-85 with the 1986 bill likely to be of the order of \$5,000 million.<sup>24</sup>

As the second and third points reduced domestic resources available, the only way SADCC could advance was to raise more foreign. In fact as a new vehicle, with a respectable set of proposals largely for major, import intensive projects (the type usually suitable for regional rather than national prioritisation) SADCC proved very effective at this - which doubtless increased member State commitment to and enthusiasm for its priority coordination process.

One problem as of 1986 is arguably a result of success at external fund raising - an 80% or more ratio of external funding to total funding is too high. Managing resource mobilisation with such a high proportion of external funds is always difficult and even more so when a main goal is to keep overall control of the process in African state hands.

SADCC's main channels of relations with external financial sources are not well adapted to raising funds from or for enterprises. Exploration of fora more suited to that role has begun in the industrial sector - with an initial conference including TNCs on the external side and domestic companies within SADCC member State delegations held in Harare in 1984 and another scheduled for Lusaka in 1986/87 - and are envisaged in the Nordic Agreement. Much of

the transport funding is for national corporations (bi-national in the Tazara railway case) serving more than one state as is some in respect to the electricity subsector but this is within the old coordinated public utility ambit of earlier African cooperation groupings and standard government to government lending for infrastructural corporations, not a true innovation.

### Some Comparisons

The comparison of the traditional and SADCC approaches to economic regionalism (or sub-regionalism in ECA terminology) strongly suggests the differences do matter. SADCC's operational and development managerial process is distinctly different and - while far from perfect - appears much closer to normally endorsed management tests and techniques.

Certain aspects of SADCC's operational style are adaptable to other forms of economic regionalism. The most evident is full governmental involvement and decentralisation of programming to place power squarely in member government hands and to create direct government/programme links for each member State. This has been fairly regularly commended by SADCC Conference Communiques endorsed by external partners<sup>25</sup> and also in partners' statements (SADCC Conference Reports). More important, it was also endorsed by the OAU 1985 Addis Ababa Summit<sup>26</sup> which commended it to other African regional organisations as an innovation to adopt. A logical consequence of such action would be to focus attention on how to resolve the present conflict in traditional regional bodies between economic policies which are dirigiste laissez faire at regional level; in the sense that the steps toward, and timetables for, approaching a common market often appear to bear little relation to structural and institutional patterns or existing market relations and to be imposed from above at least as arbitrarily as any other type of economic intervention and thus conflict with interventionism at national levels because once fully involved in an organisation's preparatory work and project selection, process states will presumably see the conflict more clearly and attempt to resolve it.

Why SADCC has performed better on managerial tests is not entirely clear albeit part of the reasons - as discussed above - would seem to flow from its substantive model of political economic integration and from the fact that it was the creation of its member governments. Another factor may be an above

normal interest in management and evaluation. One of the relatively rare studies on management of economic regionalism in Africa was done for SADCC.<sup>27</sup> Similarly in 1984-85 SADCC carried out a thoroughgoing review of procedures as well as substance including getting the opinions of external partners and member states on the basis of which it reported to member States to the OAU<sup>28</sup> as well as drawing up guidelines for sectoral management and perspective planning<sup>29</sup> which did influence the process and content of almost all of the sectoral documentation and presentations at Harare.

SADCC's conceptualisation of development is also clearer - at least to the lay person - than that of most other regional economic organisations. It is directed to coordinated enhancement of production (including transport and communications, training and knowledge); increasing opportunities for higher productivity by the peasant farmer and enhancing food security; meeting the basic needs of the peoples of its member states; reducing external dependence, especially on South Africa. All of these are concepts which are widely understandable. Further, the majority of the programmes and projects can be seen to be related to them. Drought resistant staple grain research oriented to peasants has a clear link to basic needs, peasant incomes, food security. Rebuilding and protecting rail, road and pipeline links to Maputo, Beira, Nacala and Dar es Salaam can be seen to be relevant to reducing dependence on South Africa. This point is reinforced by South Africa's frenzied efforts to keep these lines closed or limping and to divert traffic from them to its own. SADCC and RSA are equally convinced that the key to the former's economic liberation from the latter's regional economic hegemony is transport. So can building an international airport in Lesotho and earth satellite stations bypassing the Johannesburg external telecommunications hub.

Whether SADCC has managed to communicate to its potential audiences is a question whose answer depends partly on "to whom?" It does produce public Annual Progress Reports, Overviews, Sectoral Documentation and, now, Regional Macro-Economic Surveys<sup>30</sup> and has published an informative but fairly simple handbook.

SADCC's internal communications are intelligible to those directly involved, e.g. Southern African Centre for Coordination of Agricultural Research (SACCAR) work is understandable to agricultural researchers, extension managers and - perhaps less uniformly - ministerial officials. Member States

and external cooperating partners perceive themselves as well informed.

Press relations and those with researchers are more problematic. However SADCC pays more attention to the press - and gets more informed coverage - than is usual for African regional organisations or the economic programme sections of African governments. A somewhat analagous situation exists in respect to researchers. That SADCC is concerned is shown by the fact that one of its few new secretariat posts is for a press and publicity officer who inter alia is to write simple language features and liaise with member State press agencies on their distribution. A first set of such features and/or background material for them was distributed in March 1985 on the occasion of the April 1985 Fifth Anniversary of the Founding Summit and Lusaka Declaration.

Whether this reaches the women with the jembe or the market basket or the man with the axe or at the desk is another matter. Except when specific projects are seen as part of the SADCC regional priority Programme of Action, probably not. That is a weakness it shares with national economic development management.

In respect to enterprises the most that can be said is that no false moves have been made, a few tentative initiatives begun and a climate favourable for inter-enterprise expansion of regional links created. What SADCC initiatives are needed - beyond transport and electricity is unclear. In general neither public nor private sector multi-state ownership is likely to prove widely satisfactory and multi-state operations (other than intra-regional trade) by enterprises based in one state - while existing to a limited extent and offering possibilities for some expansion - is unlikely to be an adequate modality by itself. Multi-national endeavours encompassing sourcing, marketing, technology and management arrangements going beyond normal arms' length commercial transactions may hold out more promise. Since many of the enterprises in question are public sector, state action to encourage exploring such possibilities is likely to prove crucial. Expanded trade is likely to need regionally or nationally based trading firms with regional knowledge and orientation and a perception that import sources are as critical as export markets to harmonious trade growth in a context of largely inconvertible currencies. In several states these are likely to be state owned or joint ventures so that again government innovatory thinking is needed. However, the

most important single requirement for SADCC in respect to enterprise cooperation in regional development may be to build up more substantive and closer channels of communication with domestic enterprises and enterprise groupings such as Chambers of Commerce.

The lesson to be learned is clearly not that SADCC's approach is perfect. One of the strengths of SADCC - critical self evaluation - would lead it to be among the first to reject any such accolade. Rather they may be:

1. having a clear, self defined strategic perspective is crucial to making significant progress;
2. innovation in structure, programming and management matters;
3. programmes, external relations and management need to be related to goal and structural characteristics;
4. reflection on and improvement of results should be a built-in part of the regional operational and management process;
5. presentation of political economic goals in developmental terms relating to people and their communication to - at the least - broader audiences than usually receive them now is perfectly possible and is based on sound technical, professional and managerial work not public relations gimmicks.

#### Other Regional Organisations

Eastern and Southern Africa have three other regional organisations: the Preferential Trade Area for East and Southern Africa (potentially Ethiopia to Lesotho and Mauritius to Angola in coverage albeit Angola, Mozambique, Botswana, the Seychelles and Madagascar have not joined while Tanzania has joined but has not in fact activated the preferential trade provisions provided for in the Treaty); the Kagera Basin Authority (Uganda-Rwanda-Burundi-Tanzania) and the project for recreating East African (Kenya-Uganda-Tanzania) patterns of cooperation. None has been as much in the news in 1985-86 as SADCC or as they themselves have been in previous years.<sup>31</sup>

In the case of the Kagera Basin Authority and the attempt to reconstruct in

East Africa, the lull has clearly been dominated by the total incoherence of the Ugandan government until the accession to power of President Yoweri Museveni's council and cabinet in early 1986 and by their need to concentrate on making a new start domestically since. The Kagera group has centred partly on joint river basin development and partly on developing the access routes of the landlocked trio of members to the Indian Ocean via Dar es Salaam. Work on the road connections between Rwanda and Tanzania and lake links between Uganda and Burundi and Tanzania has continued to move ahead.<sup>32</sup> The East African project has made virtually no visible progress. First it is still largely at a conceptual and parameter dialogue state and thus cannot be pursued without the active interest of and substantial senior official and political time inputs by all three states. Uganda cannot devote this time while Tanzania is far more concerned with SADCC and national economic rehabilitation<sup>33</sup> than with major new initiatives at East African level. Second, Kenya and Tanzania take divergent views on what form trade expansion should take. Kenya - reasonably enough if its goal is maximum net exports to Tanzania - wishes to use PTA preferences and Clearing House arrangements as the main way forward. Tanzania - with a long experience of trade deficits with Kenya<sup>34</sup> - wants a more interventionist format in which export expansion by one party would be contingent on its buying more from the other. This certainly serves Tanzania's interests but it is also rather better oriented to sustainable and mutually beneficial trade increases than the more laissez faire approach.

The PTA is in practice a secretariat led free trade oriented standard economic integration grouping. It has created preferential tariff rates on 312 items, opened a Clearing House for settlement of intra state payments, resolved to establish a trade promotion bank and adopted a host of programme or project resolutions in respect to sectors other than trade while expanding its membership to 15 of 20 eligible states.<sup>35</sup> On the face of it a commendable record - especially when the somewhat similar Economic Community of West Africa has managed to complete its first decade without implementing any tariff preferences at all and having at most half a dozen small projects using its development fund.

But on closer inspection the results look less impressive. Intra PTA trade is under 5% of members' total external trade and not growing. Further it is dominated by Kenyan exports to its neighbours and Zambia and by Zimbabwe's somewhat less unbalanced trade with its PTA member neighbours (albeit



non-member Botswana is a larger two-way trading partner). Neither the patterns nor the levels seem markedly affected by the PTA. Similarly less than 10% of intra-PTA payments are in fact cleared through the clearing house. While approved it is a trifle hard to see how the trade bank is going to be financed. Finally, the sectoral programmes - prepared by the Secretariat and ratified by the members - do not, for whatever reason, appear to represent serious commitments to member States so that few, if any, are operational.

Two interesting developments did take place in the first half of 1986. The first was a workshop on countertrade held in Nairobi. Its mere convening represented a sharp shift from the PTA's earlier root and branch condemnation of such an approach and the general tone of the meetings was apparently in favour of exploring potential for balanced two-way trade expansion arrangements.<sup>36</sup>

The second was the relaxation of the rules restricting access to preferences to firms with domestic majorities in beneficial ownership and top management.<sup>37</sup> Both of the two main PTA exporters - Kenya and Zimbabwe (and presumably the number three exporter, Malawi as well) were seriously constrained by this rule because many of their large export oriented firms were foreign subsidiaries or joint ventures which would not qualify after the transitional period. While Zimbabwe hoped to use the rule to pressure foreign firms to reduce their stake in Zimbabwe enterprises to below 50%, this apparently did not happen on a large scale. The new rule gives 100% of preferences if domestic ownership is 51% or more and 60% and 30% of full preferences to those with 41 to 50% and 31 to 40% local ownership respectively.

#### South Africa's Total Strategy

Put simply, South Africa's total strategy for Southern Africa is to make the region safe and profitable for apartheid.<sup>38</sup> To do so it uses economic dependence links, economic sanctions (most notably against Lesotho in January 1986 albeit these led to the 'wrong' new government from Pretoria's point of view - a reigning King who endorses sanctions<sup>39</sup> and denounces both apartheid and aggression from a broad popular base, is not the neo-Bantustan figure South Africa hoped to install), economic destabilisation by interfering with trade and/or transport flows through economic means and armed aggression

Table 1

ECONOMIC DEPENDENCE ON SOUTH AFRICA

	Botswana	Lesotho	Swaziland	Malawi	Mozambique	Zimbabwe	Zambia
Trade							
Main partner	South Africa	South Africa	South Africa	South Africa	South Africa	South Africa	Britain
Exports to South Africa	£36m (17%)	negligible	\$42m (20%)	£9m (6%)	£9m (5%)	£76m (17%)	£3m (1%)
Imports from South Africa	£393m (88%)	£286m (95%)	£286m (90%)	£64m (36%)	£59m (14%)	£130m (22%)	£64m (16%)
Migrant workers							
Number	29,169	150,422	13,418	30,603	59,391	16,965	-
% of wage labour force	23%	86%	15%	8%	20%	2%	-
Remittances	£21m	£99m	£9m	£11m	£43m	£20m	-
Tourism							
No. of South African tourists	150,000	over 50,000	50,000	25,000	negligible	63,000	banned
% of total	67%	70%	60%	39%	-	24%	-
South Africa supplies							
Electricity	19%	100%	50%	-	one-third	1%	-
Oil	100%	100%	100%	70%	some	some	-
Food	most	most	some	some	some	some	some
Overseas trade via South Africa	95%	all	one-third	some	-	two-thirds	one-third

Source: Third World Affairs 1985

(directly or via proxies such as the MNR in Mozambique, the LLA in Lesotho, super-ZANU in Zimbabwe and UNITA in Angola<sup>40</sup>) both to create general economic disruption and to knock out regional transport links which threaten South African hegemony.

The degree of some aspects of dependence is shown by the following table:

Table 1

ECONOMIC DEPENDENCE ON SOUTH AFRICA

	Botswana	Lesotho	Swaziland	Malawi	Mozambique	Zimbabwe	Zambia
<b>Trade</b>							
Main partner	South Africa	South Africa	South Africa	South Africa	South Africa	South Africa	Britain
Exports to South Africa	£36m (17%)	negligible	\$42m (20%)	£9m (6%)	£9m (5%)	£76m (17%)	£3m (1%)
Imports from South Africa	£393m (88%)	£286m (95%)	£286m (90%)	£64m (36%)	£59m (14%)	£130m (22%)	£64m (16%)
<b>Migrant workers</b>							
Number	29,169	150,422	13,418	30,603	59,391	16,965	-
% of wage labour force	23%	86%	15%	8%	20%	2%	-
Remittances	£21m	£99m	£9m	£11m	£43m	£20m	-
<b>Tourism</b>							
No. of South African tourists	150,000	over 50,000	50,000	25,000	negligible	63,000	banned
% of total	67%	70%	60%	39%	-	24%	-
<b>South Africa supplies</b>							
Electricity	19%	100%	50%	-	one-third	1%	-
Oil	100%	100%	100%	70%	some	some	-
Food	most	most	some	some	some	some	some
<b>Overseas trade via South Africa</b>	95%	all	one-third	some	-	two-thirds	one-third

Source: Third World Affairs 1985

While highly summarised it does demonstrate the great leverage South Africa has. On this base the Pretoria regime had hoped to erect its own regional grouping or "Constellation of States". The election of ZAPU and Robert Mugabe in Zimbabwe and the founding of SADCC in early 1980 effectively killed the Constellation<sup>41</sup> - which South Africa has neither forgotten nor forgiven.

Since SADCC has proven to be cohesive and functional, South Africa perceives it - and especially its economically sound and technically feasible transport delinking programme - as a dangerous enemy. The result has been summed up by President Machel:<sup>42</sup>

We are aware that the fundamental aim of the actions of destabilisation against our countries is to render SADCC non-viable... ports and railways, fuel depots and pipelines, bridges and roads, communications systems and other development projects are the targets...

Unfortunately no one can claim that economic sanctions - broadly defined to include aggression - by South Africa against SADCC have not been effective in terms of costs imposed. They have proven very costly indeed to the independent states of the region.

SADCC's estimate of the cost<sup>43</sup> of South African aggression is detailed in Table 2, with adjusted figures in brackets. The direct cost of war damage has been calculated from Angolan and Mozambican official data, as have the relief and refugee costs. The extra defence expenditure is estimated by country - excluding Mozambique, Zambia and Tanzania for which it probably totals at least \$250 million - by comparing defence budget levels and increases with probable spending in a more peaceful setting.

Table 2

The Price of Defying Pretoria: SADCC States Bill 1980-84

	<u>SADCC Estimate</u>	<u>Revised Estimate</u>
Direct War Damage	1 610 000 000	
Extra defence expenditure	3 060 000 000	(3 310 000 000)
Higher transport, energy costs	970 000 000	
Smuggling, (looting)	190 000 000	
Refugees	660 000 000	
Loss exports, tourism	230 000 000	(250 000 000)
Boycotts, embargoes	260 000 000	
Loss of existing production	800 000 000	
Lost economic growth	2 000 000 000	(4 000 000 000)
Trading arrangements (plus 'fighting' transport rates, export credits)	340 000 000	(590 000 000)
	<u>10 120 000 000</u>	<u>(12 940 000 000)</u>

Smuggling and looting by South African and proxy forces centres on diamonds, ivory, timber and semi-precious stones from Angola and Mozambique. Lost exports and tourism revenue is calculated on the basis of Mozambican coal and sugar, Angolan non-oil exports, Malawian and Swazi sugar, and Mozambican tourism. This is certainly an underestimate as Zimbabwean steel and agricultural exports have also been affected.

Higher transport and energy costs, and lost revenue from geographically and financially artificial routing via South Africa have been estimated from SATS' revenue on regional transit traffic and higher costs to Malawi on non-SATS routes, such as the road via Zambia and Zimbabwe, air and road/rail via Tanzania. Boycotts and embargo costs, as estimated, are dominated by the loss of Mozambican revenue on South African cargo diverted from Maputo. Other items relate to disruption of trade from the seven southern SADCC countries.

Loss of production is necessarily highly approximate. Partial official data from Angola and Mozambique suggest \$650 million for these countries. SADCC estimates for Zimbabwe, Zambia and Malawi appear low, offsetting any double counting with lost exports or transport revenue.

If these figures are extended backward to 1975 and forward through 1985 the decade cost is of the order of \$25,000 million. The annual cost is now of the order of at least \$5,000 million.<sup>44</sup> These figures far exceed the SADCC regions's total inflows of external finance and are in excess of 10% of total regional output. For Angola the cost is probably of the order of half of non-petroleum sector GDP and for Mozambique up to two-thirds of what output could be in a peaceful context.

#### SADCC's Response

South Africa has imposed costs on SADCC's members. It has not succeeded either in breaking or nullifying SADCC or in making the Constellation seem an attractive alternative. The dream of regional economic liberation which the regional total strategy was intended to kill lives on and is pursued by SADCC at least as determinedly as in 1980.

SADCC - with sabotage or destabilisation calling cards delivered by South Africa immediately preceding all its post 1980 Annual Conferences - has clearly defined apartheid, not economic liberation by peaceable construction of new projects, enterprises and institutions as the cause of regional war. It has been united in its determination to find ways and means to push ahead - including (albeit not under SADCC's own auspices) joint security and training arrangements among Zimbabwe, Mozambique and Tanzania which have cleared the Beira port corridor and the Malawi-Harare road link and begun to raise the combat capacity of the Mozambican army. On this there has been complete solidarity as to the need to take South Africa's desparate - and all too successful - attempts to block intra-SADCC routes to the sea as endorsement of SADCC's identification of transport as the keystone in South Africa's overarching regional hegemony. SADCC has kept building - and its external co-operating partners have not been scared off by the very real danger of South Africa or its proxies blowing up the projects they help finance (at Maseru in 1983 hours before the Danish Foreign Minister came to open - or in the event pledge to repair - it).

Similarly, SADCC has answered the buildup of aggression by building up both its spotlighting of the 'problem' and its calls for effective international action to force South Africa to halt its aggression. By 1986 Chairman Mmusi

explicitly called for sanctions likening their cost to the region to the pains of a woman in labour.<sup>45</sup> As a SADCC official put it, the present situation is the much less fruitful and never ending pain of being beaten over the head daily by a thug wielding a sjambok.

#### SADCC On Sanctions

SADCC as a creation and a creature of its member States cannot and does not have a position different from them. However, as a channel, a forum and a coordinating process SADCC has become more than the least common denominator of its member States.

By mid-1985 six SADCC member States (the six Front Line States) were firmly on record as advocates of sanctions against South Africa. None saw international sanctions as sufficient conditions by themselves but as interacting with and complementing the actions of Liberation Movements and the independent states in order to minimise the time, economic cost and - especially - human suffering and loss of life required. Lesotho had also - in only slightly nuanced language - endorsed sanctions, an act of great courage on King Moshoeshoe's part given his country's geographic, economic and strategic context.<sup>46</sup> It had in addition made the most forceful presentation of the case that sanctions should not be allowed to crush the neighbours and opponents of apartheid. Zimbabwe had earlier outlined why South Africa's neighbours could not be expected to introduce sanctions first nor as fully and fast as other states.

SADCC views the present costs of destabilisation and economic aggression by South Africa against its member States and their regional economic liberation project as intolerable. SADCC takes South Africa's threat to retaliate seriously - as President Quett Masire of Botswana said early in 1986, South African promises are rarely to be taken seriously but her threats always are. It does not suppose sanctions would be costless to it nor that they would produce immediate results in/on RSA. It sees the logical response to sanctions as including speeding up SADCC priority programmes and projects desirable in their own right and therefore yielding lasting benefits as well as entailing present costs.

The costs would be considerable. How high they would be and what offsetting

gains would result depends very much on how comprehensive sanctions were, whether SADCC countries imposed them in full at once or on a phased (or partial basis) and above all whether SADCC and its member States had carried out the pre-planning and acquired the resources to carry out a speed-up of economic liberation.<sup>47</sup>

The key problems would include resourcing and rerouting petroleum imports, constructing links between national power grids (regionally and among Swaziland-Mozambique-Zimbabwe-Zambia-Boswana there is surplus generating capacity) and resourcing imports from low cost global sources to replace South African. The last requires setting up independent (of South Africa) import/export houses with global knowledge and customs collection systems independent of South Africa. On the export side the key challenge would be creating meaningful employment or self employment for perhaps 300,000 workers expelled by South Africa and the secondary one building up intra-SADCC trade.

However, the key to cost containment and benefit attainment would be rehabilitation of transport links. That requires keeping the Beira-Zimbabwe, Dar es Salaam-Zambia and Malawi and Maputo-Swaziland corridors functioning and upgrading their capacity and, if at all possible, reopening the Nacala-Malawi and Maputo-Zimbabwe corridors.

Lesotho - which is not only landlocked but also South Africa locked and which economically is analogous to a long distance dormitory suburb for the South African Rand - would face especially severe challenges. These would relate to job creation, remittance replacement and transport (probably including an airlift). Their cost is totally disproportionate to Lesotho's own means and, unlike most of the other solutions, does not represent a speeding up of SADCC's existing programme so much as temporary special measures.

Realistically, the foregoing programme would require a buildup of SADCC member State security forces to protect key projects from South African retaliation and of multi-state cooperative campaigns like that being waged by Zimbabwe and Mozambique.

One estimate<sup>48</sup> of the total costs of such a programme over the first three years of sanctions is of the order of \$6,000 to \$6,500 million. However, a number of savings and gains could be achieved on import costs, additional



intra and extra regional exports (replacing South African), lessened transport costs, the output of returned workers and increase in production made possible by increased security. Over the three year period these might total \$2,500 to \$3,000 million.

However, by the third year the gains could well be of the order of \$1,000 to \$1,500 million versus recurrent costs of \$850 million and capital investment requirements of \$1,150 to \$1,400 million. By that point recurrent gains would exceed recurrent costs and thereafter gains would continue to rise while costs could be static or falling. In short, sanctions - if offsetting measures can be taken - could speed up economic liberation and provide lasting gains to SADCC member States as well as hastening the end of apartheid, and regional aggression to preserve it.

#### What Is SADCC Doing?

SADCC is well aware of the need to contain costs and attain gains when and if effective full scale sanctions are imposed against South Africa. It is also aware of the problematic nature of many of the projections. From the 1985 Arusha Summit on, SADCC has begun work on contingency planning and its pre-sanctions implementation. Details are - appropriately - secret but several elements and directions have been made public by SADCC.

First, a SADCC member State subcommittee to prepare an overall strategy for SADCC responses to sanctions against South Africa has held several meetings.

Second, background papers have been prepared and specific topical consultancies commissioned.

Third, a comprehensive draft sanctions response project is to be presented to the 1986 Luanda SADCC Summit. While the anatomy of areas of vulnerability to costs and opportunities for gains (and especially the cost and benefit estimates) present here are those of the present author many are known to figure on SADCC's own list.

Fifth, SADCC is giving priority attention to transport routes allowing delinking from South Africa and to providing security for them, to petroleum and electricity questions and to developing institutional alternatives to

South African firms in the import/export and clearing and forwarding sectors. Similarly Lesotho's requirements as a special case have received attention at the SADCC Summit and the 1986 Harare Annual Consultative Conference (including reference to an airlift).

Sixth, the 1985-86 emphasis on the Dar es Salaam and Beira transport corridors is in effect selective speeding up of the two project groups which are most crucial for making cost containment and benefit attainment possible.

Seventh, while security is not a SADCC sector, the member States have begun actions to upgrade key economic unit security. The most evident are the joint Mozambican-Zimbabwean operations which have secured the Beira corridor, reopened the Malawi-Zimbabwe highway, and - less securely - allowed restarting of upgrading/rehabilitation of the Nacala rail line.

SADCC has moved rapidly to act on its new perception that sanctions against South Africa are becoming a real possibility. Its attention is now focused on cost containment via speeding up of key elements of SADCC's Lusaka Programme of Action. By definition that approach to cost containment can be expected to lead to benefit attainment. Its view is that stated by Prime Minister Mugabe in June 1986 "We are already suffering? How much more can we suffer? We support sanctions because they will shorten the time that we must suffer".

Notes

1. See ACR 1978/79-1984/85 chapters on Southern African economic coordination.
2. See ibid and Overview volumes to 1981 (Blantyre), 1983 (Maseru), 1984 (Lusaka), 1985 (Mbabane) and 1986 (Harare) Annual Consultative Conferences. The conferences were shifted from late November in 1980 and 1981 to late January from 1983 on, explaining the apparent gap.
3. Two SADCC submissions to that Summit - on SADCC's structure, goals, operations, successes and limits over 1980-85 and on the cost of South African aggression to SADCC are annexed to the 1986 Harare Overview paper.
4. See ACR 1981/82-1984/85; SADCC Overviews 1983-1986 Proceedings of 1982-1986 conferences.
5. Closing Address.
6. See Blantyre Conference Proceedings (Chairman's closing address) and R. H. Green and Carol Thompson "Political Economies in Conflict: SADCC, South Africa And Sanctions" in D. Martin and P. Johnson, Destructive Engagement: Southern Africa at War, Zimbabwe Publishing House, Harare, 1986.
7. See Green and Thompson op cit.
8. See SADCC (A. Nsekela, ed), Towards Economic Liberation, Rex Collings, London, 1980.
9. See SADCC, Southern Africa: Toward Economic Liberation (Lusaka Declaration) London, 1980; Overview 1986, Annex A.
10. op cit.
11. See Overview 1986, Annex A and Annual Progress Reports 1984/85, 1985/86.
12. cf. Overview 1986, Annex A.
13. op cit.
14. See Overview 1986, Annexes A and C.
15. Gaborone, 1986.
16. op cit.
17. See 1981 and subsequent "Conference Communiques" and 1986 Overview, especially Annex B.

18. op cit.
19. See Green and Thompson, op cit.
20. See ibid and also ACR 1983/84 and 1984/85.
21. Harare, 28 January 1986.
22. Harare, 29 January 1986.
23. Overview 1986, Annex B.
24. See Green and Thompson, op cit.; J. Hanlon, Beggar Your Neighbours, James Curry/Indiana University for Catholic Institute for International Relations, London, 1986.
25. e.g. "Conference Communique", Harare, 31 January 1986.
26. Resolutions, OAU, Addis Ababa, July 1985.
27. I. Simba and F. Wells, Development Cooperation In Southern Africa: Structures and Procedures, OECD Development Centre, Paris, 1984.
28. 1986 Overview, Annex A.
29. op cit., Annex C.
30. All SADCC, Gaborone.
31. See ACR, 1980/81 - 1984/85.
32. AED, passim, July 1985 - May 1986; Sunday Times (Nairobi), February 1986; Standard, same date; Sunday Nation, same date; Standard, 10 February 1986.
33. See Tanzania chapter this volume.
34. See chapters on East African Community, ACR 1974/75 - 1977/78.
35. See Note 32.
36. Sunday Nation, Sunday Times, Standard, op cit.
37. See African Business, July 1986.
38. See Hanlon, op cit.; Green and Thompson, op cit.
39. At the SADCC Summit in Arusha and the UN General Assembly in 1985.
40. See Angola, Mozambique and Zimbabwe chapters in Martin and Johnson, op cit.; Hanlon, op cit.

41. See ACR 1979/80.
42. 1983 SADCC Summit, Maputo - see also cases and documents cited by Martin and Johnson.
43. 1986 Overview, Annex B.
44. cf. Hanlon, op cit.
45. Chairman's "Opening Remarks", Harare, 30 January 1986.
46. See Note 39. In a January 1986 message to SADCC he reaffirmed this stance.
47. See R. H. Green, "Sanctions And The SADCC Economies", Third World Affairs 1987, Third World Foundation, London 1986.
48. ibid.