

**STRENGTHENING THE FRONT LINE: Reduction  
and Sharing of Costs of RSA Aggression**

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 Paper for 1986 Harare Annual Consultative Conference

The effects of sanctions will call for great sacrifices among our peoples. We cannot stand against the sanctions campaign; thus we call upon the rest of the world that as it exercises what it feels to be a moral duty it should... increase support to SADCC States so as to cushion the indirect effects of sanctions to us.

- King Moshoeshoe II of Lesotho  
1985 Arusha SADCC Summit

The systematic destruction of the infrastructure indispensable to the functioning of our economies by South Africa's racist army is in the context of the survival of the racist regime which at all costs seeks to maintain the economic links of dependence created during colonialism. ...It is not difficult to conclude that it is natural for our countries', which have suffered losses at the hands of apartheid which surpass tens of billions, continuously strive for the speedy eradication of that regime since its existence is translated into grief, suffering, destruction and great economic backwardness. ... Accordingly we can categorically state that stability and security in this part of our continent depend on the elimination of apartheid. With apartheid peace is not possible and destruction will continue..

- President Eduardo dos Santos  
1986 SADCC Summit, Luanda, August

Destructive Engagement: South Africa and Southern Africa

The Front Line States (Angola, Botswana, Mozambique, Tanzania, Zambia and Zimbabwe) and the broader Southern African Development Coordination Conference (SADCC) grouping (the FLS plus Lesotho, Swaziland, Malawi) have been on average hard hit by three factors. First, the general post 1979 economic crises affecting Sub-Saharan Africa, second, by recurrent droughts over

1979-1984 and third, by the rising tide of South African aggression and destabilisation beginning with the 1975 invasion of Angola and becoming steadily more damaging since 1980. While the FLS are key to regional self defence, self definition and coordinated economic and security action it is not appropriate to consider the destructive engagement between South Africa and the independent states of Southern Africa without reference to the other three SADCC members, partly because both South Africa and the FLS/SADCC do perceive the regional division in these terms and act on that perception and partly because South Africa locked Lesotho is the most vulnerable Southern African country.

The SADCC economies group over 70 million people and have a combined gross domestic product of about \$25,000 million or \$350 per person. Since 1980 regional GDP has declined or stagnated implying a per person fall of the order of 15 to 20%. In 1985 there was a positive out-turn but a very low one.

The cost of South African destabilisation and aggression was as high as \$7,000 million in 1985, i.e. over 20% of what regional product would have been in the absence of the Southern African states' bad neighbour. As a result the economies of two states - Mozambique and Angola except for its oil sector - have been reduced to a shambles and only two of the eight main intra-regional transport links are operating normally. In the absence of the rising cost of destructive engagement with South Africa (including its proxy forces, i.e. UNITA, MNR, Super Zapu, Lesotho Liberation Army) there would have been a pronounced economic recovery in 1985.

However, to summarise across the region obscures significant differences. Output per person ranges from over \$1,000 in Botswana to perhaps \$200 in Mozambique. Economic patterns range from Zimbabwe which has the most integrated and structurally developed economy in Sub-Saharan Africa to Lesotho which is in effect a long distance dormitory suburb of the Rand and Mozambique where the MNR (created by Portugal and Rhodesia and inherited by South Africa) raids have by sabotage and terrorism virtually totally destroyed the economy culminating in a 20% fall in output in 1985.

Politically there are also variations. Tanzania, Zambia, Zimbabwe and Botswana have fully functional broadly based governments with very clear positions in support of Southern African economic liberation, development

oriented to meeting mass needs and the elimination of apartheid and the independence of Namibia. The costs of confrontation with South Africa are seen as largely unavoidable - support for an accommodationist strategy (while not non-existent in business and - in Zambia - trade union circles) is fairly muted. However, in Zambia a decade of economic unsuccess has muted support for government initiatives generally and in Botswana vulnerability is so high that Botswana, like their government, are necessarily more cautious than Zimbabweans, Tanzanians or Zambians.

In Angola and Mozambique continued war has prevented a normal political process emerging (in Angola) or reversed it (in Mozambique). In both cases substantial rural and some urban areas have retreated into avoiding active involvement with either the state or proxy forces - the state is unable to protect them and the proxy forces are increasingly terrorist and exploitative.

Lesotho and Swaziland are monarchies headed by kings who rule as well as reign. Both are committed toward basic needs (perhaps on a noblesse oblige basis) and are deeply nationalist and anti-apartheid. However, both are forced to act in the context of extreme vulnerability to South African action and of significant national elite fractions far more accommodationist in attitudes toward RSA than they or the majority of their citizens. Malawi is a personalised state awaiting a change in leadership and, as a result, with very conflicting policies. Many leaders - and Malawians - are deeply angered and concerned by RSA's having virtually blockaded Malawi by cutting almost all links to the sea except through South Africa (and a new route to Dar). As a result Malawi at that level is a serious and sincere SADCC member. Others fear the cost of direct involvement in war and close their eyes to MNR bases in and attacks on Mozambique from Malawi. Development orientation and practice in Malawi is much more inegalitarian and less basic needs oriented than in any other SADCC state - a fact its trade unionists know only too well.

In security terms the divergences are equally great. Zimbabwe has relatively strong armed forces - it has kept the Beira corridor and the Harare-Tete road corridor open for three years against the MNR and assisted Mozambique in other counter-offensives against South Africa's proxies. Angola's armed forces have become increasingly effective - they and not the Cuban allied forces do almost all the fighting against South Africa and the South African/USA UNITA proxy

forces. Tanzania has a relatively effective army but are out of the direct line of combat. Zambia's armed forces were totally ineffective against Rhodesian raids and is an unknown quantity today. Mozambique's armed forces have fared badly against Rhodesia, the MNR and South Africa. Whether Zimbabwean allied forces and Tanzanian/Portuguese/Zimbabwean training can produce a quantum leap in their performance is problematic.

Botswana's armed forces are more a trip wire than a serious military barrier - albeit they did beat off the April 1986 South African raid. Swaziland and Lesotho have very small armed forces whose willingness to engage in actual combat is problematic while Malawi's army is basically a domestic control force which has no other experience.

#### The Cost Of South Africa To FLS and SADCC

SADCC was founded as an integral part of the independent Southern African states' attempt to liberate and to reconstruct their region. It is the political economic arm of regionalism as the FLS are the political struggle arm. SADCC is about economic liberation; thus it conflicts with South Africa's regional total strategy of making Southern Africa safe for South African exports, investment, profits and procurement in particular and for the apartheid system more generally. South Africa's total strategy views regional hegemony as indivisible and domination of transport as key to enforcing hegemony. In this its perceptions are the mirror image of SADCC's which - in declaration, in programme, in mobilisation of resources and in implementation - has put transport and communications delinking first because the sector was (and is) perceived as the keystone of South African economic dominance and capacity to destabilise by non-military means. Because intra SADCC regional routes would be cheaper to use than ones via RSA, could be rehabilitated and up-graded over 3 to 5 years and have proved under SADCC's aegis to have substantial external resource mobilisation pull, South Africa has increasingly resorted to naked physical violence to block economic liberation in this sector.

SADCC in 1985 estimated the 1980-84 cost of economic destabilisation and aggression by South Africa against its member States as about \$10,000 million and the 1985 annual cost at up to \$4,000 million. Other estimates are up to

50% higher on cost to date and place 1985/86 annual losses up to \$7,000 million. As of 1986 the cost of South Africa's undeclared war on its neighbours is running at 10% or more of their output in the absence of that war.

This background is critical to understanding why SADCC, like the FLS, has consistently called for international pressure on South Africa and has come to view sanctions as analagous to the pain of a woman in labour - as Conference Chairman Peter Mmusi put it in 1986. That contrasts with regular beatings by thugs wielding sjamboks which characterises present reality. Sanctions are perceived as crucial to ending, or at least reducing the intensity of, the beatings. It also explains the deep distrust for proponents of the line that sanctions should be opposed because they would result in South Africa acting in ways harmful to its neighbours. Especially in the mouths of those who preach "constructive engagement", assist South Africa in destabilisation and aggression by co-financing its proxy forces, see South Africa as being a region including Southern Africa and/or show little other evidence of concern for South or Southern Africans, that argument evokes irritation and often deep contempt and bitter anger.

#### FLS/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. 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. These positions were reaffirmed at the August 1986 FLS and SADCC Summits (and by FLS members at the September Harare Non Aligned Movement Conference).

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 has said 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 FLS Summit in August 1986 declared that:

In stressing the need for mandatory comprehensive economic sanctions against racist South Africa, the leaders re-affirmed their endorsement of the resolution... adopted by the Twenty-Second Summit of the OAU... and commended it for adoption... Concerning South Africa's retaliatory measures taken against its neighbours as a result of their support for the international campaign for sanctions against the regime, the Summit strongly condemned the racist regime for its recent trade restrictions against Zambia and Zimbabwe... In this respect the Summit appealed to the international community to render all possible support and assistance to all the Frontline and other (Southern African) states in order for them to withstand South Africa's retaliatory sanctions against them.

#### Sanctions' Impact On SADCC Economies

How across the board global sanctions against RSA would affect SADCC economies depends on six factors:

First, how far reaching, effectively enforced and speedily applied;

Second, how long;

Third, whether they work;

Fourth, whether SADCC states impose full sanctions and if so how rapidly;

Fifth, how SSA reacts;

Sixth, how much assistance SADCC's cooperating partners provide for the capital costs of delinking, the operating costs of replacement employment creation for 'returning' migrant workers and enhanced security provision and the initial institutional and transitional costs of changing sources and routes.

#### Costs, Cost Containment And Gain Achievement: A Taxonomy

Key sectoral areas are: imports, labour exports, other exports, transport and communications, security and Lesotho.

Security cannot be left out as non-economic because the main present and future obstacles to many delinking initiatives relate to protecting what has been built and the economic context in which it operates. Further, without better security, economic recovery in most of Angola and Mozambique is unlikely.

Lesotho's geographic location and greater dependent integration into the South African economy render its position significantly different from those of other SADCC member States.

#### Imports Concerns: Petroleum Products, Electricity, Other, Customs Revenue

Botswana, Swaziland (and Lesotho) are totally, Malawi significantly and Zimbabwe, Mozambique and Zambia marginally, dependent on petroleum products supply from or via South Africa. Effective sanctions will cause South Africa to halt exports because petroleum products exports depend on crude oil imports.

Rerouting and resourcing is possible. The Beira-Mutare and Dar-Ndola pipelines plus the Nacala-Blantyre and Maputo-Manzini rail lines have more than enough capacity to handle the needs of SADCC States except Angola which has its own refinery and Lesotho. Requirements for supplies to Botswana via Mutare or Ndola are additional tank wagons and locomotives plus additional

tankage at Beira, Mutare or Ndola and main Botswana depots totalling perhaps \$50 million. Parallel considerations apply to supplying Swaziland via Maputo and Malawi via Nacala. Alternative sources are likely to be markedly cheaper than South African.

Electricity dependence on RSA is total for Lesotho, dominant for Swaziland, significant for Mozambique (Maputo area) and Botswana, minor for Zimbabwe. Grid links could remove the Swaziland, Mozambique, Botswana and Zimbabwe imports from RSA with cost savings over present RSA or alternative national sources. Basically they involve a high tension Cahora Basa - Maputo - Swaziland link plus high tension lines linking Cahora Basa to the Zimbabwe grid and Bulawayo to the Botswana grid. The capital cost would be likely to be of the order of \$150 million and the construction time up to 24-30 months.

General import dependence on RSA is major (over 75%) for Lesotho, Botswana and Swaziland, substantial (over 25%) for Zimbabwe and Malawi and significant (over 5%) for Zambia and Mozambique. Alternative sources - in several cases (e.g. grain, pulp, textiles, steel) regional ones - exist and global sourcing is likely to average at least 10% cheaper than South African if transport is available and if importing is handled by knowledgeable commercial houses. The absence of import houses or other enterprises able to source globally is near total in Lesotho, Botswana and Swaziland. The evident solution would be joint ventures with European or Japanese - or perhaps Zimbabwean - firms with experience in global, least cost purchasing. Such ventures could be viable even now with the B-L-S states in the South African Customs Union.

SACU is a major revenue source for B-L-S, but for Botswana and Swaziland the cash flow from it does not exceed what could be collected from a national import and sales tax system which - given functioning transport from SADCC ports and global least cost pricing - would not raise average user prices. The supposed 41% uplift in SACU revenue allocations is offset by other factors including a two year lag in payment and higher RSA product prices. The requirement therefore is for functioning duty collection system (the recording, valuation, statistical and sales tax branches exist).

In respect to general SADCC State imports (and probably electricity) RSA is unlikely to cut off sales in reaction to sanctions. It is more likely to wish to retain them to earn foreign exchange and to limit the damage to its export



oriented sectors, and to manufacturing in particular.

#### Labour Exports - Miners And Other Workers

Official South African and SADCC member State figures suggest 280,000 to 300,000 migrant workers in RSA in 1984. This is an underestimate since seasonal (especially agricultural) and illegal (general and domestic) migrants are not counted. A full time equivalent figure might be 400,000 to 450,000 plus 200,000 semi-permanent migrants.

The gold mining core of the migrants are - despite Piet Botha's threats - unlikely to be repatriated rapidly. They are skilled and critical to sustaining gold output - RSA's sanctions proof export. The others - including coal miners if iron and steel and coal sanctions bite - could be sent back rapidly although 'illegals' and seasonals might take time to find.

There are two aspects of this problem - the loss of say \$100-150 million a year of remittances and the need to create up to 300,000 wage or productive self employment opportunities.

#### Goods Exports To And Through RSA

Goods exports by SADCC economies to RSA are under 10% of total exports, perhaps \$350-400 million a year but are significant for Lesotho, Swaziland, Zimbabwe and Botswana. Perhaps a quarter of the total are re-exported by South Africa so would be readily rerouteable. South African demand for the balance would fall sharply, even without retaliation. Effective sanctions would reduce RSA demand, increase capacity underutilisation and force cuts in imports. The bulk could be retargeted - perhaps 15 to 25% to SADCC markets to replace RSA exports - but in many cases at lower net proceeds. Perhaps 10 to 20% of the exports would prove unsaleable, e.g. certain Zimbabwe labour intensive manufactures.

Exports through RSA are a transport problem. Sometimes the problem is very limited e.g. Botswana diamonds transit Jan Smuts Airport but could perfectly well go direct to London. In other cases - e.g. Botswana chilled beef -

specialised handling facilities not now existing on SADCC railways and at SADCC ports are needed. For some exports RSA will seek to apply retaliation - as it already has, e.g. by putting Botswana meat export wagons on sidings until the contents become putrid. For others it would be happy to ship them to earn transit revenue and to create flows of SADCC goods into which to insert falsely documented South African products.

#### Transport And Communications: Cutting The Noose

South Africa today handles the bulk of the external traffic of Lesotho (100%), Botswana (over 90%) and Swaziland plus over half of that of Zimbabwe, Zambia and Malawi. This is largely the result of armed aggression. Of the five main port corridors (Maputo - three lines, Beira - to Zimbabwe and Malawi, Nacala, Dar es Salaam and Lobito Bay) only Dar has not been attacked repeatedly. South Africa via UNITA has kept the Lobito Bay route closed for over a decade and via the MNR has at times shut down each of the Mozambique routes. SADCC's priority transport sector programme would virtually eliminate both the need to use and the economic logic of using RSA transport links except for Lesotho and (on the economic side) Swaziland.

The SADCC Transport and Communications programme over 1985-86 has concentrated mobilisation of resources on the Dar and Beira corridors (the Nacala corridor and the Maputo-Swaziland projects already have substantial commitments). These would cost perhaps \$750 million for projects needed to achieve basic rehabilitation and upgrading including replacing South African locomotives and wagons and could be completed over 36 to 48 months. They would create a situation in which Dar es Salaam (Tanzania, Zambia, Malawi), Beira (Zimbabwe, Botswana, Mozambique, peripherally Zambia and Malawi), Nacala (Malawi, Mozambique) and Maputo (Mozambique, Swaziland only) could handle on the order of 12 million tonnes of dry cargo and 4 to 5 million of petroleum product imports and exports and their corridors channel these to their destinations. That would cover the basic external trade requirements of the seven states (Angola has its own ports). That does require higher levels of operating and maintenance efficiency than have been attained in the recent past and above all security at least comparable to that which Zimbabwean and Mozambican forces have provided to the Beira-Zimbabwe corridor since 1983. Were the Limpopo Valley Line (Maputo-Zimbabwe) or the Lobito Bay Line (Zambia-Angola)

also to be rehabilitated, reequipped with rolling stock and traction power, restaffed and kept secure there would be enough leeway in capacity to make transport dependence a thing of the past.

In respect to air transport infrastructure and to telecommunications SADCC and its member States have achieved or are about to complete a set of projects which render use of South African facilities both unnecessary and in telecommunications also less convenient or economic than national or regional ones.

The last transport problem is a specialised one - clearing and forwarding. The traffic of the six southern SADCC States (excluding Angola, Zambia and Tanzania) is dominantly cleared and forwarded by Renfreight, a subsidiary of SAF Marine which is controlled by Old Mutual with a minority Anglo American holding. This is a dangerous situation. Withdrawal of RSA personnel and head office support could lead to chaos - clearing and forwarding are specialised, complex, vital functions. If Renfreight carries out business as usual, first it has a bias toward South African sources and routes; second, it has (even now) a 'habit' of mislabelling South African cargo both as from another country of origin and as shipped from a SADCC port; third, its centralised data system means that detailed data on the bulk of six SADCC member States' external trade is available on South African computers. Only the most innocent could suppose the South African military has no access to these. The cure is to build up smaller domestic or non RSA owned clearers and forwarders and to form joint ventures with major international ones as Mozambique has recently done with AMI (Agence Maritime International) of Belgium.

#### Security - Winning Room To Delink

Better defence of key transport routes and other major economic units is crucial to cost containment and benefit attainment. SADCC's failure to break the transport dependence stranglehold South Africa has created is the result of the apartheid use of naked military force.

Selective defence can be achieved through coordinated action as the reopening of the Beira port corridor and Malawi-Zimbabwe highway demonstrate. Third, more can be done - e.g. reopening the Limpopo Valley Line, making

Maputo-Swaziland routes secure, cutting down (or radically raising the cost of) support to proxies by more effective use of airpower. Only in Angola are hostilities on a scale out of proportion to potential coordinated independent state action. To be reasonably effective such action would cost on the order of at least \$500 million a year.

International symbolic or trip wire forces might have a deterrent effect if RSA feared the external party meant business. An international deterrent force with airpower superior to RSA's (which centres on a limited number of ageing Mirage jets until the Cheetah variant of the Kphir is phased-in over 1987-90) backed up by air attack warning and other specialist units and limited ground forces probably would deter if militarily credible and not of a political character allowing South Africa to characterise it convincingly as a Soviet advance. A larger, less sophisticated force which could and did fight could be effective subject to the same constraints.

#### Lesotho - The Hostage Of The Drakensberg

Lesotho's economy is basically a long distance bed-sitting room for the Rand. The nation is not merely land locked but South Africa locked. In 1986 a brief and partial South African economic blockade was followed by a para military coup. Leabua Jonathan's attempt to create a Tonton Macjonathan youth guard responsible only to himself was the underlying cause and the accession to sovereign power of King Moshoeshoe means South Africa scored an own goal with the substitution of a more nationalist and more popular government, but the potential for turning Lesotho into an isolated, starving concentration camp has been demonstrated. South Africa has shown that it believes in economic sanctions!

In only a limited number of sectors are domestic solutions identifiable for Lesotho. Electricity self sufficiency and some agricultural output enhancement could be secured from the Oxbow project. A re-employment programme - which would have to be externally funded - could rehabilitate the ecology, increase food production and enhance basic services but not create a diversified economy or alternative exports.

To break a blockade would require an international airlift of up to 400,000

tonnes a year - shuttle service from Maputo to Lesotho's new international airport using fifty 20 tonne capacity cargo planes. Technically this is feasible. RSA would be unlikely to shoot down western commercial aircraft. The main problem is financial as costs could well exceed \$150 million a year at \$250 per tonne operating costs plus airport upgrading and plane hire.

Crushing Lesotho and starving the Basotho may however, be seen by South Africa to offer few gains and significant costs. It needs the gold miners and presumably would wish to export an equivalent value to Lesotho. A starving mob of over a million Basotho would increase security risks as well as bringing international obloquy which might result in tighter sanctions. Therefore it is conceivable that RSA would continue to hire Basotho (at least in gold mining) and to supply imports. Even that scenario would not be costless - at least half the Basotho employed in RSA would probably lose their jobs.

Technically a great deal can be done to contain costs to Lesotho but only with very high levels of external support. Even then net costs will be more severe than for any other SADCC member State.

#### Total Costs: A Rough Sketch

Any estimate of total costs is a guesstimate because factors which will influence the actual outturn are extremely problematic. Assuming:

- A. reasonably comprehensive, effective global sanctions;
- B. lasting at least three years and not abandoned in despair;
- C. phasing in of sanctions by SADCC States;
- D. South African economic reaction against SADCC States largely determined by its own economic interests not maximising damage to its neighbours;
- E. a significant SADCC programme of alternative transport and power construction linked with redirecting and rerouting external transactions;

- F. security measures adequate to allow operation of main Indian Ocean SADCC transport corridors and to reduce general economic distabilisation, the costs might be:
1. Capital perhaps \$2,000 million over three years dominated by Dar es Salaam, Nacala, Beira and Maputo corridor transport (\$1250) plus electricity transmission and Oxbow generation project in Lesotho (\$250).
  2. Dislocation and Institution Creation \$250-500 million over three years primarily initial higher costs of stop gap sourcing, selling and transporting and secondarily institution building plus replacement of South African export credits.
  3. Generation of Alternative Employment for 'returned' migrant workers (at 300,000 over the first three years) \$1,000 million about one half capital and one half wages not covered from sales of output. This is a guesstimate assuming most non-gold mine workers will be repatriated and that an average capital cost of \$1,600 an employee will generate labour intensive agricultural, urban informal, construction and public service employment with total employee/self employed income by year three of perhaps \$400 million.
  4. Security Enhancement \$1,750 million over three years basically to train and equip a coordinated FLS force to guard key routes and installations. This could roughly cover a 10,000 to 15,000 addition to first line combat ready personnel in Mozambique (to reopen the Limpopo Valley Line and put South Africa's MNR proxies out of business as a macro-economic or macro-security threat), a 5,000 to 10,000 augmentation of Zimbabwe-Botswana forces on their combined RSA border to limit escalation of aggression and a modest increase in jet fighter (especially night fighter) capacity to block support of proxies by unarmed night flights and to deter raids by helicopters or propeller craft unescorted by front line jet fighters (which RSA is probably unwilling to risk). The additional cost of a 'block force' would depend on what troops were used (e.g. Indian would be lower cost than Swedish) and whether the force is seen as a trip wire, a deterrent or an actual combat force.

5. Lesotho - \$300 to \$600 million over three years over and above support of employment creation. The higher estimate assumed a major airlift operation, the lower a selective one plus sealed rail wagon transport of other imports via Maputo and the RSA rail system.
6. Subtotal - of the order of \$6,000 million over three years direct costs. The indirect cost total and the net cost total depend on how much of the direct cost is internationally financed as additional support for the independent states of Southern Africa and how many gains can be achieved.

#### And Gains

Gains would come on lower import costs, replacing RSA exports in overseas or regional markets, lower transport costs, benefits of additional regional import substitution (including transport) and the output of returning workers. By the third year annual gains could be:

1. Import cost savings \$200 million (10% average on imports from or through RSA)
2. Export gains (existing products) (\$ -25 to -50) million
3. Export gains from replacing RSA in overseas markets \$25 million, real possibilities exist in metals, steel, coal, asbestos, sugar, fruits and vegetables, etc., but capitalising on them over three years would be limited by existing production and available transport capacity. If \$300 million were invested over that period and transport routes were open then the gains could be up to \$150 million.
4. Lower transport costs \$200 million (for Zimbabwe alone of the order of \$100 million on full diversion). However, the level achieved will depend on transport sector capacity and security.
5. Additional regional production to replace present South African imports - \$50 to \$100 million goods and up to \$300 million transport plus associated services. Three year results may be limited by capacity constraints.

6. Output of returned workers (net) \$300 million (of which say \$150 public sector wages, \$125-175 million peasant production, \$75-100 million informal sector output and \$50-75 million enterprise wages less \$125 million remittances loss).
  
7. Output - especially agricultural, mining and manufacturing - made possible by improved security \$200 million (a conservative estimate of \$300 million gain in Mozambique, partly offset by losses in other neighbours of RSA. This is a by-product of the security improvement necessary for transport sector).

Total Gains \$1000 to \$1500 million

Net Cost During Third Year

Recurrent Net Gain	\$150 to \$650 million
Total Net Cost All Heads	\$1000 to \$1250 million.

These are very rough estimates and may be optimistic. However, they are not unrealistic 'target' levels for the third year of sanctions. By year three a recurrent gain can be achieved (except for Lesotho) with increased output exceeding increased costs. After the third year, costs should not (in real terms) rise while benefits should. Excluding security and Lesotho operations, the net overall additional cost (financing requirement for capital investment) is of the order of \$500 million a year for three years and should thereafter decline as the initial transport and power capital expenditure was completed. The costs are much smaller than the present costs of South Africa's destabilisation and aggression and are therefore logically well worth incurring - if financeable - in support of measures with a real chance of ending that destabilisation and aggression.

When South Africa becomes a majority rule state SADCC would still have lasting gains. Capital spending on transport and power capacity is justified even assuming normal economic relations with South Africa. Trade links justified on long term mutual interest grounds could be restored easily. No majority ruled South Africa would agree to the return of migrant workers given South Africa's black unemployment and underemployment position. Finally, only after SADCC as a region has built a degree of economic integration and autonomy



would a regional economic grouping with South Africa avoid building in dominance and dependency relations inherited from the old RSA however much both the SADCC members and the new South Africa wished to avoid it.

#### What Is SADCC Doing Now?

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 equally aware of the problematic nature of many of the projections. Since the 1985 Arusha Summit, SADCC has begun serious work on contingency planning and its pre-sanctions implementation. Details are - appropriately - secret but several elements and directions have been made public by SADCC.

A SADCC member State subcommittee to prepare an overall strategy for SADCC responses to sanctions against South Africa has held several meetings. Background papers have been prepared and specific topical consultancies commissioned. A comprehensive draft sanctions response project was discussed at the 1986 Luanda SADCC Summit.

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). 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. 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".

Security is not a SADCC sector, but individually and collectively the member

States have begun to upgrade key economic unit security. The most evident cases 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. Discussions on external security support have been begun with certain non-aligned states, almost certainly including India.

#### Trade Unions And The Front Line: Toward An Action Agenda

Trade unions can have a significant impact on mobilising and influencing action to strengthen the front line in Southern Africa. To do so will require more articulated and target pressures and actions involving more workers than have been common to date. Items for an action agenda include:

1. Press governments to impose and enforce meaningful sanctions against South Africa beginning with the 1986 Commonwealth Mini-Summit majority (all except UK) and the U.S. Senate packages and broadening them if significant changes - as perceived by black South Africans, ANC, SWAPO, the FLS, SADCC - are not achieved.
2. Develop information systems to identify loopholes and to bring them to the attention of authorities and of the press. For example, the Cheetah fighter depends on electronic and weapon systems, jet engines and basic design imports. These violate an existing sanction which is purportedly enforced. Whence the electronics, avionics, weapons, engines? How did South Africa acquire the Kphir design? Trade unionists should be well placed to dig out the answers.
3. Lobby governments to support key SADCC programmes especially in respect to port corridors, pipelines and petroleum storage, electricity generation and transmission. Both SADCC and SATUCC should be consulted in identifying projects and programmes to highlight.
4. Articulate - with SATUCC and official or unofficial Basotho - an emergency survival programme for Lesotho including Oxbow dam, job creation for ex-migrants, at least a limited airlift and press governments and the EEC to act on the first two elements and have at

least contingency plans for the third.

5. Together with SATUCC, ILO/JASPA and Ministries of Labour of Botswana, Swaziland, Lesotho and Mozambique identify the components for a programme to re-train and re-employ 25,000 to 50,000 migrant workers a year and to raise (including from governments and international organisations) funding and personnel (who could well be union members) to launch full-scale action when (and it probably is when, not if) South Africa begins major repatriation of Southern African workers.
6. Push for South African quotas, access rights and preferences (formal and informal), e.g. sugar, textiles, iron and steel, coal to be reallocated immediately to SADCC member States.
7. Urge governments to assist SADCC member States in reorienting their trade away from RSA - a set of actions OECD governments should perceive as benefitting their own export and employment levels. Areas within this include: provision of export credit to replace South African, better trade promotion and commercial information provision, assisting in identifying (and financing development of links with) appropriate purchasing organisations and/or partners for SADCC regional or member State based joint venture trading and clearing/forwarding firms.
8. Press for South African aggression against Southern Africa to be met by serious retaliatory action by OECD member states. In particular press for breaking all contacts with and expelling all offices of South African proxy bodies notably MNC and UNITA. It is a scandal that RSA and its proxies have waged full scale wars against their neighbours for up to a decade with no effective international action to stop them taken. If ever the "threat to the peace" provisions of the UN Charter apply, they do so in respect to South Africa's regional aggression.
9. Seek to mobilise government support for national and FLS build up of effective security forces to defend themselves. Requirements include finance, equipment and training personnel.
10. Seek to build up support for an international (or coordinated national) force to protect the frontline from South African and proxy incursions.

The auspices under which such a force could go require consideration and consultation with the FLS. United Nations or Commonwealth sponsorship would appear to have advantages over purely national forces.

11. Build up a more articulated and intensive programme to inform union officials and members of the nature of South African attacks on the frontline so that trade union statements and actions have a broader and better informed mass base.
  
12. Develop closer links - at Trade Union Congress, National Union, local Union Council, Branch and individual trade unionist levels - between union and other concerned organisation initiatives and seek both to initiate and participate in coordinated campaigns with, e.g. church, womens, farmers and specialised action groups. At the same time build up better information acquisition and consultative links not only with SATUCC but also with the FLS, SADCC and individual Southern African states.

- R. H. Green  
Falmer  
September 1986

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ZAMBIA  
CONGRESS  
OF TRADE UNIONS



INTERNATIONAL  
CONFEDERATION  
OF FREE TRADE UNIONS



THE SOUTHERN AFRICAN  
TRADE UNION  
CO-ORDINATION COUNCIL

## BEATING APARTHEID AND STRENGTHENING THE FRONTLINE

Lusaka, Zambia, 21 - 23 October 1986

### PAPER 3: STRENGTHENING THE FRONTLINE

#### Introduction

1 The Frontline States (FLS) (Angola, Botswana, Mozambique, Tanzania, Zambia and Zimbabwe) and the broader Southern African Development Co-ordination Conference (SADCC) grouping (the FLS plus Lesotho, Swaziland, Malawi) have been on average hard hit by three factors. First, the general post-1979 economic crises affecting sub-Saharan Africa, second, by recurrent droughts over 1979-1984 and third, by the rising tide of South African aggression and destabilisation beginning with the 1975 invasion of Angola and becoming steadily more damaging since 1980.

2 The SADCC economies group over 70 million people and have a combined gross domestic product of about \$25,000 million or \$350 per person. Since 1980 regional GDP has declined or stagnated implying a per person fall of the order of 15 to 20%. In 1985 there was a positive out-turn but a very low one.

3 The cost of South African destabilisation and aggression was as high as \$7,000 million in 1985, i.e. over 20% of what regional product would have been in the absence of the Southern African states' bad neighbour. As a result the economies of two states - Mozambique and Angola except for its oil sector - have been reduced to a shambles and only two of the eight main intra-regional transport links are operating normally. In the absence of the rising cost of destructive engagement with South Africa (including its proxy forces, i.e. UNITA and MNR), there would have been a pronounced economic recovery in 1985.

4 However, to summarise across the region obscures significant differences. Output per person ranges from over \$1,000 in Botswana to perhaps \$200 in Mozambique. Economic patterns range from Zimbabwe which has the most integrated and structurally developed economy in the sub-region to Mozambique where the MNR (created by Portugal and Rhodesia and inherited by South Africa) raids have by sabotage and terrorism virtually totally destroyed the economy culminating in a 20% fall in output in 1985.

#### The Cost of South Africa to Neighbouring States

5 SADCC was founded as an integral part of the independent Southern African states' attempt to liberate and to reconstruct their region. It is the political economic arm of regionalism as the FLS are the political struggle arm. SADCC is about economic liberation; thus it conflicts with South Africa's regional total strategy of making Southern Africa safe for South African exports, investment, profits and procurement in particular and for the apartheid system more generally.

for adoption... Concerning South Africa's retaliatory measures taken against its neighbours as a result of their support for the international campaign for sanctions against the regime, the Summit strongly condemned the racist regime for its recent trade restrictions against Zambia and Zimbabwe... In this respect the Summit appealed to the international community to render all possible support and assistance to all the Frontline and other (Southern African) states in order for them to withstand South Africa's retaliatory sanctions against them."

#### Sanctions Impact on SADCC Economies

12 How across the board global sanctions against South Africa would affect SADCC economies depends on a number of factors. First, how far reaching, effectively enforced and speedily applied; second, how long; third, whether they work, fourth, whether SADCC states impose full sanctions and if so how rapidly; fifth how South Africa reacts; sixth how much assistance SADCC's co-operating partners provide for the capital costs of delinking, the operating costs of replacement employment creation for 'returning' migrant workers and enhanced security provision and the initial institutional and transitional costs of changing sources and routes.

13 Key sectoral areas are: imports, migrant labour, exports, transport and communications, security and Lesotho. Security cannot be left out as non-economic because the main present and future obstacles to many delinking initiatives relate to protecting what has been built and the economic context in which it operates. Further, without better security, economic recovery in most of Angola and Mozambique is unlikely. Lesotho's geographic location and greater dependent integration into the South African economy render its position significantly different from those of other SADCC member states.

#### An Independent Import Strategy for SADCC

14 Botswana, Swaziland, and Lesotho are totally, Malawi significantly and Zimbabwe, Mozambique and Zambia marginally, dependent on petroleum products supply from or via South Africa. Effective sanctions will cause South Africa to halt exports because petroleum products exports depend on crude oil imports. Rerouting and resourcing is possible. The Beira-Mutare and Dar-Ndola pipelines plus the Nacala-Blantyre and Maputo-Manzini rail lines have more than enough capacity to handle the needs of SADCC States except Angola which has its own refinery and Lesotho. Requirements for supplies to Botswana via Mutare or Ndola are additional tank wagons and locomotives plus additional tankage at Beira, Mutare or Ndola and main Botswana depots totalling perhaps \$50 million. Parallel considerations apply to supplying Swaziland via Maputo and Malawi via Nacala. Alternative sources are likely to be markedly cheaper than South African.

15 Electricity dependence on South Africa is total for Lesotho, dominant for Swaziland, significant for Mozambique (Maputo) area and Botswana, minor for Zimbabwe. Grid links could remove the Swaziland, Mozambique, Botswana and Zimbabwe imports from South Africa with cost savings over present South African or alternative national sources. Basically they involve a high tension Cahora Basa - Maputo - Swaziland link plus high tension lines linking Cahora Basa to the Zimbabwe grid and Bulawayo to the Botswana grid. The capital cost would be likely to be of the order of \$150 million and the construction time up to 24-30 months.

16 General import dependence on South Africa is major (over 75%) for Lesotho, Botswana and Swaziland, substantial (over 25%) for Zimbabwe and Malawi and significant (over 5%) for Zambia and Mozambique. Alternative sources - in



several cases (e.g. grain, pulp, textiles, steel) regional ones - exist and global sourcing is likely to average at least 10% cheaper than South African if transport is available and if importing is handled by knowledgeable commercial houses. The problem of import houses or other enterprises able to source globally is serious in many countries. The solution would be joint ventures with European or Japanese - or perhaps Zimbabwean - firms with experience in global, least cost purchasing. Such ventures could be viable even now with the B-L-S states in the South African customs union.

17 The Southern African Customs Union (SACU) is an import tax collection system run by South Africa and including Botswana, Lesotho and Swaziland. It is a major revenue source for Lesotho and significant for Botswana and Swaziland. However the revenue raised by this system for Botswana and Swaziland could feasibly be replaced by new national import and sales tax systems especially in the context of a redirection of trade through SADCC ports and a regional strategy for discount import purchasing. The SACU system is also not costless for the BLS states. Firstly there is a two year delay before revenue is received. Secondly because certain key imports are now at premium prices as a result of levies due to routing through South Africa, it should be possible, in the context of a new co-operative SADCC import strategy (i.e. bulk buying at a discount), to maintain tax revenues without raising final prices.

18 If SADCC were to embark on a comprehensive and effective new import strategy to counteract dependence, South Africa might retaliate by cutting off its exports to the region (e.g. electricity). However this is by no means certain since retaliation would hurt its own economy at a time when it is likely to be under pressure from international sanctions.

#### Migrant Workers

19. Official South Africa and SADCC member State figures suggest 280,000 to 300,000 migrant workers from the region in South Africa in 1984. This is an underestimate since seasonal (especially agricultural) and illegal (general and domestic) migrants are not counted. A full time equivalent figure might be 400,000 to 450,000 plus 200,000 semi-permanent migrants. The gold mining core of the migrants are - despite Piet Botha's threats - unlikely to be repatriated rapidly. They are skilled and critical to sustaining gold output. The others - including coal miners if iron and steel and coal sanctions bite - could be sent back rapidly although 'illegals' and seasonals might take time to find. There are two aspects of this problem - the loss of say \$100-150 million a year of remittances and a need to create up to 300,000 wage or productive self employment opportunities.

#### Goods Exports to and through South Africa

Goods exports by SADCC economies to South Africa (as opposed to through South Africa) are under 10% of total exports, perhaps \$350-400 million a year but are significant for Lesotho, Swaziland, Zimbabwe and Botswana. Perhaps a quarter of this total are re-exported by South Africa so would be readily rerouteable. South African demand for the balance would fall sharply, even without retaliation. Effective sanctions would reduce demand in South Africa, increase capacity underutilisation and force cuts in imports. The bulk of SADCC exports could be retargeted - perhaps 15 to 25% within the region replacing South African exports - but in many cases at lower net proceeds. Perhaps 10 to 20% of the exports might prove unsaleable (e.g. certain Zimbabwe labour intensive manufactures).

21 Exports through South African are a transport problem. Sometimes the problem is very limited e.g. Botswana diamonds transit Jan Smuts Airport but could perfectly well go direct to London. In other cases - e.g. Botswana chilled beef -

specialised handling facilities not now existing on SADCC railways and at SADCC ports are needed.

Transport and Communications: Cutting the Noose

22 South Africa today handles the bulk of the external traffic of Lesotho (100%), Botswana (over 90%) and Swaziland plus over half of that of Zimbabwe, Zambia, and Malawi. This is largely the result of armed aggression. Of the five main port corridors (Maputo - three lines, Beira - to Zimbabwe and Malawi, Nacala, Dar es Salaam and Lobito Bay) only Dar has not been attacked repeatedly. South Africa, via UNITA, has kept the Lobito Bay route closed for over a decade and, via the MNR, has at times shut down each of the Mozambique routes. SADCC's priority transport sector programme would virtually eliminate both the need to use and the economic logic of using transport links through South Africa except for Lesotho and (on the economic side) Swaziland.

23 The SADCC Transport and Communications programme over 1985-86 has concentrated mobilisation of resources on the Dar and Beira corridors (the Nacala corridor and the Maputo-Swaziland projects already have substantial commitments). These would cost perhaps \$750 million for projects needed to achieve basic rehabilitation and upgrading including replacing South African locomotives and wagons and could be completed over 36 to 48 months. They would create a situation in which Dar es Salaam (Tanzania, Zambia and Malawi), Beira (Zimbabwe, Botswana, Mozambique, peripherally Zambia and Malawi), Nacala (Malawi, Mozambique) and Maputo (Mozambique, Swaziland only) could handle on the order of 12 million tonnes of dry cargo and 4 to 5 million of petroleum product imports and exports and their corridors channel these to their destinations. That would cover the basic external trade requirements of the seven states (Angola has its own ports). That does require higher level of operating and maintenance efficiency than have been attained in the recent past and above all security at least comparable to that which Zimbabwean and Mozambican forces have provided to the Beira-Zimbabwe corridor since 1983. Were the Limpopo Valley Line (Maputo-Zimbabwe) or the Lobito Bay Line (Zambia-Angola) also to be rehabilitated, reequipped with rolling stock and traction power, restaffed and kept secure there would be enough leeway in capacity to make transport dependence a thing of the past.

24 In respect to air transport infrastructure and to telecommunications SADCC and its member States have achieved or are about to complete a set of projects which render use of South African facilities both unnecessary and in telecommunications also less convenient or economic than national or regional ones.

25 The last transport problem is a specialised one - clearing and forwarding. The traffic of the six southern SADCC States (excluding Angola, Zambia, and Tanzania) is dominantly cleared and forwarded by Renfreight, a subsidiary of SAR Marine which is controlled by Old Mutual with a minority Anglo American holding. This is a dangerous situation. Withdrawal of South African personnel and head office support could lead to chaos - clearing and forwarding are specialised, complex, vital functions. If Renfreight carries out business as usual, first it has a bias toward South African sources and routes; second, it has (even now) a 'habit' of mislabelling South African cargo both as from another country of origin and as shipped from a SADCC port; third, its centralised data system means that detailed data on the bulk of six SADCC member States' external trade is available on South African computers. Only the most innocent could suppose the South African military has no access to these. The cure is to build up smaller domestic or non South African owned clearers and forwarders and to form joint ventures with major international ones such as Mozambique has recently done with AMI (Agence Maritime International) of Belgium.

### Security - Winning Room to Delink

26 Better defence of key transport routes and other major economic units is crucial to cost containment and benefit attainment. SADCC's failure to break the transport dependence stranglehold South Africa has created is largely the result of the apartheid use of naked military force. Selective defence can be achieved through co-ordinated action as the reopening of the Beira port corridor and Malawi-Zimbabwe highway demonstrate. More can be done along these lines to make transport links secure, especially by the more effective use of airpower against proxies, e.g. re-opening the Limpopo Valley Line and the Maputo-Swaziland routes. However, it has to be recognised that hostilities in Angola are probably on a scale which pose greater problems. To be reasonably effective such action would cost on the order of at least \$500 million a year.

27 International defence or even trip wire forces might have a deterrent effect if South Africa feared the external party meant business. A relatively small international deterrent force with airpower superior to that of the Pretoria regimes (which centres on a limited number of ageing Mirage jets until the Cheetah variant of the Kphir is phased-in over 1987-90), backed up by air attack warning, other specialist units and limited ground forces probably would deter aggression. A larger but less sophisticated force which could and did fight could also be effective. The credibility of this force would depend both on its military capacity to respond to aggression and its composition. In political terms it would be important to compose a force from countries demonstrably uninterested in a permanent military presence in the region.

### Lesotho's special problems

28 Lesotho, landlocked by South Africa has especially difficult problems in de-linking economically from South Africa and securing its boundaries. However, a number of projects could be implemented with external aid to increase agricultural and energy self-sufficiency, improve basic services, and create jobs for returning migrant workers. The international community should also be prepared to implement at short notice the massive emergency airlift that would be needed if South Africa tried to blockade the country. Similar contingency plans for emergency resettlement in neighbouring states for Basutho expelled from South African should also be arranged.

### Costing a Comprehensive Programme for Strengthening the Frontline

29 Any estimate of total costs of the strategy outlined in this paper is a difficult because factors which will influence the actual out turn are extremely unpredictable. However, assuming that reasonably comprehensive, effective global sanctions are implemented for at least three years; that SADCC states phase in sanctions; that South African economic reaction against SADCC states is largely determined by its own economic interests rather than maximising damage to its neighbours; that a significant SADCC programme of alternative transport and power construction linked with redirecting and rerouting external transactions is put in place; and that security measures adequate to allow the operation of the main Indian Ocean SADCC transport corridors and to reduce general economic destabilisation, the costs might be as follows:-

i) Capital - perhaps \$2,000 million over three years dominated by Dar es Salaam, Nacala, Beira, and Maputo corridor transport (\$1,250 million) plus electricity transmission and the Oxbow power generation project in Lesotho (\$250 million).

ii) Dislocation and Institution Creation - \$250-500 million over three years consisting primarily of initial higher costs of stop gap sourcing, selling and transporting, and secondarily building new trading institutions plus replacement of South African export credits.

iii) Generation of Alternative Employment - for 'returned' migrant workers (at 300,000 over the first three years) \$1,000 million about one half capital and one half wages not covered from sales of output. This is a guesstimate assuming most non-gold mine workers will be repatriated and that an average capital cost of \$1,600 an employee will generate labour intensive agricultural, urban informal, construction and public service employment with total employee/selfemployed income by year three of perhaps \$400 million.

iv) Security Enhancement - \$1,750 million over three years basically to train and equip a co-ordinated force to guard key routes and installations. This could roughly cover a 10,000 to 15,000 addition to first line combat ready personnel in Mozambique (to reopen the Limpopo Valley Line and put South Africa's MNR proxies out of business as a macro-economic or macro-security threat), a 5,000 to 10,000 augmentation of Zimbabwe-Botswana forces on their combined South African border to limit escalation of aggression and a modest increase in jet fighter (especially night fighter) capacity to block support of proxies by unarmed night fighters and to deter raids by helicopters or propeller craft unescorted by front line jet fighters (which South Africa is probably unwilling to risk). The additional cost of an international defence force would depend on its size, sophistication and composition.

v) Lesotho - \$300 to \$600 million over three years over and above support of employment creation. The higher estimate assumes a major airlift operation, the lower a selective one plus some rail transport of other imports via Maputo and the South African rail system.

30. The total direct costs of these five elements of a comprehensive programme would be of the order of \$6 billion over three years. The cost to the region depends on how much of the direct cost is internationally financed as additional support for the independent states of Southern Africa and how many gains can be achieved.

#### Short term gains from a Support Programmes

31 Gains would come in the form of lower import costs, increased exports replacing South African exports blocked by sanctions in overseas or regional markets, lower transport costs, benefits of additional regional import substitution (including transport) and the output of returning workers. By the third year total gains could be about \$1 to \$1.5 billion. Gains would gradually build up and by the third year might be expected to be made up annually as follows:

i) Import Cost Savings - \$200 million (10% average on imports from or through South Africa).

ii) Export Gains from replacing South Africa in overseas markets \$25 million. Real possibilities exist in metals, steel, coal, asbestos, sugar, fruits and vegetables, etc., but capitalising on them over three years would be limited by existing production and available transport capacity. If \$300 million were invested over that period and transport routes were open then the gains would be perhaps \$150 million. This would have to offset against some export losses which might be estimated at between \$25 to 50 million.

iii) Lower Transport Costs \$200 million (for Zimbabwe) alone of the order of \$100 million on full diversion). However, the level achieved will depend on transport sector capacity and security.

iv) Additional regional production to replace present South African imports - \$50 to \$100 million goods and up to \$300 million transport plus associated services; Three year results may be limited by capacity constraints.

v) Output of returned workers (net) - \$300 million (of which say \$150 public sector wages, \$125-175 million rural worker production, \$75-100 million informal sector output and \$50-75 million enterprise wages, less \$125 million remittances

loss).

vi) Output - especially agricultural, mining and manufacturing made possible by increased security \$200 million (a conservative estimate of \$300 million gain in Mozambique, partly offset by losses in other neighbours of South Africa. This is a by-product of the security improvement necessary for the transport sector).

#### Cost and Benefits of Programme for Strengthening the Frontline

32 By the third and subsequent years of the programme recurrent gain should exceed the continuing need for investment by about \$150-\$650 million annually even allowing for total annual costs of the order of \$1 billion annually. These are very rough estimates and may be optimistic. However, they are not unrealistic 'target' levels for the third year of a programme to strengthen the frontline. By year three a recurrent gain could be achieved with increased output exceeding increased costs. After the third year, costs should stabilise or even fall while benefits should rise. Additional financing for capital investment would be required of the order of \$500 million a year for three more years but should thereafter decline as the initial transport and power capital expenditure was completed. Security and emergency relief to Lesotho would be additional variable costs largely dependent on what would be required to counteract South African aggression. However, even allowing for this the total net costs are much smaller than the present costs of South Africa's destabilisation and aggression and are therefore logically well worth incurring - if financeable - in support of measures with a real chance of ending that destabilisation and aggression.

33 When South Africa becomes a majority rule state SADCC would still have lasting gains. Capital spending on transport and power capacity is justified even assuming normal economic relations with South Africa. Trade links justified on long term mutual interest grounds could be restored easily. A majority rule South Africa may not be able to agree to the return of migrant workers given South Africa's black unemployment and underemployment position. Finally, only after SADCC as a region has built a degree of economic integration and autonomy would a regional economic grouping with South Africa avoid building in dominance and dependency relations inherited from apartheid however much both the SADCC members and the new South Africa wished to avoid it.

#### What is SADCC doing now?

34 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 equally aware of the problematic nature of many of the projections. Since the 1985 Arusha Summit, SADCC has begun serious work on contingency planning and its pre-sanctions implementation. Details are appropriately confidential but several elements and directions have been made public by SADCC.

35 A SADCC member State subcommittee to prepare an overall strategy for SADCC responses to sanctions against South Africa has held several meetings. Background papers have been prepared and specific topical consultancies commissioned. A comprehensive draft sanctions response project was discussed at the 1986 Luanda Summit.

36 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). 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. 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.

37 Security is not at present a matter discussed within the SADCC framework, but individually and collectively the member States have begun to upgrade key economic unit security. The most evident cases 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.

SUMMARY: The Main Elements of an International Programme to Strengthen the Frontline

- The Pretoria regime sees the Southern African sub-region as an area of its economic domain, and wants to make it secure for its exports, investments, profits and procurement, and for the apartheid system itself. South Africa also sees its regional hegemony as indivisible, and its domination of the transport system is the key to enforcing it.
- To enforce this, the regime has, over the years, consistently attacked and destroyed key transport routes and installations directly or through proxies such as the MNR and UNITA, and the cost of this destruction to the SADCC countries is now estimated at US\$ 7 billion per year.
- SADCC was established to foster the economic liberation of its members from the Pretoria regime's domination. Established in 1980, SADCC has put transport and communication delinking with South Africa as its top priority.
- As economic sanctions against the Pretoria regime are now a reality, it is now more urgent than ever that a programme of disengagement be implemented, to avoid the possibility of making SADCC countries hostage nations of the regime through the implementation of its own retaliatory sanctions.
- The resources to undertake this task are at this stage beyond the means available in the region. It is therefore important that the international community should join hands with SADCC countries to mobilise the resources needed to make this a reality.
- The programme of action should include;
  - i restoring transport routes to enable the redirecting and rerouting of external trade, and developing a regional energy programme independent of South Africa. This essentially involves Dar es Salaam, Nacala, Beira, and Maputo transport corridors and new electricity transmission lines.
  - ii new job opportunities for up to 380,000 returned migrant workers be created.
  - iii a trained and equipped international defence force, to guard key routes and installations.
  - iv provision for the special situation of Lesotho.
- This would cost US\$ 6 billion for a period of about 3 years, but should yield gains of the order of US\$ 1 billion to US\$ 1.5 billion by the third year.

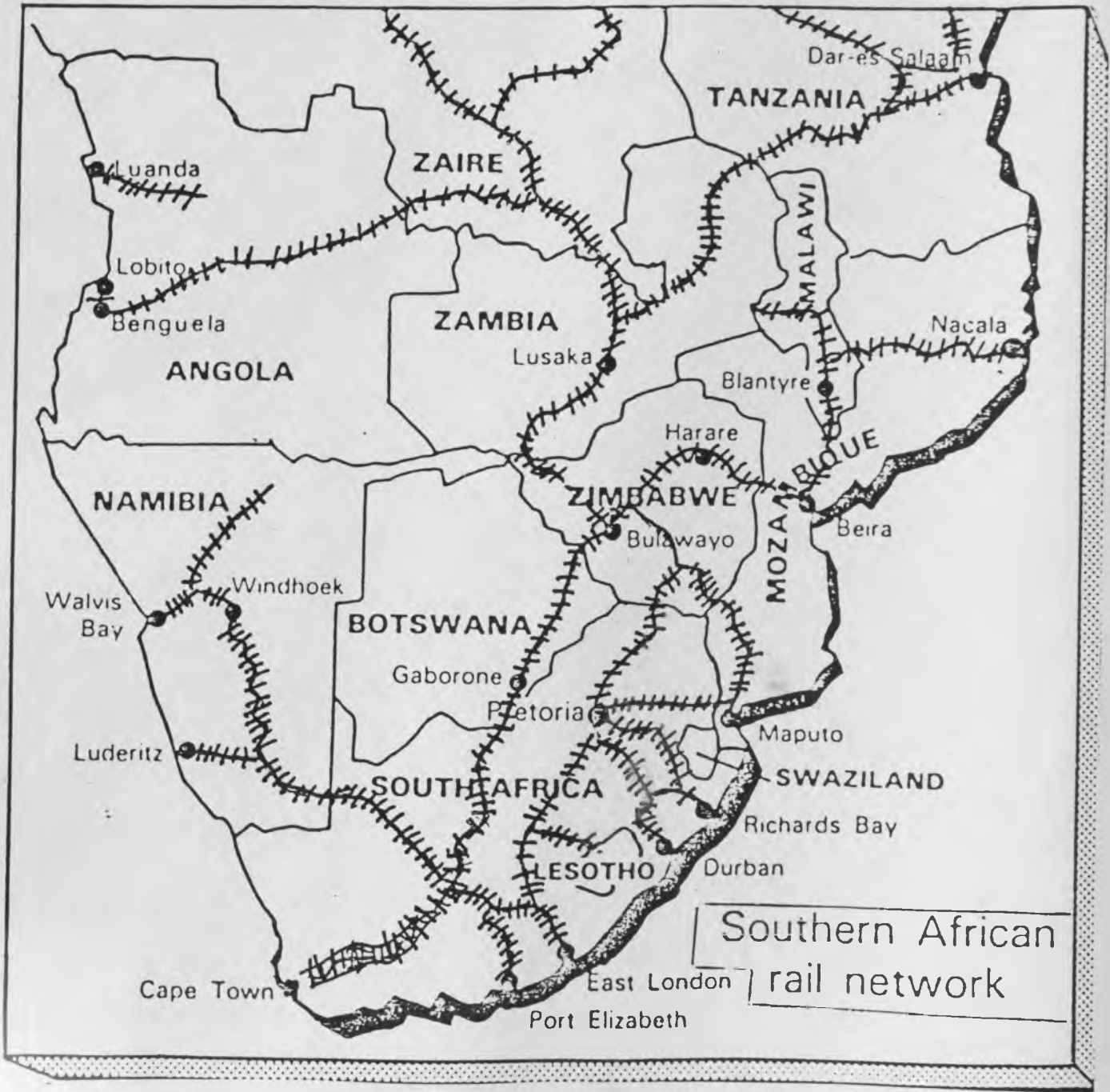
Trade Unions and the Frontline: Towards a Programme of Action

Trade unions have an important role in mobilising and influencing action to strengthen the frontline. This role has to be utilised with maximum effect, particularly on governments and the public. The Conference may therefore wish to consider specific proposals for action in respect to:

- support SADCC programmes particularly in respect to port corridors, pipelines, petroleum storage, electricity generation and transmission;
- assist SADCC member states in reorientating trade away from South Africa including the provision of export credit to replace South Africa, better trade promotion and commercial information, assistance in identifying and financing development links with appropriate purchasing organisations, and or partners for SADCC regional or member state joint venture trading and clearing/forwarding firms;
- provide sufficient funds to formulate and implement programmes together with trade unions on retraining and re-employment of migrant workers;
- accede to SADCC countries request for South African quotas, access rights and preferences (formal and informal), e.g. sugar, textiles, iron and steel, coal to be reallocated immediately to SADCC member states;
- break all contacts with and expel all offices of the South African proxy bodies such as MNR and UNITA;
- support for an international or regional force to protect the frontline from South African proxies and incursions. The force should be from countries demonstrably uninterested in a permanent military presence in the region.

The ICFTU, together with SATUCC and the various trade union centres, should develop programmes, aimed at creating employment opportunities for migrant workers in Southern Africa.

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Southern African  
rail network