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**REPORT OF
PROCEEDINGS OF THE
SEMINAR ON PEACE AND
SECURITY IN THE
SOUTHERN AFRICA REGION**

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Compiled by
Donald P. Chimanikire

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THE CHARACTER OF TRADE IN SADCC AND FUTURE PROSPECTS

Ms Vengesai Hove

- *Assistant Secretary, Ministry of Industry and Commerce*

SADCC was formed in Lusaka, Zambia, on 1st April 1980 as a result of consultations made during 1979 by the Southern African leadership. The organisation has a membership of 10 countries namely Angola, Botswana, Lesotho, Malawi, Mozambique, Namibia, Swaziland, Tanzania, Zambia and Zimbabwe. Namibia was the latest to join the sub-regional grouping.

SADCC's main objectives include reduction of economic dependence, particularly on South Africa; forging of links to create a genuine and equitable regional integration; and mobilisation of resources to promote the implementation of national, inter-state and regional policies and concerted action to secure international co-operation within the framework of the strategy for economic liberation.

While one of its objectives was to reduce dependence on South Africa, SADCC was not formed specifically as an "anti-South Africa" organisation. It is true that most countries in the region were vulnerable to economic sabotage because of their excessive dependence on South Africa for imports and transport facilities. It is also true that until recently, South Africa has been too eager to demonstrate to the region her economic and military superiority. Her actions and attitude had created a sense of insecurity in the whole region. However, South Africa's real motive was to deter the Southern African leadership from supporting liberation movements fighting the regime. Economic vulnerability could be reduced only by a reduction of this dependence.

To some extent the dependence on South Africa has been substantially reduced. Instead of relying entirely on South Africa, SADCC countries now use Mozambican and Tanzanian ports. Rehabilitation of the transport system in Mozambique has also reduced the members' dependence on the South African transport network. However, SADCC's efforts have been hampered by Renamo's sabotage of railway lines and other infrastructure. This is also true for Angola, where civil strife brought the transport system in certain areas to a halt. SADCC has reviewed this objective, taking into account positive developments currently taking place in South Africa.

Despite these efforts, equitable integration has not been fully realised. Fiscal, monetary, trade and other economic policies are far from being harmonised. As such, disparities in the sub-region may continue to widen. SADCC has scored considerable success in mobilising resources, especially from Nordic countries. However, mobilisation within the sub-region has not been entirely successful due to problems regarding the implementation of SADCC programmes, which can be blamed on the absence of monitoring and accountability machinery. Despite this, the sub-region as a whole has managed to secure international co-operation since most donors feel it is uneconomical to give help to individual countries.

Trade in SADCC has been adversely affected by insecurity in the Southern African

region. Instability ranged from civil conflicts in Angola and Mozambique, and South Africa's destabilisation policy against her neighbours. The destruction of transport and other infrastructure through these conflicts has adversely affected intra and extra-SADCC trade. Intra-SADCC trade presently accounts for 4% of total trading. The target is to increase this to a level of 12% by the year 2000.

Of the total volume of intra-SADCC trade in 1987, which amounted to US\$638,63 million, Zimbabwe accounted for 40%, Botswana 23%, Zambia 13%, Mozambique 10%, Malawi 8%, Tanzania 3%, Swaziland 2%, Angola 0,9%, Lesotho 0.1% and Namibia nothing. However, their total volume of trade with the rest of the world in 1987 amounted to US\$14,455 million, contributed by Angola 18%, Botswana 18%, Zimbabwe 13%, Namibia 12%, Tanzania 10%, Zambia 9%, Mozambique 7%, Swaziland 6%, Lesotho 4% and Malawi 4%. The volume of trade between SADCC countries and the EEC in 1987 totalled US\$4,135 million and rose to US\$4,508 million in 1988.

The main commodities traded by SADCC countries among themselves include: manufactured goods, sugar, rice, maize and electricity. SADCC's major exports to the rest of the world are tobacco, cotton, gold, diamonds, copper, oil and asbestos. Major imports include consumer goods, intermediate goods and machinery.

A number of factors contribute to a low intra-SADCC trade level. SADCC as an organisation does not have a clear trade regime. This is unlike in the PTA, where such a regime exists through specific trade promotion programmes and mechanisms to reduce and eliminate trade barriers. Trade in the PTA is facilitated through the establishment of the PTA Bank and Clearing House. It can safely be said that some of the trade which has taken place in SADCC countries has been contributed by the PTA facilities. Although feasibility studies to promote intra-SADCC trade have been carried out, these have yet to be translated into action.

Transport is one of major the problems affecting intra and extra- SADCC trade. In order for the region to increase trade it requires an efficient transport system. However, this is not the case. There is a shortage of heavy vehicles, rolling stock, wagons, etc. The vehicle fleet in most SADCC countries is old and spare parts are in short supply. Most of the countries are landlocked, without access to the sea. The few ports servicing the region are not efficient and lack the capacity to handle large volumes of goods. Because of this, it is very difficult to move goods from one SADCC country to the other. In the case of Mozambique, attacks by RENAMO on the railway line and transport convoys inside that country have affected the movement of goods to and from Malawi and Zimbabwe. Transport operators have been forced to use longer routes at increased costs.

Communication facilities are inadequate and hardly conducive to trade. Lack of information is another problem. Businessmen in one country, for example, are not aware of the opportunities existing across their borders. As a result goods imported from elsewhere were actually be obtainable within the region if only there was a good flow of information. The establishment of the SADCC Regional Business Council and National Business Councils was an effort to redress some of these problems. Sadly, little has been achieved by these institutions to date.

The majority of SADCC countries do not generate enough foreign currency from their exports. There is therefore a chronic shortage of this commodity, which affects their

capacity to buy. As a result they seek tied aid, which in turn forces them to source goods from non-SADCC countries, irrespective of the fact that these goods are available within the region or not.

An added complication is that some SADCC countries produce similar commodities, usually primary goods. This duplication makes it difficult for member states to source from one another.

Where available within the region, those commodities which are in most cases uncompetitive. Obsolete and inefficient machinery is still being used. Consequently, costs of production are always rising.

Supply constraints exist in SADCC states. Most of them are unable to supply some of their commodities in large quantities to meet demand. Because of this, member states are forced to source from outside the region where supply is reliable.

Intra-SADCC trade will continue at these low levels unless the problems highlighted above are redressed. Thus there is a need to devise deliberate measures of promoting it. Changes to the composition of exports to outside the region, currently dominated by primary commodities, should be made.

The future of the region regarding peace and security is promising. In Angola the ceasefire is holding and peace is fast returning. South Africans have started negotiations towards democracy. The Mozambican government is holding a series of talks with RENAMO in an effort to bring lasting peace to that country.

Should these efforts succeed, peace and security will ensue. The region will concentrate on economic activities and a new trade pattern is likely to emerge. Trade will obviously increase. The flow of commodities to and from Maputo and Beira will not be disrupted and transporters to and from Malawi and Zimbabwe will not have use longer route through Zambia, thus reducing transport costs. The vast amounts of money set aside to repair sabotaged infrastructure will be diverted to developmental projects. Angola for example will be able to rehabilitate its transport network, thereby making it accessible to other SADCC countries. South Africa will cease to be a threat once peace returns to that country, and its sophisticated economy will benefit others in the region. South Africa will also benefit from them through increased market share.

International investors confidence will return to ensure sustained economic development.

Lastly, peace and security in Southern Africa will bring about prosperity and improve the living standards of its people. Intra-SADCC travel will increase. Already there exists trade by cross-border shoppers, which is estimated to be running into millions of dollars. It is envisaged that this trade will increase as the situation returns to normal.

ANNEX I
INTRA-SADCC IMPORTS (US\$ MILLION)

	1985	1986	1987	1988
Angola	9,00	4,20	6,30	7,60
Botswana	36,61	55,80	76,94	81,70
Lesotho	0,14	0,26	0,16	0,19
Malawi	23,42	17,96	17,75	39,16
Mozambique	20,18	47,30	63,08	76,81
Namibia	-	-	-	-
Swaziland	0,14	0,63	4,41	2,35
Tanzania	12,20	9,60	13,10	16,80
Zambia	31,40	42,60	49,00	72,30
Zimbabwe	49,30	78,10	85,00	101,90
TOTAL	182,39	256,45	315,74	398,81

Source:

- (1) *Direction of Trade Statistics Year Book (Angola) 1989.*
- (2) *Bank of Botswana, External Trade Statistics (1987).*
- (3) *Foreign Trade Statistics, 1988 - Department of Customs and Excise, Maseru.*
- (4) *Malawi - Monthly Statistical Bulletin, December 1990; Direction of Trade Statistics Year Book 1989.*
- (5) *Mozambique - Direction of Trade Statistics Year Book 1989, Ministry of Trade.*
- (6) *Namibia - Statistical/Economic Review 1990.*
- (7) *Quarterly Review - Central Bank of Swaziland, December 1990.*
- (8) *Tanzania - Direction of Trade Statistics Year Book 1989.*
- (9) *Zambia - Direction of Trade Statistics Year Book 1989.*
- (10) *Direction of Trade Statistics Year Book 1989.*

ANNEX II
INTRA-SADCC EXPORTS (US\$ MILLION)

	1985	1986	1987	1988
Angola	-	-	-	-
Botswana	19,45	47,19	71,00	77,76
Lesotho	0,19	0,51	6,64	0,57
Malawi	26,34	23,52	25,50	30,52
Mozambique	1,73	2,18	2,64	3,18
Namibia	-	-	-	-
Swaziland	7,60	4,41	8,31	14,17
Tanzania	3,50	3,60	4,60	5,50
Zambia	24,40	38,50	31,90	36,00
Zimbabwe	112,20	121,30	168,30	23,70
TOTAL	195,41	241,21	318,89	371,40

Source: (As per Annex I)



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