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Namibian summit of rival trade groups cancelled

Harare – A summit between the 12-nation Southern African Development Community (SADC) and the larger Common Market for East and Southern Africa (Comesa), due to take place in Namibia later this month, has been cancelled, officials said yesterday.

No reason was given for the cancellation of the summit which had been due to take place in the Namibian capital Windhoek on January 18 and 19.

Zimbabwean officials, however, said Namibian President Sam Nujoma had indicated that his government had no money to host the meeting.

He said Zimbabwe had been asked to host the meeting but authorities in Harare were reluctant to do so, adding that the meeting was likely to take place in the Zambian capital Lusaka, headquarters of the 23-member Comesa.

Relations between Comesa and the SADC have been strained for the past two years following the latter's decision that its members should pull away from the larger grouping.

The SADC comprises Angola, Botswana, Lesotho, Malawi, Swaziland, Mozambique, Mauritius, Namibia, South Africa, Tanzania, Zambia and Zimbabwe.

All these countries except South Africa and Botswana also belong to Comesa, which includes countries as disparate as Kenya and Somalia.

Zimbabwean President Robert Mugabe said last month that the "vast nature" of Comesa made it too unwieldy to function effectively. He suggested that Comesa members Kenya and Uganda be invited to join the SADC.

Some Western donors have advocated the splitting of Comesa into separate trade groupings, saying the overlapping of programmes stretched scarce resources. – Reuters.
Comesa’s summit could be held in Lusaka

BY IAN MACKENZIE

Lusaka — The head of the Common Market for Eastern and Southern Africa (Comesa) said yesterday he expected the group's delayed summit to be held in March, possibly in the Zambian capital of Lusaka.

Bingu wa Mutharika, the secretary-general of Comesa, said the summit was to have been held in Windhoek later this month, but the Namibian government had said at the last minute it was unable to host the meeting because of "internal" matters.

Mutharika said he was flying to Malawi yesterday to discuss the issue and a summit agenda with President Bakili Muluzi, who hosted the Comesa meeting last year.

He said if no other nation offered to host this year's summit, it would be held in Lusaka, where Comesa has its headquarters.

There was no immediate reaction from the Zambian government. Comesa and the 12-nation Southern African Development Community (SADC) had originally planned to hold a summit in conjunction with the Comesa gathering to discuss relations between the two groups and their future.

Despite a large overlap in membership, relations between the 20-nation Comesa and the SADC have been strained in the past over development issues.

However, Mutharika said Namibia had told him that the internal situation in the country made it difficult for them to host the two summits.

"At the moment we are in the process of looking for alternative venues," Mutharika said.

He said he was unable to elaborate on the reasons for Namibia canceling the meeting.

However, diplomatic sources believed they were linked to security problems in Namibia.

They said former guerrillas in Namibia who fought South African rule in the country were dissatisfied with the benefits they had received after demobilisation at independence in 1990.

Namibia had officially cited financial problems.

However, officials in Zimbabwe said on Tuesday that Namibia could not afford to host the summit.

Mutharika said there were no critical issues facing Comesa.

He expected the summit to cover trade, economic planning and development in the region as well as external debt management on a regional basis.

He said the summit was also likely to discuss ways to alleviate the drought, which had particularly hit southern African nations over the past few years.

Mutharika said he expected the proposed Comesa-SADC summit to also take place in March, although it was unlikely to be at the same place or the same time as the Comesa gathering.

Comesa was established in December 1994 to replace the former Preferential Trade Area for eastern and southern Africa.

It comprises Angola, Burundi, Comoros, Eritrea, Ethiopia, Kenya, Lesotho, Madagascar, Malawi, Mauritius, Mozambique, Namibia, Rwanda, Sudan, Swaziland, Tanzania, Uganda, Zaire, Zambia and Zimbabwe.

Of the 12 SADC members, only South Africa and Botswana do not also belong to Comesa. — Reuter
Region’s food supply ‘depends on ability to save scarce water’

HARARE — Southern Africa’s crop prospects have improved in the short term, owing to good rains, but long-term food security depends on saving scarce water and increasing irrigation, the UN Food and Agricultural Organisation said yesterday.

“The prospects of food production this season are presently bright because of the rains. If they continue, it will be fine for the year,” said the organisation’s director-general, Jacques Diouf.

“But the real concern is for the future,” he said.

The early warning unit of the 12-nation Southern African Development Community (SADC), stretching from Tanzania to SA, expects a total regional grain crop for the 1995/96 season of 16.3-million tons, up from last season’s 11.1-million tons.

The SADC unit said this week the current seasonal weather forecasts for the region indicated good rainfall prospects for the latter half of the season — January to March — boosting hopes for recovery from the 1994/95 drought which slashed harvests.

However, Diouf cautioned: “The region cannot, for its long-term food security, afford to depend on the vagaries of the weather.”

Diouf said Zimbabwe had done relatively well to boost agricultural production but like all other southern African states the country needed to work on water conservation, especially construction of small dams and water collection.

Diouf urged African governments and farm leaders to make agricultural development a priority, noting that investment in this key sector had been falling over the years.

“We can provide the technical assistance but there can be no substitute for political will,” he said.

Diouf said that his organisation would try to mobilise more support from political leaders at a world food meeting it was organising in Rome later this year.

He said world food security required food production to rise by around 4% this year but there was no guarantee this would happen due to falling investment and droughts.
Regional talks likely to focus on two crises

SADC council of ministers set to promote stabilising initiative in Swaziland and shore up ailing peace process in Angola

BY DAVE LUSTEBACH
Foreign Editor

The brewing crisis in Swaziland and the fresh sense of impasse in Angola could upstage the more technical consideration of projects at the annual consultative meeting of the Southern African Development Community and its European donors in Johannesburg this week.

On Sunday the SADC council of ministers, in which South Africa is represented by Foreign Minister Alfred Nzo, is to begin three-day talks.

The consultative conference is usually dominated by a review of development projects undertaken with SADC donor partners, but with the current situations in Angola and Swaziland, the ministers are expected to turn instead to these pressing issues.

The South African Department of Foreign Affairs said its position on Swaziland was "under consideration" but it is widely expected that some stabilising initiative will be pursued and that this will in all likelihood take the Lesotho model as its guide.

During the 1994 Lesotho constitutional crisis, the South Africans acted in co-operation with Zimbabwe and Botswana to broker a peaceful settlement of the conflict. Its success was heralded as the first example of diplomatic crisis management in which the then new South Africa found itself able to act in regional partnership for the first time.

The growing demand for democracy in Swaziland and the harsh response of the royal state makes it a likely candidate for a similar initiative to that in the equally small but vexatious Lesotho.

Bigger and bloodier Angola is a far more complicated question. The peace timetable in that country is about 10 months behind schedule with increasingly alarming signals that the hardline militarists in both Unita and the government could be gaining the upper hand.

The recent visit by US ambassador to the United Nations Madeleine Albright conveyed a very clear message to both sides that the UN was concerned and running out of patience. An SADC initiative in the wake of this visit could be seen as a reinforcement of the message.

The SADC has been quiet on Angola for some time but sources have indicated that it could soon make an effort to shore up what is left of the Angolan peace process, which has such a significant impact on southern Africa.
SADC plan to lessen aid with investment

About 100 international businessmen join governments in planning a programme of action in the region

Cabinet ministers from 12 southern African states met yesterday to discuss development and other economic issues affecting the lives of 153 million people.

The Southern African Development Community (SADC) ministers are holding their annual meeting with the international donor community. Officials said the emphasis this year was on trade, investment and self-reliance.

South Africa's Foreign Minister Alfred Nzo opened the meeting with a call for a comprehensive inventory of human, material and mineral resources in the region to aid development.

"We feel it is important that all member countries should participate actively in the process of identifying regional priorities," Nzo said.

"(South Africa) would like to propose that... we should commission a comprehensive regional assessment on... the regional demography, human, natural and mineral resources, infrastructure and services," Nzo said.

SADC officials conceded that international donors provided the greater part of the funding for the current $8 billion (about R29.6 billion) programme of action in the region, which includes some of the world's poorest countries.

But they said the SADC wanted to lessen the characteristic dependence on aid by seeking to boost trade and investment in the region.

Officials said some 100 international businessmen were registered for a trade and investment forum next Thursday and Friday in conjunction with the week-long SADC meeting.

The SADC comprises Angola, Botswana, Lesotho, Malawi, Mauritius, Mozambique, Namibia, South Africa, Swaziland, Tanzania, Zambia and Zimbabwe. The grouping emerged in its present form four years ago after originally being created in 1980 to lessen "economic dependence of members on South Africa's apartheid regime."

Chairman of the SADC council of ministers, Botswana Vice-President Festus Mogae, told a news briefing ministers had discussed various reports at their opening session, including one to set up political and defence machinery for the first time.

Foreign ministers had "come up with recommendations for the formation of a SADC organ on politics, defence and security" to be submitted to heads of state later in the year, he said.

The SADC, and its predecessor, the Southern African Development Co-ordinating Council (SADCC), had been primarily economic.

However, SADC spokesman Kgosietsile Moesi said the grouping now wanted a more comprehensive relationship among member states, including the spheres of culture, politics and society.--Reuters.
Model C schools set to stay

White Paper on School Organisation, soon to go before the Cabinet, is said to propose retaining Model C schools in everything but name

**Education Reporter**

The White Paper on School Organisation scheduled to be handed to the Cabinet this week is almost identical to a draft white paper released last year which recommended the continued existence of Model C schools, albeit under a different name, a source has confirmed.

The draft white paper—which was based on the recommendations of the Hunter Committee to review the organisation, governance and funding of schools—was published for comment in November last year.

Following the closure for submissions last week, the final recommendations are to be sent to the Cabinet committee tomorrow, Education Ministry spokesman Lincoln Malo said. The committee will study the document before forwarding it to the Cabinet.

Once passed by the Cabinet, the bill becomes law—a move that will signal the end of an amorous wait for Model C schools.

But, according to a source, these fears can be set aside because the new policy is based largely on the draft white paper that sees Model C schools being largely retained in all but name.

According to the draft, all present varieties of state-aided and state schools, including Model C’s, will in future be known as public schools.

The only other category of school that will be recognised will be independent schools. These are the present private schools.

In terms of the proposals, independent schools will be required by law to register with the provincial education department and to comply with the conditions of registration. Independent schools that wish to apply for a state subsidy will also be required to meet conditions of eligibility.

In terms of governance, the draft proposes that:
- Decision-making be shared among parents, teachers, the community and learners.
- Each public school have a governing body which conforms to the norms and standards laid down by its provincial education department. Other representative and deliberative structures within schools should support, but not replace, the governing body.
- While parental rights are bolstered by this clause, their exact representation on the governing body is still to be decided.
- Each public-school governing body should be responsible for a set of basic functions (“basic powers”) and should be entitled to negotiate with its provincial education department to take responsibility for additional powers (“negotiated powers”).

While the categories of these basic and negotiated powers are not outlined in the draft, basic powers may include the ability to:
- Recommend teachers for appointment by the provincial authority.
- Select temporary teachers for appointment.
- Set school times, the timetable, curriculum choices, extra-mural curricula, and codes of behaviour for staff and pupils.
- Raise funds, control finances and set school budgets.

Negotiable powers may include the maintenance of buildings, and purchase of textbooks, materials and equipment.

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**Pledge to boost trade links in southern Africa**

Southern African states have stressed their commitment to boosting trade to develop the region.

The Ministerial Council of the 12-nation Southern African Development Community wound up a three-day session in Johannesburg yesterday after agreeing on a series of protocols to be submitted to the SADC’s annual summit in Lesotho in August.

“...important decision is related to co-operation, in particular the trade protocol,” SADC executive secretary Kaire Mbuyende told a news briefing.

He said the aim was to achieve a multilateral trade agreement that would be considered by trade and industry ministers in June before submission to the summit.

This would include establishment of a SADC trade negotiating forum, eventual elimination of administrative and other non-tariff barriers, and the notification of such bodies as the World Trade Organisation on the proposed establishment of a free trade area in southern Africa.

The ministers met as part of the annual SADC conference with Western donors, whose theme this year is “towards enhanced trade and investment” in the region.

SADC ministers also met yesterday with the Nordic countries, which have been active in the region since 1866 through the so-called Nordic Initiative.

Botswana Foreign Affairs Minister Mopopodi Mokgosi said at the opening session that the initiative had largely failed to bring significant investment to the region or increase trade substantially over the past decade.— Reuters
Green light for regional trade plans

From Reuters

Johannesburg — Southern African states have agreed to push ahead with plans for the formation of a free-trade area for the 12-nation region of 133 million people, senior regional officials said yesterday.

The ministerial council of the Southern African Development Community wound up a three-day session after agreeing on the series of protocols to be submitted to its summit in Lesotho in August.

"The most important decision is related to co-operation, in particular the trade protocol," said Kaare Mbuende, the organisation’s executive secretary.

He said the aim was to achieve a multilateral trade agreement that would be considered by trade and industry ministers in June before submission to the summit.

This would include the establishment of a trade negotiating forum, the eventual elimination of administrative and other non-tariff barriers, and the notification of bodies like the World Trade Organisation of "the proposed establishment of a free trade area in southern Africa", Mbuende said.

Other measures which were discussed included free movement of people through the development community region, energy co-operation and ways to combat illicit drug trafficking.
SADC wants changes

12/96

Body hopes trade barriers will go first

By Mzimkulu Malunga

The programme tabled at the Southern African Development Community’s Council of Ministers in midland this week is implemented, Southern Africa could be a totally different place within the next few years.

The programme centres on free trade, investment and free movement of people in the region.

SADC executive secretary Dr Kaie Mbuende says the draft documents on free trade and freedom of movement will be tabled at the organisation’s next annual summit to be held in Maseru in August.

He says the highest priority is being put on finalising agreement trade.

However, even though SADC’s officials are in an upbeat mood, a closer look at the organisation’s history casts some doubt on whether the mammoth task it is setting itself will be realised this century.

For instance, out of the 15 or so issues on which agreement has to be reached, Protocol has been signed on only one of them — and this is the sharing of the region’s water resources.

SADC’s secretary general Dr Kaie Mbuende

Even here, when the agreement was signed during last year’s summit at the World Trade Centre, the Mozambican delegation had serious reservations and only hard behind-the-scenes diplomatic shuttling saw Mozambique put its signature to the agreement.

Throughout its sixteen-year history, SADC’s main problems have not been different from those faced by all other multilateral organisations internationally.

Often national interests take precedence over regional ones and it does not look as if the organisation will be able to get over this hurdle in the short term.

While it may be easy to sign an agreement to phase out trade tariffs between states in the region, implementation is never easy.

The disagreements characterising the restructuring of the Southern African Customs Union — comprising Botswana, Lesotho, Namibia, Swaziland and South Africa — are a living testimony of how national interests always come before regional ones.

As for free movement of people in between SADC member states, there do not seem the to be sufficient ingredients for this proposal to be implemented — at least not in the short term.

In the past, richer SADC members like Botswana and South Africa were wary of allowing free movement in the region, fearing that people from poorer areas of the region would flock into their countries creating a social problem.

Swedes keen to help informal sector

By Joshua Raboroko

A DELEGATION of Swedish business people and parliamentarians is to visit South Africa on a mission to empower informal enterprises by investing in their operations.

The African Council of Hawkers and Informal Business (Achib) is optimistic that the visit on February 24 will help boost the viability of micro businesses, including spazas and hawkers, as well as help create jobs and wealth.

Achib president Lawrence Mavundla says that during his recent visit to Europe business people expressed a willingness to help disadvantaged communities.

The visit by the delegation is the result of communication with business and politicians who feel “sympathetic to the poor” and want to invest here in order to empower small businesses, including forming joint ventures.

Achib says it is geared to help the small business sector develop skills that will enable them to create jobs and wealth this year.

Already, says Mavundla, the council has formed “micro banks” where the informal businesses can obtain loans. The project is supported by the corporate world.

“Achieving investment will help many of our marginalised communities to start businesses,” he says.

Achib marketing director Mr Kabelo Mooki says they intend to expand their “scratch card” campaign. More than 200 hawkers have been making between R100 and R300 by selling the cards.

Texfed demands transparency from the DTI

By Shadrack Mashalaba

The Textile Federation has called on the Department of Trade and Industry to reveal its secrecy on its proposed trade pact with the People’s Republic of China.

“If DTI proceeds, however, and gets these negotiations wrong, enormous and irreparable damage will be inflicted on South Africa’s industry,” says King.

Enforcing regulations

Texfed feels the best way to prevent a flood of cheap industrial imports from China, or anywhere, is to enforce existing customs regulations, as it would eliminate the need for agreements with individual countries.

King adds that the textile industry makes a net contribution of R8 billion to South Africa’s balance of trade and employs 360 000 people.
The region, now characterized
as the South Province, is one
of the key areas of focus for
the Southern African
Regional Development
Conference. Its strategic
location makes it a critical
driver in the economic
development of the region.

In response to the
challenges faced by the
region, a comprehensive
framework has been
developed to enhance
regional cooperation and
integration. This framework
includes initiatives aimed at
improving infrastructure,
developing human capital,
and fostering trade and
investment.

Key priorities for the
region include:
- Strengthening regional
   governance and
   institutional capacity
- Enhancing trade and
   investment
- Promoting effective
   regional integration
- Improving infrastructure

The Southern African
Regional Development
Conference is committed to
ensuring that these
priorities are addressed
effectively, with the goal of
accelerating economic
growth and poverty
reduction in the region.

Mandela
Regional policy
Single economy plan for Southern Africa

By Thembe Molefe
Political Correspondent

SOUTHERN Africa's 12 nations would soon simplify trade relations among themselves and become one economic entity, President Nelson Mandela said yesterday.

The level of coordination was well under way and very soon a trade protocol would be established to achieve that goal, Mandela said at the Gallagher Estates in Midrand.

Opening the Southern Africa Development Community's three-day trade and investment conference Mandela said: "We are focusing on trade and investment because these are the only sure guarantees of sustainable growth and development. But in the past these have been complemented by aid which has been of great benefit."

Emphasising the need to strengthen regional cooperation in Southern Africa, Mandela said the outcome of such an effort was encouraged by the fact that the region had an infrastructure that could compete favourably in the world.

Combined capacity

"Our financial markets may be small and weak nationally but the combined capacity is enough to ensure that the region and its international partners are serviced adequately," he said.

United States, European and Nordic support for SADC's efforts were evident at the conference.

The administrator of the US Agency for International Aid, Mr J Brian Atwood said that among other things, his organisation and the European Union - having established what they termed the Initiative for Southern Africa - would collaborate more closely as major partners of SADC.

The initiative would focus on democracy and governance, agricultural and nature resource management, infrastructure and private enterprise development.

Atwood announced that the US-funded Southern Africa Enterprise Development Fund had established offices in Johannesburg where its more than R300 million budget would start financing projects within the next three to six months.

Atwood pointed out that cooperation between the USAID and EU as partners on Southern Africa was opportune.

"As donor resources continue to shrink, closer coordination is more important now than ever before," he said.
Regional co-operation key to success says Mandela

BY JOSIAH RATANI
Political Report

Southern Africa's vision of a prosperous community with increasing living standards will be realised only through regional co-operation in infrastructure and natural resources, tourism and shared management of ecosystems, President Nelson Mandela said in Johannesburg yesterday.

Addressing the Southern African Development Community investment forum, Mandela said these and other sectors had the potential to be a bedrock for sustainable development and economic growth in the subcontinent.

"Southern Africa has most of the characteristics of a winning region. We need to capitalise on the mutual benefits possibilities and harmonise our strategies on matters of common interest."

He said individual SADC member states should seize these opportunities and translate them into reality by ensuring regional stability and greater economic co-operation.

Mandela called on international donors to expand their aid to southern Africa, which he said was poised to become an important role-player within the global trade and investment system.

However, he cautioned that much more was needed in the form of further development of investor-friendly policies, framework works and trade-related measures.

Mandela said South Africa was fully committed to working as a full and equal partner towards the realisation of a better region for all.
SA urged to develop private sector

By Thabo Lesiolo

Midrand — Southern Africa needed to develop its private sector and quickly remove trade barriers to promote economic development in the region, delegates at the Southern African Development Community (SADC) conference in Midrand heard yesterday.

Representatives from SADC member states and their international trade partners said the key to prosperity for the region's 330 million people lay in the development of small and medium enterprises.

Festus Mogae, Botswana's vice-president and minister of finance, who is also the chairman of the conference, said the governments of member-countries had become more responsive to the needs and aspirations of the private sector.

"Our international partners will be interested to learn that we in the SADC have come to accept that, while governments play an important role in providing the policy framework and guidance and creating the right climate for investment production, the task of actual investment, production and trade is principally that of the business community.

The Zambian delegation complained bitterly about the high tariffs charged by some members, especially South Africa, on imports from the region.

These made it impossible to find markets for Zambian goods and skewed the trade imbalance in favour of South Africa.

Joao de Deus Pinheiro, the commissioner of the EU, said progress towards the free circulation of goods and capital within the SADC region, which is the aim of the negotiations for a SADC trade protocol, was paramount for an efficient use of the region's potential.
Trade is basis for regional co-operation, says Chalker

Southern Africa should move slowly down the road to regional integration and let trade pave the way for co-operation between countries, British Overseas Development Minister Lynda Chalker said yesterday.

"Take it slowly... work out your trade and co-operation, which is the basis of any grouping," she said at the Southern African Development Community consultative conference on trade and investment in Midrand.

SADC countries should focus on removing trade barriers, harmonisation of standards and increased economic co-operation.

Intra-regional trade currently accounted for only about 5% of southern African trade.

Chalker advised the SADC and its member governments to avoid a master plan for integration and not to deny national differences.

"I don’t think countries want to lose their national identities," she said.

Long-term development depended on private investment and increased trade, not just aid.

An enabling environment should be created to allow private enterprise to thrive.

Chalker said Britain had donated £30-million to SADC projects during the past five years, and £188-million to individual SADC countries in 1994/95.

Britain was determined to get a mutually beneficial trade deal between the SADC and the European Union.

As the economic power in the region, South Africa should establish good trade relations with its neighbours.

It had to overcome fears that it might benefit economically at their expense, she said. — Sapa
SA trade policies unfair — SADC

Lukanyo Mnyana

SA’s use of protectionist policies and export incentives may damage the economies of its neighbouring countries, delegates at the SADC conference in Midrand said at the weekend.

“SA’s aggressive and unfair stance on trade is a deliberate ploy by the country’s manufacturers to ensure total access to neighbouring markets once a free trade zone is established.”

Southern Africa’s poor, who had made sacrifices during apartheid, were looking at SA as an engine for regional growth. However, the country’s reluctance to open its markets would perpetuate poverty and instability in the region, they said.

Meanwhile Sapa and IPS report that SA’s exports to the rest of Africa jumped to $6.3bn in 1994 from $4.6bn in 1987 while imports from the rest of the continent stagnated at an average $1.6bn annually between 1987 and 1994.

Ian Felto, representing battery manufacturers in Zimbabwe, said SA’s export incentives, which provided rebates of up to 50%, had already led to the closure of several companies.

“SA manufacturers can sell batteries in Zimbabwe for up to 40% cheaper than in SA and the local (Zimbabwean) industry simply cannot compete.”

He called on SA to stop the practice which can be called dumping in GATT regulations.

“We are asking SA to disqualify regional exports from earning export credit.”

Illegal immigrants will continue to be a problem for SA unless there is meaningful and sustainable development in the region.

Zambian Association of Manufacturers chairman Mark O’Donnel said SA, as the strongest economy in the region, was likely to benefit more from free trade but its protectionist policies were “destroying the same markets they are trying to create. SA seems to be out to conquer the rest of Africa,” he said.

It was impossible for Zambia’s industry to compete with SA’s heavily subsidised exports which had also created a trade imbalance by mid-1995. Zambia’s GDP had, as a result, fallen by 30% during the past three years.

O’Donnel said most of the ANC leadership had lived and enjoyed Zambian hospitality for many years during the apartheid era and their indifference to the poverty and suffering perpetuated by SA’s trade policies in that country was surprising.

Linda Ensor reports from Cape Town that France was committed to increasing its aid package to SA this year, although other leading world powers were all intent on cutting their global aid budgets, French co-operation minister Jacques Godfrain said in an interview on Friday.

“The exact amount will depend on the proposals made by the various government departments. In 1995 France advanced FF441m to SA, 40% higher than the previous year, which was used mainly for water, electrification and housing projects.”

Godfrain said the US was proposing a 15% cut in its aid budget, and Britain and Germany were also reducing their aid.

In contrast, French president Jacques Chirac was pushing for a greater commitment to global co-operation and aid.
SADC tells states
to pay or get out

Harare - The Southern African Development Community (SADC) council of ministers has recommended tough measures, including expulsion, against member countries in arrears with their contributions.

The ministers said sanctions had to be approved against defaulting member states because their delay in paying was forcing SADC institutions to operate on bank overdrafts.

The SADC-heads-of-state and government are expected to approve the proposals at their annual summit in Maseru, Lesotho - Sapa.

Mar 5/21/19
Pretoria — The Southern Africa Development Community (SADC) consultative conference in Midrand ended on a sour note on Friday with no South African ministers present to hear the angry parting shots from their neighbouring states.

For the delegations from the other 11 SADC members this stay-away was seen as yet another slight from South Africa.

Certainly, Festus Mogae, Botswana's vice president and minister of finance and development planning, who chaired the two-day conference, did not mince his words. "The meetings started badly because our South African colleagues denied us adequate contact with their president," he said.

"Most of our co-operating partners ... had other more important engagements to honour — in some cases allegedly with South African ministers."

Mogae said that "with so many elephantine egos to massage on the developed country side, one was helpless to influence the structure of the meeting."

Asked if SADC felt bullied by this behaviour, Mogae said: "No, not bullied. We feel ignored."

Delegates made it clear in meetings that they considered the weighty trade imbalance between South Africa and its neighbours to pose a considerable threat to the future of the grouping.
Idasa moots SADC peacekeeping plan

GREATER co-ordination of peacekeeping efforts in Southern Africa would be the aim of a new centre to be established under the management of the Institute for a Democratic SA (Idasa), it was announced yesterday.

Agreement on the need for the peacekeeping centre emerged at a two-day conference in Johannesburg on regional efforts to create peaceful and stable conditions within the 12 Southern African Development Community (SADC) states.

Idasa defence and security programmes manager Geoff Brown presented a study showing consensus among SADC members on the need for greater co-operation in the training, equipment and standardisation of peacekeeping forces in the region.

While the 12 SADC countries surveyed favoured greater co-operation, they felt the establishment of a regional peacekeeping force or common security regime would be premature.

As a first step the centre would evaluate and co-ordinate the SADC defence forces' peacekeeping training and personnel capacities. Idasa would seek funding for the centre.

Military and diplomatic representatives agreed the peacekeeping centre should be patterned along the lines of Nato's Clearing House, which co-ordinates efforts by the Partners for Peace group, an organisation of Nato member states and former Soviet countries.
South Africans ask too much of President Nelson Mandela. They expect him to be present at, and involved in, far more things than one man possibly can.

So when our neighbours complain they do not have enough access to Mandela, South Africans are inclined to say: “Stand in line.”

It is not that simple. Certainly the ministers of the Southern African Development Community (SADC), who were here last week, had no right to expect Mandela to spend two days with them.

He made an excellent speech opening the gathering. But then he left, without hearing the people designated to thank him. In the other 11 SADC countries, the heads of state would easily devote two days to meeting neighbouring ministers.

What really riled the SADC ministers was that while they were deliberating outside Pretoria, Mandela was receiving a number of ministers of the countries committed to assisting the development of the region.

There are sound moral and financial arguments for looking after one’s beneficiaries. The SADC ministers did not quite see things this way. The conference’s chairman, Festus Mogae, who is Botswana’s vice-president and the finance and development minister, rounded off proceedings deploring the “elephantine ego” of the visiting Europeans, Scandinavians and Americans.

He said their contributions to the proceedings had merely listed their previous good works towards the region — and no one was disputing this — rather than talking about future plans.

Substituting donor intrigue for donor fatigue is a novel way of dealing with the region’s problems. I wonder, though, how this will go down in Brussels, Stockholm and Washington.

The angry close to the SADC conference illustrates how much work South Africa has to do on foreign policy, starting with its neighbours. For starters, it illustrates the flaws in building the whole structure around Mandela.

Understandably, everyone wants a piece of the world’s most popular leader. They read about him spreading himself thin with his own people — in the SADC’s week he hunkered with Afrikaner ladies and traded views with the tempestuous Louis Farrakhan — and wonder why they missed out.

Mandela, of course, said it was right to spend time with the donors’ representatives. But perhaps he should have schooled the southern African ministers a little more. Certainly the foreign affairs and trade and industry departments should have had ministers there.

I saw Aziz Pahad, the deputy foreign minister, spend a busy Friday morning there. But not having a minister at the closing ceremony was an inexcusable discourtesy.

As in politics, perceptions in foreign affairs are as important as the reality. The message sent by the ministers’ empty seats at the SADC meeting shows how much work SA must do on foreign policy.

TEMPESTUOUS Louis Farrakhan met President Mandela during his recent trip to South Africa

This is cold comfort for countries which see their domestic markets being eroded by the flow of South African goods and who need relief now.

These countries charge that South Africa’s real priorities lie with the big powers and with those countries making direct input into the RDP. This does not stop short of accusing South Africa of having a foreign policy up for sale.

It would be foolish to make any sudden swerve on the basis of such emotional arguments. South Africa has put its self-interest above all in pursuit of its foreign policy.

Whatever we decide, we should be honest with our neighbours. In making that decision — because it is plain the process is still under way — it would pay to remember the fate of another recent man of the hour — Michael Gorbatchev. Feted in the West for liberalising the Soviet Union, he was dropped like a hot potato when his policies eventually failed.

South Africa, and Mandela in particular, must consider the possibility of suffering a similar fate. God forbid it should ever happen, but if it did it would need its neighbours even more than it does now.

RUM

DIPLOMATIC VIEW

BY JEAN-JACQUES CORNISH

SA must be honest with neighbours
Malawi urges SADC to improve efficiency

By TIFONEY LESELLE

Johannesburg - South Africa's partners in the Southern African Development Community (SADC) would be better advised to concentrate on improving the efficiency of their economies than complain about the country's domination of the regional economy.

This is the view of Aleke Banda, Malawi's minister of finance, economic planning and development. "The strength of South Africa is a reality. We cannot wish it away. Rather than try to fight it, we should take advantage of it," Banda said last week.

"A strong economy in South Africa is good for Malawi - both as a source of cheaper imports and as a market for our exports," he said.

He said southern African countries should be more positive, work harder at improving their efficiency and take advantage of South Africa as an engine of growth. South Africa was criticized for its high tariff barriers at the recent SADC conference in Johannesburg. Some countries complained that South Africa's high import duties made it impossible to export to their wealthier neighbour.

They said this destabilized their economies and explained the trade imbalance between South Africa and the rest of the continent. The country exported goods worth $6.3 billion to Africa but imported only $1.6 billion in 1994.

"We should also create conducive environments in our own countries in order to attract investment from South Africa," Banda said.

South Africa should in turn reduce import tariffs on goods from its neighbours. Then there would be less incentive for people to migrate to South Africa for jobs.

Banda said Malawi was coming out of the 30 years of economic stagnation the country experienced under the dictatorship of former president Kamuzu Banda.

The investor-friendly policies of the new democratic government and lower labour costs have led to a trickle of foreign investors - the largest being South African pharmaceuticals group SA Druggist.

The country recently concluded an "enhanced structural adjustment facility" with the World Bank and the IMF, under which the two organisations will provide the country with $900 million in development aid over three years.

Good rains this season are expected to result in a good harvest of Malawi's major crops. Tough fiscal and monetary policies, including putting the government on a cash budget, are in place to reduce the inflation rate from about 50 percent to 5 percent by 1998, and bring down interest rates from about 46 percent to 15 percent. The country has a gross domestic product of $5.5 billion.
SA 'not serious' about co-operation

VICTORIA FALLS — Tough words marked the first session of a three-day Southern African Development Conference which had aimed to defuse some of the tensions surrounding SA's economic relations with its neighbours.

Morrison Sifelani, head of Zimbabwe's export promotion body Zimtrade, said SA trends "do not suggest there is economic or political willingness to enter into serious co-operation".

Sifelani, a former head of the Confederation of Zimbabwean Industries told the 140 delegates he had attended six meetings with South Africans.

"I get the impression they are saying 'we are too big, if you don't like it, tough luck, we are going to steamroller over you', if that is the case then we are going to sit down and look at our future," he said.

The other head of trade problems given by Natal University's Prof Gavin Masudorp gave him the impression there were no hopes of reviving Zimbabwe'sapsed 1964 most favoured nation pact with SA.

The current three-day conference is a follow-up to last year's exclusive conference which high commissioner Kingsley Mambalo made an emergency trip to Victoria Falls to try and damp down talk of an all-out trade war between SA and Zimbabwe over the stalled trade pact talks.

Masudorp said the World Trade Organisation was worried at a lack of appreciation in southern Africa of the implications of the 1994 Marrakech agreement.

It barred SA from giving Zimbabwe any concessions not extended to every other developing country in the world.

Masudorp urged the region to look towards sectoral co-operation rather than trade.

Confederation president Jonah Wankatawa said: "One of the issues that inhibits serious regional integration is the narrow-minded national identity which is common in this region. Until we overcome that hurdle our success towards regional integration remains a dream."

He warned that southern Africa was not keeping pace with other underdeveloped regions as population growth continued to outstrip economic growth.

3 die in taxi altercation

Theo Rawana

A FEUD over use of a taxi rank led to shooting left three people dead and 17 injured — seven of them policemen — in Carletonville, Gauteng, yesterday, police said.

Five of the 10 victims were seriously injured, police spokesman Supt Melisa Moss said.

She said 27 people were arrested.

Moss said there had been an arbitration meeting the previous night, at which an interim agreement between the Carletonville United Taxi Association and the Carletonville-Boisewana Close Corporation was reached.

It had been decided at the meeting that police should monitor the agreement by patrolling the area at night.

"At 4am a white Toyota Hi-Ace with 10 occupants raced towards the rank.

"The occupants jumped out, shooting at the police and their rivals. The other group fired back and in the conflict, three people died. But at the moment we do not know which group was which," Moss said.

In police action following the attack, 27 people were arrested and a large number of arms, mainly traditional weapons, were seized.
Regional construction pact signed

Robyn Chalmers

A COMMON regional framework for the southern African construction industry is to be implemented later this year following agreement between African ministers responsible for construction on policies to govern the sector.

Ministers from Lesotho, SA, Zambia, Zimbabwe and Botswana signed a declaration of intent yesterday outlining a number of recommendations intended to boost the construction industry.

The declaration was signed after a week-long regional seminar attended by delegates from 10 countries. The delegates were addressed yesterday by Deputy President Thabo Mbeki.

The ministers supported the idea that a common economic community for construction be created and that a regional council made up of government and private sector officials be set up to enforce the recommendations.

Promoting access to capital and funding was regarded as a priority by the ministers and other delegates attending the seminar. This should overcome the financial difficulties faced by contractors, particularly emerging contractors, they said.

"Although these problems ultimately concern the monetary and fiscal governance of the economy, there is much that can be done to improve the rate of payment for construction work, to create financial support programmes and to promote joint ventures between established and emerging contractors," they said.

It was recommended that there be an audit of education and training facilities in the region. The ministers agreed that there was a need to establish regional compatibility of course content. Ultimately, a regional qualifications framework should be established.

On the question of standardised practices, it was agreed that a common operating framework for construction firms should be set up to ensure that the long-term developmental objectives of projects were realised.

The issue of preferences generated much debate, but it was agreed that the region should be able to arrive at preference policies which protected local industries. The policies should also prepare the regional economies for international competition.
Some mental hospitals unsuitable for patients

CAPE TOWN — Several psychiatric hospitals are unsuitable for patients and Umnzimkulu Hospital in Eastern Cape is a "dungeon," a government investigation of mental institutions has found.

This hospital and the Westfort facility near Pretoria should be closed, while other decaying facilities need upgrading urgently, the mental health committee probing human rights violations and alleged malpractice in psychiatric institutions found.

Health Minister Nkosazana Zuma said yesterday her department would be taking steps to address the situation. Further investigations, possibly by police, would have to be carried out, she said.

"We are deeply concerned about the findings of this committee."

Among the human rights violations listed in the report were assaults on patients by staff in the guise of self-defence, sexual abuse, denial of proper medical treatment and improper medication. Often hospital managements failed to investigate assaults and at no hospital had criminal charges been preferred against the perpetrators, the report said.

It described filthy conditions at several hospitals.

The stench in wards at Valkenberg, Weskoppies, Groothoek and Westfort was "such that one fails to understand how doctors and nurses cope."

At the Hayani and Umnzimkulu hospitals the colour of the blankets could not be determined.

Although comprehensive in its report, the committee could not give detailed information on malpractice and abuses by staff.

However, details of incidents were reported by individuals — in submissions to the committee — at the Millsite, Ekuhlelangeni, Weskoppies, Orange, Fort England and Valkenberg hospitals. Lack of details on the extent of the problem was attributable to the "code of silence" in these institutions, Zuma said.

The report said: "At a majority of institutions staff members were bent on protecting each other and this made it difficult for the committee to ascertain whether certain abuses did occur."

Some patients' deaths could be attributed to the "conditions under which patients are being kept."

Lack of human resources at black institutions in particular was critical.

Zuma said it was not clear how much the upgrading and rebuilding of these facilities would cost, and whether the health department could carry the financial burden.

This would be known only once the general audit of hospitals had been completed, she said. This report was expected at the end of March. — Sapa.

SA 'may ruin its markets'

Michael Hartneck

VICTORIA FALLS — SA's pursuit of short-term gains endangered its own interests, leading Zimbabwean businessmen and former Southern African Development Community (SADC) executive secretary Simba Makoni warned yesterday.

Makoni told delegates at a conference on regional integration SA risked impoernishing its neighbours and ruining its markets.

Current aggressive policies pursued by SA businessmen and SA's unequal tariff regime against imports could drive neighbouring states' industries into bankruptcy, Makoni predicted.

"This attitude, apparently to fulfil short-term gains, is ultimately to the detriment of SA itself," Makoni said in an address punctuated by applause from the 140 delegates from all SADC states. Zimbabwe, which has dropped export incentive payments under pressure from the IMF, claims SA exporters retain an unfair advantage through Pretoria's continuing subsidy system and the punitive tariff barriers affecting Zimbabwe's exports to SA of textiles, clothing, footwear and electrical goods.

Makoni, currently head of Zimbabwe's state-controlled media, said "two cancers" were devouring the SADC and the 30-nation Comesa (formerly the Southern, Central and East African Preferential Trade area).

"The first is the bad blood between the two secretariats. This undermines their ability to work together in a spirit of co-operation."

The second, he said, were the inconsistencies implicit in states such as Zimbabwe being members of both the SADC and Comesa. Within days of SADC meetings, "heads of state routinely adopted conflicting resolutions" at Comesa summits.

Southern Africa needed to harmonise its economic and political paradigms to achieve real unity, he said.
Defined roles for Comesa, SADC may end confusion

BY STUART RUTHERFORD

Durban — Confusion surrounding the roles of the Southern African Development Community (SADC) and the Common Market of Eastern and Southern Africa (Comesa) could be ended if the SADC limited itself to sectoral co-operation and macroeconomic policy, leaving Comesa to concentrate on specific trade issues.

Addressing the Confederation of Zimbabwe Industries Conference at Victoria Falls yesterday, Professor Gavin Massop, from the University of Natal, said the 12-member SADC was doing just this.

In the past, it had only been concerned with sectoral co-operation. It is now considering the adoption of a protocol on free trade.

Meanwhile, Comesa is involved in reciprocal preferential reductions in tariffs.

Its aim is to establish a customs union by 2004.

South Africa is a member of SADC but not of the 25-member Comesa.

Massop said the SADC was to be successful as a regional economic co-operation body, it had to involve operating agencies including the railways, airways and electricity corporations.

"If a region has efficient infrastructural links, co-operation in services and convergence in macroeconomics policies, then trade liberalisation will be facilitated," he said.

He stressed the importance of trade integration being led by business rather than by the government.

"The Asia-Pacific region achieved high levels of intra-regional trade without any inter-governmental structures, such as regional institutions, or region-wide trade discrimination against outsiders."

He said governments should rather concentrate on removing barriers to trade and payments, thus providing an open trade and investment environment.

"However, it is accepted now that the government also has a role in providing public goods to promote intra-regional trade expansion," said Massop.
SADC ends trade dispute: The Southern African Development Community secretariat directed Pretoria to open its trade to Zambia and other neighbours which had the capacity and potential to export to South Africa, effectively ending a trade dispute, the chairman of Zambia's manufacturers' association, Mark O'Donnell, said yesterday.

(27/9/96)
Govt ‘long on promises’ to assist poor neighbours

John Dladlu

SA’s trade barriers remained high — even two years after GATT tariff reductions — but government had displayed strong commitment to co-operate with its poor neighbours in southern Africa, trade analysts said at the weekend.

This came amid growing concerns by SA’s neighbours that the Nelson Mandela administration had shown little or no movement towards opening the country’s markets to Africa.

Rand Afrikaans University director for American studies institute Carl Noffke dismissed claims that SA had been “overly protective: all of us in the region are developing countries”.

He said SA, despite the size of its economy, could not be expected to throw open all its markets to competition, even from Africa. SA, like its neighbours, had a lot of sickly industries.

A trade analyst, who did not want to be named, said SA’s accession to the 12-member Southern African Development Community and the current review of the five-nation customs union demonstrated its commitment to mutual development in the region. “We’re moving on a very thin line,” the source said.

The long-running trade surplus SA has enjoyed with its neighbours — estimated by some analysts to be as high as 5:1 — and the impasse in trade talks with Zimbabwe have been used as examples of SA’s indifference to the region’s plight.

Cape Town University academic Rashad Cassim attributed Africa’s trade deficit to those countries’ trade liberalisation policies, sometimes demanded by multilateral financial institutions in exchange for financial support.

Most observers canvassed said a “big bang” approach to trade liberalisation might cut into certain SA industries such as the wobbly textile sector.

However, Noffke and Cassim felt the time had come for SA and the SADC region to seriously contemplate a free trade area. “I cannot see the reason why we should remain a restricted bastion,” Noffke said.

Although a free trade area was one of the SADC’s goals, unsatisfactory progress had been made on the finalisation of the community’s trade protocol. “To an extent, SA is still a bystander; one gets the impression also that some SADC members still cling to the anti-SA stance, a goal for which the SADC was initially formed.”

Cassim said the SADC free trade accord would benefit SA and would be politically easier to sell to both labour and business than the current talks on free trade with the 15-nation European Union.
Housing Trust ‘spared’ stepped-up bond boycott

Robyn Chalmers

THE SA Housing Trust’s retail lending arm, Khayalethu Home Loans, would be spared the intensification of the bond boycott called for last week by the SA National Civic Organisation (Sanco), it was announced at the weekend.

Sanco has called on government to suspend its record of understanding, signed with banks after government announced recently it had issued final letters of demand to 5 700 defaulting home owners, with evictions to take place as a last resort.

Siza Khampepe, Khayalethu networks GM and co-chairman of the National Task Joint Task Force, set up by Sanco and Khayalethu last year to deal with the trust’s 10 000 defaulting home owners, said more than 90% of the defaulting clients had been visited. “We have assessed about 50% of the properties for defects, and agreed to rectify structural problems if possible, and about 2% of the defaulting home owners are repaying their debt,” he said.

Sanco assistant general-secretary Linda Mngomezulu said Sanco was willing to hold discussions with government and banks. “We are committed to ending bond boycotts but we cannot tolerate evictions. We have a number of proposals and possible solutions we would like to put on the table,” he said.

African business leaders aim for regional integration

Michael Hartnack

VICTORIA FALLS — Business leaders from all 12 Southern African Development Community states, and Kenya, Tanzania and Uganda, ended a three-day conference here on Friday by establishing a committee to push for immediate private sector action on regional integration.

The small, high-powered committee, to be formed under the aegis of the Confederation of Zimbabwean Industries and the East and Southern African Association of Business Organisations (Esabo), was given a month to prepare concrete proposals.

SA’s Clive Saunders, president of Esabo, urged the establishment of a permanent secretariat in Harare for its member organisations from 11 states, leading to a break in dependency on donors.

A closing summary demanded a movement away from “national individualism” and the narrow nationalist economic policies pursued in the past by “political leaders in isolation from business communities’ views.”

The conference was boycotted by the secretariats of the two official regional integration bodies, SADC, based in Gaborone and the Common Market for East, Central and Southern Africa, commonly known as Comesa.
UN: Poverty alleviation, regional economic advances
Experts focus on rural poor

Staff Reporter

THE Workshop on Approaches to Rural Poverty Alleviation in the Southern Africa Development Community (SADC) is being held in the Cape Town Civic Centre until Thursday.

The workshop is an opportunity to exchange knowledge and experience in fighting hunger and poverty by forging a coalition with civil society for alleviation of rural-poverty.

It is sponsored by SADC, the International Fund for Agricultural Development (IFAD) and the World Bank.

Its aim is to provide a forum for financial institutions to share experiences and tested instruments – which have been used successfully in addressing rural-poverty – with governments, grassroots organisations and farmer representatives.

Participants include managers of rural development projects, representatives of local and international non-governmental organisations, civil society organisations and aid agencies.

Together with the ministers of agriculture and/or finance of SADC counties, the workshop will review the policy- and procedural-issues that influence the effectiveness of practical action at field level.

Discussion will centre on case studies of IFAD projects in SADC countries.

FRG 20/1/96
FOCUS

Michael Hartneck

HARARE — Five-star hotels, where international conferences are held, have been
compared before to space ships, capsules intelлектually insulated from the locality.
So it seemed at times at Victoria Falls, where 240 delegates from all 12 Southern
African Development Community (SADC) states, plus Uganda, Kenya and Tanzania,
gathered last week to try to break the long stalemate over establishment of a re-
gional economic integration.
The 1982-83 SADC executive secretary Simba Makoni, now a prominent Zimbab-
wean businessman, voiced scepticism that intra-regional trade amounted to even 5% of
the total, although this is an oft-quoted figure. Most trade in primary products went
straight to Europe and North America, which sent back their manufactures.
Opening the conference, German ambassador to Zimbabwe Count Norwin von Leu-
trum uttered the conventional First World wisdom when he said a global spirit of “eco-
nomic and technological dynamism was abolishing national boundaries. Distingui-
ished German academic expert Martin Kramer said free internal movement of cap-
ital and labour was vital for southern Africa to survive amid the world’s other, powerful,
trade blocs.
However, the landscape seen from the aircraft as we descended to Victoria Falls
gave a frighteningly different perspective — tending to reinforce the view of Zimbab-
we Deputy Labour Minister Alois Mangwende that employment problems, and the
threat of mass migration, lie at the root of all regional integration problems.
Northern Matabeleland was a checkerboard of pink squares against the green
fodder, showing where (despite the best rains for a decade) illegal squatters’ maize crops
had failed, exposing exhausted soils to ero-
sion they were spared when under forest.
What economic and technological dynamism at grassroots level?
People from the area constitute the bulk of the 440 000 unskilled Zimbabwean job-
seekers in SA. Many are there illegally, al-
legedly a threat to SA’s efforts to uplift its
own poor.
Africa cannot isolate itself from global
trends, warn the First World exporte, but
telier experience proves that national gov-
ernments have not given up trying.
Faced with eroding soils and exploding
populations, states continue — as Zambian
industrialist David Frost reminded the
Falls conference — to put political priorities
first. Most still dream of having total con-
trol of a single (national) queue for access to

Victoria Falls delegates
insulated from hard reality

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scare resources and inadequate modern
institutions, enabling them to move the
most deserving — their key supporters — to
the front.
Confederation of Zimbabwean Indus-
tries president Josiah Watauma scored a
bullseye with a warning that real progress
towards regional integration meant surren-
der of national sovereignty. In other words,
it means even greater importance for the
other queue for resources and modern in-
tstitutions, which is (of necessity) tolerated
by national governments. It is formed by
those exporters of goods and services who
have direct access to the mighty world econ-
omy. Governments see these queue-mem-
bers as a spine-chilling political threat, and
call them (of necessity) a moral obscenity.
Makoni, speaking from a wealth of prac-
tical experience, said steps towards vital re-
gional integration must now come from the
private sector, not from the politicians who
in the past adopted resounding — and often
contradictory — protocols at one summit af-
ter another. Private sector leaders must de-


cine common economic and other
paradigms, said Makoni, who is tipped as a
candidate for finance minister.
Conferences in five-star hotels tend to be
encapsulated not only from the surround-
ing locales, but from other conference cap-
sules. Makoni was probably unaware that,
just more than a year ago, southern Africa’s
top judges and jurists urged the establish-
ment of a regional court to oversee and en-
force a regional declaration of rights.
The gulf between SA and Zimbabwe over
“gender orientation” proves that individual
rights may be harder to sell to political lead-

ers than the urgent establishment of a re-
gional commercial arbitration mechanism.

The sheer need for regional economic
survival in a harsh world could see real
progress towards convention of this court if
the lawyers and the private sector business
chiefs link hands.
For example, Zambia and Zimbabwe
face legal bills of millions of dollars in hard
money if they take their current disputes
on the assets of Rhodesia Railways and the
Central African Power Corporation to the
court at The Hague, as scheduled.
Convening a regional arbitration court, under jurists of the stature of SA’s Judge
Richard Goldstone, would be quicker,
cheaper, and carry greater moral authority.
Resolution would clear the way for con-
struction of the overdue Batoka Gorge pow-
er station.
At Victoria Falls, Besho — the East and
Southern African Association of Business
Organisations — was mandated to take this
initiative. It could ask the lawyers to help
draft practical paradigms for practical busi-
nessmen, enforceable in law throughout the
region.
More women in the room! urges World Bank director

ANDREA WEBSS, Staff Reporter
SOUTHERN African director for the World Bank, Katherine Marshall, has laid down a challenge to the Southern African Development Community – to have more women in the room when they next meet to discuss rural poverty.

Ms Marshall was speaking at the closure of a workshop on alleviating rural poverty, hosted by the United Nations’ Fund for Agricultural Development, the World Bank and the SADC. Women were cited at the conference as being among the poorest of the poor in the sub-region, which is also regarded as one of the poorest regions in the world.

Ms Marshall said that if a follow-up conference was to be held in the year 2001, she would like to see five benchmark positions having been achieved. This would be having “more women in the room”, 30 case studies of successful microcredit, data on increasing forests, diversification of agriculture and a dramatic drop in child malnutrition.

After the closure, Ms Marshall said she did not believe the problems of women had been addressed in the kind of detail which got down to the issues and choices that needed to be made.

In areas such as Lesotho, South Africa and Zambia, where there was a high level of migrant labour, women were the primary farmers.

Research around their needs for extension services, political discourse and training programmes had not been done.

She said there was also a need to ensure that girl children made it through to secondary school.

Executive secretary of the SADC Kaire Mbuende said he had been approached by a women’s task team formed after the Beijing conference on women’s rights.

They were asking for special representation within the organisation in the form of a women’s desk.

This was likely to be discussed in Maseru later this year.

Fact sheets distributed to the delegates included information showing that women-headed households in rural areas were the poorest of the poor.

According to the fact sheets, the SADC countries rated as follows when it came to the well-being of women within the general population:

- In South Africa, female-headed households were more than 50 percent poorer than male-headed households.
- In Botswana, about 70 percent of non-cattle owning households were female-headed, leaving them among the poorest and most socially and economically vulnerable group.
- In Lesotho, while women were better educated at the lower levels, men were more likely to form part of the labour force.
- In Malawi, female-headed households had the least land, with male-headed households having twice as much possibility to cultivate more than one hectare of land.
US Secretary of Commerce Ron Brown, right, on Saturday ceremonially set in motion the Owens Corning Pipe Botswana operation in Gaborone. The plant will manufacture large diameter pipe for Botswana’s US$330m North South Carrier Project, which entails the construction of the Letsibogo Dam and a 360km pipeline to carry water to the south of the country. With Brown are, from left, Owens Corning sales and marketing manager Jean Strauss, production manager Enoch Mbuva and GM Bryan Lamar.

Picture: Dante Coster

**US and SADC sign trade deal**

GABORONE — The US commerce department and the Southern African Development Community (SADC) signed a memorandum of understanding on the development of US trade with the region on Saturday.

The US commerce secretary, Ron Brown, and SADC executive secretary, Keire Mbuye, signed the memorandum at the end of a conference between government officials and businessmen from the US and SADC.

It was the last event of Brown’s five-nation initiative to increase US trade with the SADC.

Six sectors were seen as having potential for growth: telecommunications, agribusiness, energy, infrastructure, financial services and tourism. — Sapa
SADC-US deal to boost trade

By Ross Healy

Gaborone — The Southern African Development Community (SADC) and United States Commerce Secretary Ron Brown signed an agreement at a special US-SADC conference at the weekend held to promote US trade in the region.

The memorandum of understanding came amid wide-ranging complaints from business about the bureaucracy and confusing mission of the SADC, which one official described as "a mess".

Brown, who visited six countries in a week-long trade mission, said the trip signalled his intention to make trade the top priority in dealing with the region.

The US provides only 7.7 percent of sub-Saharan Africa's foreign purchases, while Europe accounts for 40 percent.

At the SADC conference, Brown spent two days pressing government ministers and business leaders to open their markets, liberalize foreign ownership rules, firm up commercial laws and trade with American firms.

He said he engaged in direct intervention regarding $6 billion in US-African trade.

The deal with the SADC does not involve additional funding or loan guarantees, but relies on sharing information on trade opportunities and loan programs, facilitating contacts through the network of US agencies in Africa and heavy government-level persuasion.

In a closed session of ministers from the 12 SADC countries, officials pressed Brown over the lack of private-sector finance in the region. They also complained about the need for debt relief and South African intransigence over trade barriers.

Brown said he agreed to selectively write off up to two-thirds of the debt African countries had incurred with the World Bank, but after reaching agreement with other lenders to the bank.

In another development, Bill Mallory, the chairman of the American Chamber of Commerce in South Africa, announced that the US chambers of commerce in Zambia, Zimbabwe, Namibia, Mozambique and South Africa would form a joint regional trade promotion organisation. — Independent Foreign Service.
Devalued rand hits neighbours

BY TONY HAWKINS

Harare — The sudden devaluation of the rand this month will force some of South Africa’s neighbours to rethink their foreign-exchange-rate strategies.

The countries most likely to be forced to follow the rand, at least partially, are Zimbabwe and Zambia.

They criticized South Africa’s “dumping” and “protectionism” at last month’s Southern African Development Community meeting.

Now their competitive positions, at home and in export markets, have been undermined by the weak rand.

The Zambian kwacha has already devalued about 10 percent over the past month, ensuring that Zambia’s competitiveness in purely exchange-rate terms has improved.

In the past month, the kwacha has tumbled from 1.000 to the US dollar to 1.094. This drop compensates for the rand’s fall. Zimbabwe is in a different boat.

First, it has a stronger industrial export base in the region and is more at risk from a weaker rand.

Second, its industrial base has come under threat from South African imports since Harare dismantled import quotas and has relied on tariffs to protect domestic manufacturing. Third, Zimbabwe has revalued from a rate of 2.58 to the rand early this month to 2.44.

According to the most recent balance of payments numbers from the Reserve Bank of Zimbabwe, the current account deteriorated from a deficit of US$266 million in 1994 to US$290 million, excluding official transfers, last year.

Harare relies on a mix of aid, offshore borrowing and direct and portfolio investment to finance its current account.

Last year’s provisional numbers suggest a net capital inflow of about US$269 million. This is enough to leave the country with an overall payments surplus of about US$60 million, including official transfers.

Zimbabwe has gross foreign reserves of more than US$900 million, enough to cover five and a half months of imports. So it might appear that Zimbabwe can ride out the rand devaluation.

But on fundamentals, the situation is unsustainable and logic dictates that Zimbabwe will have to adapt to the new situation and allow its currency to depreciate.

Last week, Zimbabwe announced year-on-year inflation of 28 percent in January. Most analysts believe that this probably marks the turning point in Zimbabwe’s inflation cycle, at least for the short-term, and that inflation will fall below 20 percent towards the end of the year.

Inflation averaged 22.6 percent in Zimbabwe last year.

Even if South African inflation accelerates from last year’s 8.7 percent average, the inflation gap between the two countries will still be well over 10 points this year. This, plus South Africa’s growing trade surplus with Zimbabwe, means that the Zimbabwean dollar needs to adjust.

In the past, authorities have been reluctant to devalue during the tobacco sales season, which implies either adjusting within the next month to six weeks or waiting until after the sales close in October.

A third option would be to allow the rate to slide gently over the next months to give a trade-weighted depreciation through the year of between 10 percent and 12 percent.

Until the exchange-rate process is tackled, the trade issues will not go away. Gavin Maasdorp, the head of Natal University’s economic research unit, told Zimbabwean industrialists at Victoria Falls last week that a bilateral trade deal between Zimbabwe and South Africa would be impossible without the agreement of all Pretoria’s partners in the Southern African Customs Union.

As a signatory to the World Trade Organisation, South Africa would have to offer the terms agreed for Zimbabwe to all developing countries. A bilateral trade agreement with South Africa has been expected for the past six months.

How Harare and Pretoria will resolve the misunderstanding remains to be seen. But Zimbabwean industrialists may be forced to drop their preoccupation with a South African trade deal and consider other remedies. — Reuters

Tony Hawkins is a professor of business studies and the director of the MBA programme at the University of Zimbabwe.
Six sectors were identified as having good growth potential: agribusiness, energy, financial services, major infrastructure, telecommunications and tourism. These, said Brown, were areas in which US companies were ahead. Much of what happened was predictable and dependent on trade policies that would en-load US businessmen. Government would also have to toe the line and introduce reforms pleasing to Washington.

"No other grouping of countries on the continent offers such bright prospects as the SADC, for its own development and for vibrant, profitable business partnerships with the US business community."

The US is committed to aggressive competition for a larger share of the sub-Saharan market. Its market share is 7.7%, while the European Union share is more than 40%. Brown said: "The SADC could be the first point of departure for many US businessmen eager to do business with Africa."

Subsequent to US President Bill Clinton submitting to Congress the administration's first report on trade and development policy for Africa, it was decided to enter into wider dialogue on expanding US-Africa commercial relations with the public and private sectors.

US companies that invested in Africa had seen returns of more than 25%, while their average return on investments in all developing countries was less than 17% and in developed countries less than 9%.

"The government of the US and private investors must now respond to the efforts being made by the SADC countries to attract trade and investment," he said.

Throughout the two-day conference, he stressed the key role that the private sector had to play in the development of Africa.

To kick-start investment programmes, African countries must first open their economies and encourage privatization. "Entire economies would grow," he said. "It is the key to economic growth and job creation." African governments must lead the way in solidifying the foundations of democracy and free enterprise, but the private sector must carry the torch of development.

"It is the private sector which possesses the dynamism, the innovation and the capital that spurs sustainable, long-term growth," he said.
Official admits move to SADC co-operation slow

John Dludlu

A SENIOR SA government official has admitted that progress in formulating economic co-operation strategies within the Southern African Development Community (SADC) has been slow.

Trade and industry department director for southern Africa trade relations Mfundo Nkuhlu at the weekend attributed the slow progress made by the 12-nation community to "the complex nature of the issues", downplaying claims that "SA is not playing the ball".

An example was the snail's pace at which talks towards the drafting of a regional trade protocol — to buoy thin intra-SADC trade — were moving.

The protocol would reduce pressure on SA from its neighbours to enter into piecemeal bilateral trade arrangements, such as the one which is being renegotiated with Zimbabwe.

At present, negotiators from member states were still discussing the structure of the proposed trade protocol. "Discussions on product lines have not even begun," Nkuhlu said.

In terms of the SADC timetable, the protocol, which will pave the way for progressive tariff reduction in the region, is to be finalised by August.

Studies on the costs and benefits of trade liberalisation were under way. "There is a sense of urgency within the community, but there are no time frames."

SA has recently come under a barrage of criticism from fellow members for an apparent unwillingness to co-operate and open its markets to the region.

Nkuhlu said SA had significantly reduced tariffs to the whole world in the past two years, although not specifically for African or southern African countries. The SADC trade protocol, he said, would see SA opening its markets generously to neighbours.

As a demonstration of its commitment, SA had partially removed exchange controls for local firms wishing to invest anywhere in the region. The retail sector appeared to have taken advantage of this facility.

Nkuhlu conceded that foreign direct investment had not been evenly spread in the region, partly because of regional investment promotion mechanisms.

The attraction of SA was mainly the changed political circumstances in the country, which had led to multinational companies locating offices in SA. "This has posed a considerable challenge to the region in attracting foreign direct investment," he said.

According to the SADC, few countries in sub-Saharan Africa have been able to attract foreign direct investment.

SA attracted about R20bn in foreign investment (direct and portfolio investments) between 1994 and last year.
Mandela calls for more cooperation

BAMAKO, Mali – South Africa remained firmly committed to regional development and progress through the Southern Africa Development Community and to continental cooperation and diplomacy through the Organisation of African Unity, President Nelson Mandela said in Bamako on Saturday night.

The South African leader was addressing a state banquet hosted by Mali’s President Alpha Omar Konare.

Mandela said liberation had brought with it the possibility of normal and peaceful links between South Africa and Mali.

Great pleasure

“It was a great pleasure to welcome the establishment of an embassy of the Republic of Mali in our country and we look forward to the accreditation of a South African ambassador to Mali in the near future,” he said.

“Although our countries are geographically distant, they are bound by a common African heritage and destiny. We have the common experience as new democracies of the urgent challenge of uplifting the lives of our peoples.

“We share a commitment to the establishment and development of democratic societies based upon respect for human rights and the economic and social welfare of humanity. These are crucial elements of the framework for the peace and stability so essential to the renewal of Africa.

“In this regard, I would like to take the opportunity to express our very good wishes for the continued success of the Economic Community of West African States Regional cooperation of that nature is of the greatest importance to our continent’s future.

Firmly committed

“In our own context, South Africa remains firmly committed to regional development and progress through SADC, and to continental cooperation and diplomacy through the OAU.”

It was these commitments which led South Africa recently to offer a financial contribution, through the United Nations, toward peacekeeping initiatives in Africa.

“Our efforts in these directions are guided by an abiding respect for the self-determination and sovereignty of our fellow Africans and our other international partners,” Mandela said.

“If we attach importance to our efforts to achieve peace and stability, it is because unity of purpose must be our guide if Africa is to lift itself out of the quagmire of poverty and dependence.

“Cooperation which builds on our complimentary strengths will bring benefit to the peoples of our countries and of our continent.

“I therefore welcome the opportunity which this visit provides to strengthen all-round relations between Mali and South Africa, and in particular to promote the development of trade and investment.”

Mandela said he was “deeply moved and appreciative of the high honour” of having the Grande Croix bestowed on him.

“I shall wear the Grande Croix with humility and pride, as a symbol of the solidarity and friendship that I have felt in your country,” said Mandela.

“The Order of Good Hope which we (presented) to President Konare carries with it the regard of the people of South Africa for the leader of a country which has contributed so selflessly to our freedom.”

Return to democracy

Mandela also called on Saturday for a return to democratic rule in Nigeria.

In a speech to members of Mali’s national assembly, Mandela said the Nigerian military junta should review its position and agree to receive a Commonwealth mission seeking to help Nigeria return to a democratic government.

Regarding the various conflicts in Africa – notably in Rwanda, Burundi, Liberia and Sierra Leone – Mandela said they tarnished the image of Africa and should be resolved in the best interests of Africa’s people and of the cause of human rights.

He said the time had come for Africa to take charge of its own destiny and set about improving the living conditions of its people, rather than always relying on foreign aid.

He said Africa’s future economic prosperity depended on peace, stability and a democratic system of management.

-Sapo-AFP
SBDC-govt agreement not far off

John Dludlu

THE Small Business Development Corporation says an agreement with the trade and industry department could be clinched within the next two months.

SBDC MD Joe Schwenke said yesterday the two parties were busy drafting the agreement which would then be tabled for discussion by the shareholders and the board.

The pact would outline the terms of the state's reduction of its shareholding from the present 50/50 arrangement to just 20%. In compensation for the dilution of its stake in the corporation, government would receive assets worth about R500m.

Another change would be the elimination of the different levels of shareholding. At present the state is a B shareholder.

The number of directors would be determined by the number of shares each stakeholder owned in the corporation.

Schwenke said the majority of the private sector shareholders, including leading SA blue chips, favoured the continuation of the partnership, albeit in its scaled-down form.

Although the valuation of assets had been completed, Schwenke could not say what the nature of the assets which would be transferred to government was, as this was still under discussion.

The restructuring process — which has generated a good deal of controversy in the media — has caused uncertainty among staff.

"I have always placed it on record that there should be no retrenchments as a result of the deal," Schwenke said.

One of the criticisms of the corporation was that its loan portfolio was biased towards non-black entrepreneurs. This charge has been denied by the SBDC.

SBDC critics have called on government to either pull public funds out of the corporation or to have a meaningful say.

In an unusual move, the state recently exercised its option by appointing seven directors — mostly its own officials. The move will enable the state to influence the direction of the SBDC.

In terms of the restructuring plan, the SBDC will now focus on the small enterprises, leaving the developmental role to state-owned agencies.
Joint regional military training likely

By Norman Chandler

Defence Correspondent

Defence force chiefs from all southern African countries, meeting at Kempton Park, are expected to make far-reaching proposals for joint training exercises of their respective armed forces, probably at the Army Battle School at Lohathla in the Northern Cape.

The meeting of the defence sub-committee of the Inter-State Defence and Security Committee began yesterday and ends today. A communique is set to be issued.

It follows on instructions issued by the inaugural ISDSC meeting of regional defence ministers held in Cape Town last year that the safety and security of the region, as well as "matters of mutual regional security", had to be pursued.

Countries attending the meeting at the World Trade Centre - under the chairmanship of Gen Georg Meiring, Chief of the SA National Defence Force - are Angola, Botswana, Malawi, Mozambique, Namibia, SA, Swaziland, Tanzania, Zambia and Zimbabwe.

It is understood from defence sources that SA is regarded as pivotal to regional security, particularly in regard to sea and air defence and the maintenance of aircraft, armed equipment and ships.

Decisions reached will be formalised at an ISDSC conference to be held in Malawi later this year.

Recommendations by countries like Namibia, Mozambique, and Tanzania are believed to be urging SA's Defence Department to supply umbrella power to their coastlines in a bid to keep out foreign and illegal fishing trawlers.

SA's possible involvement in peacekeeping operations in Africa, under the banner of the UN, is understood to be up for discussion.

Another agenda item is standardisation and compatibility of training and equipment, and the acquisition of equipment.
Secretariat launch today

DAR ES SALAAM - The presidents of Tanzania, Kenya and Uganda meet in the northern Tanzanian town of Arusha today to formally launch the secretariat of the East African Co-operation grouping, officials said yesterday.

The new grouping, welcomed by business leaders, aims at co-ordinating economic policy and replaces the defunct East African Community which collapsed amid acrimony in 1977.

Host President Benjamin Mkapa and his guests President Daniel arap Moi of Kenya and President Yoweri Museveni of Uganda, will sign a protocol to inaugurate the secretariat as well as endorse Kenya's Francis Muthaura as its new executive secretary.

Mr Muthaura, a career diplomat, was appointed to the new job a week ago. Tanzania and Uganda have also each appointed a deputy executive secretary to assist Mr Muthaura. The secretariat will operate a $1.2 million annual budget.

The former East African Community shared common services such as railways, harbours, airlines and posts and telecommunications.

The collapse, mainly due to ideological and political differences between the heads of state of the three nations, transport links were disrupted, borders closed for months and common assets were seized by countries holding them.

The former grouping also had a cabinet of ministers who formulated economic legislation.

The three countries signed an agreement to revive the grouping three years ago but the idea stalled because of open differences between Mr Moi and Mr Museveni. The two men, who are a generation apart, have since patched up their relations.

Officials said the new grouping will enhance co-operation in the areas of health, science, trade and industry.

Plans are also underway to have annual budgets for the three countries issued on the same day, allow use of each other's currencies as well as harmonisation of tariffs and restrictive regulations.

Business leaders in the region have welcomed the new grouping, saying it offered immense business potential for the region. - Reuters.
Nzo calls for new bridges over South Atlantic

CLIVE SAWYER
Political Correspondent

FOREIGN Minister Alfred Nzo has urged further links between South Atlantic countries, the Indian Ocean Rim, and the Southern African Development Community.

He was speaking at the opening of the fourth meeting of the Zone of Peace and Co-operation of the South Atlantic, an association of 24 countries that is dedicated to building trade, promoting peace and protecting the environment.

The meeting, being held in Somerset West, is the first to be hosted by South Africa.

Countries are represented by their foreign ministers.

Mr Nzo said the zone’s objectives had grown since it was founded during the Cold War era to establish the South Atlantic as a military-free and nuclear-free area.

He said the theme of the conference was “bridging the South Atlantic”.

“We should try to agree on ways to encourage trade in the region and bridge the waters that have too long kept South America and Africa apart.”
**TODAY'S WEATHER**

**Gauteng**: Fine and warm becoming partly cloudy in the south with isolated light thundershowers.

**Mpumalanga**: Fine and warm but cool on the highveld where fog patches are expected. Isolated light thundershowers are expected over the southern highveld.

**Northern Province**: Partly cloudy and warm with fog patches along the escarpment.

**Northwest Province**: Fine and warm but partly cloudy in the south with thundershowers.

**Free State**: Partly cloudy and warm with thundershowers except in the extreme south.

**Northern Cape**: Fine and warm but hot in the north. Isolated thundershowers in the southeast. It will be cool along the coast with a fresh south-easterly wind.

**Western Cape**: Fine and warm but cool along the south coast and adjacent interior. The wind along the coast will be strong southeasterly but moderate along the south coast.

**Eastern Cape**: Cloudy and warm with isolated thundershowers in the northeast. It will be cloudy and cool in the south with light rain. The wind along the coast will be moderate southeasterly.

**KwaZulu-Natal**: Fine in the north at first otherwise partly cloudy and warm with isolated thundershowers over the western Drakensberg. The wind along the coast will be fresh southwesterly becoming southerly to south-easterly.

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**Global temperatures**

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**SADC to work towards lifting exchange controls**

Linda Ensor **01/14/96**

SOMERSET WEST — The long term objective and top priority of central bankers in the Southern African Development Community (SADC) was to work towards the lifting of exchange controls in all member countries, Mauritius central bank chief executive Dr. Guadhalf said at the weekend.

The SADC bankers used their second committee meeting to discuss the need for a data bank to compile information on the different exchange controls imposed by the member countries as a first step on the road to create the free flow of funds in the region.

Guadhalf said exchange controls were a severe impediment to intra-regional trade and economic cooperation. Only Mauritius and Zambia had fully completed a liberalisation process.

He emphasised that SA would be the driving force in the process. Guadhalf said Reserve Bank governor Chris Stals had told the meeting he wanted exchange controls in SA relaxed "sooner rather than later".

The committee said the present economic and financial situation in each member state had also been reviewed at the meeting. The input by representatives of each central bank revealed the diversity in the structure and management of financial policies.

In addition to exchange controls, the development of a cross-border payment and settlement system, a joint approach to combating money laundering and the training of central bankers were discussed.

Regarding the cross-border payment and settlement system, Bank information technology GM Philip Tromp said the ultimate aim was to create a uniform system in all SADC countries. Over the next few months a data base on the payment systems would be drawn up to identify problems.
Nzo moots an association of South Atlantic rim countries

Linda Ensor

CAPE TOWN — The possibility of a broad association of Latin American, African and Indian Ocean nations being created to enhance the region’s power in international forums was raised yesterday by Foreign Minister Alfred Nzo.

Nzo opened a conference in Somerset West of about 120 foreign ministers or representatives from 24 South Atlantic rim countries belonging to the South Atlantic Peace and Co-operation Zone.

The fourth meeting of the grouping was held to discuss ways of strengthening political and economic cooperation between countries on the eastern South American continent like Brazil, Uruguay and Argentina, and from West Africa — such as Nigeria, Ghana, Namibia and Angola.

Apart from management of marine resources, the possibility of SA, the current chairman, hosting a zone conference on drug trafficking was discussed. Deputy Foreign Affairs Minister Aziz Pahad noted SA had become the main base for international drug syndicates. An estimated 100 syndicates were operating in SA.

Nzo pointed to the increasingly important role of regional and subregional integration in improving the international competitiveness of national economies, and the grouping constituted "an important forum for members to bargain with the relevant international economic institutions.

"In this respect, a future linkage between member states of (the group), of the Indian Ocean Rim countries, SADC, Mercosur (a Latin American regional economic grouping) and others should be developed and reinforced."

Nearly 500-million people lived in the region, which offered scope for co-operation in tourism, telecommunications, transport and the fight against drug trafficking,

Nzo said.

Pahad stressed the group’s importance in challenging the concept of “African fatigue” and ensuring that Africa did not continue to get poorer. He urged zone governments to create a trade and investment-friendly environment.

“Our zone must be another important building bloc to effectively achieve our wider vision of South-South co-operation for the mutual benefit of all our countries,” Pahad said.

Brazil set up the grouping in 1986, in the Cold War era, to mobilise South Atlantic rim countries to endorse the idea of a military-free and nuclear-free ocean.

This was later expanded to include political, economic and cultural links. SA joined the association in 1994.

Next week African nations meet in Cairo to sign the Africa Nuclear Weapons-Free Zone Treaty, also known as the Pelindaba Treaty.
Integration comes first

PARTIES involved in the integration of the former TBVC state broadcasters into the SABC agreed yesterday that integration would precede the sale of broadcasting assets, in line with the national framework agreement on the disposal of state assets.

The post-telecommunication and broadcasting department said integration would be effected within three months of the body's appointment.
France grants SADC R2-m to train experts

FRANCE has granted the Southern African Development Community 500 000 dollars (over R2 million) to improve data and information processing in the region's mining sector, a statement from the French ambassador to Zambia, Perrier de la Rathie, said yesterday.

The grant to SADC will facilitate the training of experts in information systems in France and Africa, including project coordinators in the region's mining sector. – Sapa-DPA.
Isolationist economy will open slowly

Pretoria counters SADC criticism

"We are fully in compliance with our obligations to the World Trade Organization," he said.

Instead it would take a multilateral, regional approach, guided by the Uruguay Round of the General Agreement on Tariffs and Trade and the SADC Trade Negotiating Forum, noted Erwin.

The body is expected to take its findings to this year's SADC ministers conference in June, which will determine the direction of a proposed SADC trade protocol.

Trade unions here have been opposed to wholesale concessions, especially in the area of textiles, where some 260,000 jobs have so far been lost.

The bottom line is that South Africa is not yet ready to compete on the international market.

An independent report released here last year showed that a locally assembled vehicle cost 72 percent more than a similar model in the United States.

GIVE US TIME ... Finance minister Trevor Manuel won't be rushed.

"We are aware of the policy towards the much more open market advocated by senior government officials," he said. "However we note from time to time attitudes of reluctance to move more swiftly in that direction in some sectors."

Trade between South Africa and the rest of Africa remains heavily skewed in Pretoria's favour.

Last year exports to the continent amounted to about $5.6 billion, while imports totalled only $1.4 billion.

Negotiations on eliminating the tariff barriers have been taking place within the SADC, but the going has been slow.

"This change cannot be achieved overnight, and the adjustments are neither easy nor costless," said South African Trade Minister Alec Erwin.

He said that since the country was readmitted into the international community, it has faced severe pressure from several quarters to make "snap ad hoc decisions on foreign economic policy" but would not do that.

Trade unions here have been opposed to wholesale concessions, especially in the area of textiles, where some 260,000 jobs have so far been lost.

The bottom line is that South Africa is not yet ready to compete on the international market.

An independent report released here last year showed that a locally assembled vehicle cost 72 percent more than a similar model in the United States.

Last year, Russian goods entered the South African market at prices 30 to 35 percent lower than similar products made here, and some Zimbabwean ones were selling at prices 40 percent lower than local goods, owing to cheaper production costs there. - Sapa-IPS
Trade bloc split 'strongly rejected'

LUSAKA - A broadly based south-east Africa trade group urged members on Thursday not to break away in favour of an association based around the dominant SA economy.

Common Market for Eastern and Southern Africa's (Comesa) secretary-general Bingu wa Mutharika, at a conference of Comesa trade ministers, strongly rejected a split.

Comesa has proposed a merger with the Southern African Development Community (SADC) to avoid duplication to win trade.

The two organisations were scheduled to hold talks in March but the meeting was never organised.

Opposition to a Comesa division in favour of SADC was backed by Zambian Vice-President Godfrey Miyanda who said it would be a "disaster" to split when other world regions were forming even bigger trade blocs.

Comesa is made up of Angola, Burundi, Comoros, Eritrea, Ethiopia, Kenya, Lesotho, Madagascar, Malawi, Mauritius, Mozambique, Namibia, Rwanda, Sudan, Swaziland, Tanzania, Uganda, Zaire, Zambia and Zimbabwe.

Of SADC's members - Mauritius, Angola, Lesotho, Swaziland, Zambia, Zimbabwe, Namibia, Mozambique, Tanzania and Malawi - only SA and Botswana do not also belong to Comesa. - Reuters.
Southern Africa needs 'integrated economy'

Theo Rawana

SOUTHERN African nations needed to co-ordinate their standards and align them with international levels to be able to compete in the world marketplace, trade and industry director-general Zavareh Rustomjee said in Pretoria yesterday.

Addressing a Southern African Development Community meeting of experts on standardisation, metrology (weights and measures) and quality assurance, Rustomjee said there was a need to rapidly create a more integrated regional economy of the 125-million people in the region.

“This is likely to be the single most important factor that will appeal to international investors.”

The primary objective of the meeting, to end on April 26, was to provide a forum for training and exchange of ideas and experience among the people dealing with metrology and matters pertaining to metrology development, said hosts the SA Bureau of Standards.

The role of metrological services in the member states had been underplayed because there had been no close co-operation in sharing the few and expensive metrology facilities among member states, SABS said.

To consistently produce products of high quality required an appropriate technical infrastructure, basically consisting of a measurement system, appropriate standards (technical specifications) and technically competent certification bodies.

The collective developments of the countries involved needed to be co-ordinated to provide the required infrastructure without unnecessary duplication, he said.

The national standards of the participants needed to be harmonised, not only between the SADC member countries, but also with international standards to enhance free trade within the region, Rustomjee said.
MASIRE SPEAKS: The president of Africa's oldest multi-party democracy, President Sir Ketumile Masire of Botswana, addressed the Constitutional Assembly yesterday. Listening intently is Mr Cyril Ramaphosa.

PICTURE: BENNY GOLI

Masire slates customs deal

BOTSWANA'S President Sir Ketumile Masire yesterday slated the Southern African Customs Union agreement.

Addressing a joint sitting of Parliament, Masire, who is on a state visit to SA, said the agreement in terms of which the countries of Southern Africa pool customs and excise proceeds was "one-sided".

He said the 1969 agreement made some countries vulnerable to the "whims" of others and he looked forward to a new deal to lay the basis for trade and investment.

The agreement is being re-negotiated.

Masire kept Deputy President Thabo Mbeki waiting for over half an hour as he redrafted parts of his speech.

He expressed regret that violence was continuing in SA and said elections provided an opportunity for the peaceful resolution of violent conflicts. Masire was welcomed by President Nelson Mandela at Waterkloof airbase at Pretoria yesterday.
SADC changes will boost clothing

John Dludlu

THE transformation of the 12-nation Southern African Development Community into a common market would bolster wobbly clothing firms and increase competition in the region, says Clothing Federation president Bernard Richards.

Addressing the ninth session of the UN Conference on Trade and Development, Richards said an SADC common market — which had nearly 140-million people — carried a potential for improved competition from lower cost neighbours.

Such a market could also prolong the life of smaller operations by giving them an option of relocating to lower cost areas.

There is also a potential for increased export market opportunities through reduced cost structures and use of Lomé (Convention) benefits.

Most of SA’s neighbours receive generous trade concessions from the convention, which allows their products to enter the European Union’s 15-nation markets at preferential tariff rates.

Although the SADC, which SA joined after the elections in 1994, is presently not a common market, SADC officials are known to be keen to forge a single market by the turn of the century.

Bernard said the development of the SADC region as an economic powerhouse hinged on the creation of a free trade regime, with a 75% local content requirement in the clothing sector.

"This is a fundamental requirement and will generate jobs throughout the cotton farming, knitting, spinning, weaving and sewing sectors."

Bernard’s comments follow a year of unsuccessful attempts by Pretoria and Harare to renegotiate the reinstatement of lapsed trade preferences on Zimbabwean clothing and textile exports to SA.

The sticking point in the talks is the level of a local content requirement, which SA’s textile and clothing industries want set at 75%.

Bernard said the clothing industry did not understand the "flirtation" with a bilateral Zimbabwe agreement.
Lesotho business is unhappy

By Bethuel Thai

MASERU - Lesotho collects up to 80 percent of its total annual revenue from the Southern African Customs Union (SACU), but local business people are unhappy, saying SACU undermines them.

SACU is a trade protection agreement between South Africa, Botswana, Swaziland, Lesotho and Namibia, which eliminates import duties on goods passing between member countries.

Opponents of SACU in Lesotho say that access to cheaper goods from South Africa kills the incentive for Lesotho’s own industries. They also argue that SACU subjects indigenous industries to unfair competition and that it is a hindrance to the establishment of new industries.

South Africa, the dominant partner in SACU, produces almost 100 percent of what the other four members consume.

Lesotho, which is entirely surrounded by South Africa, is totally dependent on the South African economy.

Lesotho Finance Minister Mosetlhe Senoaana says the SACU agreement is currently being renegotiated and there are indications that major changes will be made. New institutions, such as a SACU secretariat, have been proposed. - Africa Information Afrique.
Integration of laws vital to region’s economic growth, says Nujoma

BY PATRICK BULGER
Parliamentary Correspondent

Cape Town – Team work was southern Africa’s best hope for growth and development, Namibian President Sam Nujoma told a joint sitting of Parliament yesterday.

Nujoma, on his first state visit to South Africa, said regional co-operation could be advanced through the Southern African Development Community. He described the organisation as the “the only way to achieve regional co-operation and integration, which is becoming more and more crucial for the economic development of our countries”.

“However, this alone is not enough. My belief is that the region’s best hope lies in all of us starting to work together as a team. ‘

“Such co-operation should first and foremost start with the harmonisation of our trade laws and customs regulations. This will encourage free movement of people, goods and services among our neighbouring countries.

“As such, this will go a long way in improving communication and meaningful trade relations.

“The harmonisation of our policies should also be extended to other cultural and economic spheres such as education, crime prevention, investment promotion and taxation. I am, of course, aware of the bilateral agreements that have been signed between countries in the region covering some of these concerns.

“Rather than abrogating these bilateral agreements, the envisaged regional endeavours should serve to reinforce and broaden them,” he said.

Nujoma visited Robben Island yesterday before his visit to Parliament.
Allow free movement – Nujoma

Namibian president calls for all countries in the region to cooperate

By Clive Sawyer
Sowetan Correspondent

NAMIBIAN President Sam Nujoma has called for the harmonisation of laws among Southern African countries.

Addressing a joint sitting of the National Assembly and Senate this week, he said the new democracies in the region should concentrate all their efforts on social and economic development.

“Our people are still hungry,” he said, and were looking to political leaders for solutions.

Nujoma said that with the ending of wars in Mozambique and Angola, the region was moving towards a “comprehensive peace”.

In the next few years, Southern Africa would see the fruits of regional cooperation, with the ozone on national leaders and parliamentarians to reap the peace dividend.

Ray of light

“A ray of light must shine from Southern Africa all over the rest of the continent,” Nujoma said.

He called for all countries in the region to work together by harmonising laws on trade and customs, and to allow the free movement of people, goods and services.

There should be similar cooperation in the fields of education, crime control, investment promotion and taxation.

Nujoma drew a round of applause from National Party benches when he emphasised that it was in the national interest for the majority party to recognise the role of the opposition.

“It would not serve the interest of our countries if the opposition were to be alienated or antagonised, especially around unimportant issues. A viable opposition can strengthen a democratic system considerably,” he said to a chorus of “hoo, hoo” (“hear, hear”) from NP members.

Standing ovation

Nujoma, who received a standing ovation at the end of his address, was escorted from the National Assembly chamber after his speech by President Nelson Mandela and Deputy Presidents Thabo Mbeki and FW de Klerk.

On Tuesday morning, he also visited Mandela’s cell at Robben Island, where the South African president spent 18 years.

Accompanied by South African Foreign Affairs Minister Alfred Nzo and members of his own delegation, Nujoma was met by the island’s Correctional Services commander Eisa Jones.

He then visited Mandela’s old cell, where he posed for photographs, before visiting the penguin colony on the island.

However, it was Namibian Mines and Energy Minister Andimba Toivo ja Toivo who seemed to enjoy the trip the most.

For him it was a trip down memory lane. Toivo spent 16 years on Robben Island after being transferred from the then South West Africa (Namibia) in 1971 with a number of South African prisoners jailed under the Terrorism Act.

Delighted

He was delighted to meet warder Christian Brand again, demanding that Brand himself and African National Congress MP Kaloo Chiba pose for photographs together.

Chiba had lived in the cell across from Toivo, about six doors down from Mandela’s cell.

When the group of visitors entered the old bathroom, Toivo told them how they had passed messages and spoke to other prisoners through the window.

“But if you were caught you were in trouble,” he quipped.

At the time, Chiba, Mandela and other prisoners had worked for about 15 years – he narrated how 26 prisoners were beaten up by warders on May 28, 1971.

He also told his audience how prisoners used to mix the mined lime with shells to resurface corrugated roads on the island.

Nujoma flew to Gauteng on Tuesday night to meet Gauteng premier Tokyo Sexwale. On Wednesday he opened the Business and Investment Seminar in Namibia before flying to Mpumalanga.

He will end his official visit today.

Economic summit

Meanwhile, several Southern African heads of state and Government members will hold talks with business leaders from 12 countries in the region during the 1996 Southern Africa Economic Summit in Cape Town from May 22-24.

The meeting will be opened by Vice President Thabo Mbeki and those attending will include President Seretse Khama of Botswana, President Joaquim Chissano of Mozambique and President Robert Mugabe of Zimbabwe.

The summit is aimed at setting the economic agenda for the region and to foster regional business and economic activity by bringing together business and government delegations, the convening World Economic Forum said in a statement.

Major plenaries would be held on the future direction of privatisation, improving the region’s telecommunications and development in the energy industry. – Sapa.
Control of Movement of Citizens

Ultimate Objective is to Abolish Discuss Free Movement

SADC Ministers meet to
SADC fazed by dispute over river island

By Bethuel Katjimune

WINDHOEK – Namibia and Botswana have been criticised by the Southern African Development Community (SADC) for taking their dispute over an isolated border river island to the International Court of Justice (ICJ).

SADC executive secretary Karel Mbuende said the dispute over the 3.5 square metre island, known as Kasikili in Namibia and Sedudu in Botswana, is not in harmony with SADC objectives on regional integration.

"We are not in favour of any kind of dispute between member states and this case is particularly bad since international mediation in the form of the ICJ has been requested," said Mbuende.

He said SADC would have preferred that the dispute be resolved regionally.

A waste of money

Sources close to the Namibian Government said the cabinet had authorised expenditure of about R7.7 million for the legal battle over the island.

Members of opposition parties in the Namibian parliament feel expenditure on the Kasikili island dispute is a waste of money which could have been used for development purposes.

The protracted dispute over the ownership came as a result of an 1890 Anglo-German Treaty which demarcated the boundaries between the then German South-West Africa (Namibia) and British Bechuanaland (Botswana).

Temper started to run high in 1991, following the deployment of Botswana Defence Force members and the hoisting of the Botswana flag on the island.

There were fruitless mediation attempts by Zimbabwean President Robert Mugabe at a meeting in 1992 between Namibia President Sam Nujoma and his Botswana counterpart, Ketumile Masire.
Regional leaders gather for summit

SADC members face grilling on policies

By Christo Voltschan

Cape Town — The annual economic summits of the World Economic Forum have previously succeeded in pushing South Africa's politicians on economic policy issues.

In 1994, for instance, President Nelson Mandela and other senior members of the new government were grilled by foreign businessmen about the government's opposition to privatisation.

A few months later the government announced its policy on the restructuring of state assets and included privatisation as an option.

This year, political leaders of all 12 members of the Southern African Development Conference (SADC) will be in the dock at the economic summit, which starts here today. The theme of this year's summit is regional integration and political leaders will have to convince more than 100 senior executives from local and foreign companies that progress has been made on economic policies.

As in previous years, the unofficial objective of the get-together between industrialists and policymakers will be to identify investment opportunities and gently push politicians towards more business-friendly policies.

The official objective is to find answers to questions about whether a regional approach to economic reform has taken root and whether the politicians of southern Africa are committed to a regional approach to economic development.

To help them answer those questions, politicians and businessmen will work through a checklist of priorities that were identified at last year's summit in Cape Town. These include:

- Creation of an authority to plan and co-ordinate transport and road-building projects;
- Formulation of a transport policy for the unfettered movement of goods and people;
- Liberalising trade and formulating an export strategy;
- Maintaining fiscal and monetary discipline;
- Developing the financial market;
- Further freeing and deregulating the financial sector;
- Ideas to get private-sector finance for infrastructure investment;
- Privatisation of certain public-sector services;
- Guidelines on the privatisation process;
- Developing a social safety net for people who lost their jobs in privatisation;
- Progress with the removal of exchange-control regulations;
- Identifying practical steps towards regional integration; and
- Considering policies to empower disadvantaged groups.

South Africa can report progress on many of these.

Only the next three days will tell whether other members of SADC will convince the businessmen of their commitment to regionalism.
Summit seeks key to growth
LETTERS

GAVIN MASDORD

Internationalisation a headache for neighbours

EEO 242/196

Provision of community facilities

COMMUNITY DEVELOPMENT COMMISSION

DANDORA TOWN LEADERSHIP COMMITTEE

DANDORA TOWN COMMISSIONERS

DANDORA TOWN LEADERS

DANDORA TOWN RESIDENTS COMMITTEE

DANDORA TOWN TRADERS ASSOCIATION
‘Democratic South Africa strengthens region’ – Masire

THE emergence of a democratic South Africa has created a strong mutual will among member states of the Southern Africa Development Community to build an economically viable region.

SADC chairman, Botswana’s President Ketumile Masire, made the observation at a media briefing yesterday at the three-day World Economic Forum and SADC summit.

The summit, which ended yesterday, was part of a series of regional conferences organised by the Switzerland-based World Economic Forum aimed at providing a forum in which SADC member states provide prospective European traders with information on what they produced.

Opening the conference on behalf of President Nelson Mandela on Wednesday, Deputy President Thabo Mbeki spoke of the great need to rapidly and radically increase the level of investment in the sub-region.

At the media conference President Masire said the goodwill South Africa’s presence in the regional family of nations had created and inspired SADC member states to do their best in realising the community’s objectives, despite some complications and “various other things”.

“Last night, during Botswana’s official day we listened to a choir with variant voices – tenor, soprano, bass and alto.

“They might have sounded quite different, but the harmony of these different voices symbolised in a sense the unity and diversity I am talking about.

“To a large measure – because it seems we certainly are not yet at the end of the democratising process – we are now dealing with a different South Africa.

“South Africa’s economy is much bigger than most economies in the region.

“But there is that fund of goodwill which has transformed our relations from the one-sidedness of the past,” Mr Masire said.

He said one of the major problems facing Africa since independence had been the heavy trade links African countries had with the former colonial countries and the rest of the West, instead of trading among and with each other.

President Masire said the SADC was doing all it could do to reverse this situation.

He was confident that integrated regional economies would be achieved – and “the sooner the better”.

Responding to a question on what would happen when he, President Mandela and other regional leaders left the scene, President Masire said this was really a non-question because the democratic process which produced a Masire and a Mandela would also make sure that leaders as competent, and even more competent than them, would emerge.

CONFIDENT: Sir Ketumile Masire, chairman of the Southern Africa Development Community and President of Botswana, is confident that member states will build integrated regional economies, in spite of hitches.

ENGROSSED: Delegates at the Southern African Summit of the World Economic Forum learn that business has expressed confidence in the economic potential of South Africa.

Pictures: ANDREW INGRAM, Staff Photographer.
SADC makes proposal for regional credit fund

SADC makes proposal for regional credit fund

MEMBERS of the Southern African Development Community's finance and investment sector, co-ordinated by SA, this week discussed ways of co-operating more closely, including the possible setting up of a regional credit guarantee fund, sources said yesterday.

A source close to the SADC said the proposed fund, operating in the 12-nation southern Africa region, would be discussed further with other stakeholders, including the trade and industry department.

This comes almost a year after the SADC announced plans to set up a regional development bank, possibly using the Midrand-based Development Bank of Southern Africa as a vehicle.

However, Kaare Mbuende, the SADC's executive secretary, said at the time he was waiting for the DBSA's transformation process to run its course before initiating discussions.

A statement issued after Monday's meeting said the workshop, attended by academics and the International Finance Corporation, had also discussed progress reports of research into investment policies, regulatory frameworks and mechanisms which could facilitate the flow of finance in the region.

Strategies to combat money laundering, and harmonisation of accounting and auditing standards were also discussed. A key part of the workshop, coordinated by Bongi Kunene, would be to map out a regional finance protocol.

Results of the workshop were expected to be discussed at a ministerial meeting in July.
SBDC may look for foreign capital

By Christo Wilschenk
ECONOMICS EDITOR

Cape Town — The Small Business Development Corporation may look for new shareholders in South Africa and abroad to inject capital into it after the government agreed last week to reduce its shareholding, Jo Schwenke, the managing director, said yesterday.

The Supreme Court was expected to sanction the capital reduction in the next few weeks.

The government's shareholding would drop from 50 to 20 percent and the corporation would pay it the first of a number of installments. The government would receive R600 million from the corporation as compensation.

The corporation would have net assets of just over R1.1 billion after the reduction of capital.

Debentures worth R357 million, secured by the property of the corporation and maturing in five years, would be issued.

Schwenke said the agreement would leave the corporation well funded and ready to serve small business as never before.
Rains cause
SADC to trim
crop forecasts

By Nicole Morvant

Johannesburg — Good summer rains in southern Africa have given the region its best maize crop in years but continued wet conditions have led countries to trim harvest forecasts for the 1996-97 season.

"Cereal forecasts for the region could have been much higher were it not for excessive rains leading to either flooding or water-logging in South Africa, Mozambique, Swaziland and Zimbabwe," the Southern African Development Community (SADC) said.

Analysts said rain storms this month had delayed harvesting, particularly in South Africa, the region's largest maize producer. Outbreaks of red locusts, which hatch after rain, have cut forecasts in Malawi, Tanzania and Mozambique.

Maize production in Mozambique, which was expected to produce a small surplus for the first time in years, has been cut back to 935,000 tons from an estimate of 1.09 million tons because of flooding, the SADC said.

"Floods have destroyed an estimated 170,000ha of crops, including 105,000ha of maize," the SADC's food security unit said in its latest regional report.

Mozambique's output was still up on last year's 734,000 tons. Revised forecasts show production in South Africa at 9,524 million tons from an estimate of 9,563 million tons, but more than double last year's 4.41 million tons. — Reuters
Developing a Southern African Trading Block

(214) 801/96
Subregion's tourism industry to develop

By Emmanuel Koro

HARARE - As Southern Africa moves towards closer regional economic cooperation, many exciting developments are taking shape.

Since the beginning of the decade of the '90s, when democracy and relative stability dawned throughout Southern Africa, some people began talking about marketing the region as a unit to international tourists.

Apart from the usual mainstream tourist attraction centres like wildlife and landmark scenarios found in this region, Southern African tourism is beginning to talk about what they term "cultural tourism".

This notion, one of the unusual subjects to emerge from the region's tourism industry forums, has never been a topic of interest in the minds of tourism executives who have only focused on usual tourist attractions such as wildlife, Zimbabwe's Victoria Falls and South Africa's Kruger National Park.

Until recently, cultural tourism has been ignored and undervalued by virtually all who were supposed to champion it.

Now the notion is being discussed by individuals in the industry as a way of broadening the region's attraction base, thus showing the world that there is still more to come from Southern Africa, both in wildlife and artistic cultural heritage.

At an international conference held at Potchefstroom University early this year, cultural tourism featured as one of its major topics.

The director of the university's Institute for Tourism and Leisure Studies, Melville Sanyman, said there was a lot of enthusiasm shown by participants on the issue of cultural tourism.

Also, out of South Africa has emerged attempts to open up the tourism industry...
SADC investment up after reforms

John Dladlu

THE investment climate had drastically improved in the 12-nation Southern African Development Community region, but more steps were needed to further enhance its attractiveness to investors, a senior SADC official said at the weekend.

Bongi Kunene, a director of the SADC's finance and investment sector, co-ordinated by the SA finance department, said it was now easier to invest in countries in the region because of economic reforms which had been implemented by some countries.

She said "the liberalisation process" had reached an advanced stage in countries such as Zambia.

Mauritius, one of the star performers in the region, had now begun to diversify its economy from reliance on the sugar industry. Tourism and manufacturing, thanks to the country's export processing zones, were now thriving.

The region's infrastructure was "relatively good" compared to other growing economies.

"With political stability, it is possible for private investors to participate in financing infrastructural projects," she said.

A research team is looking for a way to assist governments in policy reviews necessary for improving the attractiveness of infrastructural projects to investors.

Business involvement in such projects was bound to improve as privatisation initiatives moved into top gear in the region.

Kunene said the current investment flows, both direct and portfolio capital, continued to show a skewed trend towards SA because of the attractive size of its market. However, a huge chunk of these inflows to the SADC had been in short-term capital.

Investors regarded SA as a "port of entry to the region", and the challenge was to use the country as a gateway to neighbours.

One of the strategies for enhancing attractiveness was to increase uniformity of standards such as customs administration and investment laws. Such a step would make investment in one country comparable to another.
Regional economic development ‘vital for SA’

South Africa's regional industrial policy — and specifically the Regional Industrial Development Programme (RIDP) — is being re-evaluated through the Japanese Grant Fund.

The RIDP consists of a series of incentives to industry in non-urban, underdeveloped areas. According to the Trade and Industry Chamber's report, the investigation includes an assessment of provincial government legislative powers, capacities and requirements with regard to industrial development, an account of national support measures for manufacturing, and an account of comparative regional industrial development policy.

The South African group overseeing the investigation comprises business, labour and government, as well as representatives from the country's nine provinces.

The RIDP study complements other policy initiatives on industrial development, most notably supply side measures and an investigation being co-ordinated by the Industrial Development Corporation into regional industrial location strategy. The RIDP investigation is scheduled for completion by mid-1996.

Nedlac's trade and industry chamber has identified the economic development of the southern African region as critical to economic growth in South Africa.

A work programme to address this area is to be developed after a special discussion session on the region to be held soon.
R1.1 million ‘missing’ from SADC coffers

Some senior executives are believed to be involved in the donor funds scandal

By Sowetan Business Correspondent

SADC’s executive director Dr Kaire Mwamba, with no success. He promised to send us his comments early in the week but at the time of going to press the response had not yet arrived.

The allegations of financial irregularities within the SADC come at a time when the organisation’s influence both continentally and internationally is on the rise.

Internationally, there is talk of Southern Africa – under the auspices of SADC – as the region being some bright spots in post-colonial Africa’s depressing economic history.

The allegations also come at a time when countries in the region are getting much closer and seeking cooperation on a number of developmental issues.

Development projects

Development projects like the Maputo Corridor – linking Johannesburg with the Maputo port – the Trans-Kalahari Highway linking Botswana, South Africa and Namibia – and the nearly completed Lusoto Highlands Water Project have put Southern Africa under the spotlight as a fast investment growth.

Increased cooperation is expected to go a long way in strengthening the SADC – which is also one of the most organised regional economic groupings in Africa.

This is the second time that SADC has been surrounded by controversy on funds. During the administration of former executive secretary Dr Simba Makoni there were allegations of financial irregularities which saw the trust fund’s budget cut.

When Mwamba took over the reigns in 1994, there were high hopes that the organisation would be strengthened.

Kriel outlines ways to better W Cape

By Sowetan Business Correspondent

JOBS seekers from other provinces were in for a rude shock in the Western Cape, premier Hercules Kriel warned yesterday.

Speaking at the congress of the Western Cape Chamber of Commerce and Industry in Somerset West, Kriel said people should not be fooled into thinking that poverty and under-development were not a problem in the Western Cape too.

However, Kriel said the Western Cape hoped to have a growth rate of five or six percent, double the national average.

The relative wealth of the region attracted many people when they gave up their jobs and wanted to go to the Western Cape to do things in the way of development that would enable the Western Cape to achieve high productivity.

Secondly, his government should put in place the correct policies which were conducive to business activity.

Kriel urged the private sector to join the provincial government to build a more export-oriented economy.

Lastly, all groups in the region should realise that a healthy market place required a healthy fiscal and monetary climate.

Kriel said he believed the answer to the problems was in economic growth and the region’s ability to build a more innovative economy in the region.

“The fact is that a government cannot build an economy; it can only create the right climate for an economy to thrive. Unfortunately the opposite is also true – governments can ruin economies,” he said.

He outlined five ways through which the region could create an innovative economy.

The government must help the province’s residents to acquire skills as a base for lifelong personal development while at the same time exploring an incentive programme that would enable the Western Cape to achieve high productivity.

Thirdly, his government should put in place the correct policies which were conducive to business activity.

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Customs union "undermines firms"

Maseru - Lesotho collects up to 90 percent of its total annual revenues from the South African Customs Union but local businessmen are unhappy, saying that the union undermines them.

The customs union is a trade protection agreement between South Africa, Botswana, Swaziland, Lesotho and Namibia which eliminates import duties on goods passing between member countries.

Opponents in Lesotho said recently that access to cheaper goods from South Africa killed the incentive for Lesotho's industries.

South Africa, the dominant partner in the customs union, produces almost 100 percent of what the other four members consume. Lesotho is totally dependent on the South African economy.

Moketsi Seraona, the Lesotho finance minister, said that the agreement was being renegotiated and major changes could be made.
SADC denies report of missing funds

THE Southern African Development Community has dismissed a report that R1m in donor funds was missing, claiming the allegation was aimed at tarnishing its reputation.

The Sowetan said on Friday that the cash was missing from the SADC coffers and that the 15-nation organisation was "quietly" investigating for fear of sounding out alarm bells to its members.

But at the weekend, the Botswana-based secretariat — the SADC's administrative arm — dismissed the allegations. Spokesman Kgosinkwe Moesi said earlier on Friday he had first heard of the allegations through the Sowetan and that no formal investigation was being carried out.
Trade officials to meet on tariff barrier question

SENIOR trade officials from the 12 nations affiliated to the Southern African Development Community (SADC) are meeting this week to finalise a foundation for the progressive removal of tariff and non-tariff trade barriers in the region.

Spokesman Kgosiinkwe Mocsi said the Pretoria meeting, ahead of tomorrow's trade and industry ministerial meeting, hoped to finalise the trade protocol to be ready for high-level discussion at the SADC's annual council meeting in August.

The protocol would outline areas of co-operation and buoy trade in the region. Officials close to the meeting said work was far advanced on the legal framework for trade co-operation in the region, though there was still no agreement on the speed with which tariffs and non-tariff barriers to trade should be dismantled to pave the way for countries in the region to give each other concessions.

Although certain nations had gone some way towards reducing tariffs, this had been done in the context of other obligations and not in the regional framework. One senior official at the talks said the discussions also covered time frames of progressive liberalisation.

"We are trying to make it as thorough as possible," a legal framework, binding on member states, would open the way for a "step-by-step" negotiation of products and sectors to be covered in a free trade deal.

The Pretoria talks also cover other issues handled by the SADC's trade and industry sector, co-ordinated by Tanzania, such as industrialisation, standardisation and small-, medium- and microenterprise development in the region.

In another development, sources believe last week's report alleging R11m in donor funds was missing from the SADC's coffers, will cast a dark cloud on the regular meeting of the organisation's sectors later this month.

The claims have been strenuously denied by the secretariat as an attempt to tarnish its image.

None of the donors of the SADC had so far voiced any concerns to the secretariat, headed by executive secretary Kaire Mbusi, which runs the SADC.

Donors had confidence in the institution's controls.

Meanwhile, a foreign affairs spokesman said the department had asked SA's high commissioner in Gaborone, Botswana, to get clarity from the secretariat on the allegations.
SA’s exports pound Africa

The trade appetite displayed by South Africa, whose exports to the rest of the continent jumped by 52 percent last year, is arousing concern among neighbours, who accuse the young democracy of wanting to establish hegemony in Southern Africa.

Kenneth Konello, a researcher at the Africa Institute of South Africa, says that “in the last four years there was a tremendous boost for South African exports in neighbouring countries and this is now creating uneasiness.”

Last year, South African exports to the continent jumped to R13.08 billion compared with R8.63 billion the previous year, according to official figures.

At the same time, the country’s imports from other African countries rose by only 19 percent.

“The cordial atmosphere that characterised South Africa’s formal entry into the SADC (Southern African Development Community) is evaporating,” says the bulletin of the Africa Institute, which studies relationships with the continent.

For up to 70 percent of their imports, the other 11 members of the SADC (Angola, Botswana, Lesotho, Malawi, Mauritius, Mozambique, Namibia, Swaziland, Tanzania, Zambia and Zimbabwe) depend on the local economic giant, South Africa.

Thus South African Trade Minister Alec Erwin tried last week to calm Zimbabwe, South Africa’s leading African trading partner, which threatened a “trade war” in the face of dumping of goods by South Africa.

The country’s exports to South Africa eased by 1 percent last year while its imports from SA rose by 54 percent.

Above all, the textile industry, which represented 20 percent of its total exports at the start of the decade, is being suffocated by South African tariffs imposed after the expiration of a bilateral trade agreement in 1992.

Trade wars

At the end of May, Kenya warned that Pretoria’s high tariffs could give rise to African trade wars.

South Africa, which has always promised to be a regional economic "locomotive", says it prefers to negotiate a general trade deal within the SADC, rather than to settle problems case by case.

“We cannot be an island of prosperity in an ocean of poverty. Our destiny is linked to the region”, said one official at the South African Trade Ministry. – Sapa-AFP.
Abolish border controls slowly says report

[Handwritten note:]

By James Leman

[Date: 30/1/1934]
Member states will review policies, tracking combat drug smuggling

SAARC set to

Crime Commission meets in SA
defence and security development in SA

The Security Council met to discuss issues of importance to the region, including drug trafficking, terrorism, and security challenges. The meeting was hosted by the head of the South African National Security Council. Members discussed measures to strengthen regional cooperation and combat drug smuggling.

The Secretary-General, South Africa's representative, highlighted the need for coordinated action among member states to address the challenges posed by drug trafficking. The meeting concluded with a commitment to enhance cooperation and share intelligence to disrupt drug supply chains.

The Security Council also reviewed the progress of the ongoing peace process in the region and discussed measures to support sustainable development initiatives.

Member states agreed to establish a joint task force to address the pressing issues of drug trafficking and terrorism. The task force will meet regularly to assess progress and coordinate strategies.

The Secretary-General underscored the importance of regional collaboration in addressing security challenges. Member states were encouraged to provide support to one another in the fight against terrorism and drug trafficking.
Complaints from the neighbours.

Richard Means of Ferrier's farm in Northfield, said residents were very concerned about the noise disturbance and the smell caused by the farm's operations. He believed the Council was not doing enough to address the issue and called for stricter enforcement of regulations.

The local Council had previously acknowledged the problem and had imposed fines on the farm for breaches of the noise and smell regulations. However, the residents continued to report the issue, claiming that the farm was not following the rules.

The Council had promised to review the situation and take further action if necessary. Residents were urged to continue to report any issues to the Council to ensure that the matter was properly addressed.
Mugabe to head Southern African Security Force
Southern Africa countries equal partners, Mbeki tells National Youth Commission

OWN CORRESPONDENT

Young people should help to dis- pel the suspicion and fear that South Africa was a "Big Brother" that wanted to dominate and sub- jugate the southern African re- gion. Deputy President Thabo Mbeki has said at the inaugural meeting of the National Youth Commission in Pretoria.

He said South Africa could not grow on its own outside of the re- gion.

"We have to assure the region and the continent that we are in- terested in building a relationship which recognises that we are equal partners who need to treat each other with mutual respect," Mbeki said.

The commission should also help to fight the spread of Aids and the breakdown of social morality.

If a solution was not found to contain the spread of HIV, more families would be torn asunder and the economy would suffer, he said.

He also said the commission should not leave the fight against the breakdown in social morality and ethics to priests and rabbis.

The statutory National Youth Commission has been established to develop a policy framework to guide the Government in its ef- forts to empower and develop young people.
Human rights groups slam SADC

SADC members meet on Friday to approve a regional security initiative, but their action has been criticised by human rights organisations. Iden Wetherell reports.

A summit of Southern African Development Community (SADC) heads of state meeting on Friday in Gaborone to launch a regional security partnership has provoked protests over the omission of earlier proposals for a human rights monitoring mechanism.

SADC leaders are meeting in a special session to approve long-mooted plans for an Organ on Politics, Defence and Security to co-ordinate security matters among member states. Acceptance of the new structure had originally been scheduled for August in Maseru, where non-governmental organisations (NGOs) had planned to lobby for inclusion of machinery designed to protect human rights.

But concern about the deteriorating political situation in Zambia has led to Friday's meeting — where NGOs fear adoption of the new organ is likely to be rushed through.

Amnesty International is leading a chorus of protests that SADC leaders, while paying lip service to human rights in the organ's objectives, have at the same time excluded any concrete measures for human rights monitoring.

Amnesty research officer Casey Keso has mobilised NGOs throughout the region to lobby heads of state and government officials ahead of Friday's meeting.

"A unified NGO voice on the organ proposal might be able to make human rights a priority for SADC, even at this late stage," Keso said.

A joint statement by regional NGOs said instability in the region resulted not from the breakdown of law and order, inter-state conflict or external aggression as stated in the proposed organ's objectives, but from the repression of human rights and freedoms by governments and armed opposition movements.

It also said: "We regret that recommendations for human rights institutions resulting from the 1994 workshop on democracy, peace and security, held in Windhoek, Namibia, appear to have been dropped from the organ proposal."

"We equally regret the lack of any consultation with Southern African civil society, including non-governmental organisations, in the discussions about the design, creation and implementation of this organ to be adopted at this week's summit. In developing the proposed organ, SADC appears to have made a serious departure from the meaningful dialogue and genuine partnership with civil society which characterised the 1994 Windhoek resolutions."

SADC's Windhoek resolutions, endorsed by NGOs, proposed a SADC mechanism on democracy, peace and security that would have included a human rights commission with machinery to safeguard existing human rights.

This initiative was a response to Zimbabwe's proposal for an Association of Southern African States (as an SADC "sector" where a single member state takes responsibility for its co-ordination).

Zimbabwe's proposal was abandoned after SADC countries expressed concern about such a powerful agency being located in Harare under President Robert Mugabe's exclusive jurisdiction. Attempts to revive Mugabe's proposal at the SADC summit in Johannesburg last September were unsuccessful.

The current proposal for an organ, rather than a sector, means it would function independently of other SADC structures and have a chairmanship rotating among member countries on an annual basis.

Mugabe, who is believed to have called today's meeting, is likely to be a candidate for the first chairmanship.

The NGOs called on the heads of state meeting to "make sure that human rights considerations are a clear component of any intervention by a collective security capacity" and that sufficient resources — both in financing and in human expertise — be afforded to the human rights component of the organ when established, so that it can effectively carry out the human rights dimension of the organ's objectives, that is monitoring human rights in an early warning system, promoting and protecting human rights among SADC member states and ensuring a human rights component in any SADC intervention."
Chilean deal paves way for regional success

South Africa and its neighbours are nowhere near to formalising economic cooperation, but South America has forged a strong customs union within four years.

WHEN Chile’s President Eduardo Frei cemented his country’s credentials with the four-nation Mercosur customs union last month, he may have taken a moment to consider what might have been.

Chile’s first choice of bride had been the glamorous North American Free Trade Agreement — and a future relationship remains possible — but stalling by Washington prompted Santiago to hitch up with Mercosur, the girl next door.

The Mercosur customs union, formally founded in January 1991 by Argentina, Brazil, Paraguay and Uruguay, had been courting Chile for some time. But it was quickly determined that full membership would be impossible, given the difficulty of reconciling Mercosur’s varied external tariff with Chile’s uniform 11% import duty. Instead, negotiations hewed more to the details of “associate” membership. Under today’s accord, reached after nearly two years, Chile will join an extended Mercosur free-trade zone, but will continue to act unilaterally in trade arrangements with third countries. From October, both sides will cut tariffs between them to an average 6% on most imports and will, with some exceptions, gradually reduce these to zero over eight years.

Chile’s main concern during negotiations was to protect its traditional farming sector, weaker than Argentina’s, but a strong voice in Santiago.

Originally, Chile had wanted farm goods such as wheat, meat and dairy products to be permanently excluded, but it eventually agreed to move towards free trade in these products over 10 to 18 years.

For Chilean manufacturers of products such as tomato paste, wine, shoes and textiles, a Mercosur deal was regarded as vital to preserve access to the bloc’s 330-million paying consumers.

Preferential tariffs which were extended to Chile before Mercosur came into effect have been periodically removed, but were due to expire unless a permanent accord could be struck.

Not only trade was at stake. Many Chilean businesses, looking for opportunities beyond their own restricted market, have made large direct investments in the region, in private pension funds, banking, retail, wine and, especially, in Argentina’s privatised electricity sector. Far bigger opportunities beckon in Brazil.

“If the world were organised as it should be, perhaps it would be enough to take the simple decision to open one’s economy unilaterally,” says Carlos Mininini, Chile’s chief negotiator with Mercosur. But small countries, standing alone, tend to have their rights trampled by bigger ones, he says.

From Mercosur’s perspective, getting Chile on board goes far beyond the limited commercial advantages of incorporating 14 million more consumers. A fundamental goal was to bridge what Klaus Schwab, president of the World Economic Forum, calls the “missing link” between Mercosur and Asia.

“Mercosur now has access to the Pacific Ocean and Chile has access to the Atlantic Ocean,” says Jorge Campbell, Argentina’s secretary of international economic relations. “This accord has united us in a bi-oceanic bloc.”

Big investment will be needed to upgrade road networks before Mercosur’s new-found access to Pacific ports becomes cost-effective. But creating such an export corridor provides “extraordinary potential” for Mercosur producers, especially farmers, says Leitl Felipe Lampreia, Brazil’s foreign minister. With one of the world’s richest agricultural belts, Mercosur’s farmers are uniquely placed to meet fast-growing demand for food in Asia, he says.

Chile’s incorporation also lends a certain gravitas to Mercosur, bringing into the bloc the region’s most stable and successful economy. In this respect the accord is a coup for Brazil and its vision of a possible hemispheric free trade zone. Brazil wants a South American free trade zone in place before negotiations start with NAFTA as the basis for hemispheric free trade.

The deal with Chile should pave the way for a swift accord with Bolivia, and then with Venezuela, says Lampreia.

Peru, Colombia and other South American states could quickly follow. From there, it might be a relatively short step to forge links with other regional trade groupings.

The process is “tremendously disordered and chaotic”, says Mininini, but better than rhetoric.

Chile has signed bilateral free trade accords with several Latin American countries, including Colombia, Mexico and Venezuela, and looser arrangements with regional blocks such as Apec and, last week, the EU. A future accord with NAFTA hangs on the US political climate after November’s presidential elections.

Mercosur aspires to be an outward-looking free-trade zone, not a fortress. “It’s not our intention to create a closed bloc,” says Pedro Malan, Brazil’s Finance Minister. “We do not see any contradiction between our strengthening of Mercosur and our desire to open up to the rest of the world.” — Financial Times.
SADC forms forum: The Southern African Development Community launched its Parliamentary Forum in Windhoek yesterday to strengthen democracy and promote regional development and integration through greater public participation. Initiated by Dr Mose Tjekeder, the Namibian Speaker; in 1993, the forum will have 36 members, three from each SADC country.
SA, Zimbabwe hold key to regional growth

SOUTH Africa and Zimbabwe will be the engines for growth in southern Africa despite their dependence on aid and debt finance, says one of the world’s largest banks.

In a review released in Harare this week, Standard Chartered Bank said southern Africa was poised for a decade of strong growth, and that the business outlook had never been better in three decades.

The bank said South Africa, which accounts for 78 per cent of the region’s total output, had the capacity to become the engine for growth. So was Zimbabwe, the second largest economy in the region.

"Given reasonable rains and relative commodity price stability, the region should achieve annual growth of at least five percent, implying a two per cent improvement in real living standards each year," the bank said.

But, it warned, the expected growth was not enough to solve chronic unemployment, nor guarantee political and social stability.

It said South Africa’s economic success — after years of stagnation and political isolation due to apartheid policies — would determine the future of other weaker countries in the Southern African Development Community (SADC) region.

However, the bank said, failure by President Nelson Mandela’s Government to solve current political problems and address social imbalances in South Africa could deter foreign investment in the country and the entire region.

"A weak, politically unstable South Africa racked by high levels of criminal violence and militant trade unions, would deter international foreign investment into the whole region."

It said there were question marks not just over South Africa’s ability to consolidate and build upon its socio-political transition, but also the new regional trade and investment order that evolved as the duplicated regional groupings are harmonised.

The bank said the region should follow the example of East Asian countries, by completely liberalising the economies and promoting export-led growth, fuelled by high levels of foreign investment.

The region should also avoid the strategy of aid and debt-driven development.

"The claim that aid fosters development and investment is at best unproven and at worst simply untrue. Trade, rather than aid, and foreign private investment rather than foreign loans, point the way ahead," said the bank. — Sapa.
SA ready to cut its tariffs ‘substantially’

Tim Cohen

CAPE TOWN — SA is set to agree to cutting its tariffs substantially over a short period by signing a regional trade protocol at the SA Development Community (SADC) council of ministers’ meeting next month.

Trade and industry adviser Maruping Koisang said yesterday details of the protocol had to be negotiated before the meeting in Maseru, Lesotho, on August 22.

However, SA had acceded to its neighbours’ demands and accepted in principle the need to substantially reduce its tariffs.

Continued on Page 2

Tariffs

Continued from Page 1

Minister Alec Erwin’s determination to focus more on regional matters and establish regional deals before negotiations with the EU begin in earnest.

Koisang said outstanding issues were time frames, rules of origin and certain procedural matters. It had been accepted that the tariff cuts would be “substantial”, but phased in gradually over 10-15 years. He was confident the issues would be resolved by regional trade and industry ministers when they met in Tanzania before the council of ministers’ meeting.

SADC members have been forced to reduce tariffs in terms of structural adjustment programmes, enhancing opportunities for SA manufacturers. Consequently, SA is under pressure to reduce tariffs to allow manufacturers in the region similar opportunities.

The speed of the negotiations has been linked to Trade and Industry Minister Alec Erwin’s determination to focus more on regional matters and establish regional deals before negotiations with the EU begin in earnest.

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For, diffuse, and renewable in structure, the textile of the fabric is a complex one. It may have a variety of fibers, such as cotton, wool, or synthetic materials, and these fibers are often combined in different ways to create different types of textiles. The process of textile production is a complex one, involving spinning, weaving, and dyeing, among other steps. The quality of the final product is determined by the process and the materials used.
The first steps have been taken towards establishing a Southern African parliament along the lines of the European Parliament.

The Speaker of the region’s 12 parliaments have signed the Windhoek Protocol, an agreement to establish a Southern African Development Community Parliament. Forum.

The forum will not have legislative powers and will be merely a consultative body at this stage.

The Speaker of the SA National Assembly, Dr Frené Ginwala, said yesterday that the parliamentary forum could evolve as the Southern African Development Community (SADC) developed.

Regional co-operation need not be confined to executives or governments and could be extended to the parliaments.

“It is my view that inter-regional co-operation starts with beginning to talk,” Ginwala said.

The governments were talking about signing inter-regional agreements, which would have to be ratified by the parliaments. This process would be helped if the parliaments talked to each other about the agreements.

Forum members could also form committees to discuss particular issues, such as trade relations.

The signing of the protocol was “a small step”, in this direction, Ginwala said.

The signatories to the protocol are Botswana, Lesotho, Malawi, Mauritius, Mozambique, Namibia, South Africa, Swaziland, Zimbabwe, Angola, Zambia and Tanzania.

The Speakers said they believed the majority of the people in the region would benefit from improved integration and that this would be a guarantee against destabilisation of the community.

They agreed that member parliaments could suggest amendments to the forum’s proposed constitution.

An interim plenary assembly is to meet on January 27 to refine the constitution, which is to be submitted to member parliaments by June 30.
Crop estimates take an upward turn

SOUTHERN Africa is expected to harvest a cereal crop of 26.36-million tons in the 1996/97 season, a 62% increase on last season and an upward revision of estimates made earlier this year.

The Southern African Development Community (SADC) said in its latest quarterly bulletin it had raised its total estimate for the region from 25.20-million tons forecast in May, amid improved production prospects in all member countries.

The whole region was in line for the best cereal crop in years after soaking rains and increased plantings.

"Cereal production is projected to have increased substantially in all countries including Tanzania, which had earlier forecast a 14% drop ... but is now projected to show a 23% increase over last year's harvest."

Maize, which makes up the bulk of the region's cereal output, was seen rising to 20.24-million tons, up from the SADC's previous forecast of 19.44-million tons and representing an 80% improvement on last year. Earlier fears that sustained heavy rains and flooding would trim maize output had dissipated, with Mozambique, expected to be the worst hit, on track for a 21% bigger crop than last year.

SA's crop had also emerged unscathed from the late rains with the latest maize estimate of 9.667-million tons the highest yet this year, and more than double last season's 4.405-million tons. — Reuters.
HARARE — Does southern Africa need a regional tourism organisation to market its beaches, wildlife, deserts, cities and peoples to the world, or are tourism operators doing nicely without state interference?

That question is far from being settled, but a regional organisation has been formed nonetheless.

The idea of creating the Regional Tourism Organisation for Southern Africa (Retosa), was born at an SADC meeting early last year in Windhoek. Tourism is the world's fastest-growing industry, but southern Africa's share is still minuscule.

An estimate last year by the World Tourism Organisation showed world tourist arrivals of 582,4-million people, generating nearly $322bn in revenues — but Africa got only $6,3bn or 1,87%.

Both the private and the public tourism sector of each SADC country will each have one member in Retosa's board and contribute to its funding, to a tune of $50 000 for each country initially.

By the third year, Retosa should be totally privately funded. How, it has not been explained. Neither has a final budget been presented, according to Masakadi Nkomo, an SADC tourism official in Lesotho.

Zimbabwe has taken steps towards finding money by imposing a 2% levy in early July on all its tourist operators, from hotels to safari and car rental companies, "to promote Zimbabwe abroad".

With an annual profit of $100m, tourism is Zimbabwe's third largest foreign earner, and one that the government can squeeze for funds. Not surprisingly, having drafted Retosa's charter, Zimbabwe's authorities are pushing it with enthusiasm.

"Considering all the hiccups since Windhoek, and all the doubts voiced by the private sector, we are quite satisfied," says Deputy Environment and Tourism Minister ET Chimdor-Chininga.

Others disagree. "Retosa is a total waste of time and money, another bureaucratic tower, another mini-United Nations, another way of spending money on fancy cars, fancy salaries, a full-time secretariat and regular cocktail conversations," says Colin Blythwood, MD of a major Zimbabwean tour operator. "There is absolutely no need for that kind of institutional framework."

In SA, the tourism private sector — the strongest in the region — is not jumping on the bandwagon either, although Retosa would be located in Johannesburg.

"The fact that at ministerial level there is a decision about Retosa does not bind SA's private sector. We have our definite doubts about who should market the region internationally, and whether it should be a combined effort," says Anton Roeds, acting executive director of SA's Tourism Council.

"To market the region, the SA private sector believes we may need a platform, not necessarily an organisation. We would accept Retosa only if convinced that it will benefit the entire region and not duplicate other efforts," he says. "We are what we are, and will continue to operate our business on profit-oriented principles."

His doubts are echoed by Nigel Munyati, a Zimbabwean tourism consultant: "There is an inevitable contradiction in bringing the private and public sector together, since one is driven by money imperatives, while the other emphasises development."

On the political side of the SADC, the strongest fear was that Retosa would supersede or bypass the largely inoperative SADC tourism unit based in Lesotho.

A diplomatic way out was found at the SADC meeting in Maputo in June, where it was decided that Retosa will be the marketing arm of the unit but Lesotho will remain the co-ordinator for policy, according to Nokoane.

Several questions remain unanswered. Does the region really need two different tourism structures within the SADC but in two different countries? Can the public and private sector work side by side? Who really needs Retosa and why? When the matter is discussed at the next SADC meeting this month in Lesotho, light may be shed.

Meanwhile Sapa reports the Northwest Tourism Council has attempted to boost the industry in the province by establishing a database of its facilities and new products. Some of the new products included on the council's "stocktake" are new farm cottages, guest houses, a diving resort, a fly-fishing club, river trips, safari and mumpoer and withitsi tasting tours.

Council marketing director Ulri Nienan said only 1% of 587-million tourists worldwide had visited SA last year.

He stressed the importance of first impressions to tourists and said word-of-mouth was the best advertisement to attract tourists to the country. — AIA.
Talks would be seen "in SADC context"

SA favours regional trade deal

By Marius Bosch

Johannesburg — South Africa, pressured by Zambia for preferential trade terms, favoured a regional trade agreement rather than individual pacts with its neighbours, government officials said yesterday.

South Africa and Zimbabwe settled a four-year trade dispute last week in which South Africa agreed to cut its import tariffs by up to 60 percent.

Encouraged by the deal struck with Zimbabwe, Zambia now seeks a similar agreement for lower South African tariffs of between 40 and 80 percent on its exported goods.

"We will obviously be stepping up our efforts to reach a meaningful trade agreement with South Africa. After all, our problems are similar to Zimbabwe's," said Mark O'Donnell, chairman of the Zambian Association of Manufacturers.

He said trade between the two countries was grossly unbalanced, with Zambian exports to South Africa valued at only $15 million compared with South African imports worth $300 million last year.

"Zambia could export goods worth $100 million more to South Africa," O'Donnell said.

The South African government said it was aware of Zambia's efforts to secure preferential trade tariffs, but favoured establishing a southern African trade agreement linking the 12-member Southern African Development Community (SADC), said Busi Gahoo, South Africa's foreign trade relations deputy director-general.

"(Trade talks) would be seen in the whole context of SADC, rather than just Zambia," he said.

Members of SADC are Mauritius, Angola, Lesotho, Swaziland, Zambia, Zimbabwe, Mozambique, Namibia, Botswana, Malawi, Botswana and South Africa.

Another senior South African government official said SADC ministers were due to sign a regional trade protocol in Lesotho later this month.

"Eventually it seeks to look at the question of a free trade area within southern Africa," he said.

O'Donnell said Zambia's manufacturing sector believed Pretoria was delaying the conclusion of trade talks with Zambia.

"We haven't made any progress towards reaching a trade agreement with South Africa. We have sent schedules of goods we wish South Africa to give preferential tariffs to, but South Africa has been dragging its feet," he said. The goods for which Zambia seeks preferential tariffs include copper-wire cables, agricultural products, textiles and yarns. — Reuters
EU deal ‘may hit SA beef sector’

HARARE — The Southern African Confederation of Agricultural Unions has warned that a proposed free trade agreement between SA and the European Union could have a devastating effect on beef production in southern Africa.

Following a trade meeting of the confederation in Harare, chairman David Hasluck said such an agreement would result in unfair competition.

He called on member states of the SA Development Community to investigate the mandate relating to the proposed agreement which was publicised recently by the EU commission.

The confederation felt the EU mandate, if effectively implemented, would have a significant and possibly devastating effect on the region’s beef production, he said.

Any agreement which allowed subsidised agricultural production in developed countries to supplant commercial agricultural production in southern Africa should be seen as being contrary to the interests of agricultural development in the region. — Sapa.
SADC moves on free-trade area

By Christo Volschenk
ECONOMICS EDITOR

Cape Town — Southern Africa was likely to be turned into a free-trade area within eight years following an agreement in principle taken by Southern African Development Community (SADC) members in Dar es Salaam last week, Alec Erwin, the trade and industry minister, said yesterday.

A free-trade area is an association of countries between whom all import tariffs, import quotas, export subsidies and other similar government measures to influence trade have been removed. Countries in the area may, however, levy tariffs of their choice on countries outside the free-trade area.

A free-trade area was expected to boost trade between the various countries in southern Africa and put the region on a higher economic growth trend, Erwin said at a meeting of the standing committee on trade and industry, where he briefed members on progress made with the restructuring of South Africa's import tariff regime.

Erwin said the deadline of eight years had been agreed to in principle, but a trade protocol still had to be signed.

A programme would then be negotiated for the removal of existing tariffs between member countries.

"The protocol will be discussed again when the SADC meets in Maseru next week," he said, adding that the government was confident that local industry would not find the eight-year period of adjustment excessive.

"We are comfortable with the deadline of eight years, but other countries in southern Africa may need more time to adjust," he said.

"If others do not insist on a longer deadline, South Africa certainly will not."

"As soon as the protocol is signed we will bring the issue of a free-trade area to parliament to explain what exactly is at stake," Erwin said.

He said a joint working group of governments would meet next month to investigate investment opportunities for South Africa and other countries in Zimbabwe and to discuss co-operation between South Africa and Zimbabwe in developing the Limpopo basin and the Maputo corridor.

"Early next month, the South African Customs Union will start negotiating a bilateral trade agreement with Zambia," Erwin said.
SADC cooperates on drug elimination

THE Southern African Development Community meeting in Maseru for its 16th summit will cooperate to ensure that the region does not become a producer, consumer, exporter, distributor or a conduit for illicit drugs destined for the international market.

SADC executive secretary Dr Kaire Mbuende said yesterday that protocol in the areas of trade cooperation, sharing of energy resources, improvement of transport and communications, and combating drug trafficking, are expected to be signed by heads of state and government of the SADC at their summit to be held this coming weekend.

The aim of the trade protocol is to create an integrated regional market that will facilitate the economic development, diversification and the industrialisation of the region. — Independent Foreign Service.
Free trade protocol looks set to dominate SADC’s meeting

SOUTHERN African Development Community leaders meet in Lesotho on Saturday to grapple with the thorny issue of regional trade.

The one-day annual summit of the 12-nation SADC in the capital Maseru will see regional leaders discuss protocols on trade, drug trafficking, energy and transport.

But the gathering looks set to be dominated by debate on a trade protocol aimed at eventually establishing a southern African free trade area, officials say.

SA dominates the regional economy, and many of its neighbours have been putting pressure on Pretoria for lower trade tariffs on their goods.

The SADC consists of Mauritius, Angola, Lesotho, Swaziland, Zambia, Zimbabwe, Namibia, Mozambique, Tanzania, Malawi, South Africa and Botswana.

Earlier this month, SA ended a four-year trade dispute with Zimbabwe by agreeing to lower tariffs on certain goods but shied away from Zambian requests for similar treatment.

SA said it favoured a regional trade pact rather than deals with individual countries, but acknowledged agreement on the trade protocol would be difficult to reach.

"If (the protocol) is not completed now, it will just be initiated now and completed at a later stage," a foreign ministry spokesman said.

"The ultimate objective of the trade protocol is to create an integrated regional market in order to boost economic development, diversification and the industrialisation of the region," the SADC secretariat said. —Reuters.
SADC holds indaba on a thorny issue

Johannesburg — Southern African Development Community (SADC) leaders will meet in Lusikisiki on Saturday to grapple with the thorny issue of regional trade.

The one-day annual summit will discuss protocols on trade, drug trafficking, energy and transport.

The gathering appears set to be dominated by a debate on a trade protocol aimed at establishing a free trade area in southern Africa, officials said.

South Africa dominates the regional economy and many of its neighbours have been putting pressure on Pretoria to lower trade tariffs on their goods.

The SADC member states are Mauritius, Angola, Lesotho, Swaziland, Zambia, Zimbabwe, Namibia, Mozambique, Tanzania, Malawi, South Africa and Botswana.

Earlier this month, South Africa ended a four-year trade dispute with Zimbabwe by agreeing to lower tariffs on certain goods, but shied away from requests by Zambia to do the same.

South Africa said it favoured a regional trade pact rather than pacts with individual countries, but acknowledged that agreement on the trade protocol would be difficult to reach.

"It is possible that the one on trade will only be initialised because it looks as if (it) will be a difficult protocol to negotiate," a spokesman for the foreign ministry said.

"If it is not completed now it will just be initiated now and completed at a later stage," the spokesman said.

The SADC secretariat said the draft protocol provided for the liberalisation of trade to boost economic development in the region, which included some of the world's poorest countries such as Malawi and Mozambique.

"The ultimate objective of the trade protocol is to create an integrated regional market in order to boost economic development, diversification and the industrialisation of the region," the secretariat said.

South Africa, whose economy dwarfs the rest of the region, formally joined the SADC in 1994 after the demise of apartheid.

Zimbabwe, seen as the leading regional power before South Africa's membership, said the trade protocol marked a turning point in SADC regional integration.

"It is very important because it will begin the process of making SADC a common market. The idea is to have a common market within 10 years and we hope that will be achieved," said Nathan Shamuyarira, Zimbabwe's industry and commerce minister.

"It is a real turning point, moving us from talking to action," Shamuyarira said.

The SADC was formed 16 years ago to lessen the region's dependence on apartheid South Africa.

SADC officials said they expected all 12 heads of state to be at the meeting that comes after a two-day meeting of SADC regional ministers, which began yesterday.

"Investors still have the perception that some of our countries are still Marxist. But all our member countries have embraced democratic rule and have completely changed and liberalised their economies.

"The multilaterals used to say 'Do one and two for us to invest', and we have now done one and two but still there is no investment." He said there was a need to improve the region's economy by co-ordinating the economic policies of the SADC's 12 member countries.

"There are countries like Zambia and Zimbabwe which are strongly adjusting their economies through structural adjustment programmes and we have South Africa, which is not opening up, and Botswana, which is slightly adjusting." He said this situation encouraged unfair trade because countries like Zambia and Zimbabwe could not sell their products in South Africa easily.
Southern Africa to cull infected cattle

MASERU — Southern African ministers decided yesterday to destroy about 200 000 cattle infected with highly contagious bovine lung disease in Namibia, Botswana and Tanzania.

The decision was made in a regional food security debate prior to the Southern African Development Conference's annual meeting in Lesotho tomorrow.

The affected region would be cleared of grazing animals for six months. In Botswana, 250 000 head of cattle had already been culled.

Earlier this month Transvaal Agricultural Union president Dries Bruwer said bovine lung disease posed a serious threat to the region's beef industry. Once diagnosed, whole herds had to be destroyed to prevent it spreading.

SADC members had to inoculate their herds. If it was not eradicated the red meat industry could suffer massive losses, Bruwer said. While it would not harm people, it posed a bigger threat to SA's red meat industry than "mad cow" disease, which prompted the banning of British imports to SA. — Sapa-AFP.

See Page 2
MASERU — A draft protocol aimed at the elimination of trade barriers between Southern African Development Community member states within eight years was approved by the council of ministers yesterday, ending more than two years of negotiations.

Zimbabwean news agency Ziana said the draft, which would be a significant step towards regional integration, aimed to enhance economic development, diversification and industrialisation. It would be presented to heads of state and government for approval and signing at the community's annual summit in Maseru on Saturday.

Once signed, member states would begin work on a schedule for the phased reduction of tariffs on various goods. The protocol would become effective after being ratified. — Sapa.
Some SADC states 'hurt by inflation' 

**From Reuters (27NH)**

Maseru — Most southern African economies are well managed but high inflation still hampers economic recovery in parts of the region, the Southern African Development Community (SADC) said yesterday.

Ministers of the 12-nation group were meeting in Maseru this week to assess progress made in the past year before a SADC summit of regional leaders tomorrow.

The SADC's council of ministers said yesterday that it was satisfied that progress had been made during the past year in implementing the body's policies and programmes.

"Council noted that on the whole, the economies of the region are well managed with structural adjustment programmes achieving some of the intended goals," the ministers said.

However, the council said, inflationary pressure continued to undermine the economic recovery in some member states.

SADC groups Mozambique, 
Angola, Lesotho, Swaziland, 
Zambia, Zimbabwe, Namibia, 
Mozambique, Tanzania, Malawi, 
Botswana and South Africa

The ministers said state expenditure in the region had fallen in the past five years as a result of stringent fiscal discipline.
Ivory agreement sets pace for SADC meeting

MASERU: Southern African countries have agreed to take a common position on ivory at the Convention on International Trade in Endangered Species (Cites) meeting in Harare in June next year.

The Southern Africa Development Community (SADC) council of ministers, meeting here to prepare for the heads of state summit tomorrow, agreed to hold a special meeting on the Cites ban on trade in ivory.

The ministers emphasised the importance of taking part in the special meeting of local community wildlife programme operators and private operators in the wildlife sector.

SADC countries, particularly Zimbabwe, have for years been lobbying for the downgrading of the African elephant from the Cites Appendix I to II, which allows for controlled trade.

As a way of fighting the ivory trade ban, SADC countries established a Southern African Centre for Ivory Marketing in 1994 and the ministers have decided to change the project and name it the Southern African Convention for Wildlife Management. — Sapa

*See Page 21*
ALL IN TOGETHER

Encouraged by SA's bilateral trade deal with Zimbabwe, Zambia is now eagerly awaiting an invitation to the party. So too are Tanzania and Malawi. What's good for Zimbabwe, they say, is good for the rest of the Southern African Development Community (SADC).

Realising it cannot bestow favoured trading status on just one member, SA's next obvious move is to seek an agreement linking the 12 SADC countries in what can be only be interpreted as the embryo of a free trade area.

Hopes are high among SADC members that the huge trade imbalance with SA will soon be an anachronism. Progressive removal of nontariff and tariff trade barriers are anticipated.

As the new deal is awaited, charges of restrictive tariffs levelled by some members of the community at SA have already become muted. The SADC comprising Angola, Botswana, Lesotho, Malawi, Mauritius, Mozambique, Namibia, Swaziland, SA, Tanzania, Zambia and Zimbabwe is due to meet in Lesotho at month-end.

Some members — Swaziland, Botswana, Lesotho and Namibia — enjoy favoured trade status with SA due to membership of the Southern African Customs Union — which does not sit well with other regional trading partners.

But now things look like improving. Trade analysts say the catalyst was the pact with Zimbabwe. Without it, a regional agreement would have taken much longer to put into place.

The dispute with Zimbabwe has been fought for the past four years following the imposition of stringent tariffs imposed after a 1964 preferential trade pact was terminated in 1992.

The new agreement will see barriers to imports from Zimbabwe cut from the present levels of more than 70% down to less than 30% from next month and eventually to 20% by 2000.

Driven by the plight of Zimbabwe's textile and clothing sectors, the agreement, however, did not give way to Harare's initial demands for an 18% import tariff for these industries.

But the new agreement is seen as a vast improvement over the 90% tariffs on clothing and textiles, 46% on fabrics and 32% on yarn, which had effectively shut the door on Zimbabwean exports to SA.

However, a trade deal may be too late to save smaller operators in Zimbabwe's textile and clothing industries which are said to be in tatters with 20 000 workers retrenched over the past few years.

Industry pundits point to the same scenario in SA. And what must be worrying to unions is the amount of mechanisation that has taken place in a cost-cutting manoeuvre to compete against a flood of illegal imports.

Real problems exist for labour in these sectors as some of the bigger players opt to replace man with machine. Though sensitive to unions, Frame and Searl are already implementing some mechanisation. As a result both reported good results in March, despite complaints of being hit by floods of illegal Far-East imports, some of which were routed through Zimbabwe.

What was apparent, however, were the tighter margins.

As many SADC members import the bulk of their raw materials, SA's manufacturers will attempt to hold out on the issue of a high local content for southern African exports. This should close out products that do not qualify. SA is also expected to demand protection measures against the influx of second-hand goods into the region which has also skewed the market and hit employment.

But, conscious of the World Trade Organisation, which frowns on bilateral pacts, Trade & Industry Minister Alec Erwin is certain to opt for a multilateral regional agreement.

As the powerhouse, SA has to take the lead by developing a trade strategy which will not only open up the region but also make it competitive in world terms. Tough yes, but not impossible.
Maseru to host SADC summit

The meeting will serve as an opportunity to strike mutual deals

MASERU — Heads of state from Africa’s 12 southernmost countries, including the island of Mauritius, will gather here tomorrow for what has been billed as a key opportunity to conclude a free trade deal and enhance growth in the region.

This year’s Southern African Development Community summit will take place at Maseru, the capital of the mountain kingdom of Lesotho.

The summit will be preceded by three days of ministerial meetings aimed at striking possible deals on trade, energy, transport and combating drug-related crime.

According to a statement by summit organisers, the SADC hopes to “review and streamline” its R34 billion worth of “annual development and research projects.”

A new proposed regional trade agreement, the subject of intense debate, would see the eventual phasing out of all import duties and tariff barriers between the SADC states.

The 12 SADC states are Botswana, South Africa, Tanzania, Angola, Mozambique, Swaziland, Namibia, Malawi, Mauritius, Botswana, Zambia and Zimbabwe.

The region’s superpower, expects the SADC to agree on a phased-in free trade deal to be fully implemented in eight years.

Alec Erwin, Minister of Trade and Industry, told journalists in Cape Town that the SADC ministers should put the final touches on a trade protocol today in Maseru.

“What we could agree upon by tomorrow is a broad framework for the protocol, and we would then proceed with the very intricate details of tariff phase-down and specific applications of rules of origin and quantitative quotas in terms of that,” Erwin said.

Unify the SADC

Foreign Minister Alfred Nzo said South Africa is keen to strengthen and unify the SADC.

Nzo said that the SADC will also decide on strategies relating to ongoing trade negotiations between South Africa and the European Union prior to the joint SADC-EU summit scheduled for October in Namibia.

Also on the cards is a drug trafficking protocol, that would strengthen cooperation in efforts to prevent the region from becoming “a conduit for illicit drugs destined for international markets.” - Sapa-AFP
Mandela new head of SADC organisation

PRESIDENT Nelson Mandela was unanimously elected chairman of the Southern African Development Community at the end of the organisation’s summit of heads of state in Maseru, Lesotho, yesterday, Sapa reports.

He replaces Botswana’s Sir Ketumile Masire. Mozambique’s President Joaichim Chissano was elected vice-chairman, replacing King Mswati III of Swaziland.

THABO KOBOKOANE reports that the development community edged a step closer towards becoming a free trade area following the signing of a trade protocol agreement yesterday.

The protocol — which provides the legal framework for the removal of tariffs and other measures restricting free trade in the region — was supported by the 12 heads of state at the summit.

The protocol shied away from details, but Alex Erwin, the Minister of Trade and Industry, says these will be worked out in the next six months.

Many community member states, like Zambia, insist on speeding up the phasing-out of tariffs, hoping it will open up South Africa’s markets and address the huge trade imbalance within Southern Africa.

South Africa favours a longer phasing-out period, but some community members see this as South Africa’s attempts to maintain the status quo.

“The perception is that South Africa is a bully boy,” says Erwin, “but the fact is that the trade imbalance within the region is growing rapidly in our favour in spite of tariffs. If you remove these trade barriers faster, they will accelerate even further in our favour.”

His Zambian counterpart, Dr Synamukagumbu Syanama, says South Africa has to “open up its markets to goods from other countries. We are losing out to South Africa because of our lower tariffs, while South Africa’s tariffs remain high.”

The trade protocol — which binds Zimbabwe, Zambia, Lesotho, Swaziland, Tanzania, Angola, Botswana and Namibia — comes at a time when the community’s members are pressing South Africa to open up its markets to goods from the region.

Earlier this month, South Africa and Zimbabwe resolved a four-year trade dispute, which will see tariffs on clothing and textiles from Zimbabwe lowered from over 70 percent to 20 percent by the year 2000.

However, South Africa has shied away from Zambia’s request for the rapid removal of tariffs and has referred the matter to the Southern African Customs Union.

A protocol to fight illicit drug trafficking provides for co-operation among members, and protocols were also signed on energy co-operation and on transport.
SADC in moves to establish free trade

Tim Cohen

MASERU — Southern African leaders took a significant step towards establishing a regional free trade area at the weekend, signing a trade protocol which envisages the elimination of import duties over a three-year period.

Three other protocols were also signed by heads of state at the Southern African Development Community summit at the weekend, at which President Nelson Mandela was elected the organisation's new chairman.

The protocols provide for co-operation in combating drug trafficking, the harmonisation of energy policy and the integration of transport communications networks.

But delegates said that by far the most significant agreement was the trade protocol, which provides for the phased reduction and eventual elimination of import duties and other charges over an eight-year period.

Many countries in the region, particularly Zambia, had been pressing for a free-trade area in an attempt to counter SA's growing trade dominance in the region.

At the start of the summit, Zambian President Frederick Chiluba said his country was in danger of becoming a "dumping ground" for SA goods. Although Zambia was not considering retaliatory measures, he made it clear they were not off the agenda entirely.

Some SA academics have argued for in-depth analysis of the implications of a free-trade area, and in particular its potential effect on South African jobs.

The protocol signed at the summit went some way to satisfying this demand, with Trade and Industry Minister Alec Erwin saying there would be an initial six-month period of intensive sector-by-sector investigations involving Neda, among other players.

Erwin said the first step towards the creation of a free trade area — an agreement on rules of origin — had already been completed, indicating the seriousness with which all parties were approaching the agreement.

Rules of origin, a technical formula used to determine whether a product formally qualifies as originating in a particular country, were specified in a schedule to the trade protocol.

Erwin said that loosely speaking, the rules of origin would be satisfied if 35% of the product's value was added. Alternatively, a "stages of production" approach could be used.

Erwin described the agreement as "a breakthrough", noting it would require ratification by the parliaments of all 11 member-states. He said it would come into effect once three-quarters of the members had given their consent.

The agreement would constitute the first establishment of a free trade area since the World Trade Organisation came into existence, and would be remarkable because of the diversity in the scale of the various regional economies, Erwin said.

He acknowledged it would dramatically affect the customs union agreement and would affect SA's negotiations with the EU. But Erwin expressed confidence that despite the complexities involved, a meaningful agreement would be achieved.

Sapa reports that Mozambique's President Joaquim Chissano was elected SADC vice-chairman.

A communiqué issued at the end of the summit said all member states had signed all protocols presented at the summit except for Angola which had not signed the protocols on trade and transport, communications and also meteorology.
An agreement on free trade signed

PRESIDENT Nelson Mandela and other Southern African Development Community leaders at the weekend signed a protocol that commits the region to establishing a European-style free-trade zone within eight years.

After signing the free-trade protocol, the 12 SADC heads of state elected President Mandela as the new chairman of the organisation, replacing President Quett Masire of Botswana. President Joachim Chissano was elected SADC vice-chairman.

The free-trade protocol includes provisions to protect new industries while committing the region to the gradual removal of all trade barriers.

The protocol must be followed by the creation of a detailed schedule for phasing out tariff and non-tariff trade barriers for various products.

Mr Alec Erwin, Minister of Trade and Industry, said he expected the detailed schedule to be complete in six months after which a final treaty would be presented to SADC countries for final ratification.

Foreign Investments

The protocol states that members shall adopt policies to promote cross-border investment but conspicuously does not deal with restrictions on foreign majority ownership of businesses or repatriation of profits from foreign investments.

Disputes arising from the protocol will be referred to panels of experts appointed by the SADC Council of Ministers.

Short-term tensions will persist because the trade protocol will not begin making major tariff reductions for several years.

— Independent Foreign Service.
Institute lists specific foreign affairs priorities
SA Customs Union negotiators find a way to share revenue

By Christo Volckering

Cape Town — The negotiators of the Southern African Customs Union (Sacu) have made a breakthrough in their search for a new way to share the union's customs and excise revenue between the member countries. It has taken them two years.

The agreement should end the erosion of South Africa's share of the revenue pool. Over the past 10 years it has dropped from 70 percent to about 60 percent.

The negotiators have agreed that customs revenue and excise revenue should be kept separate. Different revenue-sharing formulas will be used in future to determine how to divide the revenue.

Sacu is Africa's oldest customs union. A 1969 agreement between South Africa, Lesotho, Swaziland and Botswana stipulated that all revenue collected from customs duties and excise by the members would be pooled and divided once a year, according to a single formula.

Namibia and the former homelands later joined Sacu.

"It has been agreed that each member country will share in the excise pool according to its consumption of excisable goods," the trade and industry department said.

South Africa expected to receive R6.9 billion from the excise pool and R6.2 billion from the customs pool in this financial year. Another R10.3 billion is expected to come from the fuel levy.

Analysis said yesterday that sharing the excise pool on the basis of consumption would benefit South Africa because it is the biggest consumer of excisable goods in the union.

More revenue would come South Africa's way and the erosion of its share in the total pool would be partially arrested.

"How and when consumption will become the new criteria for sharing the excise pool still has to be worked out," the department said.

The negotiators also agreed in principle that the so-called price-raising effect of the common external customs tariff on trade among member states would be the main element of the new formula.

"Members of Sacu have tabled different formulas for the sharing of customs duties and no agreement has been reached on that aspect to date," the department said.
Nedcor, PTA sign credit agreement

JOHANNESBURG - Nedcor Bank has signed a structured Financial Credit Agreement with the Eastern and Southern African Trade and Development Bank, known as the PTA Bank.

The five-year loan, valued at R27 million, would enable an SA firm, MeatengAfrica, to fulfil a contract an Animal Resources Services (ARS) abattoir and meat processing plant in Omdurman, Sudan. - Sapa (27/9)
Regional pact confounds man and machinery

TOM COHEN

LETTERS

Worried about the world's future, a man on the street asked: "What will be the world's future?"

In response, the man replied: "We'll see."
Trade to boost SADC economies

EFFORTS by the Southern African Development Community (SADC) to encourage the development of trade – especially in coal, petroleum and natural gas – will boost the economies of some member states.

If the proposals are implemented, they could also help provide affordable energy and improve the quality of life across the broad spectrum of people.

Countries such as Angola and Mozambique, whose economies have been ravaged by protracted wars, stand to earn a lot of money through the sale of petroleum, natural gas and coal.

Tanzania, Malawi and Zambia can also expect good rewards through the sale of coal.

Lesotho, presently experiencing rapid deforestation because its forests have been depleted and it does not have known petroleum, natural gas and coal deposits, will also benefit from the proposed energy sharing programme.

Of the 12 SADC member states – Swaziland, Angola, Zimbabwe, Malawi, Mauritius, Zambia, Mozambique, Tanzania, South Africa, Lesotho, Namibia and Botswana – South Africa leads with the most deposits of natural gas and coal, followed by Mozambique.

Coal deposits are also abundant in Botswana, Malawi, Tanzania, Zambia, Zimbabwe and Swaziland.

On the other hand, petroleum is plentiful in Angola and Namibia.

According to a trade protocol signed last week in Musina by all SADC’s heads of states and governments, more deliberate efforts by all member states should be implemented to substitute wood as a fuel source with coal.

A country like Lesotho, which is devoid of any forests, would be the main beneficiary if what is contained in the protocol is implemented.

Countries such as Zambia, Tanzania, Namibia, Swaziland and Malawi, whose forests are disappearing, will stand to benefit.

The protocol calls on member states to create a legal and fiscal environment which promotes, enhances and facilitates cross-border trade and transport.

Member states are also urged to harmonise laws, regulations and agreements to support the programme.

Common standards

Another energy source being encouraged for cross-border trade is electricity. The accord also urges member states to promote the evolution of common regional standards.

Sectoral and sub-sectoral regional policies on energy and programmes need to be in harmony with the overall policies and programmes of the SADC, and with the strategies and programmes, says protocol.

However, there is concern in some quarters that this requirement could cause delays when states start a process of ratification.

A number of member countries have either laws or constitutional provisions which might make it difficult or cause it to take long to complete the ratification process.

For some countries it might require cabinet approval while for others it might require parliamentary approval.

Any member is free to propose amendments to the protocol provided all other member states have been notified 30 days in advance of the consideration of the amendments by the Committee of Ministers.

An amendment will be adopted if three quarters of the members states approve. – Sapa-DPA.
THE SADC

Tame the lion or cage it with the lambs?

Ross Herbert

S

outh African business is potentially the beneficiary of

the free trade protocol signed last month by leaders of the

Southern African Development Community.

The great hope of the treaty for all SADC members is the unfettered access it will provide to the region’s 100 million consumers. But the protocol has left an undercurrent of anxiety in the region, which is uncertain whether the protocol will tame the South African lion or simply lock it into the cage with the lambs.

After signing the new Southern African free trade protocol, Zimbabwean president, Frederick Chiluba, warmly praised the trade deal and the virtues of trade liberalisation. At a press conference the day before, he assured South Africa of using his country as a “dumping place” and threatened to slap retaliatory tariffs on South Africa if rapid progress was not made on equalising trade and tariff imbalances between the two countries.

The trade protocol commits the region to phase out all tariff and non-tariff barriers within eight years. The crux of Zimbabwe’s complaint is that many cash-strapped SADC countries have lowered their tariff barriers as a condition of World Bank and IMF aid. That gives South Africa’s already more efficient industries a short-term tariff advantage that may be enough to destroy other SADC competitors during the protocol’s phase-in period.

The protocol binds South Africa to the region, but it also provides a strong defence against bilateral pressures President Nelson Mandela and Alec Erwin, the minister of trade and industry, declined to take up the Zambian complaints, neatly deflecting them with an insistence that negotiations take place within the context of the new protocol and the Southern African Customs Union as a whole.

Before the final treaty can be signed, a detailed list must be negotiated, which specifies the exact schedule for tariff reductions. Erwin said SADC set a goal of six months to negotiate the list, which will be debated on the South African side in the National Economic and Labour Council (Nelac).

One of the biggest potential loopholes pertains to “infant industries”, which the protocol permits countries to protect. The protocol allows countries to apply to the SADC council of ministers for exemptions to the treaty’s protections for “infant industries” when the development of existing industries or creation of new industries is justified”. The deal allows countries to apply anti-dumping measures.

Countries can apply to the SADC council of ministers for an extended grace period for phasing out tariffs. And they can apply for “safeguard” measures to protect local industry from other SADC competitors when a product is being imported “in such increased quantities adequate or relative to domestic production, and under such conditions as to cause or threaten to cause serious injury to the domestic industry”.

Also vital to South African business will be the treaty’s rules of origin, which distinguish a product made within SADC from one made elsewhere. Under the trade protocol, goods produced in any SADC country from foreign materials would be considered locally produced if local processing accounts for at least 50 percent of the final value of the goods.

Other origins rules stipulate whether such operations as repackaging, remanufacturing or assembly are sufficient to categorise a product as locally produced from imported materials. As written, the protocol rules are strict and based on common sense, but put a heavy burden on customs officials to examine and prevent fraudulent calculations of local value.

The protocol states that members shall adopt policies to promote cross-border investment, but devolve only one paragraph to the subject. It conspicuously does not deal with restrictions on foreign majority ownership of businesses or repatriation of profits from foreign investment. Zimbabwe’s President Robert Mugabe has frequently complained that some Southern Africa firms act as “colonialists”, and he has sought to block Angola’s right to appoint a non-Zimbabwean to a top post.

It remains to be seen whether such interference could be dealt with as a violation of free trade under the protocol. Disputes arising from the protocol will be referred to experts appointed by the SADC council of ministers.

The most difficult challenge for SADC will be dealing with the hedge-podge of existing and proposed trade treaties. The Southern African Customs Union is now renegotiating its treaty, while the Common Market for Eastern and Southern Africa (Comesa) continues to limp along. All SADC members except South Africa are also Comesa members.

Nearly all of the SADC countries, again excepting South Africa, are members of the Lome Convention through which the EU grants trade preferences to Commonwealth countries. Moreover, South Africa is continuing to negotiate with the EU for a new free trade zone.

To deal with all the conflicting treaties, the new SADC protocol pledges members to conform with World Trade Organisation rules. It also envisions that members shall adopt policies to promote cross-border investment, but devolve only one paragraph to the subject. It conspicuously does not deal with restrictions on foreign majority ownership of businesses or repatriation of profits from foreign investment. Zimbabwe’s President Robert Mugabe has frequently complained that some Southern Africa firms act as “colonialists”, and he has sought to block Angola’s right to appoint a non-Zimbabwean to a top post.

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SA’s dreams for SADC countries

Graham Linscott examines the future of the Southern African region in the light of plans to phase in a free trade zone for the 12 countries of the sub-continent.

The recent meeting in Maputo of the Southern African Development Community (SADC) was a goodwill agreement, while President Mandela joked, in accepting the presidency, that he thought Quett Masire was handing him the presidency of Botswana.

But it could — in the very long run, granted — turn out to have been an uncomplimentary jibe. When 12 countries sign protocols for an eight-year phasing in of a free trade zone, they are on a course very similar to that of the European Union. And on such a course national boundaries tend to become blurred, supra-national institutions such as the SADC (or the European Commission) take on a starker, high profile and national sovereignties tend to fade.

Ironic also that the summit should have been in Maputo, capital of Lesotho. This small, landlocked, mountainous and impoverished country would almost certainly have become a province of South Africa, had it not been for the Afrikaner Nationalist election victory in 1948 and the programme of apartheid that followed.

The Act of Union of 1910 expressly provided for the British protectorate of Basutoland (as it was then known) to eventually be incorporated (along with Swaziland and “Bechuanaland” — now Botswana).

Lesotho’s economic survival today depends entirely (apart from overseas donor aid) on revenues from the Southern African Customs Union (collected largely by South Africa) and wage remittances from Basotho working on the mines in South Africa.

That is not exactly a classic profile of sovereign independence, the less so in the light of President Mandela’s offer of South African citizenship to Basotho who have been working on the mines for 10 years or more. It begins to look like a benign anachronism of a major component of Lesotho’s economy. What happens if those miners take up the offer, settle in South Africa and stop remitting wages?

It is possible to argue (though it would be fiercely resisted by Basotho nationalists) that, in a normalised southern Africa, it would be rational to recognise that Lesotho is, in fact, a kind of province of South Africa, that it would be better off receiving a per capita subsidy; that the thinking should revert to that of 1910. If the Zulus can have a kingdom within a greater South Africa, why not the Basotho?

It is possible to apply this argument to Swaziland as well and, with less success, to Botswana (with less success because Botswana is doing pretty well economically and has a stronger currency than South Africa’s).

However, because an idea is rational does not necessarily mean anything will happen. Africa’s frontiers, drawn in such cavalier fashion in Berlin and elsewhere during the 19th century, have been astonishingly resistant to alteration. Sovereignties are jealously guarded. And it is difficult to sell people the idea they should put the clock back.

Far more likely is the blurring and fading effect if — as seems possible — SADC starts taking on a higher profile. The region has immense potential. It has oil, diamonds, coal, gold, platinum, copper — virtually all the precious or industrially useful minerals are to be found somewhere.

It has vast potential in crop and timber production. It has huge water resources (especially in the countries in the north and north-east), huge labour resources. South Africa provides a nucleus of existing industry, of physical and financial infrastructure, of managerial expertise.

South Africa has an interest in developing the SADC countries to the north, encouraging investment there. If they fail, we will be swamped by a destructive flood of immigration.

Graham Linscott is an associate editor of Newsweek.
SA's Customs partners fear losses from an EU free trade agreement.
Mandela new SADC chairman

GABORONE: President Nelson Mandela took over the chairmanship of the Southern African Development Community from Botswana's President Ketumile Masire here yesterday.

"Mozambique's President Joaquin Chissano is the vice-chairman. ef 10/9/96
Sacu rejects EU proposal

By Waghile Mischak

THE European Union has come under further attack for its trade proposals with South Africa, this time from South Africa’s partners in the Southern African Customs Union (Sacu).

The EU was sharply criticised in Parliament last week by the Trade and Industry Ministry for seeking special privileges for its exports to this country, but not giving the same treatment to South African products destined for European markets.

Representatives from Botswana, Lesotho, Swaziland and Namibia, who met with the European counterparts at the weekend, said that they feared their countries would lose much-needed revenue if SA signs a free trade agreement with the EU.

The EU is Sacu’s largest trading partner. Sacu exports only R26.8 billion worth of goods to EU, while the EU members export R44 billion to Sacu-member countries – meaning that the trade balance favours the EU by R17.1 billion.

The expected lowering of tariffs in South African markets that the EU has proposed, would result in a ripple effect on South Africa’s major trading partners in the region.

The EU has proposed that about 36 percent of EU exports to SA would have to be duty free. But at the same time, the EU has excluded almost 40 percent of South Africa’s agricultural products from the EU markets to protect their own farmers.

Namibia has estimated that it would lose close to 15 percent of its annual revenue if the tariffs were lowered, which could result in job losses and the closure of key industries.

Trade and Industry, Water Affairs and Forestry and Foreign Affairs as well as Finance, have expressed concerns on the proposals and may take a tough stance in the upcoming negotiations.
Mandela takes over the SADC driver's seat

POLITICS

Witbank Mercury - 1996

Mandela takes over the SADC driver’s seat.
Way to fight against hunger

Over the past few decades, the SADC region has either declined, remained stagnant, or barely without increased population growth. The region's food security, as highlighted in the report, is a matter of great concern. The report also notes that the extension workers who have a good understanding of food insecurity and how to address it are critical for turning the situation around.

The focus of the SADC region is on increasing food production and improving food security. The region has a high potential for food production, with significant land available for agriculture. However, the region faces challenges such as limited access to resources, poor infrastructure, and inadequate knowledge of agricultural practices.

To address these challenges, the SADC region is working towards implementing policies and strategies that will improve food security. These include investments in infrastructure, improved technology, and training for extension workers. The region is also working on increasing the productivity of existing farmers and promoting new technologies to enhance agricultural production.

In conclusion, the SADC region is making significant efforts to improve food security. With continued support and investment, the region can achieve a sustainable and equitable food security system.
Regional development on cards

By BENISON MAKELE (279A)

CP 23/9/96

PRESIDENT Mandela's accession to the Southern African Development Community (SADC) chairmanship has been hailed by political analysts as a positive step towards regional development.

"The change of guard could not have been more timely for the region," University of Botswana academic Monageng Mogalakwe said.

However, South Africa's economy is controlled by a small clique of white supremacists who would like nothing better than to continue the domination of the region's markets, in Mogalakwe's opinion.

He also added that it remained to be seen whether the SADC, under the chairmanship of President Mandela, would be able to withstand the "total onslaught" by international capital on the region.

Institute for African Alternatives (IFAA) deputy-director Ernest Manganyi said the accession of Mandela to the regional body's chairmanship "was very opportune" because it came at a time when the sub-continent, after having undergone a turbulent phase in its history, needed a leader with Mandela's high international profile.
Customs union members meet to resolve outstanding issues

NEGOTIATORS from the Southern African Customs Union met today, under increasing pressure to resolve outstanding issues that are holding up talks to modernize the five-nation trade arrangement.

Sources close to the customs union task team, the body reviewing the accord, say key issues that remain unresolved include the contentious issue of finding an alternative formula on how to share revenue from the customs pool.

The trade and industry department's director for Southern African trade relations, Mfundo Nkuhlu, said yesterday that there was a "growing sense of urgency" to resolve outstanding issues.

Pressure came from the impending talks between Pretoria and Brussels on a trade agreement with Europe, and from the recently concluded regional trade protocol under the auspices of the Southern African Development Community.

The European Union has proposed an asymmetrical free-trade accord with SA to replace the less preferential trade regime, while the SADC's trade protocol seeks to liberalize trade between the body's 12 member nations over eight years.

Nkuhlu, an SA negotiator, said other issues related to institutional arrangements to accompany a revamped customs union.

Although customs union signatories have agreed on principles to govern the new formula, such as the fact that it should not cause fiscal disruptions, "negotiators have yet to find an alternative formula."

Nkuhlu said the team had to flesh out the functions of the proposed institutions. These included a ministers' council, a commission of senior officials, and an independent secretariat.

These (mooted institutional arrangements) have legal implications for all countries involved," he said.

"Other sticking points related to the democratization of decision-making, notably the determination of tariff levels, which was effectively SA's prerogative under the old agreement."

While there was agreement that tariffs had to be determined through dialogue, no consensus existed on the mechanisms to achieve this, Nkuhlu said.

Trade observers said the impending talks with the EU, especially the effect a free trade pact with SA would have on neighbouring countries, were expected to be discussed at this week's round of negotiations.
Open regionalism in the south has obvious lessons

Mercosur, the 'Common Market of the South', could become a significant reference point for the Southern African Development Community, writes Jorge Heine.

1990 to $40bn last year, fire manifold. They relate to the economic opening that has taken place in the nineties — the lowering of tariffs and removal of non-tariff barriers to trade — but also to the new levels of trust that have developed after transition to democracy, as well as the obvious advantages of doing business close to home and without any language barriers.

The point is though, that this "open regionalism" (as the UN's economic commission for Latin America and the Caribbean has dubbed it) differs markedly from that of the sixties. Rather than the inward-looking approaches typical of the import-substituting "desarrollo hacia adentro" economic development strategies favoured in those days, this is conceptually very different.

Instead of using the regional market as a buffer against foreign competition, creating barriers against foreign products, the driving force behind these schemes is to develop regional and sub-regional markets as extensions of the national market, providing local producers with "trial run" experiences for the even tougher world market.

This new regionalism thus brings together two parallel but distinct phenomena: the interdependence arising out of the signing of special preferential trading agreements with that emerging strictly from market forces. There is at least one school of thought, largely derived from neoclassical economics, that condemns preferential trading arrangements as conducive to trade distortions and a misallocation of resources.

Yet, as Uruguayan Foreign Minister Alvaro Ramos Trigo pointed out in his SAITA speech in Johannesburg a few weeks ago, "Mercosur is a clear example of a "natural" customs union, based on geographical facts that clearly offset any trade diversion by actual trade creation". Moreover, as the UN commissioner has underscored, open regionalism in the developing world today has also a strategic component.

Given the difficulties southern producers have in accessing northern markets affected by low growth and high unemployment rates, the strengthening of regional markets in the southern hemisphere can play a vital role, allowing our countries to adapt to the process of globalization without being excluded from it.

And one of the reasons why Mercosur has done particularly well in this context, some of which are underlined by Greg Mills in his recently published book — From Isolation to Integration: The South African Economy in the 1990s — is because it has reversed another legacy of the sixties; that of the smaller and medium-sized economies being the keenest on regional integration, and the largest ones, Brazil and Argentina for example, much more inward-oriented and self-centred.

By bringing together the two SA powerhouses — and the original impetus to Mercosur was really given in 1996 by then Presidente Surney and Alfonsin in a bilateral co-operation program aimed at expanding inter-industry flows — Mercosur has changed regional geopolitics and economics. With the two regional powers driving the process, progress is much more likely than with them standing on the sidelines.

Mercosur has also shown that considerable differences in size (from Brazil's population of 164 million and Argentina's 34 million to Paraguay's 4.8 million and Uruguay's 3.1 million) and per capita income (almost as significant, from Argentina's $8,004 and Brazil's $3,465, to Uruguay's $4,511 and Paraguay's $1,400) need not stand in the way of subregional integration — something also relevant to southern Africa.

Heine is Chilean ambassador to SA.
SADC to become involved in management education

THE Southern African Development Community (SADC) intends launching a management development foundation by the end of next year, and has established a steering committee to plan the project.

The main aim of the Southern African Foundation for Management Development would be to serve as a forum for integrating and promoting management education and development in the region.

Among those who attended a recent preliminary meeting at the Unisa Graduate School of Business, Midrand were Prof S A sedeh (Namibia University), Prof MA Khan (Swaziland University), L Mataruka (Zimbabwe University) and Prof N Ronan (convenor, Botswana University).

SA's four business schools were represented by Prof Nic Alberts (Pretoria), Prof Willem Hugo (Unisa), Prof Kate Jowell (UCT) and Prof Peter Schutte (Potchefstroom).

Other SADC countries and business schools are to be invited to join the project.
Mandela wary of plan for intervention force

ANY PEACEKEEPING proposals the US Secretary of State puts to President Nelson Mandela when they meet in Cape Town tomorrow will be taken back to the Southern African Development Community, says Mandela.

President Nelson Mandela responded cautiously to US Secretary of State Mr Warren Christopher's proposal for a Western-sponsored African intervention force, which they are to discuss tomorrow.

"Africans would like to feel that they are handling things themselves ... not acting in response to suggestions that come from outside the continent," Mandela said yesterday.

He confirmed that he would meet Christopher in Cape Town tomorrow, but said he would take any peacekeeping proposals to the Southern African Development Community (SADC), of which he is chairman.

"It is only by working together through established organisations that we can solve problems. We will not hold back if we are asked by any of these organisations and we have the capacity to do so," he said.

US officials said in Addis Ababa on Wednesday that nine African countries had so far endorsed the US initiative to convene an African Crisis Response Force of up to 10,000 troops.

The United States has undertaken to pay a quarter of the estimated $40 million (R182m) cost of training a pan-African intervention force and has pledged an additional $10m (R45.4m).

Canada, Britain, Ireland and Belgium have so far promised financial support for the project.

Mandela has resisted both a unilateral diplomatic role in peace-making initiatives or a military role. "We are concerned not to appear to continue the policies of the previous government, which engaged in military and economic destabilisation of neighbouring states. We are trying to avoid that," he said yesterday.

But political sources close to Mandela said he was resisting pressure from Zimbabwean President Robert Mugabe to endorse a regional force mandated to intervene in other countries.

"Mugabe is pushing hard, in fact he can be quite irritating, but as long as Mandela is President, I think the current policy will hold," one source said.

A US diplomatic source said Christopher probably would put the drive for democracy in Nigeria and the search for a successor to Dr Boutros Boutros-Ghali as UN secretary general ahead of the force in his talks with Mandela. — Reuters
SADC, EU stage
Namibia meeting

Three hundred delegates from the Southern African Development Community (SADC) and the European Union (EU) are due to meet in Namibia next week for their second ministerial conference.

The conference, which will be held in Windhoek on October 14 and 15, will review developments since the first ministerial conference in Berlin in September 1994.

The keynote address will be delivered by Namibian Prime Minister Hage Geingob.

Items on the agenda include regional integration and political developments in the EU and the SADC.
SADC lukewarm on African crisis force


At a joint conference of the Southern African Development Community and the EU, SADC secretary-general Kaile Mbiyu warned that "a peackeeping force could be a new military form of solving conflicts".

Mbiyu was responding to a proposal by US Secretary of State Warren Christopher, currently on a five-nation African tour, to set up an African Crisis Response Force.

"It is a bit awkward now that out of the blue comes a proposal in which no one knows who would be supervising this force," Pinheiro said. He echoed President Nelson Mandela's view that establishing such a force would have to be discussed with the UN first. – AFP
EU trade offer delayed to protect region

John Dludlu and
Lukanyo Mnyanda

GOVERNMENT had taken months to respond to the European Union’s offer of a free trade accord with SA because it wanted to ensure that the EU was not granted generous market access at the expense of SA’s neighbours, Trade and Industry Minister Alec Erwin said yesterday.

He told the SA Chamber of Business (Sacob) annual convention it was a pity Brussels had missed an opportunity to contribute to Africa’s economic development through more favourable trade terms.

SA was now bracing itself for “hard-nosed” trade talks.

Erwin said business, government and labour had a responsibility to accelerate investment and its spread to other growth sectors, as well as to ensure that investment was equally spread among the regions.

Labour market policy was a complex issue and business could not expect “laissez-faire” policies which would only antagonise labour and lead to instability.

While continuing the emphasis on buying small business development, government was also engaged in cross-border trade and investment initiatives, he said.

Rand Merchant Bank economist Rudolf Gouws said business was not worried about Erwin’s competition proposals. Gouws painted an optimistic view of SA’s economic prospects and said the rand should stabilise while inflation would remain subdued.

World Competitiveness Report director Stephane Garelli said the country had the potential to improve its performance by adding value to its natural resources.
Synergy to replace region's shared suffering

DIPLOMATIC VIEW
Customs union negotiators edging closer to a new accord

John Dludlu

NEGOTIATORS from the five signatories of the Southern African Customs Union are inching closer to a deal to renew the agreement and sources close to the team of officials said final agreement was weeks away.

They said at the weekend that a broad consensus had emerged on the two burning issues: a new formula through which revenue would be shared, and a set of institutions to govern a revamped customs union.

One source said some parties had asked to examine "a few remaining issues" on the two subjects and a follow-up meeting — probably the last — was planned for October 29 before a ministerial accord which would give political backing to the proposals.

The main change in the re-shaped accord, bringing together SA, Botswana, Lesotho, Namibia and Swaziland, would be the exclusion of excise duties from the common revenue pool, one source said.

Key principles to govern the accord had also been finalised. These included that the new formula would have to be transparent and stable, and that the two years between the collection and dissemination of revenue would be shortened.

A ministerial summit, expected before the end of the year, would pave the way for the implementation of the new accord, which had been under review for nearly two years.

Pressure has been mounting on the negotiators to conclude the talks because of the impending negotiations between Pretoria and Brussels on a bilateral trade accord, which could unravel the regional trading arrangement.
Investment summit opens in Zimbabwe

Southern African heads of state and international business figures will arrive in Zimbabwe today for a two-day Southern African Trade and Investment summit to map out a regional approach to lure foreign investment. It will be addressed by, among others, Thabo Mbeki, the deputy president, and presidents Fredrick Chiluba of Zambia, Jose Eduardo Dos Santos of Angola and Ketumile Masire of Botswana. Among those to present papers will be Kalie Mbuyu of the Southern African Development Community. Lauri Fitz-Pegado, an assistant secretary in the US commerce department, Chester Crocker; the former US under-secretary of state for African affairs, Cyril Ramaphosa; the secretary-general of the ANC, and leading businessmen. It is predicted southern Africa will have the second fastest growth rate in the world in the next ten years, after the Pacific Rim, and the summit is seen as an opportunity to assess the trade and investment potential of the region accurately — AFP, Harare
LONDON. SA's defence forces were not ready to be of service to neighbouring states or 'international peace initiatives, Parliament's defence joint standing committee chairman Tony Yengeni, said in this week's issue of Jane's Defence Weekly.

Yengeni told the London-based magazine: "It would be wrong to push into such roles now. The SANDF is a relatively young force, with the integration process at an early stage."

"It needs time to mature."

"In the longer term, Yengeni said, SA had a role to play in ensuring stability in the sub-region and on the continent. That role should be deter-

minded collectively by the countries of the region," he said, through organisations such as the Southern African Development Community and the OAU.

Yengeni said SA's defence industry needed to look for international partnerships to survive. "There are already developments in this area... the Europeans have been here all the time, the Americans are very keen, and the Russians are seriously interested..."

"We will also encourage diversification, spreading the industry's technology into the general economy," he said.

"Prospects for companies such as Denel were bright."

"The industry had good product ability to compete on quality and price," he said.

Wendy Knowles
23/10/96
Region's success 'more important than EU pact''

ROSS HEBERT

Johannesburg — A prosperous Africa ranks higher than the temporary advantages gained by a free trade pact with Europe, Alec Erwin, the minister of trade and industry, said yesterday.

Erwin was speaking at the opening of trade meetings organised by the Africa International Tride Centre. The meetings accompany the South African International Trade Exhibition (Sinte).

South Africa is in the midst of three related trade negotiations, including a potential free trade pact with Europe, the renegotiation of the Southern African Customs Union agreement and the final details of a free trade pact with the Southern African Development Community (SADC).

Erwin said South Africa might obtain some short-term advantage in striking a free trade deal with the European Union (EU), but improving the vitality and stability of southern Africa through trade was crucial for South Africa in the long term.

Erwin said he had notified the EU that any negotiations would have to be done in consultation with other nations in the customs union. South Africa was also participating in negotiating a detailed schedule for phasing in a free trade zone in the SADC, which would take effect in eight years.

Negotiations with the EU are complicated by the fact that some SADC countries have preferential trade agreements with the union under the Lome Convention, while South Africa is not considered too developed to obtain Lome benefits. "These are very detailed and difficult negotiations," Erwin said.

Mpho Mantjitu reports that "Sinte, the biggest multi-sector exhibition in the country, was officially opened yesterday. Erwin said the show was a perfect opportunity for South Africa to promote its investment potential."
Erwin calls for rapid opening of SA markets

Most of the neighbours had low tariffs, largely as a result of the implementation of economic agreements signed under the framework of the Southern African Development Coordination Conference (SADC). Developing the region's linkages, as envisaged by that forum, would achieve a number of benefits, SADC said at yesterday's summit on the region's economic integration.

"It is in our interest to ensure that investments in SA are well co-ordinated with the rest of the continent," said the forum's secretary general, Teverdine. Rapid opening of SA markets could be achieved through initiatives designed to create a free trade area in the region by 1994.

"The opening of markets to services and the movement of capital and people must be accelerated," said a senior official of the forum. The economies of the southern African region, he said, were not strong enough to sustain rapid growth without the rapid opening of markets to trade and investment.

"We argue that we need to keep a close eye on the implementation of the regional economic integration agenda," said the forum's chairman. "We need a strong regional framework to ensure that the regional commitment is not eroded by local interests that seek to protect their own markets.

"We believe that it is in the interest of the region's economies that SA is able to open its markets to trade and investment," he added. "The South African economy is not strong enough to sustain rapid growth without the opening of markets to trade and investment.

"We need to ensure that there is a strong regional framework to ensure that the regional commitment is not eroded by local interests that seek to protect their own markets. We argue that we need to keep a close eye on the implementation of the regional economic integration agenda," he said.
US says SADC must avoid EU's short-term solution

"EU must avoid US strategy"
African leads change their hue to blue

DEVELOPMENT is the cornerstone to display their capabilities.
A blueprint to meet the challenge of Africa’s regional demands
Economic integration ‘still far off’

John Diudiu

Most economies in the Southern African Development Community (SADC), the 12-nation trading bloc, have shown slight divergence in the past three decades to 1990, suggesting that regional economic integration is still far from being reached, a leading research agency has found.

In its recent quarterly paper, the Centre for Research into Economics and Finance — which is based at the London School of Economics — says only the five nations in the Southern African Customs Union have shown signs of economic convergence.

The centre — which is funded by the UK’s overseas development administration — assesses convergence and economic integration by using per capita incomes over a 30-year period to 1990 and macroeconomic policy and stability — with a particular focus on some of the indicators that make up the "Maastricht criteria".

The "Maastricht criteria", which form the basis of the planned European economic and monetary union, include deficit-to-GDP ratios (not exceeding 3%), interest-rate convergence, public debt-to-GDP ratio (not exceeding 60%) and inflation rates.

The centre says in the article: "The absence of convergence among the SADC countries may be due to several factors, including different responses to the oil and exchange-rate shocks of the 1970s, and different problems with indebtedness, but there are also uniquely domestic policy issues which promoted or slowed growth."

However, events of the 1970s — the oil price and gold price shocks (which would have had asymmetric effects on the customs union) — failed to interrupt the convergence pattern of the customs union signatories which include SA, Botswana, Lesotho, Namibia and Swaziland.

The common monetary area covers all the customs union nations, except Botswana, which has, however, not allowed the exchange rate of the pula to diverge significantly from the rand.

In terms of the integration model used in the article, low-income nations in the customs union — Botswana and Lesotho — and in the EU — Portugal and Greece — showed convergence to high-income countries by experiencing faster growth rates.

But the same could not be said of many of the SADC below-average economies in per capita income terms, which had lower than average growth rates over the surveyed period.

The only exception to the broader SADC divergence trend is Mauritius, which grew at an above-average rate of 3% after 1960.

The authors also note a greater convergence in interest rates, fiscal and monetary policy stances among customs-union nations.
A 15-year-old girl has been arrested in connection with the death of a 6-year-old boy in a hit-and-run accident in the city of New York. The boy, identified as James Smith, was hit by a car while he was riding his bicycle on Main Street. The driver of the car, who fled the scene, was later identified as Maria Rodriguez, 25, of the town of Brooklyn.

The incident occurred at approximately 5:30 p.m. on Monday, when James was riding his bicycle down Main Street. A black sedan, which was traveling at high speed, suddenly swerved into the boy's path, causing him to fall to the ground. James was taken to the nearest hospital, where he died shortly after arrival.

The driver, Maria Rodriguez, was later located by police at her home in Brooklyn. She was arrested for causing a death by leaving the scene of an accident and for driving under the influence of alcohol. She is being held in jail on $50,000 bail.

The investigation is ongoing, and anyone with information is urged to contact the police department.

Meanwhile, the community is mourning the loss of the young boy. Friends and family members have expressed their shock and grief, and a fund has been set up to help the boy's family.

In other news, the city council has approved a new budget, which includes increased funding for education and public safety. The budget also includes a provision for the construction of a new community center in the area.

Local businesses have also announced plans to expand their operations, creating new jobs and boosting the local economy. The future of the community looks bright, despite the recent tragedy.
SA takes regional stance
at world trade meeting

John Diudlu

SA WOULD not be joining developed
countries in calling for a discussion of
controversial labour standards at this
week's World Trade Organisation
(WTO) ministerial summit meeting in
Singapore, it emerged this weekend.

Sources close to government said
the SA delegation, which left on Fri-
day, would align itself with a joint
statement of the Southern African De-
velopment Community (SADC) at the
WTO summit which began today.

The SADC wants WTO delegates to
deal with implementation of the out-
come of the Uruguay round of the gen-
eral agreement on trade and tariff
(GATT) talks and to give impetus to
the so-called built-in agenda of the or-
ganisation which replaced GATT last
year. This agenda tackles revision of
previous agreements.

The 12-nation southern African trading bloc is concerned about the intro-
duction of new issues to the WTO
agenda such as the potentially divisive
issue of linking labour standards to
trade, talks about a multilateral in-
vestment agreement, competition pol-
icy and state procurement policies.

Despite its agreement with labour
and business at the National Econo-
mic, Development and Labour Council
on the social clause, government would
not join the US and certain European
governments in a bid to discuss labour
standards in Singapore.

"Raising the subject in Singapore
will just be bad timing," the source
said.

Pretoria, which has cobbled togeth-
er a deal through which its partners
will be encouraged but not forced to
sign a "side letter" committing them to
upholding labour standards, will take
a "middle of the road" approach.

In terms of this approach, SA would
not raise the subject — as labour
unions might want government to —
but would participate should there be a
discussion.

Developing nations, which largely
believe labour standards are an issue
for the International Labour Organisa-
tion, are opposed to a social clause in
trade as they feel it could be abused as
a nontariff barrier to trade by indus-
trialised countries.

Poor nations (the SADC houses four
of the world's poorest countries) are
struggling to implement the complex
obligations under the Uruguay round
and would like assistance to comply
with the WTO's rules-based trading
system. The inclusion of new issues
would put pressure on the trade body's
already overloaded agenda, a move
which could unravel its achievements,
the source said.

African nations were looking to SA
to play a greater role in the WTO. "But
this will not be within the SADC context,"
said.
SA, EU pact will hit SA’s neighbours

John Oludlu

SA’s customs union neighbours — Botswana, Lesotho, Namibia and Swaziland (BLNS) — could lose more than R1bn in crucial fiscal revenue if the proposed free trade accord between SA and the European Union (EU) was concluded, sources in the region said yesterday.

The figure was contained in a report by a Harare-based research consultancy financed by the EU, which has been kept secret.

The report, which was co-ordinated by Swaziland, strengthens the case of SA’s negotiators that the free trade area, as proposed by the EU in its mandate, is not “developmental” and would harm BLNS nations which are heavily dependent on the revenue they receive from the customs union pool with SA.

SA’s negotiators have argued that the EU’s trade mandate, which seeks to exclude almost 39% of SA’s farm exports from a free trade accord, underestimates SA’s role in the southern Africa region.

Prenton has argued that if a final accord was concluded, using the present Brussels mandate as a basis, the current trade imbalance in southern Africa would continue.

Of Swaziland’s total revenue, 52% comes from the customs union pool. This is down from the 1983/84 peak when 65.1% of Swazi revenues came from the customs union, according to data from the European Research office. The European Research office recently said the EU-SA accord could see Swaziland losing as much as 15% of its present income.

For Lesotho the importance of customs union revenues has declined to 50.6% in 1995/96 from around 58% in the previous fiscal year.

However, there seems to be a dispute about the accuracy of the estimate, with some saying it was too high and others that it was too low. One source put the impact at over R1.5bn in revenue loss, although some argue this number might be based on a miscalculation which includes SA’s share of imports.

A source who has seen the report said the numbers were based on “wrong information” and more work was needed as the report had been completed in haste ahead of the then September deadline for the launch of talks between SA and the EU. He believed the estimates were too high, and that they would need revision to take into account the revamped revenue-sharing formula of the customs union.

The reshaped formula excludes excise duties and surcharges from the revenue pool — a measure which further reduces the kitty.

The EU is understood to have found problems with the preliminary findings of the report.

The BLNS nations are currently enjoying generous trade benefits from the EU — for which they do not reciprocate — under the Lomé Convention. These would be curtailed by an EU-SA free trade area which would require them to reciprocate.

The EU has signalled it might consider transitional measures to help cushion against the impact of fiscal disruption from an EU-SA accord, but the scale is likely to be limited.
New policies loom for EU, African trade

John Dludlu

SA's neighbours in southern Africa, which are enjoying generous trade concessions as members of the Lomé convention, could soon come under pressure to open their markets to the European Union when the trade and aid accord between the EU and its 70 African, Caribbean and Pacific (ACP) partners comes up for renewal in 2000.

ACP countries, including Botswana, Lesotho, Namibia and Swaziland (BLNS nations), currently receive non-reciprocal tariff and quota preferences in the EU's 15-nation single market.

But if proposals outlined in the recently released green paper on relations between the EU and the ACP are agreed on during the forthcoming EU/ACP negotiations, reciprocity could be introduced as an option in reshaping trade relations. Reciprocity has been at the heart of BLNS fears of the mooted free trade deal between Brussels and Pretoria, which, if concluded, would significantly reduce their Lomé trade benefits by requiring them to open their markets to the EU.

The policy document, coming months before the formal launch of ACP/EU negotiations in 1986 on the future of relations after 2000, says options for Lomé include "uniform" reciprocity, "differentiated" reciprocity, upgrading into the general scheme of preferences and the retention of the present status of nonreciprocity.

Under the differentiated option, reciprocal preference arrangements could be negotiated between different ACP nations and the EU or with individual ACP countries, while the uniform regime will see all ACP members extending reciprocity to the EU after a transitional period. Observers say the outcome of EU/ACP talks on the future of Lomé will, in part, determine whether the BLNS nations are better or worse off under an EU/SA accord.

The green paper comes amid growing indications that Lomé has had modest successes in helping ACP nations diversify their economies and integrate into global trade.

The paper admits the Lomé trade arrangement has been insufficient for ACP countries "to preserve, least so to improve, their participation in the world markets. ACP's share of the EU market has declined appreciably from 6.7% in 1976 to 2.8% in 1994. Supply-side measures such as good governance and sound economic policies — notably stable, secure and efficient internal trade and investment policies — are determining factors in achieving higher rates of export and economic growth, it says.

Apart from Lomé's limited effect, other sources say the move towards reciprocity in EU thinking was inspired by the need to adopt measures which are compatible with the World Trade Organisation. The convention has been criticised for failing to promote development, with critics claiming that its aid does not reach the poor.

Sympathetic Lomé observers feel one of its main achievements has been to give a meaningful political voice to the EU's former colonies.

Continued on Page 2

Trade

Continued from Page 1

The EU has proposed that SA be given partial access to the convention, allowing it to take part in political dialogue, but has notably excluded the country from trade concessions and suggested a free trade accord. Pretoria initially required full accession.

Other key proposals in the document include splitting up the French-inspired club into regions or subregional arrangements, one embracing accord supplemented by bilateral agreements or a specific agreement for least developed nations. "An agreement with sub-Saharan Africa that embraced SA would clearly be meaningful for Europe," it says.

The Caribbean members could form part of an enlarged co-operation arrangement for the whole region that could ultimately integrate them into the EU's relationship with Latin America. Some sources say the reciprocity principle is inevitable, although it may be waived for the poorest nations.
Regional trade 'key to SA's success'

Patrick Wadula

TRADE and Industry Minister Alec Erwin says SA has to realise that its ability to trade globally will be enhanced if it can integrate its economy with those of the region.

Addressing a symposium on SA — Springboard to Africa — organised by the French Embassy, Erwin said in Johannesburg last week the country's success depended on the progress of neighbouring countries.

SA was committed to lowering barriers and increasing cross-border trade.

"We envisage a free trade area in the Southern African Development Community in the next eight years. A tariff phase-down schedule for all SADC countries will begin by March next year."

The problem SA faced in relation to other SADC countries was that SA's trade surplus was growing rapidly. SA trade with Zimbabwe was 68% in SA's favour last year.

Erwin said SA was conscious that its trade surplus with neighbouring states could cause an imbalance in the region. To counter this, SA was entering into cross-border investment initiatives.

Apart from the multimillion-rand Maputo Corridor plan, SA was involved in discussions with Mozambique and Swaziland on a joint effort to develop tourism and the agro-industry in a project known as the Lubombo initiative.

By February a document would be available on proposals for road and infrastructure construction and tourism concessions.

Other initiatives included the transe-Kalahari highway with Namibia and Botswana and assisting Zimbabwe and Mozambique on the Beira Corridor.

Erwin said the 12 SADC countries had a total population of more than 140-million. It was one of the world's richest areas in natural resources.

"Without a doubt, the investment and infrastructure programme in this region will become one of the largest infrastructure development programmes in the world," Erwin said SA had to move from the concept of aid to the concept of investments.
SA DC trade plan due in six months
Tari ff barriers set to go
Cape Town — Members of the South African Customs Union (Sacu) are close to agreeing on a formula for revenue-sharing which will guarantee that Botswana, Lesotho, Namibia and Swaziland (BLNS countries) always get the same percentages of the total revenue pool they receive at the moment, Alec Erwin, the minister of trade and industry, said yesterday.

South Africa receives about 70 percent of the pool, leaving the balance to be split between the BLNS countries.

Until now, all customs and excise collected from the trade of member countries was placed in the revenue pool, which was split once a year using a predetermined formula.

"Members have also agreed to remove excise from the pool, and only customs will be left in the pool in future," Erwin said. "The new formula will bring stability and certainty to the sensitive issue of revenue-sharing."

The current formula guarantees the BLNS countries a certain percentage of their import value from the pool.

When import tariffs started dropping in line with South Africa's commitments given in the Marrakech agreement, the possibility loomed that the BLNS countries could, in fact, get more from the pool than was collected in the pool.

If that happened, South Africa would have had to pay the difference. "The new formula will be helpful to South Africa because it removes the open-ended commitments of the old formula," Erwin said.
SA's custom union partners may sit on tariffs, trade board

Representatives of South Africa's partners in the Southern African Customs Union could sit on the Board of Tariffs and Trade next year if a South African proposal is accepted by the other countries in the customs union.

Minister of Trade and Industry Alec Erwin said yesterday South Africa had suggested to its customs union partners that the board be reconstituted next year.
The partners were close to finalising a new agreement, Mr Erwin said.

In terms of the proposed new revenue-sharing formula, South Africa would not seek to increase its share of revenue from trade between the customs union countries and the rest of the world.

Excise duties were excluded from the formula, and would be paid directly to member states.

"We have made good progress from a logjammed situation," Mr Erwin said.

But agreement still had to be reached on some technical matters, including agricultural tariffs, and institutional structure.

Other countries in the customs union had suggested a secretariat to manage the agreement, rather than representation on the Board of Tariffs and Trade.

South Africa's partners in the customs union were hostile towards the board because they felt they had not been adequately consulted by it in the past.

But South Africa was reluctant to create "another complicated bureaucracy" which would slow up decision-making, the Minister said.
Regional ties ‘as important’ as EU trade

CAROLINE ALLEN

London — Regional trade with other countries in southern Africa is as important to South Africa as its trade deal with the European Union, Rob Davies, the chairman of the parliament’s trade and industry committee, said at the weekend.

He said the EU had to match its promised political support for the new South Africa with a fair-trade arrangement for the country and region.

“The challenge is very much in Europe’s court. Is Europe serious about seeing an arrangement which is going to promote development or is it simply going to seek a normal hard-nosed trade deal with us?” Davies said.

“At the moment our view is that the principles of solidarity appear to be conspicuous by their absence in current proposals,” he said.

South Africa has been refused membership of the Lomé convention which offers poorer countries trade concessions with Europe.

It would start preliminary discussions on a trade deal with the EU, its largest trading partner, later this month.

Thabo Mbeki, the deputy president, is on an eight-nation tour of the EU to garner support for South Africa’s position.

Davies said the deal from the EU was not equitable and would undermine the smaller economies of other southern African countries linked to South Africa through a customs union.

“South Africa’s economy is half that of Belgium’s, our unemployment rate is 30 percent and we have a highly protected industrial sector undergoing a complicated transition, partly driven by internally-imposed tariff reductions,” he said.

“We would get 4 to 7 percent additional duty-free access to the EU under all the obligations the EU would implement, but we would have to allow 36 percent duty-free access by the EU ... a large adjustment for a rather small additional benefit.”

Davies said that, in coming talks, South Africa would demand talks that its neighbours get priority access to its markets and a chance to consolidate their presence there before the EU was admitted.

Davies said there was a “very skewed and imbalanced trade” in southern Africa.

But he said South Africa had signed a trade protocol under the auspices of the Southern African Development Community in August which envisaged creating a free trade area within eight years. — Reuters
Qualified support for great lakes relief plan

Ingrid Salgado

SA HAD received a positive response from some Southern African Development Community (SADC) member states to a request for joint participation in resolving the great lakes crisis, a foreign affairs department spokesman said yesterday.

Although there was a “general political desire” to be involved, some member countries were awaiting a decision on whether money from an international trust to fund participation of African countries would be forthcoming. At least one country, Botswana, has pledged troops for a multinational peacekeeping force in eastern Zaire, Rwanda and Burundi.

This comes as foreign affairs indicated at the weekend that SA would send troops to central Africa for humanitarian relief under the Canadian-led multinational force.

Foreign affairs spokesman Marco Boni said yesterday there had been contact between SA and the Canadian military — which is due to lead a potential peacekeeping force — but he had no details.

The nature of SA’s technical contribution was being finalised and depended on a mandate from the UN, which had not yet been established, Boni said. “Our immediate concern is not to get involved in a fighting situation.”

A technical task team dispatched to the region by President Nelson Mandela reported late last week that SA should immediately consult its SADC partners to explore Africa’s involvement in the multinational force. The formation of an African peacekeeping force would have to entail extensive deliberations with the organisation for African Unity, the team reported.

However, immediate humanitarian relief efforts would not address the underlying causes of the crisis which were political.

SA was expected to play a role in resolving the differences between conflicting parties in the region.

Meanwhile, Sapa reports that Deputy President Thabo Mbeki said at the world food summit in Rome yesterday that countries participating in the multinational force would meet on Wednesday to review the situation after a mass return of refugees to Rwanda from Zaire.

Boni said the return of the refugees would change the original aim of the force — to create safe corridors for refugees to return home.

An SANDF spokesman said yesterday the military was awaiting instructions from government before acting. SA is reportedly offering between 500 and 1 000 SANDF members to the multinational force as well as logistical support.

See Page 9.
Promote regional unity
be neighbourly
SA advised to

Guest speaker: Professor C Neal Ebel of the University of Indiana

Promote regional unity
be neighbourly
SA advised to
Johannesburg — Hundreds of millions of rands worth of promised Taiwanese investment hang in the balance as Taiwanese officials scramble to come up with a coherent business response to South Africa's decision to withdraw diplomatic recognition, announced on Wednesday.

Over the past two years Taiwan has promised to encourage investment in various potential petrochemical plants on the coast, the latest of which was a proposed $3.5 billion joint-venture plant in the Eastern Cape to produce chemical commodities for use in the manufacture of synthetic textiles.

Tuntex, the lead Taiwanese investor in the proposed joint venture, said yesterday it would respect government's wishes in deciding whether to continue its project.

"For this petrochemical plant project, the Tuntex group will decide whether to go ahead or stop depending on the Taiwan government's policy," Tuntex said.

"The government will not continue to encourage investments in South Africa," said Chiang Ping-kun, the chairman of the Taiwanese cabinet's Council for Economic Planning and Development.

"Without government encouragement, it will be hard for private investments to proceed there," Chiang said, when asked about the Tuntex plan.

But I Cheng Loh, the Taiwanese ambassador to South Africa, said it was too early to say what the effect would be on trade between the two countries.

Investment was another matter, he said, and there were "dozens of (joint) projects" which would now have to be reviewed by Taiwan's legislature.

Loh has previously denied allegations that the petrochemical plant was an inducement to South Africa to maintain diplomatic ties.

He denied that the proposal was "a political football in the contest for diplomatic recognition between the two Chinas.

"Anybody with sense knows that to a businessman, the bottom line is their only consideration when faced with investment decisions of such magnitude.

The ROC and RSA role players have enough sense not to enter a project involving billions if it would not be profitable by itself," he said earlier this month.

Taiwan had also promised to assist in setting up an industrial park in Berlin, near East London worth at least R900 million, and had established an occupational training centre.

Nearly 300 Taiwanese businesses have operations in South Africa, with investments reportedly topping $1.5 billion.
Export Processing Zones Seen As Threat
S.A. D.C.C.

1996 1997
Banks pave way for regional exports

NEDBANK’s international finance division for Africa has concluded a credit extension agreement with the Eastern and Southern Africa Trade and Development Bank — also known as PTA bank — which would assist SA exporters in trading with countries in the common market for eastern and southern Africa (Comesa).

Credit Guarantee said yesterday it would underwrite the agreement through which SA exporters would receive 90% of payment from Nedsbank immediately after concluding a deal. The balance of the sale would be paid after receipt of payment from the PTA bank.

“This means the exporter’s cash flow is not compromised because he has to wait for transfer of payment from the buyer,” the bank said.

The deal also provided that the PTA bank, acting on the buyer’s behalf, had to pay Nedsbank within 90 days of receipt of the transaction advice.

Comesa is one of many trading blocs in Africa and brings together countries that include Burundi, Ethiopia, Kenya, Lesotho, Malawi, Mauritius, Mozambique, Namibia, Swaziland, Tanzania, Uganda, Zambia, Zimbabwe and Zaire.

Members of Comesa, except SA and Botswana, are also members of both the Southern African Development Community and the Southern African Customs Union — a factor that has caused tensions between the SADC and Comesa.

Meanwhile, SADC finance and investment unit director Bongi Kunene said yesterday no decision had been taken on the Botswana-based organisation’s plans to set up a regional development bank.

Kunene said the rationale for establishing the mooted bank would be determined by the outcome of two studies being conducted by her unit and the SADC’s secretariat. Results of these studies are due out next month and in July, respectively.

Previously, the SADC, now chaired by President Nelson Mandela, said it was planning to set up a bank, either as a greenfield project or using an existing institution as a launchpad.
CUSTUMS UNION FOREIGN TRADE FIGURES
NEW ROUTES AND OLD

Since April 1994, new international trading opportunities have opened up for SA.

But traditional partners — the UK, Germany, the US and Japan — still account for about a third of the trade with SA and Customs Union countries.

Customs & Excise figures for the first six months of 1996 show that SA trade between the union and the four main partners mentioned above amounted to nearly R40bn of the R108bn in total trade for the period.

A country breakdown highlights some interesting developments in trade relations. Calculations, based on customs figures, show that the UK has replaced Germany as southern Africa’s number one trading partner. In the half year, trade with the UK was R12.4bn, compared with R10.2bn with Germany (see graph).

The US, which before the 1986 Comprehensive Anti-Apartheid Act was SA’s leading partner, is now in third place with R9.7bn worth of trade in the six months.

In 1996, the list was topped by Germany, with total trade in the full year of R20.6bn. Trade with the UK was valued at R19bn and with the US at R16.3bn.

Six-months-on-six-months, trade with the UK rose nearly 36%, with the US 26% and with Germany unchanged.

The boom in SA-UK trade is largely due to a 56% surge in exports — to R6.1bn (see table). This in turn is due to the rerouting of De Beers’ diamonds, included in category XIV. Exports to the UK in this category (previously channelled through Switzerland) are valued at R3.6bn by customs. The switch caused a 39% decline, six-months-on-six-months, in imports (to R1.1bn) to Switzerland.

Another important trend that emerges in customs’ figures is that SA is increasingly becoming a port of entry for Africa, with a significant amount of goods imported under category XVI being re-exported to other parts of Africa. These include:

- Machinery & mechanical appliances;
- Electrical equipment;
- Sound recorders & reproducers; and
- TV sets & video recorders and reproducers.

The union imports R17.1bn worth of these goods and exports R1.3bn to sub-Saharan Africa. Not all of these are goods in transit, though the figures indicate that the re-export volumes are probably substantial.

The six month figures also reveal the relative importance of mainland China and Taiwan as trading partners. Total trade with the former was worth R1.4bn, compared with the latter’s R3.2bn. Growth figures were 7.7% and 23.1%, respectively.

Taiwan bought R1.4bn of SA’s exports and China R400m. Exports to Taiwan rose 18.2% in the period while exports to China fell 20%.

However, imports from China are rising at a faster rate than those from Taiwan. The Union bought R1.8bn worth of goods from Taiwan (up 20%) and R1bn worth from China (up 25%). Imports from Japan fell 15.4% to R4.4bn — a decline probably due to the erosion of Japan’s traditional market in SA by South Korean car manufacturers Daewoo and Hyundai.

Southern Africa’s main export worldwide is the category which consists mainly of diamonds and gold (the latter recently transferred from the “other unclassified” category). In the six months, it brought in revenue worth R16bn. The next biggest category (base metals) was worth R8.5bn, followed by mineral products at R7.7bn.

Surprisingly, Germany imports mainly “miscellaneous manufactured” goods from SA — in the six months, worth R466m — mostly semifinished products. But this category also contains finished products, such as steel products, pumps and compressors.
SADC seeking ways to end tensions with rival bloc

The Southern African Development Community (SADC) has been seeking ways to resolve tensions with its rival bloc, the Common Market for Eastern and Southern Africa (COMESA). Both organizations were established in the 1960s as regional trade blocs, but have faced challenges in recent years due to disagreements over trade policies and economic integration.

The combination of regional integration and the desire to enhance economic cooperation within the region has been a driving force behind the creation of these two blocs. However, tensions have arisen over issues such as trade barriers, competition for investment, and differences in economic policies.

One of the major challenges for SADC and COMESA is to find a way to work together in the face of these tensions. Both organizations have expressed interest in resolving these issues and finding common ground.

The SADC bloc includes countries such as Angola, Botswana, Namibia, South Africa, Swaziland, Zimbabwe, and others, while COMESA consists of 19 member states, including Kenya, Ethiopia, Tanzania, and others. The two blocs have had some successes in recent years, such as the signing of the COMESA-SADC FTA in 2014, which is aimed at reducing trade barriers between the two regions.

Despite these efforts, there remain challenges to overcome. Both organizations continue to seek ways to address their differences and find common ground in order to promote regional integration and economic growth.

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Note: The text is a brief overview of the situation between SADC and COMESA, highlighting the challenges and potential solutions. For a more detailed analysis, additional resources may be required.
Foreigners pour in to seize opportunities

Regional Markets - Analyst

AID-wsj

SA Tims Isosing race for...
Comesa attempts to recapture two eloping member nations

John Dludlu

THE Common Market for Eastern and Southern Africa (Comesa), which suffered a setback this week with the planned withdrawal of two of its members, has launched a bid to win back Mozambique and Lesotho, with its top bureaucrat calling on them to reconsider their positions.

At a news conference in Lusaka, Zambia, yesterday, general secretary Bingu wa Mutharika tried to woo back the countries by outlining Comesa’s achievements, signalling that the two nations would be better off within the much larger trading bloc.

“On behalf of member states of Comesa, I earnestly appeal to both Mozambique and Lesotho, in the name of pan-Africanism and African unity, to reconsider their decision and remain in Comesa.”

Earlier this week the countries announced their intention to withdraw from Comesa and remain within the Southern African Development Community (SADC), citing lack of progress in efforts to resolve long-running tensions between the two organisations.

The withdrawal by the two nations, which is expected to be followed by several other SADC countries, is by far the most serious setback suffered by Comesa.

The intended departure of the nations, joining SA and Botswana outside Comesa, is expected to cast a dark cloud on discussions at this week’s ministerial summit.

Mutharika listed a number of programmes that would benefit the two nations. These included trade and development financing from Comesa’s development bank; benefits from the group’s reinsurance company; services of the clearing house and the organisation’s trade database.

He said Comesa was useful to the two members as it was geared towards exports to the world.

He said Mozambique and Lesotho would have benefited from the newly initiated industrial development strategy aimed at generating jobs and export earnings.

“Being a very small economy with hardly any viable industries, Comesa has been devising ways of revamping the economic activities in that country (Lesotho). To that end, Comesa has been programming measures to identify, together with government, a number of specialised manufacturing industries requiring small raw material inputs but with high added value to boost its exports.”

This week the SADC undertook to continue its efforts to find a way to resolve tensions with Comesa, despite an indication its members were pulling out of Comesa.

Yesterday, Mutharika said Comesa was an African organisation, “executed by Africans, for Africans”, a statement seen by observers as an attempt to suggest that the rival SADC depended on foreign donors.
Regional pact off to shaky start

Anxious to dampen mounting criticism of its lacklustre performance, the East African Community — a regional union encompassing Kenya, Uganda and Tanzania — has prepared a programme this year aimed at propelling the organisation from talk to concrete action.

The organisation was formed early last year to boost regional co-operation. Since furnishing a secretariat in the Tanzanian town of Arusha, its initiatives are yet to show results.

Last April, the organisation announced plans to start a common custom authority to ease cross-border trade. A regional passport in the same mode as the Euro-passport was to be launched. Nothing much has been heard of these plans since.

Despite a decision to make the three currencies convertible, banks still refuse to trade in shillings other than their own.

The mooted East African stock exchange remains but a dream as member countries take time to entrench their markets.

Last November, Kenya called for a cautious approach.

"We must be sure our economies are running on policies we can all understand and which are not impacting on another country" said Musalia Mudavadi, the Kenyan finance minister.

Analysts say the three governments are trying to avoid pitfalls which led to the collapse of the East African Community, brought down 20 years ago by economic jealousies and political differences.

"A political federation of East Africa should be made a reality now more than ever before," Kenyan President Daniel arap Moi of Kenya said on January 17.

In the next six months, 20 meetings, including a head of state summit, have been scheduled to take place. — Independent Foreign Service

(2794) 23/1/97
Like it or not, in trade policy decisions SA’s fate is inextricably linked to those of its partners in the Southern African Customs Union — Botswana, Lesotho, Namibia and Swaziland.

But this hasn’t been reflected in SA’s behaviour in negotiations for a bilateral agreement with the European Union (EU), which resume on Friday.

At the June talks last year, SA asked for time to study the EU’s mandate and formulate counter proposals that would accommodate the needs of its regional partners — but the other Sacu members only received their copy of SA’s mandate this week — a month after it was sent to the European Commission (EC).

 Pretoria’s lack of transparency is reportedly a cause for concern for the EC. And it’s no recipe for easing the smaller players’ lingering mistrust of SA — a traditionally overbearing partner.

Of course, the oversight could be simply inefficiency rather than high-handedness — SA failed to send the mandate to its own embassies in Europe. And SA’s mission received its copy from the EC.

The document was described by EC sources as disappointing and unprofessional; lacking the detail and alternatives SA had promised. They say the first part rhetoricistically critised the EU’s mandate and the second was largely based on EU proposals sent to Pretoria in 1994.

Brussels correspondent Stijn De Preter reports “Stakes will be high at Friday’s talks. The EU will remain SA’s most important trade and development partner for years to come. And the talks will be watched closely by other countries who are keen to sign a free trade agreement with the EU and who would be far more professional in managing the process.”

But SA’s smaller partners are also important — and not just because increased hardship in neighbour states would add to SA’s immigration burden.

The market for SA exports to Sacu partners is increasingly significant. And some union countries rely heavily on revenue from the shared Customs & Excise pool. (see box). The question is how much does the union stand to lose as trade liberalisation reduces that pool?

The effect of the World Trade Organisation agreement arising from the Uruguay Round of Gatt, which entails tariff reduction, appears to be limited. Says parliamentary Trade & Industry committee chairman Rob Davies: “The impact of tariff reduction can vary. If you reduce tariffs, revenue may actually increase, depending on elasticities of demand. So far, the assumption is that the impact on the union would be revenue neutral.”

But revenue may be harder hit by total tariff removal as envisaged in the EU free trade agreement. “When you actually remove tariffs on a large part of your trade,” says Davies, “revenue can decline quite significantly. One estimate being quoted is a drop of about R2bn. That would have a serious impact on SA’s neighbours.”

Namibia’s economic policy research unit suggests an agreement along the lines of the EU proposal would result in up to 15% revenue loss for Namibia — not the most union-dependent country.

But a worse threat could come from a regionally specific agreement. Unlike SA, the smaller union states are members of the Lomé Convention, so they have preferential access to the EU market.

The facts about the customs union

The pool is due for a clean-up

Customs & Excise revenue collected by the Southern African Customs Union countries is pooled and shared according to a formula. This is weighted in favour of the region’s smaller countries to compensate them for the effects of being in a union with a bigger partner. SA generates around 96% of the revenue pool but receives about 66% of it.

In financial 1995, the pool held about R12,3bn (1994: R11,2bn). Around R4,2bn (R3,6bn) went to Botswana, Lesotho, Namibia and Swaziland.

The basics of a new, more scientifically calculated “formula” have been agreed. But the shares allocated aren’t expected to change much, as the smaller countries would suffer considerably. Swaziland and Lesotho rely on the revenue pool for roughly 50% of total government income before grants, Namibia for around 20%-25% and Botswana 16%.

SA’s trade relationship with its union partners is becoming quite significant. Their provisional figures for financial 1996 show that Botswana bought R5,1bn of SA goods, Lesotho R3,9bn, Namibia R5,8bn and Swaziland R3,9bn.
SA-EU Trade Deal will affect the whole SADC region.
Comesa facing crunch

goals overlap with the

more plausible SADCC

CZAGA/FLOURENCE 30/11/77

BUSINESS
Regional trade on Somewhat 30/1/97 increase

GABORONE - Intra-regional trade in the Southern African Development Community has increased 12.4 percent since South Africa and Mauritius joined the organisation, according to a SADC report released this week.

The report, due to be submitted to a SADC consultative conference in the Namibian capital, Windhoek from February 8-10, says that peace and stability in the region and the introduction of trade liberalisation measures led to a notable increase in intra-regional trade.

The regional countries, the report says, are trading favourably in agricultural products, mining, food products, textiles, clothing, beverages, wood products and industrial chemicals.

Obstacles
The report identifies obstacles for free trade in the region as an inadequate production base and trade policies and market access, insufficient market skill, underdeveloped financial infrastructure and the absence of trade statistics and information.

Another report, on trade and industry, also to be submitted to the conference, says that low savings have hampered the level of investment in the region.

The average regional savings capacity is below 20 percent. This is because most SADC countries are underdeveloped and suffer from negative real interest rates, high investment risks and low returns, scarce finance and an absence of secondary markets.

Foreign capital
"As a result of the low level savings, most of the SADC member states are dependent on foreign capital inflows for domestic investment," the report says.

"It is also important to underline that in the market-oriented economic systems being embraced by all SADC countries, private investment assumes prominence as governments disengage from business undertakings," notes the report.

Intra-regional investment is being further restricted by complicated exchange control regulations often unfamiliar in the commercial banking sector.

The report adds that the cross-border flow of labour in the SADC region is still legally restricted and in some countries considerable delays are experienced in issuing work permits to foreign investors.

The report said there is a need for the 12 SADC states to significantly improve their tax regimes as they are mostly cumbersome and generally lack transparency.

SADC is made up of South Africa, Angola, Botswana, Lesotho, Malawi, Mozambique, Namibia, Swaziland, Tanzania, Zimbabwe, Zambia and Mauritius.

-Sapa-APF.
The SADC National Contact Point within the Department of Foreign Affairs recently hosted a workshop to exchange information on how the organisation may achieve its objectives of enhancing the standard and quality of life of the people in southern Africa.

According to the SADC treaty, the objectives of the Southern African Development Community include: economic growth, alleviation of poverty, support for the socially disadvantaged through regional integration; the evolution of common political values, systems and institutions; and the promotion and defence of peace and security.

The SADC has a dual structure, with one organisational component devoted to achieving the objectives of development and integration, and the other dedicated to the promotion of democracy, peace and security.

While the former (SADC "proper") is currently directed, at the highest level, by a summit of SADC heads of state and government under the chairmanship of President Mandela, the latter (the SADC Organ on Politics, Defence and Security) is directed by the same summit, but chaired by President Mugabe of Zimbabwe.

At a conceptual level, there is some doubt as to the viability of the integration aims of SADC. For example, essential prerequisites for economic integration are absent. There also appears to be insufficient consensus among members on the critical issue of appropriate and common political values, systems and institutions. All 12 members are highly sensitive to anything which may erode the principle of national sovereignty. But despite such obstacles, there is really no alternative to the vigorous pursuit of the objectives of development and integration, if the region is to survive and prosper.

A major organisational impediment towards regional development is the current sectoral approach, which delegates responsibility for the direction of some 20 key developmental sectors (such as transport, finance, industry, etc.) to individual SADC states. The problem is that most countries lack the capacity, in terms of human and material resources, to promote their allocated sectors effectively and dynamically. Moreover, there is a marked lack of inter-sectoral co-operation, co-ordination and understanding. Essential links in the development chain are therefore missing.

As chair of SADC, South Africa has a duty to alert members to the urgent need for a review and rationalisation of the SADC structure, which may lead to the consolidation and centralisation of certain key sectoral activities; for a more concerted effort at developing human regional resources and for community building through enhanced sectoral activities and inter-sectoral co-ordination, including the ratification of a number of protocols to the SADC treaty and their implementation.

There is also a pressing need to review the development and functioning of the Organ for Politics, Defence and Security, but here the South African authorities cannot push too hard, as Zimbabwe is responsible for this arm of SADC.

The organ should logically provide the framework for two of the major SADC objectives: the evolution of common political values, systems and institutions; and the promotion and defence of peace and security. It was launched at a summit of SADC heads of state and government in Gaborone on June 28 1996. The summit elected Mugabe as chairman and approved 16 objectives for the organ, including the development of a common foreign policy in areas of mutual concern and interest, concluding a mutual defence pact for responding to external threats, and addressing regional conflicts which impact on peace and security in southern Africa.

However, it is unlikely that the organ, in its current form, will achieve much success because it currently functions only at summit level.

And any confusion as to leadership roles may prove to be an insurmountable barrier to "addressing extra-regional conflicts which impact on peace and security".

If the organ cannot operate effectively and pro-actively, it will be relegated to a "fire brigade" role, with heads of state and government meeting only in the aftermath of crises affecting the region.

Clear and attainable objectives must be formulated for the organ, and its structure adapted to enable the active and effective pursuit of such goals. These objectives must be directly linked to the SADC treaty objectives of achieving peace and security through the development of common political values, systems and institutions. Without the latter, development and integration efforts will rest on a very shaky ground. The organ must become a foundation of the SADC, it cannot remain as an appendage to the organisation.

Mark Malan is a senior researcher at the Institute for Security Studies.
SADC holds talks on low productivity in region

Windhoek – Delegates from the 12-member Southern African Development Community (SADC) are meeting to consider ways of pooling resources to boost the region’s economic growth.

Officials will grapple with the theme “Productivity: Key to Sustainable Development” as they try to find ways to boost the region’s low productivity levels.

“We can no longer hide low productivity and non-competitiveness behind high tariff walls,” SADC’s executive secretary Kaire Mbuende said before the talks.

Discussions began yesterday with officials of standing committees locked in meetings until tomorrow.

The SADC council of ministers then meets on Thursday and Friday ahead of an address by Namibian President Sam Nujoma on Sunday.

Organisers said the meeting aimed to set up a “productivity movement” for the region through consultations between policymakers, international co-operation partners and representatives of the private sector and trade unions.

Underlying problems, particularly the huge trade imbalances between the region’s dominant economic neighbour South Africa and most of the other member states, will also be discussed.

Pretoria has committed itself to improving trade links with its neighbours but still has to enforce cuts on tariffs and duties on many products.

The conference will also try to set up a regional tourism body, discuss progress in shared water resources and work through its ties with the rival African trade group Common Market for Eastern and Southern Africa (Comesa).

Some of the SADC members are also part of Comesa but increasing pressure for member states to choose between the groups has forced at least two countries, Mozambique and Lesotho, to align themselves with the SADC.

The SADC comprises Mauritius, Angola, Lesotho, Swaziland, Zambia, Zimbabwe, Namibia, Mozambique, Tanzania, Malawi, South Africa and Botswana.

All these except for Botswana, South Africa, Lesotho and Mozambique are also members of Comesa, which also groups Burundi, Comoros, Eritrea, Ethiopia, Kenya, Madagascar, Rwanda, Sudan, Uganda and Zaire. – Reuters
SADEC conference to focus on productivity
SADC Seeks Joint Economic Approach
8-year goal for SADC to create free-trade area

Windhoek – European donor-country representatives have said they support the drive by Southern African states to increase productivity in the region and to create a free-trade area.

The 12-member Southern African Development Community (SADC) began meeting here today for a 10-day annual conference, under the theme “Productivity”, to consider ways of pooling resources to boost the region’s economic growth.

“The choice of conference themes over the years has become more and more related to the real issues of the economy,” said Francisco da Camara, head of the Southern Africa division at the European Commission.

“The SADC aims to create a community. They’re looking for economic integration,” he said.

The SADC has given itself eight years to create a free-trade area, comprising 150 million people living in Mauritius, Angola, Lesotho, Swaziland, Zambia, Zimbabwe, Namibia, Mozambique, Tanzania, Malawi, South Africa and Botswana. – Reuter
Japan gives SADC R900 000

The Japanese government has given about R900 000 to the Southern African Development Community. The money will be used by SADC Secretariat in its effort to enhance the regional integration and strengthen human resources development.

The contribution was made yesterday by Japanese ambassador to South Africa Yoshito Kouishi at the close of the SADC consultative conference in Windhoek, Namibia.

Last year, Japan sent its co-operation agency expert Kikuo Sakamoto to help SADC strengthen its ability to coordinate its activities.

"Japan has also given technical support"
Productivity crucial for economic growth

WINDHOEK – Improving productivity in the 12-member Southern African Development Community is critical to the region’s efforts to stimulate economic growth and development.

“The conference agreed that productivity improvement is no longer an optional extra but a matter of survival,” says a statement issued at the end of the three-day annual SADC Consultative Conference here.

Over 500 delegates from the region, international cooperating partners, representatives of the private sector and labour organisations, deliberated on the theme Productivity – Key to Sustainable Development in SADC from February 8 to 10.

“The conference emphasised the industry must remain competitive through increased productivity rather than through subsidies,” the statement says.

It notes, too, that the process of change within the SADC is gaining momentum and has made Southern Africa a region “at peace with itself”, meaning it can now focus on economic growth and sustainable development.

The conference commended the regional body for steps it has taken towards regional integration by signing protocols on shared water course systems, transport communication and meteorology, energy, illicit drug trafficking and trade.

The trade protocol, in particular, will be “the main engine that drives economic integration in the region” and the SADC is urged to implement it.

“The conference urged the region to pay particular attention to the development of small and medium scale enterprises, the informal sector, and the smallholder agricultural sector, as these sectors offer greater prospects for gains in productivity,” the statement says.

The conference focused mainly on four broad sub-themes: macro-policy framework at regional level; enabling environment at the enterprise level; labour management relations and productivity measurement. – Sapa.
A desire to join the fast fish of free trade

Andrew Beattie

New winds have indeed been blowing through Windhoek for the past week, bringing precious rains and greening the hills of this usually parched country.

Water, so vital to this land's future, has no respect for national boundaries and carries no passport. Alfred Nzo, the South African foreign minister noted at a paradigm-shifting conference here this week:

"It is a source of life that can also be a source of unity or conflict among nations."

It was at a summit here, five years ago, in August 1992 that the Southern African Development Coordination Conference, which had its historical roots in the struggle for liberation from colonialism, apartheid and poverty in the 1970s, became the current Southern African Development Community (SADC). The SADC annual consultative conference opened on Sunday with partners calling for an integrated approach towards the economic problems of the region.

However, it was the 1994 domes of apartheid which further revolutionised SADC's sense of purpose, originally to isolate the apartheid regime and create solidarity on the part of the independent states along the edge of the so-called Boerswag Curtain.

Nelson Mandela, the present SADC chairman, aptly summed up the organisation's new role at last year's conference when he said national borders could and would no longer be the definitive element for relationships between the people of this region.

Mutinous struggle rhetoric and obligatory clarion calls for socialism from the organisation's early days were utterly transformed as today's well-groomed delegates modulate this year's theme of productivity, trade liberalisation and increasing competitiveness.

In this age of globalisation, it is no longer the big fish eating the small fish, but rather it is now the fast fish that eats the slow fish. It is also no longer a question of size, as Arturo Tolempa, the International Labour Organisation delegate told a labour-management co-operation workshop.

Another illuminating comment came from Dr Kj Armelko, UN under-secretary general and executive secretary of the Economic Commission for Africa, who tapped his African cultural roots to conclude his address with the proverb: "A too modest man goes hungry." Bold measures, or rather bold statements of intent, were the hallmark of this conference.

There was a record attendance, according to Nzo who chaired, including major contributions from the local private sector and SADC's co-operative partners, including the European Community, China and India. Letters were exchanged with Japan's ambassador, who gave the conference some hot tips for success in business from Japan's impressive reputation as well as promises of a more tangible nature.

Among other outcomes, Belgium committed an annual $10 million (R66 million) to SADC, and Jan Pronk, the Netherlands' minister for economic co-operation and the European Union's council of ministers, announced that the European Commission had set a date for a conference to renegotiate the Lomé Convention (April this year at Maastricht) with the SADC, "without preconceived notions". This preferential trade agreement's restriction on South Africa's agricultural products' access to Europe has long been a bone of contention.

Nzo said in conclusion that SADC would make "rapid" moves to implement free trade protocols, removing regional tariff structures within the next eight years, although finer points on which local products and industries would receive gradually diminishing protection had yet to be worked out.

Such was the undue haste with which delegates embraced quick-swimming notions of privatisation that it seemed almost ironic that a cold note of caution had to be sprinkled on proceedings by David Norman, the veteran Zimbabwean minister of agriculture.

He warned: "Government is fast relinquishing all its income-generating activities. How is it going to fulfil its obligations? Is the private sector going to put back the money they have taken or should we put all our faith in a national lottery?"

Norman's remarks were followed by a long and hollow silence which only ended when Nzo moved to call for a tea break.

Speaking on the ecological impact of development and high growth strategies, Jayen Cuttaree, the Mauritius minister of industry and commerce, warned that unless care for the environment was built into the new strategy, "the successes achieved in abolishing skin-colour-based apartheid, conquering space and splicing genes will be overshadowed by the spread of technological and economic apartheid. If these forms of apartheid are allowed to grow and spread, social disintegration and ecological genocide will result."

In terms of ecological footprints, said Cuttaree, developed countries like the US had left footprints 15 times larger than...
Mozambique reaffirms exit from Comesa

FROM AFP

Maputo — Mozambique has reaffirmed its decision to quit the Common Market for Eastern and Southern Africa (Comesa), a regional trade and economic body.

Mozambique said yesterday it had no business with many of the countries in the 26-member grouping, which includes Eritrea, Ethiopia, Somalia, Djibouti and Kenya.

Mozambique announced last year that it would withdraw by the end of this year. So far diplomatic efforts to make it change its mind have failed.

After meeting envoys from Comesa, President Joaquim Chissano said Mozambique would not rejoin until the relationship between Comesa and the Southern African Development Community (SADC) was clarified.

Leonardo Síman, the foreign minister, said yesterday, "I do not see any good reason for staying on since our country has neither trade nor political relations with a great deal of Comesa members such as Eritrea, Ethiopia, Somalia, Djibouti and Kenya."

He said Mozambique had suspended its membership. "We expect things to improve, and that will dictate our rejoining the organisation."

Comesa and the SADC are widely seen to be duplicating efforts of promoting and developing trade among eastern and southern African states. Most SADC members hold membership in Comesa.

The SADC is composed of Angola, Botswana, Lesotho, Malawi, Mauritius, Mozambique, Namibia, South Africa, Swaziland, Tanzania, Zambia and Zimbabwe.
Customs union agrees on revenue-sharing formula

John Di dul

NEGOTIATORS from the five nations in the Southern African Customs Union were inching towards agreement on modernising one of the world's longest trading arrangements after agreeing on a new revenue-sharing formula, senior SA officials said.

However, officials from Botswana, Swaziland, Namibia, SA and Lesotho had yet to agree on a new set of institutions and policies to underpin the agreement, trade and industry director-general Zavareh Rustonjje said.

A senior Pretoria negotiator said that in terms of the new revenue-sharing formula SA would also receive a share rather than getting the residual as was the case in the present formula.

As a concession to its partners, the neighbouring states would still receive compensation for industrial polarisation effects and to avoid fiscal disruptions resulting from the new formula. Politicians had yet to determine the scale of compensation to be received by each nation, the negotiator said.

Rustonjje denied suggestions that the new formula was based on Pretoria's proposals, saying it reflected concerns of all the signatories to the customs union agreement.

It is the first time details of the new agreement have been disclosed since the review began more than a year ago. "We need to do a bit more work on agreeing on the policy approach," Rustonjje said.

The new agreement had to be underpinned by a clear industrial and agricultural policy charting the future of the region's industries, he said.

Agreement on the revenue-sharing formula would take negotiators a step closer to the completion of the review process.

The review, initiated by then trade minister Trevor Manuel, now finance minister, came amid growing criticism that SA was unilaterally administering the customs union, raising tariffs without consulting fellow signatories.

Despite its many weaknesses, the customs union was seen by all members as crucial and members had closed ranks each time its integrity came under threat, one observer said.
Johannesburg — Southern African countries are hoping that water problems, so often the source of conflict, will become the basis for co-operation and regional development.

The 12 South African Development Community (SADC) countries signed a document last year to co-operate in shared water basins to integrate the development of water supply with power generation, domestic water supply and other sectors.

"The idea is that at the end of it all water will be a cause for cooperation rather than of conflict as water becomes scarcer," said Phra Ramolel of the SADC’s water sector, based in Maseru.

He said the largely arid region could call on non-members such as Zaire, with an abundance of water, to help. "What we have is a protocol which outlines how best water can be utilised, even if it means transferring water from regions of abundance to regions of need."

Ramoel said Angola and Mozambique had sufficient water but it was badly managed because of damaged infrastructure. Data on the changing characteristics of rivers in the countries was also long outdated.

Angola and Namibia are studying a joint hydro-electric dam project on the shared Cunene river. "We are now in the process of arranging to build a dam on this river, which would be a significant addition to the water resources of South Africa," said van Niekerk.

The project would also link with the existing Cahora Bassa hydro-electric dam on the Zambezi river, which has already been completed.

Mozambique has also teamed up with South Africa on its Cahora Bassa hydro-electric dam project. Until now Mozambique has spent about $10 million a year buying electricity from South Africa, but in April Mozambique will have the ability to export electricity for the first time in a decade.

The biggest combined water project of the region, the Lesotho Highlands water project, is expected to become reality next year. The project’s first part is virtually complete. It includes the Muela and Katse dams and transfer tunnels totalling 66 km. Tenders for the Mohale feeder dam will be put out at the end of the year.

Construction of a 72mW hydropower station near the Muela dam is under way.

The main reservoir, behind the Katse dam, is already more than 83 percent full. The dam’s 165m walls are the highest in Africa.

South Africa and Swaziland are jointly building dams on the Komati river to boost agriculture through an expanded irrigation system.

Peter van Niekerk, of South Africa’s water affairs department, said the SADC water sector met for the first time early this month. It would also tackle pollution. Van Niekerk said it was not a serious problem, but the sewage from villages built along rivers and from industrial areas had to be tackled.

"Although the sector is still in its infancy there is a great willingness to co-operate, and now we will start seeing where the actual bottlenecks are," he said.

"It doesn’t help just throwing money at projects. We need to pool together our resources to see where the constraints are so as to maximise the situation."

Reuter
LUSAKA (27/7A) The Southern African Development Community is developing a framework to combat money laundering as part of the region's economic strategy.

Zambian state-owned media quoted a SADC Finance and Investment report obtained in Copperbelt Province town of Ndola, saying harmonisation of anti-money laundering legislation and the need to establish the means for sharing information was of great importance to the region.

Ultimately, money laundering could lead to the total corruption of a financial and political structure, thereby placing an intolerable drain on the region's economy.

Money laundering is a procedure to change the identity of illegally obtained money so that it appears to have originated from legitimate sources.

A recent business trip to Gaborone, where the headquarters of the SADC are housed, unfolded a disturbing incident, which one hopes is not a true reflection of the otherwise burgeoning relations between the Botswana government and South Africa.

Talk at inter-governmental level stresses the need for strengthening economic ties between countries of the region, and the 1996 SADC summit in Maseru reinforced the vision of regional economic integration in Southern Africa which is to culminate in a free trade area early in the new millennium.

But, after my company was disqualified from bidding for a joint Botswana government/EU contract on the grounds that they are South Africans, one cannot help but get the feeling that the road to economic integration will be arduous. When asked for an explanation, one of the members on the Botswana/EU panel responded: "We don't want any Van der Merwe's working here."

Even if it were an EU stipulation to censure South African firms from bidding for the project, the manner in which the message was conveyed left a lot to be desired.

Despite the fact that the new South African dispensation will celebrate its third year in April, there is still bitterness and suspicion over whites who were partly responsible for over $10-billion losses in revenue incurred by front-line states during the era of destabilisation.

Much as my experience could be taken as a minor isolated incident, it also unmask deeply embedded suspicions of South Africa's economic designs. Pretoria's stranglehold over the region's economies continues to be a source of tension amid aspirations for economic integration between SADC countries.

This was evident during 1996 when Zimbabwe and several southern African states accused South Africa of unfair trade practices.

Much as there might be a growing number of institutionalised relationships at inter-governmental level, a sense of regionalism and trust still need to be fostered at private sector business levels and civil society levels.

Without the engagement of the private sector, the regional integration project is unlikely to record sustainable economic development. There is a need to consolidate the activities of the private sector across the region.

Business needs to be brought into the regional decision-making process and maybe the SADC's structure needs to be incorporated into SADC, whereby businesses can equally determine the economic policy of the region and map out ways to achieve some of the

Anti-SA feeling in SADC perturbing

A sense of regional identity must be nurtured among peoples of region,

writes Kgomotso Monnakgotla

goals set out by governments.

Through formal and regular interactions, it might just dawn on our neighbours that investment in their countries is not another display of power by South Africa, but an investment in the region and its people.

Furthermore, a sense of regional identity needs to be nurtured among the peoples of Southern Africa through multifaceted social, political and cultural transactions. The xenophobic trend that is emerging within South Africa is disturbing.

With the exception of Mauritius, southern African states that constitute SADC share a history of colonialism under the British and the Portuguese. And as a result, English and Portuguese are widely spoken in the region. Also, the arbitrary division of borders by colonialists split up many communities into separate nations.

Despite that, several African countries still share common languages and cultures. For example, Setswana, which is spoken in Botswana and in various parts of South Africa, is similar to, or a variation of, Sesotho which is spoken in Lesotho and in South Africa. Similarly, the Nguni populations of South Africa, Swaziland and Zimbabwe speak variations of the same language and, in some cases, observe the same culture.

Additionally, the struggle against colonialism and surrogate organisations should impart a deep bond among the people of the region and form the basis for a regional identity among the peoples of southern Africa.

South Africa has a crucial role to play in the process of eliminating existing regional mistrust which should finally show that whatever fears and concerns that exist are groundless.

Regardless of the new government in power, South Africa's regional policy must be accompanied by stone-walling. The current leaders should appreciate that much as they were victims of the former government, they were not the only ones. A shared understanding of the history in the region needs to be developed. Without this, the process towards regional integration will be undermined.

Kgomotso Monnakgotla is a research consultant for a group of economic development consultants in Pretoria.
SADC has yet to finalise free trade plan

John Dludlu 60 4/3/97

TRADE officials from the Southern African Development Community (SADC) have yet to agree on details of an ambitious plan to liberalise trade in the 12-nation trading bloc, more than five months after political leaders gave the green light to the eight-year free trade programme.

SADC spokesman Kgosi Moesi said yesterday only one government, Mauritius, had so far ratified the plan, but indicated that other governments hoped to do so by August. A majority of member states were in the process of ratifying the SADC trade protocol, while some wanted to see results of technical studies currently being done to establish which sectors and product lines had to be covered by the free trade area.

However, he emphasised that the political commitment to implement the trade protocol was strong.

The delay was, in part, caused by the need of governments to assess the sensitive sectors and to prioritise their needs. Last week, SA — which is currently chairing the SADC — gave strong signals that it intended using the trade protocol to open its markets faster to its SADC partners in a bid to rectify the long running deficit the region had suffered in its trade with Pretoria.

The protocol, approved by SADC heads of state in Maseru, Lesotho, last August, envisaged the creation of an eight-year free trade area in the SADC which would take into account the variable speed of removing trade barriers by different nations in the bloc.

The protocol also called for a linkage between trade liberalisation and region-wide industrial restructuring and promotion of new investment as well as co-operation in trade facilitation, trade promotion and rehabilitation of port facilities.

Moesi attributed the slow pace in the initiative to the process of appointing consultants and getting funding for the studies. However, there was now "keen interest" from the Nordic countries to help finance the studies, he said.

An SADC source denied suggestions that there had been a slack down in preparations, pointing to the commitment made by politicians as a clear determination to implement the protocol.
SA urged to focus on regional market

SHIRLEY JONES

Durban — If South Africa did not succeed, the rest of Africa would fail; if it succeeded, the rest of the region had a chance, Philip Clayton, an economist with Standard Bank, said at the second Indian Ocean Rim Consultative Business Network Conference yesterday.

Clayton said South Africa played a small part in the global economy which highlighted the importance of the Indian Ocean Rim initiative, which focused interest on the region.

"If you want to invest in Africa, you have to look at South Africa, which is the economic giant in the region," he said, pointing out that this country accounted for $121.5 billion of Africa's $330 billion gross domestic product.

"South Africa contributes half of one percent of the globe's output. However, it dominates the continent. With 6 percent of Africa's surface area and 6 percent of the continent's population, it contributes 27 percent of Africa's output, 39 percent of sub-Saharan Africa's output and 72 percent of Southern African Development Community (SADC) output," he said.

He said he had tried to encourage South African companies to import from Africa to create a bigger regional market.

He said 70 percent of exports to Africa were manufactured goods.
Another bumper maize crop predicted for Southern Africa

MARIUS BOSCH

Johannesburg - Southern Africa could see a second successive bumper crop of its staple maize in 1997 although dry weather and excessive rains in some parts could affect production, the Southern African Development Community (SADC) said yesterday.

The SADC said in its March update to the regional grouping’s Quarterly Food Security Bulletin that a tentative maize harvest of between 16.28 million and 20.60 million tons had been forecast for 1997 compared to 20.34 million tons last year.

The 1997 crop could be almost double that of 1996, when drought reduced production to 11.1 million tons.

But the SADC said Southern Africa’s largest maize producer, South Africa, could produce a maize crop of between 7.5 million and 9.8 million tons – considerably down on the 1996 crop of 9.93 million tons.

“Prospects for a good harvest have been dampened by the intermittent dry spells experienced in many parts of the summer rainfall region,” it said.

Although South Africa’s yellow and white maize plantings increased by 1.6 percent in 1997, “potential yields are likely to be reduced as a result of unfavourable weather conditions”.

It predicted a domestic South African maize shortfall of 470,000 tons if the lower forecast of 7.5 million tons was considered.

In other SADC member countries, including Malawi, Mozambique, and Zimbabwe, flooding following incessant rains could reduce the potential maize yield, the SADC said.

And in Tanzania, a late start to the rainy season has drastically reduced the maize production outlook.

Tanzania’s maize output will be reduced to between two million and 2.6 million tons from the 2.64 million last year.

“Production of rice and wheat are expected to be similarly reduced,” the SADC said.

And Zimbabwe’s maize harvest could drop to between 2.1 and 2.4 million tons from the 2.64 million last year.

“Production was initially forecast to surpass last year’s level or, at the very least, match that level but the maize crop has been reviewed downwards given a reduction in planted area following a late start of the rains, coupled with excessive rains and waterlogging,” the SADC said.

Mozambique could see another above average maize crop in 1997 following good rains and a significant increase in planted area.

The country could produce a crop of between 900,000 and 1.1 million tons, against last year’s 947,000 tons.

The SADC said if the forecast regional maize harvest was realised, it would be more than sufficient to meet Southern Africa’s projected consumption requirement and reserve stock needs of 19.96 million tons. – Reuters
Johannesburg — Southern Africa could see a second successive bumper crop of the maize staple this year, although dry weather and excessive rains in some parts of the region could affect production, the Southern African Development Community (SADC) said yesterday.

SADC said in its March update to the regional grouping's Quarterly Food Security Bulletin that this year's crop could be almost double that of 1995, when drought reduced production to 11.1 million tons.

But SADC said southern Africa's largest maize producer, South Africa, could produce a maize crop of between 7.5 million and 8.8 million tons, considerably down on last year's crop of 9.90 million tons.

Though South Africa's yellow and white maize plantings increased by 1.6 percent this year, SADC said “potential yields are likely to be reduced as a result of unfavourable weather conditions”.

It predicted a domestic South African maize shortfall of 478,000 tons if the lower forecast of 7.5 million tons was considered.

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Zimbabwe's maize harvest could drop to between 2.1 and 2.4 million tons from the 2.64 million of last year.

Mozambique could see another above-average maize crop this year following good rains and a significant increase in planted area. The country could produce a crop of between 800,000 and 1.1 million tons, against last year's 847,000 tons.

SADC said Botswana's cereal harvest could drop by about 60 percent to 26,000 tons from last year's 61,000 tons, mainly because of a substantial reduction in area planted. It forecast a Botswana maize crop of between 6,000 and 10,000 tons from last year's 23,000 tons.

SADC also said if the forecast regional maize harvest was realised, it would be more than sufficient to meet southern Africa's projected consumption requirement and reserve stock needs of 18,96 million tons. — Reuters
Bank opens Maseru gate to SADC

Maseru – Nedbank says it cannot fully serve the Southern African Development Community from South Africa and has to establish branches in the SADC states.

Nedbank corporate and international division director Derek Muller was speaking at the official opening of Nedbank’s new branch in Maseru, on premises previously occupied by Standard Chartered Bank, which Nedbank bought with effect from January 1.

Mr Muller said Nedbank had already established branches in Zimbabwe and Namibia and had just bought Standard Chartered Bank in Swaziland. The bank looked forward to opening branches in other SADC countries in the years ahead.

Nedbank Maseru’s managing director is Claude Pearce.

He previously served with Nedbank for two-and-a-half years in Beijing. – Sapa
SADC signs agreement with Belgium: The Southern African Development Community has signed a general agreement of co-operation with Belgium, providing a regional policy framework for assistance worth $10 million. The SADC is an organisation joining 12 southern African states into a regional trade bloc. The members of the SADC are Angola, Botswana, Lesotho, Malawi, Mauritius, Mozambique, Namibia, South Africa, Swaziland, Tanzania, Zambia and Zimbabwe.
Portnet officials aid duty evasion, says US

‘Customs union provides loophole’

The United States says goods imported into South Africa for shipment to the members of the Southern African Customs Union (SACU) are susceptible to extensive duty evasion.

In its annual appraisal of foreign trade barriers, the Office of the US Trade Representative said Portnet customs officials facilitated the evasion of customs duties by grey-market importers.

“According to sources, malfeasance within the South African port system is exacerbated by corruption within the ports of entry of South Africa’s Southern African Customs Union partners (Namibia, Botswana, Swaziland, and Lesotho), where imported goods are occasionally repackaged as items made in one of these respective countries and exported to South Africa, where they evade customs levies due to the SACU accord,” the report said.

The 1997 National Trade Estimates Report on Foreign Trade Barriers, released at the weekend, said that over the past year several South African importers had complained about illicit imports and import duty evasion.

“Importers of agricultural products, poultry, and manufactured goods have asserted that a lack of adequate funding, training and staffing has led to a problem of inefficiency and malfeasance among the port customs inspectors and within the state-owned port and cargo handling company, Portnet,” the report said.

“Finally, illegal shipments overland through Mozambique account for a high share of illegal imports and contraband trade. Importers and foreign customs officials have estimated the percentage of intercepted illegal imports into South Africa at less than 10 percent,” the Office of the US Trade Representative said.

It acknowledged that the South African Government was aware of the problems with its customs service and was attempting to redress them through co-operation with international organisations and training programmes with US, British and European customs services.

“Nonetheless, the problem of illegal imports and customs evasion will take many years to overcome, as the Government of South Africa struggles to direct limited funding and inadequate available human resources across a wide area of law enforcement needs.”

The US government said several US companies claimed that import surcharges remain in several industries, but the charges cited appeared to be excise taxes that were applied in a non-discriminatory manner to domestic as well as foreign producers.

For example, although the government reduced the tariff on instant-print cameras from 6 percent to zero on June 22 last year, instant-print cameras and instant-print film continued to be classified as luxury items and remain subject to high excise taxes of 37.5 percent and 32.5 percent respectively.

Although these excise taxes are non-discriminatory, US producers claim that there are no domestic producers and that the high taxes induce circumvention by illegal importers.

“Extensive circumvention of customs collection at South African ports of entry may allow some foreign importers to avoid paying the high tax, giving them an advantage over those importers paying proper excise taxes,” the Office of the Trade Representative said.

The SACU, created in 1910, provides for the duty-free status of goods from Namibia, Botswana, Swaziland and Lesotho.
Comesa must decide fate of its top official

John Dladla

HEADS of state from the Common Market for Eastern and Southern Africa (Comesa) are meeting in Lusaka, Zambia, this week to consider the progress of Comesa's programmes and the fate of the organisation's secretary-general, Bingu wa Mutharika.

Mutharika was put on three-month “forced leave” last month amid allegations of abuse of his authority, and financial mismanagement.

Comesa information officer Cathie Zulu said this week an inquiry into the allegations against Mutharika had been concluded. Its findings would be discussed by the leaders on Thursday.

Zulu said the inquiry, instituted by the ministers' council of the 20-nation trading body, had been widened to include the secretariat's financial affairs.

Mutharika, abandoning his previous conciliatory attitude, is reported to have threatened to sue Comesa if the organisation fails to prove the allegations against him.

Recently, two Comesa members - Mozambique and Lesotho - announced separately their decision to withdraw from the organisation whose membership overlaps that of the Southern African Development Community. Of the SADC's 12 member nations, only two - SA and Botswana - are not Comesa members.

However, Zulu played down claims of a disintegrating organisation in the wake of the two countries' intended pullout, saying Lesotho and Mozambican representatives were attending the officials' meeting. "That we have 16 out of 20 countries represented here (at the intergovernmental meeting) is a good indication," she said.

Zulu said no further resignations were expected and efforts to win back Maseru and Maputo, initiated by Mutharika, were continuing.

She also denied rumours that members were not paying their subscriptions and that donors - including the European Union and the Nordic nations - were disillusioned with the organisation.

No agreement has been reached on an agenda for a proposed joint Comesa/SADC summit to resolve tensions in the two bodies.
John Dludlu

TRADE and Industry Minister Alec Erwin would join his colleagues from the Southern African Development Community in a mission to the US next week, a US trade envoy in the SADC region said yesterday.

Millard Arnold, a Johannesburg-based US minister counsellor in the region, said the purpose of the trip was to discuss the proposed SADC trade protocol. The ministers would get a chance also to explain to US business the ambitious project that seeks to free trade among the SADC’s 12 member nations over the next eight years, he said.

The SADC nations agreed on the protocol last August, but it has yet to be ratified by governments. The SADC secretariat is hoping the initiative will have been ratified by a majority of the governments this coming August, paving the way for its implementation.

Arnold, who was first appointed to his position more than a year ago by the late US commerce secretary Ron Brown, said the ministerial mission — funded by Washington — was a follow-up of last year’s conclusion of a trade co-operation agreement between the SADC and the US. More such encounters were envisaged in the future.

The ministers would have a chance also to market their countries as investment destinations to US business at a meeting of the Corporate Council on Africa.

The council is made up of US companies committed to making a contribution to Africa’s development through trade and investment.

Deputy President Thabo Mbeki was expected to join other African heads of state in the US, Arnold said.

During their trip, the ministers would hold a round-table discussion with William Daley, the new commerce secretary.

Arnold, whose position is the only political appointment a commerce secretary can make in any part of the world, has since been reappointed to his post by Daley as a sign of continued commitment to the economic development of the region.

With the achievement of peace in most parts of the SADC, except for Angola and occasional eruptions of political crisis in other countries, the region, which has more than 120million people, is generally seen as being on the path to economic recovery.

Trade watchers say a race has developed among the world’s industrialised nations to establish a presence in the region. The EU, which boasts a longstanding co-operation relationship with the SADC through the Lomé convention, is regarded as enjoining an advantage.

The convention, which expires at the turn of the century, gives tariff and quota preferences to 70 African (including all the SADC nations, except SA), Caribbean and Pacific nations into the EU market.
World Bank wants
regional co-operation

Renée Grawitzky

THE World Bank is behind efforts to foster co-operation between financial markets in southern Africa.

Richard Keteley, who until recently worked for the World Bank, said yesterday that financial sector reform should be at the heart of a strategic agenda for Africa. He was addressing a workshop for southern African financial unions, organised by the International Co-ordinating Body for Financial and Administrative Unions and the Friedrich Ebert Foundation.

He said a strategic agenda to integrate the region’s financial markets was critical for people to gain access to savings, especially at a time when donor money in Africa was declining.

In this context, there was a need for competitive banks which could mobilise savings, since investment depended on increasing savings.

Africanc had to ensure it was not sidelined in the global trend towards “harmonising and integrating” financial institutions. A regional approach would imply that individual countries would attempt to harmonise their laws, customs and practices, as was already happening in west and east Africa.

It had been easier for west African countries to go this route since they shared a long history of a single currency and a French banking tradition. However, the southern African region had inherited the British-style banking system, which created strong opportunities for a move towards integrated markets.

The parties, however, were a long way off discussing a single currency in the region. A significant level of monetary integration already existed and this would continue in the future. However, a major concern was macroeconomic management of some countries, he said.

With the exception of Mauritius and SA, financial systems in Africa remained weak.

Therefore, a move towards integrated markets would be more cost-efficient and more effective for future financial market participants.

Keteley said the World Bank was providing some assistance to a Southern African Development Community secretariat committee, which had started discussing the integration of financial institutions.
Tariff-setting delays trade accord

John Dludlu

NEGOTIATORS from the signatories to the regional customs union — SA and Botswana, Lesotho, Namibia and Swaziland — have yet to agree to details of an institutional framework to govern the revamped trading arrangement, according to sources close to the SA team.

An SA government source said at the weekend the sticking point in the talks, which started almost two years ago, was on the tariff-setting institution arrangements. SA’s neighbours wanted more say in the determination of tariff levels, he said. Under the current agreement, which is being reviewed, tariff levels are set by SA’s board on tariffs and trade.

The source admitted the team had not met this year and that the neighbouring countries were waiting for a final response on some key aspects of the talks from their Pretoria counterparts. No official comment was available from the trade and industry department.

The SA source said there was broad consensus on other institutions, including the ministers’ council and a committee of senior technocrats, but Pretoria authorities were concerned about a “secretariat with hundreds of people” to determine the level of tariffs. The neighbours wanted a much bigger role than just tariff-setting.

The official said President Nelson Mandela’s administration, which runs the tariff-setting board, had tried to improve consultations with the neighbouring countries, but “we want something better than this”.

Earlier in the talks, an idea of an independent secretariat was suggested as part of an attempt to democratis the administration of the customs union, notably the determination of tariff scales.

A tentative agreement had been reached on the revenue-sharing formula, suggesting that excise duties be excluded from the new formula. A drastic overhaul of the way the customs duties revenue was being shared has also been proposed.

In terms of the old formula, SA, which has always been blamed for the “octopus-like grip” it has on the trading arrangement, was entitled only to the residual share of the pool, giving the neighbouring countries first claim to the customs spoils. The new formula, to be based on the price-raising effects and intracustoms union trade, will give SA a share in the common pool.

The Pretoria source felt the alternative formula would compensate the neighbouring countries for the effects of industrial polarisation and that it was more viable than the idea of a development fund suggested earlier in the review process. On the conclusion of the talks, the source said: “If we’re lucky, we’ll have agreement this year before drafting begins.”
Erwin calls for wider US investments

RICH MKHONDO
WASHINGTON BUREAU

Trade and Industry Minister Alec Erwin has called on American business leaders to channel their investments into the Southern African Development Community (SADC) countries, not South Africa alone.

“South Africa cannot be, and I hope never will be, satisfied with a process where we see a flow of investment into South Africa alone because of its present economic strength.

“South Africa will never be satisfied with investments that are not matched by the same flow of investments into the SADC countries.

“If that happens we (SADC members), will have failed,” Mr Erwin told members of the United States-South Africa Business Council, an organisation of US companies investing or trading with South Africa.

“We (South Africa) do not seek all investments in South Africa; we must get investment across the region,” he said.

The US-South Africa Business Council provides a forum for business and political leaders in the two countries to discuss policy issues affecting trade and investment. It is a network for US and South African business leaders, and an information source on the economic and political environment in South Africa.

Mr Erwin and hundreds of other ministers, including 12 from the SADC region, are in the US attending the “Attracting Capital to Africa” summit organised by the Corporate Council on Africa.

Deputy President Thabo Mbeki and Energy Minister Pennuel Maduna are also attending.

Mr Erwin said: “We in South Africa are quite clear. As a matter of policy, we believe that the only path we could set is a path that links trade and investment into the SADC.

“Our approach to the SADC is one where we see trade and investment as part of a common strategy that will benefit all of us. We have begun to take concrete steps to encourage this position.”

Mr Mbeki will address the summit, receive a joint award called the “Good Governance Award” from the council with the presidents of Uganda, Mozambique, Ivory Coast and the Prime Minister of Ethiopia, meet hundreds of potential investors, most of them members of the powerful Fortune 500, and hold discussions with US Vice President Al Gore, Secretary of State Madeleine Albright and other government officials.
US urged not to invest in SA alone

By Ron Michondo

Washington – Trade and Industry Minister Alec Erwin has called on American business leaders to channel their investments into the Southern African Development Community (SADC) countries, not South Africa alone.

“South Africa cannot, and I hope never will, be satisfied with a process where we see a flow of investment into South Africa alone because of its present economic strength.

“South Africa will never be satisfied with investments that are not matched by the same flow of investments into SADC countries. If that happens we (SADC members) will have failed,” Erwin told members of the US-South Africa Business Council, an advocacy organisation of US companies investing or trading with South Africa.

“We (South Africa) do not seek all the investments in South Africa, we must get investment across the region,” he said.

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“Our approach to the SADC is one where we see trade and investment as part of a common strategy that will benefit all of us. We have begun to take concrete steps to encourage this position.”

— Star Foreign Service
**Mahathir set for SADC summit with 14 leaders**

**AKG 2/5/97**

Gaborone - Fourteen African heads of state are expected to convene with Malaysia's prime minister for a five-day economic conference which opens tomorrow near a game reserve in northern Botswana.

The gathering, held in the northern town of Kasane, near the sprawling Chobe National Park bordering Namibia and Zambia, is intended to woo investors to the newly opened economies of southern Africa, and is likely to attract 250 big investors from around the globe, organizers say.

The conference, dubbed the Southern Africa International Dialogue (Said), is jointly organised by the 12-country Southern African Development Community (SADC) and Malaysia.

Botswana's President Ketumile Masire, who is co-hosting the conference, told reporters here that participants hoped to standardise economic legislation in southern African states, in a bid to woo investors to the region.

"The SADC countries still operate independently from each other and we are working towards common legislation," President Masire said.

Participating in the meetings are the heads of SADC states: Angola, Botswana, Lesotho, Malawi, Mauritius, Mozambique, Namibia, South Africa, Swaziland, Tanzania, Zambia and Zimbabwe.

Also attending will be Malaysia's Prime Minister, Mahathir Mohamad, and guests President Yoweri Museveni of Uganda and Ghanaian President Jerry Rawlings.

Captains of business from Australia, Barbados, Brunei, Canada, Cyprus, France, Germany, Japan, Jordan, New Zealand, Paraguay, the United Kingdom and the United States would also attend the conference, organisers said - Sapa-AFP
SADC ponders implications of a Kabila triumph

LESLEY WRIGHTON

Johannesburg. — Laurent Kabila, Zaire's rebel leader, is intent on winning power either on the battlefield or in negotiations, but his southern neighbours are wary of what that holds for their region.

Kabila has seized control of about a half of the country, but with Zaire in disarray and in desperate need of economic rebuilding, analysts are cautious about the country's prospects under him.

There is little doubt about the potential for business and southern African countries eagerly eye increased ties. Anglo American Corporation, the mining conglomerate, has recently shown interest in copper and cobalt projects. Kabila's rebel alliance, without being in power, has already awarded American Mineral Fields a $1 billion mining deal.

Nevertheless, southern African states are worried about how best to help stabilise their neighbour. Some observers believe a Zaire wanting to dig itself out of its economic mess might again seek membership of the 12-nation Southern African Development Community (SADC).

The government of President Mobutu Sese Seko has twice sought SADC membership, but was turned down both times.

"I don't think the so-called rebels have any other agenda at the moment except deposing Mr Mobutu and this is ... (a) worrying factor because they don't seem to have a political agenda," says Lengolo Mnyakana, the SADC's deputy executive secretary. "This is supposed to be southern Africa and by introducing Zaire, that would be stretching the concept of southern Africa a little too far."

Political analysis say instability in Zaire and deep-rooted ethnic divisions that periodically surface will continue to keep it at arm's length from its neighbours. "The SADC debate around Zaire will go on for a while before one sees confidence in Kabila and Zaire from its neighbours," says Vernon Seymour of the Centre for Southern African Studies in Cape Town.

Last month saw the inauguration of a unity government in SADC member Angola after two decades of civil war, and the trade group has touted its recent stability as a drawcard for investors.

An African economist says official trade between the SADC and Zaire is limited and it would make sense if a new Zairean government sought membership of the SADC — a move that may help it overcome regional trade and tariff barriers.

"Southern Zaire, especially Shaba province, is effectively already part of the SADC because it transports its cobalt and copper through the SADC. Once Angola gets itself together there is no doubt that Zaire will also use it as another SADC transport route for its minerals," he says.

Other business links include busy informal trade between Zaire and Zambia, and Mobutu's government signed a deal with the SADC to share hydro-power from the Zaire river.

South Africa is Zaire's biggest SADC trade partner. Its exports were worth about $200 million over the first 11 months of last year — mainly foodstuffs and mining gear. Zaire's exports to South Africa over the same period totalled $113 million, mainly copper and cobalt.

Security analysts say the presence of thousands of Zairean refugees in SADC countries is unsettling to regional stability, but an end to the Mobutu era is likely to ease tensions over Zaire's support for Unita, which used Zaire as a route for illegal diamond trading. — Reuter
Guaranteed by being competitive

Competition of wealth can be

Regional partners fear they may lose out in SA-EL deal

ANALYSIS
Economic conference to
synchronise trade efforts

GABORONE — International heads of
government and business began trickling
into the remote northern
Botswana town of Kasane on Saturday
for a four-day southern African eco-
nomic conference.

Fourteen African heads of state,
with Malaysia’s prime minister, are
expected to attend the conference,
dubbed the Southern Africa Interna-
tional Dialogue, which officially
opened yesterday. The gathering,
jointly organised by Malaysia and 12
Southern African Development
Community (SADC) states, will take place
near the sprawling Chobe Game Re-
serve bordering Namibia and Zambia.

By late Saturday afternoon,
Botswana President Ketumile
Masisi, Zimbabwe President Robert
Mugabe, Malawi President Bakili Muluzi, and
his Namibian counterpart, Sam Nujo-
ma, had arrived.

At least 10 other heads of state were
due to arrive yesterday, but it was un-
clear if SA President Nelson Mandela
would make it. He was on an SA naval
ship docked in Congo, waiting to chair
Zairean peace talks between President
Mobutu Sese Seko and rebel leader
Laurent Kabila.

Former African National Congress
(ANC) secretary-gen-
eral Cyril
Ramaphosa
led a dele-
gation of
SA busi-
ness lead-
ers. More
than 250
captains of
business
from all
over the
world also
began ar-
iving on
Saturday.

Conference
organisers said the aim of the con-
ference was to attract investment to
southern Africa’s emerging economies,
and synchronise trade efforts between
SADC countries.

Botswana President Ketumile
Masisi, who is co-hosting the confer-
ence, said last Wednesday that partici-
pants hoped to unify economic legis-
lation in various southern African
states, in a bid to woo investors to the
region.

“The SADC countries still operate
independently from each other and we
are working toward common legis-
lation,” Masisi said. “We are working to-
gether to promote southern Africa to a
global market.”

Some participants expect to reach
trade and water protocols during the
gathering, which ends on Wednesday,
Masisi said.

Organisers hope it will become an
annual event, to be rotated among the
southern African countries.

Participating in the meetings are of-
icials from all 12 SADC states: Angola,
Botswana, Lesotho, Malawi, Maurit-
tius, Mozambique, Namibia, SA,
Swaziland, Tanzania, Zambia and
Zimbabwe.

Also attending will be Malaysian
Prime Minister Mahathir Mohamad,
and special guest Uganda President
Yoweri Museveni and Ghana Presi-
dent Jerry Rawlings.

Business “leaders” from Australia,
Barbados, Brunei, Canada, Cyprus,
France, Germany, Japan, Jordan, New
Zealand, Paraguay, Britain and the US
would also attend the conference, or-
ganisers said.

The meetings follow the SADC an-
nual summit last August in Maseru,
Lesotho, in which 10 of the 12 SADC
members signed an historic agreement
to create the subcontinent’s first free
trade bloc over a period of eight to 10
years.— Sapa-AFP.
efforts in SADC

EU preference demands, may undermine
SADC gathering enjoys an international boost

FROM AFP

Gaborone, Botswana — The Southern African International Dialogue, a unique five-day conference aimed at unifying economic legislation and wooing investors to the region, opened yesterday in this remote Botswana town.

The meeting was jointly organised by Malayan and the 12 member states of the Southern African Development Community (SADC). Ketumile Masire, the Botswana president, and co-host of the conference, said the SADC countries were working together to promote the region to a global market. Some participants expected to reach trade and water protocols.

Participating in the conference are officials from all 12 SADC states, along with Mahathir Mohamad, the Malaysian prime minister, and special guests Yoweri Museveni, the president of Uganda, and Jerry Rawlings, the president of Ghana.

The organisers said various international captains of industry were also to attend, including representatives from Brunei, France, Jordan, and the United States.

The conference follows a SADC summit last August in Maseru where 10 members signed a historic agreement to create the subcontinent's first-ever trade bloc to be launched over a period of eight to 10 years.
Business captivities at SADC Indaba...
WEAPONS

Harare conference seeks solution to land mines

SADC tackles a lethal legacy

Tarcky Munaku

Harare – Elizete Manhica woke up one morning in March last year to tend her small plot of land in a village in Mozambique, one of the poorest countries in the world still struggling to recover from a debilitating civil war that ended in 1992.

She was gathering dry grass to thatch her hut when she stepped on a strange object and decided to take a box to remove it. That action cost Manhica her life.

The object, an anti-personnel land mine, exploded and killed her, the mother of three small children. She died on her way to hospital.

Manhica’s case was cited recently in Harare when senior diplomats and defence ministry officials from the 12 countries forming the Southern African Development Community (SADC) met for three days last week to map out a strategy to rid the region of about 20 million land mines that have claimed at least 29,000 victims since 1961.

The SADC symposium, organised by the International Committee of the Red Cross and sponsored by the Organisation of African Unity and the Zimbabwe government, noted that anti-personnel mines are a curse for disadvantaged people, mainly in poor and developing countries.

At least 119 million active land mines are scattered in 71 countries. The Red Cross says just as many are waiting to swell their numbers in stockpiles all over the world.

Today, about 15 developing countries are crippled by land mines. The most affected are Angola, with 15 million of the lethal weapons, and Afghanistan, Cambodia and Iraq, each of which has 10 million.

These nations are followed by Bosnia, with between 5 million and 6 million; Vietnam (3.5 million); Mozambique and Croatia (3 million each); Zimbabwe (2 million) and Eritrea, Somalia and Sudan, all with 1 million each.

Anti-personnel mines often strike the poorest and those least able to cope with the consequences, says the Red Cross.

It gives as an example Afghanistan, where 94 percent of mine victims are in debt for medical treatment received.

The Red Cross says surgical care and the fitting of an orthopaedic appliance cost at least $3,000 an amputee in developing countries.

It estimates that 800 people are killed by mines every month and 1,200 maimed. This means that at least one person is either maimed or killed by a mine every 20 minutes. Most are civilians who become victims long after hostilities have ended.

“Land mines are often sited deliberately at civilians in order to empty territory, destroy food sources and create refugee flows, or simply to spread terror,” said the Red Cross in a study it commissioned.

The organisation says mines are a favoured weapon because they are cheap. The weapons cost between $3 and $30 each, yet they cost from $300 to $1,000 to deactivate.

Removing the world’s 119 million active mines would cost an estimated $33 billion. Experts say that under the present conditions it would take at least 110 years to clear the entire universe of mines, assuming of course that not a single new mine is laid.

The study said that, generally, societies with the most severe land mine problems are those already shattered by war. They tend to be among the poorest in the world with few resources to cope with the consequences of the scourge and where medical infrastructure is rudimentary, and trained medical personnel and facilities are scarce.

According to the Red Cross, one of every 34 Angolans is an amputee. In the US that ratio is one of every 22,000 inhabitants.

— Pan African News Agency
SADC 'needs economic integration'

John Dludlu

The new direction for the Southern African Development Community (SADC) was to increase economic integration and restructure the region's productive sectors in pursuit of export-oriented production, President Nelson Mandela said last night.

Mandela, who is chairman of the 12-nation SADC, was addressing delegates from the private sector, labour and governments at the Southern Africa International Dialogue conference in Kasane, Botswana. The conference's theme is 'Smart Partnership for the Generation of Wealth'.

Mandela said that growing interdependence among nations and the emergence of regional blocs meant no country in southern Africa could prosper in isolation from its neighbours. "If we are to restructure our economies successfully as a basis for sustained growth and make effective responses to changes on the world economy, then we need a regional framework... and a collective voice that can be heard in the economic forums of the world."

Progress, made possible by political stability in the region, had been made in establishing a regional framework for growth and development, he told the conference, attended by seven of the SADC's leaders. Development, he said, required social partners — labour, governments, society and business — to join hands.

Earlier in the week, Botswana President Ketumile Masisire, past-SADC chairman, said the "smart partnership" concept provided a new framework for governments and companies. "It is a business philosophy and practice based on the idea of 'prosper-thy-neighbour' relationships."
SADC’s tariff tardiness could choke SA’s deal

Johannesburg — Delays in the Southern African Development Community’s (SADC) reform of regional tariff policies could hold up negotiations between South Africa and the European Union (EU) over a free trade agreement, Erwan Fouéré, the union’s ambassador to Pretoria, said yesterday.

Fouéré said the length of time it took the SADC to dismantle tariffs would determine the timing of an agreement with the union, but warned of “slippage” in regional tariff negotiations, partly because of bilateral differences.

“It doesn’t make much sense for South Africa to ... reduce tariff schedules with us without doing it with SADC. That will cause tensions,” he said. “Whatever we negotiate with South Africa must have benefit for the region.”

Fouéré said he expected a clear understanding between South Africa and the EU of a timetable for dismantling tariffs by the end of the year.

The union’s opening mandate excludes some 30 percent of South African agricultural products from duty-free entry into Europe. But Fouéré said he expected the differences to be narrowed down to about 12 products, “then the political heavyweights would come in to broker a deal”.

The last round of negotiations took place in January after they reached deadlock last year.

The EU accounts for 82 percent of total foreign investment in South Africa and is the country’s largest trading partner.

Fouéré said maintaining the momentum in talks was essential to give a clear message to the business community. He warned that negotiation “would become much more difficult down the road”, because priorities such as the single European currency and the enlargement of the union would consume Europe’s policymakers and overshadow external trade relations.

He said South Africa’s entry last month to the Lomé Convention, the co-operation agreement between the European Union and 70 African, Caribbean and Pacific countries, was the biggest single achievement towards the free trade agreement. “The accession to Lomé has given a strong morale boost to the negotiations,” he said.

Membership in the convention will give South African companies access to tenders for EU contracts in those countries over the next five years and will allow the export of locally made components to neighbouring countries for products that will then be exported to the EU at preferential tariffs.

“The practical implication ... is that South African companies can tender for some very lucrative contracts worth R45 billion,” he said.
SADC trade officials hold talks in Botswana

Although the 12 nations of the SADC, with its headquarters in Botswana, signed the protocol last August, only a few nations — including Tanzania and Mauritius — have so far ratified the agreement.

However, the SADC secretariat says most governments will have signed the plan by August this year.

A director for the trade and industry department, Mphando Nkulu, said yesterday that SA’s position was that Parliament should ratify the framework and implementation plan of the protocol.

The trade department and the board on tariffs and trade are preparing SA’s offer to fellow SADC partners.

The offer, also to be discussed with business and labour at the statutory consultative body Nedlac, will detail schedules of SA’s tariff reduction.

SA has said that it intends to use the free trade area to bolster the share of its neighbours’ imports in its markets. SA enjoys an enduring surplus in its trade with the SADC.

Nkulu said the department believed trade alone could not address the economic imbalances in the region. Investments in the region and spatial development initiatives — exemplified by the Maputo development corridor with R23bn worth of investment possibilities — could also go some way towards reviving the economic fortunes of the region, he said.
EU may assist SA’s neighbours (27-4-94)
John Deaccess
28-12-5199
SA’s neighbours in the 12-nation Southern African Development Community (SADC) would be given technical assistance as part of a bid to limit the damaging effects of the proposed free trade agreement between the European Union (EU) and SA, the EU said at the weekend.

Recently, the European commissioner in charge of relations with Africa, João de Deus Pinheiro, said the SADC nations could apply the rules of origin to maintain tariff protection against EU goods being moved through SA to their markets—a move which would limit the negative effect of the EU-SA free trade deal.

Regional trade observers said applying such complex measures could be an administrative nightmare for the SADC nations, most of which had porous customs borders anyway, and could be a deterrent to intra-SADC trade.

However, João Vale de Almeida, Pinheiro’s spokesman, said on Friday: “We are ready to give technical assistance to the SADC to limit the negative effects and to help them (SADC) take advantage of the benefits of the proposed EU-SA free-trade area.”

The EU, which has proposed an asymmetrical free-trade area with SA, previously indicated it might provide SA’s customs union partners—Botswana, Lesotho, Namibia and SA (BLNS)—with transitional fiscal measures to soften the blow of the proposed agreement with SA.

The commission, the EU’s executive, has also offered to finance studies so that SA and the four nations could assess the effect of its proposals.

This is the first time Brussels has indicated its willingness to help the SADC cope with the consequences of the suggested accord.

The possibility of technical assistance has been discussed with the SADC nations—which are all signatories to the Lomé convention.

Although Brussels says talk of compensating the BLNS has been exaggerated, it has said assistance could come from the Lomé structural adjustment funds.

Meanwhile, EU chief negotiator Philippe Souhrase is expected to arrive in SA today for discussions on the implementation of the EU’s aid programme to SA.

Almost 1.5bn in development aid has been pledged to SA up to 1999.
Labour ministers adopt regional code
KYALAMI THE GUNNA

Consumers to bear brunt of full water costs

SADC must look at local competition
SA proposes fund for free trade deal fallout

Wyndham Hartley

CAPE TOWN — SA has proposed that a fund be set up to compensate workers in the Southern African Development Community (SADC) who lose their jobs as a result of a free trade agreement with the European Union (EU), and to provide investment where businesses are closed.

However, the confrontation between Trade and Industry Minister Alec Erwin and the EU over agricultural exclusions to the accord could delay talks on compensation.

In a briefing to a joint meeting of the trade and industry, agriculture and foreign affairs committees of Parliament yesterday, chief director of foreign trade Faizel Ismail said Erwin had told EU development director Phillipe Soumbestre that until there was a significant response on agricultural exclusions, SA would be constrained in making its own offer in the negotiations.

Ismail said the department was still discussing on development funding will be pursued once the SA position has been tabled.

Ismail said until there was a clear indication that the list of agricultural exclusions would be reduced — he insisted it was closer to 40% of SA agricultural produce than the 4% claimed by the EU — “we will have difficulty pursuing the trade part of the agreement with any enthusiasm”.

(1) Reuters reports SA and the European Commission finalised a multibillion-rand programme yesterday to provide grants and soft loans for development projects between this year and 1999. About R1.8bn in grants had already been committed, and the new programme made R2bn available.

SADC

Continued from Page 1

waiving for a response from the EU on structural adjustment damage to businesses as a result of the agreement.

He said the burden of adjustment on SA business would be high because of the legacy of high tariffs and low worker productivity. He hoped for a “significant and positive response” from the EU at the next round of talks in July.

Ismail described the EU’s attitude to compensation for SADC countries as “unsatisfactory” because it had said SA would have to deal with the fallout. However, EU sources have said that
Global competition at issue in WEF talks

Southern Africa trade bloc

Hare summin will discuss a

Support from 216/94

Support from 216/94

Support from 216/94
Scarce water 'could cause friction' in southern Africa

MASERU — A senior Southern African Development Community (SADC) official warned yesterday that water, a scarce resource in the region, could trigger conflict unless it was shared and properly used.

At a water conference in Lesotho attended by more than 100 delegates from 11 of the 12 SADC countries, SADC deputy executive secretary Lengolo Momyake said water had gained an increasingly important role.

"It is perhaps worth underscoring the fact that water scarcity and the concomitant reliance on shared rivers can be a potential source of conflict at various levels," he said.

"Water scarcity is increasingly becoming the pivotal issue that will determine the success or failure of the new SADC vision which is aimed at increasing investment, trade, peace, security and the social and economic development of the region as a whole."

The community, which groups Angola, Botswana, Lesotho, Malawi, Mauritius, Mozambique, Namibia, SA, Swaziland, Tanzania, Zambia and Zimbabwe, represents 40% of Africa's population and 80% of its gross domestic product. Studies have indicated that, within the next 10 to 30 years, Lesotho, Tanzania, Zimbabwe, Mozambique and Mauritius will join Malawi, SA and Namibia as countries where water is very scarce.

By 2000, more than half of southern Africa's population will live in urban areas, further increasing the demand for clean water, according to reports presented to the conference.

Civil strife in Angola, Mozambique, Namibia and SA has caused the mass movement of millions of people to urban centres. It has also meant that water resources have not been properly developed.

The Zambezi River, the largest African river to flow into the Indian Ocean, which along with its tributaries is vital to about 26-million people in eight countries, generates about 4.500MW of hydroelectricity out of a potential 20.000MW. A report by the Desert Research Foundation of Namibia said at least four future hydroelectric developments for the Zambezi River basin could generate another 4.500MW. It said more than 50 000ha of land could also be brought under irrigation in the next 30 years. — Reuter.
Use of cheap labour criticised

Patrick Wadula

KELVINATOR SA’s new MD, Simon Koch, criticised neighbouring states for employing cheap labour in the refrigeration industry and called on the SA government and labour to look at collective bargaining for the southern African region.

Speaking at the official launch of Kelvinator SA, Koch said those countries that did not fall within the collective bargaining process should have duties levied against them.

Koch said the firm found it easier to compete with Italians, Turks and the Americans than it did with its neighbouring countries where labour rates were a quarter of SA’s — R2,50 an hour against R10,51 in SA.

“Today, 40% of the SA fridge market is controlled by a company that produces in a neighbouring state.

“We thus ask the unions for standardisation of wages via collective bargaining within the industry so that everyone is playing on the same playing field,” he said.

He argued that it was difficult for a labourer earning R2,50 an hour in another country to buy SA goods, let alone buy goods at all. These workers were doing nothing to stimulate the SA economy.

“We do not ask for our labour rates to be reduced. We want the rates in the neighbouring countries to be increased effectively to the same level as ours by way of collective bargaining.”

The government had to start taxing countries paying less for labour. It also had to push for equal labour standards among SA’s trading partners.

Kelvinator SA was officially launched as a separate company on Tuesday after a buyout from Barlows by management and a labour-based empowerment group.
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Clause removed in new twist in abortion saga

Kathryn Strachan

A NEW twist was introduced to the abortion saga yesterday when Kwa-Zulu-Natal health MEC Zweli Mkhize agreed to remove a clause in a national health directive which states that if after an abortion procedure “an infant is born who gasps for breath, it is advised that the foetus does not receive any resuscitation measures”.

Mkhize’s announcement came in a provincial legislature debate this week after pressure from the anti-abortion group, Doctors for Life, to withdraw the clause. The organisation now intends to push government to include a clause which forces medical personnel to do everything in their power to resuscitate a child accidentally born alive. In cases where viability is uncertain, every effort should be made to keep such an infant alive until viability has been ascertained, it states.
Exports to SAIC increase by 30.9%
Privatise railways while there’s still time, expert warns countries of southern Africa

By PETER FABRICIUS

Harare – Southern African countries were warned here that they should privatise their railways soon, while their economies still had the high growth potential to attract investors.

Global management consultant Peter Wagner was speaking at a seminar on privatising transport during the World Economic Forum’s fifth southern African summit in Harare.

Wagner said the old industrialised countries were having tremendous difficulty selling their railways because investors were reluctant to make such large investments. In low-growth economies, they would take too long to get returns on their investments.

SA Transport Minister Mae Mahraj said his department had not rushed into restructuring the transport sector for the sake of novelty. It had been guided by the reality it found and the need to be competitive.

It had undertaken a comprehensive review of the transport system and policies it inherited to determine what was the proper role for the Government in transport.

It had decided that the Government’s role was to guard the national interest – to deracialise a fragmented society and focus on job creation.

Its role included co-ordinated planning and development strategies, and giving transport planning a regional focus.

The private sector’s contribution to transport included the profit motive, technology, development of human resources, project management skills, access to capital, and making markets through user charges. Taking these into account there were several different possible public/private-sector relationships – from government agencies which included private-sector representatives, through public/private partnerships, such as concessions and strategic equity partnerships, to full privatisation.

Mahraj said that when he had completed his restructuring, the number of officials in the Transport Department would be down from 1 100 to 250.

In railways, the Government had asked for bids for a concession to operate and maintain the commuter rail system.

This system was being subsidised by the Government for 70% of its costs.

The aim was to move from a deficit subsidy to profits, because the operator would have to carry the risks.
SADC slams SA trade policies

REGIONAL TRADE
By SVEN LUNSCHE

The South African Development Community's top executive has strongly criticised South Africa's regional trade policies.

Kaire Mbuende, SADC executive secretary, said in an interview at the World Economic Forum in Harare that South Africa's political commitment to regional economic integration had not yet translated into the lowering of trade barriers.

However, Alec Erwin, South Africa's Trade and Industry Minister, said at the forum that South Africa would soon announce a low tariff regime as part of its offer under the proposed SADC trade protocol.

"Over the past two years our average trade-weighted tariff has dropped from 27% to 11% and it could fall further to 7% in three years. This gives us significant leeway in lowering tariffs even further for our partners in the SADC," he said.

Mbuende said the SADC was looking to South Africa to take the economic lead in the region. "It is by far the largest economy in the region, accounting for 78% of last year's regional GDP of $170-billion. This gives it a special responsibility. But the country has not yet opened up to the region or the world."

Figures released by the Industrial Development Corporation this week show that South Africa's trade surplus widened to R12.7-billion last year compared with R10.6-billion in 1995. Exports to Africa surged from R12.8-billion to R15.7-billion, while imports inched up from R3-billion to R3.7-billion.

South Africa has come under attack from its neighbours for its "protectionist" stance. Mbuende called on South Africa to give the region better access to its market than it is obliged to under its tariff-reduction commitment to the World Trade Organisation.

The SADC's 12 member countries last year committed themselves to a free trade area within eight years. But South Africa is awaiting next month's meeting of trade ministers in Mauritius, at which a timetable for tariff reductions will be discussed.

South Africa's offer, outlined by Erwin this week, will be viewed as a benchmark for other SADC countries.

Mbuende was adamant that the first anniversary of the trade protocol should show significant agreement on tariff cuts "if we are to lose credibility in the eyes of foreign investors".

He said the eight-year deadline was achievable, although some product categories could require a longer time span.

Erwin defended South Africa's relatively slow pace of trade liberalisation, saying the government had to balance trade reform with the interests of business and labour.

Finance Minister Trevor Manuel said upcoming talks on the Southern African Customs Union would be the last, given the difficulties in assessing tariff revenues and appointing them among the five member states. Future trade structures would fall under the SADC, he said.
SADC countries clear way for dual listings

CO-OPERATION
By SVEN LUNSCHES

THE path has been cleared for dual listings on southern Africa’s stock markets following a meeting of seven regional stock exchanges in Harare this week.

Executives of the stock exchanges in the Southern African Development Community also agreed to harmonise listing requirements, create a centralised scrip depository, rationalise trading and information systems and harmonise clearance and settlement procedures.

JSE executives Mark Durr and Darrell Till said in Harare that the main aim of the negotiations was to boost investment in the region.

Durr said the exchanges had agreed to adopt the bulk of the JSE’s listing requirements, including information to be released prior to the listing and in financial results. “We want to bring disclosure up to international standards and make portfolio investments more attractive to investors.”

Durr said cross-border investments between SADC countries could be facilitated by dual listings and listing of SADC depository receipts, which would work on a similar basis to ADRs on US exchanges.

“Dual listings and cross-border equity investments will require that foreign exchange controls are lifted as soon as possible.”

The exchanges involved were Swaziland, Zimbabwe, Botswana, Namibia, Lusaka, Malawi and the JSE.
The latest Southern African economic summit generated high hopes among business officials and politicians that contacts made at the conference would turn into contracts.

Kaire Mbuende, executive secretary of the Southern Africa Development Community (SADC), said the three days “of high-quality dialogue” created a “very good impression among the international businessmen”.

He felt Southern Africa was set for greater heights “If we look back, we see a steady progress, we see the economy of the region turning around, we are seeing projections for growth this year,” Mbuende said.

“Businessmen were impressed and encouraged by the fact that we are witnessing positive development and growth. So in that way it strengthened the faith of those who have faith in Southern Africa,” he added.

Mbuende dismissed suggestions that the economic summits held each year in Southern Africa were mere talk shops which yielded few tangible results.

“We do bring in a new crop of businessmen every year and they come with a variety of interests and some of them do make contacts with local businessmen, some get useful information which they follow-up after the conferences,” explained Mbuende.

“These conferences have actually led to tangible investments. These conferences are where contacts are turned into contracts. Mbuende cited the case of giant Australian mining corporation, BHP Minerals, which has so far invested more than R450 million in Zimbabwe’s mining sector, as one contact that turned into a contract.

South African President Thabo Mbeki felt summits were necessary. “Despite obstacles to investment such as labour market rigidities and crime, there was evidence of increased investor confidence.” Sapa-IPS.
Devious ways to avoid tough decisions at economic summit

TONY HAWKINS

Harare — Invariably high-profile business-government regional summits fall short of expectations. While optimism predominated at last week's World Economic Forum Southern African summit in Harare, the closing session left the impression that for some of the leading participants rhetoric came easier than grappling with the hard realities of regional development.

For all the commitment to a "regional vision" member governments are only too well aware that they are competing against one another for the 1 percent of global foreign direct investment targeting southern Africa.

So when Zambia's President Frederick Chiluba was hailed by many as the star of the show because of his performance in outlining Zambia's successes, especially on the privatisation front, there was no shortage of businessmen and politicians from competing economies, such as Zimbabwe, keen to pour cold water on Zambia's achievements.

As one businessman put it: "His pitch was excellent, but wait until potential investors get to Zambia and see the situation on the ground, especially the rundown infrastructure and the shortage of skills."

Furthermore, plain speaking is taboo on such occasions. Political correctness is everything. Business leaders pull their punches and bite their tongues rather than be seen to disagree publicly with the party line espoused by their government's spokesmen.

And when it came to looking forward at the final session of the Harare summit, when a regional business task force put forward its vision for the future of the 12-country Southern African Development Community (SADC), the selfsame business leaders, who pride themselves on being hard-headed pragmatists, were seen to have asked more questions than they answered.

Nor was this confined to the southern Africans themselves.

Professor Klaus Schwab, the president of the Geneva-based World Economic Forum, argued that regional integration should be seen as a step on the road to globalisation, but the evidence, especially from Asia, suggests otherwise.

The leading globalisers - the Asian Tigers - liberalised unilaterally rather than regionally. That there was a very powerful regional impetus is acknowledged, but this was not the result of regional trade preference, but of trade and payments liberalisation with the world at large.

More to the point, perhaps, some southern African firms - mainly South African companies or multinationals using South Africa as a platform to penetrate sub-Saharan Africa - are globalising as well in advance of the progress of regional integration.

Far from being driven by the regional process, such firms are themselves pioneering it with cross-border investments and the rapid growth of South Africa's trade surplus with the rest of Africa.

The reality is the very opposite of what Schwab argues - namely, that business cannot afford to wait for the politicians to get their act together. Like the Asians before them, they are acting unilaterally - they have to.

If a vision is to be credible it must tackle real issues rather than sidestep them, while evidence from the closing session underscored the task force's failure to do that.

The business task force concluded that the growth path for the SADC should be one that optimised regional industrial and infrastructure development. Easy to say, but how is it going to be achieved?

Will it be market-driven, on the basis of open economies and privatised utilities and infrastructure, or will governments or some supranational regional body decide what is "optimal"?

This question was not answered but Chris Liebenberg, the former South African finance minister and a member of the task force, was quick to insist that there was no intention to recommend any form of central planning. Others speaking after him left a rather different, if still distinctly fuzzy, impression.

A second, largely non-controversial, theme was that of setting up a regional business organisation to match the governmental structures within SADC. But this is hardly new.

More important, though, is the role of such a body. The task force sees it working alongside governments and a regional labour organisation to foster regional integration. The suggestion is deeply ironic.

It was made in a week in which the World Economic Forum published its Global Competitiveness Report highlighting the fall from grace of a corporatist economy such as Germany, ranked 25, and the revitalisation of the British economy, up eight places in seventh spot, under a conservative administration that rejected corporatist solutions.

Business leaders know that but, when it comes to the crunch, they opt for political correctness, even if it flies in the face of logic and history. That way, they avoid hard choices and tough decisions.

Sadly, though, that is not leadership or, if it is, it is leading the regional economy down the wrong road away from the enhanced global competitiveness needed to solve unemployment and poverty in southern Africa.

- Reuter

Tony Hawkins is a professor of business studies at the University of Zimbabwe
Museveni calls for trade partnerships

BY JOSHDUB KAMACA
Political Correspondent

Cape Town — The man regarded as one of Africa's foremost statesmen has called for economic integration on the continent and urged South Africa to enter into partnership with the rest of Africa in investment, trade and tourism.

"Your country has minerals, good infrastructure and technical know-how. We, on our side, have 50,000sq km of freshwater bodies, we have equatorial forests and very reliable agriculture. Therefore, a partnership with Uganda will benefit us all," visiting Ugandan President Yoweri Museveni told a special sitting of Parliament yesterday.

He said that while the 1970s and 1980s were referred to as the lost decades for development in South Africa, the 1990s could be referred to as the decade of awakening.

"Now that African economies are beginning to grow, basing themselves on private enterprises, we must think of one additional factor: the size of the market. Our view is that the livelihood of production is the ability to sell to as many buyers as possible so that we lower production costs per item. The wider the market, the better," he said.

Museveni also spoke about the need for the emergence of a property middle class.

"Having lost sovereignty, the African societies underwent serious distortions. By 1930AD some of the African societies were three-class societies (feudal, artisan and peasant): by 1940 there was only one class surviving: the peasant class. The other two social classes had been eliminated by colonialism. This is why, up to today, black Africa has not yet developed a propertyed middle class.

"Without a propertyed middle class, productivity and entrepreneurship are low and a cosmopolitan outlook is conspicuous by its absence," he said.

Museveni received South Africa's highest honour, the Order of Good Hope Grand Cross (gold), yesterday, the first of his four-day state visit.

Foreign Minister Alfred Nzo and his Ugandan counterpart Eriya Kategaya signed a double taxation agreement between the two governments.
Hostel violence takes Umlazi death toll to nine

Farouk Chothia

DURBAN — The death toll in politically motivated violence in Durban’s Umlazi township rose to at least nine this month after violence erupted in an African National Congress-dominated hostel in the past week as a result of the Inkatha Freedom Party (IFP) embarking on a new recruitment campaign in the hostel.

Two people were reported to have been killed at the hostel since last Tuesday, while seven died earlier in a section of the township after a dispute between an African National Congress (ANC) and IFP councillor over who had the right to service residents in the section.

IFP spokesman Ed Tillett said the party’s hostel interim chairman Bhekinkosi Mbuyisa was shot dead last Tuesday after receiving death threats from ANC members. Tillett said the IFP had been “driven underground” at the hostel during the 1994 elections, and Mbuyisa was a key figure in efforts to revive the local IFP branch.

Durban south central councillor Cyril Zulu, who was perceived to be aligned to the ANC, said it was unclear whether Mbuyisa had been killed because of tensions at the hostel, or because of continued fighting in rural Babanango where there were differences between supporters of Zulu King Goodwill Zwelithini and others. Mbuyisa had been involved in the Babanango conflict, Zulu said.

He said hostel residents had no objection to the IFP relaunching a branch, but opposed outsiders being housed in as part of a strategy to “invade” the hostel.

Armed hitmen had already moved into a block of the hostel, and residents were being chased away. Their places were being filled by residents from an IFP-controlled hostel, Zulu said.

There had been shooting in the hostels on Sunday and Monday. One resident was killed and two others injured, Zulu said. He said IFP supporters marched around the hostel on Tuesday, claiming they were “in control”.

The SA National Defence Force arrived, preventing further violence.

Tillett said the IFP was concerned political violence was resurfacing. The violence played into the hands of “cynics” who wanted the ANC-IFP provincial peace initiative to “blunder, like many others in the past”, he said.

KwaZulu-Natal local government MEC Peter Miller said the violence — which had since ended — was due to the fact that ANC councillor Sithenjwa Nyawose and IFP councillor Joe Ngobese were competing for the “same political turf in an intolerant way”.

The two lived in the same ward. Nyawose was elected to the council as a proportional representation candidate, while Ngobese was elected as a ward candidate.

Miller said that neither could regard the ward as their “personal fiefdom”, nor should it be necessary for them to seek permission from each other to take up issues on behalf of residents.
Groundwork in place: But where are the investors?

States moving in the right direction though hampered by images of war and indiscriminate personal violence.

Far from being a disaster area for foreign investors, southern Africa, with SA at its economic core, is emerging as a region of potential importance to investors, one in which governments have made significant changes in the last five years.

But, insists Finance Minister Trevor Manuel, much of the outside world is not fully aware of the extent of the changes or the progress governments have made towards making the region investor-friendly.

These two points emerged strongly during deliberations on southern Africa last week at the 1997 Southern Africa Economic Summit in Harare — attended by 600 businessmen and 100 political leaders, including several heads of state — in Harare, Zimbabwe.

Manuel, who is chairman of the finance ministers in the 10-member Southern African Development Community (SADC), identified two of the pointers to progress within the region: last year six SADC member states succeeded in reducing inflation to single digit levels; all but two — Zimbabwe and Swaziland — fulfilled their commitment to reduce their budget deficits to below 6% of their GDP.

Later, during an interview with the FM, Manuel added to the list of achievements Positive changes included reduction of the role of the State in the economy and relaxation of foreign exchange controls, a trend which had already led to the abolition of exchange controls in Zambia.

But, Manuel acknowledged, changes had not been communicated effectively to potential foreign investors, though, ironically, voices within SADC countries had already been raised in protest against the speed of reform towards an open market economy.

World Economic Forum president Klaus Schwab was convinced, however, that foreign investors were beginning to awaken to the opportunities for investment in southern Africa. He told the FM that the mood of businessmen in Zimbabwe was more positive about southern Africa than it had been.

SOUTHERN AFRICAN DEVELOPMENT COMMUNITY (SADC)

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SADC Rankings by population, GDP and per capita GDP

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Upper Class

This complimentary door-to-door service is available within 55 kilometres of the airport, out-bound and return.
a year ago during a World Economic Forum conference in SA.

But, while not gainsaying the points made by Manuel, Union Bank of Switzerland CEO David Robins cited figures to show how far southern Africa had to go before it could begin to rival the frontrunners in the competition for foreign capital.

In 1995, the most recent year for which comparable figures are available, SADC countries attracted US$90bn on the average. In the same year, New Zealand, with a population of about 3m, drew $2.5bn. Comparable figures for Hungary were $4.5bn and Singapore $7bn.

Director of Harvard's Institute for International Development Jeffrey Sachs made a similar point. Africa attracted merely 2%-3% of the world's foreign investment, with most of it going into north or west Africa rather than southern Africa.

Theorising on the reasons for the relative reluctance of foreign investors to risk their capital in the continent, Robins spoke of "images of war" in Zaire, Rwanda, Burundi and Angola, flashing across television screens, wariness of the (relatively) restrictive legal and investment environment and continuing uncertainty over macroeconomic policies.

In an unmistakable reference to crime in SA, Robins emphasised the importance of removing the threat of "indiscriminate personal violence," warning that its capacity to adversely affect business leaders should never be under-estimated.

Robins counselled SADC countries to remember that they were not only competing with emerging markets elsewhere. Their competitors included established countries "Virtually all industrial countries — and in the EU, Britain in particular — are aggressively promoting themselves as destinations for foreign investment," Robins said.

He noted that in 1995 Britain attracted $32bn in direct foreign investment. The lesson, Robins told government leaders in southern Africa — several of whom, including Presidents Nelson Mandela, Robert Mugabe and Frederick Chiluba, participated in the conference — was to aggressively pursue an investor-friendly strategy. "The policy direction is right but the implementation is not fast enough."

As if in anticipation of his exhortation, several political heavyweights from the region agreed at an earlier plenary session on the need to establish a free trade area in southern Africa by the year 2005.

Those who endorsed that objective included SA Trade & Industry Minister Alec Erwin, his Zimbabwean counterpart, Nathan Shamuyarira, and Botswana's President Ketumile Masire.

The agreements occurred in the wake of talks on the SA tariffs on Zimbabwean products. Erwin, however, told the FM that SA had gone a long way towards restoring the 1964 preferential tariffs on Zimbabwean clothing and textiles and that a similar agreement was close to completion on Zimbabwean agricultural produce and a "limited" range of industrial products.

Judging from Manuel's remarks during an earlier interview, SA's approach is to move methodically towards its goal of creating greater economic freedom within SA and within the SADC.

He believes imprudent haste may delay the process.

**SOUTHERN AFRICA ECONOMIC SUMMIT — 2**

**After-dinner mints turn sour**

**Competition and co-operation are difficult to reconcile**

**SA exchanged some tit for tat with neighbours at the Southern Africa Economic Summit in Harare last week (see above)**

Much of the aggression demonstrated by...
SADC planning a parliament

Wyndham Hartley

CAPE TOWN — A Southern African parliament and free trade along the lines of the European Union (EU) are the long-term vision of the Southern African Development Community (SADC) parliamentary forum which will bring MPs from all 12 SADC countries together on Friday for discussion on vital trade agreements.

National Assembly speaker Frone Gowala told a news briefing yesterday that while a common legislative body for all SADC countries was a long way in the future, and was dependent on political agreements, it was the vision of the forum.

Friday's meeting, to discuss four trade agreements under negotiation, is the first workshop of the forum since the National Assembly ratified SA membership last week. The first plenary of the forum will be held later this month in South Africa.

Parliament's trade and industry committee chairman Rob Davies said the most important matter on the agenda was the SADC trade protocol which had as its ultimate aim the creation of a free trade area in Southern Africa. He said that when all SA's trade with its neighbours was added together it made SADC trade larger than that with Europe and this made the protocol very important. It was also vital for an agreement to be reached that would allow trade to benefit the poorer members of the region.

The second most important issue on the agenda was the negotiations for a free trade agreement between SA and the EU and the effect that such an agreement would have on SADC countries, Davies said.

Trade and industry foreign trade chief director Faizel Ismail will brief the SADC workshop on the state of the negotiations on Saturday morning.

Relations between the EU and countries from the African, Caribbean and Pacific grouping of countries after the renegotiation of the Lomé 4 convention and the reform of the South African Customs Union agreement will also be discussed in special sessions.
DEUTSCHE Morgan Grenfell has organised a roadshow beginning next week to introduce Zimbabwe-based Trans Zambezi Industries (TZI) to SA institutional investors seeking an investment in the Southern African Development Community (SADC).

Due to a recent partial relaxation of SA exchange control, SA fund managers are allowed to invest 2% of prior year net premium income into SADC countries.

Trans Zambezi Industries CEO Hillary Duckworth said TZI could offer the "only blue chip investment opportunity providing exposure to a number of high growth SADC countries".

Trans Zambezi Industries has grown at an annual compound rate in excess of 25% in $ terms since 1993, and has become a pan-SADC conglomerate managed from Zimbabwe, with assets in Zambia, Zimbabwe, Malawi and Botswana.

It was owned by over 50 institutions and 2,000 individuals, and was listed on the Luxembourg, Zambia and Zimbabwe Stock Exchanges with a market capitalisation of about $220m.

The group reported a 153% rise in attributable earnings to $9m in the six months to March this year, while headline earnings increased 67% to four US cents a share. Operating profit improved 71% to $10.97m on turnover of $55.9m, a 287% increase in turnover from $15.1 in the previous review period.

The group said historically there was a much larger profit contribution in the second half of the financial year.

The company includes an investment division which has a 49% stake in Zimbabwe Express Airlines, and a food and distribution division comprising Zambezi Ranching and Cropping, which dominates the Zambian beef, dairy and horticultural sectors.

TZI's financial services division contains Bard Holdings Zimbabwe, IGI Insurance Zimbabwe and Madison Insurance Zambia, while its industrial division comprises among others Art Corporation, a manufacturer of paper and plastic packaging with a turnover of US$60m.

Duckworth said TZI actively managed the businesses it owned, and paid particular attention to strategic acquisitions, good management accounting systems and motivated management.

The company's philosophy was to acquire established businesses at discounts to net asset value, or attractive per earning ratios where the company could add or unlock value.
SADC to study trade, investment

Johannesburg — Researchers in the 12 Southern African Development Community (SADC) countries are to contribute to a major study of areas of cooperation in investment and trade, funded by the European Union.

The study, to be completed by January, will be co-ordinated by Price Waterhouse for the South Africa-based Finance and Investment Sector Co-ordinating Unit of the SADC. — Sapa
MPs focus on free trade zone

Parliamentarians from 12 southern African states will be discussing economic union which could see a European Union-style free trade zone in the region within eight years.

About 60 parliamentarians from Tanzania, Mozambique, Zimbabwe, Malawi, Angola, Zambia, Lesotho, Namibia, Botswana, Mauritius, Swaziland and South Africa will gather for a three-day workshop in Parliament in Cape Town from this evening.

Speaker Frene Ginwala acknowledged that the discussions could take in a broader discussion of political union, which could lead to the establishment of a parliament representing the 12 states in the longer term.

Members of parliament for the various finance, trade and industry and agriculture committees in the 12 sub-continent legislatures will be attending. Two representatives from each of the nine provincial legislatures in South Africa will also be there.

The parliamentarians will be discussing four important trade and investment related agreements. The most important of these is the Southern Africa Development Community trade protocol agreement, which should take place last year and which will lead to the phasing out of all tariffs among member states within eight years.

The intention was to create a free trade area within that period, said Dr Rob Davies, chairman of the trade and industry committee of the national assembly.

The other important agreements to be discussed are the Southern African Customs Union agreement currently being renegotiated. This existing free trade area includes South Africa, Lesotho, Namibia, Botswana and Swaziland.

The arrangement which is to replace the Lomé IV agreement with the European Community—of which South Africa has only recently become a qualified member—will also be discussed by member states.

Lomé is an agreement between the EU and African, Caribbean and Pacific states which gives these countries privileged access to the European market.

The fourth matter to be discussed will be the ongoing negotiations between the EU and South Africa to create a free trade area between the two entities.

They will assess the impact on the wider southern African region.
Customs revamp 'too late' (279A)

John Diudlu

SA's partners in the Southern African Customs Union are concerned that the revamp of the longstanding agreement may be overtaken by the mooted 12-nation trade protocol.

Talks to modernise the customs union—which includes Botswana, Lesotho, Namibia and Swaziland—began two years ago. But negotiators have not met for more than seven months, fuelling fears among some member nations that the proposed free trade area under the Southern African Development Community (SADC) will be concluded before the customs union's. The SADC trade protocol, whose negotiations continued in Mauritius this week, seeks to free trade among signatories in eight years.

ED 6.6.97
Customs agreement down to details, says
Tariffs down due to regional project

John Dludu  08 12/6/97

The cross-border initiative, a plan to fast-track intraregional trade in southern Africa supported by multilateral financial and donor institutions, has resulted in tariffs dropping to about 20% among participating nations ahead of the complete removal of tariffs next year, according to a regional analyst close to the project.

However, Cape-based independent researcher Dot Keet said the initiative, which is co-sponsored by the European Union (EU), the African Development Bank and the World Bank, had become "moribund". She said it had been overtaken by events in the region, including the suggested creation of a free trade area within the Southern African Development Community (SADC), and the present free trade negotiations between the EU and SA.

The SA-led SADC is planning to create a free trade area over the next eight years, and the EU has proposed a free trade agreement with SA which, if concluded, will affect SA's partners in the customs union owing to the common external tariffs in the union.

Harare-based consultancy Imani Development's MD Richard Hess said yesterday a majority of the participants had signed "letters of policy" documents indicating their commitment to the plan's implementation. The remaining members were finalising their policies for submission to the project's co-sponsors, he said.

The project seeks to improve intraregional trade through removal of tariff and investment barriers among participating nations.

It is envisaged the bloc, including Zambia, Malawi, Tanzania, Swaziland, Namibia, Zimbabwe, Uganda, Kenya, Madagascar, Seychelles, Mauritius and Comoros, would completely scrap tariffs by next year.

As soon as the "letters of policy" had been signed and evidence of implementation of the plan had been presented to sponsors, economic support—either in the form of project support or balance of payment support as most of the participants are undergoing structural adjustment programmes—was provided by the co-sponsors.

Hess, whose consultancy has conducted extensive research on the region's economies, said the EU was currently giving such support to two countries. It was giving support to investment promotion in Swaziland and the Namibian trade development project. Uganda and Zambia had received balance of payment support, while discussions were now under way with Tanzania, Zimbabwe and Kenya, Hess said.

But Keet said she believed only two nations, Mauritius and Zambia, had implemented their commitments with a high degree of enthusiasm.

Although the pace of liberalisation had not been fast, Hess said the progress had been encouraging. The participants—SA is not currently participating—had dropped tariffs nearly 80% to as low as between 20% and 50%.

He said the initiative, which worked closely with regional bodies including the SADC and the common market for eastern and southern Africa (Comesa), also sought to facilitate existing liberalisation programmes in the region. Now the focus had turned to harmonising participants' external tariffs.

A summit of ministers from participating nations was planned for the end of the year to enable them to assess progress, he said.
SADC 12 ‘as one’ on elephants’ issue

Despite rumours, group will close ranks at Cites meeting, predicts SA’s deputy minister Mokaba

BY JILL GOWANS
Harare

South Africa is confident that the Southern African Development Community (SADC) of 12 countries will close ranks at the 10th Cites meeting despite recent reports that several members could vote against the controversial elephant proposals concerning the trade in elephant ivory and hides.

It was agreed late last year that the SADC would maintain a common position on the proposal but several countries, including Zambia, Tanzania and Mauritius were later reported to have got cold feet.

South Africa’s deputy Environment Minister, Peter Mokaba, who is leading the government delegation, said on Tuesday there was every hope of a united SADC position.

This will almost certainly impact on other countries, including the United States and the European Community, who are vigorously opposing the elephant proposals by Zimbabwe, Botswana and Namibia.

Loss of donor aid is feared and South Africa’s own rhino proposal. And it may influence other countries who are still undecided.

“This is not to isolate our Western friends in any way, but it is important to educate them to understand that Africa has to stand on its own two feet for development and capacity-building,” said Mokaba.

“African countries have recognised that donors have not always fulfilled their promises and are not likely to.

“All Africa has done is declare a common desire to act as a family. It is not that individual countries may not have reservations; whatever consensus we meet will not change their sovereign right to these.

“No donor should read into any action that they have been abandoned.”

A number of African countries have expressed concern about an open vote on the controversial issues which may alienate them from donor countries and jeopardise aid. There is a proposal for a secret ballot on some issues – Star Foreign Service.
SADC unites on rhino and elephant proposals

BY JILL GOWANS
Star Foreign Service

Harare – All 12 Southern African Development Community countries yesterday closed ranks on the two most controversial proposals affecting them at the Convention on International Trade in Endangered Species.

"We will all speak with a united voice on the elephant and rhino proposals (which involves trade in elephant and rhino products)," said Kingsley Mamabolo, South Africa's high commissioner in Zimbabwe, who is leading the government delegation after Deputy Environment Minister Peter Mokaba returned home.

A united SADC position is important, while a united African position would be even more persuasive.

"We are trying to engage Francophone countries and countries like Kenya who are opposed to the proposals.

"We are hoping to convince them to come on board. Second best would be to persuade them not to actively oppose us. Some may even opt to abstain," Mamabolo said.

The elephant and rhino proposals will be debated on Tuesday, with a two-thirds majority needed. Africa has one-third of the votes.

"Many delegates from Europe and America have come here with a lot of misinformation and emotions, and very militantly opposed to us. But I think they have been exposed to the practical realities on the ground. I believe the US delegation is constantly in touch with their headquarters," Mamabolo said. (The US is vehemently opposed to the proposals.)

"With the European Union it's yes and no at the moment. We're going to be meeting them on Monday to try to persuade them," Mamabolo said.

Zimbabwe's government is doing its best to convince waverers by organisng weekend visits to rural projects like Campfire, a community-based programme of sustainable use of wildlife.
Troubled continent stumbles towards enlightened rebirth

SA is among the sceptics withholding commitment while politics bedevils economic consensus and democracy

A and Entrea are the only African states that have yet to sign the ambitious 1991 Abuja Treaty, which took effect in 1994 and provides for the gradual establishment of an African Economic Community (AEC).

The treaty has a direct bearing on SA’s future economic relations with all African countries, says the Department of Foreign Affairs. It would require all member countries to gradually lift tariff barriers and eventually establish a free trade area.

However, it says “for the sake of protecting its own economy SA cannot make decisions on accession to the treaty based on political considerations.”

Membership of the AEC is under consideration by the departments of Finance, Trade & Industry (DTI) and Foreign Affairs.

The AEC idea is as old as the OAU, says Moss Ngaoalsheng, economic policy adviser to Deputy President Thabo Mbeki. Alluding to problems in the Common Market for East & Southern Africa (Comesa), from which Mozambique has withdrawn, he says there is a great deal of politics to be sorted out before the AEC can take off.

DTI trade adviser Chris Qiqmana says SA has observer status to AEC processes but has yet to convince all interested parties of the benefits of membership. His own view is that SA should sign the Abuja Treaty in line with all other members of the Southern African Development Community (SADC) over which SA is the leader — as well as being president of the UN Conference on Trade & Development.

SA’s role in the SADC is in line, he says, with AEC thinking to strengthen regional economic blocs over the next five years as the first stage in creating the AEC.

Qiqmana is sceptical about the idea of a Pan African parliament by 2030, but he says “recent changes in central Africa create new hope.”

Still, political instability continues to rack parts of the continent. The Democratic Republic of Congo’s civil war has brought to power a leader whose commitment to democracy remains in question.

Across the river in Brazzaville, violence between ethnic and political militias — as with the May 25 coup in Sierra Leone — seems calculated to puncture signs and proclamations of an African renaissance. Democratisation and plans for a continent-wide trade regime were the main topics at the recent OAU summit in Harare. It explicitly linked the rise of democracy to prospects for economic growth, observes the SA Institute for International Affairs.

As one, African leaders condemned the Sierra Leone coup as a setback for democracy in Africa and called for the reinstatement of the constitutionally elected government deposed by junior officers.

Despite initial ambivalence about the intervention by Nigera’s military regime (at the helm of West African regional grouping Ecowas), it was felt the time had come for Africans to resolve their own problems.

This might explain the warm welcome extended to the Democratic Republic of Congo President Laurent Kabila, attending his first OAU summit. Kabila unequivocally stated that elections would be held in Congo in April 1999 and for the first time said refugee agencies would be allowed to investigate the plight of Hutu refugees in eastern Congo. The summit pledged to support Congo’s reconstruction.

OAU chairman and Zimbabwe’s President Robert Mugabe and OAU secretary-general Salim Salim called on Nigeria and Burundi to return to democracy.

Scepticism about an African common market will persist until there is greater consensus among nations on an appropriate model of economic reform, says the Institute for International Affairs.

Whereas Uganda’s President Yoweri Museveni describes privatisation as a “magic solution,” Mugabe warned that it surrender resources to foreign control and spoke of a “co-ordinated political agenda by the north to suppress developing countries.”

In an interview in SA days before the OAU meeting, Museveni, who favours the idea of “superseding existing borders through federations,” slammed the OAU for having been “a trade union of criminals. If we were completely free,” he added, “why would governments fail to submit themselves to supranational scrutiny? Why fear common minimum standards of good government?”

Amaranth Singh

SA TRADE WITH AFRICA

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Southern Africa: Good rains and higher commodity prices help push region's GDP up 6%
The lands of the south are roaring as their GDPs surge ahead.
SA NEWS DIGEST

CT (DA) 20/6/97 (2798)

South Africa will give SADC priority over the EU in local markets, promises Mbeki

The Southern African Development Community (SADC) would take priority over the European Union (EU) in gaining access to South Africa's markets, Thabo Mbeki, the deputy president, said yesterday.

"As a country — whatever our problems — we are committed to lowering our tariffs to ease access to our own markets for SADC products," Mbeki told the first plenary meeting of the regional body's parliamentary forum in Cape Town. Referring to the country's negotiations with the EU for a free trade accord, he reiterated that no agreement would be concluded, however beneficial for South Africa, if it would have a negative impact on its SADC allies.

As South Africa was taking the interests of all SADC member states into account, there were delays in concluding the free trade agreement, illustrating the SADC's effect on domestic policy, he said. Although governments of the region were co-operating within the SADC, "something was missing", he told MPs: "a sense of engagement by our peoples in the process of making this region".

However, European diplomatic sources expressed anxiety yesterday over the progress of the trade negotiations, saying they were near failure. Talks on the critical trade issues are under way in Brussels. — Supa, Cape Town
SADC, Comesa poised to end single-member-merchantship
SADC states prepare Lomé V platform

Senior officials and private sector representatives from 11 of the 12 Southern African Development Community (SADC) states opened a two-day meeting in Gaborone, Botswana yesterday on a regional approach to future trade between the developing world and Europe.

Participants are to discuss relations between the African, Caribbean and Pacific countries and the European Union under previous Lomé Conventions, and to formulate an SADC position on a new financial and development aid package after the Lomé IV Convention expires in the year 2000, said Kate Mbanude, SADC executive secretary.

The future of the Lomé Conventions, which provide for preferential trade with Europe of commodities and development assistance, are being questioned after 21 years because they are "incompatible with the basic principles of the General Agreement on Tariffs and Trade (GATT)", Mbanude said. In particular, Lomé agreements by discriminating between developing countries and offering non-reciprocal preferences - Sapa

DPA, Gaborone
Old Africa does bounce over protocols

FREE TRADE
African development corridors growing

NCASA HIOPHE

Johannesburg — Countries in the southern and central African region are forging ahead with development corridors to spur economic growth and promote regional cooperation.

Officials in the trade and industry department said yesterday that at least 10 spatial development initiatives (SDIs) had been identified by countries in the south-central region, which are at various stages of development.

"The latent potential of these regional corridors needs to be unleashed, either through bilateral and multilateral initiatives or through regional institutions.

"But these are sensitive diplomatic issues and South Africa would not like to be seen to be imposing itself on any partner," an official said.

Sources also said the South African government had set aside a nominal facilitation fund to assist regional partners with technical support in their pre-feasibility stages.

The government was also reported to be willing to transfer its experience and skills gained through its numerous SDI initiatives.

The benefits to South Africa would be numerous in that infrastructural construction could be taken up by South African companies and the foreign exchange earned could increase the country concern's purchases from South Africa," a source said.

Some of the development corridors under consideration are:

- The Beira Development Corridor of the Beira Corridor Group, which comprises Mozambique, Zimbabwe, Malawi, Zambia and Botswana. This development has potential in mineral exploitation, agriculture, forestry, fishing, resource beneficiation and transport infrastructure.
- The Benguela Corridor connecting Angola to the copper mines of southern Zaire (Shaba) and Zambia.
- The Malanje corridor in Angola, which has rail and road infrastructure projects.
- The Nacala corridor connecting Mozambique to Malawi and Zambias via Chipata, which has potential in resource-based industries such as agriculture, forestry, mining and tourism.
- The Namibe corridor to Menongue, which covers the 300km to 400km to the iron resources at Kasinga.
- The Tazara corridor connecting Tanzania, Zambia, Zaire and Angola via the Benguela corridor; and
- The Trans-Kalahari transport corridor between Namibia and Botswana, which is proposed as an extension of the South African Rustenburg SDI linking Gauteng with Walvis Bay and Maputo.
SADC is on schedule to adopt constitution

Prof Malema

GABORONE — The Southern African Development Community (SADC) is set to adopt the constitution of its parliamentary forum at a September meeting.

Confidence rose last week when Botswana's 44-seat parliament ratified the 12 member states' constitution for the SADC parliamentary forum—beating the June 30 deadline which was set for the plenary assembly of the parliamentary forum in Dar es Salaam, Tanzania, in January.

The heads of the member states will meet in Blantyre, Malawi, on September 2-8, where they are expected to adopt the constitution.

Presenting the constitution before parliament for ratification last Friday, Botswana Labour and Home Affairs Minister Bahiti Temane said: "The SADC parliamentary forum is an institution within the structure of the southern African community and enjoys all rights and privileges as enjoyed by other institutions of the SADC."

The SADC launched the parliamentary forum to determine issues related to the promotion of peace, democracy, security and stability on the basis of collective responsibility; support the development of permanent conflict resolution mechanisms in the region; and strengthen regional solidarity.
Africa's development bodies are moving closer

Witbooi Jóbina

Sa has a key role to play in the political new federation between the SADC and Comesa.

One of Human Was Cha Sechake's articles.
Key policy reforms expected in September

The 10-nation Southern African Development Community (SADC) was likely to announce key market policy reforms in September, Kaize Mhonde, the executive secretary, told a media conference in Gaborone at the weekend.

He said reforms would be made to SADC member countries' telecommunications, trade and human resource development policies, among others.

"The policies that we adopt will not be externally induced," he said. "We have to take a new approach across the board."

The SADC concluded four days of meetings on Sunday with a delegation of 25 senior business leaders from France, some of whom were interested in Botswana's emerging telecommunications and agriculture industries, among other economic sectors.

APF Gaborone
Manuel calls on SADC to market the region

By Maxwell Pirkisi

Finance Minister Trevor Manuel has called on all Southern African Development Community (SADC) finance and investment sector ministers to jointly channel their efforts into marketing the region instead of competing countries.

Manuel, who chaired the third annual meeting of the SADC Finance and Investment Sector Ministers in Pretoria last week said that although Southern Africa's economic profile was improving, SADC countries needed to join forces in order to win the confidence of the international community.

He said, "The status of Southern Africa is rising. But still, the present collective strength of countries in the region is not appreciated by the developed world because people in those areas don't look at this side of the world.

"It's up to us to cause them to see us for who we are. And we can only achieve that if we work more closely with each other."

Manuel said proper communication, supported by empirical information, were important to the placement of the region onto the world economic map.

**Meaningful progress**

Discussing the theme of the meeting – the SADC’s role in the African Renaissance – Manuel said.

"The key challenge facing the SADC is how to build on the sound economic performance of the past few years and, more importantly, how to translate these gains into meaningful progress in the war against poverty and into human capital development, investment and sustainable job creation."

He said economic cooperation was to be deepened through the creation of regional subcommittees on investment, macro-economic policies, development finance and customs and excise.

Already the private sector had shown some commitment to regional cooperation by requesting closer links with the finance and investment sector in order to enhance their own regional structures, Manuel said.

The changing role of the state in promoting good governance and in stimulating increased private sector investment was also put in the spotlight.

The publication of a regional database on economic statistics and combating money laundering were also discussed.
SADEC finance ministers discuss convergence

Towards a single monetary policy within the SADC

Financial ministers from South Africa, Botswana, Swaziland, Lesotho, Malawi, Mozambique, Namibia, Tanzania, Zambia and Zimbabwe discussed how their monetary policies could be harmonized in a bid to achieve a single monetary policy within the Southern African Development Community (SADC) region.

The ministers highlighted the need for closer coordination and cooperation in monetary policy decisions to ensure stability and promote economic growth in the region.

A joint declaration was issued at the end of the meeting, expressing the commitment of the member states to work towards a harmonized monetary policy framework within SADC.

John Muthoki
SADC unites to seek investors

Richard Stovin-Bradford

Johannesburg — Trevor Manuel, the finance minister, said last week that Southern African Development Community (SADC) finance and investment ministers were aiming to have a draft protocol on finance and investment for the SADC ready by next April.

Speaking after the annual meeting of the SADC’s finance and investment group, which is chaired by South Africa, Manuel said the proposed protocol was not aimed at a Maastricht-type pact, in reference to the European Union arrangement.

But, he said, “we want to communicate a single message to investors”.

The group’s progress during the year was reviewed at the meeting, and the future programme for the sector was approved.

Manuel said the SADC ministers had reflected on the growing similarity of economic data of SADC members. “They all have deficits of 6 percent or below and inflation in single digits,” he said.

Some ministers from other SADC member states drew attention to trade imbalances between their countries and South Africa, but said South Africa’s prosperity translated into prosperity for their own economies.

“Clearly questions of convergence remain those we need to address,” Manuel said. He called for greater macroeconomic convergence between the 12 SADC member states. He said the European Union was funding projects on the subject. “The norms we’d need to adopt are our own — different from other regional organisations.”

Manuel said the key challenge facing the community was how to build on the sound economic performance of the past five years and, more importantly, how to translate these gains into meaningful progress in human capital development, investment and sustainable job creation and in the war against poverty. On the latter, Manuel said he was looking at regional possibilities for “labour-absorbing” growth.

The meeting, led by Manuel, was attended by ministers and deputy ministers of finance, economic planning and regional co-operation and central bank governors. Chris Stals, the Reserve Bank governor, chaired the committee of central bank governors.
SA and Swaziland to tackle sugar dispute

Shirley Jones

Durban — The South African and Swazi sugar industries would meet early next month to resolve their long-standing dispute, Tony Ardington, the outgoing chairman of the South African Sugar Association (Sasa), said yesterday.

Speaking at the Sasa annual general meeting, Ardington said constructive discussions had already taken place with Swaziland concerning the basis for a long-term agreement within the Southern African Development Community (SADC). He also said the two sides would negotiate the reinstatement of Swaziland’s use of South African training, research and port facilities.

He said if the industry was to successfully negotiate a sugar protocol within the SADC, it had to reach an agreement with Swaziland so that the sugar industries of the Southern African Customs Union could approach other SADC industries with a proposal governing trade in sugar.

The dispute between the South African and Swazi sugar industries arose over the export of sugar into South Africa by Swazi sugar companies at prices below those set for the domestic sugar industry.

“Last year, the increased exposure of this industry to the residual world market as a result of competition from Swaziland within the Common Customs Union was the most important factor causing insecurity,” Ardington said.

Since then, competition between the two industries had changed after the Masere Protocol was signed by the two governments in August last year. This committed all SADC members to a progressive dismantling of tariffs over the next eight years.

“This places all producers other than those in Mauritius ... in a difficult position. In the absence of a sugar protocol, production of 4 million tons in the SADC will compete for a market of 2.5 million tons,” said Ardington.

“The consequence would be to lower the internal price of sugar in the SADC to a price below the world market price. In times of low world prices, this would be below the cost of all producers and production would collapse,” he said.

Durban — Although the 114,000 tons of sugar damaged or destroyed as a result of the recent strike at sugar mills was not significant to an industry that would harvest over 23 million tons this season, it could affect small growers, Tony Ardington, the outgoing chairman of the South African Sugar Association, said yesterday.

He said cane that had been cut or burnt before the start of the strike would have been destroyed or lost value for the grower and the miller.

Damaged cane could comprise all or a large part of a small grower’s crop.

“ Strikes are a blunt instrument in the negotiation process and harm those directly involved. The hardship suffered by the negotiating unions will be shared by many small-scale producers, all those working on the farms ... It is damaging to all involved that the strike was extended ... because of competition between unions purporting to represent the best interests of members,” he said.

He said the strike would have a negative effect on cash flows this season. It had also delayed the start of the 1998/9 crop, he said. — Shirley Jones
"Planning is an SADC challenge."

Nomavende Mathiane (229)

PLANNING and management of regional programmes were challenges facing the SA Development Community (SADC), said Foreign Minister Alfred Nzo yesterday.

Addressing an SADC workshop, Nzo said the regional integration process would demand strategies dealing with the need for a regional policy framework conducive to investment and citizen participation.

Nzo, who is also chairman of the SADC's council of ministers, advised delegates to suggest ways to fund the SADC's programmes.

Economist Busi Kunene said one of the body's functions was to provide a framework for regional co-operation in the area of finance in collaboration with central banks and other financial intermediaries in order to mobilise investment resources.

She said SA had been successful in carrying out its sectoral responsibilities mainly because of the functional approach adopted by the SADC and that the SA government had encouraged private and public sector institutions to participate in the activities that would add value to economic integration.
SADC forges on with plans to create a free trade area

Lucia Mutikani 20/28/7/97

The Southern African Development Community (SADC) would forge ahead with plans to establish a free trade area despite criticism from some international economists, executive secretary Knowledge Mbowe said at the weekend.

Last week, Jeffrey Herbst, an economist with Princeton University in the US, said the SADC should switch its focus from the free trade area to boosting infrastructure and harmonising economic policies and regulations. He said trade in the region was unlikely to play a major part in member states' economies because the market was too small.

Mbowe said: "We are saying we have to have a free trade for movement of goods freely in the region. For us it is not a question of either or." Mbowe also said it was believed the region was seen as having a small market because it had not been integrated.

The establishment of the free trade area within eight years was expected to create a huge market for the region with a population of 150 million and a combined gross domestic product of $170 billion.

"If they (economists) have been following the process... they would not come to this conclusion. The concept of a free trade area is a logical one."
A recent seminar finds that attempts at African economic unions mostly fail. Let for the region to have more independence.
No panacea for Africa
Advice is to plug into the global economy instead

Africa's efforts at creating regional economic organisations seem at odds with trends in the international economy, argues Princeton professor Jeffrey Herbst.

"Why go through the effort to try to have a relatively small number of poor people trade with each other when the world economy is larger and growing faster?" Herbst asked at a recent SA Institute of International Affairs conference.

His answer: "There are few reasons beyond sentiment to develop regional organisations unless they are used to institutionalise openings to the international economy. To say otherwise is to misunderstand how the global economy is developing and, paradoxically, to underestimate the opportunities available to African countries."

The most dramatic illustration of the global economic revolution in the past 15 years, Herbst says, has been the explosion in the worldwide foreign exchange market. Between 1987 and 1993 the estimated turnover in the three largest markets (London, New York and Tokyo) increased threefold to an astounding US$1 trillion/day. Currency traders are now able to mobilise "runs" on currencies of about $100bn-$200bn in a week, "far more capital than any central bank has access to."

Perhaps more important, he says, are the huge increases in international portfolio investment as a result of financial liberalisation in many countries and the concentration of savings in the hands of institutional investors in Europe and the US.

"After the long capital drought caused by the debt crisis, more loans and equity investment are flowing back to the Third World." The World Bank estimates that in 1996-1992 such flows increased by 25% to more than $100bn. Most of the money is going to countries such as South Korea, Mexico, Indonesia and Malaysia, which now offer opportunities to investors.

The nature of the flows has changed to make capital more mobile at the expense of the State. Firms and individuals in developing countries received just 16% of external finance at the height of the debt crisis. This has increased to 30%, partly because of privatisation.

Annanith Singh

FINANCIAL MAIL - AUGUST 1 - 1997
Report calls for overhaul of SADC

A CRITICAL report by consultants on the proposed rationalisation of the Southern African Development Community has made far-reaching proposals, calling for an overhaul of the SADC’s institutions and operations.

The report also calls for the scrapping of the co-ordination system.

The recently released report, jointly compiled by Harare-based Imani Development, SA’s Council for Scientific and Industrial Research and a Malawian academic, found that there was no cohesion among the SADC’s sector strategies and policies and that the organisation’s principles on economic integration were “rarely adhered to”.

Key proposals include the suggestion that the SA-led organisation dismantles its “narrow sector approach” by creating fewer clusters of cross-sectoral co-operation which are flexible and reliant on regional resources.

If upheld by the SADC’s membership, the cluster option would effectively centralise the SADC’s co-operation activities. For example, the cluster route would bundle trade and industry — Tanzania’s responsibility — with the SA-coordinated finance and investment sector.

At present, each of the SADC’s 12 nations co-ordinates a sector, which often results in the sectors being too small and underresourced to reach objectives. “This model has promoted an increase in the number of sectors, which works against integration and ... results in a loss of focus”.

Another key suggestion is that SADC should broaden its funding base to involve the private sector and international investors. Currently, most of the southern African regional economic organisations, including SADC and the Common Market for Eastern and Southern Africa, are reliant on donor funding, mainly from Europe and the Nordic nations.

Among others, it suggests that a formula, say the population size, be agreed to determine member states’ contributions to the SADC — a proposal that has raised concerns among some observers who feel that it could lead to domination of the SADC by the bigger states like SA.

The report proposes that the SADC secretariat’s functions be streamlined to cover co-ordination, administration, lobbying, harmonisation of policies and public relations. It also suggests that in building the community, business and other stakeholders play a greater role in implementing its action programme and policy guidelines must be developed on the use of aid.
SADC projects hampered by shortage of donations

The Southern African Development Community (SADC) is discussing the rationalisation of its organisation and programme of action during a three-day workshop which opened yesterday.

Kaire Micaene, the SADC executive secretary, opened the workshop, which is being attended by sectoral co-ordinators from the 12 SADC member states and officials from the Gaborone-based secretariat.

Latest statistics from the SADC, prepared for the May Consultative Conference in Windhoek, show the projects making up the programme of action are seriously underfunded. Donor money is also not coming forward as freely as it was hoped. Of the $8.2 billion sought, $3.5 billion is still required.

Sources within the secretariat said a big problem with the organisation of the SADC was the staffing, decentralisation and lack of direct control over the sectoral offices. "They have to report through the government of their host country. It can take weeks and even months before a report reaches the secretariat," one source said. The recommendations of the workshop are expected to be presented tomorrow. — Reuter Gaborone
Mixed feelings over paper on SADC’s restructuring

John Dladla

THE recently released consultants’ report recommending radical restructuring of the Southern African Development Community’s (SADC’s) institutions and operations has been received with mixed feelings by analysts and member states.

Some regional observers warned parts of the report, which has proposed the functions of the organisation’s secretariat be streamlined and relations with donors be reviewed, will be met with opposition from members.

Rob Davies, who chairs SA’s parliamentary trade and industry committee, yesterday endorsed some findings of the report, including the fact that the community’s shift towards development integration had not been accompanied by necessary change.

However, Davies expressed reservations on the approach to strategic issues, saying project and sectoral co-operation went hand-in-hand with economic development integration.

Strong resistance was expected on the proposed institutional change and fund raising methods, according to sources. The report, prepared by Imani Development and SA’s Council for Scientific and Industrial Research, suggested the establishment of powerful co-ordination directorates and that the body’s functional sectors be clustered into six groups.

One source said the proposal flow in the face of provisions contained in the communities’ treaty and would effectively introduce centralisation, making it difficult for member nations to have the sense of ownership engendered by the current system.

The study, currently being discussed in Gaborone, Botswana, also suggested the community broaden its funding base to include business and international investors, and that more funds be raised internally.

However, fears were expressed that an alternative formula to the current system of equal contribution would create ”senior partners” within the community.

Member states, who are meeting in Botswana this week, yesterday decided to have a closed session discussion, raising speculation that sparks were expected to fly at the workshop.
Liebenberg fails to force

Mixed feelings over paper

Boring out of hearing

DURBAN – 06/07/94

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EU trade pact 'to divert R350m from union'

SA's partners in the customs union could lose up to R350m if the free trade area proposed by SA and the European Union (EU) is implemented, the final report on the effect of the deal says.

An earlier report, which the EU said grossly underestimated the severity of revenue loss, put the figure at R1bn.

The countries, Botswana, Lesotho, Namibia and Swaziland, share external tariffs with SA and are heavily reliant on income from the customs union pool.

The report, compiled by Harare-based consultancy Imani Development, said if Botswana was to stay out of the free trade area, the total reduction in revenue would amount to R115m; R70m for Lesotho; R110m for Namibia and R50m for Swaziland.

An EU official in Brussels said the study was 'one of several inputs' to the talks, but refused to comment further.

The final report, which has been anxiously awaited by Pretoria and Brussels, found that revenue losses will occur to all parties.

Trade pact

Continued from Page 1

The report's findings strengthen Pretoria's argument that free trade with the EU would result in huge adjustment costs for its neighbours.

SA's customs union partners have called for the deal to be struck with the customs union rather than with SA alone, a move that would uphold the union's integrity. They are also concerned about the inclusion of subsidised EU farm products.
SADC fails to agree on plans for institutional restructuring.

John Dhludhlu

THE Southern African Development Community (SADC), yesterday failed to agree on a controversial proposal calling for a complete overhaul of the body's institutions and operations.

The lack of agreement at the three-day conference in Gaborone, Botswana, which was expected to create a regional position for next month's ministerial meeting, would delay the rationalisation of the SADC's programmes and institutional framework.

However, the 12 states agreed that the strategy for building the community should be revised to reflect regional integration and that national mechanisms should be established to enable broader participation in regional policies by all stakeholders.

Agreement was reached on the need to rationalise the SADC's projects and to update the criteria for selecting development projects in line with the consultants' study.

A report released after the conference attributed lack of progress to the fact that some states had not discussed the consultants' report and documentation had not been translated into Portuguese.

"Accordingly, not all member states had mandates to consider the detailed implementation of the findings and recommendations of the report."

The workshop failed to agree to set up powerful policy and coordination directorates.

Member states recommended the ministers' council urge governments to seek agreement within a given time frame on the outstanding issues. A progress report should be tabled to the ministers next year.

Lack of agreement on the directorates was not unexpected. Regional trade watchers had warned that the directorates, which would have introduced centralisation in the SADC, would be fiercely resisted.
Sactwu to call SADC to account

Shirley Jones

KWAZULU NATAL EDITOR

Durban — Employers and governments throughout the South African Development Community (SADC) would be called on to explain massive wage discrepancies and iniquitous conditions of employment throughout the region, the South African Clothing and Textile Workers’ Union (Sactwu) said yesterday.

Jabu Ngobo, Sactwu’s general secretary, said the employers and governments did not fully appreciate the implications of a southern African trade bloc.

African governments would no longer be able to sanction low wage levels and mass dismissals in the wake of strikes, as had recently been the case in Zimbabwe, he said.

Sactwu would stand by its decision at last week’s congress to keep a close eye on labour and social clauses within the emerging regional protocol, and push its demand that labour be included in negotiations that would ultimately determine the overall trade agreement.

Ngobo said despite its concerns, the union was in favour of the SADC trade bloc, especially now that Zambia demanded a preferential trade agreement.

The unions would also make sure that the soon-to-be-formulated trade protocol made it almost impossible for people to bring in complete garments and simply sew in labels and attach buttons, as had been the case in some of the SADC countries over several years.

“We also believe a lot of money within the clothing and textile industries, which should be going to the workers, is going to governments in the form of high taxes,” Ngobo said.

Many of the governments in liberated states had failed to deliver true freedom to their workforces, he said.

Conditions in many of the other SADC countries were backward compared with South Africa, especially when it came to the provision of medical aid, pension and provident funds.

The industry and labour had long recognised discrepancies between countries such as Malawi, Lesotho, Zimbabwe and South Africa, which were as high as 700 percent, he said.

As far as customs control within the SADC was concerned, Ngobo said first prize would be a quota system for South Africa. “We would like the focus to be on our customs and excise, so that we don’t have to depend on other country’s border controls. The more we extend control to other countries, the more difficult control will become,” he said.
SA 'will not be rushed in ratifying trade protocol'

John Dludlu

SA's offer granting better market access to its partners in the Southern African Development Community (SADC), under the proposed SADC plan to free trade exchanges among its partners, would be finalised within the next two months, trade and industry department officials said yesterday.

SA and its partners in the customs union - Botswana, Lesotho, Namibia and Swaziland - plan to make a joint offer to the SADC partners, which trade officials say will be in October or November.

A department official said SA, which still had to ratify the SADC's free trade protocol, would not be rushed into a decision by the organisation's secretariat nor Tanzanian officials charged with co-ordinating the SADC's trade and industry sector.

Hopes had been raised that the SADC's commerce and industry ministers would make tariff offers or ratify the offer at next week's meeting in Dar-es-Salaam, Tanzania.

SADC spokesman Kgoisi Moeti said next week's ministerial meeting would examine implementation of the protocol, including impact studies on tariff reduction. Only Mauritius and Tanzania have ratified the protocol to date.
Swaziland challenges report on EU trade pact

John Dludlu (2791)

SWAZILAND, which is co-ordinating efforts by SA’s neighbours in the customs union to formulate their positions on negotiations between Pretoria and the European Union (EU), believes it could lose about R150m when the proposed EU-SA accord is concluded.

Swaziland Finance Minister Themba Masuku said the figure is three times higher than in a recent consultants’ report — had come out of investigations by Mbabanu officials.

An EU-funded study recently found SA’s customs union partners — Botswana, Lesotho, Namibia and Swaziland — would lose about R348m when the free trade accord was implemented.

Masuku said the report’s estimates on likely changes in the volume and pattern of trade were based on “weak assumptions”.

The report, by consultants Mimi Development, said one of the subregion’s major concerns was that free trade with the EU should be with the customs union rather than with SA alone.

EU ambassador to SA Erwan Fouéré also believed the report had failed to consider the dynamic impact of the proposed accord.
SA:DC trade ministers to meet

WORLD TRADE OPPORTUNITIES
SA textile union takes up Zimbabwefan strikers' case
A new forum aims to change the image of the SADC from that of old boys' club.
Several countries keen to join SADC

John Diudiu

A NUMBER of African countries, including the Democratic Republic of Congo (formerly Zaire) and Madagascar, have signalled their intention to join the Southern African Development Community (SADC).

The honorary consul's office of Madagascar and the Congo embassy confirmed their interest yesterday. Madagascar said moves were under way to make a formal application.

A Madagascar official said her government's membership of the Common Market for Eastern and Southern Africa (Comesa) treaty would hang in the balance. Congo-Kinshasa is also a member of Comesa and has been involved in the SADC's sectoral co-operation projects.

Regional sources said the Seychelles had also expressed interest, but fixed inquiries were not answered.

A draft agenda of the forthcoming SADC summit shows the meeting will discuss membership applications from unnamed states.

Continued on Page 2

SADC

Continued from Page 1

The SADC, which is seeking to create a free trade area in eight years, admitted Mauritius as its 12th member a year ago.

These developments are taking place as the long-running rivalries over shared membership between the SADC and Comesa are showing signs of easing, thanks to the efforts of the new leadership in Comesa.

Indications that the SADC is set for enlargement come months after announcements by both Lesotho and Mozambique that they plan to withdraw from Comesa's activities in favour of the SADC.

Observers believe that the SADC's attractiveness comes from its new programmes of action, including a free trade zone of about 140-million people. Others say that the inclusion of SA has improved the region's standing among potential foreign investors.
Lusaka's exchange beckons

LUSAKA — The relaxation of SA's exchange controls was likely to boost the growth of the Lusaka Stock Exchange, which had been the best performing stock market on the continent this year, exchange officials said.

The SA government partially relaxed foreign exchange controls on July 1 to allow residents to invest some of their funds offshore.

"Of particular interest to the Lusaka Stock Exchange is the provision in these new rules that specifically promote investment in listed companies in Southern African Development Community (SADC) countries," exchange GM Charles Mate said.

"The move significantly opens the boundaries, making it possible for companies listed on the Lusaksa stock exchange to raise capital both domestically as well as regionally from SA-based investors. This should be of particular importance to those companies operating in Zambia that have strong links with SA," he said.

The Lusaka Stock Exchange was poised to grow over the next few months, with the development of new investment vehicles such as unit trusts, the quotation of Mufulira Wanderers Football Club and further interactions with foreign investors.

Mate said the Lusaka bourse had been the fastest growing in Africa at midyear. "On July 31 the Lusaka Stock Exchange index closed at 242 points, up 142% since January 1. This corresponds to a rise of 140% in dollar terms. At the same time, the market capitalisation has risen from $216m in January to $502m at the end of July."

Mate said the main concern of many investors was whether these gains were sustainable, and whether there was an adequate supply of stock on the market. These fears were unjustified.

"The exchange does not yet suffer the problem of large stocks of shares tied up with institutions or a few individuals. The free float is still quite large; for example, Rothmans has 50% of its issued shares in public hands. The stock, however, is still trading on a p/e as low as 4.27," he said.

Economic indicators, which showed inflation down at 22% in July, a stable exchange rate and declining interest rates, should give confidence to the market.

"There is also increasing interest by private sector companies, particularly banks, to list on the exchange and take advantage of the tax incentives as well as the opportunity to raise capital on the back of the strong demand for shares in the market," Mate said. — Reuter.
Deadline given for lists of sensitive products

The 12 members of the Southern African Development Community (SADC) have been given until October by the SADC Industry and Trade Co-ordinating Unit to come up with lists of sensitive products likely to benefit from a tariff reduction arrangement now being worked out by the regional body. Ministers and officials of trade and industry from all SADC members, except Angola, agreed during a special meeting in Pretoria that the process be speeded up to allow the harmonisation of tariffs as soon as possible.

The officials discussed how to reduce tariffs and the ratification of the Trade Protocol, which envisaged the creation of a free trade area for the region by 2000. The protocol was approved by heads of state during their summit in Maputo, last year.

The officials also agreed to adopt a linear reduction approach to tariff reduction. The method was preferred over the harmonised internal tariff reduction method because it was considered more predictable, simple to use and more transparent. — Joe Khamisi, Dar es Salaam.
SADC prepares position on Lomé talks

John Dludlu

FURTHER consultations will take place this week to put together a southern African position on the review of the Lomé Convention before the leaders' summit next month.

Southern African Development Community (SADC) spokesman Kgoainkwe Moeti said at the weekend that a meeting between business, governments and regional stakeholders on Thursday would be followed by an SADC trade and industry ministerial meeting.

The ministers would have to agree on a final set of recommendations to be tabled to the SADC summit in Blantyre, Malawi, early next month.

Lomé, the trade and aid arrangement bringing together the European Union (EU) and 70 former African, Caribbean and Pacific (ACP) colonies, is due for renewal at the turn of the century. Renewal talks are to start next year.

All SADC members, except SA, belong to the convention. Pretoria is poised to join the convention later this year as a partial member.

If approved by the summit, the recommendations from the ministers' meeting on Friday would become the SADC's contribution to the African position. This would then form part of the ACP negotiating directives when the talks begin with the EU next year.

Although no official position exists within the SADC yet, calls have been made for the Lomé convention's trade concessions to be restored in a post-1999 agreement with the EU.

The convention, which is now into its fourth term, grants non-reciprocal tariff and quota preferences to the ACPs in EU markets. The ACPs also benefit from a range of special commodity protocols on products such as bananas.

A discussion document by the EU has mapped out various scenarios for future ACP-EU cooperation, including breaking the ACP bloc into regions and asking some of them to grant reciprocal market concessions to EU exporters.

The review talks are taking place amid concerns that the trade concessions have not assisted the ACPs to diversify their exports and to integrate meaningfully into world trade.

Fears have also been expressed that the EU's impending eastward expansion, to include eastern European nations with no colonial links to any of the ACPs, might put pressure on the EU's aid resources.

Brussels has, however, reiterated its commitment to the continuation of the longstanding relationship with Africa.

Despite its failure to lift the share of ACP exports to the EU, Lomé is seen as an important agreement which could contribute towards the reversal of Africa's misfortunes.
Business body’s members set to desert amid ‘crisis’

John Dludlu

THE SA members of the Eastern and Southern African Business Organisation (Esabo), the Nairobi-based multinational body, are spearheading efforts to form a strong business voice in southern Africa amid growing indications that Esabo is nearing collapse.

Bess Robertson of the SA Chamber of Commerce yesterday confirmed that a meeting last week decided to form a task team to lead the initiative. The team, which had yet to be constituted, would investigate ways of forming a new body, she said.

A source who attended the meeting said the team would be tasked with getting SA business interests to speak with a single voice before undertaking a similar initiative within the Southern African Development Community (SADC) region.

Robertson said efforts would be made to bring other business groups, such as the National African Federated Chamber of Commerce and Industry and the Foundation for African Business and Consumer Services, on board.

This development follows a recent admission by the Esabo secretary in Nairobi that it had had “seething problems”, although officials were reluctant to spell these out.

However, it is understood that Esabo’s problems mainly stemmed from its inability to attract members and generate its own funds. Although it was debt free, the organisation, which began with nearly 90 members in the two regions, had failed to increase its membership. This has forced the organisation to depend on donors.

Last week, Esabo was waiting for funds from the US Agency for International Development and computers from the Common Market for Eastern and Southern Africa to make the secretariat fully functional.

Although no official link has been drawn between the SA initiative and the perception of a crisis in Esabo, sources believe the SA members are concerned about the long-term viability of Esabo.

Observers close to Esabo say it was “far ahead of its time”, as jealousies between countries in East and West Africa were making cooperation — including at a private sector level — very difficult.
NP warns on proposed changes to farm workers' tenure bill

Mandela to be briefed ahead of

chairing SADC summit in Malawi!
SADC chief urges Nafcoc to seek regional links

By Maxwell Pilikisi

SOUTH African business must forge and consolidate strategic links with their regional counterparts to successfully integrate into the global economy. This was said by the Southern African Development Community (SADC) deputy executive secretary Lengolo Manyaka during his presentation at the National African Federated Chamber of Commerce and Industries’ 33rd annual convention in the Eastern Cape yesterday.

Discussing economic transition and integration, Manyaka said business chambers in all 12 SADC countries “must work together to uplift the Southern African region.”

Said Manyaka, “I urge Nafcoc to seek linkages with established sister chambers in other countries and to establish sister clubs where none exist in order to promote sectoral integration. Such relations will graduate into stronger economic ties between our countries.”

Manyaka also called on South Africa to seek economic growth with a regional perspective. He said South Africa had the potential to help build a regional economy to the benefit of Southern Africa’s nearly 140 million people.

**Trade protocol**

“SADC is currently busy with a trade protocol, among other issues, which seeks to improve trade relations between SADC states.”

“And what I am saying is that business chambers like Nafcoc must get involved in these issues and facilitate links where possible,” said Manyaka.

Earlier, Afrikans Handelsinstituut (AHI) president Theo van Wyk decried bureaucratic bungling which he said was damming entrepreneurial development.

Van Wyk said the key to economic liberation, which would enable entrepreneurs to compete effectively on local and international market, lies in the hearts and minds of all South Africans.

“But this must not be suffocated by Government bureaucracy and a desire to generate additional revenue,” he said.

Johané, chairman Cyril Ramaphosa called on black business to strive to set the agenda for the transformation process that the country was undergoing.

Said Ramaphosa: “The face of business in South Africa is changing fast. The big question is, how can black business in organisations like Nafcoc position themselves in this transforming sector?”
Official denies protectionist policy charges

THABO MBASO
Business Reporter

Allegations by neighbouring countries that South Africa is hiding behind high tariff walls are unfounded, says the Department of Trade and Industry’s (DTI) director for Africa Trade Relations, Mfundo Nkuthu.

Addressing a joint sitting of Parliament’s committees on trade and industry, foreign affairs and agriculture yesterday, he said South Africa’s tariff levels were significantly lower than its Southern African Development Community (SADC) partners.

‘Current evidence on average levels is that they are lower than most of the SADC countries’

“Since 1996 we have been implementing a tariff liberalisation programme and current evidence on average levels is that they are lower than most of the SADC countries.”

Mr Nkuthu said 40% of South Africa’s tariffs lines were at 0%, meaning no duties were payable, while 52% were between 0% and 10% and 6% between 0% and 20%.

The only industries where importers had to pay duties of more than 20% and more were the textile, clothing and leather industries.

Mr Nkuthu said reasons for the high duties were that these industries had been battered by cheap imports from South East Asia.

“Another reason why this is so is that our own sectors are undergoing restructing and shedding jobs, as a consequence,” he said.

South Africa’s neighbours, especially Zimbabwe, have accused the Government of adopting protectionist policies against them, contributing to a balance of trade which is heavily stacked in South Africa’s favour.
Zimbabwe and SA should solve their economic challenges as a team, says Led Zimbank governor of the Reserve Bank of Zimbabwe

The country's economic challenges are well known, with a history of hyperinflation, currency devaluation, and high unemployment. In recent years, the government has been working to stabilize the economy and address these issues. However, the situation remains challenging, with inflation still high and the currency still weak.

The government has been implementing a number of measures to address the economic challenges. These include reforms to the banking system, including the introduction of a new currency, the Zimbabwe dollar, and the imposition of capital controls. The government has also been working to improve the business environment, including through reforms to regulations and the easing of bureaucratic red tape.

Despite these efforts, the economy remains fragile, and the government is facing a number of challenges. These include the need to address the country's debt burden, which is high and continues to grow, and the need to improve the country's infrastructure, which is in need of significant investment.

The government is also facing pressure from the international community, which has been critical of its economic policies. The country is facing sanctions from the United Nations, the European Union, and the United States, and these sanctions have made it difficult for the government to access international capital.

The government has been working to address these challenges, and it is hoped that its efforts will lead to improved economic conditions. However, the situation remains challenging, and the government will need to continue to work hard to address the country's economic challenges.
States' internal politics may dominate summit

John Dludlu (27 Apr) 00281397

THE political situation in Angola, Lesotho, Zambia and Swaziland was expected to dominate the forthcoming summit of the Southern African Development Community (SADC), SA officials said.

Mbulelo Rakwena, an official in charge of the SADC at SA’s foreign affairs department, said yesterday the SADC secretariat briefed President Nelson Mandela on the agenda of the leaders’ summit next week during a visit to Botswana yesterday. Mandela al-

within the next eight years. However, protectionist forces in some member states recently scuttled a deal providing for the free movement of people in the region. The summit is expected to approve a symbolic, nonbinding protocol on the “facilitation of movement of persons” instead.

The summit comes on the heels of last week’s agreement on a model for tariff liberalisation.

No decision is expected on consultants’ recommendations to restructure the SADC’s bureaucracy and operations.
Trade tops the agenda

The annual summit of the Southern African Development Community (SADC) is a fairly routine affair, but next week’s meeting in Blantyre could see some fireworks, specifically over enlargement and trade issues.

'Talk has it that the Seychelles is keen to join, but political as well as economic commentators believe extending the mantle of the organisation is premature at this stage.

'It would set back the pace of regional integration if we enlarge SADC beyond its current capacity and capabilities. We have to be conservative in our objectives and achieve those first,' says one analyst.

Top of the agenda is trade, and testimony to the problems faced by the organisation is the fact that the trade protocol, signed a year ago, has not been ratified by only two countries: Tanzania and Mauritius.

But specific items up for ratification in Blantyre are an education and training and a mining protocol, which envisage regional co-operation in meeting training needs and formulating one policy for the mining industry. The former has been through all the national debates so will go ahead as planned, but the latter still has to be discussed by the various interest groups.

'South Africa is often accused of dragging its heels when in fact all we are doing is complying with the democratic process of absolute transparency and consensus-building through institutions such as Nedlec,' says Ben Joubert, Foreign affairs deputy director.

Other issues on the table are a declaration on gender; a tourism charter; and further debate on a trade deal dispensation. Where the community has failed to reach agreement is over rationalising the SADC agenda.

'With so many important issues to deal with, such as a common policy on health and crops, it is critical that the review of SADC activities gets under way,' says Joubert. Despite the frustrations, the summit is a good opportunity to get the political leaders together with the technocrats, to strengthen the political commitment to greater co-operation, he says.
Towards harmonising the rights of workers in SADC

Johannesburg — Six years have passed since Southern African unionists decided to work towards standardised working conditions, but little progress has been made in that direction.

In another eight years or so, the sub-region will have transformed itself into a free trade area, if a timetable set by the Southern African Development Community (SADC) is followed. But trade unions say there are huge differences in labour conditions that must be ironed out if there is to be truly free trade between sub-regional states.

A recent congress of the South African Clothing and Textile Allied Workers' Union (Sactwu) noted that disparities still abound across the region, in many of whose countries trade union rights were invisible.

According to John Ngobobo, Sactwu's secretary-general, South Africa is pushing for the inclusion of regularised conditions of services and wages within an SADC trade protocol currently under negotiation.

The Sactwu congress noted how disparities in benefits such as pensions and medical aid among workers in South Africa, Lesotho, Malawi and Zimbabwe were as high as 700 percent.

But putting these concerns into print has been done before, without much success. Under the 1991 Charter of Fundamental Rights of Workers in Southern Africa, the sub-region set forth to secure common norms for trade union and worker rights in all its countries.

The charter demanded "upward harmonisation" across the sub-region of minimum legal requirements in terms of hours of work, annual and other leave, regulation and appropriate remuneration of overtime and shift work.

The progressive document even talks about parental rights rather than the more narrowly focused maternity leave.

The reasoning behind the charter was to prevent both unscrupulous employers and governments exploiting lower labour standards in the practice of "social dumping", whereby companies move their operations to the countries where trade union rights are least respected and so labour costs are cheaper.

But in Lesotho, for example, Chinese garment manufacturers have found a haven of cheap labour and less stringent trade union controls, which they are using to export into markets such as South Africa.

Ideally, such union rights would protect the free movement of workers across the sub-region, and enable them to join trade unions when employed in foreign countries. But in reality it is not so.

"Most problematically, such far-sighted regional visions of common rights for all workers may — unless a more balanced and measured process of economic development is achieved in Southern Africa — come upon against nationalist/chaustic tendencies in employment rights and unionism alike, especially, but not only in South Africa," said Sam Holf, a senior researcher at the Centre for Southern African Studies, in a review of the charter.

Of relevance is the fact that the 12-member SADC is made up of tiny economies such as Lesotho, with an annual GDP of about $600 million and giant economies such as South Africa, whose annual GDP is worth about $120 billion.

Swaziland, with a population of about 700,000, cannot hope to compete with South Africa's 27.9 million people, both in terms of industrialisation and earning power.

The annual per capita income of Mozambique is about $80, a far cry from South Africa's $6,000. It is such "unequal partners" who, within eight years, are to tear down all tariff barriers, import quotas, export subsidies and similar government measures, under an agreement concluded last August by members of the SADC.

Since majority rule in 1994, South Africa has sometimes moved to protect its industries from regional competitors. At one stage it imposed import tariffs of up to 90 percent on some Zimbabwean goods, bringing the textile industry there to its knees.

In South Africa it is trade unions that have shown most rigidity and unwillingness to pull down tariffs, arguing that jobs would be threatened.

Mirendo Nkhuhe, of South Africa's trade and industry department, said a number of policy options were available to Pretoria as it dealt with its neighbours.

"South Africa could pursue a policy which merely seeks to promote African markets and gain access to lucrative contracts in regional projects, so negating the concerns of the region."

"Or South Africa could recognise, and perhaps be sympathetic to, some of the needs of the region, though be largely non-committal about a regional programme and ultimately seek to pursue these needs on a bilateral basis," he said.

However, the government had opted to restructure its existing relations "on the basis of commitment to a regional programme that embraces cooperation and co-ordination of policy as well as integration of markets." — Sape-IPS
Germans encourage investment in region.

Stephen Laufer

A GROUP of leading German industrialists is to stage two major conferences this year aimed at encouraging investment in southern Africa.

Details of the conferences would be finalised next week at an executive meeting of the German Business Southern Africa Initiative (Safri), a spokesman said. The Southern African Development Community is to co-host the first conference in Windhoek in October and the World Bank will co-host the second in Stuttgart in November.

Chaired by Daimler-Benz chief Jürgen Schrempp, Safri aims to encourage small and medium European firms to invest in SA and the region.

Africa was burdened by a negative image in Europe and decisions to invest abroad generally favoured eastern Europe or Asia, Safri executive head Josef Gorgels said.

The initiative aimed to put Africa back on the map, particularly through creating a broader public perception of the continent's strengths and opportunities via the German media. "Trade instead of aid" was the group's watchword.

Many countries saw southern Africa primarily as a market, but Safri aimed to increase the volume of German investments in the region so that trade became a two-way street. The organisation's message was that SA was "a locomotive gathering steam, and that German companies should not miss the train", Gorgels said.

Crime in SA was a very problematic issue, particularly for small and medium enterprises thinking of investing in the region.

Companies battled to convince key technical and managerial staff to accept postings to southern Africa, Gorgels said.

The appointment of Meyer Kahn as SA Police Service CEO had been seen as a positive sign, but it was still necessary to get German investors to take note of it. The Windhoek and Stuttgart conferences would aim to inform a broad group on political developments and economic opportunities in the region.

A further conference planned for early next year would bring young managers from Germany and southern Africa together.
Congo and Seychelles apply to join Southern African body

Gaborone – Democratic Republic of the Congo, and the Seychelles Islands have applied to join the Southern African Development Community, says Dr Simba Mbiunde, executive secretary of the organisation.

The application will be considered at the 1997 summit of the SADC in Blantyre, Malawi, on September 8.

Three protocols will be presented to the summit for consideration – mining, education and training, and the facilitation of the movement of persons in the SADC.

There will be three declarations on strategic areas of interest and concern. These are productivity and gender in the SADC and the ban of the use, production and distribution of anti-personnel landmines.
(1) The Minister of the Environment, in his capacity as Minister of the Environment, has appointed a Committee on the Environmental Impact of Radioactive Waste Management, and has appointed a Secretary to the Committee.

(2) The Committee is to review and report on the environmental impact of the management of radioactive waste, and is to make recommendations to the Minister of the Environment on ways and means of reducing the environmental impact of such management.

(3) The Committee is to have power to obtain such information and to make such examinations as it considers necessary for the purpose of its duties.

(4) The Minister of the Environment is to provide such staff and such other assistance as the Committee may require.

(5) The Committee is to submit its report to the Minister of the Environment within six months of its appointment, and the Minister of the Environment is to lay the report before the House of Commons within three months of receiving it.

(6) The Minister of the Environment is to cause the report to be printed and distributed to such persons as he may deem fit.
SADC meeting to push for protocol to prepare for regional free trade
Third southern African corridor to be established

MAPUTO — The establishment of the Nacala development corridor in Mozambique, scheduled for next month, brings to three the number of such structures mainly benefiting three co-operating Southern African Development Community countries.

The other development corridors in which Mozambique, SA and Zimbabwe take part are Maputo and Beira, in the south and centre respectively.

The Nacala corridor, which is viewed as the first project of significant magnitude to be carried out in the northern region of Mozambique — this includes the provinces of Niassa, Nampula and Cabo Delgado — is aimed at rehabilitation of the rail-port system and creation of a free-trade zone.

Under the auspices of the Nacala development corridor, the Mozambique Railway Company will rehabilitate the Cunamba-Lichinga and the Cunamba-Entrelagos lines. It is hoped this will ensure a regular link between Nacala and Lichinga, capital of Niassa, and Malawi.

It is hoped, too, this line will pass through Malawi to link with the mining town of Moatize, in Tete, central Mozambique. At the launch of Nacala, the Malawian private sector indicated its interest in sharing in the rehabilitation of a 77km section along the Cunamba-Entrelagos line, which requires $32.9m.

Rehabilitation of the railway line will involve also reconstruction and repair of bridges, installation of telecommunication systems and signalling works. This will ensure the efficient movement of coal from Moatize, and surplus agricultural produce in the Zambezi valley.

The rehabilitation of the Nacala port will improve its handling capacity, estimated at 2-million tons a year. Nacala is one of the best deep-sea harbours in Africa. There are also plans to set up a free-trade zone in the Nacala port area. This zone will have a range of services, which will include the repair of vessels.

The Nacala corridor presents immense opportunities, considering the great potential in agriculture, fishing, forestry, cattle breeding and mineral resources which the region has. The Commercial, Industrial and Agricultural Association of Nampula supports creation of small and medium-scale projects to create much-needed jobs.

It is estimated the Nacala project will cost $174m. It will be financed by the World Bank, the European Investment Bank, the African Development Bank and the European Union. The Mozambican and foreign private sectors are taking part in this project through creation of various joint ventures.

Portuguese group Tertij, the Mozambican Samafel companies, the North American RSA and the multinational Renis Manica have already formed a consortium, to be involved in the rehabilitation of the Nacala road-rail-marine project.

This consortium is going to retain 51% of the capital of a holding company to be formed. The remaining 49% will be distributed between the railway company and Mozambican private concerns. — AIA.
SADC discourages bilateral accords

BLANTYRE — The Southern African Development Community (SADC), seeking to create a free trade area in eight years, has called on its members to replace bilateral agreements with multinational ones.

The Southern African Development Community (SADC), seeking to create a free trade area in eight years, has called on its members to replace bilateral agreements with multinational ones.

Bilateral trade agreements existed between some member states which created trade imbalances, John Mhle reports.

Blantyre reports that SADC executive secretary Kaire Mhle reported that SADC states are seeking bilateral trade deals with SA. There are also efforts under way to review a bilateral deal between SA and Zimbabwe, while SA and its partners in the customs union are engaged in talks to grant better market access to Zimbabwe.
South Africa wants Kabila's Congo to join the SADC, but at what price?
SADC at odds over trade pact

(B77A)

ANDREW FUMULANI

Blantyre—Four Southern African Development Community member-states have
decided not to ratify a trade protocol which would pave the way
for the creation of a regional free trade agreement, an
SADC official said yesterday.

Abraham Pallangyo, the
sector coordinator for industry and trade, said although the
protocol was accepted, South Africa, Botswana, Namibia and Swaziland had
not ratified the protocol pending a decision on the reduction of their own tariffs.

Only Tanzania and Mauritius have ratified the protocol.

Malawi, Zambia, Zimbabwe
and Mozambique were on the
process of ratifying it, said Pallangyo.

Kaire Mwenda, the SADC's
secretary-general, said this
year's heads of state summit,
which starts on Thursday,
would push for a multilateral
trade pact aimed at creating a
free trade area by 2000.

Some member states have liberalised their economy but have complained about the
trade imbalances, which favour
South Africa, the region's eco-
nomic powerhouse.
Erwin seeks clarity on Namibian criticism

John Dladlu
and Selinde Beresford

TRAYE and Industry Minister Alec Erwin is seeking a meeting with his Namibian counterpart Hidipo Hamutenya amid growing signs of tensions within the five-nation Southern African Customs Union.

Erwin's spokesman confirmed last night that the minister had requested a meeting with Hamutenya to get clarity on remarks recently attributed to Hamutenya.

Last week, Hamutenya was quoted as attacking SA's approach to the review of the customs union. According to reports, he had also criticised SA for blocking industrial development in southern Africa.

This week it was reported that the Namibian government had refused to grant an operating licence to a local reinsurer which has strong SA links. Windhoek intends to create a national reinsurance company and has indicated that private sector participation in this sector would face strong minimum capital requirements. Reinsurers have indicated they feel the government's moves are a ploy to keep SA companies out of Namibia.

SA Foundation executive director Neil van Heerden said SA and its customs union partners were having "continuous and sometimes difficult discussions about revamping the customs union" and Namibia was often the prominent spokesman for the other partners in the trading arrangement.

However, Van Heerden said he had "honestly not seen active and aggressive policies on the part of the Namibian government and cannot imagine that as a deliberate policy."
SAARC agenda requires strong regional

Southern Africa Rep. leadership in the absence of its own business voice. Writes John Dudley
GOVERNMENTS of the Southern African Development Community (SADC) are meeting in Blantyre, Malawi, at the weekend and on Monday to discuss the future shape of the 12-nation SADC and its relationship with its trading partners.

Topping the agenda of the SADC trading bloc will be the political situation in some of the member states. Crucially, the leaders, under President Nelson Mandela, will have to review the political situation in Angola where peace and stability is continuing to elude the diamond-rich country.

Despite frequent chest-beating by SADC leaders that an economic take-off is imminent after the end of internecine political wars, the region’s commitment to democracy is shaky. The political situation in Swaziland and Lesotho warrants the serious attention of the region’s leaders.

The summit is coming at a crucial time for the SADC leaders. Claims, officially denied, are flying around that the Zimbabwe-led SADC security committee is in chaos. Perhaps the time has come for its efforts to be beefed up. If this fails, a shake-up might be necessary.

The Blantyre summit is the first official leaders’ gathering since the political changes which saw Zaire changing its name to the Democratic Republic of Congo (Congo-Kinshasa) under former rebel leader Laurent Kabila.

While Africans are putting themselves on the back for the successful part they played in the resolution of the Zairean conflict, it is more important to develop a thoroughly considered strategy for engaging SADC in the rest of Africa. Conflicts like the one in Congo-Kinshasa, and lately Sierra Leone, have a potential of spilling over into other nations. Hand-wringing by the international community has created an opportunity for Africans to resolve their own problems.

The summit is also taking place after an application by Congo-Kinshasa and Seychelles to join SADC. Madagascar has also expressed interest in joining.

It would be tempting to accept Kabila into the club of Africa’s most-promising economies, particularly as his commitment to democracy has yet to be tested. Also, Congo-Kinshasa could improve SADC’s sectoral co-operation efforts in such projects as a regional electricity grid.

But political experience and the short-term gains of bringing Congo-Kinshasa under control should not replace reason. All applicants must fulfill necessary criteria, including respect for human rights, observance of democracy and compatibility with the SADC’s political, cultural and economic systems.

The leaders must consider whether enlargement would slow down economic integration, or vice versa. If it would hamper progress, other forms of cooperation should be explored. Association agreements might be an example. The size of markets is important in trading blocs, especially in the case of developing nations, but it should not come at the expense of efficacy.

Monday’s meeting will be the first opportunity to discuss a consultant’s report on rationalisation and restructuring of SADC’s structures and operations.

Attempts to cobble together a regional position failed to yield results last month because some member states were not prepared to even consider some of the proposals.

Among other things, the consultants have recommended a reduction in the number of co-ordinating sector units and that pow-
Southern Africa's GDP jumps by 6%
New members of SADC to be chosen

By Peter Farmer

Busts for Malawi - The newly formed Democratic Republic of Congo and the Seychelles are expected to be approved as the 13th and 14th member states of the Southern African Development Community at the regional body's summit here today.

President Nelson Mandela, the current SADC chairman, was welcomed by a cheering crowd in Blantyre yesterday. He will address the summit today, along with Organisation of African Unity Secretary-General Salim Ahmed Salim.

Critics of the move have said the SADC was already failing to properly include Portuguese-speaking Angola and Mozambique.

But, despite reservations, support for Congo and Seychelles seems almost unanimous.
Madiba lashes SADC on rights
New El Nino "could be strongest on record"

Drought warning from SADC
SADC states urged to reduce rights violations

BLANTYRE — A regional network of human rights groups has urged the Southern African Development Community (SADC) to improve the standard of members’ police forces to prevent “continuing human rights violations.”

The Southern African Human Rights NGO Network, which is affiliated to international human rights watchdog Amnesty International, also called on SADC countries to ratify human rights conventions. It said that when the SADC’s founding treaty was signed in 1992, heads of state signed a preamble noting the need to guarantee human rights.

However, the network said it noted with concern that “five years later, violations of human rights still occur in most SADC countries, although the degree of such violations differ from country to country.”

Chairman Ngande Mwananjiti said the group was in Blantyre, where the SADC is holding a summit, to urge the community to put human rights on the meeting’s agenda.

He said police brutality continued to lead to human rights violations, citing deaths in Malawian prisons and police action against illegal immigrants in SA. “We call on the member states to see that there is uniformity in the policing standards of all the member states. We believe it is time to look into such issues as training police officers, independent investigations into alleged brutality and every reported case of torture.”

The group demanded all states sign and ratify all human rights conventions, such as the Convention Against Torture. At the beginning of the year, only Malawi, Mauritius and Namibia had ratified the convention, while SA had signed but not yet ratified it. SADC members are Angola, Botswana, Lesotho, Malawi, Mauritius, Mozambique, Namibia, SA, Swaziland, Tanzania, Zambia and Zimbabwe — Reuters.
SADC summit a success - Madiba

BLANTYRE - The annual Southern African Development Community heads of state summit in Malawi had been fruitful and productive, with two protocols and two declarations being signed, President Nelson Mandela said yesterday.

Mandela was speaking at the closing of the 17th summit in Malawi’s economic capital Blantyre, which he had chaired.

The summit signed two important protocols, on trade and mining.

The mining industry was a major foreign exchange earner for a number of SADC countries and employed a significant number of people in the formal sector. The integration of the region’s mining activities could lead to enhance the SADC’s share in the international mineral market, Mandela said.

Two landmark declarations were signed on gender equality and landmines, the latter calling for Southern Africa to be free of anti-personnel landmines.

The gender equality declaration spelt out steps to be taken to address disparities between women and men which may have impeded women’s full participation in power sharing and decision making.

Mandela said the growth rates of SADC member states was a welcome development. All 12 SADC member states registered positive growth rates ranging from two percent to over ten percent. Seven states recorded growth rates of five percent or higher.

The SADC needed to increase investment in research and development to enhance the region’s development capacity, to assist it in achieving high productivity levels and competitiveness in the international market place.

Mandela said it was regrettable that the developing world, including the SADC region, spent less than two percent of their budgets on research and development compared with more than 10 percent for the developed.

Earlier, Mandela said SADC member states would have to think seriously about their commitment to democracy and human rights if the organisation was to retain its credibility. He said the summit had taken stock of the performance of the region and noted the relative peace and stability had provided the environment for attracting foreign investment. - Sapa
Congo and Seychelles join SADC

BY PETER FABRICUS

Blantyre, Malawi — The new Democratic Republic of Congo and the Indian Ocean island state of Seychelles were yesterday accepted as the 18th and 14th members of the Southern African Development Community at the annual summit of leaders of the regional organisation here.

At a press conference afterwards, President Mandela was asked if the SADC leaders were concerned that the Congo, which has yet to establish democratic government, did not meet the SADC’s criteria of respect for democracy and human rights.

Mandela said he was convinced that Congo President Laurent Kabila and his government were committed to establish democracy after two years.

In his opening SADC chairman’s address to the summit earlier yesterday, Mandela had caused a stir by launching an attack on SADC member states which suppressed democracy and human rights, and suggested the SADC should take action against them by denying them the right to host the sectoral functions of the organisation, which are now dispersed among all 12 members.
Kabila’s Congo enters SADC

Blantyre – The new Democratic Republic of Congo (formerly Zaire) and the Indian Ocean island state of Seychelles were yesterday accepted as the 13th and 14th members of the Southern African Development Community at its annual summit here.

Their applications for membership were accepted unanimously, the SADC heads of state and government said in a communiqué as the summit ended.

It said they satisfied the criteria for admission and had tremendous potential to benefit the region. And the Congo had key strategic significance to the region because it shared borders with several SADC countries and had great potential to co-operate in key sectors such as energy, water, tourism, transport and communications.

Afterwards President Mandela was asked if the SADC leaders were not worried that Congo, which has yet to establish democratic government, did not meet the SADC’s criteria of respect for democracy and human rights.

Mr Mandela said he was convinced Congo President Laurent Kabila and his government were committed to establishing democracy after two years as promised. They first had to restore law and order to the country, he said.

He based his confidence on Mr Kabila’s holding of local elections in the town of Kisangani after capturing it, and his statement after capturing Lubumbashi that he would form a broad-based government that included the opposition.

In his chairman’s address to the summit, Mr Mandela had caused a stir by launching an attack on unnamed SADC members he said suppressed democracy and human rights, and suggested the SADC should deny them the right to host its sectoral functions, which are dispersed among all 12 members.

Most delegates took him to be referring particularly to Zambia and Swaziland.
Mandela in plea for SADC democracy

CAPE TOWN — SADC member states would have to think seriously about their commitment to democracy and human rights if the organisation was to retain its credibility, President Nelson Mandela said yesterday.

Addressing the annual Southern African Development Community (SADC) heads of state meeting in Blantyre in Malawi, Mandela said the SADC's basic principles of respect for member states' sovereignty and non-interference in each other's internal affairs could not blunt its common concern for democracy and human rights.

"The right of citizens to participate unhindered in political activities in the country of their birthright is a non-negotiable basic principle to which we all subscribe," he said in a speech released in Cape Town.

The SADC dream of Africa's "rebirth" depended on the continent's countries and regional groupings committing themselves to democracy and respect for human rights.

"This democratic process is denied when political leaders, representing a legitimate body of opinion, are prevented from participating in political activity," he said.

"We, collectively, cannot remain silent when political or civil movements are harassed and suppressed through harsh state action," Mandela said.

It was contrary to the spirit of the treaty binding the SADC that absolute power be exercised by an unelected institution.

"While we respect traditional authority and provide for its expression in government and legislative structures, constitutional evolution and reform are incumbent on each member state. Nor can nominal but ineffective commitment to such reform be acceptable without the whole region ultimately being destabilized."

At some point the SADC, as a regional organisation, had to reflect on how it supported the democratic process and on the question of respect for human rights, Mandela said.

"Can we continue to give comfort to member states whose actions go so diametrically against the values and principles we hold so dear, and for which we struggled so long and so hard? Where we have, as we sadly do, instances of member states denying their citizens these basic rights, what should we as an organisation do or say? These were difficult questions but they had to be pondered seriously if the SADC wanted to retain its credibility as an organisation genuinely committed to democracy, human rights and good governance."

Mandela said the SADC had to be transformed urgently into a dynamic development community, and civil society had to become involved in its affairs, he said. Member states had an obligation to transform the SADC into a major role player in international and global affairs.

Mandela came out in strong support of the SADC recognizing gender equality as a fundamental human right, and of a ban on anti-personnel landmines, two of the issues on which delegates are expected to take resolutions.

"We cannot rest until southern Africa is safe for our children to play with innocent abandon, free from the savage threat of millions of explosive weapons recklessly scattered across the region."

Mandela is chairing the meeting.

Sopa.
SADC's bold education plan

BLANTYRE: There will be new education standards in Southern Africa within 20 years if the goals are met of an education protocol which was signed by the 12 leaders of the Southern African Development Community (SADC) at their annual summit here this week.

The protocol could bring far-reaching changes to education, including the creation of regional centres of excellence in some undergraduate professional fields such as medicine and engineering and most post-graduate subjects.

The aim of these centres of excellence would be to improve education and research and avoid duplication. Regional universities would bid to house different centres of excellence and a panel of specialists appointed by a regional official education institution would allocate and monitor them to ensure they meet agreed standards.

The Independent Observer service
Mandela and Mugabe ‘in clash over leadership of SADC committee’

Michael Hartnack

HARARE — A "power struggle" had broken out between President Nelson Mandela and Zimbabwean President Robert Mugabe over the leadership of a Southern African Development Community subcommittee, the state-controlled Herald reported yesterday.

The newspaper said that in a six-hour closed session in Blantyre, Malawi, on Sunday, leaders of the 12 SADC states "held a heated debate" which observers said had the potential to divide the region.

Sources said SADC chairman Mandela wanted the SADC chairman, which rotates every three years, automatically to chair the subcommittee on politics, defence and security. Mugabe, who has headed the subcommittee since its formation in 1991, wanted to retain the leadership permanently.

John Dzvidzi reports Mandela’s spokesman, Joel Netshitenzhe, last night "vociferously" denied existence of a power struggle. He would not confirm whether the issue of the subcommittee, the SADC’s conflict resolution mechanism, had been discussed during the weekend meetings.

However, the subcommittee had been under "conceptual discussion to see how it fits within the SADC institutional framework," he said. "In essence, it is an SADC institution."

Mugabe told the Herald the discussion on the matter had been postponed. "This is not the first time a seeming power struggle to control the organ (subcommittee) has arisen," said the Herald. "When it held the chairmanship (of the SADC) Botswana felt it should lead the organ as well. Then, that viewpoint did not get seconders."

This year, SA was supported in the quest to head the organ by Botswana, Lesotho and Swaziland, it said.

The newspaper quoted an "observer" as saying it was understandable that Mandela wanted "to be in control of the subcommittee because of the potential it was showing."

Diplomatic sources said it appeared that Mugabe was isolated, and most SADC heads wished to see leadership of the region pass to Mandela.

However, some analysts said it would be "politically unpalatable" for SA to be seen to be dominating the region and Mandela was sensitive to such concerns among SA’s neighbours.

Mugabe told the Herald: "Most people are looking at the organ as one capable of developing in this region into a kind of North Atlantic Treaty Organisation for the region, especially when you take into account recommendations of the ministers and its proposed institutional framework."
SADC must get back to basics

Madeleine Wackernagel
TANZANIA

[Image not provided]
Real power is economic

Namibia’s excise position costly

By Maxwell Pirkisi

Namibia’s continued boycott of beer excise duty applicable to the Southern African Customs Union (SACU) could cost it its share of about R2 billion from SACU’s common revenue pool, starting this year.

A source close to SACU told Swakopmund Business yesterday that Namibia’s failure to collect applicable excise duty as required by SACU on beer had prompted key SACU negotiators to propose the withdrawal of Windhoek’s revenue share.

He said that high level approval for the withdrawal of Namibia’s revenue benefit from SACU had already been secured.

Time running out

“Even though Namibia has been given a chance to change its attitude, time is running out because in the next few weeks there will be an annual customs commission meeting at which share allocation will be determined.

“And if by that time Namibia is still not collecting the required excise duty, it will automatically lose its share for this year and in the future until it changes its attitude,” said the source.

According to him, Namibia continued to boycott the 1996-97 beer excises announced by the then South African Finance Minister Chris Liebenberg.

Instead Namibia is alleged to have been using old excise rates and in the process denied SACU millions of rand’s revenue.

If Namibia’s revenue benefit is terminated, the country will still be expected to contribute to the common revenue pool through other excises.

It is believed the move could lead to a breakaway by Namibia from SACU.

This could cast new doubts over the future of the union.

Recent reports suggest that Namibia’s alleged continued exploitation of loopholes in the SACU agreement is believed to have become a headache for Trade and Industry Minister Alec Erwin.

Clandestine deals

The Namibian government has reportedly failed to deal with some of its companies which established clandestine deals with foreign-owned corporations with the intention of denying SACU important revenue through excise evasion.

Already, Erwin is believed to be seeking an urgent meeting with Namibia’s head of customs and excise, Samson Kallange, to highlight South Africa’s waning patience with countries that exploit the SACU agreement.
Mandela 'threatening to quit' as SADC chairman over subcommittee row, sources say

President Nelson Mandela threatened to quit as head of the Southern African Development Community (SADC) over sharp differences with the regional body's top executive, which were not resolved, sources in the SADC say.

However, there are no plans to pull the SADC chairman, who chairs the SADC's suspension committee, which suspended the sub-committee's activities over the failure to hold a separate summit from the main SADC summit in 1996.

NATIONAL INVESTORS say Mandela is known to be a more independent role for the subcommittee, which would see the SADC operate more as a North Atlantic Treaty Organization (NATO) parallel organization.

Mandela's spokesman, however, said he was unaware of claims that a solution would be found within the SADC.
SA refuses to scrap individual trade pacts

PRETORIA — SA has strongly defended the string of trade arrangements with its neighbours, saying these accords will remain until an effective multilateral deal is in place in the region.

Mfundo Nkuhlu, director of Africa trade relations at the trade and industry department, said scrapping existing pacts before a multinational deal was in place was asking SA's neighbours to give up a bird in hand for one in the bush.

Agreements came under fire recently when Kaier Mzunde, the executive secretary of the SA Southern African Development Community (SADC), urged the body's members to scrap them as they perpetuated inequities.

Mzunde's call marked a shift in the SADC's official line which has so far tolerated the deals. It came amid internal criticism in SA of government's bid to negotiate a preferential trade deal with its customs union partners on the one hand, and Zambia on the other.

The SADC, which this week admitted two new members — Seychelles and the Democratic Republic of Congo — is planning to free all trade exchanges by 2004.

Nkuhlu said that if the SADC free trade protocol was comprehensive enough by 2004, there would be no need for bilateral agreements.

However, he foresaw situations where economic interaction, going beyond preferential market access, would justify bilateral relationships or where countries co-operated on a project in which they had a direct interest. He cited the trans-Kalahari highway project and the Maputo corridor development project.

Nkuhlu also said talks to grant improved market access for Zimbabwean farm, and certain manufacturing items, were under way. The clothing and textile preferential access arrangement with Harare was being implemented.

SA and customs union signatories Botswana, Lesotho, Namibia and Swaziland would soon hold talks with Zambia to respond to the latter's request for concessory market access on a range of products. Lusaka lacks a trade agreement with Pretoria.

Nkuhlu said Pretoria would offer its SADC partners duty-free access within five years. However, SA's customs union partners — who share the same external tariffs system — would be allowed to seek reciprocity from other SADC partners. The arrangement would benefit SA's relatively weaker partners in the union, who could then guarantee potential investors duty-free access to the rest of the SADC.
Heavy load for SADC

I na move surprising to some observers of the organisation, the Southern African Development Community (SADC) voted unanimously to welcome two new members to its fold last week.

At the September 8 summit meeting of SADC heads of state in Blantyre, Malawi, the newly-established Democratic Republic of Congo and the Republic of the Seychelles were admitted to the organisation.

Prima facie this may seem to be a valuable expansion of the regional organisation, but there are problems inherent in the SADC opening its doors to new members.

A key concern that confronts Southern Africa is the need for the regional grouping to promote equitable development and trade.

Earlier this year, SADC decided to establish a Free Trade Area within the region, and pledged to have the FTA operational within eight years. This was seen by many to be overambitious.

One of the more obvious obstacles to overcome before the successful implementation of such an agreement is the necessity to address and rectify imbalances in trade within the region.

SADC has, since its inception, witnessed South African economic dominance of the region.

The current hegemony of the South African economy over the rest of the region has been so pronounced that even since the new South Africa became a member of the organisation.

Economic imbalance

SADC was established to redress this economic imbalance through the liberalisation of "mutu-regional trade in goods and services on the basis of fair, mutually equitable and beneficial trade arrangements."

SADC, in moving towards regionalisation, must be aware of some basic principles of this concept. States remain individual entities with their own political agendas and economic dynamics.

Individual states need proponents of development within their own territory. Regions that have vast internal imbalances in trade tend to be unsuccessful at regionalisation.

In terms of balance of trade with the rest of the region, South Africa is a giant among pygmies. South Africa has a Gross Domestic Product of about $216 billion (about R1 trillion), while Zimbabwe and Tanzania have only $18 billion (R90 billion) and $23.1 billion (R110 billion) respectively.

In order for SADC to be successful in the medium to long term, it is imperative that this imbalance is addressed. This has been readily acknowledged by South African Minister of Trade and Industry Alec Erwin.

At a conference in May, he stated that the South African trade balance with the rest of Southern Africa was tipped dramatically in South Africa's favour and that unless this trend could be reversed it would have a drastic effect on the neighbouring economies.

In admitting the DRC and the Seychelles, SADC has further complicated its already ambitious task. Firstly, neither of these countries has strong trade links with any of the other SADC states.

In terms of integration, one of the necessities for greater (and more equitable) trade is to have a foundation upon which a more equitable structure can be built.

If no such foundation exists, the opportunity for one state's dominance over another is enhanced.

Secondly, the domestic economies of the two new members are relatively underdeveloped even in comparison with their fellow members.

The DRC has a GDP of $16.5 billion (R80 billion), while the Seychelles is trying to boost its economy of $430 million (R2 billion).

The state of the infrastructural network in the former Zaire is atrocious, and the need for capital investment before any tangible returns are possible is overwhelmingly huge.

Thirdly, although not directly within its mandate, SADC has already had to deal with numerous cases of political turmoil within its member states.

This has obviously affected the economic performance of the states concerned, and this directly impacts negatively upon the internal dynamics and the international profile of the regional organisation.

The former Zaire had often expressed an interest in joining SADC, but was consistently refused entry.

Now the newly-christened DRC, which has yet to emerge from a protracted conflict and the economic ravages of corruption and dictatorship, has been welcomed into the club.

Reasons for the admission of the two new members have to be evaluated. Those voting on the issue of admission must have been influenced by strong arguments.

Perhaps the most persuasive argument centred on the impressive water resources of the DRC. These resources can be utilised by the thirsty southern states, as well as by energy-starved South Africa through ambitious generating projects.

However, these resources could be available to the region without admitting the state to SADC.

Other arguments given in Blantyre included tourism and transport, but none seemed overly compelling.

SADC had an arduous road ahead of it when it started on its journey 17 years ago. After the admission of South Africa and Mauritius, as more developed states, it seemed to pick up a little momentum and the road ahead seemed a little smoother.

With the latest additions, however, the organisation may just have added to its already heavy load.

(The writer is a lecturer in the Department of International Relations at the University of the Witwatersrand.)
‘Fiscus is losing R36m to round tripping of sugar’

SHIRLEY JONES

Durban — The fiscus was losing at least R36 million annually to dealers round tripping sugar through neighbouring states, industry sources said last week.

They claimed sugar made up a substantial portion of the grocery export scams within the Southern African Customs Union, which turns over more than R10 billion monthly.

The sources confirmed South African sugar was being routed from KwaZulu Natal and the Free State via Lesotho and Namibia. Profits consisted of VAT rebates from the South African government, GST refunds from neighbouring states and discounts from the wholesalers from which the sugar was purchased.

The commercial branch of the SAPS in KwaZulu Natal said cross-border sugar scams were so prevalent it was almost impossible to tell one case from another. While some cases were reported to the police, others were handled by the receiver of revenue, which has a secrecy clause preventing anyone from tallying up how many investigations are under way.

According to one source, managers at wholesalers — who stand to earn sales bonuses — rarely ask questions, adding weight to the problem. The source said fictitious clients had been buying from certain stores for years.

The South African Sugar Association was not available for comment.
SA DC 'in favour of an international court'

Deborah Fine

MEMBERS of the Southern African Development Community (SADC) were "overwhelmingly" in favour of the speedy establishment of an international criminal court to try war criminals and instigators of genocide, Lawyers for Human Rights national director Vinodh Jaichand said yesterday.

He said SADC members had met in Pretoria at the weekend to formulate a regional position in response to a draft statute drawn up by the International Law Commission outlining proposals to establish a permanent international criminal court within the United Nations (UN).

The new court would replace the ad hoc tribunals set up by the UN Security Council to investigate atrocities and crimes against humanity.

Jaichand said the idea of an international criminal court had been bandied about for 50 years.

Proposals to establish such a body were an indication of "the world moving towards a oneness" and a "large step forward for international human rights and humanitarian law", he said.

The SADC had adopted principles of consensus which would be put forward as a declaration at UN meetings in Sicily in November, and New York in December.

Up for discussion at these meetings was the role of the Security Council in the court, the location of the court, funding mechanisms and contentious clauses which some countries felt may threaten their sovereignty. These and other issues were still a source of debate, he said.

He said the court may be established within two years if it was not "politically scuttled or delayed".
Region’s defence forces to club together

BY NOHMAN CHANDLER
Defence Correspondent

Southern African governments are laying plans to restructure their defence capabilities through limited integration of existing national forces, to save money and to promote the security and reconstruction of the region.

A start will probably be made with various air forces and air wings, followed by other arms of service.

Negotiations are expected to take some time before a final decision is taken by the region’s Inter-States Defence and Security Committee and ratified by the 12 Southern African Development Community governments.

Defence Minister Joe Modise told the Sir Pierre van Rynsweld air power symposium—organised by the SA Air Force— in Pretoria yesterday that air power, in particular, was expensive “and few states in the region will be able to afford extensive air capabilities”.

He said “the end of apartheid and the birth of a new democracy in South Africa” heralded a new dawn for the African continent and emphasised that defence, including military and civil air power, could make a significant contribution to the general revival of Africa, and the vision of an African renaissance supported by President Nelson Mandela and his deputy Thabo Mbeki.

“This may sound like a paradox to some who might question how defence can be part of a renaissance. I submit that development and progress cannot come about without the fundamental prerequisites of peace and security,” Modise said.
SADC moves 'delay free trade zone'

ATTEMPTS by Southern African Development Community member states to protect local manufacturing were delaying the creation of a free trade zone within the SADC, executive secretary Kave Mbuende said this week.

"Tanzania and Mauritius are the only two members to have ratified the trade protocol. We are concerned about this slow pace," he told a briefing following the SADC summit in Malawi last week.

Mbuende said the trade protocol was of critical importance, given the high expectations of both the regional business community and foreign investors, eager to benefit from the SADC free trade area.

"It is a question of so-called sensitive products. So far every country has said they regard everything that is produced locally as sensitive. We now have to go through negotiations to finally agree what constitutes a sensitive product," he said.

Mbuende said the Democratic Republic of the Congo and Seychelles, both new members, would bring considerable benefits to the SADC.

"The Congo has much to offer the region in energy resources, water and as a gateway to Central Africa. From Seychelles we can get input on tourism, fisheries and maritime transport," Mbuende said.

Mbuende said Madagascar had also made inquiries about membership.

He said little progress had been made with the inclusion of Kenya and Uganda in the SADC. — Sapa
Congo could week SADC free trade plans

SA officials believe Cabinda's newly liberated republic does not have the border controls required to participate

AFRICA BUSINESS
ANALYSIS

SADC security spat opens up regional integration problems

The wrangle over leadership of a key SADC committee has been temporarily side-stepped by the region’s leaders. John Dludlu looks at the options before them.

THE widely publicised spat at a closed-door summit meeting between President Nelson Mandela and his Zimbabwean counterpart, Robert Mugabe, during the recent leaders’ summit of the Southern African Development Community (SADC) reflects the frustrations of forging regional integration.

The tension, which came to a head after differences over the management of the SADC’s human security and peacekeeping programme, was evident even before the summit opened. The meeting, which was the first since Zimbabwe took over the chair from South Africa, is seen as an opportunity to address the issues that have long troubled the region.

On several occasions Mandela has approached by counterparts in the region to mediate in disputes, mainly in his personal capacity.

It is understandable that Mugabe should feel deeply offended by efforts to remove him from leadership of the security organ, although diplomatic sources say Mandela has gone out of his way to involve him in the process of change.

Supporters of Mugabe — who won the presidency, in part as a recognition by his peers of his experience as the longest-serving president in the region — claim that the politics of the region demand that someone keeps an eye on “big brother SA” and ensure it does not become the neighbourhood bully.

Apart from Botswana, which recently vacated the SADC chair, Zimbabwe is the one country in the region with a military force of which can perform this “watchdog” function.

Proposers of the “democratic theory” believe the bid to get the security committee under the SADC’s direct control comes from “undemocratic” influences in SA, and not necessarily from Mandela.

SA government sources disagree. They argue that the issue is not a question of principles and say that so strong is Mandela’s feeling on this that he is prepared to quit the SADC if the principle is not upheld.

Not only will it not be in SA’s interest to dominate the region, but it is doubtful if Pretoria has the resources and the time to do so.

The committee for security and police looks like a logical institution to house a future SADC human rights body. So whoever heads it should enhance the body’s stature through good human rights credentials at home. Zimbabwe’s record casts doubt on its ability to play this role convincingly.

Apart from having to deal with the pressures of discontent from its own civil servants and its battle with the Botswana opposition parties, Mugabe’s other international committees — such as the one chairman of the Organisation for African Unity — will make it difficult for him to justify his position as the peace officer in the region.

Unless, of course, his only concern is to accumulate positions.

There is a way forward, but that depends on the political will to find it. After the failure of sanctions, Botswana, the region’s leaders agreed to suspend the committee’s activities. Officials say the role of the subcommittee is under constant “conceptual discussion” and are confident a solution will be found.

However, no specific meeting is planned to find a solution to the problem. Technocrats believe that the president will have enough time and political will to revisit the issue when they meet again in Launda, Angola, to review the political situation in that country at a yet-to-be-named date.

A more practical compromise would be to adopt Mandela’s proposal, with the SADC chairman taking over the subcommittee on police and security.

On the issue of access to the subcommittee, the chairman’s three-year term could be shortened.

In line with Mugabe’s ambition of a more influential, Nato-style body, a position of a top warrant officer — either a general or director-general — could be created for a renewable three-year term to run the body.

Top Carr August, 1997

“At R42 995, it’s one of the most...”

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E.P. Herald 14 July, 1997

“Gone are the days of low price standards with an array of features...""...larger cars.”

SOUTH AFRICAN INTELLIGENCE REVIEW 2799
SADC plans for safer skies

AUDREY D'ANGELO

Cape Town — Flying over most of southern Africa will be safer by the end of this year when a satellite communications system, designed to help aircraft avoid collisions and other accidents, is installed, a spokesman for the Air Traffic and Navigation Services Company (ATNS) said yesterday.

The spokesman said Southern African Development Community (SADC) countries were installing a satellite system.

But that would leave most of the rest of Africa a dangerous place to fly, with many airports completely lacking any kind of communications system.

Mac Maharaj, the transport minister, is expected to talk about this at the Airlines Association of Southern Africa conference dinner tonight.

The matter will be discussed at a conference of the International Federation of Airline Pilots’ Association (IFALPA) in Ghana this weekend.

The ATNS spokesman said the recent collision between a US and a German aircraft off the Namibian coast happened outside South African airspace. He would not speculate on the possible causes of the accident.

He did say, however, that “poor ground-to-air and ground-to-ground communication, or the total lack thereof in certain parts of the African continent, may have played a significant role in this disaster.”

He said the satellite communications system being installed in all SADC countries would enable control centres in each country to exchange information about aircraft headed into their air space.

IFALPA has complained that, for years, accidents have been averted only by radio communication between pilots themselves. They have warned each other not only of the presence of other aircraft in the vicinity but also of dangerous crosswinds on runways and other hazards.

South African pilots said the problem has worsened with the increase of air traffic into southern Africa. Some foreign pilots expected to find normal communication systems in place.

They complained that many African countries charged heavy fees for overflying their airspace or landing at their airports, but did not use the money for essential safety equipment.
SADC must discuss El Nino

By Ido Lekota
Political Reporter

The South African Government has called for an urgent meeting of Southern African Development Community (SADC) ministers to discuss the impact of the impending El Nino weather factor on the region.

The El Nino factor is linked to the warming of surface waters in the Pacific Ocean and it can lead to either abnormally high rainfall or severe droughts.

Predictions are that in Southern Africa the normal summer rains from December to March will be disrupted, leading to a severe drought.

At a media briefing on Wednesday, Constitutional Development and Provincial Affairs Minister Mr Valli Moosa, who is also the chairman of the Government's inter-ministerial committee for disaster management, said the meeting would discuss how El Nino would affect Southern Africa.

In particular, the likely effects on Botswana, Zimbabwe, Mozambique, Lesotho, Swaziland, Malawi and southern Zambia will be discussed.

Indications are that certain provinces in South Africa, including KwaZulu-Natal, will be hard hit by El Nino.

Moosa revealed that the Government was also embarking on a pro-active "pre-disaster risk reduction strategy" as opposed to the previous reactions to disaster where resources were only provided to redress damage.

Already the Ministry of Water Affairs has called for the intensification of its water conservation campaign and provision has been made for an El Nino emergency fund.

Services expected to be heavily affected by El Nino are water provision and agricultural production.

Statistics reveal that there are as many as 12 million people who rely on springs, rivers and wells for their water supply and the envisaged drought could hit them hard.

Predictions indicate there could be a 50 percent drop in maize production. This will lead to the importing of grain.
Zimbabwe, SA lock horns over who will be in charge of policing southern Africa

Harare - The row between South Africa and Zimbabwe over control of regional security reveals more than just a power struggle.

It exposes differing approaches to governance which could have far-reaching implications for relations between South Africa and its northern neighbour.

Nelson Mandela’s office has been quick to deny reports of a major rift at last week’s summit of the Southern African Development Community (SADC) in Blantyre, Malawi, where leaders of the 14-member grouping failed to agree on a constitution for the proposed Organ on Policing, Defence and Security.

The Zimbabwean press report- ed that Mr. Mandela threatened to resign if he didn’t get his way over joint chairmanship of the SADC and that he had “acted like a bully”.

In what were clearly officially-inspired leaks, Zimbabwean newspapers reported that other heads of state were shocked by what they considered “an insult to their sovereignty”.

While Mr. Mandela’s spokesman, Purna Mambushu, said there was no truth in the reports that Mr. Mandela had threatened to resign as SADC chairman, Foreign Ministry spokesmen in Pretoria conceded there were important differences of interpretation on the role of the organ.

These differences have never been fully spelt out, but they concern radically different views of how security is managed in a democratic society.

**Differences concern radically different views of how security is managed in a democratic society**

South Africa and Zimbabwe have been at odds over this since Zimbabwean officials first proposed a replacement for the redundant Frontline States formation at a meeting in Windhoek in 1994.

With the advent of a democratic South Africa there was obviously a need for a new organisation to cater for security and peacekeeping within the framework of the SADC.

Zimbabwe proposed a body called the Association of Southern African States (Assa) which it envisaged as an additional sector of the SADC.

That meant it would become the responsibility of a member state and Zimbabwe’s leaders clearly intended it should be based in Harare.

But in 1994-95 Zimbabwe’s pug- nacious plans for interference in regional conflicts in Lesotho and Mozambique alarmed its partners.

In particular, the South Africans had no wish to see their unconstructed armed forces dragged into disputes in neighbouring countries by President Robert Mugabe using Assa as a means to improve his own brand of dictatorship on the region.

Reporting to arguments about Organisation of African Unity rules on non-intervention and in behind the reservations of smaller countries, which were understandably uncomfortable by what they saw as Zimbabwean regional hegemony, South Africa’s diplomats managed at original ministers’ meetings in 1995 to re-frame the Assa proposal.

They envisaged it as an organ on security that would rotate annually among the SADC members and thus avoid manipulation by larger states. This was the formula put to SADC heads of state at their 1995 summit in Johannesburg.

To the surprise of other leaders, Mr. Mugabe revived the Assa proposal. Although prepared to drop the requirement that it be a sector of the SADC, the Zimbabwean president insisted that it be chaired by a long-serving regional statesman - a job tailor-made for himself. To Mr. Mugabe’s chagrin, the SADC heads of state stuck with the recommendation of their foreign ministers that the organ’s chairmanship rotate on an annual basis.

Their resolve had been stiffened by the international outcry that greeted Mr. Mugabe’s spatulate campaign a few weeks earlier against Zimbabwe’s gay community.

While SADC leaders were unlikely to support gay rights, the response of South Africa’s powerful civil society raised legitimate questions about Mr. Mugabe’s sustainability as head of an organisation tasked with monitoring human rights and undeniably weakened his case.

The spat was a clumsy compromise fashioned in Gaborone last year whereby Mr. Mugabe was appointed transitional chairman of the new organ.

But the gulf between South Africa and Zimbabwe is not a mere vacuum. Fundamental to the new South Africa was the view that intelligence and security issues should be firmly subordinate to politically accountable decision-making. The organ should therefore meet only at official and ministerial levels, the South Africans argued.

It could not function as an alternative forum to the SADC heads of state, Zimbabwe’s leaders, who depend upon a multilateral security apparatus for their security, found things differently.

They wanted a regional forum that operated independently of the powerful new South Africa, with its inconvenient preoccupation with participatory democracy.

Above all, Zimbabwe didn’t want the organ to become susceptible to the blandishments of regional human rights groups. The issue came to a head last week because the South African Suddenly woke up to their error in Gaborone last June of allowing the organ’s chairman to call his own summits.

New realisations dawned. Which summit would have the higher status that of the SADC or the organ? Could Mr. Mugabe use the mantle of the SADC to intervene in a regional crisis without the agreement of other heads of state?

The loss of political control over decisions taken in Harare clearly gave Pretoria the jitters.

And without political accountability there was little prospect of countries like Switzerland, Zambia and Zimbabwe being amenable to constitutional reform. Mr. Mugabe, who has now assumed a position that has been both transitional and substantive chairman, is not keen to give up his unique regional role.


gay issue raised questions on Mugabe’s suitability as head of a human rights organisation

Head of state: President Mandela and Zimbabwe’s President Mugabe are reported to have differences of opinion over who should be controlling the policing of southern Africa.
Zimbabwe, SA security rift has major implications

At stake is how each country should relate to intervention in the civil conflicts of its neighbours

By IRWIN VONHEMBA
Harare

The row between South Africa and Zimbabwe over the latter's security reveals more than just a jingoist angle. It exposes differing approaches to governance which could end up as teaching implications for relations between South Africa and its southern neighbour. President Nelson Mandela's office has been quick to deny reports of a major rift at the latest summit of the Southern African Development Community (SADC) in Blantyre, Malawi, where leaders of the expanded - now 14-member - grouping failed to agree on a constitution for its proposed Organ on Politics, Defence and Security.

The Zimbabweans pressed on the report that Mandela had threatened to resign if he did not get his way over joint chairmanship of SADC and the organ, and that he had "acted like a bully". In what were clearly officially inspired leaks, the Zimbabwean newspapers reported that other heads of state were shocked by what they considered "an insult to their sovereignty".

Mandela's spokesman, Parks Tau, denied there was any truth to the reports that Mandela had threatened to resign as SADC chairman, but a Zambian official said in Pretoria last week that there were important differences of interpretation as to the role of the proposed new organ.

Those differences have been keenly split out, but they concern radically different views of how security is managed in a democratic society. The two neighbours have been at odds over this since Zimbabwean officials first proposed a replacement for the lapsed Pretoria states formation at a meeting in Windhoek in 1994.

With the advent of a democratic South Africa there was an obvious need for a new organisation to cater for security and tranquillity within the framework of SADC.

Zimbabwe then proposed a body called the Association of Southern African States (ASAS) which it envisaged as an additional sector of SADC. Thus, it was felt that it would become the responsibility of a member state and Zimbabwe's leadership intended it should be based in Harare.

But during the course of 1994, Zimbabwe's grandiose plans for intervention in civil conflicts in Lesotho and Mozambique alarmed its partners. In particular, the South Africans had no wish to see their uncommitted regional forces dragged into engagements with governments of countries by President Robert Mugabe using ASAS as a means to impose its own brand of discipline on the region.

Resorting to arguments about Organisation of African Unity rules of non-interference and hiding behind the reservations of smaller countries which were understandably unsympathetic to what they saw as Zimbabwean regional hegemonism, South Africa's diplomats managed at foreign ministers' meetings in 1995 to re-foist the ASAS proposal.

They pressed for plans for an organ on security that would remain annually in the SADC members and thus avoid manipulation by larger states.

This was the formula put to SADC heads of state at their 1995 summit in Johannesburg.

To the surprise of other leaders, Mugabe received the ASAS proposals with a jaundiced eye. Although prepared to drop the requirement that it be a subsidiary of SADC, the Zimbabwean president insisted that it be chaired by a long-serving regional statesman - a job tailor-made for himself.

To Mugabe's chagrin, the SADC heads of state worked closely with their foreign ministers on the lines of their foreign ministers - that the organ's chairmanship rotate on an annual basis.

Their resolve had been stiffened by the international outcry that had greeted Mugabe's unilateral military campaign a few weeks earlier against Zimbabwe's gay community.

While SADC leaders were unlikely to support gay rights, the regime's South African-oriented powerful civil society raised legitimate questions about Mugabe's capacity as head of an organisation tasked with monitoring elections and human rights and undoubtedly weakened his case.

The upshot was a Groups' conference institutionalisation in Gaborone last year whereby Mugabe was appointed traditional chair of the new organ.

But the gulf between South Africa and Zimbabwean thinking remained.

Fundamentally, to the South Africans it was the view that intelligence and security issues should be firmly subordinated to politically acceptable decision-making.

The organ should therefore meet only at official and ministerial levels, the South Africans argued. It could not function as an alternative forum to the SADC to the detriment of the latter's role. Zimbabwe's leaders, who depend upon a semi-independent security apparatus for their tenure on power, saw things differently.

They wanted a regional forum that could operate independently of the powerful new South Africa with its incumbent preoccupations about participatory democracy.

Above all, Zimbabwe didn't want the organ to become susceptible to the blackmails of regional human rights groups.

The issue came to a head last week because the South Africans suddenly woke up to their error in Gaborone last June of allowing the organ's chairmanship to fall into the hands of its rivals. New realisations dawned.

What would summit have the higher status, the SADC or the organ? Could Mugabe use the influence of SADC to intervene in a regional crisis, perhaps, without the agreement of other hands of state?

The loss of political control over decisions taken in Harare clearly goes Pretoria the jibe. And without political accountability there was little prospect of countries like Swaziland, Zambia, and Zimbabwe being amenable to constitutional reform.

Mugabe, who has now served as both transitional and substantive chair of SADC, is, however, obviously keen to relinquish his unique regional power base.

Heads of state are due to meet again later this month at a special summit in Angola to resolve the issue. There the debate will intensify. At stake is more than just presidential ego or regional prestige.

What has to be decided is whether the organ becomes an agency capable of enhancing democratic governance in the region or whether it remains an instrument of old-style despots keen to extend their grip on power.

* Iden Werfell is assistant editor of the Zimbabwe Independent.
Angola calls off planned SADC talks in Luanda

Luanda — A planned meeting of southern African leaders in Angola at the end of the month has been called off, a senior Angolan government official and diplomats said.

An official said at the weekend that Jose Eduardo dos Santos, the Angolan president, did not want to host a meeting of the 14-member Southern African Development Community (SADC).

One of the issues to be thrashed out was differences between Nelson Mandela, South Africa’s president, and Robert Mugabe, Zimbabwe’s president, on the running of SADC’s subcommittee on defence, politics and security. The subcommittee is headed by Mugabe.

Aziz Fahad, the South African deputy foreign affairs minister, recently said South Africa felt meetings of the group should not be held separately but should be part of SADC meetings which dealt with overall regional issues.

The SADC meeting planned for Luanda on September 30 was also to have discussed Angola’s struggling peace process and two decades of civil war.

The gathering was to coincide with a UN Security Council meeting considering sanctions against Angola’s former rebel Unita movement for slowness in implementing its part of a UN-supervised peace plan.

A high-level Zambian delegation was in Luanda this week to discuss security issues with Angolan officials.

However, a Western diplomat said there was still a chance the meeting could go ahead.

Angola agreed at the SADC’s annual conference in Malawi earlier this month to support sanctions against Unita, to force it to comply with a 1994 peace treaty with the Luanda government.

The SADC includes South Africa, Zimbabwe, Zambia, Malawi, Namibia and Angola.
Second, a large and growing di-
ference of opinion over the struc-
ture of the SADC Organ on Poli-
tics, Defence and Security re-
portedly led to President Man-
dela threatening to quit as SADC chairman, a post which he is due to relinquish only in 1999.

The admission of the two new member states will in ef-
effect, in the short-term at least, undermine the SADC’s pro-
gramme of action while at the same time benefiting regional
political solidarity.

Even before this step, the SADC’s programme of “develop-
ment integration” remained little more than a theoretical ambition, with its secretariat’s mana-
gerial capacity already overstretched in dealing with a complex region fraught with so-
cial, political and economic sensitivities and challenges.

This problem is compounded by the organisational diffi-
culty created through the dis-
bursement of responsibility for the various SADC sectors or co-operation — including water, energy, trade, trans-
port, and tourism — among its member states.

In this, interstate commu-
nication and application to re-
gional rather than national programmes is tardy at best.

The ex-Zaire’s inclusion is a fine illus-
tration of the mismatch between bureaucratic capacity and political ideals.

While both President Mandela and Deputy President Thabo Mbeki were reportedly very keen to admit the Congo, this sentiment was not shared by SA officials who feared a possi-
able loss of institutional focus. It is ironic that Mandela’s

The consequences. With the signing of the SADC Free
Trade Protocol in August last year, members were supposed to have ratified the protocol and drawn up a schedule for tariff disman-
tlement within six months.

Yet by this year’s summit, only two coun-
tries had ratified the protocol and there had been little progress on the tariff schedule.

Such tardiness has immediate (and po-
tentially expensive) implications SA has, for exam-
ple, been held up in its talks with the European Union over a free trade agreement as its neighbours have been slow in providing Pretoria with a list of sensitive products, critical to the negotia-
tions.

And although the SADC is currently embroiled in a re-
view and rationalisation process of its own bureaucratic structures, it is unclear how this process will now be affected by the need to take on the huge development backlog of Laurent Kabila’s Congo.

If the effect of the membership expansion is a long-term issue for the community, the construction of the regional SA
d organ — basically a committee responsible for re-

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Three-pronged strategy for SADC expansion

MIDRAND-based electronics and electrical engineering giant Siemens is implementing a three-pronged strategy as part of a strong customer focus on Southern African Development Community (SADC) member countries.

Siemens is one of Germany's largest organisations.

The strategy will address energy generation, transmission and distribution; medical engineering; and the telecommunications needs of the region.

"We are committed to addressing Africa's needs from within Africa," says Martin Snoek, director of corporate communications for Siemens.

He says the company's stated objective is to achieve 25% of its turnover from within other SADC member countries over the next few years.

Accelerated

Investment in capital equipment, plant and manpower has been accelerated to help meet this objective and to satisfy the growing requirements of the entire region, says Snoek.

He says that while Siemens is essentially an international organisation with an annual turnover of nearly R400bn, the local company sees itself as essentially African and has put its weight solidly behind the RDP and the government's growth and development strategies.

In this regard, says Snoek, the company follows the initiatives set in place by the African Development Bank.

The company was a corporate partner at the World Economic Forum's southern Africa economic summit held in Harare earlier this year.

Siemens has been involved in SA since 1860, when it was responsible for the installation of the telegraph line from Cape Town to Simonstown.

Siemens's presence in SA was formalised some time later when it established its first agency in the country in April 1986.

Locally, Siemens employs about 4 200 people and generates sales of more than R2bn a year.

Exports, particularly to the rest of Africa, form a considerable part of the company's business.

Products include low-cost urban electrification, and communication and solar energy systems for use in remote rural villages, schools and clinics.

Because Africa represents only a small percentage of the world market, the local company also concentrates its efforts on the global market.

Its Cashpower 2000 prepaid electricity meter — claimed as a world-first — is patented in SA and Europe.

The product has received export orders from 22 countries. The Siemens Telecommunications plant in Wallooo, outside Pretoria, has also achieved international export success with its electronic digital telephone exchange.

Expanding

Other products developed for world markets include the optical fibre distributed concentrator — a system for expanding the area covered by a single exchange — as well as the small digital telephone exchange, both of which reduce installation costs in remote rural areas, says Lucky Masilela, economic empowerment manager for Siemens Telecoms.

He says that GSM cellular technology has found applications in other African countries, and the local company has been successful in developing the technology and, using it in conjunction with global positioning systems for anti-hijacking and fleet management purposes.
Mandela's SADC threat is published

Michael Hartnack

HARARE — The text of President Nelson Mandela's threat to resign as chairman of the Southern African Development Community (SADC) was published yesterday by the Zimbabwean Financial Gazette.

The Gazette, run by a consortium of black businessmen, said the row over Mugabe's position revived past ill feeling over Zimbabwean support for the Pan Africanist Congress and stemmed from African states' inability to trust SA's 'security establishment which is still dominated by survivors of the apartheid era'.

According to the newspaper, Mandela wrote beforehand to the 11 other states that sent leaders to the Blantyre SADC summit two weeks ago: "The creation of an entirely separate and distinct summit (under Mugabe) is surely not reconcilable with the stipulations of the existing SADC treaty. I want to give you my assurance that I raise this matter in the interests of harmony within our region. I raise it not to make any issue out of it and I will accept whatever the SADC summit decides, while I have to indicate that an arrangement of two parallel summits will not make it possible for me to continue functioning as chairperson."

Mandela said he was confident summit leaders "would obtain clarity on the issue" in Blantyre, but two days of heated debate failed to settle the rift which threatened the future of regional integration.

The newspaper said Mandela's opponents felt he wanted control of the organ as a springboard for SA's possible entry to the UN security council.

Sapa reports that the presidents of Botswana, Zimbabwe, Mozambique, Zambia and Namibia will discuss the future of the 14-nation SADC trading block in Gaborone on November 17.
Tanzania wants an SADC power grid

JOE KRAMER

Dar es Salaam — The creation of a southern African power grid under the auspices of the Southern African Development Community (SADC) could help Tanzania and other African countries overcome serious problems of power shortages, a government-sponsored think-tank, the Economic & Social Research Foundation, said last week.

Haji Semboja, a senior official with the organisation, said the arrangement would be cheaper and reliable and would benefit immensely from South African expertise in power technology.

He said the grid system could include countries such as Zambia, Zimbabwe, Mozambique and Angola, in addition to Tanzania. Semboja claimed that power rationing, which began in Tanzania on September 8 in response to dwindling water levels at its hydroelectric dams, was adversely affecting the country’s industrial sector at a time when the government had embarked on a serious campaign to woo investors. Continued power rationing, he said, would lead to lower levels of production, diminish capacity utilisation and increase production costs.

“As production decreases, government revenues will tumble,” he said. Semboja noted that in the absence of a regional effort, Tanzania would be unable to fully utilise its hydroelectric potential. — Independent Foreign Service
World Bank makes Regional Integration a priority

editorial committee's report

priority

WORLD BANK makes Regional Integration a priority

Editorial Committee's Report

Priority

World Bank makes Regional Integration a priority
Sacu exports increase

By Maxwell Pirikisi

The European Union (EU) accounted for an estimated 45 percent of the Southern African Customs Union's total imports and 31 percent of its exports in 1996, the European Commission in South Africa has said.

In a report released this week, the commission says the latest annual trade statistics represent a 16 percent and 31 percent increase in imports and exports respectively last year.

Machinery and electrical equipment imports accounted for an estimated 38.4 percent of total Sacu imports from the EU.

Other major imports from the EU included vehicles and vehicle equipment (6.5 percent), plastics and rubber articles (4.4 percent) as well as photographic and medical instruments and watches (4.1 percent).

Mineral-related products

Sacu exports to the EU are dominated by precious mineral-related products (47.2 percent), base metals and base metal articles (10 percent), vegetable products (6 percent) and prepared foodstuffs (4 percent).

The highest contributor to Sacu's total exports was Germany (15.2 percent) while the least was Luxembourg (0.1 percent) and Greece (0.1 percent).

Sacu's imports to the rest of the world was one percent to Africa, two percent to South Africa, three percent to the rest of Europe, eight percent to Japan, 13 percent to the United States, 22 percent to the rest of Asia and 6 percent to other countries.

Its exports were 21 percent to Asia, 15 percent to Southern Africa, seven percent to the US, 7 percent to Japan, four percent to the rest of Africa, seven percent to the rest of Europe and seven percent to other countries.

Sacu member states comprise Botswana, Namibia, Lesotho, Swaziland and South Africa.
‘A vehicle for the regional economy’

Aril seeks to hasten SADC co-operation

Johannesburg — African Resources Investments (Aril), the regional investment fund due to be filled on November 4, will serve as a catalyst for greater co-operation and liberalisation among the states of the Southern African Development Community (SADC), said Mutumwa Mawere, the fund’s chairman, yesterday.

“As the region gravitates towards an integrated regional economy, Aril will provide a vehicle for that process,” he said. “We see this as unifying because unity in the region will depend on the private sector.”

Aril was launched in August, initially to attract funds from non-resident Zimbabweans. But Mawere said the fund soon realised that it could advance the cause of empowerment by attracting as broad a base of southern Africans as possible, rather than on a nation-state basis.

The fund’s size was originally slated at R128 million, consisting of 259,000 R500 shares. Since the offer to acquire shares opened on August 6, commitments worth R50 million have been received, mainly from southern Africa but also from Africans living in other parts of the world.

Mawere said institutional investors had also wanted to get in on the act, so the fund’s prospective size had been increased to R500 million. The closing date remains November 4.

The fund will invest in listed and unlisted companies with a regional component to them. “We would like to get into companies near their listing,” Mawere said. “To get a substantial capital appreciation requires that, especially if our presence will help the share price rise...”

“Our positions will be meaningful, but they will be strategic, not operational. We will particularly be involved in accessing new markets and technology and human capital development.”

The fund intends to invest chiefly in information technology, private finance, privatising companies, mining, healthcare, transport and banking. Mawere said the fund had its first investment lined up, a JSE-listed transport company involved regionally.

Mawere said the fund would eventually seek multiple listings on SADC stock exchanges. “We may get into the market sooner rather than later, which would also allow us to give the institutions an exit,” he said.
Mandela, Mugabe ‘not at each other’s throats’

Michael Hartnack

HARARE — Disagreement between Presidents Nelson Mandela and Robert Mugabe over chairmanship of the Southern African Development Community (SADC) “organ on politics, defence and security” did not mean they were “at each other’s throats”, SA high commissioner Kingsley Mamabolo said yesterday.

Announcing an SA-Zimbabwe solidarity week to be held later this month, Mamabolo was questioned about heated disagreement between Mandela and Mugabe in Blantyre last month, when Mandela reportedly threatened to quit as SADC chairman if Mugabe continued to head the organ.

Western diplomats feared the dispute might wreck hopes of integration in the region. “Even among brothers in a family, disagreements may arise,” said Mamabolo. “That does not necessarily mean that people are at each other’s throats as it has been portrayed in the media here.”

As head of the security organ, Mugabe would have the power to call twice-yearly summits, pre-empting Mandela’s position.

Commentators say the dispute has revived rumour dating from Mugabe’s open support for the Pan Africanist Congress in the 1980s.

“It is quite clear that there has been a difference of opinion,” said Mamabolo. “What is happening now is that the heads of state are debating a solution in order to reach an agreement.” He declined to comment on what the next step would be.

Mamabolo said the SA-Zimbabwe week would also aim to reverse the negative image of Zimbabwe projected in the SA media.

“We unfortunately cannot control what the media do,” he said, referring to complaints by Zimbabwe’s state-controlled newspapers about reportage south of the Limpopo. “We would really wish to do without negative reporting because most of it is unfounded.”
Asia seeks to boost trade with SADC states

Kuala Lumpur — The Association of Southeast Asian Nations (ASEAN) is seeking to open new trade and investment frontiers with the Southern African Development Community (SADC) during this week's annual meeting of economic ministers for the first time.

Following inaugural talks between ASEAN and SADC ministers at last year's meeting of the World Trade Organization in Singapore, a second meeting is scheduled for this Friday, chaired by Malaysian trade and industry minister Rafidah Aziz and her Tanzanian counterpart Andrew Shja.

"The Kuala Lumpur economic talks are a follow-through of the Singapore meeting where a lot of ideas will be exchanged," ASEAN secretary-general Ajit Singh said ahead of the annual meeting opening on Thursday.

"The potential of promoting co-operation between the two groupings is there in principle," Ajit said.

He predicted the meeting would enable the two groups to identify pragmatic initiatives. Apart from measures to promote trade and investment between the two regions, Ajit said the talks would also cover co-operation in the fields of technical assistance, education and human resource development.

"Opportunities for trade and investment are bright, but discussions are still in the preliminary stage," he said.

Established three decades ago, ASEAN now groups Brunei, Burma, Indonesia, Laos, Malaysia, the Philippines, Singapore, Thailand and Vietnam.

The African group was set up in 1992 with 15 members — Angola, Botswana, Lesotho, Malawi, Mauritius, Mozambique, Namibia, South Africa, Swaziland, Tanzania, Zambia and Zimbabwe.

African leaders recently agreed to accept the Democratic Republic of Congo, formerly known as Zaire, and the Seychelles as additional members.

During his first trip to southeast Asia in March, the South African president, Nelson Mandela, called for closer co-operation between the two regional groups, which have a combined population of 600 million.

South Africa is sending trade and industry minister Alec Erwin to Friday's meeting.

South Africa is a major recipient of direct investment from Malaysia, which has poured an estimated $3 billion dollars into the country, making it the second largest foreign investor in the country.

Apart from the southern African grouping, the only other countries planning to hold a dialogue with ASEAN economic ministers during their annual meeting are Australia,
Solidarity for Southern Africa

NEWS
Alec Erwin to represent SA in new link-up

TOKYO – Trade and Industry Minister Alec Erwin will represent South Africa in a new Africa-Asia link-up at today’s meeting of ministers from the South African Development Community and their Asian counterparts.

“The attendance of Erwin is a bridge-building operation between the Asian “Tigers” and the emerging African economies of Southern Africa,” chief director of foreign trade relations for South Africa’s Department of Trade and Industry Faizel Ismail said.

Erwin and a South African trade delegation left Tokyo yesterday after a week in South Korea and Japan meeting top officials and business leaders of Asia’s two most powerful economies.

“Thus has been the most fulfilling visit. We have forged new and effective ties,” said Erwin, who met his Japanese and South Korean counterparts as well as business leaders from the two economic giants of Asia.

“On the Japan leg of the week-long North Asian visit, Erwin said South Africa talked with different Japanese companies about investing to build a new steel mill for the automotive and white-goods industries as well as a new aluminium smelter,” Ismail said.

Erwin’s presence at the annual meeting of the economic ministers of the Association of South-East Asian Nations (Asean) was another first for SADC and South Africa as they look eastwards for new trading partners.

The arrival of the South Africans and the SADC delegation at the Asean meeting was a follow-up to last year’s meeting of the World Trade Organisation in Singapore.

Today’s meeting will be chaired by Malaysian international trade and industry minister Rafidah Aziz and her Tanzanian counterpart Andrew Shija.

In addition to the promotion of trade and investment between the two regions, Asean officials said the talks would also cover cooperation in the fields of technical assistance, education and human resource development.”
One of the more devastating aspects of landmines in southern Africa is their wide distribution: Malawi, Namibia, Tanzania and Zambia have them, and other unexploded ordnance, still to be cleared, though not nearly on the same scale as Angola and Mozambique. Zimbabwe also faces landmine contamination as severe or worse than Mozambique.

However, unlike Mozambique's clearance programmes, Zimbabwe is taking a very different approach. Its landmines were put in place during almost 20 years of conflict before independence in 1980. They were used as defensive barriers against guerrilla forces.

As a result, most lie in seven minefields along the northern and eastern borders: along a 220km stretch east from Victoria Falls and in a 359km expanse south from the Musengezi River at the northeastern border with Mozambique, and hundreds of kilometres along Zimbabwe's eastern border.

Due to their military origins, these fields are complex barriers that may contain mines, explosives and booby-traps. In accordance with military practice, the fields were originally marked to prevent civilian injury. However, since independence, the military's upkeep of the fields has diminished. Time, the elements and vegetation have destroyed signs and fences marking dangerous areas. In some cases, local residents have removed fences and signposts. Now, little remains to warn of the dangers.

Despite almost two decades of death and injury, the government of Zimbabwe has only taken limited action to resolve the problem. In the early 1990s, the US and British governments donated funds to enable the Zimbabwean army to undertake mine clearance. Then in 1994 the European Union (EU) financed a study to determine the remaining mine problem. The study found that more than 1.5 million mines still contaminate over 8,500 square kilometres of the country. The government's efforts had cleared less than 80 sqkm.

As a result, the EU donated approximately R46 million for further mine clearance in January 1996. Almost two years later, the Zimbabwean government says it is in the process of preparing to solicit bids for the work. Then, sources say the tendering period will be open for up to four months, followed by the decision-making phase. Hence, a delay of more than two years appears certain before the grant will be used. According to the government, such extended preparation and bidding is to prevent corruption, as in previous contracts. But the delay may be a symptom of greater apathy.

Because Zimbabwe's landmines are in distant and confined rural areas - unlike Mozambique and Angola where they seem ever-present - the issue of human suffering is highly localised. From an electoral perspective, the mine-affected communities hardly make a difference at the polls.

Moreover, while few officials would openly admit it, the minefields serve as de facto border controls. The government knows of hundreds of reported injuries and deaths of immigrants, poachers and gold prospectors trying to cross the border illegally. To remove the mines would cost money, and replacing them with proper border security would cost even more. Indeed, when an official was asked if the government had considered spending its own money even for the short-term solution of re-marking the minefields in order to save lives, the answer was simply "no".

Another factor is that, unlike other states, Zimbabwe's committee on landmines is located in the ministry of defence. In other countries, a broader outlook also considers the agricultural, public health, medical and environmental ramifications.

Zimbabwe's handling of the issue also relates to awareness and publicity. While the government claims to be interested in de-mining, few people seem to know anything about the situation.

This is not to say the outlook for Zimbabwe is pessimistic. Despite the government's reliance on the EU grant - it is not yet seeking any other donations - and seemingly limited concern about mines, President Mugabe's role in the SADC Organ on Politics, Defence and Security, will keep the issue relevant. Many SADC partners are actively concerned about mines, and SADC wants to create a special committee on de-mining. - Star Foreign Service.

Laurie Boulden is the South African Institute of International Affairs' researcher for the Landmines in Southern Africa Project.
Pretoria — The movement towards regionalism in southern Africa within an envisaged free trade zone of 180 million people, and which would probably expand in the near future, created trade and investment opportunities for South African companies, Andre Liehlem, a research director of the Bureau for Market Research at Unisa, said last week.

But Liehlem told the bureau’s annual general meeting that the dominance of South Africa, not only in terms of size but also in terms of its level of social and economic development, might lead to a concentration of people and development in South Africa and, ultimately, political tension.

“A counter-flow of development, based on South Africa’s know-how, can balance the powers of concentration especially with regard to the benefitisation of the Southern African Development Community’s (SADC) reservoir of natural resources,” he said.

“Careful planning is essential to create an atmosphere of balanced regional development to the mutual benefit of all member countries,” he said.

But Liehlem said the SADC’s objective of boosting southern Africa’s economic independence and establishing a common market would be difficult. He said South Africa was realistic and considered it in the country’s long-term interest to opt for asymmetrical preferential access arrangements, favouring other SADC-member states rather than an immediate free trade regime to prevent contributing to the depu-dustrialisation of these countries.
SADC-Asean states forge trade ties

The ministers said the two regions would cooperate in promoting mutual trade and investment, particularly in metal engineering, telecommunications, agriculture and infrastructure development.

 Strengthening of private sector linkages, links between research institutions and the transfer of technology would also be emphasised, they said.

Asean general secretary Ajit Singh said the two regions also agreed to cooperate in World Trade Organisation (WTO) negotiations.

Saitex 'a platform' for SADC growth

Patrick Wadula

TRADE and Industry Minister Alec Erwin has called for greater participation by the Southern African Development Community (SADC) in exhibitions such as the SA International Trade Exhibition (Saitex).

Speaking at the official opening of this year's exhibition at Nasrec yesterday, Erwin said there were more than 150-million people living in 14 countries in the SADC region who could benefit from Saitex.

African countries were known for their ferrous and nonferrous metals, which they could take advantage of, he said.

These countries could form an important trade and investment area for other parts of the world.

"This is going to be a major power, a supplier of well-manufactured goods and agricultural products," Erwin said.

He said the trade and industry department had set up a stand at Saitex for the first time, to promote export opportunities for local producers as well as trade and investments into SA.
EU to allay SADC fears

Accord will have positive impact on economies

Southern African nations worried about the impact of the free trade deal being negotiated by the European Union and SA should take a closer look at the accord, Senior EU officials say the treaty could turn out to be a valuable tool in the region’s efforts to build more modern and liberal trade and economic structures.

Speaking to the FM before heading for Pretoria for another round of discussions on the free trade agreement on November 3 and 4, a senior EU official involved in the negotiations insists that most of the southern African region’s unease about the EU-SA treaty is misplaced.

“We believe the agreement will be good for the region and have a positive impact on the economies of southern African countries,” the official says. The pact will help boost trade between SA and its neighbours and lead to fiscal reform in members of the Southern African Customs Union (Sacu), he adds.

Southern African nations will probably need to hear more. The conventional wisdom in the region is that the EU-SA deal will lead to a loss of Sacu Customs revenues, prompt a shift in investments to SA and trigger greater competition on SA markets with European products.

But the EU insists that most of these fears are based on an outdated and incomplete view of the EU-SA pact. The treaty will have a wide regional impact officials in Brussels acknowledge. But it will boost economic growth in the region.

For starters, EU officials argue that contrary to popular belief in the region, the deal will not lead to a sudden drop in Sacu’s common Customs revenues. True, SA Customs duties will be reduced, but lower tariffs will boost trade both within the region and with countries outside. When tariffs go down, trade goes up, the EU official stresses. “Also, since tariffs won’t be as high, there will be less smuggling and hence a higher collection of duties.”

The EU says SA’s efforts to bring down duties as part of its commitments in the Geneva-based World Trade Organisation (WTO) have not yet led to a shrinking of the Sacu resource pool. “The cake is not getting any smaller. In the long term, the reduced tariffs will mean more trade.”

Under the EU-SA deal, an EU official adds, Europe has pledged to slash its tariffs faster than SA. “The accord’s trade commitments are asymmetrical and we’ll probably have a 10-12 year transition period.”

SA’s tariff liberalisation could also be the catalyst needed to modernise the region’s fiscal system, the EU argues. Instead of relying on Customs resources, southern African states should shift towards a more up-to-date revenue collection system based on the introduction of Value Added Taxes (VAT), sales taxes and other levies. “Modern systems of tax collection are based on the taxation of economic activity and production, not on the taxation of goods in movement,” the EU official says.

The EU says it is ready to help Sacu states draw up alternative fiscal systems. The question of direct EU financial assistance to the region to compensate for the putative loss of Sacu income is still controversial. Officials in Brussels argue they’re not convinced that Sacu revenues will go down. But “there will be budgetary assistance for all members of the Lome Convention — and help in fiscal modernisation given through structural adjustment programmes,” the EU negotiator says. “The problem can be solved.”

Southern African fears that the future EU-SA deal will lead to a shift in European investments in SA — which has a more skilled labour force, better infrastructure and cheap raw materials — will be discussed carefully, the EU admits. “SA’s neighbours should take a close look at their economies and foreign investments,” the EU official says. “And if there’s a sector that they are particularly anxious to keep alive, then they should ask the EU not to give SA zero-duty access for that product where they have a niche in the EU market.”

EU negotiators also discount fears in Zambia, Zimbabwe and other members of the Southern African Development Community (SADC) that, once the free trade deal is signed, exports from Europe will replace their products in the SA market. One way of ensuring that this does not happen is to ratify the SADC trade protocol which was signed last August, says the EU.

The protocol ensures that countries in the region are given the same tariff preferences that any SADC member concedes to countries outside the bloc. “In other words, SA will have to give its SADC neighbours the same tariffs that it applies to the EU,” says the EU official, adding that if SA wants to “open first to its neighbours, we could wait to get the concessions. We don’t mind being second.”

Shada Islam, Brussels
SADC in cloud coup-coup land

It was — within hours — business as usual in Lusaka, after Tuesday's pathetic attempt by a pocket of army officers to stage what appeared to be a coup against Zambia's elected President Frederick Chiluba (54).

Officials of an SA mining house who were scheduled to fly to Lusaka delayed their flight by a day because Lusaka airport was closed. They were "not unduly perturbed" about their Zambian investments, however.

Yet the failed putsch again poses questions about Chiluba's style of government and his commitment to democratic norms and practices — which do not match the relative success of his economic reforms.

The Zambian coup attempt underlines the fragility of institutions in a number of southern African states — Angola, Swaziland, Lesotho, the Democratic Republic of Congo — as well as weaknesses in the Southern African Development Community (SADC), to which these countries belong.

"Though it failed," says SA Institute of International Affairs director Greg Mills, "the Zambian coup attempt represents a wake-up call for the SADC to do a stocktake of institutional weaknesses of the organisation, and an appreciation of the region's hotspots, where governments' attempts to consolidate a political order have not been successful."

Given Zambia's geographic closeness to Angola and Congo, "there is clearly a great deal of regional anxiety."

The interesting question, Mills says, is what SA would have done had the coup been successful. Zambia is its third-biggest trade partner on the continent (after Zimbabwe and Mozambique), based on 1995 and 1996 trade figures.

SA exports to Zambia last year totalled R1.8bn, and imports R173m.

As chairman of the SADC, SA might have been expected to mobilise the region against the coup. But given the SADC's record, it would probably have done nothing. After all, Angola, also an SADC member, has blithely invaded two countries this year — both Congos — without redress.

Anamath Singh
Disparities ‘could slow SADC integration’

Pretoria — The enormous economic disparities in the Southern African Development Community (SADC) could hamper regional integration, according to a new research report by the Bureau of Market Research at Unisa.

"Not only will the concentration of markets tend to attract investment in South Africa and even lead to the deindustrialisation of neighbouring members, it could also lead to political tension," said Andre Ligthelm, a research director of the bureau.

The report was released last week. It states that in mid-1994, just before South Africa joined the SADC, only 4 percent of the trade of SADC members was within the community, while 25 percent was with South Africa.

It said this pattern had not changed substantially since then, irrespective of South Africa’s membership, but South Africa’s trade surplus with fellow SADC members amounted to R11.5 billion in 1996.

"Member countries may become nervous about the power wielded by the economic giant at the southern-most extremity of the continent. A common market with free mobility of human resources will also tend to gravitate towards the high income areas.

"Even under the present circumstances with border control, South Africa is already flooded with millions of illegal immigrants," Ligthelm said.

Ligthelm stressed that the movement towards closer regional integration in southern Africa called for careful planning to "create a situation of balanced regional development to the mutual benefit of all member countries."

The report highlights the increasingly prominent role South Africa is playing in the African continent. Ligthelm said ties with more distant African countries were strengthening, while long standing relations with neighbours were being reinforced.

He said what was of particular interest in this regard was South Africa’s involvement in the SADC and specifically its declared intention to eliminate gradually all barriers preventing the free movement of capital, labour, goods and services among the 14 member countries.

"This wider economic formation of 180 million people creates new business opportunities in the form of marketing, trade, investment and joint venture opportunities albeit not without problems and risks," he said.

The report investigated the socio-economic conditions of the 14 SADC member countries to establish, among other things, the extent of intra-regional trade, market penetration and risk factors such as inflation rates, foreign debt and trade balances.

It said Africa, and in particular the SADC, was not a major participant in the world. The continent only contributed 1.5 percent to the world’s gross domestic product in 1995 while being home to 12.8 percent of the world’s population.

The report said the SADC’s role was almost insignificant with its 0.8 percent share in the world’s economic output despite the 2.4 percent of the world’s population accommodated within the borders of the SADC grouping.

Within an African context, the SADC contributed 39.5 percent to Africa’s economic output in 1995, while just less than 20 percent of Africa’s population resided in the area.

Wheat value system will make leading contribution to food security

The wheat, milling and baking industry would increasingly make a leading contribution to food security in the 12-member Southern African Development Community (SADC), David Prout, the strategic planning manager of the Premier Group, said yesterday. Prout said at a department of trade and industry's cluster study workshop that a wheat value system — which was optimally balanced and globally competitive — would make a "leading contribution" to food security, but government strategies and policies that affected the way the industry operated in South Africa had to be addressed as a priority. "Only once we have firm agricultural practices in place can expansion into the SADC take place," Prout said. Expansion into SADC, he said, would create market opportunities for bread and bread-related products. "Investment into the SADC will create jobs in the region and create market access for the emerging farming sector." — Rooy Maharaj, Durban

CT/ER 13/11/97
Livestock crisis looms for SADC countries

From AFP

Pretoria — At least $7.4 million were needed to eradicate cattle lung sickness from the southern African region, the Southern African Development Community (SADC) said yesterday.

Launching an emergency appeal to international donors, Kalre Mbuende, the SADC secretary, said the disease was threatening the economies of some of the 14-member countries.

"It could have devastating effects in this region, which depends on livestock," Mbuende said, according to Sepa.

Cattle lung sickness, or contagious bovine pleuropneumonia, recently surfaced in Angola, Namibia, Zambia and Tanzania after being absent for decades. Mbuende said 25 million of the region's herd of 45 million head of cattle had been affected. Killing off the sick animals is the only way of fighting the disease.

In 1995, Botswana slaughtered 300,000 head of affected cattle.

"While Botswana managed to eradicate the disease, it is under threat of reintroduction of the disease from its neighbours," Mbuende said. "Other livestock-producing countries, such as Zimbabwe and South Africa, are also under threat of the disease."
Go regional, Manuel tells SA companies

Many investment opportunities

Johannesburg – South Africa must take the lead in the integration of southern Africa into the international economy for the benefit of the entire region, Finance Minister Trevor Manuel has said.

In the keynote address to the Globalisation of South African Business seminar in Johannesburg, Mr Manuel said economic reform of South Africa’s neighbouring countries was as important as the reform of its own economy.

South Africa’s interests were inevitably bound up in the interests of the region.

“We saw that if our neighbours were not stable and growing, that the lack of confidence in our region would soon spread to South Africa,” Mr Manuel said.

The government was currently preparing a proposal for multilateral regional trade integration, which would be put to the members of the Southern African Development Community in the first half of 1998.

Many local companies, such as Shoprite Cheekers, Standard Bank and SA Breweries, had already taken up the challenge of regional growth and development, by investing directly in neighbouring economies.

Mr Manuel urged other South African firms to look to the region for highly profitable investment opportunities.

“We believe this is the beginning of the development of a new and potentially world competitive regional economy.”

South African firms must take the lead in the development of the region, with the country forming the “growth pole” of the continent.

It was the Government’s responsibility to ensure favourable conditions for domestic investment.

However, it would take some time to build up confidence in the economy, and make the business environment attractive and stable for investment, Mr Manuel said. – Sapa
Private sector to play vital role

GABORONE — The private sector would play a vital role in the future development of southern Africa, Southern African Development Community executive secretary Kaare Mbuende told a regional investment conference yesterday.

"Previously the trend had been that the financing and maintenance of infrastructure should be undertaken by governments. Now we are opening up to the private sector and ... this process is irreversible," he said.

Mbuende was speaking at the Southern African Trade and Investment Summit in Gaborone, Botswana.

"This conference illustrates the strong desire of this region to intensify economic co-operation with the private sector," Mbuende said. "Our programme of action is geared towards equity and growth, with a very strong bias towards the private sector as the engine of growth.

"National stock exchanges have emerged to mobilise domestic savings for investment purposes. Out of the 18 stock exchanges in Africa, nine of them are in southern Africa."

Mbuende said in terms of regional trade, the SADC was the most integrated and advanced economic bloc in Africa.

"Intra-SADC trade is about 2% of total SADC trade. Out of this, it is estimated that 6bn worth of trade is transacted in goods with tariffs ranging between 0% and 5%. Seventy percent of the trade is taking place under very low tariffs," he said.

The importance of an SADC free trade area was not only in the expansion of intra-SADC trade flows, but also in its potential to stimulate domestic, cross-border and foreign direct investment.

"The objective of SADC is to have balanced trade among its member states. This can be achieved only if trade in the region is completely liberalised and the countries produce goods and services according to their comparative advantages," he said.

"The trade protocol of SADC has been developed with those objectives in mind and the earlier member states start implementing the provisions of the protocol, the better it will be for the entire region," Mbuende said. — Sapa.
Chissano calls for SADC cross-border investment

Gaborone - Cross-border investment could play a crucial role in bridging trade imbalances in the southern Africa region, Mozambican President Joaquim Chissano said here yesterday.

Speaking at the opening of a two-day southern Africa trade and investment summit, Chissano said governments, business and civil society had to combine their energies to develop the region.

"We need to join hands in order to create a better environment for investment in southern Africa," he said.

The summit, organised by the International Herald Tribune, attracted 350 participants from Africa, Europe, North and South America, and Asia.

It was attended by three regional leaders: Botswana President Sir Ketumile Masire, Zimbabwe President Robert Mugabe and Namibian Prime Minister Hage Geingob.

Its aim is to provide an opportunity for a constructive dialogue between government representatives and the business community on the best ways to reach the southern African market of an estimated 200 million people.

In his speech, Chissano called on Southern African Development Community (SADC) countries to avoid counter-productive competition between themselves.

"We need to boost our synergies, combining the efforts of government, the business community and civil society at large at national, regional and international levels," Chissano said.

The Mozambican leader said the southern African region offered a wide range of investment opportunities, especially in agriculture, forestry and mineral exploitation. — AFP
Services, not interference, priority for investment

Claire Pickard-Cambridge

GABORONE — Governments should avoid excessive bureaucratic and political interference in channelling investment, and focus instead on getting basic services right, Standard Bank group economist Nico Czyzynska said yesterday.

In a hard-hitting speech affecting several states of state attending the southern African trade and investment summit, he said governments should beware of trying to control foreign investment through approval processes, or trying to steer it through investment incentives.

Instead governments should concentrate on providing a framework which helped to lower operating costs in a country. These included securing reliable water and electricity supplies, rubbish removal, infrastructure maintenance and ensuring work permits were processed swiftly. It was essential that the regulatory framework was attractive to business.

The jury was still out on whether southern Africa could become the Cinderella at the international ball, but foreign perceptions — shaped by political figures — would be crucial. Uncertainty, including that created by the prospect of nationalisation or expropriation of property in the case of Zimbabwe, was damaging to the investment climate.

He warned neighbours that a failing SA would almost certainly "drag the whole region down with it". The success of the SA economy — which accounted for 80% of the region's economic output — would be positive for its neighbours: demand for their exports should increase, SA would be more likely to invest significant sums in its neighbours and a growing SA would draw global attention to southern Africa.

On the emotive issue of trade flows between SA and the region, he said for every R5 SA exported to the region it imported just R1 from it. This did not mean SA was helping itself at the expense of Africa. It gave back a lot, including competitively priced products and services, plus investment and infrastructure.

Of the $500m mining exploration in Africa this year, SA mining houses' contribution exceeded $100m. Since 1990, investments or planned investments announced by SA in southern Africa amounted to nearly $10bn.

He thought the SA government's growth, employment and redistribution policy encompassed much of best international economic practice, but that it was moving in the wrong direction on labour market policy, education and health management.

"Government's handling of "employment unfriendly" labour legislation elements was the most crucial and needed to be applied with substantial exemptions."
SADC countries must cut inflation

THE member states of the Southern African Development Community (SADC) are expected to have single-digit inflation and to reduce their fiscal deficits below six percent by 2000.

This was said by SADC executive secretary Kaire Mbuyende yesterday during the International Herald Tribune-Southern African Trade and Investment Summit which is discussing the future of the SADC region. The conference ends today.

"It is expected that by the turn of the century all the SADC member states will have inflation rates below 10 percent provided present prudent fiscal and monetary discipline is maintained," Mbuyende said.

"Fiscal deficits have been reduced to 6 percent of gross domestic product in 1995 in most of the countries ... and on the basis of present trends, it is expected that for 1996-97 the level of fiscal deficits in SADC member states will be lower than in 1995-96," he said.

Outlining the economic performance of the SADC countries, Mbuyende said there had been a steady rise in the average growth in gross domestic product from 3.0 percent in 1994 to 3.7 percent in 1995 and 4.1 percent in 1996.

"With this trend, I expect that growth in GDP will rise to 4.5 percent this year."

All SADC member states registered positive economic growth rates in 1996 ranging from two percent to 13.1 percent. The strongest performers were Lesotho, Malawi, Angola and Zimbabwe with increases between 8.1 and 13.1 percent. Growth rates for Botswana, Mauritius, Mozambique, Namibia and Tanzania ranged from four percent to six percent while the remaining countries had growth rates of between two percent and 3.1 percent.

"Another measure of success of sound macro-economic policy in SADC has been inflation control."

Advocate Christo Wiese called on the SADC countries to find common ways of harnessing the potential of the sub-continent to make the much vaunted rebirth of Africa a tangible reality.

He said the region in Africa to which international investors were paying closest attention was Southern Africa.

It was rated one of the top ten emerging markets
**Chisinau outlines regional trade bars**

In an appearance mood at yesterday's G-7 conference were Botswana President Seretse Khama, Zambian President Kenneth Kaunda, and Congo President Joseph Desiré Mobutu.

Chisinau's new trade talks have met with a positive response from the participants. The meeting is expected to help resolve regional trade issues and promote economic cooperation among the countries represented.

**Chisinau, Moldova**

March 1998

(Handout photos of Chisinau's new trade talks)
Chissano cautions SADC states on competition

Gaborone – Southern African states should guard against counter-productive competition among themselves in a bid to attract investment, Mozambique President Joaquim Chissano said yesterday.

Speaking at the International Herald Tribune Southern African Trade and Investment Summit in Gaborone, Mr Chissano said the emergence of southern Africa as a regional market comprising more than 200 million people strengthened the opportunities for greater co-operation among the member states.

"We need to boost our synergies, combining the efforts among government, business community and the civil societies at national as well as regional and international levels."

Mr Chissano said the challenges the SADC states were facing included weak infra-structural bases, poverty, structural imbalances and environmental degradation.

The percentage of intra-SADC trade increased from 5% in 1990 to 17.4% by the middle of 1996.

Southern Africa offered a wide range of investment opportunities. It had great agricultural potential, plenty of water resources and large reserves of energy such as coal, natural gas and oil. It was also rich in forestry, mineral resources and offered high potential for manufacturing and tourism.

"Investment in the industrial sector in SADC offers special competitive advantages as it provides an easy access to the European Union markets and the United States under the Lomé Convention and General System of Preferences," Mr Chissano said.

If the region was to attract private capital, governments had to promote sound economic policies, including privatisation. The region also had to continue efforts to lower the unit cost of transport, power, telecommunications, human resources development and water supplies. — Sapa
Mugabe says SADC states are supportive of Kabila

Gaborone - Zimbabwean President Robert Mugabe said the Southern African Development Community (SADC) states of state were disturbed by the international "destabilisation" of Democratic Republic of Congo President Laurent Kabila.

Mugabe was responding to a question posed during the International Herald Tribune trade and investment summit in Gaborone this week on how the SADC and the Organisation of African Unity (OAU) were dealing with the present political situations in the Democratic Republic of Congo, Angola and Congo Brazzaville.

Mugabe, who took part in a discussion session on the future of SADC during the summit, along with President Masire of Botswana, President Chissano of Mozambique and Prime Minister Geingob of Namibia, said the SADC was happy former Zairean president Mobutu Sese Seko had been unseated and wanted the international community to recognise tyranny had given way to a new process.

"The SADC supports President Kabila's policy for the formation of a transitional government in the Democratic Republic of Congo and the world must now give support to Kabila to assist the process of consolidation and the move toward democracy," said Mugabe.

Mugabe noted that the former Zaire was suffering from acute food shortages and minimal infrastructure. He said Kabila was battling to rebuild the nation with practically no resources.
Exports from customs union countries to Africa grow 27% 

Claire Pickard-Cambridge

GABORONE — Exports from SA Customs Union (SACU) countries to the rest of Africa had risen 27% from R13,8bn in 1995 to R17,5bn last year, SA Foundation executive director Neil van Heerden told a trade and investment conference yesterday.

This trend is also a strong reflection of growth in SA’s exports because SA’s contribution amounts to more than 70% of SACU’s trade. These trade figures are normally compiled for the whole of SACU — which consists of SA, Botswana, Lesotho, Namibia and Swaziland — because it is treated as one customs area.

Van Heerden said SACU’s exports to the rest of Africa had been rising continuously since the late 1980s but the increase recorded in 1996 had been significantly higher than those recorded over the past decade.

The lion’s share — or R12bn of the R17,5bn — of SACU exports to the continent went to the rest of southern Africa, along with substantial increases in exports to all the Indian Ocean islands. Exports to the “rest of Africa” rose from R4,6bn to almost R5,5bn with large percentages allocated to Zaire, Kenya and Tanzania. Figures for the west African markets remained relatively low and there were even small decreases in sales to Côte d’Ivoire, Nigeria and Ghana.

It is apparent that SACU exporters continue to concentrate their efforts on the closer, more familiar markets of southern and eastern Africa, including the Indian Ocean islands,” Van Heerden said. Zimbabwe was the leading client with imports from SACU of R5,3bn in 1996 from R4,5bn the previous year, which meant that it bought nearly one third of all exports to the continent. Those which followed were Mozambique (R2,3bn in 1996); Zambia (R1,5bn); Angola (R1,5bn); Malawi (R0,8bn); Zaire (R0,9bn); Kenya (R0,9bn); Mauritius (R0,8bn); Tanzania (R0,6bn) and Ghana (R0,6bn).

Seven of SACU’s top 10 markets were Southern African Development Community (SADC) countries, which lent credibility to the priority given by the SA government to this organisation in the form of less stringent exchange control conditions for SACU investors in SADC countries.

He warned the problem of imbalance of SA’s trade with the rest of Africa persisted. This was despite increases in imports into SACU from a total of R2,8bn in 1995 to nearly R3,4bn in 1996. Criticism of SA from the business communities of countries such as Zimbabwe and Kenya about the trade imbalance were likely to intensify.

Main suppliers to SACU in 1996 were Zimbabwe (R1,17bn); Zaire (R0,7bn); Malawi (R0,5bn) and Angola (R0,6bn). The most significant increase by a supplier to SACU was Angola (from almost zero in 1995 to R2,6bn). The most significant decrease was for Mozambique, which dropped from R117m in 1995 to R74m last year.

Opic in $150m fund on African investment

Claire Pickard-Cambridge

GABORONE — The Overseas Private Investment Corporation (Opic) would soon be launching a $150m fund to facilitate equity investments in sub-Saharan Africa, Opic deputy vice-president Mark van de Water announced yesterday.

He told a trade and investment conference that Opic was a wholly owned US government corporation which had sold $16bn worth of services to US investors in 50 countries last year. The goal of these funds was to provide capital for projects in the region. He hoped that by next year Opic would also have a $500m infrastructure fund in place which would complement other development efforts.

He explained Opic’s different functions in supporting development: “We operate as a bank, selling long-term projects financially. We also serve as an insurance company and venture capital organisation”.

He said Opic already had an active portfolio of nearly $1bn in projects that it was supporting in Southern Africa. On the venture capital side, or investment fund programme, it had several other funds operating in Africa.

There were many sectors in this region that were world leaders, such as mining technology, tourism and agriculture. “These sectors are prime candidates for equity funds and other products.”

Opic was “quite bullish in Africa” and looked forward to building on its track record there, Van de Water said.
SADC’s El Niño aid to cost $200m

Josey Ballenger

EL NIÑO was likely to affect at least 27-million people in nine Southern African Development Community (SADC) countries, with 5-million being extremely vulnerable, Catherine Bertini, executive director of the United Nations World Food Programme, said in Johannesburg yesterday.

The programme estimated 600 000 tons of emergency food aid would be required if the drought-inducing weather phenomenon hit the region badly. With a ton costing $300, the project would cost $200m.

This, however, compared favourably with the 1.6-million tons needed during the previous El Niño-related food crisis in 1992/93, which threatened 20-million lives in southern Africa.

The programme anticipated that the global disturbance — caused by the warming of temperatures in the eastern equatorial Pacific Ocean — could last until the second quarter of next year. “It may be worse than 1992, but it is difficult to tell,” Bertini said.

However, she said the programme was “better prepared” than it had been before and that certain regional issues — like cross-border and domestic transport — had been resolved. “The markets are also more liberalised compared with five years ago, and we hope to get more food locally,” she said.

A task force based in Rome will co-ordinate the programme’s worldwide prevention and response strategies and communications. Southern African directors finalised their regional strategies earlier this week.

Southern Africa is considered the region most vulnerable to El Niño after Central America.

El Niño is likely to affect most parts of SA, Zimbabwe, eastern and southern Botswana, Lesotho, Swaziland, Mozambique, Malawi, southern Malawi and southern Zambia.

David Whaley, the United Nations Development Programme resident representative in SA, said that SA would be relatively well equipped to handle a potential crisis.

“The SA government is already well geared up. They addressed it early on by getting the message out to commercial farmers to take preventative action such as growing crops that do not require much water or have shorter cycles.”

However, he said “millions” of smaller and subsistence farmers in rural areas were harder to reach, and thus there might be a need for an “internal” distribution system in SA. “We don’t foresee international food aid here.”

Whaley also noted that the provincial affairs department was developing a policy paper on disaster management, which it was expected to table in Parliament next year.
Phosa and SADC officials discuss strengthening ties

NELSPRUIT — Unless the economies of southern African countries were strengthened, illegal immigration would continue to be a problem, Mpumalanga premier Mathews Phosa said after a meeting with members of the Southern African Development Community (SADC) yesterday.

"People vote with their feet. For example, if there are no jobs in SA, there will be a movement to Zimbabwe," Phosa said.

Mozambique's High Commissioner to SA, AA Panguene, who led the SADC delegation, said it was not only Mozambicans flooding across SA's borders, but South Africans were beginning to cross into Mozambique.

"We have an influx into Mozambique because of the attraction of the sea, scuba diving and other tourist activities," he said.

Phosa said he met the SADC members to discuss strengthening ties in terms of economies, culture, sports and co-operation at local government level.

The benefits that SA projects, such as the Matabele Development Corridor and the Trans-Kalahari subcorridor, held for other African countries were also discussed.

Zambian First Secretary F Mubebo said that although Zambia was far removed from SA, it had a healthy import and export industry which could benefit from the economic subcorridors in and around SA.

Botswana's High Commissioner to SA, OJ Tekoane, said co-operation between the SADC countries could, however, lead to currencies in Africa becoming "more compatible".

The SADC countries include Mozambique, Malawi, Lesotho, Botswana, Swaziland, Zimbabwe, Namibia, Angola, Tanzania, Mauritius, Zambia and SA; and new member the Democratic Republic of Congo.— Sapa.
SADC must first look at the basics

Top SA economist bluntly tells leaders where they are going wrong, writes Peter Fabricius

the indispensable foundation of prosperity.

His message was essentially also that of the World Bank’s 1997 development report — stick to the basics. Why is this not happening? One suspect the problem here is control. The most important step in creating any economic union like SADC is the psychological one of relinquishing total control.

Forming a union necessarily entails surrendering some control to the collective body. Surrendering total control, oddly, attracts investment. It means adapting your policies to create one that investors want and thrive in, rather than trying to dictate policies to them, forcing them to run the gauntlet of investment approval and corrupt officials.

And why do they not yet, for instance, have a common visa for SADC? One suspects the reason for this and most other brakes on investment is the fixation about control. The members of SADC do not wish to relinquish in any way what they call “national sovereignty” — which is really just a euphemism for personal control.

Likewise it is Mugabe’s passion for control which is undermining the SADC’s ability to maintain regional stability. He is chairman of SADC’s Organ on Politics, Defence and Security tasked with maintaining peace in the region.

The organ has been effectively suspended because Mugabe will not submit to the overall jurisdiction of the chairman of SADC — and its current chairman, President Mandela.

So while Angola cheerfully invaded both Congos and recently showed signs of doing the same to fellow-SADC member Zambia, SADC remained mute. As with the crime in its member countries, the SADC cannot expect a flood of investors if it cannot maintain peace in the neighbourhood.

Peter Fabricius is Independent Newspapers’ foreign editor
DBSA ‘well placed’ for region’s success

By Shadrack Mashalaba

The Development Bank of Southern Africa (DBSA) is well placed to make the Southern African Development Community a powerful engine for development in the region, President Nelson Mandela said on Friday.

However, Mandela cautioned that much still had to be done to achieve this goal.

On a motivational tour, Mandela congratulated bank staff on the successful transition from a chief apartheid organisation to the Government’s premier development institution.

“We believe that the DBSA is well placed to make a lasting impact on the prosperity of the region. We are encouraged in this by your work in policy development, in building links with other development finance institutions in SADC, and by the growing list of investment projects in the region,” he said.

He said the institution had risen to the challenge as a body dedicated to development, working within a national framework of reconstruction and development.

The bank has disbursed about R1,387 billion during the last financial year and over R2 billion has been projected for the current financial year.

In its endeavour to transform the institution, a new board of 14 members was appointed by Finance Minister Trevor Manuel on July 29.
Southern Africa 'back on international agenda' (294A)

Melanie Sergeant-Haape

STUTTGART — Southern Africa was back on the international agenda, and opportunities opening up in the region should not be missed, World Bank president James Wolfensohn told a World Bank conference in Germany last week.

Wolfensohn said that sweeping political and economic changes during the last three years had rapidly transformed southern Africa into a "truly viable investment proposition", and while risks were evident, companies were already reaping better returns than in other developing regions.

"Since 1994, returns of 20%-24% have been achieved, an average of 5% more than companies achieve in other developing countries," he said.

With its population of 180-million, a gross domestic product of $170bn and a growth rate of more than 5%, he advised delegates to invest now before the region "comes into vogue". Southern Africa was rich in resources, although short on skills, but the necessary pre-conditions for investment were now being created, he said.

Daimler-Benz chief Jurgen Schrempp who also chairs the Southern Africa German Initiative (Safri), which organised the conference, said the meeting of more than 400 delegates was sowing the seed for a new era of co-operation and partnerships necessary to fuel the upswing in Africa.

Regional integration and the creation of a free trade zone would give the region more weight globally, he said.

German federal minister in Chancellor Helmut Kohl's office Bernd Schmidbauer said more than 400 German projects valued at about $10bn were in the planning and development stages for the region, and about $17bn had been spent on financing SA Developing Countries (SADC) structures.

Africa draws only 8% of German foreign capital investment in all developing nations, with more than 5% of this going to SA. Schrempp said this compared well with the US's 1% but said there was greater potential for co-operation between German companies and the region. Other Safri committee members including BMW, Siemens, and Hoechst, were still behind the initiative, which is the only one of its kind between Germany and another region.

Investors should move into the region, but "should not expect a return in three years — rather in 10", he said.
Southern Africa ‘back on international agenda’

Melanie Sergeant-Haape

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A target for new investment.
Comesa ‘should lift sanctions on Burundi’

(27PA)

FROM SAB-DPA

447 (72)

Badnews for business within the 18-member Common Market for Eastern and Southern Africa (Comesa) on Tuesday advocated lifting sanctions against Burundi’s military regime.

They told the Comesa council ministers meeting in Lusaka that economic sanctions on Burundi worked against the interests of business in the region.

Donny Katumba, the chairman of the Eastern and Southern African Business Organisation (Essobo), charged that American, Asian, South African and European business concerns had taken advantage of the vacuum created by the economic embargo and flooded Burundi with goods and services.

Katumba said he feared the Burundi market could be lost to other trade competitors.
Erwin’s law of regional success

Erwin's law of regional success is crucial for the development of a common market and a single currency in the developing world. The law states that, in order to achieve regional stability and prosperity, countries must cooperate closely and harmoniously. This will require a significant commitment from all parties involved, as well as a willingness to share resources and knowledge. Ultimately, Erwin's law serves as a reminder of the importance of regional cooperation in driving economic growth and development.
Nedlac shares lessons with SADC

By Abdul Milazi

After successfully facilitating South Africa's transition to democracy, the National Economic Development and Labour Council (Nedlac) is using its vast experience to help neighbouring countries.

Nedlac and the International Labour Organisation (ILO) will host the South African Tripartite Seminar on social dialogue in all Southern African Development Community (SADC) member countries.

The seminars, which run from today until Thursday, will be held in all the countries simultaneously.

Nedlac spokesman Lamu Stayman said the purpose of the seminar is to examine the role of dialogue in social and economic development. Stayman said the intention was also to determine the strengths and weaknesses of existing tripartite consultative forums and to examine the South African experience and the lessons it offered its neighbours. "Government, business, labour and communities will all be represented at the seminars, along with delegates from most SADC countries. "Both the international and African experiences of consultation and tripartism will also be investigated. The seminar will be chaired by Perret Nguyen of the ILO in Geneva," said Stayman.

Nedlac chief Jayendra Naidoo said: "In the three years of Nedlac's existence, we have learned many valuable lessons which we will now be able to formally share with our neighbours in Southern Africa. "The seminar will also allow us to explore our model in relation to international experiences, and there is no doubt valuable lessons will be learned from this process."
ILO men review Nedlac

Reneé Gravitzky

THE National Economic Development and Labour Council (Nedlac) might have been "too ambitious" to believe that consensus could or should be reached on all issues, an International Labour Organisation (ILO) delegation to SA said yesterday.

Regional director for Africa Elise Mabere and industrial relations director Hôuêng-Tránh Perret-Nguyen said in two years Nedlac had done well, but initial high expectations should not lead people to take a negative view because of some difficulties.

Mabere said: "We do not know how much better Nedlac could have done under the circumstances. However, perhaps the time has come to see whether the structure can be improved and streamlined."

Mabere said Nedlac's role should eventually be reviewed as a living institution. It had to adjust to changes taking place around it in order to be sustained. These views were conveyed during an ILO-Nedlac seminar in Johannesburg on social dialogue, at which delegates from the Southern African Development Community (SADC) exchanged views on their institutions.

Mabere and Perret-Nguyen said social dialogue was one of the major issues concerning the ILO. It fell within the context of trying to strengthen democracy. Social dialogue was not only essential for achieving and maintaining democracy, but was also important for economic growth. However, social dialogue did not necessarily mean negotiations, but a continued commitment to talk and exchange views in a non-threatening body. Consensus, they argued, could not be reached on all issues, and there could be instances where information sharing and consultation were sufficient.

A representative of the ILO's South African multidisciplinary "advisory team," Tayo Fashoyin, said although Nedlac was not a structure without its own weaknesses, it was far ahead of institutions in other SADC countries and some of its features could be implemented in other countries. He said though countries in the region had been trying to move in the direction of Nedlac, progress was slow.

However, the focus on attempting to reach consensus on all issues had caused some concern among SADC countries. The developments on the Basic Conditions of Employment Bill were a case in point.

Mabere said, however, that Nedlac was formed by the SA experience and one could not necessarily export it to other countries. These institutions had to be home-grown to be viable, he said.
Congo’s leaky borders threaten SADC trade

PETER FABRIOUS

Johannesburg — The Democratic Republic of Congo faces a huge challenge in imposing customs control over its vast borders to enable it to join the proposed free trade area which other Southern African Development Community (SADC) countries intend launching within eight years.

Mundo Nhulul, the director for Africa in the Congo’s department of trade and industry, expressed this concern last week to the Forum de Réflection des Congolais (FRC), a meeting of Congolese expatriates in South Africa.

Nhulul had said in an earlier interview that he believed the Congo (formerly Zaire), which joined the SADC in September, might have to stay out of the free trade agreement at first, to enable it to gain sufficient control of the movement of goods across its borders.

At the FRC meeting he was quizzed by Congolese who asked what was the point of Congo joining the SADC, if they could not join the free trade area. He replied that for such an area to work there had to be adequate customs control around all the external borders, to guarantee that all goods trading within the free trade area originated there.

Otherwise the SADC would be providing an opportunity for “footloose” and “fly-by-night” operators to bring in goods from the outside and trade duty-free, without benefiting the SADC countries.

Nhulul said the Congo border was on nine countries, and the stretch of border to be protected by customs officials was huge, relative to a weak government structure.

He said the Congo had asked South Africa to help strengthen its customs administration, but this was not easy for South Africa to do when it was going through its own profound changes and customs were the “soft underbelly of our own system”.

South Africa was also helping the Congo with supply-side measures such as helping develop transport corridors, “because you can’t trade if you don’t produce”. The South African Cabinet had agreed in principle to invest in the Congo side of the Benguela railway, which connects Congo’s mineral-rich Katanga province to the Angolan port of Benguela.

An Italian company had already been given the job of repairing the railway on the Angolan side. Nhulul said South Africa was investigating the problem of making the railway tracks on both sides compatible, and would soon be sending a team to the Congo.

He noted that Spoornet, the South African rail parastatal, had been involved in the Congo for some time.

He said when the railway restarted, it would open southern Congo to development and capital inflow. It would mainly be used by the major mining companies in Katanga.

Nhulul said the Congo was desperate for capital inflow, which was why it had brought forward the international donors’ conference which took place in Brussels last Thursday.

— Independent Foreign Service
Satra to chair SADC, regulators' association: The South-African Telecommunications Regulatory Authority (Satra) has won the inaugural chairmanship of the newly launched Southern African Development Community's Telecommunications Regulator's Association of Southern Africa (Trasa), Satra said at the weekend. The creation of Trasa was pushed by the need to co-ordinate telecoms affairs to facilitate and attract foreign investment.
Producers call for uniform carcass description system for SADC states

The Federation of Red Meat Producers of South Africa had asked the government for the immediate implementation of a uniform carcass description system for the 12 member states of the Southern African Development Community (SADC), industry leaders said this week.

In a letter to Derek Hanekom, the minister of agriculture, the federation said it was convinced the current South African classification system discriminated against extensive producers and was out of line with international standards. "The meat industry is presently totally deregulated while the current classification system stems from the regulated era, and does not comply with the requirements of a deregulated market," it said.

According to the current system, only animals who have not shed their teeth qualify for the A grade. Voicing their discontent with this system, industry leaders said that within the European Union carcasses of two- and four-teeth animals were included in the best grades.

The system was therefore out of line with international standards. — Ravin Mahoraj, Durban
EU still boycotting SA, report says

John Dludlu

TALKS between the European Union (EU) and SA have had "little influence" on helping Pretoria's exports to the EU, according to a recently released report by the Amsterdam Consulting Group.

The recent improvement in SA's exports to the EU were mainly the result of government-support measures, the rand's depreciation, as well as the recovery of global and European economies, the report said.

The macroeconomic report, written by the consulting group's business consultant Henriette Kiwit, argued that relations with other markets, particularly with Asian and African neighbours, might be an "attractive alternative" for SA.

The report's emphasis on southern Africa trade relations echoes Pretoria's thinking, which has always argued that any deal with the EU would have to assist the development of the SA-led Southern African Development Community.

This line of argument also reflects a debate by the SA government on whether to devote scarce human resources to traditional partners like the EU or forge links with fast growing regions such as Asia and Africa.

Africa's importance to SA stems in part from the rapid expansion of SA's exports to the continent. Over 60% of SA's exports to Africa are made up of high-value-added items, including machinery, transport equipment, chemicals, food and beverages. The EU still buys mainly primary products from SA.

The Kiwit report titled: "SA exports after apartheid: How the EU wants to boycott SA long after the fall of apartheid," said the "recent state of affairs" — an apparent reference to the slow start of EU-SA negotiations — made it unlikely that new relations would improve SA's export position to the EU in the near future.

"Despite promising statements on the European side, the content of the recently proposed free-trade agreement reveals that European representatives make SA interests completely subordinate to the interests of the EU," the paper said, echoing now familiar sentiments on the EU's opening negotiating position.

"The paper, one of a growing body of research around the EU-SA relationship, has come out as the talks are gaining momentum following the release of SA's supplementary negotiating position. The paper's thrust supports SA negotiators' calls for discrimination against the country's exports in EU markets to be removed."

SADC countries miss crucial deadline

John Dludlu

THE SA-led Southern African Development Community has called on its members to ratify the trading bloc's free trade protocol after member states missed a crucial deadline in intra-SADC liberalisation talks.

Member states were to have submitted lists of sensitive products by end-October as part of efforts to free trade exchanges in the 14-nation bloc over eight years. SADC spokesman Esther Kanamiba confirmed yesterday the deadline had been missed. However, the failure to meet the deadline was due to the tight deadline and not a reflection of member states' reluctance to forge ahead on the creation of free trade.

"In principle, every country is for it (the free trade protocol) but they have to deal with internal modalities," she said, referring to the need to have internal consultations.

Kanamiba said the other difficulty in meeting the end-October deadline had been the need for member states to consult bilateral partners, since bilateral arrangements would have to be phased out as the SADC trade kicked in.

Other sources in the SADC region said this week the delays were due to pressing national priorities.

At a meeting earlier this month, SADC executive secretary Kaire Mbuye urged the SADC's ambassadors to ratify the protocol to pave the way for implementation. Only two nations — Mauritius and Tanzania — have so far ratified the protocol, which was signed by SADC heads of state last year. A two-thirds majority is needed for the implementation of the protocol.

Kanamiba said member states were now hoping to have the lists of sensitive items drawn up by the middle of next month, ahead of the SADC's ministers' council at the end of the month.

SADC negotiators have said no products should be excluded arbitrarily from the free trade area. Therefore members would have to justify requests for any exclusions or find a means of dealing with sensitive products, they have said.

SA and its custom union partners — Botswana, Lesotho, Namibia and Swaziland — were due to finalise their position early next month.

TODAY'S WEATHER

Gauteng: 8/27, Morning 16/24

MPUMALANGA: 8/27, Morning 15/27

Northern Province: 8/27, Morning 15/27

Peterburg: 17/32, Morning 17/32

North West: 8/27

Free State: 8/27, Morning 15/27

Kwazulu-Natal: 7/27, Morning 15/27
Macroeconomics of SADC ‘improved’

GABORONE — The macroeconomic climate in the Southern African Development Community (SADC) had improved significantly, the SADC secretariat said in a year-end report released on Friday.

There had been a steady rise in the average growth in gross domestic product (GDP) from 3% in 1994 to 4.1% last year, executive secretary Kaire Mbuende said.

"With this trend, it is expected that the growth rate will have been 6% in 1997," All SADC member states had registered positive growth rates last year ranging from 2% to 13.1%.

Southern Africa remained the fastest growth region in Africa and accounted for 60% of the sub-Saharan GDP of $300bn. Regional GDP per capita, at $990, was double that of sub-Saharan Africa.

"A measure of the success of the economic policies followed by SADC member states is the control over inflation which had been exercised," Mbuende said.

"Whereas double digit inflation rates were previously the norm, last year seven countries had inflation rates of between 6% and 12%. These were Botswana, Lesotho, Mozambique, Mauritius, Namibia, Swaziland and SA. In Tanzania and Zimbabwe, inflation last year had been in the range of 21% to 35%, lower than in 1996.

Fiscal deficits had been reduced to 6% of GDP in most SADC countries and it was expected that they would be lower for 1996-97.

The SADC members are: Angola, Botswana, Democratic Republic of Congo, Lesotho, Malawi, SA, Mauritius, Mozambique, Zimbabwe, Namibia, Seychelles, Swaziland, Tanzania and Zambia. — Sapa.
Gaborone - The growth rate for the current year in the Southern African Development Community is being forecast at 6%.

This is the view of the SADC secretariat in its year-end report released in Gaborone.

"There has been a steady rise in average growth in the gross domestic product from 3% in 1994, to 3.7% in 1995, to 4.1% in 1996," SADC executive secretary Kaile Mbuende said.

All member states last year registered growth ranging from 2% to 13.1%.

This remained the fastest-growing region in Africa and accounted for 60% of the sub-Saharan Africa GDP of $900 billion.

The report cited control of inflation as a result of economic policies, with rates between 6% and 12% in Botswana, Lesotho, Mauritius, Mozambique, Namibia, Swaziland and South Africa. – Sapa