S.A.D.C. 1993

KPMG to monitor food aid

THE network of KPMG accounting firms in southern Africa has secured a contract to monitor the delivery of 640 000 tons of food to drought-stricken countries in the subcontinent. BDAY 13/1/93.

In a statement from KPMG Aiken and Peat in Johannesburg yesterday, the firm said USAid had committed $430m for food for Zimbabwe, Mozambique and Angola.

KPMG's role is largely to review consignee accounting and monitoring systems and to recommend improvements that would help cut losses and ensure the food reaches its correct destination. (279A)

Most of the food will be arriving at SA ports while some is destined for Mozambican and Angolan ports.

The monitoring effort will be overseen by KPMG Peat Marwick in Nairobi (Kenya) and will involve the group's branches in SA, Zimbabwe and Mozambique. — Sapa.

Gunning for trade merger

27Ah ARG 16/1/93

HARARE. — The Preferential Trade Area is to push ahead with a merger with the Southern African Development Community at its annual summit meeting in Zambia next week.

PTA secretary-general Bingu Mutharika, speaking from Lusaka yesterday, said the merger with SADC was inevitable despite the smaller body's opposition.

"For us the merger is on. We do not care what SADC says. The goal will be achieved because eight out of 10 members of SADC, who are also members of PTA, are supporting the idea," he said.

Mr Mutharika said a draft treaty for the transformation of the PTA into a common market was already with the council of ministers, and the merger would take place soon.

However, SADC passed a motion last August directly opposed to the PTA's commitment to a common market for eastern and southern Africa (Comesa).

The 17 members will debate the transformation of PTA into a common market and review the progress being made in increasing trade between member countries.

"We are going to see how we can proceed to lay new goals and targets for next year so as to achieve regional economic integration," Mr Mutharika said.

Also on the summit's agenda is the participation of South Africa in the trade and investment regional grouping of south and east African states. — Sapa.

STAR 18/1/93..

Merger plan going ahead

HARARE —The Preferential Trade Area (PTA) is to push ahead with a merger with the Southern African Development Community (SADC) at its annual summit meeting in Zambia this week.

(23)(2771)

PTA secretary-general Bingu wa Mutharika said on Friday the merger was inevitable.

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Trade area merger likely

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Also on the summit's agenda is the participation of SA in the trade and investment regional grouping. — Sapa.

SA share of regional GDP is 77%

277A DIRK HARTFORD

SA contributed 77,2% to the nominal GDP of the southern African region — consisting of 11 countries — in 1990, according to the Development Bank of Southern Africa (DBSA).

Angola (6,3%), Zimbabwe (4,9%), Botswana (2,3%) and Zambia (2,3%) were the only other countries to contribute more than 2% to southern Africa's GDP. The other countries are Swaziland, Namibia, Mozambique, Malawi, Lesotho and Tanzania.

Botswana (1,87 pula to $1) had the best exchange rate with the dollar in 1990, with SA, Swaziland, Namibia and Lesotho on $2,56 to the rand. At the other end of the scale were Mozambique (1 038,13 metacais) and Tanzania (196,6 shillings).

Life expectancy at birth is highest in SA (65) and lowest in Angola (45,5).

Botswana, Lesotho, Swaziland and Zambia all enjoy an adult literacy rate higher than SA's 70%, while Mozambique has the lowest literacy rate at 32,9%. B/DAY 5/1/93.

Malawi is the most densely populated country in the region with 74 people per square kilometre against only two in Namibia and Botswana. SA has 31,2 people per square kilometre. Zambia had the highest urbanisation rate (49,9%) with SA a close second at 49,6%. Malawi had only 11,8% of its population in the cities in 1990, according to the bank.

3/OA/7 20/1/93

Merger ruled out

THE Southern African Development Community had ruled out any merger with the Preferential Trade Area, SADC executive secretary Simba Makoni said in Harare yesterday. (2797)

However, Makoni said the SADC would look at ways of forging economic links with the larger south and east African trade and investment promotion body.

Council to probe SA, African issues

B/DAY 20/1/93.

279A

TIM COHEN

CAPE TOWN — The marginalisation of Africa and SA's new role on the continent will be the focus of discussions this week between five former heads of state, 22 prominent international figures and SA leaders.

Former British prime minister Lord Callaghan said yesterday these and other questions would be discussed by a committee established by a group of former heads of state called the Interaction Council.

The committee, headed by Lord Callaghan, would also discuss at the Cape Town workshop what the international community could do for Africa. Discussions with President F W de Klerk, ANC deputy president Walter Sisulu and Inkatha leader Mangosuthu Buthelezi would be included.

The fact that 16 of the world's 20 poorest countries were in Africa was cause for concern, Callaghan said. The way to bring Africa back into the world mainstream would be one of the main focuses of the committee, which would report its finding to the council in April, he said.

The kind of assistance the international communities should provide for Africa's struggling democracies would also be canvassed, he said.

The committee would discuss what SA could offer its neighbours and the rest of Africa.

The committee would also "have something to say" about the possible conflicts between southern African organisations, he said.

The Southern African Development Conference and the Preferential Trade Area, which are working toward southern African economic integration, are considered particularly vulnerable to the criticism that their functions overlap.

Former Nigerian leader Olusegun Obasanjo said unnecessary rivalry between African organisations was not limited to southern Africa. He was concerned that SA's reintegration into the continent should be "synchronised" properly.

The members of the Interaction Council committee include Maria de Lourdes Pintasligo (Portugal), Kenneth Kaunda (Zambia) and Lopo Fortunato do Mascimento (Angola).

Participants include former World Bank president Robert McNamara, Idasa president Van Zyl Slabbert, World Bank president Tim Thabane, former SA finance minister Barend du Plessis and the African Development Bank's Adewale Sangowawa.

Potential seen for African economic community

By Leigh Hassall 279A STAR 21/1/93

The recent political and economic changes in Southern Africa have created the potential for an African economic community, says Grant Thomas, executive chairman of Malbak.

"A significant post-war phenomenon has been the development of primarily continent-based trade groupings or economic units.

"I believe the African continent can't stay the odd man out," adds Thomas.

He was speaking after delivering the keynote address at the launch of a trade fair into the sub-Saharan countries organised by Trade Access-West Africa.

Thomas says the markets of West Africa — an estimated 200 million people — to a large extent meet the key criteria for imports from South Africa.

It is a high-volume concentrated market with established levels of imported products and the hard currency resources to pay for them.

Thomas says South African companies with serious commitments to exports have, in many instances, been highly successful.

However, he cautions that exports require a real commitment and persistent follow-up.

Ambassador Louis Guiramdo of the Ivory Coast said in an interview that the door had opened to South Africa and that his country wanted to co-operate with South Africa both in imports and exports.

He did not rule out the possibility of Ivory Coast offering incentives and facilities to encourage SA exporters.

Traditional West African imports include consumer products, food, agricultural and industrial products, mining equipment and technology.

Suppliers are from Europe, Asia and the Far East, with SA currently contributing only a very small portion.

The trade show will be held in Abidjan, Ivory Coast; Lagos, Nigeria; Accra, Ghana and Dakar, Senegal.

Grant Thomas . . . exports require a real commitment

Mugabe calls for faster PTA economic integration

279A

LUSAKA — Member countries of the Preferential Trade Agreement (PTA) had to overcome their difficulties and integrate their economies at a fast pace, Zimbabwe's President Robert Mugabe said yesterday.

Addressing heads of state of the regional economic grouping, Mr Mugabe said in Lusaka that as the organisation celebrated its 10th anniversary, the region was experiencing difficult times, including drought, armed conflicts, inadequate local and foreign investment and an unfavourable trading environment.

"These difficulties, no doubt, retard growth of our economies and progress towards achieving our stated goals of total regional integration," Zimbabwe's Ziana national news agency quoted him as saying.

"As the region, we have no choice but to overcome these difficulties and move forward to integrate our economies at a much more accelerated pace than before."

Member states should not underestimate the effects of armed conflicts which retarded collective efforts towards regional integration, he said.

"Many of the economies in this region are grinding to a halt because of armed conflicts.

"This saps the energy and reduces the progress of our organisation, not to mention the human suffering that ordinary people have to endure."

The PTA, he said, needed to take bold measures to feed the famine-stricken areas of the region.

He pledged Zimbabwe's continuing support for the PTA which, he said, had made significant strides in fostering development in the region.

Mr Mugabe is heading the Zimbabwean delegation to the Preferential Trade Agreement summit in Lusaka. — Sapa.

STAR 21/1/93

Rival trading groups unlikely to merge

STAR 19/1/93 (27A)

LUSAKA — Leaders of one of Africa's main trade groups, holding their annual summit in Lusaka this week, face heated debate over a proposed merger with a rival organisation.

The 20 members of the Preferential Trade Area (PTA) for Southern and Eastern Africa, stretching from Djibouti in the north to Lesotho in the south, will also discuss relations with South Africa — the region's economic powerhouse.

PTA secretary general Binga wa Mutharika said the group would continue to push for a merger with the Southern Africa Development Community (SADC), its main rival for shrinking development aid from the West.

"For us the merger is on, we don't care what the SADC says," Mutharika said. "The goal will be achieved because eight out of 10 members of SADC, who are also members of PTA, support the idea."

Unwieldy

But SADC leaders meeting in Namibia last year voted against merging with the PTA, which some SADC members — including Zimbabwe — regard as unwieldy and inefficient.

One Zimbabwean official said: "We want to consolidate SADC before embarking on more ambitious projects."

The PTA — Angola, Burundi, Comores, Djibouti, Ethiopia, Kenya, Lesotho, Malawi, Mauritius, Mozambique, Rwanda, Somalia, Sudan, Swaziland, Tanzania, Uganda, Zambia, Zimbabwe, Zaire and Namibia — begins the three-day meeting tomorrow.

Eric Leisner, an analyst with the Pretoria-based Africa Institute think tank, said efforts to promote economic integration were "a mess".

"There is the overlapping membership of the PTA and SADC, and the question of what role post-apartheid South Africa will play," he said. "It's all very confused."

The eventual goal of the PTA is to form part of a continent-wide common market by the year 2025 — a plan many analysts regard as hopelessly over-ambitious.

A common currency unit has been created but has yet to gain wide acceptance. Little progress has been made in eliminating trade barriers. Only six per cent of total PTA trade is carried out within the group itself.

The SADC, originally set up to lessen economic dependence on apartheid governments in South Africa, has had to redefine its role to take account of Pretoria's progress towards non-racial democracy and now largely duplicates the goals of the PTA.

The SADC has in the past attracted more foreign aid than the PTA but some of its donors, with growing commitments to eastern Europe, have warned it of cutbacks.

Leisner said regional businessmen felt the PTA's integration plan was failing because individual members were unwilling to yield sovereignty over their economies and there was little interest in backing common programmes.

Tourism

"Countries should rather promote cooperation in areas where it already exists, such as transport, power grids and tourism. Tourism is an example where everyone benefits from cooperation and no one loses," he said.

South Africa, whose gross domestic product is three times the total of the SADC states, will follow the debate in Lusaka closely.

The issue of whether to invite South Africa to join the regional groups, and on what terms, is divisive in both the PTA and the SADC.

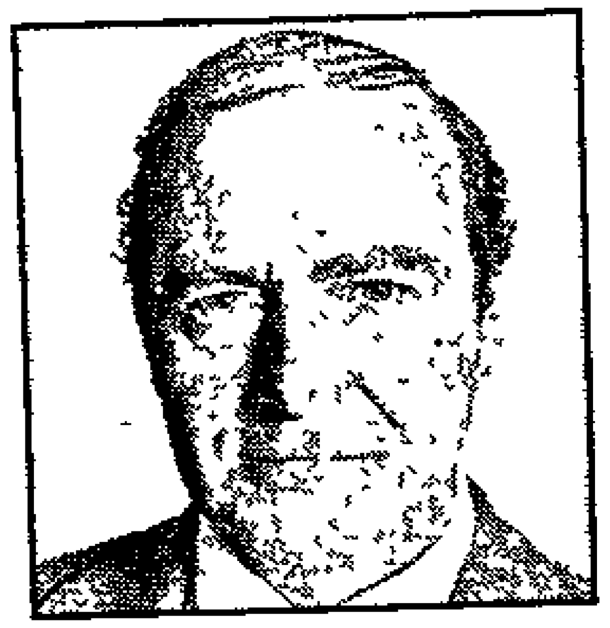
Some countries are already developing close economic links with Pretoria, but others fear their domestic industries would suffer if curbs were lifted on South African imports.

"South Africa's role will be crucial," said Leisner. "Even without being a member of either group, what it does has an impact." — Sapa-Reuter.

Let the trading dance begin, but not in haste

279A

STAR 21/1/93.



As South Africa emerges from political isolation it must decide on which route to take in a search for new economic partners. MICHAEL CHESTER reports on a new study commissioned by the SA Chamber of Business.

WHEN the sanctions blockade began to crumble it was widely expected that the release of South Africa from political isolation would automatically mark the launch of a massive common market spreading from the Cape right up to the equator and beyond.

Visionaries saw the almost instant creation of a new trade bloc, embracing all the nations of the sub-continent, to join forces and tackle the economic problems of Southern Africa.

Utopia may be more elusive than first imagined, however.

All of a sudden, South Africa is being advised to be cautious before it rushes out and signs economic pacts with as many neighbours as possible.

The need for caution has been heavily underlined in a special study commissioned by the SA Chamber of Business and compiled by the influential Africa Institute based in Pretoria.

It had been assumed that [illegible] lar the firmness of the foundations of such an edifice.

The study suggests that at the outset South Africa lays down assurances that it wants prosperity and stability in the region and seeks cooperation with neighbours that will be mutually beneficial — without any domination by South Africa, which is a natural source of suspicion and resentment among neighbours.

Indeed, it proposes the creation of a special forum — modelled on the Organisation for Economic Cooperation and Development run by the global industrial giants — "where issues of regional interaction can be thrashed out".

That brings the researchers to a reminder about the subtle but significant differences in the definition of what everybody means by "cooperation" and by "integration" — terms that can often be used indiscriminately.

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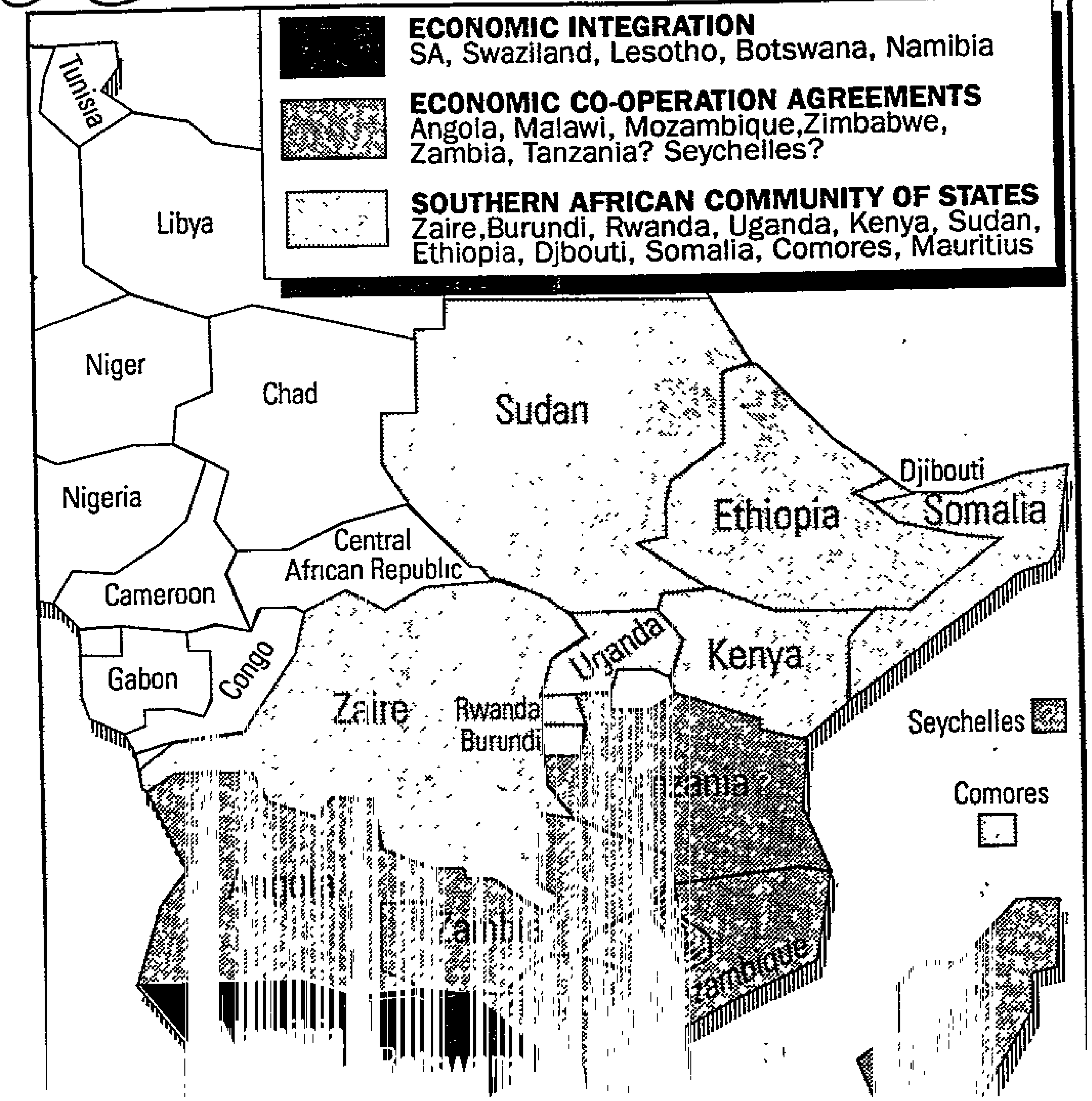

traded.

Practical cooperation should start on matters that caused no impairment of national sovereignty, such as measures to facilitate the movement of people, goods and funds between countries — and strengthen existing links in transport, telecommunications, power, water, tourism, research and other public services.

South Africa should also cultivate contacts with both the SADC and the PTA — "but insist on the rationalisation of their relations with one another as a precondition . . ."

Here the caution is repeated: "Proceed step-by-step and pragmatically, bearing in mind that all participating countries must perceive tangible benefits."

Most important, before South Africa pledged all its eggs to the Africa basket alone, SA should negotiate a cooperation agreement with the European Community — by far its biggest trading partner and where more permanent close economic links were vital.

Sacob has assigned a special sub-committee of experts to examine the report from all angles before it announces its own stance on how South Africa should mould its future international trade policies.

The conundrum has been complicated by statistics. Tables compiled by the SA Foundation show that the members of the European Community accounted for no fewer than six out of the Top 10 of South Africa's main trade partners, at commissioned by the SA Chamber of Business.

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It had been assumed that South Africa would immediately seek membership of one of two existing trade clubs — the Southern Africa Development Community (SADC) or the even larger Preferential Trade Area for Southern and Eastern Africa (PTA).

In fact, both of them have made overtures to SA now that apartheid has been removed as a barrier and the democratic reform process is under way.

But the Africa Institute urges caution about leaping in to join either of them, particularly while they continue to fail to reach agreement on a merger into a far more logical single unit without all the overlapping that exists at the moment.

The researchers have no problem with the concept of the ultimate aim of a pact to create what they term a Southern African Community of States. They recommend that South Africa goes as far as commitment to such a target as a longer-term goal.

What concerns them is the timetable and the precise route to be decided — and in particular the firmness of the foundations of such an edifice.

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That brings the researchers to a reminder about the subtle but significant differences in the definition of what everybody means by "cooperation" and by "integration" — terms that can often be used indiscriminately.

The Africa Institute sees "cooperation" as agreement between neighbours over such matters as transport, power, water and health services — leaving each participant state to make its own decisions on national affairs.

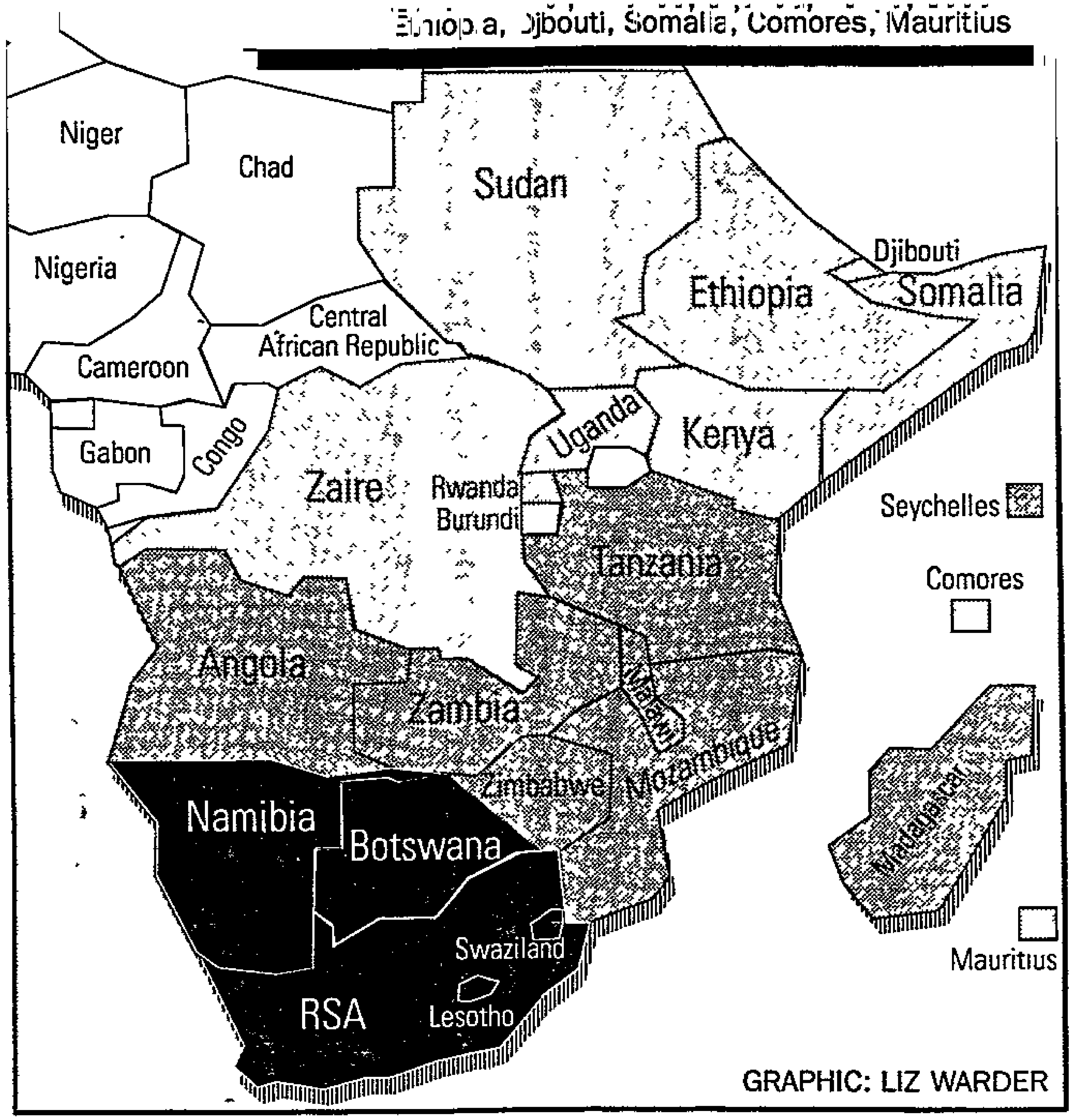
On the other hand, "integration" runs much deeper along the stepping stones from free-trade areas and the removal of any trade barriers to the final status of full economic union with a universal stance on monetary, fiscal, welfare and trade policies.

And that is where a word of warning comes. "In practice," says the study, "economic integration poses formidable political and economic problems.

"Africa in particular, where integration has been assiduously propagated by the UN Economic Commission for Africa (ECA) since the early 1960s, is a veritable graveyard of schemes that have failed or never got off the ground.

"The typical clustering or polarisation of investments and economic activities, generally around the regional growth poles, largely at the expense of

Ethiopia, Djibouti, Somalia, Comores, Mauritius



GRAPHIC: LIZ WARDER

the less advanced areas and centres, invariably leads to dissent.

"In Southern Africa, where the South African economy towers over the other countries, the portents for economic integration are not favourable

"While sound in principle, therefore, the striving for closer integration in Southern Africa must proceed with caution and sensitivity. The unpleasantness that preceded the disintegration of the East African Community and the many disputes within SADCC and PTA illustrate the tensions apt to result when barriers to trade and labour movements between countries are dismantled.

"A gradual step-by-step approach is essential — an approach based on everyday economic and political realities .. rather than a blind chase after lofty ideals or vistas of sumptuous summit meetings"

What, then, is South Africa advised to do?

First, says the Africa Institute, South Africa should concentrate on writing out a list of "natural partners".

That, by coincidence rather than design, would mean all the members of SADC with the possible exception of Tanzania — Angola, Botswana, Lesotho, Malawi, Mozambique, Namibia, Swaziland, Zambia and Zimbabwe — with the addition of Madagascar, Mauritius and maybe the Seychelles.

But early moves towards actual hard-and-fast economic integration should be cautious about stretching too far. The researchers believe the objective should be to develop the initial nucleus of regional integration between members of the Southern Africa Customs Unions — South Africa, Botswana, Lesotho, Swaziland and Namibia

That, they say, would clear the decks for an exercise to conclude bilateral trade agreements with more neighbours in the region, with a systematic enlargement of the area covered and the range of goods public services.

South Africa should also cultivate contacts with both the SADC and the PTA — "but insist on the rationalisation of their relations with one another as a precondition . . ."

Here the caution is repeated: "Proceed step-by-step and pragmatically, bearing in mind that all participating countries must perceive tangible benefits."

Most important, before South Africa pledged all its eggs to the Africa basket alone, SA should negotiate a cooperation agreement with the European Community — by far its biggest trading partner and where more permanent close economic links were vital.

Sacob has assigned a special sub-committee of experts to examine the report from all angles before it announces its own stance on how South Africa should mould its future international trade policies.

The conundrum has been complicated by statistics. Tables compiled by the SA Foundation show that the members of the European Community accounted for no fewer than six out of the Top 10 of South Africa's main trade partners, at the latest count taken in 1991.

Another pause is caused by a pie-chart printed in the 1991/92 annual report from Safto. It puts the share of total SA export trade that goes into the rest of Africa as little higher than 9 percent. The share shipped off to Europe was well above 34 percent.

"Judgment about the importance to South Africa of trade relations with neighbours in the rest of Africa must go deeper than cold statistics," argues Ron Haywood at Sacob.

"There are many more realities to be considered — not least the perception of Southern Africa as an economic force on its own rather than as a problem zone."

"We now need to chart an entirely new course.

"The bottom line is that all members of any regional trade grouping must feel confident about the fair distribution of mutual benefits without any dictatorial rule by a dominant partner" □

'Sweeping tax reforms are needed'

BDay 21/1/93.

LINDA ENSOR

CAPE TOWN — Sweeping tax reforms — including corporate and maximum individual tax rate cuts to 40% on a phased basis — were needed if SA was to meet the objectives of new investment and economic growth and satsify political aspirations, Ernst & Young national director Ian McKenzie said yesterday.

To attract foreign investment, SA's tax rates would have to be internationally competitive, though he did not believe it appropriate to grant new investors tax holidays or exemptions. A tax rate of 30% should be applied to businesses with taxable profits of less than R100 000 a year.

At a presentation on the Frankel Max Pollak Vinderine, Sanlam, Ernst & Young and Human Sciences Research Council study findings, Platform for Investment, McKenzie said tax reform had to be among the instruments used to restructure SA's economy.

"It must not be undertaken in isolation or with the simple objective of raising additional finance in the short term, but must form part of a broad economic policy which will raise the platform for investment," he said.

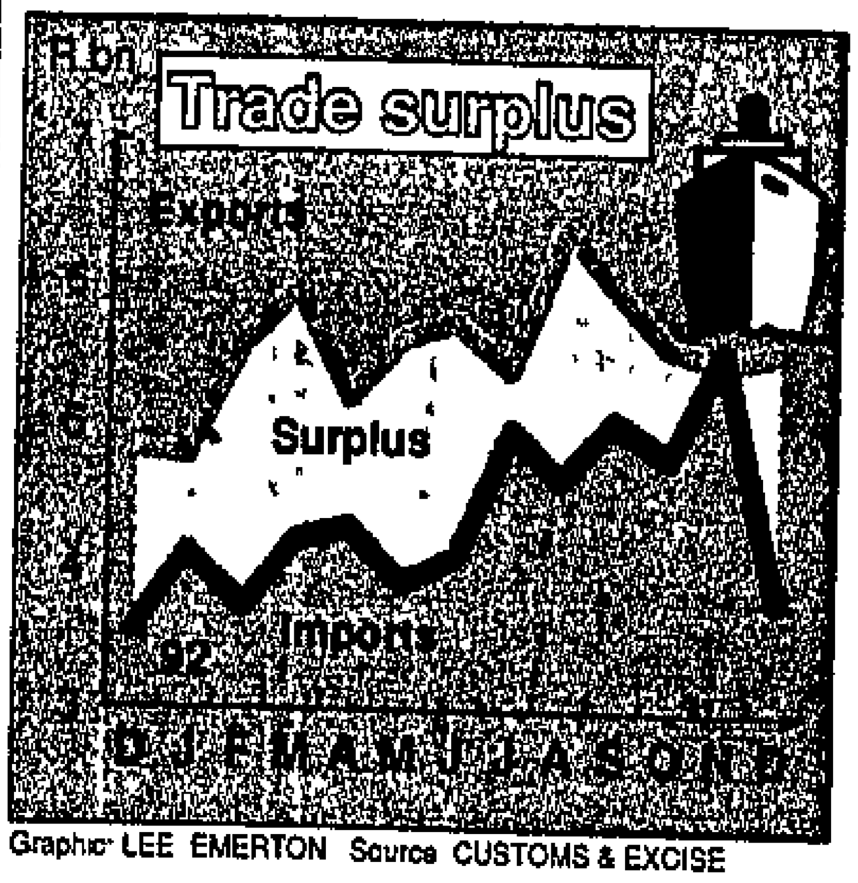
He mooted eliminating the difference between nominal and effective rates of tax by introducing a method to determine taxable income which followed generally acceptable accounting principles, with particular reference to the timing of recognition of income and expenditure.

Group taxation, if implemented, would eliminate "the unproductive time spent by the taxpayer in structuring group operations so as to achieve optimum tax efficiency within commercial and legal constraints and by Inland Revenue in challenging the structures".

McKenzie recommended that the practice of ring-fencing certain transactions be eliminated. While tax-based incentives should be the exception, they would be required in the medium term to encourage investment, and would have to be linked to a targeted plan for industrial development.

One of the aims of the study was to show that the prospects for SA's future were not as dismal as had been forecast.

The findings are to be presented to political and business groups, including the ANC and the Cabinet.



Graphic: LEE EMERTON Source CUSTOMS & EXCISE

Because of technical difficulties yesterday's trade graph incorrectly showed SA exports declining in December. Customs and Excise figures show exports rose in December to R5,54bn from November's revised R5,45bn, while imports dropped to R3,78bn from R4,44bn.

France and SA consider joint projects

BDay 21/1/93.

279A

PETER DELMAR

SA GOVERNMENT officials are negotiating with their French and German counterparts on the possible funding of several multimillion-rand development projects in southern Africa.

A Foreign Affairs spokesman said yesterday senior officials were to meet a delegation from the German economic development ministry this week on joint involvement in infrastructural projects.

This followed "general" discussions the South Africans had with German Development Co-operation Minister Carl-Dieter Spranger when he visited SA late last year.

It is believed the South Africans are particularly concerned about finding foreign backing for the upgrading of the Ressano Garcia road and rail links with Mozambique.

With the end of Frelimo-Renamo hostilities in that country, improving these links has become a priority because of their importance in reconstructing the Mozambican economy. Upgrading is expected to cost at least R50m.

The Foreign Affairs spokesman said talks also had been initiated with the French government on similar projects.

The talks were continuing.

Last year the SA and Italian governments signed a protocol committing the Italians to providing finance, and SA the technical expertise, for projects which are worth about R200m.

Namibia joins trade bloc

CT 22/1/93 (2.7.93)

LUSAKA. — Namibia yesterday became the 19th member of the Preferential Trade Agreement area it was announced at the end of a two-day summit attended by 18 African states. They yesterday called for and end to tariffs by the end of the decade in their regional trade bloc.

Rivers of vapour move through lower atmosphere

STAR 23/1/93

(279A)

RANDOLPH SCHMID and FRANCIS MDLONGWA

WASHINGTON — Massive streams of vapour, some carrying as much water as the Amazon, have been discovered in the lower atmosphere.

Reginald Newell of the Massachusetts Institute of Technology said this week he was surprised to find the flows while analysing satellite data. His findings are reported in Geophysical Research Letters, published by the American Geophysical Union.

A half-a-dozen vapour rivers carry water through the atmosphere from the equator toward the poles in relatively narrow streams, Newell said in a telephone interview.

"I expected to see things following air masses, which usually have much larger horizontal widths. The fact that it's so concentrated was a surprise to us," said Newell. The flows look like a river, he said.

The general understanding of the atmosphere has been that warm, moist air rises in the region of the equator and then moves toward the poles, usually curving somewhat because of the twist imparted by the spinning of the Earth.

The newly discovered rivers do follow these general principles, but move the moisture in narrow streams rather than having it spread out over a large air mass.

They seem to generally trend towards the poles, Newell explained, though he has found a couple of cases in which the stream encounters a typhoon, "gets entangled in itself and goes back equatorwards". The rivers also display waves in their movement, he said.

The researchers calculated the length of some of these rivers of vapour at as much as 7 000 km with a width of 600 km to 700 km. The flow carries about 165 million kg of water a second. That translates to about 700 000 cu m of water a second, which compares to an average flow in the Amazon.

What does this mean to the world's weather and climate? Newell and his associates are still trying to figure that out.

Meanwhile, it is reported from Harare that the drought in southern Africa is turning former enemies into allies.

By forcing them to co-operate, it drew them closer, analysts said. It also gave new urgency to efforts to build a Southern African Development Community (SADC).

"I think the drought demonstrated the closeness and interdependence of all members of SADC and their important relationship with South Africa," said Ted Morse, southern Africa director of the US Agency for International Development.

Some countries could only bring in half their food aid needs through other member states' ports and transport routes, he said. The other half came through South Africa. "This was an important lesson," Morse said.

SADC comprises Angola, Botswana, Tanzania, Mozambique, Malawi, Namibia, Lesotho, Swaziland, Zambia and Zimbabwe.

The group meets in Harare from January 27 to 29 for annual talks to plan the organisation's future in a rapidly changing world. — Sapa-Reuter-AP.

● **Why the world's climate is changing — Page 11**

SADC making little progress on integration

STAR 26/1/93.

By Joe Latakgomo 2797A
Star Africa Service

The future pattern of regional interaction in Southern Africa will be shaped by economic power and interests rather than by Southern African Development Community planners, says Dr Erick Leistner, directof of the Africa Institute.

In the current issue of Africa Insight Leistner says that in the 12 years of its existence the SADCC (as it was known until August last year) had not made significant progress in its objective to reduce external dependence on South Africa and promote regional integration.

Dependence on South Africa has increased, while intra-SADC trade amounts to a mere five percent of total trade.

The transformation of of the SADCC (Southern African Development Coordination Conference) into the SADC last year was hailed by some as "one of the pivotal events in the history of Southern Africa", while others dismissed it as "a flamboyant pan-Africanist gesture" and "a futile facelift".

The SADC has committed itself to ecomomic and political integration and intends to harmonise macro-economic policies, establish a free trade zone, and create an economic union with integrated monetary and fiscal systems.

Leistner believes that some success has been achieved, particularly in the area of creating a sense of regional identity and focusing international attention on South and Southern Africa.

However, "given the SADCC's past record, as well as uncertainties surrounding South Africa's domestic situation, it seems safe to predict that the SADC's progress towards its proclaimed goals will at best be slow and uncertain,"

BUSINESS Aim to develop and retain skilled labour ● Tanzanian academic for Soweto

Educationist warning to Africa

Sowetan 28/1/93.

■ BRAIN DRAIN Exodus of skills from Africa must be stopped at all costs:

28/1/93

27MA

By Mzimkulu Malunga

WITHOUT economic improvement, Africa will not be able to stop the brain drain, says William Saint, higher education specialist in the human resources division of the World Bank

Interviewed in a recent issue of a World Bank publication, *World Bank News,* Saint argues that while the continent's economies struggle to lift themselves out of the doldrums, certain interim measures could be applied to halt the flight of skills out of Africa.

Performance incentives, merit rewards, access to computers, opportunities for remunerated research and occasional participation in international scientific meetings are some of the measures African governments could apply to stop massive migration of skilled labour.

Many institutions of higher learning in Africa are experiencing problems in keeping talented academics on campuses.

A sharp decline in funding has eroded salaries, making it hard for universities to produce graduates equipped to compete in national and regional labour markets.

In many countries, a holder of a doctorate degree may earn about the equivalent of R900 a month. Lecturers in certain countries earn as little as R57, which is barely enough to buy food for the week.

Faced with this dilemma many African professionals leave their countries to look for greener pastures elsewhere — mainly in Europe and the Americas.

A factor which compounds the situation is the fact that enrolments keep increasing. The continent's university population grew 61 percent between 1980 and 1990.

On the other hand higher education's share of African governments' budgets dropped from 19,1 percent in the early eighties to 17,6 percent towards the end of the decade.

SA question looms for SADC

BIDAY 28/1/93. 279A

MICHAEL HARTNACK

HARARE — With the question of SA's membership looming, Zimbabwean President Robert Mugabe today opens the first consultative meeting of the Southern African Development Community (SADC).

The 10 member countries, originally allied by a desire to break SA's economic domination, last year took the decision to upgrade the former Southern African Development Co-ordination Conference (SADCC) launched in 1980.

Internal trade among Angola, Botswana, Lesotho, Malawi, Mozambique, Namibia, Swaziland, Tanzania, Zambia and Zimbabwe amounts to only 5% of total imports and exports, and their economies are labouring under the effects of a crippling drought.

SADC executive secretary Simba Makoni this week predicted that member countries would need a further 800 000 tons of food aid and $220m in cash to avert famine before the next hoped-for harvests in May, and to repair drought damage. The money was essential to re-stock decimated cattle herds, repatriate refugees, fight the explosive cholera epidemic sweeping Tanzania, Malawi, Zambia, Zimbabwe and Mozambique, and construct water storage facilities.

"We have set aside a special session on food security where we will present an SADC report to the international community," Makoni said.

He has been dubious of plans to merge the SADC with the 23-member east and central African Preferential Trade Area, but diplomats here believe the SADC's real test lies in mooted negotiations with the SA Customs Union, which already embraces Lesotho, Swaziland and Botswana.

The former SADCC's critics include Prof Tony Hawkins of Zimbabwe University's business studies department, who described it as "a vehicle for raising aid for uncreditworthy countries — as long as the SA threat was there it was always possible to raise money. But the SADCC, by almost any yardstick, must be regarded as a failure.

"There was never any attempt ... to make decisions on a communal basis.

"Relations with SA are going to be the key issue. The SADC and the SA Customs Union are obviously incompatible for any great length of time. They have got to get together but negotiations will be very difficult, trying to get these tiny economies together with SA."

A preparatory working group on transport yesterday admitted an inability to surmount problems with Mozambique over transit fees, which last year brought road movement of famine relief from Beira to a standstill. A spokesman said agreement on harmonised transit charges for road hauliers had been reached at a previous meeting attended by Mozambique's CFM railways, but the Mozambican road construction ministry had dissented, imposing its own demands for prior payment.

The dispute typifies bureaucratic problems hampering concrete economic integration.

It would be wise for South Africa to move cautiously instead of blindly participating in regional integration in Southern Africa, say experts who spoke to **Mzimkulu Malunga**: Sowetan 28/1/93 (279A)

WITH SOUTH AFRICA'S EMERGENCE from long years in the wilderness, the euphoria which prevailed two years ago about regional integration is steadily disappearing.

Fuelling the dampened mood on regional integration in the Southern African sub-continent is the recent failure of the two major economic groupings to merge.

The Southern African Development Community (SADC) — formerly known as SADCC — has ruled out any merger agreement with its sister organisation, the Preferential Trade Area for Southern and Eastern Africa (PTA).

Also, a study commissioned by the South African Chamber of Business (Sacob) and conducted by Pretoria-based Africa Institute, cautions the enthusiasts for regional integration

There is even a school of thought that South Africa need not join either of the PTA or SADC, a view rejected by a leading political economist and director for the Centre for African Studies, Mr Eugene Nyathi

"Even though South Africa is the strongest economy in the region it should use that within the context of belonging. It is to our advantage to be part of both PTA and SADC," he says.

Belonging to the two can allay the fears of domination by this country's neighbours

Products not competitive

South Africa's products are not competitive in places like Europe, but they are in Africa, so it makes sense to integrate this country's economy with the rest of the continent, argues Nyathi.

"South Africans should stop thinking we are some lost part of Europe," he says.

Turning to the PTA and SADC, he asserts the sooner these groups break the artificial divisions between them, the better for notions of regional integration.

Though ideally the SADC's main objective is to harness investment in the region while PTA focuses primarily on breaking down the trade barriers in the Southeastern parts of Africa, there is a lot of duplication between the two

For instance, nine out of ten SADC members are also members of the PTA. Only Botswana does not belong to this organisation.

The PTA has 19 members, from Sudan down to Lesotho.

SADC membership consists of Angola, Botswana, Namibia, Tanzania, Mozambique, Malawi, Lesotho, Swaziland, Zambia and Zimbabwe.

Economists say, when SADC was still SADCC, to a certain extent it made sense for the organisation to maintain a separate identity from the PTA, but with its recent transformation into a group targeting mainly regional integration, there is no need for the two to maintain separate structures.

Eugene Nyathi ... leading political economist.

Nyathi says that even the international community is getting weary of funding two organisations which share the same objective and operate in the same area.

What seems to be missing is the political will among members of both organisations, he says

"Until such time that there is a political will to balance the national and regional interests, it is doubtful whether PTA's honourable ideals will be achieved," says Nyathi.

Regional integration will remain a "pipe dream" as long as PTA and SADC do not resolve current contradictions.

Africa Institute's senior fellow, Mr Erich Leistner, who conducted Sacob's study, says much as South Africa should integrate its economy with the rest of Africa, the country must also strive to make its exports more competitive elsewhere in the world.

Though Africa is an important market for South Africa, it is a relatively small one. Currently, sub-Saharan Africa only accounts for a fifth of the country's exports.

"There don't seem to be prospects for a dramatic change to that in the near future," he says.

Combined income of countries in sub-Saharan Africa, excluding South Africa, is equivalent to that of Belgium, according to Leistner.

He puts emphasis on co-operation instead of integration. The former is already being practised throughout the sub-continent in the form of air links, electricity supply and railway lines whereas the latter would mean complex political problems.

However, as posturing and power playing continues between PTA and SADC, informed sources suggest many within these groups are in favour of a merger.

Mugabe urges regional economic integration

BDay 29/1/93.

(279A)

MICHAEL HARTNACK

HARARE — Zimbabwean President Robert Mugabe yesterday urged southern African states to press ahead with economic integration despite current setbacks to regional peace, when he opened the first consultative conference of the newly reconstituted Southern African Development Community (SADC).

"No one can say building a southern African community can be done overnight," warned Mugabe, voicing disappointment with political prospects in Angola and SA. "It will take hard work and a pragmatic approach."

Since SADC's forerunner, the Southern African Development Coordinating Conference, was formed in 1980, the world had been transformed almost beyond recognition Mugabe told leaders of the 10-nation grouping and Nordic aid donor states, their main financial backers.

"While we cannot say prospects for peace have gone away we must certainly register our disappointment," said Mugabe, who demanded the world community exert greater pressure on Jonas Savimbi's Unita to accept the September election result and stop the slide back to civil war in Angola.

"In SA we urge the government to take measures to end the violence in the country and move unequivocally towards the transfer of power to the disenfranchised majority," he said.

Mugabe made no direct reference to integrating SADC with a post-apartheid southern neighbour, a topic which has frequently arisen during this week's behind-the-scenes meetings of SADC working committees. Three SADC members, Botswana, Lesotho and Swaziland, are already members of the SA Customs Union but economists foresee major difficulties negotiating compatibility for the other seven — Angola, Malawi, Mozambique, Namibia, Tanzania, Zambia and Zimbabwe.

Mugabe said the international aid community had been worried and perplexed by the duplication of functions between SADC and the 23-nation east and central African Preferential Trade Area (PTA), to which most SADC members except Botswana belong. He believed plans could be adopted to resolve the anomalies, following the formation of a "high-powered commission" on SADC-PTA integration.

Mugabe predicted regional integration would be impelled by the formation of world trading blocs, coupled with the threat that past north-south economic co-operation would be transformed into east-west assistance in the wake of the Cold War.

The conference will discuss programmes for recovery from the worst drought in a century, which has required the importation of 12-million tons of grain and left a legacy of destroyed cattle herds and a potentially disastrous cholera epidemic spread by fugitives from famine.

Sapa-Reuter reports that Mugabe called for a leading role for the private sector in lifting the region out of its misery and poverty. He said one of the region's major weaknesses in the past had been its inability to mobilise the business community for economic development.

"Our new strategy is to empower these interest groups and others so that they assume leading roles in the (economic) integration process.

"The private sector should now rise to the challenge and help mobilise and create a vibrant economy for the region. We can only attract foreign investors if we develop and encourage dynamism in our local investors," said Mugabe.

Top finance men for SA

B/DAY 1/2/93

MERVYN HARRIS

TOP financial policymakers from southern Africa will be in SA for the first time next week to attend a Johannesburg conference.

The officials will speak at the 16th annual investment conference of stockbrokers Frankel, Max Pollak, Vinderine, at the Carlton Hotel on February 16.

They are African Development Bank vice-president Cote D'Ivoire Tekallign Gedamu, Botswana Finance Minister Festus Mogae, Lesotho Central Bank governor Anthony Maruping, Malawi Reserve Bank acting governor Francis Pelekamoyo, Mozambique Commerce Minister Daniel Tembe, senior economic advisor to the Zambian ministry of finance Jacob Mwanza, Namibian Finance Minister Gert Hanekom and Zimbabwe Investment Centre director Nicolas Ncube.

Their talks will be on investment opportunities in subSaharan Africa and they are expected to hold informal discussions with Finance Minister Derek Keys and Reserve Bank Governor Chris Stals.

Community urged to act

HARARE — The Southern African Development Community (SADC) needed restructuring and concrete plans rather than just statements of intent, a spokesman for international donor nations said.

"An action framework is still not there. We urge the SADC to act in a time frame with objectives that are realistic if it wants to build an ambitious new economic community," said Ted Morse of the US, spokesman for the 26 donor agencies attending the SADC annual consultative conference in Harare.

Morse, who spoke at the close of the meeting on Friday, said the governments of the 10 southern African nations in the SADC had not shown much commitment to the new community.

He also said they had to establish priorities.

SOWN 1/2/93

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The Windhoek Treaty was signed in Namibia last August to transform the economic grouping from the Southern African Co-ordinating Conference — aimed at countering domination by SA — into the SADC, a community aimed at regional integration, free trade, free movement and interdependency.

SADC executive secretary Simba Makoni welcomed Morse's remarks, describing them as "constructive criticism". — Sapa-AFP.

Russian govt still backs reform

BIDAY 1/2/93 (279A)

DAVOS — New Russian Prime Minister Viktor Chernomyrdin on Saturday rejected speculation he might switch from market policies, and assured Western business leaders he would push ahead with radical economic reform.

Chernomyrdin, on his first foreign excursion since his surprise appointment six weeks ago, also appealed for direct outside investment in Russia's troubled oil and gas industries — an area in which he was a top executive.

"I want to dispel any misconceptions, and I hereby reaffirm my strong personal commitment and that of my government to pursue economic reform," he told the World Economic Forum at this Swiss mountain resort.

"We are not only for reform, but we intend to deepen and broaden it. There is no other way and no way back. We have no doubts about that," declared Chernomyrdin, viewed as a potential ally of conservatives when he took over the government.

Key Russian economic officials with strong reform credentials attending the annual gathering of politicians and top businessmen indicated they were confident that there would be no turning back to the old-style command economy.

Before leaving for Davos, Chernomyrdin told the Russian parliament on Wednesday the country could slide into an abyss "if we fail to realise that money supply growth and inflation must be restrained".

Meanwhile, Western creditors were unhappy about a scheme for Russia and Ukraine to repay former Soviet debt separately and had threatened to halt credits to both countries, a top Ukrainian official said at the weekend.

First Deputy Prime Minister Ihor Yukhnovsky said the head of the informal Paris Club of creditor nations had informed Ukraine that both state and commercial banks disagreed with a protocol concluded by Moscow and Kiev earlier this month.

"The protocol does not satisfy the Paris and London clubs and they are insisting on payment jointly and severally," he told a news conference. — Sapa-Reuter.

Star 2/2/93

SADC taken to task

(2797A)

By Robin Drew
Star Africa Service

HARARE — Too much jaw-jaw and not enough action: that was the message given to the 10 member states of the Southern African Development Community (SADC) by major donor countries at their annual get-together in Harare last week.

Progress to regional integration needs a kick in the pants was the signal sent with vigour by the head of the US delegation, Ted Morse.

Morse said the SADC was a victim of its own bold vision.

"An action framework is still not there. We urge the SADC to act in a time frame with objectives that are realistic."

Earlier in the week, Canadian representative Walter McLean also hammered away at failings within the SADC.

There was too much bureaucracy, he said, and not enough accountability.

He found fault, too, with the running of the conference itself. Working groups were unfocused and there were too many people to get a good discussion going.

Some of this did not go down too well. Zimbabwean Foreign Minister Dr Nathan Shamuyarira denounced moves by donors to lay down conditions.

Chief executive Dr Simba Makoni said the community accepted the importance of democracy, but was making no linkage between democracy and development.

"I am aware that there is an opinion that you need democracy before you can develop. We don't share that analysis," he said.

BUSINESS

Fears for southern Africa

BDAY 3/2/93

[redacted] [redacted] 279A

SHARON WOOD

FEARS that SA and the entire southern African subcontinent may be forgotten by industrialised countries could be well founded.

While SA delegates attending the World Economic Forum were fighting to persuade the rest of the world that SA would be a viable investment opportunity in the future, events at the Southern African Development Community (SADC) consultative conference in Harare last week showed the organisation had not progressed since the Windhoek summit and signing of the treaty to form a regional development community. The treaty had not been ratified by all its member countries and SADC had not begun to set up protocols and a plan of action.

When the treaty was signed in Windhoek last year, SADC's executive secretary Simba Maconi said the organisation would come up with a plan of action to present to its donors at the Harare conference.

But SADC did not respond to the need to impress donors in order to raise the at least R40bn it needs now.

An Africa analyst said one reason the organisation did not get its act together was its defeatist attitude. Member countries appeared to believe the donor conference would not go well because donors would put their money into other regions thought to have a brighter future. Concern about the region's marginalisation was a central reason to form a development community.

The role of business appears increasingly important. While the grand plan is formulated by the governments of the 10 member countries, business can lay the building blocks by expanding trade and setting up joint ventures within the region.

At another level, infrastructural development remains paramount and makes Eskom's and Transnet's initiatives into the region all the more important.

A move away from government level towards a business-orientated approach was made. Observers were encouraged by the attendance of non-governmental organisations (NGOs) — donors appear to prefer channelling funds through NGOs than through governments.

The issue of membership and the co-existence of SADC and the Preferential Trade Agreement in the region remained unresolved. At its meeting recently, the PTA made it clear it wanted to join forces, but the SADC remained hesitant. However, observers say the SADC has not completely ruled out the possibility.

SA's role in the region was discussed, but the opinions were unchanged from the Windhoek summit. The stemming of violence, the resumption of negotiations and the installation of an interim government were cited as prerequisites for SA membership of SADC.

African link-up for freight firms

Business Day Reporter

LOCAL freight forwarders Grindrod and Walon have teamed up with France's Scac Delmas Vieljeux group to offer the greatest spread of freight offices and agents in Africa.

According to Grindrod National development manager Peter West, the hybrid operations of the three companies in Africa will be developed as a separate service with the trade name Africalink.

The combination of the three gives access to 34 of the 50 states in Africa as well as the Indian Ocean islands of Madagascar, Mauritius and Reunion. (279A)

West said that the Africalink service would concentrate on increasing business in traditional southern Africa markets as well as explore opportunities in Mozambique, Angola, Tanzania, Kenya, Nigeria and Ghana. B/Day 5/12/93.

The service would also try to increase use of the sea freighting opportunities of Africa's east and west coasts as well as operating the traditional road and rail routes in the southern region.

Grindrod Walon, which will ultimately become the name of all cross-border operations of the two local companies, has already begun opening its own offices or establishing associations in a number of neighbouring states in which the Scac Delmas Vieljeux group is not represented.

Where unclean waters kill

(274P) W/Mail 5/2–11/2/93.

The deadly disease cholera is spreading its tentacles in southern Africa, writes **ANDY MELDRUM**

Health hazard ... Vendors at Mbare, Harare, roast maize cobs in squalid conditions Photo: SARAH-JANE POOLE

A ZIMBABWEAN woman visits her rural home in the mountainous eastern districts, and when she returns to Harare comes down with a violent diarrhoea. Swazi children fall sick after eating dried fish.

Mozambican families trying to resettle their farms are decimated by disease. Fatal cases of diaorrhea are afflicting increasing numbers of Malawians.

Cholera, one of the world's oldest and most deadly diseases, is spreading through southern Africa like wildfire. In its most virulent form it can kill a person within 24 hours of its onset. And for every person who contracts it, an estimated 100 people are symptomless carriers.

The disease is expected to become entrenched in the region, unless there are significant strides in the provision of clean water sources and improved sanitation.

Mozambique and Zambia, with 23 864 and 11 218 cases respectively in 1992, are among the worst affected countries on the continent. Now the cholera is spreading to their neighbours, according to figures of the World Health Organisation (WHO).

Swaziland had no reported cholera cases last year, but in January 2 281 cases were reported, including 30 deaths. Zimbabwe, sometimes called the "Switzerland of Africa" because of its high standards of hygiene, has also succumbed to the spread of the disease. By January there were 2 038 cases reported in the country, causing 105 deaths.

Cholera is also thought to have spread to South Africa, but as the country is not a member of the WHO, no statistics are available.

"There is no way to prevent cholera from spreading across borders," said Dr Levon Arevshatian, the WHO representative for Zimbabwe. "When I was in the Soviet Union we had very, very strict border controls to prevent the spread of cholera from Asian countries. But the barriers did no good, the cholera came anyway. It initially comes from another country. But then it establishes itself at the weak points and spreads from within."

Arevshatian and other health experts stress that improved water and sanitation facilities and increased public education are the only ways to control the spread of the disease.

The centre of Harare's main township, the Mbare Musika market and bus terminal, was declared "a breeding ground for cholera" by Zimbabwe's Minister of Health, Dr Timothy Stamps, when he visited it a few weeks ago. Nearly a million people pass through the Mbare centre each day, yet it has grossly inadequate water, toilet and sanitation facilities. Food is prepared and eaten amid filth. Harare city health officials have been taken to task for allowing conditions to fester.

Rural areas are also at risk, as there is a shortage of clean water and good waste disposal.

In Zimbabwe, clean-up campaigns and widespread education efforts have been launched, and last week the cash-strapped Mugabe government announced the allocation of 3,5-million Zimbabwe dollars (R1,75-million) to combat cholera. Further funds are expected to come in from WHO, the Red Cross and the United Nations Development Programme.

"Zimbabwe's response has been very good. They anticipated the threat and the problem was recognised early. Health officials were mobilised quickly," said Dr Nicholas Chitimba, WHO's deputy representative in Zimbabwe, originally from Malawi. But it is estimated that it will still take up to three years to rid the country of the disease.

Cholera's current spread in Africa is part of the seventh world pandemic, which started in Indonesia in 1961. A disease of poverty and underdevelopment, it reached Europe in the 1800s, causing six major outbreaks.

The seventh pandemic is caused by a new strain of vibrio cholera, called El Tor. It made international headlines a few years ago when it spread throughout Latin America, striking especially severely in Peru.

El Tor first reached West Africa in 1970, spreading along coastlines, rivers and canals. From there it spread inland. Tropical coastal regions are particularly susceptible to endemic cholera.

Call for Southern Africa forum

ARGUS 6/2/93 (279A)

JOHANNESBURG. — A leading South African economist has called for the setting up of a non-executive, expert economic forum for the sub-continent run on the lines of the developed world's Organisation for Economic Co-operation and Development (OECD).

In Nedbank's latest Guide to the Economy, chief economist Mr Edward Osborn says an Organisation for Southern African Co-operation (Osac) would be in the best interests of all the countries in the region

His call follows the recent key conferences held by the Preferential Trade Area (PTA) and Southern African Development Community (SADC) — both of which ended without reporting significant progress towards better economic flows in the region or the thorny issue of South Africa's membership.

Mr Osborn says Osac, an idea orginally put forward by Dr Erich Leistner of the Africa Institute, would be the "least likely (regional economic body) to encounter friction".

Osac's purpose would be to "bring to the attention of the countries, advice on actions or policies for the benefit of all members".

South African membership of the PTA or SADC would be likely to generate mistrust because of the country's economic size and strength.

"The problems of giantism would be overwhelming," he argues, "South Africa would have to be subject to all sorts of imposed and self-imposed restraints and limitations to maintain any sort of harmony within the organisation."

Mr Osborn envisages Osac operating in a similar manner to the OECD and points out the latter body "has no executive functions and, accordingly, is not a political body. All members enjoy equal status and its work is confined to analysis and recommendation in the interests of members" — Sapa.

SA issues call on health

MICHAEL HARTNACK

HARARE — SA Health Department director-general Dr Coen Slabber yesterday urged southern African states to hasten an agreement on co-ordinating health services to make maximum use of their limited resources. B/DAY

Slabber said in an interview at the end of a three-day visit, the first by an SA Health Ministry chief since Zimbabwe's 1980 independence, challenges posed by malaria, tuberculosis, cholera and the human immunodeficiency virus (HIV) knew no borders. 10/2/93.

Resistant strains of infection were developing and spreading from one country to another, and a health co-operation agreement could eliminate wasteful and costly duplication if states shared the testing of imported drugs.

"If we can, let's get an agreement tomorrow," said Slabber. "You can try to control malaria here and we can try, but if Mozambique does nothing, we are in for problems, as all measures have broken down there. It seems to us that with the peace accord it will be for SA and Zimbabwe to help Mozambique with mosquito control and its malaria problem."

□ Sapa reports that the Medical Research Council of SA has signed a joint research agreement with its Kenyan counterpart, its first with an African institution. Malaria will be the most important of 19 areas of collaboration covered by the contract.

ECC opposes prosecutions

B/DAY 10/2/93.

STEPHANE BOTHMA

THE SADF had begun renewed prosecutions of conscripts who failed to report for military camps, the End Conscription Campaign (ECC) said yesterday.

The ECC urged supporters to press for a moratorium on the prosecutions. "It appears that the SADF's tactic is to summon individuals . . . before a court martial with very little warning, in the hope that they will appear without proper legal representation and plead guilty," it said.

An SADF spokesman said investigations had started into failures to report for the January intake, but said the ECC claims were so vague that it was impossible to comment.

Regional integration is imperative for SA

W|Mail 12/2-18/2/93 (2791A)

Political turmoil and civil war have turned southern African states in on themselves. The danger, argues **CARLOS CARDOSO**, *is that individual states will concentrate on their own troubles and ignore regional solutions*

THOSE who have most cherished integration of the southern African region have been revolutionaries like Samora Machel and white supremacists like PW Botha.

Because the two visions were mutually exclusive, southern Africa never acquired institutional muscle beyond the frontline states and Southern African Development Co-ordinating Conference (SADCC) The frontline generation, which led regionally based national liberation movements, wanted a strong, regional economic democracy — even though it accepted a long transition period in which South Africa would be central. Botha wanted a (white) South Africa-centred domination of the region.

Augustino Neto, Sir Seretse Khama, Machel are dead. Lacking intellectual drive, the frontline now behaves like a spectator of regional events. The region's intellectuals are too busy fighting anti-government and anti-gangster battles for more freedom of expression.

Likewise, in South Africa, southern Africa is not an issue, despite the return of thousands of refugees from neighbouring states. Botha and Magnus Malan are out of the picture The South African Defence Force structures of regional intervention are being phased out. Afrikaner politics — which had a southern African outlook, albeit concerned with white domination — is either too embroiled in local *bosberaads* or feels bitter and defeated about the future.

The African National Congress has memories — some sweet, some sour — about its recent southern African rearguard, but no visible plans on how to contribute to regional integration. No one in South Africa flies the flag of "southern Africanness" above the territorial clashes of federalism or Boer statehood. In short, the colour of South Africa's arrogance in the past was white, it could become black if the political debate in the country remains South Africa-centred.

Everybody is trying to put their own national house in order, without considering whether solutions in each member state of the region are good for the other member states. The Southern African Development Community (formerly the SADCC) has its annual ministerial and summit meetings, but little else.

In the days when the frontline had the intellectual stamina to probe the future, the tragic and infantile mistake of Angolan elections without a unified army in place would have been impossible.

Strange bedfellows ... PW Botha and Samora Machel believed in strong regional ties

From Luanda to Cape Town to Maputo the politicians, academics and journalists speak the language of nationhood, while all around them the nation-state begs to be replaced by a regional dispensation strong enough to cushion the complexities of power distribution in each country.

Meanwhile, regional integration is being achieved — by businessmen. Every day rands become meticais, pulas, emalangeni. Every day Johannesburg taxis transport Mozambicans to Maputo. Every hour hundreds of people cross the region's borders legally while thousands more do it illegally in the course of family business (trade and agriculture). In December eastern Transvalers restarted their pilgrimage to Bilene, Xai Xai and piri piri chicken.

The question is: can business, alone, deliver a southern African democracy?

There is no escaping the regionality of our existence. Botha toppled John Vorster; the result was the invasion of Angola and the wanton destruction of both Angola and Mozambique. In 1987 the SADF met its match at Cuito Cuanavale; the result was Namibian independence, the end of military rule in South Africa and the release of Nelson Mandela.

The insularity of current political debate could become the driving force behind future military conflicts, with South Africa's relationship with the region resembling that between the United States and Latin America, or between Russia and the ex-Soviet republics.

Here are some suggested steps towards a regional dispensation:

- When multi-party negotiations get going again in South Africa, invite observers from all SADC governments which, right now, find the South African constitutional process less than transparent.
- Under the SADC umbrella, get all ministers of agriculture — including Kraai van Niekerk — to start regular discussions on, among other things, how to redistribute land in the region. This might solve the white land monopoly in South Africa without destroying its commercial farming.
- Lobby for SADC countries and South Africa to drop all visa requirements for journalists working in the region's media. A simple SADC media card should be enough to cross borders.
- Get all ministers of defence from Dar es Salaam to Pretoria to meet and report on the military requirements for a common regional defence policy.
- After the formal end of apartheid in South Africa, convene a summit of regional heads of state to look into the longer-term issues of dual citizenship, a regional parliament and joint armed forces.

If South Africa is destroyed by internal violence, we'll all be engulfed in a war over the redefinition of borders. If it isn't destroyed, then southern Africa becomes our inevitable home before, generations later, there is a second leap into wider unity between southern and eastern Africa.

Some will argue that, with Europe going ethnic, it is a waste of time to talk about a southern African federation of states. I believe that is a Eurocentric view.

True, there are ethnic tendencies in our region, but nothing so serious that it cannot be accommodated in a stronger regionalism. As a friend once put it to me: "You want to know what I am? I am a Shangaan, a Mozambican and a southern African."

●Carlos Cardoso is editor of *mediaFAX*, an independent Maputo daily distributed by telefax, and former editor of the Mozambican state news agency, AIM.

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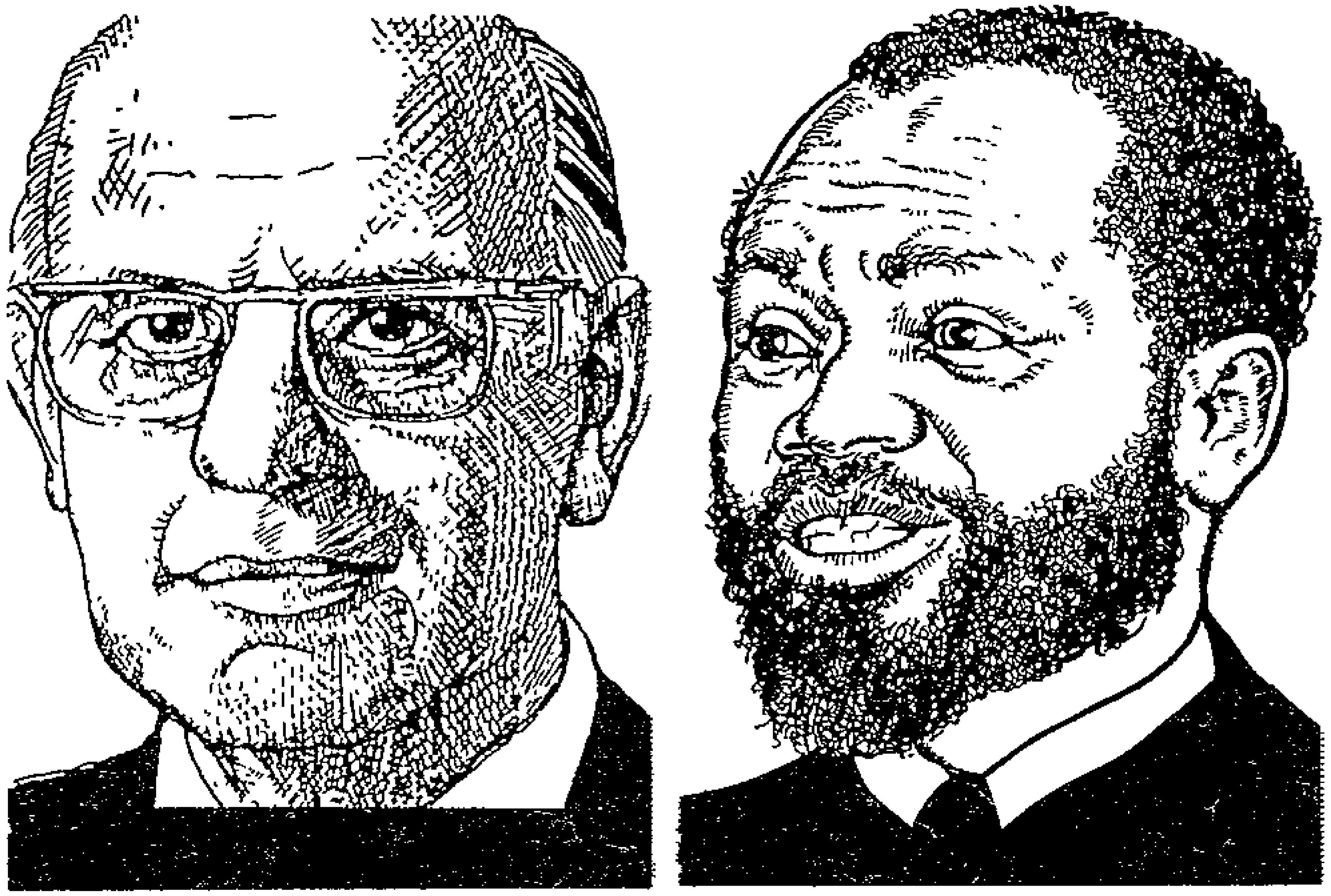
Augustino Neto, Sir Seretse Khama, Machel are dead. Lacking intellectual drive, the frontline now behaves like a spectator of regional events. The region's intellectuals are too busy fighting anti-government and anti-gangster battles for more freedom of expression.

Likewise, in South Africa, southern Africa is not an issue, despite the return of thousands of refugees from neighbouring states. Botha and Magnus Malan are out of the picture. The South African Defence Force structures of regional intervention are being phased out. Afrikaner politics — which had a southern African outlook, albeit concerned with white domination — is either too embroiled in local *bosberaads* or feels bitter and defeated about the future.

The African National Congress has memories — some sweet, some sour — about its recent southern African rearguard, but no visible plans on how to contribute to regional integration. No one in South Africa flies the flag of "southern Africanness" above the territorial clashes of federalism or Boer statehood. In short, the colour of South Africa's arrogance in the past was white; it could become black if the political debate in the country remains South Africa-centred.

Everybody is trying to put their own national house in order, without considering whether solutions in each member state of the region are good for the other member states. The Southern African Development Community (formerly the SADCC) has its annual ministerial and summit meetings, but little else.

In the days when the frontline had the intellectual stamina to probe the future, the tragic and infantile mistake of Angolan elections without a unified army in place would have been impossible.



Strange bedfellows ... PW Botha and Samora Machel believed in strong regional ties

From Luanda to Cape Town to Maputo the politicians, academics and journalists speak the language of nationhood, while all around them the nation-state begs to be replaced by a regional dispensation strong enough to cushion the complexities of power distribution in each country.

Meanwhile, regional integration is being achieved — by businessmen. Every day rands become meticais, pulas, emalangeni. Every day Johannesburg taxis transport Mozambicans to Maputo. Every hour hundreds of people cross the region's borders legally while thousands more do it illegally in the course of family business (trade and agriculture). In December eastern Transvalers restarted their pilgrimage to Bilene, Xai Xai and piri piri chicken.

The question is: can business, alone, deliver a southern African democracy?

There is no escaping the regionality of our existence. Botha toppled John Vorster; the result was the invasion of Angola and the wanton destruction of both Angola and Mozambique. In 1987 the SADF met its match at Cuito Cuanavale; the result was Namibian independence, the end of military rule in South Africa and the release of Nelson Mandela.

The insularity of current political debate could become the driving force behind future military conflicts, with South Africa's relationship with the region resembling that between the United States and Latin America, or between Russia and the ex-Soviet republics.

Here are some suggested steps towards a regional dispensation:

●When multi-party negotiations get going again in South Africa, invite observers from all SADC governments which, right now, find the South African constitutional process less than transparent.

●Under the SADC umbrella, get all ministers of agriculture — including Kraai van Niekerk — to start regular discussions on, among other things, how to redistribute land in the region. This might solve the white land monopoly in South Africa without destroying its commercial farming.

●Lobby for SADC countries and South Africa to drop all visa requirements for journalists working in the region's media. A simple SADC media card should be enough to cross borders.

●Get all ministers of defence from Dar es Salaam to Pretoria to meet and report on the military requirements for a common regional defence policy.

●After the formal end of apartheid in South Africa, convene a summit of regional heads of state to look into the longer-term issues of dual citizenship, a regional parliament and joint armed forces.

If South Africa is destroyed by internal violence, we'll all be engulfed in a war over the redefinition of borders. If it isn't destroyed, then southern Africa becomes our inevitable home before, generations later, there is a second leap into wider unity between southern and eastern Africa.

Some will argue that, with Europe going ethnic, it is a waste of time to talk about a southern African federation of states. I believe that is a Eurocentric view.

True, there are ethnic tendencies in our region, but nothing so serious that it cannot be accommodated in a stronger regionalism. As a friend once put it to me: "You want to know what I am? I am a Shangaan, a Mozambican and a southern African."

●Carlos Cardoso is editor of *mediaFAX*, an independent Maputo daily distributed by telefax, and former editor of the Mozambican state news agency, AIM.

Pooling resources mooted to boost regional growth

BDM 17/2/93. 279A

DUMA GQUBULE

COUNTRIES in the southern African region have everything to gain from pooling their resources to accelerate economic growth and development in the region, says African Development Bank vice-president Tekalign Gedamu.

He was speaking at a panel discussion with seven high-ranking southern African cabinet ministers and central bankers on "Opportunities in sub-Saharan Africa" at yesterday's Frankel, Pollak, Vinderine investment conference in Johannesburg.

Gedamu said the process of democratisation on the continent was improving prospects for badly needed political stability and economic growth.

The continent's many structural adjustment programmes would create more opportunities for private investors.

There was no doubt that the market-orientated programmes adopted by an increasing number of African countries would create an "enabling environment" for investment in Africa.

Structural adjustment programmes would, in the short term, depress demand, but were essential for attracting private investment in the longer term.

The future for private investment on the continent was encouraging. The continent was rich in still undeveloped natural and hydro-power resources which was a major attraction for investors, he said.

Gedamu said for SA companies to participate successfully in the continent's privatisation drive the process would need popular participation and approval. One way was to establish trust funds to enable those who did not have capital to participate, as in eastern Europe where citizens had been issued with free coupons to take part in the privatisation process.

Zambian senior economic adviser to the finance ministry Jacob Mwanza said African countries needed to devise a collective approach to attracting investment as many projects were only viable when viewed in terms of opportunities in the whole of the southern African region.

Mwanza said Africa had not been an attractive investment option over the past two decades because of political instability, poor economic management and other disincentives for private investors.

African countries had learnt from their mistakes and had now adopted policies conducive to attracting private investors.

Botswana's Finance Minister F A Mogae said the overriding objective for southern African countries was to stimulate greater flows of investment into, and from within, the continent.

Increasing those investment flows depended to a large extent on the region's ability to put its own houses in order.

He said the ability of any country in Africa to attract such capital depended not only on political stability at home, but also on stability in neighbouring countries.

BUSINESS Economic growth benefits from liberal politics

Africa's outlook 'bright'

Sowetan 19/2/93 · 279A

By Mzimkulu Malunga

■ **INVESTMENT** Emerging blocs in Europe and America make regional trade inevitable:

CONTRARY TO MEDIA reports which paint Africa as poor and racked by civil wars, investment prospects on the continent are looking brighter, says vice-president of the African Development Bank (ADB) Mr Tekalign Gedamu

Speaking at a high-profile investment conference held in Johannesburg this week, he argued that as sweeping winds of political liberalisation in Africa blew at a faster pace, so did chances for long term economic growth.

Mangosuthu Buthelezi

"There is no doubt in my mind the that market-oriented reforms embarked upon by a large majority of African countries will lead to increased private sector investment," said Gedamu.

The conference, organised by Frankel, Pollak, Vinderine, was addressed by finance ministers and senior bankers from seven Southern African countries.

Speaking at a panel discussions on *Opportunities in sub-Saharan Africa*, various ministers and bankers outlined investors' incentives in their respective countries.

The Southern Africans made strong calls for the strengthening of the already existing regional economic groups to foster the sub-continent's development They highlighted emerging regional trading blocs in Europe and North America as one of the facts making regional co-operation inevitable in Southern Africa

The drought which struck the region recently also featured high in the speeches.

However, the obvious worry in most the speeches was continued political uncertainty in South Africa — regarded by many as better equipped to play a catalytic role for development in the sub-continent.

Echoing Gedamu's words, Botswana's finance minister, Mr FA Mogae, said there was a distorted perception that Africa countries were corrupt and worthless

"I am an African and I am not corrupt," he said Mogae said his country had the most liberal foreign exchange regime in Africa and the lowest interest rates on the sub-continent.

Botswana — often held up as an African success story — had a skilled labour force which could be valuable to investors

The Mozambican commerce minister, Mr DG Tembe, said though the peace process in Angola was meeting with serious difficulties, the process of the dismantling of apartheid and the peace agreements in Mozambique signalled a new era of social and political harmony as well as common development and prosperity

Tembe said his government attributed an important role to direct foreign investment as a necessary tool to complement the initiatives of domestic entrepreneurs

Also, the economic recovery programme, supported by the International Monetary Fund (IMF) and the World Bank has helped to reduce the inflation rate drastically and reformed the pricing and systems.

The senior economic adviser in the Zambian finance ministry, Mr Jacob Mwanza, said the philosophy of the new Zambian administration was the state should only play a facilitatory role instead of determining prices or output.

"This year is the one to complete major reforms of Zambia's economic policy and set foundations for sustained growth in the private sector," he said

Lesotho's finance minister, Mr AM Maruping, said the was a need for collaborative effort in the region as part of Third World co-operation, a popular view in economic circles of various developing countries. He mentioned the Lesotho Highlands Water Project as one of the classic examples of regional co-operation.

In a keynote address, the chief minister of KwaZulu, Chief Mangosuthu Buthelezi, said political organisations should refrain from raising people's expectations about what a future South Africa could deliver.

"The new government in South Africa will have to operate within the confined constraints of a ravaged economy whereby contributory factors such as uneconomical and discriminatory apartheid policies, political and labour unrest, sanctions and disinvestment, have left our economy almost bereft of resources," he said.

Refocused SADC agrees on greater integration

BDay 19/2/93 (2794)

A's economic dominance southern Africa has con- cerned its regional neigh- bours for many years, and 1980 led to the formation the Southern African De- velopment Co-ordination Conference (SADCC).

The original signatories which remain unchanged are Angola, Botswana, Lesotho, Malawi, Mozam- bique, Namibia, Swaziland, Tanzania, Zambia and Zimbabwe.

The goals of the mem- bers were to reduce their dependence particularly, but not only, on SA and in- crease co-operation be- tween themselves.

In a policy document prepared for the 1992 SADCC annual conference, was accepted that al- though SADCC has failed to achieve all it set out to do, it had scored successes in agricultural research, en- ergy, transport and com- munications. But more than anything else, it said, the greatest success had been in forging a regional identity and a sense of com- mon destiny among the 10 member states.

In that period, however, there was little progress to- wards reducing the region's economic dependence on SA and increasing regional integration.

SA continues to be a dominant force, with an economy three times the size of all SADCC econo- mies combined, while its political changes make its "ogre" status unfitting.

The members have agreed that greater inte- gration is essential for growth and development in the region.

Stressed

In the policy document it is stressed that integration must be promoted while recognising the present di- versity and disparities in levels of development, re- source endowment and ca- pacities among the mem- ber states.

In an effort to emphasise the move away from the project-based co-ordination of the past to a develop- ment integration approach, SADCC changed its name to the Southern African De- velopment Community (SADC) in mid-1992.

Safto's Ann Moore says the new name acknowl- edges the new focus which aims to:

- Promote greater mobil- ity of investment capital within the region;
- Create a single regional market, in which there is increasing and freer move- ment of goods and services;
- Progressively remove barriers to the free move- ment of people within the sub-continent; and
- In each country accord, on a reciprocal basis to all SADC citizens and com- panies, treatment equiv- alent to that accorded to nationals.

Practical changes which will have to take place to achieve the above goals are:

- The removal of various bureaucratic, regulatory and administrative non- tariff barriers to the move- ment of goods, services and people in the region;
- To overcome the non- convertibility of currencies and other payments related problems;
- To improve physical and economic infrastructure; and
- To increase demand for goods.

Although no official poli- cy has been released on SA's future involvement in SADC, it can be assumed SA would benefit from ac- cess to regional and conti- nental markets.

FM 19/2/93

New challenges, after a decade of growth

279A

Dr Keith Jefferis is senior lecturer in economics at the University of Botswana

Many aspects of Botswana's economic success during the Eighties provide valuable examples to other developing countries. For much of the decade it was the world's fastest growing economy and contrasted sharply with the problems experienced by most of sub-Saharan Africa.

But the crucial test will come over the next decade, as attempts are made to develop the economy away from rapid diamond-led growth to a more diversified and sustainable economic structure.

For the past 15 years the diamond industry has been the foundation for all economic development. The magnitude of diamond earnings in what is otherwise a very small economy (GDP around US$3bn) has far exceeded what could easily be absorbed. Consequently, there have been surpluses on both the government budget and the current account of the balance of payments since the mid-Eighties.

Botswana's accumulated foreign reserves of nearly $4bn are equal to more than 18 months' import cover, one of the highest ratios in the world. The country has no debt problems and the pula is probably the strongest independent currency in Africa.

In spite of budget surpluses, government spending has increased rapidly in recent years, mainly to finance social needs and infrastructure such as education, health, water supplies, housing and roads.

While the benefits of government spending have been felt fairly widely, they have made only a partial impact in offsetting the country's relatively unequal income distribution. Nevertheless, without diamond earnings, Botswana would have faced many of the more typical development problems of sub-Saharan Africa.

By developing relatively late it has been able to learn from — and so far avoid — many of the mistakes of other mineral rich countries, especially Zambia and Nigeria.

Nationalisation has been avoided and yet the agreement governing the running of the diamond industry — owned 50-50 by the government and De Beers — is considered one of the best secured by a developing-country government with a multinational mining company. Though De Beers retains operational control of the industry, the government is actively involved in major decisions and receives around 80% of the profits.

Government has also largely avoided the temptation to spend wastefully on unproductive prestige projects, preferring to save for the future if there have been insufficient viable project opportunities.

Expenditure is carried out in accordance with a system of National Development Plans (the 1991-1997 plan is the seventh) under which spending priorities and limits, once agreed by Cabinet and parliament, are monitored and enforced by the Ministry of Finance & Development Planning.

But diamond exports have been falling in real terms from their 1989 peak and the recent imposition of sales quotas by De Beers makes 1993 prospects particularly gloomy.

Current problems in the industry reinforce the need for diversification away from the dominant role of diamonds and there have been efforts to develop other mineral-based activities.

Manufacturing also grew rapidly in the Eighties and diversification through development of an export-orientated manufacturing sector forms the centrepiece of NDP7.

Though the manufacturing sector remains small (less than 5% of GDP), it is important as a source of jobs and was a major contributor to the rapid growth of formal sector employment during the past decade.

But both manufacturing and the construction sector have been badly hit by the current economic slump.

Construction experienced a five-year boom on the back of massive land servicing, housing and road building projects, but the recession in SA has led to competition from SA construction firms and materials suppliers, resulting in allegations of dumping.

Manufacturing firms also face severe competition in both local and regional markets and exporters (especially textiles and clothing firms) have found their SA and Zimbabwean markets eroded due to recession in the former and a structural adjustment programme in the latter.

There have been retrenchments in the manufacturing and construction sectors and 1992 saw the first-ever fall in formal sector employment.

Accurate data on current economic growth will not be available for some time, but it is likely there will be close to zero growth in 1992-1993 — a major contrast with the experience of the Eighties, when economic growth averaged 11% a year.

In addition, inflation rose sharply last year to over 17%, though this is seen as temporary and should fall back to SA levels over the next few months.

In the past, economic growth has been led by expansion of the mining, construction and government sectors, with government playing a major role in directing resources.

In future, as emphasis shifts towards manufacturing and possibly services as leading sectors, the private sector will need to take a leading role rather than simply reap the benefits of rapidly rising State expenditure, while government will have to concentrate on strategic planning and providing an enabling environment for private sector investment, rather than direct intervention as in the past.

At present, the emphasis is on developing the manufacturing sector as both a source of export earnings and employment.

Botswana does have attractions for manufacturing investment — a favourable macroeconomic environment, liberal exchange controls and a generous investment incentive scheme — but these are countered by low productivity, high utilities costs, limited raw materials and a small domestic market.

If the manufacturing sector is to develop, a long-term plan to develop comparative advantages in selected industries is essential.

Government is devoting substantial resources to education and training in an effort to overcome a serious skills shortage, but this will take time to bear fruit.

There is a lack of local entrepreneurial capacity and much domestic investment is directed towards property, trade and cattle, rather than manufacturing and mining. Foreign investors are actively encouraged, but are needed as much for managerial, technical and marketing skills as for capital.

Recent financial reforms are aimed at developing capital markets, but it appears firms still face problems in securing adequate long-term finance from local sources despite high levels of aggregate savings.

Savings by government and the corporate sector are set to decline over the next few years and recent rises in interest rates have been aimed at boosting household savings from their present low level. As yet, the impact is unclear, partly because rising inflation has undermined attempts to make interest rates positive in real terms.

But savings need to be encouraged to avert a serious shortfall in domestic savings below investment needs.

A third crucial issue is government spending. It will have to be cut as revenue decreases if Botswana is to avoid inflation and an escalating budget deficit which could rapidly erode reserves built up in recent years.

The next decade will be difficult for Botswana. Diamonds led growth, provided employment, raising living standards and a macro-economic position the envy of many developing countries. But these will be more difficult to maintain as minerals, construction and government become less prominent.

Manufacturing may provide a replacement, but this needs to develop urgently. Botswana is one of the more favourable locations for manufacturing investment in the region, but this may not last if neighbours' economic reforms begin to work. ■

Imports and exports

Getting paid a major drawback to Africa

BDAY 19/2/93

In many countries in Africa political doors have been slow to open, but trade links are being forged daily. "Markets which South Africans never thought would entertain the idea of close links are searching for business."

Safto assistant manager special projects in Africa, Angela Self, says the role played by the Foreign Affairs department through the sanctions years in quietly maintaining contact with other African countries, cannot be underestimated.

In fact, it is believed that "invisible" trade with Africa is worth over R5bn a year. The official trade figure is also in excess of R5bn.

But it has not been easy to unlock the potential, and many companies have burnt their fingers by rushing into ventures without researching the markets.

The major drawback is getting paid. Acute foreign exchange shortages have effectively put a lid on trade with many interested parties.

The level of business sophistication in some countries is also questionable. South Africans are having to deal with untested business contacts, scams abound, and communications are frequently unreliable, Self says.

Negated

But the problems do not all stem from beyond SA's borders. High transport costs in many instances have negated the competitive advantage South Africans thought their products would enjoy.

The cultural divide was also not fully appreciated, Self says.

SA's original trading partners outside the customs union still remain its largest. They are Zimbabwe, Mozambique, Zambia and Malawi.

About 25% of all SA's exports to Africa go to Zimbabwe. Chemicals top the list, but with Zimbabwe's well developed manufacturing sector, inputs for its own industries are also sourced from SA. Goods such as machinery, instruments, telecommunications, cables, and paper are SA's major exports to that country.

In return, SA's imports include mineral products, textiles and prepared foodstuffs and horticultural products.

In 1991, Mozambique became SA's second most important African market, despite being one of Africa's poorest countries with an annual per capita income of $80. Aid money guarantees payments for many items such as essential foodstuffs and critical spare parts.

Mozambique has been awarded preferential trade status and its produce is only subject to limited import duties. Although imports into SA from Mozambique are controlled by a quota system, it does mean it has a guaranteed income from its major industries, such as seafood, fish products and cashew nuts.

The reconstitution of Zambia's economy has opened up opportunities for trade in vehicle and manufacturing equipment, construction and communications, as well as paper and paper products.

Self predicts a surge in trade with Zambia, which has become SA's third largest trading partner in Africa.

Mauritius, with its annual per capita income of around $3 000 and its classification as a "newly industrialised" country (like Botswana), is an important market for SA. It has a stable economy and access to European markets through its membership of the Lome convention. It also provides SA with a gateway to the east.

Halved

But not all markets are expanding. Imports from Zaire halved in 1991 and exports fell by 30%, due to political upheavals and the country's inability to pay.

Inflation is unquantifiable with the dollar/Zaire exchange rate falling from $1=460 000 Zaires in July 1992, to $1=2,6-million Zaires in January 1993.

In the past, however, Zaire was a two-way preferential partner.

Angola, too, will probably suffer from the resurgence of violence, but in 1991 it became a major area of interest for South African companies, especially in the area of reconstruction.

Trade with West Africa is one of the more exciting new developments, Self says.

In 1991 trade with Morocco, for example, rose by 70% despite its close proximity to European markets. Morocco's attraction to SA, like Ghana, is its mining.

Self says West Africa can offer something vital to SA traders — hard currency. The Economic Community of West African States trades with a freely convertible CFA Franc, backed by the French Treasury, and a fixed exchange rate.

Nigeria, although not backed by the CFA Franc, has powerful currency resources backed by oil reserves, while Ghana's currency resources have been boosted by a recent economic recovery and renewed mining activities.

Income from customs union has plummeted

(279A)

TIM COHEN

CAPE TOWN — The auditor-general has warned that SA's income from the SA customs union agreement — a tariff-sharing agreement but effectively a substantial aid package to SA's neighbours — has plummeted, almost halving over the past decade.

The attorney-general's report, tabled in Parliament this week, said SA's share of the pool, which includes Lesotho, Botswana, Namibia and Swaziland, had decreased from 75% in 1984 to only 44% in 1991/92. SA had handed over a total of more than R4,5bn to neighbouring states in the 1991/92 financial year. The payments consisted of about R1bn to Botswana and Namibia, R424m to Lesotho, R356m to Swaziland, R470m to the Transkei, R868m to Bophuthatswana, R134m to Venda, and R266m to Ciskei.

It is understood negotiations to restructure the fund are currently at a standstill pending discussion of the issue at the national economic forum.

The auditor-general said SA receives only the remainder of the joint revenue pool after portions of the other countries had been calculated.

The pool, the total amount of receipts from tariffs for goods entering all of the countries, was distributed according to a formula, to which a 42% surcharge was added. This amount was subject to a "stabilisation factor" which ensured that the countries concerned received a minimum share of 17% of the pool.

The Margo commission had recommended in 1986 that the surcharge of 42% and the stabilisation factor be replaced by direct conditional assistance or by a development fund from which assistance could be rendered.

BDAY 24/2/93

The commission had also recommended that SA's share of the pool be calculated on the same basis as the shares of other member countries.

Africa's cancerous debt growth

W/Mail 5/3-11/3/93. (279A)

Weekly Mail Reporter

AFRICA paid $26-billion to its creditors in 1991 to service its debt, and slightly more last year.

Behind those bland figures lie famine and illness, the ruined roads that symbolise the decay of infrastructure and vanishing social services under the stress of pervasive structural adjustment programmes, and economies that seem uncontrollably to be slip-sliding away.

"Africa spends four times more on debt servicing than it does for all the health services it provides to its 600-million people," notes a United Nations pamphlet, *African Debt Crisis.*

"It is not surprising, therefore, that a single African country, Mozambique, loses more children to malnutrition and easily preventable or curable diseases than do all the struggling countries of the former Soviet Union."

Africa's debt is only about one-fifth of the developing world's total debt but because of the relative smallness of African economies it is a much bigger burden. The continent's debt is equivalent to 90 percent of its gross national product, the key indicator of economic prosperity. For sub-Saharan Africa it is 110 percent of GNP.

Africa's debt deters private foreign investment, which has virtually come to a halt. Investors are unwilling to take risks in countries tagged as bad debtors, says the pamphlet.

As with South Africa, private sector finance has flowed out of the rest of Africa. The UN says that, taking into account deteriorating terms of trade, Africa has suffered a net outflow of financial resources.

Private flows of finance into Africa have been replaced by aid from the international financial institutions (IFIs) such as the World Bank. Around 28 percent of sub-Saharan African (excluding Nigeria) debt is multilateral but it consumes 45 percent of the region's debt servicing. Multilateral debt cannot be rescheduled.

Some 65 percent of Africa's debt is to official creditors — IFIs and governments. Several attempts have been made since the mid-1980s to alleviate the debt burden. But for most African countries the debt burden remains unsustainable.

The art of repelling investors

BDAY 5/3/93.

27IA

SIMON WILLSON

WHILE the rest of sub-Saharan Africa set about attracting foreign investment in a major shop-window for global finance this week, SA's representative at a key international investment forum in Nairobi spoke of continued financial sanctions.

As other African countries urgently enact wholesale economic restructuring to reassure hesitant foreign investors, SA is about to produce a discussion document four months behind schedule which could serve as a basis for possible future restructuring legislation.

This sequence of events highlights more starkly than ever the increasing danger that SA, through needless prevarication by both government and opposition, could miss the sub-Saharan Africa investment boat.

Platforms for promoting international investment in sub-Saharan Africa are rare. One such opportunity for the subcontinent to set out its wares was this week's precedent-setting investment conference in Kenya.

Investment institutions from Europe and the US linked up to sponsor an uncommon gathering of public and private sector professionals from the Western financial community. But before this influential assembly, a member of what could be SA's government-in-waiting had to start his presentation with a flurry of negatives.

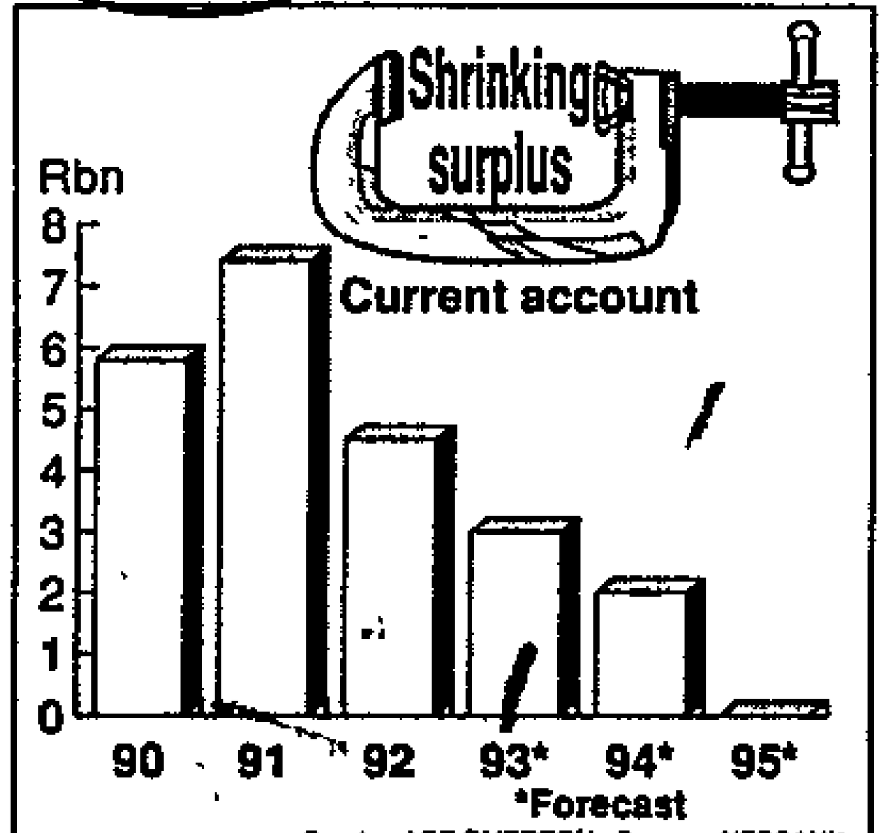
ANC economic planning department head Trevor Manuel had the thankless task of trying to explain to about 500 delegates why his organisation still believes SA is not yet ready to accept foreign investment. It is a posture that has been overtaken not only by the accelerating deterioration in SA's own domestic economy but also, as the conference proceedings made increasingly clear, by the radical adjustment of other economies in the subcontinent.

It quickly became, from SA's point of view, a conference of embarrassing contrasts. Kenyan vice-president George Saitoti was able to tell potential investors in his country that his government was leaving more and more economic decision-making to the market; that exchange control had been dismantled and that international investments would be safe in Kenya and returns comparable to anywhere in the world.

Manuel found himself at a disadvantage. The conference literature charitably preserved his marketeconomy credentials by ignoring the ANC's formal alliance with the SACP, but still left him with the task of trying to match the slick Kenyan presentation before a critical audience of limited patience.

Manuel had to open his address with a contradiction in terms, offering financial investors a convoluted defence of continued financial sanctions as though he was in a speakeasy calling for prohibition. All he could offer the conference was the assurance that sanctions would be lifted at some indeterminate date in the future if certain other conditions were fulfilled.

High-powered speakers from Kenya, Botswana, Zimbabwe, Nigeria and Namibia had been able to use the conference platform unashamedly to promote the investment-friendliness



Graphic: LEE EMERTON Source: NEDBANK

of their countries, while Manuel obligingly disqualified SA from contention with the implicit menace of the penalties that new governments with long memories can inflict on sanctions-breakers.

Manuel's presentation also blithely ignored the deepening problems facing SA's economy. The current account surplus maintained since 1985 is widely expected to disappear in the next couple of years under pressure from the increased imports that a recovery in growth will bring (see chart) and from another hump in foreign debt amortisation. Foreign financing attracted now would subsequently be a powerful support to the balance of payments when the external accounts come under pressure.

Government's much-delayed production of the economic restructuring plan also became conspicuous at the Nairboi conference. Kenya, in many ways a direct competitor against SA for corporate investment, tourists and infrastructure development, was able to go on the record as having freed up exchange controls, decontrolled prices, slashed tariffs and liberalised imports.

SA, by comparison, has had these measures as medium-term objectives for several years but has done no more to implement them than draw up the oft-deferred draft restructuring proposals. The restructuring zeal of SA's African rivals was, it is true, enhanced by the IMF, but that fact does nothing to reduce the need for SA to remain competitive. Events in Nairobi this week suggest SA is, on the contrary, falling behind its sub-Saharan neighbours in the art of investor inducement.

NEWS IN BRIEF

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New trade programme

A NEW trade programme for the subcontinent was announced at the Southern African Development Community conference in Maseru yesterday.

The organisation said the programme should address the creation of a single regional market and a payment arrangement for cross-border investments and other current account payments.

B/DAY 5/3/93

Farewell to a constructive force in southern Africa

BDM 9/3/93 (2794)

SIMON BARBER in Washington

ASSISTANT Secretary of State for Africa Hank Cohen stands down at the end of the week to make way for President Bill Clinton's appointee, fellow career diplomat George Moose.

South Africans have reason to remember Cohen warmly. He understood the country's predicament better than most He earned the trust of the US Congress and thus helped restore the administration's control of policy towards SA. He appreciated the political dynamics of change and made the US a useful catalyst. Above all, he insisted on even-handedness.

There are not many people with a kind word for P W Botha these days. Cohen is one of the exceptions President F W de Klerk and the ANC's Nelson Mandela might be "heroes" for having "built a consensus in both their communities for a moderate solution", he remarked in a recent farewell interview, "but you have to give credit to Botha for having set the psychological stage. I think history will show he did a lot, but we focused on his inability to implement rather than on his ideas."

It is very tempting for outsiders to take credit for SA's progress since 1990 Some have been unable to resist, prospectively demanding repayment from an ANC government for their assumed role in ending apartheid Cohen would rather award the laurels to South Africans themselves.

They could be exasperating — as they were through much of 1992 when the major parties seemed to conclude that "delay was acceptable" — but when they wanted to, they made it easy for the US and its partners to be helpful.

"We didn't have a formal mediating role. We took advantage of the fact that the ANC, Inkatha, the PAC, the government and the CP put a great deal of emphasis on international recognition and approval of what they were doing. The feeling was that if they could convince the international community they were right, we would then pressure the other side. We took full advantage of that tendency. I would almost say we manipulated it by saying to the parties we think your ideas are generally right, but this or that aspect is unacceptable."

For example, De Klerk was told that the principle of checks and balances was fine, but if the government went further and pressed for a white veto or entrenched power sharing, international condemnation would surely follow. By the same token, the US and its allies would sympathise with the ANC on the need for economic and social redistribution, then add firmly "nationalisation and strong central government controls on the private sector will not work" and that "in a large diversified country like SA, regionalism is better than a centralised system".

The US, which generally acted in informal concert with Britain and Germany, was given plenty of opportunity to press these points. "Every time they had a negotiating session, the first thing both sides did was to convoke the diplomatic corps and explain their positions. We used these sessions to criticise and ask probing questions. We found that what the US cared about was always given the highest priority by the protagonists, rather than what the UK, France or the others cared about."

Some sells were harder than others. Cohen said he had a particularly tough time persuading the government that the UN did not need to be treated as the enemy and that a UN presence could "in effect give legitimacy to the whole process that De Klerk had unleashed". Foreign Minister Pik Botha and former Foreign Affairs director-general Neil van Heerden "understood what we were driving at, but the guys in the Cabinet around De Klerk, it just boggled their mind".

☐ COHEN

They were won over by the even-handed professionalism of the UN High Commissioner for Refugees. When the observer question came up after Boipatong, the US further helped ease their qualms by rejecting the ANC's bid "to establish a Namibia-type situation" with huge numbers of UN personnel effectively taking over the transition. "We told them this was unacceptable because this wasn't Namibia, the SA government was in charge."

Cohen predicted that "the American anti-apartheid community" would press demands to flood the country with election observers. He would recommend the monitors be let in — "it doesn't have to be on a massive scale" — to show "there was nothing to hide". He added: "We think that even the ANC will accept that an election run by the De Klerk government will be free and fair and fairly counted. We don't think they're going to suspect rigging or that sort of thing."

Were he staying on, he made clear that one of his chief concerns would be how the new constitution was written — should its basics be settled before a constituent assembly is elected or "should there be a lot for the assembly to decide"? He himself had no doubt about the answer. "If a constituent assembly, which is elected by one man, one vote, makes all the decisions, then you have not had negotiations. And if you don't have negotiations, you have severe insecurities on the side of minorities."

He believed Mandela had the "right attitude" about the need for power sharing, and supported the ANC's view that the arrangement should not be entrenched. Equally, experience elsewhere convinced him that the power sharing should be real, even if, in SA's case, it effectively meant overlooking the actual results of the first election in naming a cabinet. He felt sure the international community would hold the ANC's feet to fire on pre-election commitments, whatever the final vote tally.

"I believe in power sharing before elections. I know this is a sensitive issue in SA because the ANC is afraid the power sharing will be indefinite. But I think it is essential that people who distrust each other learn to live together before they go into an election where one of them is going to lose."

A lot of trouble could have been avoided in Angola, he said, if the MPLA and Unita had managed to agree on the power-sharing plan put forward by Zaire's President Mobutu at the Gbadolite negotiations in 1989. "If the government hadn't been so obsessed with (Jonas) Savimbi personally, insisting that he go into exile, I think it might have worked .... If (President Eduardo) Dos Santos had been smarter, he would have gone as far as offering Unita the prime ministership, which is what I recommended."

Looking back on his tenure, he said he would list SA neither as a success nor a disappointment. "We played a more than marginal role in encouraging certain trends through education and through diplomatic pressure. .. But I feel that most of what has been accomplished there has been accomplished by South Africans."

(2) (a) and (b)

It is still the intention to phase out the functions and activities of the SA Development Trust Corporation on 31 March 1993, where it is practically feasible. Arrangements have, however, been made for the said corporation to continue carrying out its project functions and activities should it not be possible for a recipient organisation to take over timeously. The phasing out of the corporation is therefore synchronized with the transfer of the projects concerned.

Depending on the advice of the Advisory Commission on Land Allocation and negotiations between the RSA and KwaZulu regarding the utilization of, *inter alia*, the sugar farms near Eshowe in Natal, it is in the meantime intended to transfer the management of the project concerned to the KwaZulu Finance and Investment Corporation

As result of a report by a bilateral working group regarding the future status of the Rust Der Winter farms it is the intention of the Advisory Commission on Land Allocation to hear evidence in this regard shortly. The findings and advice will thereafter be submitted to the hon the State President for consideration. In the meantime it is intended to entrust the management of the Rust Der Winter project to the KwaNdebele Agricultural Company.

LBS countries/RSA: constitutional future

*3. Mr H D K VAN DER MERWE asked the Minister of Constitutional Development:†

(1) Whether (a) Lesotho, (b) Swaziland and (c) Botswana have at any time been invited to take part in talks with a view to a new constitutional dispensation for Southern Africa; if not, why not; if so, what are the relevant details,

(2) whether he will make a statement on the matter? 279A B312E

The MINISTER OF CONSTITUTIONAL DEVELOPMENT:

(1) No These states are not involved in South Africa's internal constitutional process Their relationship with South Africa is one in terms of the international law, which will have to be addressed by way of diplomatic channels. I am not aware of any interest shown by any of these countries regarding participation, in the wider sense, in the South African constitutional changes. 279A

(2) No.

Political party: changing of name

*4. Mr H D K VAN DER MERWE asked the Minister of Home Affairs:†

(1) Whether his Department has received an application to change its name from a certain political party, the name of which has been furnished to the Minister's Department for the purpose of his reply; if so, (a) when and (b) what is the name of this party;

(2) whether he will make a statement on the matter? B313E

The MINISTER OF HOME AFFAIRS:

(1) No. (a) and (b) fall away

(2) No.

Minister Pik Botha: undesirable person in Angola

*5. Mr J M BEYERS asked the Minister of Foreign Affairs:†

(1) Whether he paid a visit to Angola recently; if so, what was the (a) purpose of and (b) cost involved in this visit,

(2) whether he or the South African Government has since been informed that he has been declared an undesirable person in that country; if so, (a) why has he been declared an undesirable person and (b) in what manner was he or the Government informed of this action;

(3) whether he is still regarded as an undesirable person in that country; if not, why not; if so, what are the relevant details? B317E

The MINISTER OF FOREIGN AFFAIRS:

(1) I paid two visits to Angola during October 1992.

(a) (i) These visits took place between 12 and 17 October and 19 and 20 October 1992 respectively and were undertaken at the request of both the Angolan Government and Unita to act as mediator in the post-election crisis between the two parties I was initially hesitant to do this while I was aware of the deep-rooted distrust which existed within the ranks of both parties After the request to act as mediator had been supported by various governments, I nevertheless decided to endeavour, for the sake of peace and stability, in Southern Africa After five days I succeeded in obtaining an agreement from the two leaders to meet each other on 19 October 1992. Agreement was also reached that the two leaders would at this meeting both commit themselves to a peaceful resolution of their differences and to co-operating to promote the economic rebuilding of Angola I have no doubt that if that meeting could have taken place, Angola could have avoided the destruction and bloodshed which followed later. Unfortunately advisers of the leaders suggested at the last moment that delegations of the two leaders should first meet to draw up an agenda

This delay led to a shooting incident in Luanda which was the spark that ignited the powder-keg.

(ii) The two trips to Luanda and back from Luanda to South Africa, as well as the two trips from Luanda to Huambo and back to Luanda, amounted to approximately R13 000 per person. The accommodation costs of my delegation were carried by the Angolan Government.

(2) I have never been declared an undesirable person in Angola This was incorrect speculation on the part of the media. The South African Government has been assured of this on two separate occasions:

(i) On 16 November 1992 Mr Venancio De Moura, the then Angolan Vice-Minister of Foreign Affairs, now Minister of Foreign Affairs, assured the South African Representative in Luanda of the invalidity of such reports.

(ii) The former Angolan Minister of Foreign Affairs, Mr "Loy" van Dunem, who reportedly made the original statement, assured my Department during his visit to Cape Town on 10 February 1993 that the media reports in this regard were unfounded.

(3) Falls away.

Mr Lolo Sono: disappearance

*6 Mr L FUCHS asked the Minister of Law and Order

(1) Whether, with reference to the reply to Question No 3 on 20 May 1992, the investigation by the South African Police into the circumstances surrounding the disappearance of Mr Lolo Sono has been completed, if not, (a) why not and (b) when is it anticipated that it will be completed;

(2) whether he will make a statement on the matter? B332E

The MINISTER OF LAW AND ORDER:

(1) Yes. (a) and (b) Fall away

(2) Yes. The case docket is at present in the hands of the Attorney-General of the Witwatersrand This investigation into the disappearance of Lolo Sono is part of the controversy concerning Mrs Winnie Mandela and her so-called "soccer club". The appeal by Mrs Mandela against her conviction on a charge of the murder of Stompie Seipei is to be heard on 24–26 March 1993. The Attorney-General will decide on the matter of Lolo Sono after the appeal of Mrs Mandela has been heard.

'Chance to take democracy to new level'

SOUTH 20/3-24/3/93. 279A

THIS is an exciting time to be in South Africa. I have been in and out of the country for many years and although I have been depressed by the problems, I have always been excited by the potential.

We can't help but compare the process happening in South Africa now with some things going on in other parts of the world.

This is a time when much of the world is pulling apart. We see the break-up of what used to be the Soviet Union and Yugoslavia seems to be bathed in blood.

We see the horrors of bloodshed, torture and rape daily on TV and this is what people expected of South Africa. For 20 years it has been customary to wonder not whether, but when, the bloodbath would come.

I want to congratulate South Africans for having chosen coming together to talk about democracy, in spite all of the temptations and tensions that exist to pull you apart.

You have an opportunity not only to survive and create a democracy, but to take democracy to a new level.

There is no place in the world where democracy is perfect. It is a system constantly trying to perfect itself. We in the United States have been trying to perfect it for 200 years and we still have a long way to go.

But there is no better way determined on this planet to resolve the difficulties, differences, the diversity of opinion, the diversity of need and the distribution of power and opportunity than the system of democracy.

We have seen an experiment in southern Africa. South Africa has been involved in Namibia, Zimbabwe, Angola and Mozambique and the choices by the South African government and the international community determined the outcome in all four instances.

I was here in 1977 in a meeting with John Vorster, convincing the South African government it was in their interest to give Rhodesia a chance to find a democratic route to independence.

To a great extent they were cooperative. Maybe for the wrong reasons. They never thought Mugabe could win.

But the international community — all the major trading partners of South Africa — worked with South Africa towards the independence of Rhodesia and Namibia.

And what we have seen is remarkable. These countries have not achieved all their ends but are certainly involved in an exciting

Photo: Rashid Lombard — Tanis

SPEAKING OUT

Andrew Young former United States ambassador to the United Nations

struggle. I don't think there is a country with more potential than Zimbabwe, even in the midst of a drought and even though it has been in recession for 20 years.

By any standards, the South African experiment in Zimbabwe and Namibia ought to be regarded as remarkable and successful.

But South Africans have not always chosen the high road and the international community has not always held their feet to the fire. Where the international community has dabbled in reckless experiments the results have been as disastrous as they have been successful when we work together.

Angola would have generated the kind of wealth and activity that would have made it the pearl of southern Africa had South Africa tried another route. The route it tried was at the invitation of the United States, so our hands are not clean either.

We are not casting judgement or blame. The contamination, pollution and corruption of democracy with violence has destroyed Angola, it has destroyed the economic strength of southern Africa. It has interfered with the growth and development of the western world's economy.

Everything happening in Angola has been financed and influenced by an absence of responsibility by western powers and a corruption of responsibility on the part of, if not the government of South Africa, then some elements of South African society.

They used Selous Scouts to train Renamo, encouraged Savimbi in his desire to destroy that country. They have all kinds of wild bands engaged in violence, as though in some way violence can interfere with the political process and enable them to maintain power.

But the power that is maintained by anybody in the mess of Angola and Mozambique is hardly worth it.

South Africa's economy would be far stronger if Mozambique was a strong trading power. The economy would be far stronger if Angola was developing its roads, bridges, schools and oil wells.

Clearly, violence doesn't work for anybody and if South Africa has unconsciously led itself into an experiment of democracy versus violence, I think we have got to make them conscious of the results of that experiment.

Democracy, however weak, imperfect and insecure in Namibia and Zimbabwe is far better than the results of violence in Angola and Mozambique where no-one has profited.

Martin Luther King's prophecy that injustice anywhere is a threat to justice everywhere is no more profoundly applied than to the events about to take place in South Africa.

For if justice prevails in South Africa, it will spread across the African continent.

People with goodwill are moving the world forward in a co-operative, just economic order. All of us can do better, but when the bottom drops out of Yugoslavia then the resources which would have gone for development will end up going for destruction.

So that is the choice for us — democracy or destruction. I don't think it is much of a choice, but it requires working out the details of democracy, not only to achieve wealth and opportunity for all citizens, but also to avoid further violence and chaos.

STEERING SA INTO AFRICA

(279A) S/Times (BUSS) 21/3/93.

By ZILLA EFRAT

A PROGRAMME to develop a policy promoting mutually beneficial relations between SA and the rest of Africa is about to start.

It is being overseen by the African Centre for Development and Strategic Studies (ACDESS).

Included on its steering committee are the African Development Bank, Commonwealth Secretariat, Economic Commission for Africa, Institute for African Alternatives and the Organisation of African Unity.

The programme's proposal says: "It needs to be recognised that the international climate is not favourable for the future of SA and that the marginalisation of Africa in the global system is an increasingly evident reality.

"Accordingly, there is a mutuality of interest for Africa as a whole, including SA, and it is therefore particularly important that the continent looks first to its own resources and how, through co-operation, they may be optimally utilised."

The proposal states that prospects of improved interaction between SA and Africa for mutual advantage are partly hampered by tendencies of some elements in SA to seek opportunistic business openings in Africa which do not have long-term benefits.

They perceive Africa as a mere hinterland for penetration. Also, the view that SA is a "northern country" remains a powerful psychological phenomenon.

The programme's preparatory workshop will take place in July in Kampala, Uganda, and cost $162 800. It will take stock of existing relationships between SA and Africa and launch the research process.

The programme will involve scholars and policy-makers in Africa and Africanists in Europe and North America. The findings of its studies are expected to be published in the first half of 1995.

Other steering committee members include the Institute for Economic Research in Germany and the Swedish Ministry of Foreign Affairs.

Those from SA are the Africa Institute of SA, Institution for Democratic Alternatives for SA and the Centre for Southern African Studies at the University of the Western Cape

Poverty relief

S/Times (BUSS) 21/3/93.

HOUSEHOLDS with an income of less than R600 a month now qualify for assistance in terms of an emergency social relief programme launched by the House of Representatives administration. S/Times (BUSS) 21/3/93

The Chairman of the Minister's Council in the HoR, Mr Jac Rabie, said funds would be made available to local authorities, who would implement the scheme in consultation with ministerial representatives

The programme is an emergency relief measure aimed at bridging the immediate needs of people who are still awaiting the outcome of applications for formal social welfare assistance.

Mr Rabie said any household in which the income of the breadwinner did not exceed R600 a month and the spouse was unemployed, may apply for assistance. — Sapa

21/3/93

BDay 31/3/93

(279A)

Transport pact agreed

SA AND Zambia had agreed on principles and mechanisms for a road transport agreement between the two countries, SA's Transport Minister Piet Welgemoed said yesterday.

Both countries would issue licences valid for one year, with the intention of introducing the system throughout southern Africa.

More food this year

Sowetan 2/4/93

■ Drought-stricken countries expect doubling of cereal production:

HARARE — Cereal production for 10 Southern African states, devastated by drought in 1992, is expected to nearly double to 11,39 million tons this year, a regional food agency said in a report released yesterday.

The Southern African Development Community food security unit said in its latest bulletin that the region would have a shortfall of 2,01 million tons for the 1993-4 marketing year.

The SADC consists of Angola, Botswana, Lesotho, Swaziland, Tanzania, Malawi, Mozambique, Namibia, Zambia and Zimbabwe.

Forecasts 2791A

"Preliminary forecasts for the 1992-3 crop season for the SADC countries indicate a substantially improved but average aggregate cereal production of 11,39 million tons, almost double the drought-ravaged 1991-2 overall cereal harvest of 5,94 million tons," the unit said.

Maize production is forecast at 8,94 million tons, a two-fold increase compared to last year's harvest of 4,28 million tons and 13 percent greater than the 1990-1 output of 7,9 million tons.

The unit said "average to above average" maize harvests were expected in the main producing countries of Malawi, Tanzania, Zambia and Zimbabwe.

Meanwhile, Zimbabwe announced yesterday that it would pay its maize producers more than R465 million for 1,3 million tons of maize they are expected to deliver this year.

The government increased the producer price for maize by 64 percent to R417 months before the start of the current agricultural season to help boost production of the country's staple food. — *Sapa-Reuter.*

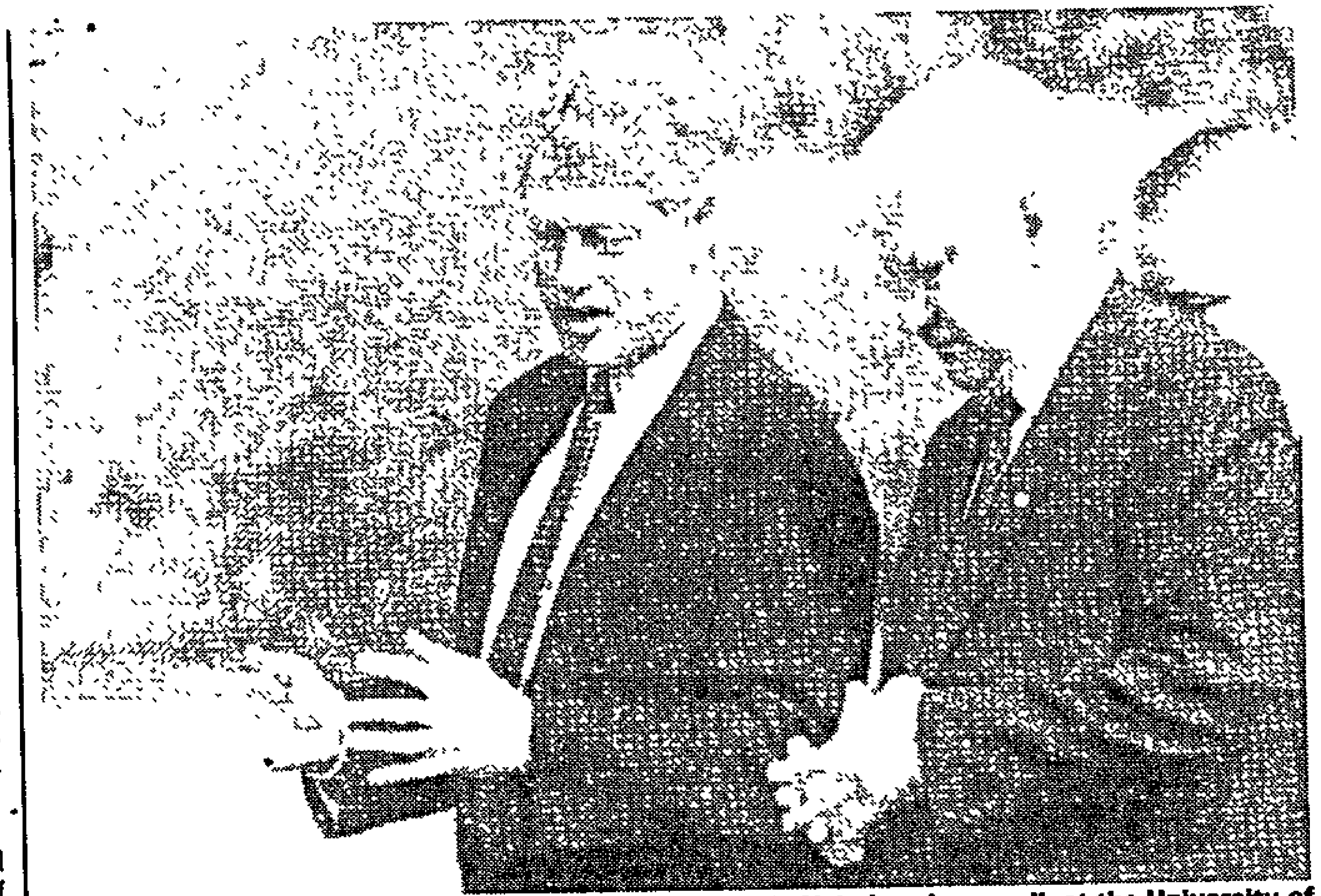
Africa deeper in debt

STRUCTURAL adjustment programmes are bringing little good to Africa, the ICFTU has concluded in a report it released at a meeting in Harare this week. (2797)

The report, researched in 29 countries, reveals that foreign debt has increased to $237-billion today from $165,9-billion in 1984.

Unemployment has grown by 10 percent annually between 1986 and 1990 and in sub-Saharan Africa, 70 percent of the economically active population lives off the informal sector. W/Mail

The number of undernourished people has climbed by 68-million to 168-million in the past 10 years and 13-million children under the age of five die every year from diseases directly attributable to malnutrition. 2/4 - 7/4/93.



US President Bill Clinton, left, and Russian President Boris Yeltsin take a walk at the University of British Columbia in Vancouver on Saturday. Picture AP

Frontline states set up SA mission

279A

MICHAEL HARTNACK

5/4/93 6/DAY

HARARE — The Frontline states had established a joint "resident mission" in SA, Frontline states chairman and Zimbabwean President Robert Mugabe said at the close of a one-day summit of the group in Zimbabwe on Friday

The mission, established a week earlier, would work alongside the liberation movements "to analyse all the forces at play so that we may together find a way forward to the democratic and peaceful state of affairs we all yearn for, both in that area and in our region as a whole", he said

Diplomatic sources believe the mission has temporary premises in Johannesburg and paves the way for the eventual establishment of formal diplomatic ties still shunned by Zimbabwe, Tanzania and the more militant of SA's black neighbours who only recently dropped calls for continued international boycotts.

The meeting, joined by ANC and PAC leaders Nelson Mandela and Clarence Makwetu, said continuing violence threatened the SA democratic process.

The leaders reiterated their demand President that President F W de Klerk's government fulfil its responsibility to maintain law and order, and appealed to all political parties "to contribute to the creation of a tolerant climate".

Disunity "among the representatives of the oppressed majority" continued to compromise their efforts in the quest for a new SA, while violence haunted society and disrupted the search for a new order.

Delegates called on the UN to send an additional inspection team to SA to verify its nuclear weapon capability had been destroyed.

Zimbabwean Foreign Minister Nathan Shamuyarira said Frontline state leaders believed full disclosure of SA's nuclear activities had not been made

Govt, ANC working on homelands deal

BILLY PADDOCK

GOVERNMENT and the ANC have set in motion concerted efforts to persuade the nominally independent homelands to accept a transformation from "independence" to self-governing status prior to the first round of elections in a year's time

13/DAY 5/4/93.

The key to resolving this problem would be progress in negotiations on regionalism and security of tenure of political heads and officials under a new dispensation.

A senior government source said yesterday the approach to Bophuthatswana was different to that being employed with the Transkei, Ciskei and Venda. Venda and the Transkei were "reasonably keen to come back into the fold" but Bophuthatswana was more difficult

Officials and politicians in Bophuthatswana had a great deal more to lose than those in the other administrations.

However, despite Venda and the Transkei having committed themselves to reincorporation, they would not move and the ANC would not accept it if Bophuthatswana was not treated equally

The government source said it was very difficult to persuade Mangope's administration to accept reincorporation prior to elections. But he said the evaluation the territory had done on the viability of non-reincorporation had surprised Mangope considerably.

It had gone a long way to show that the territory really could not go it alone. Government was in regular discussion with the homeland to convince it that the advantages of reincorporation far outweighed any disadvantages and that to remain separate was virtually a guarantee of economic and social collapse.

The government source said the major exercise was going to be the negotiations over regionalism He said the ANC was already contributing largely to settling nervousness through regular discussions with the homeland leaders and shifting, not only their position on regionalism but also their language: "Instead of marching on Bop they are talking."

Ciskei, which appeared to be backing off its earlier commitment to reincorporation, would be easier to convince, especially if Bophuthatswana was moving towards acceptance.

● Comment: Page 4

SADC's arrival a damp squib

2.19A

WM and G 8/4 - 15/4/93.

By CHRIS LOUW

AFTER years of effort to become economically independent of South Africa, the Southern African Development Community this week arrived in Johannesburg — to be met with little enthusiasm.

Only four journalists turned up at the first press conference to be addressed on South African soil by SADC executive secretary Simba Makoni.

The conference followed a meeting arranged by Kagiso Trust and was attended by invited organisations and individuals, most of whom share some affinity with the African National Congress. Representatives of the National Party and the Department of Trade and Industry did not arrive.

Makoni, who said he would not visit this country before a democratic government was installed, has entered South Africa twice in the last 10 days. He also flew in to Johannesburg on March 26 to open SADC's first mission in South Africa.

SADC was formed in April 1980 with the aim of reducing the region's economic dependence on South Africa. At the summit meeting in Windhoek last year member states were urged not to pursue bilateral trade links with South Africa, but rather to stay within the parameters of SADC policies.

According to Makoni SADC followed the example of the ANC and the Pan Africanist Congress, who are now engaged with other parties in the negotiations process.

SADC's moving southwards is also in recognition of the "moderate changes that have taken place", said Makoni.

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Russian referendum unlikely to end crisis

(279A)

MOSCOW — With a week to go to a national vote of confidence in Boris Yeltsin's presidency, the April 25 referendum looks increasingly unlikely to produce a clear-cut end to Russia's political crisis. STAR 19/4/93

The probable outcome is that both Yeltsin and his rivals in parliament will declare victory and then go back to accusing each other of breaking the law.

"The way things are taking shape in Russia today, the referendum will not resolve a single problem," said Ramazan Abdulatipov, head of one of the two chambers of parliament. "Each side will interpret the results in its own way."

The view is widely shared.

"Each side will pick the raisins out of the cake and interpret the results as suits it best," a western diplomat said.

A recent poll of 1 600 voters, published by US News and World Report magazine, showed Yeltsin winning by 55 to 35 percent on a 64 percent poll. — Sapa-Reuter.

RUSSIA FM 30/4/93 (279)

Not over for Yeltsin

Having just promised a US$43bn aid package to Russia, Western leaders oozed relief in their congratulations to President Boris Yeltsin on the outcome of the referendum to test support for his leadership and reforms.

In Moscow, however, the results of Sunday's voting have simply opened a new phase in the struggle between Yeltsin and his radicals and the conservative opposition in the non-elected Congress of People's Deputies.

More support

Forecasts that the referendum would be made almost void by apathy proved wrong. A surprising 62% of the 106m electorate turned out to vote yes or no to four questions — each of which required 50%-plus to carry weight. With the bulk of results (79 of 88 regions) in as the *FM* went to press, Yeltsin had won on three:

☐ 59% expressed confidence in his presidency;

☐ 54% back the market economy reforms in spite of the hardship suffered — though inflation has lately eased to an annual rate of 535% from 2 500%; and

☐ Only 33% wanted an early presidential election with Yeltsin running against Vice-President Alexander Rutskoy, who has turned against him and wants the pace of change slowed.

These results meant that Yeltsin received more support than he did when elected president in June 1991. Against that, Yeltsin lost his chance of neutralising the bizarre coalition of communist hardliners and liberal economic "wets" in the Russian parliament.

Only 43% of votes gave a "yes" to the question of whether there should be parliamentary elections which, hopefully, would weed out the appointed *apparatchiks* who are a relic of the old Soviet Union and who narrowly failed to impeach Yeltsin last month.

With Yeltsin's opposition calling the results a draw, a war of interpretation broke out as the Kremlin headed into a series of meetings which will determine how much the president's clear moral victory can be translated into action. An imminent Cabinet reshuffle was expected. This is to be followed by discussions with republican and regional leaders within the Russian Federation on a new constitution proposed by Yeltsin and the reformers.

Should the Congress of Deputies reject this, it is Yeltsin's intention to call immediate parliamentary elections, capitalise on his popular support and effectively strip by decree the current members of their powers. A lot of bartering is expected.

Moscow observers say that to win over the republics and regions, Yeltsin will have to offer them a new deal such as increased autonomy in a new federal treaty, potentially troublesome as it may be.

The power struggle is not over but at least Yeltsin has regained the initiative he lost to the Deputies more than 12 months ago. And

(*) cont→

events are expected to move quickly.

The Yeltsin camp has reminded the president of what happened to Mikhail Gorbachev, the ex-Soviet president, who failed to build on his referendum win in March 1991 plus the abortive August coup, lost momentum and was out of power by the end of that year. ■

World's aid a trap, economist warns

BIOTY 30/4/93. 279A

A SENIOR Zimbabwean economist warned South Africans against falling into a foreign aid trap and advised them instead to rely on investment.

"Many countries in southern Africa still appear to have a national conviction that foreign investment is inherently bad because it limits national sovereignty and leads to outflows of foreign excahnge," John Robertson, chief economist at First Merchant Bank, Zimbabwe, said.

"Thinking of this kind is so basically flawed that it has been difficult to argue effectively with those who hold such views."

The trend to rely on aid by most countries in southern Africa upon independence weakened their competitive edge and damaged economic prospects, he said. But by attracting foreign investors, they could build a reliable tax base.

He said the problem with lenders was that they often handed out money with greater concern about repayments than of how it was spent.

Soft loans were often damaging because they encouraged spending. Credit did not automatically translate into development and foreign aid could make a local currency firmer than it should be, while making foreign currencies and imports cheaper.

He advised as policy objectives in SA abolishing taxes on dividends and capital gains, simplifying investment procedures and using import duties to direct investment into local industrial capacity. — Reuter.

Trying to pump life into Africa's ailing economies

Star 4/5/93

279A

Political constraints still prevent the establishment of formal relations between South Africa and the Southern African Development Community and the Preferential Trade Area, but the two regional economic trading blocs are hard-pressed to follow their businessmen in establishing closer ties, reports Economics Editor SVEN LÜNSCHE.

ON A VISIT to South Africa last month, Martin Ogang, president of the Preferential Trade Area (PTA) Bank, told journalists how astonished he was to discover recently that Castle Lager could be ordered at a pub in Dar es Salaam

"While I was surprised to find a South African product readily available in the capital of Tanzania, it drove home the point that businessmen are at the forefront of establishing closer economic ties in the region," Ogang said.

The PTA Bank is the official bank of the Preferential Trade Area for eastern and southern Africa, a treaty established by 18 countries in the region to promote greater intra-regional trade as a starting block for the eventual creation of a common market in the region

Many members of the PTA also belong to the Southern African Development Community (SADC) which, while having similar economic aims for its 10 member states, set out initially to reduce the region's economic dependence on South Africa because of apartheid.

Arch-enemy

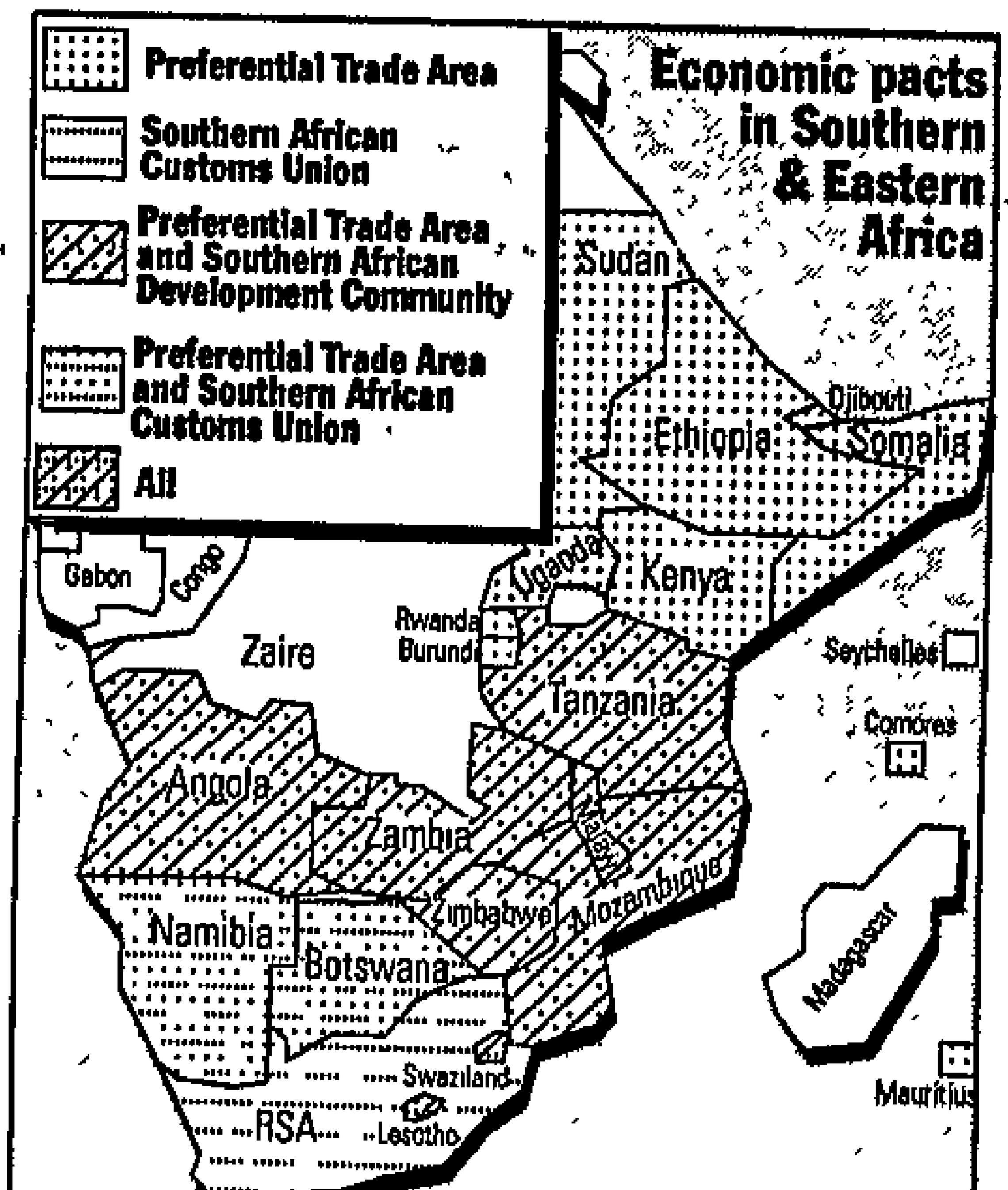
With the likely establishment of an interim government in South Africa soon, both organisations are re-evaluating their relations with their former arch-enemy

The ANC and PAC have observer status on the SADC and the PTA, and it is on their insistence that South Africa's full membership depends on the establishment of a democratic government in this country.

"An interim government alone will not qualify for membership," SADC executive secretary Dr Simba Makoni said on a visit to SA last month

Yet, while shying away from official recognition, both organisations are clearly eager to establish closer links

Makoni, who was the first SADC official to address local businessmen and politicians on his visit, announced the establishment of a resident mission in South Africa.



GRAPHIC: LIZ WARDER

Ogang said relations with South Africa featured strongly in the PTA's business plans for 1993, which would be tabled for approval by the PTA executive later this month.

Behind the clamour for closer relations is the realisation that South Africa is essential to the region's emergence from the economic doldrums.

But it is also a desperate bid to stay on track with the region's businessmen, who are breaking down the political barriers to intra-regional trade.

South African businessmen are making their presence felt from Nairobi to Lusaka. And in many supermarkets South African goods are found in abundance, though they are affordable to only a privileged few.

According to figures released by the SA Department of Customs and Excise, trade between South Africa and Africa totalled R7,231 billion last year, of which South African exports to the continent accounted for R6,13 billion.

Ogang said this figure was conservative and that total trade, including black-market trade, could well be above R10 billion.

"As trade volumes mount, we, as bankers, should be able to financially assist businessmen expanding across national boundaries, never mind the politicians," he said.

Yet there is also a strong realisation that to expand trade and investment links beyond current levels will require far closer economic and political ties within the region.

In a detailed study, University of Natal academics Professor Gavin Maasdorp and Alan Whiteside confirm there is considerable scope for increased intra-regional trade if political settlements are reached in South Africa, Angola and Mozambique

They stress, however, that caution should be exercised in attempts to integrate South Africa economically with the region.

"Any revision of existing institutions and the cobbling together of new agreements would probably take several years, and the groundwork would have to be thoroughly prepared," they say.

The promotion of cross-border and foreign investment is highlighted as the key to the future economic prosperity of the region.

Countries in the region need to achieve this by adopting pragmatic macro-economic policies, such as lifting foreign-exchange controls, as well as the political will to assist rather than obstruct investors, Maasdorp and Whiteside argue.

However, the academics emphasise that enormous difficulties have to be overcome if southern Africa is to emerge as a "winning region".

Firstly, the 1980s have witnessed further economic decline; according to Maasdrop and Whiteside the economic performance of sub-Saharan Africa during the decade was the worst in the world.

Both the SADC and PTA have failed dismally in their bid to improve trade between their member states

According to their own estimates, trade within the organisations accounts for less than 10 percent of total trade — even trade with South Africa is seen by most countries as more important than trade with their fellow treaty members.

SA's present economic position in the region, as the driving force behind the Southern African Customs Union (SACU), could also prove an obstacle to wider regional co-operation.

Potential

Other member states — Lesotho, Swaziland, Namibia and Botswana — have benefited enormously from the SACU and, while Pretoria is contemplating changes to its structure, it has indicated it sees the union as a potential basis for a future regional trading treaty.

The most important stumbling block, however, could prove to be fears of economic domination by South Africa.

Echoing recent statements by the SADC and PTA, they add: "Southern Africa cannot afford a framework in which some countries are winners and others losers. There must be something in it for all." □

MADAM & EVE By S Francis, H Dugmore & Rico

Trade with rest of Africa progressing

Star 5/5/93

By Sven Lünsche

South Africa made good progress in developing trade relations with Africa last year, the Department of Trade and Industry (DTI) says.

Its annual report, tabled in Parliament yesterday, shows that trade with Africa (excluding Customs Union members Botswana, Namibia, Swaziland and Lesotho) rose from R5 billion in 1991 to R6,1 billion last year.

"Besides an increase in exports to our traditional markets such as Zambia and Zimbabwe, SA made considerable progress with the development of new markets such as Tanzania, Cameroon, Togo and Rwanda," the DTI says.

Exports to Kenya tripled to R100 million last year.

The DTI says the Southern African Customs Union (Sacu) does not, in its present form, serve as a suitable model for further expansion in the region.

This is because of Sacu's financial implications for SA and the vast differences between the levels of development of members, which has been leading to tension over a suitable customs tariffs policy.

Star 5/5/93

(279A)

A new, softer colonialism for Africa

Money aid alone has not worked

Western nations can only do so much to help revitalise sub-Saharan Africa, writes Foreign Editor FREDERICK CLEARY.

Can sub-Saharan Africa be rescued from the mess in which much of it finds itself after three decades of decolonisation?

Billions of aid money alone has solved little, and it is no wonder there is now talk of a new approach, of what recent reports refer to as a need for a "soft" recolonisation to prevent the region from regressing into an "infantile age".

This is already said to be going on in some countries, with Western, and particularly American, ambassadors playing roles similar to old-style colonial proconsuls and African heads of state finding their autonomy reduced

The two major funding and development organisations active on the continent, the World Bank and the International Monetary Fund, are also reported to be acting like proconsuls, and the latter has been strongly criticised.

David Dryer, director of the British charity Oxfam, says its policies are not working and it should re-think them or get out of the continent.

It is "sucking Africa dry" as, since 1983, it has drained Africa of more than US$3 billion (about R9 billion).

Ordinary people throughout sub-Saharan Africa work hard to improve living conditions, but are being "constantly clobbered", says Dryer.

He says market-based solutions are not the panacea for eradicating poverty, especially when the poor are denied access to markets through lack of productive resources, and he calls for a "Marshall Plan" to support recovery in the region.

America's attitude toward helping revitalise Africa is vital. But, insists Princeton Lyman, current ambassador to South Africa, the US government does not prescribe to anyone, only advises and helps when asked.

Some situations are extraordinary, he concedes, such as in Somalia, where US forces went in to try to end the civil war. But even there, the then US ambassador emphasised that the only people who could put the country back together again were the Somalis.

"We have found in our history that even if we wanted to play a more active role, there were limits. For years in the Sudan we have tried to counsel both the government and the rebel leaders against policies which were leading to such a terrible situation."

Lyman does not accept that all is bleak in sub-Saharan Africa. A number of countries are making a successful transition to democracy but are not receiving much publicity, he says. He cites Benin and Botswana, while Senegal is dealing with its political difficulties in a relatively mature way.

True, as the result of the culmination of both long-term economic decline and a lack of political liberalisation, much of the continent is experiencing a difficult period.

Yet he does not see the West returning in any proconsul or dictatorial role, as it has neither the power, the influence nor the inclination.

Lyman agrees uncontrolled financial aid per se is not working and believes some countries would welcome technical, administrative and other assistance, provided the host country made the initiative.

South Africa is a good example, he says. Years ago the Pretoria government opposed an international presence. Now, it and the liberation movements see an advantage in the observer missions currently here from the United Nations, the European Community and the Commonwealth.

This includes expertise made available to the Goldstone Commission and police from Britain, the US and other countries helping with various inquiries. This kind of help would be beneficial to many countries.

Lyman says foreign assistance is not always welcome, as the US found in Liberia some years ago.

The economy had deteriorated so badly that a team of experts was drafted in to work in every ministry, controlling every government-issued cheque. But the plan failed and the team withdrew because those within government continually circumvented the system.

Nevertheless, Western countries, and particularly former colonial powers, are ready to respond to any calls for help. The Portuguese government has offered to provide expertise once there is clarity in the political situations in Angola, Mozambique and its other former colonies. Britain and the European Community have made similar offers.

Lyman had personal experience as US ambassador in Nigeria in 1986-9.

"I was able to consult government and non-government people on key issues regarding the transition to democracy, human rights and economic policy. That kind of relationship was a good and positive one, to the extent that the US is not only important to them but basically shares the same goals they are trying to achieve."

He and other ambassadors are working along similar lines in South Africa.

"We have been actively in favour of the dismantling of apartheid, which at times in the past put us at odds with the government of the day. There are also a number of legislative restrictions, such as sanctions, on what we can do in South Africa.

"However, since the reform process began in February 1990 we have, I think, developed a good, constructive relationship with the liberation movements and the Government, offering expertise and advice where necessary.

"We are not involved in the negotiations, and it is interesting and important to note that none of the parties have asked for outside involvement.

"Following the crisis last year after the shootings in Boipatong and Bisho, South Africa did ask the Security Council for help in controlling the violence but there was not a request for international mediation. Only the PAC asked for this.

"In that negotiating process we can offer certain expertise on certain issues. For example, we have sent one major team to the US to study our experience on federalism.

"So the debate is enriched and it is up to those from that team to feed lessons from their studies into the negotiating positions."

US looks for new ways to promote reform in Africa

SIMON BARBER

WASHINGTON — The Clinton administration wanted to build a "new relationship" with Africa to promote economic reform and a more rapid transition to democracy, US President Bill Clinton's national security adviser Athony Lake said. BIDAY 5/5/93

In his first foreign policy address, Lake told a meeting of African ambassadors he was urging Clinton to visit the continent.

The White House was exploring means to assist Africa's economic reforms and growth, including the provision of debt relief.

Although Lake declined to be more specific, it is understood the administration is seeking congressional approval to write off the official debts of 18 African countries. 2797

This would include forgiveness of Export-Import Bank and arms purchasing loans, and outstanding housing guarantees and credits.

On the political and diplomatic front, Lake said the administration wanted to tackle regional problems before they turned into full-scale crises.

Developments in SA provided "real hope that we may soon see what once seemed so remote, the end of apartheid and the arrival of nonracial democracy".

NEWS FEATURE Danger that treasury of wealth may be destroyed in present struggle

Challenge facing black leaders

■ CONVINCING MILITANTS Showing them white skills and capital are vital :

By Gerald L'Ange,
Editor, Sowetan Africa News Service

THE NEXT government of South Africa will ostensibly assume control of a treasury of wealth and skills that has long been the envy of the rest of Africa

But there is a danger that much of it will have been destroyed by the very struggle to put that government in office.

Events in the past few weeks have dramatically highlighted the danger which has been reflected in two related developments.

One is the economic damage done by violence and mass protest action. The other is the acceleration that has been reported in the exodus of whites as a result of the unrest.

The economic damage has been caused not only through lost production but also through the erosion of business confidence, especially the confidence of foreign investors

South Africa's ability to attract foreign investment — without which no modern state can survive, let alone prosper — has always set it apart from other African countries.

Even when international sanctions were applied against South Africa some

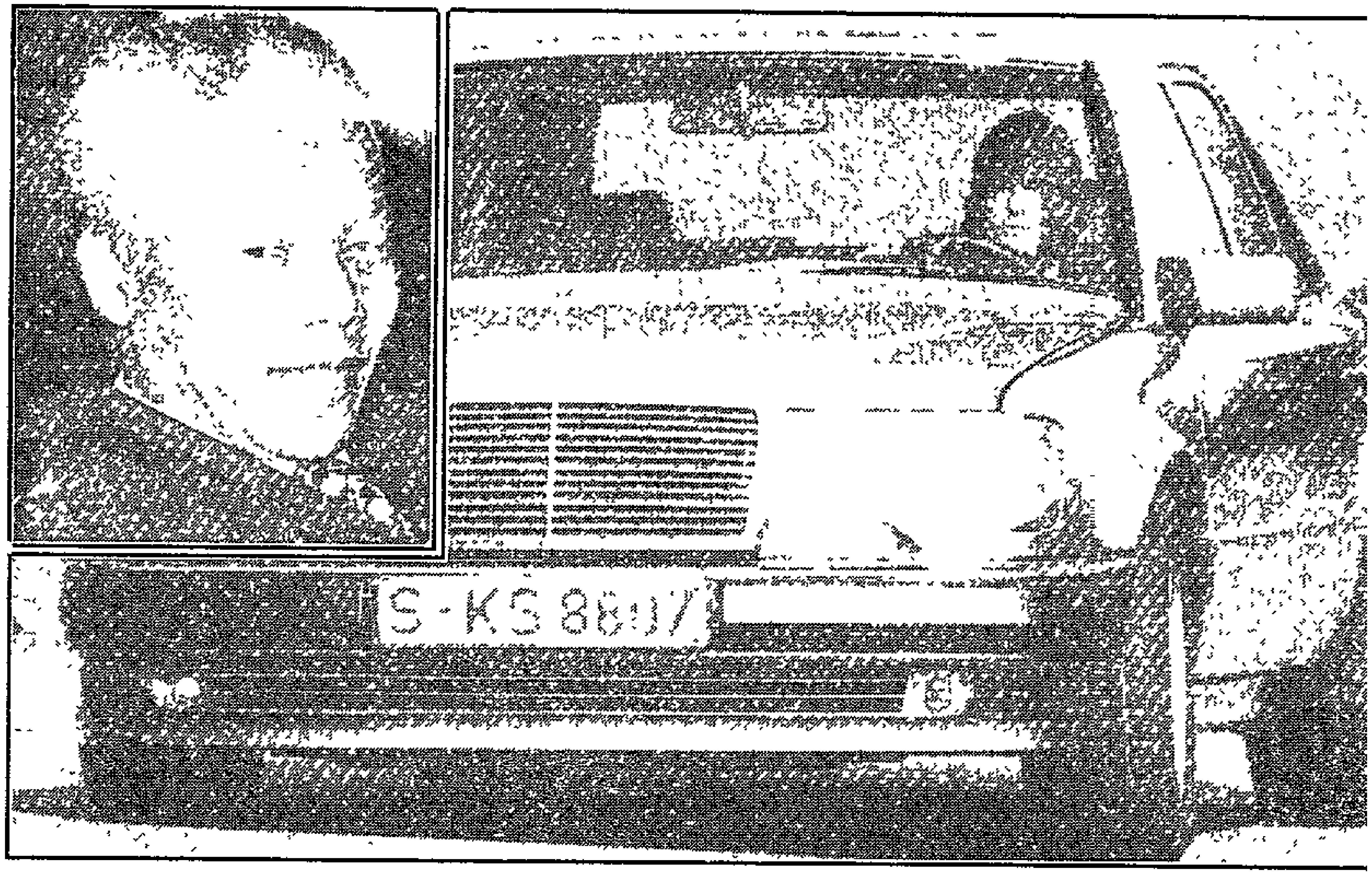
and its economic infrastructure continued to offer good returns on investment, despite the increased risk to those investments from the escalating political struggle

No other African country could offer anything like South Africa's investment attractions, although all of them would dearly have liked to. No other African country has anything like the number of tarred roads and railways, of locomotives and rolling stock, of lorries, of port facilities, of factories, of power stations and transmission lines, of telephone exchanges and all the other equipment necessary for creating wealth, jobs and prosperity

And no other African countries have the pool of human skills that resides in South Africa. Neither have they the educational institutions for spreading those skills nor the research institutions for creating new skills and technology.

Not even the biggest and most developed African countries come near South Africa in any of these fields, despite the enormous damage done to the Republic's economy by sanctions.

According to Africa Institute figures, the gross domestic product of South



How does Nelson Mandela (above) convince ANC followers that luxury car owners are an asset to society?

joined to the main body) is R282 billion against R155 billion for the next biggest, Algeria; R94 billion for each of Egypt and Nigeria, R70 billion for oil-rich Libya, R27 billion for Kenya and R19 billion for Zimbabwe. Most of the others are far below these levels.

Measured in terms of gross national product per capita, which is a rough guide to the distribution of

ahead of Algeria's R6 000, Zimbabwe's R2 000, Egypt's R1 800 and Kenya's R1 100. Hugely populous Nigeria, despite its oil wealth, has a GNP per capita of only about R800

To the thousands of jobless and desperately poor people in this country these statistics may appear to be either inaccurate, ironic or unjust. They nevertheless show that in general South Africans are much better off than other Africans.

country that does not covet South Africa's skills, capital and investment potential

Majority rule will dispense no magic wands to create instant prosperity. No government, whether it be ANC, PAC or anything else, will be able instantly to create jobs and housing. The harsh reality is that whoever is in power, the poor will remain poor for quite a long time and the homeless will remain unhoused. But the chances of these deficiencies being remedied relabecause its natural and human resources homelands that will inevitably be re- equalled only by Libya and is far

demonstrate the strength of the economic foundation on which greater prosperity for all — not just the whites — can be built and on which a fairer distribution of wealth can be based

Vulnerable

Apart from the physical infrastructure, however, that foundation is a vulnerable one, composed of elements as insubstantial as the confidence of local whites and foreign investors in security and future opportunities, and the susceptibility of wealth to international economic fluctuations.

Most other African countries do not have the means of development that South Africa possesses and therefore neither their governments nor their individual citizens have the opportunities for prosperity that exist here. Instead, they are mired in underdevelopment, debt and hopelessness, dependent largely on foreign aid.

Foreign aid, as distinct from foreign investment, does not in itself make for prosperity: it essentially is an emergency measure But foreign investors have no interest in most African countries because they offer little security or profit

It is one of the evils of apartheid that most of the skills and capital are at present possessed by the whites These skills and capital nevertheless remain the best hope the blacks have of gaining prosperity and the security that goes with it - and of acquiring those skills themselves.

That may be a cruel irony but it is a fact that has been harshly demonstrated elsewhere in Africa. There can be no African [illegible] greater this country does not lose its skills, its capital and its attraction for foreign investors.

In this light black South Africans ought logically to be dismayed by the news that whites have begun to leave or plan to leave South Africa because of the violence and mass action that followed the murder of Chris Hani. Logically, the ANC leadership should be taking urgent steps to allay the fears of the whites as well as those of foreign investors.

Inhibited

This need is recognised in the ANC leadership but it is inhibited in meeting it by another one — the very real need to retain the support of the majority of blacks, especially the militants.

These are mostly young and often jobless and ill-equipped by their education (or lack of it) to appreciate realities that go beyond their justified anger at white domination and what it has done to them

But how do the ANC leaders convince the hungry young black man walking the streets in search of a job that the white executive who sweeps past in a luxury German limousine is a valuable asset to society?

There are no easy answers to the question but finding answers is a major part of the challenge facing black leaders in South Africa Their preoccupation now should not be with defeating white domination — it has already been defeated — but with securing the benefits of that victory And with ensuring that the victory does not sow the seeds of future defeat

Oxfam plea for Africa

Guardian W-un
(279A)

By Victoria Brittain
W/Mail 7/5-13/5/93

SUB-SAHARAN Africa is on a downward spiral which will bring half the continent's population — 300 million people — below the poverty line by the end of the decade and will doom to failure many countries' halting democracy movements.

In response to this invisible tragedy, Oxfam last week launched a campaign for action. The scheme is on the scale of the United States Marshall Plan which poured resources into post-war Europe.

Oxfam asks the British government to unfreeze its aid budget and provide an additional £100 million; the industrialised countries to increase African aid by 4 per cent; and the European Community to establish a £50 million budget level for African recovery. Only intervention on this scale could help the additional 9 million people who would otherwise fall below the poverty line every year.

From Somalia and Sudàn to Angola and Liberia, the nation state has virtually collapsed in civil wars which have different roots, but the same net result. They leave the economic base in ruins.

Oxfam's latest report, which restores the organisation's leadership role in the fight against poverty, castigates the international community for the lack of vision, political will and moral purpose that is condemning the world's most impoverished region to deepening poverty. No experts dispute this deterioration, which was highlighted last month by the World Bank's latest report.

Oxfam contrasts the urgency of western governments' response to the financial problems of eastern Europe — particularly Russia — with 10 years of neglect of Africa.

Oxfam's new approach recognises that the two most important policy failures of the 1980s stemmed from errors by the North. The political will summoned for debt cancellation for Poland and Egypt has to be sparked for sub-Saharan Africa, the report says. Debt is the first priority. Africa is suffering not from a temporary liquidity problem, but from bankruptcy.

At the same time, the anomaly of the International Monetary Fund draining resources out of Africa ($3 billion since 1983) should be ended, with IMF debt reduced either by governments of the North selling IMF gold stocks or by a new issue of Special Drawing Rights.

The second radical proposal is for a redesign of World Bank Structural Adjustment Programmes — an area, like debt, where critiques of the powerful Washington institutions have been marginalised.

IMF report, page 21

Agriculture central to economic pact – FW

Star 11/6/93

By Anita Allen
Science Writer

A southern African economic community will become a reality and agriculture had a major role to play in the process, President F W de Klerk predicted yesterday.

Opening the first congress in Africa of the International Association of Cereal Science and Technology in Pretoria, De Klerk said the economic foundations in the form of inter-linked infrastructure already existed.

South Africa had the capacity and the desire to make its technological services available to its neighbours on a partnership basis.

Highlighting the theme of the congress — the Impact of Cereal Science and Technology on a Changing Africa — he said agriculture was the logical starting point of any strategy of getting Africa out of the doldrums in which it found itself.

"Taking into account Africa's growing population, sustained agricultural development in our continent is undoubtedly as essential prerequisite for an acceptable economic, political and social order, as well as for the general stability of society."

A thriving agricultural sector could be maintained only if technology kept track on a continuous basis. He was proud of the numerous outstanding achievements of the full spectrum of the South African agricultural sector.

"I believe that our vision of a just, stable and prosperous South Africa will soon become a reality. We are on the brink of a breakthrough.

"With that will come even closer co-operation between all the countries in southern Africa. A dream of the southern African economic community will become a reality," De Klerk said.

The congress is being attended by more than 300 delegates, including 70 scientists representing 28 countries.

SA seeks southern African ventures

PETER DELMAR

GOVERNMENT was negotiating with several donor countries to undertake joint infrastructural development projects in southern Africa, Foreign Affairs deputy director-general Derek Auret said yesterday.

Addressing a Johannesburg conference on the World Bank's role in Africa, Auret confirmed that SA and Italy had set up a joint working group to identify areas of co-operation in Zambia, Mozambique and Angola. It is believed the Italians are putting about R200m into the projects.

Auret said his department was "vigorously" pursuing negotiations with several major industrial nations.

Credit Guarantee MD Chris Leisewitz said SA could supply many of the goods and services for southern African projects cheaper and faster than its competitors. "While there are great difficulties in contracting in Africa, the time is right to discuss with the World Bank in detail the possibilities of co-operation. With the changes taking place on our continent, ways to finance and support them are slowly emerging."

PTA planning for full monetary union

Star 14/6/93

(279)

By Joe Khamisi
Star Africa Service

NAIROBI — A four-phase plan to create a full monetary union among member nations of the Preferential Trade Area (PTA) has been put in motion by the Zambia-based organisation.

The plan, which will go well into 2020, will turn the PTA clearing house in Harare to a common central bank for the region.

Documents from the 19-member organisation show that within the period, the clearing house will develop into a common monetary authority with the capacity and authority to evolve a common currency for use in the region.

The first phase, up to 1996, will consolidate the present mechanism of monetary cooperation between member nations. This will be followed by the establishment of a limited currency covertability.

The most ambitious part of the plan is the next phase, which will see the formation of a formal monetary authority, including full convertability of intra-PTA transactions and the co-ordination of monetary and fiscal policies.

In order to facilitate this process, the clearing house in Harare has already been detached from the Reserve Bank of Zimbabwe.

Arrangements are also being made for the clearing house to take over the role of issuing the PTA Unit of Accounts Travellers' cheques within five years, while it is envisaged that the PTA itself would merge with the Southern African Development Community (SADC) although some members want to preserve the two organisation as separate organisations.

Power grid deal forges closer ties

BIDAY 17/5/93

(360) 2794

MICHAEL HARTNACK

HARARE — The Zimbabwean and SA flags were flown side by side for the first time in Harare on Friday at the public signing of an agreement to link Zimbabwe and SA in a subcontinental electricity grid.

"It means light, it means life, it means work," Public Enterprises Minister Dawie de Villiers told Zimbabwean Transport Minister Denis Norman and Botswana Energy Minister Archie Mogwe.

De Villiers, Norman and Mogwe signed a memorandum of agreement to establish a 410km electricity grid network from Matimba power station near Ellisras in the northern Transvaal, through Botswana, to Insukamini outside Bulawayo.

Norman said that barring technical hitches, when the R315m project was complete in 1995 it should mark the end of Zimbabwe's electricity crisis which had caused massive production losses in commerce and industry.

Eskom CE Ian McRae described yesterday's ceremony as "the fulfilment of a personal vision" and the first step in building a sub-continental grid linking Cape Town with Kinshasa, enabling eventual power imports to SA from new co-operation projects north of the Limpopo.

Mogwe heralded the signing as indicative of SA's eventual accession to the Southern African Development Community, while Norman and De Villiers believed it presaged warmer ties between Pretoria and Harare.

Asked about possible diplomatic ties, De Villiers said: "I think it is mandatory that the states of southern Africa move closer together."

Norman agreed, but said full diplomatic relations would have to wait until SA had a new constitution.

Last April Norman broke President Robert Mugabe's ban on ministerial contact with SA when he met his opposite number Piet Welgemoed on co-operation on maize imports.

SA will bear the R30m cost of constructing the link through Botswana as far as the Zimbabwean border.

Zimbabwe and SA are negotiating the next stage of the regional grid with Mozambique. And Zimbabwe and Zambia plan to build a third giant hydroelectric dam on the Zambezi at Batoka Gorge, 70km downstream of Victoria Falls, by 2003.

Lightning hits Botswana hotel

(2797)

Sowetan Africa News Service

GABORONE — Disaster loomed for a R40 million hotel project at Kasane in northern Botswana when, a month before its opening, lightning struck, killing the huge baobab tree around which the hotel was built.

But ingenuity and a lot of sweat and money saved the situation. Rather than close down or redesign the hotel, the developers took out the old tree and replaced it with a new one — a 32-ton giant transported from elsewhere in Botswana.

Last week the Mowana Lodge Hotel on the banks of the Zambezi River was officially opened by President Ketumile Masire, with the new baobab happily growing through the dining room roof.

Cost

The cost of transplanting the tree is not known but it included the cost of bringing a giant crane from South Africa for the job, since no crane big enough was available in Botswana. The operation was supervised by the firm that transplanted baobab trees at Lost City in Bophuthatswana.

The luxurious Mowana Lodge is the ninth hotel to be built in Botswana by the Zimbabwe-based Cresta chain.

■ Tragedy strikes major tourist area a month before its official opening

Intended to attract mainly foreign visitors, it is situated at the point where Botswana, Zimbabwe, Zambia and Namibia meet and is therefore within reach of the major tourist attractions of all four countries.

Clinton offers deal on Africa's 'crushing' debts

Guardian/W in W/mail

21/5-27/5/93

By Alex Brummer
Financial Editor

279A

THE United States has offered to write-off 50 per cent of the debt of Africa's poorest countries in a move which could give an important lift in the battle against poverty and falling living standards.

The decision to support the write-off of the backlog of debt of African countries marks an important shift for the US which during the Reagan/Bush years declined to join debt reduction schemes proposed by Britain and France. In a keynote speech to the African Development Bank annual meeting held in Abidjan, Lawrence Summers, the under secretary of the Treasury for international affairs, told delegates that President Clinton was ready to relieve countries of their "crushing debt burdens."

The Clinton administration decision is an important change of direction for the US which has generally opposed debt forgiveness although it has been involved in extensive debt relief schemes in Latin America, in which existing debt has been swapped for equity and other assets in public enterprises.

The poorer countries of sub-Saharan Africa owe the Western industrial countries some $255 million of official debt. Recent studies, notably by Oxfam, have suggested that this debt burden is a more important cause of falling per capita growth in the poorer countries of Africa than other factors which are often cited, including population growth.

Although the US only holds a small proportion of Africa's official debt, its decision could have important implications at the Paris Club, the group of Western nations which re-schedules the debt of developing countries. Until now the Paris Club has made only limited progress on forgiveness of official debt under the so-called "Trinidad terms" which were first proposed by John Major when he was Chancellor of the Exchequer. Although the UK has pressed ahead with debt forgiveness on arrears of African debt and on the accumulated stock of debt, other Western countries have held back waiting for the US.

As the price of debt relief the countries will be required to adopt International Monetary Fund structual adjustment programmes, themselves a source of contention in the region because of their emphasis on Western-style private sector models.

Regional pacts could lead to SA domination

South 2215 -26/5/93

(279A)

WITH the world parcelling itself out into trading blocs, South African economists are placing bets on what a democratic government will do about regional trade and development organisations.

There are three of them at present — the Southern African Customs Union (SACU), the Southern African Development Community (SADC) and the Preferential Trade Area for Eastern and South Africa (PTA).

In many ways, their activities overlap and duplicate one another unnecessarily, but there are certain vested interests which militate for their continued survival.

In 1990, when the "apartheid-curtain" to the rest of Africa began lifting, there was excitement among many business people and economists about the possibility of joining SADC or PTA and thereby vastly expanding their export markets.

Since then, however, doubts have set in among some business people, and these were aired at the recent IDASA/Aspen Institute conference.

Professor Gavin Maasdorp of the University of Natal is sceptical of the effectiveness of SADC and PTA and believes South Africa should concentrate on SACU, imperfect as it is.

SACU is made up of Botswana, Lesotho, Namibia and Swaziland, the so-called BLNS states. It has been around in one form or another since 1889 and provides for a free trade area, common customs union and common monetary area.

Maasdorp argues that it works better than the trade and co-operation arrangements under SADC or PTA and should therefore be refined, developed and maintained rather than abandoned.

Professor Rob Davies of the University of the Western Cape, does not see SACU as a success story. He says there are major strains developing and this was highlighted last week when Finance Minister Derek Keys said he would like the agreement to be reviewed.

In particular, the BLNS states are said to be responsible for all the cheap clothing from the Far East flooding the depressed local market, while they cost the South African taxpayer billions of rands each year in shared customs duties.

Professor Francis Wilson of the University of Cape Town said his main worry is that, given past developments, South Africa's entry into either SADC or PTA could do the economies of those groups more harm than good.

"What is good for South Africa, even under a democratic, non-racial, non-sexist government may not always be good for Angola, Botswana, Zimbabwe or other countries," he said.

Mineworkers

A quick look at the recent past proves this. When the mines first opened up in South Africa in the early 1900s, most of the mine workers were recruited from neighbouring countries, which helped those economies.

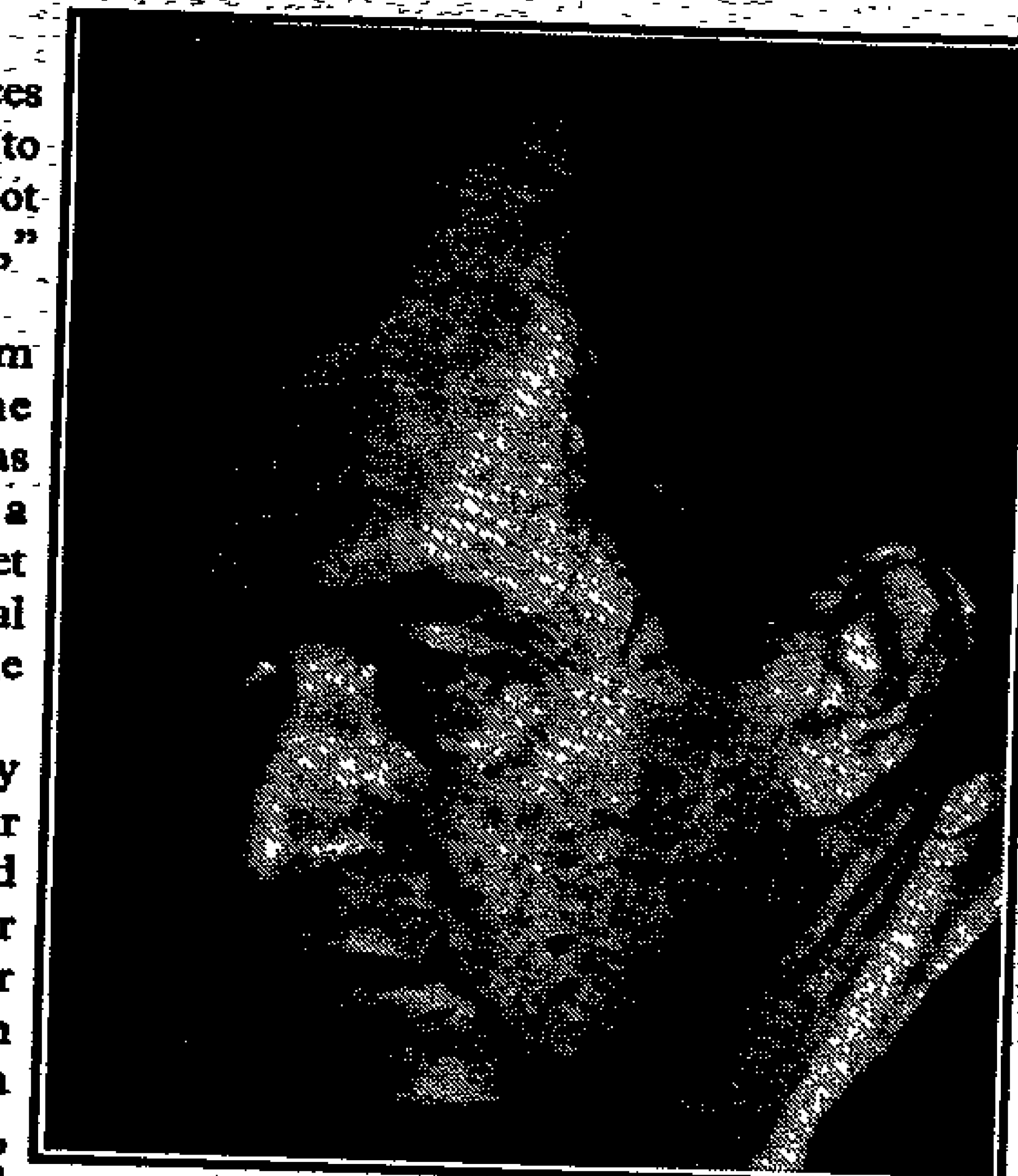
But as the mines became more mechanised and as unemployment in South Africa grew, there was increasing pressure on the mines to employ mainly South Africans and reduce the number of migrant workers from other countries.

This pressure continues today and is likely to intensify under a new government wanting to tackle the growing problem of unemployment.

"The consequences could be damaging to certain countries, not least Mozambique," said Wilson.

Another problem area looming is the issue of trade. If, as some would want, a free trade policy is set up between regional states, what will the result be?

Wilson said many goods, both consumer and producer, could be bought at lower prices by Zambians or Zimbabweans from South Africa. Under a free trade agreement, these coutries would buy even more from South Africa, effectively wiping out their own industries trying to make the same products.



ROB DAVIES

This raises the question of whether South Africa, in turn, would agree to buy most of its maize from Zambia, where it can be produced more cheaply, to make up for the loss to Zambian industry. Would South African farmers allow this? Unlikely.

The end result, of course, will be that South Africa will dominate the region more and more, at the expense of other countries.

How Chester Crocker's years of horse-trading changed southern Africa

Road to a new beginning

Star 24/5/93.

279A

Crocker . . . proposed a "sustained and nimble" diplomatic effort.

BOOK OF THE WEEK

High Noon in Southern Africa: Making Peace in a Rough Neighbourhood by Chester A Crocker (Jonathan Ball R115)

Reviewed by RICHARD STEYN

AMONG the politically aware, the term "constructive engagement" triggers off similar emotions to the word "sanctions".

To blacks, constructive engagement meant an unseemly cosying up by the Reagan administration to their oppressors in Pretoria. To right-wing whites, it suggested a craftily devised plan to weaken South Africa's dominance in the African sub-continent. In conservative circles in the US it implied a weak-kneed tolerance of regimes sympathetic to the Soviet Union. All three groupings were vocal in their condemnation of the policy.

"Constructive engagement" was coined in 1981 in an article by a phlegmatic and unusually far-sighted American academic with an interest in the tangled politics of sub-Saharan Africa. Chester Crocker's critique of the single-track policy of the Carter administration, and his proposals for a "sustained and nimble" diplomatic effort to resolve the conflicts of the entire region, commanded the attention of Reagan's transition team. He was invited to conduct a detailed policy review and then appointed an Assistant Secretary of State to put Option 3 — "to restructure fundamentally the negotiations to incorporate the Angolan factor and strengthen Resolution 435" — into practice.

At the core of the new policy was the concept of a "linkage" between the inter-related Angolan, Namibian and South African conflicts.

Unlike the Ford and Carter administrations, which had focused on Namibia to the relative exclusion of Soviet-Cuban adventurism in Angola, the Reagan team under George Shultz and Crocker deliberately linked the two conflicts. A South African troop withdrawal from Namibia had to be paralleled by the departure of Cuban troops from Angola. Thereafter, a Cuban-free Angola would bring pressure upon the MPLA to negotiate with Unita, remove South Africa's excuse for not coming to terms with Swapo and, most importantly for Crocker's right-wing critics in Washington, reduce Soviet influence in the sub-continent.

To achieve these ambitious goals Crocker had to alter the thrust and tone of American diplomacy. Ties had to be strengthened with all the various governments and condemnatory rhetoric replaced by measured support for piece-meal, incremental steps that would take the region closer to a peaceful settlement.

The new approach did not go down well with anti-apartheid activists in South Africa and the US, who equated Crocker's opposition to wide-ranging economic sanctions against Pretoria (for being unhelpful to dialogue and persuasion) with support for apartheid.

Crocker's careful efforts to engage Pretoria while remaining critical of its policies were often undermined, not least by President Reagan, whose sporadic forays into southern African politics betrayed his lack of knowledge and his racial insensitivity. Domestic criticism of constructive engagement became especially strident in the mid-'80s when the sanctions debate, with its internal black-white implications, burst upon America.

High Noon in Southern Africa is Crocker's long and painstaking account of eight years of diplomatic horse-trading that eventually brought 50 000 Cuban troops home from Angola and independence to Namibia. Too dry and detailed to make a Book Club choice, it is nonetheless engrossing reading for anyone interested in the contemporary history of sub-Saharan Africa.

The narrative is leavened by Crocker's acerbic comments about the personalities and performances of those who strut upon our regional stage. He had no great regard for representatives of the "Marxist brothers" — such as the Angolan Paulo Jorge, whose "tone of prosecutorial superiority was complemented by the air of quasi-erudite discourse one might find among cafe intellectuals in any large European city".

Nor did he think much of the South African team (with a few notable exceptions such as Niel van Heerden), divided between Magnus Malan's military hawks and Pik Botha's doves, whose veneer of solidarity apparently disappeared whenever drink got the better of them. Botha's and Malan's "Mutt and Jeff act" was a source of wry amusement to the Americans, who were keenly aware of Pretoria's lack of unity, dependable intelligence and cohesive strategy.

High Noon provides an authoritative indictment of South African foreign policy-making in the P W Botha era. While giving due credit to Botha for his significant collection of reforms in the early '80s, Crocker faults P W for his lack of a coherent reformist strategy and for excluding blacks from his constitutional planning.

As black resistance to his limited reforms mounted, Botha's "iron-fist" tendencies came to the fore. To make matters worse, he was badly advised in times of greatest crisis by the sycophants and wishful thinkers in his inner circle.

"His sense of strategy was flawed by his very African penchant for believing that distant foreigners were the source of his problems. . . . Although he was the supreme leader of a regional superpower, P W Botha ironically had the mind of an embittered Third World dictator seeking foreign help against local enemies."

While P W was short on strategy, he was long on tactics, one of which was to exploit the divisions within the Reagan administration over dealings with Marxists in Africa.

When "constructive engagement" seemed to have run aground in the wake of SA's state of emergency, warfare broke out in Washington between the CIA and the Department of State. CIA chief William Casey had been conducting a covert foreign policy of his own in southern Africa, and it was to him that P W sent his emissaries, chief among them his "ratcatcher", General Pieter van der Westhuizen, to undermine Crocker.

Such was Van der Westhuizen's influence with P W and cockiness that after he had been deliberately excluded by Pik Botha from a discussion on Mozambique, he growled to one of Crocker's lieutenants, "You're wasting your time talking to them (Botha, Malan, Fourie, Barnard, Geldenhuys) — I run Mozambique."

America's policy towards South Africa at this time was, in Crocker's words, "an amazing sight to behold". While some congressmen were busily preparing sanctions legislation, another influential group was telling P W to keep the "Commies" at bay.

The result was a confusion of messages to Pretoria. "Our divisions magnified theirs and vice versa. Splits within the Botha camp helped accentuate splits within the Reagan camp. There were powerful voices in both camps which viewed the State Department as the enemy and which worked assiduously to poison the well for our strategy."

By early 1987, however, international pressures began to reassert themselves. Angola's foreign debts began to pile up, leading the dithering Dos Santos to send renewed signals to Washington; Castro became interested in joining regional negotiations in order to obtain maximum benefit from withdrawing his troops; and South Africa became concerned at the loss of conscripts in southern Angola.

After the prolonged and bloody battle of Cuito Cuanavale, Cuba and SA called it quits. "To their mutual relief, Castro and Botha had failed to provoke each other. They could now concentrate on defining the principles of peace."

The rest, as they say, is history.

Free of SA troops and assisted by the United Nations, Namibia moved swiftly to independence. Marxism's collapse worldwide deprived Pretoria of its chief foreign bogey, leading P W Botha's successor, F W de Klerk, to release Nelson Mandela and unban the ANC and other parties. In Angola and Mozambique, warring factions headed for the negotiating table.

Though this southern African political saga does not yet have a happy ending, Crocker and his team's achievements were all the more remarkable when one considers the cards stacked against the US in the early '80s: limited trading ties and an uneasy relationship with South Africa; no diplomatic relations with or presence in Angola; no ties with Cuba; and a variety of economic and cultural embargoes against all these countries.

The only trump in Crocker's hand was his threat to fold his tent and go home, leaving the parties to their own devices.

Those whose views of international politics are of the one-dimensional, "good guys" versus "bad guys" variety will never bring themselves to acknowledge that Crocker's patient methods did more to end apartheid than years of activism and rhetoric. Constructive engagement did not bring conflict to an end in southern Africa, but it gave the sub-continent the chance of a new beginning. Anyone who claims that sanctions "worked" ought, by the same logic, to concede that Chester Crocker was highly successful. □

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(279A) CT 25/5/93

Rand touted as single currency

By ARI JACOBSON

THE rand is being considered as a single currency for Southern Africa, say leading regional bankers who met for a high-powered conference in Somerset West this week.

The conference brought together, for the first time, finance ministers and central bankers from South Africa, Botswana, Kenya, Lesotho, Mozambique, Malawi, Uganda, Zambia and Zimbabwe.

Their discussions will include the possibility of a single currency and a regional market similar to the European Community's common market.

Commenting on the debate, South African Reserve Bank governor Dr Chris Stals, said that using the rand as a single common currency for the region could only come about if South Africa maintained a low inflation rate and a stable exchange rate.

"We must prove our success in these areas to play a role in the future development of the region."

Dr Stals said the rand would not necessarily strengthen from enjoying this status — but its stability would be ensured.

Botswana's central bank governor, Mr Christopher Hermans, said the rand would "obviously feature in the future of the region" but this was dependent "on the amount of trade and investments neighbouring countries have with South Africa".

Namibia, Lesotho and Swaziland's currencies are tied to the rand and most other neighbouring countries are linked to a basket of currencies, which includes the rand.

Spokesman for the central bank of Malawi Mr Gilbert Lengu said South Africa was the strongest economy in the region and would become "the locomotive for economic growth in Southern Africa".

Mr Lengu said that from this perspective it made sense for the rand to be the dominant currency.

Mozambique spokesman Mr Ernesto Gouveia Gove agreed the rand was likely to become the currency for the region.

Legislation proposed to assist small saver

ARG 26/5/93

BRUCE CAMERON
Business Staff

LEGISLATION to establish a new direction in commercial banking to accommodate small savers will go before parliament this year, Reserve Bank governor Dr Chris Stals has announced.

This follows increasing criticism of commercial banks for forcing out small savers to concentrate on the upper end of the market.

In a recent speech, head of the ANC economic department Trevor Manuel warned banks to "restructure or be restructured" to meet the demands of the lower end of the market.

Dr Stals told a conference of bankers from 12 southern African countries there was a view that the present banking system had neglected the needs of lower-income people.

The new legislation would provide for mutual savings organisations, which would ensure easier finance for small business undertakings.

Dr Stals said the legislation to amend the Financial Institutions Act would place different and easier requirements on the envisaged savings institutions from those placed on the commercial banks.

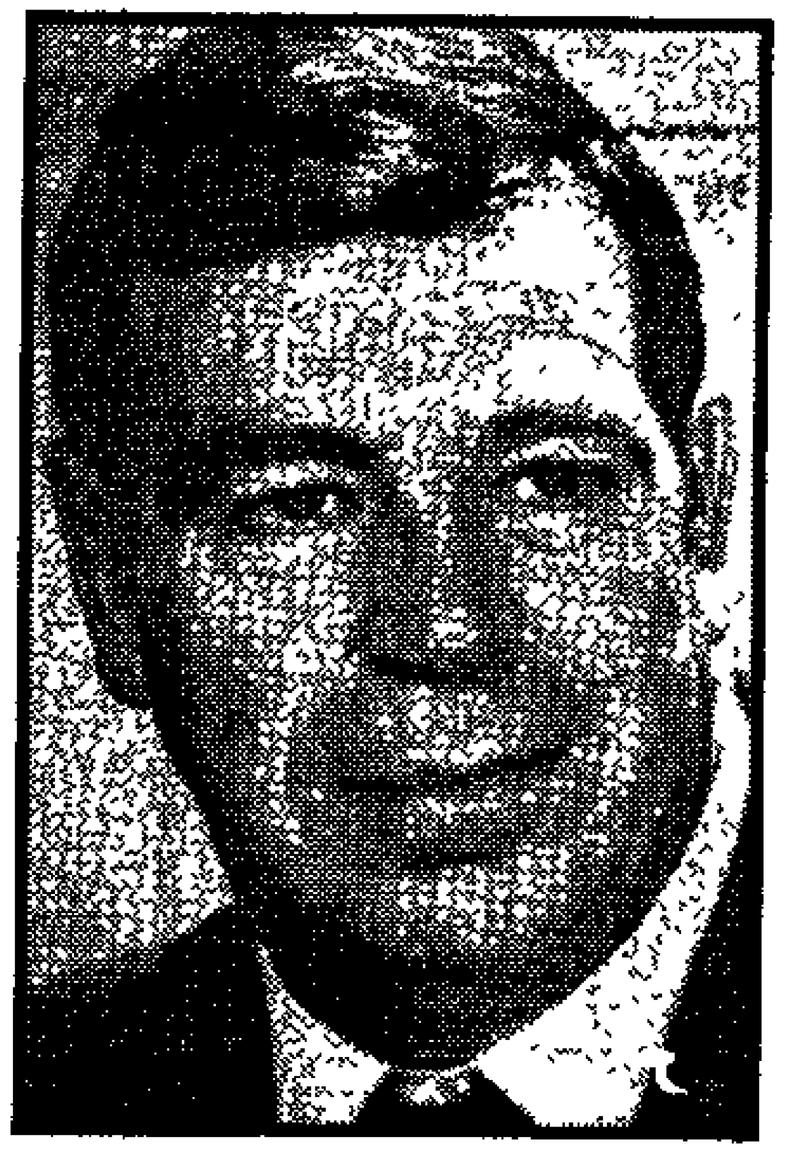
Special arrangements were being considered to allow the new savings institutions Reserve Bank assistance.

"The obvious huge need for more funds for housing is also receiving attention at this stage . . ."

Dr Stals said the large institutional investors, who had gained control over the major part of personal savings, were being pressured into redirecting more of their funds to social upliftment.

But it should be remembered that in a market-oriented economy, financial institutions acted as intermediaries between savers and borrowers.

The institutions carried equal responsibilities for their depositors and borrowers.



Dr Chris Stals

Keys set to widen cu

SA preparing for new relationships with inte

ARG. 26/5/93 (27A)

BRUCE CAMERON
Business Staff

FINANCE Minister Derek Keys is set to renegotiate the customs union to allow more countries in Southern Africa membership.

He told a Somerset West conference of bankers from 12 countries in Southern Africa that in the process he hoped to redefine the benefits of the union, which were presently lopsided against South Africa.

He said allocations to Botswana, Lesotho and Swaziland, as well as the four independent homelands, were large in relation to what they contributed.

With the imbalance it would be impossible to bring in new members.

"Clearly we have to see if we can come to a definition of a larger customs union.

The redefinition should seek to establish what was due in a customs union and what was aid. If the union could be redefined, then it would be well-placed to expand.

Mr Keys also said South Africa was preparing for new relationships with institutions such as the IMF and the World Bank, as well as with the European Community.

He said the organisations were insisting on the double-consensus principle before new relationships could be finalised. In terms of the principle there had to be internal consensus

This would be possible within six weeks with the formation of the Transitional Executive Authority.

There then had to be consensus among the member countries of the organisation that South Africa's credentials should be accepted.

Mr Keys said he was keen to see negotiations with the EC for a mutually acceptable agreement begin as soon as possible.

He told the delegates that at the moment South Africa would not seek entry into the Lome Agreement, which gives developing countries access to the EC.

The plan, based on the government's economic normative model published earlier in the year for revitalising the economy, should be taken to its next stage by August.

Mr Keys said the development of the plan was part of the Department of Finance's programme for the next 12 months, which would see the country into the first elections.

The plans would also form part of the agenda of a finance sub-council of the Transitional Executive Council, which should be established soon.

He said the government had elected to widen the mandate of the finance sub-council to give a wider group of politicians an understanding of "what we are trying to do".

He warned that in the transitional process up to elections there would be an "affect on the economy and heightened tensions. It is not a pleasant prospect to contemplate".

The economic model aimed at putting South Africa back on to a growth rate of more than 4,5 percent was being ripped apart with his encouragement.

The next stage was to accommodate the critics without limiting the model's proposals to stimulate growth.

It was important the final plan had the widest possible support.

Then: "The real work will begin. Then we have to get down to working programmes."

Mr Keys said there would be about 20 different programmes covering fields such as exchange control, productivity, training, tariffs and the international competitiveness of South African business.

The Department of Finance was also proposing a restructuring of financing for central government, the proposed new regional tier of government and local authorities.

Star 27/5/93

Africa's conflicts holding back economic growth

ADDIS ABABA — Africans must find ways to end their wars and improve their economies and the international community should help by forgiving debts, the heads of three regional organisations said yesterday.

The statement was issued by the chief executives of the Organisation of African Unity, the UN Economic Commission for Africa and the African Development Bank, following a one-day conference to review the major issues facing Africa.

The three executives noted that many of Africa's 52 nations were burdened by low economic growth and high population growth and that real capital income was lower than it was before the continent's independence movements of 30 years ago.

It will take 10 years of strong economic growth to recover just to economic levels of the 1980s, they said.

But economic improvement will be seriously jeopardised if conflicts and wars continue unabated on the continent, they said.

Conflict prevention, management and resolution is an area where Africa's weakness has been most pronounced and where the continent continues to depend on the outside world, at times even for initiative and leadership, they said.

The principle of African solutions to African problems must be given a new lease on life, they said, urging nations to support a proposal that the Organisation of African Unity help set up a permanent programme for resolving disputes.

They also urged the following:

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- More nations should support a two-year-old treaty on the formation of an African economic community. It has been ratified by 26 countries, eight short of the required two-thirds majority.
- Nations should encourage private investment and discourage public consumption so that domestic savings rates will rise.

Investment hopes pinned on forum

BDAY 27/5/93 .

279A

LINDA ENSOR

CAPE TOWN — Foreign investment is expected to flow into SA as a result of the World Economic Forum meeting on southern Africa, which will be opened in Cape Town by President F W de Klerk this afternoon.

The meeting is the first the World Economic Forum has held inside SA and the third on the southern African region. It is the first time, also, that eight SADC countries would be ministerially represented at a meeting inside SA.

The two-day conference, which takes place behind closed doors, will be attended by about 150 CEs from Europe, the US, Australia, India, SA and the southern African region.

Proceedings will be co-chaired by CNN senior vice-president Lou Dobbs, Development Bank of Southern Africa chairman Wiseman Nkuhlu, and World Economic Forum president Klaus Schwab. World Bank vice-president Edward Jaycox, SADC executive secretary Simba Makoni and African Development Bank vice-president Adewale Sangowawa are among those attending.

All the major political parties in SA will be represented. Topics for discussion include the creation of an attractive environment for investment in southern Africa; the views of southern African business leaders on their future; the role of regional and international organisations like the World Bank and stimulation of trade within southern Africa.

World Economic Forum executive Fred Sicre said the aim of the conference was to contribute to the development of the region and to the reintegration of SA into the region and the world.

The participation of CNN's Dobbs would ensure proceedings received worldwide coverage.

"One of the objectives of the meeting is to place southern Africa on the map for foreign investors. This is especially important at this time of recession and turmoil in the world when emphasis is increasingly being given to the formation of trade blocs," Sicre told media yesterday.

The World Economic Forum also wanted to boost investor confidence in the future of SA by allowing CEs experience of the country at first hand. Sicre said investment usually followed the holding of a World Economic Forum meeting in a country.

"Our role is to provide the framework in which investments can occur," Sicre said, adding that large multinationals throughout the world had expressed interest in SA as a location for possible investment.

Rembrandt chairman Johan Rupert will receive the World Economic Forum award for the global leader of tomorrow. He was selected from 200 candidates.

Help Promised to South Africa

Guardian/W in W/mail 28/5-3/6/93.

By John M. Goshko

WASHINGTON — The United States offered last Friday to help South Africa regain its former importance in world economic affairs as soon as the black majority and the white minority government set the stage for multi-racial elections.

"South Africa's successful transition is important for Africa, the United States and the world," Secretary of State Warren Christopher said in a speech outlining President Clinton's Africa policy. Christopher emphasized the importance the administration intends to place on promoting democracy and respect for human rights on the continent.

South Africa, with its vast mineral wealth and industrial base, has the most advanced economy in Africa. But in recent years, the tensions and uncertainties caused by its racial divisions subjected the country to sanctions, boycotts and flight of foreign investment that forced it out of the mainstream of world trade and financial activity.

"The United States will help — and we expect other industrial democracies to help as well," Christopher said in describing the administration's plans for working with South Africa after President Frederik W. de Klerk's government and leaders of the major black groups agree on terms for a changeover to majority rule.

"Once a Transitional Executive Council has been put in place — and a date for elections has been set — we will work with our partners (in the group of seven leading industrialized democracies) to help South Africa reenter the global economy," he said.

Addressing the African-American Institute, an organization of scholars and specialists in African affairs, Christopher said the end of the U.S.-Soviet rivalry allows the United States now to pursue "a productive new relationship" with Africa. He said that Clinton intends to jettison the Cold War considerations of the past and make promotion of democracy and human rights the foundations of his policy.

"During the long Cold War period, policies were often determined not by how they affected Africa, but by what advantage they brought to Washington or Moscow," Christopher said. "Thankfully, we have moved beyond the point of adopting policies based on how they might affect the shipping lanes next to Africa rather than the people in Africa."

As an example of this new approach, he cited Clinton's announcement last Wednesday reversing 17 years of U.S. policy by recognizing the Angola government.

Christopher, who criticised Jonas Savimbi of UNITA for seeking a military solution in Angola, also had harsh words for another long-time U.S. ally, Zaire's President Sese Seko Mobutu. For almost three decades, the United States courted Mobutu and overlooked the corruption and oppression endemic to his rule. However, in recent months, as Zaire has tottered on the brink of anarchy and bankruptcy, the United States has reversed course and called for Mobutu to step aside.

"The people of Africa know where their future lies: not with corrupt dictators like Mobutu, but with courageous democrats in every part of the continent," Christopher said.

As a sign of Clinton's intention to give Africa more attention, Christopher noted that the administration is seeking to increase country-to-country aid to sub-Saharan Africa from the present level of about $667 million to $800 million next year. However, that sum must be split among 47 countries. By comparison, aid to Israel — the country that gets the largest share of U.S. aid — has been running at $3 billion a year.

● The World Bank's top policymaker for Africa has announced sweeping changes in the institution's approach to the continent's economic problems,' *writes Tami Hultman.* 279A

In a speech to the annual conference of the African-American Institute, Edward Jaycox, vice-president for the Africa region, said the bank would no longer dictate development plans.

Acknowledging that the World Bank had failed to devise solutions to Africa's economic problems, Mr Jaycox said in future the bank would help fund African governments to write their own development plans and would use most of a $20 million economic research fund to support studies commissioned by Africans themselves rather than bank economists.

Ramsay Milne on a survey that measures quality of life around the globe

Star 28/5/93

SA in some rich, selfish company

279A

THE United Nations produced a document this week that is perhaps the world's first measure of the quality of life around the world. Not surprisingly, South Africa does not fare well.

In its sampling of how countries rate in "human development" — which is based on an amalgam of a country's gross national product and its level of "human development", largely determined by educational levels — South Africa appears to be oddly coupled. Placed 11th among the 22 developing nations, South Africa is ranked along with Algeria, Saudi Arabia and the Arab Emirates.

On the face of things, that kind of company should not be scorned. But then one learns that the citizens of these rich, oil-producing countries lead less satisfactory lives than their countries' per capita income suggests they should; indicating, as the report puts it, "that their wealth is concentrated in the hands of a few or is being mis-spent".

It is a telling criticism. The fact is, the petro-sheiks who rule the Arab oil states are not noted for their willingness to share their wealth with their subjects.

And what of South Africa? Well, what the UN report says of the oil-producing countries is almost exactly duplicated in what it says about South Africa — that is, that the country's wealth is inequitably divided among its citizens.

That is hardly a surprise. Living standards among white South Africans, a minority, are among the highest in the world. Living standards among blacks, a majority, are in general much lower.

To that extent, the report does not add much that is new. But it breaks new ground in its emphasis not on wealth itself, but on how well people live.

The treatment of women, for instance, radically alters the ratings of many countries who otherwise are highly placed on the UN chart. The survey found, in fact, that no country treats its women as well as it treats its men. When the ratings are adjusted for disparities between the sexes, Japan drops from first place to 17th among the industrialised nations and Canada from second to 11th, because women in these countries have fewer job opportunities and lower earnings than men.

The notion that development efforts should be more closely tied to the needs of individuals did not originate with the United Nations Development Programme, authors of the survey.

Robert McNamara, then president of the World Bank, argued in 1973 against the prevailing idea that wealth in the developed countries would "trickle down" to the poorest sectors of society. Instead, he asserted, direct help must be funnelled to the 800 million people across the globe estimated then to be living in poverty.

Now, 20 years later, the UN has provided a measure of which countries are really trying and which are not. □

Bankers moot sub-Saharan survey

BDAY 28/5/93. (279A)

LINDA ENSOR

SOMERSET WEST — A group of sub-Saharan central bankers, including some from SA, have proposed formation of a committee of central bank governors to co-ordinate a regional survey on monetary, investment and trade issues.

This emerged from a private conference on regional co-operation organised by the Financial Mail (FM) and sponsored jointly by the FM, Standard Bank Investment Corporation, the Reserve Bank and the Industrial Development Corporation.

Representatives of finance ministries, nine central banks and commercial banks in the sub-Saharan region attended.

The findings of the survey would be brought to the attention of regional governments to provide momentum for the general process of change, FM editor Nigel Bruce said. He stressed that delegates were unable to commit their governments to any plan of action.

Bruce said concern was expressed over the possibility that the SA economy's regional dominance would lead to SA monopolising the best trading opportunities.

There was agreement on the need to rapidly remove all restrictions on SA's outward investment in the light of the country's substantial regional trading surplus. It was felt that exchange controls in the region should be abolished as soon as possible, and tariff barriers be removed.

Delegates felt gradual moves should be made toward the creation of a southern African trading bloc, preceded by the enlargement of the preferential trade area and Southern African Development Community to include SA.

They believed the Development Bank of Southern Africa should be enlarged to include the whole region, while commercial banks should be encouraged to establish special small business units to increase credit flow. There was a need to improve regional infrastructure.

Delegates also proposed that foreign aid flows be co-ordinated and that the private sector be further encouraged to become involved in development.

Star 31/5/93

(279A)

Debt relief for Africa in pipeline

CAPE TOWN — A leading World Bank official for Africa said on Friday he expected leading industrialised nations would soon consider more debt relief for the world's poorest continent.

Edward Jaycox, the bank's vice-president for Africa, said at the World Economic Forum that two initiatives to ease the burden of both middle-income and poorer countries in Africa were in the pipeline.

One, he said, would deepen the concessional benefits of the so-called enhanced Toronto terms into full acceptance of what are known as Trinidad terms.

The Toronto terms provide for cancellation of half a poor country's debts incurred before a certain date.

Under the Trinidad terms, industrialised countries write off half a poor country's foreign debt and extend payments on the rest.

Jaycox said concessional debt relief was also envisaged for middle-income countries grouping the likes of Cameroon, Ivory Coast, Nigeria and Zimbabwe.

"I understand that the G-7 is going to have a look at this in Tokyo (in July), and I'm hoping that we'll get more realistic debt relief proposals out of the Paris Club in future."

The Group of Seven (G-7) comprises Britain, Canada, France, Germany, Italy, Japan and the US.

The Paris Club groups officials from Western creditor nations who oversee official aid which has run into difficulties.

African economies, sapped by drought, rapid population growth, depressed prices for commodity exports and extensive but inefficient state controls in the past, are weighed down by $300 billion in foreign debt.

Jaycox stressed that any new concessions on debt dues would apply on a case-by-case basis to countries that merited it.

"That means they're doing their damnedest to in fact alleviate their own problems...I don't think anybody's talking about a blanket approach," he said.

"Some need more relief than others. I don't think Zimbabwe for instance needs a lot of relief right now," he added.

Asked about persistent fears that the region would have to battle for a smaller share of aid because of competing need in Eastern Europe after the political and economic reforms there, he said he hoped Africa would not suffer.

But he admitted some concern.

He had been confident there would be no erosion of aid to Africa until he saw the type of grants going to Russia.

"That's got to come from somewhere and hopefully it's not going to come from Africa where countries have been making a stronger effort — indeed, a successful effort in most cases — to solve their own problems than any country including Russia has made up to now," he said.

But the real issue in development was not aid, but equity capital and investment.

"That's the only buoyant source of finance, anywhere," Jaycox said.

The question facing Africa was how fast it would become attractive, not only to potential foreign investors, but also to those at home.

There was a lot of capital flight which had to be reversed, and other capital had been used speculatively or in ways which had fallen short of productive potential, he said. — Sapa-Reuter.

Customs union 'sank neighbours'

Buss. Day 1/6/93 (279A)

LINDA ENSOR

CAPE TOWN — SA was the main beneficiary of the SA Customs Union, which had crippled the growth of the economies of Botswana, Lesotho, Swaziland and Namibia, Southern African Development Community executive secretary Simon Makoni said in an interview at the World Economic Forum.

Makoni took issue with Finance Minister Derek Keys's statement that the union was a financial burden on SA in that it had to pay unfavourably large amounts in transfer payments to member countries.

Makoni said the union had polarised industrialisation in such a way that little industrial development took place in SA's four neighbours. This was not only a result of implicit and inherent imbalances but also a deliberate policy of SA business and government. He cited as an example the recent scuttling by SA car manufacturers of plans to establish a French car assembly plant.

SA transferred revenues to customs union countries two years after they were collected. They represented interest-free loans of foreign currency by these countries to SA.

The protection of SA's economy by means of high tariff barriers also meant these countries had to purchase goods costing 25% more than if they had been imported directly.

One of the objectives in restructuring the customs union would be to democratise its management. SA's Finance Minister imposed his decisions on union members.

Makoni felt a new customs union would have to provide for balanced development of the union as a whole. "There is a tacit understanding that as soon as a new government is in place in SA there will have to be a renegotiation of the customs union in order to address these inequities."

The expansion of the union to the whole of southern Africa would be a long-term objective.

SA's economy was so distorted and had such enormous problems that it could not act as an "engine of growth" in southern Africa.

"White SA overestimates the capacity of this country and its economy." Makoni pointed to SA's inefficient and uncompetitive manufacturing sector, its critical skills shortage and its lack of sufficient resources to redress the imbalances of apartheid, let alone invest in the region.

SA's manufacturers were generally high-cost, low-quality producers and were only able to sell more than 70% of their exports — which were internationally uncompetitive — to the southern African region because they had a captive market and because government subsidised them to a large extent.

ANC economic department head Trevor Manuel said during a news briefing that SA's economy would not be able to go it alone as an island of prosperity.

Manuel believed current one-way intraregional trade flows were unsustainable. He stressed the need for an approach which allowed for integration and which enhanced the competitive advantages of the different countries in the region.

African Development Bank vice-president Adewale Sangowawa likewise did not believe SA would play a locomotive role in southern Africa as it had its own problems to deal with.

BDay 2/6/93

London bank finds itself a cosy niche

279A

SHARON WOOD

LONDON — Multinationals' growing interest in southern Africa had created a natural niche market for Standard Bank London, CE Pieter Prinsloo said yesterday.

Calls on multinationals had been "particularly successful. They are starting to look and want to do something."

The region had been neglected and the multinationals needed expertise to reinvest in the region.

Standard Bank London had concentrated quite heavily on corporate banking and wanted to be the bank that knew the most about Africa and its exotic currencies, he said.

"If you go about it carefully there are a lot of opportunities (in Africa) . . . and SA is still the logical place to be."

Standard London intended to be a strong regional bank. With local representation through the acquisition of ANZ Grindlays Africa, it was halfway there.

Grindlays was managed in Johannesburg but its international financing in Africa was structured through London.

The London bank was concentrating on high-yield products, which included trading in eastern European and African debt.

Prinsloo said the bank was also helping multinationals to restructure their African balance sheets.

He added trade finance would become an important area of business for the London bank.

Optimism about SA entry to trade group

Star 2/6/93

(279A)

MAPUTO — South Africa could become eligible for membership of the Southern African Development Conference (SADC) within the next few months, acccording to John Sunde, head of the South African trade mission in Maputo.

Sunde was a key figure in a seminar held in Maputo yesterday, attended by top South African businessmen and government agencies and aimed at boosting trade between the two countries.

South Africa has been barred from the SADC not by economic factors, but by its political unacceptability, and Sunde was apparently anticipating progress being made in the negotiations at the World Trade Centre when he envisaged early membership.

He told journalists in Maputo that trade between South Africa and Mozambique must be seen as part of a process of "integrating southern Africa".

Emphasising the importance of southern African economic unity in the face of European union, Sunde said: "There are very important changes in progress. It is essential for South Africa first to be invited into the SADC. We hope to meet the conditions of our incorporation within the next few months."

There is a big trade imbalance at present, with South African exports to Mozambique running at R690 million in 1991 and R469 million in the first nine months of last year, while Mozambique's exports to South Africa in 1991 were worth only R38 million.

The seminar held in Maputo was attended by Transnet, the Chamber of Mines, Satour and other South African bodies.

SA eyes Southern Africa trade club

Sowetan 2/6/93

■ **Membership possible within next few months, Maputo seminar is told:**

(2-19A)

MAPUTO — South Africa could become eligible for membership of the Southern African Development Conference within the next few months, according to Mr John Sunde, head of the SA trade mission in Maputo.

Sunde was a key figure in a seminar held in Maputo yesterday, attended by top South African businessmen and government agencies and aimed at boosting trade between the two countries He told journalists in Maputo that trade between South Africa and Mozambique must be seen as part of a process of "integrating Southern Africa". Emphasising the importance of Southern African economic unity in the face of European union, Sunde said: "There are important changes in progress. It is essential for South Africa to be invited into the SADC. We hope to meet the conditions of our incorporation within the next few months." — *Sowetan Africa News Service*

Chauvinist wind ruffles Russian feminist feathers

279A

AFTER decades of paying lip service to the principle of sexual equality, Russia has reverted to unashamed male chauvinism. Now the small, but growing, band of Russian feminists is having to stand up for its rights.

Thirty-nine million Russian women, about half the female population, have jobs, but so dire are economic prospects the position of women in the workplace is being challenged.

Sex discrimination comes close to being official policy. Last month Labour Minister Gennady Melikyan asked: "Why should we employ women when men are unemployed? It's better that men work and women take care of children and do housework. I don't want women to be offended, but I don't think women should work while men are doing nothing."

Small wonder that women account for 70 percent of 600 000 people so far registered as out of work, and that employers can get away with placing job ads that discourage women.

Yelena Yershova, chairman of the independent Gaia Women's Centre, is furious with Melikyan. "If any Minister in the West had spoken as he did, it would have been political death for him," she said. "Here, many applauded, at least in their hearts. But we will fight, because 10 million women in Russia are bringing up children on their own and have absolutely no choice but to work."

THE INDEPENDENT

5 Mar 2/6/93

Natrawl negotiating with Swiss firm

Buss day 3/6/93

EDWARD WEST

NATAL Ocean Trawling (Natrawl) was negotiating with Swiss-based Megafish and its associate Eurotrade for a joint fishing venture off Mozambique's coast, chairman Jack Walsh said yesterday.

The multinational wanted to send 10 trawlers to Mozambican waters.

Megafish planned to re-evaluate its investment with Natrawl in July. Walsh was confident the joint venture, Ocean Trawling of Southern Africa, would go ahead.

The expansion of Natrawl's Mozambican fishing activities had been necessitated by the recent liquidation of associate Natal Ocean Trawling (Mozambique), as Natrawl lacked the infrastructure to fully exploit its fishing rights.

Megafish was considering establishing a base for its African operations in SA.

279A

FM 4/6/93.

SOUTHERN AFRICA

Through the front door

(279A)

Regional trade will depend on SA's commitment to free enterprise

The demise of apartheid and intervention of the IMF in so many sub-Saharan countries have encouraged the first tentative discussions (both unofficial and informal) among bankers of the region. The focus· the creation of a free trade bloc in southern Africa, with SA as the fulcrum.

The economies of sub-Saharan Africa have mostly been very badly run in recent decades — including that of SA, but excluding Botswana. Dictators of varying degree applied collectivist policies and ignored financial disciplines in the face of declining commodity prices.

The outcome has been increasing misery for millions.

Inevitably, this has meant that in desperation — especially after the economic collapse of the USSR — and in view of the increasing conditionality (especially on human rights) imposed by donor countries on foreign aid, the IMF has had to be called in.

The disciplines it has imposed in the short term have created increased hardship — which is politically uncomfortable for ageing presidents, who are increasingly being thrown back for their sustenance on the dwindling tax receipts of their depressed economies.

But by effectively limiting the power of African presidential rulers, through insistence on sensible and consistent fiscal and monetary policies, the IMF has brought about more economic harmony within the region than has ever prevailed, even in colonial times This is a substantive condition for the creation of a trade bloc.

The further south the countries are, the greater has been the deleterious impact of apartheid and the trade and financial sanctions that ultimately constrained economic activity in the entire region. The Southern African Development Conference, created to soften the consequences, has not enjoyed sufficient unity nor resources to be a meaningful antidote to SA's economic dominance — or, indeed, to be able to reduce the widespread and indiscriminate impact of this international despoilation on the subcontinent.

So the dismantling of apartheid is another substantive condition for a regional trade bloc. Indeed, in view of their perception of the sophistication of the SA economy, this latter condition has raised substantial expectations among SA's neighbours. They believe a free-trade zone has the potential to draw the greatest economic advantages from the substantial natural and other resources of the region.

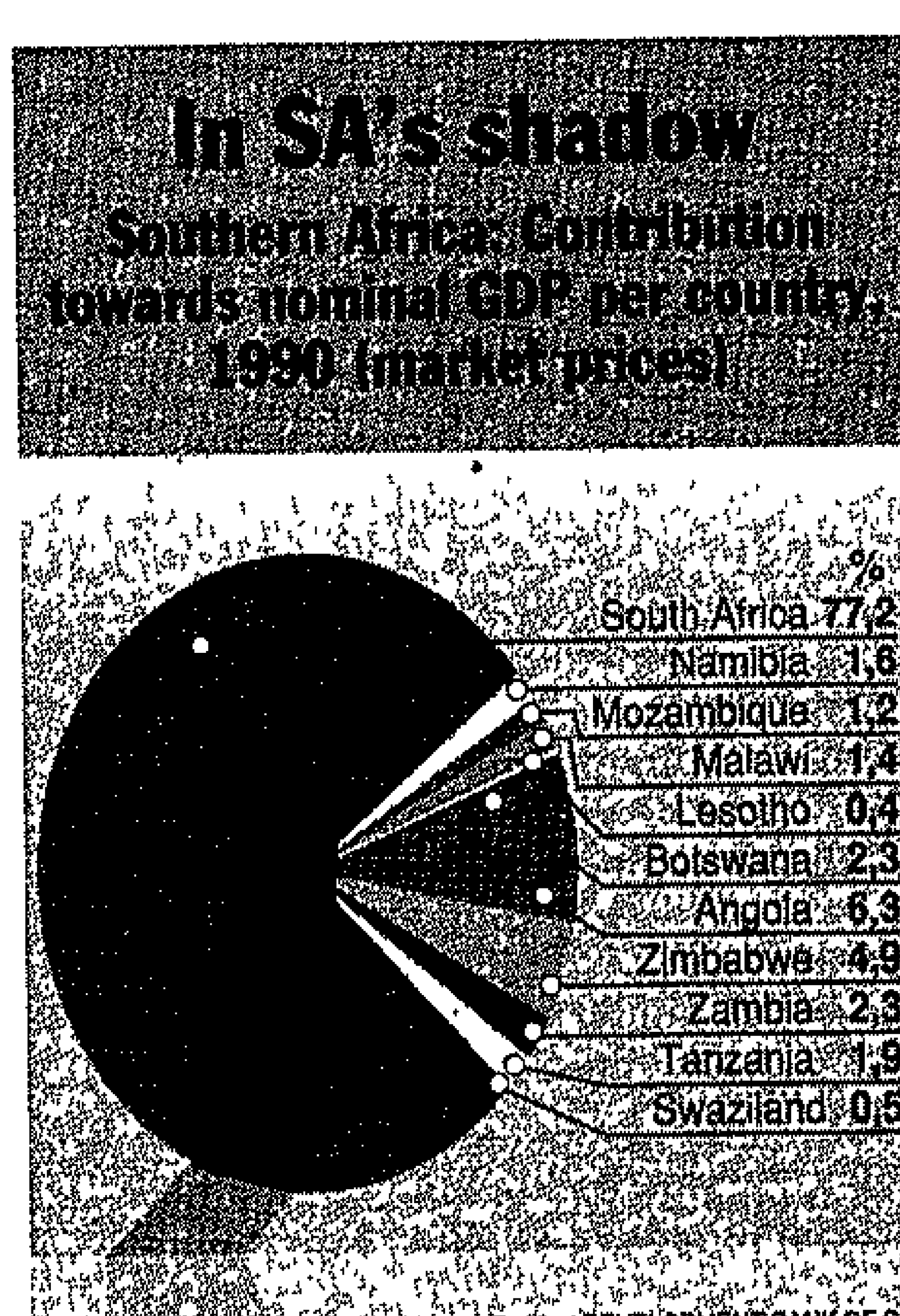
But, of course, as Finance Minister Derek Keys observed last week at Somerset West when addressing 26 delegates from 11 countries in this region, the further they are from SA the greater is their enthusiasm for free trade The delegates had been invited by the *FM* to participate in a conference and seminars on the development of trade, monetary and fiscal policies in sub-Saharan Africa.

Eleven central banks were represented among the delegates, and of these representatives six were governors. Other delegates came from finance ministries and the commercial banks of the region. The conference was sponsored by the *FM*, Stanbic, the SA Reserve Bank and IDC Discussions in the seminars were led by four consultants from Britain, under the chairmanship of David Hodgson of HHG Consulting services.

Those delegates near enough to be versed in the political priorities of the new SA fear that it will become so preoccupied in the process of reconstruction that, increasingly, the dominant regional economy will become inward looking and thus even more protectionist.

If in the new SA jobs are reserved for South Africans, with guest workers from smaller countries specifically excluded from employment, the hardship in the wider region will be profound.

Those from the region who understand both its economic potential and the fragility of its economics fear that the commanding heights of SA enterprise will grasp the better trading opportunities to swamp fledgling manufacturing undertakings, such as the brewing of beer, or monopolise the provision of financial services because of the depth of South African educational capital.



In SA's shadow
Southern Africa: Contribution towards nominal GDP per country, 1990 (market prices)

They point out that SA has control of most of the infrastructure of the region and enjoys a substantial and growing trade balance with the rest of Africa. They would like to see the balance redressed before a greater free trade area is even contemplated. And, having seen the failure of their own trade bloc initiatives, they have some firm ideas of what needs to be done.

The questions of size and sophistication are problems within the existing trade bloc, the Preferential Trade Area (PTA), which embraces most east African countries. National rivalries; suspicion of the larger among the smaller; the lack of sufficiently educated officials, and the tendency towards job creation by preferment — all have eroded the alloy of beneficial free trade.

So what our northern neighbours would like is the rapid removal of restrictions on outward investment from SA, to counter SA's substantial regional trade surplus, leading eventually to the abolition of exchange controls in the region and the removal of tariff barriers that impede the free exchange of goods and services.

This would also enable them to have increasing access to SA's developed — and often very sophisticated — money and capital markets and financial services industry. There is a general preference for the PTA, as an existing entity that was laboriously negotiated and painstakingly established, to be used as the vehicle for a free-trade area enlarged to include SA.

In addition, they perceive SA to have the financial mechanisms for the most efficient means of distributing foreign aid flows, and for assessing the advantages of conditionality where it includes purchases specifically from donor countries.

Aid has come to be regarded by many African recipients as having, at best, the ingredients of a debt trap. African central bankers point out that most aid is in fact a form of debt requiring government guarantees, and that its conditionality might cause domestic problems if the utility is not transparent to critics.

SA's institutional channels, which exist by virtue of its size and sophistication, could be used best to ensure that aid enhances the infrastructure of the whole region, where roads, rail and port facilities are badly needed, where supplies of water and electricity are constrained and where telecommunications are primitive.

Whatever South Africans may think of their own education institutions, these are acknowledged by those in the broader region

FM 4/6/93

THE TRANSITION

Time is of the essence

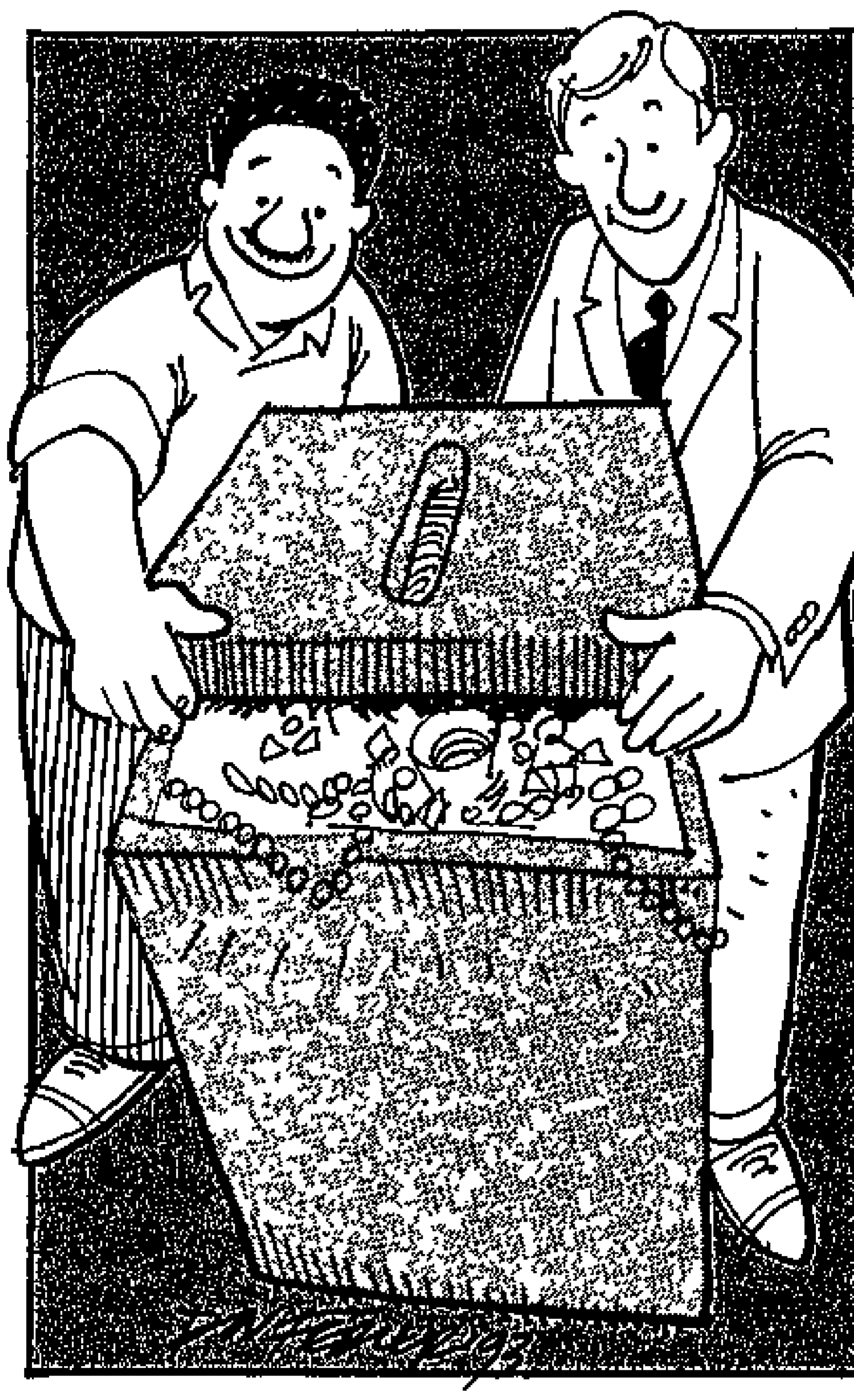
We entered this week expecting the announcement of the date of the first general election in this country based on universal suffrage. It seemed a fateful week, one that could set the seal on the political aspirations of the majority of South Africans — and be a source of anguish to those whites who fear for their existence in the midst of a very familiar yet alien majority.

The process of negotiation that made this historic event possible cannot be said to have been either smooth or rapid. The setbacks have been enormous — at times, they have seemed to ordinary people to be overwhelming. Final agreement should have all the force of having been forged on a solid anvil out of great heat.

Negotiations have survived frequent rioting over education matters; mayhem in some townships; the Boipatong and Bisho massacres; the assassination of the charismatic and pragmatic SACP leader Chris Hani; the posturing and politicking of a variety of leaders; the puzzling demands of hidden agendas; the ill-starred raid on a hopelessly belligerent Pan Africanist Congress leadership; and the seemingly constant revelations of government corruption.

Most parties have moved substantially from their declared policies of only three years ago — and have taken substantial care to enjoin the support of a wide spectrum of dissenting opinion. None can hope to move back to previous positions: apartheid cannot now be reinstated, nor the armed struggle resumed with any hope of victory in the field. There is no future in "whites only" thinking; there is no "bush" to go back to, whatever Winnie Mandela might say.

The ANC has begun to lift its eyes above the horizon and show concern, not only about the type of society that is to follow but also how ordinary citizens, many unemployed, will be able to provide for themselves the basics of civilised life. It is none too soon.



A likely candidate for Foreign Minister in the new SA, Thabo Mbeki, has begun to ask foreigners to consider investing in SA. Even the ANC's economics chief Trevor Manuel has taken the *FM* to task for calling him a socialist: he fears it might damage investment prospects.

If an interim government in some form or other follows shortly, the World Bank says it will bring material assistance to the country. The Gramm Amendment, which effectively blocks SA's access to IMF balance of payments support facilities, will have little force or effect.

Maybe even Archbishop Desmond Tutu will display uncharacteristic consistency and call for a reversal of trade and financial sanctions and a return of American investment. He once did claim he would leave the country under certain circumstances which, when they were fulfilled, he ignored.

If, in addition, US President Bill Clinton continues to do his incompetent best for us, the gold price will remain reasonably buoyant and the year should end on a substantially higher level of business activity than that on which it begun, which was very low indeed.

But there are still some dangers. After a year's delay following the Codesa breakdown, there is not a great deal of time left. We probably don't have enough to sustain the inevitable violence if there should be another major hitch.

The perceptive Chester Crocker, former US Assistant Secretary of State for Africa, tells us we have the potential for a stable and prosperous society here. But the potential will not, he observes, last for ever. He has noted that much of last year was wasted and wonders how many years — or months — we have left.

Investors, whether they be locals with limited choices or foreigners who have the world at their feet, will be encouraged by a general election date. But that is not going to be enough to preserve even the present fragility of investment confidence.

Firm measures are going to be needed — and the ANC and IFP will have to be seen to be enthusiastic participants in their propagation — to curb violence. Both delinquent teachers and children will rapidly have to be disciplined.

Those measures are necessary if investment is to be encouraged — but they are not going to be sufficient. Investment decisions, especially those by international entrepreneurs, coalesce over a period.

No government can legislate private-sector investment into existence. It is going to take time before the economy experiences investment initiatives other than those already announced.

It is for that reason that the *FM* has constantly remonstrated with those who have stubbornly refused to remove their opposition to SA's IMF facility, until their access to a vote is a legislative fact. It is now clear that the process towards universal enfranchisement may at worst be delayed, but it is not going to be reversed.

Yet the process of economic despoilment continues, capital is still leaving the country in quantity and the programme of mass action — which inevitably leads to more deaths — will linger on. The families of those without jobs will sink deeper into misery.

Hopefully, the process of renewal will begin this week — and those who have needlessly prolonged the suffering of so many for so long will have to look into their consciences to find out whether the delay was worth it. ■

to be far superior to anything our neighbours possess. So they want — on an economic basis — reasonable access to them.

Development is a thorny topic in Africa. It has not always provided the fruits offered and sometimes there have been bitter recriminations. Large clearing banks throughout the Third World are criticised for not gearing their lending towards development projects and small high-risk business. But central bankers from sub-Saharan Africa are cautious about losing the benefits these institutions have for the developed segments of their economies.

Most of their countries have struggled with debt and with the often cavalier lending policies of their commercial banks. While they would like to see all commercial banks in an enlarged free trade area make more of an effort to help small businesses, their preference is for the development of informal savings schemes into enterprises for development purposes. But intermediation must remain with the commercial banks.

They see a much larger role for the Development Bank of Southern Africa, in an enlarged free trade region rather than the diversion of commercial banking endeavour into the developmental area. They regard the Development Bank as an established institution that has considerable developmental skills and see it as a useful basis for further developmental work.

While there are certainly fears of the dominance of the SA economy and its institutions in the broader region, there are African central bankers who have suffered so much from capricious rulers that they would welcome the constraints that SA's relative financial and economic sophistication could bring to their own governments' profligacy.

Too many important economic policy decisions in Africa have been taken out of sight of what might be construed as public censure. Consequently, central banks have had no real ability — though they carry the responsibility — to constrain the consequences of profligate government spending. Their independence is a fiction.

What is an effective constraint on government proligacy is the widest possible public awareness of economic policy. This, bankers from the north believe, will be encouraged and enhanced in a free-trade area that includes SA and its developed media.

Interspersed between the apprehensions of the sub-Saharan bankers of SA dominance and their enthusiasm for free trade with SA is a clear belief that together the IMF and SA will bring about a limitation of their own rulers' financial delinquency.

This is tantamount to expectations of a benign form of economic colonialism, which, whatever its economic advantages in the midst of widespread indigence, may still be political anathema to the ruling despots of the region.

But some are very old, some are becoming wiser and some are so dependent on foreign aid they may have no choice.

These are considerations that need to be taken into account in a new SA when policies that will affect our neighbours are taken into account. While expectations among our neighbours of material wellbeing through free trade with SA probably exceed their apprehensions, they have the resources which, with our assistance, could not only ensure their self-sufficiency but enhance our own economic performance. So a new SA government should grasp quickly the African initiative.

The decision of the central bank governors at the *FM* conference to form a committee to commission a survey on monetary, investment and trade issues in the region is an auspicious start. Whether it is able to provide the volition towards freedom of exchange and trade in the region will depend critically not only on the political developments here over the next few weeks, but also on an interim government's unambiguous commitment to free enterprise. ■

Peace will help African growth

☐ MONEY TALK

AFRICA's slide into even deeper poverty will only be stopped when the continent's leaders find ways to stop its many wars and start concentrating on economic development.

The shift of attention to Africa's economic plight is clearly gaining momentum, judging from statements issued after a seminar which was attended by officials of the Organisation of African Unity, the African Development Bank and the UN Economic Commission for Africa in Addis Ababa.

Reviewing the major issues confronting the continent's leadership they concluded that while it was Africa's responsibility to end the many conflicts, it was also imperative that the international community should help by writing off existing debts.

The officials noted that many African nations were burdened with high population growth and little – if any – economic growth. Real income per head was lower than it was before the independence movements gained momentum three decades ago. It was estimated that it would require at least a decade of strong economic growth before the economic levels of the 1980s were achieved again.

However, if the wars and other conflicts were not stopped there was little hope of achieving this growth. Large parts of the meagre resources of many countries were dissipated by conflicts.

The officials pleaded that the principle of African solutions to African problems be given a new impetus instead of the continent continuing to depend on the outside world for help, often even for initiative and leadership. It suggests that greater support should be given to a proposal by the Organisation of African Unity that a permanent programme for resolving disputes be set up.

Another area that requires urgent attention is support for an African economic community. A treaty was formulated two years ago but to date it has been signed by only 26 countries.

The three organisations also urged governments to discourage public consumption and encourage private investment so that domestic savings rates could increase.

Up till now SA has been on the sidelines, but with the higher priority being given to economic issues it is clear that numerous opportunities will arise for SA as the economic giant of the continent. Not only will SA help in many areas but it will do business which, in turn, will create prosperity and job opportunities at home.

STOP THE WAR ... The cessation of hostilities will help the continent kickstart its economy.

CItress 6/6/93 (219 A)

Point for Yeltsin as boycott fizzles out

Star 8/6/93 (79A)

MOSCOW — A boycott of President Boris Yeltsin's constitutional congress fizzled out yesterday as key delegates who stormed out of the gathering on Saturday returned to help draft Russia's first constitution.

Among them was Valery Zorkin, chairman of the constitutional court and an important arbiter in a power struggle that Yeltsin wants resolved in his favour through the introduction of a new constitution.

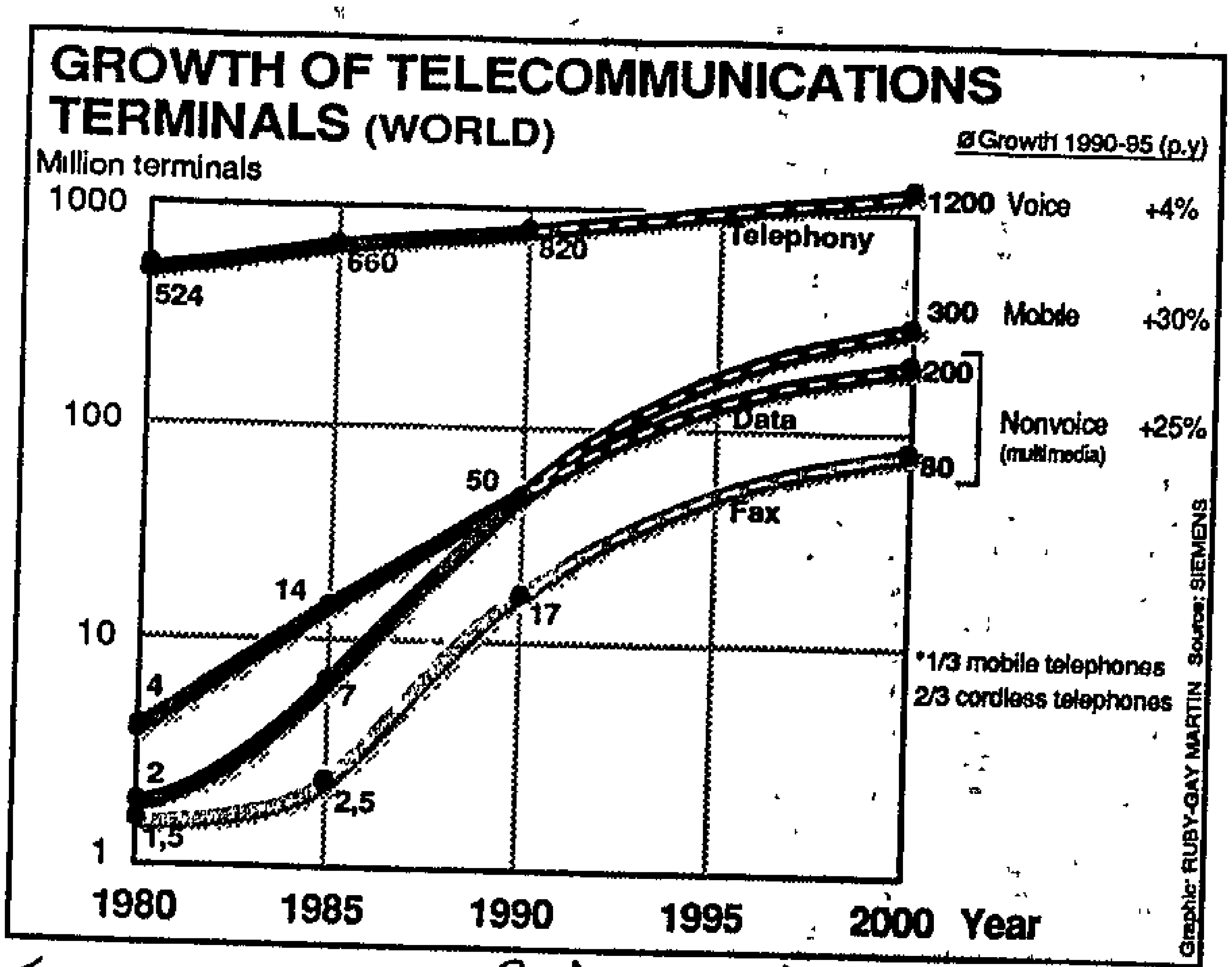
While frequently critical of Yeltsin in the past, Zorkin yesterday offered qualified support to a so-called "presidential" draft that the Kremlin insists must be the sole basis for discussion by the assembly.

Attended by more than 700 delegates from Russia's nearly 90 regions and republics, the gathering is the first event of its kind since 1918.

Itar-Tass quoted Zorkin as saying he "favoured a strong presidential power because a parliament is good only if there is a well-developed party system".

Zorkin was one of some 50 delegates who walked out of the assembly's opening session on Saturday in protest at what he termed a "disgraceful spectacle".

The convention sank into turmoil after Yeltsin huffily refused to let parliamentary leader Ruslan Khasbulatov speak and Kremlin security guards dragged a communist delegate from the hall screaming. — The Independent News Service.



BDay 9/6/93

Guide to southern African networks

TELECOMMUNICATIONS and networks will play a pivotal role in the development of sub-Saharan Africa. (279A)

With this in mind, BMI-TechKnowledge is compiling a detailed research report on all aspects of corporate networking and telecommunications in southern Africa.

MD Denis Smit says: "The handbook, which will be published in November, features overviews of communications-related issues in about 20 countries and details of all major regional communications organisations and major corporate network users."

Topics include multi-access radio systems, rural and urban cellular systems, mobile radio communications, and satellite systems.

"In the telecommunications field, we will also cover payphones, cardphones, agency and community phones, optical fibre and digital microwave transmission systems."

The project has substantial backing. Detailed research on SA will be conducted, while countries such as Botswana, Lesotho and Nigeria will also be covered in depth.

Apart from being a detailed technical reference, it has in-depth research on the demographics, infrastructure and relevant trade issues in the region.

Smit says telecommunications is opening up a range of new opportunities worldwide, and many companies are keen to play a role in all sectors of the regional economy. "This book will go a long way to assisting companies as they move into Africa," he says.

Safair, Aeroflot form joint service company

BDay 11/6/93

GAVIN DU VENAGE

SAFAIR and Russian airline Aeroflot have formed a joint company to service Commonwealth of Independent States aircraft in Africa.

Safair MD Braam Loods said yesterday a joint company, Aerosaf Aviation, would pool the resources and capabilities of both companies. Maintenance would be provided at Jan Smuts Airport for aircraft of commonwealth origin. The company would provide a support schedule for commonwealth charters, sell spares, train crews and act as agent for commonwealth aircraft equipment in SA.

Safair would provide manpower and facilities for the aircraft. The Aeroflot group, made up of Aeroflot Moscow Airways, Africa Aviation Services and Aviatech service, would provide technical expertise.

Aerosaf would provide maintenance facilities for Soviet-made military hardware used in regional airforces such as those of Angola, Mozambique and Zambia. Loots said there were about 180 commonwealth aircraft operating in sub-Saharan Africa with inadequate backup.

27A

Previously all Soviet aircraft were sent home for repairs, and replacements were flown out. The emphasis now was to operate on a commercial footing, which made it too expensive to fly halfway around the world for repairs and maintenance.

Safair had sufficient capacity to house and repair commonwealth aircraft. Loots said he expected turnover during the next two years to be about $10m.

The deal would also address African aviation authorities' concerns about the influx of aircraft that were not up to international aviation standards.

This was particularly true of many using SA's airspace, said Loots.

Aerosaf would ensure these aircraft conformed to Civil Aviation Department standards. This aspect had the backing of Transport Minister Piet Welgemoed.

SA/MOZAMBIQUE

Resuming old friendships

FM 11/6/93

After decades of anti-colonial and civil conflicts, peace-minded Mozambicans intent on rebuilding their shattered economy say their arms are open to SA investment. But SA businesses, dubious about the red tape and lack of hard currency in what the World Bank calls the world's poorest nation, are thinking hard before they jump into a long-term relationship, no matter how warm the welcome.

"I have a gut feeling it's moving in the right direction," says Gordon Angus, a member of the first SA trade mission to Mozambique since relations were normalised. "But they are not there yet."

About 60 South Africans — ranging from entrepreneurs such as Angus looking for a niche, to representatives of the Chamber of Mines, Transnet and other big concerns — descended on Karos's newly renovated five-star Polana Hotel last week for the two-day seminar hosted by the SA Trade Mission in Maputo and attended by Deputy Trade & Industry Minister David Graaff.

"The opportunities are mind-boggling," says Victor Arnold, a South African on contract to Mabor, a Mozambican company that manufactures tyres for export. "But you have got to know the country. You have to associate yourself with a company or with someone who knows his way around."

The conference also attracted about 100 of Mozambique's top business people and government officials but Inocencio Metavel, president of the consulting firm Proinvest, says there is still some resistance to SA interest. "There are conservative nationalists who are nervous that SA will take all the opportunities. But if we think like that we will always be poor and if we are poor we will have problems internally. If we want to develop, we must open the country."

Throughout the sanctions era, SA and Mozambique continued to do business, though the Department of Trade & Industry kept the figures secret until last year. Now, the department is happy to report that SA exported R849m worth of all types of industrial and consumer goods there last year and imported R57m worth of products, mainly prawns.

The Mozambicans would like to close the yawning gap. The tariffs schedule — which dates back to 1964, 11 years before independence — is being simplified. The government is pushing export promotion, especially for cashews, tea, cotton and sugar. In 1980 there were only 12 government-sanctioned importers and six exporters. Today, there are 1 100 importers and 250 exporters.

"We are open for investment in all areas of the economy," says Augusto Sumburane, director of the Mozambican Office for Foreign Investment Promotion.

He says South Africans have been reluctant to get too deeply committed because they are unsure of the local procedures, and because of the political instability "They didn't have a clear idea of the areas of investment opportunities or incentives, and security is a problem that is being overcome. Also, the procedures (for licensing a business venture) were complex, but we're trying to get it down to just one form. We're working hard to improve the international image of Mozambique. People know we're improving."

Since the peace accord was signed in Rome in October and the last remnants of fighting sputtered out in March, the country has enjoyed a renaissance. UN officials say it's safe to travel into the countryside. Roads have been paved in Maputo and there are goods in the shops and prawns in the growing number of restaurants, which cater to locals as well as the burgeoning international community of expatriates and UN peace-keepers.

The devastated economy, however, will need time to heal. The World Bank says 66% of Mozambique's GDP is international aid, twice the average for Africa, making it the most aid-dependent country in the world. In 1992, just 5% of investment was from the private sector — US$25,3m

Though there has been progress, exporters still complain about problems such as the 0,5% duty on exports and the seven days' worth of paperwork to get products out of the country The annual inflation rate is estimated to be as high as 77%.

"We are trying to adjust institutions made for a centrally planned economy to work in a market economy; this takes time," says Salvador Namburete, national director of external trade in the Ministry of Commerce. "It's not just changing the paper, it's a serious problem of changing mentalities."

But it's not just the red tape and anti-business sentiment on the Mozambican side of the border that frustrate would-be investors South Africans at the conference made a strong pitch for Graaff to intercede on their behalf with the Reserve Bank, which has to

approve any cross-border investment.

"The government makes it very difficult to take our money to Mozambique," said one SA businessman. "They are making noises of accommodation, but it would be useful if the Reserve Bank assisted investors. It's even difficult to get approval for a bid bond. It's diabolical." ■

Durban's port can expect competition from Beira

BDay 17/6/93

DURBAN — Africa's busiest port, Durban, could expect competition from Mozambique ports Beira and Maputo as the country moved towards peace after 16 years of civil war, Durban port manager Rudi Basson said yesterday.

On Tuesday the Swaziland Sugar Association announced it was rerouting sugar exports through Maputo instead of Durban, as transport to Durban added R20m to export costs.

"With African ports getting their acts together, they will become more competitive," Basson said.

Portnet, which controls SA's ports, recently unveiled plans for additional berths and container terminals in Durban, which handles more than 2-million tons of cargo and more than 3 300 ships each year.

Portnet has even more ambitious plans for the port at Richards Bay, which is bigger than SA's other four ports combined and is already one of the most diverse bulk-handling ports in the world, according to its manager, Glen Martin.

The Portnet plan provides for substantial extensions to the coal terminal, provision of passenger liner docking facilities and transformation of the harbour into a rapid ship turnaround centre.

Martin said planning was well under way for an additional 650m of quayside. Other developments mooted by Portnet were the erection of cool storage facilities, extended container terminals and sugar and grain terminals.

Richards Bay handles approximately 1 200 ships and more than 60m tons of cargo a year. — Reuter.

Economic links with Nigeria in the offing

Star 28/6/93

279A

By Graham Linscott
Star News Service

LAGOS — SA and Nigeria could be on the point of forging significant economic links.

A Nigerian trade mission was in SA recently and its members speak enthusiastically of the possibility.

Officially, of course, no such thing happened. Nigeria observes Organisation of African Unity (OAU) sanctions.

As with so many African countries, SA products arrive by devious routes, camouflaged and considerably more expensive than they should be.

That could end soon. The Nigerian government is already turning a blind eye to direct contact between its businessmen and their SA counterparts.

Business people in Lagos expect that as soon as an interim executive council is in place in SA, sanctions will be lifted.

That would normalise relations between the two economic giants of sub-Saharan Africa, with all kinds of potential for mutual benefit.

Nigeria has a vast consumer market of something like 100 million people. The big difference between them and the millions in the rest of Africa is that in Nigeria they are relatively wealthy, thereby making a good market for SA exporters.

Many Nigerians could be attracted to SA as tourists. Moneyed Nigerians spend their holidays in Europe or America. They could well be persuaded to head south instead.

Nigeria is eager for SA investment and expertise. It has unexploited reserves of iron, tin and bauxite which would be a proposition for SA capital and mining technology.

And it's eager for transfer of agricultural expertise.

Although they are so different in character and composition, there is a parallel between Nigeria and SA which goes beyond their economic clout. Both are transforming their societies to allow the free market to unlock their potential.

A year ago Nigeria dropped foreign exchange controls and was rewarded by an inflow of funds. Now market forces are given free rein.

SA clings to exchange controls and still has to manage an immensely more difficult political transition.

If it is any consolation, Nigerians are sympathetic. And they still want to do business.

Mangope attempts to solve education crisis

BIDay 24/6/93

STEPHEN COPLAN

STUDENTS from Setlogelo Technikon in Bophuthatswana met President Lucas Mangope yesterday in an attempt to resume lessons, which were disrupted last month and had not been attended since.

In a separate development, it was decided at an emergency council meeting yesterday that the University of Bophuthatswana would be closed indefinitely pending the outcome of a judicial inquiry into student unrest, Sapa reported.

The meeting in Mmabatho between Setlogelo students and Mangope was disrupted by the arrest of an SRC member for alleged possession of an SA Congress of Students (Sasco) publication, Sasco spokesman Mokgomotso Mogodiri said.

Bophuthatswana government spokesman Alwyn Viljoen said the meeting was "a bit of a fiasco" as some students had not brought student cards to get in.

The meeting was intended to reassure students and technikon management that the government would intervene to stabilise education, Viljoen said.

Another meeting was planned for July 7, but it was still unclear whether exams would be held or the academic year would be written off.

Bophuthatswana's highest budget allocation was to education, and the government was anxious to get education back on track, Viljoen said.

He claimed there was no education crisis in Bophuthatswana.

Mogodiri said the government was distorting the facts as all tertiary institutions had closed before the current holiday break. Exams had been boycotted.

Mangope had suggested at the meeting that SRC members were responsible for the disruptions on campuses and their terms of office should be restricted to three months, Mogodiri said.

Viljoen denied claims that police were present on campuses. However, Mogodiri said access to campuses was being restricted. There was a low-profile police presence at Setlogelo.

Soweto services at breakdown point

BIDay 24/6/93.

GAVIN DU VENAGE

SERVICES in Soweto are likely to come to a halt within two weeks unless the rent and service boycott is ended by the beginning of July.

Yesterday's meeting of the Greater Soweto Crisis Committee failed to reach agreement on ending the rent boycott. It will meet again next week.

Metropolitan Chamber CE Vic Milne said yesterday the meeting had gone "quite well", but a solution had to be found soon.

Soweto's financial position was desperate, he said.

Soweto's service deficit might be as high as R1,2bn, and payment levels were less than 5%.

He said parties were close to reaching consensus on tariffs, the only sticking point.

Another obstacle was the failure of the ANC to appear at the meeting.

The organisation was consulting the civics on how best it could participate in the Metropolitan Chamber and the committee.

The chamber recently voted to allow political parties to take part as full chamber members.

The ANC also wants the issue of boycotts and service provision discussed in merged transitional executive committees — the organs it envisages will replace present municipal structures and which it is hoping to have in place this year.

However, Soweto may have less than two weeks to come up with additional revenue to pay contractors and salaried staff, said Milne.

If this did not happen even basic services would break down and that could lead to further unrest in the township, which could spill over into Johannesburg.

Milne said he was expecting the ANC to take part in solving the Soweto issue next week. Its support was crucial to implementing an agreement and encouraging people to resume paying.

Plans to end the seven-year boycott are now in their 12th draft, and talks have been going on for at least a year. On several occasions the committee has come close to a settlement.

Last year settlement was put on hold while the people involved sought wider consultation on how to resolve the issue.

Earlier this year the Johannesburg City Council said it would take over service provision on an agency basis.

However, it would do so only once the boycott had ended. The plan was delayed to bring in various political groups to legitimise it.

F W set to lobby Clinton on G-7

(2AA)

CAPE TOWN — President F W de Klerk is expected to discuss with US President Bill Clinton the role the Group of Seven countries could play in stimulating economic growth and development in southern Africa when they meet in Philadelphia on the eve of the G-7 summit in Tokyo.

De Klerk's visit to the US, from next Wednesday to Sunday, will include talks with World Bank president Lewis Preston and IMF MD Michel Camdessus.

De Klerk will visit Austria on Monday and Tuesday en route to the US where he and ANC president will jointly receive the Philadelphia Liberty Medal.

The Foreign Affairs Department said in a statement yesterday De Klerk would meet Austrian President Thomas Klestil, Chancellor Franz Vranitzky and Foreign Minister Alois Mock during the two-day working visit.

He will also address an Austrian parliamentary group and prominent business leaders.

BIDay 24/6/93

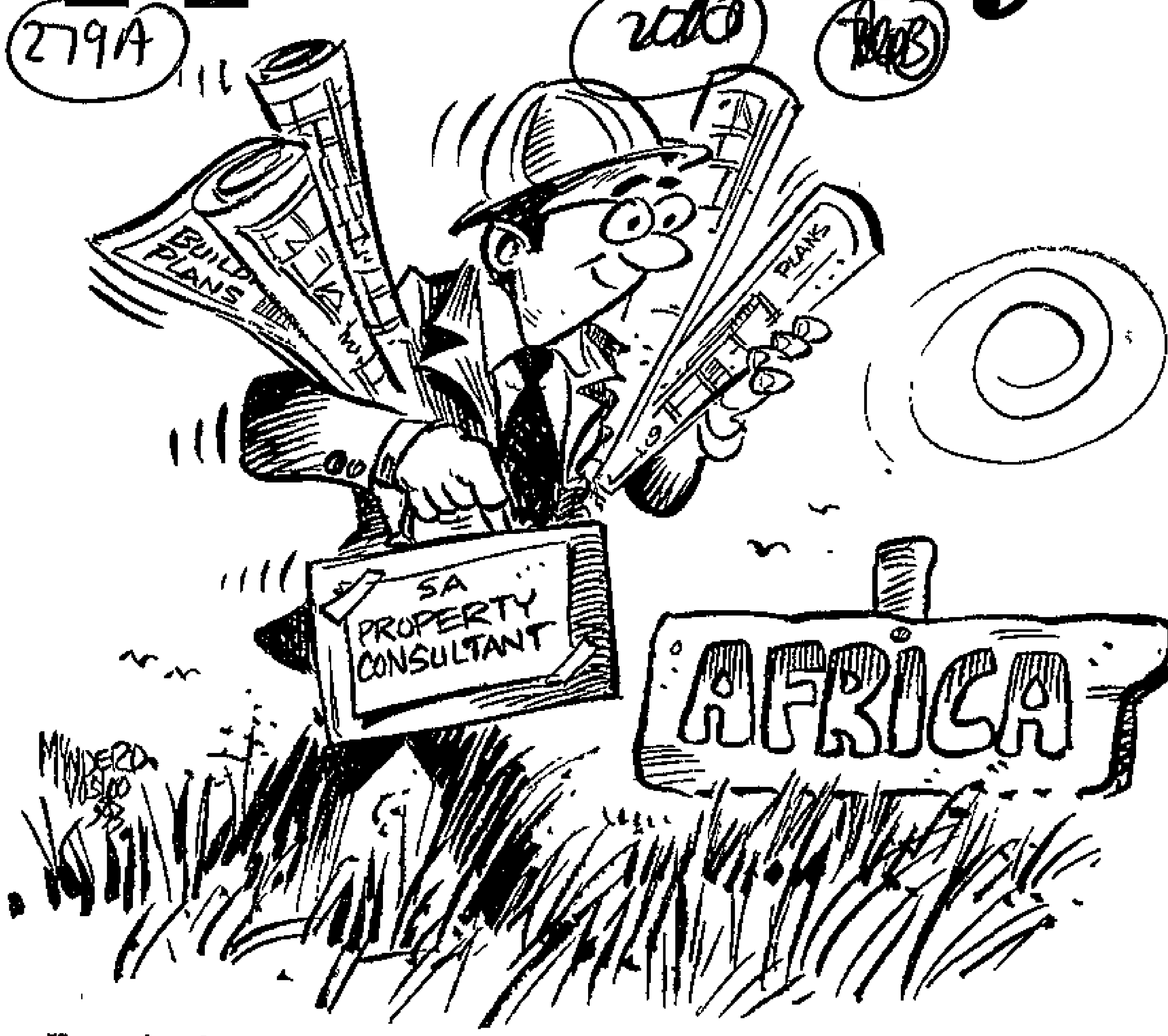
De Klerk and Mandela were nominated for the Philadelphia Liberty Medal by an international commission for their contribution to political change in SA.

Clinton is expected to present the award to the two leaders in Philadelphia next Sunday, July 4 — Independence Day in the US. — Sapa.

COMMERCIAL AND INDUSTRIAL PR

Neighbours offer SA opportunity

S/Times (Buss) J 27/6/93



PROPERTY developers have their eyes on doing business south of the Sahara.

JHI subsidiary Downtown Development Corporation (DDC) managing director Dave Marais says African and other foreign markets are opening up to SA

"Many neighbouring states suffer from a shortage of qualified people and capital. So the potential for South Africans to offer consulting services is enormous.

"Countries such as Mozambique, Zimbabwe and Zambia are finding it increasingly difficult to tap to world aid agencies because donors demand a high level of management skills to be attached to funded projects."

DDC provides consulting services for the rehabilitation of buildings, leasing, sales and valuations.

South African Foreign Trade Organisation (Safto) Africa director Paul Runge says the opportunities for SA firms to consult in Africa are huge.

Donors, such as the World Bank's private-sector arm, the International Finance Corporation (IFC), seek to stimulate free enterprise in African countries heavily dependent on aid.

Stake

The IFC and the African Project Development Facility (APDF) will consider only projects that are financially worthwhile.

The IFC will take up to a 30% stake in a joint venture to ensure the project does not go stale. It wants a partner with strong management skill.

Mr Runge says technology, skills and training can be found in SA.

Investec Property Group (IPG) has concentrated on looking for developments in neighbouring countries.

IPG managing director Sam Hackner says these efforts have been made in Botswana, Namibia, Swaziland and Zambia.

IPG commercial letting arm Kuper has been active in Lesotho, which has a newly constituted government and is politically stable.

Mr Hackner says most retail developments are strip shops of about 6 000m² In most cases, 85% of the space is let to national retail chains and provision is made for space to be allocated to entrepreneurs from the areas.

The returns on such developments are higher than would be achieved in CBD or regional areas, taking into account all the risk factors

"In our experience, all these developments have been solid, reliable income producers. They have been funded by private syndications and by banks."

Mr Hackner says Reserve Bank approval is required for a development outside the rand monetary area.

IPG has received inquiries from investors outside Africa. They are attracted by high yields from money placed in African countries.

Mr Marais says only countries, such as France, which have an understanding of Africa and how things work are willing to invest here.

Finding the money is the hardest work "Many African currencies are worth zilch Institutional finance, readily available in SA from insurance companies, is non-existent in most of Africa.

"We have to find finance from multinationals that have a base in Africa, or from European-based quasi-government aid agencies and banks."

Mr Marais says a multinational operating in Africa may finance construction of its commercial buildings as well as for blocks of flats for staff members.

However, a problem is that most of the land is held by the state which is unwilling to relinquish it

"The state owns most of the flats that are rented out at exorbitant prices."

It may often take years to obtain land ownership in Africa.

Mr Marais says much patience is required because things do not move fast. African bureaucracy and business systems are not geared to commercial property development.

PTA Bank to expand project finance options

JOHANNESBURG. — The Preferential Trade Area for eastern and southern African states (PTA) needed foreign investment of more than $6bn over the next 10 years for development, a top regional banker said. CT 8/7/93 (271A)

Martin Ogang, president of the PTA Bank which coordinates trade and development projects for the 18-nation group, was addressing a conference on Business Opportunities in Africa, hosted by the SA Foreign Trade Organisation (Safto).

He said the bank planned to expand its range of project financing instruments and assistance.

It would add equity investment, loan guarantees, buyer credit and technical assistance to the direct loans, lines of credit and co-financing arrangements already available.

Equity investment in projects would be used to attract foreign joint venture investments and it was considering setting up a special fund to invest in companies now being privatised in member states.

A buyer credit mechanism is currently being devised to assist private sector investments, he said.

Development must aim to unite Africa

South: 17/7-21/7/93

IN ITS latest discussion document on economic issues, the PAC states that it has not as yet formulated a complete policy for regional economic co-operation or integration. This refers to Southern Africa as a whole and not to South Africa or Azania as such.

However the PAC is adamant that "the need for regional economic co-operation cannot be emphasised enough". (279A)

The document suggests a "holistic approach" towards regional co-operation, leading to a common market.

"The region should develop through the redistribution of means of economic production to the majority of its people. Supportive incentives and institutional arrangements should be put in place to motivate economic activities. All these activities should aim at increasing demand for products and services emanating from the region."

The Pan Africanists' long-held view is that Africa or its sub-regions should ultimately unite in a common economic and even political entity. This policy guideline is aimed at showing the way for South Africa towards a unified Southern Africa.

It adds: "The region should aim at producing most of its capital and intermediate goods, and the role of free Azania in this respect shall be crucial as already stated.

"Research and development investments must be increased, while massive physical and human infrastructural investment is a must.

"The region must aim at relative self-sufficiency with respect to agricultural equipment, including veterinary medicinal requirements — in this area the role of Azania and Zimbabwe shall be initially crucial.

"Countries like Mozambique, Angola, Lesotho, Botswana, Zambia, Namibia and Swaziland need assistance to exploit their agricultural potential to the full."

Other priorities on the PAC's list include the harnessing of water for energy production, agricultural production and human consumption as well as efforts to facilitate regional transport and telecommunications. It sees a free South Africa as crucial in the reconstruction of Southern Africa.

AFRICA

Rulers not ready for democracy

279A SOUTH W/mail 16/7-22/7/93.

The green shoots of freedom are being pruned all over Africa. Is the continent not ready for democracy, asks

CHRIS MCGREAL *in Lagos*

IF anyone is drawing comfort from Nigeria's political crisis it is Pik Botha. A few months ago, as Angola's flirtation with democracy gave way to another civil war, the South African foreign minister announced. "I really don't think my African brothers are quite prepared for elections. I don't think they fully understand "

The Nigerian military's refusal to accept the popular choice of civilian president has given Botha another example to back his case. It is a view he sustains mainly for domestic politics to reinforce his demand that the African National Congress and other predominantly black organisations in South Africa share power with whites. But there are many who agree with him on the state of the African continent.

They do not have to strain very hard for evidence. The collapse of Angola's all-too-brief peace into another war that the United Nations estimates has cost 1 000 lives a day is one of the saddest examples. But, from Nigeria to Kenya, Algeria to Zaire, Togo to Cameroon, the green shoots of democracy have been sapped, pruned and trampled on

Some leaders, such as Zaire's Mobutu Sese Seko, use the machinery of democratisation repeatedly to thwart incompetent opponents trying to drag them to the ballot box Others, such as Kenya's Daniel arap Moi, have gone through the motions of an election but retain the repressive hand of state and pay little heed to the concept of democracy embracing wider freedoms than simply voting

Few African leaders like to be seen in agreement with the South African foreign minister, but a number have embraced his reasoning to stall change. They fall back on the claim that Africa is not ready for democracy, exploiting and fuelling ethnic or religious differences to reinforce their justification

Yet Pik Botha is mistaken The problem is not with those he describes as his African brothers, who are as keen as black South Africans for a change from their abusers Africans are well aware of corruption, incompetence and repression, and who is responsible. The problem is with those who, like Botha, are reluctant to relinquish power or accept defeat.

For three days last September, Angolans traipsed for miles to the ballot boxes and stood for hours in the dry heat to vote In Malawi last month, voters stood in lines stretching more than a mile to cast their ballots overwhelmingly in favour of a multi-party democracy In Zambia, Kenya and Benin, the voters turned out peacefully en masse, often revelling in the unshackling The high turnouts in free African elections puts voters in Europe and the United States to shame

Yet, after all the efforts of Africans to take part, there has been a breach of faith by their leaders. Underlying the failures are a series of problems Among the most important is that African leaders are usually not newly converted to democracy, but bending to pressure for change, sometimes internally but often from Europe and the US

Civil wars in Mozambique, Angola and Rwanda helped push those countries towards multi-party systems. Elections in Kenya and Zambia, and the referendum in Malawi, were called only after Western aid was cut As a result, the vote is less to do with establishing a pluralist system and more about retaining power and keeping Western donors happy

The Nigerian Institute of International Affairs' Professor AO Olukoshi sees Ghana's long-standing military leader, Jerry Rawlings, as having manipulated victory in a presidential race he held only to appease the West

"It's a big disservice to democracy that Rawlings chose to run at all, but the election was only held to gain international acceptability. He had three parties sponsored by him calling on him to run. He wanted to be seen as a reluctant candidate To me it was little more than an attempt by a government used to doing things in an authoritarian way to seek international acceptability by going through the motions of an election," Olukoshi said

There is no clearer example of the abuse of the pressure for democratic change than in Zaire. Mobutu's hungry, persecuted population is crying out for change But he has artfully tied the whole process up in knots through the institutions appointed to oversee the transition Told by the Americans, Belgians and French they wanted to see a multiparty system, he proceeded personally to finance 18 parties.

Western pressure is not universally exerted. Britain has overlooked Ugandan President Yoweri Museveni's refusal to permit multi-party politics because he has implemented difficult economic policies favoured by the West. Europe and the US looked the other way when the Algerian government overturned democratic elections because the victors were Islamic fundamentalists.

But where governments have been forced to give the nod to multi-party politics, it is usually embraced by voters with enthusiasm. Offered the chance, Zambians dumped their former president, Kenneth Kaunda. Kenyans would have done the same if Daniel arap Moi's opposition had not fragmented Still, the ballot rejected 15 of Moi's cabinet ministers.

As the divided Kenyan opposition showed, one of the problems facing African voters is the quality of the alternative. In some cases it is drawn from the same pool as the government. In Malawi, one of the two main opposition parties is led by President H Kamuzu Banda's former cronies. They are only in opposition because they fell out with him The only real choice offered Angolans was between the same authoritarian regime that had governed since independence and a guerrilla leader who gave not the slightest hint of understanding democracy or freedom The voters opted for the lesser evil.

Malawians waited in mile-long queues to vote for a multi-party democracy in last month's referendum Photo: ANDY KATZ

Where elections are held and the results respected, African leaders remain deeply suspicious of the concept of opposition

"Arap Moi won an election, but democratisation in Kenya has yet to get under way in a manner that would institutionalise it. The police still seize newspapers they don't like The opposition in parliament is treated with contempt Motions tabled for discussion are not even allowed by the speaker to come up. Until people are able to accept that opposition on grounds of principle and see it is not the same as opposition to the person of a leader, I don't think we can begin to talk seriously of democratisation," Olukoshi said.

Even the much vaunted president of Zambia, Frederick Chiluba, who has won praise and loan write-offs from the West, fell into his country's old habit of declaring a state of emergency in March, officially because of a coup plot, but amid growing popular dissatisfaction at a sliding economy

Africa's economic mess will remain a major impediment to democracy taking hold and flourishing. New leaders who cannot deliver better living standards will find a public likely to become as disillusioned with them as with former dictators. But African leaders are being forced to hear the cries for change and some to acknowledge a degree of accountability.

And it is not just the government In Kenya, if any politicians are more disliked than those in government, it is those in opposition, whose bickering allowed Moi to slip back into office They too are learning the lessons of accountability.
— The Guardian News Service

FW bids to woo SADC

Sowetan 2/8/93

■ DIPLOMATIC OFFENSIVE Hostile stance against SA beginning to ease:

By Themba Molefe
Political Correspondent

LUSAKA - President FW De Klerk returned from Zambia yesterday where he successfully launched a diplomatic offensive against economic isolation championed over the decades by South Africa's neighbouring states. (2791A)

And Zambian President Frederick Chiluba also admitted that the Southern African Development Community had failed to loosen South Africa's economic stranglehold on the region.

First official visit

De Klerk - the first National Party Head of State to officially visit Zambia - said last night that South Africa was looking forward to becoming part of the SADC as it was abandoning its hostile stance against Pretoria but pursued economic development and reconstruction

"Socialism, with all its enticing promises has been a dismal failure wherever it was tried The reality is that the economy does not grow from political slogans.

"The challenge which history is throwing down to us - the leaders and peoples of Southern Africa - is to join hands to realise that enormous potential.

Shrinking world economy

"We live in a shrinking and competitive world where countries on all continents are forming economic blocs and associations to improve their chances of economic survival and prosperity," said De Klerk.

He pointed out that 110 million people lived on the African sub-continent.

A guest at the 67th Zambia Agricultural and Commercial Annual Show, De Klerk was received with stately honour. He also inspected the guard of honour at Lusaka international airport to the accompaniment of music by the Zambian Army band.

Chiluba said trade between Zambia and South Africa had been in existence for years and that his country would accept investment "from whatever quarter" to develop Zambia.

Business to benefit from African nod

Sowetan 29/7/93

TRADE LINKS South Africa on verge of being accepted by the continent:

By Mzimkulu Malunga

AS SOUTH AFRICA stands on the threshold of being accepted back into the community of African nations, business looks to be one of the main beneficiaries.

Numerous conferences are being held in this country to inform local business about opportunities on the continent.

Indications are that since February 2 1990 some South African businessmen are learning quickly how business is done in Africa.

Despite the fact that South Africa is not a member of institutions like the Southern African Development Community, the African Development Bank and other relevant economic groupings in Africa, individual businessmen have been making contacts with their counterparts on the rest of the continent.

Additional to regular trips made by officials of the SADC and the Preferential Trade Area, the president of ADB made a low key visit to this country last year.

Officially, these organisations are waiting for a go ahead from the Organisation of African Unity, but individual and company deals are being struck under the table and South Africa's trade volumes with the continent are also increasing.

279A

Increased trade

The South African Foreign Trade Organisation's senior manager for Africa, Mr Paul Runge, says trade with Africa increased By R1 billion last year on the 1991 figure.

What he terms "invisible commerce" has been taking place between local companies and Africa's private sector.

Addressing a conference in Johannesburg early this month, the president of Eastern and Southern African Trade and Development Bank, commonly known as the PTA Bank, Mr Martin Ogang, recognised the fact that they have a lot of transactions between South African business people and those in the PTA region.

He even said the bank had no problem in financing joint venture projects in which South African companies were involved.

Early in September, the biggest business exhibition ever to be held on the African continent, the African Initiative, will take place at Nasrec in Johannesburg.

High-powered delegations from Egypt, Nigeria, Cote d'Ivoire, Kenya, Zimbabwe and Mozambique will be present.

The exhibition will run concurrently with numerous conferences on business opportunities in Africa. One of the highlights of these conferences will be a symposium on business opportunities in war battered Mozambique as it stumbles back to tranquillity.

Senior Mozambican government officials will be there to market their country to South African business.

'Early in September, the biggest business exhibition ever to be held on the African continent, The African Initiative, will take place at Nasrec in Johannesburg'

Customs body to discuss membership

S1 Times

By TERRY BETTY

THE Southern African Customs Union, which includes SA, Namibia, Botswana, Swaziland and Lesotho, is to meet on 17 August to discuss including more members. (BUSS)

Addressing an SA Institute of International Affairs luncheon on Friday, Finance Minister Derek Keys said the union could not expand on the present basis as it would involve making large payments to these countries. 8/8/93

"If you divide the payments we make to the BLNS states into those justifed under a normal customs union, then SA is third in the international league list of donors," he said.

He also said that getting into a free trade area was not viewed with delight by the various industries as this would increase competition.

Keys said SA would make a revised offer to the General Agreement on Tariffs and Trade (GATT) before the end of the month, reducing the number of tariff classifications from 12 000 to 1 000.

The revised offer would be included in the Uruguay Round of talks which should be completed by year-end and come into effect at the beginning of next year. (279A)

Mr Keys expressed confidence that the revised offer would be accepted by SA's major trading partners.

'SA comes off best in customs union'

ST Times (Buss) 22/8/93 279A

By ZILLA EFRAT

SOUTH Africa received an income transfer "probably a good deal more" than R2,7-billion last year from Botswana, Lesotho, Namibia and Swaziland (BLNS) because of this country's high level of import protection.

So says Botswana Vice-president and Minister of Finance and Development Planning Festus Mogae.

He spoke at a meeting of finance ministers of the five members of the Southern African Customs Union (SACU) in Mbabane this week. Discussions focused on restructuring the union.

Mr Mogae says the income transfer should be compared with last year's payments of SACU revenue to the BLNS of R2,9-billion — a figure which includes amounts for past underpayments.

SA's large trade with the BLNS makes it the beneficiary of protection in intra-SACU trade. The trade takes place at prices well above those on world markets because of SACU's common external tariff, which SA alone can modify.

His comments come at a time when many South Africans, including government officials, view SACU as an unaffordable burden on taxpayers and as a price that had to be paid for our neighbours' friendship in the past.

A point of contention has been the large growth in the share of the revenue pool that goes to small SACU members. SA claims to contribute 90% of revenue to the pool.

Mr Mogae says payments to BLNS will be R3,1-billion in the current year, representing 38% of the pool, SA keeping 62%.

Some calculations, however, put SA's share as low as 40% of the R8,5-billion in customs and excise duties generated in SACU.

But Mr Mogae says these calculations deduct some internal transfers SA makes to certain regional authorities within its borders — "a matter solely of concern to SA".

He argues that SA's foreign trade figures exclude trade within the Common Customs Area (CCA).

This conceals the rise in SA's trade with the BLNS states — an increase which has resulted from higher BLNS economic growth which has led to their growing share of the pool.

Mr Mogae says the SACU was renegotiated in 1969 when the Botswana, Lesotho and Swaziland's (BLS) economies were less than 1,5% of CAA total gross domestic product.

The revenue-sharing formula has been unchanged for more than a decade. SA's economy has grown by less than 1% a year in real terms since 1982, BLNS's by 5% annually.

Mr Mogae says BLS GDP growth in the 1980s accounted for more than 16% of the improvement of the CCA's total GDP. Growth of BLS imports also accounted for 25% of the rise in CCA imports.

He says the BLNS's relatively high growth rates have made them increasingly important to SA which runs a large balance-of-trade surplus with them.

The trade surplus was more than R8-billion in 1992, or more than twice SA's overall current account surplus.

Most of the BLNS payments to SA for merchandise imports come from the large BLNS surpluses with the rest of the world.

Mr Mogae says that in 1992 the value of SA exports to the BLNS was equal to more than 70% of its net gold sales and more than twice the value of its trade with the rest of Africa.

He says that since SA's capital account deteriorated in 1985, trade with BLNS has become even more important for it.

OUT OF AFRICA

Call for SA to join SADC

279

MBABANE (Swaziland). — Leaders of the Southern African Development Community ended their annual conference with a call to South Africa to join the group.

"We challenge the people of South Africa that by the time we meet again next year they will have joined SADC," group chairman President Quett Masire of Botswana told the closing ceremony last night.

The SADC — Angola, Botswana, Lesotho, Malawi, Mozambique, Namibia, Swaziland, Tanzania, Zambia and Zimbabwe — was formed 13 years ago to lessen economic dependence on South Africa.

ARG 6/9/93

Vow to halt rebels

ALGIERS. — Algeria's new Prime Minister Redha Malek has vowed to pursue a hardline battle against Muslim fundamentalists seeking a radical Islamic state.

Troubleshooter

KINSHASA (Zaire). — United Nations special envoy Lakhdar Brahimi has returned to Kinshasa for more consultations with political factions. Mr Brahimi, who visited Zaire last month, is charged by UN Secretary-General Boutros Boutros-Ghali with finding a solution to the country's crisis.

Protests planned

ARG 6/9/93

LAGOS (Nigeria). — Pro-democracy activists plan protests to force military-installed head of state Ernest Shonekan to hand over power to the winner of June's annulled presidential election, Moshood Abiola, by October 1.

Fuel strike bid

LAGOS. — Nigeria's unelected interim government, battling for support, has called in the army to break a fuel strike. Pump stations have been dry since tanker drivers refused to take petroleum products from Nigerian National Petroleum Corporation depots.

'A massive economic power'

(2794)

Weekend Argus Foreign Service

LONDON. — South Africa will emerge as the leader of Southern Africa in the post-apartheid era.

And as the boundaries of Africa are redrawn in the next century, South Africa could become a massive new country with great economic powers.

These are the views of renowned Africa expert Ali Mazrui, director of the Institute of Global Cultural Studies at Binghampton University in New York. ARG 11/9/93

Mr Mazrui was invited by The Economist magazine to take a peep into the next 150 years in Africa for a special supplement it has published marking its first 150 years of publication.

He sees much redrawing of the map of Africa as individual countries move towards regionalism and the formation of larger political communities and economic unions.

In this regard, he says, it is quite possible that South Africa will "federate or amalgamate" with Lesotho, Swaziland, Botswana and Namibia into an even larger country ..."

Ivory tusk f...

Retain task force - Kangai

Sowetan

HARARE — Nearly six million tons of food was distributed within the Southern African Development Community to avert the 1992 famine, chairman of the SADC committee of ministers responsible for food, agriculture and natural resources, Mr Kumbirai Kangai, said in Harare yesterday. 14/9/93

He told a four-day SADC drought management workshop that the regional drought task force needed to be maintained in case it needed to be re-activated. — Sapa-Reuter-AFP.

279A

focus on SADC

Sowetan 21/9/93

The widespread view that the SADC is a failure has been rejected by its retiring chief executive in an interview with **Joe Latakgomo** of the *Sowetan* Africa News Service.

2.79A

THE man who was at the helm of the Southern African Development Community for almost a decade says that, contrary to general belief, the organisation has achieved most of its objectives.

Dr Simbarashe (Simba) Makoni, the returing executive secretary, said the SADC had achieved many successes, most importantly the cementing of relationships between member countries and the strengthening of solidarity and confidence in each other.

When the SADC was founded 13 years ago the thought of cooperation with South Africa — at least publicly — was anathema. While many believed that the whole *raison d'etre* for the SADC was to move away from the apartheid state and develop strategies and mechanisms to reduce dependence of Southern African states on the republic, an equally important objective was to promote co-operation and regional development.

After nine years as executive secretary Makoni, a Zimbabwean, left the post at the end of August. His successor, Mr Kaire Mbuende, was named following the recent meeting of heads of state of member countries in Mbabane. Mbuende, who is the deputy minister of agriculture in Namibia, formally takes over the chief executive post on January 1 and Makoni will stay on in a transitionary role until then.

Do not impose

In an interview Makoni said the organisation expected that South Africa would want to join the SADC, "but it is up to them . . . we do not impose membership, and we would not expect anything more from South Africa than we expect from other members".

"However, the South African State will only formally be able to take part when a new national sovereign authority deriving its mandate from the majority is in place.

"Our understanding is that South Africans wish to relate with their neighbours in the region — that they find the mechanisms and arrangements as provided by SADC as being appropriate to their own interests, and so we do expect South Africa will want to join.

"However, while we want South Africa to join, we have not carved out a special role for her when or if she does join — we don't expect anything more from South Africa than we expect from other members of SADC."

Overwhelm

Makoni does not share the view that South Africa's size will overwhelm other countries in the region.

"We don't believe South Africa is too big, or that it is too advanced, or that it is too developed to co-operate meaningfully with us," he said. "This is not to suggest that South Africa is equal to Botswana or Swaziland. But Zimbabwe is not equal to Lesotho, nor is Tanzania equal to Malawi. So factors of imbalances and differences between and among countries will not be coming to SADC for the first time."

"I could have sought another term, but I was exactly nine years in this position... one cannot stay in any place for ever. There is always the danger of being too long in an office, and you begin to stultify the organisation. So I felt the organisation needed fresh leadership"

To deal with these differences, he said, the SADC based its foundation on "the principle of equitable co-operation . . . between countries of different endowments, different capacities and different levels of development, but the bottom line is your country is as much a developing country as any one of us.

Indicators

"The difference is in the quantitative indicators of how many factories you have, that you are producing nuclear bombs, or used to, but essentially we are all developing countries. So we do not have a special role for South Africa, we don't have special expectations of South Africa."

In 1990, South Africa-Zimbabwe trade amounted to R1 million.

Department of Customs and Excise figures show that trade between South Africa and Africa totalled R7,231 billion last year, of which R6,13 billion was South African exports to the continent.

Makoni believes, however, that much has been achieved since the formation of the SADC.

Failures

But Makoni admits there were failures, too. The SADC, he said, was too much of a governmental organisation, and there was a need for people directly affected by political events to become centrally involved.

"The region's most important resource is its people," Makoni said. "They hold intellectual capacities, the skills, expertise and material resources, including finance. That we did not get our people as a whole more involved also circumscribed the extent to which we could deploy our own resources."

The SADC, he said, had to leave government offices so that it could become an organisation of the people — "people in business, people in culture, people in the media, people in politics — then it will be able to execute its mandate better".

Makoni said he was concerned that he was leaving the SADC before the organisation had resolved its relationship with the Preferential Trade Area, which embraces East African as well as Southern African countries.

While PTA secretary Mr Binga wa Mutharika says his organisation will continue to push for a merger with the SADC, the SADC resists because it is seen as being too unwieldy and bureaucratic. In Namibia last year, the SADC voted against the merger.

Leaving the SADC at this crucial time had been a dilemma, he said.

"I could have sought another term, but I was exactly nine years in this position... one cannot stay in any place for ever. There is always the danger of being too long in an office, and you begin to stultify the organisation. So I felt the organisation needed fresh leadership.

"We have laid the foundations, and consolidated the organisation to the extent where it is possible to bring in new people who can bring new perspectives and open up new horizons. I have been in there for nearly a decade, and I believe it is not fair for either the organisation or for myself," he said.

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UN man in Angola slams Unita for holding up aid

ARG 12/10/93

LUANDA. — The UN mediator in Angola criticised the rebel movement Unita for holding up aid flights to war victims and said it should withdraw immediately from land it has seized since losing last year's general election.

"Unita must rapidly accept the legal framework in Angola and immediately withdraw its forces from the zones they occupy," Alioune Blondin Beye said yesterday.

The UN special representative said he had not yet achieved a settlement to end 18 years of civil war in the former Portuguese colony.

He expressed irritation at Unita's failure to accept Angola's 1991 peace agreement and subsequent UN resolutions. Last week Unita said it would accept an updated agreement.

President Jose Eduardo dos Santos said yesterday his government would only agree to resume peace negotiations with Unita if the rebels clearly accepted the accords.

● A bomb was discovered and defused yesterday in the headquarters of Angola's national radio station, informed sources said.

It was the fourth bomb incident in Luanda in the past six months. In September a blast in the central Prenda market killed two women and a child. — Sapa-Reuter-AFP.

'Free society needs a free media'

(279A)

ARG 12 10 93

Argus Africa News Service

MAPUTO. — Countries emerging from totalitarian rule are discovering that a free society cannot exist without freedom of the news media, said an African newspaper editor here.

He was speaking at the opening yesterday of a Southern African journalism centre in Maputo to be run jointly by the 10 member states of the Southern African Development Co-ordination Community (SADC) and the four Nordic countries.

In the keynote address, editor Al Osman of the Financial Weekly of Malawi said there had often been greater freedom of expression under colonial rule.

"Around the world, countries like Malawi that have recently emerged from totalitarian rule are discovering that a free political society cannot exist without free news media," he said.

Obstacles to press freedom included state monopolies over printing presses and the imposition of high newsprint tariffs, Mr Osman said.

"We all know that the real editors of some of the public newspapers in our region are the ministers of information."

OUT OF AFRICA

AFRICA: Luc Montagnier, who discovered the Aids virus, appealed in Paris for financial aid to help stop the epidemic in Africa. "We can't just abandon Africa," the French scientist told a news conference. "We must stop the world from being divided into two zones — one where people are treated the other where things are allowed to degenerate into a catastrophe."

ZIMBABWE: The leader of the opposition Democratic Party, Dr Davison Domo, has called for the immediate disbanding of the country's intelligence service, which he described as the political arm of the ruling Zanu Party.

SWAZILAND: The final round of the first free parliamentary elections in 20 years ended peacefully. Results are due today.

● A strike that closed all four Sun hotels in Swaziland has been ended with a wage agreement.

MALAWI: President Kamuzu Banda is being treated for depression after an operation in Johannesburg to drain excess fluid from his brain.

TANZANIA: President Ali Hassan Mwinyi opened a private bank, ending nearly three decades of state banking monopoly.

Comesa treaty adopted

27911

2/11/93

KAMPALA. — Government ministers from the 13 eastern and southern African nations adopted a treaty yesterday to establish a regional common market, Uganda's industry and commerce minister said.

The treaty, which supporters see as a prelude to an Africa-wide trading bloc, is now ready for signing by heads of state of the Preferential Trade Area (PTA) in Kampala on November 5-6.

"PTA ministers have unanimously adopted the treaty creating a Common Market for Eastern and Southern Africa (Comesa)," Richard Kaijuka said.

"The Comesa treaty is now ready for signing by the heads of PTA states meeting here November 5 to 6," he added.

Lesotho, Malawi, Mauritius, Mozambique, Rwanda, Burundi, Sudan, Swaziland, Tanzania, Uganda, Zambia, Zimbabwe, the Comoros, Ethiopia, Kenya, Somalia, Djibouti and Angola make up the PTA. — Sapa-Reuter

SA welcome at summit

KAMPALA. — African leaders gathering to sign a regional trade pact have demonstrated that they want trade with Pretoria by inviting South Africa to the summit. (279A) ARG 5/11/93

The climax of the summit of the 18-member Preferential Trade Area (PTA) will be the treaty for a Common Market for Eastern and Southern African states by the year 2000.

African leaders ratify common market treaty

27919 CT 6/11/93

KAMPALA. — Leaders from East and Southern Africa yesterday ratified a treaty to create a common market by the year 2000.

The treaty, to be known as the Common Market for Eastern and Southern African States (Comesa) was signed by 15 of the 18 countries forming the Preferential Trade Area (PTA). South Africa, long shunned by black Africa, attended as an observer.

The heads of state also agreed to speed up the lifting of trade barriers before the common market takes off, officials said.

SA asked to join African bloc

CT 8/11/93

(279A)

KAMPALA. — Eastern and Southern African states have asked South Africa to help them boost their sagging economies in a partnership unthinkable until recently.

The 18-nation Preferential Trade Area (PTA), at a summit in the Ugandan capital last week, signed a pact for a regional common market by the year 2000 and asked South Africa to join.

The PTA leaders, breaking with long-standing taboos on having South Africa participate in black African meetings, even invited President F W de Klerk to attend, but he sent his trade representative Mr Stef Naude instead.

Mr Naude said South Africa had not made up its mind on whether to join the bloc, but added: "Trade is rapidly on the increase. I think it is in their interest as well as ours that we join."

PTA secretary-general Mr Bingu wa Mutharika was more forthcoming: "South Africa will be a member of the PTA. That is foregone conclusion, it is not even debatable."

Despite an official boycott against South Africa by its neighbours, officials say trade between South Africa and the rest of the continent amounts to more than R10,4 billion annually.

"This will shoot up rapidly, now that the boycott is over and the rest of the continent is looking to Pretoria for rescue," a UN official said at the summit.

The PTA summit also tackled upheavals in its area such as civil war in Angola, unrest in Burundi and the Somali crisis.

"Peace is paramount. There can be no foreign investment in our area unless peace is maintained," Kenyan President Daniel arap Moi told delegates last week.

● South Africa's neighbours should be cautious about the role of South Africa as a new government could introduce protectionist policies, Lyons Brooke Bond chairman Mr David Long warned at a congress of accountants at Victoria Falls at the weekend.

A new South African government was likely to use a lot of resources to fulfil the aspirations of its people, he said. — Sapa-Reuter

Development bank urges co-operation

(279A)

ABIDJAN. — The African Development Bank says integration of post-apartheid South Africa into the regional economy is likely to boost its neighbours' development. (4) CT 18/12/93

In a statement yesterday, the Ivory Coast-based bank urged more co-operation between southern African states. It said a meeting of heads of the ADB, the Organisation for African Unity and the Economic Commission for Africa in Cairo last week had recommended southern regional projects in many fields. — Sapa-Reuter

SADC member

CT 18/12/93

WINDHOEK. — SA could join the Southern African Development Community within days of the April elections, outgoing SADC executive secretary Simba Makoni said yesterday. — Reuter

(279A)

Exchange rates

SADC : -1994

SADC urged to strive for self-sufficiency

BIDAY 28/11/94

GABORONE — Western donors yesterday urged the 10-nation Southern African Development Community to end dependence on aid and build self-sufficiency.

Canada said at the opening of the SADC's annual consultative conference with its main Western backers that it was time for the organisation "to build itself".

The SADC has largely depended on Western aid since it was formed in 1980 to lessen the dependency of its members on SA.

The organisation groups Angola, Botswana, Zambia, Zimbabwe, Malawi, Tanzania, Mozambique, Namibia, Swaziland and Lesotho. "The SADC, as a regional organisation, must have a clear vision of its role; it must identify its priorities and ensure that it has the capacity to implement them," Canada said in a statement.

The economic bloc has poured billions of dollars into regional programmes over the years, mainly developing transport and telecommunications networks.

But donors, impatient over unfulfilled pledges to move towards self-sufficiency, have substantially reduced aid commitments over the past three years.

A recent SADC fact-finding mission to several key Western donors reported growing donor resistance to keep funding the region and its 87-million people.

"We (donors) are prepared to continue supporting the SADC countries provided there is tangible evidence that the countries themselves are mobilising their own resources on a much larger scale," one Western official told Reuters at the conference.

"We have made this point at some of our meetings (with the SADC). We are not saying there should be no aid, but that it is wrong to depend on it."

(279A)

US Agency for International Development administrator Brian Atwood also emphasised the need for greater self-sufficiency.

He said the emergence of democratic institutions and market economies, and majority rule in SA, provided the SADC with "an opportunity to foster a new southern Africa, free of polarisation, to be built on co-operation, regional self-reliance and interdependence".

The president of the European Union's Council of Ministers, Theodoros Pangalos of Greece, told the conference the union would continue to support the SADC "morally and substantially", but it had to build its own support base.

Pangalos urged the bloc to seek grassroots support to build a common community.

UN Secretary-General Boutros Boutros-Ghali said in a statement read for him by a senior aide that the world should continue providing economic aid to help the SADC achieve sustainable development.

But he said the group had to strengthen its capacity to implement this effort.

Botswana President and SADC chairman Quett Masire, who officially opened the meeting, said there was a need for greater co-ordination. "Recent political and economic events in the international arena have brought home to all of us how inextricably our social and economic destinies are linked to each other," he said. — Sapa-Reuter.

CIPROOD 6/2/94

New role for SA as it joins the SADC

WHILE South Africa's involvement in the regional initiative to end the military violence in Lesotho has enjoyed much publicity following the recent annual conference of the Southern African Development Community in Gaborone, its new relationship with this organisation has far wider implications.

As the dominant regional power, SA as a future SADC member will have to help shoulder Africa's massive burden of poverty and lack of economic development.

The frontline states and the SADC came into existence as part of an effort to reduce Africa's economic dependence on apartheid SA. But the New SA will now become a SADC member and the previous basis for the organisation's existence will disappear. So will the need for states such as Botswana and Zimbabwe to call themselves frontline states.

An inkling of the new responsibilities that SA will have to shoulder was

MONEY TALK

given at the conference when Western donors made a point of linking their aid to the need for the SADC to become economically self-sufficient. Canada bluntly told the 10 member nations that the time has arrived for the SADC to build itself. Billions of dollars have been poured into regional programmes by its backers during the past few years.

However, it was clear that the donor countries are unhappy with the progress made towards self-sufficiency. This is part of the reason why aid has been declining during the past three years. They want to see the region mobilise its own resources to a far greater extent to ensure economic development.

They are looking towards SA to play an important role towards achieving this goal.

Brian Atwood, US Agency for International Development administrator, said the emergence of a democratic SA gave the SADC an opportunity to "foster a new southern Africa, free of polarisation, to be built on co-operation, regional self-reliance and interdependence".

(279A)

Whether SA will be able to play the new role expected of it by the SADC and the international community will depend on various factors, the most important being our capacity to get our own home in order and grow economically.

Secondly, much will depend on the willingness of the other states to co-operate. Past experience shows that they are wary of domination by SA.

Thirdly, the kind of policies will have to be adopted that will attract outside capital.

SA simply does not have the kind of money some of the member states seem to expect us to invest in the region. Our own needs are too great.

Sowetan 17/2/94

Time to forge links with Africa

2799

By Mzimkulu Malunga

■ MUTUAL BENEFIT Open up economies to promote trade:

TIME has come for South Africa to forge bilateral and multilateral economic links with Africa.

This is the view of the executive director of the Africa Institute for Policy Analysis and Economic Integration, Dr Bax Nomvete.

He says economic co-operation between African countries — South Africa included — should be undertaken in such a way that it becomes mutually beneficial to all those involved.

Nomvete's argument emanates from the background of the unimpressive performance of Africa's regional economic groupings.

As a result, he advocates a thorough examination of current trade relations between African countries with the object of identifying areas where countries can open their economies for imports to promote a two-way trade scenario.

One of the difficulties of doing business in Africa is the shortage of foreign exchange and Nomvete says monetary co-operation between this country and the rest of the continent should also be pursued to facilitate trade.

Influx of skilled labour from other African countries should be studied with an object of devising joint strategies aimed at reducing the harmfulness of this labour migration, he says.

Nomvete calls for improved infrastructural links between African countries. Accompanying these connections should be what he terms "cross-border investments" through joint ventures as well as facets like the establishment of a multinationally owned stock exchange.

Also, despite unimpressive performance, he feels South Africa needs to deepen its relationship with African economic groupings such as the Southern African Development Community and the Central African Community.

Urgent fax sent to Buthelezi

279A

From LINDA ENSOR CT 22/2/94

LONDON. — An urgent fax was sent to Inkatha leader Chief Mangosuthu Buthelezi last week by the 140 delegates of the joint assembly of European Parliament and the African/Caribbean/Pacific (ACP) countries, urging him to participate in the forthcoming general election.

The message followed an in-depth debate on South Africa and the Southern African region but had not been replied to by yesterday, an ACP spokesman said.

The assembly condemned the daily massacres of innocent civilians in South Africa and called on the South African government to bring to justice those responsible.

The European Union and its member states were called upon to commit financial, technical and economic resources to assist South Africa's transition to democracy. They were also urged to set up a special fund to provide aid for health care and education for the poorest section of the population.

The delegates stressed the importance of close economic and commercial relations between the EU, South Africa and the existing Southern African Development Co-ordination Conference (SADCC) countries.

Sowetan 25/12/94

As South Africa moves towards democracy, her Southern African neighbours are watching apprehensively, fearful of economic dominance of the region. **Joe Latakgomo** reports for the *Sowetan Africa News Service*:

279A

AFRICAN countries are awaiting South Africa's impending membership of their community with a mixture of hope and fear.

Some, realising that they must achieve some kind of unity if they are to compete in a world increasingly dominated by trade blocs, see South Africa as a touchstone for this unity.

But others fear domination by a South Africa whose economic power dwarfs all others on the continent.

Recent attacks on their own government by Zambian manufacturers seeking protection from "unfair competition" from South Africa and Zimbabwe are indicative of the pressure governments in the region will face once South Africa joins the community of African nations.

Plans for a Common Market for Eastern and Southern Africa, which would involve the joining of 20 countries with a combined population of more than 240 million, were approved at a meeting last November of members of the Preferential Trade Area, which represents 20 countries in East and Southern Africa. Comesa is due to be operational by the year 2000.

At a recent conference in Namibia, Professor Bade Onimonde of Nigeria argued that the integration of South Africa into the region could spread technology, increase Africa's manufacturing capacity, provide skills and encourage entrepreneurship.

But the fear of domination by South Africa is strong in the region, where it is acknowledged that South Africa's vast technological superiority will give it a competitive advantage in exports.

Nairobi Seminar

At a recent seminar in Nairobi the Deputy Director-General of the South African Chamber of Business, Mr RF Haywood, said Africa had to share resources.

"As has been spelt out loud and clear by many leaders ... Africa has to provide a far more united front in order to become a more powerful international competitor," he said.

But even as regional economic barriers are being dismantled in both Europe — the traditional market for African products because of colonial links — and the Americas, African countries have resisted economic co-operation.

The SADC was founded in Lusaka in 1980 with the aims of reducing the region's dependence on apartheid South Africa and boosting intra-regional commerce and investment. However, the founding countries — Angola, Botswana, Lesotho, Malawi, Mozambique, Swaziland, Tanzania, Zambia and Zimbabwe — have all had problems implementing both aims. Their economies have been hit by population growth, poor export earnings, low foreign and domestic investments, drought and, in some cases, civil war.

By 1990, the SADC claimed that half of all its members' trade went through SADC rather than

Ugandan President Yoweri Museveni.

South African ports. Telecommunications, power and transport links had been improved.

But the costs have been substantial, and the benefits few. In reality, countries like Botswana had increased their ties with South Africa. And, largely as a result of civil wars in Mozambique and Angola, 80 percent of the region's trade traffic passed through South African ports by the mid-1980s. Roughly three fifths of Zimbabwe's traffic was going through South Africa, and 90 percent of Malawi's traffic was routed through Durban.

The former executive director of the SADC, Mr Simba Makoni, points out that the organisation was not formed solely to reduce dependence on South Africa. Rather, its formation was based on the inequity of the relationship between countries of the region and their southern neighbour.

"We also record that past dependence of our region on South Africa is not the result of the

‘If we do not act together within our region we shall continue to be the traditional producers of raw materials whose value on the international market will continue to decline’

normal flow of market forces, but a deliberate political policy going back to Cecil Rhodes," he says."What we want is to establish a state of mutually beneficial interdependence."

South Africa's acceptance into the African community could well mean that her relatively large and sophisticated economy would dominate new investment and growth throughout the whole region, pushing SADC into a peripheral role. The SADC has admitted that South Africa is winning the battle to secure markets and trading links in the region.

Ugandan President Yoweri Museveni, as chairman of the PTA, has warned: "If we do not act together within our region we shall continue to be the traditional producers of raw materials whose value on the international market will continue to decline."

But observers like Dr Erich Leistner, former director of the Africa Institute in Pretoria, have warned against South Africa rushing into membership of either the PTA or the SADC as, in his view, it could carry high risks with little benefit.

While the 12-nation European Community trading bloc is a reality, and free trade agreements have been sealed in the Americas and the Pacific Rim, in Africa the abolition of tariffs might only be achieved in the next century because member states are afraid of losing critical customs revenue.

Economic realities may well dictate that countries in the region come to terms with South Africa's dominance. But it will nevertheless remain a bitter political pill for many to swallow.

Denel wares in Singapore

STEPHANE BOTHMA

PRETORIA — Local armaments manufacturer Denel is promoting a distinctly non-military product — the low orbiting Greensat satellite priced between R200m and R900m — at the Asian Aerospace '94 airshow in Singapore.

The Rooivalk attack helicopter developed by Denel is not on show.

At a media conference in Singapore, Denel MD Johan Alberts said his priority was to seek alliances.

"We do not want to only supply products in the region. We have committed ourselves to forming joint ventures with reputable companies."

Denel was looking to the Asia Pacific region to help the company achieve a balanced military and commercial portfolio of products, he said.

Referring to the Rooivalk, which had attracted much attention at the Dubai and Malaysia airshows last year, Alberts said modifications were being made to the helicopter to suit major customers.

Instead, Denel was promoting the Greensat, which was a much cheaper option than similar available systems in the market.

New farm produce marketing plan

BDay 25/2/94

STEPHANE BOTHMA

PRETORIA — A single agricultural marketing policy, which would serve and provide market access to the commercial and developing agricultural sectors, had been endorsed by Cabinet in principle, Agriculture Minister Kraai van Niekerk said yesterday.

But the future existence of single-channel marketing schemes and boards had not been ruled out.

Agricultural marketing had to be structured to prevent interference with market forces and to restrict state interference, Van Niekerk told the Agrocon '94 conference held at the CSIR.

He said he supported recommendations by the agricultural marketing policy evaluation committee that marketing policy be reformed.

The guidelines drawn up by the committee were significant in the light of the changing political, economic and social environment in which agriculture would have to operate.

He had submitted the committee's report to Cabinet and it had, in principle, endorsed the report's framework and guidelines.

The committee had recommended one agricultural marketing policy for SA, in line with the market-driven national economic policy.

Although the Bill of Rights provided for the right to take part in economic activity without constraint, it did not prohibit measures to improve quality of life, economic growth and human development, Van Niekerk said.

For these and other reasons it was possible to justify limited state intervention, and single-channel marketing schemes and boards had therefore not been ruled out.

Van Niekerk said he supported the restructuring of the National Marketing Council if marketing regulations were transparent, were supported by affected parties and were applied without political interference.

The committee had recommended that the National Marketing Council represent commercial and developing agricultural producers, trade and industry and the consumer. This would enable the council to ensure marketing regulations and statutory levies were fairly applied.

Van Niekerk said SA was prepared for open world markets brought about by the successful completion of the Uruguay Round of GATT.

Although SA had had to make certain concessions to take part in a more disciplined international trade environment, the long-term benefits far outweighed short-term disadvantages, he said.

The Uruguay Round implied a levelling of the playing fields. An increase in world prices of most agricultural products was expected. "This will strengthen the comparative advantages of SA products internationally and domestically."

'Caution' on regional trade membership

BDay 25/2/94

ADRIAN HADLAND

PRETORIA — SA should be cautious about which regional trade organisations it joined and what kind of regional trade policy it pursued, Sacob economic policy director Ben van Rensburg said yesterday at the Agrocon '94 conference.

The drawbacks as well as the benefits of different approaches in regional co-operation should be carefully considered.

"A reality is that trading patterns in sub-Saharan Africa do not point to major gains from the creation of regional trade blocs," he said. This was underscored by the fact that internal regional trade was less than 5% of the region's international trade.

Major political obstacles existed between member countries of the Preferential Trade Agreement and the Southern African Development Community. These obstacles could be seen to be thwarting the development of the region.

Van Rensburg said the trade agreement focused on the promotion of trade through the reduction of tariffs, whereas the development community had the more ambitious goal of developing production in a more co-ordinated manner.

The results achieved by both organisations had been dismal — inter-regional trade had fallen from 5,6% in the early 1980s to 4,6% by the end of that decade.

Van Rensburg questioned whether either organisation was an appropriate vehicle for SA's attempt to normalise trade and economic relations.

He said the obvious discrepancy in levels of economic and infrastructural development between SA and the rest of the sub-continent could prove harmful to attempts at regional integration. Regional co-operation could be a preferable first step.

The answer could lie in the creation of a council of southern African leaders, similar to the OECD, which would meet annually to plan a programme of co-operation toward the upliftment of the regional economy and pinpoint priorities for infrastructural improvements.

Improved links with Europe, which was SA's most important trading and investment partner, should also be considered.

The strengthening of SA's ties with Europe "could be the key to opening the door to a prosperous future for southern Africa," Van Rensburg said.

Initiative forged on regional trade unity

CT 4/3/94 (279A)

By ARI JACOBSON

THE southern African region moved a step closer towards a common market yesterday with academics and economic representatives at a regional conference voting unanimously to form a task force to work on unifying the area.

The conference being held at UCT's Graduate School of Business' Breakwater Lodge, has brought together 15 economic representatives from the Southern and East African region aimed at developing a strategy towards effective regional integration and trade support.

Previous attempts at regional co-operation did exactly the opposite with economic trade in the region, having shown a marked decline. The move towards co-operation had come via the Preferential Trade Area (PTA) and the Southern African Development Community (SADC) — both of which excluded SA.

The one success story, the SA Customs Union (SACU), included SA and the neighbouring areas of Botswana, Namibia, Lesotho and Swaziland.

The delegates decided that co-chairman of the conference and executive director of the Africa Institute for Policy Analysis and Economic Integration (AIPA), Professor Bax Novete, and University of Natal's Economic Research Unit Professor Gavin Maasdorp, would select this task force.

The task force, in turn, would select work committees which would tackle issues ranging from the feasibility of regional integration and co-operation, to the rationalisation of the current three Southern African trade unions and the possibility of a monetary union.

The selected task force would meet in six months time in Durban, to report on the findings.

Nomvete added that "Gavin Maasdorp and I will be consulting with government, business and trade unions in the various countries, in the near future, to canvas views on regional issues".

Mozambique's representative, Ruy Baltazar of Maputo's Eduardo Mondlane University, pointed out the importance of internal acceptance of co-operation saying that in Mozambique "trade between provinces has also been restricted".

Cask prco

Customs union revisions may affect SA trade policy

B/Day 9/3/94

Reports by
ADRIAN HADLAND

GABORONE — Wide-ranging changes to the Southern African Customs Union agreement, which will have significant implications for SA trade policy, are likely after the elections.

The Botswana government has been requested to call a meeting of regional trade ministers so negotiations on revising the agreement can start "as soon as possible".

New aspects of the agreement, which have been proposed by a customs union workshop held in Gaborone this week, include the framing of a new competition policy for the region, a collective labour strategy, harmonisation of strategies for industrialisation as well as consideration of exchange rate mechanisms and monetary policies.

Alterations are also likely to be made to the revenue-sharing procedures and ratios of the customs union agreement.

A new "uniform competition policy" would have to aim at providing unrestricted access to SA markets for products from Botswana, Lesotho, Namibia and Swaziland (BLNS), the workshop's final plenary session yesterday recommended. (279A)

"Producers in the BLNS countries are discouraged from the SA market by a variety of non-tariff barriers deriving from regulations in force in SA, aggressive counteraction by SA concerns and certain articles in the customs union treaty," a Development Bank of SA report to the workshop stated.

Guarantees would have to be given, however, that relocation incentives would not be offered by neighbouring countries as these could undermine the new policy.

A collective labour strategy for the region, aimed at freeing the movement of labour and capital and dealing with the issue of minimum wages, would also have to be considered as a possible new clause in the customs union agreement.

The workshop, which included representatives from regional governments (although no official SA government member was present), nongovernmental organisations, the Development Bank, academics and policy groups, the Transitional Executive Council, Cosatu and the ANC, called for parallel discussions on monetary policies and exchange rate issues in the Common Monetary Area.

All governments involved in the customs union would be required to present position papers at the post-election Council for Ministers meeting and time frames for the revision of the agreement are likely to be set.

National Institute of Economic Planning head Max Sisulu, said the first steps had been taken towards shaping new trade relations.

BUSINESS DAY, Wednesday, March 9 1994

274A

TEC to be asked to investigate

GABORONE — The TEC will be asked to examine SA's role in the Southern African Customs Union ahead of a renegotiation of the union agreement.

Botswana, Lesotho, Swaziland and Namibia have indicated they are unhappy with several aspects of the agreement, which was drawn up in 1969 and amended in 1977.

The agreement provides for a common external tariff, duty-free movement of goods, and the creation of a revenue pool derived from import levies and shared by member countries according to their contributions to total regional imports.

TEC finance subcouncil co-chairman Tito Mboweni said the drawing up of a new customs union agreement was considered essential by SA's neighbours and therefore merited serious deliberation in the interests of improved regional relations.

Mboweni said he would recommend the TEC establish a technical group to look into SA's position regarding the customs union and come up with provisional proposals.

"We must move fast and purposefully to define SA's agenda in this regard."

The historical assistance provided by the union's member states towards democratisation in SA was likely to encourage a sympathetic outlook towards renegotiating the agreement from a government of national unity, he said.

But this would not mean SA would be a pushover in the tough negotiations ahead.

"We won't give up. Each member, after all, will be pursuing its own national economic interest," Mboweni said.

Paving way towards an economic union in SA

BRUCE CAMERON
Business Editor

■ Southern African states are inching towards the formation of an economic union that could provide a huge economic stimulus to the region while providing tougher bargaining power on the international stage.

ARG 19/3/94 (279A)

FIRST steps towards setting up a Southern African economic union could be taken within months of the elections.

But bankers, including representatives of eight central banks from the region, concluded at a conference in Somerset West this week that there is a long and difficult road ahead to achieve the open borders of a common market.

The bankers, including Reserve Bank Governor Chris Stals, are convinced that an economic union with synchronised macro economic policies and unobstructed trade are a necessity to get the region on the move.

However, they could not reach agreement on which existing bodies should be merged or scrapped.

The bodies include the two dominated by South Africa — the (Rand) Common Monetary Area and the Customs Union — and the Preferential Trade Agreement and SADC (which exclude South Africa).

The whole process of moving towards a common market is, however, being held up by the election process in South Africa. Only when a new representative government is installed will progress be possible.

Once a new government is installed the bankers said formal negotiating structures would be established rapidly.

There was concern at the conference that South Africa, with its comparative economic might could dominate the area, drawing investment and greater wealth at a cost to neighbouring countries.

Conference convenor and London-based financial consultant David Hodgson said at the end of the conference the bankers felt that, although, the formation of a single body was not immediately possible countries should move towards a common market on the basis of bilateral or multilateral agreements.

"It should also be a multi-speed process so that different countries could develop within the bloc at a rate that suited them. This would provide flexibility."

This had happened with the creation of the European Community.

It was agreed by the bankers that the economically weaker countries should have some type of subsidy from the richer countries.

The bankers concluded economic union should concentrate on:

■ Trade flows.
■ Development of infrastructure.
■ Harmonisation of monetary policies.
■ Co-ordination of regulation of banking activities.
■ Investment flows and aid within the region.
■ Labour flows within the region.
■ Rationalisation in areas such as energy, transport, telecommunications, education and training, and research and development. The intention would be to create centres of excellence in the various countries while saving on duplicating services such as airlines or research and development.

Mr Hogdson said it was important early projects should be in areas where there would be "an early payoff so that the politicians can see early dividends".

Such areas would include investment in infrastructure and tourism.

The bankers it was essential to create the right environment to enable the regional co-operation to work. The factors included:

■ The abolition of exchange controls.
■ The scrapping of customs barriers in the region.
■ Ensuring fiscal discipline by individual governments, and
■ The creation of a stable banking system which must assist in the provision of venture capital for the semi-formal sector to make job creation effective.

BUSINESS

Surge towards free trade zone forecast

BDay 24/8/94

AMANDA VERMEULEN

THE establishment of a powerful regional economic zone in southern Africa would gain momentum provided the transition in SA after the elections was reasonably stable and free of violence, Zimbabwe Trade and Industry Secretary Kelebert Nkomani said last week in Harare.

Negotiations to incorporate SA into the Preferential Trade Agreement would begin after a new SA government was in place.

(279A)

"We believe it is in SA's interests to be part of a regional structure. If the elections destabilise the country, it would be a serious setback for the entire region as SA has the most secure transport route, the biggest capacity and the most efficient systems and management in Africa."

Zimbabwe trading company Zimtrade CE Morrison Sifelani said a trade agreement between Zimbabwe and SA would be a priority after the elections.

"Both countries must free themselves from the past and achieve a free enterprise market with private sector involvement and little government intervention. While Zimbabwe sympathises with the future SA government's need to solve the unemployment crisis, it is vital to foster a market-driven economy," he said.

A trade agreement with SA should facilitate free cross-border investment and the unrestricted movement of revenue. He advocated a double taxation treaty.

Sifelani also said SA should reassess its position on the customs union and make the necessary changes to help establish a new regional customs agreement.

The unpredictability of the political situation in SA was of serious concern to all southern African countries, he said.

"The worst case scenario would be a right-wing insurrection, which would almost certainly impede the push towards a regional economic structure. The media can play an important role by promoting the positive aspects, and should concentrate on the region's similarities rather than its differences."

Zimbabwe Transport and Energy Minister Dennis Norman said the department was holding informal discussions with SA on forming a regional energy network.

"By 2003, SA's resources will not be able to meet its energy demands, so both countries are negotiating an agreement to provide the entire region with a common power base. In less than 15 years, a regional structure could be in place, supplying the subcontinent with all its energy requirements, " he said.

The Zimbabwean government had also held informal discussions with the ANC in anticipation of the party winning the elections.

The government was co-operating with SA over transport arrangements with a view to establishing a sub-Saharan trading bloc, he said.

"All the countries in the subcontinent have to replace nationalism with regionalism to exploit the enormous resources the region has to offer. If they do not follow worldwide trends in places like Europe, North America and the South Pacific, they will be swamped and dictated to by these powerful economic communities."

Tourism aiming for R10bn a year

GERALD REILLY

PRETORIA — SA's biggest international tourism promotion — the multimillion-rand Explore SA 1995 — will be launched at this year's Indaba Fair which opens in Durban on May 8.

Satour's chief director promotions Ernie Heath said that by 1999 the country could be earning up to R10bn a year in foreign exchange if the promotion succeeded in attracting more than a million foreign visitors to SA in that year.

Satour and organisations associated with tourism would spend more than R25m in established tourism markets as well as in markets which at this stage were untapped.

In the past few years, he said, tourism had been hampered by factors such as the Gulf war, the worldwide recession and unemployment and unrest inside SA.

However, the success of the tourism fair would hinge on the performance of the next government, on its success in bringing violence and unrest under reasonable control and in tourism facilities being steadily upgraded to keep pace with the demands and expectations of foreign visitors.

Major drive to promote SA

B/Day

AMANDA VERMEULEN

TOURISM is the fourth-fastest growing industry in SA and all efforts should be made to promote the country to foreign visitors, says Southern African Tourism and Safari Association (Satsa) executive director Patrick Barta.

Satsa, a non-profit private sector-funded body, is launching a major campaign to convey its new slogan "Tourism Works", in conjunction with Satour's new awareness campaign launched in January.

"We need to convey to all South Africans the negative effects of violence and the benefits increased tourism will have for the economy," said Barta.

The importance of tourism needed to be taught at grassroots levels, beginning at schools and also through community organisations. "One in 10 people in this country is connected directly or indirectly with tourism. It is essential it is taken seriously in the new SA." 28/3/94

He said Satsa, which represented all the major players in the industry, was marketing SA abroad at trade shows and workshops. Workshops in Delhi, Bombay and Bangalore were planned for August, and Australia, South America, Singapore, Beijing, Egypt and Dubai were being considered as marketing opportunities.

Barta said Satsa would attempt to formulate a policy on tourism to encompass the next decade at its annual general meeting in June.

"Tourism is becoming more affordable and attracting more people.

"The industry will grow enormously over the next few years and with the added impact of the Cape Town Olympic Games bid, it could become the most significant sector in the economy."

'SA unable to act as engine for growth'

HARARE — A post-apartheid SA does not have the capacity to be an engine for growth in the region, says SA Development Community (SADC) executive secretary Kaire Mbuende. B/Day

He told a political and economic seminar that a democratic SA would be preoccupied with its internal problems and would not play a significant role in promoting growth in the region. 28/3/94

"I do not believe SA has the capacity to be the locomotive for growth in the region.

"It has its own problems. It will have to clear its educational and housing backlog for the majority of blacks and that is an enormous challenge."

He said SA's wealth was not as strong as it appeared.

"Its resources are concentrated in the military and a few rich," Mbuende said, adding that SA's per capita income was nearly the same as that of Namibia and Botswana. (279A)

Fears had been raised in economic circles that a democratic SA would swamp the region with its products and kill the local industry.

Mbuende said although SA had a high technological base, it was a high cost producer, making its products uncompetitive in the region. "If SA opens up, products from Zimbabwe, Zambia and Namibia can compete in that country."

□ The SADC and the European Union have agreed after three years of talks on the terms of a Z$80m animal disease control project in five SADC countries.

The EU offered the funds in 1991, but withheld them when the SADC engaged a consultant whose methods of implementing the project were not acceptable to it.

"Late last year we agreed on the issue of including other animal diseases in the project and this cleared the way for the disbursement of the money which should be fairly soon," said Mbuende.

The funds would purchase disease control equipment and game fencing to control the movement of buffalo, an endemic carrier of foot and mouth disease. — Sapa.

SA's much vaunted role as the engine for econ growth

Harare to boost all SA links

Star 5/5/94

BY ROBIN DREW
STAR AFRICA SERVICE

Harare — Zimbabwe is to adopt a policy of intensive engagement with South Africa, stressing closer co-operation at all levels including trade, tourism, energy, education, transport and defence.

Foreign Affairs Minister Dr Nathan Shamuyarira said yesterday that this new approach away from disengagement meant that relations between Harare and Pretoria would have to be strengthened in the post-apartheid era.

He ruled out the possibility of the regional bloc, the Southern African Development Community, being absorbed into the Southern African Customs Union.

He said Zimbabwe wanted to see South Africa playing a greater role in regional economic integration.

(2797)

There could be problems determining South Africa's place in the bloc of countries grouped together under the Lome Conventions to give them preferential access to European markets.

Some European states view South Africa as a semi-industrialised nation and want it to have limited membership.

Regional unity 'dream'

(279A)

NAIROBI. — Business leaders in Africa said yesterday that regional integration was a dream that would be hard to realise because of mutual suspicion, poverty and lack of political commitment.

CT 13/5/94

African leaders were too obsessed with the independence of small sovereign states to care about regional progress, they said at a seminar.

Development Bank of Southern Africa CE Andre la Grange said SA would not seek to immediately join trade blocs, but wanted to enter into bilateral agreements with neighbouring states to foster common goals.

Mugabe warns SA on textile tariffs

CT. 20/5/94

(279A)

From LINDA ENSOR

LONDON. — The most pressing issue bedevilling Zimbabwe's relationship with SA was the high tariffs imposed on Zimbabwean textile exports, an issue which would have to be addressed if SA was to join Southern African economic associations, state president Robert Mugabe indicated yesterday.

Mugabe is on an official state visit to Britain and gave a press conference at a Confederation of British Industry conference on investment opportunities in Zimbabwe

So pressing was the problem of high tariffs which made Zimbabwean textiles uncompetitive on the SA market, that Mugabe raised the issue with Nelson Mandela while in SA for the presidential inauguration.

"At the moment SA is very closely guarded in respect of its textile products. They are guarding the market quite jealously because of a flood of dumped goods from the Far East, South Korea, Taiwan, Hong Kong and other countries."

This was the reason for the heavy duty imposed on Zimbabwean textiles, Mugabe said.

If SA joined COMESA and SADCC, it would have to abide with the regulations of those organisations to facilitate trade. "We want to remove tariff barriers altogether by the year 2030 to promote trade in the region."

Mugabe said SA's participation in these organisations would enhance markets and lend weight to them. He hoped that SA would lay its comparative advantages in the areas of quality and technology at the disposal of its neighbours.

Britain's Board of Trade president Michael Heseltine also emphasised that the most effective form of regional cooperation at this stage could be the removal of trade barriers and the simplification of border controls to encourage the free flow of trade within Southern Africa. SA had a key role to play in Southern Africa, he added.

On the issue of investment, Zimbabwe enjoyed certain advantages over SA, Mugabe said.

"We pride ourselves on a much higher level of education amongst blacks than in SA and amongst blacks we also have a higher level of skills."

Cereal harvest drop expected

BDay 23/5/94

HARARE — This season's cereal harvests in most of southern Africa, excluding SA, would be at least 15% below expectations, the Southern African Development Community said.

The SADC food security unit attributed the fall to sporadic summer rains. It said 3,62-million tons of cereals might have to be imported, against 2,97-million in the previous season.

The SADC predicted a total 1993/94 season cereal harvest for the 10 countries in the regional economic grouping (of which SA is not a member) of 9,95-million tons, against 11,65-million in the previous season. — Sapa.

(279A)

Group to invite SA to join 2719A

GABORONE. — The 10-member Southern African Development Community (SADC) is to invite South Africa to join the economic grouping, it was announced here. ARG 26/5/94

SADC executive secretary Kaire Mbuende told journalists he would deliver a letter to President Nelson Mandela this week inviting South Africa to apply to become SADC's eleventh member.

SADC, comprising Angola, Botswana, Lesotho, Malawi, Mozambique, Namibia, Swaziland, Tanzania, Zambia and Zimbabwe, was formed as a "co-operation conference" 13 years ago in a bid to counter the economic influence of South Africa's former apartheid regime in the Southern Africa region. — Sapa-AFP.

South Africa expected to join SADC in August

ARG 30/5/94 (279A)

JOHANNESBURG. — South Africa's membership of the Southern African Development Community (SADC) will bring problems as well as benefits for the founder nations.

South Africa is expected to join the SADC at the group's annual summit in the Tanzanian town of Arusha in August.

"There will be challenges and problems, but we think the benefits should outweigh the problems," said SADC spokesman Kgosinkwe Moesi.

"For one thing it will mean now that the whole region is on the road to integration. It has been moving at half speed because not all the countries were there," he said in the Botswana capital Gaborone.

The SADC was originally formed as the Southern African Development Coordination Committee (SADCC) in 1980 by nine "frontline" states — Namibia joined on independence in 1990 — to lessen economic dependence on South Africa.

The other SADC members are Lesotho, Swaziland, Botswana, Zimbabwe, Zambia, Mozambique, Angola, Malawi and Tanzania — most of which claimed to be victims of Pretoria's destabilisation policies.

They succeeded in fostering sanctions that eventually helped bring black majority rule to South Africa, but they failed to loosen economic ties with the continent's southern powerhouse.

There has been considerable debate within the group over South Africa's membership.

Fears have been expressed of being swamped by the economy of a country that has a gross domestic product more than three times that of the other 10 combined.

"If we are not careful South Africa will continue to dominate the region, but you must also bear in mind that with the SADC approach to integration, the interests of the weaker countries will be taken care of," said Mr Moesi.

Regional officials said Western donors preferred to provide aid for infrastructural development on a region-wide basis, rather than to individual countries. Donors had also indicated a democratic South Africa should be a part of the region.

South African Trade and Industry Minister Trevor Manuel said it was unacceptable to have an "island of prosperity" south of the Limpopo river and there was a need to stimulate economies throughout the region. — Sapa-Reuter.

Development horizons widening

Star 30/5/94

Cape Town — SA will join the Southern African Development Community (SADC), probably when the group holds its next summit meeting in August, says Trade and Industry Minister Trevor Manuel.

He said on Friday the SADC would extend an invitation to South Africa to become the 11th member of the group when President Nelson Mandela met a delegation in Cape Town.

"SADC is fairly high on our agenda. There will have to be a formal accession and I think the first opportunity may be around August, when there is a summit scheduled," said Manuel.

SADC was founded in 1980 as the Southern African Development Co-ordination Conference (SADCC), specifically to counter South African destabilisation activities and to promote economic independence.

(279A)

It was politically successful in fostering sanctions against Pretoria's apartheid policies, but had only limited success in its economic aims, with its members remaining heavily dependent on South Africa.

SADC groups Angola, Botswana, Lesotho, Malawi, Mozambique, Namibia, Swaziland, Tanzania, Zambia and Zimbabwe. Its next summit is due to be held in Arusha, Tanzania, in August.

Manuel said South Africa would seek to co-operate with its neighbours to promote economic growth across the region, partly out of an obligation arising from years of damaging destabilisation and partly out of self-interest.

"Clearly, we can't act in a way that would continue that tradition (of destabilisation). In fact, we owe southern Africa a considerable amount.

"We are saying that any notion that you can have this island of prosperity south of Limpopo at the complete expense of whatever exists north of the Limpopo is a non-starter," he said.

"You have got to stimulate economies across the region," he said, adding that any transfer of potential growth to a neighbour would constitute an investment in region stability.

Manuel said he would promote a rationalisation of the economic organisations active in the region.

"One difficulty is that you have a plethora of organisations across southern Africa. One of the objectives I would like to see in this regard is a move to fewer organisations.

"We will certainly take the initiative, but it's not going to be unilateral stuff. It may be more protracted than we would like," he said. — Reuter.

SA 'mixed blessing' for SADC

B/Day 30/5/94

SA's membership of the SADC will bring problems as well as benefits for the 10 nations that founded the group to break economic dependence on Pretoria.

SA is expected to join the SADC at its annual summit in the Tanzanian town of Arusha in late August.

"In the end we think the benefits should outweigh the problems," said SADC spokesman Kgosinkwe Moesi. "For one thing, it will mean that the whole region is on the road to integration."

The SADC was originally formed in 1980 by nine Frontline states to lessen economic dependence on apartheid SA.

They succeeded in their objective of fostering sanctions that eventually helped bring black majority rule to SA. But they basically failed to loosen economic ties with the continent's southern powerhouse.

Fears have been expressed within the SADC of being swamped by the economy of a country that has a GDP more than three times that of the other 10 combined.

"But with the SADC approach to integration, the interests of the weaker countries will be taken care of," Moesi said.

There are still a number of unanswered questions, including SA's relations with the 21-nation Preferential Trade Area of Eastern and Southern Africa — the SADC's main economic rival but to which most SADC countries also belong.

279A

SA Trade and Industry Minister Trevor Manuel said it was unacceptable to have an "island of prosperity" south of the Limpopo river and there was a need to stimulate economies throughout the region.

Regional analysts said President Nelson Mandela's ANC felt a debt of gratitude to neighbouring black states. But they also noted it was against Pretoria's own interests to have a poor region in which a relatively prosperous SA could be swamped by a massive influx.

Manuel indicated that SA foresaw some restructuring in the region, with a possible hint on relations with the preferential trade group when he spoke of "a plethora of organisations across southern Africa". — Sapa-Reuter.

ECONOMIC SUMMIT

Africa needs a common market, says Mandela

ARG 10/6/94

279A

10/6/91/278

Political Correspondent CLIVE SAWYER reports on the first day of the World Economic Forum summit at the Mount Nelson Hotel.

AN African common market should be set up, President Mandela told the World Economic Forum.

This was a long-term goal, while in the short term regional economic integration was needed for reconstruction and development in the entire southern African region.

The World Economic Forum is hosting a two-day session in Cape Town to bring together government policy-makers, other southern African heads of state, and business leaders from 40 countries.

Partners in the region had to create an economic environment which would attract investment and benefit ordinary people, Mr Mandela said.

Issues to be addressed jointly included providing employment, shelter, food, health, education and training for 100 million people on a sustainable basis, and balancing goals and resources.

He said southern Africa should avoid economic and financial arrangements "including the debt-trap" which would erode countries' sovereignty.

South Africa committed itself to combating "Afro-pessimism," the loss of confidence in the continent's capacity to overcome underdevelopment and declining standards.

People should remember that 20 years ago today's Asian economic powerhouses were written off as hopeless, he said.

"Democratic South Africa enters this new partnership as one player among many.

"We harbour no desire to be the dominant partner, for the region and South Africa would lose in the long run."

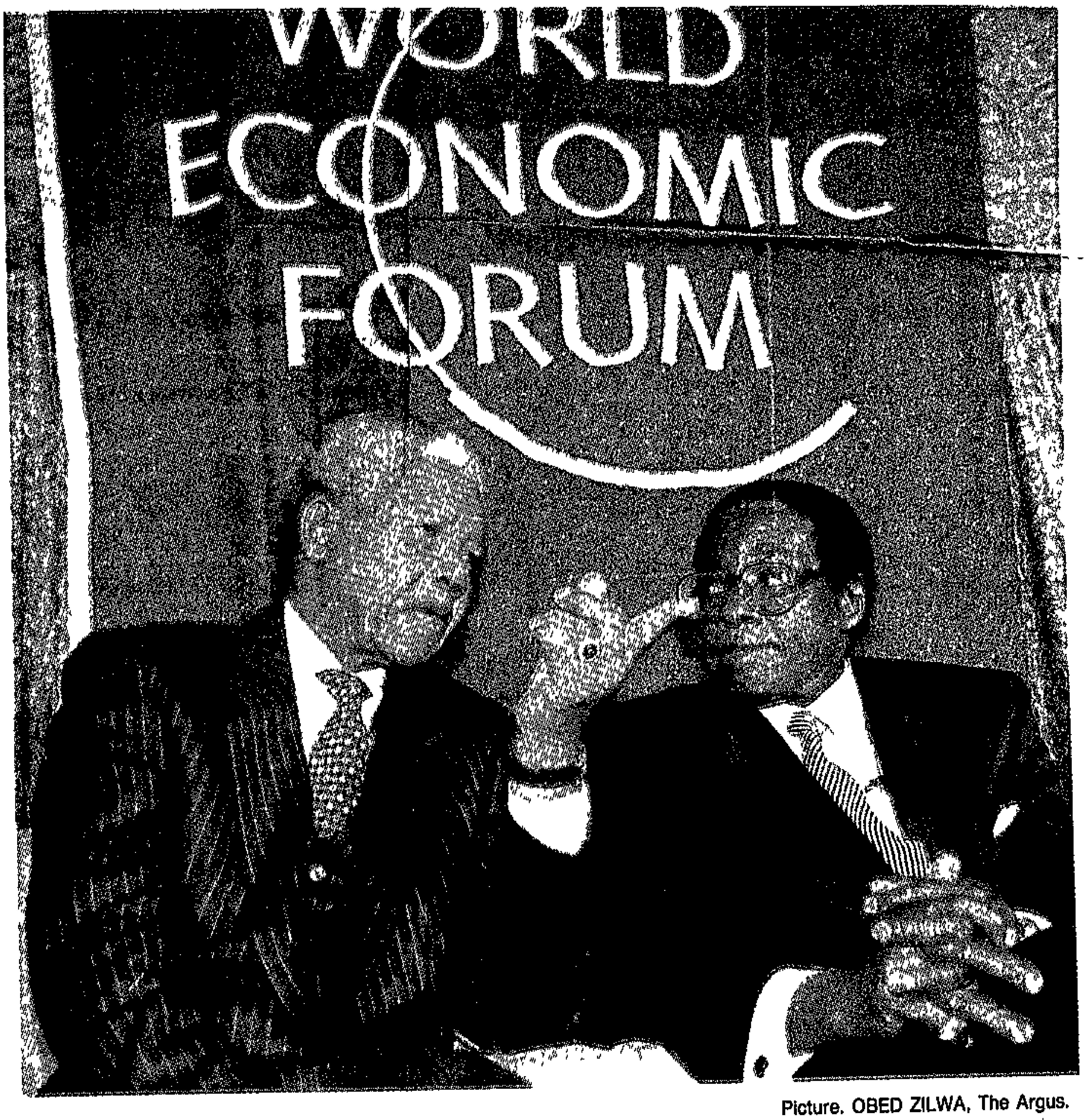
South Africa could not become the regional benefactor because it lacked the capacity, he said.

The country would join its partners in ensuring goods mined, harvested and manufactured in the region were internationally competitive.

This would be done by the government in partnership with business houses, trade unions and other bodies of civil society, Mr Mandela said.

"We are confident South Africa will soon achieve the rates of growth necessary to meet our objectives."

Gross domestic product growth was on the upswing, which would benefit South Africa and the region.



Picture. OBED ZILWA, The Argus.

PARTNERS: President Nelson Mandela in debate with Zimbabwean president Robert Mugabe at the World Economic Forum southern African summit. With South Africa emerging as the potential regional strongman, Zimbabwe is among neighbouring states hoping to benefit — while fearing economic domination.

Commission for Truth 'no Nuremberg'

10/6/91/278

President tight-lipped on Budget

DELEGATES at the summit who hoped for a glimpse of South Africa's first post-apartheid Budget were disappointed.

Replying to a question from an Indian businessman about whether privatisation would be given any priority, President Mandela declined to take delegates into his confidence about the Budget.

Instead he traced the economic history of South Africa, the legacy of which was the concentration of wealth in white hands.

Eradicating apartheid in the economy could take some time, he said.

But with "democratic forces" in power, the opportunity had arrived for each person to develop to their full potential.

The reconstruction and development policy had been welcomed by every parliamentary political leader, and had been adopted by all South Africans as their own.

The RDP was the "trump card" of the democratic movement, Mr Mandela said.

THE Truth Commission would not be a Nuremberg trial, President Mandela said.

He said Minister of Justice Dullah Omar had married two aims by titling the body the Commission for Truth and Reconciliation.

When liberation struggle veterans had returned to South Africa and sought indemnity, they had been told by the previous government to state specifically for which crimes they required it.

It was even-handed to require the same of those who had committed crimes in defence of apartheid.

Revelation of the truth was the only way to heal wounds and pave the way to national reconciliation.

But the commission was not a repeat of the trials of Nazi war criminals by Allied victors after World War 2, which resulted in executions, suicides, and jail terms.

The aim was not retribution: "We want to know what we are indemnifying people for".

"People who merely committed offences believing they were fulfilling political duties are on the same level as those granted indemnity," Mr Mandela said.

But those who had planned murders of innocent people would be treated differently, he said.

10/9/91 274

Warning to Lesotho rebels

FURTHER steps to bring stability to Lesotho will be considered if rebels fail to respond to an ultimatum by the frontline states, President Mandela said.

But South Africa would do all it could to bring stability to Lesotho while strenuously avoiding the use of force, he said.

Law and order in the mountain kingdom had collapsed completely and its government was hostage to lawless and dissident elements. This disorder could spill over its borders.

South Africa's foreign policy would be guided by the desire to promote peace.

"We are members of the United Nations, whose charter makes the promotion of peace paramount."

The UN, Commonwealth, frontline states and Organisation of African Unity were being consulted on steps to bring order to Lesotho.

Mr Mandela said further steps would be considered if dissidents failed to respond to the ultimatum to refrain from undermining the legitimate government.

"If they agree to conditions for peace, we shall be relieved."

Frontline presidents hope for SA titan uplifting its neighbours . . .

PRESIDENTS of Frontline states have made a strong plea for South African businesses to invest in their countries.

Heads of state Robert Mugabe of Zimbabwe, Joaquim Chissano of Mozambique and Ali Hassan Mwinyi of Tanzania made the call on the first day of the summit yesterday.

Addressing the topic *What does the region expect from the new South Africa?* the presidents made clear their hopes of South Africa becoming an economic titan, uplifting its neighbours.

Mr Chissano, tracing the history of relations, said Mozambicans had come to South Africa to work on its mines and so helped develop the country.

In the past, the people of both countries had shared suffering as apartheid was married to colonialism.

Now democratisation would bring a new framework of co-operation in the region.

"We expect South Africa to help us attract investment for the whole region," he said.

Sharing of technology and resources would benefit both countries.

"We encourage South African businesses to come to Mozambique to the benefit of the two countries.

"We shall seek a joint share of investment which may be mobilised from overseas."

Mr Mugabe said there were many historical links between Zimbabwe and South Africa.

He warned that his country would not accept any "bullying" from an economically powerful South Africa.

Mr Mugabe said his country needed a South Africa that was peaceful and politically stable and would be a partner economically and in development.

Mr Mwinyi said Tanzania expected nothing as a reward for its role in contributing to freedom in South Africa "but now that South Africa is free we would like to see its economy developing and developing fast".

Tanzania was rich in natural resources, but needed capital and expertise.

"South Africa's economy is 25 times larger than that of Tanzania and because of that we would not like to see our relations being that of trading partners, because if we start trading Tanzania will end up being only a receiver of trade goods, and we have very little to offer."

Mr Mwinyi said he would prefer to see South African companies investing in Tanzanian manufacturing, mining and agriculture.

Mr Mandela said the size of South Africa's economy made it possible it would dominate the region, but his government was sincere in its efforts to allay the fears of frontline states.

The country's economic advantages could raise the standards of living of the entire region.

"I have told foreign investors and heads of state that investing in South Africa means helping 120 million people in this region," Mr Mandela said.

'Black man of the century'

PRESIDENT Mandela was hailed as "black man of the century" at the summit.

The secretary-general of the African Business Round Table, Nigerian Esom Alintah presented Mr Mandela with a traditional carving of a head at the close of a lavish tribute.

"Accept from me, on behalf of the black race this token of appreciation and gratitude on behalf of the African people for putting us back in the Hall of Fame," Mr Alintah said.

Mr Mandela said he accepted the gift, not as an individual, but on behalf of all who had contributed to the victory in the war against racial oppression.

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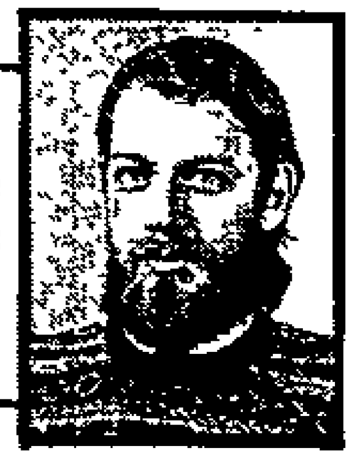
ARG 10/6/94 (IWA) (279A)



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"Democratic South Africa enters this new partnership as one player among many.

"We harbour no desire to be the dominant partner, for the region and South Africa would lose in the long run."

South Africa could not become the regional benefactor because it lacked the capacity, he said.

The country would join its partners in ensuring goods mined, harvested and manufactured in the region were internationally competitive.

This would be done by the government in partnership with business houses, trade unions and other bodies of civil society, Mr Mandela said.

"We are confident South Africa will soon achieve the rates of growth necessary to meet our objectives."

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Instead he traced the economic history of South Africa, the legacy of which was the concentration of wealth in white hands.

Eradicating apartheid in the economy could take some time, he said

But with "democratic forces" in power, the opportunity had arrived for each person to develop to their full potential.

The reconstruction and development policy had been welcomed by every parliamentary political leader, and had been adopted by all South Africans as their own.

The RDP was the "trump card" of the democratic movement, Mr Mandela said

Commission for Truth 'no Nuremberg'

THE Truth Commission would not be a Nuremberg trial, President Mandela said.

He said Minister of Justice Dullah Omar had married two aims by titling the body the Commission for Truth and Reconciliation.

When liberation struggle veterans had returned to South Africa and sought indemnity, they had been told by the previous government to state specifically for which crimes they required it.

It was even-handed to require the same of those who had committed crimes in defence of apartheid.

Revelation of the truth was the only way to heal wounds and pave the way to national reconciliation.

But the commission was not a repeat of the trials of Nazi war criminals by Allied victors after World War 2, which resulted in executions, suicides, and jail terms.

The aim was not retribution. "We want to know what we are indemnifying people for"

"People who merely committed offences believing they were fulfilling political duties are on the same level as those granted indemnity," Mr Mandela said

But those who had planned murders of innocent people would be treated differently, he said

Closer union only in 'small steps'

2791A

AN economic union of Southern Africa should be achieved in small steps, members of the World Economic Forum have told the governments of the region. ANG 11/6/94

In a debate on the issue at the Forum conference on the region in Cape Town this week a number of recommendations were made. These included:

- Intra-regional trade and investment should be encouraged;
- Duplication should be avoided in developments and projects to ensure economies of scale;
- The truths of the past had to be confronted, including the failure of the various regional bodies, such as the South African Customs Union and SADCC;
- Intra-regional capital flows, which were almost impossible at the moment, had to be freed up;
- Trade barriers such as tariffs and excise duties had to be reduced;
- A common monetary unit, such as the United States dollar, should be used to reduce the limitations on trade caused by severe movements between the currencies of the region;
- Investment should not be attracted through incentives, but rather by showing success;
- All the countries should sell Southern Africa as a region. This was particularly important for tourism;
- The region must "know its competition". It should understand what was happening in East Asia and why it was successful;
- The complex visa requirements between countries in the region should be scrapped.

Manuel moves on Customs Union deal

279A

CT 21/6/94

By TIM COHEN

TRADE and Industry minister Trevor Manuel said yesterday he had called for an urgent meeting at Ministerial level to discuss changes to the Customs Union agreement.

Manuel said the meeting of the relevant ministers from Botswana, Lesotho, Swaziland and Namibia was being called to initiate a whole new discussion on the agreement.

In terms of the agreement, SA made payments of about R5,6bn to the BLSN countries during the 1993/94 financial year from the total customs and excise revenue pool of about R16,3bn.

Manuel also said in an interview that he was in favour of implementing the GATT-demanded reductions to SA's tariffs "as soon as possible".

Manuel expressed himself in favour of accelerating the programme of readjustment, possibly even requiring changes faster than the five or eight year phase-in time currently being debated.

On the proposed commission on corporate ownership in SA, Manuel said legislation setting up the forum could be expected in August and it would focus on determining SA's competition policy.

Discussing the proposed investment code, Manuel suggested that tax breaks for foreign investors were not inconceivable, saying the code would have to answer prospective investors' questions about what special benefits they could expect.

Discussing the investment code, competition policy and the requirement's of GATT, Manuel spoke of the necessity for a "cultural shift" to take place.

He suggested that this shift would result in business operating in a fundamentally different way, emphasising particularly the need for greater competition.

It was quite possible that the Competition Board would have a higher profile and greater powers, he said.

One of the reasons SA would want to encourage foreign investment was to improve competitiveness, he said.

But the Parliamentary Standing Committee on Trade and Industry, which would be where the investment code would be debated, would have to grapple with problems such as what appropriate incentives would be needed to attract investment to poorer regions and provinces.

Manuel said he was aware that local business argued that the dual currency system gave foreigners an advantage in that their investment took place at a discount.

But against this had to be weighed the necessity of ensuring technology transfers and the inflow of significant investment capital which could result from foreign investment.

"We have to be in a position to answer the questions of investors — what's in it for me? Why should I invest in SA when I can go elsewhere," he said.

Manuel said there had been a great deal of unhappiness with the Customs Union agreement, mainly because the countries involved felt that industrial development had not been allowed to take off because of the agreement.

"We need to sit down and shape an agenda and lay a new basis for interaction,"

The question of the extension of the agreement had arisen, and that extension needed to take account of the overall affordability. Existing and past bilateral preferential trade agreements with Malawi and Zimbabwe would also have to be taken into account, he said.

ARG 22/6/94 (279A).

SA joins southern economic group

Diplomatic Correspondent

SOUTH Africa took another step into Africa today when it formally joined the Southern African Development Community.

Minister of Mineral and Energy Affairs Pik Botha and a group of officials are attending a conference of the SADC in Lusaka, Zambia.

The conference, on energy problems in the region, is being attended by the energy ministers of 10 other 10 member countries. Government sources said the delegation was in Lusaka to again demonstrate South Africa's political unity with the rest of the continent.

South Africa would also express its willingness to take part in existing economic development schemes and new joint ventures.

The attendance at the Lusaka conference follows an invitation last month to South Africa to join the economic grouping.

It was started by the frontline states 13 years ago in an effort to counter the economic influence of South Africa in the region, but achieved little success.

Fears of being economically swamped by South Africa have been recently expressed in some SADC circles.

The new South African government has reassured its neighbours that it will seek to co-operate with them to promote economic growth across the region, partly out of an obligation arising from years of damaging destabilisation and partly out of self-interest.

Oil exploration, joint energy programmes, deforestation and environmental management training courses are some of the matters to be discussed.

More efficient ways of using wood as fuel will be considered. A growing shortage of firewood is causing concern in many parts of Southern Africa.

South Africa has plans for the planting of rapid-growing trees to replenish the supply.

A spokesman for Mineral and Energy Affairs said the rehabilitation of the Cahora Bassa hydro-electric scheme in Mozambique would also be raised. The scheme has never operated fully.

Regional power co-operation in the region is also on the agenda.

Mr Botha is canvassing support for an Eskom plan to create an electricity grid for the whole of southern Africa with the possibility of extending it farther north.

SADC urges end to internal trade tariffs

BDay 7/4/1994

SWAKOPMUND — The Southern African Development Community (SADC), a 10-nation regional grouping mooted as the basis for economic union, wanted all internal trade tariffs scrapped within two years, executive secretary Kaire Mbuende said last week.

A draft trade protocol was discussed by SADC ministers in Lusaka last week.

All SADC members agreed the future of the region lay in increased co-operation and integration, said Mbuende.

This would see their small resource bases and limited markets better utilised by a larger economy of scale.

"The SADC has served its purpose as a loose organisation of states and must now be transformed into a community," Mbuende said.

SA is expected to join the SADC at its heads of state summit later this year.

Trade between SADC nations has always been hampered by a poor regional infrastructure, a lack of traditional ties, and economies geared more towards export of raw materials to industrialised countries.

However, seven SADC states already have trade ties with at least five other countries in the region. The challenge, said Mbuende, was to make these multilateral.

Among key priorities for the SADC is the establishment of better transport and communications infrastructures, and the improvement of technical and management skills in its members' public and private sectors.

Mbuende sees the private sector and not government as the real engine for growth in southern Africa, and wants more investment and resources to go that way.

The development of the region lay in investment and trade, not aid and assistance, Mbuende said. Improved investor codes were being explored, and progress had been made in liberalising foreign exchange controls.

(279A)

The SADC's political mission is the promotion of peace, democracy, human rights and good government as the precondition for development.

Mbuende said he was encouraged by the "democracy sweeping the region", and anticipated a breakthrough and lasting peace in Angola by the end of the year.

He cautioned against overemphasising SA's role in solving southern Africa's problems. The new government had yet to show it could solve its own problems of housing, job creation and internal violence.

On fears that SA would attract investment at the expense of its neighbours, Mbuende said the SADC wanted equitable distribution of new capital, but recognised the whole region would benefit from a richer SA.

A study on rationalising the SADC and the 22-member Preferential Trade Area has been completed and is up for discussion by SADC ministers in Lusaka at the end of this month.

Mbuende said the SADC would resist a merger with the trade body but might accept closer co-operation. — Sapa.

African invitation could expand SA's economic muscle

(2791A)

ARG 8/7/94

The Argus Correspondent

PRETORIA. — The invitation to join the emerging Common Market for Eastern and Southern African States (Comesa) could extend South Africa's economic arm beyond the Horn of Africa.

Provision has also been made for Botswana to join this 22-nation grouping. Zaire and Egypt have also expressed interest in bringing Comesa's numbers up to 26.

South Africa's invitation to join Comesa was announced in Bulawayo yesterday by the organisation's secretary-general, Bingu wa Mutharika.

Relations between South Africa and the rest of Africa had now acquired new significance, he said.

But he emphasised that South Africa's membership in Comesa would be based on a principle of mutuality.

South Africa was not expected to play the role of big brother who would solve all economic and social development problems of existing member states, he said.

There was no immediate reaction from the government to the invitation.

Specialists on African economics have long argued that Comesa membership, with the existing Southern Africa Customs Union, is a better prospect for South Africa than membership of the Southern Africa Development Community, which it is expected to join in October.

Comesa, established by treaty in Kampala last year, grew out of the 15-nation Preferential Trade Area for Eastern and Southern African States (PTA) established in 1983.

It extends from Sudan in the north to Lesotho in the south, and from Angola in the west to Mauritius in the east.

Many of its members are economic cripples. But Comesa does have a clearing house in Zimbabwe and a trade and development bank in Burundi. It has travellers' cheques in its unit of account UAPTA, for intraregional travel. Cross border movement of goods is harmonised by the Road Customs Transit Document (RCTD).

Destabilisation cost R360bn

WINDHOEK. — Economic damage to Southern Africa through South African aggression and destabilisation during the apartheid era is conservatively estimated at $100 billion (about R360bn), a seminar on peace, security and democracy was told here this week.

The seminar was arranged by the Southern African Development Community.

Mr Abdul Minty, of the World Campaign against Military and Nuclear Collaboration with South Africa, told the seminar the region could plan for balanced and equitable development.

This would aid regional self-reliance and conflict resolution. An option was the joint training of security forces and a common policy to acquire and maintain weapons systems.

CT 13/7/94

He said the legacy of apartheid remained an obstacle to democracy, peace and security in Southern Africa.

(279A)

A strategy for disarmament and demilitarisation was urgent.

"If this is not done, democracy will be constantly at risk, peace and security threatened, and any prospect of promoting development and growth seriously jeopardised."

Although national resources were needed to provide adequate security and defence, the new atmosphere of peace and co-operation would enable all countries to allocate more money to civilian projects, Mr Minty told participants. — Sapa

States keen to join forces on crime

SA may play top security role in SADC

BDay 18/7/94

WINDHOEK — SA will be considered as the co-ordinator of security matters in the Southern African Development Community (SADC), which it is expected to join next month.

This was said by senior SADC officials at a community workshop in Windhoek, Namibia, on Saturday. The workshop on democracy, peace and security was attended by senior SA Foreign Affairs officials and military and police officers.

SADC officials recommended the creation of an environment for exchange of information on defence policy, armaments, military activities and intelligence.

Defence and security analysts pointed to an ambiguity in SA's role in SADC security matters, with states eager for SA to assume a full role but fearful of its capacity to overwhelm them.

Southern African government ministers recommended a non-aggression and mutual defence pact for the region and a new role for military forces and defence industries to meet civilian needs. They called for reduced defence force levels and military expenditure.

Delegates said joint training and military policy co-ordination were needed. Police forces should co-operate in tracking cross-border crimes, and a regional Interpol office should be established to assist the search for and extradition of criminals.

SADC executive secretary Kaire Mbuende said the workshop came as a newly democratic SA allowed the organisation to properly explore regional economic integration, which depended on political and military stability.

"Economic development cannot take place in an insecure environment, and now is the time to consolidate democracy and peace in southern Africa."

279 A

The recommendations go before the SADC council of ministers next month for approval, after which they will form the basis for formal agreements in the SADC.

The ministers agreed a concerted regional effort was necessary to eliminate the circulation and use of illegal weapons, and to find alternative employment for demobilised soldiers.

The ministers recommended the establishment of an autonomous human rights commission for southern Africa, which would promote human rights among SADC members. They said SADC states should establish protocols on conflict prevention, management and resolution.

Principles of accountability, transparency and legitimacy of the armed forces and the prevention of military intervention in politics would also be recommended.

Armed forces, which must remain under control of elected civilian governments, should be depoliticised and educated on the constitution and the role of the military.

Observers said delegates had questioned the need for SA to have such a large arms industry, but also welcomed it as a source of weapons for the region.

They said SADC members, especially smaller countries, had argued that conversion of arms production to civilian applications should not be at the expense of access by SADC members to arms. — Sapa.

Call to harmonise African trade measures

HARARE. — Southern and eastern African countries have been urged to harmonise their trade, tariffs, customs and investment regimes to boost regional trade and attract foreign investment. (279A) (

International consultant David Pirie, of Coopers and Lybrand, said the region was poised for growth following the changes in South Africa, Africa's most powerful economy.

However, Mr Pirie said the region lacked harmonised procedures for customs, trade and tariffs. Impediments to increased trade needed to be comprehensively reviewed.

Harmonisation would have to be done within the framework of regional integration and liberalised trade to increase intra-regional trade from the current five percent.

The 22-member Preferential Trade Area (PTA) intends to transform itself into a common market and hopes to have removed all tariffs by the year 2000. Only Botswana and South Africa, which is expected to join soon, are not PTA members.

Mr Pirie also urged the region's countries to harmonise their investment incentives, which had to be tied to opportunities. A start could be made by an assessment of current incentives and an examination of economic conditions in each country, he said. — Sapa.

ARG 18/7/94

Pahad sets out regional role for SA

WINDHOEK. — South Africa would play an active role in southern Africa, consolidating its strengths and plotting a new direction for the region, deputy foreign affairs minister Aziz Pahad said. (2794)

"We are committed to playing an important and mutually beneficial role," Mr Pahad said in Windhoek.

An evolving foreign policy would see South Africa consolidate traditional ties with Europe, accelerate the development of links to its own region and begin exploring new areas for economic and political co-operation. ANU/8/7/94

While South Africa wanted to dispel myths about its ability to solve southern Africa's problems, its relatively powerful economy and infrastructure meant it had the responsibility to contribute politically and economically.

The challenge, Mr Pahad said, was sensitively to counter fears of South African domination yet at the same time use its potential to help build an economically strong and stable region.

Careful handling would convince other countries South Africa was interested in broad regional development.

"Development of the region is in South Africa's interest and vice versa. Our collective strength has tremendous potential," Mr Pahad said.

On the issue of reparations for apartheid destabilisation, he said the best way South Africa could pay for the damage would be to get involved in regional development.

"Not only is it incumbent on us to rebuild the region but it is in South Africa's interest."

Mr Pahad was in the Namibian capital for a meeting with other southern African ministers to prepare for a conference in Berlin in September to examine relations between southern Africa and the European Union. — Sapa.

Analysts support SA's membership of SADC

B/Day 19/7/94

JOHN DLUDLU

THE possibility of SA joining the 10-member Southern Africa Development Community (SADC) has been given cautious support by trade analysts.

The SADC, formed to reduce the region's economic dependence on SA, has invited SA to become its 11th member in Tanzania next month.

It is widely believed SA will join the SADC next month, but the government has not taken a decision.

Despite SA's exclusion, both the ANC and Pan Africanist Congress enjoyed observer status in the organisation in the past.

Safto economist Carlos Teixeira said his organisation would support a decision to join the group.

Such a move would bolster possibilities of private sector co-operation at the regional level, especially in the manufacturing sector.

"If we join now, we can be in a better position to influence the restructuring and refocusing of the organisation to work towards effective regional co-operation."

A downside to joining the SADC would be the undermining of other regional blocs like the Preferential Trade Area of the eastern and southern African countries.

Sacob was noncommittal on whether SA should join the SADC, saying that it was a political decision. But the chamber said it was crucial economic co-operation be intensified.

"As a private sector organisation, we are already co-operating with our counterparts in the region in spite of the absence of a formal structure," Sacob deputy director-general Ron Haywood said.

Strong co-operation would reinforce the economies of the whole region, but lack of it would make SA a "beehive" attracting labour and skills from its neighbouring countries.

"We need to find a way of turning the other weaker economies in the region into beehives, and this could be done through co-operation," Haywood added. (279A)

Speaking from Cape Town in his personal capacity, UCT academic Rashad Cassim said the prospect of SA's membership would give the body a new lease on life.

Years of co-operation between SADC members had failed to reinforce intra-SADC trade because of a poor manufacturing base among members. "I believe SA represents that missing link with its strong manufacturing base."

If the government joined SADC, the country's prospect of becoming a member of the Lomé Convention — a more preferential trade agreement between the European Union and African, Caribbean and Pacific (ACP) nations — would be enhanced as all SADC members were Lomé signatories, Cassim said.

Call for bigger role for Customs Union

BDay 2/7/96

JOHN DLUDLU

(2791A)

THE Southern Africa Development Community (SADC) preferred to retain the SA Customs Union, but with a broader role in the region, SADC executive secretary Kaire Mbuende said yesterday.

He said in Auckland Park his organisation would like to see the union broadening its role in the region.

It caters for SA, former TBVC states and Botswana, Lesotho, Swaziland and Namibia.

Mbuende's announcement followed a call by Trade and Industry Minister Trevor Manuel and ministers of neighbouring countries to discuss possible changes to the Customs Union agreement.

Mbuende said the SADC was an appropriate vehicle for development and integration of the region, and should co-operate in establishing a sound political and economic environment. Co-operation should not only mean a common market, but regional member states should work together on defence, security and diplomacy.

He said there was a need to develop conflict resolution mechanisms and strategies aimed at curbing conflict.

The installation of a democratic government in SA, combined with emerging political pluralism in the region, augured well for regional integration.

The private sector was the engine for growth and development, and needed to be supported. The SADC would support private sector development through consultations, training and loans.

He said the future of the region lay in trade and investment, not in official development aid. Investment geared towards value-addition to primary products and the productive sectors should be encouraged.

There was concern about the low level of intraregional trade, which hovered just above 9% including informal trade, and Mbuende called for the liberalisation of tariff restrictions.

President Nelson Mandela had indicated willingness to join the community, and SA's affiliation to the SADC would be a formality.

usiness

Rationalising SADC and PTA

Sowetan 4/8/94

By Mzimkulu Malunga

A WORKING relationship with its sister organisation, the Preferential Trade Area, will come under close scrutiny when the Southern African Development Community holds its annual summit this month.

Although the leaders' summit and South Africa's membership of SADC will become the highlight of this year's conference, rationalisation of activities between SADC and the PTA will also be high on the agenda.

(279A)

The organisation's summit is to be held in Gaborone, Botswana. Pressure has been mounting over the past few years for both SADC and the PTA to merge or at least rationalise activities.

Opposed proposals

SADC members are believed to have opposed proposals for a merger on grounds that the foci of the two groups are different as well as the fact that the PTA is too big and loose an organisation.

While SADC's membership is confined to the Southern African region, the PTA has members stretching from Lesotho in the south to Somalia on the Horn of Africa.

Political and economic developments in the region will also be discussed during the summit.

The activities leading up to the summit start on August 15-17 with meetings of mining and agricultural ministers.

From August 25-27, there will be a meeting of the council of ministers from all member states, then the conference will be rounded off by the Heads of States' summit on August 29.

SADC was formed in 1980 by ten Southern African states with the aim of reducing economic dependence on South Africa.

Initially, the group was called the Southern African Development Co-ordinating Conference (SADCC).

But the advent of democracy in South Africa coupled with the process of change across the region, the SADCC changed its name to SADC while at the same time narrowing its focus.

However, the dream of self-reliance was never realised because until now even the most vocal among SADC members, Zimbabwe, remains South Africa's biggest trading partner in Africa.

SADC leaders blame their inability to reduce dependence on South Africa on this country's process of destabilisation of its neighbours during the apartheid era.

For instance, they say strategic rail lines in Mozambique and Angola were consistently sabotaged by South African-backed rebels groups.

This meant that landlocked countries in Southern Africa had no alternative but to use this country's ports as outlets for their exports.

Current members

The current SADC members are Tanzania, Malawi, Mozambique, Zambia, Angola, Namibia, Botswana, Zimbabwe, Lesotho and Swaziland.

Until last year, the African National Congress and the Pan Africanist Congress had observer status in SADC.

FM 12/8/94

SADC

Peer pressure pitfalls

SA should beware as it enters the Southern African Development Community (SADC) later this month.

There may be advantages in joining a regional trade and security alliance: a greater consumer pool, fewer trade barriers, co-operation in combating crime and illegal migration, and bringing stability to fractious border nations. (279 A)

But some analysts say SA will have to resist a trend within the SADC to prescribe

FM 12/8/94

to member States on internal and foreign policy.

It will also encounter an expectation by some members that SA, as the region's strongest nation, should shoulder the lion's share of costly undertakings such as regional peacekeeping. (279A)

The SADC leadership is examining recommendations, drawn up at a recent community workshop in Windhoek, that "are partly aimed at reining in and constraining a democratic SA in an impoverished region," according to Institute for Defence Policy analysts Leslie Gumbi and Jakkie Cilliers. Pretoria, they add, "should be wary of the constraining effects of agreements that could limit our freedom of policy and drain our severely limited resources."

Formed in 1980 primarily to reduce dependence on SA and promote regional development, the SADC's dismal failure is clear in that the trade balance is now 5,5:1 in SA's favour, while community projects are 90% dependent on donors. Its 10 member States have a combined GNP of US$29bn — less than a third of SA's and a clear pointer to which member will have the most to offer when President Nelson Mandela signs SA's accession to the club in Gaborone on August 29.

SA does have the advantage, though, of joining the SADC at a time of intense debate in the organisation over its future policies and functions in the region, which should provide the opportunity to influence its future role.

"We hope to be able to play an important role in the terms of reference and memorandums of agreements now being worked out," says Deputy Foreign Minister Aziz Pahad.

The greatest change in the SADC probably stems from the recent Frontline States' decision to dissolve and become "the political and security wing" of the community. This gives a military dimension to the organisation for the first time — but its nature is still unclear. ■

Mugabe: Trade review 'urgent'

(279A)

Own Correspondent

JOHANNESBURG. — The growing trade imbalance between South Africa and Zimbabwe, which could affect the success of Zimbabwe's economic reform programme, required urgent action, President Robert Mugabe said yesterday.

He said the provisions of the Preferential Trade Agreement had become ineffective and outdated, resulting in "substantive erosion of the trade agreement duty preferences".

Zimbabwe's economic structural adjustment programme was aimed at moving from a highly-regulated economy to one where market forces were dominant.

CT 18/8/94

The Zimbabwe/SA trade agreement was crucial to the success of the programme through increased export earnings.

● The Muslim Youth Movement of South Africa said yesterday it was "appalled and shocked" at a statement by President Mugabe on the threat of Islamic fundamentalism.

It said Mr Mugabe's "arbitrary reference to some imaginary threat leaves us wondering about his motives and inspiration for this attack on Islam".

SA, Zim will sign agreement

SOUTH Africa and Zimbabwe will sign an agreement today on extradition and co-operation in administering justice, a spokesman for Justice Minister Mr Dullah Omar said.

Zimbabwe's Minister of Legal and Parliamentary Affairs, Mr Emmerson Munangagwa, who arrived in the country yesterday, will represent his country at the signing ceremony.

The ministers will also discuss training of personnel, a proposed Legal Forum for Southern Africa and co-operation measures under the Commonwealth. — Sapa

Next Friday South Africa enters a new era when it joins the Southern African Development Community (SADC) which meets in Gaborone, Botswana.

On the same day SADC's council of ministers will adopt a dramatic blueprint to build the organisation into a peace and human rights policeman.

It is against this background that deputy editor ZB MOLEFE reviews the recently published "The Struggle for Human Rights: An International and South African Perspective", written by local academic Professor Lorenzi Togni, and finds golden nuggets.

LOOKING back at South African history, particularly the apartheid years under the National Party, there is an uncritical belief that a majority of Afrikaners never cared a hoot about human rights. Right? Wrong.

Professor Lorenzi Togni tells us that it was a prominent Afrikaner academic, Johan van der Vyver, who published the first text on human rights in Afrikaans in 1975. This ground-breaking document, among other things, called for the inclusion of a Bill of Rights for South Africa.

Another prominent Afrikaner thinker who featured prominently in the human-rights debate at the time was D P de Villiers, leader of the South African legal team that argued South Africa's mandate case in the International Court of Justice at the Hague over South West Africa (Namibia).

"Numerous prominent Afrikaners in the legal profession and other leading members of the community have had a crucial role in prompting the government to accept the inclusion of a Bill of Rights in the Constitution for a new South Africa," Togni observes.

Maybe this was in the thoughts of Justice Minister Dullar Omar when he introduced a Bill in Parliament in June to set up a Human rights Commission. One of the most important powers of this commission will be to give financial help to a person who complains about a violation of human rights.

However, it is interesting to learn that human-rights developments among Afrikaners came in a climate where governments in South Africa since 1910 had tended to ignore human rights. Particularly the National Party government which came into power in 1948 "and concentrated its efforts on putting into practice a policy of racial separation and the maintenance of white domination in politics and, to a lesser extent, economics".

This Afrikaner reaction to human-rights is only part of a bigger canvas Togni works on.

FIGHTER FOR RIGHTS ... Chris Hani.

DIED FOR FREEDOM ... Steve Biko.

Earlier Togni – who was educated at the universities of Pretoria, Cape Town and South Africa, has travelled extensively in Africa and is a keen student of indigenous systems of government – points out that today the term "human rights" is being used "perhaps more than at any time in history".

Chapters four and five are intellectual gems. They spotlight international human-rights champions and human-rights abusers.

This is where we meet Lincoln, Gandhi, Martin Luther King and Malcolm X. In their different ways all these leaders left their marks on history during their quest for human rights and dignity.

The darker side of human nature is shown when we meet Stalin, Hitler, Mussolini, Amin and Bokassa. It is in the histories of these dictators and murderers that the reader comes to understand the nature of political power and how it can be easily abused.

In addition the book highlights important treaties, conventions and agreements which give a broad perspective of human rights.

The fascinating and challenging part of Togni's work is when he delves into the biographies of some of the noted South African human rights activists.

There are 20 names including Jabavu, Dube, Luthuli, Paton, Moroka, Tambo, Mandela, Biko, Hani, Tutu, Ramaphosa, Sobukwe and Boesak. But many South Africans will raise an eyebrow or two when they read that the author has included Winnie Mandela in this section.

Were there movements or organisations that were involved in the struggle for human rights in South Africa? Plenty, according to Togni. And these include the ANC, PAC, IFP, BCM, Lawyers for Human Rights and the Human Rights Commission of South Africa.

"It must be remembered that a human-rights culture cannot be established overnight. During the years to come, human rights will have to be practised in order for one to become acquainted with its reality, rather than its theoretical perspective," says Togni, who at present teaches sociology at Vista University's Port Elizabeth campus and is a Visiting Fellow at the University of Cape Town's Centre for Intergroup studies.

SA's fight for rights continues

CIPress 21/8/94

(279A)

New Lesotho minister fails in bid to gatecrash SADC

ARG 26/8/94

(279A)

GABORONE. — The Lesotho power struggle impinged on a meeting of the Southern African Development Community (SADC) today when a minister named by the crisis-ridden nation's King Letsie III tried to gatecrash the gathering.

The 10-nation SADC does not recognise the council of ministers appointed by the king after his sacking last week of the elected government of Prime Minister Ntsu Mokhehle, which is officially representing Lesotho at the four-day meeting.

Witnesses said the king's new finance minister, Moletsane Monyake, was prevented from registering after arriving at the conference centre.

After the meeting was opened by Botswana's Vice-President, Festus Mogae, the chamber was cleared of all but SADC ministers while the Lesotho situation was debated.

Mr Mogae emerged 30 minutes later and spoke to Mr Monyake, who was then driven away.

The leaders of South Africa, Zimbabwe and Botswana said yesterday after talks in Pretoria that they had given King Letsie a week to reverse his decision to dissolve the government.

Five people have been killed and 15 wounded in clashes since the king, citing popular dissatisfaction, sacked the administration that came to power last year after the first multi-party elections in 20 years. — Reuter.

Region at top of our agenda, Nzo pledges

☐ 'South Africa's No 1 priority'

2794 ARG 26/8/94

ALIDE DASNOIS
Business Staff

GABORONE. — The Southern African region is South Africa's number one priority, Minister of Foreign Affairs Alfred Nzo said in Botswana today.

Addressing the foreign ministers of the 10 countries of the Southern African Development Community (SADC) in Gaborone, Mr Nzo said Southern Africa was blessed with deep economic, political and social ties.

South Africa will become the 11th member of SADC on Monday when President Mandela signs the treaty.

Mr Nzo said the countries of Southern Africa were "remarkably compatible" in their judicial, financial and institutional infrastructure.

"With the exception of Angola and Mozambique, all have similar tax structures, commercial codes, property laws, judicial processes, accounting systems and business styles, as well as a common language," he said.

"Although a common currency does not exist, in practical terms the freely convertible South African rand already serves a similar purpose in most of these countries."

Mr Nzo said there were good prospects for an integrated transport and telecommunications network. In South Africa and Zimbabwe the region also had a solid financial centre.

He said South Africa welcomed ethical conditions attached by donor countries to the granting of aid to Africa. The countries of Africa would have to fight for a share of available development and investment funds.

"We shall have to make a strong case to convince decision makers elsewhere that their money and effort will reap rewards."

Co-operation and progress should not fall victim to fears of South African domination.

"Democratic South Africa enters this new partnership as one player among many. We harbour no desire to be the dominant partner. We entertain no illusion of becoming the regional benefactor — because such capacity we do not possess.

"We all know that ... Africa has a small ... and that it will be for... vote a lot of attenti... ing its internal de...

Talks may see SA run regional energy pool

(27AA)

From ALIDE DASNOIS in Gaborone

WORK on a huge regional power grid for southern Africa could start next year.

Ministers of Foreign Affairs of the Southern African Development Community (SADC) countries have, in principle, approved proposals to share energy.

ARG 27/8/94

And South Africa may well be put in charge of the energy portfolio, currently managed by Angola.

SA will become the 11th SADC member when President Nelson Mandela signs the treaty at the summit here on Monday.

Ministers of Foreign Affairs, including South Africa's Alfred Nzo, meet behind closed doors for the second day today in the run-up to the summit.

The pooling of energy resources has long been mooted as a concrete form of regional co-operation which could be beneficial to all concerned.

The SADC, which was originally aimed at reducing the dependence of other countries in the region on South Africa, is in the process of being restructured to reflect new, post-apartheid, political realities.

A concern both of the present members and of South Africa is that SA, easily the richest country in the region, should not dominate its fellow members.

At present, the flow of trade is heavily biased in SA's favour, with other SADC countries running big trade deficits with South Africa.

One way of correcting this imbalance, argue SADC officials and delegates to the Gaberone meeting, would be for other countries in the region to start exporting services — such as electricity and water — to SA.

A start in this direction has already been made with the Lesotho Highlands Water Project.

A regional power pool could be a further step, especially as SA's present surplus of power could rapidly decrease as ambitious programmes to electrify more and more households get under way.

In addition, a regional grid would open up the way to energy co-operation between other countries in the region.

SA had no desire to be the dominant partner in the SADC, Foreign Minister Nzo told the meeting yesterday.

Nor did it intend to become the "regional benefactor", he added.

Expressing SA's joy at being "part of the family" again, he said the countries of the region were "remarkably compatible" with regard to their judicial, financial and institutional infrastructure.

SADC winds up business in SA

CT 27/8/94

GABORONE. — A Southern African Development Community, Council of Ministers meeting here decided to wind up the Joint Planning Committee (JPC) and the SADC resident mission.

The two bodies played a prominent role in ending apartheid. (279A)

The JPC, comprising Botswana, Mozambique, Zambia, Zimbabwe, the ANC and the PAC was formed in 1991 to propose policy options and strategies for the management of future regional relations. — Sapa

CT 27/8/94

New regime's minister barred

(279A)

GABORONE. — The power struggle in Lesotho impinged on a meeting of the Southern African Development Community (SADC) yesterday when a minister named by the crisis-ridden nation's King Letsie III tried to gatecrash the gathering.

The 10-nation SADC does not recognise the council of ministers appointed by the king after his sacking last week of the elected government of Prime Minister Mr Ntsu Mokhehle, which is officially representing Lesotho at the meeting.

Witnesses said the king's newly-appointed finance minister, Mr Moletsane Monyake, was prevented from registering after arriving at the conference centre and spent some time in the foyer talking to senior policemen.

After the meeting was opened by Botswana's Vice-President Festus Mogae, the chamber was cleared of all but SADC ministers while the Lesotho situation was debated. — Sapa-Reuter

Southern Africa 'top priority'

CT 27/8/94

(279A)

GABORONE. — Southern Africa was South Africa's top priority, Foreign Minister Mr Alfred Nzo said here yesterday, adding that fears of South African domination were unfounded.

"Such fears are not a good formula for growth. We harbour no desire to be the dominant partner," he told the opening of the Southern African Development Community (SADC) council of ministers' meeting.

South Africa would promote continental unity and economic interaction, he said, noting that Southern African countries had remarkably compatible judicial, financial and institutional infrastructures.

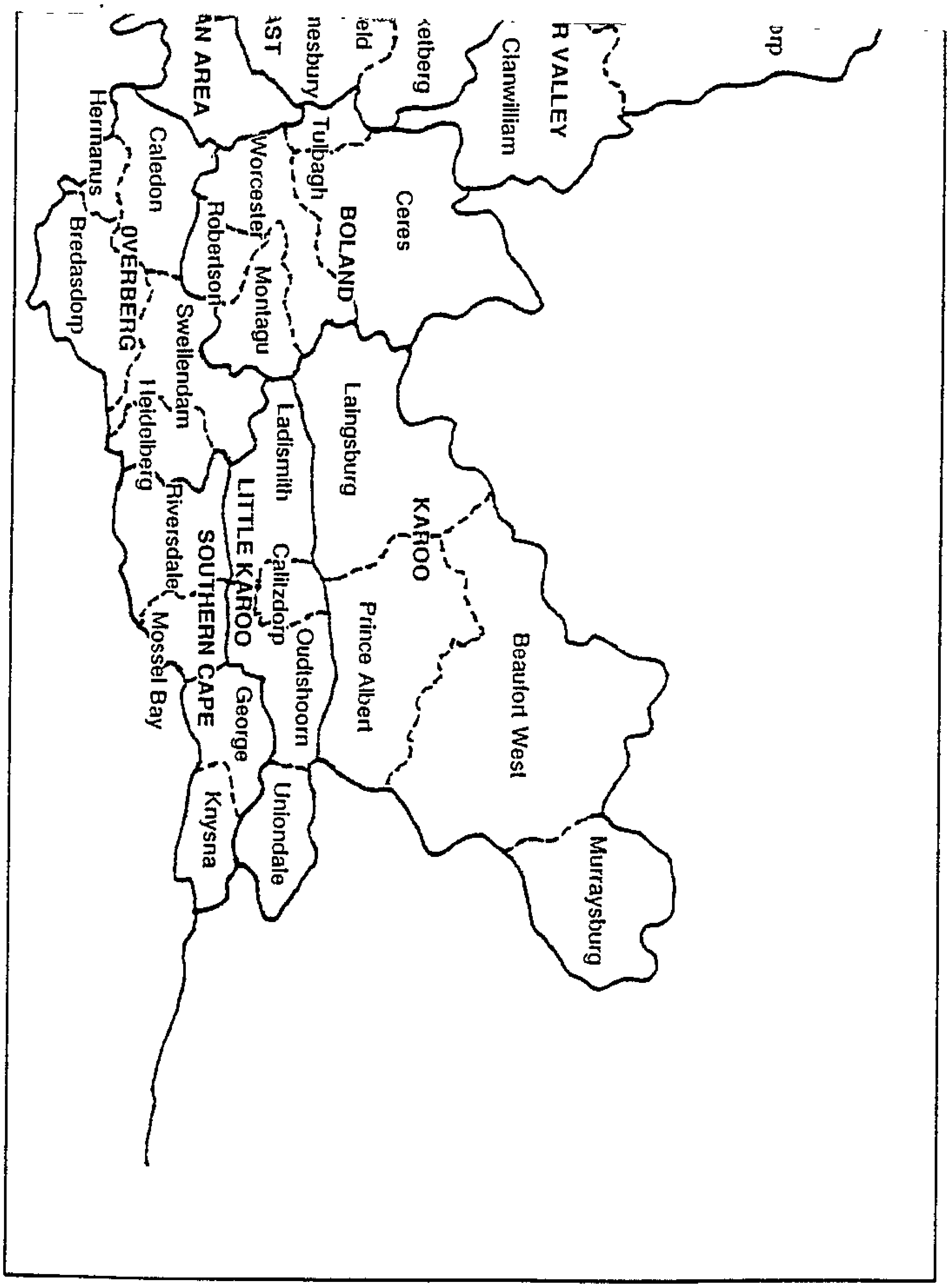
With the exception of Angola and Mozambique, they had similar tax structures, commercial codes, property laws, judicial processes, business styles and a common language.

South Africa could take the hands of other SADC members and build a region able to fend for itself in an increasingly competitive international environment.

Mr Nzo welcomed the conditions attached to international aid — human rights, free political expression, free market principles and good governance.

But no foreign solutions could replace self-discipline ... "the future economic, social and political prosperity of this continent will depend on us," he said. — Sapa

PROVINCE AND SUBREGIONS



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DA G. MARCH 1994

Commitment on aid from EU wanted

CT 29/8/94

GABORONE. — The Southern African Development Community (SADC) expects firm commitments on aid when it meets the European Union (EU) in Berlin next month, South African Foreign Minister Mr Alfred Nzo said yesterday.

"There was a perception that this meeting was merely going to be a meeting where we talk and say 'hello' and pack our bags and go," Mr Nzo told reporters at the annual SADC summit.

"But some of us felt that this should not be the case. There ought to be concrete agreements we can follow up ... there will be a need for a follow-up to find out how far we have gone, are we indeed getting the assistance that we hoped for."

"The EU is a region that is in a position to help," said Mr Nzo.

He said SADC foreign ministers had prepared a report on the future of the Frontline States (FLS) for heads of state to consider, now that their anti-apartheid role was over.

"I think what's going to happen is that the former FLS hopefully are going to develop into an organisation that is going to look at political and security questions," Mr Nzo said.

He said it was in South Africa's interests to promote development in its neighbours as a way of stemming the influx of foreigners looking for work and drug dealers "who have not come with good intentions".

(279A)

"There is a vexing question of a flow of immigrants into our country, people who ... somehow have got the perception that once you enter Johannesburg you can pick up gold in the streets." — Sapa-Reuter

NEWS Pretoria prepared to take reg

New body for SA and neighbours

Sowetan 29/8/94

■ DISPUTE RESOLUTION Frontline States to undergo name-change:

SOUTH AFRICA may be asked to co-ordinate security matters in Southern Africa and would be happy to do so, Foreign Affairs Minister Mr Alfred Nzo said yesterday.

He was speaking on the eve of South Africa joining the Southern African Development Community in Gaborone, where the SADC heads of state summit is expected to ratify the creation of a new political and security body to replace the Frontline States and form part of SADC activities.

The main aim of the new security body, expected to be called the Association of Southern African States, would be conflict resolution through dialogue, Nzo said.

Meanwhile, despite the end of the apartheid system, fears are still rife among some SADC members that they will be dominated by their powerful neighbour even further as they try to become a Southern African equivalent of the European Union.

The original Southern African Development Cooperation Conference was formed in 1979, comprising Angola, Botswana, Mozambique, Tanzania and Zambia. It was later joined by Lesotho, Malawi, Swaziland and Zimbabwe, and in 1992, when it altered its name, by independent Namibia.

Despite the aim of economic independence from South Africa and mutual development, accompanied by liberalisation of trade and investment, latest figures show that only five percent of the SADC's total commerce was within the community last year, and 25 percent with South Africa.

In 1990 South African exports to SADCC members totalled 4,741 billion dollars, compared with only 932,000 dollars in imports. (2-19A)

On his arrival in Gaborone on Friday, Nzo stressed that Pretoria had no intention to dominate, adding that such fears would not help growth.

This is the message the South Africans are expected to ram home today — that it wants regional integration and harmonious economic development.

Sapa-AFP reports that today's summit will formally approve the creation of an Association of Southern African States, linked to the SADC.

SA joins SADC today

Sowetan 29/8/94

■ 11TH MEMBER SA member state of Southern African economic union:

(279 A)

SOUTH Africa is due to become the eleventh member of the Southern African Development Community today.

The organisation replaced the Southern African Development Coordination Conference formed in Lusaka, Zambia, on April 1 1980, to co-ordinate the region's economic activities and reduce dependence on apartheid South Africa.

A declaration and treaty converting the SADCC to SADC was signed by heads of state in Windhoek, Namibia, on July 17, 1992.

SADC members are Angola, Botswana, Lesotho, Malawi, Zimbabwe, Mozambique, Swaziland, Tanzania, Namibia and Zambia.

Deputy president Thabo Mbeki

Unanimous decision

New members are admitted by unanimous decision at a SADC heads of state summit. South Africa is due to join today and an application by Mauritius for membership has been approved by the SADC Council of Ministers.

SADC chairman is Botswana president Sir Ketumile Masire and the vice-chairman is Swazi King Mswati III.

The Council of Ministers is chaired by Botswana vice-president and Finance Minister Festus Mogae, with Swazi Prince Mbilini Dlamini as vice-chairman.

SADC's ultimate objective is to guide Southern Africa towards economic union. It aims to promote development and growth, evolve common political values and defend peace and security.

SADC's working languages are English and Portuguese. Its Secretariat, based in Gaborone, is headed by executive secretary Kaire Mbuende, a Namibian who is responsibile to the Council of Ministers.

The council oversees policy and the implementation of projects. The summit of heads of state is the supreme policy making body.

SADC divides its activities into sectors controlled by member states, including mining (Zambia), energy (Angola), agriculture (Bostwana), food security (Zimbabwe), marine fisheries (Namibia), environment and land management (Lesotho), trade and industry (Tanzania) and inland fisheries and forestry (Malawi).

The annual R23,1 million costs of running the SADC Secretariat is funded by equal contributions from member states. Individual governments put up the money for maintenance of their sectors.

SADC's estimated R26,4 billion worth of projects is 30-40 per cent funded by foreign donor aid.

Mbeki arrives for SADC summit

279A

CT 29/8/94

GABORONE — Deputy President Thabo Mbeki arrived in the Botswana capital Gaborone yesterday evening to represent South Africa as it formally joins the Southern African Development Community (SADC) as the 11th member state, at the heads of state summit today.

Mr Mbeki was met by Botswana Deputy President Festus Mugabe and a children's traditional cultural group

President Nelson Mandela was scheduled to attend the summit but had been ordered to rest, Foreign Affairs Minister Mr Alfred Nzo said yesterday.

Mr Nzo said South Africa's membership of the SADC was more important than all others South Africa had recently joined.

"Our top priority is Southern Africa," he told a media briefing here yesterday. Zimbabwean Foreign Minister Mr Nathan Shamuyarira said SADC members expected their political bargaining power on the international stage to be considerably increased with South Africa's entry.

• Frontline States' heads of government agreed in principle last night to dissolve the organisation, but said it would continue to exist while administrative and conceptual details of the replacement were hammered out, Mr Shamuyarira said.

This followed a 3½ hour meeeting of Frontline States' leaders in Gaberone — Sapa

SA to host SADC summit

By Mzimkulu Malunga

SOUTH AFRICA is going to host the next annual summit of the Southern African Development Community.

The announcement was made last night by executive general secretary of SADC Dr Kaire Mbuende at the end of SADC's 14th summit in Gaberone, Botswana.

"It is proper that we mark our 15th anniversary on South African soil," he said. The announcement was made a few hours after South Africa was admitted as 11th member of SADC.

The organisation has resolved to rationalise its programmes so that they do not overlap with those of the Preferential Trade Area.

"It is proper that we mark our 15th anniversary on South African soil"

SADC proposes the division of the PTA into two regions, north and south.

The southern region of the PTA would be under SADC auspices while the north would cater for Central African states as well as members in the horn of Africa.

Mbuende said the overlapping of activities between SADC and the PTA could not be allowed to continue and said member states had been given an option to choose between SADC and PTA.

(2799)

He said SADC subscribed to the idea of calling for the establishment of the African Economic Community but such an organisation could not be created in a vacuum.

Existing regional economic groupings should act as a base for the establishment of the AEC.

The South African Government would have to wait until the end of the year to know which sector South Africa has been assigned to co-ordinate within SADC.

However, sources within the organisation suggest that South Africa would be assigned to co-ordinate security matters in the region.

Nzo quashes southern Africa hopes of cash

Star 30/8/94

SOUTH Africa joins the SA Development Community, which believes the new boy will give it fresh impetus. The newcomer is careful to say it won't play boss nor will it provide unlimited resources, writes Alide Dasnois of The Star's Foreign Service

(279A)

South Africa's entry to the Southern African Development Community (SADC) is likely to breathe new life into the organisation.

With a budget of US$8 billion funded largely by foreign aid, SADC is in charge of 400 projects in member countries.

It has often been criticised as a talkshop, with very little happening behind the blue-tinted windows of the sumptuous SADC headquarters in Gaborone.

South Africa became a member of SADC yesterday when Deputy President Thabo Mbeki signed the Treaty of Accession in Gaborone.

The Government has been at pains to reasssure the 10 other members that SA does not intend to dominate its SADC partners.

"Democratic South Africa enters this new partnership as one player among many," Foreign Minister Alfed Nzo told a meeting of ministers which preceded the Gaborone summit.

"We harbour no desire to be the dominant partner."

Nzo quashed hopes that SA might foot the bill for development in the region.

"We entertain no illusion of becoming the regional benefactor because such capacity we do not possess."

But, however little South Africa wants to play the role of regional big brother, Department of Foreign Affairs officials agree that its accession to SADC will mean big changes for the organisation.

Not only because of the sheer weight of the country's economy — SA's GDP is four times that of all the other SADC countries combined — but because the presence of SA means that SADC's mission is no longer impossible.

Formed in Lusaka, Zambia, in 1980, SADC was originally known as the Southern African Development Co-ordination Conference (SADCC). Its goal was to isolate the Pretoria regime at a time when apartheid South Africa was bent on destabilising its southern African neighbours.

Succeed

SADCC did succeed to some extent in forging new links between member states, but it proved impossible to bypass the powerful enemy to the south.

However, with the dismantling of apartheid, new possibilities opened up and in July 1992 in Windhoek, SADCC heads of state approved the creation of a new organisation, the Southern African Development Community, dedicated to regional development and integration.

South Africa joins SADC at a time of major changes in southern Africa. Political reform in Mozambique and Malawi and SA's own "negotiated revolution" are changing the face of a sub-continent still troubled by war in Angola and political instability in Lesotho.

On the economic front, the formation of the Common Market for Eastern and Southern Africa (Comesa) reflects a global tendency to the creation of trade blocs. At the same time, the Southern African Customs Union (SACU), which brings together SA, Botswana, Lesotho, Namibia and Swaziland, is up for renegotiation.

SADC will have to define itself with respect to these and other regional bodies, and draw up firm criteria for membership in answer to applications from countries as far afield as Egypt.

Executive secretary Kaire Mbuende is adamant that, with the exception of Mauritius, other countries should not be brought in to SADC. He thinks one of the weaknesses of organisations such as the 22-member Preferential Trade Area (PTA) is their size, and he would like to keep SADC as small as possible.

Mbuende says there is no question of a merger between SADC and the PTA, though rationalisation of their activities is being studied.

This was one of the items discussed by heads of state at the Gaborone summit, which closed without any new protocols being signed. Not even the protocol on the shared water courses, tipped for completion at this summit, was ready for them to sign.

But delegates interviewed did not seem disappointed — or even surprised. Most said the meeting had achieved its objectives by welcoming SA into the fold.

According to Dr Mbuende, some progress was made on a protocol on trade and on the free movement of people. But he would not say whether or not SADC was any closer to zero tariffs between member countries, which he wants to see in place within two years.

For South Africa, membership of SADC will provide a strong platform for negotiations on trade with the European Union.

Next week, SADC and EU countries meet for the first time, in Berlin, to discuss co-operation. Trade is likely to feature high on the agenda.

Access

The question of South African access to European markets will not be directly addressed at the Berlin conference. But as a member of SADC, SA has a better chance of joining the group of countries in Africa, the Pacific and the Caribbean (ACP) which have preferential access to Europe.

SA's partners in SADC have said they will support an application by South Africa to join them in the ACP group.

Within the region, membership of SADC opens up possibilities for trade and investment in a market with a huge potential. However SA will be at pains not to aggravate already skewed trade flows. South African exports to SADC countries are five times as high as imports from them.

Department of Trade and Industry officials say this could be corrected by new exports of services from other SADC countries.

South Africa's partners will be able to finance imports from SA with exports.

Customs union to be revamped

SADC seeks to moderate SA's power

BIDay 30/8/94

GRETA STEYN

GABORONE — SA's power to exploit its position in the Southern African Customs Union to the detriment of other members would be addressed next month in talks on restructuring the union, Deputy President Thabo Mbeki said yesterday.

Measures had to be taken to moderate the imbalance between SA and other countries in the region, Mbeki told a news conference after SA became the 11th member of the Southern African Development Community (SADC). (279A)

One such starting point would be the reform of the customs union — which consists of SA, Botswana, Lesotho, Nambia and Swaziland.

It should not work at cross-purposes with the SADC and rationalisation should take place if necessary. Talks on restructuring would start on September 13.

He emphasised the need to develop the economies of other countries in the region.

Using southern Mozambique as an example, he said the area's agricultural potential could be exploited if resources were channelled to the region. SA would benefit as the flow of people from southern Mozambique would be curtailed. However, he denied that SA wanted to "throw out" other African countries' citizens.

In his speech earlier, Mbeki accused the rich countries of the north of contributing to the region's poverty.

"Underdevelopment is in large part the historical product of past relations between the developed and the developing countries. Underdevelopment is generated by the very same historical processes that generated economic development in the rich countries of the West."

A strong southern African bloc would strengthen member states' international bargaining position with multilateral institutions and other global economic partnerships. A large integrated market offered benefits such as economies of scale.

Mbeki said expanding and sustaining economic integration in southern Africa would have to be based on more equitable two-way flows of capital, goods and services between SA and the rest of the region. Specific measures would have to be taken to counter the capacity of the SA economy to contribute to underdevelopment elsewhere in the region.

On security and stability, he said efforts had to go beyond ensuring the absence of military conflict, to fighting crime such as drug trafficking.

Sapa reports that Zimbabwean President Robert Mugabe welcomed SA "with joy and pleasure" to the SADC. SA would help create the conditions necessary for the region to achieve its full development potential. "We have finally achieved a full community of southern African states."

☐ SADC executive secretary Kaire Mbuende said the SADC had accepted an invitation from President Nelson Mandela to hold its heads of state summit in SA next year. This was appropriate because 1995 was the 15th anniversary of the SADC, which had been established to reduce southern African states' economic dependance on apartheid SA.

● See Page 3
● Comment: Page 6

SA poses challenge to regional integration

BDay 30/8/94

GRETA STEYN

GABORONE — The Southern African Development Community (SADC) harboured neither fear nor illusions about SA joining the regional economic block, SADC chairman and Botswana President Ketumile Masire said yesterday.

In his opening address at the 1994 SADC summit, Masire said there was no doubt SA would present new challenges as well as opportunities to regional integration. "Let us live up to these challenges and seize opportunities that our eleventh member (SA) will present to the SADC."

Masire called on the rest of the world to reap the peace dividend with the region.

There was "complete unanimity" on how to create the right climate for investment and trade in the region. Member states agreed on the issues of economic efficiency, and above all the importance of a vibrant and innovative private sector.

"It is incumbent upon the governments of southern Africa to empower the private sector so that it may fulfil its mission."

A number of protocols had to be completed to ease investment and trade in the region, and Masire called on member states to treat its completion with urgency.

In reviewing the SADC activities of the past year, he noted the region had pruned its programme of action which was made up of about 400 projects valued at $8bn, and nearly half of the cost had been secured.

However, mobilising regional and international financial resources remained one of the most challenging tasks.

Progress had been made in a number of sectors, notably energy and improvement of agriculture production in arid areas.

In addition, the regional early warning system continued to provide valuable information about the food security situation in the region. The information had enabled states facing food deficiencies to plan for shortages and possibly famine.

He said the region faced yet another serious shortfall in cereal products because of a premature end to the rainy season. The governments of Malawi, Tanzania and Zambia were appealing for emergency food aid to ease food shortages threatening more than 2-million people.

In Angola a food shortage had been aggravated by the escalating war. "Concerted efforts to provide humanitarian assistance will be essential to avert mass starvation," he said.

(279A)

Other member states including Botswana, Lesotho and Namibia were also likely to experience food shortages. Mozambique would require continued international assistance, Masire said.

Mbeki praises SADC states as SA signs up

Star 30/8/94

BY ALIDE DASNOIS
STAR FOREIGN SERVICE

Gaborone (Botswana) — South Africa was welcomed yesterday morning into an organisation which was set up to protect its members from economic bullying by the apartheid regime.

The new South African dispensation was represented by Deputy President Thabo Mbeki.

He signed the treaty of accession to the Southern African Development Community. (279A)

Rumours

Mbeki was standing in for President Mandela, who has been advised to rest.

The president's office has scotched widespread rumours that Mandela is ill, saying he will be at a function in Johannesburg this evening.

It was also announced that Mandela will lead an ANC delegation to Indonesia later this week.

Addressing heads of state from the 10 other SADC members, Mbeki paid tribute to them for their help in the fight against apartheid.

Regional development, said Mbeki, should be based on more equitable trade flows between countries.

Underdevelopment in southern Africa was not inevitable, but was the result of the same forces which had generated economic development in the rich countries.

Regional stability was necessary for development, he added.

But this did not mean only an absence of conflict, Mbeki said.

"The region is faced with other challenges," he said, referring to drug trafficking, rampant crime and corruption.

Syndicates

"Regional and international drug syndicates have recently taken a heavy blow from more stringent security measures in Europe and America.

"As a consequence, Africa, and especially our region, has become a conduit for drug trafficking between East and West," he said.

■ **Sapa** reports the SADC said yesterday that it had accepted an invitation by President Mandela to hold next year's heads-of-state summit in South Africa.

SADC executive secretary Kaire Mbuende said in Gaborone this was appropriate because 1995 was the 15th anniversary of the organisation, which was formed to reduce southern African states' dependence on apartheid South Africa.

SA must pay more than lip service to SADC development

BiDay 3/8/94

GRETA STEYN (279A)

IT WAS ironic to see the brand new Hyundai cars ferrying officials of the Southern African Development Community (SADC) around Gaborone this week. Exports of these cars from Botswana to SA triggered a trade dispute between the two countries last year which has not been resolved. The hard work to remove these tensions can begin now that SA has become the eleventh member of the body.

SA has acknowledged that the massive imbalance of economic power between it and the rest of the region will have to be addressed. Otherwise, SA faces an unmanageable influx of people seeking "gold in the streets of Johannesburg", as Foreign Minister Alfred Nzo put it.

Joining the SADC strengthens the country's international bargaining power in a world where economic bloc formation has become the norm. The European Union has signalled that it is looking at the southern African region as a whole as a market, rather than SA on its own. Membership also means that SA and the other countries can draw on the resources of the region as a whole, which will offer economies of scale and increased comparative advantage in global competition.

Within the region, the neighbouring markets are likely to become very important for SA's strategy to increase exports of manufactured products. Already, trade with the SA Customs Union (Botswana, Lesotho, Namibia and Swaziland) accounts for about 25% of SA's manufactured exports, but SA will have to accept that it will have to buy more African goods and services if it wants access to African markets to remain easy.

The SADC acknowledges that expansion of intraregional trade, which at present accounts for only about 5% of total trade in the region, will be slow. But ultimately the intention is to create a common market in the region. Within the context of the Organisation of African Unity, the establishment of a southern African and other regional common markets is a building block towards creating an African common market.

There is a west African economic grouping, while east African states and most southern countries (excluding Botswana and SA) are members of the Capital Preferential Trade Area (PTA).

Until recently, the SADC did not regard the promotion of trade as a priority. It still rejects the standard approach towards establishing an economic community.

The text book approach is a linear process, focusing on the development of trade. It starts with a preferential trade area, in which members charge each other lower tariffs than non-members. The next step is a free trade area in which no duties are applied to goods from other members, but each determines its own tariff policy towards outsiders. Then follows the creation of common external tariffs in the form of a customs union, and the economic relationships are developed into a common market, with harmonised macroeconomic policies and free movements of capital, labour, goods and services. After a common market, the next step is a single currency and joint monetary policy.

The standard theory also holds that the best prospects for economic integration arise when countries in the region have similar levels of industrial development, competitive industrial sectors, potential for complementary industrial sectors and substantial existing trade.

However, the SADC decided the conventional trade liberalisation approach to integration was more appropriate to developed economies. The countries regarded the joint development of infrastructure as more important.

A range of sectors in which co-operation could yield mutual benefits was identified. Each sector is co-ordinated by a member country. These are energy (Angola), agricultural research and livestock production (Botswana), tourism and environment (Lesotho), inland fisheries (Malawi), transport and communications and culture and information (Mozambique), marine fisheries and resources (Namiba), human resources (Swaziland), trade and industry (Tanzania), mining (Zambia) and food and agriculture (Zimbabwe).

SA has not yet been allocated a sector but speculation is that it might manage energy with Angola, or get the security and peace sector.

The sectoral projects have had mixed success. The biggest criticism has been that the SADC spread itself too thinly, putting too many projects on the agenda and failing to mobilise resources within the region. But the SADC has been pruning the projects to more manageable proportions. It has secured almost half the finance needed for the $8bn in projects on the drawing board; no doubt the other half will be discussed in the SADC-European Union dialogue next week.

Regional project co-ordination will no longer be the major basis of SADC strategy. Free trade in goods, services, labour and capital have moved to the fore. Also receiving more attention is the creation of mechanisms to mobilise the region's resources more effectively.

With trade coming to the fore, the need to define the relationship between the SADC and the PTA has become more important. Earlier, when the focus was more on infrastructure, many SADC countries felt that trade was the prerogative of the PTA.

The PTA has not yet succeeded in creating "Comesa" — a common market for eastern and southern Africa — as not enough nations have ratified the treaty signed in November last year.

It became clear at the SADC summit this week that a merger between the SADC and the PTA was not on the cards, and that a split was more likely to occur.

In the short term, the SADC envisages division of the PTA into a southern and northern part. Eventually, southern members belonging to both the SADC and the PTA would have to choose which one they favoured. Nzo signalled SA would not join the PTA as it made more sense to concentrate on one organisation.

The PTA and SADC are likely to form two distinct economic blocs.

In the creation of a single regional market, the customs union can be used as a starting point. Talks start in September between customs union members to address members' calls to SA to introduce "democracy" — consultation rather than one-sided decision-making — in setting trade policy for the union.

In addition, they can be expected to discuss examples of abuse of market power by SA firms in response to industrial competition from other members. But SA can be expected to raise the disproportionately large share of customs revenue that the other members receive.

The furore last year over cheap vehicle exports from Botswana to SA illustrated the tensions within the customs union.

It was decided to address the issue in the context of the overall restructuring of the customs union.

Countries not belonging to the customs union are also seeking to redefine their relationships with SA. Zimbabwean exporters are hoping SA will soon revise a preferential trade pact, the expiry of which has led to punitive duties on Zimbabwean textiles and clothing exports.

SA's membership of the SADC is a symbolic gesture of its commitment to the region's economic development. That commitment will be tested as new trade agreements are negotiated. SA will have to pay more than lip service to the need for more even development in the region.

European pact offer to foster growth

SA ARGT 1/9/94

279A

TOS WENTZEL
Diplomatic Correspondent

THE European Union is about to negotiate a wide-ranging mutual co-operation agreement with the Southern African Development Community.

South Africa joined the community last week.

The agreement will lead to the exchange of scientific, technological and cultural knowledge and experience. It also intends to encourage trade, investment and development co-operation.

A conference to decide on the agreement will be held in Berlin on Monday and Tuesday. Germany is at present chairman of the EU.

The conference will be attended by delegations led by foreign affairs ministers of the two regions.

At a Press briefing in Cape Town today German ambassador Hans-Christian Ueberschaer said this was the first time the EU had offered such a co-operation deal to a region in Africa.

It was meant to give moral and practical support to the relatively young SADC and to offer a partnership in knowledge and development over a wide area, including economic development, transport and communications, energy, education and training, health, environment and tourism.

The EU knew from experience that economic stability and development formed the basis for political stability.

It was hoped the proposed agreement could stimulate co-operation within the SADC and with the EU, eliminate the fragmentation of markets and counter the "Afro-pessimism" of the outside world.

Africa needed a success story and southern Africa was the only region where it could be achieved.

Co-operation and economic success would ensure political success in the region as an example for the rest of the continent.

REGIONAL DIPLOMACY

FM 2/9/94

No need to be shy

(279A)

South Africa's admission this week to membership of the Southern African Development Community (SADC), if it does anything, highlights the need for a carefully constructed regional policy. For, while cordial relations with our neighbours are important, these should not be at the expense of this country's trading and political interests.

It goes without saying that freedom of trade and exchange will benefit all economies in the southern African sphere. But the SADC is too loose an arrangement to bring that about. Moreover, it is a relic of the apartheid era that was intended to counter SA's economic power but never came remotely near to so doing. Its achievements are modest.

The good news is that the Customs Union is about to be renegotiated, though its importance will fade as this country's trade barriers are progressively dismantled under the terms of the Uruguay Round of the General Agreement on Tariffs & Trade.

The union, of course, cannot simply be expanded to include the other 10 SADC members: transfer payments to existing members include what amounts to foreign aid. This masked the influence that the previous apartheid government sought to buy. Whether this sleight of hand was successful or not is now irrelevant; what matters is that it detracts from the upliftment initiative back at home and is entirely inappropriate.

The reality is that the SA economy is, both by good fortune and design, the dominant and most sophisticated in the region. While its trade with Africa is increasing and is not insignificant, its major trading interest, as an exporter of raw materials, lies elsewhere — with the large industrialised nations. Any economic or political union that jeopardises that interest could seriously compromise SA's own reconstruction and development, especially if it allows its African neighbours to circumscribe its economic clout.

Our neighbours, with the exception of Botswana, have largely been the victim of their own economic inadequacies, at times aggravated by apartheid.

They must first seek to redress their own policy shortcomings before beginning to prey on this country, where resources are scarcely adequate to meet our own development needs.

The first step towards any closer union means that these countries must energetically begin to co-ordinate their fiscal and monetary policies with those of the dominant economy in the area. And that in turn will lead inevitably to some loss of sovereignty. Some neighbours, specifically Zimbabwe, have already begun this process, not because they have closer union with SA in mind but because their inadequacies have landed them within the grip of the International Monetary Fund's conditionality. Simply put, that means Zimbabwe President Robert Mugabe is in much the same position in relation to SA as France's Francois Mitterrand is to Germany: an avowed socialist reluctantly genuflecting to a broader capitalist union.

Mitterrand's revenge was the *dirigiste* attitudes that Jacques Delors brought to bear through his recent presidency of the European Commission: attitudes that even Britain's John Major found hard to accept.

And indeed the excessive and often inappropriate regulation that emanates from the European Union is an increasing obstacle, both to renewed growth and to the reduction in structural unemployment.

President Mugabe has not run a successful economy for the past 10 years. Though exchange controls are being dismantled and there have been significant market-orientated reforms, they are a long way from fructification. Inflation is close to 30% and Zimbabwe's bloated bureaucracy tends to mask a rate of unemployment that even in nominal terms is high.

One of the reasons that Britain can contemplate the increased integration proposed for the EU is that the other members are also her major trading partners and their domestic economic policies are increasingly being harmonised — with, of course, a reduction in sovereignty.

SA is not yet in that happy position in southern Africa. As the dominant economy of the region — and about the best governed — if it agrees to enter a broader political and economic arrangement than the existing Customs Union, it will take upon itself responsibilities it does not deserve and cannot afford.

But worse than that, it will be expected by its partners to solve the problems they themselves created — and cannot themselves solve without political embarrassment or the help of the IMF. Unless SA is able to apply the conditionality for which the IMF is constantly (and unjustifiably) castigated, it can only fail. SA must not allow itself to become in this region the soft option to IMF conditionality, for therein lies the road to its own ruin.

Anything in this region approaching the depth of the EU's integration will lead to a flood of immigrants from our poorer neighbours. Some will argue that they will come anyway, given our large and insecure borders, and that their greater desperation and better education will bring higher levels of potential productivity to the workforce here.

But in any case SA must make sure it is in a position to call the tune. And that means it must extend, rather than contract, its powers of influence. ■

focus on SADC

Sowetan 2/9/94

Although South Africa is the economic giant of the SADC, there are gains to be made from joining the organisation. Reporter **Mzimkulu Malunga** looks at the issues:

(279A)

Masire with King Mswati III at Sir Seretse Khama Airport after the SADC summit.

EVEN before paying a single cent in subscription fee to the Southern African Development Community, South Africa has given the organisation a huge moral boost by merely adding its signature to the SADC treaty.

The fact that SADC has achieved little or nothing since its inception 14 years ago does not mean it should be written off as some analysts are beginning to argue.

Many are thinking in terms of how much joining SADC will cost South Africa but turn a blind eye on medium-to-long-term gains for the country

South Africa's foreign relations begin in the region, says Deputy President Thabo Mbeki

This country cannot afford to be an "island of success" surrounded by poverty-stricken countries, he continues.

The social implications for such protectionist tendencies will make a mockery of the much talked about "African economic miracle" expected to happen in this country

Not even draconian influx control laws could stop people from coming to this country, so imagine the social cost of people from neighbouring states invading this country in search of jobs if South Africa becomes an "island of success". It is in the interests of South Africa to help bring about balanced regional development, adds Mbeki.

If stability finally dawns in the region and democracy takes root, the protectionist tendencies could fall away and economies of all countries in the sub-region could start picking up

For South Africa this would not only mean fewer people flocking across its borders to look for greener pastures, but would also guarrantee a bigger market for this country's goods and services. Apart from the material gains which will eventually come South Africa's way, argues Foreign Minister Alfred Nzo, joining SADC is part of the process of breaking the chains of isolation.

It is also a sign of appreciation to those countries for having sacrificed immensely during South Africa's struggle for liberation

Regional blocs these days prove lucrative avenues for international investors By becoming part of the SADC family, South Africa increases Southern Africa's chances of attracting investment, he says It is against this background that SADC officials feel the region's weight will be bolstered when government ministers and representatives from all over the region gather in Berlin next week to market Southern Africa to the European Union

While they expect South Africa to play its part in regional development, mainly because of its level of development, they say they are aware of the country's internal challenges

"We have neither fear nor illusions about South Africa joining the SADC," says the organisation's chairman and Botswana president Ketumile Masire.

South Africa, he says, will be one of the partners in the region's quest for self-reliance

No doubt the country's signature to the SADC treaty poses new challenges to the organisation and certain things will definitely need to change

When the SADC was formed, it was like a spirited athlete whose muscles were not strong enough to reach him to the finish line But, with South Africa having joined, the muscles have developed

Although SADC officials are playing down the issue of restructuring, economic observers say they know it cannot be avoided. It is not going to be smooth-sailing, differences will certainly prevail

SADC's failure to realise its mission of minimising the economic domination of South Africa was caused by two major factors

Firstly, the organisation's own follies — such as the failure of some members to pay their subscription fees, too much talk and little action and protectionist tendencies among members — saw to the community's failure Secondly, South Africa's destabilisation process rendered certain projects unworkable from the start.

For instance, when most landlocked countries thought they could use the Mozambican and Angolan ports to export their goods, South African- backed rebel groups ensured that railway lines leading to such destinations were consistently sabotaged.

As a result, the only option was to use South Africa's ports. Instead of going down, trade with this country shot up. Also, at the time the organisation was formed, regional and international politics were totally different from today.

The East-West tensions were at their prime and countries were divided along ideological lines and therefore highly suspicious of one another Fourteen years ago, only two countries on the sub-continent had a multi-party system.

Today the situation is different The cold war is over and Southern Africa's only trouble spots are Angola and Lesotho. Even here there are still hopes for political solutions.

PTA in first-time trade talks with SA

279A

CT 3/9/94

JOHANNESBURG. — Members of the Council of Ministers of the Preferential Trade Area for eastern and southern Africa yesterday held talks with South African business organisations for the first time.

South African Chamber of Business spokesman M E Robertson said the PTA officials had met Sacob's Raymond Parsons, Joe Hlongwane of the National African Federated Chambers of Commerce and Mickey Dames of the Die Afrikaanse Handelsinstituut here.

Robertson said the delegates had urged political leaders to rationalise the practical work of the PTA and the Southern African Development Community to avoid a conflict of interest. — Sapa

3/9/91/278

with a budget of eight billion US dollars (about R30 billion) funded largely by foreign aid, the SADC is in charge of 400 projects in member countries. But it has often been criticised as a talkshop, with little happening behind the blue-tinted windows of the sumptuous SADC headquarters in Gaborone.

South Africa became a member of SADC yesterday when Deputy President Thabo Mbeki signed the Treaty of Accession in Gaborone. The government has been at pains to reasssure the 10 other members that SA does not intend to dominate its partners.

"Democratic South Africa enters this new partnership as one player among many," Foreign Minister Alfred Nzo told a meeting of ministers which preceded the Gaborone summit. "We harbour no desire to be the dominant partner."

Mr Nzo also quashed hopes that SA might foot the bill for development in the region.

"We entertain no illusion of becoming the regional benefactor because such capacity we do not possess."

But however little South Africa wants to play the role of regional Big Brother, Department of Foreign Affairs officials agree that its accession to SADC will mean big changes for the organisation. Not only because of the sheer weight of the country's economy — SA's gross domestic product (GDP) is four times that of all the other SADC countries combined — but because the presence of SA means that the SADC's mission is no longer impossible.

Formed in Lusaka in 1980, the SADC was originally known as the Southern African Development Co-ordination Conference (SADCC). Its goal was to isolate the Pretoria regime at a time when apartheid South Africa was bent on destabilising its southern African neighbours.

SADCC did succeed to some extent in forging new links between member states. But it proved impossible to bypass the powerful enemy to the south.

However, with the dismantling of apartheid, new possibilities opened up and in July 1992 in Windhoek, SADCC heads of state approved the creation of a new organisation, the Southern African Development Community, dedicated to regional development and integration.

☐ **REASSURING:** Alfred Nzo says SA won't dominate partners.

☐ **ALARMED:** Thabo Mbeki wants regional efforts to combat drugs.

South Africa joins SADC at a time of major changes in southern Africa. Political reform in Mozambique and Malawi and SA's own "negotiated revolution" are changing the face of a sub-continent still troubled by war in Angola and political instability in Lesotho.

On the economic front the formation of the Common Market for Eastern and Southern Africa (Comesa) reflects a global tendency to the creation of trade blocs. At the same time, the Southern African Customs Union (SACU) — which brings together South Africa, Botswana, Lesotho, Namibia and Swaziland — is up for renegotiation.

SADC will have to define itself with respect to these and other regional bodies and to draw up firm criteria for membership in answer to applications from countries as far afield as Egypt.

Executive secretary Kaire Mbuende is adamant that, with the exception of Mauritius, other countries should not be brought into SADC. He thinks one of the weaknesses of organisations such as the 22 member Preferential Trade Area (PTA) is their size, and he would like to keep SADC "as small as possible".

Dr Mbuende says there is "no question" of a merger between SADC and the PTA, though rationalisation of their activities is being studied.

This was one of the items discussed by heads of state at the Gaborone summit, which closed without any new protocols being signed. Not even the protocol on the shared water courses, tipped for completion at this summit, was ready for heads of state to sign.

But delegates interviewed by The Argus Foreign Service did not seem disappointed or even surprised..

Most said the meeting had achieved its objectives by welcoming SA into the fold.

According to Dr Mbuende, some progress was made on a protocol on trade and on the free movement of people. But he would not say whether or not SADC was any closer to zero tariffs between member countries, which he wants to see in place within two years.

For South Africa, membership of SADC will provide a strong platform for negotiations on trade with the European Union. Next week in Berlin, SADC and EU countries meet for the first time to discuss future co-operation. Trade is likely to feature high on the agenda.

The question of South African access to European markets will not be directly addressed at the Berlin conference. But as a member of SADC, SA has a better chance of joining the group of countries in Africa, the Carribbean and the Pacific (ACP) potential.

However SA will be at pains not to aggravate already skewed trade flows. South African exports to SADC countries are five times as high as imports from them.

Department of Trade and Industry officials say this could be corrected by new exports of services from other SADC countries. The creation of a regional power pool opens the way to purchases of electricity from neighbouring countries once South Africa runs into shortages as more homes are electrified. The Lesotho Highlands Project will enable the mountain kingdom to sell water to the PWV.

The officials say this sort of project will enable South Africa's partners to finance imports from SA with exports "and not with foreign aid".

SADC operates on sectoral portfolios and at present energy is in the hands of Angola. But diplomatic sources say South Africa could be asked to share this responsibility.

Other portfolios which could be offered to SA are trade and investment and mining. The possibility of South Africa taking over responsibility for the newly created "politics, diplomacy, peace, defence and security" portfolio has also been cited, though the former frontline states are likely to want to play a role once they have formed a new organisation, possibly later this year.

Mr Nzo says whatever portfolio is allocated to SA, his government will "do our best to make a success of it".

He says South Africa can only gain from the economic development of the region.

"If we assist other countries to develop, this will help us too."

Economic growth in neighbouring countries will also slow the flow of immigrants to SA, he adds, at a time when the country cannot even provide jobs for its own population.

"If we can implement strategies which create jobs in the region, there will be no reason for people to pack their bags and come to Johannesburg."

SADC could also play a role in regional crime control and in fighting the drug trade, which has reached alarming proportions in southern Africa, according to Mr Mbeki.

■ **See page 6, BUSINESS**

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279A

We're partners — Big Brother affirms

■ With four times the GDP of the rest of the SADC area combined, South Africa is due to turn southern Africa into a formidable trade bloc, writes **ALIDE DASNOIS** of the Weekend Argus Business Staff.

SOUTH Africa's entry to the Southern African Development Community (SADC) is widely expected to breathe new life into the organisation.

which have preferential access to Europe.

SA's partners in SADC have said they will support an application by South Africa to join them in the ACP grouping.

Within the region, membership of SADC opens up new possibilities for trade

Germany welcomes SA's entry to regional community

(279A) ARG 5/9/94

DALE LAUTENBACH
Foreign Editor

BERLIN. — South Africa's official entry into the Southern African Development Community has clearly made co-operation with this region a far more attractive and potentially workable proposition.

This has been acknowledged in the corridors of the SADC meeting with the European Union taking place in Berlin today and tomorrow.

Ambassador Harald Ganns, director for African affairs in the German government and chairman of the EU Africa Group, said: "It is clear that if South Africa was not going to be a member the whole thing would have fallen through."

He expressed delight that South Africa had become an official SADC member in time for this crucial conference, which is a get-together staged with attention-grabbing pomp and ceremony, but with the understanding that a concrete framework for co-operation must emerge.

"The conference is not the objective in itself."

The intended signal, he said, was that Europe's co-operation with Africa should "go beyond food aid and refugees".

Mr Ganns emphasised that the Berlin conference was political in its very nature.

"It's not another development conference; it's not a pledging conference."

No one should be in Berlin with a view to how many Deutschmark or dollars they could get out of it, he said.

To this end the demands made here today and tomorrow by the SADC member countries will be more important than the high-minded words of their joint declaration, expected tomorrow.

The declaration will merely set the political framework for the real work that lies ahead.

Mr Ganns said one of the first areas of European experience on which the SADC could draw was that of its administrative abilities in regional integration. To this end he hoped the EU would be able to send experts to help in the running and refining of the SADC.

Southern Africa could also learn from the EU how best to remove trade barriers.

SA invited to be member of PTA

CT 5/9/94 (279A)

BULAWAYO. — South Africa has been formally invited to join the Preferential Trade Area (PTA), which is to be transformed into a Common Market for Eastern and Southern Africa (Comesa), the Ziana news agency reported on Saturday.

PTA/Comesa secretary-general Dr Bingu wa Mutharika said in a statement South Africa was now welcome to join the economic grouping and would be given adequate time to decide whether to join or not.

He stressed South Africa's membership in Comesa would be based on a principle of mutuality. "South Africa is not expected to play the role of 'big brother'," Dr wa Mutharika said — Sapa

Europe offers help to SADC

(279A) CT 5/9/94

BERLIN. — The Europeans wanted to offer the young Southern African Development Community partnership and sponsorship in its development, German foreign minister Mr Klaus Kinkel said yesterday on the eve of a two-day conference involving Southern African and European foreign ministers

Mr Kinkel urged regional co-operation in achieving competitive markets, and political stability, and said it was the right path to prevent catastrophe.

"The main focus of the conference will be co-operation in the economic development of SADC and in establishing community institutions."

He felt the Berlin conference should set a "strong and positive" example at a time when disaster reports from Africa were in the news

● SA at cut-off point for aid from EU ● Fears of Demise of Lome Accord — Page 10

SADC, EU adopt framework today

From LINDA ENSOR

(279A)

BERLIN. — The Southern African Development Community (SADC) wanted to set up a follow-up mechanism to ensure that decisions taken at this week's conference with the European Union were implemented as soon as possible, SA Foreign Minister Alfred Nzo said yesterday.

One of South Africa's key concerns was drug trafficking, which posed a serious threat to development, he said.

CT 6/9/94

The conference of foreign ministers, opened by German Foreign Minister Mr Klaus Kinkel, ends today with the adoption of the Berlin Declaration outlining the framework for future co-operation between Southern Africa and Europe.

Mr Kinkel said the time was ripe for co-operation to move into a new phase.

"By so doing we shall also be contributing to peace and security throughout Africa."

The dialogue established would be directed primarily towards economic development, ensuring peace and security in Southern Africa, and promoting democracy and human rights.

Mr Nzo said the follow-up mechanism should be under SADC direction and consist of EU and Southern African representatives.

SADC council of ministers' chairman Mr Festus Mogae said the EU had the technology, capital and expertise to kickstart an industrial revolution in Southern Africa.

SADC-Europe talks end with co-operation pledge

ARG 6/9/94 (SDA) (2791A)

BERLIN. — The European Union and a grouping of southern African states, including South Africa, agreed today to open a comprehensive dialogue on subjects ranging from politics and arms supplies to trade, aid and investment.

At the end of the first high-level meeting between EU foreign ministers and their counterparts from the Southern Africa Development Community (SADC), the two groups issued a joint declaration listing mutual objectives.

The statement offered support for democracy at all levels, a reduction of arms and arms exports in southern Africa, co-operation in trade and economic developments in the region and promotion of investment, particularly in manufacturing.

The declaration that concluded the Berlin meeting also called for an increased political dialogue.

"The political dialogue between the European Union and countries of the southern African regions will consist of a regular exchange of views on general matters of foreign policy, particularly with a view to promoting peace and long-term stability in the southern African region," the declaration said.

To promote regional integration, the EU will offer exchanges of personnel, training, assistance and advice on organisational matters.

The two regions also agreed to promote trade co-operation without prejudice to the Lome Convention between the EU and African, Caribbean and Pacific nations.

The parties also said they would make appropriate proposals to follow up the conference. But no timetable was set for subsequent sessions.

South African Foreign Minister Alfred Nzo had called for a follow-up report within two months.

The SADC was set up in 1980 in a largely unsuccessful bid by South Africa's neighbours to break their economic dependence on the then apartheid state and to provide backing for the ANC.

SHOW OF UNITY: Mr Kinkel with Mr Nzo, right, and Gasoltwe Chiepe, left, from Botswana.

All 11 SADC foreign ministers attended the two-day conference, held at Berlin's Reichstag parliament building. But only five of the 12 EU foreign ministers were on hand — from Germany, Belgium, Luxembourg, the Netherlands and Portugal.

The SADC nations are Angola, Botswana, Lesotho, Malawi, Zimbabwe, Mozambique, Swaziland, Tanzania, Namibia, Zambia and South Africa. — Reuter.

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ARG 6/9/94 279A

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SHOW OF UNITY: Mr Kinkel with Mr Nzo, right, and Gasoitwe Chiepe, left, from Botswana.

Euro-SADC talks go beyond hopes of Berlin Declaration

ARG 7/9/94

2797

DALE LAUTENBACH
Foreign Editor
in Berlin

THE high-profile gathering of the European Union and the Southern African Development Community has gone the mile and produced results beyond the high-minded words of the Berlin Declaration it adopted.

"The people of southern Africa need immediate solutions," urged South African Foreign Minister Alfred Nzo, near the close of the two-day meeting at the Reichstag yesterday.

He told European colleagues that the South African government viewed the implementation of its Reconstruction and Development Programme "in a broader regional context".

"I would remind you that support to one (country in the region) is support to all."

It was a friendly push and ever so polite, but South Africa got its way and the conference that threatened to be a talk shop resolved that it should not end in words alone.

Backed by a good deal of corridor lobbying, Mr Nzo saw to that in his speech: "After consultation with our colleagues from other delegations I propose that this conference adopt a resolution establishing an *ad hoc* steering committee which will develop a strategy to achieve the objectives of the declaration."

He said it should work in close cooperation with the SADC Secretariat and the European Commission and submit a report on implementation strategy within two months.

Further, he proposed a regional conference on combatting drugs trafficking for early next year. This idea was well received and would, it was learnt, involve not only EU members but the United States too perhaps.

Another committee and another conference might sound like just so much more bureaucracy but even as the ministers were whisked off to a reception with the German president, southern African and European officials were meeting to formulate strategy.

Their work will culminate in a meeting at senior official level in Malawi in January or February next year, said SADC vice president Festus Mogae. SADC and EU foreign ministers will meet again later next year.

There was a real fear at the start of the conference that the impressive document called the Berlin Declaration and which has been refined in a consultative process over months, would satisfy most delegates.

In itself it addresses most possible aspects of EU-SADC policy and cooperation and like most documents of this nature promises a follow-up. There was a suspicion though, particularly among the South Africans and the Germans, that such declarations needed something more concrete to carry them through to actual results.

There had been much insistence from other SADC members that new mechanisms were not needed. The sensitivities of South Africa as the newest but also now the strongest member of SADC are quite acute and the 10 members of SADC without South Africa have their institution to defend against the scrutiny of the newcomer.

On this Mr Nzo was equally firm: "I am aware of the concerns expressed in this room regarding the danger of duplicating structures in southern Africa. I also believe that there is agreement on the urgency to find solutions and to implement such programs as we may agree upon here. I hope that such early implementation will not be obstructed by disagreement on structures. The people of southern Africa need immediate solutions."

Among the areas of cooperation envisaged in the 14-point Berlin Declaration and around which the steering committee now has to formulate a concrete strategy are:

- Political dialogue in an effort to promote peace and stability in southern Africa;
- Regional integration on which the EU has offered to share its experience with SADC in technical and organisational matters;
- Trade and economic cooperation involving promotion but with prejudice to GATT or the Lome Convention;
- Private investment, small and medium sized enterprises and the promotion of the private sector;
- Development cooperation including regional planning and coordination for transport and communications, energy, education and training, health, food and agriculture and mining;
- Natural resources and the environment in recognition of the importance of the conservation of natural resources;
- Science and technology and the transfer of knowledge;
- Tourism;
- Cultural cooperation;
- The combatting of international crime including arms smuggling, illicit cultivation, drugs trafficking and consumption, money laundering and the dumping of toxic waste.

SADC aims to encourage cross-border investment

B/Day 12/10/94

THEO RAWANA

THE Southern African Development Community was working on a facility to encourage its region's businesses and governments to seek investments across each other's borders, SADC executive secretary Kaire Mbuende said yesterday.

Addressing an SA Council of Churches' conference at Kempton Park, Mbuende said SADC member states were negotiating two protocols on trade promotion and on finance and investment.

Foreign investment flows, while necessary, could not be seen as the long-term solution to the southern African region's economic development problems, Mbuende said.

"It is our belief that by investing in each other's economies, our countries will be taking a stake in each other's economies, and also making a statement of commitment to the well-being of the neighbours' economies. This is the true basis for integration in southern Africa."

Mbuende said the real threats to democracy and stability in the region were rampant unemployment, ignorance, poverty and the resultant famine, crime and violence.

(279A)

"Southern Africa will not necessarily realise peace even if we cut back military expenditure collectively by 80% and establish mutual defence pacts or arrangements," he said.

Saying that no country in the region could address these problems alone, Mbuende said southern Africa should view them as challenges which should be addressed through co-ordinated human resource and skills development.

"The development of the region's human resources must remain at the centre of all the region's endeavours, so that people will have the capacity to initiate development for themselves and begin to move away from the currently unattainable situation, where people expect governments and a few enterprises to provide jobs for everyone.

He said that people should be equipped with the necessary skills to enable them to take full charge of their lives and to become investors in the region's economies.

☐ The SA Council of Churches' conference condemned as "premature" the defence industry conference which began at Midrand yesterday.

The delegates said: "This conference, which is designed to promote SA's arms industry and trade at a time when the new government has yet to define a comprehensive arms policy, pre-empts the efforts of Parliament and the new democratic government to create a responsible policy framework for the arms industry and trade."

SADC Fm 21/10/94

Growth path

Structural adjustment programmes are usually associated "with a *diktat* from the World Bank and International Monetary Fund." But, though these institutions coined the term in the Eighties, say economists Gavin Maasdorp and Andrew Saville, "they were merely following a market-orientated policy adopted by East Asian countries in the Sixties."

In an occasional paper for the SA Institute of International Affairs, Maasdorp and Saville discuss the success of such programmes in SADC countries and review the economies in the region. (2799)

They describe three countries as arguably achieving "varying degrees of success" through the programmes: Malawi in the Eighties, Tanzania since 1986 and Zimbabwe since 1991. Zambia implemented a number from the mid-Eighties but with little success — "mainly because it repeatedly abandoned the programmes for political and other reasons before the change of 1991 led to a determined effort

Fm 21/10/94

to adhere to one."

Maasdorp and Saville say Botswana, by far the fastest growing country in southern Africa, did not have to implement an adjustment programme. At independence in 1966, Botswana "was one of the 20 poorest countries in the world, with virtually no infrastructural development and a predominantly subsistence economy." However, between 1980-1991, Botswana's GDP rose by an average 9,3% a year and its performance exceeded that of all non-petroleum producing countries in Africa

"This exceptional record was partly due to the rapid expansion of the beef industry," say Maasdorp and Saville, "but the overriding factor was the discovery and development of valuable mineral resources, especially diamonds. Apart from enhancing the export base, the development of the mining sector has helped to stimulate and finance the development of infrastructure, the manufacturing sector and social services. By 1991, Botswana had become an upper-middle-income country by World Bank definitions." (2799)

Botswana's gross national product per head was US$2 530 in 1991. This puts its per capita income on a par with SA, which has more than three-quarters of the total GNP of the region and almost two-and-a-half times the average regional per capita GNP. But Botswana's future "hinges on the government's ability to move the economy off its historic diamond-dependent growth path and on to a new one, based on diversified economic activity."

The writers say the government must stimulate agriculture, especially by bringing new areas under irrigation, continue to encourage exploitation of natural resources

Continued on Page 40

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Continued from Page 37

other than diamonds, and realise the potential of the manufacturing sector.

The country has abundant foreign reserves relative to the size of its economy, a low foreign debt burden, and the budget has shown a surplus each year since 1983-1984 and is expected to balance in 1994-1995.

Another country that has fared well in the period is Swaziland — with GDP of less than $1bn. Annual growth averaged 6,8% between 1980-1991. Per capita GNP is more than $1 000. (2799)

Malawi, with average annual GDP growth of 3,5% between 1980-1991, and Zimbabwe, with 3,6%, have "achieved moderate improvement," say the writers. Malawi's per capita GNP is $230 while that of Zimbabwe is $650.

The poorest performer is Mozambique With GDP of $1,2bn, it recorded an average annual shrinkage of 1,1% in the period and has per capita GNP of only $80. ■

Development focus to change

B/Day. 3/10/94

EDWARD WEST

CAPE TOWN — The Southern African Development Community planned to change its focus from co-ordinating projects in member countries to regional integration, executive secretary Kaire Mbuende said on Friday.

The change was because of a political transformation of members towards democracy and a belief that regional economies were bound together.

"Development in each country will be slowed if there is no spread of economic benefit across borders and labour migration will continue."

There was already a steady migration of skilled people such as doctors to SA from development community countries.

The political focus of the community — to ensure democracy — would remain in place. This would build confidence and free resources for social development. (279A)

Mbuende said it was a pity there were those in SA advocating the country's membership of the regional economic integration organisation, the Common Market for Eastern and Southern Africa (Comesa).

SA had joined the development community and had set up a committee to investigate joining Comesa. Comesa was born out of the Preferential Trade Association (PTA) in November 1993 toform a common market by 2000 with zero-based tariffs between member countries.

Mbuende said the PTA had achieved little in its 10 years. Its proposed common market was larger by only two countries than the development community, and the community and Comesa differed on the pace of scaling down tariffs.

Although Comesa was punting access to a market of hundreds of millions of people, the market had little buying power. Comesa's members were unwilling to belong to the organisation and reluctant to carry out its proposals because fundamentals between the development community and Comesa treaties differed.

Mbuende said Comesa was also furthering its cause through its proposed trade facilitation role, when in fact international trade promotion instruments such as GATT were adequate.

Asked whether he feared development aid might be diverted from development community countries to SA, Mbuende said: "Pledges were made to Zimbabwe and Namibia with political transition. Most never materialised. When the pledges to SA actually materialise, then I will begin to be concerned. But the region will benefit more from a richer SA than poorer SA."

SA most economical supply source

(27A)

CT 18/10/94

Deputy Business Editor

THE synergies between the petroleum industries of Southern Africa and the Southern African Development Community region were key to the successful development of the region's economies, Tony Deakin, chairman of BP Southern Africa said yesterday.

Delivering the keynote address to the Africa Oil 94 conference, Deakin said that at no time since World War II had the prospects for the southern African region been better.

The aboliton of secrecy surrounding the SA petroleum industry following the moves to democracy in SA had enabled the synergies in the Southern African region to be explored and begin to be realised.

He said South African refinery capacity had recently increased from 510 to 650 barrels a day and this expansion had resulted in South African refiners having sufficient petrol capacity until the turn of the century and an ongoing surplus of diesel. As such, there was no immediate need for additional refining capacity.

SA refineries, unlike the other four refineries in the SADC region, he said, were able to rank effectively with the main international refining centres on measures of yield performance and economies of scale.

The demand pattern of the region was such that the surpluses of South Arica complemented the remaining SADC import requirement, and additional diesel produced in SA could efficiently be supplied to meet the deficit elsewhere in the region.

'Regional trade barriers must go'

PORT LOUIS. — Finance ministers and central bankers urged each other yesterday to remove obstacles to regional trade in Eastern and Southern African.

279A

"African nations must remove bottlenecks like restrictive import licensing, overvalued exchange rates, and restrictions on capital transfers," said a Ugandan delegate to yesterday's closed door session in Mauritius.

CT 22/10/94

"Africans must also promote further the role of the private sector in economic development, build stronger financial systems to support private sector initiatives and accelerate economic cooperation and integration on a regional basis," he said.

The delegate was taking on the sidelines of a five-day conference of the 22-nation Preferential Trade Area in Port Louis.

Conference sources said delegates had bitterly criticised each other for what they said was their failure to make tangible progress on regional trade expansion.

CUSTOMS UNION

Cutting the cake fairly

FM 18/11/94

The deadline for the new Southern African Customs Union Agreement may be unrealistic. The Customs Union Task Team has until March 1995 to complete its report and draft a new agreement. (279A)

The date was set last week at the first

FM 18/11/94

meeting under SA's new government. Finance and Trade Ministers of Botswana, Lesotho, Namibia and Swaziland met Trade & Industry Minister Trevor Manuel.

The original agreement was concluded in 1969. Negotiations on a new pact have been held on and off since 1981. After clashes over frames of reference, talks broke down in 1991. SA threatened to withdraw in 1993. The problems are still unresolved.

There is common ground: all want to stay in the union, agree renegotiation is needed and can see the benefits.

The union could form the core of economic integration in southern Africa. But Stellenbosch University economics Prof Colin McCarthy says the region has a GDP similar to that of a small European country such as Finland and so is hardly significant in the world. Still, it's a force in Africa.

The main issue is money. SA wants more; so do the others. SA's share of the customs pool has declined, from 97,1% the first year to 86,6% in 1980-1981 and 66,4% (of R9bn) in 1992-1993.

The slide resulted from SA's economy stagnating while Botswana's GDP growth, for instance, has ranked among the highest in the world and, some say, drainage through subsidies to former homelands.

Essentially, the formula used to distribute revenue compensates other member countries — enhancing their calculated share by 42% — to make up for disparity in economic strength between SA and them. The formula is based on imports and excisable goods which the smaller countries consume. If the country does not achieve a contribution equal to 17%-23% of the value of its imports, the amount is stabilised to reach this percentage.

Jointly, the countries form SA's largest trading partner. They also use a lot of SA manufactured exports. Despite the need to nurture the relationship, SA officials says the formula is unfair as members have undergone economic and political transitions since it was introduced.

If nations such as Zimbabwe join — there is talk of the possibility — membership would cost SA too much.

Other divisive issues are nonconsultation by SA and export incentives. Setting up a permanent secretariat should boost consultation among members and end delays in payments of pool proceeds.

Union proceeds are now pooled and administered at the Reserve Bank but there is no office in charge of the operation.

The task team will look into harmonising export incentives. SA's regional industrial incentive programme and Geis offer incentives to SA industry which leave other members of the union unable to compete. Natal University economic research unit director Gavin Maasdorp says SA industry will have to come out of the laager and learn about competition.

The team will also examine: dispute settlement mechanisms; excise duties; bilateral trade agreements with countries outside of the union; closer co-operation on industrial development policies; uniformly implementing programmes to develop certain industries; encouraging agriculture and agro-industries including marketing agricultural products in the common customs area; and establishing industries important to members. (279A)

Trade and Industry Deputy DG Gerrit Breyl says that if renegotiations cannot be finalised by the due date, a progress report will have to be submitted. ■

Miners focus on change

LUSAKA. — Changes in mining investment policies by 11 member states of the Southern African Development Community (SADC) will be a main topic at an international mining conference this week, organisers said yesterday. (279A)

The SADC-European Union Mining Forum to run from tomorrow to Friday will cover changes and opportunities in the region's mining sector to attract investment in mining technology, exploration and development of managerial skills, they said. (210)

The programme says the conference was organised due to changes in government policies in the region in liberalising economies to promote private investment. CT 6/12/94

"Mining exploration and development in Sub-Saharan Africa has gone down the past two decades mainly because of policies of post-colonial governments of nationalisation which made overseas investors shy away," SADC mining economist Stephen Wapakwenda told Reuters.

"There are now changes in policies and these have to be promoted to the international public, and this is what we are doing at this forum."

Participants include 100 mining companies from 12 European Union member states and plus others from Austria, Finland, Norway, Sweden, Canada, the United States and Japan.

SADC unity pledge 'boost for shipping'

(2779)

By ARI JACOBSON

THE maritime workshop held in the Cape this week "built bridges" between the previously separate parts of the Southern Africa Development Community (SADC), said delegates at the close yesterday.

The delegates all agreed that a unified SADC region, with SA now accepted in its rightful place as the engine room for maritime growth, would spearhead trade out of southern Africa.

They further concurred that there was a need for SADC member states and shipping businesses to "combine strength" in the development of shipping.

There was also a need for a short term policy of training and investment to make regional ports more efficient and productive, they said.

More importantly a link had now been established between a unified SADC and the EU, "which will be a shot in the arm for shipping in the region", said a SADC director Percy Mangoaela.

He said that SADC region had been "in the doldrums" but hoped that the workshop would act as a catalyst to lifting the region out of this slump in shipping.

CT 7/12/94

"This workshop has outlined a programme, through the relevant working groups, for re-activating shipping in the region," he said.

EU director general Wim Blonk said that the EU/SADC workshop would be an annual event — to share ideas and offer assistance to the less established maritime countries.

The workshop arrived at critical conclusions, according to Blonk, including that shipping should be seen as a "strategically important sub-sector of the transport sector, for the development of trade and therefore the regional economy".

He said that there was a general consensus that a liberal trade policy should be followed, as opposed to protectionism through direct intervention by government or via cargo allocation.

Blonk added that the EU would also be looking to offer technical assistance, provide support for joint ventures and in general lend a hand to weaker maritime regions.

Other issues of conflict included the "cartel situation with conference liners" but Blonk said that "this system is changing to a more co-operative arrangement among operators, which can be used to develop shipping industries for mutual benefits".

'Great scope' for co-operation in mining

LUSAKA — Great scope exists for closer co-operation in mining among southern African countries, says European Commission director Francisco Granell.

At the start of a three-day international forum in Lusaka on mining investment opportunities in southern Africa, Granell said greater importance would be attached to economic policies which supported private sector development of recipient countries in future investments in the region. (279A)

"Lomé IV stressed the importance of fostering the private sector. Greater importance will be given to the economic policies of the recipient countries," he said. BD 8/12/94

The forum, organised by the European Union (EU) and the Southern African Development Community (SADC), covers changes and opportunities in the region's mining sector intended to attract investment in mining technology, exploration and development of managerial skills.

Granell said the EU was encouraged by changes introduced in the region to promote market economies.

"Policy decisions have been taken and practical measures implemented to foster private sector initiatives, privatise mining interests, introduce more realistic exchange rates and competitive taxation."

The EU had targeted mining for investment in the region because it remained "relatively unexplored", attracting less than 5% of the total mining exploration investment and total capital investment worldwide.

Zambian Vice-President Godfrey Miyanda told delegates "everything possible is being done to foster a conducive environment for private-sector investment in mining and other sectors of the economy".

He said mining development in Africa had been constrained by insufficient investment. "We need to change this situation if we are to progressively increase the growth of the mining industry." — Reuter.

Two conflicting camps threaten Africa's common market

(279A) CT 8/12/94

LILONGWE. — A conflict of interest between two major African regional groups threatens to overshadow the formal launch today of a common market for eastern and southern Africa.

Bingu wa Mutharika, secretary-general of the 22-member Common Market for Eastern and Southern Africa (Comesa), said the problem arose in August when leaders of the Southern African Development Community (SADC) sought to address the problem of overlapping membership of the two groups.

The 11 SADC members, all but two of whom are also in Comesa, agreed that Comesa — previously known as the Preferential Trade Area (PTA) — should split into northern and southern sub-regions.

"SADC has no right to split the PTA," wa Mutharika said after a marathon meeting on Tuesday night with Comesa ministers to try to thrash out a consensus on the issue ahead of the two-day Comesa summit starting in Malawi today.

"The PTA is saying that we don't need to break up this organisation. We need to consolidate it," he said, adding that Comesa was happy with the status quo under which the two groups co-existed and worked towards harmonisation and rationalisation of their operations.

SADC is made up of Angola, Botswana, Lesotho, Malawi, Mozambique, Namibia, Swaziland, South Africa, Tanzania, Zambia and Zimbabwe. All but Botswana and South Africa are members of Comesa.

Delegates from several SADC member states, notably Zimbabwe, Namibia and Swaziland, said they would not ratify the Comesa treaty until the issue had been clarified.

"Zimbabwe is bound by the decision taken by the heads of state and government of SADC but what's outstanding are the modalities of implementing that decision," Hebert Murerwa, Zimbabwe's acting industry and commerce minister, said yesterday.

Zimbabwe's Attorney-General, Patrick Chinamasa, said Comesa ministers were recommending a joint SADC/Comesa summit to resolve the issue once and for all.

In an apparent effort to play down the significance of the conflict on the Comesa summit, Murerwa said most SADC members supported Comesa's aim of forging a strong common market. He cited Zimbabwe's shouldering of 13 percent of the group's total operational budget of around $3m.

He and Chinamasa said SADC countries took "very great exception" to accusations by some non-SADC members that some European Union countries were trying to divide Comesa along regional lines.

Asked to comment on the issue, wa Mutharika said the accusations arose from a declaration by Germany in Berlin in September that it wanted to work specifically with SADC.

"It's an open secret. The first Berlin Conference of 1884 split Africa into the countries as we see them now. The second Berlin conference of 1994 specifically said Germany wants to work with SADC and nobody else, thus again partitioning Africa on a regional basis," said wa Mutharika.

"But in all fairness, it's not all the 12 EU countries which are doing this. It's only Germany which is fighting so hard to do this (divide us)."

SADC countries urged not to expect instant results

(279A) BD 12/12/94

LUSAKA — Southern Africa's mining industry, seeking to woo new foreign investment, should not expect immediate results, a regional official said on Friday.

"I think it is unrealistic to look for results now," Lengole Monyake, deputy executive secretary of the 11-nation Southern African Development Community (SADC), said on the final day of a three-day SADC-European Union mining forum.

"We are working today for tomorrow and I think we can realistically expect results in the coming few months."

The forum attracted over 400 participants from the SADC member states of Angola, Botswana, Malawi, Mozambique, Namibia, Lesotho, Tanzania, Swaziland, SA, Zambia and Zimbabwe.

Delegates from about 100 mining companies in 12 EU countries also attended.

Commenting on some African delegates' hopes for quick results, Monyake said: "It's understandable because the region is in great need of new investment. But we should look at a gestation period of between a month and a few months for most of the projects.

"What this conference has done is to lay the basis for further discussion. . . . However, I don't think any agreements were signed here."

Some participants from the SADC region said they had received firm or strong commitments from EU companies willing to form investment partnerships, but they refused to give details. "That will not help our discussions," said Zambian delegate Willy Sweta.

Zambia presented 50 project proposals at the conference.

Many project promoters are seeking investment support for small- and medium-scale programmes costing up to $10m. Monyake said a few "big" projects were also being considered but he could give no details. "What I know for sure is that every one of our member states is going to benefit." — Reuter.

Customs Union treaty under the microscope

SELLO MOTLHABAKWE and JOHN DLUDLU

THE Customs Union task team has established three working groups to examine specific aspects of the original customs agreement, as moves to restructure the union get under way. 2 (279A)

The task team had been set up in November to draft amendments to the 1969 Customs Union agreement between southern African states. BD 21/12/94

SA's trade and industry department said there would be continuous liaison between the groups, which would meet in Swaziland in January.

One group would examine the institutional framework of the Customs Union. Another would conduct a technical appraisal of factors such as the polarisation in industrial development in the region, price rises emanating from the common external tariff and the revenue-sharing formula. A third group would look at broad policy issues of the various industrial sectors.

The Department of Trade and Industry would liaise with local business and labour constituents of the National Economic Forum.

The department said the first task team meeting reaffirmed the union needed restructuring because of the changed economic and political situation in southern Africa. The working groups were asked to present an interim report to the various ministerial representatives by the end of March 1995.

The groups would also look at involving SA neighbours, such as Zimbabwe, which had formerly been excluded from the 1969 customs agreement.

Department threat to penalise rag trade

YURI THUMBRAN

YARDSTICKS and targets for productivity in the clothing and textiles sectors would be negotiated between the National Productivity Institute, the Trade and Industry Department, business and labour, Trade and Industry director-general Zavareh Rustomjee said yesterday.

He said clothing and textile companies stood to lose their duty credit certificate scheme benefits if they did not comply with criteria to lift productivity and spend money on employee training.

Although government had set a target of 4% of wage bills for training, this could vary among companies producing different products

The department had set preconditions when it announced the extension of the scheme whereby clothing and textiles exporters would get duty rebates on imports used as inputs.

Rustomjee said structures to focus on training and productivity had not yet been set up.

But these should be in place early next month, as companies had had the opportunity to register until mid-January for the extended scheme. Companies which failed to measure up to the negotiated yardsticks would not receive scheme incentives.

Sapa reports Rustomjee said strengthening southern Africa's regional trade potential made good economic sense.

"But this doesn't mean we're going to ignore economic relations with other regional groups. There shouldn't be any perception that an emphasis on the one precludes an emphasis on any other."

His comments followed recent speculation over the extent of SA's commitment to formalised trading relations with African states via membership of the recently-formed Common Market for Eastern and Southern Africa (Comesa).

Comesa secretary-general Bingu wa Mutharika said SA had shown reluctance to join the organisation.

However, Rustomjee said SA's regional trade policy was currently focused closer to home. The department was re-negotiating the SA Customs Union (SACU) agreement between SA, Lesotho, Swaziland and Namibia. (279A)

The negotiations were aimed at "democratising" the SACU to allow all members an equal share of revenue benefits. BD 23/12/94

African states reach stalemate in trade summit

CT 28/12/94 (279A)

HARARE. — Yet another meeting of African states has come and gone without progress towards resolving the problem of overlapping, competitive, regional organisations in southern and East Africa.

The December summit of the common market of eastern and southern African states (Comesa) held in the Malawian capital of Lilongwe ended with very little to show for itself other than partial agreement to restructure the organisation as Comesa from the former preferential trade area for eastern and southern Africa (PTA), and the admission of Zaire as the 23rd member.

The crucial issue of how to deal with the threat to its future posed by the rival 11-member Southern African Development Community (SADC) was postponed until early in the new year when a further summit will be convened. Last August, the SADC 11, nine of whose members are also members of Comesa, resolved to pull out of the larger grouping, thereby splitting Comesa into a northern (mainly East African) wing and a southern unit.

Complexities

None of the SADC states has yet carried out that threat, though its newest member, South Africa, has declined to join Comesa, while others have delayed ratification of the Comesa treaty pending a solution to problems of overlapping associations.

Two other regional organisations add to the complexities of restructuring economic relationships in sub-Saharan Africa.

Talks started last month to revise the southern African Customs Union (SACU), dominated by South Africa but including Botswana, Lesotho, Namibia and Swaziland. Some other states in the region — Malawi and Zimbabwe for instance — have shown an interest in joining an enlarged SACU, though officials say this is not yet on the formal agenda for treaty renegotiation.

Also in November, the presidents of Kenya, Tanzania and Uganda formalised the re-emergence of the East African Community with the signing of a protocol setting up a secretariat for a permanent tripartite commission. Although members of both the Comesa and SACU groupings deny that this latest effort to revive the EAC, which collapsed at the end of the '70s, constitutes any kind of threat to their regional plans, the fact is that it does.

In setting up the commission, presidents Moi of Kenya, Mwinyi of Tanzania and Museveni of Uganda agreed that, among other things, the community would eliminate trade barriers and promote the free movement of capital and people. A railways secretariat to resurrect East African Railways Corporation has already been established.

All three are members of Comesa while Tanzania is also a member of SADC. Clearly, if regional free trade — part of SADC's agenda — is to become a reality in the SADC region, then the EAC as well as Comesa will have to adjust its plans accordingly.

The revived EAC is seen by analysts as damage limitation on the part of Kenya, in particular, which fears the unravelling of Comesa should the SADC states go ahead with their threat to split the unwieldy 23-nation bloc into two.

The two bloc scenario certainly makes more sense economically and administratively, though it will force a country like Tanzania to make a choice between siding with its long-standing traditional partners in the EAC or looking south to closer links with already industrialised states like South Africa and Zimbabwe.

That decision is probably some way down the road given the reluctance of African political leaders to break up organisations, like Comesa. What is worrying some states — like Zambia and Zimbabwe — is the growing evidence that they are being deindustrialised to some extent as multinational companies restructure and relocate activities in the region.

SA favoured

South Africa tends to be the favoured location in the south and Kenya in the east. Businessmen and policymakers in Harare and Lusaka worry that the longer the uncertainty over future economic links persists, the greater the danger that new investments will go to South Africa which commands over 80% of SADC's buying power.

Zimbabwe, in particular, is anxious to renegotiate a bilateral trade deal with Pretoria, primarily to revive its clothing and textile sector which has been hit hard by punitive South African import duties. But first prize, some Harare businessmen say, would be a widening of SACU to include more — if not all — SADC states, rather than bilateral trade arrangements.

That goal may yet be reached, but only after tough political and economic decisions have been made in a dozen or more capitals. — Reuter

S.A.D.C.

1995

'Open borders between states'

(279A)

HARARE. — The Southern African Development Community (SADC) is to call for the opening of border posts between member states in a bid to facilitate easier movement of people ~~and~~ commercial traffic.

CT 3/11/95 (297A)

In its theme document prepared for its next consultative meeting in Lilongwe, Malawi, the SADC calls for the easing of entry procedures at border posts, saying the abolition of visas would enhance community building. — Sapa

Open border posts to show benefits of integration — SADC

Harare — The Southern African Development Community (SADC) is to call for the opening of border posts between member states in a bid to facilitate easier movement of people and commercial traffic, Ziana news agency reported yesterday.

In its theme document prepared for its next consultative meeting in Lilongwe, Malawi, the SADC calls for the easing of entry procedures at border posts.

The simplification of border crossing procedures would demonstrate "in a concrete way" the benefits of regional integration, the document says.

Adopting the protocol on the free movement of people and border crossing procedures would enhance community spirit.

The document adds that the abolition of visas, the standardisation of customs and immigration formalities, as well as the promotion of a community spirit among officials charged with administering such tasks would enhance community-building. (27914)

The document also calls for the active promotion of sporting and cultural exchanges by removing visa and work permit requirements for cultural visits, and the exchange of locally produced radio and television programmes. — Sapa.

Star 3/1/95

SADC calls for regional bank

6/1/95

By Isaac Moledi (2794)

THE Southern African Development Community has proposed the establishment of a regional development bank to boost the infrastructure of its member states. Sowetan

In a document prepared for its consultative meeting in Lilongwe, Malawi, from February 1 to 3, SADC also calls for the easing of entry procedures at border posts of member states in a bid to facilitate easier movement of people and commercial traffic.

The bank is to be established to create the necessary environment to mobilise finance and capital resources among member states.

NEWS FEATURE *Waiting for South Africa to to take*

South Africa moves ... at last

Sowetan 6/1/95 (279A)

By Tyrone August

AT LAST South Africa is beginning to wake up and realise it is part of Africa, and not an isolated little satellite of Europe or North America.

The country's re-entry into the Organisation of African Unity last year and renewed trade links with the rest of the continent sparked off this awakening.

The Urban Foundation initiated its own debates on this recently, and pulled together the results in the latest issue of its publication, *Development and Democracy* (December 1994).

It brought together the foundation's executive director Anne Bernstein, London journalist Michael Holman, local journalist Moeletsi Mbeki and company consultant Michael Spicer.

"South Africa's isolation in the apartheid years resulted in considerable ignorance in this country about many of the most important issues affecting Africa," notes Bernstein.

"There is a great wealth of experience in Africa .. about many of the issues that face the Government of National Unity in this country.

"One of the advantages of South Africa's late start is that we are able to learn from the experience of other countries."

There are, of course, many lessons on the economic front. Even Ghana, which Holman describes as the continent's star performer, was not an unqualified success.

While it achieved an average real growth of five to six percent over the past decade, this was largely with the help of external assistance.

"So the best example of success in Africa seems to point to a very gloomy future," argues Holman

He blames Africa's weak economic performance on its arbitrary borders, poor leadership, the Cold War, internecine wars and the lack of economic vision.

"The market ethos ... has not been taken on board," he feels, even in countries such as Nigeria and Kenya. "There's not a raw, market-driven energy.

"It's not comfortable with market forces and it's certainly not comfortable with authoritarian socialist structures." But Holman doubts whether there is a middle route.

Mbeki, somewhat surprisingly, agrees that there is no alternative model to capitalism even though many Africans do not see it as a way forward.

"The nationalist movements, because they had strong nationalist aspirations, removed the dynamism of the capitalist system," he believes.

"That dynamism was rooted in class division. How do you reintroduce this class division, which then creates the energy necessary for economic growth?"

Holman also warns South Africa that corruption is a major problem in Africa: "Unless it is very high on your agenda, that will push you down the path of Africa sooner than anything else.

"There are already signs of corruption — people walking around selling the contents of their contact books. That is a very dangerous development."

He urges South Africa to become more competitive as well: "You are drifting into a state of affairs where it will become progressively harder to compete with Asia."

■ LATE START *Region's powerhouse renewing trade links with continent:*

Holman also calls for a shift away from an over-reliance on foreign aid: "The record shows that African countries are incapable of efficiently using available aid

"There is another danger with aid ... It can distort the economy in many ways. You end up building your budget on too many assumptions about the level of aid in your spending "

Instead, he urges South Africa to be more cautious and selective in accepting aid.

This point was taken further by Professor Tony Hawkins, from the University of Zimbabwe's business-studies department, in the same issue of *Development and Democracy*

"Political transition in South Africa coincided with a change of gear and marked a shift of mood in the aid industry," he notes.

This was prompted by the international community's inability to resolve the crises in Somalia and Rwanda, and its failure to bring about self-sustaining development in sub-Saharan Africa.

Between 1980 and 1992, billions of dollars were pumped into this part of the continent, but there was still a decline in real income.

Hawkins describes as "wrong-headed" the assumption that aid drives development. On the contrary, he writes, successful economies were driven by trade and investment. In fact, he even claims Africa's economic failure can be associated with growing aid dependence today aid makes up 13,5 percent of the gross national product of sub-Saharan Africa

"Increased trade flows will bring far greater benefits to the Third World than more aid," Hawkins believes. "The most effective aid .. is improved access to ... markets."

And, he warns, South Africa cannot expect much more in aid anyway. It is already in the top half of sub-Saharan countries which receive aid, even though it is a middle-income country.

6/1/95/279

FLASH-BACK ... A Nigerian UN soldier keeps an eye on protesters in Mogadishu, Somalia. South Africa can play a big role in the reconstruction of Africa.

There is also a lot South Africa can offer the continent. To quote Holman: "South Africa is the dominant power in Southern Africa, and that dominance is going to increase."

But South Africa has a constructive role to play in the reconstruction of the subcontinent. South Africa can also provide the continent with technical expertise. Despite the inadequacies of its "high-level manpower", local experts can offer a lot to Africa. But, perhaps above all, South Africa can offer a new vision to Africa. As Holman puts it: "Africa needs to be given a vision, and I think this is what South Africa will, in part, provide."

He lambasts Africa for not recognising the opportunities opened up to the continent by the political transition in South Africa.

"There is no voice in the rest of Africa to say that now the ambitions of the rest of the continent are much more attainable," Holman complains.

This places even more pressure on South Africa to play a leading role in Africa. But he remains optimistic about the future.

"Africa needs to be given a vision, and I think this is what South Africa will, in part, provide"

SADC seeks $3,9bn in transport funding

GABORONE — The SA Development Community is still casting about for $3,91bn for transport and communication infrastructure projects.

In a report released by its SA transport and communications commission, project implementation in this sector had slowed. (279A)

Reviewing operations in 1993, the latest period for which information is available, the commission said passenger volumes of the region's airlines had fallen 13,25% in the past eight years and freight had crashed almost 20% since 1991. BD 17/1/95

The SADC's 10 airlines carried 2,243-million passengers in 1993 compared to 2,666-million in 1985. SADC ports' systems handled a total of 5,88-million tons of dry cargo imports and exports versus 1992's 5,81-million tons, an increase of 1,2%. — Sapa.

More talks on customs agreement

BD 18/1/95

JOHN DLUDLU

SA TRADE negotiators and their Botswana, Lesotho, Swaziland and Namibia counterparts last night concluded the current round of talks on the restructuring of the 1969 SA Customs Union agreement.

2799A

Speaking from Swaziland, Trade and Industry Department director-general Zavareh Rustomjee, who led the SA delegation, said: "We are in the processs of finalising terms of reference for the three working groups set up in December 1994. The parties want to establish a common framework to take back to our countries."

The technical working group has been charged with appraising technical factors such as the polarisation in industrial development in the region, prices emanating from the common external tariff system and changes to the revenue-sharing formula, a controversial subject among union partners.

Other working groups have to look at broad policy issues of various industries and the institutional framework for the union.

No firm decisions on issues were expected from the meeting, but Rustomjee said technocrats would meet more frequently before the March deadline when an interim report was to be submitted to ministerial representatives.

A new agreement, which would be concluded at ministerial level, was expected to be in place by mid-year.

Many observers regard the extension of the agreement to other countries in the region as a vehicle for regional integration.

SADC woos customs union

THE Southern African Development Community has proposed that the SA-dominated Southern African Customs Union be used as the channel through which a regional common market could be set up.

In a consultative document issued in Gaborone ahead of its annual meeting in Malawi next week, the SADC secretariat says SACU should be expanded to draw in other SADC members and include free cross-border movement of labour and capital.

279A

South Africa, Botswana, Namibia, Swaziland and Lesotho are the current members of the union. All are members of SADC along with Zimbabwe, Zambia, Malawi, Tanzania, Angola and Mozambique.

In the document, the SADC urges the complete economic integration of its member states. It calls for the adoption of the protocol on the free movement of people. This includes the abolition of visas, the standardisation of border controls and the free movement of labour.

Furthermore, the region's central bankers should consider steps towards monetary policy integration to squash inflation and bring interest rates down.

The regional trade and development body recognises though that there will be a downside to southern African economic integration, but believes this will be outweighed in the long term. — Sapa

ST (BT) 22/1/95

SADC to seek aid from West

(2798) CT 26/11/95

HARARE. — The Southern African Development Community (SADC) meets Western donors tomorrow to drum up support for fledgling efforts at economic integration and hopes to raise around $3,6bn during the week-long talks in Lilongwe, Malawi.

Extending customs union 'not feasible'

BD 3/11/95 (279A)

JOHN DLUDLU

THE extension of the 1969 agreement of the Southern African Customs Union to other countries in the region could prove to be a "logistical nightmare," trade observers warned yesterday.

Speaking from Durban, Natal University academic Gavin Maasdorp said the extension of the agreement to other countries was highly questionable as the region was not ready for a common external tariff system.

Such a step would have to be preceded by narrowing the gaps which existed in the region's wage, interest and exchange rates.

Peace in the region would be another requirement. "As far as I am concerned these conditions do not exist yet."

At present the SA-dominated trading arrangement included Botswana, Lesotho, Swaziland and Namibia. The agreement, which set up the union, was being reviewed to seek ways to benefit members.

Maasdorp said even the most "serious contender" economy in the region — Zimbabwe's — was not ready to accede to the agreement.

Talk of a common market could not stand up to scrutiny. "Sentiments about it (the agreement's extension) are correct, but practicalities say different things."

Webber Wentzel international trade partner Leora Blumberg said the union was one of the most effective long-standing trading arrangements, and could provide a vehicle for regional economic integration.

But its extension could not take place until initiatives aimed at democratising the institution had run their course, she said.

Another source said the legal basis of the current agreement which sought consensus among members for amendments could be a problem.

The prospect of including new members could meet resistance from weaker members who stood to lose further from competition with stronger industries.

"By being part of the union, the least developed nations in the region could forfeit their status and concessions in trade negotiations as less developed members."

A trade source close to government said while the current agreement provided de facto integration, its extension would amount to a disastrous "big bang" approach.

The Southern African Development Community (SADC) had proposed that the Customs Union be expanded to draw in other SADC members and include free cross-border movement of capital and labour.

The subject is expected to be discussed in some detail at the SADC's consultative conference of SADC in Malawi this week.

SA's ability to provide an elaborate system of investment incentives because of its relatively stronger economy was one of the factors cited by analysts as an impediment to the agreement's extension.

Maasdorp said the union needed to find mechanisms for relating to the rest of the region.

He suggested free trade arrangements, which would see the current bilaterals fall away.

SADC states aim for investment

(27917)

LILONGWE. — Southern African states, faced with shrinking foreign aid for their development plans, started meeting here yesterday to review programme funding before their annual conference with donors on Friday. CT 1/2/95

But officials from the Southern African Development Community said such ministerial consultative meetings would in future go beyond reviewing international co-operation and multi-billion dollar aid programmes and would concentrate on attracting private investment to the region.

"Aid has been declining over the years and that is something we have taken cognisance of," Botswana's Vice President Festus Mogae said.

"We are now emphasising private foreign investment more than we used to," he added.

Economic analysts and Western donors have often pointed to the region's heavy reliance on donor funds as one of the main obstacles to effective regional integration and economic growth.

Donor funds account for more than half of the region's development programmes.

● A special conference with Western donors will be called to raise cash to help feed the region, Zimbabwe's Agriculture Minister said told SADC delegates. Kumbirai Kangai said poor rain was expected to cut the region's cereal production by almost half and international support would be needed to meet food shortfalls. — Reuter

January

1995

SA appointed SADC financial overseer

(2791A) Star 2/2/98

Lilongwe (Malawi) — South Africa is to oversee the co-ordination of economic reforms as well as financial and monetary policies of the 11 members of the Southern African Development Community, the group's officials said yesterday.

SADC deputy chief executive Longolo Monyake said South Africa had been given the task of handling the regional body's newly created finance and investment sector because it had the capacity and infrastructure to administer the unit's objectives effectively.

"South Africa has been given investment and finance because of the size of its economy, and the infrastructure it has means it has the capacity to administer our objectives," Monyake told reporters.

He was speaking after a meeting of SADC ministers in the Malawian capital Lilongwe before an annual SADC conference with international donors tomorrow.

SADC officials said the investment and finance sector would help boost the group's efforts to mobilise its own resources for development programmes by creating an attractive environment for investment and trade.

Central banks

According to the SADC's theme document for tomorrow's conference, the new sector would work closely with central banks to co-ordinate financial and monetary policies.

The SADC comprises Angola, Botswana, Lesotho, Malawi, Mozambique, Namibia, Swaziland, Tanzania, Zambia, Zimbabwe and South Africa. — Sapa-Reuter.

ARG 4/2/95
(279A)

An exercise in tactful assertiveness

■ South Africa's membership of the Southern African Development Community is down to the real nitty gritty in Lilongwe, Malawi, this week. It is slow-moving and frustrating in many ways — but the new partners are also beginning to make an impact, reports **DALE LAUTENBACH**.

AT a high-profile meeting in Berlin last September, foreign ministers of the European Union and their Southern African Development Community counterparts endorsed a South African proposal to convene a drugs conference.

South Africa hoped to see it happen by January this year Officially, the proposed date is now late March but it seems that there will be further slippage still until much later in the year

In Lilongwe tomorrow in the middle of a SADC gathering that has been underway all week, there will be a follow-up to the Berlin meeting at the level of officials from both the EU and SADC

Expectations about what might emerge from the meeting are severely tailored One EU spokesman described as "very worrying" delays on all sides and even in respect of initiatives already underway, like the drugs conference

But seeking perspective among the frustrated, an EU member state diplomat recalled that union's own troubled history "A united Europe has been built on an enormous number of ministeps. SADC and the SADC-EU relationship will be built slowly and in thin layers

"There is not a lack of European commitment but the foundation must be laid in such a way that the SADC secretariat is reinforced and once that is established, regional co-operation will accelerate"

It seems the old members of SADC before South Africa joined ranks will have to put their egos aside and face the European view that until now, SADC has achieved little and in many ways work is beginning from scratch

"SADC has had a long period of inefficiency," said one Euro-diplomat, not unkindly but alert to the reality that a regional configuration without South Africa, as in the past, had severe built-in deficiencies and there were huge imbalances among the original members too

Following Berlin, responsibility for organising the proposed drugs conference went, as it must, to the SADC secretariat. "But the organisation within SADC is taking a long time to get its act together," said an EU diplomat. "I sense an irritation on the South African side but they also do not want to appear overbearing"

High on the agenda at Lilongwe therefore will be the strengthening of the secretariat itself and this comes not just as a European prescription but as one of SADC's agenda proposals too There is concern that the secretariat, based in Gaborone, does not always reflect the wishes of its member states clearly It needs to be "the engine of SADC", in the words of one observer and to this end needs organisational and administrative enhancement.

Germany has already committed an expert consultant to assist the secretariat and EU money is earmarked to support more local assistance.

Another European priority is that of establishing a mechanism for political dialogue in the region

Following the announcement this week that South Africa is to take charge of the financial sector within SADC, there is speculation that the country might be charged further with another sector devoted to democracy, peace and regional security

France, which presently holds the presidency of the EU, sees the issue high on the agenda and says the EU is ready and willing to provide funding "We want to reinforce the capacity of Africa to respond to crisis and threat, of course under the broader auspices of the United Nations and with a clear mandate."

Such a sector has already emerged in an infant shape and has been instrumental in conflict resolution in both Lesotho and Mozambique but its ultimate form has yet to be decided by SADC member states

Other European priorities for tomorrow's meeting include the areas of transport, water and energy, all vital and in the context of yet another crippling drought, more important still.

"We need to ask SADC for specific proposals on these things," said one of the EU organisers of the meeting

Happily, a number of items on the SADC agenda match the European concerns SADC too endorses the political and security dialogue, it seeks organisational strength and EU funding to support experts in the areas of regional integration, development project assessment, management of information and trade and investment. EU diplomats have declared themselves "quite open" to these demands.

But Lilongwe remains unlikely to grab the headlines Neil van Heerden, South Africa's ambassador to the EU who is in Lilongwe as part of a large South African delegation from no less than 14 government departments and the Reserve and Development banks, is philosophical.

"The dialogue has taken off but there are those of us who would have liked to have seen more concrete results in a shorter timespan," he told Weekend Argus Foreign Service correspondent in Brussels John Fraser

"The welcome fact, though, is that the dialogue has now taken a "very definite form", he says and meetings like these should be a regular occurence.

Some EU diplomats anticipate that Lilongwe will produce a permanent steering committe to give constant attention to the regional co-operation that might be built both within southern Africa and between it and the EU After all, out of the many regional bodies that are taking more or less definitive shape, SADC is the one identified by the Europeans as their partner This sort of investment is not to be sniffed at as the tottering initiative of the Common Market of Eastern and Southern African states will attest.

Sources in the South African Department of Foreign Affairs (DFA) also point to the steady chipping away that has been going on behind the scenes Dialogue in the area of agriculture is moving towards regional co-operation and South Africa envisages joining the Regional Early Warning System set up to monitor food security

A SADC protocol underpinning co-operation in the mining sector is also in the pipeline

Strained relations with sister body

THE Southern African Development Community (SADC) annual ministerial consultative conference has opened in Malawi amid mounting speculation about its future relationship with its sister regional organisation, Comesa

The Common Market for Eastern and Southern Africa, launched last year, also in the Malawi capital, is the successor to the Preferential Trade Area (PTA) for Eastern and Southern Africa.

Relations between them have been strained since the SADC urged Comesa to split into smaller north and south groups to avoid duplication of functions in southern Africa.

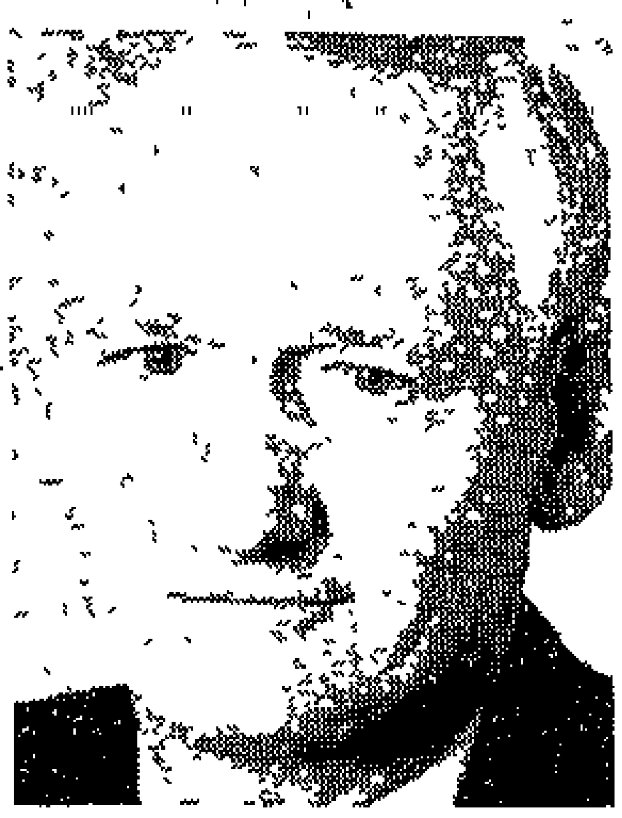
At yesterday's function Malawi President Bakili Muluzi, chairman of Comesa, avoided mentioning the organisation in his opening speech.

Meanwhile, it has been revealed that a team from both organisations has recommended a joint extraordinary SADC-Comesa summit of heads of states and governments in the first half of this year to decide on the mutual interest of the two organisations.

At the opening of yesterday's SADC conference, European Union representative Roger Romani said the EU would adjust its aid package to suit the changing scenario in the region.

He said the establishment of a joint working group of senior officials from both sides to draw up a co-operative framework was concrete evidence of the EU's commitment in its partnership with SADC.

Problems to be discussed at the SADC conference include the estimated 50 percent shortfall in crop production for the region as a result of the drought and the conflict in Angola.



Johan Kotze has been appointed GM Sanlam Group Benefits.

Gordon Hibbert has been elected vice-president of the SA Property Owners' Association.

Regional trade bloc raises doubts

CT 8/2/95 ~~2079~~ (2791A)

JOHANNESBURG. — A report by international auditing group Ernst and Young expressed reservations yesterday on the benefits for South Africa of regional integration in southern Africa.

The report said it would be "futile to plan grandiose but impractical trade integration schemes" until southern African states showed they had the political will and ability to meet their obligations under sectoral agreements.

"Informed public opinion is predominantly in favour of regional co-operation," said Ernst and Young.

But it added: "As regards market integration, experience in the region and beyond gives ample reason not to contemplate any comprehensive integration with other SADC members until sectoral co-operation has convincingly shown that participant countries have the political will and ability to meet their obligations under sectoral agreements.

"In the absence of meaningful progress with sectoral co-operation, it will be futile to plan grandiose but impractical trade integration schemes."

South Africa accounts for 70% of the exports and 50% of the imports of the SADC grouping, which Pretoria joined last August, and is responsible for 60% of total intra-regional trade.

The Ernst and Young report noted that large disparities in income levels between South Africa and its neighbours would "unavoidably make it difficult to agree on common objectives".

It said the country would be harmed if undue concentration on regional commitments were to weaken its position in the rest of the world.

South Africa's priority at this stage was the implementation of its reconstruction and development programme, making it difficult for it to "assist neighbouring countries on a substantial scale", the report said.

Eltie Links, chief director for international finance from the South African Ministry of Finance, said the government fully supported the goals and ideals of African co-operation and integration.

"Those who think domestic and regional goals are not reconcilable will be proved wrong," he said.

"This study is just the source of getting dialogue going between ourselves." — Reuter

Wednesday, February 8 1995

SA urged to be wary of regional integration

279A

BD 8/2/95

A REPORT released yesterday by international auditing group Ernst & Young expressed reservations on the benefits for SA of regional integration.

The report was presented at a conference to discuss an SA response to a study by the African Development Bank on regional integration involving the 11-nation Southern African Development Community (SADC).

"Informed public opinion . . . is predominantly in favour of regional co-operation," said Ernst & Young, adding that it broadly supported the bank's suggestions for harmonisation and co-operation.

However, "experience in the region and beyond gives ample reason not to contemplate any comprehensive integration with other SADC members until sectoral co-operation has convincingly shown that participant countries have the political will and ability to meet their obligations under sectoral agreements.

"In the absence of meaningful progress with sectoral co-operation, it will be futile to plan grandiose but impractical trade integration schemes." Large disparities in income levels between SA and its neighbours would "make it difficult to agree on common objectives".

SA would be harmed if undue concentration on regional commitments were to weaken its global position.

JOHN DLUDLU reports Ernst & Young consultant Eric Leistner said SADC was too unwieldy to play a pivotal role in the African Development Bank's plan to forge economic integration.

SADC's wide differences in economic policies, inflation rates, the inability to defend borders against illegal trade and the inconvertibility of currencies made the organisation too unwieldy.

Rather than placing overwhelming emphasis on trade liberalisation, economic integration should give priority to expanding the capacity of all productive sectors and building infrastructure.

Sapa reports Finance Department chief director for international financial relations Eltie Links said SA's global competitiveness would be boosted by closer economic integration with the region.

SA entry into SADC boosts foreign interest

(2791A) CT 8/2/95

LILONGWE. — South Africa's entry into the Southern African Development Community (SADC) and peace in Mozambique have heightened foreign donors' interest in the region.

But Western officials have urged SADC to move fast to promote an attractive investment environment and to maintain that interest.

Delegates to SADC's annual consultative conference with donors, which wound up in Malawi's capital of Lilongwe at the weekend, said the large numbers of top foreign government officials reflected increased interest in the region.

This was due partly to the accession last August of South Africa to SADC and political and economic reforms sweeping the region.

In speech after speech, Western delegates expressed satisfaction that South Africa was now a member of the 11-nation body seeking regional integration.

Senior delegates included Britain's Overseas Development Minister Lynda Chalker, Germany's Economic Co-operation Minister Carl-Dieter Spranger and French Minister for Senate Relations Roger Romani.

"South Africa was the missing link in the strategy for integration," SADC chief executive Kaire Mbuende said.

"We have been operating without it for the past years despite the fact that it was part of the region. Now that it is part of us, the remaining obstacle to further regional integration has been removed," he said.

SADC FM 10/2/95 (279A)

Contingency plans

The spectres of regional drought and donor caution hung over last week's annual Southern African Development Community (SADC) get-together, in the Malawian capital, Lilongwe.

It's too early to assess the magnitude of the drought since, in the past, late rains have made a huge difference. But contingency planning is going ahead for a poor season in several of the 11 SADC states.

SADC's food security unit is forecasting cereal production will halve this year to 1,8 Mt from 3,6 Mt in 1994 (excluding SA) while, in Addis Ababa, officials from 20 African countries attending a meeting convened by the Food and Agriculture Organisation of the UN, warned of a repetition of the disastrous 1992 drought.

All the SADC countries, with the possible exception of Malawi are facing sharply lower harvests in 1995. One positive aspect of the SADC consultative meeting was the sympathy of the donors, which contrasted with their lukewarm attitude to more generalised appeals for further aid.

Little progress was made on the core issue of overlap between Comesa — the 23-member Common Market of East and Southern Africa — to which nine of the SADC 11 belong (Botwsana and SA are not members) and SADC.

Comesa said late last year it would convene a summit meeting to resolve the many turf disputes but SADC officials in Lilongwe knew of no such summit.

Comesa took out advertisements in the Malawian press to boost its case, but the mood among SADC officials suggests last August's proposal that would split Comesa into two is likely to be implemented — eventually. If this happens, then most, if not all, the SADC 11 would integrate more closely into a southern African regional economic community.

The meeting agreed to create three new SADC sectors with, as expected, the Finance & Investment sector allocated to SA (though Botswana had lobbied hard for it) and the Employment and Labour Sector to Zambia, though this will be closely co-ordinated with the Human Resources sector in Swaziland.

The third sector — to co-ordinate political issues — has not been allocated. Donors, lukewarm about other aspects of SADC, are keen on this one, supporting a regional organisation that would grapple with conflict resolution, the creation of a regional parliament, a human rights commission, and election supervisory arrangements. Zimbabwe is lobbying for this sectoral responsibility, which some donors found difficult to accept given the Mugabe government's reluctant and recent conversion to multipartyism.

It may well be that the sector's responsibilities will be shared rather than located in any one country. Foreign ministers are scheduled to meet in Harare next month to discuss how to proceed.

SA is the favourite too for the proposed regional development bank. Donors and some SADC states are strongly against creating a new institution, which leaves the African Development Bank (with its dismal track record) or the SA-based Development Bank of Southern Africa, currently being restructured, as the two options. The likelihood is that the DBSA will get the nod.

The donors pushed for support for water and irrigation projects, mindful of the impossibility of securing sustained economic growth against a background of recurrent drought. They also want more action and less talk from the Botswana-based Secretariat and to that end there is likely to be renewed donor support for strengthening the secretariat.

One message came through loud and clear: SADC must look more to its own resources and less to the aid community. For the past 15 years, it has been fostered by the donors, who when they speak frankly — which isn't often — admit to being seriously disappointed by SADC's failure to turn resolutions into achievements. SA's accession opens the door to a fresh start and the donors are looking to Pretoria to show the leadership that has been lacking in the past. ■

Integration task force

JOHN DLUDLU (279A)

A TASK force is to be set up to investigate how SA can foster regional integration through the Southern African Development Community (SADC).

The proposal for a task force was made by delegates at the end of this week's two-day conference on integration organised by the African Development Bank and the Development Bank of Southern Africa.

The task force, made up of representatives from government departments, the Reserve Bank and the private sector, should identify existing SA initiatives towards regional integration, particularly on finance, investment and trade, the Development Bank said. The group would examine how SA should assume its responsibility for investment and finance in the SADC. BD 10/2/95

SA, which became the SADC's 11th member last year, was last week asked to co-ordinate the organisation's newly created sector of trade and finance.

Earlier this week delegates expressed reservations on using the SADC as a basis for regional integration, saying the organisation was too unwieldy.

Instead, it was suggested the five-member Southern African Customs Union be used as a starting point.

Grain shortage forecast

(279A) LOUISE COOK

THE Southern African Development Community was expected to record a 3,6-million ton grain shortage this year, with members reporting a 50% drop in production compared with last year, Baird's Africa Review said.

The weekly Africa intelligence service reported that the spreading drought, covering a large area of the southern African continent, would stunt economic growth and push up national debt figures.

The UN Food and Agricultural Organisation described the situation as "alarming". BD 24/2/95

In Lesotho the harvest was forecast to be only 9% of last year's production at 26 000 tons; in Mozambique more than a million people depended on emergency food supplies and the Zambian government planned to import 3-million bags of maize. SA has suspended maize exports.

'Diversify exports, find new markets'

CT 3/3/95 (279A)

A NEW South African Customs Union (SACU) agreement would be completed before the end of April, Minister of Trade and Industry Mr Trevor Manuel said yesterday.

The customs union task team appointed in November last year to consider problems with the current agreement would hold its next meeting in mid-March, Mr Manuel said.

An interim report would be prepared for submission to a meeting of the five SACU member states early next month.

Mr Manuel dismissed press reports that South Africa had been denied membership of the Lome Convention, which regulates trade relationship between the European Union and developing countries in Africa, the Caribbean and the Pacific (ACP) region.

A committee had been appointed to review existing legislation on anti-competitive practices.

The committee would consider whether to amend the existing statute, or consider new legislation with a stronger anti-trust focus. However, retrospective legislation was not envisaged.

South Africa had to diversify its exports, seek new markets abroad and add value to mineral and primary commodities through beneficiation and processing, he said.

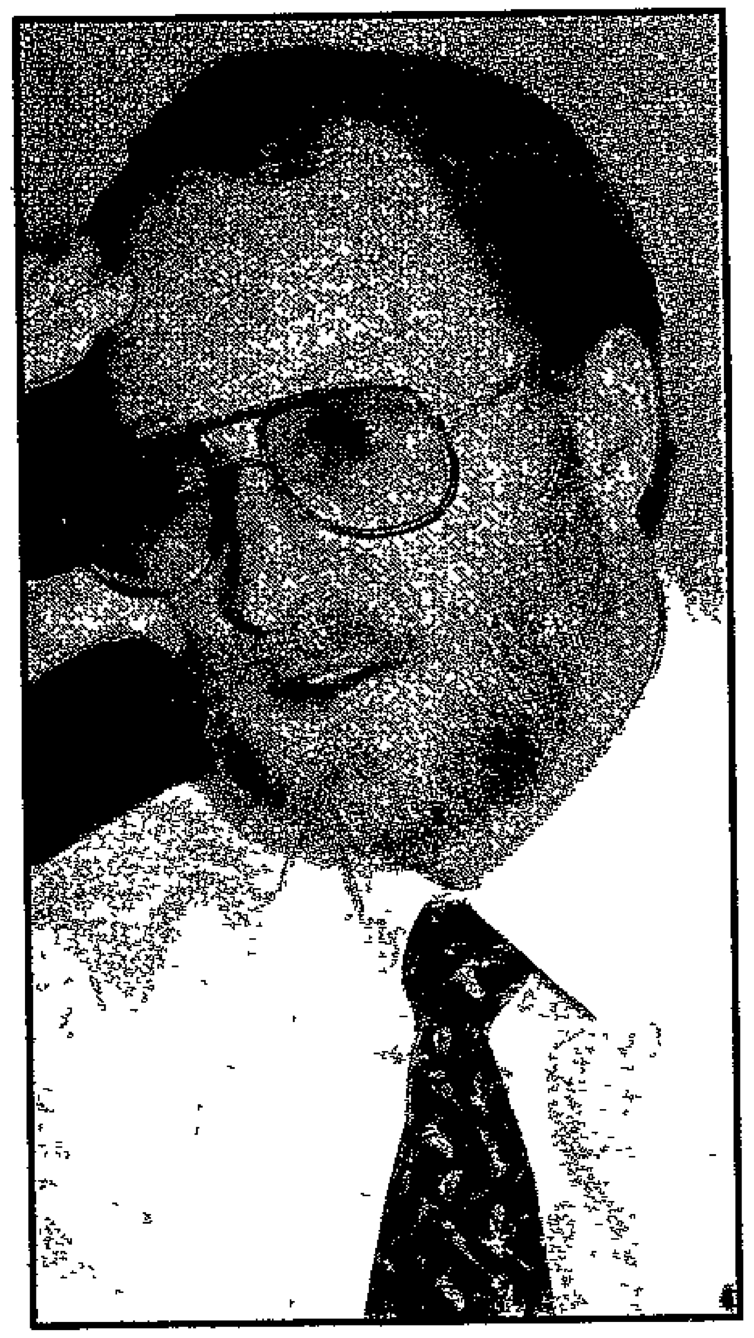
There was a "lack of responsiveness" from business to government initiatives, such as the Export Marketing Assistance Programme and attempts to secure Generalised System of Preference (GSP) agreements.

Affirmative action

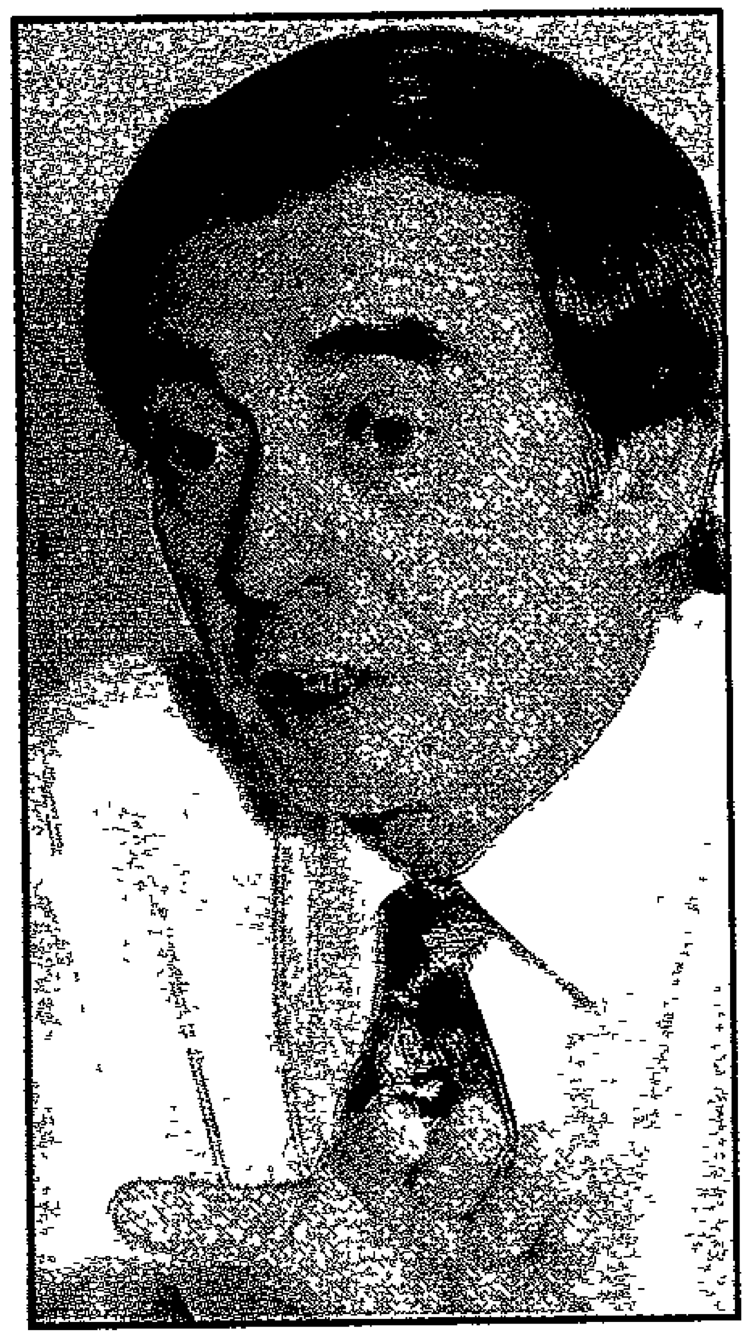
Trade and Industry director-general Dr Zav Rustomjee said 70% of existing exports were either mineral or primary commodities.

Mr Manuel said his department had made progress on implementing an affirmative action policy after consultation with existing staff.

About 10 000 applications had been received for 58 vacant posts and a further 12 000 for two, lower-level jobs in the department, Mr Manuel said. — Sapa



GARY HOPCROFT



MIKE SCOTT

MAHESH RANCHOD

HERMAN LEMMER

DERRICK GARDENER

PETER FARMEREY

(279A) ST (BT) 19/3/95

CROSS-BORDER TRADE: A LONG WAY TO GO

CONSIDERABLE costs can be avoided if the transport ministers in Preferential Trade Area and the Southern African Development Community countries recognise the benefits of harmonising standards and procedures.

This is the view of representatives of the Road Freight Association, the Federation of Regional Road Freight Associations and leading cross-border haulage companies invited by Business Times to a roundtable discussion on cross-border trade.

Participants in the discussion were Peter Farmerey, managing director of Biddulphs and deputy-chairman of the RFA; Herman Lemmer, deputy chief executive of the RFA; Derrick Gardiner, general manager, Central African Road Services; Garry Hopcroft, divisional chief executive, express freight division, Rennies Group; Mahesh Ranchod, executive chairman, Kabwe Transport International; and Mike Scott, marketing director (international), Cargo Carriers Management Services.

A major concern expressed by the six was the urgent need to harmonise legislation governing the mass and dimensions of vehicles.

Mr Scott said: "Zimbabwe (at 55 tons), Botswana and Mozambique (each at 50 tons) limit gross mass closely to the 56 tons envisaged by SA regulations. But Zambia has no gross mass limitation — it subjects individual axles to a limit instead.

"Under SA regulations, a six-axle rig cannot achieve a payload of much more than 25 tons. Using the same configuration, Zimbabwean and other foreign carriers achieve a legal payload of 28 tons. It is difficult to cover the difference in payload, especially when 85% of the haul is beyond South Africa's borders."

There was widespread acceptance of the need to compensate countries for road maintenance and rehabilitation.

Zimbabwe, Zambia and Malawi levy non-domestic carriers US$8/100km — the rate recommended by the Southern Africa Transport and Communication Commission (SATCC).

However, Tanzania, currently at $21/100km and Mozambique, at $25/100km, are both pushing for $30/100km. Rates for these territories fluctuate frequently.

This, said Mr Hopcroft, emphasised the need for open and frank dialogue.

Mr Lemmer said: "FRRFA members had already agreed on several aspects concerning standardisation. But the problem, according to the RFA, is getting the respective governments to implement these decisions."

Can the FRRFA succeed in bringing about meaningful changes to present problems?

Mr Ranchod is not sure. "The FRRFA is a federation of private-sector interests. To be successful we need a federation of political interests."

Agreements reached at a recent meeting between permanent secretaries representing PTA transport ministers were, said Mr Ranchod, later rejected or ignored by the ministers.

The discussion group unanimously supported the need for a meeting of regional transport ministers to address the key issues. Mr Ranchod suggested that South Africa's Minister of Transport, Mac Maharaj, should convene such a meeting as soon as possible.

However, Mr Gardiner believed there was an indication that the Department of Transport was reluctant to be seen dominating regional affairs and it would prefer some other country to take the initiative.

The high cost of new vehicles and the fuel price inhibited the ability of SA operators to compete effectively. Said Mr Farmerey: "Current experience of running a business in three African countries confirms operators cannot compete on certain routes if they use SA-sourced vehicles."

Despite the recent 23% increase in Zimbabwean fuel prices there is still a 66c/l price disadvantage for SA-based operators.

"The SA government should recognise that diesel fuel is the powerhouse that drives the economy. Operators should lobby hard to change this," said Mr Farmerey.

What about cabotage, which allows foreign carriers to uplift freight for delivery in a third country? What do carriers want?

"If we want a free market," says Mr Ranchod, "cabotage should be allowed. Companies would establish branch operations wherever it was desirable or feasible to do so. In times of drought or other natural disaster, a freer market would ensure cost-effective and rapid movement of goods to affected areas," said Mr Ranchod.

Mr Scott adds: "Any carrier should be permitted to haul maize landed at Durban, say, then railed to Harare en route by road. Discrimination against SA carriers frequently results in starving people paying a premium to get life-sustaining rations"

Mr Farmerey believes that despite the industry's determination, SA operators cannot compete in cabotage under prevailing conditions.

Mr Gardiner expressed his concern about the on-going discussion favouring railing of goods to border posts for collection by road vehicles.

Mr Hopcroft said road transport was seen as a threat to government-owned rail systems, all of which ran at a huge loss.

Following many complaints by cross-border operators about excessive delays and even favouritism at various border posts, there are now signs of improvement — especially at Beit Bridge.

This situation results from better and more comprehensive clearing facilities, more and better trained customs inspectors and greater consideration for drivers.

However, Mr Farmerey said not much had changed when it came to multi-consignments (up to 16 consignments in a single shipment).

"There are just no facilities to seal a vehicle for onward travel and subsequent customs inspection at destination. When such loads are unpacked by customs at Beit Bridge it causes problems — damage to goods, theft and huge difficulties getting the load back into the vehicle."

Mr Hopcroft predicted that inspections would become more intense as the new facilities came on stream.

"Apart from wanting to make full use of the facilities, customs authorities in most countries are sensitive to the increase in sm iggling and drug traffic. We can expect more loads to be unpacked."

There was uniform dismay over the SA government's capitulation in respect of the building, commissioning and tolling of the new bridge at Beit Bridge.

In total disregard for historic undertakings between the Rhodesian and SA governments (August 1929), enshrining free passage between the two countries in perpetuity, the new bridge has been awarded to a Zimbabwean concessionaire of uncertain reputation to whom truckers will have to pay US$17 (R60) for each crossin

(279A). CT 22/3/95 (BR)

Mugabe worried about SADC: Zimbabwe's President Robert Mugabe has expressed concern about the continuing Angolan conflict which he says will make it difficult for the Southern African Development Community to achieve its goals. Addressing guests at a state banquet to mark Namibia's fifth independence anniversary on Monday night, Mugabe said there was an urgent need to resolve the crisis.

Move to revamp Customs Union

THE Cabinet has authorised Trade and Industry Minister Trevor Manuel to renegotiate the R10 billion a year Southern African Customs Union.

Cabinet secretary Jakes Gerwel said in Cape Town yesterday Mr Manuel would approach the renegotiation of the revenue-sharing treaty with Botswana, Namibia, Swaziland and Lesotho in consultation with the larger Southern African Development Community (SADC).

Dr Gerwel said that as the dominant partner in the union, South Africa would lead the negotiations, but would not seek to impose its will on its partners.

"The Cabinet's decision was to give the minister the authority to renegotiate the customs union agreement and that we should also be thinking about the role of the SADC," he said.

Preliminary talks have already been held with South Africa's immediate neighbours.

Earlier yesterday, Auditor General Henri Kluever reported to parliament that South Africa's share of the excise duties collected for the union at its entry points had dropped from 75 percent in fiscal 1983-84 to 42 percent in 1993-94.

The total income in fiscal 1993-94 was R10,1 billion.

(279A)

"The amount of South Africa's share and the high growth rate in the allocations of most other members necessarily indicate that the basis of division is prejudicial to South Africa," he said in his report.

ARG 30/3/95

He said some of the countries might be inflating their claims for a proportionate share of the customs levies and excise duties collected in the region.

Swaziland and Lesotho rely on customs union payments for the majority of their national income. — Reuter.

Unchallenged finance wizards

ARGT 1/4/95 (279A)

MXOLISI MGXASHE
Weekend Argus Reporter

SOUTH Africa's efficient and sophisticated financial and investment culture withstood the onslaught of anti-apartheid economic sanctions.

Now economists say this experience has made the country the unchallengeable expert in Southern Africa to head the Southern African Development Community's (SADC) financial and investment sector.

Local private consultant Patrick Ncube, who works with several regional and international monetary and development institutions, said this was the reason for the recent election of South Africa to take charge of the region's financial and investment sector.

The decision was taken unanimously at a heads of state SADC conference in Lilongwe, Malawi.

Dr Ncube said South Africa's selection was a recognition by SADC countries that the country had "enormous experience" that needed to be tapped in the long path to integrate Southern African countries into a viable economic union

This would, among other things, deal more effectively with the problem of illegal immigrants.

"This is an experience that dates back as far as the Jan van Riebeeck era when the Dutch settlers in Cape Town engaged in a booming trade in fresh vegetable, fruit, meat and other goods with passing ships in fulfilment of the Dutch East India Company's directives for the establishment of a 'provision station' in the area.

"That exercise needed a sophisticated financial management system. And as overseas investors became more interested, several stock exchanges around Cape Town and Kimberley mushroomed, especially after the discovery of diamonds in 1868 and gold in 1886. Our current Johannesburg Stock Exchange is a direct offspring of these stock exchanges," said Dr Ncube.

He said South Africa's financial and investment sophistication placed her on a par with industrialised countries such as the United States, Britain and the European Union and far ahead of the rest of Africa.

"Our gratitude for that must go to both the innovative managerial acumen of the white entrepreneurs and the hardworking black workers who dug the country's wealth from the bowels of the earth under the most inhuman working and living conditions," Dr Ncube said.

The SADC was founded in Lusaka, Zambia, in 1980 to promote economic co-operation in the region as a vehicle of lessening its member states's dependence on apartheid South Africa.

The move was also aimed at countering the apartheid regime's strategic pet project of a Southern African Constellation of States aimed at spreading South Africa's economic and political supremacy throughout the region, and therefore difficult for the liberation movements to function effectively.

Botswana, which hosts SADC's headquarters, was charged with the duty of undertaking agricultural research in the region, while Lesotho, Swaziland and Zambia were elected to head the environment, manpower and mining sectors respectively, and the labour market sector was added to Zambia's portfolio at the Lilongwe conference.

Picture: LEON MULLER, Weekend Argus.

☐ **ECONOMIC PLANNER:** Private consultant Patrick Ncube, who was among experts who drafted the SADC working documents.

Zimbabwe was given food security, Malawi inland fisheries, Mozambique transport and communications and Angola energy. When Namibia joined the regional organisation after independence she took charge of marine fisheries, and six months after South Africa's great entry into SADC she was warmly entrusted with the financial and investment sector.

Dr Ncube, who led a three-men team of economic experts who drafted the documentation for the Lilongwe summit, said South Africa was the most qualified country to help in sorting out the financial management crisis facing several countries in the region, caused mainly by state interventionist policies in the ownership of commercial banks, the granting of loans and the prescription of interest rates

In their recommendations, the three experts who included a Botswana national and a German citizen, observed that if resources available in the region were to be mobilised efficiently to facilitate economic integration, it was crucial that there be a co-ordination of monetary and fiscal policies among SADC members to ensure the reduction and harmonisation of interest and inflation rates.

"For the creation of a regional climate for investment and growth, there is also a need to harmonise tax regimes and tariff rates. This is important because disparities in these areas distorts intra-regional cost structures for the production of goods and services.

"Standardisation of tax laws, incentives and concessions, coupled with low corporate tax rates, targeted concessions and transparency, will create an environment which will enhance cross-border investment, regional trade and development," the experts argued.

Dr Ncube is of the view that the success of the economic integration in the region will benefit South Africa most as the largest trader in each of the SADC countries, especially in the exportation of machinery.

Monday April 3 1995 SOWETAN

279 A

NEWS FEATURE *Joint ventures questioned as South African economy starts to domi*

Africa fears SA's power

2/4/95

Sowetan

279A

THE launch of Alliance, a new airline with a majority South African holding, is worrying several African carriers which fear it will cut into their business.

Its lift-off comes in the wake of the collapse of the debt-ridden Zambia Airways.

With the aim of joining South African Airways as top regional carrier, Alliance will begin regular commercial flights between South Africa, Tanzania and Uganda in June.

Though headquartered in Kampala, Alliance is dominated by Pretoria, as evinced by the appointment of South Africa's Chirsto Roodt as managing director of a six-member board, of whom four are South Africans.

Provide crews

Its fleet will be leased from SAA, which will carry out maintenance and overhauls and provide crews.

SAA has a 40 percent stake in the venture, with Uganda Airline and Air Tanzania Corporation each holding 10 per cent.

Another 15 per cent is held equally by the governments of the three countries, with the remainder in the hands of Ugandan and Tanzanian interests.

Defensive statements about South African dominance were a feature of the launch ceremony in Dar es Salaam in December. "The fact that South Africa is a senior partner does not mean Alliance will be a vehicle of Pretoria's dominance," said Mike Myburgh, SAA's chief executive and Alliance director.

Smaller partners also defended the arrangement. Said Tanzania's prime minister and first vice-president, Cleopa Msuya: "The era of small national airlines with meagre resources competing with giant carriers in the global market is a thing of the past."

Msuya, who was guest of honour at the ceremony, argued that the future of African aviation lay in meaningful cooperation which entails the sacrifice of "narrow-minded" national interests in favour of practical and viable transnational joint ventures.

"The choice is either to unite or be marginalised," he said. South African Public Enterprises Minister Stella Sigcau said the future of the continent lay in joint ventures and partnerships.

"The joint venture is a further indication of South Africa's commitment to help develop the continent as an important tourist and business region," she added.

Behind the glowing tributes, however, are misgivings. Some aviation experts in Kenya, which failed to join Alliance as Kenya Airways is in the process of being sold off by the government, think the deal favours South Africa.

"It would have been best to have equal partnership," said Kenya Airways managing director Brian Davies.

An official in Tanzania's Ministry of Transport said Air Tanzania is salvaging its dented image and heading for profitability, having halved its 1991-92 deficit of TSh200 million in 1992-93. The airline reduced its foreign debt from $11,8 million to $1,8 million in just over a year.

Air Tanzania is refurbishing its fleet of two Boeing 757s and two Fokkers, and plans to purchase new aircraft. Many in Air Tanzania see the launch of Alliance as inopportune and against Tanzania's national interest.

Uganda Airlines has only one plane on regional duty, a Boeing 737 leased from Air Zimbabwe. But it too recorded an operating profit last year. Like Air Tanzania, tight management has been getting results.

There is evidence that Ugandan and Tanzanian governments pushed their airlines into an agreement on which the latter were not keen.

An Air Tanzania delegation was due to visit Kampala in March to discuss issues of concern arising from the launch of the new venture.

From a broader perspective, Alliance can be seen as part of South Africa's expansion into the 180 million-people Preferential Trade Area (PTA) market, currently being transformed into the Common Market of Eastern and Southern Africa (COMESA).

Originally welcomed, the northwards push by the continent's most industrialised state, long shut out of black Africa by its apartheid policies, is now a source of concern.

A number of Kenyan manufacturers, for example, are up in arms against what they consider dumping of South African consumer goods. Kenya Breweries is reeling from a 16 percent drop in sales last year.

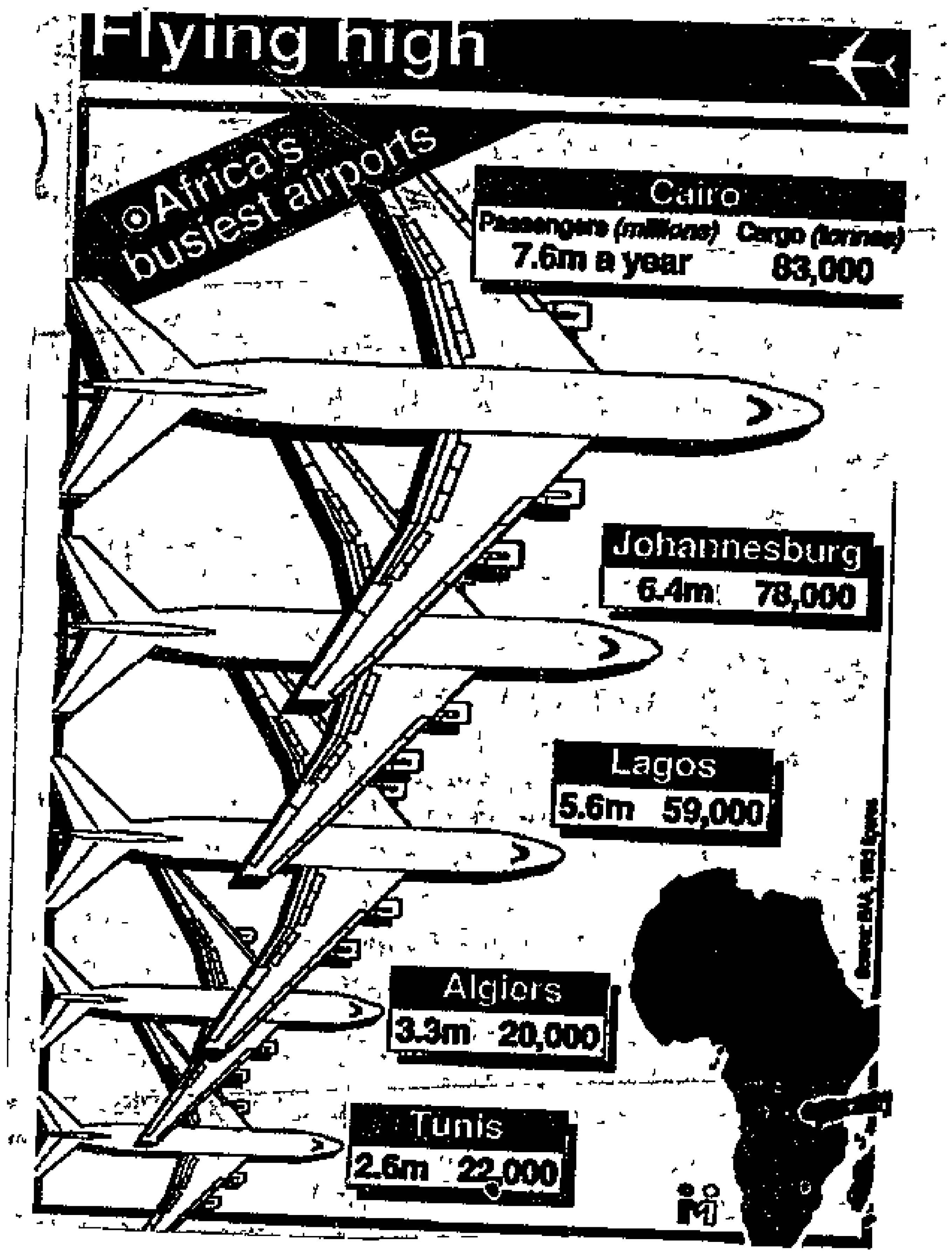
Among other imports in 1993 were fruit juice worth KSh13 million, KSh41 million worth of wine and used motor vehicles worth KSh51 million.

Trade imbalance

They contributed to a trade imbalance in which Kenya imported goods worth KSh6.5 billion from South Africa in 1993 against exports of a mere KSh380 million.

The Kenya Association of Manufacturers (KAM) and Federation of Kenya Employers are pushing for greater controls. KAM chief executive John Kuria said a joint committee had been formed with Treasury and the Ministry of Commerce and Industry to ensure all imports are duty paid. — *Gemini News.*

2/1/95/279



Flying high
Africa's busiest airports
Cairo
Passengers (millions) Cargo (tonnes)
7.6m a year 83,000
Johannesburg
6.4m 78,000
Lagos
5.6m 59,000
Algiers
3.3m 20,000
Tunis
2.6m 22,000

The NP argued this was unfair as hun- raction of the NP".

Regional co-operation lacks 'genuine action'

ADRIAN HADLAND

CAPE TOWN — Southern Africa's countries expressed strong commitments to regional economic co-operation, but this was seldom followed up with genuine action, Erich Leistner of the Africa Institute of SA said at the weekend.

Speaking at a conference on SA's economic and political role in southern Africa, Leistner said when it came to the "nitty-gritty" most of SA's neighbours dragged their feet. This was the case in many fields including transport, tourism and trade.

Countries formally part of the Preferred Trade Agreement, which was changing into the Common Market for East and Southern African States, had been slow to reduce trade tariffs, he said. BD 10/4/95

This was not that surprising. Some neighbouring countries had only a few major industries which they were reluctant to expose to "the blast of competition". (279A)

The failure to establish a regional airline, on a subcontinent where most nation's airlines were run at a loss, was due mainly to national pride, he said.

Effective co-operation was needed to market the region as a tourist package. There were plans to expand the Kruger National Park into Mozambique and create a multinational park on the borders of SA, Botswana and Namibia, but more co-operative schemes were needed.

'Let them lay charges,' says KwaZulu/Natal minister

FAROUK CHOTHIA

ULUNDI — KwaZulu/Natal social welfare minister Gideon Zulu yesterday challenged the investigation task unit to press the attorney-general to lay charges against him for alleged hit squad activities.

"Let them do so ... let them do their dirty job ... the world will judge them," said Zulu.

Task unit chairman Howard Varney was quoted in the Sunday Times yesterday as saying that a docket could be submitted to KwaZulu/Natal attorney general Tim McNally at any time with a view to prosecute Inkatha leaders and KwaZulu policemen implicated in hit squad activities.

McNally said he could make a decision only on the basis of affidavits presented to him.

Self-confessed hit squad member Romeo Mbambo claimed in the Durban Supreme Court last month that orders to assassinate ANC activists had been given by Zulu.

Mbambo also claimed KwaZulu/Natal safety and security minister Celani Mtetwa had supplied AK-47 rifles to Inkatha in 1992.

Mtetwa recently decribed the allegations as "blue lies", saying he would not relinquish his post.

Mbambo has been convicted on six counts of murder and argued in mitigation that he had acted on the orders of his superiors. Judgment will be passed when the trial resumes on August 21. BD 10/4/95

An attorney for the ministers said they would not testify to rebut the claims as the trial could degenerate into a trial of Inkatha.

McNally said evaluation of the trial evidence would be a factor in his decision whether to prosecute.

CT 25/4/95

SA requests SADC help

29 (2791A)

JOHANNESBURG: South Africa wants its partners in the 12-nation Southern African Development Community to see if anything can be done to ease the plight of refugees in Rwanda, where thousands were killed on Saturday.

"That's something more than genocide," President Nelson Mandela told foreign correspondents when asked for his reaction to the deaths of several thousand people from gunfire and stampeding in southern Rwanda.

Mr Mandela said he tried but failed to contact the current head of the SADC, Zimbabwean President Robert Mugabe, on Sunday night to discuss the Rwandan tragedy.

"I am going to try again to have discussions with him to see what we can do about the situation ... it's a tragic development."

He said South Africa, which had enough of its own problems, was not keen to become directly involved in African conflicts which could drag on for years, but felt something needed to be done in Rwanda. — Sapa-Reuter

Regional growth 'in SA's interest'

CT 27/4/95 (279A)

SYDNEY: South Africa must help its neighbours develop or face mass economic migration, Deputy President Thabo Mbeki said yesterday.

"There are between two and three million illegal immigrants in SA today," Mr Mbeki told a business lunch here.

Pointing out the migration was not restricted to Southern Africa, he said an estimated 30 000 to 40 000 Nigerians lived in Johannesburg.

As SA rebuilt its economy it would become more attractive to poor migrants, he said.

"It is quite clear to us that the matter of regional development is also in our selfish interest."

SA was trying to draw investment to the region to eradicate poverty, the major factor in violence and migration, he said.

"To end the conflict which pushes people out of their countries is a very important step. The longer haul is to create jobs."

Mr Mbeki said SA was now a stable political and economic environment for foreign investment.

It needed to increase economic growth by radically raising investment. The economy is forecast to grow at about three percent annually for the next three years.

About 91% of the budget was absorbed by the bureaucracy and government debt, he said.

Growth

"Foreign investment is critically important in terms of the quantative contribution it can make to life in South Africa," Mr Mbeki said.

With unemployment at 45 to 50% and the population growing at 2,7%, some economic analysts say SA needs five percent growth to tackle unemployment.

Southern Africa Business Council president Mr Ivan Chait rated crime the major disincentive to investment. — Sapa-Reuter

SADC supports SA's bid for Lomé status

CT(BR) 11/5/95 2794

BRUCE CAMERON
POLITICAL EDITOR

The South African Development Community has underwritten South Africa's application for full membership of the Lomé trade accord with the European Union

The issue is high on the agenda of the southern African summit organised by the Swiss-based World Economic Forum, which gets under way at the World Trade Centre in Kempton Park today.

The meeting will be opened by President Nelson Mandela this morning. Also present will be President Joaquim Chissano of Mozambique, President Ketumile Masire of Botswana, President Frederick Chiluba of Zambia, President Ntsu Mokhehle of Lesotho, Prime Minister Cleopa Msuya of Tanzania and President Robert Mugabe of Zimbabwe.

The controversy over South Africa's application for Lomé status comes under the spotlight with the arrival in Johannesburg today of the EU's senior official charged with southern African relations, Joao de Deus Pinheiro

Pinheiro, who will be attending the summit, is pushing for South Africa to be given a special trade deal with the EU outside the Lomé agreement, initially giving South Africa preferential access to European markets, but leading to free trade between the two areas within six years.

Pinheiro will be signing a memorandum of understanding at Gallagher Estate in Midrand today on aid packages worth R550 million, with Jay Naidoo, minister responsible for the reconstruction and development programme.

Trevor Manuel, the minister of trade and industry, is adamant that Lomé membership will best serve South Africa and has received the endorsement of influential European Parliament committees.

Endorsement by the Southern African Development Community, of South Africa's application, made in November last year, will strengthen Manuel's case.

Kaire Mbuende, the organisation's executive secretary, said yesterday it was essential for the establishment of a southern African trading bloc that South Africa was accorded the same status in trade relations with Europe as other countries in the region.

He said South Africa's status outside the Lomé agreement was already affecting the ability of SADC countries, all Lomé signatories, to tender successfully for European Union contracts

Mbuende said that because South Africa was not a Lomé member, it could not be sourced for equipment or supplies, pushing up costs for tender applicants who had to import from further afield.

Exclusion of South Africa from the Lomé agreement also affected the EU's rules of origin for imports, which would limit the cross-border manufacture of goods.

He said South Africa should be a full member of Lomé, but could be excluded from a number of the protocols dealing with specific goods, like bananas

Mbuende's statements follow a recent warning by Manuel that South Africa's exclusion from Lomé may lead to the break-up of the 70-nation grouping because of the stresses placed on trade and investment in the region.

However there is disagreement on the issue in South Africa.

A number of academics and businessmen support the Pinheiro option, because they see trade barriers as anti-competitive. There is also concern that the Lomé arrangement may collapse because of lack of support in Europe.

There are 450 business delegates at the summit representing top companies from South Africa and 54 other countries.

Mbuende told a news conference yesterday that South Africa was now an important part of SADC. Tremendous advances had been made in electrification of the region as a result of South Africa's membership, while important contributions were being made in mining technology.

Mbuende said it was inevitable that South African goods would initially dominate and that the country would attract the largest share of investment, but that this would spill over to the region.

"South Africa is aware that it has to assist with regional development or South Africa itself will be destroyed." He said indications of South African concerns were reflected in plans to relax exchange control regulations.

Klaus Schwab, president of the World Economic Forum, told the news conference that investment conditions had to be better in southern Africa than in other regions of the world because of the tight competition for investment. These would be improved by greater competitiveness, he said.

SADC planning to establish regional development bank 'soon'

BD 12/5/95

(279A)

JOHN DLUDLU

THE Southern African Development Community (SADC) was planning to establish a regional development bank, Botswana President Ketumile Masire said yesterday.

Reuter reports Masire told the World Economic Forum summit meeting in Johannesburg that such a bank would be launched soon.

Tanzanian Prime Minister Cleopa Msuya, who was responding to allegations that the development bank established under the Eastern and Southern Africa Trade and Development Bank was inefficient and a new regional development bank might suffer the same problem, said this was not a reason to prevent development of a second regional development bank.

Development Bank of Southern Africa chairman Wiseman Nkuhlu said he supported the idea of a dedicated fund or regional bank to mobilise multilateral or private sector funds for the region.

Masire, who is also SADC chairman, said SADC member countries were adopting liberal economic policies and were planning strategies to prevent the region sliding back into its conflict-ridden past. Democratic governments in SA, Mozambique and Malawi had boosted the region's prospects for achieving economic growth.

He told delegates at the summit, attended by more than 400 government and business leaders, that the region had a market of more than 120-million people.

Opening the meeting earlier, President Nelson Mandela denied SA was playing a dominating role in region, saying it was ready to play its part as an equal partner.

"For us, integrated development of the region as a whole is a priority of the highest order. Already, in bilateral discussions and through the SADC, integrated strategies for balanced growth and equitable relations of trade and investment are being worked on.

"A joint approach to regional infrastructure and the sharing of technologies had become a reality. The SA government's commitment to fiscal discipline and efficient use of resources had created a climate for sustained growth."

At a news conference later, Mandela said government was streamlining policies to facilitate investment. The process would result in one department, probably Trade and Industry, giving all the necessary assistance to investors.

Zimbabwe's President Robert Mugabe said economic growth propelled by liberal economic policies should be balanced with the need to correct past imbalances.

On the state of business in the first year of unity government, Southern Life chairman Neal Chapman said surveys had shown domestic investors were taking a lead in fixed investment.

● Picture: Page 3

SA presses ahead on regional bloc

CT(BR) 12/5/95 (279A)

BY BRUCE CAMERON

POLITICAL EDITOR

South Africa is pressing ahead to draw up a set of protocols aimed at removing trade and investment barriers within the Southern African Development Community.

The protocols are seen by the regions' leaders as a major stepping stone towards establishing a regional economic bloc of more than 130 million people.

Ketumile Masire, the president of Botswana and chairman of SADC, told a plenary session of the World Economic Forum Southern African Summit in Johannesburg that South Africa had been asked to co-ordinate finance and investment in the community.

This would include the harmonisation of macro-economic and fiscal policies, currency and monetary policy co-operation and resource mobilisation through the establishment of regional capital and stock markets. In an interview with Business Report, Alec Erwin, South Africa's deputy minister of finance, said that work had already started on protocols to open up the region to trade and investment.

He said protocols would also deal with barriers to trade and investment within the region itself.

Issues like convertibility of currency, exchange control and trade barriers all had to be addressed, but it would be a gradual process.

Erwin said it was accepted that South Africa should take action to remove disparities with neighbouring countries to avoid conflict, but barriers could not be removed overnight.

It would be difficult to remove exchange controls within the region only. The removal of exchange controls had to be handled gradually with the scrapping of the financial rand having been the first step. Among other things, care had to be taken not to put pressure on reserves.

SA 'ideal for investors'

CT 12/5/95 (279A)

JOHANNESBURG: Southern Africa had become an ideal destination for foreign investors, President Nelson Mandela said yesterday.

"Political stability, democratic systems of government and challenging programmes of reconstruction provide vital ingredients for sustained economic growth and development," Mr Mandela said in an opening address to the World Economic Forum Southern Africa Economic Summit.

"Integrated development of the region is a top priority and conditions for co-operation have never been so favourable as they are now," he added.

He said a joint Southern African approach to infrastructure and sharing of technology had become a reality.

"Our (participation) as an equal partner arises not out of sheer modesty. The condition of the majority of South Africans is in many respects worse than that of the citizens of a number of developing countries."

Judged by measures of human development, "parts of South Africa lag behind some countries in our region".

REGIONAL CO-OPERATION: President Nelson Mandela

This could only be addressed by the Reconstruction and Development Programme. — Reuter

● See Business Report

WORDS OF WISDOM *Southern African heads of state listen to South African President Nelson Mandela's opening address to the southern African summit of the World Economic Forum, held at Gallagher Estate in Midrand last week*

PHOTO: JOHN WOODRC

15/9/95/279

Regional passport mooted for S Africa

279A

Sowetan 4/5/95

By Mzimkulu Malunga

■ OPEN BORDERS 'Southern African countries to phase out visa requirements':

SOUTHERN AFRICA HAS TO be marketed as a unit if it is to become a haven for international tourism, says a confidential document from the Southern African Development Community.

Tourism officials within SADC last month proposed that countries in the region gradually phase out visa requirements as the first step in the introduction of an SADC passport.

This proposal is described by regional analysts as part of a long standing SADC programme to facilitate free movement of labour in the region.

The document, authored by the Southern African Hospitality Association — of which South Africa is a member — says as the first step in the integration of the tourism industry, SADC members should remove visa charges when people travel in between countries.

SAHA chairman Enzio Rossi is quoted as having said the second step would be to scrap visa requirements altogether for regional nationals and residents with the eventual aim of introducing a regional passport.

Part of this programme will be to introduce a SADC visa which will facilitate tourists' free movement in the region.

However, due to the current economic situation in the region where the relatively successful countries like South Africa, Botswana and Namibia have to cope with an influx of people from their neighbours, SAHA's proposals appear to be farfetched.

The three countries are also known to have opposed SADC's proposal that there should be free movement of labour in the region.

Africa Institute economist Kenneth Kotelo says while this proposal could have positive economic benefits for the region from a foreign investment point of view, it can only be practical in the long term.

Foreign investors, he argues, look at southern Africa as a unit. It makes sense for them to establish a business in South Africa but also be able to open branches in the other parts of the region.

Investors' sentiments are fortified by the fact that the whole region is awash with mineral wealth.

However, in the short term nationalistic feelings and economic realities would deter proposals such as the scrapping of visa requirements and the establishment of an SADC passport.

Kotelo says if this proposal is to be implemented now, a number of countries in the region will definitely experience a brain drain while others will have to cope with an influx of people.

In the long term, southern Africa, particularly if the war in Angola stops and stability continues in Mozambique, could become the bread basket of the whole continent, he says.

Co-operation in SADC

(279A)

JOHN DLUDLU

A SPIRIT of co-operation was emerging within the Southern African Development Community (SADC) and suggestions that SA was dominating the organisation were untrue, executive secretary Kaire Mbuende said yesterday.

He told a news briefing, ahead of the World Economic Forum's conference today, that the SADC supported SA's bid to join the Lomé Convention as the move would bolster regional economic integration.

Forum founder and president Klaus Schwab said the greatest challenge facing the new SA was to accelerate the economic growth rate to address unemployment and poverty. SA's achievements over the past 12 months were encouraging, but there were still lingering question marks, he said.

BD 11/5/95

Among the new government's main achievements were the reconciliation process and the fiscal discipline shown so far. But the biggest challenge was to sustain economic growth to create jobs and cut the crime rate.

Schwab believed SA could match Asian growth rates of between 8% and 10% a year.

Mbuende said drought in certain parts of the SADC region coupled with the drop in international commodity prices could affect member countries' growth.

(279A)

Lomé discussions today: The South African Development Community has underwritten South Africa's disputed application for full membership of the Lomé trade accord with the European Union. The issue will be high on the agenda of the Southern African summit organised by the Swiss-based World Economic Forum, which gets underway at the World Trade Centre today. The summit was due to be opened by President Nelson Mandela this morning. See over

CT(BR) 11/5/95

SA supports SADC (271A)

SA WOULD seek the inclusion of Southern African Development Community (SADC) states in an Indian Ocean Rim trade and economic bloc as most of these landlocked countries' trade access was largely through Indian Ocean ports, a senior foreign affairs official said yesterday. BD 1/6/95

Customs union talks stall

(279A) CT (BR) 8/6/95

By Bruce Cameron
Political Editor

Negotiations on the future of the Southern African Customs Union are running into a deadlock because of disagreement within the South African government.

A meeting is to be held between the departments of finance and of trade and industry tomorrow in an effort to resolve the difficulties.

However, Mfundo Nkuhlu, advisor to the minister of trade and industry, Trevor Manuel, told the parliamentary trade and industry committee yesterday that even if difficulties between the government departments can be resolved, lengthy and difficult negotiations with Botswana, Lesotho, Namibia and Swaziland (BLNS countries) lie ahead.

The cause of the problem is insistence by the department of finance that the "skewness" in allocations from the customs union in favour of the BLNS countries be removed, with a warning that, because of the curve in the formula, South Africa would receive nothing from the union within 18 years.

In 1993/94 South Africa received 70 percent of the total R10 billion in the revenue pool raised from customs and excise.

Nkuhlu said 50 percent of the budget of Lesotho came from its earnings from the customs union.

The department of finance wanted a "clean formula", which would give the BLNS countries an exact proportion with any additional money coming from the South African budget as budgetary aid.

ANC committee member Rob Davies said the department of finance was behaving like the former government, attempting to force through proposals that had been rejected in earlier negotiations:

Nkuhlu said the department of trade and industry had first attempted to re-open negotiations on a wide range of trade and industrial development issues, linked to the customs union, before moving on to the division of the financial proceeds.

The BLNS countries had however insisted on first dealing with the finance issue.

South Africa had been unable to present a position to the BLNS because of lack of agreement in government.

Negotiations have been dragging since the early eighties. A customs union task team was formed last year to resolve the issue.

BD 8/6/95

Customs pact faces hurdle

CAPE TOWN — Differences of opinion between the departments of finance and trade and industry could deadlock the finalisation of a new Southern African Customs Union agreement, a parliamentary committee heard. (279A)

Trade and industry department analyst Mfunde Nkuhlu told the trade and industry committee that some of the other four members of the union — Botswana, Lesotho, Namibia and Swaziland — were now considering "going it alone" and he would be holding an urgent meeting with the finance department on Friday.

Nkuhlu said negotiations were "stuck" because the finance department had said the present revenue sharing formula was unsustainable. — Sapa-Reuter.

...d Cup team handed ...ion at Bank City in ... treated to tribal

Picture: NICKY DE BLOIS

(2797) ([redacted])

Zimbabwe urged to join customs union

BY CRIS CHINAKA

CT(BR)12/6/95

SAPA-REUTER

A leading South African farming official has urged Zimbabwe to join a regional customs union to help boost some of its industries, including beef. Beef is threatened by perennial droughts and a small export market.

Piet de Wet, chairman of South African agriculture commodities group Market Link, said at the weekend that Zimbabwe's backbone farming sector would create a guaranteed export market by becoming part of the Southern African Customs Unions (Sacu). Sacu is currently made up of South Africa, Botswana, Lesotho, Swaziland and Namibia.

Cattle

Officially opening the annual congress of Zimbabwe's Cattle Producers Association, De Wet called on governments and various economic sectors in the region to co-operate more on development issues.

He said some of the problems facing Zimbabwean cattle farmers, such as a small regional export market, were partly due to its absence in the southern African customs union.

"Zimbabwe must become a member of Sacu, an expanded but practical Sacu that would also include Zambia, Mozambique and Angola," he told about 200 delegates. He said Sacu would offer opportunities for cattle producers to develop a regional beef marketing, and export plan. Cattle producers could also import from each other instead of sourcing from highly subsidised beef from the European Union.

Zimbabwe's cattle farmers produce about 120 000 tons of beef a year against a guaranteed 60 000 ton domestic market and a 9 500 ton export quota to the EU.

SA drags feet on customs reform

(279)

John Dludlu

THE continued failure of SA and Lesotho to table proposals for reform of the SA Customs Union had threatened to derail talks on restructuring the current five-member trade arrangement, a senior SA trade negotiator said yesterday.

Trade and industry consultant on southern African relations, Mfundo Nkuhlu, said the major obstacle was the revenue-sharing formula, which determined how income from trade duties was shared between the customs partners.

Controversy surrounded the present provision requiring SA to compensate smaller parties — Botswana, Lesotho, Swaziland and Namibia — for adverse effects of being members of an SA-dominated customs union. The problem was further complicated by a stabilisation formula which smoothed fluctuations in payments to SA's smaller partners.

Sources said SA wanted to propose a new formula for revenue sharing which would remove the compensation and stability factors — a step which would reduce the revenue of the smaller parties. The proposal would eliminate the fixed compensations — calculated in terms of a complex formula — received by countries. SA would offer some financial aid to countries hard hit as a result.

Nkuhlu said SA's and Lesotho's failure to table proposals on the issue had caused the other parties to threaten to go ahead without their input. They have given the two countries until the next round of talks in SA next month. Discussions began more than six months ago.

Nkuhlu dismissed speculation that the other countries could "pull out" of the customs union arrangement. "I don't think it's possible for any of the countries to exist without the arrangement."

It is reliably understood Lesotho delegates have promised to table their proposal at the next meeting.

Nkuhlu said it was up to the finance department to finalise the revenue-sharing agreement. He could not say whether SA would table its position at the next meeting, but failure to do so would dampen the will to forge ahead with the review process, initiated by Trade and Industry Minister Trevor Manuel last year.

The architects of the agreement, dating back to the 1960s, introduced a compensation factor into the revenue-sharing agreement, to compensate smaller parties from adverse effects of economic polarisation — concentration of economic activity in SA to the detriment of other partners — and price-raising effects resulting from SA's tariff protection.

BD 14/6/95

The compensation factor allowed other partners to have first claim to the revenue pool, leaving the residue to SA.

The stability factor was introduced to prevent fluctuations of revenue accruing to other partners.

SA inclusion means new role for SADC

(279A) BD 14/6/95

Business Day Reporter

SA's acceptance into the Southern African Development Community (SADC) meant the organisation had to be reorganised and its role redefined to ensure SA did not dominate as the most powerful regional economy, Nigerian academic and economist Prof Oliver Saasa said in Pretoria yesterday.

Speaking at an Africa Institute briefing, Saasa said although SA's economy was so much larger and more advanced than those of other SADC member states, SA was in essence a poor country. This was the result of enormous internal demand for resources such as health care, education, job creation and housing.

Saasa said the SADC and the other regional economic development organisation — the Common Market of Southern and Eastern African countries (Comesa) — had moved closer together in their aims over the years, but it was clear that they would not merge. As such, SA's interests would be better served through its participation in the SADC than Comesa.

He praised the Southern African Customs Union (SACU), formed almost a century ago, for its constructive role in fostering intraregional trade, and said he believed current negotiations — initiated by SA — to formulate new customs union terms should be finalised soon. This would set a good foundation on which regional co-operation for economic development could be built.

In contrast, Comesa's treaty to establish a common market of its 22 member states was no more than a pipe dream as its attempts to abolish trade barriers under the guise of the Preferential Trade Area had been largely unsuccessful.

Saasa attributed this to a lack of political will on the part of member heads of state to eradicate tariffs which were an integral part of government revenue. In addition, member states had failed to produce competitively priced goods of a reasonable quality or diversity of manufactured items, as required by their trading partners.

Less than half the member countries' trade was generated within the Comesa region, Saasa said. This statistic had remained almost constant despite efforts to foster preferential trade areas within the region.

In the past, the SADC concentrated on development projects without looking at human resource development to ensure the maintenance and sustainability of such projects.

He suggested a flexible definition of southern Africa to include countries such as the Seychelles, Madagascar and Kenya, which would not only benefit from their inclusion but contribute additional markets for manufactured goods.

SADC to appeal for aid: The Southern African Development Community will launch a $270 million international appeal tomorrow to help nine countries in the region with emergency food aid and prepare for future droughts, Ziana reported yesterday. The appeal is to be launched at the United Nations in Geneva by the community executive secretary, Kaire Mbuende.

(279 A) CT(BR) 19/6/95

Customs revamp negotiators in Windhoek battle to agree

(279A)

BDay 29/6/95

WINDHOEK. — Negotiators responsible for revamping the Southern African Customs Union are battling to reach consensus, Namibian Finance Minister Helmut Angula said in Windhoek.

But he re-affirmed Namibia's commitment to SACU — as long as it promoted greater economic co-operation in Southern Africa.

Opening an African Development Bank seminar on economic integration in Southern Africa, Mr Angula said: "The existing SACU agreement... does not agree with the harmonious spirit of regional co-operation as it is a fairly inward-looking, secretive and barely-transparent treaty, with South Africa still dominating the determination of various policy variables such as the common external tariff and excise duty rates.

"The task team responsible for formulating a new dispensation has not been able to reach consensus on a number of key issues," Mr Angula said, adding that negotiations were tedious and elaborate, given the broad nature of SACU.

Namibia's restructuring proposals, if accepted, would allow SACU to become "an ideal building block for deepening and broadening the cause of economic integration in South Africa".

Namibia has suggested that the SACU treaty be democratised to reflect the interests of all parties; that the SACU represent a building block in moves to increase regional economic integration; that it be an outward-looking union; and, that there be an equitable, efficient and transparent revenue-sharing formula.

Namibian and Zambian presidents Sam Nujoma and Frederick Chiluba recently announced an intention to promote free trade between their countries, but said they had to wait until the SACU agreement, which prevented this, had been re-negotiated.

SACU comprises South Africa, Namibia, Botswana, Lesotho and Swaziland.

Mr Angula said Namibia was content to remain in the SACU and the Common Monetary Area if the structures were willing to expand.

"If we can assure that our regional integration initiatives in southern Africa are not used to seclude the region from the world economy, but instead, are used as a building block towards the long-term goal of multi-lateral trade liberalisation for the region, we would be able to expand intra-regional and international trade."

The ADB seminar is one of a series in the region examining an ADB report on economic integration in Southern Africa. — Sapa.

SA 'sets new direction for the region'

ET (DR) 6/7/95 (279A)

By Peter Galli

Features Editor

South Africa's emergence from a pariah country had provided southern Africa with a new positive direction. This change in direction is aimed at reversing the political and economic ills from which sub-Saharan Africa has suffered for more than two decades

Addressing the Confederation of Zimbabwean Industries' Annual Conference in Zimbabwe yesterday, Les Weil, the president of the South African Chamber of Business, said southern Africa had been identified as the region within sub-Saharan Africa which had the greatest potential of re-establishing economic prosperity and political stability.

"It is often said, from this perspective, that South Africa cannot be allowed to fail in the political or economic areas, as its successful transformation is regarded by many as a pre-condition for rebuilding southern Africa," he said

South Africa had already made a significant contribution to the economic well-being of its neighbouring countries and there was "no doubt" that the position of all the countries in the region could be advanced through further meaningful regional co-operation.

But realising that goal would require an in-depth evaluation to ensure that there were no contradictions between national and regional systems.

"I doubt that there will be any dissent among the southern African states that the existence of a competitive environment, and a free market to allocate resources among competing demands, is a prerequisite to the successful mobilisation of resources and creation of capacity in areas where investment is most efficient in terms of relative returns," Weil said

The government was committed to closer economic and other ties with its neighbours, he said

To achieve successful mobilisation and efficient utilisation of resources at regional level, there was a need for macro-economic convergence The first step towards achieving macro-economic convergence in the region would be the co-ordination of monetary and fiscal policies to ensure the reduction of interest and inflation rates.

"The aim to reduce government deficits is a key consideration for attempts to establish macro-economic stability With respect to taxation, particularly on goods and services, the European Union has shown that harmonisation is the first step to an integrated approach to regional trade flows."

Investment

"There is a need to harmonise tax regimes and tariff rates to create a regional climate for investment and growth disparities. Greater investment efficiency is a pre-condition for the mobilisation of resources In virtually all the member states of the Southern African Development Community and in South Africa there are controls on capital flows between countries. These controls need to be reviewed to facilitate cross-border investment, which has the added benefit of countering trade imbalances," Weil said.

Trade between South Africa and its African neighbours weighed heavily in South Africa's favour. This needed to be corrected because these imbalances could not be sustained forever

The government had undertaken to take the region with it on its path to economic growth, however, these efforts needed to be undertaken jointly.

Further considerations were that South Africa had not, as yet, formulated a coherent long-term strategy for its economic development Differences in income and levels of development between South Africa and its neighbours made it difficult to argue in favour of joint policies for the region.

South Africa's GDP per capita amounted to $2 900 in 1993, compared with an average of $305 for the other community nations.

(27911) (163) (55)

A modest beginning

THE African Development Community electricity pool should "be in a position to make a modest beginning later this year", Minerals and Energy Affairs Minister Pik Botha said in Cape Town yesterday. The pool should save the region \$600m a year in the short term, he said. BD 7/9/95

Regional co-operation 'a priority of government'

(279A)

ARG 12/7/95

MASERU — Closer co-operation between South African and Lesotho was a government priority and part of the reconstruction and development programme, President Nelson Mandela said in a speech prepared for delivery to the Lesotho parliament today.

"The future prosperity of our region, like that of our continent, requires of us that we adopt a co-operative and integrated approach to the things that jointly affect us.

"The conditions for regional co-operation and integration have never been so favourable. Democratic governance throughout the region, stability and increasingly like-minded approaches to economic matters provide a framework for integrated strategies for regional development and security."

Mr Mandela said this meant co-operation on a political level as well as in trade and industry, job creation, agricultural co-operation and educational exchanges.

As examples of such co-operation, he mentioned the recently signed extradition treaty, to fight crime in the region, the Lesotho Highlands Water Project which had developed regional infrastructure and South Africa's mining sector.

Mr Mandela paid tribute to the tens of thousands of Basotho miners working in South African mines and specifically the victims of the recent Vaal Reefs accident near Orkney in North-West Province.

He promised to speedily improve mine safety and acknowledged the country's responsibility to help Lesotho cope with falling employment in the mining sector

"For that reason one of the main areas of official South African development assistance to Lesotho is in the retraining of retrenched mineworkers."

Mr Mandela also welcomed the kingdom's progress in implementing last September's agreement on restoring the government of Prime Minister Ntsu Mokhehle and King Moshoeshoe.

South Africa, Zimbabwe and Botswana helped resolve Lesotho's constitutional crisis after King Letsie III dissolved parliament in August 1994.

"We understand the government's commitment to broaden democracy in Lesotho will see the start of a national dialogue in the not-too-distant future.

"The future of this great kingdom is now in the hands of those who were democratically elected and are charged with the responsibility of securing it. Their success depends on the support and co-operation of all social structures."

While national reconciliation had started political change in South Africa, its challenges were similar to those faced in the region and throughout Africa.

"Common needs and interdependence dictate a common interest in regional integration and reconstruction. Geography decrees that this is even more so in the case of our two countries," Mr Mandela said.

● Mr Mandela was met by King Moshoeshoe II, who was restored to the throne in January after being toppled by the former military government in 1990 and replaced by his son Letsie.

Crowds of people wearing traditional Basotho blankets and hats cheered and ululated around the perimeter of the airport as Mr Mandela stepped from his private plane at the start of his first visit to Lesotho since his election in April last year.

The president, who is 77 next week, is having a busy month of travel. He has just returned from Japan and South Korea, and will also visit Pakistan and Russia later in July. — Sapa.

Increased trade the key to SADC's future, says Mbeki

BRUCE CAMERON
POLITICAL EDITOR

The development of the Southern African Development Community into an integrated economic zone with open borders will be a hard slog built on the back of increasing trade in the region and will require the 11-member states to upgrade their capabilities.

At a conference of the development community's finance ministers in Pretoria yesterday, Chris Liebenberg, the minister of finance, and Thabo Mbeki, the deputy president, said increased trade was the key to the community's future

Liebenberg, chairman of the recently created committee on finance and investment, said the community had to work towards common macro-economic policies, common regulation and supervision of institutions and markets

But he said whatever was achieved in monetary, financial and investment co-operation would "come on the back of trade"

Earlier Mbeki, who officially opened the conference in Pretoria, said achieving a workable and sustainable model of financial integration would require a high degree of commitment from all members.

To achieve success it was vital to allow time to develop institutions, systems and capacity in human resources and technology

Mbeki also said an advanced level of financial integration in the form of monetary policy co-operation could not be achieved unless it was preceded by large-scale trade expansion and other successful developments. "As cross-border trade and contact expands, the need for cross-border payments for goods and services, for converting one currency into the other and for cross-border investment mechanisms grows," he said.

After the closed meeting, the ministers said the objectives of the committee, its terms of reference and arrangements for its management had been discussed. A document from the committee would be presented to the community's council of ministers in August.

(279A) CT(BR) 13/7/95

Mandela issues call for regional co-operation in southern Africa

(2791A) Star 13/7/95

■ BY MONDLI MAKHANYA
POLITICAL REPORTER

Maseru — President Nelson Mandela has called on southern African nations to strive towards closer political and economic co-operation.

Mandela, who is on a two-day state visit to Lesotho, made the call during an address to a joint sitting of parliament and in a speech given at a state banquet yesterday. He said southern Africa needed a new form of economic and political interaction "based on principles of mutual benefit".

"Common needs and interdependence dictate a common interest in regional integration and reconstruction," Mandela said. This relationship was even more pertinent for SA and Lesotho and co-operation between the two countries fell within the scope of the Reconstruction and Development Programme.

In this regard SA had had a responsibility in helping Lesotho cope with the consequences of falling employment in the mining industry and would help Lesotho retrain retrenched miners.

The two countries now needed to solidify their special relationship through establishing joint working committees and establishing bilateral and multilateral agreements. But he added that there would be no progress towards achieving regional integration if there stability did not prevail in the subcontinent.

Mandela held a closed meeting with the leadership of Lesotho's political parties in which he encouraged them to help create a climate of democracy and stability.

Lesotho has been experiencing unrest in the security forces and the civil service recently. There are fears of a repeat of last year's events when Prime Minister Ntsu Mokhehle's government was under threat.

Mandela was called into the country by King Moshoeshoe II to help avert the looming political crisis. South Africa, together with Botswana and Zimbabwe is a co-guarantor of the settlement that led to the reinstatement of the government last year.

Today he will discuss the country's political situation with Moshoeshoe and Mokhehle. Mandela also met SA citizens and held a reunion with former fellow Fort Hare University students.

Later he will lay a wreath at the site of the 1982 SADF cross-border raid in which ANC exiles and Lesotho nationals were killed. He is also expected to address a "Pitso" (public rally) in Maseru and then visit the Lesotho Highland water project's Hlotse Dam.

Mandela is scheduled to return to SA in the afternoon.

■ Leaders of opposition parties in Lesotho yesterday gave Mandela a memorandum requesting the establishment of a Commonwealth of Southern African Nations.

Tourist body should be working by April

Theo Rawana
[redacted] (279A)

SOUTHERN African Development Community (SADC) countries had formed the Regional Tourism Organisation of Southern Africa, which should be operational by next April, Satour executive director Mavuso Msimang said in Johannesburg yesterday.

Addressing an RCI Traveltour Media Awards ceremony, Msimang said the formation of the organisation last month was the culmination of workshops which followed a decision by the Southern African Regional Tourism Council and the SADC that there should be one organisation handling the development of tourism in the region.

MD 13/7/95

Msimang said the new organisation was good news for the region. "For the first time we are in a position to embark upon joint marketing and development projects in the region, which, in the long run, will benefit the entire subcontinent."

The RCI Traveltour Media Awards are divided into four categories: SA television journalism/production, SA print journalism, SA radio journalism/production and international journalism/production.

Jan Christian Horn of the SABC won the first prize in the SA television journalism/production category, Laurian Brown of House and Leisure won in the SA print journalism category while Peter James-Smith of SAfm took the SA radio journalism/production award and Nancy Fitzpatrick of Meeting News, the international journalism/production award.

The winners each received two return tickets to various international destinations, two weeks accommodation at international resorts and R3 000 spending money.

Political agreement on regional power pool

(279A)

Edward West

BD 17/7/95

CAPE TOWN — The political leg of the southern African electricity power pool agreement, the first physical regional co-operation by SA outside of the SA Customs Union, was expected to be signed by Southern African Development Community (SADC) heads of state at a meeting next month, Eskom CE Allen Morgan said yesterday.

The memorandum of understanding to co-ordinate power generation had already received general approval by SADC countries at a conference last week and the August agreement would be followed with an agreement between utilities.

Morgan said SA would continue exporting power to its neighbours in the short term, but electricity was expected to flow from Cahora Bassa in 1997, while from 1998 SA would be able to import hydro-electricity from Zambia, which could prove cheaper than building new power stations.

The agreement would also allow southern African countries dependent on hydro-power from the Zambezi and Congo rivers to tap power from each other during times of drought, or to tap into coal-fired power sources further south.

The agreement would enable the better usage of power surpluses between SADC countries and the establishment of joint ventures by pool members for the establishment of new power sources, he said.

In terms of the memorandum of understanding, SADC ministers and officials would be responsible for policy matters between governments and their power utilities, while utility CEs would act as the board of the power pool.

SADC the belle of the world trade ball?

(279A) BD 27/7/95

COMPANIES from southern Africa are expected to dominate an exhibition which is being billed as one of Dubai's biggest trade events.

SA Foreign Trade Organisation (Safto) GM David Graham says 83 SA companies will be participating in the Middle East World Trade Fair in February and March. "But the most exciting aspect of this show will be the hoped-for participation from another 40 companies in SADC countries."

Strong interest has been shown by Botswana, Zimbabwe, Namibia and Swaziland. Sponsors for the SA participation are SAA, Renfreight, Unicorn/CMBT, First National Bank and Absa Bank.

Exhibitions and conferences are big business in the emirate. The World Trade Fair, however, is being billed as the "biggest multi-sector trade exhibition to be staged in the Middle East".

Safto, along with the SA foreign affairs and trade and industry departments, has already organised two extremely successful SA-only exhibitions at Dubai's World Trade Centre.

Safto can claim a large part of the credit for SA's success after doing much of the groundbreaking work required for the entry of SA exports and for having exposed almost 400 companies to Dubai.

So why is Dubai such a big deal for SA?

Graham explains Dubai was "the first point of connection into the Arabian Gulf and it was extremely proactive in developing that link.

"It is something which we will always appreciate.

"Dubai is a major trading centre for the Gulf, it has great services and the distribution links are really professional. Ultimately, it is important for SA companies who need a one-stop entry into the market."

Graham says 90% of those companies which have been exposed to Dubai "have had their world changed for them by the welcome and receptiveness they have experienced in Dubai".

AFRICA

CT 31/7/95

Early end urged to customs talks

(279A)

WINDHOEK: Swaziland's King Mswati III and Namibian President Sam Nujoma at the weekend called for an early and amicable end to negotiations aimed at revamping the Southern African Customs Union (Sacu).

Speaking here at the end of the king's three-day visit to Namibia, Mr Nujoma said: "The terms of Sacu are one-sided (in South Africa's favour) and can only be put right after talks."

Customs union to be 'more democratic'

John Dludlu (279A)
BD 31/7/95

THE SA Customs Union announced at the weekend plans to make the union more democratic, in a move which observers believe will reduce SA's dominance.

However, no agreement was reached on the burning issue of a revenue-sharing formula, said a statement released after a meeting of members' trade ministers.

The ministers agreed on an approach to joint decision-making on critical economic development issues, such as setting import tariffs. Observers said this would end claims of "perceived and real" dominance of the union by SA. Decisions on tariff levels have been based on recommendations by SA's Board on Tariffs and Trade.

"The development of the union into a democratic arrangement enabling the rightful participation of all members is also one area of convergence. Towards this objective, the harmonisation of the economic development policies of member states to enhance the subregion's industrial and, consequently, its investment potential was endorsed by ministers."

The members had also agreed to set up an independent and neutral secretariat. Its main function would be to implement decisions taken by the ministers' council — another structure to be created.

Talks on customs union

John Dludlu

(279A)

BD 1/8/95

SOUTHERN Africa's longest surviving trade accord, the Customs Union agreement signed in 1969, could undergo radical changes as a task team of the five member states begins three days of talks in Pretoria today.

The discussions, expected to finalise the long-running review of the agreement, comes a week after a ministerial meeting which endorsed a series of agreements aimed at democratising administration of the customs union.

Trade and industry department consultant on southern Africa relations Mfundo Nkuhlu said yesterday he expected this week's talks to finalise all outstanding issues, including the controversial subject of an alternative revenue-sharing arrangement.

He confirmed that SA was ready to present its position on an alternative arrangement to share the import revenue spoils, but gave no details.

This week's meeting was expected to finalise also details of the agreements reached by the ministers of trade and industry from member countries. These included the establishment of new institutions such as a ministers' council, an independent secretariat and a commission of senior technocrats from member governments. But no agreement was reached by the ministers on the revenue-sharing formula.

SA is known to be unhappy with the current arrangement, which sees a larger share of the pool being paid out to fellow partners Botswana, Lesotho, Swaziland and Namibia.

Trade sources attribute the skewed payments to the stability provision in the agreement which seeks to cushion weaker partners against the effects of the revenue fluctuations, and the compensation factor which allows less developed nations to have first claim to the pool.

The review process, initiated by Trade and Industry Minister Trevor Manuel, nearly stopped recently when other partners threatened to go ahead with the talks, without input from SA and Lesotho, two members which had not finalised positions on key issues.

Lesotho, one of the partners heavily dependent on the pool's payments, would table its position this week, the country's high commissioner Lincoln Mokose confirmed from Pretoria.

Mokose denied knowledge of claims that certain countries in the region, currently outside the customs union, were bent on undermining the arrangement, and were instead pushing hard for a larger customs union covering the region.

At last week's summit, the ministers agreed on an approach to joint decision-making on important development issues, including the setting of import tariffs — at present determined at the recommendation of SA's Board on Tariffs and Trade.

Plan could reshape regional trade pacts

(279A)

John Dludlu BD 16/8/95

SOUTHERN African and other bilateral trading arrangements could undergo a major shake-up if a proposal by negotiators in the five-nation customs union came into effect, trade sources said recently.

Trade and Industry Minister Trevor Manuel's spokesman Ismail Lagardien said negotiators at the talks to review the customs union agreement had agreed on the need to set up a consultative mechanism to review and forge consensus on bilateral trade agreements between customs union partners and third countries.

A senior government source said if the mechanism, still to be discussed at ministerial level, was approved, a series of agreements would come under review, putting those accords in conflict with certain provisions of the agreement.

Durban-based Natal University economist and southern African regional trade expert Gavin Maasdorp said this provision could lead to fresh scrutiny of the Zimbabwe/Namibian preferential trade agreement — known to have adversely affected Swaziland and SA sugar industries.

Although the current customs union agreement has a clause requiring members to consult on bilateral arrangements, Namibia entered into the sugar trade accord with Zimbabwe without consulting the Swaziland Sugar Association and SA producers.

The talks between SA and the European Union towards a bilateral trade and co-operation accord would have to involve the mooted mechanism when it came into operation.

On the positive note, however, Maasdorp felt the mechanism could give a green light to Swaziland, Lesotho and Namibia — partners in the customs union agreement — to participate in the cross-border initiative, a group of 14 countries seeking to create a free trade area between southern and eastern Africa regions by 1998. The initiative excludes two other customs union members, SA and Botswana.

"As members of the customs union, Swaziland, Namibia and Lesotho have expressed interest in participating in the initiative, but cannot reciprocate by dropping tariffs until they've the permission from the union," Maasdorp said.

However, the planned mechanism could cause further delays in the renewal of the lapsed Zimbabwe/SA bilateral.

Rand Afrikaans University director for Institute of American Studies Carl Nofke expressed hope that the planned mechanism did not become a "breaking device" in the region, which could reap enormous benefits through co-operation in such fields as water and energy.

Inclu

Customs Union hedging on the crucial issues

BD 17/8/95 (279A)

JOHN DLUDLU

VERY few people are happy with the current talks to review the Southern African Customs Union — the five-nation trading arrangement including SA, Botswana, Lesotho, Namibia and Swaziland.

Journalists complain about the opaque approach of Cutt (tradespeak for the Customs Union Task Team, the group of negotiators from member states).

In their defence, the negotiators say that they cannot issue individual statements, and therefore promise a joint communique after each round of talks — a promise which sometimes goes unfulfilled.

This has clouded the amount of progress made in the talks since hardworking Trade and Industry Minister Trevor Manuel initiated the review process last year. At their second summit in late July, ministers from member states agreed on an institutional structure aimed at democratising the administration of the customs union. Agreements included the creation of a ministers' council, a commission staffed by senior technocrats and an independent secretariat to implement the ministers' decisions. But, most importantly, the ministers agreed on a joint approach to joint decision-making on "critical economic development issues such as the setting of import tariffs".

Although the customs union provides for a common external tariff system, tariff levels have so far been set at the recommendation of SA's Board on Tariffs and Trade. This has served to fuel claims that SA — pejoratively dubbed senior partner in the arrangement — is running the show unilaterally.

Only last week, Swazi Commerce Minister Majahinkaba Dlamini expressed concern about consultation, or its depth as he put it, within the customs union.

He claimed that many studies affecting the customs union — such as the clothing and textile report — were being carried out in SA, and other partners were consulted only at a later stage. So the decision on the joint approach to decision-making has predictably been welcomed by Dlamini and his Namibian counterpart, Hidipo Hamutenya.

However, Manuel's spokesman Ismail Lagardien points out that although the ministers have agreed in principle on the institutional framework to govern the customs union, they differ on the nature and structure of these institutions.

Related to the democratisation of the customs union's administration is another proposal to have a weighted form of decision-making, according to Lagardien.

Lagardien sums up the progress made after a third ministerial summit in early August which coincided with the fifth round of Cutt's three-day talks. "There is significant progress in the area of developing a customs union regional policy framework, particularly on industrial policy issues where there is consensus on the need to develop a coherent competition policy."

However, progress has been slow in thrashing out the controversial revenue-sharing formula which is a source of great unhappiness to many partners.

Smaller countries like Lesotho and Swaziland depend heavily on the handouts from the pool, and would suffer enormous hardship if this mechanism was scrapped.

Over the years these countries have complained that their share has dwindled, while SA feels it has been paying more to them.

Hamutenya points out that the fundamental problem is that the formula is not objective, and there is a need for an objective one.

Architects of the agreement introduced two clauses — stabilisation and compensation factors — which are, in part, responsible for SA's unhappiness.

The stability factor protects SA's partners against the fluctuations of the revenue spoils accruing to smaller parties, whereas the compensation factor compensates them for the effects of SA's tariff protection. This latter clause ensures that small countries have first claim to the pool, effectively leaving SA with the leftovers.

It is understood SA wants the stability factor eliminated and replaced by a mechanism of bilateral budgetary aid to a partner severely affected by fluctuations.

SA negotiators have refused to reveal SA's position at the talks on the revenue-sharing formula which was presented only recently.

Member countries have kept their positions on the revenue-sharing formula close to their chests, but Hamutenya says his country would like to see governments retaining their right to collect taxes, while duties would still be collected by Sacu.

The challenge now is to reconcile the varying positions on the subject to strike consensus.

This issue was not even put on the third ministerial summit agenda. Ministers instructed Cutt to speed up progress "in order to attain certainty on this critical element of the Customs Union Agreement".

Another issue which seems to have enjoyed little ministerial attention lately is the possibility of extending the five-nation agreement to other countries in the southern African region. Hamutenya says the subject has been discussed in some detail in other forums, but will not give his views on the issue.

The fourth ministerial summit is expected to take place in November. SA negotiators feel enough agreements will have been reached by next February to begin writing a new framework for the agreement.

LETTERS

SADC summit a step to regional stability

CT(BR) 22/8/95 (279A)

By Bruce Cameron

Political Editor

A possible economic union in southern Africa, similar to the European Union, is something for the distant future, according to Alfred Nzo, the minister of foreign affairs.

In an interview, Nzo said it would be a major achievement if the South African Development Community (SADC) could bring economic and political stability to the southern African region.

The SADC summit in Gauteng this week was a major step along the road to achieving greater stability in the region.

South African membership of the organisation, achieved last year, was the realisation of "a dream South African democrats have had for a very long time. That dream is to participate as a good neighbour in the affairs, not only of the region, but of Africa as a whole".

"South Africa is very anxious to contribute whatever it can to the stability of the region — economically, politically and security-wise.

"The SADC is an important vehicle for achieving that goal."

The organisation had already assigned South Africa the sector of finance and investment, Nzo said.

Among other things he hoped would be finalised at the summit was acceptance of guidelines thrashed out by the finance ministers of the organisations' members at a recent conference in Pretoria.

High on the agenda would be security issues, but these would have to be dealt with in tandem with economic development. "Everything has to happen simultaneously. Instability can be made worse by uneven economic development."

One of the highlights of the summit would be the signing of two protocols — one for water and the other for energy.

The aim behind the protocols was to initiate a collective effort to supply adequate water and electricity to the region.

Other issues to be submitted to the SADC summit for approval and discussion included:

☐ Future co-operation and assistance from the European Union on the development of the southern African region. Foreign ministers of the SADC countries had met EU delegates in Berlin last September, after which a small group from the SADC countries from South Africa, Zambia and Namibia had been selected to work out terms of reference for co-operation with the union.

☐ Confirmation of a conference of member nations on the increase in drug smuggling across the region's borders.

☐ Recommendation of a new body to deal with stability and security issues in the region. The body was likely to be based on the former Frontline state grouping. New tasks had to be worked out for this group of countries.

The Frontline states' foreign ministers had met recently to see how the body could be converted.

The foreign ministers had recommended to the summit the setting up of a body that would deal with security questions within the SADC. This new body should include all members of the SADC and would be called the Association of Southern African States.

Nzo said considerable work had already been done in attempting to reach stability in the region even without a formal structure.

Examples were the work that had been done by South Africa, Zimbabwe and Botswana in attempting to stabilise the situation in Lesotho, in co-operation with the main role players in the kingdom, and assistance given in the elections in Mozambique, where "we were concerned to make sure the democratic process succeeded".

He added that there was also the concern that the region "has always had about the situation in Angola, which is hopefully now moving towards a positive resolution".

Nzo said economic development of the region was essential and would play a key part in curbing "what is commonly called illegal immigration into various countries".

Free trade, the convertibility of currencies, and investment were all important issues to be tackled by the appropriate sectors within the SADC to speed up the integration and economic growth of the southern African region

SADC unlikely to bless new security arm

(2791A) ARG 23/8/95

The creation of a regional democracy and security association could have been the centrepiece of the SADC summit which culminates on Monday. Why is it suddenly looking so uncertain, asks DALE LAUTENBACH, Editor of The Argus Foreign Service.

IN March in Harare, the foreign ministers of the Southern African Development Community (SADC) drew up a pretty firm proposal for a regional peace, democracy and security association.

There was a lot of bickering and manoeuvring but Namibia finessed the meeting with a compromise and word was that the Association of Southern African States (ASAS) needed only the blessing of the heads of state at their next SADC meeting.

That meeting is now, as the heads of state gather at the World Trade Centre in Johannesburg on Monday, and all of a sudden ASAS seems to be back on the drawing board.

This was revealed rather obliquely by South African Foreign Minister Alfred Nzo this week at a pre-summit briefing. The foreign ministers would have to address the subject again, he said, when they meet on Friday and Saturday in preparation for the summit.

It was a question of a name, he said, and whether ASAS was to be a sector or an association. What he did not say was that this is patently a step backwards and, according to diplomatic sources, it means that at least one of the member states of the SADC has shifted position since March.

Whether this is the high-minded and respectable business of interstate politics or petty positioning and bickering among those states will be put to the test at the Friday-Saturday meeting. If the ministers can agree on a unified position, there will still be time for heads of state to bless the body on Monday. If not, it will be a fine example of the stupidities that divide us.

There are a number of reasons why the proposed body should get off the ground now. Not least of these is that this SADC summit needs a success if it is not to be just another round of hot rhetoric and hand-wringing statements about drought and how this curse has reached red-alert levels in Zambia.

Secondly, ASAS has a lot of serious work to do and the sooner, the better. The thinking that has driven its creation so far has been the question of what to do with the organisation that was the Frontline States (FLS), the regional political forum of the apartheid years which drew our neighbours together in concert against the crime of the old South Africa.

Recent experiences of preventive diplomacy in Lesotho and Mozambique, pursued under the old umbrella of the FLS, proved the need for a security cum political body and this further inspired the dialogue around ASAS.

The early quibbles about the proposed body reflected the egos of a number of those involved. Diplomats close to the talks in Harare said the Zimbabwean proposal was that the longest-serving head of state (read Robert Mugabe) should chair the new association. Where does that leave us and all we might offer ASAS, cried the South Africans, then only nine months old. A revolving chair was proposed and a compromise reached that this should change every two years.

The foreign minister of the state which held the chair would also chair the political sub-committee of the body which would be responsible for such things as preventive diplomacy and conflict resolution — a la the Lesotho model.

It was also agreed that the old Interstate Defence and Security Committee (IDSC), a structure of the FLS, would compromise sub-sub-committees representing the defence forces, police services and secret services of the region. This body, presently in its old FLS shape under the wing of Tanzania and about to move to South Africa's charge next month, still had a lot of work to be done on it but would probably be shaped along the lines of peacekeeping and, most crucially, drought and food aid relief.

In the post-conflict era, the crux of ASAS was to be its security function in this very broadest sense where drought means hardship and possibly eventually the dangerous migration of peoples and conflict over water resources, grazing and food. Security too means cooperation among police forces on regional threats like the drugs trade and crime syndicates. Post-Cold War security has a whole new meaning and ASAS was keen to this as it shaped up.

The other quibble at the start and to which Nzo alluded, was whether ASAS would fall under the rather protectionist SADC secretariat or whether it was just to be a loose arm of the Development Community which otherwise should concern itself with trade and, as its name implies, development. Empire builders in the secretariat wanted ASAS under their control as a SADC sector. That too was apparently resolved earlier and the secretariat lost out.

All this now looks up in the air again and it should not be so. The region needs ASAS; Angola right now could benefit from the new-broom spirit and authority that such a body might have in the shape of a heads of state summit further urging the tottering peace process along its path. Zambia, in the exhausting grip now of serious drought, might have benefited from the early warning systems that are envisaged as part of the ASAS function.

Whoever is quibbling among the 11 SADC members, have until Monday to show themselves responsible.

Heads of state summit to discuss drought

Shared power and water plan for southern Africa

Dan 23/8/95

(279A)

BY MICHAEL SPARKS

The Southern African Development Community (SADC) could be looking beyond its borders to troubled Zaire for co-operation in the provision of electricity to the region, according to SADC executive director Kaire Mbuende.

Speaking at preparatory meetings for the annual SADC heads of state summit in Johannesburg's World Trade Centre, Mbuende said the agreement on shared provision and use of electricity is one of two protocols, or agreements, which are ready and should be signed by heads of state on Monday.

Once this protocol has been signed, the SADC will approach Zaire to further the proposal.

The other protocol is for a shared water system, an attempt to reduce the severe effects of drought on countries in the region.

Mbuende said the approach of the SADC was to focus on countries within the region, but to include outside parties when there was a shared interest.

Although there was some concern that the powerful South Africa would dominate the organisation when it was admitted in 1994, Mbuende said that the country had made some real contributions, including those by Eskom, as well as in passing on mining technology to the region.

But he claimed that the relationship was "mutually beneficial", with South Africa receiving benefits in the form of drought-resistant seeds.

The heads of state will also be asked to approve an initiative which is, in effect, the successor to the Frontline states organisation of the apartheid years. In March this year, SADC foreign ministers recommended the creation of a political and security arm within the SADC to address security, preventive diplomacy and conflict resolution.

Other issues to be discussed include the contentious proposal for a Common Market of Eastern and Southern Africa (Comesa), with tariff structures high on the agenda. Only three SADC members, Zambia, Malawi and Tanzania, have ratified the establishment of this East Africa-driven trade bloc initiative.

Concerns expressed by Zimbabwe and Zambia about South African goods flooding their markets, as well as the requirements for products to enjoy reduced tariffs, will be discussed.

Mbuende added that the concerns of small countries that all the investment would go to the economic powerhouses were unfounded.

The lessons of the European Community are that countries invest in the smaller economies to gain access to the larger markets of their neighbours.

Africa suffers as ministers quibble

(2794) Star 23/8/95

THE creation of a regional democracy and security association could have been the centrepiece of the SADC summit which culminates on Monday. Why is it suddenly looking so uncertain, asks Foreign Editor Dale Lautenbach

In March this year in Harare, the Foreign Ministers of the Southern African Development Community (SADC) drew up a pretty firm proposal for a regional peace, democracy and security association.

There was a lot of bickering and manoeuvring and word was that the Association of Southern African States (ASAS) needed only the blessing of the heads of state at their next SADC meeting which is presently taking place in Johannesburg.

As the heads of state gathered at the World Trade Centre in Johannesburg on Monday it appeared that all of a sudden ASAS seems to be back on the drawing board again.

This was revealed rather obliquely by South African Foreign Minister Alfred Nzo at a pre-summit briefing.

The foreign ministers would have to address the subject again, he said, when they meet on Friday and Saturday this week in preparation for the summit.

It was a question of a name, he said, and whether ASAS was to be a sector or an association

What he did not say was that this is patently a step backwards and, according to diplomatic sources, it means that at least one of the member states of SADC has shifted its position since March.

Whether this is the high-minded and respectable business of interstate politics or petty positioning and bickering among those states, will be put to the test at the Friday-Saturday meeting.

If the ministers can agree on a unified position, there will still be time for heads of state to bless the body on Monday.

If not, it will be a fine example of the stupidities that divide us.

There are a number of reasons why the proposed body should get off the ground now.

Not least of these is that this SADC summit needs a success, if it is not to be just another round of hot rhetoric and hand-wringing statements about drought and how this curse has reached red-alert levels in Zambia.

The thinking that has driven its creation so far has been the question of what to do with the organisation that was the Frontline States (FLS), the regional political forum which drew our neighbours together against apartheid South Africa.

Alfred Nzo ... asserting South Africa's role in SADC

Recent experiences of preventive diplomacy in Lesotho and Mozambique, pursued under the old umbrella of the FLS, proved the need for a security cum political body and this further inspired the dialogue around ASAS.

The early quibbles about the proposed body reflected the egos of a number of those involved.

Diplomats close to the talks in Harare said the Zimbabwean proposal was that the longest-serving head of state (read Robert Mugabe) should chair the new association. Where does that leave us and all we might offer ASAS, cried the South Africans, then only nine months old

A revolving chair was proposed and a compromise reached that this should change every two years.The foreign minister of the state which held the chair would also chair the political sub-committee of the body which would be responsible for such things as preventive diplomacy and conflict resolution. .

It was also agreed that the old Interstate Defence and Security Committee (IDSC), a structure of the FLS, would compromise sub-sub-committees representing the defence forces, police services and secret services of the region.

This body, presently in its old FLS shape under the wing of Tanzania and about to move to South Africa's charge in September, still had a lot of work to be done on it.

However it would probably be shaped along the lines of peace-keeping and, most crucially, drought and food aid relief.

In the post-conflict era, the crux of ASAS was to be its security function, in this very broadest sense, where drought means hardship and possibly the dangerous migration of peoples and conflict over water resources, grazing and food.

Security too means cooperation among police forces on regional threats like the drugs trade and crime syndicates. Post Cold War security has a whole new meaning and ASAS was keen to this as it shaped up.

The other quibble at the start and to which Nzo alluded, was whether ASAS would fall under the rather protectionist SADC secretariat or whether it was just to be a loose arm of the Development Community which otherwise should concern itself with trade and, as its name implies, development.

Empire builders in the SADC secretariat wanted ASAS under their controlbut fortunately the secretariat lost out.

The whole point of a security body was that it should be able to act with lightning speed in the case of crisis.

All this now looks up in the air again and it should not be so.

The region needs ASAS; Angola could benefit from the new-broom spirit and authority that such a body might have in the shape of a heads of state summit which could further urge the peace process along its path.

Zambia, now in the exhausting grip of serious drought, might have benefited from the early warning systems that are envisaged as part of the ASAS function.

Whoever is quibbling among the 11 SADC members, have until Monday to show themselves responsible.

SADC free-trade bloc expected by next year

CT(BR) 24/8/95 (2791) 29

FROM SAPA

The most viable route for the South African Development Community to follow would be the creation of a free-trade area between the 11 member states, according to Abraham Pallangyo, the SADC industry and trade co-ordinator.

Speaking at a briefing at the World Trade Centre yesterday, Pallangyo said the target for the SADC was the development of a common market made up of its member states, but the immediate step was the development of free trade.

He said the SADC was in the process of negotiating a proposal on the establishment of a free-trade area, which was expected to be finalised by February next year.

A final free-trade agreement could be signed by August next year, Pallangyo said.

The objective of the trade and industry department of the SADC was to facilitate the promotion of trade within the community and to enhance the understanding of available investment opportunities

Pallangyo said over the past four years, the department had been developing an investment policy document with complete information on investment opportunities for local and international investors.

John Chanda, the SADC mining co-ordinator, suggested an integrated approach by the organisation to the international mineral resources market to give the region a competitive advantage over its competitors.

Chanda said the region would benefit greatly from the co-ordination of its mineral resource development, given the importance of the sector and the region's substantial mineral resource endowment

Raising literacy levels, training in the relevant fields of mining through staff and student exchange programmes, and the adoption of common certification standards would contribute significantly to high mining productivity and regional development.

Member states should concentrate on optimising the utilisation of training facilities available to the region, he said.

The SADC countries could cooperate in the sharing and rationalisation of mineral processing facilities, particularly in research and development, and the establishment of downstream-processing industries to add value to the regional mineral wealth, he said.

Another potential area for cooperation was the maximisation of earnings from small mineral deposits and small-scale mining.

However, the lack of financial resources, infrastructure and specialised institutions and manpower in certain states could hamper the full realisation of regional integration, Palyango said.

More than homophobia on the talkfest menu

CT (BR) 24/8/95 (279A)

DIPLOMATIC VIEW

Illegal immigration is one issue South Africa would like to see tackled at the SADC meeting

BY JEAN-JACQUES CORNISH

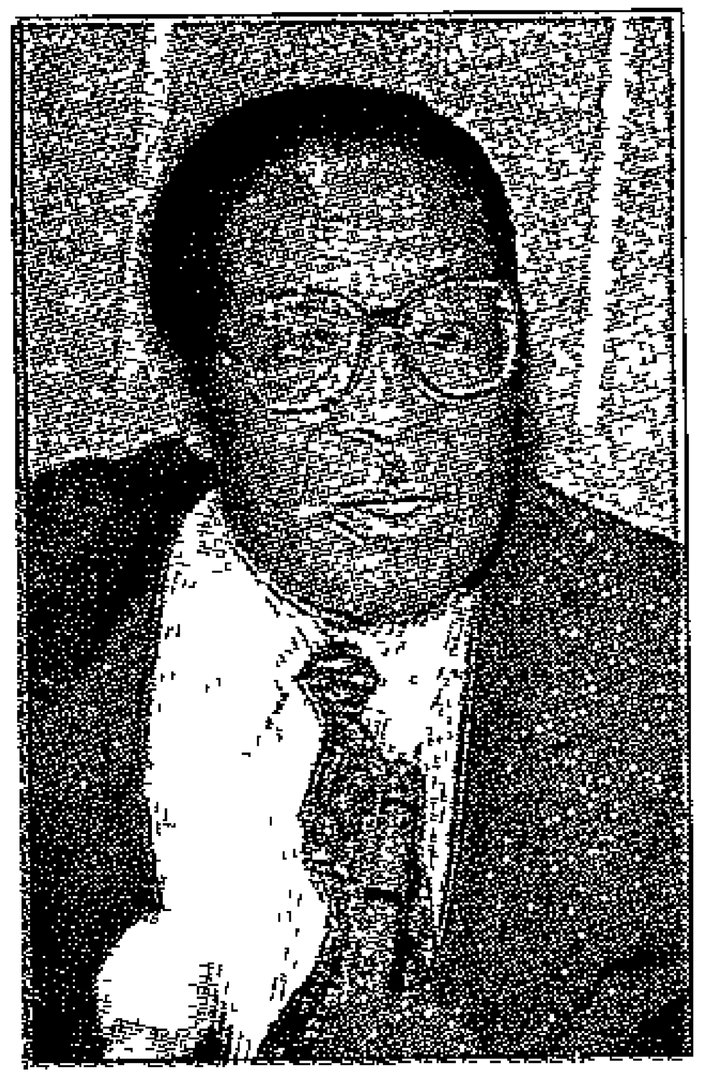
RING OF STEEL *The World Trade Centre in Kempton Park, a high security zone at the time of the multiparty talks, is being spruced up to host the Southern African Development Community meeting next week*

One doesn't have to be a cynic to smirk every time the "business as usual signs" go up at the World Trade Centre near Johannesburg International Airport

This is, after all, the white elephant saved from ruin because politicians took their sweet time between talking the talk and walking the walk on South Africa's expensive road to democracy.

The centre, currently the venue for the most important regional talk shop yet to be held in South Africa, in the shape of the Southern African Development Community (SADC), shows signs of its new opulence This includes an on-site hotel

And the security has been beefed up considerably since the invasion by angry rightwingers two years ago. It might well be tested this time by irate members of the gay community protesting against the homophobic stance of Zimbabwean premier Robert Mugabe.



HOMOPHOBIC *Zimbabwe's Robert Mugabe* PHOTO UPPA

It is not immediately clear what Mugabe's 10 fellow Southern African leaders will have to say on this matter when they talk about human rights at their summit on Monday However, the South African government has indicated it would not try to stop protesters.

It is not impossible that Mugabe could escape any discussion at all on his problem with homosexuals The SADC agenda is crowded and the members, now on their 15th annual summit, have a record of clipping through business pretty smartly.

There is, for example, Mauritius' membership to be discussed — and in all likelihood approved after the procedure is made more difficult for future prospective members

The community is adopting an exclusivist air. This is based on SADC's belief that it can best get things done as a compact and cohesive body of countries sharing many characteristics and interests In pursuit of this even the SADC members holding membership of Comesa — the east and central African grouping — will be asked to chose between the two

Then each of of the 11 sectors encompassing the various SADC activities must be reported on and debated

South Africa, after a year of membership, has been assigned the sector of finance and investment But five will get you 10, this country will be involved to the hilt in other sectors Could Angola, for example, take the lead on energy matters? Zambia is at the helm with mining

There is no doubt we have our work cut out if we are to make SADC mean anything

This appears to play into the hands of the what-is-in-it-for-us brigade — those people who hold that regional leadership is more of a burden than a benefit

However, there are items on the agenda this year that sound positively mouthwatering Foremost among these is a plan to canalise the Zambezi river to bring water to the dry northern parts of South Africa The Zimbabwe spin-off would be water for the drought-stricken Bulawayo area

While this is still in the realm of the planners and the dreamers, it could be given real impetus if the leaders of Angola, Botswana, Lesotho, Malawi, Mozambique, Namibia, South Africa, Swaziland, Tanzania, Zambia and Zimbabwe give it their full support

In a more practical vein, there will be serious talk about getting Cahora Bassa power to consumers — finally allowing South Africa to get some return on that investment

There is one burning issue, the solution of which could justify all the trouble and expense South Africa has undertaken to host this summit illegal immigrants

The estimate of illegals who have streamed over our border, escaping conflict and starvation or simply looking for a better life, is reliably put at 8 million. The drain on South African resources is virtually inestimable

We can get as tough as we like on the ground and repatriate these unfortunate people in their tens of thousands. But they will only keep pouring back until conditions in their own countries make it tenable for them to stay

The matter is likely to come up under the discussion on the free movement of peoples between countries We have to ensure this movement does not allow for illegal settlement. In time a protocol on the issue will be drawn up

But no agreements or protocols can close our porous borders Only the economic development of our neighbours will keep their citizens at home

And that development will of course increase the regional market for which South Africa is now the undisputed gateway for international business and investment

Power pool in pipeline

Sowetan 24/8/95 (279A)

By Bhekie Matsebula

A SOUTHERN African power pool is to be established soon so that those countries with surplus power supply can transfer such supplies to those regional countries in need.

This was revealed by the technical and administration expert on energy in the Southern African Development Community, Dr Antonio Pinto, during a Press briefing on energy at the World Trade Centre, Kempton Park.

"What the power pool will see that power utilities are working together to bridge common objectives which will increase reliability and efficiency of production of the energy systems of each member state, " Pinto said.

Pinto said it was important that member states support the establishment of the power pool.

"What the power pool will do is that it will transfer power surplus in those countries with power surplus to those countries which have a short power supply," Pinto explained.

He said it was important for member states to ensure that communities, such as those in the rural areas, were supplied with electricity at the lowest cost possible.

He added that the private sector has been marked as a pivotal sector which should be involved in the energy sector.

The socio-economic and political changes that took place in the region recently had enable the energy sector to review its policy and strategic document which would allow the sector to account for and try to face the challenges imposed in the community-building programme in the SADC region.

● *Sowetan* will tomorrow publish a special focus on SADC with its history and the main issues that confront next week's heads of state summit, the first in South Africa.

SA has complex role to play in developing regional bloc

(279A) ET(BR) 25/8/95

By Bruce Cameron
Political Editor

South Africa's membership of the Southern African Development Community (SADC) has had a fundamental effect on the nature and future policies of the organisation.

The most important of these changes was from looking almost exclusively at improving the infrastructure of the region to include trade, said Rob Davies, an ANC MP and former academic who had been involved for many years in researching relationships in southern Africa.

And while South African membership of the SADC had expanded the vision of the organisation it had also made it a lot more complex because of the dominance of the South African economy in the region.

Davies said South Africa must play a major and sensitive role building a regional economic bloc and that regional integration should be multi-faceted.

"Unless we recognise that our growth is inextricably linked to the region, we must expect to see the consequences of continued polarisation and stagnation in neighbouring countries, with increasing illegal immigration and drugs and arms smuggling."

Over the years there had been a whole series of perspectives on regional integration.

"The conventional theory on integration is the European Union model, which is trade driven and basically premised on the view that impediments to integration lie in tariff regimes.

"When it comes to third world regions there have been a number of experiments over the years which have gone the European Union route. Many of them have not been particularly successful.

"This has led to a whole debate about what are the real barriers to regional integration and intra-regional trade."

Davies said one approach had been to place the emphasis on more wide-ranging deregulation. Another approach was implicit in the original approach of the SADC which was to say that the barriers to regional integration lay in underdeveloped production structures and inadequate infrastructure. As a result, co-operation in various sectors, such as energy and transport, was a major component of the SADC programme.

Davies said there had been progress in individual South African government departments linking up with their sector co-ordinating units or commissions in the SADC, but "what has not happened yet is a co-ordination of the South African efforts and approach towards the SADC, although the first steps are being taken".

Davies said it was important that regional policies be developed to overcome the imbalances in trade relationships.

"We export over four times what we import to the region."

In the past the difference was made up by service earnings, such as electricity imports and migrant-labour remittances. These were undercut during the 1980s and "there is now a need, not necessarily to restore the same relationships, but to build a whole new set of service relationships and even-up the imbalances in the trade relationship".

Davies said the answer lay not simply in removing trade barriers. A recent "quick and dirty" study had shown that if free trade was permitted South Africa's GDP would increase by 1 percent — but to the detriment of the rest of the region.

Intra-regional trade was also complicated by desires for bilateral and multilateral relations, as well as international treaties, such as Gatt.

Studies done by Davies and others have indicated "there may be a need for cross sectoral trade-offs in which a concession received by one country in one area can be counterbalanced by a concession made in another area".

> ***The answer to intra-regional trade is not just to remove barriers, as this would benefit South Africa to the detriment of the rest***

This meant there had to be co-ordination of the entire regional programme, some of which would be addressed at this week's SADC summit in Gauteng.

Davies said trade co-ordination would have to receive far greater attention by the community.

Trade among the original SADC countries was never substantial and the community never really focussed on trade issues.

By bringing South Africa into the community the equation changed quite considerably because South Africa was the major trading partner of most of the neighbouring SADC states, including that of the South African Customs Union states (all of which are members of SADC).

Davies said the size of trade with the community was difficult to define because South African statistics on trade were based on those of the customs union with the rest of the world.

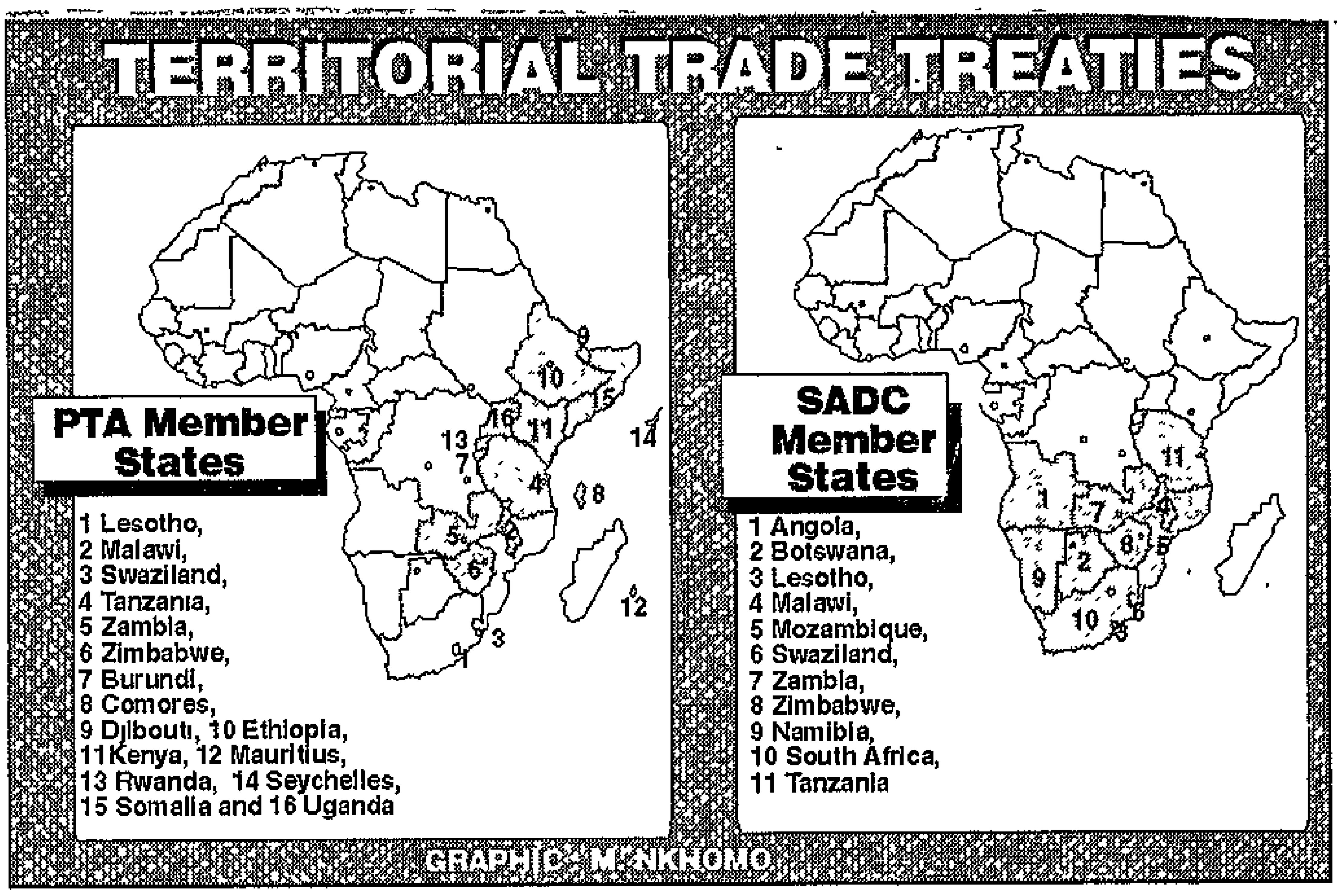
However, the department of trade and industry had calculated that trade between South Africa and Africa amounted to 31 percent of South Africa's total trade.

"Trade between the customs union countries and the rest of the SADC was worth about R6,1 billion in exports last year. Imports were R1,4 billion. That was about 6,8 percent of total exports and 1,8 percent of total imports of the customs union."

Davies said the figures were modest but the categories of trade should also be considered.

Last year the non-customs union SADC countries were the destination for over one-third of the exports of machinery and appliances, more than 25 percent of motor vehicle exports, 21 percent of chemical products, 39 percent of plastics and rubber, and 16 percent of foodstuffs.

"A regional programme needs to combine sectoral co-operation and elements of trade integration in a way that is realistic, feasible and takes account of realities of the southern African region. There have been a number of studies to show there are gains on all sides from a programme of that sort."



Tensions boiling

Sowetan 25/8/95 (279A)

SADC summit trying to hammer out crucial economic issues

By Mzimkulu Malunga

IT IS THAT TIME OF THE year again when tension between two important sub-Saharan African regional economic groups reaches boiling point.

Since 1980, every year at this time the Southern African Development Community holds its annual summit to hammer out economic and political matters.

Since 1992, one issue has consistently forced itself to the top of the agenda at every SADC summit – and this is the relationship between the organisation and the Preferential Trade Area of Eastern and Southern Africa (commonly known as the PTA).

Fuelling the fire in this relationship were attempts to transform the PTA into a common market leading to the formation of the Common Market of East and Southern Africa (Comesa) two years ago.

Those in the south, who are advocating that SADC members pull out of the PTA, saw Comesa as another attempt by the "north" within the PTA to consolidate their stranglehold on the "south".

As it stands now, the PTA is a 22-member organisation stretching from the Horn of Africa in the north to Seychelles in the east and Lesotho in the south.

Of the 11 SADC members, only Botswana and South Africa are not PTA members. However, many of those countries which agreed to the formation of Comesa have yet to ratify the treaty

Last year during the SADC summit in Gaborone, Botswana, SADC urged all its members who also hold PTA membership to seriously review their membership of the PTA.

SADC executive secretary Dr Kaire Mbuende said the PTA was too big an organisation and needed to be broken into two regions – north and south.

The south, argued Mbuende, should be coordinated by SADC while the north should be coordinated by the PTA. However, the PTA angrily rejected this, dismissing it as the "Botswana agenda".

Soon after the summit – which also saw South Africa become SADC's eleventh member – a high-powered PTA delegation, led by Ethiopian minister for external economic cooperation Dr Abdulmejid Hussein, visited South Africa to drum up support

Although the PTA delegation was well received by South African business, both black and white, it did not get any red carpet from the Government, even though Deputy President Thabo Mbeki held discussions with them.

Government sources at the time greatly doubted the possibility of this country joining the PTA

During its visit, the delegation tried hard to play down the ever-increasing tension between north and south within the PTA.

They pointed out that the PTA's head office was in Lusaka, which is in the south. They also argued that if South Africa joined the PTA, the "Botswana agenda" would fall away.

However, those who are advocating that southern countries pull out of the PTA say apart from the size of the organisation – which renders it ineffective – most of the structures are dominated by the northerners.

This situation, they argue, has led to the marginalisation of southerners in the PTA

Analysts say South Africa holds the key to the resolution of the ensuing phony war between the two economic groups. They suggest that the side with which South Africa aligns itself is likely to emerge the winner.

SADC already has the upper hand, and if this country continues to drag its feet in joining the PTA, the north is likely to lose out

African economic commentators are beginning to talk about Southern Africa as the sleeping lion, which will soon wake up.

Historic SADC summit in SA

(279A) Sowetan 25/8/95

This is a dream summit that all the Southern African states worked for

By Pamela Dube
Political Staff

THE SOUTHERN AFRICAN Development Community summit, which starts today at the World Trade Centre in Johannesburg, marks a tireless 15-year-long struggle of the region for the economic emancipation of its people

What was initially born out of need to isolate South Africa economically and politically – because of its apartheid system – has now changed, and the summit is sitting for the first time in this country

SADC's early years, especially at the height of economic sanctions against South Africa, were difficult for the poorer countries neighbouring South Africa.

Important milestone

When South Africa's Deputy President, Mr Thabo Mbeki, signed membership of SADC on August 29 1994 in Gaborone, Botswana, the occasion marked a "significant and important milestone towards the achievement of an integrated Southern African region", observed SADC chairman and Botswana president Sir Ketumile Masire.

Policy-makers of the SADC and the Frontline states – a political instrument of the regional economic body – observed that South Africa's long-awaited entry boosted the regional front.

The vision of SADC founding fathers – former presidents Julius Nyerere of Tanzania, Kenneth Kaunda of Zambia, the late Sir Seretse Khama of Botswana and Samora Machel of Mazambique – was complete independence from the discredited yet regional economic giant South Africa.

Indeed a laudable idea. From the first meeting, the donor countries rushed into the region to boost it financially and morally.

The concept of regional economic cooperation was first discussed at a meeting of the Frontline States' foreign ministers in May 1979 in Gaborone. The meeting led to an international conference in Arusha, Tanzania, two months later.

This conference brought together all independent regional governments – with the exception of the then Rhodesia, South West Africa and South Africa – and international donor agencies. The Arusha conference in turn led to the Lusaka Summit, held in the Zambian capital in April 1980

The independent states of Lesotho, Botswana, Angola, Swaziland, Mozambique, Tanzania, Zimbabwe, Zambia and Malawi declared their intention at the Lusaka Summit to "pursue policies aimed at economic liberation and integrated development of our national economies"

After adopting the declaration, which was to become known as Southern Africa Towards Economic Liberation, the frail-looking Sir Seretse Khama was elected the first chairman of the then Southern African Development Coordination Conference. Two months later Khama died from liver disease

Despite the political instability in many of SADCC's member states – civil wars tearing apart the former Portuguese colonies of Angola and Mozambique, dictatorship in Malawi, and unrest in Zimbabwe and Lesotho – the region made great strides to develop its people economically.

Much talked-about achievements are in the fields of transport, communication, energy and agricultural research. Another notable achievement was the regional cooperation.

Fostered confidence

The old SADCC fostered confidence among member states and a spirit of regional solidarity that worked beyond governments to ordinary people in various spheres of lives.

As the political changes swept across the region, and the move towards multiparty democracy and the collapse of apartheid became evident, the SADCC policy-makers decided that a change in their approach to regional cooperation had become inevitable.

For the first 12 years of its existence, SADCC operated outside a legal framework. It was a workable concept without any muscle. It had existed as a de facto international organisation without a treaty or legally-binding instrument.

The organisation's former executive secretary, Dr Simba Makoni, noted that his was "consistent with the founding fathers' pragmatic approach, which sought to demonstrate practical benefits of regional cooperation without placing heavy demands on member states at an early stage"

In 1989 SADCC heads of states met in Harare, Zimbabwe, where a decision was taken to formalise the organisation and give it a legal status to replace the Memorandum of Agreement with a charter or treaty.

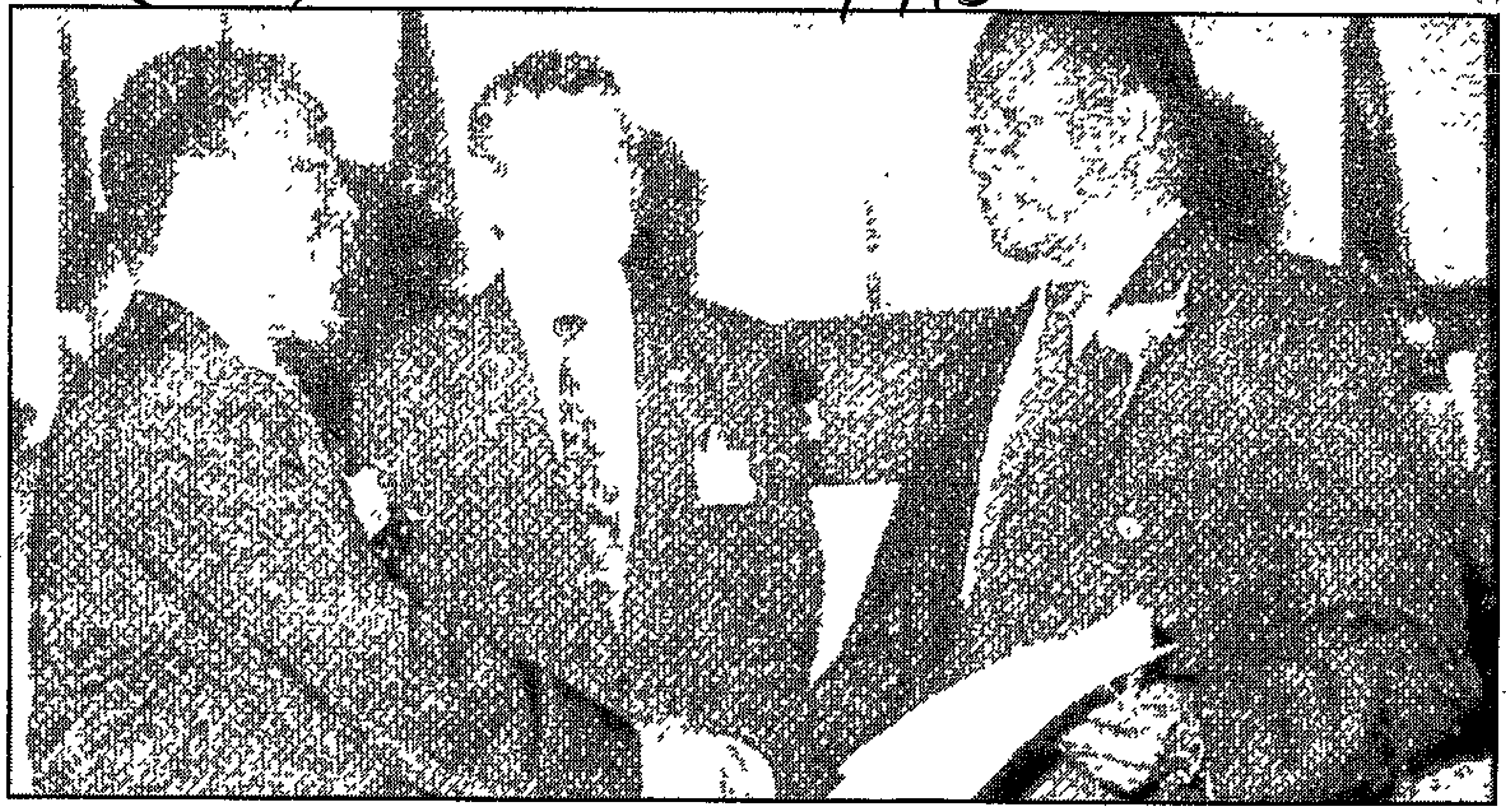
After four years of consultation, the 1992 annual summit in Namibia adopted and signed what was to be known as the Windhoek Declaration and Treaty. The occasion gave birth to the new community — SADC.

While the old SADCC always portrayed itself as an economic body, the organisation had more political and ideological inclinations than economic concerns. Its policies always portrayed political beliefs, particularly of the founding fathers.

Still, like other international bodies such as the Organisation of African Unity, SADC failed in many instances to condemn its own members.

All in all, SADC's initiatives are starting to bear fruit. Of significant importance is the spirit of unity in fighting together to produce an economically and politically stable bloc.

When the heads of state summit starts next week, the task that faces them is to translate the noble goals of the founding fathers into tangible results for their subjects.



SADC chairman President Sir Ketumile Masire greets South Africa's Deputy President Thabo Mbeki in Botswana last year after South Africa became a member of SADC.

Making economies grow

(2797) Sowetan 25/8/95

By Pamela Dube
Political Staff

SOUTHERN African Development Community executive secretary Dr Kaire Mbuende's mission is to make the organisation become a sustainable and powerful international body.

Mbuende, Namibia's former assistant minister of agriculture, took over the reins of SADC in January 1994 after the unceremonious departure of Zimbabwe's Dr Simba Makoni from this prestigious post

He believes the southern African region has the potential and resources to emerge as an economic giant of Africa. With a stronger SADC, the region will be able to stand up against well-established economic bodies like the European Union

"The survival of our region lies in the integration of our economies and cooperation on the political front. We have the means. If we can pull together our resources, we can achieve one of SADC's basic goals – to alleviate poverty."

The past few years has seen policy shifts in the organisation to keep pace with international trends.

Initially, SADC's sole mission was to isolate South Africa politically and economically and to boost the economies of the other states in the region.

South Africa must lead

Now, Mbuende admits, South Africa is expected by many member states to take the region further The fear expressed before the country entered the regional fold – that it would automatically assume the "big brother" role – has been set aside in the interests of cooperation

Mbuende says a member state with a bigger economy should be seen as an advantage to the region "We are better off with a richer South Africa than a poorer one"

The member states also recognise that, for South Africa to grow alone economically would be a disadvantage to the region. The organisation is working on a legal framework collectively to attract investment and tourism to the whole region.

But without proper infrastructure, the region will not be able to attract desperately needed investment. The much talked about trans-Kalahari highway, which will run from Windhoek in Namibia through the Kalahari Desert in Botswana to South Africa's North West province, "will increase the flow of trade between these countries. Such infrastructure also acts as an incentive to investors," Mbuende says.

Discussions to establish a regional bank – to be known as the Development Bank of Southern Africa – are continuing and will assist in reconstructing the region.

Power, water deals could become reality

(279A)

Star 26/8/95

BY MICHAEL SPARKS

The Southern African Development Community summit, which starts today, is likely to result in the signing of two agreements aimed at greater regional co-operation

Nine foreign heads of state, out of a total of 11 SADC member countries, have arrived for the summit, which is being held in this country for the first time.

Angola and Swaziland are the only two countries not represented by a head of state, but they have also sent high-powered delegations.

Zambian President Frederik Chiluba arrived at Johannesburg International Airport this morning and the other leaders arrived over the weekend. The summit, to be held at the World Trade Centre in Kempton Park, will last only one day, but most of last week was taken up with meetings by delegates from the 11 countries working on various agreements.

The first to arrive was Zimbabwe's President Robert Mugabe, who touched down at the airport on Saturday and was whisked away before about 200 protesters could confront him on his recent remark that homosexuals were animals which should not be afforded any rights

Organisation of African Unity secretary-general Dr Salim Ahmed Salim arrived earlier on Saturday.

One protocol that is expected to be signed deals with water courses, and the need to share some of the region's massive water resources

The other agreement is a memorandum of understanding on a regional power pool

Once SADC members have signed this, a separate agreement with Zaire to utilise the enormous electricity surplus generated by the Inga Dam will be signed.

This dam produces about five times the total electricity output of all 11 SADC countries combined, with little power used within Zaire

The agreement would enable countries within the SADC to tap into this source during power shortages, or when drought prevented a country from generating its own hydro-electric power.

But the SADC meeting has not been without its stumbling blocks.

This has particularly been so in the important area of reducing tariffs for trade within the region. Agreement is being hampered because some states also belong to other trade organisations.

These other organisations — the Common Market of Eastern and Southern African States (Comesa) and the Southern African Customs Union (Sacu) — conflict with the SADC's aims.

Although nine of the SADC's 11 members are part of Comesa, only three have ratified that organisation's protocol.

These other agreements present their own set of problems, since countries operating in one free trade area cannot grant outside countries more favourable tariffs than those given to its member states

Old allies . . . Sam Nujoma meets Alfred Nzo.

PICTURE: NAASHON ZALK

Robert Mugabe and the gentle art of tact

BY ANDREW MELDRUM
INDEPENDENT FOREIGN SERVICE

Harare — Not only has Robert Mugabe equated homosexuals with dogs and pigs, in recent years the Zimbabwe president has made a series of inflammatory statements seemingly calculated to outrage and offend.

Earlier this year Mugabe stirred up controversy at an international conservation conference at Victoria Falls when he said animals should not take precedence over human developments. He also chided environmentalists for getting in the way of development plans for Botswana's fragile Okavango Delta.

In 1993 Mugabe told the Zimbabwe parliament he would disregard any Supreme Court ruling against his government's Land Acquisition Act.

That same year Mugabe offended two groups at once when he slated Zimbabwe's white farmers as "racist bigots" who were as "mean and hardhearted as Jews".

Analysts say these statements cannot be written off as remarks by an undiplomatic leader because Mugabe is an articulate and precise speaker. "Mugabe is now known internationally as tactless, or worse," says John Makumbe, professor of political science at the University of Zimbabwe. "But the outbursts against Zimbabwe's gays serve his purpose of diverting attention from his own closet where he's living with his former secretary and their two children. He should be the last one to talk about morals."

Makumbe says Mugabe's rhetoric against gays and other minorities erodes respect for basic rights. He says Mugabe clings to the idea that Zimbabwe is a one-party state, where everything is under state control.

Other political analysts says Mugabe's anti-gay attacks are part of a consciously designed political strategy. Mugabe's anti-gay tirades are the "opening shots in his campaign to be re-elected president in 1996" says Iden Wetherell, colomnist for the independent Financial Gazette.

Mugabe's anti-gay crusade "is a crafty political move which brings together a large conservative, traditionalist fundamentalist Christians", she says.

Mugabe's intolerance of independent criticism is in dramatic contrast to Nelson Mandela's encouragement of open debate in SA. "There is real resentment in Zimbabwe's ruling circle at the way South Africa has eclipsed Zimbabwe as the torch bearer of democracy in the region," says Wetherell. "The Zimbabwean president is uncomfortable with SA's example of political pluralism and encouragement of a human rights culture."

Trade body to discuss tariff fears

26/8/95 (2794)

By KURT SWART

Smaller countries' fears that the removal of trade tariffs would result in an unacceptable loss of revenue was a major stumbling block to a southern African common market, the Southern African Development Community noted this week.

At the SADC's 15th annual congress in Johannesburg, SADC industry and trade co-ordinator Dr Abraham Pallangyo of Tanzania said the 11 SADC member states had agreed to target a common market for the region. Another SADC responsibility – and the task of its newest member, South Africa – was to facilitate the promotion of regional investment.

"We have to create an investment climate for capital coming from outside the region. We have to bring to the understanding of the business community the kind of attractions available in various industries so that the business community can understand what trade opportunities there are and where to invest."

The SADC had developed an investment policy document providing information on the economies of each country and investment attractions. "We have a duty to promote our own trade region, and we have agreed to develop a common market. The first step is to develop a free trade area. We are ... negotiating a protocol. It may take some time as it is not that simple a process," Pallangyo said.

The SADC hoped to have the protocol signed by next August.

"If you remove tariffs, the least developed countries will lose revenue. We have been directed to evaluate the possible impact, country by country, of the removal of tariffs. If, say, country A derives 25% of its total revenue from duties and we tell them to knock it off, it will mean a huge deficit for that country."

Neighbouring states fear that if trade barriers go, South African companies could weather the demands of international competition but that their economies would be in danger.

"But they will have more access to the member states ... We have to convince them that they may be able to generate enough export trade ... to compensate for loss of revenue."

The SADC was also investigating the support services and activities that complemented industry and trade.

"We hope to harmonise standards and methods of measurement to eventually eliminate one of the non-tariff barriers to trade so that products can flow across the borders without delays caused by technicalities."

Five member states – South Africa, Tanzania, Malawi and Zambia – had fully fledged bureaux of standards. "The other SADC member countries do not have bureaux. It is our job to encourage them to do this.

Another issue to be resolved was the rivalry between the SADC and the Common Market for East And Southern Africa (Comesa). All SADC states bar South Africa and Botswana are also members of Comesa. The SADC decided recently that its members should belong either to the SADC or Comesa, but not both. Comesa has called for a joint SADC-Comesa summit meeting to discuss the matter.

SADC governments 'have to learn to budget for drought'

By MICHAEL SPARKS

Food shortages precipitated by drought could partly be blamed on governments which had not made provision to buy food, according to Reggie Mugwara, food security sector co-ordinator for the Southern African Development Community (SADC).

He said this week governments also used these food shortages as an excuse for not dealing properly with bigger social problems through programmes to alleviate poverty.

In years of good rain, the 11 SADC countries were able to produce enough food to feed all the people in the region.

As drought was common, the SADC was working to establish a reserve fund of nearly R109-million in foreign currency from which countries could borrow to buy food.

However, they would have to pay back the money they borrowed from the fund.

"We hope this will create a culture of governments budgeting for food shortages resulting from drought. We want to move away from the situation where every time there is a drought, governments throw up their hands and call for donor assistance. The primary goal of any country should be to feed all its people," Mugwara said.

The thorny issues facing SADC's first SA gathering

ST 27/8/95

(279A)

By PETER De IONNO

POMP and pathos go on show tomorrow when the Southern African Development Community holds its 15th summit, it's first on South African soil.

A new SADC flag will be raised and Mauritius is expected to be admitted as the 12th member of the regional bloc that includes Tanzania, Malawi, Zambia, Mozambique, South Africa, Swaziland, Lesotho, Zimbabwe, Botswana, Namibia and Angola.

This year controversy threatens to steal the limelight from the ceremonial as gay activists mobilise to protest against Zimbabwean President Robert Mugabe's vicious attacks on the rights of homosexuals.

This controversial matter aside, tomorrow the heads of state are expected to sign protocols to control the sharing of rivers and the mutual supply of electricity, both of vital importance against a background of increasingly overstressed natural resources and the world's lowest economic growth rates coupled with high population growth.

UN statistics predict that the current SADC population of 120-million will soar to almost 300-million by 2025, notwithstanding the ravages of AIDS.

But the slow rate of progress of SADC unification plans is compounded by the difficulties of harmonising widely differing financial systems and welding disparate bureaucracies together.

The agreement, which deals with the strains of inevitable conflict over resources and ethnic competition, appeared within reach this week, but on the eve of the council of ministers meeting concensus was proving elusive.

Other major items for discussion at the conference include:

Trade and industry

A free trade bloc among the 12 SADC states will give South Africa's manufacturing industry access to new markets by the year 2 000.

However, the pace at which tariffs will be removed is still a sticking point, as members fear the flooding of their markets by South African products could destroy indigenous industries: They are therefore likely to argue for special agreements to be made for the textile, automobile and food processing sectors.

South Africa's neighbours also hope that free trade will attract new foreign investors.

Food security

The early warning system set up by SADC has predicted a 12 million tonne shortfall for this year's grain harvest.

SADC states, with the exception of South Africa and Tanzania, are waiting for responses to a request for $270-million (about R988-million) in drought aid from donor nations.

Common power pool

A common power pool that will facilitate the buying and selling of electricity between SADC states is one of the key agreements to emerge from this year's SADC summit.

A separate agreement will be signed with Zaire, giving the SADC region access to the huge hydro-electric scheme on Zaire's Inga Dam, which produces five times as much electricity as all the SADC countries put together.

Also of significance to the energy sector is a SADC proposal to fund petroleum exploration in Angola.

Shared watercourse systems

The signing of a SADC protocol on shared river basins could smooth the way for the channelling of water from the Zambezi to South Africa's drought-stricken Northern Province.

The protocol lays down the rules that projects must comply with when dam or basin transfers, like the Lesotho Highlands water project are involved .

Environmental conservation

Acid rain and deforestation are two urgent environmental problems facing the SADC region.

According to SADC's Environment and Land Management Sector, indigenous forest is disappearing at a rate of 2,8 percent a year. In Malawi alone, this translates into destruction of 56 000ha of forest each year.

Initial studies show that acid rain, which has badly affected crops and flora in Swaziland and southern Zimbabwe, is caused by sulphur dioxide emissions from South African industries, particularly Eskom's coal-burning power stations in the Eastern Transvaal.

Free trade zone likely

CP 27/8/95 (2798)

THE 11-MEMBER Southern African Development Community (SADC) holds its 15th annual summit tomorrow — with the focus firmly on efforts to create a free trade zone similar to the European Union.

President Nelson Mandela will open the heads of state and government summit tomorrow, the first time the SADC has held its meeting in South Africa, which joined the community last year.

The summit will also consider other issues, including the ratification of regional energy and watercourse protocols.

SADC executive secretary Kaire Mbuende said the "food security situation", the political developments in Angola and Lesotho and tourism would also feature on the agenda.

The SADC's council of ministers met on Friday and yesterday to discuss various issues, Mbuende said. But the main item will be the effort to create a free trade zone in southern Africa by the turn of the century.

SADC trade and industry director Abraham Pallangyo believes that a protocol creating such a zone could be signed in August next year.

A free trade zone would be the first step towards turning the SADC into a truly regional community, along the lines of the European Union, Pallangyo said. "What we have agreed to target at, is to create a common market," he said.

But SADC officials admit that there are difficulties in getting all 11 members to agree to the terms of a free trade area.

One of the main stumbling blocks appears to be the fear that South Africa will dominate the other 10 SADC members.

South Africa's annual gross domestic product of more than R444 billion in 1994 is more than five times bigger than that of the rest of the SADC combined. Countries like Malawi are said to be worried that South African industry will out-compete other SADC countries, thus destroying what little manufacturing there is in the other ten.

Mbuende concedes that South Africa's status as the regional superpower poses problems.

He contends, on the other hand, that the European experience has shown that "the creation of a community tends to stimulate investment in member states of the region."

Mbuende says South Africa has so far handled its relations with other SADC members in a sensitive manner, although Pretoria has taken flak from Zimbabwe for being tardy in renegotiating outdated trade treaties.

Another problem is the percentage of local content required for a product to be considered as made in an SADC country.

There are fears that cheap mass production countries such as China will dump products in the SADC under the guise that they were made in one of the member nations.

SADC officials are also ba[illegible] the level of compensation to be offered [illegible] will suffer as a result of the removal of [illegible] barriers.

The summit will also look at regional security issues, the situation in Nigeria and Sao Tome, and will probably ratify the application of Mauritius for membership. — Sapa-AFP

SADC agrees to create power-pool

CT(BR) 28/8/95

(279A)

FROM REUTER

Ministers of the Southern African Development Community (SADC) meeting in Johannesburg agreed to the creation of a common energy power-pool, but referred most other issues before them for further discussion, the group's executive secretary, Kaire Mbuende, said at the weekend.

Mbuende said the accord on sharing energy would include Zaire, which is not a member of the 11-state group.

Mbuende said the ministers urged technical experts to expedite drafting of a strategy to deal with repeated drought in the region.

The SADC faced a cereal shortfall of about 34 percent of its needs this year and had appealed for food aid worth $270 million — more than half of which had already been committed, he said.

Mbuende said proposals for a trade protocol had been referred for further discussion as had those for free movement of people within the SADC. "It is important that you control movement through provisions of free movement rather than through prohibition.

"It is a better control when you have terms under which people can move from one country to another. Absence of such provisions causes the problem of what is referred to as illegal migrancy," he said.

SA appointed to steer the region to financial stability

CT(BR) 28/8/96 (279A)

BY BRUCE CAMERON

POLITICAL EDITOR

One of the many obstacles slowing the proper development of the member states of the Southern African Development Community is the weakness of their financial sectors.

This weakness limits the ability to carry out international financial transactions, leading to a retardation of both trade and investment.

All the countries of the region, including South Africa, are affected to a greater or lesser degree by the limits on international financial transactions.

South Africa, unlike many of the other member states, however, has an extremely sophisticated banking system, a convertible currency and the ability to raise money on the international capital markets.

The Southern African Development Community has been grappling with the issues for a number of years without making much progress, with many of the countries suffering an acute shortage of foreign exchange as they grapple under the strain of different structural adjustment programmes

For much of the history of the community and its more loosely knit predecessor, little attention was given to the financial sector.

It sought to co-ordinate the effective development of infrastructure, but increasingly it ran into the barriers caused by a weak financial sector and the non convertibility of currencies. South Africa has been given the task of steering the member countries to a more secure and effective financial system and for co-ordinating investment.

Weakness in its financial sector has limited the SADC's ability to carry out international financial transactions and retarded progress in trade and investment

The South African department is establishing a directorate within its ranks to run the community's finance and investment sector, while a committee of central bank governors is due to be confirmed at the summit which starts this week at Kempton Park, near Johannesburg.

The objectives of the sector, which are also due to be confirmed at the summit, are:

☐ To provide a framework for regional co-operation in finance in collaboration with central banks, other regulatory and supervisory authorities, banks and other financial intermediaries to mobilise resources for investment;

☐ To promote the development of sound investment policies of member states in order to establish an enabling investment environment for the region;

☐ To encourage movement towards regional macroeconomic stability by, among other things, promoting prudent fiscal and monetary policies; and

☐ To analyse and assess the impact structural adjustment policies and programmes will have on the objectives of the whole sector.

Within the four objectives lies a phalanx of issues that have to be addressed by the sector. Included in the area of financial co-operation are:

☐ Financial reforms to promote investment and trade financing;

☐ The development of mechanisms to facilitate capital movement across national boundaries to support some cross border investment;

☐ The investigation of a regional finance development mechanism, which would assist in creating a more balanced geographical pattern of investment;

☐ Co-operation in monetary matters, such as monetary policy, exchange rate policy, currency convertibility, foreign exchange management, foreign exchange reserve management, foreign debt management and other issues to liberalising financial markets;

☐ The development of various compatible rules and regulations governing supervision of banks and other financial institutions;

☐ The development and strengthening of money, capital and other markets, including national and regional stock exchanges;

☐ The development of human resource capacity in the areas of finance and investment; and

☐ The development of payment and clearance systems to facilitate efficient cross-border payments.

In promoting investment the sector will consider:

☐ The promotion and marketing of the region and an investment destination for national, regional and international capital;

☐ Co-ordinate work of one-stop investment centres in member states to facilitate direct and cross-border investment;

☐ Establish mechanisms that will ensure investments are guaranteed in line with provisions of the Multilateral Investment Guarantee scheme of the World Bank; and

☐ Promote private sector involvement.

The finance and investment centre is also to be expected to co-ordinate issues around macroeconomic policies, structural adjustment programmes and regional reconstruction and development.

Another key function is the collection and analysis of data.

Africans aim to avoid conflict

279A

ET 28/8/95

JOHANNESBURG: Southern African leaders meet here this week to try to thrash out and prevent potential conflicts in the region.

Heads of state from Angola, Botswana, Lesotho, Malawi, Mozambique, Namibia, South Africa, Swaziland, Tanzania, Zambia and Zimbabwe will gather for the Southern African Development Community's (SADC) 15th annual meeting.

With the region in the grip of serious drought, SADC is to sign a protocol today to avoid disputes over shared water resources and to help member states develop sustainable water-use strategies.

The meeting is also expected to discuss the establishment of a Southern African Power Pool that will finally open up Mozambique's Cahora Bassa hydro-electric power plant to the region.

Also on the agenda but less likely to be easily resolved, are issues such as establishing a free trade zone and a preferential trade area. — Sapa

Regional airline mooted

ET 28/8/95

~~[illegible]~~ (279A)

JOHANNESBURG: Southern Africa will eventually get a regional airline along the lines of the now defunct East African Airways, it was reported yesterday.

Zimbabwe's Transport and Energy Minister Mr Simon Moyo said here the establishment of the Southern Africa Regional Air Transport Authority (Sarata) presaged the eventual forming of a Southern African Development Community (SADC) airline.

Mr Moyo said the accord to establish Sarata, to be signed by heads of state at their summit here today, was a major breakthrough in the transport sector.

Sarata's aims include standardisation of matters relating to flight safety, air transport policy, fair competition, and consumer and environmental protection.

Transport

"As we proceed with integration, this accord forms the basis for a SADC airline," he said.

Member states have also approved an EU-sponsored integration study starting next month of the regional transport sector.

SADC states have decided to appoint an expert to co-ordinate the transport for drought relief after erratic rains last summer caused a regional shortfall of seven million tons of cereals and grain.

International donors, mainly the EU, have already provided about half of the Z$2 295 billion (about R997 million) sought by the region in food aid.

SADC agriculture ministers will meet in November to discuss ways of combating the effects of future droughts.

The ministers have also recommended the formation of a water resources section. — Sapa

More conflicts than co-operation

(274A)

BD 28/8/95

DOGGED by scant resources and individual self-interest, the Southern African Development Community appears no closer to achieving regional integration.

Heads of state from Angola, Botswana, Lesotho, Malawi, Mozambique, Namibia, SA, Swaziland, Tanzania, Zambia and Zimbabwe are to meet in Johannesburg this week for the SADC's 15th annual summit.

The meeting is intended to identify areas of co-operation and nip potential conflicts in the bud.

With the region in the grip of serious drought, the SADC is to sign a protocol today to avoid disputes over shared water resources and to help member states develop sustainable water usage strategies.

There are numerous shared water sources in the region such as the Zambezi river which flows through five countries. The accord should help cool tensions over issues like Zimbabwe's plan to pipe water from the Zambezi to drought-stricken Bulawayo.

The leaders are also expected to discuss the establishment of a power pool that will finally open up Mozambique's Cahora Bassa hydroelectric power plant to the region.

The protocol, mired in conflict since December 1991, is one of the group's few tangible achievements since its creation in 1980.

Also on the agenda but less likely to be resolved so easily are issues such as establishing a free trade zone and resuscitating a preferential trade area.

Mechanisms to promote a free trade zone should be in place by February next year and signed by August, said SADC industry and trade co-ordinator Abraham Pallangyo.

A feasibility study will be conducted to assess the effect dropping tariffs and exposure to international competition would have on small countries in the region.

Pallangyo said "a mechanism would be worked out to compensate" smaller countries that stood to lose import revenue.

However, a free trade area seems a huge leap forward for countries whose noble ideals have often been obscured by infighting.

Tanzania found itself at loggerheads with Zambia when it tried slap high handling rates on Zambian goods on the shared Tazara railway line, while Zimbabwe clashed with Zambia over the failure to renew an accord on hydroelectric power.

Zimbabwe, Zambia and Malawi may also band together against what they regard as SA's determination to maintain its regional economic domination by flooding their markets with its goods while refusing to renew a preferential trade agreement.

"SA has refused to sign an interim agreement to resolve current trade imbalances," Zambian commerce minister Dipak Patel said last week.

"Our option is to form a coalition of at least three countries to take up the issue with SA for it to allow Zambian, Malawian and Zimbabwean manufacturers to penetrate its market."

In 1992 SA exported goods worth \$5bn to its neighbours but tariffs ensured it imported only \$1bn.

However, there will be areas of consensus at the summit.

Mugabe is expected to reiterate his call for collective action to force Nigerian military strongman Gen Sani Abacha to accept democratic rule. SA has also thrown its weight behind the move. — Sapa-IPS.

Gay rights protestors picket the arrivals secti[on] Saturday to protest against the arrival of Zim[...] attending a meeting for heads of state of the [...] today.

Regional air authority is proposed

John Dludlu

THE Southern African Development Community, which has been meeting in Johannesburg, is to set up a Regional Air Transport Authority to regulate air transport in the 11-nation region, officials said.

At a news briefing last week, Alfredo Mamitete, the Maputo-based chairman for SADC's transport and communications commission, said the resolution was expected to get a nod from the council of ministers — the organisation's highest decision-making structure.

Apart from setting up a regulatory industry framework, the mooted authority would also harmonise various members' aviation policies, acting commission director Sevrin Kaombwa said.

*he historic signing of a protocol by SADC allow fair and permanent distribution of w writes **Kader Asmal**, Minister o*

Souls cry for wat

27911

Fortunate few . . . these children are lucky . Almost a third of people in South Africa don't have reasona

Southern African embarks today on a historic quest for a permanently fair distribution of water resources of Southern African Development Community countries.

The first agreement involving SADC and its new member, South Africa – the Protocol in Shared Water Course Systems – is due to be signed by heads of government of SADC countries in Pretoria at the summit meeting.

As the nations of the region thus bind themselves to agree on the apportionment and use of water among SADC members, the significance of this move should not be missed Water can be a cause of war and water can be a cause of peace.

With every member state speaking with a clear voice – and not the fractured murmuring that would mark a failure to develop effective national policies for water – the whole SADC region can be an example to the world in how to deal with water issues peacefully

There are internal lessons to be learned from this pact Water is an accident of geology, and it cuts across local, regional and national boundaries No one can be said to "own" it, but all should have an equitable right to use it

In the same way that SADC wisdom has endorsed the idea that river basins which cut across national boundaries must be shared, the different regions of South Africa should appreciate that the same principle applies across the nine provinces

It is for this and other sound policy reasons that South Africa reserves water as a national function It leads to a coherent policy, and a clear basis on which to deal with other nations such as those of SADC No fractured murmuring

SADC is fortunate in one respect Although our region is generally drier than other parts of the world, on average water has not become a serious source of dispute between member states May that never happen

We should be acutely aware of the erratic nature of the climate in this part of the world as well as the burgeoning needs of the ever-growing populations and increasing urbanisation and industrialisation

There is also the crucial task of supplying the needs of the vast number of people in the rural areas who have inadequate supplies of water

South Africa, by other standards an impressively developing nation, must hang its head in shame at the thought that – largely because of the legacy of the past, one third of the population have no ready access to fresh, safe water, and half the population have inadequate sanitation

We are determined to work with our SADC colleagues in tackling the huge task of securing the bastions of water supply so that all our peoples can face the 1st century in hope and not despair

Many of the disputes between individuals and communities over grazing have been reduced by the introduction of legislation and administrative arrangements to apportion these resources in an equitable way (In South Africa, a major review of water rights is under way, which will lead to a policy white paper and legislation in the near future).

A large number of water resources, rivers and aquifiers are shared by more than one country in the region, and for these no over-arching law or administration exists to resolve problems

SADC has now path to remedy with today's signi col The Protocol the development law worldwide in sonance with the tion on the Non-na of International which is being for United Nations Or

!ocot by SADC states in Pretoria will ribution of water in Southern Africa, ıl, Minister of Water Affairs

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(279A) ~~2971~~ ~~(3)~~ Star 28/8/95

Africa don't have reasonable access to water.

PICTURE MOTLHAELI MAHLABE

rights is lead to a egislation

of water aquifiers than one ı, and for g law or to resolve

SADC has now set out on the path to remedy this situation, with today's signing of the Protocol The Protocol is in line with the development of international law worldwide in that it is in consonance with the draft convention on the Non-navigational uses of International River Systems which is being formulated by the United Nations Organisation

The Protocol provides, among other things, for the use of shared watercourse systems to be open to each riparian State without prejudice to its sovereign rights It also enjoins member states to

- Respect and apply the existing rules of international law and abide by the principles of equitable utilisation
- Maintain a proper balance between resource development and conservation and enhancement of the environment to promote sustainable development
- Pursue and establish close cooperation in the study and execution of all projects
- Exchange available information on such watercourse systems
- Use shared watercourse systems in an equitable manner and protect them adequately.
- Require any person intending to use the water for purposes other than domestic use, or intending to discharge any waste into it, first to obtain a permit from the authority within the State concerned.
- Notify without delay other potentially affected States of any emergency orignating within their respective territories.
- Take all measures necessary to prevent the introduction of alien equatic species
- Maintain and protect shared watercourse systems to prevent pollution or environmental degradation.
- Establish appropriate institutions for effective implementation of the Protocol For this, a Monitoring Unit will be established under SADC, and the formation of river basin commissions on shared river basins encouraged

The Protocol brings to fruition the work, over a number of years, of the Environmental Land Management Sector of SADC, under whose auspices water matters fall

South Africa became involved after acceding to SADC at last year's summit in Gaborone and has since taken an active part With our expertise in water resources management (South Africa is recognised world-wide to be at the forefront of water resource technology, e g systems analysis techniques) we shall be able, together with our sister nations, to make substantial contributions to the activities of SADC in the water field

Minor disputes between South Africa and its neighbours on the sharing of international rivers have occurred in the past and, indeed, are ongoing with Mozambique, regarding the water of the Incomati Basin

There are also issues with Swaziland which will also require friendly and co-operative resolution

Now we have the means to press ahead Adhering to the provisions of the Protocol will largely prevent such problems in future.

South Africa has now come in from the cold Its integration into the system of co-operative exploitation of water in the sub-continent – water being the basis of all development – will enable us to share our expertise with countries which bore the brunt of our country's violent destabilisation and unequal relations in the region

Mandela upbeat as Mauritius joins SADC

Star 29/8/95 (279A)

BY MICHAEL SPARKS

Mauritius became the Southern African Development Community's twelfth — and only island state — member yesterday during what President Nelson Mandela described as "one of the most significant SADC meetings ever".

During the course of the summit at Kempton Park's World Trade Centre, most leaders signed an agreement on shared watercourse systems.

Zambia and Angola abstained from signing the protocol, saying they first needed to consult further with their governments, but indicated they could sign the agreement within three months.

The protocol seeks to prevent pollution and overutilisation of precious water resources by some countries in the region, to others' disadvantge.

During the summit, a memorandum of understanding was signed creating conditions for a regional power pool, sharing electricity with those countries that need it.

This also clears the way for the SADC to sign an agreement with Zaire to utilise its surplus electricity generated at the Inga Dam, which provides a vast amount of power that could be used by those countries with a shortage.

According to a communique released after the summit, good progress was also made on draft protocols on energy, the free movement of SADC persons and trade.

Other decisions reached included agreeing to hold a joint summit between the SADC and the Common Market for Eastern and Southern Africa (Comesa) on the future of the two organisations.

In the meantime an earlier decision taken in Gaborone last year, that eastern and southern Africa should be split into northern (consisting of Comesa) and southern (SADC) preferential trade areas, was confirmed.

In his closing address, Mandela said the conference had been significant because of "our collective sacrifices over the years".

"The potential to emulate successful economies in other regions of the world is there. We need to grab it with both hands. We need to make it a living reality within the context of achieving peace, democracy and justice throughout the region."

He added: "The people of southern Africa can at last, like free human beings elsewhere, concentrate on the fundamental questions of our age — development, prosperity, good health, education and other services that will better their lives."

Emphasising that the conference was not just another talking shop, Mandela said the leaders owed it to the children and mothers of the region to implement the decisions taken at the summit.

"Our deliberations throughout this discussion have confirmed the seriousness of intent on the part of all of us. And we will need to ensure that this spirit infuses all of our people, especially the businesspersons and professionals, the workers and rural masses on whom the implementation of most of our decisions depends," he said.

The Sir Seretse Khama SADC medal was awarded posthumously to former Angolan president Dr Agostinho Neto for his contribution to the liberation struggle in southern Africa and to the process leading to the establishment of the SADC.

MAURITIUS JOINS REGIONAL GROUP

Water, power accords for Southern Africa

CT 29/8/95 (279A)

JOHANNESBURG: An agreement on shared watercourse systems and preventing water pollution was signed at the SADC summit yesterday.

MAURITIUS yesterday became the Southern African Development Community's 12th member, and only island state, during what President Nelson Mandela described as "one of the most significant SADC meetings ever".

During the one-day summit, at Kempton Park's World Trade Centre, most leaders signed a protocol, or agreement, on shared watercourse systems

Zambia and Angola abstained, saying they needed to consult further with their governments, but indicated they could sign the agreement within three months.

The protocol seeks to prevent pollution and over-utilisation of precious water resources by some countries in the region, to the disadvantage of others.

Also signed was a memorandum of understanding creating conditions for a regional power pool, sharing electricity with those countries who need it.

This also clears the way for the SADC to sign an agreement with Zaire to use its surplus electricity generated at the Inga Dam, which provides a vast amount of electricity that could be used by countries with shortages.

A communique released after the summit said good progress was also made on draft protocols on energy, the free movement of SADC persons and trade.

It was also agreed to hold a joint summit between the SADC and the Common Market for East and Southern Africa (Comesa) on the future of the two organisations.

A decision taken in Gaborone last year that East and Southern Africa should be split into northern (consisting of Comesa) and southern (SADC) preferential trade areas was confirmed.

In his closing statements, Mr Mandela said: "The potential to emulate successful economies in other regions of the world is there. We need to grab it with both hands. We need to make it a living reality within the context of achieving peace, democracy and justice throughout the region." — Special Correspondent

Protesters dog African summit

JOHANNESBURG: Gay rights activists demonstrating yesterday outside the World Trade Centre, venue of the Southern African Development Community summit, were joined by about 30 protesters representing the Concerned Refugees and Immigrants of Mozambique (Coreimo).

Coreimo called on President Nelson Mandela to give aliens in SA a period of grace to be repatriated voluntarily with their families and belongings.

The homosexuals were protesting against the presence of Zimbabwe's gay-bashing President Robert Mugabe.

● The bigotry shown by Mr Mugabe against homosexuals should be condemned, the DP Youth said yesterday. "That President Mugabe has authorised the arrest of gays and lesbians shows him up as a third-world dictator," a spokesman said. — Sapa, Political Staff

Mauritius is SADC's 12th member

ARG 29/8/95 (279A)

The Argus Correspondent

JOHANNESBURG. — Mauritius became the Southern African Development Community's (SADC) 12th member, and only island state, during what President Mandela described as "one of the most significant".

Most leaders yesterday signed, at Kempton Park's World Trade Centre, a protocol, or agreement, on shared watercourse systems

Zambia and Angola abstained from signing the protocol, pending consultation.

The protocol seeks to prevent pollution and the over-utilisation of precious water resources by some countries in the region, to the disadvantge of others.

During the course of the SADC summit, a memorandum of understanding was signed creating conditions for a regional power pool, whereby electricity would be shared by the countries who needed it.

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● The Sir Seretse Khama SADC medal was awarded posthumously to former Angolan president Agostino Neto.

SADC to forge new links

CT (BR) 29/8/95 (279A) ~~297~~

FROM SAPA

A memorandum of understanding between the South African Development Community and the Indian Ocean Commission, providing terms for co-operation between the regions, will be signed shortly, according to Ketumile Masire, the chairman of SADC and the president of Botswana.

Speaking at the opening of the SADC summit in Johannesburg yesterday, Masire said the SADC was expanding its contacts and forging new links with other regional groupings to enhance trade and investment prospects, and following discussion with the IOC an agreement would be signed "in the not-too-distant future".

The SADC believed Africa would derive its strength through economic groups.

It was against that background that SADC had been at the forefront of promoting dialogue and co-operation among sub-regional economic groupings, Masire said.

He said an African Latin American Institute was in the process of being established to promote investment, trade and cultural exchange with Brazil, Argentina, Uruguay, Paraguay and Peru, while the SADC had also been in discussions with the Association of South East Asian Nations to facilitate trade integration.

Masire said Africa was the "most economically backward" community compared with other developing regions and it was important to ensure that Africa was not marginalised in the implementation of the programme of the World Trade Organisation.

"We can prevent this from happening if we stand together and act collectively."

He said the process of regional integration should be facilitated by the harmonisation of the political and socio-economic policies of the member states, and the elimination of obstacles to free movement of people, capital, goods and services.

Mandela caution on integration

John Dludlu

BM 29/8/95 (279A)

PRESIDENT Nelson Mandela said yesterday SA supported full regional economic integration, but he cautioned against a big bang approach to trade liberalisation which could lead to negative migration trends in capital, skills and labour.

He was addressing the heads of state summit of the Southern African Development Community in Johannesburg.

He said full regional economic integration would give manufacturers unfettered access to a market of 100-million people. But trade liberalisation had to be complemented by measures to address the historic imbalances between and within countries. Governments had to create an environment that would unlock the creative abilities of people to generate wealth and development.

The SADC provided a framework for translating the imperatives of reconstruction and development onto a regional plane. However, to achieve growth would require business participation in regional development through investment.

"Our fortunes are so interdependent, none of us can achieve sustainable growth and development, or peace and stability, in isolation," he said.

Botswana President and SADC chairman Ketumile Masire called on member states to co-operate to redress inequalities that characterised relations in the region, and to foster mutual interdependence.

Regional integration should be facilitated by mobilising people to implement SADC programmes, harmonise political and economic policies as well as agree on

Continued on Page 2

Integration

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progressive elimination of barriers to free movement of people, capital and goods.

He called on SADC finance and trade sectors, respectively co-ordinated by SA and Tanzania, to define SADC's role, opportunities and challenges created by the conclusion of the GATT talks. "SADC seeks a stake in a liberalised global market."

Lesotho Prime Minister Ntsu Mokhehle thanked SADC partners for their role in resolving the Lesotho conflict. "I take this opportunity to thank all of you ... not because you reinstated my administration, but because you demonstrated the supremacy and invincibility of democracy."

Another highlight of yesterday's summit was the signing of an agreement on shared water course systems. Angola, Tanzania and Zambia will sign the protocol later.

The summit asked SADC energy ministers to sign an intergovernmental memorandum of understanding, creating a common pool for electricity in the region.

Yesterday's summit saw Mauritius accepted as the SADC's 12th member and unveiled a new flag, marking SADC's transformation into a community.

Parties agreed to have a joint summit with the Common Market for Eastern and Southern Africa — the first time the SADC has taken a significant step to clarify the future of the two organisations.

Meanwhile, about 20 people flanked the gate to the World Trade Centre yesterday with placards protesting about Zimbabwean President Robert Mugabe's controversial comments about gays

SADC summit accepts Mauritius

(279A)

Sowetan 29/8/95

THE Southern African Development Community closed its 15th annual summit in Johannesburg last night by expanding its ranks and agreeing to meet a rival organisation

Closing the summit, South African President Nelson Mandela said it had been one of the most significant SADC meetings in the history of the organisation.

"The potential to emulate successful economies in other regions of the world is there We need to grab it with both hands We need to make it a living reality," he said

Mandela said the success of the SADC would be an example for the rest of Africa and the world

"In fact, there are opportunities for us to advance further, much faster and with confidence in our collective success," he said.

During the closing ceremony, it was announced that the SADC heads of state at the summit had agreed to allow Mauritius to join the regional trade and development body

SADC chairman President Ketumile Masire of Botswana signed the accession of Mauritius document along with Mauritian Prime Minister Anerood Jugnauth

"I thank you profoundly for having welcomed Mauritius within the fold of SADC It is the beginning of a cooperative relation and we earnestly hope it will be crowned with success for all the peoples of our countries," Jugnauth told the delegates.

Mauritius becomes the 12th member of SADC following the incorporation of South Africa in August last year Other SADC member countries are Angola, Botswana, Lesotho, Malawi, Mozambique, Namibia, Swaziland, Tanzania, Zambia and Zimbabwe.

However, SADC executive secretary Mr Kaire Mbuende said at a Press conference later a moratorium had been imposed on the accession of new members.

"Twelve is a complete number," he said. Observers believe SADC needs to draw up criteria to regulate new membership.

A summit communique also said a high level SADC delegation would meet with the rival Common Market for Eastern and Southern Africa.

SADC heads of state had agreed a joint summit should take place with Comesa, which complains the exclusively Southern African group undermines and duplicates its efforts.

Mbuende said the objective of the Comesa-SADC conference was to look into whether there was room for coexistence between the two groups.

Observers have urged a harmonisation of the two trade grouping's initiatives to expand trade between member countries.

The next SADC annual summit will be held in Maseru, Lesotho. – *Sapa*.

The Southern African Development Community has been criticised for being not much more than a lot of discussion which has achieved little. **Michael Sparks** *considers this in the light of this week's summit*

New life for the 'talking shop'

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At this year's summit of the Southern African Development Community (SADC) the regional grouping signed its first substantive protocol since the organisation was founded 15 years ago.

Inevitably this has resulted in the organisation being criticised for not doing enough, or for taking too long to achieve anything.

Part of the reason for that is that the organisation was founded as a political bloc whose aim was to try and reduce dependence on South Africa, then still the regional apartheid powerhouse.

As the Lesotho Prime Minister Dr Ntsu Mokhehle said in his speech during the opening ceremony at the summit:

"It was always ironical that one of the most important countries on the map of Southern Africa . . . was the reason for so much anxiety when we tried to plan and implement joint programmes for the upliftment of our people."

But since that role changed, the organisation has been working towards regional co-operation and, more recently, on regional unity.

In doing so, it has been working on a number of protocols, but only one substantive agreement has been signed by members states so far.

The protocol on shared water course systems, has been described as "very important" by those involved in its formulation.

Peter van Niekerk, chief engineer with South Africa's Department of Water Affairs, said the basis of the protocol is to ensure that shared watercourse systems are used fairly by all countries, so one country does not use most of the water in a shared system, leaving little for another country further downstream.

It will also draw strict limits to pollution levels released into rivers, so the environment and the river are not destroyed.

Van Niekerk said that to ensure this would happen, a monitoring unit was to be set up, but the final details of that still needed to be finalised.

Van Niekerk described the protocol as "a small cog in a big machine" which together would move the region towards unity.

The success of the water protocol was "a substantive step in the right direction," he added.

Reggie Mugwara, food sector co-ordinator in Harare, agreed. He works to overcome the severity of the drought.

The agreement is important because it could, in future, make provision for pumping water from those regions with a surplus to those with a shortage, as with the Lesotho Highands Water Scheme which is due to come on stream in 1997.

Mugwara gave credit to SADC for allowing the participation of member states. Although it operates at a regional level, the participation of individuals at a national level meant that governments have the resources and information to make it work.

'It may seem like a lot of talk, but it manages to get everyone on board.'

Mugwara said that one of the problems with dealing with substantial issues is that there is seldom consensus within a country, let alone within a region.

"So it may seem like a lot of talk, but it manages to get everyone on board. It is like a rising tide which carries big and small with it. But like the tide, we must wait for it," Mugwara said.

This happened not only with water, but with each issue, he pointed out.

So an African Development Bank study showed that agricultural production needed to move from the south to the north, possibly moving Afrikaner farmers to produce that food, which then needed to be sold within the region.

But he pointed out that like so many other projects this has serious political implications and was a long-term project that could only start being successful in 15 to 20 years.

After hosting the 15th SADC summit President Nelson Man-

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Ready to talk ... delegates at yesterday's opening ceremony of the Southern African Development Community's conference at the World Trade Centre, Kempton Park, prepare to discuss issues of mutual interest. PICTURE: ANDREAS VLACHAKIS

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dela tried to inject a sense of urgency to the organisation, saying this generation of leaders owed it to future leaders "to ensure that we move from the decisions that we have taken to actual practical implementation".

He said: "Our deliberations throughout this discussion have confirmed the seriousness of intent on the part of all of us. And we will need to ensure that this spirit infuses all of our people: especially the business persons and professionals, the workers and rural masses on whom the implementation of most of our decisions depends."

He added: "I am raising all these matters because I feel quite strongly that it is given to our generation of leaders to continue with fresh momentum the journey along the road to a bright future for our region."

Wearing one of the informal, colourful shirts that have become his hallmark, and which make him stand out among all the sombre suits and ties worn by other delegation heads, Mandela projected an aura of seriousness and real concern which suggested things really might start to move faster.

But it is more than just his force of presence that will make things go faster. It is also the culmination of a backlog of years of work that is finally coming to fruition.

A memorandum of understanding was signed to create a regional power pool, where those countries with extra electricity will share it with those who need it.

In addition, the communique distributed at the end of the summit indicated there are three more protocols nearing completion which could soon be signed. These deal with energy, the free movement of SADC persons and trade.

In Mandela's words: "There might be issues on which we have not been able to reach complete consensus. They all fade into insignificance compared to the great strides we have made. In fact they are opportunities for us to advance further, much faster and with confidence in our collective successes."

Bogged down in petty point-scoring

PRACTICAL co-operation in southern Africa faces bureaucratic hurdles, writes Foreign Editor Dale Lautenbach.

As predicted, the leaders of the Southern African Development Community (SADC) have referred the formulation of a political co-operation, democracy, peace and security initiative back to the drawing board.

The right reasons for this delay are that the blueprint suddenly showed itself to have serious shortcomings, among them that the various ministers of security, including police, defence and intelligence, had not been directly involved in its formulation. The wrong reasons are that petty politicking persists as to who should have ownership of this body which will eventually emerge as the natural successor to the former Frontline states.

Wrong, too is that some of the shortcomings were not addressed and solved in preparation for this week's summit, given that the blueprints for the Association of Southern African States (ASAS) as it was to be called, have been on the table since a meeting of SADC foreign ministers in Harare in March.

Now those same foreign ministers plus all the security ministers and all the SADC co-ordinator ministers have been instructed to consult. What signals the return of jealous politics to this peace and democracy initiative is that devilsome little word "sector". It means that this security wing would reside under the SADC secretariat in Gaborone and would be given as a permanent task to just one of the now 12 SADC members.

The secretariat is synonymous with bureaucracy and some members feel making a sector out of security is just more empire building.

As one foreign minister noted, the sort of peacekeeping implications that the proposed ASAS could lay claim to would enable this sector to scramble all over Europe and the US raising interest and money. The alternative was that ASAS have loose association to the SADC but essentially remain closer to the old FLS formulation.

The inspiring models remain the conflict prevention achieved in Lesotho and Mozambique last year. In the latter case, the heads of state were able to rouse themselves to a gathering at lightning speed and firmly boot mid-election Mozambique back on to the path of democracy and participation.

In the business of politics, preventive diplomacy and conflict resolution, such speed is necessary and a number of states are confident that this thinking will eventually prevail.

The greater harmony of our region means not just freedom from war but from all sorts of deprivations and harassments. Well formulated, ASAS or whatever, could serve southern Africa admirably in identifying threats from drought to drugs. It is perhaps as well that these hordes of ministers are taking another look but it also appears they might need conflict resolution among themselves if they are to agree on how to be our conflict resolvers.

ARG 30/8/95 (279A)

'SADC accord means saving of R2-bn a year'

CLIVE SAWYER, Political Correspondent

THE power pool agreement signed this week by Southern African Development Community countries will mean a saving of more than R2 billion a year, says Minister of Mineral and Energy Affairs Pik Botha.

Speaking yesterday at a Press briefing on a discussion document about future energy policy, he said South Africa was committed to providing the cheapest energy to all its people.

The goal of 2,5 million domestic electricity connections by the turn of the century remained attainable.

● Copies of the discussion document are available from the Department of Mineral and Energy Affairs, Private Bag X59, Pretoria 0001.

SADC gains stature

(279A) Sowetan 30/8/95

SADC has the mammoth task of taking the organisation to the people of the region that it serves, writes Political Reporter **Pamela Dube**

YEAR AFTER YEAR Southern African heads of state meet, sign a document of "cooperation" on one sector or another, shake hands, and declare: "We are making progress... "

But as soon as the leaders of the region depart, normal life resumes. Nothing is heard of the Southern African Development Community until the next annual summit.

This year, 10 heads of state signed a Protocol on Shared Watercourse Systems.

Ministers of Energy and Mineral Resources put their signatures on the Inter-Governmental Memorandum of Understanding on the distribution of energy in the region

The summit also discussed the role of ordinary citizens in the organisation's operations.

For over a decade now, SADC has been a government-run organisation Ordinary citizens of the member states had no role or clear understanding of its activities and functions

SADC officials recognise this SADC executive secretary Dr Kaire Mbuende acknowledges that despite the Secretariat's drive to actively involve the nationals of SADC member states, not much has been achieved.

He said there was outright ignorance He related a story about a Zambian who, when asked about SADC, he replied· "SADC is an important organisation because my president goes to SADC every year"

Nevertheless, one cannot understate the contribution of SADC in creating a sense of patriotism and regionalism in ordinary citizens.

The organisation has successfully managed in its 15 years of existence to address the pertinent question of regional cooperation and solidarity.

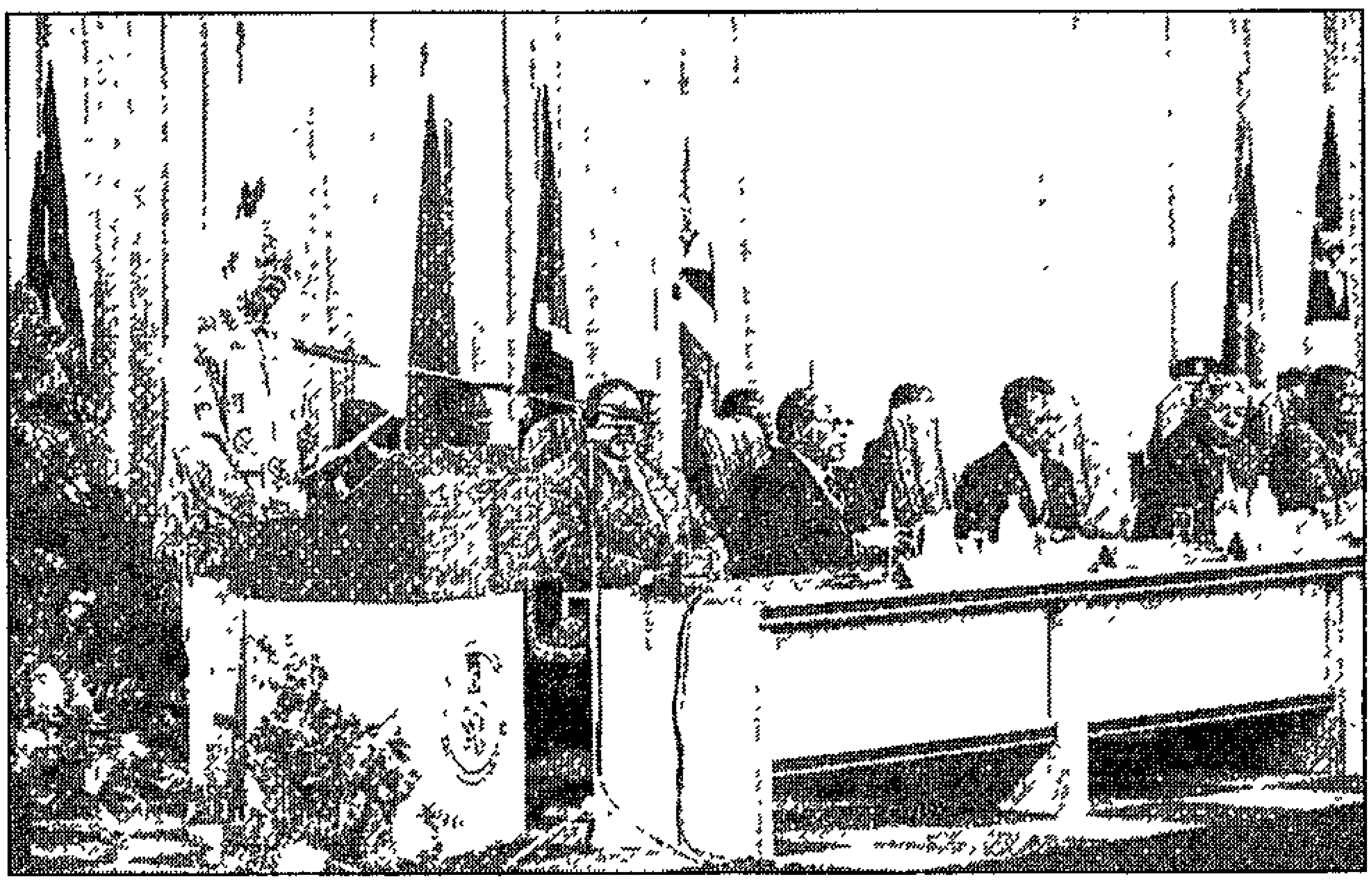
When he opened the summit on Monday, President Nelson Mandela noted that regional cooperation was the way forward. He said cooperation in developing the region's economies was important.

SADC chairman and Botswana President Ketumile Masire told delegates that the founding fathers of SADC had the "foresight and courage to rise above the pressures of national survival".

SADC has scored major points in getting the economic power bases in the continent on their side The admission of Namibia and South Africa boosted the regional body joining the already influential and economically-stable Botswana and Zimbabwe

Now the admission of Mauritius – a small island with an economy stronger than most SADC member states combined – added to the regional body's economic power.

Mauritius Prime Minister Anerood Jugnauth stated that his country has a thriving, dynamic economy Jugnauth said his country also brings into the regional body a wealth of experience in today's global technology-driven economy.



President Nelson Mandela addresses the Southern African Development Community at the World Trade Centre at Kempton Park on Monday. The SADC was meeting to sign an agreement between the countries in the region over electrical power.

"I am sure that we can serve as a channel to bring capital, technology, industrial *savoir-faire* and marketing know-how for the benefit of all of us"

And that is what the Preferential Trade Agreement, now known as the Common Market for East and Southern Africa (Comesa), feared most

Mauritius joins SADC fully aware of the regional body's decision last year to reject a merger with Comesa and that SADC member states in the Preferential Trade Area (PTA) fold should withdraw from it.

During discussions on the proposed merger between SADC and the PTA, Mauritius and Madagascar – the PTA's economic giants – applied for SADC membership. And also South Africa chose SADC above Comesa.

This indicates that Comesa, an East African-dominated body, is losing the battle for support.

In the corridors, officials of member states argue that Zambia, Tanzania, Lesotho and Malawi would be economic burdens within the SADC fold.

"We cannot risk being committed to working with countries such as Somalia, Burundi, Ethiopia and Rwanda," said a Zimbabwean official.

The Monday summit however accepted Comesa's proposal to call a joint summit to review SADC's position on the merger

While Comesa hopes to convince the Southern African body to reconsider its position, Mbuende says the summit would be a way of formalising the separation of the two bodies.

"When you divorce your wife, you don't just do it in isolation – you need to consult. And that is what we would be discussing harmonising the relationship while parting ways

"We have to have mechanisms in place so that when our member states formally withdraw, they do not risk losing trade benefits with some of Comesa's member states."

A major achievement SADC can boast about is the fact that the international community continues to stand by it financially and morally

In fact, SADC continues to gain popularity and support from the economic giants of the world This year's meeting was boosted by Japanese government aid. More donor countries continue to pledge support to SADC.

NEWS FOCUS

Economic integration tops agenda

(279A) BD 31/8/95

John Dludlu

FOREIGN journalists and businessmen at the annual summit meeting this week of the Southern African Development Community (SADC) kept asking what had been achieved in the 15 years of the body's existence — apart from a new flag, which was unveiled by Botswana's president and SADC chairman Ketumile Masire.

According to SADC executive secretary Kaire Mbuende the flag served to mark a formal transition from the development community's founding mandate as a loose co-ordinating conference — formed in 1980 primarily to reduce economic dependence on SA, a goal never achieved — to a community.

Mbuende would not fully agree with this kind of assessment. While there had been setbacks, he said, there had been tangible results in the strides made in the 15 years of the body's existence.

In an interview at his temporary office in the World Trade Centre, he said. "One of the areas that we take great pride in is the transport and communications sector.

"Today it is far easier to travel from one (SADC) country to another; we now have regular flights in the region."

Roads and transport corridors were being built to facilitate intra-SADC trade and provide access to the sea for landlocked countries.

More than 440 projects — mainly in the transport sector — were under way.

In his message to summit meeting delegates, Swaziland's King Mswati — the SADC's vice-chairman, who could not attend — said of the organisation's 15 years: "It is now possible to telephone, telex or to fax SADC member states directly, without transmitting through Europe, as before."

While the successes in the transport field might seem modest, this week's signing of the intergovernmental memorandum of understanding on energy has assumed the status of a flagship project.

The project, which arguably represents an ideal model for co-operation, will pave the way for creation of a regional power pool which will see surplus electricity exported to needy countries in the region.

The project, expected to produce electricity cost savings of between \$500m and \$600m a year, will involve the private sector in the region, rather than governments. The involvement of Zaire — which is not an SADC member — brings to it another dimension: that economic co-operation should not be prevented by political differences.

However, Mbuende was quick to point out that this strategic co-operation should not be seen as paving the way for Zaire's entry through the back door to the SADC — which, with the admission of Mauritius this week, expanded to include 12 states.

Convergence

One of the intangible but crucial achievements of the past 15 years is the emerging sense of shared identity among the region's governments.

"We have now developed shared values in politics and economics as well as joint approaches to problems.

"The challenge now is for the people of the region and the private sector to start seeing themselves as part of this identity; it's not only for governments," he said.

The effects of the growing convergence in policies is manifested by the shift towards multiparty democracy (with the exception of Swaziland) and political stability.

Market economies and aspiring to higher growth levels are no longer seen as vulgar phrases.

However, there have been setbacks in the past 15 years, as Mbuende would point out.

These include the slow pace of building the institutional capacity necessary to carry out projects.

Mbuende attributed this weakness to the difficulty of committing resources — both financial and human — to the organisation. This factor, exacerbated by the loose nature of the SADC as a co-ordinating conference with no binding authority, has been the main reason for the snail's pace at which the SADC's protocols have been implemented, let alone drawn up.

The sluggish performances of the region's economies, which depend largely on moody commodity prices, had been another drawback, according to Mbuende

He believed the SADC's main agenda as it glided towards the end of the 20th century was to make the ideal of economic integration a reality through mutually beneficial co-operation.

However, to achieve this, the newly achieved stability in the region — with the hope that the mooted Angolan government of national unity worked out — would have to be consolidated.

"It's only then that we can talk of development."

The private sector would also have to be mobilised to take part in the reconstruction of the region's infrastructure — previously a preserve of national governments and multilateral institutions such as the World Bank and donor agencies, he said.

But for business to participate in cross-border investments — which remained low — governments would have to lead the way, removing hurdles to trade and investments, and beginning to harmonise the region's financial and investment policies.

A less obvious positive result of an economically integrated and politically stable region — such as the one the SADC seeks to achieve — is an attraction to foreign investors because of the size of the market it presents to them.

Perhaps, if the goal of integration is achieved, the reason for 20th anniversary celebrations will not be such a big mystery for foreign journalists and business leaders.

Finance dept considering SADC unit

(279A)

John Dludlu

BD 31/8/95

THE Southern African Development Community had asked the finance department to set up a unit to coordinate SA's responsibilities in the SADC's finance and investment sector, department financial planning deputy director-general Maria Ramos said yesterday.

This followed the SADC council of ministers' meeting in Johannesburg, at which the sector's terms of reference were approved.

A department official had been asked to determine the size of the unit and define the responsibilities of the incumbents. The unit would represent SA's first step in assuming its responsibility.

According to the draft terms of reference, SA would have to identify research projects and regional policies that needed harmonisation.

The unit, in consultation with other SADC countries, would need to identify areas of co-operation such as a regulatory framework for the region's financial services.

"This process will help us understand the risks for investments in the region," Ramos said.

SA would also have to institute training exchange programmes.

A follow-up meeting would be held on September 14, Ramos said.

SADC is now coming of age

Sowetan 31/8/95

(279A)

SA spends time assuring neighbours of its nonagressive intentions

By Mzimkulu Malunga

AT LONG LAST THE Southern Africa Development Community is becoming what it was intended to be – an economic group.

Throughout the years SADC summits have mainly been political in character.

Its image in the region was that of an organisation where heads of states would get together, make speeches, shuttle in and out of meetings, then make closing remarks before flying back to their respective countries.

In what was intended to be a joke, secretary general Kaire Mbuende summed up the image that SADC had cultivated for itself in the region.

Mbuende said in a survey in Zambia, ordinary people were asked if they knew about the organisation. One answered yes and said it was an important organisation. When asked why he thought SADC was important, he replied: "Because my president goes there every year."

Unlike last year's summit in Gaborone where most of the efforts were devoted to denouncing the actions of the Lesotho monarch who had toppled a democratically elected government, this year most of the talk was economic.

Dominating the discussions was sharing regional resources in an equitable way. The South African delegation, in particular, emphasised the equity issue time and again as way of trying to allay the fears of its smaller neighbours that it was in SADC as a partner.

However, it was difficult for a big country to be modest, argued Water Affairs Minister Kadar Asmal.

Water was one of the issues which dominated the agenda. The talks of this valuable resource centred on harnessing waters of the region's fast flowing rivers like the Orange, Kunene, Zambezi and Limpopo. Everybody was aware that harnessing water resources was a long-term programme that would take hard negotiations and compromises, said Asmal. The water issue was made more urgent by recurring droughts.

In addition to water, sharing energy resources and intensifying trade relations in the region also featured prominently.

The thorny issue of SADC member states' membership of the Common Market for Eastern and Southern Africa – formerly the Preferential Trade Area of Eastern Southern Africa – came to the fore once again. The issue was dealt with in a diplomatic way as member states were left to make individual decisions on Comesa while at the same time sticking to last year's resolution which called for the division of Comesa into two regions.

It was rumoured that SADC might go the summit route where the issue would be debated openly between the two groups.

Computer and fax equipment in the whole National Commissioner's office complex: R332 363,40

Total costs of the upgrading of the National Commissioner's office complex: R670 227,11

(b) 25 Offices (the conference room, reception/tea room and public areas were also upgraded).

(c) The office furniture of the former Commissioner of the South African Police was replaced. Items removed were: a desk, coffee table, office chairs, glazed bookcase, filing cabinet, stationery cupboard, telephone and office table, curtains and carpet.

(d) (i) Some items were reallocated within Head Office and the National Commissioner's office complex while those which inherently formed part of the former Commissioner of the South African Police's office were reallocated to the Police Museum for posterity as an exhibit of a past era

(ii) Computer equipment was reallocated within the National Commissioner's office complex. An office clock, ceremonial sword stand and the ceremonial command sword was reallocated to the Police Museum, being part of the exhibit mentioned above.

Certain police officer: authorisation of use of vehicles for hunting

603. Mr P J GROENEWALD asked the Minister for Safety and Security:

Whether a certain Police officer, whose name has been furnished to the South African Police Service for the purpose of his reply has granted authority that police vehicles be used in any hunting expedition; if not, what is the position in this regard, if so, (a) how many vehicles were used, (b) what was the aim of the expedition and (c)(i) what kind of game and (ii) how many kinds of game were short? N1271E

The MINISTER FOR SAFETY AND SECURITY:

No. A criminal investigation was conducted and the Attorney-General declined to prosecute. He recommended that departmental steps be taken and the matter is at present under investigation with a view to instituting departmental steps.

(a) Not applicable.

(b) Not applicable.

(c) (i) and (ii) Not applicable.

Note:

From statements made during the investigation the following was found:

Lieutenant-Colonel Nothnagel alleges that he received an invitation from a certain Mr Maree to go hunting with him He could not go, but sent Lieutenant Rothman in his place.

Lieutenant Rothman logged out a government vehicle (a Mazda pick-up truck) on 1995-06-18 to travel to Potgietersrus for what he stated would be an operation ("optrede") but, in fact, he travelled to the Alldays area According to the records the vehicle had covered 1 178 km when it was logged back on 1995-06-20.

At Pietersburg the vehicle was filled with 37 litres of petrol at the state's expense. Lieutenant Rothman brought five (5) impala back.

Lieutenant-Colonel Nothnagel phoned Commissioner Fivaz's home and offered Mrs Fivaz two (2) impala as a gift. When Mrs Fivaz refused the offer he distributed the meat among his colleagues.

Commissioner Fivaz gave orders that the matter be investigated.

Mpumalanga government: commission of inquiry into alleged irregularities

605. Mr A WATSON asked the Minister for Provincial Affairs and Constitutional Development:

(1) Whether the Mpumalanga government has set up a commission of inquiry into alleged irregularities in regard to certain bodies, the names of which have been furnished to his Department for the purpose of his reply, if so, what was the nature of the alleged irregularities in each case;

(2) whether the Mpumalanga government has suffered any financial loss as a result of these alleged irregularities; if so, (a) what amount and (b) what steps have been taken to recoup these losses;

(3) whether the report of the commission will be published; if so, when?

N1274E

The MINISTER FOR PROVINCIAL AFFAIRS AND CONSTITUTIONAL DEVELOPMENT:

According to information obtained from the office of the Director-General of the Mpumalanga Province, the answer to the question is as follows.

(1) No. A one man commission of inquiry was however appointed by the Premier of Mpumalanga in terms of section 1479(1)(d) of the Constitution of the Republic of South Africa, 1993 (Act No 200 of 1993), to investigate the alleged irregularities only in the case involving the appointment and payment of consultants, Mr E Nyati and Ms N Mohapi, whose terms of reference was to make recommendations to the Mpumalanga government in respect of the rationalisation of the activities and functions of the existing corporations into a single Mpumalanga Development Corporation.

(2) No. Mr Nyati repaid the amount involved, including interest, to the Mpumalanga government

(3) No. The report of the one man commission of inquiry will be made available to the Premier and the Executive Council of Mpumalanga.

Hansard

SA: membership of Common Market for East/Southern Africa (279A)

607. Mr D de V GRAAFF asked the Minister of Trade and Industry:

(1) Whether South Africa has been invited to become a member of the Common Market for East and Southern Africa; if so, what was the decision of the South African Government in this regard;

(2) which countries of the Southern African Development Community are currently members of the abovementioned Common Market;

(3) whether a study has been undertaken to determine what the (a) advantages and (b) disadvantages for South Africa would be if it were to join the said Common Market; if not, why not; if so, what are the relevant details in each case,

(4) whether he will make a statement on the matter?

N1276E

The MINISTER OF TRADE AND INDUSTRY.

(1) South Africa has not officially been invited to become a member of the Common Market for Eastern and Southern African (COMESA). A delegation from the COMESA Secretariat did visit South Africa to hold talks with Deputy President Thabo Mbeki, but no official contact has ever been made with the responsible line ministry, namely Trade and Industry. Instead, the Ministry and Department of Trade and Industry has been reading media reports of COMESA's desire for South Africa to join it

(2) Ten of the 12 member South African Development Community (SADC) are also members of COMESA. They are the following. Angola, Lesotho, Malawi, Mauritius, Mozambique, Namibia, Swaziland, Tanzania, Zambia and Zimbabwe

(3) A number of studies have been undertaken to determine advantages and disadvantages for South Africa if she were to join COMESA. Some of these studies have been undertaken by research institutions independent of government. A study was also commissioned by the Transitional Executive Council and released in April 1994. Meanwhile, the Department of Trade and Industry, has formulated its position drawing from the wealth of available research output.

The possibility of acceding to the COMESA Treaty raises a number of difficult challenges that will have to be addressed if South Africa were to join the organisation

First, the COMESA Treaty of 1993 endeavours to create a common market in Estern and Southern Africa embracing a group of 23 countries and 320 million people

A common market is an advanced stage of economic integration that also implies the existence of a common external tariff The likelihood of an incompatibility with the SACU obligations becomes apparent, since the SACU Agreement provides for the tariffs in force in South Africa to be applicable to the BLNS states as well.

The COMESA agreements provide for the application of the most favoured nation (MFN) treatment to all member countries South Africa's entry would therefore mean either immediately applying the arrangements it has with SACU countries to the whole of COMESA, or erecting within SACU the barriers currently existing to imports from other COMESA member countries.

In the context of the Uruguay Round of GATT and the Marrakesh Agreement, the latter option is not feasible The interpretation given to article 24 of GATT, dealing with regional economic groupings, provides for a weighted averaging of tariffs between those in force within the group and those of the new entrant. This means that South Africa cannot join COMESA and still retain its own customs tariffs Given that a number of COMESA countries have been implementing programmes of structural adjustment, a weighted average may well be lower than the current levels of duties in South Africa.

Lesotho, Namibia and Swaziland (all SACU member states) have participated in COMESA on the basis of extension of derogations excluding them from COMESA obligations Clearly, such derogations will not be extended to South Africa given that she has the most developed economy in the sub-continent.

Second, although COMESA has a market of 320 million people that does not necessarily translate to a corresponding purchasing power.

A number of Central and Eastern African states are going through a series of political and economic crises which raise doubts about their capacity to fulfil obligations arising from a programme of economic integration.

Third, accession to both SADC and COMESA may fuel perceptions of lukewarm commitments to both institutions. Certainly, it is not prudent to do so in the light of the endeavours underway to resolve the overlapping memberships and programmes of both bodies.

Fourth, COMESA is seen as embracing too large and perhaps widely a group of countries with diverse economies, political and cultural systems. South Africa's accession will not necessarily resolve the development gap among the member countries. In fact, such a move may well further complicate the complex relationship she has with neighbouring countries closer to home.

Lastly, accession to COMESA, if that is considered, will need to be weighed against South Africa's institutional and resource capacity. This has very direct implications for budgetary allocation and recruitment of personnel In as much as South Africa should position herself to take advantage of opportunities in global relations and Africa in particular, she also has to avoid punching above her weight.

(4) No.

Construction methods for production of low-cost housing units

609 Mr J A RABIE asked the Minister of Housing:

Whether her Department has investigated the feasibility of using the construction methods for the production of low-cost housing units developed by the British firms of (a) John Laing International, (b) New World Construction, (c) Michael Dyson Associates and (d) Structherm; if not, why not; if so, what were the findings?

N1278E

The MINISTER OF HOUSING:

No. While the Department is very keen to promote innovation within the construction industry and regularly meets with relevant private sector concerns, the Department is not investigating the feasibility of specific construction methods.

According to departmental records, presentations in respect of construction methods have

been received from Messrs New World Construction and Structherm respectively. In both instances the roles of both the central and provincial governments were explained and the firms were advised to submit their proposals to the Members of the Executive Councils for Housing in the various provincial governments for consideration.

Placement of SA on so-called 301 list of US Trade Representative

610 Mr D de V GRAAFF asked the Minister of Trade and Industry:

(1) Whether the United States government has placed South Africa on the so-called 301 list of the US Trade Representative, if so, (a) what were the reasons advanced for this step and (b) what are the potential implications for South African trade relations with the USA:

(2) whether South Africa has protested to the US Government in this regard, if not, why not; if so, what was the outcome of such protest?

N1279E

The MINISTER OF TRADE AND INDUSTRY:

(1) SA has not yet been placed on the Special 301 List, but on the Special 301 "Watch List" on 29 April 1995. The annual "Watch List", which amounts to formal warning of future action against a country under Special 301, is published along with the announcement of new Special 301 cases.

South Africa's inclusion in the "Watch List" followed upon the publication of the 1995 US National Trade Estimate Report (NTER). The NTER presents estimates of the impact of specific foreign barriers or trade distorting practices of countries on US exports. The South African chapter of the NTER indicated that South Africa still had several tariff and non-tariff barriers in place against the US.

The US authorities are compelled to take action within thirty days of the publication of the NTER against a country if the NTER chapter on that country indicates that there are trade barriers in place against the US. The action taken accordingly by the US authorities was to place South Africa on the Special 301 "Watch List".

(a) The main reason advanced by the US was the inadequate protection of US intellectual property rights in South Africa. In 1994 there were complaints from a number of US companies, including companies such as Toys-R-Us, MacDonald's, Burger King and Victoria's Secret regarding intellectual property rights infringements in toys, franchise foods, and women's apparel respectively. In addition, there were concern about "nuisance trademarks", that is, street vendors using the trademarks of internationally known companies Prohibitive import duties on, eg, washing machines and footwear and market access problems for infant foods were other reasons presented for SA's inclusion on the "Watch List"

(b) If the US feels that South Africa does not take adequate measures to resolve the issue, they can impose a range of retaliatory trade measures, such as higher import tariffs and, ultimately, trade sanctions

(2) South Africa has not officially protested to the US Government because being placed on the "Watch List" does not necesarily mean that Special 301 action will be taken against South Africa Being placed on the "Watch List" serves as an official warning and means that the US will enter into negotiations with that country in order to resolve the matter in a mutually acceptable manner Ambassador Sonn, as well as the Economic Representative from the Department of Trade and Industry in Washington have on numerous occasions expressed their disappointment with South Africa's inclusion on the "Watch List" to the US Trade Representative (USTR), the US Department of Commerce and the US State Department. The USTR has furthermore been requested by the Department of Trade and Industry to provide a list of the US companies which are of the opinion that their intellectual property rights are being infringed in order to ascertain how many US companies have potentially been disadvantaged The issues mentioned un-

SADC (2799) FM 1/9/95

New long-term quest

The communiqué at the end of the Southern African Development Community (SADC) summit held in Johannesburg last Monday was not overwhelming. But then the goal of regional economic integration that the community has set itself is a long and arduous process — even more so given the disparate levels of development among its 12 members, with SA dwarfing its partners individually and collectively.

President Nelson Mandela thus struck the right note in his opening address, saying that the consensus reached on the need for a "phased approach" to the goal of integration reflects the complexity of the situation.

"If we move with undue speed towards the noble ideals of full integration and trade liberalisation, negative migration trends in capital, skills and labour might well set in."

In other words SA is, rightly, concerned at being swamped by the deluge of migrants from its poorer neighbours undermining the RDP.

"We would wish to see a balanced and equitable development throughout the region, to the mutual benefit of all its people. Trade liberalisation has to be complemented by measures to address the historic imbalances between and within countries." said Mandela.

Some observers had expected a protocol on trade co-operation to be signed. Instead, the SADC council has called for a special joint meeting of Trade & Industry Ministers to address this issue as well as the SA Customs Union, trade liberalisation and possible interim tariff reduction.

Mandela said that concern for national sovereignty and national interest "need not prevent us from planning seriously for regional growth and development." This was imperative because the future of member states is inextricably linked.

Developments in the past year, he said, have greatly enhanced the prospects for the SADC enterprise, with great strides towards regional peace and political systems based on tolerance and democracy. The time had now come to concentrate on economic growth and development issues, Mandela pointed out.

A joint approach to regional infrastructure had become a reality (after 15 years under the Southern African Development Co-ordinating Conference 447 mainly transport projects worth US$8bn — 50% funded — are under way). And the progressive integration of SADC trade and financial markets is well under way, the President added.

SA, which joined SADC last year, is the organisation's finance and investment sector co-ordinator. The draft objectives, terms of reference and institutional framework for the sector were approved by the Council of Ministers, though not made public.

The heads of State signed a protocol on "Shared Watercourse Systems" in the SADC region, though Angola, Tanzania and Zambia said they would sign later after "internal consultations."

The objective is to enhance co-operation in the optimal use and conservation of the major water basins.

More power

SADC Energy Ministers signed an intergovernmental memorandum of understanding on a southern African power pool, aimed at creating a common pool of electricity (essentially based on SA's grid). Agreements with hydro-electricity rich Zaire (a nonmember) could be in the offing following the council's approval.

The summit reviewed an earlier decision to establish a sector on political co-operation, democracy, peace and security, in the aftermath of the Frontline states. However, it deferred a decision on which country should be co-ordinator. It had earlier been proposed that Zimbabwe (which led the Frontline states) lead it. SADC Defence Ministers are to consult further on this tricky issue.

On the question of relations between SADC and the Common Market of East and Southern Africa (Comesa), the summit reaffirmed a decision that the region covered by Comesa be split into north and south components, with the latter comprising SADC members. Not much progress has been made on this front for two reasons: African unity and perceptions of a larger market offered by Comesa.

Mauritius was accepted as the SADC's 12th and newest member at the summit, which commemorated the 15th anniversary of SADC.

A new theme in the SADC's deliberations is recognition of the role that the private sector can play in [illegible] its quest. Some businessmen, including Liberty Life's Donald Gordon, attended the summit.

In line with this new realism, Botswana proposed rationalising the SADC's programme of action to make it "more focused, taking into account recent political and economic developments and the evolution of the organisation from a co-ordinating conference to a community." The idea will be taken further in January. ■

5/9/95

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They may have been making history, or something that will barely rank as a footnote to it.

The region's leaders assembled last month, with South Africa present for the first time, to revitalise the Southern African Development Community (SADC), a club of 12 stretching from the Cape to Kilimanjaro.

Besides promises to co-operate on everything from electricity to tourism, there was an altogether grander scheme: to create a southern African economic community, with free trade by 2000, free movement of people and even a single currency.

Can they possibly be serious?

One reason to suppose so is the sweeping political transformation of southern Africa.

Ten years ago, apartheid gripped South Africa, Namibia was for practical purposes a South African colony, Mozambique and Angola were torn by civil war. This time, the club's 12 leaders all govern countries that are free, at some sort of peace, and keen to co-operate for prosperity. Gone too is the old reflex of blaming Africa's troubles on colonialism.

"Southern Africa has long passed the stage of lamenting the privations of the past," declared President Mandela, grandfather to the region and host of the summit.

"The challenge is to find within ourselves the resources to overcome this legacy."

By clubbing together, the 12 hope both to earn some political clout and to integrate their way to prosperity. Some other parts of the world are forming regional trading blocks, and southern Africans fear being left out.

"If we Africans are not careful," said Anerood Jugnauth, prime minister of Mauritius, which became the SADC's 12th member last month. "we will leave the African continent at the periphery of development."

Last month, for the first time in the SADC's languid history – since it began life in 1980 as a loose grouping of countries hoping to do without white-run South Africa, – its members signed a binding agreement.

This requires them to share the scarce water

Manuel ...'digging and shaking'

that flows over their land, an important commitment in a region currently parched by drought. No country will be allowed, for example, to dam its rivers without first consulting others downstream. Other agreements, on electricity and mining, should follow.

By far the most ambitious scheme, however, is one to create a common market.

"As a group," claims Kaire Mbuende, the SADC's secretary, "the countries of southern Africa have the potential to become a powerful economic block."

The SADC is drafting a treaty that would eliminate internal trade barriers and export subsidies within the region by 2000. It could be ready for signature by August next year. A further treaty on the free movement of people should follow.

These are fine intentions, but behind them stretches a procession of difficulties. For a start, almost all the economic power lies at its southern tip: South Africa's economy is nearly four times as big as that of all the other 11 members combined. South Africans are 35 times richer, measured by GNP per person, than Mozambicans, the region's paupers.

The risks are plain: if the 12 governments are serious about allowing people to move where they wish, many will head smartly for South Africa.

There are already an estimated 3million-8million illegal immigrants, and a fearful South Africa has begun to crack down and deport them.

It has not even begun to try to square this defensive instinct about immigration with its professed commitment to a common market.

Partly to help stem this flow, South Africa wants its hinterland to prosper. At the moment, only an estimated 10% of southern Africa's trade takes place within the region. In the European Union, the figure is over 60%.

Intra-regional trade is growing: South Africa's exports to its own continent, 70% of which go to the SADC region, jumped by over a quarter last year from 1993.

Lifting trade barriers will help. For the moment, as was once true in Asia, many countries export the same things: stuff which, as Trevor Manuel, South Africa's trade minister, puts it, "We dig from the earth and shake off the trees."

Most of these commodities go to Europe. Until SADC countries trade more with each other, mutterings about sharing a single currency will remain day-dreams.

South Africa's Reserve Bank does already, in effect, run the monetary policies of Namibia, Swaziland and Lesotho, all of whose currencies are pegged, at par, to the South African rand.

But South Africa, which has been put in charge of the SADC's secretariat on finance, has not even begun to look at the matter of spreading that monetary area further.

Institutions that bind countries together tend to work well when they respond to needs: of, say, businesses which trade a lot and want governments to lift barriers, abolish visas or standardise things like power voltage.

That might happen in southern Africa with time.

But, for now, the SADC's fresh sense of urgency seems to have as much to do with rivalry with another trade club, the Common Market for Eastern and Southern Africa.

It shares many of the SADC's goals and members, except, crucially, South Africa. It would be odd to have two overlapping projects.

Unless all the leaders concerned can sort that out, rivalry over empire-building will prompt grandiose promises and relatively little action. – The Economist

5/9/95
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the photograph I have been using for this column - taken in 1982 - "disappeared". The news of the loss came as a tremendous personal blow. It meant I would now be forced to have a new photograph taken.

Like most people over 30 I dislike having my photograph taken. This is partly because photographers are not what they used to be. Each time I have to have a portrait picture taken - about once a decade - I am made to look 10 years older.

Here I am, your average tall, dark, handsome male - yet look how I come out in a photograph (enclosed, please find). It is, I am told, something to do with the kind of f.-stops they use these days.

The picture now being used for this column has already drawn a number of calls. Two, to be precise. One said I looked too old the other said I looked too young (the latter sounded seriously retarded).

What irritated me was that the photographer refused to give me time even to slim. She said I was being vain.

Vain!

I explained to her why people of my

Alt key: For calling up extra functions. Placed where you'd expect to find the Shift, it lets you delete entire documents when all you wanted was a capital L.
Bios: Legal term for the method used by IBM to settle out of court with its competitors over copyright problems.
Comms port: Russian submarine base.
Easy to install: Difficult to install, but instruction manual has pictures.
Electronic mail: Method of sending messages between PC users to discourage them from talking to each other.
Ergonomically designed: Has highly unusual appearance.
Executive cursor control: Joystick.
Flexible: Difficult to use.
Hands-on-training: Where groups of would-be users huddle around a single PC for two days to watch someone else use it.
Num Lock: One of the mysteries on the PC's keyboard. Until you start typing you don't know whether it's switched on or not.
RAM: A goat.
Utilities: Extra pieces of software, more complicated than the problems they're supposed to help solve.

Inter-state co-operation grouping in the pipeline

Edward West

BD 8/9/95 (279A)

CAPE TOWN — An association of southern African states was being formed to become the political and security arm of regional co-operation, while the SADC would undertake economic regional co-operation, Deputy President Thabo Mbeki said yesterday.

Interviewed after addressing the Inter-State Defence and Security Committee, Mbeki said membership of the association, which was in the process of being formed, was likely to be SADC states.

He said the association would form part of broader regional interdependence aiming at eliminating instability and advancing economic development. Once these targets were achieved it would be possible to tackle issues such as the reduction of military spending on a regional basis.

"With the conclusion and resolution of the conflict in Angola this region will become the most stable in Africa," said Mbeki.

He told the Inter-State Defence and Security Committee that the association's political, diplomatic, defence and security committees would deal with issues such as conflict prevention and resolution, common regional security, crime prevention, management of natural disasters and support for the OAU's central organ for conflict resolution on the continent.

OAU secretary-general Ahmed Haggag said circumstances had changed in southern Africa with the demise of colonialisation and apartheid, and the cold war that existed between neighbouring states, and security and safety priorities needed to be reassessed.

There were difficulties relating to demobilisation, but there were economic pressures questioning the economics of the current funding of military structures in the region, said Haggag.

He said there was an international trend towards more reliance on regional organisation for security conflict management.

The OAU envisaged establishing an early warning network based on a co-ordinating facility located in a planned conflict management centre. The centre would be comprised of a core of military and civilian officers which would analyse relevant information and make recommendations to the OAU secretary-general and the organisations' organ for conflict resolution.

The OAU secretariat believed the time had come for Africa to prepare to take some degree of responsibility in peace-keeping. The early warning network would allow for speedy political action by the OAU to avoid potential regional conflicts, he said.

Botswana business leader warns SA

(279A)

Kevin O'Grady

BD 8/9/95

GABORONE — A Botswana business leader warned President Nelson Mandela yesterday of the "serious" consequences for SA if it did not use its power to encourage the development of commerce and industry in southern Africa.

Botswana Confederation of Commerce, Industry and Manpower president Ngo Moroka was speaking at a businessmen's meeting attended by Mandela at the end of his state visit yesterday.

Mandela tried to allay businessmen's concerns about the high crime rate and labour unrest in SA, saying government took a "poor view" of the strikes currently under way in his country.

He warned that continuing strikes would "force businessmen to introduce sophisticated equipment from overseas to get rid of their workers, keeping only a minimum number".

This would exacerbate the unemployment problem, he said.

Moroka said failure to encourage development, combined with increasing regional unemployment, could "trigger an influx of job seekers into SA", creating serious social problems.

He put a number of requests to Mandela and expressed businessmen's concerns about the relationship between SA and other Southern African countries.

Moroka also criticised the use of the SA Bureau of Standards (SABS) to prevent Botswana-manufactured goods from entering the SA market.

The SABS stamp of approval was required on all imports, but there was no one in Botswana to carry out the function, he said.

He asked the SA government to encourage the acceptance of goods which were passed by technical and professional bodies in Botswana as having met SABS requirements.

Mandela responded that the negotiation of a "new customs union, which will reflect the equality of the states involved in the union", was currently under way.

Mandela also said that fears about who would replace him as president were "totally baseless".

There were, he said, "many capable people in the ANC who in many respects stand head and shoulders above the current president".

CT (BR) 8/9/95

SA asked not to use muscle

FROM REUTER (279A)

The Botswana Confederation of Commerce, Industry and Manpower (Boccim) has called on President Nelson Mandela to ensure that South Africa does not use its economic muscle to prevent investors from operating in other Southern African Customs Union member states.

The customs union, comprising South Africa, Lesotho, Swaziland, Botswana and Namibia, has operated satisfactorily so far, said Ngo Moroka, the president of Boccim.

Although major industrial and commercial projects had been drawn to South Africa, the smaller customs union members had benefited from the shared tariff revenue resulting from the importation of capital goods used in the development of physical infrastructure.

"However, that phase in their development is over. They are looking for revenues from industrial and commercial development," Moroka said. — Reuter

MAIL & GUARDIAN
September 8 to 14 1995

Tension mounts between rival trading blocs

WM 8-14/9/95 (279A)

A wrangle has erupted over whether to merge two rival trading blocs, SADC and Comesa. **Joe Chilaizya** and **Lewis Machipisa** report from Lusaka

RIVALRY between two sub-regional trading blocs is mounting while the economies they are intended to boost continue to flounder.

The wrangle has erupted over whether to merge the Southern African Development Community (SADC) into the Common Market for East and Southern Africa (Comesa) or to subdivide the latter.

SADC was created in 1981 as the Southern African Development Co-ordinating Conference (SADCC) by the Frontline States to foster inter-regional trade to counter the economic dominance of the then apartheid South Africa.

It dropped one of its Cs in 1993, and now comprises Angola, Botswana, Lesotho, Malawi, Mozambique, Namibia, Swaziland, Tanzania, Zambia, Zimbabwe — and South Africa.

Comesa was born out of the old Preferential Trade Area (PTA) — a bloc of 22 southern and East African states established in 1981, and sharing many of the same members of SADC.

Unlike the PTA, Comesa embodies full free trade, involving the free movement of goods and services produced within the common market and the removal of all non-tariff barriers.

A customs union involving zero tariffs on all products originating in the common market is planned, and the adoption of a common external tariff on imports from non-Comesa countries.

The members are Burundi, Comoros, Djibouti, Eritrea, Ethiopia, Kenya, Madagascar, Mauritius, Rwanda, Seychelles, Somalia, Sudan, Uganda, including SADC, except for Botswana, South Africa and Zimbabwe.

However, there is now heated debate as to what the future relationship — if any — of the two bodies should be.

Most Comesa members are in favour of merging the two economic blocs to rationalise their operations and erase duplication, but Comesa Secretary-General Bingu Mutharika accuses SADC of ignoring his overtures for mutual support.

But SADC will not countenance joint membership of the two bodies, as it feels Comesa is stretching far beyond its original areas of operation.

Key regional economic players South Africa, Botswana and Zimbabwe have yet to ratify the treaty establishing Comesa.

Donors and states such as Mozambique regard Comesa as over-ambitious while many have also slammed calls to split the body into Comesa-North and Comesa-South.

"If we split Comesa into Comesa-North and Comesa-South, the latter is essentially what is known as SADC minus Botswana and South Africa, of course," says a Mozambican diplomat in Zambia.

Even Mutharika says he is stumped as to why countries that struggled for 12 years to create Comesa would now undermine it.

To resolve the deadlock, Comesa and SADC leaders have agreed to hold an extraordinary summit at a date and venue to be set soon. — *IPS*

Mandela to look at trade agreement

(~~24~~)(279A)

By Pamela Dube
Political Staff

Sowetan 8/9/95

PRESIDENT Nelson Mandela yesterday told the Botswana business community that his Government would work towards improving conditions in the Southern Africa Custom Union.

He was responding to concerns raised by the president of Botswana Confederation of Commerce, Industry and Manpower Mr Neo Moroka, who informed Mandela at a breakfast meeting in Gaborone that the SACU agreement favoured South Africa above smaller economies of the member states. SACU is an agreement between South Africa, Botswana, Namibia, Lesotho and Swaziland (BNLS) through which profits from imports are shared.

Moroka said it was "disheartening" that provision 311 of the agreement, which allowed industrialists in BNLS to import raw materials from outside the union for use in textile operations, was unilaterally cancelled by South Africa.

"It is even more disheartening that South African producers of these materials are not able to meet the SACU demands for same, let alone that of the South African market.

"Where they are able to produce, the materials have tended to be of inferior quality and the South African suppliers have proved incapable of making deliveries on time, thereby adversely affecting the performance of the textile industry in BNLS countries," Moroka said.

Mandela noted that the SACU agreement was a "reflection of the colonial oppressor's mentality". Mandela accused the old South African government of having used their economic muscles by "bullying and intimidating smaller neighbours." He then promised to take up the matter in bilateral meetings.

Join us or pay, trade bloc tells SA companies

(279A) ST(BT) 10/9/95

By SVEN LUNSCHE

SA COMPANIES have been warned that their expansion drive into Africa could be blocked if the country does not join the Common Market for East and Southern Africa.

Bingu Wa Mutharika, Comesa's secretary-general, said this week that local companies could face higher tariffs and other trade barriers if South Africa stayed out of the 22-member economic bloc.

"The current bilateral trade agreements and even their (SA companies') rights of establishment could be affected," he said

SA exports to Africa, particularly of manufactured goods, have tripled over the last five years and now account for almost a quarter of South Africa's total exports Imports from Africa, on the other hand, are negligible.

South Africa has to date frustrated Comesa's frantic courtship efforts, committing itself instead to the 12-member Southern African Development Corporation.

Dr Wa Mutharika's comments will raise the stakes at a summit later this year, in which the two bodies will examine areas of co-operation.

The summit is viewed as a last-ditch effort to achieve a merger and avoid a split on the subcontinent into southern and eastern trading blocs.

South Africa has been seeking a more narrowly defined and workable sphere of economic co-operation and is unlikely to heed Comesa's call.

Kaire Mbuende, SADC's executive secretary, indicated at last month's SADC meeting in Pretoria that the summit would merely formalise the separation of the two bodies.

The meeting saw South Africa take the initiative in committing the organisation to a southern African economic community by 2000, with free trade and movement of people and a single currency

The meeting also reached agreement on joint initiatives to share the continent's scarce water and power resources.

Dr Wa Mutharika is not disheartened by the recent developments and believes the two groupings will find a number of areas of co-operation, particularly transport and trade.

"The path for South Africa is to generate additional income and investment by expanding its market beyond its borders. Southern and eastern Africa represent a huge market, with 320-million consumers which SA companies are in an ideal position to exploit," Dr Wa Mutharika said.

Comesa is also committed to a full free trade area by 2000, followed by a customs union four years later, which would facilitate free movement of capital and labour.

Dr Wa Mutharika's argument is supported by Natal University's Gavin Maasdorp, who argues that Comesa's trade protocol already applies to nine countries which are members of both Comesa and SADC He says the protocol, which has achieved a 60% tariff cut on intra-Comesa trade, could easily be extended to the SADC.

TALKING TOUGH: Bingu Wa Mutharika, the Malawian who heads the Common Market for East and Southern Africa, says SA companies could face higher tariffs and other trade barriers if the government continues to ignore Comesa's overtures to join the 22-member economic bloc Picture: JULANI VAN DER WESTHUIZEN

SA's common market role under spotlight

(2079A) Star 13/9/95

The South African Foreign Trade Organisation (Safto) says it supports the Government's "cautious approach" towards regional alignments, such as the Common Market of Southern and Eastern Africa (Comesa).

Bingu Wa Mutharika, secretary-general of Comesa, is presently in South Africa in an effort to promote the idea of South Africa joining the common market, which represents 22 states.

He has even threatened that should South Africa reject Comesa, which overlaps in both membership and with the 12-member Southern African Development Community (of which South Africa is a member), the country could expect to face stiff trade barriers.

Safto general manager, Anne Moore, said: "Given South Africa's position within Africa, regional alignments have to be viewed seriously and participation in trade agreements cannot be decided overnight.

"As a trade promotion organisation, Safto is very much in favour of serious research into the implications of joining a particular trading bloc."

"For trade agreements to be successful, they have to serve the interests of all parties, not just in South Africa but in other countries, including South Africa's partners in the customs union."

Meanwhile, sources in the Government believe Comesa, which boasts of having dropped tariffs in certain industries by as much as 70%, is trying to woo the private sector into supporting its stand that South Africa should become a member. – Star Foreign Service

SA to join common market of 22 states?

CT (MR) 12/9/95 (279A)

THE INDEPENDENT FOREIGN SERVICE

The South African Foreign Trade Organisation (Safto) said yesterday it supported the government's "cautious approach" towards regional alignments, such as the Common Market of Southern and Eastern Africa (Comesa).

Bingu Wa Mutharika, the secretary-general of the former Preferential Trade Area for Eastern and Southern African States, now Comesa, is presently in South Africa in an effort to promote the idea of South Africa joining the common market, representing 22 states.

He reportedly threatened that, should South Africa reject Comesa, which overlaps in membership with the 12-member Southern African Development Community of which South Africa is a member, the country could face stiff trade barriers.

Anne Moore, the general-manager of Safto said: "Given South Africa's position within Africa, regional alignments have to be viewed seriously and participation in trade agreements cannot be decided overnight.

"As a trade promotion organisation, Safto is very much in favour of serious research into the implications of joining a particular trading bloc."

She said that trading blocs were not just about the removal of trade barriers between participating countries. "For trade agreements to be successful, they have to serve the interests of all parties, not just in South Africa but in other countries, including South Africa's partners in the South African Customs Union."

Meanwhile sources in the government believe Comesa, which boasts at having dropped tariffs in certain industries by as much as 70 percent, is trying to woo the private sector into supporting its stand that South Africa should become a member.

"The whole idea has to be workshopped between the government and the private sector and a proposal must be put forward to Parliament with the grassroots opinion of what is best," said Moore.

Commenting on Comesa's threat to increase tariffs, a spokesman from the ministry of trade and industry said: "We have to look at the tariffs and look at the area they affect before we respond."

SADC needs 'unique' action

(2799) BD 12/9/95

SA URGED southern African states to turn talk into action to attract foreign investment and boost economic growth.

At the southern African economic summit to promote investment, Eskom chairman John Maree said there had to be greater co-operation between governments in the region and the private sector.

He said: "We need to get a unique southern African process going. It is in SA's best interest that we actively pursue and advance regional co-operation. SA cannot be an island of prosperity in a sea of poverty."

Mandela's speech, read on his behalf by Deputy President Thabo Mbeki at the summit opening on Sunday night, said the region, with a population of over 120-million, had great economic potential. He said the SADC had turned southern Africa into an investor-friendly region and a powerful development force.

Also attending the meeting are presidents Robert Mugabe of Zimbabwe and Ketumile Masire of Botswana. It follows last month's summit of the 12-member SADC which agreed on further steps towards economic development. — Reuter.

Trade barriers threat by Comesa

(2791)

John Dludlu

BD 11/9/95

STIFF trade barriers can be expected if SA refuses to join the Common Market for Eastern and Southern Africa, Comesa has warned.

In an interview at the weekend, Comesa secretary-general Bingu wa Mutharika said at the weekend a strong feeling of resentment towards SA was brewing among the more than 20 Comesa countries about SA's non-participation.

Mutharika, in Johannesburg to attend today's investment conference, said he had intervened on several occasions to prevent Comesa members from raising tariffs against SA products. "I have asked our members to understand SA's internal problems — that the decision to join Comesa (which has dropped tariffs, in certain industries, by as much as 70%) will take time. SA has a lot of internal problems to solve.

"However, the day SA says 'no' to Comesa, I'm telling you tariffs will be mounted by Comesa members within 24 hours of that announcement."

Although SA has been formally invited to join Comesa, no decision has been taken by the Mandela administration. "Deputy President Thabo Mbeki has told us that the government needs to consult broadly on this matter."

Mutharika hopes to concentrate his lobby of SA firms by alerting them of the danger that will follow if SA refuses to join Comesa.

After last year's elections, SA acceded to the Windhoek treaty, which made it the 11th member of the Southern African Development Community.

Mutharika said SA's decision to join the SADC was a "blind" move, but could still be rectified. SA could, like 10 of the SADC's states (excluding Botswana), join Comesa, formerly the Preferential Trade Area. "SA's future is not confined to southern Africa, but is linked to the African continent."

He warned SA should not "bury its head in the sand" by confining itself to the region with only 100-million people, compared to Comesa's 320-million.

Pro-Comesa trade analysts feel that part of SA's problem in joining Comesa comes from a "clique within the Southern African Customs Union" which feels threatened by the prospect of losing the revenue it currently enjoys from the arrangement.

Mutharika said these fears were misplaced. The five-nation customs union agreement could be accommodated easily through a special agreement similar to the one between the 15-nation EU and the Benelux countries — Belgium, the Netherlands and Luxembourg.

Why South Africa should join Comesa

WM 15-21/9/95

(279A)

Dr Bingu Wa Mutharika, Secretary General of Comesa, argues that South Africa should think seriously about joining his trade bloc

WHILE South Africa clamours for easier access to European markets via Lomé Convention membership, its lack of attention to the 10-year-old regional trade bloc in its own backyard is surprising.

The Common Market for Eastern and Southern Africa (Comesa) represents a market of 320-million people from 22 member states.

Formed as the Preferential Trade Area (PTA) in 1982, it became Comesa in 1993, evolving from a preferential trade area to a common market.

It is committed to assisting member states to achieve economic stability with sustained growth and development. It aims to increase productive capacity, diversify means of production, improve transport and communication networks, increase intra-regional trade and provide comprehensive information on all aspects of development within the region.

In 1992, $18-billion worth of goods were imported from the United States and the EEC by 18 countries of the preferential trade area. Of this, only 4,4 percent was directly attributable to trade from within the area.

In the past few years, intra-Comesa trade has increased at an annual growth rate of 8,8 percent compared to an annual growth rate of 7,1 percent among non-Comesa countries.

Moreover, the volume of imports not generated from with the trade area represents a huge opportunity and motivation for South African companies which are willing to increase productive capacity and seek new markets for their products.

The physical proximity of South Africa to such a large market makes it worthwhile to examine the issue a little further.

Some of these imports covered products such as mineral fuels, inorganic and organic chemicals, pharmaceutical products, edible foods, fruits and nuts, beverages, spirits, tobacco, meat, fertilisers, chemicals, plastics, tanning and dyeing extracts.

South African companies are well poised to compete with such imports from the US and the EEC, if we consider the exorbitant transport costs of transporting such goods from their origin without corresponding exports from Comesa countries.

Comesa represents a market of 320-million people from 22 member states

Membership of Comesa would enable South Africa to take advantage of favourable tariff rates. These rates have been reduced by as much as 70 percent for Comesa members. Member states have agreed to further reduce tariffs by 80 percent in October 1996, 90 percent in October 1998 and 100 percent in October 2000. This means by the year 2000, there will be no tariffs on products traded among member states.

Surely, South African goods would have a competitive edge over goods from countries outside the bloc.

Although transportation and communication facilities are inadequate, Comesa has been active in facilitating trade, simplifying and standardising trade documents and procedures relating to the movement of goods.

The tedious process of filling in 13 separate documents has been replaced by the Road Customs Transit Declaration document (RCTD) which is a single document. Any vehicle accompanied by RCTD and sealed with the relevant customs seal, will not require new transit declarations, loading and unloading at every border crossing.

The Customs Bond Guarantee System enables transit operators to execute bonds from countries where they are based to guarantee custom duties on transit goods in other Comesa countries through which the goods pass.

Additionally, member states have agreed to adopt the Convention on the Harmonised Commodity Description and Coding System (HS). The majority of member states have already transposed their customs tariffs to the new HS system, which is a uniform basis for custom tariffs and the compilation of trade statistics.

Under the system, a particular product will have the same tariff heading in all member states, thus facilitating trade negotiations and customs administration.

A lack of information on the trade opportunities in the sub-region, was once a major bottleneck. A trade information network has been set up to identify intra-Comesa trade opportunities and provide the Comesa economic community with accurate information on trade potential.

Though South Africa's trade with the rest of Africa amounted to only 31,7 percent of its global trade in 1993, membership of Comesa will open new markets for products which are currently uncompetitive in global markets.

As a trade and investment bloc Comesa endeavours to create an enabling environment for greater private sector participation in the economic and social progress of the region.

Harsh words in trade bloc dispute

Stefaans Brümmer

TRADE and Industry Minister Trevor Manuel this week dismissed as "ridiculous" a warning by Dr Bingu wa Mutharika, secretary-general of 22-member Common Market for Eastern and Southern Africa (Comesa), that South Africa could face punitive trade tariffs if it did not join the trade bloc.

Mutharika reopened wounds in the dispute between Comesa and the Southern African Development Community (SADC) when he made the tariff "threat" during a visit to South Africa this week.

SADC decided at its leaders' summit last year that dual membership of the two bodies would not be tolerated, saying it favoured the creation of two regional trade blocs, one for Southern Africa (synonymous with SADC) and one for East Africa (the rest of Comesa).

The membership dispute appears to be rooted in the fact that the roles of SADC, established in 1980 as a development organisation, and Comesa, formed two years later as a trading bloc, have converged significantly.

Of SADC's 12 members, only South Africa, Botswana and Mauritius are not also Comesa members. But at this year's SADC leaders' summit, held in Johannesburg last month, it became clear that there was resistance among other SADC members to resigning from Comesa. Reflecting a possible retreat on SADC's decision of last year, SADC executive secretary Kaire Mbuende remarked after the Johannesburg summit that he would "not demand to know from any country whether they have pulled out (yet)".

The summit also approved a request from Comesa for a meeting in Windhoek later this year to try to resolve differences.

Manuel said on Tuesday that Mutharika's warning of stiff trade barriers should South Africa not join Comesa was "ridiculous"; that he would have preferred Mutharika to have discussed the matter with trade officials; and that South Africa still favoured rationalised and smaller, more manageable regional organisations above a single Comesa.

Mutharika, in turn, dismissed South African and SADC fears, saying "variable" geometry clauses in Comesa protocols prevented the risk of some countries in the trade bloc dragging others down, and argued that a market of 320-million people, as represented by Comesa, offered better opportunities than SADC's market of 120-million people.

Mutharika also pointed out that all members of Comesa — including the nine SADC members who have dual membership — indicated in a Comesa vote last year that they were against Comesa being split up.

Opposed ... Chief Mukuni has always said no to grand plans that do not benefit his people. PICTURE: DUNCAN GUY

'Tap Zambezi and falls will run dry'

Star 19/9/95 (279A)

ZAMBIANS are alarmed at SADC proposals to draw water from the great river to help drought-stricken neighbours, reports Jealous Bwalya of The Star Foreign Service.

Southern African Development Community's (SADC) multi-million dollar ambitious water project on the Zambezi, aimed at meeting the needs of Zimbabwe, Botswana and South Africa, seems headed for serious confrontation with both the local inhabitants on the banks of the mighty river and environmentalists.

The plan by South Africa and two of its water starved neighbours to tap water from the Zambezi has created one of Zambia's biggest controversies, perhaps dwarfing the one which surrounded the now-abandoned Batoka project on the same river.

In banner headlines carried in two major dailies, the Zambia Daily Mail and the Times of Zambia, irate Zambians said the project should not be "given a quarter to take off".

Leading the attack is the influential environmentalist Nicholas Katanekwa, who is also national director of the National Heritage Conservation Commission, and International Council of Monuments and Sites secretary-general Simon Musonda, also a Zambian.

Zambia's southern region's most influential chief, Chief Mukuni, a former BP Shell environmentalist himself, and whose kingdom spans the longest distance along the Zambezi in Zambia, says he is ready to die over the tapping of water from the river.

"Whatever criteria was used by SADC presidents to arrive at a decision to start sharing the Zambezi river with neighbours who are not even sharing boundaries with us is lopsided. Zambia should not bow to either SADC or international pressure to start diverting the Zambezi waters miles away," says Chief Mukuni.

The chief, whose palace is 10km from the Victoria Falls, argues that once water is tapped from the upper Zambezi the falls will dry up.

"Look," he argues, "we have had no good rains the past three years and the falls are a bare rock. What would happen if just a quarter of the water was diverted to South Africa? It will mean no falls for good."

Musonda says: "The decision to either put up a dam or tap water from the Zambezi must have been based on ill-conceived feasibility studies which do not embrace ecological, environmental health, the national economy and the Rio de Janeiro treaty to which Zambia and all its neighbours are a signatory."

He dispels as "worthless" the notion that Zambia will make millions of rands from the export of water to such areas as the Gauteng region.

Katanekwa said: "In the same way we killed the Batoka dam project, we will kill this project."

But SADC co-ordinator of environment and land management sector Bataung Leleka said the protocol on shared water course systems in the region would promote environmentally sound, integrated management and equitable utilisation of water resources in shared river basins.

"This will no doubt enhance the socio-economic upliftment of people's living standards. The agreement should override most of these fears so that water flowing from rivers into the ocean can be put to good use by those far from such resources."

The tapping of water from the Zambezi was [illegible] as one which would boost agricultural production in eastern Botswana and south western Zimbabwe, especially Bulawayo, where there is severe water rationing.

Mugabe is a spanner in the works

~~35~~ (279A) WM 25-31/8/95

Regional co-operation on a new body may be lost next week, thanks to Robert Mugabe's sour grapes and oversized ego, reports **Stefaans Brümmer**

ZIMBABWE'S sense it is losing influence and prestige to South Africa appears to threaten what should be the crowning achievement of this year's SADC heads-of-state summit, to be held in Johannesburg on Monday.

The Association of Southern African States (Asas), proposed by SADC foreign ministers earlier this year and designed to complement the development aims of SADC through regional security co-ordination and conflict resolution, appeared set to be given the nod at the summit.

But this week, as delegations from the 11 SADC states arrived for preliminary sessions at the World Trade Centre, it became clear that someone had put a spanner in the works.

South African Foreign Affairs Minister Alfred Nzo told a press briefing that foreign ministers would have to look at Asas again when they meet today and tomorrow in preparation for Monday's summit. The name Asas, and whether it would be an association or a "sector" (both issues supposedly already resolved) would be revisited, he said

As sector, Asas would be governed by SADC's secretariat, whereas as association it would be far more flexible and independent.

So it looks like the hallowed halls of the World Trade Centre are to experience again a version of the eleventh-hour lobbying that preceded South Africa's dramatic settlement on democratic rule.

But it is exactly that which the World Trade Centre symbolises, South Africa's return to democratic respectability, which could be a stumbling block to consensus this time around.

For with South Africa's new respectability

Zimbabwe's President Robert Mugabe: Peeved at South Africa's new importance
PHOTOGRAPH ADIL BRADLOW

came its accession to multilateral bodies ... and fears among old members that South Africa would dominate regional bodies like SADC.

Nzo's remark that Asas' name and its status as association or sector would be reconsidered appears, superficially, to refer to no more than technicalities.

At a deeper level, however, it goes to the heart of a brewing struggle between South Africa, as the perceived usurper of Southern African leadership, and Zimbabwe, which believes it has a right to that role by virtue of its earlier contributions in SADC and in the Frontline States, the looser and more overtly political body that united neighbouring states against apartheid South Africa, and which Zimbabwe chaired.

The creation of an Asas-like body was first mooted at an SADC workshop in Windhoek in mid-1994, but the body would have had the status of a sector falling under the secretariat of SADC. Under that proposal, it would have had wide-ranging powers, including that SADC could decide "on the basis of sufficient consensus to intervene in an internal crisis of a member country".

Two subsequent experiences of regional diplomacy solving the crises of member states — the military coup attempt in Lesotho and threats by Renamo not to accept the Mozambique election outcome — refined differences in approach to regional intervention.

In both instances Zimbabwean President Robert Mugabe veered towards a harder approach, to the extent that he considered a "military option" in Lesotho South Africa, still mindful of the ill effects of its *kragdadige* past, played a more diplomatic role, stressing to the antagonists in both cases the benefits of reconciliation South Africa-style

The South African approach appeared to win the day when SADC foreign ministers agreed this March in Harare on the formation of an Asas along lines advocated by South African Deputy Foreign Minister Aziz Pahad.

"By 1995, and through the insistence of South Africa, it had become clear that any military intervention in the affairs of a SADC member will be decided on only after all possible remedies have been exhausted and will only occur in accordance with the Organisation of African Unity Charter and the sanction of the United Nations," confirms Jakkie Celliers of the Institute for Defence Policy in Johannesburg.

The foreign ministers resolved that Asas should be a loose and flexible association with direct input from SADC heads of state, rather than the sector as proposed in Windhoek that would be ruled by SADC's (bureaucratic and rather slow-moving) secretariat.

Agreement was also reached on a two-yearly revolving chair, seemingly putting paid to Zimbabwe's demand that the longest-serving SADC head of state (Mugabe) should chair Asas Zimbabwe's demand appears to have stemmed from its chairing of the Frontline States, which will be superceded by Asas in function.

Alfred Nzo: South African Minister of Foreign Affairs: Caught up in pedantics

Those were the agreements, and all indications were that the heads of state merely had to give the nod on Monday to formalise the structure. But now Asas, as shaped largely by South African leadership, appears under attack.

A South African Department of Foreign Affairs source this week pointed to sour grapes on the part of Zimbabwe. "It's a thing of Mugabe *vis-a-vis* Mandela. He (Mugabe) sees the status that we enjoy as a threat ... It is a power struggle in terms of the prestige and the traditional role which Zimbabwe played in the region."

SA businessmen bring a candour to timid SADC

BD 22/9/95 (279A)

Michael Hartnack

HARARE — "Stop this Zimbabwe folly" proclaimed a statement from SA's clothing and textile manufacturers, reacting to restored Zimbabwean concessions under the 1964 "most favoured nation" trade pact.

If nothing else, SA businessmen have injected long overdue candour. The private sector in the other 10 member states of the Southern African Development Community (SADC) has for many years been frightened to contradict the flowery rhetoric of their political leaders on regional economic integration.

The sector has become hardened to grandiose summit meetings at which presidents proclaim that First World living standards lie just around the corner with the creation of a "common market" of most of sub-Saharan Africa.

Rages

Practical snags were traditionally dismissed by politicians as the creation of the avaricious, "unpatriotic" private sector.

At a Victoria Falls business conference in 1991, Zimbabwe's former finance minister Bernard Chidzero flew into one of his famous public rages — inveighing against colonialism — when a Malawian delegate noted that the SADC had failed to achieve the kind of real territorial integration seen in the defunct 1953-63 Central African Federation of Rhodesia and Nyasaland.

No one in Zimbabwe discusses the punitive transit rates imposed by Mozambique on Zimbabwean hauliers, and even on the flow of oil through the Beira-Mutare pipeline as soon as Zimbabwe and foreign aid donors had put the revamped infrastructure in place (without any cost to the Mozambicans), while Zimbabwe's troops held off Renamo.

Sources in Harare say officialdom hushed up the ugly news of Mozambique's decision to charge Zimbabwe only slightly less than it would have cost to import the oil in tanker wagons. The transit tariffs have never been published.

Businessman Eddie Cross, one of the pioneers of the Beira corridor from the days when it was a potholed "ambush alley", suggested landlocked Zimbabwe should sue Mozambique in the Hague International Court of Justice.

Innumerable meetings between President Robert Mugabe and his long-time ally, President Joaquim Chissano, have failed to address the impasse, and many businessmen have quietly returned to using SA ports as if Renamo were still ambushing the Beira route.

SA routes are more secure, less prone to delays and demurrage, and have a quicker turn-around time, say business sources.

Zimbabwe and Zambia remain deadlocked over the ownership of Kariba North power station and the Rhodesia Railways assets. This has blocked construction of the urgently needed Batoka hydroelectric dam about 60km below Victoria Falls.

Angola, Botswana, Lesotho, Malawi, Mozambique, Namibia, Swaziland, Tanzania, Zambia and Zimbabwe last year welcomed SA into the SADC, although breaking economic dependence on SA was the body's 1980 foundation stone.

Before SA's entry, the University of Zimbabwe's Prof Tony Hawkins described the SADC as "a lobby" (not a trade-oriented grouping) whose main effectiveness lay in "obtaining aid for uncreditworthy states such as Angola and Zambia".

Economic observers in Zimbabwe say the August SADC summit in Johannesburg highlighted the focal problem: Is the SADC to absorb SA, or will SA — and particularly the SA Customs Union — absorb the SADC?

The summit "raised more questions than it answered about the future", said one prominent Zimbabwean observer.

He noted a lack of mention in Johannesburg of the creation of an SADC court, mooted last year in Namibia, to resolve disputes such as those mentioned here and to create common legal standards essential for trade.

Integration

From the Zimbabwean establishment's point of view, the most ominous statement SA has made about restoring Zimbabwean import preference is one linking it to labour practices: it could be the thin edge of a massive SA wedge regarding Zimbabwe's dubious human rights record, including harassment of unionists.

From an economist's viewpoint, regional integration is hindered by the hard fact that most of SA's neighbours have little to sell it. Unlike their models, the EU states, most of their exports are of primary products, to the developed world and Asia.

However, SA will find it hard to engage in negotiations with them without getting embroiled in their internal social and legal problems. That gives all sides qualms.

SA pledges economic growth role

CT 28/9/95 (279A)

PRETORIA: South Africa has pledged to play its part in promoting economic development in the Southern African Development Community, but has warned member states not to expect miracles from the region's economic giant, it was reported yesterday.

Addressing journalists from SADC countries here, Mr Eben van Rensburg, an official from the Department of Foreign Affairs, said South Africa realised the importance of co-operation, hence its commitment to the economic integration of SADC countries.

"All member states can benefit from integration despite the disparities in the size of the economies of member states.

"We are serious about development of the region, but we also have internal problems to solve."

Mr Van Rensburg said the SADC should concentrate more on regional economic development than on political issues as it had done during the past decade.

He said there was also a need to develop human and natural resources and lessen the region's dependency on international donors. — Sapa

Argus, Wednesday September 27 1995

SA people put first in SADC planning

(279A) ARG 27/9/95

JOHANNESBURG. — Althouhg the government was committed to regional economic and social integration, South Africa's first objective was the upliftment of its own population through the reconstruction and development programme, SADC national spokesman Eben van Rensburg said.

At a briefing to a group of Southern African Development Community journalists in Pretoria, Mr van Rensburg said the government was serious in its approach towards regional unity, but had to address the underdevelopment within its borders, where South Africa lagged behind many of its neighbouring countries.

The journalists are in South Africa as part of a SADC and European Community-sponsored tour of the region.

Mr Van Rensburg said the perception among SADC member states that South Africa was a power in southern Africa ignored the enormous disparaties within the country.

Eight million illegal immigrants had already entered the country to benefit from the perception of South Africa's relative development, he said.

It was important that in order for economic integration to succeed, SADC had to implement a cautious, step-by-step approach, depending on the resources at its disposal.

Mr Van Rensburg said that in spite of the economic disparaties among SADC member states, all countries could benefit from integration.

However, South Africa should not be seen as the donor or big brother of the region.

He said the SADC had made substantial progress towards attaining regional political integration, and should now concentrate purely on economic integration.

"SADC should shift the emphasis towards the development of natural and human resources, of which the region has a lot."

Tour participants have covered SADC projects in Botswana and Mozambique, and will tour Zimbabwe before moving on to Brussels for talks with European Union parliamentarians. — Sapa.

SA assures customs union on trade talks

(279A)

John Dludlu

SA HAS assured the Southern African Customs Union that it would not enter into any trade deal with the European Union, harmful to the interests of its partners in the five-nation trading arrangement.

Trade and industry department chief director for foreign trade relations Faizel Ismail said the government team would seek assurances that any deal would "not undermine the integrity of the customs union" and the Southern African Development Community.

These assurances follow the second round of talks between the two parties, aimed at forging a trade and aid co-operation relationship between SA and the EU, as well as thrashing out the terms of SA's accession to the Lomé Convention.

The EU delegation has a mandate to negotiate a free trade area agreement with SA to accommodate trade relations outside the Lomé framework.

Ismail expressed concern that the mooted free trade area could harm members of the customs union. "We have asked the EU to address our concerns that their proposal stands to undermine the customs union's integrity which binds members to a common external tariff."

Although the EU has given assurances that a mechanism to involve customs union partners in the talks would be instituted, this has not happened.

At the recent talks, the SA party asked EU counterparts to spell out details of the free trade area. These were not available, Ismail said. "Every free trade area in the world is different … these depend on time frames, phase-in periods, products included and those excluded."

Ismail said government would invite SA industries — especially sensitive sectors such as clothing, textiles, motor and electronics — to voice their feelings on the proposed EU deal. SA would reject any deal harmful to its industries or which would force them into premature competition.

If these concerns could not be accommodated, SA would be forced to settle for a less ambitious trade deal with the EU, comprising a combination of the generalised scheme of preferences and limited trade-related Lomé benefits.

The EU has said SA's full accession to Lomé could prove problematic because of the country's relatively large economy. Hurdles would include a special waiver from the World Trade Organisation to allow SA to access Lomé's non-reciprocal trade benefits.

SA's partial accession to Lomé, the most preferential trade accord the EU has with any of its partners, would pave the way for the country's participation in southern Africa region Lomé-funded projects.

BD 27/9/95

Sigcau snubs Brussels trade conference on southern Africa

CT (BR) 18/10/95 (279A)

By John Fraser
Independent Foreign Service

Brussels — The organisers of a major conference in Brussels have been the victims of a dramatic snub by South Africa's Minister for Public Enterprises Stella Sigcau.

She was due to have been a key speaker tomorrow at the conference on investment and trade in southern Africa.

On Monday, however, the organisers — the Club de Bruxelles — received a phone call from Sigcau's office to say she would not be coming.

Despite panic phone calls to the South African Mission to the European Union (EU), it was confirmed yesterday that the minister would not be arriving.

"I am greatly disappointed," said conference organiser Catie Thorburn.

"I can only assume the minister has some urgent matter of state to attend to.

"We were not informed why she has cancelled," said Thorburn.

The conference is of major importance, and will bring together several ministers from the SADC countries with EU officials and businessmen.

The conference is to be opened by the EU Commissioner responsible for Africa, Joao de Deus Pinheiro.

This was not the first setback for the organisers — who initially had hoped to attract Foreign Minister Alfred Nzo to the event.

Nzo — who has so far made no appearance in Brussels since his appointment — also declined the invitation.

Pallo Jordan, the minister of posts, telecommunications and broadcasting, will be attending the conference, however.

He is due to speak on the second day, in a specific debate on information technology and telecommunications.

The upshot is that the South African government is expected to be represented in the debate on South Africa only by its Ambassador to the EU, Neil van Heerden.

There may also be a video speech from a South African minister — which is regarded as very much second best.

The South African business community will be represented in tomorrow's debate on South Africa by Ben van Rensburg, the director of Sacob.

Sigcau is believed to have withdrawn because she did not feel she was fully qualified to talk about trade relations between the EU and South Africa.

However, the gap she is leaving will be a severe embarrassment for the South African government, particularly after leaving it until the last minute to announce her withdrawal.

Trade makes SA a poor neighbour

(279A) ST(BT) 29/10/95

The Economy

Despite the constant talk of neighbourly economic cooperation, the region's politicians have been dithering on measures to achieve just that. Business is leading the way, writes SVEN LUNSCHE.

SOUTH Africa's record to date in dealing with its neighbours suggests that the political rhetoric of closer economic and political co-operation is not matched by action.

With the exception of a new bilateral trade agreement with Zimbabwe — expected to come into effect on Wednesday — South Africa's actions to date have been more of a protectionist nature, as policymakers bow to the business and industrial lobbies.

At the recent annual meeting of the International Monetary Fund, Zambia lambasted South Africa for having easy access to southern Africa "while making access to its market very difficult".

South Africa's chairmanship of the finance and investment portfolio of the Southern African Development Community has so far come to nought.

However, such political intransigence has not deterred South Africa's business sector from taking advantage of collapsing political barriers to make Africa a successful hunting ground.

South Africa's exports to Africa (excluding those of the Southern African Customs Union) have risen more than five-fold between 1987 and 1994, from R1,62-billion to R8,63-billion.

The trade figures for September, released this week, show a 63% year-on-year rise in exports for 1995.

Including SACU countries (Botswana, Namibia, Lesotho and Swaziland), total exports to Africa amount to about R22,5-billion, making Africa the second largest export region after Europe.

Trade with the continent weighs strongly in South Africa's favour: imports totalled R5,7-billion last year, leading to a trade surplus of R16,7-billion.

The surge in trade between South Africa and the region suggests that the prevalence of protective tariffs have not acted as a deterrent to trade.

But overall, intra-African trade is still minimal compared with total global trade which is strongly focused on Europe.

South Africa's emergence has helped to change the pattern but a lot more action is needed.

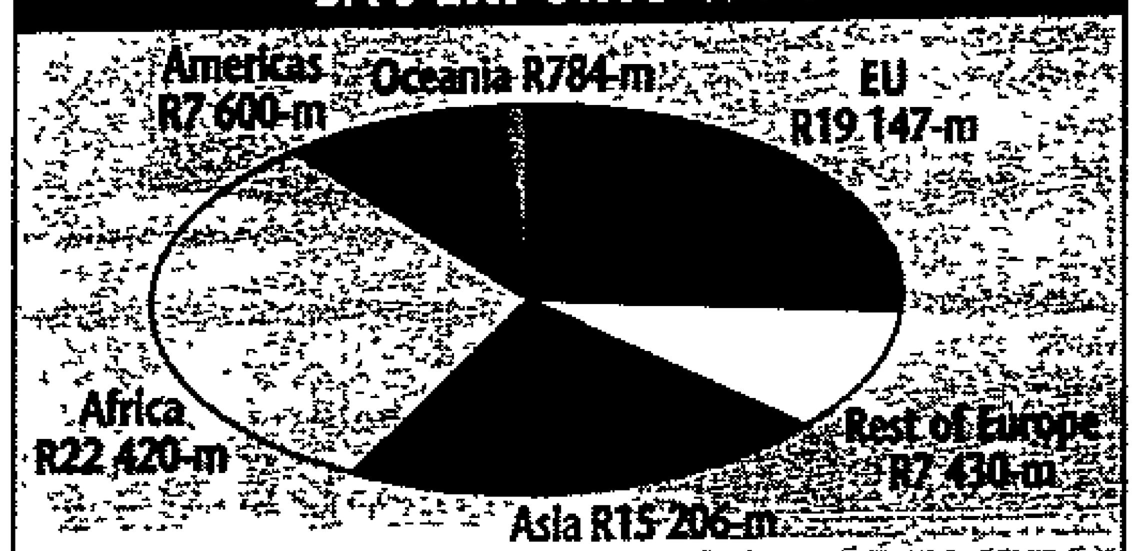
In a recent study the Industrial Development Corporation said the most appropriate focus of efforts at economic integration should be to lift the level of economic development in the region.

"Although important, trade integration through the abolition of trade barriers is perhaps less critical than investment and infrastructural development, since trade reform amongst relatively poor countries is unable to stimulate development in the absence of investment in new economic activity," the IDC said.

The report made three key recommendations to facilitate closer trade:

- ☐ The elimination of exchange controls to allow for a free flow of investment funds, expertise and entrepreneurship.
- ☐ The development of new, and the upgrading of existing, infrastructure.
- ☐ Enhancing the physical integration of the region in functional areas such as water utilisation and electricity supply.

SA's EXPORTS 1994



R30-bn of unclassified exports (mainly gold) excluded
Graphic: FIONA KRISCH Source: MINISTRY OF TRADE AND INDUSTRY

SA's AFRICAN TRADE PARTNERS - 1994

COUNTRY	EXPORTS TO (Rm)	IMPORTS FROM (Rm)	BALANCE
Botswana	4 171,5	566,8	3 604,7
[illegible]	[illegible]	[illegible]	[illegible]
Swaziland	2 816,4	1 147,9	1 668,5
[illegible]	[illegible]	[illegible]	[illegible]
Zimbabwe	2 459,4	1021,6	1 437,8
[illegible]	[illegible]	[illegible]	[illegible]
Zambia	1 158,7	193,9	1 054,8
[illegible]	[illegible]	[illegible]	[illegible]

Source: MINISTRY OF TRADE AND INDUSTRY, NEDCOR ECONOMIC UNIT

SADC seeks trade agreement

THE SOUTHERN African Development Community (SADC) yesterday said its members were meeting in Zambia to find ways of reaching a trade pact with South Africa without including developing states outside SADC. CP 3/12/95

Article 24 of World Trade Organisation (WTO) regulations compel South Africa to extend to all developing countries any new preferences it might extend to SADC members in bilateral trade agreements.

(279A)

SADC set to call special summit on Nigeria

Star 1/12/95 (2797)

Gaborone – Botswana's President Ketumile Masire is set to call a special summit of southern African leaders to discuss sanctions against Nigeria following the hanging of nine minority rights activists last month, it was announced yesterday.

Masire's secretary, Bergsman Sentile, said: "The meeting is being arranged. We are contacting the heads of states to arrange a convenient date."

President Mandela last month asked Masire to convene a summit on Nigeria in his capacity as current chairman of the 12-nation Southern African Development Community (SADC).

A diplomatic source said the summit was expected to be held in South Africa, possibly on December 11.

In Pretoria, a government source said Mandela wanted to report to the SADC on initiatives he had taken to put pressure on Nigeria's military rulers after the arbitrary hangings.

These included telephone conversations with British Prime Minister John Major and US President Bill Clinton urging them to impose a ban on purchase of Nigerian oil, the country's most important export.

Mandela also summoned top local officials of the Shell oil company, which has major interests in Nigeria, to demand that Royal Dutch/Shell pulls out of Nigeria.

Washington has rejected an oil embargo and Britain has not ruled out sanctions against Nigeria's military rulers.

Diplomatic sources said Mandela had been furious last month when he learned of the hangings while attending the Commonwealth summit in New Zealand.

They said he told fellow Commonwealth leaders he expected his policy of quiet diplomacy to save the lives of the nine men.

The New Zealand summit suspended Nigeria from the Commonwealth and gave its military rulers two years in which to return the country to civilian rule.

A South African source said Pretoria expected SADC states to reach a common consensus consistent with the Commonwealth agreement on Nigeria.

Diplomatic sources said, however, that some SADC countries were wary of South Africa's summit call.

One source said Pretoria should have prepared the way better by sending a special envoy to regional leaders – Reuters.

Power pool could lower regional costs

BD 19/12/95 (279A)

Michael Hartnack

HARARE — Regional power prices were expected to become more competitive and "least cost" generation projects would be adopted following the formation of a 10 nation "southern African power pool", the Zimbabwe Electricity Supply Authority (Zesa) said yesterday.

Zesa predicted large-scale hydroelectric schemes, such as that at the Zambezi River's Batoka Gorge, 60km below Victoria Falls, "would become viable under the power pool arrangement".

Zesa welcomed Friday's signing of a memorandum of understanding linking SA, Angola, Botswana, Namibia, Malawi, Mozambique, Swaziland, Tanzania, Zaire and Zimbabwe.

The Lesotho Electricity Corporation and the Zambia Electricity Supply Corporation were expected to sign once their governments had signed the memorandum.

Zesa, Eskom, the Botswana Power Corporation, EDM of Mozambique and Snel of Zaire had already signed an operating agreement regulating day to day pooling of electrical power.

BD 28/12/95

EU to promote intra-regional trade

(SEP 9 (279A)

HARARE — The Southern African Development Community and the EU have pledged to strengthen co-operation to promote intra-regional trade in southern Africa, focusing on small and medium-scale enterprises.

The SADC said yesterday other priorities for next year agreed at a recent meeting of EU and SADC officials in Madrid, Spain, were strengthening democracy in the SADC, development and management of water and energy resources, as well as fighting the AIDS scourge.

The meeting was co-chaired by Miguel Angel Moratinos, director-general for Africa and the Middle East in the Spanish ministry of foreign affairs, and C Lekaukau, chairman of the SADC standing committee of officials.

The SADC said delegates welcomed progress achieved in developing relations between the EU and SADC since the Berlin ministerial meeting held in September 1994.

The delegates reviewed co-operation between the EU and discussed the promotion of regional integration in the SADC.

"The meeting agreed that the relationship should continue to develop and expand ... and in this context underlined the importance of holding a ministerial meeting as soon as possible in southern Africa," it said. — Sapa.

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Mandela seeks SADC action against Nigeria

CT 11/12/95 (279A)

JOHANNESBURG: President Nelson Mandela is expected to press a summit of Southern African Development Community leaders for sanctions, including a punishing oil embargo, against Nigeria's military regime, diplomatic sources say.

Mr Mandela has spearheaded a campaign for action against General Sani Abacha's regime since it executed nine government opponents last month.

Despite Mr Mandela's vigorous efforts, calls for an oil embargo, which would cut Nigeria to the quick, have gone unheeded.

So far only Zimbabwe President Robert Mugabe has supported Mr Mandela's campaign for tougher sanctions, but South Africa hopes to persuade its neighbours to adopt a common position during today's summit of the 12-member SADC.

"The Nigerian issue is very complicated and is at a most delicate stage," one observer said. "(Today's) SADC summit could be decisive to the long-term democratic future of Nigeria."

After meeting Commonwealth secretary-general Chief Emeka Anyaoku, Mr Mandela called last week for tighter sanctions against Nigeria. He said he intended to co-ordinate with the SADC to ensure action that was as "uniform as possible".

He has stated his belief that South Africa, scarred by its apartheid past, has a moral obligation to defend democracy on the African continent.

Diplomatic sources quoted by Sapa said South Africa was moving towards "a twin approach — punishing Gen Abacha with sanctions and encouraging dialogue to press for a return to civilian rule". — Sapa-AFP

Standard in Madagascar

Finance Staff [redacted] 2794

Standard Bank has continued its expansion in southern Africa with the opening of a new bank in Madagascar last week.

The bank, Union Commercial Bank SA, is a joint venture between Standard and the Mauritius Commercial Bank.

Standard says the bank will concentrate on providing letters of credit, foreign exchange and related financial services, mainly to business customers. STAR

Standard Bank last year acquired the African operations of ANZ Grindlays. 1/11/93

B/Day 12/1/93

Railway upgrading

THE National Railways of Zimbabwe will spend more than Z$1,42bn over the next 10 years acquiring new locomotives and wagons and rehabilitating signal and telecommunications equipment. 2797

An SADC report said more than Z$32m in foreign funding and Z$30m in local funding had been secured.