S.A.D.C — 1996

JANUARY — ~~JULY~~ DEC

Namibian summit of rival trade groups cancelled

(279A)

Star 10/1/96

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

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

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

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

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

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

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

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

Some Western donors have advocated the splitting of Comesa into separate trade groupings, saying the overlapping of programmes stretched scarce resources. – Reuters.

Comesa's summit could be held in Lusaka

By Ian MacKenzie

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

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

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

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

There was no immediate reaction from the Zambian government.

Comesa and the 12-nation Southern African Development Community (SADC) had originally planned to hold a summit in conjunction with the Comesa gathering to discuss relations between the two groups and their future.

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

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

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

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

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

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

Namibia had officially cited financial problems

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

Mutharika said there were no critical issues facing Comesa

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

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

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

Comesa was established in December 1994 to replace the former preferential trade area for eastern and southern Africa.

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

Of the 12 SADC members, only South Africa and Botswana do not also belong to Comesa. — Reuter

(279A) CT (BR) 11/1/96

Region's food supply 'depends on ability to save scarce water'

(279A) BD 19/1/96

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

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

"But the real concern is for the future," he said.

The early warning unit of the 12-nation Southern African Development Community (SADC), stretching from Tanzania to SA, expects a total regional grain crop for the 1995/96 season of 16,3-million tons, up from last season's 11,10-million tons.

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

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

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

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

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

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

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

Regional talks likely to focus on two crises

Star 25/1/96 (279A)

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

By Dale Lautenbach
Foreign Editor

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

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

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

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

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

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

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

'Lesotho option' in the offing

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

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

SADC plan to lessen aid with investment

Star 29/1/96 (279A)

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

Cabinet ministers from 12 southern African states met yesterday to discuss development and other economic issues affecting the lives of 133 million people.

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

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

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

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

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

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

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

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

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

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

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

However, SADC spokesman Kgosinkwe Moesi said the grouping now wanted a more comprehensive relationship among member states, including the spheres of culture, politics and society.– Reuters.

Model C schools set to stay

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

Star 31/1/96

EDUCATION REPORTER

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

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

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

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

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

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

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

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

In terms of governance, the draft proposes that:

■ Decision-making be shared among parents, teachers, the community and learners.

■ Each public school have a governing body which conforms to the norms and standards laid down by its provincial education department. Other representative and deliberative structures within schools should support, but not replace, the governing body. While parental rights are bolstered by this clause, their exact representation on the governing body is still to be decided.

■ Each public-school governing body should be responsible for a set of basic functions ("basic powers") and should be entitled to negotiate with its provincial education department to take responsibility for additional powers ("negotiated powers").

While the categories of these basic and negotiated powers are not outlined in the draft, basic powers may include the ability to:

■ Recommend teachers for appointment by the provincial authority.

■ Select temporary teachers for appointment.

■ Appoint administrative staff.

■ Set school times, the timetable, curriculum choices, extra-mural curricula, and codes of behaviour for staff and pupils.

■ Raise funds, control finances and set school budgets.

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

Pledge to boost trade links in southern Africa

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

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

"The most important decision is related to co-operation, in particular the trade protocol," SADC executive secretary Kaire Mbuende told a news briefing.

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

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

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

SADC ministers also met yesterday with the Nordic countries, which have been active in the region since 1986 through the so-called Nordic Initiative.

Botswana Foreign Affairs Minister Mompati Merafhe said at the opening session that the initiative had largely failed to bring significant investment to the region or increase trade substantially over the past decade. – Reuters.

Star 31/1/96 (279A)

CT (BR) 31/1/96

Green light for regional trade plans

(2-79A)

From Reuter

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

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

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

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

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

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

SADC wants changes

Sowetan 1/2/96 (279A)

Body hopes trade barriers will go first

By **Mzimkulu Malunga**

IF THE PROGRAMME tabled at the Southern African Development Community's Council of Ministers in Midrand this week is implemented, Southern Africa could be a totally different place within the next few years.

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

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

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

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

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

SADC's secretary general Dr Kaire Mbuende

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

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

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

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

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

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

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

Swedes keen to help informal sector

Sowetan 1/2/96

By **Joshua Raboroko**

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

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

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

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

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

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

"Swedes' investment will help many of our marginalised communities to start businesses," he says.

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

Texfed demands transparency from the DTI

Sowetan 1/2/96

By **Shadrack Mashalaba**

THE Textile Federation has called on the Department of Trade and Industry to reveal its secrecy on its proposed trade pact with the Peoples' Republic of China.

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

Enforcing regulations

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

King adds that the textile industry makes a net contribution of R8 billion to South Africa's balance of trade and employs 360 000 people.

Regional policy a must — Mandela

BD 2/2/96 (279A) ~~(297A)~~

Lukanyo Mnyanda
and Lucky Madikiza

SOUTHERN African Development Community countries had to adopt policies benefiting the whole region and resist trying to solve problems that had only short-term advantages for individual nations, President Nelson Mandela said yesterday.

He told the SADC conference in Midrand that southern Africa was expected to settle on a trade protocol soon, allowing the region to present itself as a single bloc.

Negotiations on rules and regulations governing trade in the region were under way and these would result in a broader scope for joint ventures and the development of investor networks.

Increased co-operation would also benefit the region, by earning it more foreign exchange and creating employment.

"We are aware that we have only made a start, and that policies that ensure success are not necessarily easy choices for us.

"Nor do they bring instantaneous results. It is therefore imperative that we stay focused on the main goal," he said.

Regional co-operation in infrastructure, and natural resources, tourism, and the management of the ecosystems were a key to turning southern Africa into a prosperous region with higher standards of living, he said.

The region, now characterised by political stability and democracy, was on the verge of an economic breakthrough and had become an ideal investment destination.

European Commission member Jao de Deus Pinhero told the conference the presence of the private sector for the first time, at an SADC conference, was encouraging as the generation of wealth and economic growth was largely dependent on private enterprise.

He said southern Africa's democratisation process was an example to the rest of the world, paving the way for the creation of a climate conducive to investment and sustainable economic growth.

US agency for international development administrater Brian Atwood said US President Bill Clinton would send Congress a new African trade and development policy.

The policy would see the US focus on development of the African private sector, improving infrastructure, promoting trade and investment, and economic reforms.

Atwood said a $100m US-funded southern Africa enterprise development fund would open its headquarters in Johanneburg and would start financing projects within the next six months.

UK Overseas Development Minister Lynda Chalker will give a news conference later today, at which she is expected to announce new British aid initiatives for SA, bringing bilateral aid up to R250m since the 1994 general elections.

Deputy Foreign Affairs Minister Aziz Pahad, President Nelson Mandela and Southern African Development Community chairman Festus Mogae, who is also Botswana's vice president, at yesterday's official opening ceremony of the SADC conference in Midrand outside Johannesburg. Picture: ROBERT BOTHA

Single economy plan for Southern Africa

279A

By Themba Molefe
Political Correspondent

Sowetan 2/2/96

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

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

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

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

Combined capacity

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

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

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

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

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

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

"As donor resources continue to shrink, closer coordination is more important now than ever before," he said.

Regional co-operation key to success, says Mandela

Star 2/2/96

By Jovial Rantao

Political Reporter

(279A)

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

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

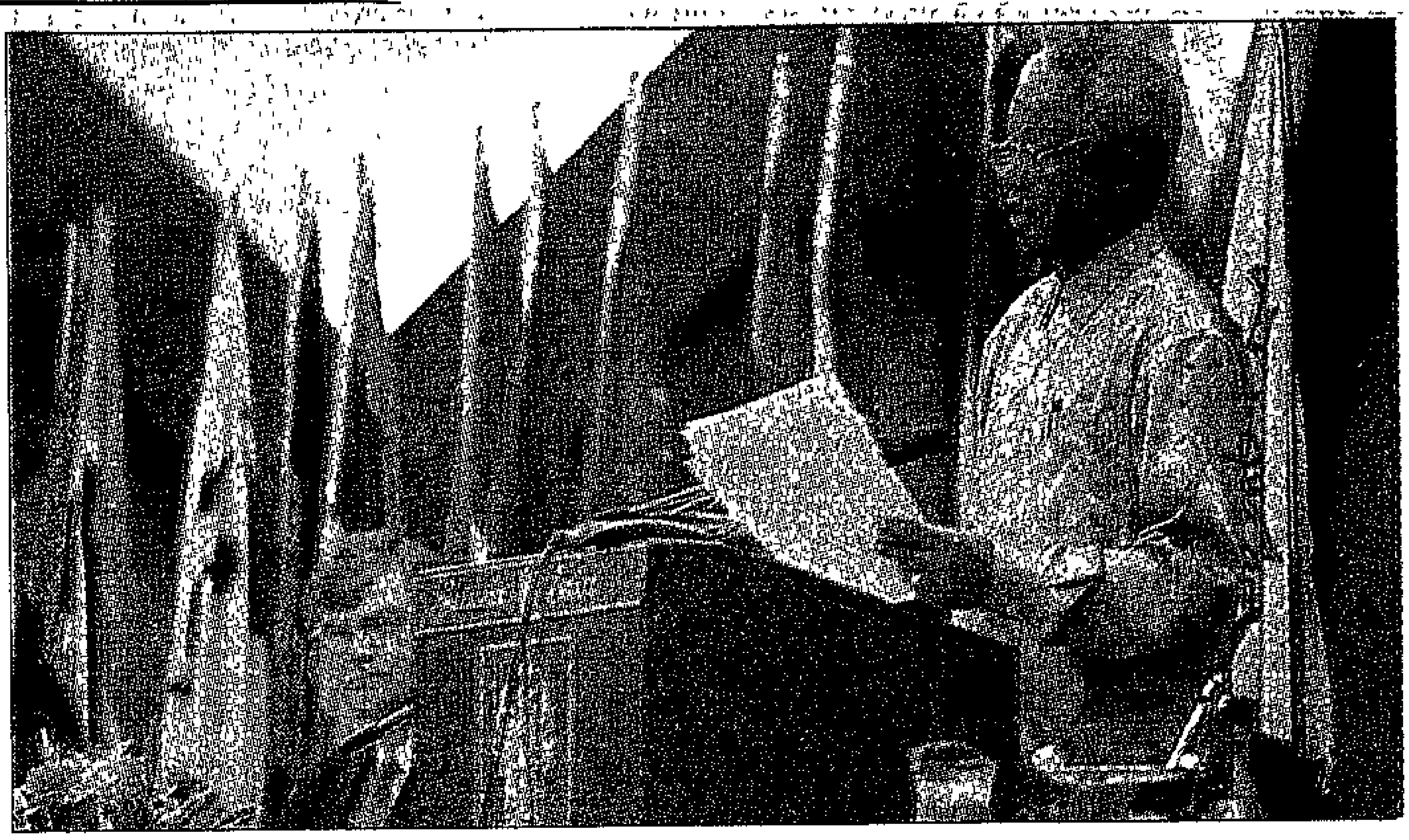
"Southern Africa has most of the characteristics of a winning region. We need to capitalise on the mutual beneficial possibilities and harmonise our strategies on matters of common interest."

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

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

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

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



CLOSER TIES *President Nelson Mandela stressed the need for regional co-operation at the opening of the SADC conference on trade and investment in Midrand yesterday* PHOTO JOHN WOODROOF

SA urged to develop private sector

ST (PTA) 2/2/96 (279A)

BY THABO LESHILO

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

Representatives from SADC member-states and their international trade partners said the key to prosperity for the region's 130 million people lay in the development of small and medium enterprises.

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

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

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

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

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

Trade is basis for regional co-operation, says Chalker

(279A) Star 3/2/96

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

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

CHALKER: Advised SADC to avoid master plan

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

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

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

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

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

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

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

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

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

It had to overcome fears that it might benefit economically at their expense, she said. – Sapa

SA trade policies unfair — SADC

BD 5/2/96 (279A)

Lukanyo Mnyanda

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

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

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

Meanwhile Sapa and IPS report that SA's exports to the rest of Africa jumped to $6,3bn in 1994 from $456m in 1987 while imports from the rest of the continent stagnated at an average $1,6bn annually between 1987 and 1994.

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

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

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

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

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

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

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

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

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

"The exact amount will depend on the proposals made by the various government departments. In 1995 France advanced Ff441m to SA, 40% higher than the previous year, which was used mainly for water, electrification and housing projects.

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

In contrast, French president Jacques Chirac was pushing for a greater commitment to global cooperation and aid.

SADC tells states to pay or get out

(27911)

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

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

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

Star 5/9/96

SA's absence adds fuel to SADC fire

(229A) CT(BR) 5/2/96

By Jean-Jacques Cornish

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

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

Certainly, Festus Mogae, Botswana's vice president and minister of finance and development planning, who chaired the two-day conference, did not mince his words.

"The meetings started badly because our South African colleagues denied us adequate contact with their president," he said.

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

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

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

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

Idasa moots SADC peacekeeping plan

(27919)

Stephen Laufer

BD 7/2/96

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

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

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

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

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

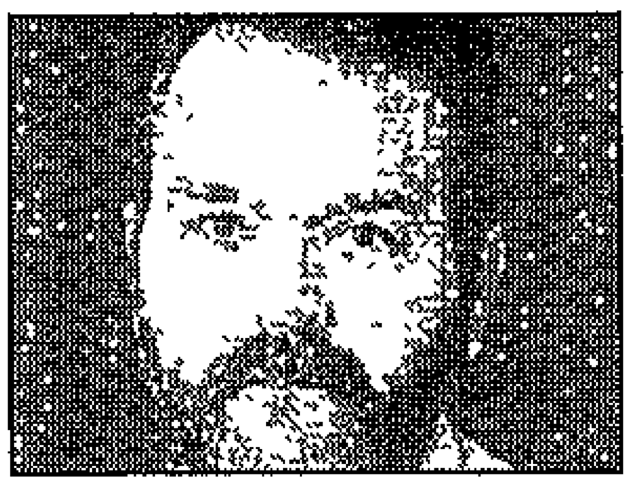
Military and diplomatic representatives agreed the peacekeeping centre should be patterned along the lines of Nato's Clearing House, which co-ordinates efforts by the Partners for Peace group, an organisation of Nato member states and former Soviet countries.

RUM

SA must be honest with neighbours

(279A) CT (BR) 8/2/96

DIPLOMATIC VIEW



BY JEAN-JACQUES CORNISH

The angry close to the SADC meeting shows how much work SA must do on foreign policy

TEMPESTUOUS *Louis Farrakhan met President Mandela during his recent trip to South Africa* PHOTO TJ LEMON

South Africans ask too much of President Nelson Mandela They expect him to be present at, and involved in, far more things than one man possibly can.

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

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

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

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

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

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

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

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

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

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

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

As in politics, perceptions in foreign affairs are as important as the reality. The message sent by the ministers' empty seats at the SADC enforced the argument of those who say South Africa's declared policy of prioritising relations with southern Africa is mere lip service.

South Africa's trade relations with its neighbours have strengthened this position Members of the rand currency union — Lesotho and Swaziland — get a far better deal than the rest of the SADC

South Africa has repeatedly told its community partners that things like export subsidies are part of apartheid's hangover Added to this has been South Africa's assurance that, while it cannot be done overnight, the trading floor will be levelled eventually.

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

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

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

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

POPULAR *President Mandela*

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

Malawi urges SADC to improve efficiency

12/2/96 CT (BR) (279A)

By Thabo Leshilo

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

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

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

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

They said this destabilised their economies and explained the trade imbalance between South Africa and the rest of the continent. The country exported goods worth \$6,3 billion to Africa but imported only \$1,6 billion in 1994.

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

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

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

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

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

Good rains this season are expected to result in a good harvest of Malawi's major crops. Tough fiscal and monetary policies, including putting the government on a cash budget, are in place to reduce the inflation rate from about 50 percent to 5 percent by 1998, and bring down interest rates from about 46 percent to 15 percent. The country has a gross domestic product of R5,5 billion.

ENGINE OF GROWTH *Aleke Banda, Malawi's minister of finance, economic planning and development, said the SADC member countries should take advantage of South Africa's economic strength in the region rather than complain about its domination*

PHOTO JOHN WOODROOF

SA 'not serious' about co-operation

(279A) BD 15/2/96

Michael Hartnack

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

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

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

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

Sifelani said a review of trade problems given by Natal University's Prof Gavin Maasdorp gave him the impression there were no hopes of reviving Zimbabwe's lapsed 1964 most favoured nation pact with SA.

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

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

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

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

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

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

3 die in taxi altercation

Theo Rawana

BD 15/2/96

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

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

She said 27 people were arrested.

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

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

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

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

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

Regional construction pact signed

Robyn Chalmers

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

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

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

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

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

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

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

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

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

(279A) BD 16/2/96

Some mental hospitals unsuitable for patients

BD 16/2/96

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

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

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

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

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

It described filthy conditions at several hospitals.

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

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

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

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

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

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

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

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

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

SA 'may ruin its markets'

BD 16/2/96 (279A)

Michael Hartnack

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

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

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

"This attitude, apparently to fulfil short-term gains, is ultimately to the detriment of SA itself," Makoni said in an address punctuated by applause from the 140 delegates from all 12 SADC states. Zimbabwe, which has dropped export incentive payments under pressure from the IMF, claims SA exporters retain an unfair advantage through Pretoria's continuing subsidy system and the punitive tariff barriers affecting Zimbabwe's exports to SA of textiles, clothing, footwear and electrical goods.

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

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

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

Southern Africa needed to harmonise its economic and political paradigms to achieve real unity, he said.

Defined roles for Comesa, SADC may end confusion

CT(BR) 16/2/96 (879A)

By Stuart Rutherford

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

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

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

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

Its aim is to establish a customs union by 2004.

South Africa is a member of SADC but not of the 23-member Comesa.

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

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

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

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

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

"However, it is accepted now that the government also has a role in providing public goods to promote intra-regional trade expansion," said Maasdorp.

SADC ends trade dispute: The Southern African Development Community secretariat directed Pretoria to open its trade to Zambia and other neighbours which had the capacity and potential to export to South Africa, effectively ending a trade dispute, the chairman of Zambia's manufacturers' association, Mark O'Donnel said yesterday. (279A) (~~24~~) CT (BR) 8/2/96

Govt 'long on promises' to assist poor neighbours

(274A) BD 19/2/96

John Dludlu

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

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

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

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

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

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

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

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

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

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

Cassim said the SADC free trade accord would benefit SA and would be politically easier to sell to both labour and business than the current talks on free trade with the 15-nation European Union.

Housing Trust 'spared' stepped-up bond boycott

Robyn Chalmers BD 19/2/96

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

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

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

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

African business leaders aim for regional integration

Michael Hartnack BD 19/2/96

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

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

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

A closing summary demanded a movement away from "national individualism" and the narrow nationalistic economic policies pursued in the past by political leaders in isolation from business communities' views.

The conference was boycotted by the secretariats of the two official regional integration bodies, SADC, based in Gaborone and the Common Market for East, Central and Southern Africa, commonly known as Comesa.

UN: Poverty threatens regional economic advances

(27917) CT (BR) 20/2/96

FROM SAPA AND AFP

Cape Town — Recent economic and social advances in southern Africa were being threatened by increasing poverty, Fawzi Hamad al-Sultan, the president of the United Nations' International Fund for Agricultural Development, said yesterday.

"The number of poor has increased in recent years and will continue to rise unless decisive steps are taken … even the more fortunate countries cannot insulate themselves from the effects of poverty in their neighbours," al-Sultan said.

He was speaking at the opening of a four-day international workshop on alleviating rural poverty. The workshop was organised by the fund, the Southern African Development Community (SADC) and the World Bank.

Past agricultural and rural development policies had failed to stem the rising number of rural poor, while some policies had made their conditions worse, he said.

Other policies had failed because they had been unsuccessful in mobilising resources commensurate with the problem or because policies such as subsidies had been financially unsustainable.

A clear policy commitment to rural development, particularly small scale agriculture and a commitment of sufficient resources, was needed to overcome the problem, he said.

Katherine Marshall, the southern African director of the World Bank, called for action rather than talk from the governments of southern Africa.

Governments needed to make rural poverty the focus of their national policies if poverty was to be alleviated.

She said evidence of their lack of commitment could be seen in the low budget allocations for socio-economic development of the poor.

Earlier, Deputy President Thabo Mbeki told delegates it was obvious that an integrated approach was needed to deal with the challenge of poverty alleviation

On small-scale agriculture, he said it was necessary to ensure land tenure systems did not discourage agricultural growth

The issue of communal land and the role of traditional leaders needed to be addressed in this context, he said.

Mbeki stressed that "if we succeed in meeting the challenge of development in the rural areas, we would have taken a decisive step in meeting the challenge of poverty in the country as a whole".

The fund's figures showed that 80 percent of impoverished people in sub-Saharan Africa lived outside the towns.

In South Africa, between 36 percent and 52 percent of the population lived below the poverty threshold and 55 percent of those were black.

The unemployment rate in rural areas was 40 percent compared with 25 percent in the towns.

"Countries of the region share a common destiny," Mbeki said. "All of us are confronted by the big challenge of rural poverty."

• The SADC member states include Angola, Botswana, Lesotho, Mauritius, Malawi, Mozambique, Namibia, South Africa, Swaziland, Tanzania, Zambia, and Zimbabwe

Cape Town — South Africa's social indicators and income inequality record were among the worst in the world compared with similar middle-income developing countries such as Brazil, Malaysia and Thailand, a World Bank report said.

The report was made available yesterday to delegates at an international workshop on alleviating poverty in southern Africa.

The study found that social indicators such as health, education, safe water and fertility did not differ much from some low-income sub-Saharan countries.

If South Africa's indicators were limited to blacks, the country's social indicators were worse than a much poorer country such as Kenya.

The report said that between 36 and 52 percent of South Africans were poor, with at least 45 percent being below 16 years of age.

Almost 95 percent of the country's poor were black, 5 percent coloured and less than 1 percent Indian or white.

About 66 percent of the poor lived in rural areas concentrated in the former homelands and self-governing territories of the Eastern Cape (24 percent), KwaZulu Natal (21 percent) and the Northern Province (18 percent).

Compared with the poor in urban and metropolitan areas, rural poor suffered higher unemployment rates and lower education, and had less access to services, such as water and electricity, and productive resources.

Households headed by women had a 50 percent higher poverty rate than male-headed households, while a higher proportion of working-age women lived in poor households, the report said. — Sapa

(279A)

Experts focus on rural poor

(241)

Staff Reporter

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

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

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

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

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

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

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

ARG 20/2/96

FOCUS

Michael Hartnack

Victoria Falls delegates insulated from hard reality

(279A) BD 21/2/96

HARARE — Five-star hotels, where international conferences are held, have been compared before to space ships, capsules intellectually insulated from the locality.

So it seemed at times at Victoria Falls, where 240 delegates from all 12 Southern African Development Community (SADC) states, plus Uganda, Kenya and Tanzania, gathered last week to try to break the long stalemate over establishment of real regional economic integration.

The 1982-92 SADC executive secretary Simba Makoni, now a prominent Zimbabwean businessman, voiced scepticism that intra-regional trade amounted to even 5% of the total, although this is an oft-quoted figure. Most trade in primary products went straight to Europe and North America, which sent back their manufactures.

Opening the conference, German ambassador to Zimbabwe Count Norwin von Leutrum uttered the conventional First World wisdom when he said a global spirit of "economic and technological dynamism" was abolishing national boundaries. Distinguished German academic expert Martin Kramer said free internal movement of capital and labour was vital for southern Africa to survive amid the world's other, powerful, trade blocks.

However, the landscape seen from the aircraft as we descended to Victoria Falls gave a frighteningly different perspective — tending to reinforce the view of Zimbabwe Deputy Labour Minister Alois Mangwende that employment problems, and the threat of mass migration, lie at the root of all regional integration problems.

Northern Matabeleland was a chequerboard of pink squares against the green bush, showing where (despite the best rains for a decade) illegal squatters' maize crops had failed, exposing exhausted soils to erosion they were spared when under forest.

What economic and technological dynamism at grassroots level?

People from the area constitute the bulk of the 440 000 unskilled Zimbabwean jobseekers in SA. Many are there illegally, allegedly a threat to SA's efforts to uplift its own poor.

Africa cannot isolate itself from global trends, warn the First World experts, but bitter experience proves that national governments have not given up trying.

Faced with eroding soils and exploding populations, states continue — as Zambian industrialist David Frost reminded the Falls conference — to put political priorities first. Most still dream of having total control of a single (national) queue for access to scarce resources and inadequate modern institutions, enabling them to move the most deserving — their key supporters — to the front.

Confederation of Zimbabwean Industries president Jonah Wakatama scored a bullseye with a warning that real progress towards regional integration meant surrender of national sovereignty. In other words, it means even greater importance for the other queue for resources and modern institutions, which is (of necessity) tolerated by national governments. It is formed by those exporters of goods and services who have direct access to the mighty world economy. Governments see these queue-members as a spine-chilling political threat, and call them (of necessity) a moral obscenity.

Makoni, speaking from a wealth of practical experience, said steps towards vital regional integration must now come from the private sector, not from the politicians who in the past adopted resounding — and often contradictory — protocols at one summit after another. Private sector leaders must define common economic and other paradigms, said Makoni, who is tipped as a candidate for finance minister.

Conferences in five-star hotels tend to be encapsulated not only from the surrounding locale, but from other conference "capsules". Makoni was probably unaware that, just more than a year ago, southern Africa's top judges and jurists urged the establishment of a regional court to oversee and enforce a regional declaration of rights.

The gulf between SA and Zimbabwe over "gender orientation" proves that individual rights may be harder to sell to political leaders than the urgent establishment of a regional commercial arbitration mechanism.

The sheer need for regional economic survival in a harsh world could see real progress towards convention of this court if the lawyers and the private sector business chiefs link hands.

For example, Zambia and Zimbabwe face legal bills of millions of dollars in hard currency if they take their current disputes on the assets of Rhodesia Railways and the Central African Power Corporation to the court at The Hague, as scheduled.

Convening a regional arbitration court, under jurists of the stature of SA's Judge Richard Goldstone, would be quicker, cheaper, and carry greater moral authority.

Resolution would clear the way for construction of the overdue Batoka Gorge power station.

At Victoria Falls, Esabo — the East and Southern African Association of Business Organisations — was mandated to take this initiative. It could ask the lawyers to help draft practical paradigms for practical businessmen, enforceable in law throughout the region.

More women in the room! urges World Bank director

ARG 23/2/96 (279A)

ANDREA WEISS, Staff Reporter

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

Ms Marshall was speaking at the closure of a workshop on alleviating rural poverty, hosted by the United Nations' Fund for Agricultural Development, the World Bank and the SADC.

Women were cited at the conference as being among the poorest of the poor in the subregion, which is also regarded as one of the poorest regions in the world.

Ms Marshall said that if a follow-up conference was to be held in the year 2001, she would like to see five benchmark positions having been achieved.

This would be having "more women in the room", 30 case studies of successful microcredit, data on increasing forests, diversification of agriculture and a dramatic drop in child malnutrition.

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

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

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

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

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

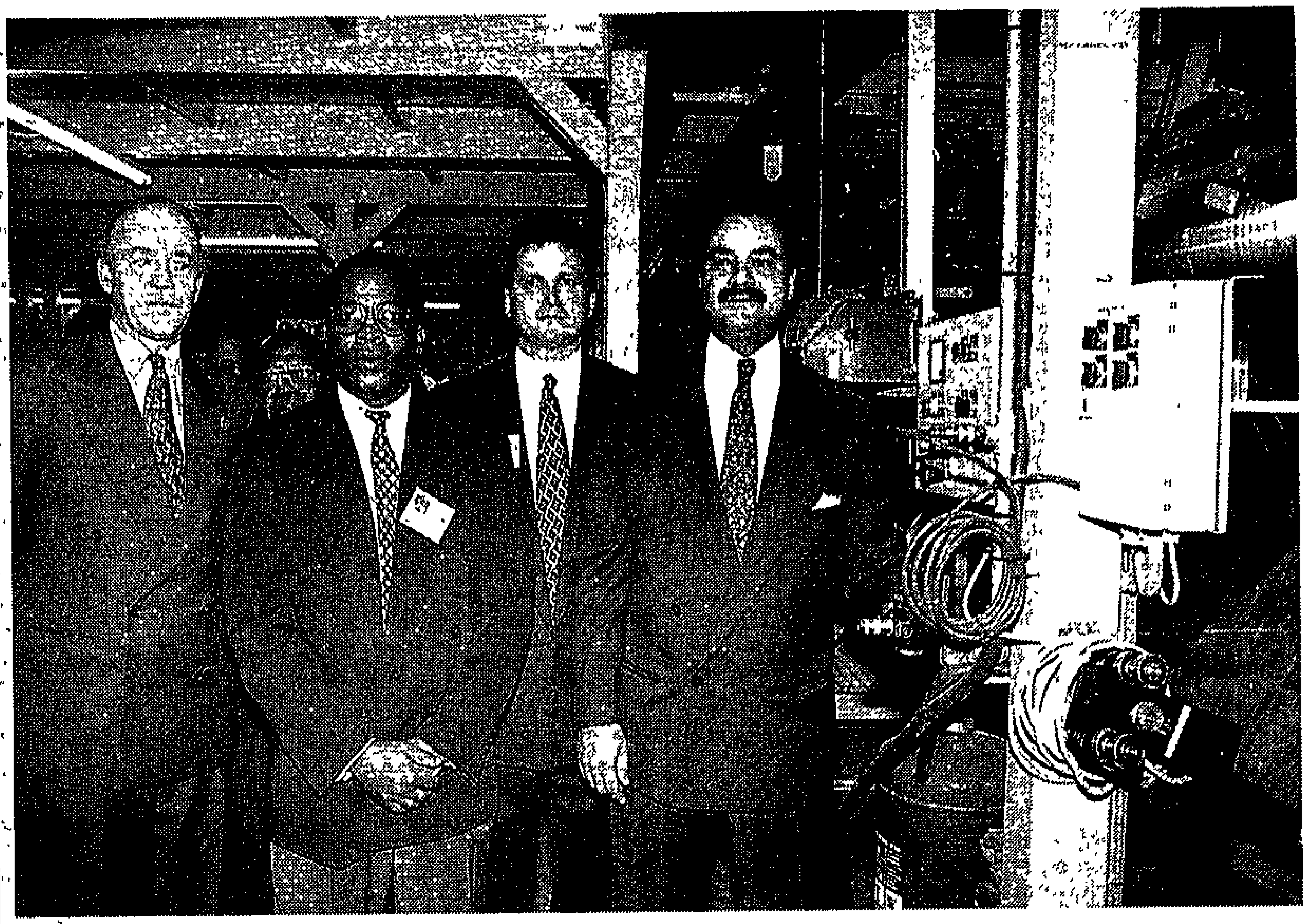
They were asking for special representation within the organisation in the form of a women's desk.

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

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

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

- In South Africa, female-headed households were more than 50 percent poorer than male-headed households.
- In Botswana, about 70 percent of non-cattle owning households were female-headed, leaving them among the poorest and most socially and economically vulnerable group.
- In Lesotho, while women were better educated at the lower levels, men were more likely to form part of the labour force.
- In Malawi, female-headed households had the least land, with male-headed households having twice as much possibility to cultivate more than one hectare of land.



US Secretary of Commerce Ron Brown, right, on Saturday ceremonially set in motion the Owens Corning Pipe Botswana operation in Gaborone. The plant will manufacture large diameter pipe for Botswana's US$330m North South Carrier Project, which entails the construction of the Letsibogo Dam and a 360km pipeline to carry water to the south of the country. With Brown are, from left, Owens Corning sales and marketing manager Jean Strasse, production manager Enoch Mbuya and GM Bryan Lemar. Picture: Danie Coetzer

BD 26/2/96

US and SADC sign trade deal

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

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

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

Six sectors were seen as having potential for growth: telecommunications, agribusiness, energy, infrastructure, financial services, and tourism. — Sapa.

(279A)

SADC-US deal to boost trade

(279A) (BR) 26/2/96

By Ross Herbert

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

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

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

The US provides only 7,7 percent of sub-Saharan Africa's foreign purchases, while Europe accounts for 40 percent.

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

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

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

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

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

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

Privatisation

Devalued rand hits neighbours

(279A) CT (Bor) 27/2/96

By Tony Hawkins

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

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

They criticised South Africa's "dumping" and "protectionism" at last month's Southern African Development Community meeting.

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

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

In the past month, the kwacha has tumbled from 1 000 to the US dollar to 1 094. This drop compensates for the rand's fall. Zimbabwe is in a different boat.

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

Second, its industrial base has come under threat from South African imports since Harare dismantled import quotas and has relied on tariffs to protect domestic manufacturing. Third, Zimbabwe has revalued from a rate of 2,58 to the rand early this month to 2,44.

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

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

Last year's provisional numbers suggest a net capital inflow of about US$328 million. This is enough to leave the country with an overall payments surplus of about US$60 million, including official transfers.

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

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

Last week, Zimbabwe announced year-on-year inflation of 28 percent in January. Most analysts believe that this probably marks the turning point in Zimbabwe's inflation cycle, at least for the short term, and that inflation will fall below 20 percent towards the end of the year. Inflation averaged 22,6 percent in Zimbabwe last year.

Even if South African inflation accelerates from last year's 8,7 percent average, the inflation gap between the two countries will still be well over 10 points this year. This, plus South Africa's growing trade surplus with Zimbabwe, means that the Zimbabwean dollar needs to adjust.

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

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

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

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

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

☐ Tony Hawkins is a professor of business studies and the director of the MBA programme at the University of Zimbabwe

SADC complains of SA trade dominance

(279A) CT (BR) 27/2/96

By Ross Herbert

Gabarone — The summit meeting last weekend between the Southern African Development Community (SADC) and the United States Commerce Secretary, Ron Brown, was to promote regional trade with the US

But more on the minds of delegates was South Africa's growing dominance of the region. Trade ministers complained to Brown about the country's tariffs and protectionist policies.

"Those issues were clearly raised with me for a purpose, but I think that they are better left to the SADC to resolve," Brown said.

The problem was South Africa's rapidly widening trade deficit with Africa The South African Trade Organisation said that in the first three quarters of last year, the country's exports to Africa jumped 52 percent but imports from Africa grew only 19 percent. In the same period, South Africa's exports with its top 40 partners grew 14 percent

The trade gap was concentrated in the SADC, whose 12 members represented about 70 percent of South Africa's African trade. South Africa's largest trade partner was Zimbabwe, followed by Mozambique, Zambia and Kenya. Last year, imports from Zimbabwe fell 1 percent while exports to it rose 54 percent. Mozambique sold 22 percent more to South Africa last year but imported 61 percent more.

South Africa's neighbours complained that the products traded were shifting in South Africa's favour. Most of the country's exports were manufactured goods, chemicals, and vehicles. Imports were low-tech items such as precious stones and metals, vegetables, base minerals and wood.

Textiles, the most disputed issue in SADC negotiations, was the major import to South Africa from the region, representing R403 million.

Tensions led many participants to question the SADC's effectiveness. Business leaders said the organisation was too bureaucratic, focused too much on government programmes and failed to share information with business.

"The sort of problems these guys are raising, you have to solve by taking things out of the hands of government. We have gotten bound up in this nightmare of red-tape. That is the SADC problem," said Dave Arkwright, a specialist with the Development Bank of Southern Africa.

Brown, who visited six countries in a week-long trade mission, said the trip signalled his intention to make trade the top priority in dealings with the region. Figures showed US business in the region was increasing

Bill Mallory, the chairman of the American Chamber of Commerce in South Africa, said more than 700 US companies operated in South Africa, up from 500 a year ago. The Chamber's 275 members employed 750 000 people in South Africa, he said

In 1994, the US was South Africa's third-largest trading partner behind Germany and the United Kingdom. Figures showed that for the first three quarters of last year, the US was fourth, selling R40 million less than Japan

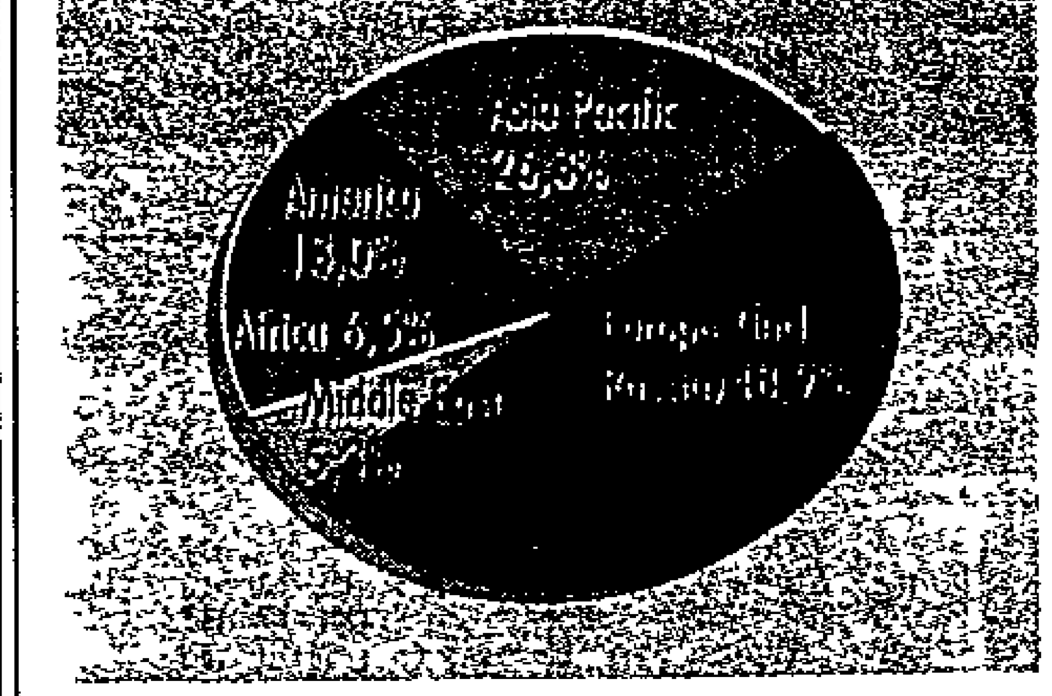
South Africa accounted for 50 percent of US trade in Africa and last year for 22 percent more US trade than with the countries of the former Soviet Union. The US-South African trade gap was widening, according to US figures. In the first three quarters of last year, US exports to South Africa grew 29 percent and its imports rose 9 percent.

Despite Brown's complaints of US firms being shut out of Africa by former colonial powers, the US was the third-largest exporter to the region, after France and Japan It was also the largest importer of goods from sub-Saharan Africa, 66 percent of which was crude oil.

US firms had an average 22 percent return on assets on African trade, making the region more profitable than any other developing region, Brown said.

Where SA Trades

1994-95: Growth in SA exports to Africa: 52%
Growth in SA imports from Africa: 19%



Source: SA Foreign Trade Organisation

SADC (279A)

STAR-SPANGLED

FM 1/3/96

In what could be a turning point for business in southern Africa, US Commerce Secretary Ron Brown has signed a memorandum of understanding on trade between the US and the Southern African Development Community (SADC).

The signing took place in Gaborone last month after a conference between trade ministers and officials from the US and the 12 member states. Also present were 148 businessmen from the US and the SADC.

Six sectors were identified as having good growth potential: agribusiness, energy, financial services, major infrastructure, telecommunications and tourism. These, said Brown, were areas in which US companies were ahead. Much of what happened was predictable and dependent on trade policies that would enamour US businessmen. Government would also have to toe the line and introduce reforms pleasing to Washington.

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

The US is committed to aggressive competition for a larger share of the sub-Saharan market. Its market share is 7,7%, while the European Union share is more than 40%. Brown said: "The SADC could be the first point of departure for many US businessmen eager to do business with Africa."

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

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

"The government of the US and private investors must now respond to the efforts being made by the SADC countries to attract trade and investment," he said. Throughout the two-day conference, he stressed the key role that the private sector had to play in the development of Africa.

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

"It is the private sector which possesses the dynamism, the innovation and the capital that spurs sustainable, long-term growth," he said. ■

WC

Official admits move to SADC co-operation slow

BD 4/3/96 (279A)

John Dludlu

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

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

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

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

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

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

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

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

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

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

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

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

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

SA attracted about R20bn in foreign investment (direct and portfolio investments) between 1994 and last year.

Mandela calls for more cooperation

(279A) Sowetan 4/3/96

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

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

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

Great pleasure

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

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

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

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

Firmly committed

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

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

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

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

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

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

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

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

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

Return to democracy

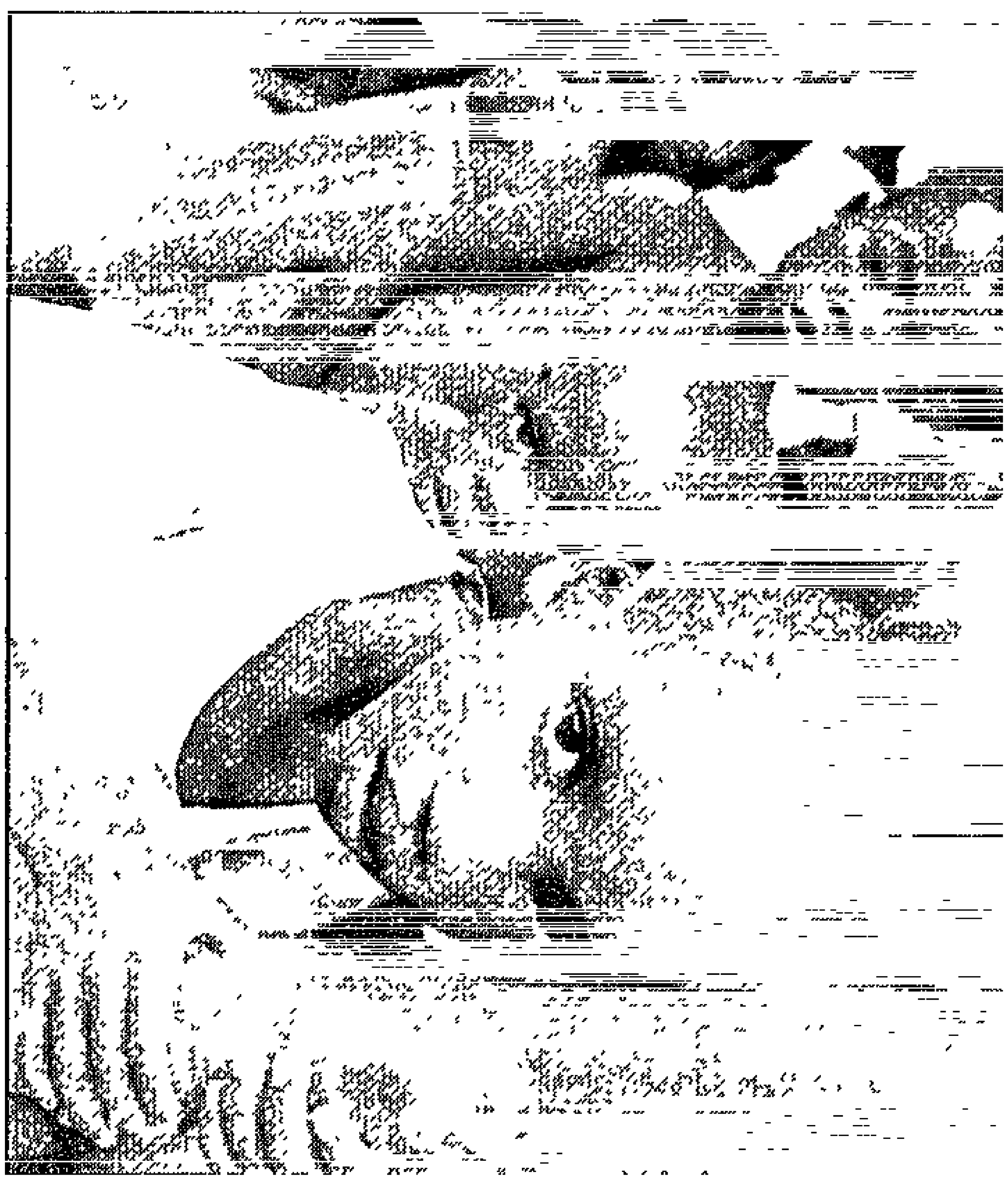
● Mandela also called on Saturday for a return to democratic rule in Nigeria

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

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

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

He said Africa's future economic prosperity depended on peace, stability and a democratic system of management – *Sapa-AFP*



President Mandela told the Mali government that conflict in Africa – such as that in Rwanda – tarnished the continent's image.

Southern Africa's scarcity of water places severe restraints on development

(279A) Star 4/3/96

By Anita Allen
Science Writer

Today is Rivers Day in South Africa – an appropriate time to look at the individual water rights of our citizens, and our responsibilities. The harsh reality for the people of southern Africa is that water scarcity places severe restraints on development.

In his parliamentary new year resolution, Water Affairs Minister Kader Asmal commited his ministry to a three to four-year process to work out the developmental water needs for the whole of South Africa within the Southern African Development Community (SADC).

The commitment is not surprising in the context of a landmark SADC "Vision for the Future" water resources conference in November last year in Pretoria. At the time, Asmal received unanimous support from his 10 counterparts that water had to be moved to the top of the SADC agenda.

One possible long-term solution for South Africa is collaboration with our neighbouring countries. However, as the November conference highlighted, our history in the management of shared water resources could prove to be a stumbling block.

Together, the SADC countries share 16 rivers, which makes them international systems. In principle these should all be jointly administered on the basis of equitable and sustainable utilisation. Mozambique fares the worst, sharing 10 international river basins, and in each case it is at the bottom end of the particular river system. The future of Mozambique lies in the hands of its upstream neighbours.

Northern and eastern SADC countries, where resources have not been harnessed and excess capacity exists, are relatively better endowed with water.

The south and west, in contrast, are and to semi-arid and subject to devastating droughts, as well as periodic floods. Rivers are therefore subject to fluctuating and seasonal flows. Dams are needed to impound water to supply domestic and industrial consumers, or for hydro-electric power.

Concentrations of people do not coincide with the location of sufficient water resources. Gauteng is a case in point, but by no means the only place, where people have outstripped available water supplies.

Asmal's words at the November conference are still pertinent:

"It is abundantly evident that the welfare of all countries in our region is inextricably linked, not only by history and geography but inexhaustible demands of poverty. None of us can fulfil the aspirations of our people in isolation.

"We have realised that water is our most critical resource, and that most development and policy initiatives, such as those relating to trade and agriculture are interrelated with water. Therefore no decisions in other spheres should be made without taking into account the water implications. I intend to take this matter up with the Cabinet as a matter or urgency."

Fine fighting talk, except, as subsequent speakers pointed out, South Africa is pulling more than its fair share of water from international rivers. In addition, the pressure is on for South Africa to draw water from even further afield in inter-basin transfers from the Zambezi or Zaire rivers.

In fact, the SADC ministers were not very impressed with arguments that their countries could best help themselves by allowing their water to be transferred southwards to help South Africa solve its water scarcity.

Speakers pointed out that South Africa's development of shared water resources in some instances already threatened the principles of equity and sustainability. An example was the Orange River Basin, where more than twice as much water was transferred out of the system than was returned.

Namibia has raised the issue of having a say in water resource developments in the upper Orange catchment. The Namibian government was requested to give a "no objection" to the five-phase Lesotho Highlands Water Scheme but so far it has only approved phase one.

In the Limpopo River Basin, Botswana is planning a new dam on a tributary to augment water supplies to Gaborone. Three further dams are currently under investigation as part of the Joint Upper Limpopo Basin Study by Botswana and South Africa. All this at a time when the Limpopo is dry for eight months of the year for downstream Mozambique.

At present, South Africa, Zimbabwe and Swaziland take out 40 to 60% of the river flow into Mozambique and this consumption threatens its future development.

During wet periods, such as that last month, we tend to forget that dry spells are bound to follow. Perennial rivers in the southern region of Mozambique have in recent years been dry for several months of the year. Last year, a tributary of the Inkomati, the Sabie River, stopped flowing for the first time in recorded memory at a time when construction of a dam on the Sabie has been started by South Africa.

We tend to forget that dry spells will follow

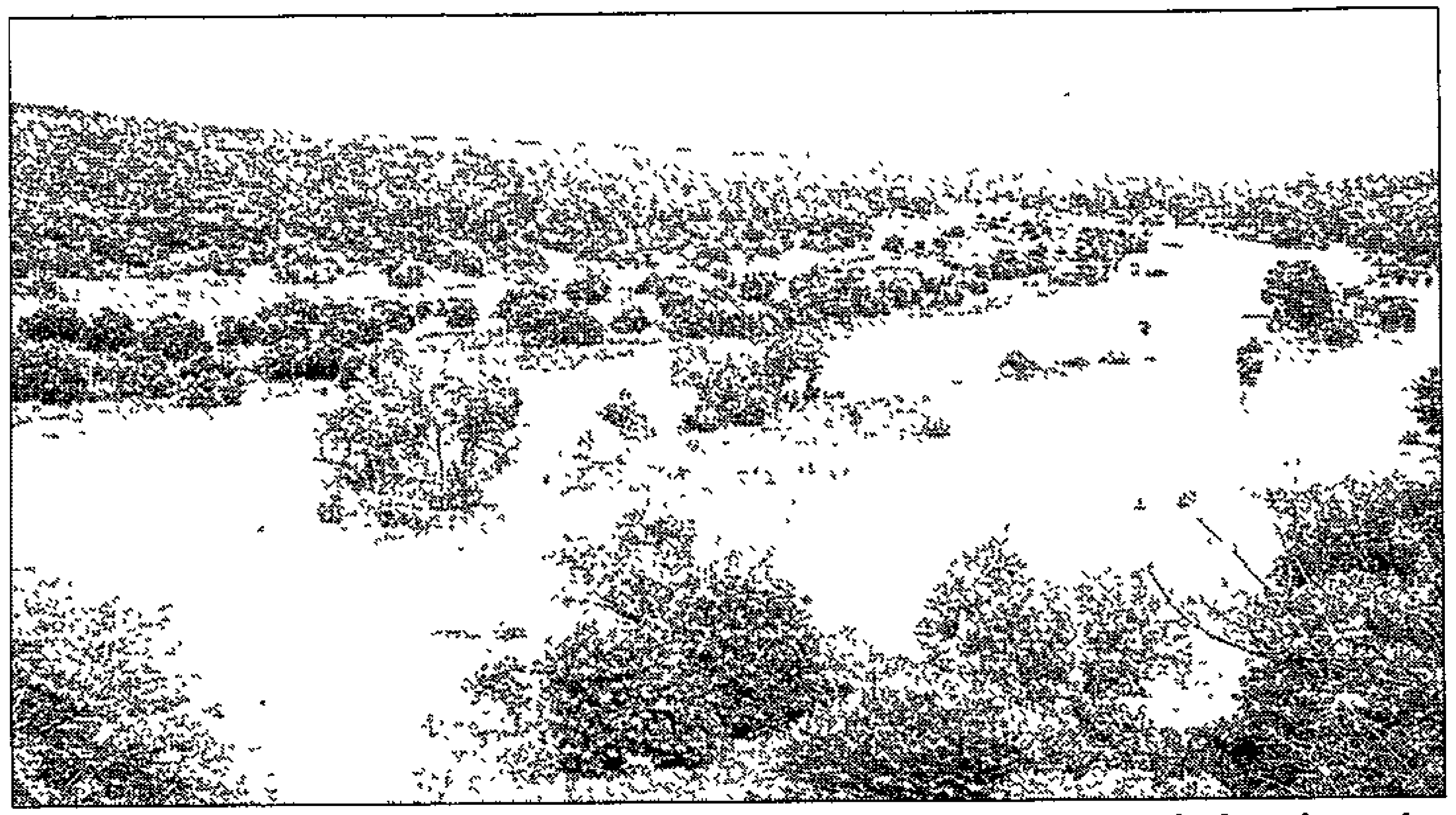
There is also scepticism about South Africa's transferring water from the Zambezi. This river is the biggest shared river system in the SADC region, with eight countries involved. The river has huge fluctuations from 40% of mean annual flow to 200%. Its maximum recorded monthly flow varies from 8 720cu m per sec in March to 161cu m per second in September 1995 – the lowest yet recorded. The level of Kariba Dam dropped within one metre of halting all electricity generation. These factors do not make for easy decisions on further water development of the Zambezi River.

Many speakers at the SADC conference expressed concern at the potential for conflict over shared water resources.

Looked at as a whole, excess water capacity exists in the SADC region, which could be utilised through collaboration on river basin management. A step in that direction was the signing of a protocol on shared watercourse systems at the SADC conference.

For Asmal, the biggest challenge will be to convince his Cabinet colleagues and other South Africans of the water imperative. That water resource management can no longer be based on a supply oriented approach of how much water we need and where we get it from.

We are a water scarce nation in a water scarce region. As Professor Malin Falkenmark of the Swedish Natural Sciences Council pointed out: "The key is to take a resource-oriented approach by asking: How much water is there to share and how can society best benefit from that limited amount?"



It never rains but it pours ... the Olifants River before its confluence with the Inkomati, a shared river system with Mozambique, turns into a flood plain during recent rains. Development pegged to these periodic wet spells is not sustainable.

SBDC-govt agreement not far off

John Dludlu

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

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

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

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

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

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

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

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

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

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

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

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

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

BD 7/3/96

(279A)

Joint regional military training likely

~~254~~ (279A)

By Norman Chandler
Defence Correspondent

Star 13/3/96

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

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

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

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

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

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

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

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

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

Secretariat launch today

(27914) ARG 14/3/96

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

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

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

Mr Muthaura, a career diplomat, was appointed to the new job a week ago. Tanzania and Uganda have also each appointed a deputy executive secretary to assist Mr Muthaura. The secretariat will operate a $1,2 million annual budget

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

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

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

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

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

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

Business leaders in the region have welcomed the new grouping, saying it offered immense business potential for the region. – Reuter.

Nzo calls for new bridges over South Atlantic

ARG 1/4/96 (279A)

CLIVE SAWYER
Political Correspondent

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

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

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

Countries are represented by their foreign ministers.

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

He said the theme of the conference was "bridging the South Atlantic".

"We should try to agree on ways to encourage trade in the region and bridge the waters that have too long kept South America and Africa apart."

Unions approve state 'rightsizing' plan

BD 1/4/96

Renee Grawitzky

PUBLIC service unions have given government the green light to "rightsize" the state bureaucracy from May 1, following the finalisation of a comprehensive three-year wage package which would effectively put a halt to forced retrenchments.

The public service bargaining chamber on Friday agreed on the details of a four-point interim agreement signed on March 8.

The unions said yesterday this agreement represented a "triumph for collective bargaining". Union negotiators did, however, caution of future problems around salary increases next year and in 1998 if insufficient savings were accumulated to fund the full extent of increases.

Government, in terms of the agreement, guaranteed R6,5bn for salary increases for the second and third financial year, which could increase to R11,3bn.

An estimated 100 000 posts are to be cut in the first phase of the exercise, a number of which were already vacant.

However, the full extent of job losses would become known once government had completed an audit of the current and projected sizes of the service.

The agreement covered the implementation of a new grading and remuneration structure.

Public Servants' Association GM Casper van Rensburg said the parties had broadly agreed on a method to effect rightsizing, including a moratorium on further retrenchments. Hospital Personnel Trade Union of SA spokesman Gavin Moultrie said rightsizing could either increase or decrease staff in certain functions, and was aimed at achieving the proper utilisation of human resources.

Van Rensburg said this process would start only once the rationalisation of the existing pension funds into one government service pension fund had been effected.

TODAY'S WEATHER

Gauteng: Fine and warm becoming partly cloudy in the south with isolated light thundershowers.
Mpumalanga Fine and warm but cool on the highveld where fog patches are expected. Isolated light thundershowers are expected over the southern highveld.
Northern Province: Partly cloudy and warm with fog patches along the escarpment.
Northwest Province: Fine and warm but partly cloudy in the south with thundershowers.
Free State: Partly cloudy and warm with thundershowers except in the extreme south.
Northern Cape: Fine and warm but hot in the north. Isolated thundershowers in the southeast. It will be cool along the coast with a fresh southeasterly wind.
Western Cape: Fine and warm but cool along the south coast and adjacent interior. The wind along the coast will be strong southeasterly but moderate along the south coast.
Eastern Cape: Cloudy and warm with isolated thundershowers in the northeast. It will be cloudy and cool in the south with light rain. The wind along the coast will be moderate southeasterly.
Kwazulu-Natal: Fine in the north at first otherwise partly cloudy and warm with isolated thundershowers over the western Drakensberg. The wind along the coast will be fresh southwesterly becoming southerly to southeasterly

Global temperatures

	Min	Max		Min	Max		Min	Max
Amsterdam	00	04	Lisbon	14	21	Rome	04	12
Brussels	—	—	London	01	09	Sydney	—	—
Buenos Aires	20	31	Los Angeles	11	19	Taipei	18	22
Frankfurt	02	07	Moscow	-06	00	Tel Aviv	13	26
Geneva	01	09	New York	03	05	Tokyo	09	17
Harare	13	24	Paris	01	08	Toronto	-02	09
Hong Kong	21	26	Rio de Janeiro	26	32	Vienna	00	08

SADC to work towards lifting exchange controls

Linda Ensor BD 1/4/96 (279A)

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

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

Gujadhur said exchange controls were a severe impediment to intraregional trade and economic co-operation. Only Mauritius and Zambia had fully completed a liberalisation process.

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

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

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

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

Nzo moots an association of South Atlantic rim countries

(279A) BD 2/4/96

Linda Ensor

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

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

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

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

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

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

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

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

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

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

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

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

NEWS IN BRIEF

Integration comes first

PARTIES involved in the integration of the former TBVC state broadcasters into the SABC agreed yesterday that integration would precede the sale of broadcasting assets, in line with the national framework agreement on the disposal of state assets. (279A)

The post, telecommunication and broadcasting department said integration would be effected within three months of the body's appointment. BD 17/4/96

France grants SADC R2-m to train experts

(2791A) Sowetan 18/4/96

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

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

Isolationist economy will open slowly

(279A)

Pretoria counters SADC criticism

ep 21/4/96

IT HAS only been two years since the new government in South Africa inherited a highly protectionist, inward-looking economy – yet the world is already expecting it to have pulled down its tariff curtains.

Pretoria says it needs time to upgrade its industrial base, restore its economy, create employment and be ready to compete on the world market – and will therefore not be hurried.

"We have inherited an economy that was highly isolated, with very high tariffs and industrial policies based on import substitution," noted new Finance Minister Trevor Manuel. "Much of what we are doing now is to modernise that economy."

Manuel, appointed in late March following the resignation of Chris Liebenberg, was speaking at an international development forum this week, which brought together government and donors to map out the country's policies and strategies for growth.

South Africa's restrictive tariff regime came under fire from various quarters, including the Southern African Development Community (SADC), whose other members claim Pretoria is dumping products on their markets yet maintaining high duties.

SADC is comprised of Angola, Botswana, Lesotho, Malawi, Mauritius, Mozambique, Namibia, Swaziland, Tanzania, South Africa, Zambia and Zimbabwe.

Parrying the attacks, Manuel said his country wanted to escape the woes its neighbours had experienced by opening up their markets.

"Certainly one ... has to look at the fact that many of the (SADC) countries are undergoing structural adjustment programmes and have been compelled to lower their tariffs to a bare minimum – not out of a genuine desire to liberalise. And many of them have become a seller's paradise. We would like to avoid that," said Manuel.

When President Nelson Mandela's government took over in May 1994, tariffs were prohibitively high.

Duty on imported vehicles, for example, stood at 125 percent, including surcharges. It has gradually been lowered to about 65 percent. Under World Trade Organisation rules it should be down to 40 percent by the year 2002.

Manuel says South Africa is way ahead of that target.

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

But the world is not pleased, especially Pretoria's neighbours.

Japanese ambassador to South Africa Yoshizo Konishi told the conference that the international development community expected South Africa to become a role model for the continent and the region.

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

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

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

Last year exports to the continent amounted to about $5,6 billion, while imports totalled only $1,4 billion.

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

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

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

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

The Forum was established in December last at a trade ministers' meeting in the Zambian capital, Lusaka, to facilitate the easing of barriers to trade between SADC nations.

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

Bilateral discussions are also going on with Malawi and Zimbabwe over preferential trade terms. But Erwin and Manuel both said they preferred multilateral arrangements, which would be inclusive and less cumbersome to handle.

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

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

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

And out of three samples of 100 vehicles produced in the US, Japan and South Africa, those made in Japan had 50 defects, the US batch had 90 while those produced locally had 350, according to the Monitor Company's international competitiveness report.

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

Trade bloc split 'strongly rejected'

79 (279A) BD 22/4/96

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

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

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

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

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

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

Of SADC's members — Mauritius, Angola, Lesotho, Swaziland, Zambia, Zimbabwe, Namibia, Mozambique, Tanzania and Malawi — only SA and Botswana do not also belong to Comesa. — Reuter.

Southern Africa needs 'integrated economy'

BD 24/4/96 (279A)

Theo Rawana

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

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

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

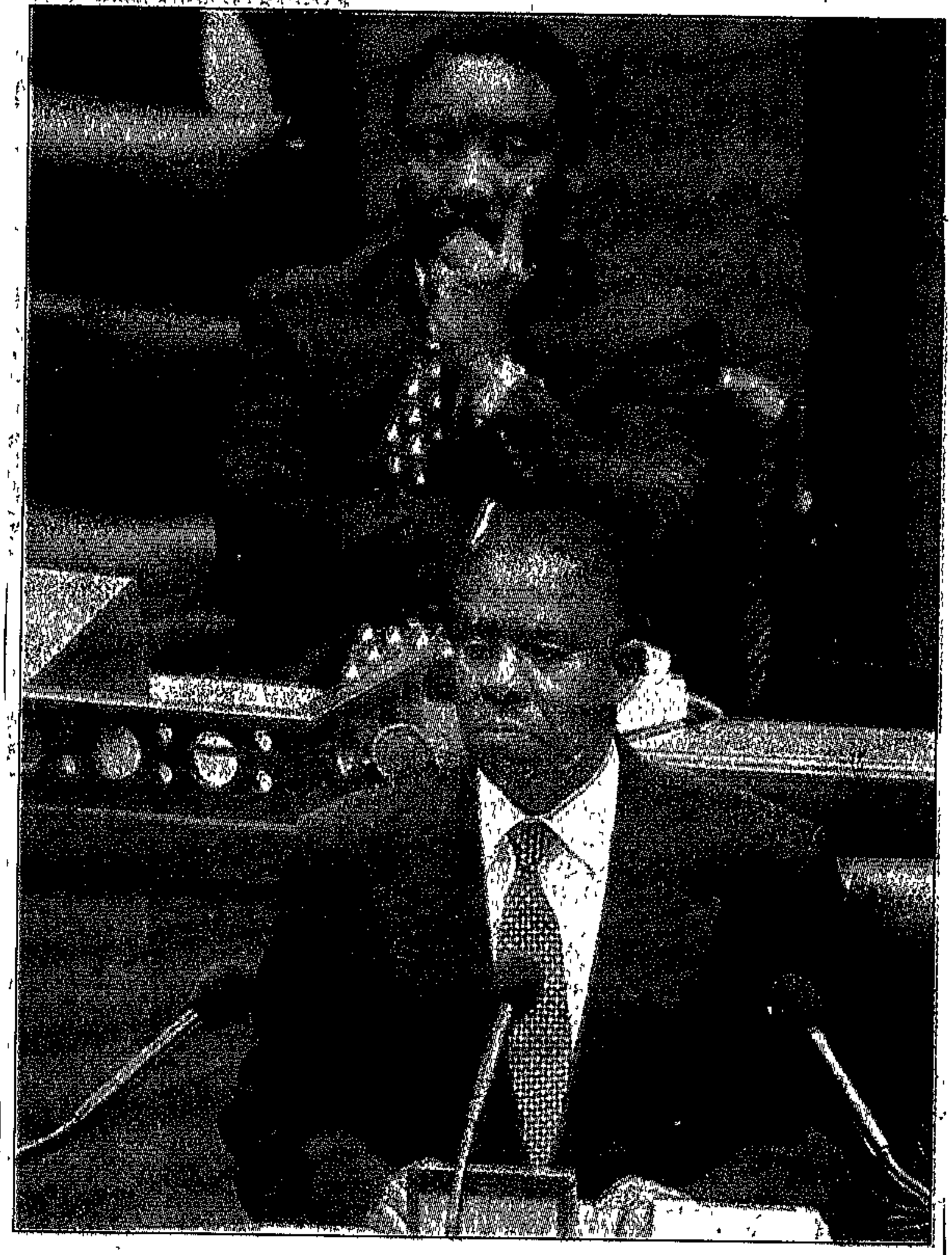
The primary objective of the meeting, to end on April 26, was to provide a forum for training and exchange of ideas and experience among the people dealing with metrology and matters pertaining to metrology development, said hosts the SA Bureau of Standards.

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

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

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

The national standards of the participants needed to be harmonised, not only between the SADC member countries, but also with international standards to enhance free trade within the region, Rustomjee said.



MASIRE SPEAKS: The president of Africa's oldest multi-party democracy, President Sir Ketumile Masire of Botswana, addressed the Constitutional Assembly yesterday. Listening intently is Mr Cyril Ramaphosa. *PICTURE: BENNY GOOL*

Masire slates customs deal

CT 24/4/96 (279A)

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

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

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

The agreement is being re-negotiated.

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

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

District road between Franklin/Riverside: upgrading/maintenance

81. Mr G Q M DOIDGE asked the Minister of Transport:

(1) Whether, with reference to certain particulars which have been furnished to his Department for the purpose of his reply, a certain person from the roads department of the KwaZulu-Natal Provincial Administration received a request for the upgrading and maintenance of the district road between Franklin, KwaZulu-Natal, and Riverside, Singise, Eastern Cape; if not, what is the position in this regard; if so, what action has his Department taken in this regard;

(2) whether any section of the said road falls within the boundaries of the Province of Eastern Cape; if so,

(3) whether the KwaZulu-Natal Provincial Administration has referred the request for the upgrading and maintenance of the said section to the relevant department; if not, why not; if so, to which department;

(4) what steps does his Department contemplate taking in respect of the section of road falling within the Eastern Cape?

N161E

The MINISTER OF TRANSPORT:

(1) and (3) The Provincial cabinet of KwaZulu-Natal has resolved that replies will not be provided to questions about provincial matters raised by members of the National Assembly. Such questions should be referred to members of the Provincial Legislature for reply. I am, therefore, unable to accede to your request for replies relating to the KwaZulu-Natal Province.

(2) The section of the N2 which falls within the Eastern Cape Province is from Brooksnek to Mount Ayliff.

(4) The Department has taken notice of the complaints about the condition of the road between Franklin (KwaZulu-Natal) and Riverside, Singise (Eastern Cape) and has arranged for the matter to be followed up.

Bhongweni Township: additional schools

82. Mr G Q M DOIDGE asked the Minister of Education:

(1) Whether the former Department of Education and Training had plans to build additional schools in Bhongweni Township, Kokstad; if so,

(2) whether it is still the intention to execute these plans; if not, why not; if so, (a) when will these schools be built in this township and (b) what are the further relevant details?

N162E

The MINISTER OF EDUCATION:

(1) Yes, one primary schools consisting of 25 classrooms.

(2) The former Department of Education and Training has transferred all the completed planning and tender documents to the KwaZulu-Natal Department of Education and Culture as the construction of schools in the Kokstad area is now the responsibility of the said Province.

The KwaZulu-Natal Department of Education and Culture indicated that a site clearance from the Transitional Local Council (TLC) has not yet been received. Apparently, the allocation of the site has been withdrawn and the TLC requested that Department of Education and Culture to buy the land which is administered by the Department of Works. Once site clearance has taken place the Department of Education and Culture will proceed, pending the availability of funds.

Poisons in food chain

90. Mr M F CASSIM asked the Minister of Agriculture:

(1) Whether the State Veterinary Services have found any traces of (a) arsenic and/or (b) other poisons in the food chain anywhere in the Republic; if so, (i) where, (ii) when and (iii) how often; if not,

(2) whether adequate research and monitoring is being undertaken in this regard; if not why not; if so, what are the relevant details;

Hansard

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

N170E

The MINISTER OF AGRICULTURE:

(1) (a) No traces of arsenic were found in any samples examined for the presence of heavy metals (detection level 100 parts per billion or µg/kg)

(b) Minute traces of organochlorine pesticides occurs generally Levels are well below the accepted Maximum Residues Set by Codex Alimentarius. These levels have no health risk. Organochlorines remain in the soil for many years. It accumulates in the fatty tissues of animals. In other words, the traces of poison which we find presently is the result of poison applications years ago when these pesticides were in general use. These residue levels in South Africa have a close parallel in New Zealand and Australia.

This data is used as a tool to monitor high risk areas e.g. irrigation schemes and intensive agricultural areas.

(2) The Department of Agriculture's Directorate of Veterinary Public Health has established a computerised Geographical Information System to monitor this problem closely. Agricultural pesticide applications, locust spraying data and animal residue data are combined to create a sensitive monitoring system.

In collaboration with the CSIR the Directorate are doing continuous research to update more sensitive analytical procedures.

Natal Supreme Court: trial of certain case

105. Mr G Q M DOIDGE asked the Minister of Justice:

(1) Whether case number RC 1380/88, CR 12/8/88 — KOKSTAD, involving a certain person, whose name has been furnished to his Department for the purpose of his reply, was ever tried in the Natal Supreme Court, Natal Provincial Division, under case number 1952/88; if not, why not; if so,

(2) whether the complainant received any compensation; if not, why not; if so, what are the relevant details?

N215E

The MINISTER OF JUSTICE:

(1) Case No RC130/88 is a criminal case, S v M J Lesaoana and C W Mdlomba regarding a charge of attempting to sell unpolished diamonds, which was heard at the Magistrate's Court, Kokstad. Case No 1952/88 is a civil action for damages instituted in the Natal Provincial Division of the Supreme Court of South Africa by a Mr J J Mhlongo.

(2) The action in Case No 1952/88 was withdrawn by the plaintiff on 4 April 1989. No further information regarding compensation to the plaintiff is available.

Co-ordination with Angola/Botswana/ Zimbabwe/Mozambique

(279A)

109. Mr M F CASSIM asked the Minister of Foreign Affairs:

(1) Whether regional co-ordination with Angola, Botswana, Zimbabwe and Mozambique in respect of (a) electricity, (b) water and (c) electronic and physical communication has reached a stage at which it can be implemented; if not, why not; if so, what re the relevant details;

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

N219E

The MINISTER OF FOREIGN AFFAIRS:

(1) Regional coordination within the fields of Electricity, Water, Electronic and Physical Communication fall within the responsibility of the following three Southern Africa Development Community (SADC) Sectors:

Energy;
Environment and Land Management; and
Transport and Communications.

In their participation in the multilateral activities of the above Sectors, the concerned South African line-function Departments work closely with the Sector Technical Coordinating Units in the preparation of sectoral policies and strategies, and the formulation of project proposals.

The Departments also attend and participate in sectoral meetings, and assist in the monitoring of projects.

With regard to each Sector, the following information is provided:

ENERGY

The Energy Sector is coordinated by Angola and is the responsibility of South Africa's Department of Mineral and Energy Affairs

SOUTHERN AFRICAN POWER POOL

A most significant event in the history of cooperation of the electricity supply utilities of the Southern African Region was the establishment in 1995 of the Southern African Power Pool. The power pool will enable electricity to be transmitted from one country to another to initially better utilise the generation capacity in the region, but eventually for economic reasons Following the signing of the Inter-Governmental Memorandum of Understanding by their respective governments in August 1995, nine SADC country power utilities and the power utility of Zaire signed the Inter Utility Memorandum of Understanding on 8 December 1995.

The inaugural meetings of the Management Committee and Operating Sub-Committee and Planning Sub-Committees will take place during March 1996.

ANGOLA

Due to the long period of unrest in Angola there has not been any interaction between the Electric power utilities of Angola and South Africa. Eskom South Africa recently visited Angola to establish whether any inter-utility assistance could be provided to refurbish electric power equipment which had been damaged and was affecting the rehabilitation of electricity supplies At present there are no formal proposals for transmission interconnections with Angola but these will be studied in the future as Angola will wish to develop and export their hydro generation potential.

BOTSWANA

The internal generation capability was for many years supplemented by a single 132 kV power line from South Africa. This was then strengthened by a 220 kV line from Zimbabwe. The interconnection from South Africa was then strengthened with additional 132 kV lines to match the 200 MW capability of the Zimbabwe interconnection. A project is in progress to establish a new connection into the Botswana 220 kV system from the 400 kV transmission line between South Africa and Zimbabwe.

ZIMBABWE

Until last year the only electrical connection between South Africa and Zimbabwe was a small cross border supply at Beit Bridge. Towards the end of 1995 a 400 kV transmission line from Eskom's most northern power station Matimba to a new 400/300 kV Insukamini substation at Bulawayo was constructed and energised. This line has been built through Botswana with provision made for Botswana to connect to this transmission line. South Africa now has a transmission link with the interconnected 330 kV system of Zimbabwe and Zambia and the 220 kV system of Zaire.

MOZAMBIQUE

South Africa has a 275 kV connection at Komatipoort supplying Maputo. Throughout the long periods of unrest in Mozambique this connection has only been disrupted by intentional damage or normal faults and emergency system load curtailment. The 900 km of DC line route in Mozambique from the Cahora Bassa hydro power station to South AFrica suffered extensive damage during the unrest in the previous decade and it is only now that rehabilitation of this interconnection is in progress. It is expected that the work will be complete in 1997 when it will be possible to again import contracted power from Cahora Bassa.

WATER

Regional coordination with regard to water resources is currently the responsibility of the SADC Sub-sector on Environment and Land Management, which is coordinated by the Government of Lesotho. The Department of Water Affairs and Forestry actively participates in the activities of this Sub-sector, which primary concern is a Water Resources Management Programme to address the region's urgent need for

careful, integrated and efficient monitoring, planning, management and development of water resources. It currently comprises three sub-programmes: Capacity building, the Zambezi River Action Plan and the Development of Integrated River Basin Management Plans

During the 1995 SADC Heads of State Summit the Protocol on "Shared Watercourse Systems" in the SADC Region was signed. Angola and Zambia indicated that they would sign the Protocol on "Shared Water Course Systems" at a later date after making internal consultations, which, in the case of Angola, was concluded soon after the Summit. The objective of the Protocol is to enhance cooperation in the optimal utilisation and conservation of shared Watercourse Systems in the SADC region.

South Africa was instrumental in highlighting the importance of water in the socio-economic development of the region. At a meeting of Water Ministers of SADC countries in Pretoria from 23-24 November 1995, they directed the SADC Secretariat to assess the viability of having Water as an independent sector in the SADC structure During the Council of Ministers meeting in January 1996 the Secretariat was directed to consult further with the Environment and Land Management Sector Coordinator with a view to bringing the matter of the establishment of a Water Sector to the Sectoral Committee of Minister for Food, Agriculture and Natural Resources, at their meeting in June, 1996.

ELECTRONIC AND PHYSICAL COMMUNICATION

The sector Transport and Communication is coordinated by Mozambique but the sector's technical unit, the Southern African Transport and Communications Commission (SATCC) acts as the secretariat and does most of the work in this sector. The sector is divided into seven subsectors eg. Roads, Road Transport and Road Traffic, Civil Aviation, Ports and Shipping, Railways Meteorology, Telecommunication and Postal Services.

ELECTRONIC COMMUNICATION (TELEPHONE, TELEX AND TELEGRAM)

The Department of Post and Telecommunications confirmed that TELKOM indicated that the following number of telecommunication circuits exist:

ZIMBABWE	:	541
BOTSWANA	:	481
LESOTHO	:	480
MOZAMBIQUE	:	264
SWAZILAND	:	980
NAMIBIA	:	654

PHYSICAL COMMUNICATIONS (POSTAL SERVICES)

The South African Post Office is involved in regional coordination with all the SADC countries namely:

ANGOLA

BOTSWANA

LESOTHO

MALAWI

MAURITIUS

MOZAMBIQUE

NAMIBIA

SWAZILAND

TANZANIA

ZAMBIA

ZIMBABWE

The South African Postal Services also have regular airmail, surface mail, Expedited Mail Services and Parcel. Services with all the SADC member states.

Furthermore the South African Postal Services also have Money Order and Postal Order Service Agreements with Botswana, Lesotho, Malawi, Mozambique, Namibia, Swaziland, Zambia and Zimbabwe.

Statistics of postal items exchanged with Angola, Botswana, Zimbabwe and Mozambique are as follows:

— Postal parcels dispatched and received: 426 916 and 18 922, respectively.

— The frequency of mail dispatches varies from daily to six times per week.

SADC changes will boost clothing

BD 13/5/96 (279A)

John Dludlu

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

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

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

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

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

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

Bernard said the development of the SADC region as an economic powerhouse hinged on the creation of a free trade regime, with a 75% local content requirement in the clothing sector. "This is a fundamental requirement and will generate jobs throughout the cotton farming, knitting, spinning, weaving and sewing sectors."

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

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

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

Lesotho business is unhappy

(279A) Sowetan 13/5/96

By Bethuel Thai

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

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

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

South Africa, the dominant partner in SACU, produces almost 100 percent of what the other four members consume. Lesotho, which is entirely surrounded by South Africa, is totally dependent on the South African economy.

Lesotho Finance Minister Moeketsi Senaoana says the SACU agreement is currently being renegotiated and there are indications that major changes will be made. New institutions, such as a SACU secretariat, have been proposed. – *Africa Information Afrique.*

Integration of laws vital to region's economic growth, says Nujoma

(279A) Star 15/5/96

By Patrick Bulger
Parliamentary Correspondent

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

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

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

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

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

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

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

Nujoma visited Robben Island yesterday before his visit to Parliament.

Allow free movement – Nujoma

(279A) Sowetan 16/5/96

Namibian president calls for all countries in the region to cooperate

By Clive Sawyer
***Sowetan* Correspondent**

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

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

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

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

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

Ray of light

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

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

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

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

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

Standing ovation

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

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

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

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

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

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

Delighted

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

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

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

"But if you were caught you were in trouble," he quipped.

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

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

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

He will end his official visit today.

Economic summit

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

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

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

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

Namibian president Sam Nujoma, followed by President Nelson Mandela, greets Deputy President FW de Klerk in Parliament on Tuesday. PIC SOWETAN

SADC ministers meet to discuss free movement

(279A) Sowetan 17/5/96

Ultimate objective is to abolish control of movement of citizens

By Linchwe Kgaswe

GABORONE – SOUTHERN AFRICAN home affairs ministers are to meet in Gaborone this month to discuss the draft protocol on free movement of people between Southern African Development Community's member states.

The envisaged accord will provide a stern test to regional leaders who have for years preached regional economic co-operation without achieving much in that sphere.

The 36 page draft was complied in March following an SADC workshop in Lesotho but remains a closely guarded secret.

SADC information officer Kgosinkwe Moesi told the *Sowetan Business* that the draft has not yet been adopted and the Gaborone meeting is to make final recommendations to the SADC council of ministers.

The document, says the proposed accord "shall be implemented in such a manner as to promote the eventual establishment of a protocol on the free movement of persons on the African continent."

"The main objective of this protocol is – in relation to every citizen of a SADC member state – to confer, promote and protect the right to enter freely and without a visa the territory of another member for a short visit, residential purposes or work," says the draft

It says its ultimate objective is to achieve "progressive abolition of controls on movement of citizens" of SADC region.

Implementation

The document says the implementation of the objectives mentioned above shall be achieved over a period not exceeding 10 years from the date the accord is signed.

It is expected that the draft, together with one on trade, will be discussed at the SADC annual leaders summit to be held in Lesotho in August.

However, some countries, notably Botswana, Swaziland and South Africa are said to be opposed to the protocol since they are already reeling under pressure from an influx of illegal immigrants from Zimbabwe and Mozambique.

If adopted, the protocol will be require SADC members to ensure that their national laws and regulations do not contravene the agreement.

However, member countries can temporarily suspend the Protocol "by reason of a breakdown of a serious threat to national security, public order or public health."

The draft also says regional travel documents should be freely availed to citizens within five years of adoption of the protocol.

A "SADC Desk" shall also be established at a major crossing points and at least one such post remain open day and night between the countries.

The document calls on SADC countries to abolish visa requirements where they exist, "provided that where visas are regarded as still necessary, they shall be issued free at the border post of arrival and intended crossing to any citizen of a member state who needs one."

Vehicles – both commercial and personal – will enter territories of member states and remain there for a period not exceeding six months. And where the laws of the host country provide, the vehicles may be used for commercial purposes within the territory entered.

Within three years of the draft coming into force, member states shall grant citizens of other SADC states the right of residence, "whether or not the exercise of such right of residence may, imply seeking or engaging in other income-generating activities."

The draft calls on the SADC states to within two years of adoption, harmonise regulations so that a uniform SADC residence permit is established.

Relevant laws

Salaried workers from member states may at the end of their contracts, establish themselves in the host country "and practice unsalaried economic activity subject to the relevant laws and regulations of the host state."

The long-term aim of the proposed accord is the abolition of controls at borders, although each member state shall still be free to exercise its territorial rights.

However, this article can be suspended for a period of less than a month by any member country in the interest of public order, health or security.

SADC fazed by dispute over river island

(279A)

Sowetan 20/5/96

By Bethuel Katjimune

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

SADC executive secretary Kaire Mbuende said the dispute over the 3,5 square metre island, known as Kasikili in Namibia and Sedudu in Botswana, is not in harmony with SADC objectives on regional integration.

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

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

A waste of money

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

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

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

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

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

Regional leaders gather for summit

SADC members face grilling on policies

(2794)

By Christo Volschenk

ECONOMICS EDITOR

CT(BR) 22/5/96

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

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

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

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

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

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

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

☐ Creation of an authority to plan and co-ordinate transport and road-building projects;

☐ Formulation of a transport policy for the unfettered movement of goods and people;

☐ Liberalising trade and formulating an export strategy;

☐ Maintaining fiscal and monetary discipline;

☐ Developing the financial markets;

☐ Further freeing and deregulating the financial sector;

☐ Ideas to get private-sector finance for infrastructure investment;

☐ Privatising certain public-sector services;

☐ Guidelines on the privatisation process;

☐ Developing a social safety net for people who lost their jobs in privatisation;

☐ Progress with the removal of exchange-control regulations;

☐ Identifying practical steps towards regional integration; and

☐ Considering policies to empower disadvantaged groups.

South Africa can report progress on many of these.

Only the next three days will tell whether other members of SADC will convince the businessmen of their commitment to regionalism.

Summit seeks key to growth

MAUREEN MARUD
Business Staff

279A

ARG 23/5/96

RHETORIC, a few cautionary words and a good dash of optimism flavoured the opening session of the Southern Africa economic summit in Cape Town.

The three-day event is being attended by top government officials and business people from Southern African and some European countries

Its objectives include presenting national strategies for economic growth, tackling key issues such as the information revolution and how better to mobilise the region's financial resources, finding ways to eradicate corruption and promote law and order, and considering the possibilities of free trade in Africa.

Delegates were asked first to consider whether Southern Africa had the necessary infrastructure and policies to allow for "a real business take-off".

Kaire Mbuende, executive secretary of the Southern African Development Community (SADC), said it was a rhetorical question which "we will attempt to answer for the 150th time" when he introduced the discussion panel, which included Mozambique President Joaquim Chissano, Botswana President Sir Ketumile Masire and South Africa's Acting President Thabo Mbeki.

Mr Mbeki spoke of the "great need" to rapidly and radically increase the level of investment in the region. This would require a stronger partnership between governments and domestic and international private sectors.

Sir Ketumile said the creation of a business-friendly environment and the infrastructure necessary for it had been high on the Southern African agenda for many years.

Panelist Anton Moolman, managing director of Transnet, said the perception in some parts of the world that the region's physical infrastructure was a barrier to development was in turn a barrier to investment.

The region needed to work together to bring the entire infrastructure to the point where it would act as a springboard to development.

● See page 23

Picture ANDREW INGRAM, The Argus

CLOSE TIES: Mozambican president Joaquim Chissano, left, gets to grips with South African deputy president Thabo Mbeki during the southern Africa economic summit in Cape Town.

Internationalisation a headache for neighbours

(279A) BD 23/5/96

GAVIN MAASDORP

SA's trade relations with Southern African Development Community (SADC) countries north of the Limpopo are at a low ebb. The reason is to be found in a conflict between SADC expectations of the new SA and SA being tied into the new order of global trade liberalisation as well as trade negotiations with its Southern African Customs Union (SACU) partners and the European Union.

SADC countries have not appreciated the implications of the World Trade Organisation (WTO). Zambia, for example, has pressed SA for a trade agreement, but this is not possible on two counts.

First, the Marrakech Agreement, to which SA is a signatory, is based on the principle of most-favoured-nation treatment. Because it is classified as a "developed" country in the WTO, SA could give trade preferences to a developing country such as Zambia, but it would have to extend those preferences to every other developing country. Thus, Zambia would not benefit uniquely from an agreement with SA.

Secondly, bilateral agreements are not easily compatible with customs unions, and SA has to take its common membership of the SACU into account. If country A in a customs union enters into an agreement with a third party, its partner countries X and Y are faced with the problem of trade deflection, that is, the entry at preferential rates of third party goods into the geographic area of A and the subsequent ease of infiltration into X and Y.

The proper control of trade deflection is costly and negates the value of a common external tariff in a customs union. Some bilateral agreements have been allowed to exist under the present SACU agreement, examples being SA's agreements with Malawi and Mozambique, and Namibia's agreement with Zimbabwe.

However, all parties to the SACU renegotiations realise that these agreements are problematic. The new agreement should not allow bilaterals; the SACU as a whole should decide what trade agreements it wishes to enter into with outside parties. Thus, the SA-EU Free Trade Area agreement will ultimately have to be concluded at a SACU level.

The only exception to most-favoured-nation treatment allowed by the WTO is if the parties agree to the formation of a free trade area or customs union within a 10-year period covering substantially all trade. Thus, the only way out for the SADC north is to seek a free trade area or customs union with the SACU. This is in effect what the proposed SADC trade protocol is all about. But have the countries of the SADC north done their homework in pressing for free trade with SA?

A forthcoming World Bank study finds net costs accruing to those countries from including SA in a trade bloc. In the meantime it is not the absence of a trade protocol but the lack of effective sectoral cooperation, which is inhibiting the operation of the SADC as a vehicle for regional development.

It could do worse than to take a leaf out of the Association of South-east Asian Nations' book: years of effective co-operation led to greater intraregional trade volumes and only then to the agreement to form a free trade area (scheduled to be in operation in 2003).

Do SACU countries see a benefit in entering such an agreement with the SADC north? This is not an easy question to answer. Not only are the SACU negotiations some way from completion, but the SACU is still settling into its period for implementing the GATT tariff reduction.

Key industries such as clothing and textiles, which employ thousands of people, are already reeling in the face of cheaper imports now entering the SACU. To subject them to free trade with competitor countries such as Zimbabwe under a SADC trade protocol would hardly be welcome.

Part of the north's criticism of SA is that it is using various industrial incentives to export to SADC markets, in the process overrunning competitors there. Certainly, SA cannot afford to see de-industrialisation occurring in SADC countries any more than it can afford the de-industrialisation which it itself is suffering in certain sectors.

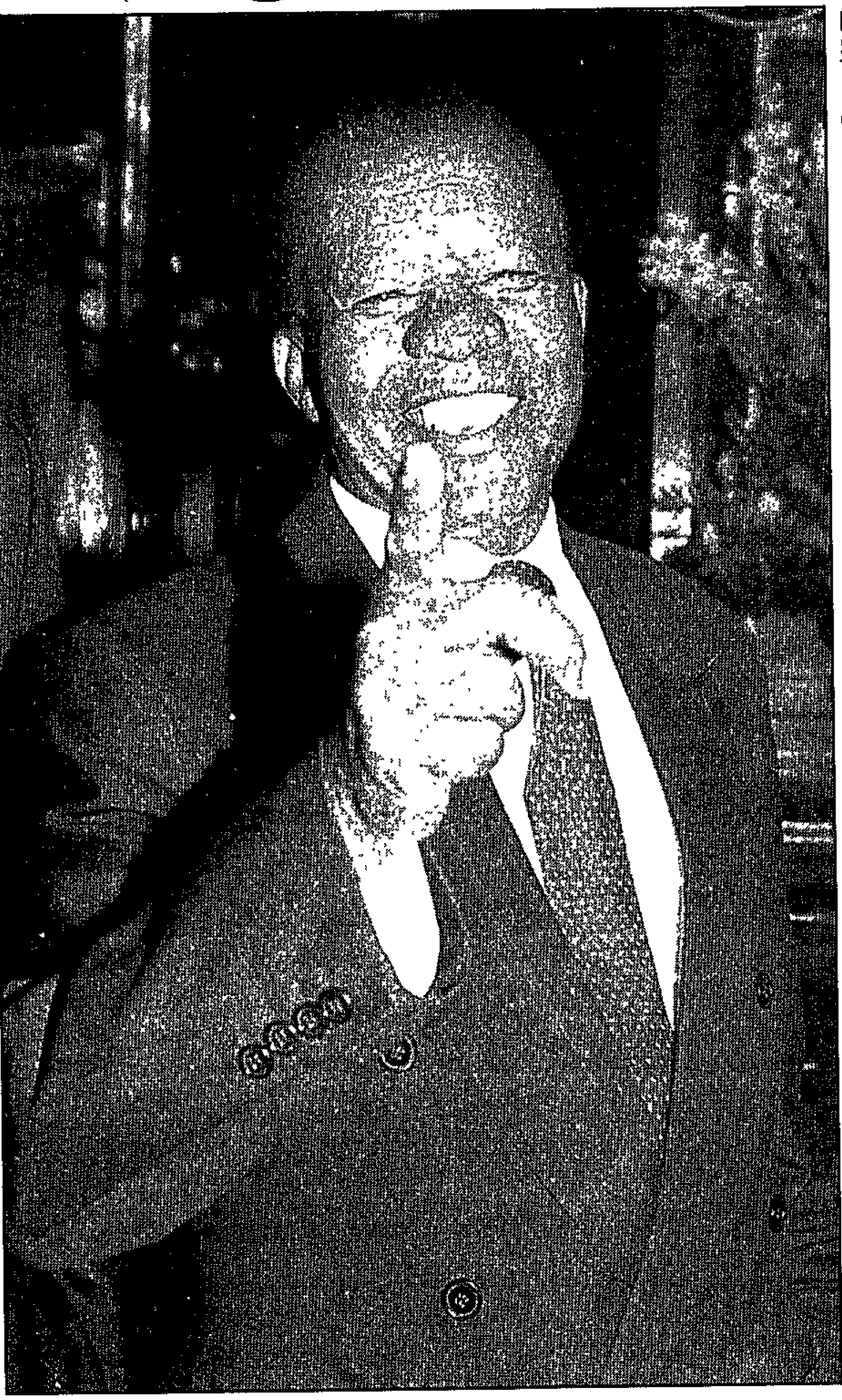
The general export incentive scheme (GEIS), which has caused so much ill feeling in the region, is being eliminated, but SA should also consider ways of overcoming the perception that it is trying to dominate the entire region economically and politically. This is not the expectation the region had of post-apartheid SA. The best way of overcoming neighbours' fears is by being a good neighbour in fields where SA's hands are not tied by international agreements, namely, in sectoral co-operation, eliminating non-tariff barriers, facilitating investment and the movement of business travellers and tourists, and so on.

It could do this by giving its strongest possible commitment to making a success of the financial and investment portfolios in SADC for which it is responsible.

It is important that SA, both business and government, send out signals to the region that it is committed to being a good neighbour. The consequence of being an economic giant in a region of de-industrialisation and economic decay is increasing illegal immigration.

□ **Prof Maasdorp is director of the economic research unit at the University of Natal, Durban.**

'Democratic South Africa strengthens region' – Masire



Picture. ANDREW INGRAM, Staff Photographer

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

MXOLISI MGXASHE (279A)
Staff Reporter

ARG 25/5/96

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

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

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

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

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

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

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

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

"South Africa's economy is much bigger than most economies in the region

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

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

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

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

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

Pictures: ANDREW INGRAM, Staff Photographer.

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

SADC makes proposal for regional credit fund

(279A)

John Dludlu

BD 29/5/96 ~~279A~~

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

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

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

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

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

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

Results of the workshop were expected to be discussed at a ministerial meeting in July.

SBDC may look for foreign capital

(279A) CT (BR) 29/5/96

By Christo Volschenk
ECONOMICS EDITOR

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

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

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

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

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

Schwenke said the agreement would leave the corporation well funded and ready to serve small business as never before.

Rains cause SADC to trim crop forecasts

(279A)

By Nicole Mordant

CT(BR) 29/5/96

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

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

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

Maize production in Mozambique, which was expected to produce a small surplus for the first time in years, has been cut back to 935 000 tons from an estimate of 1,09 million tons because of flooding, the SADC said.

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

Mozambique's output was still up on last year's 734 000 tons. Revised forecasts show production in South Africa at 9,524 million tons from an estimate of 9,563 million tons, but more than double last year's 4,41 million tons. — Reuter

(279A) BD 30/5/96

Developing a southern African trading bloc

GOVERNMENTS and major corporations in southern Africa accept that if the region is to become an economic success and realise its potential it must b integrate trade and succeed at sectoral co-operation.

"This means that the SA business sector will become more involved in the region and elsewhere in Africa," says Willem Frost, general manager of Nedbank's corporate and international division.

"If this is the case, it paves the way for huge development opportunities in the financial services industry — especially the money and capital markets, which are poorly developed."

Very often, corporate banking deals in Africa are tailor-made due to unique circumstances and requirements.

Nedbank is handling more deals specifically structured to meet the requirements of clients, as deal parameters differ from company to company and from country to country.

"There is no point in going into a potential deal holding preconceived ideas or presenting packaged solutions.

"A lot of patience and tenacity, as well as innovative thinking, is required as the rules of the game may suddenly change or the goalposts may be moved," says Frost.

WILLEM FROST

There are also challenges to be overcome, such as language barriers, exchange control, risk of corruption and fraud, red tape and bureaucracy, poor financial infrastructures, country risk limits and underdeveloped capital and money markets.

SA banks are quickly learning how to assess and mitigate the risks of dealing in Africa.

As the north African countries liberalise their economies, privatising state-owned corporations and implementing the structural adjustment programmes of the World Bank and IMF, the developed world is gaining confidence in these countries.

Frost says that some form of trading bloc or common market in Southern Africa will emerge once exchange controls and other obstacles to economic integration have been removed.

"Such a trading bloc within the African market would consist of 160-million people — a significant market."

The current weakness of the rand has not affected trade financing, as other African currencies are similarly weak, or worse.

Multinational companies continue to domicile their African head offices in SA and it is clear that more trade and project finance transactions will be engineered from SA.

"SA banks have become banking 'doctors' and our business is to overcome the problems and challenges for our clients. There's an exponential growth in both trade and investment in Africa and we are providing support in three main areas — trade finance, long-term debt and the raising of equity," says Frost.

Our strategy of forging specific alliances for specific markets has given us a strong foothold in Africa. It means that we can meet the clients' needs and address issues before they become problems."

"We'll continue to consider projects that are privately owned and capable of generating hard currency income. The next development we expect is taking SA banking technology into other African countries."

Subregion's tourism industry to develop

Sowetan 31/5/96 (279A)

By Emmanuel Koro

HARARE – As Southern Africa moves towards closer regional economic co-operation, many exciting developments aimed at either complementing or boosting the tourism industry are taking shape.

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

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

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

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

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

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

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

Also, out of South Africa has emerged attempts to open up the tourism industry

Campaign

Championing the campaign is a South African-based organisation called Open Africa Initiative, which has started the quest to open the region's tourism industry through a multifaceted culturally enriched programme.

During his visit to Zimbabwe a few months ago, Open Africa Initiative's director Noel de Villiers said his organisation's vision is to see Africa achieve the highest tourism standards through what he termed "Afrotourism".

Afrotourism, he adds, is "a concept based on the uniqueness and protection of Africa's nature and cultural resources.

This concept of Afrotourism augurs well for the tourism industry in Southern Africa. This region is brimming with top class artistic and cultural entertainers as well as attractions that are still to be discovered by the tourist and offer even more value for money than the usual tourist attractions.

Music, theatre, sculpture, traditional dance, rock and cave paintings, cultural sites, ruins, and so on, are so abundant but many of these largely go unnoticed.

In Zimbabwe, cultural tourism is already happening. There are a number of tourists who visit far away places for artistic and cultural satisfaction. Cultural tours of African villages are becoming a lucrative tourist venture.

The cultural tourism phenomenon will also mean that much needed rural development will speed up. It could enable families and communities to band together and contribute to their own development.

Peasants can also react more positively to their immediate environment as well as create a culture of awareness the residents of rural Southern Africa, who for a long time have been blamed for environmental degradation. – Africa

SADC investment up after reforms

(279A) BD 3/6/96

John Dludlu

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

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

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

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

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

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

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

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

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

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

One of the strategies for enhancing attractiveness was to increase uniformity of standards — such as customs administration and investment laws. Such a step would make investment in one country comparable to another.

Regional economic development 'vital for SA'

CT (BR) 5/6/96 #4 (279A)

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

The RIDP consists of a series of incentives to industry in non-urban, underdeveloped areas.

According to the Trade and Industry Chamber's report, the investigation includes an assessment of provincial government legislative powers, capacities and requirements with regard to industrial development, an account of national support measures for manufacturing, and an account of comparative regional industrial development policy.

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

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

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

It has argued for greater participation by the social partners in the policy process of the Southern African Development Community and the Southern African Customs Union.

A work programme to address this areas is to be developed after a special discussion session on the region to be held soon.

R11 million 'missing' from SADC coffers

Sowetan 7/6/96 (279A)

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

SADC executive secretary Dr Kaire Mbuende could be facing his biggest crisis yet since taking up his position in the organisation.

By *Sowetan* Business Correspondent

THE SMOOTH-SAILING BOAT of the Southern African Development Community (SADC) may have hit the ice block and looks headed for a major disaster as the regional club faces frightening allegations that a huge stash of funds has gone missing at its Gaborone headquarters

Reliable sources close to the Botswana-based organisation told *Sowetan Business* this week that an estimated R11 million in donor money is missing from SADC coffers and internal investigations are already under way.

Although no one has been implicated so far, several high ranking officials are thought to have schemed to derail the funds in question into their own pockets over the last 12 months, and that certain individuals may be headed for the courts soon.

Available information also suggests that SADC is currently conducting an intensive search to identify those involved At the same time the regional grouping is believed to be conducting the investigations quietly for fear of sending offending alarm bells to its 12 member states.

> 'SADC is conducting intensive investigations quietly in fear of sending offending alarm bells to its 12 member states'

Economic recovery

Almost all SADC member countries are currently battling with economic recovery programmes. And some of them, *Sowetan Business* understands, would have benefited, even though in a small way, from development projects which would have been funded and sustained by the money believed missing

Should the real skeleton come out of the closet, and it be established that some individuals clandestinely siphoned the R11 million, and much more as insiders suspect, then heads are expected to roll within the SADC executive management.

SADC has been one of the few groupings on the continent that has boasted of relative success in achieving its primary goals and the latest developments could tarnish its otherwise clean track record

The alleged scandal also promises to spark a major splitting row amongst member states comprising Angola, Botswana, Lesotho, South Africa, Malawi, Zambia, Zimbabwe and Mozambique, Namibia, Swaziland, Mauritius and Tanzania.

Efforts by to get details on the alleged embezzlement were fruitless as officials at the SADC Secretariat remained tight-lipped.

Sowetan Business has been trying for the whole week to solicit comment from SADC's executive secretary Dr Kaire Mbuende, with no success.

He promised to send us his comment early in the week but at the time of going to press the response had not yet arrived.

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

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

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

Development projects

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

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

This is the second time that SADC has been surrounded by controversy on finances During the administration of former executive secretary Dr Simba Makoni there were allegations of financial irregularities which some say cost him his job.

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

His ascent to one of the most powerful positions in the regional economic sphere coincided with the democratisation process throughout Southern Africa.

Kriel outlines ways to better W Cape

By *Sowetan* Business Correspondent

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

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

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

The relative wealth of the region attracted many jobseekers hunting non-existing jobs and putting tremendous pressure on the province's ability to deal with new arrivals and the resulting socio-economic problems.

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

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

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

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

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

Kriel urged the privates sector to join the provincial government to build a more export-orientated economy.

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

Kriel said if one compared these themes with the province's goals for growth and development, he believed the region would be on track.

"The Western Cape is living through a time of economic hope. The latest indications are that we will have an economic growth rate of between five and six percent in our province while the national average is calculated at three percent."

He also outlined some of the province's goals for future growth and development.

Tension over trade imbalance in Southern Africa

(279A) M+G (BM) 31/5-6/6/96

Lynda Loxton

BEHIND the *bonhomie* and words of solidarity at last week's World Economic Forum/Southern African Development Community economic summit in Cape Town lurked real tension that South Africa can ill-afford to ignore.

These mainly centred around South Africa's dominance of regional trade and the need to review its trade relations with its neighbours.

The Zimbabwean delegation of business people and government officials was particularly vociferous, with President Robert Mugabe hinting strongly of retaliatory action to protect Zimbabwean industries against South African imports.

After intense discussions, South African Trade and Industry Minister Alec Erwin agreed to send a negotiating team to Harare on June 10 to review the long-stalled trade negotiations between the two countries.

Zimbabwe's preferential trade agreement with South Africa lapsed in 1992 and repeated efforts to renegotiate the pact have failed, with South Africa pushing for a multilateral trade agreement among Southern African Developing Countries states rather than individual agreements. This is tied in with efforts to renegotiate the Southern African Customs Union between South Africa, Botswana, Lesotho and Swaziland.

A massive inflow of South African goods into Zimbabwe in the past few years has threatened the viability of many industries there, with clothing and textiles worst affected.

"We have been very patient, but we think we have been short-changed by South Africa in terms of our business arrangement," said Zimbabwe's National Planning Minister Richard Hove.

At a media briefing, Botswana's President Ketumile Masire said he was also concerned about his country's trade imbalance with South Africa, but believed negotiations rather than retaliatory measures were needed.

On the renegotiation of the South African Customs Union, which is seen to have an unfair bias in favour of South Africa, Masire said: "It seems that the South Africans are much more prepared to democratise the whole thing rather than having it as one-sided as it was before.

"There are problems in that the South African economy is a much bigger economy than any of the others but where there is a will there is a way," he added.

Given the sometimes huge imbalances in regional industrial development and trade flows, it may well be that more than "will" is called for and Erwin will no doubt be kept on his toes finding a meaningful solution to the problem. His counterparts in neighbouring states are expected to keep up the pressure for some kind of action.

279A

Customs union 'undermines firms'

(297A) CT(BR) 6/6/96

From AIA and IFS

Maseru — Lesotho collects up to 80 percent of its total annual revenues from the South African Customs Union but local businessmen are unhappy, saying that the union undermines them.

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

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

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

Moeketsi Senaoana, the Lesotho finance minister, said that the agreement was being renegotiated and major changes could be made.

SADC denies report of missing funds

(297A) (279A)

John Dludlu

BD 10/6/96

THE Southern African Development Community has dismissed a report that R11m in donor funds was missing, claiming the allegation was aimed at tarnishing its reputation.

The Sowetan said on Friday that the cash was missing from the SADC coffers and that the 12-nation organisation was "quietly" investigating for fear of sending out alarm bells to its members.

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

279A

Trade officials to meet on tariff barrier question

John Dludlu (247A) BD 13/6/96

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

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

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

Although certain nations had gone some way towards reducing tariffs, this had been done in the context of other obligations and not in the regional framework. One senior official at the talks said the discussions also covered time frames of progressive liberalisation. "We are trying to make it as thorough as possible."

A legal framework, binding on member states, would open the way for a "step-by-step" negotiation of products and sectors to be covered in a free trade deal.

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

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

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

None of the donors of the SADC had so far voiced any concerns to the secretariat, headed by executive secretary Kaire Mbuende, which runs the SADC. Donors had confidence in the institution's controls.

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

SA's exports pound Africa

(279A)

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

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

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

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

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

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

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

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

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

Trade wars

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

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

"We cannot be an island of prosperity in an ocean of poverty. Our destiny is linked to the region", said one official at the South African Trade Ministry. – *Sapa-AFP.*

Sowetan 20/6/96

Abolish border controls slowly, says report

(279A) CT (BR) 20/6/96

By James Lamont

Johannesburg — The labour ministry's commission on labour market policy has advised that South Africa slow down on a proposed Southern African Development Community (SADC) initiative to abolish internal border controls

The commission's report, released yesterday, said it would be premature for South Africa to agree to implement all the proposals of an SADC draft protocol on the free movement of persons issued in June last year because of the uneven development in the region

The draft protocol aims to abolish controls on a member state's citizens at an internal border with another member state

The commission agreed that the long-term objective would be the integration of the region's labour markets. But it said that unregulated migration flows could jeopardise the balanced regional development of trade and capital markets.

"The commission believes the impact of the proposals would be economically and politically unsustainable until a greater degree of integration had been achieved, including the development of supra-national institutions and the capacity to redress some of the potentially adverse impacts of this integration process," it said.

The commission recommended that a preferential policy be adopted in relation to the South African Customs Union countries and Mozambique for entry into the South African labour market.

It said workers from these countries should be allowed to seek employment in all sectors of the economy

In seeking to phase out the migrant labour system, the commission proposed that working conditions be improved and deferred pay arrangements be phased out over the next five years.

The report said that undocumented migration into South Africa had been over-exaggerated. The commission called estimates by the South African Police Services and the Human Sciences Research Council of between 5 million and 8 million non-South Africans living in the country highly unlikely

It recommended that the migration policy be reviewed to help fill national requirements for particular skills according to a set of non-discriminatory principles

SADC set to combat drug trafficking

Sowetan 27/6/96 (279A)

Member states will review politics, defence and security development in SA

Sir Ketumile Masire, Botswana president and current chairman of the Southern African Development Community, chairs crucial economic and strategic regional sessions in Gaborone this week.
PIC: PAT SEBOKO

IMMIGRATION AND police ministers from the Southern African Development Community opened three-day talks yesterday in the Botswana capital of Gaborone on combating drug-trafficking and free movement of its peoples in the region.

The meeting is to discuss draft protocols on the issues and will precede a heads of state meeting of the 12-member organisation, which includes South Africa, on Friday.

Friday's meeting, which is also expected to focus on the mounting political tensions in Zambia, will launch the SADC's body – "the security organ" – on politics, defence and security.

"The SADC leaders will also review developments in the region and internationally, with particular emphasis on matters relating to politics, defence and security in SA," the statement said.

The 12-member states of SADC are Angola, Botswana, Lesotho, Malawi, Mauritius, Mozambique, Namibia, South Africa, Swaziland, Tanzania, Zambia and Zimbabwe.

The Constitutional amendments passed by parliament and dominated by Chiluba's ruling party, stops former President Kenneth Kaunda from contesting in the presidential elections later this year.

The amendments have triggered political turmoil and freezing of aid by overseas donors

Sir Ketumile is the current SADC chairman.

SADC information officer Kgosinkwe Moesi said that the "security organ" would effectively combine the activities of the proposed sector for conflict resolution and management, the proposed Association of Southern African States (Asas) and the Frontline States.

It would be coordinated by one of the member states on a rotational basis.

- Mpumalanga premier Mathews Phosa and several MECs concluded a three-day state visit to Botswana yesterday where accords were reached, including the possible future inclusion of that country in the Mpumalanga-Mozambique-Swaziland-Botswana Corridor — *Sapa*.

Complaints from the neighbours

South Africa's neighbours feel betrayed by the post-apartheid government and warn of a looming regional trade war unless the huge imbalance in trade is addressed, reports RICHARD MEARES of Reuter in Johannesburg.

(279A) ARG 28/6/96

SOUTH Africa's neighbours are feeling double-crossed

The former Frontline States, which suffered to build a wall of isolation around the apartheid pariah, complain the new South Africa they helped create is showing scant gratitude for their economic pains.

Leading the grumbling, Zambia and Zimbabwe say that while they smashed down that wall when white rule was buried two years ago, President Nelson Mandela's government has retained its own economic barrier, a mix of import tariffs and export subsidies.

They find it hard to sell to Africa's economic giant, while South African goods and investors are sweeping north across the continent, damaging fragile domestic industries as they go.

In the Zambian capital Lusaka, South African supermarkets sell goods from home – and even the milk is imported

Across the continent, South African mining companies, supermarkets and even farmers are moving in while their home markets still enjoy some, albeit dwindling, protection.

It is an expansion some critics say smacks of neo-colonialism.

South Africa's gross national product is almost four times the combined output of its 11 nearest neighbours in SADC, the Southern African Development Community.

The trade imbalance is immense, and worsening.

South Africa's exports to all of Africa rose a dozenfold from 1987 to 1994, reaching $6,3 billion, while stagnant imports hovered at an average annual $1,6 billion over the period.

Highly sensitive to criticism from countries that made sacrifices to end apartheid, President Nelson Mandela's government acknowledges the problem and is seeking to normalise regional trade links that are still skewed by the legacy of apartheid.

Protectionist tariffs introduced by the previous government have been slashed since Mandela came to power in 1994, but remain high – with backing from powerful trade unions.

The key issue is whether the government will level the playing field quickly enough to stop a regional trade war.

Finance Minister Trevor Manuel pledged in the government's new economic strategy, unveiled in June, to cut tariffs to an average of eight percent by 2000.

But officials admit some products are still targeted with discriminatory duties.

"The trade imbalance between South Africa and the rest of the region is too big, too wide. It negates the development of the other countries and so is not in the interests of South Africa," said Deputy President Thabo Mbeki.

Zimbabwe says some of its industries were almost destroyed when South Africa tripled to about 90 percent the import duty on textiles and manufactured goods in 1992 when a 1964 preferential trade pact between the then white-led states expired

"We have been short-changed by South Africa," Zimbabwe's National Planning Minister Richard Hove said last month at a first round of urgent trade talks.

President Robert Mugabe is threatening retaliatory tariffs, complaining South Africa is still reaping the benefits of unfair and imbalanced trade practices the apartheid regime set up.

Botswana, Namibia, Swaziland and Lesotho, all economically chained to South Africa even during white rule, belong to the apartheid-era free market of the South African Customs Union.

The continent's dominant economic power has now also joined SADC, set up to promote solidarity against the apartheid state

Rogue Malawi bypassed those states that separate it from South Africa to reach its own deal with the white government. It still enjoys the preferential terms, but maybe not for long

Most of its goods enter South Africa free of duty but there are quotas restricting sales of its biggest earners – coffee, tobacco and cotton. However, trade volumes are low.

South Africa is resisting pressure from Zambia and Zimbabwe in particular for bilateral trade deals, preferring to follow World Trade Organisation preference for a wider regional accord

"Our economic future lies in the relationship that we forge with countries in this region," Manuel said. But South Africa's Chamber of Business says African markets are too poor to merit high priority in trade drives.

The South African government has said that one reason for delays in a vital free-trade deal with the European Union, its largest trading partner, is that it has been consulting neighbour states on the regional implications it might have.

Economic experts have warned Pretoria it must pull the rest of the region up with it as it tries to boost its economy or face a destabilising wave of illegal immigration.

Southern Africa is a disparate region, ranging from sparsely populated but diamond-rich Botswana, through fairly stable Zimbabwe and Botswana to impoverished Angola and Mozambique, struggling to revive trade after two decades of civil war.

Mozambique imported South African goods worth $312 million in the first nine months of 1995 but exported just $18 million worth, South African figures showed.

Discrepancies with official Mozambican figures indicate as much as half of the South African merchandise is imported illegally, thus avoiding any duties.

Many countries have cut tariffs under economic adjustment programmes approved by the International Monetary Fund, exposing them to cheap imports from round the world.

But it is South Africa's perceived double standards that annoy them the most

Zambia's manufacturers' association said it may press its government to slap trade barriers against South Africa unless it opened up it markets and cut duties as high as 90 percent.

Zambia exported $15 million of goods to South Africa in 1995 but imported 20 times that amount, while the country's manufacturing output has shrunk by a third since 1990.

"The trade imbalance is so huge that both countries stand to lose," its chairman Mark O'Donnel said.

"The relationship is not sustainable."

Mugabe to head Southern African security force

ARG 29/6/96 (27-9A)

GABORONE. – The Southern African Development Community (SADC) has launched its "security organ" aimed at securing and maintaining peace in the region, and elected Zimbabwean president Robert Mugabe as its chairman for the first year.

Representatives from 11 of the 12 SADC member states, six of them heads of state, yesterday authorised the security organ's implementation at a summit meeting here.

"The organ seeks to facilitate the peaceful settlement of disputes by negotiation, mediation and arbitration," said SADC executive secretary Kaire Mbuende.

He said if these means failed, punitive measures would be considered.

"These responses will be agreed in a protocol on peace, security and conflict resolution," Mr Mbuende said.

Military intervention would be decided upon only after all political remedies had been exhausted in accordance with the Charter of the Organisation of African Unity and the United Nations.

"We shall develop a collective security capacity and conclude a mutual defence pact for responding to external threats, and a regional peacekeeping capacity within national armies that could be called upon within the region, or elsewhere on the continent," Mr Mbuende said.

The region would also lobby on issues of common interest at the international level.

The security organ would address extra-regional conflicts which affect peace and security in southern Africa.

The existing Inter-State Defence and Security Committee would be part of the security organ.

The only member state not at the summit was Angola.

Mauritius, Tanzania, Zambia and Swaziland were represented by their foreign ministers, and Lesotho was represented by its deputy prime minister and Botswana, Malawi, Mozambique, Namibia, Zimbabwe and South Africa by their presidents.

SADC chairman and Botswanan President Sir Ketumile Masire said: "Our meeting is a clear reflection of our commitment to a new Southern Africa, concerned about peace and development."

Sir Ketumile said the SADC had made significant progress towards strengthening co-operation among the countries of southern Africa.

"However, these achievements alone will be meaningless if we do not make efforts to develop, at the same time, a culture of democracy, peace and security in our region."

In January this year the SADC Council of Ministers recommended the creation of the security organ.

Reading an official communiqué, Mr Mbuende said the security organ respected the sovereignty and territorial integrity of each state, and the inalienable right to independent existence.

Major principles were:

- the achievement of solidarity, peace and security in the region;
- the observance of human rights, democracy and the rule of law;
- The promotion of economic development in order to achieve equity, balance and mutual benefit for all member states.

"It will promote and enhance the development of democratic institutions and practices within member states, and encourage the observance of universal human rights as provided for in the charters and conventions of the OAU and the UN," Mr Mbuende said.

There would be close co-operation between police and security services of the region, with a view to addressing cross-border crime, as well as promoting a community-based approach towards matters of security.

The security organ would encourage and monitor the ratification of international conventions and treaties on arms control and disarmament, human rights and peaceful relations between states.

It would operate at summit level and function independently of other SADC structures.

Mr Mbuende said the summit had also reviewed the political and security situation in the region.

Zambia briefed the summit on recent constitutional changes, after which foreign affairs minister Christone Tembo told the media:

"What happened (in Zambia) was the will of the people."

Mr Tembo said the security situation in Zambia was under control and the government would do everything possible to ensure that general elections in October were held in a free and fair environment.

Tanzanian foreign minister Jakaya Kiketwe briefed the summit on the East Africa Regional Summit held in Arusha on June 25 to consider the deteriorating political situation in Burundi.

"The delegates commended these efforts (to bring about a political solution to the problem) ... and urged all countries of the region to persist in the search for a lasting solution to the crisis in Burundi," Mr Mbuende said.

The summit commended South Africa for working to ensure that local government elections in KwaZulu-Natal were held peacefully.

South Africa informed the summit that due to irregularities, the elections in five constituencies were declared null and void and new elections would be held in these areas as soon as possible.

Swaziland assured delegates everything was being done to reach an agreement with trade unions and other labour associations unhappy with the kingdom's refusal to adopt a multiparty system of government.

It was also noted that there had been significant developments towards peace and stability in Lesotho.

The summit was briefed on the Commonwealth Ministerial Action Group meeting of June 24.

The CMAG questioned Nigeria's lack of democracy and Nigeria questioned its suspension from the Commonwealth, calling for the removal of sanctions. – Sapa.

Southern Africa countries equal partners, Mbeki tells National Youth Commission

Star 2/7/96

(2791A)

OWN CORRESPONDENT

Young people should help to dispel the suspicion and fear that South Africa was a "Big Brother" that wanted to dominate and subjugate the southern African region, Deputy President Thabo Mbeki has said at the inaugural meeting of the National Youth Commission in Pretoria.

He said South Africa could not grow on its own outside of the region.

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

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

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

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

The statutory National Youth Commission has been established to develop a policy framework to guide the Government in its efforts to empower and develop young people.

Human rights groups slam SADC

MtG 28/6-4/7/96 (279A)

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

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

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

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

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

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

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

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

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

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

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

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

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

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

The current proposal for an organ, rather than a sector, means it would function independently of other SADC structures and have a chairmanship rotating among member countries on an annual basis. Mugabe, who is believed to have called today's meeting, is likely to be a candidate for the first chairmanship.

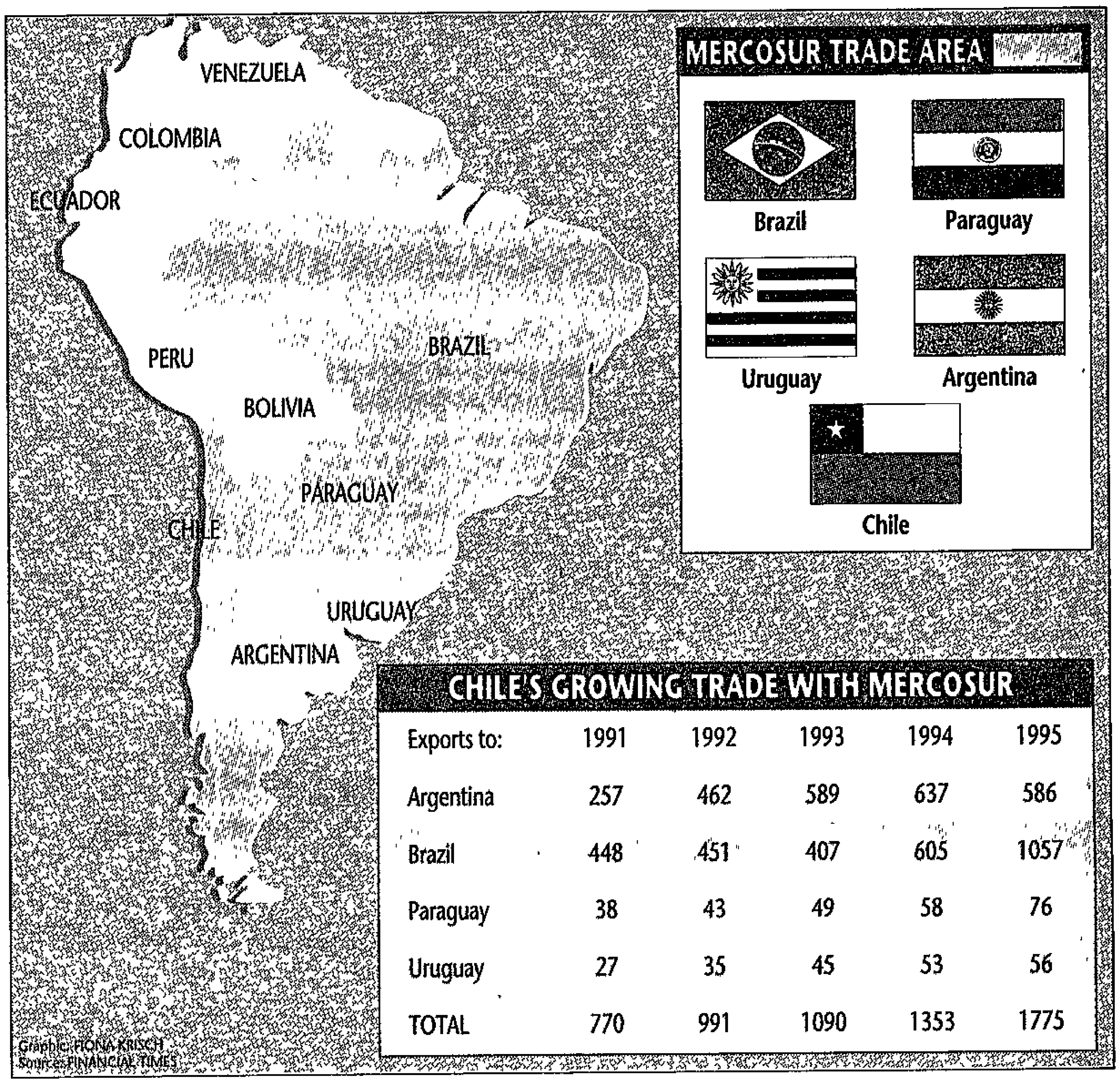
The NGOs called on the heads of state meeting to "make sure that human rights considerations are a clear component of any intervention by a collective security capacity" and that sufficient resources — both in financing and in human expertise — be afforded to the human rights component of the organ when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

WORLD

Chilean deal paves way for regional success

ST(BT)14/7/96 (279A)

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



CHILE'S GROWING TRADE WITH MERCOSUR

Exports to:	1991	1992	1993	1994	1995
Argentina	257	462	589	637	586
Brazil	448	451	407	605	1057
Paraguay	38	43	49	58	76
Uruguay	27	35	45	53	56
TOTAL	770	991	1090	1353	1775

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

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

The Mercosur customs union, formally founded in January 1995 by Argentina, Brazil, Paraguay and Uruguay, had been courting Chile for some time. But it was quickly determined that full membership would be impossible, given the difficulty of reconciling Mercosur's varied external tariff with Chile's uniform 11% import duty. Instead, negotiations hammered out the details of "associate" membership.

Under today's accord, reached after nearly two years, Chile will join an extended Mercosur free-trade zone, but will continue to act unilaterally in trade arrangements with third countries. From October, both sides will cut tariffs between them to an average 6% on most imports and will, with some exceptions, gradually reduce these to zero over eight years.

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

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

For Chilean manufacturers of products such as tomato paste, wine, shoes and textiles, a Mercosur deal was regarded as vital to preserve access to the bloc's 200-million paying consumers.

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

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

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

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

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

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

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

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

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

The process is "tremendously disordered and chaotic", says Mladinic, but better than rhetoric.

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

Mercosur aspires to be an outward-looking free-trade zone, not a fortress.

"It's not our intention to create a closed bloc," says Pedro Malan, Brazil's Finance Minister. "We do not see any contradiction between our strengthening Mercosur and our desire to open up to the rest of the world. — *Financial Times.*

SADC forms forum: The Southern African Development Community launched its Parliamentary Forum in Windhoek yesterday to strengthen democracy and promote regional development and integration through greater public participation. Initiated by Dr Mose Tjitendero, the Namibian Speaker, in 1993, the forum will have 36 members, three from each SADC country.

(279A)

ET(BR) 16/7/96

SA, Zimbabwe hold key to regional growth

(279A) Sowetan 18/7/96

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

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

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

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

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

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

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

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

> **"Given reasonable rains and relative commodity price stability, the region should achieve growth of five percent"**

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

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

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

"The claim that aid fosters development and investment is at best unproven and at worst simply untrue. Trade, rather than aid, and foreign private investment rather than foreign loans, point the way ahead," said the bank. – *Sapa.*

SA ready to cut its tariffs 'substantially'

Tim Cohen

(279A) BD 23/7/96

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

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

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

This in-principle agreement runs counter to proposals by academics and lobbyists who favour reaching agreement on procedural issues only at the meeting. They favour an in-depth study of the effect of tariff reductions as well as the collation of requests by member nations for specific tariff cuts.

Kodisang said members of the 12-nation SADC believed these proposals were delaying tactics by SA.

SA has been criticised for calling for increased access to EU markets without opening its own to neighbours.

Unlike SA and Mauritius, many

Continued on Page 2

Tariffs

(279A)

Continued from Page 1

BD 23/7/96

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

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

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

SADC organ formed to ensure stability

BD 24/9/96 (279A)

Jakkie Cilliers
and Mark Malan

DURING January the Southern African Development Community (SADC) announced it was to establish an Organ for Politics, Defence and Security.

The purpose of this "organ" will be to safeguard the region against instability, to promote political co-operation and common political values and institutions. As such, the body will essentially replace and give formal structure to the preceding concept of the Frontline States.

There is a general expectation that the Inter-State Defence and Security Committee which previously operated under the auspices of the Frontline States will become the formal structure through which co-ordination and co-operation on preventative diplomacy and security matters will occur. Therefore the committee will fall under the organ. One of its principal objectives will be to prevent "coup d'états" and to promote stability.

In historical context, Africa's civil-military relations have been characterised by an interventionist culture in politics; insubordination to civilian control and lack of transparency, accountability and professionalism. It is perhaps appropriate to ask to what extent it will be possible for the organ and the committee to contribute to stability and democracy?

Civil-military relations do not exist in isolation but reflect the deeper strains and problems of society. Political elites of the continent have often sought to cultivate a close and special relationship with the military because the military has had a monopoly on the use of orchestrated large-scale force. This relationship has guaranteed the military special privileges and, in turn, benefited politicians.

A situation was created that discouraged academics and civil society from criticising these relations. In many cases, this merely reflected the lack of free expression and discourse in wider society. Sensational events like coups, mutinies and strikes became the only events which exposed the security forces to scrutiny.

Invariably the state is the largest employer of skilled and educated personnel in many African countries. It holds the monopoly on import and export licences for international trade, and is the most important generator of contracts to local and foreign business. The state is also the major fount of credit, loans and assistance to domestic businessmen and farmers. The result of this concentration of resources has been the tendency of African citizens — civilian and military — to associate the state with limitless power, endless wealth and high prestige.

As a result, armed intervention and military rule is often an attempt by the military (or a section of it) to protect and extend its privileged position and material prerequisites through association with other social interests.

These factors served as a fertile ground for the politicisation of the security forces and their transformation into de facto armed wings of ruling parties. This in turn led these forces to demand preferential and different treatment to that accorded other public servants, thus encouraging unaccountability and a lack of transparency. This state of affairs obliterated any semblance of civil and legislative control.

In recent years, the salience of military intrusions into politics appeared to be on the decline as moves towards democratisation gained momentum. There are now indications of a revival of the "cult of the military" as armed forces once again pose a serious challenge to the state. Examples are Gambia during July 1994, Nigeria, Sierra Leone and, closer to home, Lesotho. Against the continued decline and impoverishment of virtually every African country and increasing competition for scarce resources, there can be little prospect for a declining role for the military.

To compound matters, some of the larger countries in southern Africa are wrestling with the problem of controlling the military under conditions of fundamental and rapid domestic political change, conditions which are often associated with revolution in the post-Cold War strategic environment

In a number of cases, political reform has entailed a complete break with the old political order. SA is potentially an example of this phenomenon. The transformation will not be accomplished simply by superimposing Western concepts of "enlightened" military professionalism on African cultural mores.

Western concepts of military professionalism imply a perennial search for institutional autonomy which contradicts the notion of tight political control. The latter is in many instances essential for regime survival in the developing world. This is bound to create a high level of tension in the emergent pattern of civil-military relations, not least because attempts to integrate the military into the new political system profoundly affect the nature of military service and the career aspirations of the soldiery.

Forced integration

The process of force transformation is at an advanced stage in Zimbabwe and Namibia, although intra-military ethnic tensions are still evident in the former country. Mozambique and SA have barely completed the first phase of force integration, and the real challenges of creating effective and cohesive armies still lie ahead, although SA has the advantage of a much more mature military system.

Angola still has to run the full course for post-conflict transition under extremely adverse circumstances. Thus, four of the largest armies in the sub-region are at various stages of coping with a number of challenges in the wake of rapid and fundamental political change towards popular rule.

It is not only the countries with large armies which are faced with fundamental challenges. Civil-military relations in Lesotho are volatile, and it remains to be seen how the Swazi Defence Force will react to the mounting pressures for democratisation in their kingdom.

Given the status quo, the major challenge in proper regulation of Africa's civil-military relations lies in designing mechanisms and practices which will effectively contain the destabilising potential of security forces, entrenching civil and legislative control over these forces, and the inculcating of a culture of accountability, transparency and professionalism.

An effective democracy requires civilian control of the military, since military forces have been, and always will be, susceptible to manipulation by political groupings which could use them to capture, replace or control parliament. Equally, military commanders can abuse their authority and seize power.

Such control exemplifies the principle that military force is not an end in itself, but a means for the civil authority to bring about certain political objectives. As a result, in parliamentary democracies, the parliament decides on the allocation of resources for defence, as well as the control thereof.

Within the context of regional organisations such as the OAU and the SADC, the organ or the committee could serve as an effective method of ensuring the retention of civilian control comes down to the provision of some form of external guarantee, namely that military intervention in internal politics will not be allowed under threat of external military involvement. Such guarantees have traditionally either been from a former colonial power, or from one or more neighbouring countries. A recent example would be the sabre rattling of SA and Zimbabwe when the military intervened in Lesotho.

The question is how far such a process of external guarantees can go before international law is violated. In this vein, the OAU, the SADC and the committee may be well advised to consider, in detail, the international law governing such actions.

Bilateral and multilateral agreements between the constituent states of the committee may be important in providing an internationally acceptable legal framework within which neighbouring countries could act to prevent or overturn military intervention in politics. This has as a prerequisite that southern Africa must be prepared to act unilaterally on a diplomatic and military level — a bridge the SA government must still decide to cross.

Finally, perhaps the most important (and cheapest) assistance the committee could provide in countering the threat of military intervention in domestic politics in the region is by assisting the debate and education on civil-military relations throughout the region. Within this context, civil society and non-government organisations can play an important role. Collectively there can be little doubt that most of the countries in the region still have a long way to go when it comes to countering the tendency of the African military to intervene in politics.

□ **Cilliers and Malan are researchers at the Institute for Defence Policy.**

Southern nations to set up a forum

CT 30/7/96 (2791A)

BARRY STREEK
POLITICAL STAFF

THE first steps have been taken towards establishing a Southern African parliament along the lines of the European Parliament.

The Speakers of the region's 12 parliaments have signed the Windhoek Protocol, an agreement to establish a Southern African Development Community Parliamentary Forum.

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

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

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

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

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

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

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

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

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

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

An interim plenary assembly is to meet on January 27 to refine the constitution, which is to be submitted to member parliaments by June 30.

Crop estimates take an upward turn

BD 1/8/96 (279A)

SOUTHERN Africa is expected to harvest a cereal crop of 26,36-million tons in the 1996/97 season, a 62% increase on last season and an upward revision of estimates made earlier this year.

The Southern African Development Community (SADC) said in its latest quarterly bulletin it had raised its total estimate for the region from 25,20-million tons forecast in May, amid improved production prospects in all member countries.

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

"Cereal production is projected to have increased substantially in all countries including Tanzania, which had earlier forecast a 14% drop ... but is now projected to show a 2,3% increase over last year's harvest."

Maize, which makes up the bulk of the region's cereal output, was seen rising to 20,24-million tons, up from the SADC's previous forecast of 19,44-million tons and representing an 80% improvement on last year. Earlier fears that sustained heavy rains and flooding would trim maize output had dissipated, with Mozambique, expected to be the worst hit, on track for a 21% bigger crop than last year.

SA's crop had also emerged unscathed from the late rains with the latest maize estimate of 9,657-million tons the highest yet this year, and more than double last season's 4,405-million tons. — Reuter.

Questions on new tourism group

BD 8/8/96 (279A)

HARARE — Does southern Africa need a regional tourism organisation to market its beaches, wildlife, deserts, cities and peoples to the world, or are tourism operators doing nicely without state interference?

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Council marketing director Uli Nieman said only 1% of 567-million tourists worldwide had visited SA last year.

He stressed the importance of first impressions to tourists and said word-of-mouth was the best advertisement to attract tourists to the country. — AIA.

Talks would be seen 'in SADC context'

SA favours regional trade deal

(279A)

By Marius Bosch

CT (BR) 8/8/96

Johannesburg — South Africa, pressed by Zambia for preferential trade terms, favoured a regional trade agreement rather than individual pacts with its neighbours, government officials said yesterday.

South Africa and Zimbabwe settled a four-year trade dispute last week in which South Africa agreed to cut its import tariffs by up to 60 percent.

Encouraged by the deal struck with Zimbabwe, Zambia now seeks a similar agreement for lower South African tariffs of between 40 and 80 percent on its exported goods.

"We will obviously be stepping up our efforts to reach a meaningful trade agreement with South Africa. After all, our problems are similar to Zimbabwe's," said Mark O'Donnel, chairman of the Zambia Association of Manufacturers.

He said trade between the two countries was grossly unbalanced, with Zambian exports to South Africa valued at only $15 million compared with South African imports worth $300 million last year.

"Zambia could export goods worth $100 million more to South Africa," O'Donnel said.

The South African government said it was aware of Zambia's efforts to secure preferential trade tariffs, but favoured establishing a southern African trade agreement linking the 12-member Southern African Development Community (SADC), said Busi Gaboo, South Africa's foreign trade relations deputy director-general.

"(Trade talks) would be seen in the whole context of SADC, rather than just Zambia," he said.

Members of SADC are Mauritius, Angola, Lesotho, Swaziland, Zambia, Zimbabwe, Mozambique, Namibia, Tanzania, Malawi, Botswana and South Africa.

Another senior South African government official said SADC ministers were due to sign a regional trade protocol in Lesotho later this month.

"Eventually it seeks to look at the question of a free trade area within southern Africa," he said.

O'Donnel said Zambia's manufacturing sector believed Pretoria was delaying the conclusion of trade talks with Zambia.

"We haven't made any progress towards reaching a trade agreement with South Africa. We have sent schedules of goods we wish South Africa to give preferential tariffs to, but South Africa has been dragging its feet," he said. The goods for which Zambia seeks preferential tariffs include copper-wire cables, agricultural products, textiles and yarns. — Reuter

EU deal 'may hit SA beef sector'

BD 12/8/96 (27917) ~~Comment~~

HARARE — The Southern African Confederation of Agricultural Unions has warned that a proposed free trade agreement between SA and the European Union could have a devastating effect on beef production in southern Africa.

Following a trade meeting of the confederation in Harare, chairman David Hasluck said such an agreement would result in unfair competition.

He called on member states of the SA Development Community to investigate the mandate relating to the proposed agreement which was publicised recently by the EU commission.

The confederation felt the EU mandate, if effectively implemented, would have a significant and possibly devastating effect on the region's beef production, he said.

Any agreement which allowed subsidised agricultural production in developed countries to supplant commercial agricultural production in southern Africa should be seen as being contrary to the interests of agricultural development in the region. — Sapa.

SADC moves on free-trade area

CT (BR) 15/8/96 (279A)

By Christo Volschenk

ECONOMICS EDITOR

Cape Town — Southern Africa was likely to be turned into a free-trade area within eight years following an agreement in principle taken by Southern African Development Community (SADC) members in Dar es Salaam last week, Alec Erwin, the trade and industry minister, said yesterday.

A free-trade area is an association of countries between whom all import tariffs, import quotas, export subsidies and other similar government measures to influence trade have been removed. Countries in the area may, however, levy tariffs of their choice on countries outside the free-trade area.

A free-trade area was expected to boost trade between the various countries in southern Africa and put the region on a higher economic growth trend, Erwin said at a meeting of the standing committee on trade and industry, where he briefed members on progress made with the restructuring of South Africa's import tariff regime.

Erwin said the deadline of eight years had been agreed to in principle, but a trade protocol still had to be signed.

A programme would then be negotiated for the removal of existing tariffs between member countries.

"The protocol will be discussed again when the SADC meets in Maseru next week," he said, adding that the government was confident that local industry would not find the eight-year period of adjustment onerous.

"We are comfortable with the deadline of eight years, but other countries in southern Africa may need more time to adjust," he said. "If others do not insist on a longer deadline, South Africa certainly will not."

"As soon as the protocol is signed we will bring the issue of a free-trade area to parliament to explain what exactly is at stake," Erwin said.

He said a joint working group of governments would meet next month to investigate investment opportunities for South Africa and other countries in Zimbabwe and to discuss co-operation between South Africa and Zimbabwe in developing the Limpopo basin and the Maputo corridor.

"Early next month, the South African Customs Union will start negotiating a bilateral trade agreement with Zambia," Erwin said.

SADC cooperates on drug elimination

(279A)

THE Southern African Development Community meeting in Maseru for its 16th summit will cooperate to ensure that the region does not become a producer, consumer, exporter, distributor or a conduit for illicit drugs destined for the international market.

SADC executive secretary Dr Kaire Mbuende said yesterday that protocol in the areas of trade cooperation, sharing of energy resources, improvement of transport and communications, and combating drug trafficking, are expected to be signed by heads of state and government of the SADC at their summit to be held this coming weekend.

The aim of the trade protocol is to create an integrated regional market that will facilitate the economic development, diversification and the industrialisation of the region. – *Independent Foreign Service.*

Sowetan 20/8/96

Free trade protocol looks set to dominate SADC's meeting

(2791) BD 22/8/96

SOUTHERN African Development Community leaders meet in Lesotho on Saturday to grapple with the thorny issue of regional trade.

The one-day annual summit of the 12-nation SADC in the capital Maseru will see regional leaders discuss protocols on trade, drug trafficking, energy and transport.

But the gathering looks set to be dominated by debate on a trade protocol aimed at eventually establishing a southern African free trade area, officials say.

SA dominates the regional economy, and many of its neighbours have been putting pressure on Pretoria for lower trade tariffs on their goods.

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

Earlier this month, SA ended a four-year trade dispute with Zimbabwe by agreeing to lower tariffs on certain goods but shied away from Zambian requests for similar treatment.

SA said it favoured a regional trade pact rather than pacts with individual countries, but acknowledged agreement on the trade protocol would be difficult to reach.

"If (the protocol) is not completed now, it will just be initialled now and completed at a later stage," a foreign ministry spokesman said.

"The ultimate objective of the trade protocol is to create an integrated regional market in order to boost economic development, diversification and the industrialisation of the region," the SADC secretariat said. — Reuter.

(2791A)

Regional trade CT(BR) 22|8|96

SADC holds indaba on a thorny issue

From Reuter

Johannesburg — Southern African Development Community (SADC) leaders will meet in Lesotho on Saturday to grapple with the thorny issue of regional trade.

The one-day annual summit will discuss protocols on trade, drug trafficking, energy and transport.

The gathering appears set to be dominated by a debate on a trade protocol aimed at establishing a free trade area in southern Africa, officials said.

South Africa dominates the regional economy and many of its neighbours have been putting pressure on Pretoria to lower trade tariffs on their goods.

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

Earlier this month, South Africa ended a four-year trade dispute with Zimbabwe by agreeing to lower tariffs on certain goods, but shied away from requests by Zambia to do the same.

South Africa said it favoured a regional trade pact rather than pacts with individual countries, but acknowledged that agreement on the trade protocol would be difficult to reach.

"It is possible that the one on trade will only be initialled because it looks as if (it) will be a difficult protocol to negotiate," a spokesman for the foreign ministry said.

"If it is not completed now it will just be initialled now and completed at a later stage," the spokesman said.

The SADC secretariat said the draft protocol provided for the liberalisation of trade to boost economic development in the region, which included some of the world's poorest countries such as Malawi and Mozambique.

"The ultimate objective of the trade protocol is to create an integrated regional market in order to boost economic development, diversification and the industrialisation of the region," the secretariat said.

South Africa, whose economy dwarfs the rest of the region, formally joined the SADC in 1994 after the demise of apartheid.

Zimbabwe, seen as the leading regional power before South Africa's membership, said the trade protocol marked a turning point in SADC regional integration.

"It is very important ... because it will begin the process of making SADC a common market. The idea is to have a common market within 10 years and we hope that will be achieved," said Nathan Shamuyarirahe, Zimbabwe's industry and commerce minister.

"It is a real turning point, moving us from talking to action," Shamuyarirahe said.

The SADC was formed 16 years ago to lessen the region's dependence on apartheid South Africa

SADC officials said they expected all 12 heads of states to be at the meeting that comes after a two-day meeting of SADC regional ministers, which began yesterday.

'Investors ignore our democracy'

From Sapa

Maseru — The Southern African Development Community (SADC) criticised international investors yesterday for withholding investment from the region despite democratisation in member countries and the liberalisation of their economies.

Phakamani Hadebe, the SADC deputy finance and investment director, said international investors continued to hold negative views of the political and economic situation in southern Africa, Zimbabwe's Ziana news agency reported yesterday.

"Investors still have the perception that some of our countries are still Marxist. But all our member countries have embraced democratic rule and have completely changed and liberalised their economies.

"The multilaterals used to say 'Do one and two for us to invest', and we have now done one and two but still there is no investment."

He said there was a need to improve the region's economy by co-ordinating the economic policies of the SADC's 12 member countries.

"There are countries like Zambia and Zimbabwe which are strongly adjusting their economies through structural adjustment programmes, and we have South Africa, which is not opening up, and Botswana, which is slightly adjusting."

He said this situation encouraged unfair trade because countries like Zambia and Zimbabwe could not sell their products in South Africa easily.

Southern Africa to cull infected cattle

(2799)(BD)

MASERU — Southern African ministers decided yesterday to destroy about 200 000 cattle infected with highly contagious bovine lung disease in Namibia, Botswana and Tanzania.

The decision was made in a regional food security debate prior to the Southern African Development Conference's annual meeting in Lesotho tomorrow.

The affected region would be cleared of grazing animals for six months. In Botswana, 250 000 head of cattle had already been culled.

Earlier this month Transvaal Agricultural Union president Dries Bruwer said bovine lung disease posed a serious threat to the region's beef industry. Once diagnosed, whole herds had to be destroyed to prevent it spreading.

SADC members had to inoculate their herds. If it was not eradicated the red meat industry could suffer massive losses, Bruwer said. While it would not harm people, it posed a bigger threat to SA's red meat industry than "mad cow" disease, which prompted the banning of British imports to SA. — Sapa-AFP.

BD 23/8/96

See Page 2

BD.23/8/96

Trade barriers draft wins nod

(279A)

MASERU — A draft protocol aimed at the elimination of trade barriers between Southern African Development Community member states within eight years was approved by the council of ministers yesterday, ending more than two years of negotiations.

Zimbabwean news agency Ziana said the draft, which would be a significant step towards regional integration, aimed to enhance economic development, diversification and industrialisation. It would be presented to heads of state and government for approval and signing at the community's annual summit in Maseru on Saturday.

Once signed, member states would begin work on a schedule for the phased reduction of tariffs on various goods. The protocol would become effective after being ratified. — Sapa.

Some SADC states 'hurt by inflation'

(~~483~~) (279A)

From Reuter

QT (APR) 23/8/96

Maseru — Most southern African economies are well managed but high inflation still hampers economic recovery in parts of the region, the Southern African Development Community (SADC) said yesterday.

Ministers of the 12-nation group were meeting in Maseru this week to assess progress made in the past year before a SADC summit of regional leaders tomorrow.

The SADC's council of ministers said yesterday that it was satisfied that progress had been made during the past year in implementing the body's policies and programmes.

"Council noted that on the whole, the economies of the region are well managed with structural adjustment programmes achieving some of the intended goals," the ministers said.

However, the council said, inflationary pressure continued to undermine the economic recovery in some member states.

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

The ministers said state expenditure in the region had fallen in the past five years as a result of stringent fiscal discipline.

Ivory agreement sets pace for SADC meeting

(279A)

CT 23/8/96

MASERU: Southern African countries have agreed to take a common position on ivory at the Convention on International Trade in Endangered Species (Cites) meeting in Harare in June next year.

The Southern Africa Development Community (SADC) council of ministers, meeting here to prepare for the heads of state summit tomorrow, agreed to hold a special meeting on the Cites ban on trade in ivory.

The ministers emphasised the importance of taking part in the special meeting of local community wildlife programme operators and private operators in the wildlife sector.

SADC countries, particularly Zimbabwe, have for years been lobbying for the downgrading of the African elephant from the Cites Appendix I to II, which allows for controlled trade.

As a way of fighting the ivory trade ban, SADC countries established a Southern African Centre for Ivory Marketing in 1994 and the ministers have decided to change the project and name it the Southern African Convention for Wildlife Management. — Sapa

● See Page 21

REGIONAL TRADE (274A)

ALL IN TOGETHER

FM 23/8/96

Encouraged by SA's bilateral trade deal with Zimbabwe, Zambia is now eagerly awaiting an invitation to the party. So too are Tanzania and Malawi What's good for Zimbabwe, they say, is good for the rest of the Southern African Development Community (SADC).

Realising it cannot bestow favoured trading status on just one member, SA's next obvious move is to seek an agreement linking the 12 SADC countries in what can be only be interpreted as the embryo of a free trade area.

Hopes are high among SADC members that the huge trade imbalance with SA will soon be an anachronism Progressive removal of nontariff and tariff trade barriers are anticipated

As the new deal is awaited, charges of restrictive tariffs levelled by some members of the community at SA have already become muted The SADC, comprising Angola, Botswana, Lesotho, Malawi, Mauritius, Mozambique, Namibia, Swaziland, SA, Tanzania, Zambia and Zimbabwe is due to meet in Lesotho at month-end

Some members — Swaziland, Botswana, Lesotho and Namibia — enjoy favoured trade status with SA due to membership of the Southern African Customs Union — which does not sit well with other regional trading partners

But now things look like improving Trade analysts say the catalyst was the pact with Zimbabwe. Without it, a regional agreement would have taken much longer to put into place

The dispute with Zimbabwe has been fought for the past four years following the imposition of stringent tariffs imposed after a 1964 preferential trade pact was terminated in 1992.

The new agreement will see barriers to imports from Zimbabwe cut from the present levels of more than 70% down to less than 30% from next month and eventually to 20% by 2000

Driven by the plight of Zimbabwe's textile and clothing sectors, the agreement, however, did not give way to Harare's initial demands for an 18% import tariff for these industries

But the new agreement is seen as a vast improvement over the 90% tariffs on clothing and textiles, 45% on fabrics and 32% on yarn, which had effectively shut the door on Zimbabwean exports to SA

However, a trade deal may be too late to save smaller operators in Zimbabwe's textile and clothing industries which are said to be in tatters with 20 000 workers retrenched over the past few years.

Industry pundits point to the same scenario in SA. And what must be worrying to unions is the amount of mechanisation that has taken place in a cost-cutting manoeuvre to compete against a flood of illegal imports.

Alec Erwin

Real problems exist for labour in these sectors as some of the bigger players opt to replace man with machine Though sensitive to unions, Frame and Seardel are already implementing some mechanisation As a result both reported good results this month despite complaints of being hit by floods of illegal Far East imports, some of which were routed through Zimbabwe. What was apparent, however, were the tighter margins.

As many SADC members import the bulk of their raw materials, SA's manufacturers will attempt to hold out on the issue of a high local content for southern African exports. This should close out products that do not qualify SA is also expected to demand protection measures against the influx of second-hand goods into the region which has also skewed the market and hit employment.

But, conscious of the World Trade Organisation, which frowns on bilateral pacts, Trade & Industry Minister Alec Erwin is certain to opt for a multilateral regional agreement.

As the powerhouse, SA has to take the lead by developing a trade strategy which will not only open up the region but also make it competitive in world terms. Tough yes, but not impossible ■

SOWETAN Friday August 23 1996

Maseru to host SADC summit

(279A)

Sowetan 23/8/96

The meeting will serve as an opportunity to strike mutual deals

MASERU. – Heads of state from Africa's 12 southernmost countries – including the island of Mauritius – will gather here tomorrow for what has been billed as a key opportunity to conclude a free trade deal and enhance growth in the region.

This year's Southern African Development Community summit, will take place at Maseru, the capital of the mountain kingdom of Lesotho.

The summit will be preceded by three days of ministerial meetings aimed at striking possible deals on trade, energy, transport and combating drug-related crime.

According to a statement by summit organisers, the SADC hopes to "review and streamline" its R34 billion worth of annual development and research projects.

A new, proposed regional trade agreement, the subject of intense debate, would see the eventual phasing out of all import duties and tariff barriers between the SADC states.

The 12 SADC states are Lesotho, South Africa, Tanzania, Angola, Mozambique, Swaziland, Namibia, Malawi, Mauritius, Botswana, Zambia and Zimbabwe. South Africa, the region's superpower, expects the SADC to agree on a phased-in free trade deal to be fully implemented in eight years.

Alec Erwin, Minister of Trade and Industry, told journalists in Cape Town that the SADC ministers should put the final touches on a trade protocol today in Maseru.

"What we could agree upon by tomorrow is the broad framework for the protocol, and we would then proceed with the very intricate details of tariff phase-down and specific applications of rules of origin and quantitative quotas in terms of that," Erwin said.

Unify the SADC

Foreign Minister Alfred Nzo said South Africa is keen to strengthen and unify the SADC.

Nzo said that the SADC will also decide on strategies relating to ongoing trade negotiations between South Africa and the European Union prior to a joint SADC-EU summit scheduled for October in Namibia.

Also on the cards is a drug trafficking protocol that would strengthen cooperation in efforts to prevent the region from becoming "a conduit for illicit drugs destined for international markets". – *Sapa-AFP.*

Mandela new head of SADC organisation

ST 25/8/96 (279A)

PRESIDENT Nelson Mandela was unanimously elected chairman of the Southern African Development Community at the end of the organisation's summit of heads of state in Maseru, Lesotho, yesterday, Sapa reports.

He replaces Botswana's Sir Ketumile Masire. Mozambique's President Joachim Chissano was elected vice-chairman, replacing King Mswati III of Swaziland.

THABO KOBOKOANE reports that the development community edged a step closer towards becoming a free trade area following the signing of a trade protocol agreement yesterday.

The protocol — which provides the legal framework for the removal of tariffs and other measures restricting free trade in the region — was supported by the 12 heads of state at the summit.

The protocol shied away from details, but Alex Erwin, the Minister of Trade and Industry, says these will be worked out in the next six months.

Many community member states, like Zambia, insist on speeding up the phasing-out of tariffs, hoping it will open up South Africa's markets and address the huge trade imbalance within Southern Africa.

South Africa favours a longer phasing-out period, but some community members see this as South Africa's attempts to maintain the status quo.

"The perception is that South Africa is a bully boy," says Erwin, "but the fact is that the trade imbalance within the region is growing rapidly in our favour in spite of tariffs. If you remove these trade barriers faster, they will accelerate even further in our favour."

His Zambian counterpart, Dr Syamukagumbu Syamujane, says South Africa has to "open up its markets to goods from other countries. We are losing out to South Africa because of our lower tariffs, while South Africa's tariffs remain high."

The trade protocol — which binds Zimbabwe, Zambia, Lesotho, Swaziland, Tanzania, Angola, Botswana and Namibia — comes at a time when the community's members are pressing South Africa to open up its markets to goods from the region.

Earlier this month, South Africa and Zimbabwe resolved a four-year trade dispute, which will see tariffs on clothing and textiles from Zimbabwe lowered from over 70 percent to 20 percent by the year 2000.

However, South Africa has shied away from Zambia's request for the rapid removal of tariffs and has referred the matter to the Southern African Customs Union.

A protocol to fight illicit drug trafficking provides for co-operation among members, and protocols were also signed on energy co-operation and on transport.

Adcock Ingram

onday, August 26 1996

SADC in moves to establish free trade

BD 26/8/96 (279A)

Tim Cohen

MASERU — Southern African leaders took a significant step towards establishing a regional free trade area at the weekend, signing a trade protocol which envisages the elimination of import duties over a three-year period.

Three other protocols were also signed by heads of state at the Southern African Development Community summit at the weekend, at which President Nelson Mandela was elected the organisation's new chairman.

The protocols provide for co-operation in combating drug trafficking, the harmonisation of energy policy and the integration of transport communications networks.

But delegates said that by far the most significant agreement was the trade protocol, which provides for the phased reduction and eventual elimination of import duties and other charges over an eight-year period.

Many countries in the region, particularly Zambia, had been pressing for a free-trade area in an attempt to counter SA's growing trade dominance in the region.

At the start of the summit, Zambian president Frederick Chiluba said his country was in danger of becoming a "dumping ground" for SA goods. Although Zambia was not considering retaliatory measures, he made it clear they were not off the agenda entirely.

Some SA academics have argued for in-depth analysis of the implications of a free-trade area, and in particular its potential effect on South African jobs.

The protocol signed at the summit went some way to satisfying this demand, with Trade and Industry Minister Alec Erwin saying there would be an initial six-month period of intensive sector-by-sector investigations involving Nedlac, among other players.

He said the first step towards the creation of a free trade area — an agreement on rules of origin — had already been completed, indicating the seriousness with which all parties were approaching the agreement.

Rules of origin, a technical formula used to determine whether a product formally qualifies as originating in a particular country, were specified in a schedule to the trade protocol.

Erwin said that loosely speaking, the rules of origin would be satisified if 35% of the products' value was added. Alternatively, a "stages of production" approach could be used.

Erwin described the agreement as "a breakthrough", noting it would require ratification by the parliaments of all 11 member-states. He said it would come into effect once three-quarters of the members had given their consent.

The agreement would constitute the first establishment of a free trade area since the World Trade Organisation came into existence, and would be remarkable because of the diversity in the scale of the various regional economies, Erwin said.

He acknowledged it would dramatically affect the customs union agreement and would affect SA's negotiations with the EU. But Erwin expressed confidence that despite the complexities involved, a meaningful agreement would be achieved.

Sapa reports that Mozambique's President Joachim Chissano was elected SADC vice-chairman.

A communique issued at the end of the summit said all member states had signed all protocols presented at the summit except for Angola which had not signed the protocols on trade and transport, communications and also meteorology.

An agreement on free trade signed

Sowetan 26/8/96 (279A)

PRESIDENT Nelson Mandela and other Southern African Development Community leaders at the weekend signed a protocol that commits the region to establishing a European-style free-trade zone within eight years.

After signing the free-trade protocol, the 12 SADC heads of state elected President Mandela as the new chairman of the organisation, replacing President Quett Masire of Botswana. President Joachim Chissano was elected SADC vice-chairman.

The free trade protocol includes provisions to protect new industries while committing the region to the gradual removal of all trade barriers.

The protocol now must be followed by the creation of a detailed schedule for phasing out tariff and non-tariff trade barriers for various products.

Mr Alec Erwin, Minister of Trade and Industry, said he expected the detailed schedule to be complete in six months after which a final treaty would be presented to SADC countries for final ratification.

Foreign investments

The protocol states that members shall adopt policies to promote cross-border investment but conspicuously does not deal with restrictions on foreign majority ownership of businesses or repatriation of profits from foreign investments.

Disputes arising from the protocol will be referred to panels of experts appointed by the SADC Council of Ministers.

Short-term tensions will persist because the trade protocol will not begin making major tariff reductions for several years. — *Independent Foreign Service.*

Institute lists specific foreign affairs priorities

BD 28/8/96 (279A)

Tim Cohen

CAPE TOWN — The future of the UN, the proliferation of weapons, regional bloc formation and peace support operations are the priority foreign policy challenges facing SA, says the SA Institute for International Affairs.

The institute came to this conclusion in a draft white paper on foreign policy which was drawn up in reaction to the foreign affairs department's recently published discussion document on foreign policy.

National director of the institute Greg Mills said the paper was not implicitly critical of the department's discussion document, but was an attempt to contribute to the debate over SA's foreign policy.

He described the department's discussion document as "an ambitious and at times confusing wish list which bears little resemblance to the conditions on the ground and SA's limited resources".

By contrast, the institute's proposal aimed to provide a list of specific priorities which were within SA's capabilities.

The proposal listed a set of values that ought to underpin SA's foreign policy, which included a focus on achieving material benefits for citizens and achieving trade regimes favourable to the country. The document concludes with a short list of issues on which government needs to fashion policy, which include:

- The future of the UN and the UN Charter, which would include the UN's proper role in managing conflict within states and the composition and membership of the UN security council;
- The proliferation of weapons and the globalisation of crime, which the document states should focus on creating comprehensive policy and particularly on traffic in small arms and drugs;
- Continental and regional bloc formation, to define SA's place in Southern Africa and its role and function within the OAU, the SADC and the other regional bodies; and
- Peace support operations, which would involve the establishment of clear policy guidelines setting out the relationship between the use of early warning systems, preventive diplomacy, humanitarian support as well as thresholds for various levels of intervention.

Mills said the contribution, only eight pages long, was deliberately brief because a white paper ought not to aim at setting policy responses at micro level.

Foreign policy ought to be flexible and not straitjacketed by detailed policy prescriptions, he said.

Hence the institute had listed several broad aims and identified key areas for action. These included achieving favourable opportunities for trade, the encouragement of democracy, regional co-operation and resolving security challenges by peaceful means.

SA Customs Union negotiators find a way to share revenue

CT (BR) 28/8/96 (279A)

By Christo Volschenk

ECONOMICS EDITOR

Cape Town — The negotiators of the Southern African Customs Union (Sacu) have made a breakthrough in their search for a new way to share the union's customs and excise revenue between the member countries. It has taken them two years.

The agreement should end the erosion of South Africa's share of the revenue pool. Over the past 10 years it has dropped from 70 percent to about 60 percent.

The negotiators have agreed that customs revenue and excise revenue should be kept separate. Different revenue-sharing formulas will be used in future to determine how to divide the revenue.

Sacu is Africa's oldest customs union. A 1969 agreement between South Africa, Lesotho, Swaziland and Botswana stipulated that all revenue collected from customs duties and excise by the members would be pooled and divided once a year, according to a single formula.

Namibia and the former homelands later joined Sacu.

"It has been agreed that each member country will share in the excise pool according to its consumption of excisable goods," the trade and industry department said.

South Africa expected to receive R6,9 billion from the excise pool and R6,2 billion from the customs pool in this financial year. Another R10,3 billion is expected to come from the fuel levy.

Analysts said yesterday that sharing the excise pool on the basis of consumption would benefit South Africa because it is the biggest consumer of excisable goods in the union.

More revenue would come South Africa's way and the erosion of its share in the total pool would be partially arrested.

"How and when consumption will become the new criteria for sharing the excise pool still has to be worked out," the department said.

The negotiators also agreed in principle that the so-called price-raising effect of the common external customs tariff on trade among member states would be the main element of the new formula.

"Members of Sacu have tabled different formulas for the sharing of customs duties and no agreement has been reached on that aspect to date," the department said.

Nedcor, PTA sign credit agreement

ARG 29/8/96

JOHANNESBURG - Nedcor Bank has signed a structured Financial Credit Agreement with the Eastern and Southern African Trade and Development Bank, known as the PTA Bank.

The five-year loan, valued at R27 million, would enable an SA firm, Meateng Africa, to fulfil a contract an Animal Resources Services (ARS) abattoir and meat processing plant in Omdurman, Sudan. - Sapa. (279A)

EARLY VIEW

Regional pact confounds man and machinery

(279A)

BD 30/8/96

TIM COHEN in Cape Town

THE 10-member Southern African Development Community (SADC), representing all countries in the region, confounded sceptics at its summit in Maseru this week by signing a trade protocol to create a free trade area in eight or nine years.

The organisation then had trouble finding a photostat machine to copy the agreement for distribution.

Resolving the ballooning ambition and fumbling actions of the SADC and its previous incarnation, the Southern African Development Co-ordination Conference, has proved difficult.

There has been much cynicism about the SADC, which began its life as an attempt to lessen dependence on SA and ended up including SA precisely in an effort to increase regional interdependence.

As British academic James Sidaway said in a recent paper, at first glance it is difficult to know just what to make of the SADC. It has survived for 16 years and reinvented itself to deal with changes in the region since the end of apartheid.

But, to date, protocol agreements in the relatively non-controversial domains of shared water resources and narcotics control have occurred against a backdrop of drawn-out and contentious negotiations concerning regulation of migrant movements, as well as trade and security, writes Sidaway.

On the face of it therefore, the signing of the recent trade protocol is a huge step forward.

Trade and Industry Minister Alec Erwin described the signing of the protocol as a "breakthrough", even though much of the nitty-gritty must still be done.

The major part of the treaty, defining the rate of tariff reduction in each product category and examining the consequences for the industries concerned, would be completed within six months, he said — another ambitious target. Only once this has been done will the eight-year phase-down period begin.

SA experts, anxious to protect the viability of the country's many uncompetitive industries, are keen for product-by-product, or at least sector-by-sector, impact studies to be done before SA commits itself to a regional free trade area.

Erwin has gone some way to agreeing by proposing that the rate of tariff reduction should constitute a separate part of the agreement and signing a largely procedural agreement last weekend.

But he also made a significant concession in the substantive portion of the protocol, dealing with rules of origin. The rules are generous, allowing a product to be seen as having originated from a country within the region if its ex-factory value is increased by 35%.

By comparison, in recent discussions on clothing and textiles with Zimbabwe, SA trade unions were demanding this proportion should be 75%, while Zimbabwean negotiators were demanding 25%.

The protocol grants significant powers to trade ministers, establishing a committee of ministers which may refer disputes to a committee of experts (which goes to prove that negotiating tricks learnt during SA's constitution making process have not been forgotten).

It states unequivocally that "the elimination of barriers to trade shall be achieved within a time frame of eight years from entry into force of this protocol".

But it also allows significant exceptions. These include exceptions to "protect public morals or to maintain public order" (whatever that may mean), exceptions necessary to prevent critical shortages of foodstuffs, and those relating to transfer of gold, silver, and both precious and semi-precious stones, among others. Also allowed are exceptions "necessary to ensure compliance with existing obligations under international agreements".

The exceptions underline a tendency on the part of countries in the region to hedge their bets, both supporting SADC and trying to get the best bilateral deal possible as well. Zambian president Frederick Chiluba, complaining bitterly about SA's trade deal with Zimbabwe, stressed that the protocol allowed side deals to be concluded. Erwin later acknowledged that talks with Zambia would be taking place.

However, making such a deal compatible with the World Trade Organisation will be difficult because WTO rules favour regional trade deals, tolerate exiting bilateral deals but disapprove of new bilateral deals.

Despite the tendency to hedge their bets, there is reason for hopefulness about the trade deal.

Structural adjustment programs have forced many of the countries in the region to decrease their tariffs. SA has lagged behind, but its existing GATT commitments will force it to do the same and going one step further in the region may be a price worth paying.

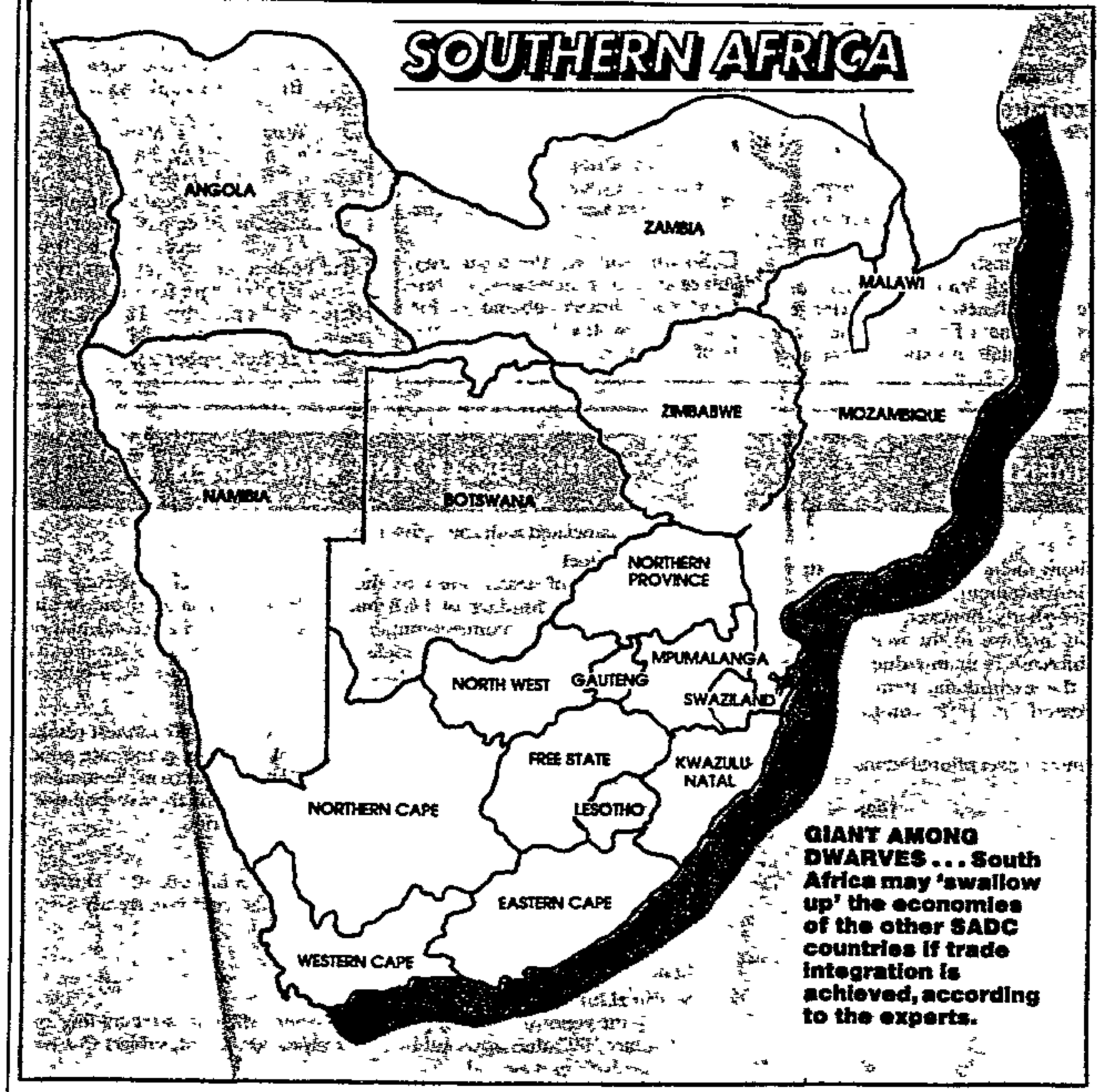
Then the only thing missing would be for the SADC to organise a working photostat machine.

LETTERS

FREE TRADE ZONE!

CP 1/9/96 (279A)

But the SADC could have set itself an impossible task, say economic experts



GIANT AMONG DWARVES . . . South Africa may 'swallow up' the economies of the other SADC countries if trade integration is achieved, according to the experts.

SOUTHERN African leaders set themselves a mammoth task when they agreed at their latest summit to form a free trade zone in eight years, according to regional economic experts

"It's a good intention, but how are they going to achieve it? – it is a very difficult task," said Professor Tony Hawkins in Harare.

"Eight years seems ambitious. Regional integration is a process that takes decades I don't know how they are going to achieve it in such a short space of time," the Zimbabwean economist said

"Governments like signing these things because they look good, but getting the business sector's involvement – which is vital to integration – is another thing"

Past experience appears to justify the economist's caution

South Africa's entry into the Southern African Development Community (SADC) in 1994 paved the way for an increase in intra-SADC trade from roughly R6,3 billion in 1991 to about R11,25 billion in 1994 and around R13,5 billion last year, according to figures from the 1996 *Direction of World Trade Statistics*, produced by the International Monetary Fund.

But the bulk of the increase resulted from higher South African exports to the other SADC countries, which accounted for about 68 percent of the 1995 figure

On the one hand, trade between the other SADC countries has stagnated, partly because, with the exception of Zimbabwe and Angola, their export products tend to be similar

Also, high import tariffs imposed by South Africa adversely affect exports from the rest of the community

In 1995, intra-SADC trade accounted for less than 10 percent of the total trade of the 12 member countries – Angola, Botswana, Lesotho, Malawi, Mozambique, Namibia, Swaziland, Tanzania, Zambia and Zimbabwe (the 10 states that formed the organisation in 1992), Mauritius (which joined in 1995), and South Africa

STRUGGLE . . . Countries like Frederick Chiluba's Zambia are at a disadvantage.

PUSHED . . . Mozambican president Joachim Chissano may have to bring in the private sector.

Moreover, Angola, the richest of the 12 in natural resources and the SADC's sole exporter, did not sign the trade protocol approved at the community's August 24 summit

"It's commendable that a trade protocol has been signed by most of the countries," commented Edmore Tobaiwa chief economist of the Zimbabwe National Chamber of Commerce (ZNCC)

"However the ZNCC is concerned that the ratification process of the signed trade protocol can be protracted Many of the member states realise that they do not have a comparative advantage in the manufacture of many of the consumer goods," he added

A row between Zimbabwe and South Africa over textiles provides some evidence of this

When a bilateral agreement expired in 1992, South Africa slapped tariffs of up to 90 percent on textiles and garments from Zimbabwe.

Pretoria took four years to agree to reduce the tariffs to between 14 and 30 percent, partly because of opposition from South African manufacturers It is only this month that a draft agreement was reached on the issue

"There is still a long way to go Eight years may not be enough," Tobaiwa said

"This is only the first step in a very long journey After ratification the effective tariff reductions still have to follow Experience shows that this can take a long time," he added

Nor will regional economic integration, of which the proposed free trade area is to be a part, be easy

According to Greg Mills, director of the South Africa Institute of International Affairs (SAIIA), it remains to be seen how integrating unequal economies will be achieved by the SADC South Africa will virtually swallow the other economies, he argues

"The protocol has been signed, but it still has to be approved by the parliaments of member countries, who will assess its value to their own countries They will consider whether they can compete with South Africa," said Mills

Much will depend on governments' political will and their ability to convince business people from their countries, whom they will also need to involve in the discussions on free trade

Antonio Gumende, a Mozambican journalist based in Harare who specialises in Southern African economic issues, feels that although the SADC does not appear fully prepared for this, it might be forced to move in that direction.

"Right now I don't think the SADC has a structure to bring in the private sector," he says. "but what happened in the case of Zimbabwe, for instance, is that when they were negotiating with South Africa they found out that the South Africans were not just negotiating as a government, but they were bringing in the textile federation and the trade unions

"That's why they had to come back and say 'well guys, you have to start coming to these meetings with us'

"That will be the best strategy," argues Gumede.

"There has to be co-operation between the government and private sector at the national level. It's difficult to create something which is supra-national."

Meanwhile, analysts are waiting for more details to be released about the proposed free trade zone.

"All we have heard is a statement in the press that they have signed the protocol," said Hawkins

"But until we get to know the details of how they intend to do it it will be to soon to get excited."
- Sapa-IPS

HANSARD

The MINISTER OF JUSTICE:

The following information was furnished by the Central Statistical Service in respect of the national territory, excluding the former TBVC states and self-governing territories, for the period 1 July 1994 to 30 June 1995:

(a) (i) 106

(ii) 84

(b) (i) 23

(ii) 19

X

Land Claims Court: assessors employed 271A

298 Sen E K MOORCROFT asked the Minister for Agriculture and Land Affairs

(1) Whether the Land Claims Court has employed any assessors, if so, (a) how many, (b) at what rate are they being paid and (c) what amount was paid out to each assessor during the period 1 May 1995 up to the lastest specified date for which information is available;

(2) whether the rate of payment for such assessors was determined in terms of existing regulations; if not, (a) why not and (b) on what basis was the rate of payment determined; if so, what regulations?

S494E

The MINISTER FOR AGRICULTURE AND LAND AFFAIRS:

(1) Yes

(a) The services of three assessors have to date been used.

(b) The assessors are remunerated at a tariff of R720 per day or a part thereof of actual attendance in court or in chambers. The assessors further receive the same subsistence and travel allowances as paid to Advocates appointed by the State to appear in criminal cases. Such allowances include the payment of reasonable actual costs for accommodation and meals as well as a further allowance of R29 per day for incidental expenses. Regarding travel costs, assessors, depending on the engine capacity of their vehicles, receive a fixed kilometre tariff or, where applicable, the cost of an economy class air ticket, whichever amount is the lesser.

(c) Two assessors received R2 089,25 and R1 326,40 respectively. The claim of the third assessor is being awaited.

(2) No.

(a) and (b) Section 27(3) of the Restitution of Land Rights Act, 1994 (Act 22 of 1994) provides that such assessors receive the remuneration as determined by me in consultation with the Minister of Finance and the President of the Land Claims Court.

Land Claims Court: start-up/running costs

299 Sen E K MOORCROFT asked the Minister of Justice:

(1) (a) What specified (i) start-up and (ii) running costs were incurred by the Land Claims Court during the period 1 January 1995 up to the latest specified date for which information is available, (b) on how many days during this period did the Court sit and (c) (i) how many cases were heard by the Court during this period, (ii) what did the cases concern, (iii) what was the duration of each case and (iv) how was each case concluded;

(2) whether the Court has as yet finalised and/or published the rules under which it will operate, if not, (a) why not and (b) when is it anticipated that the rules will be finalised and/or published; if so, what are the relevant details?

S495E

The MINISTER OF JUSTICE:

(1) (a)

(i)	Accommodation	R3 400 000
	Equipment	392 372
	Judges' vehicles	1 044 072
	Total	R4 836 444
(ii)	Salaries for judges	943 644
	Salaries for staff	87 021
	Operating costs	152 172
	Total	R1 182 837

(b) Nine days.

(c) Details of the answers to the questions under (i), (ii), (iii) and (iv) are apparent from the following analysis of the cases heard during the period under consideration (this does not include cases lodged with the Court but not yet heard):

M Mahlangu v B de Jager (Case No. 1/96)

This matter has involved two separate cases heard over a total period of four days The first case was an application for interim relief under the Land Reform (Labour Tenants) Act No. 3 of 1996 (hereinafter referred to as the "Labour Tenants Act"). The application was amended to one for final relief in terms of section 12 of the Labour Tenants Act. The application was refused and leave was given to the applicant to renew the application. The second case involved the renewal of the application. There were several disputes of fact on the affidavits and the matter was referred to oral evidence. Oral evidence has been led and the case has now been postponed for argument on 28 August 1996.

V Zulu and Five Others v Van Rensburg and Two Others (Case No. 8/96)

This was an application for interim relief under the Labour Tenants Act The matter was heard over two days. The application was granted.

Orange Grove Farms CC and Thirty Three Others v Regional Claims Commissioner and Three Others (Case No. 9/96)

This matter involved an application for the review of a decision of a regional claims commissioner to publish a notice in the Gazette concerning certain farms in terms of section 11(1) of the Restitution of Land Rights Act, No. 22 of 1994. The matter was settled at the doors of the Court. The parties, however, required that the settlement agreement be made an order of the Court and the proceedings during which this was finalised endured for a morning.

Ex Parte Macleantown Residents' Association (Case No. 12/96)

This matter involved the referral of a settlement agreement by Regional Land Claims Commissioner for the Eastern Cape and the Free State in terms of sections 14(1)(c) and 14(3) of the Restitution of Land Rights Act, No. 22 of 1994 with a view to the settlement being made an order of Court. The matter was, because of its nature, dealt with in chambers, not in open Court. The agreement was found to be defective in numerous respects, details of which are apparent from the judgment which was handed down in the matter It was accordingly referred back to the Commission The judgment sets out in detail the steps to be taken by the Commission.

Ex Parte B F Liesenberg (Case No. 13/96)

This was a matter referred to the Court in terms of section 6(2)(c) of the Restitution of Land Rights Act by the Chief Land Claims Commissioner The referral under the section was found to be incorrect and the matter was referred back to the Commissioner. The matter was dealt with by way of a pre-trial conference which took place over one day

Ex Parte S R Dulabh (Case No. 14/96)

This was a matter similarly referred under section 6(2)(c) of the Restitution of Land Rights Act by the Chief Land Claims Commissioner. Again, the referral under the section was found to be incorrect, and the matter was referred back to the Commissioner. The matter was dealt with at a pre-trial conference which was held simultaneously with that in respect of Case No. 13/96.

Ex Parte Central Transitional Metropolitan Substructure for the Durban Metropolitan Area

This is an application under section 34 of the Restitution of Land Rights Act in which an order is sought that

Trade to boost SADC economies

279A

Sowetan 5/9/96

EFFORTS by the Southern African Development Community (SADC) to encourage the development of trade – especially in coal, petroleum and natural gas – will boost the economies of some member states.

If the proposals are implemented, they could also help provide affordable energy and improve the quality of life across the broad spectrum of people.

Countries such as Angola and Mozambique, whose economies have been ravaged by protracted wars, stand to earn a lot of money through the sale of petroleum, natural gas and coal.

Tanzania, Malawi and Zambia can also expect good rewards through the sale of coal.

Lesotho, presently experiencing rapid deforestation because its forests have been depleted and it does not have known petroleum, natural gas and coal deposits, will also benefit from the proposed energy sharing programme.

Of the 12 SADC member states – Swaziland, Angola, Zimbabwe, Malawi, Mauritius, Zambia, Mozambique, Tanzania, South Africa, Lesotho, Namibia and Botswana – South Africa leads with the most deposits of natural gas and coal, followed by Mozambique.

Coal deposits are also abundant in Botswana, Malawi, Tanzania, Zambia, Zimbabwe and Swaziland.

On the other hand, petroleum is plentiful in Angola and Namibia.

According to a trade protocol signed last week in Maseru by all SADC's heads of states and governments, more deliberate efforts by all member states should be implemented to substitute wood as a fuel source with coal.

A country like Lesotho, which is devoid of any forests, would be the main beneficiary if what is contained in the protocol is implemented

Countries such as Zambia, Tanzania, Namibia, Swaziland and Malawi, whose forests are disappearing, also stand to benefit.

The protocol calls on member states to create a legal and fiscal environment which promotes, enhances and facilitates cross-border trade and transport.

Member states are also urged to harmonise laws, regulations and agreements to support the programme.

Common standards

Another energy source being encouraged for cross-border trade is electricity. The accord also urges member states to promote the evolution of common regional standards.

Sectoral and sub-sectoral regional policies on energy and programmes need to be in harmony with the overall policies and programmes of the SADC, and with the strategies and programmes, says protocol.

However, there is concern in some quarters that this requirement could cause delays when states start a process of ratification.

A number of member countries have either laws or constitutional provisions which might make it difficult or cause it to take long to complete the ratification process.

For some countries it might require cabinet approval while for others it might require parliamentary approval.

Any member is free to propose amendments to the protocol provided all other member states have been notified 30 days in advance of the consideration of the amendments by the Committee of Ministers.

An amendment will be adopted if three quarters of the members states approve. – *Sapa-DPA*.

THE SADC

Tame the lion or cage it with the lambs?

(2791A) CT (BR) 5/9/96

Ross Herbert

South African business is potentially the beneficiary of the free trade protocol signed last month by leaders of the Southern African Development Community.

The great lure of the treaty for all SADC members is the unfettered access it will provide to the region's 100 million consumers. But the protocol has left an undercurrent of anxiety in the region, which is uncertain whether the protocol will tame the South African lion or simply lock it into the cage with the lambs

After signing the new southern African free trade protocol, Zambian president Frederick Chiluba warmly praised the trade deal and the virtues of trade liberalisation At a press conference the day before, he accused South Africa of using his country as a "dumping place" and threatened to slap retaliatory tariffs on South Africa if rapid progress was not made on equalising trade and tariff imbalances between the two countries.

The trade protocol commits the region to phase out all tariff and non-tariff barriers within eight years. The crux of Zambia's complaint is that many cash-strapped SADC countries have lowered their tariff barriers as a condition of World Bank and IMF aid That gives South Africa's already more efficient industries a short-term tariff advantage that may be enough to destroy other SADC competitors during the protocol's phase-in period.

The protocol binds South Africa to the region, but it also provides a strong defence against bilateral pressures President Nelson Mandela and Alec Erwin, the minister of trade and industry,

DUMPING *Zambia's Frederick Chiluba has threatened to slap retaliatory tariffs on South Africa*

DEFLECTING *South Africa's Alec Erwin has insisted on the new protocol for negotiations*

ACCUSATION *Zimbabwe's Robert Mugabe has complained of South African 'colonialists'*

declined to take up the Zambian complaints, neatly deflecting them with an insistence that negotiations take place within the context of the new protocol and the South African Customs Union as a whole

Before the final treaty can be signed, a detailed list must be negotiated, which specifies the exact schedule for tariff reductions Erwin said SADC set a goal of six months to negotiate the list, which will be debated on the South African side in the National Economic and Labour Council (Nedlac).

One of the biggest potential loopholes pertains to "infant industries", which the protocol permits countries to protect. The protocol allows countries to apply to the SADC council of ministers for exemptions to the treaty's provisions "where the development of existing industries or the creation of new industries is justified". The deal allows countries to apply anti-dumping measures

Countries can apply to the SADC council of ministers for an extended grace period for phasing out tariffs And they can apply for "safeguard" measures to protect local industry from other SADC competitors when a product is being imported "in such increased quantities, absolute or relative to domestic production, and under such conditions as to cause or threaten to cause serious injury to the domestic industry"

Also vital to South African business will be the treaty's rules of origin, which distinguish a product made within SADC from one made elsewhere. Under the trade protocol, goods produced in any SADC signatory from foreign materials would be considered locally produced if local processing accounts for at least 35 percent of the final value of the goods.

Other origin rules stipulate whether such operations as repackaging, remixing or assembly are sufficient to categorise a product as locally produced from imported materials. As written, the protocol rules are strict and based on commonsense, but put a heavy burden on customs officials to examine and prevent fraudulent calculations of local value.

The protocol states that members shall adopt policies to promote cross-border investment, but devotes only one paragraph to the subject. It conspicuously does not deal with restrictions on foreign majority ownership of businesses or repatriation of profits from foreign investment. Zimbabwe's President Robert Mugabe has frequently complained that some South African firms act as "colonialists", and he has sought to block Anglo American's right to appoint a non-Zimbabwean to a top post.

It remains to be seen whether such interference could be dealt with as a violation of free trade under the protocol. Disputes arising from the protocol will be referred to experts appointed by the SADC council of ministers

The most difficult challenge for SADC will be dealing with the hodge-podge of existing and proposed trade treaties The South African Customs Union is now renegotiating its treaty, while the Common Market for Eastern and Southern Africa (Comesa) continues to limp along. All SADC members except South Africa are also Comesa members

Nearly all of the SADC countries, again excepting South Africa, are members of the Lomé Convention through which the EU grants trade concessions to poor countries. Moreover, South Africa is continuing to negotiate with the EU for its own free trade zone.

To deal with all the conflicting treaties, the new SADC protocol pledges members to conform with World Trade Organisation rules It also enshrines the principle that there will be no back-sliding This holds that once the treaty comes into force, signatories can no longer raise import tariffs on products from other SADC countries

On balance, the provisions seem structured to allay the fears of South Africa's weaker neighbours However, the provisions on the phase-in period would appear to allow South African industry to capture a solid market share in the region. — Independent Foreign Service

SA's dreams for SADC countries

(279A) CT 6/9/96

GRAHAM LINSCOTT examines the future of the Southern African region in the light of plans to phase in a free trade zone for the 12 countries of the sub-continent.

THE recent meeting in Maseru of the Southern African Development Community (SADC) was a good-humoured affair in which President Mandela joked, in accepting the presidency, that he thought Quett Masire was handing him the presidency of Botswana.

But it could — in the very long run, granted — turn out to have been an uncannily prescient joke. When 12 countries sign protocols for an eight-year phasing in of a free trade zone, they are on a course very similar to that of the European Union. And on such a course national boundaries tend to become blurred, supra-national institutions such as the SADC (or the European Commission) take on a stark, high profile and national sovereignties tend to fade.

South Africa has an interest in developing the SADC countries to the north, encouraging investment there. If they fail, we will be swamped by a destructive flood of immigration.

Ironic also that the summit should have been in Maseru, capital of Lesotho. This small, landlocked, mountainous and impoverished country would almost certainly have become a province of South Africa, had it not been for the Afrikaner Nationalist election victory in 1948 and the programme of apartheid that followed.

The Act of Union of 1910 expressly provided for the British protectorate of Basutoland (as it was then known) to eventually be incorporated (along with Swaziland and "Bechuanaland" — now Botswana).

Lesotho's economic survival today depends entirely (apart from overseas donor aid) on revenues from the Southern African Customs Union (collected largely by South Africa) and wage remittances from Basotho working on the mines in South Africa.

That is not exactly a classic profile of sovereign independence, the less so in the light of President Mandela's offer of South African citizenship to Basotho who have been working on the mines for 10 years or more. It begins to look like a benign anschluss of a major component of Lesotho's economy. What happens if those miners take up the offer, settle in South Africa and stop remitting wages?

It is possible to argue (though it would be fiercely resisted by Basotho nationalists) that, in a normalised southern Africa, it would be rational to recognise that Lesotho is, in fact, a kind of province of South Africa, that it would be better off receiving a per capita subsidy; that the thinking should revert to that of 1910. If the Zulus can have a kingdom within a greater South Africa, why not the Basotho?

It is possible to apply this argument to Swaziland as well and, with less success, to Botswana (with less success because Botswana is doing pretty well economically and has a stronger currency than South Africa's).

However, because an idea is rational does not necessarily mean anything will happen. Africa's frontiers, drawn in such cavalier fashion in Berlin and elsewhere during the 19th century, have been astonishingly resistant to alteration. Sovereignties are jealously guarded. And it is difficult to sell people the idea they should put the clock back.

Far more likely is the blurring and fading effect if — as seems possible — SADC starts taking on a higher profile.

The region has immense potential. It has oil, diamonds, coal, gold, platinum, copper — virtually all the precious or industrially useful minerals are to be found somewhere.

It has vast potential in crop and timber production. It has huge water resources (especially in the countries in the north and north-east), huge labour resources. South Africa provides a nucleus of existing industry, of physical and financial infrastructure, of managerial expertise.

South Africa has an interest in developing the SADC countries to the north, encouraging investment there. If they fail, we will be swamped by a destructive flood of immigration. If they succeed, we will have new markets presently undreamed of.

What would the eventual political/constitutional outcome be? Perhaps a sangoma could help.

Graham Linscott is an associate editor of Natal Newspapers the Public Service Commission; a range of local government issues; and the powers of provinces.

technical section 146, which the court found substantially diminished provincial powers. However, both Eg... and Meyer said their parties would

This fine line had to be overcome. The clarity would pave the way for the drafting of a provincial constitution, Burrows said.

ures released on Friday showed gold reserves were 4,1% down at R6,264bn, down from R6,531bn in July. Foreign currency reserves were 0,7% lower at

Business Day

DAY, SEPTEMBER 9 1996

inc VAT Subscription R1,70 inc VAT (where available)

A TIMES MEDIA PUBLICATION

SA's customs partners fear losses from an EU free trade agreement

Linda Ensor (279A) BD 9/9/96

CAPE TOWN — SA's partners in the Southern African Customs Union (SACU) fear the European Union's negotiating mandate for a free trade agreement with SA will have devastating effects on their economies.

MPs from SA, Botswana, Lesotho, Namibia and Swaziland met their European counterparts at the weekend to discuss the EU's proposals and agreed to present their views at the joint assembly meeting of EU countries and African, Caribbean and Pacific nations in Luxembourg in three weeks.

One of the major concerns of SA's SACU partners was that it appeared the contributions from the union pool to member countries' budgets would be drastically reduced under the EU's proposals, because tariff changes introduced by a 90% free trade agreement with SA would automatically apply to the whole union area.

In terms of the EU's negotiating mandate, about 36% of EU exports to SA, which represent about 40% of its total imports, would be duty-free.

More than 46% of Swaziland's national budget in the 1994/95 year, and more than 50% of Lesotho's budget, was derived from the union revenue pool, the MPs said. Namibia estimated it would lose 15% of its annual budget if the EU mandate was effected.

The MPs warned of job losses, the destruction of fragile industries and the curtailment of vital infrastructural spending that would result if the common revenue pool shrunk.

Devastating consequences would also result if subsidised, duty-free EU agricultural products and duty-free manufactured products were allowed to compete unfairly with local ones.

The European Research Office's Paul Gooderson noted that the projected revenue loss to SA's neighbours would be eight to 10 times the aid annually transferred by the EU to these countries under the Lomé convention.

Swaziland senator Phetsile Dlamini, chairman of the SACU parliamentary liaison group, expressed concern over the "unhealthy" haste and pressure being exerted by the EU to conclude the negotiations. She believed SA should be given the opportunity to consult its neighbours and incorporate their views into its own mandate.

"It would be a tragedy if the outcome of the negotiations broke down the region and caused hostility," she said.

Last week three parliamentary committees — agriculture, water affairs and forestry; foreign affairs; and trade and industry — said the EU proposals would undermine efforts to promote equitable regional integration.

Mandela new SADC chairman

(279A)

GABORONE: President Nelson Mandela took over the chairmanship of the Southern African Development Community from Botswana's President Ketumile Masire here yesterday.

Mozambique's President Joachim Chissano is the vice-chairman.

CT 10/9/96

Sacu rejects EU proposal

(279A)

Sowetan 10/9/96

By Waghied Misbach

THE European Union has come under further attack for its trade proposals with South Africa, this time from South Africa's partners in the Southern African Customs Union (Sacu)

The EU was sharply criticised in Parliament last week by the Trade and Industry Ministry for seeking special privileges for its exports to this country, but not giving the same treatment to South African products destined for European markets.

Representatives from Botswana, Lesotho, Swaziland and Namibia, who met with the European counterparts at the weekend, said that they feared their countries would lose much-needed revenue if SA signs a free trade agreement with the EU.

The EU is Sacu's largest trading partner. Sacu exports only R26,8 billion worth of goods to EU, while the EU members export R44 billion to Sacu-member countries – meaning that the trade balance favours the EU by R17,1 billion.

The expected lowering of tariffs in South African markets that the EU has proposed, would result in a ripple effect on South Africa's major trading partners in the region.

The EU has proposed that about 36 percent of EU exports to SA would have to be duty free But at the same time, the EU has excluded almost 40 percent of South Africa's agricultural products from the EU markets to protect their own farmers.

Namibia has estimated that it would lose close to 15 percent of its annual revenue if the tariffs were lowered, which could result in job losses and the closure of key industries.

Trade and Industry, Water Affairs and Forestry and Foreign Affairs as well as Finance, have expressed concerns on the proposals and may take a tough stance in the upcoming negotiations.

NEWS POLITICS

Mandela takes over the SADC driver's seat

(279A)

Sowetan 10/9/96

PRESIDENT Nelson Mandela yesterday formally took over the chairmanship of the 12-nation Southern African Development Community from Botswana head of state, Sir Ketumile Masire, during a brief working meeting in Gaborone.

Also at the meeting was Mozambican President Joachim Chissano, who assumes the position of vice-chairman following an SADC summit of heads of state last month in Lesotho which elected Mandela to a three-year stint as chairman of the community and Chissano as vice chairman. King Mswati III had been vice-chairman for the past three years.

The presidents did not make statements to the media following their two-hour meeting behind closed doors, but SADC Executive Secretary Kaire Mbuende said it was a "technical operational discussion" on the role of the chairman as outlined in policy documents.

"There are certain tricks you do not find in the book, and you are only to come here to know about some of those," he added, without elaborating.

Mbuende said Mandela will be expected to take initiative and play a leading role in collective policy formulation in SADC. He will sit as chairman in his first formal meeting of SADC in January in Windhoek, Namibia. In the event that South Africa holds a different position in terms of policy than that of SADC as a whole, Mbuende said, "we expect President Mandela, as the chairman of SADC, to defend the SADC position".

Masire chaired SADC since its inception in 1980, then a primarily anti-apartheid grouping of nine states, the Southern Africa Development Coordination Conference.

SADC comprises Angola, Botswana, Lesotho, Malawi, Mauritius, Mozambique, Namibia, South Africa, Swaziland, Tanzania, Zambia and Zimbabwe. – *Sapa-DPA*

SOWETAN Friday September 13 1996

AGRICULTURE FEATURE

Way to fight against hunger

Sowetan 279A 13/9/96

MOROGORO, Tanzania – Many households in Swaziland, including those in the villages where its food is produced, are run by women because thousands of Swazi men work in South Africa's gold mines.

But many men still maintain that women should not have access to land.

"Our problem is how to increase agricultural production. The issue of women not having land is not so serious," said Thamsanqa Mpanza during a seminar held in Tanzania recently.

Mpanza and other trainers of agricultural extension officers from the Southern African Development Community (SADC) countries travelled to Morogoro, 190km west of Dar-es-Salam, to discuss the inclusion of food security in the curricula of colleges and rural development institutes.

The focus of their September 3-13 workshop has been to develop a training module on food security for use in such institutions, as part of the fight against hunger and malnutrition in their countries.

Public opinion

The idea is that, by spreading knowledge of food security, academic institutions will influence public opinion and decision-makers and enable local communities to analyse and solve their nutrition and health problems.

"It is a matter of great concern that ignorance on the notion of a balanced diet and quality food is widespread in the region, even among the more affluent people in our cities," said Anselm Lwoga, vice-chancellor of Tanzania's Sokoine University of Agriculture.

Since groups most affected by lack of food security live mainly in rural areas, Lwoga told the workshop, teachers should "understand the concept of food security and the notion of a balanced diet so that they can pass on the same knowledge to their charges".

Alleviation of the food security crisis in Africa, he said, should start with the formulation of appropriate policies by governments before research could lead to a clear picture of malnutrition in all vulnerable groups – the rural and urban poor, children and pregnant women.

Although universal food security is within reach, as the United Nations Food and Agriculture Organisation has maintained, the availability and quality of food in many African communities continue to be limited not just by household income, but also by other factors like access to productive resources and transport infrastructure.

Malnutrition

As a result, protein malnutrition is a major problem in many countries of the subregion, which SADC member states – Angola, Botswana, Lesotho, Malawi, Mauritius, Mozambique, Namibia, South Africa, Swaziland, Tanzania, Zambia and Zimbabwe – are moving to curb.

Under the auspices of the Zimbabwe-based SADC Food Security Training Project, agricultural academics from universities of the subregion will hold a second workshop early next year to streamline the proposed module worked out in Morogoro before it is put to the test.

"The goal of this exercise is to turn out extension workers who have a good conceptualisation of food insecurity so that they can carry out strategies geared toward food security and poverty alleviation," Andrew Temu, manager of the workshop here, said.

Initially, the food security curriculum would be taught to students at certificate and diploma levels. "These are the people who work daily with farmers, have insight into rural lifestyles and can act as catalysts of food producers and consumers," said Temu, a lecturer at the Sokoine University.

Over the past two decades, food production in the SADC countries has either declined, remained stagnant or barely increased without matching population growth.

FAO studies show that in 13 East and Southern African countries, 29 percent of children are underweight and 43 percent are stunted as a consequence of protein-energy malnutrition. – *Sapa-IPS*.

Regional development on cards

By BENISON MAKELE (279A)

CP 22/9/96

PRESIDENT Mandela's accession to the Southern African Development Community (SADC) chairmanship has been hailed by political analysts as a positive step towards regional development.

"The change of guard could not have been more timeous for the region," University of Botswana academic Monageng Mogalakwe said.

However, South Africa's economy is controlled by a small clique of white supremists who would like nothing better than to continue the domination of the region's markets, in Mogalakwe's opinion.

He also added that it remained to be seen whether the SADC, under the chairmanship of President Mandela, would be able to withstand the "total onslaught" by international capital on the region.

Institute for African Alternatives (IFAA) deputy-director Ernest Manganyi said the accession of Mandela to the regional body's chairmanship "was very opportune" because it came at a time when the sub-continent, after having undergone a turbulent phase in its history, needed a leader with Mandela's high international profile.

Customs union members meet to resolve outstanding issues

(279A) BD 9/10/96

John Dludlu

NEGOTIATORS from the Southern African Customs Union meet today under increasing pressure to resolve outstanding issues that are holding up talks to modernise the five-nation trade arrangement.

Sources close to the customs union task team, the body reviewing the accord, say key issues that remain unresolved include the contentious issue of finding an alternative formula on how to share revenue from the customs pool.

The trade and industry department's director for southern African trade relations, Mfundo Nkuhlu, said yesterday there was a "growing sense of urgency" to resolve outstanding issues.

Pressure came from the impending talks between Pretoria and Brussels on a trade agreement with Europe, and from the recently concluded regional trade protocol under the auspices of the Southern African Development Community.

The European Union has proposed an asymmetrical free trade accord with SA to replace the less preferential trade regime, while the SADC's trade protocol seeks to liberalise trade between the body's 12 member nations over eight years.

Nkuhlu, an SA negotiator, said other issues related to institutional arrangements to accompany a revamped customs union.

Although customs union signatories have agreed on principles to govern the new formula — such as the fact that it should not cause fiscal disruptions to members — negotiators have yet to find an alternative formula.

Nkuhlu said the team had to flesh out the functions of the proposed institutions. These included a ministers' council, a commission of senior officials and an independent secretariat.

"These (mooted institutional arrangements) have legal implications for all countries involved," he said.

Other sticking points related to the democratisation of decision-making, notably the determination of tariff levels, which was effectively SA's prerogative under the old agreement.

While there was agreement that tariffs had to be determined through dialogue, no consensus existed on the mechanisms to achieve this, Nkuhlu said.

Trade observers said the impending talks with the EU, especially the effect a free trade pact with SA would have on neighbouring countries, were expected to be discussed at this week's round of negotiations.

Open regionalism in the south has obvious lessons

27 9n

Mercosur, the 'Common Market of the South', could become a significant reference point for the Southern African Development Community, writes **Jorge Heine**

BD 10/10/96

1990 to $40bn last year, are manifold. They relate to the economic opening that has taken place in the nineties — the lowering of tariffs and removal of non-tariff barriers to trade — but also to the new levels of trust that have developed after transition to democracy, as well as the obvious advantages of doing business close to home and without any language barriers.

The point is though, that this "open regionalism" (as the UN's economic commission for Latin America and the Caribbean has dubbed it) differs markedly from that of the sixties. Rather than the inward-looking approaches typical of the import-substituting, "desarrollo hacia adentro" economic development strategies favoured in those days, this is conceptually very different.

Instead of using the regional market as a buffer against foreign competition, creating barriers against foreign products, the driving force behind these schemes is to develop regional and subregional markets as extensions of the national market, providing local producers with "trial run" experiences for the even tougher world market.

This new regionalism thus brings together two parallel but distinct phenomena: the interdependence arising out of the signing of special preferential trading agreements with that emerging strictly from market forces. There is at least one school of thought, largely derived from neoclassical economics, that condemns preferential trading arrangements as conducive to trade distortions and a misallocation of resources.

Yet, as Uruguayan Foreign Minister Alvaro Ramos Trigo pointed out in his SAIIA speech in Johannesburg a few weeks ago, "Mercosur is a clear example of a "natural" customs union, based on geographical facts that clearly offset any trade diversion by actual trade creation". Moreover, as the UN commissioner has underscored, open regionalism in the developing world today has also a strategic component.

Given the difficulties southern producers have in accessing northern markets affected by low growth and high unemployment rates, the strengthening of regional markets in the southern hemisphere can play a vital role, allowing our countries to adapt to the process of globalisation without being excluded from it.

And one of the reasons why Mercosur has done particularly well in this context, some of which are underlined by Greg Mills in his recently published book — From Isolation to Integration: The South African Economy in the 1990s — is because it has reversed another legacy of the sixties; that of the smaller and medium-sized economies being the keenest on regional integration, and the largest ones, Brazil and Argentina for example, much more inward-oriented and self-centred.

By bringing together the two SA powerhouses — and the original impetus to Mercosur was really given in 1986 by then Presidents Sarney and Alfonsin in a bilateral co-operation program aimed at expanding intra-industry flows — Mercosur has changed regional geopolitics and geoeconomics. With the two regional powers driving the process, progress is much more likely than with them standing on the sidelines.

Mercosur has also shown that considerable differences in size (from Brazil's population of 154-million and Argentina's 34-million to Paraguay's 4,8-million and Uruguay's 3,1-million) and per capita income (almost as significant, from Argentina's $8 004 and Brazil's $3 465, to Uruguay's $4 511 and Paraguay's $1 400) need not stand in the way of subregional integration — something also relevant to southern Africa.

□ *Heine is Chilean ambassador to SA.*

SADC to become involved in management education

BD 10/10/96
(279A)

Business Day Reporter

THE Southern African Development Community (SADC) intends launching a management development foundation by the end of next year, and has established a steering committee to plan the project.

The main aim of the Southern African Foundation for Management Development would be to serve as a forum for integrating and promoting management education and development in the region.

Among those who attended a recent preliminary meeting at the Unisa Graduate School of Business, Midrand were Prof S Azedeh (Namibia University), Prof MA Khan (Swaziland University), L Mataruka (Zimbabwe University) and Prof N Ronan (convener, Botswana University).

SA's four business schools were represented by Prof Nic Alberts (Pretoria), Prof Willem Hugo (Unisa), Prof Kate Jowell (UCT) and Prof Petri Schutte (Potchefstroom).

Other SADC countries and business schools are to be invited to join the project..

Future lies with common market

(279A) CT 10/10/96

ANOTHER COUNTRY

NELSON MANDELA is exactly halfway through what will be his only term as President. He has devoted the first half to the critical issue of national reconciliation and succeeded brilliantly: The Rainbow Nation may not be in full and glorious existence yet, but we have avoided the racial conflagration that the whole world anticipated would accompany the collapse of apartheid.

Now, as he enters the second half of his one-term presidency, this remarkable man on whom so much of the destiny of this country has depended should focus on a second theme to present a vision of the future.

This, I suggest, should be of South Africa as the driving force behind the creation of a Southern African common market.

As it happens, Mandela's appointment last month as president of the 12-nation Southern African Development Community (SADC) puts him in a position to do that.

The success or failure of this country is going to depend on its economic performance. Either our economy is going to grow fast enough to absorb the mass unemployment we already have or it is going to continue to fall behind and leave us with an explosive overload of social and political conflicts.

The creation of a regional common market is the key to this essential economic success. Firstly, our destiny is bound up with that of the region. There is no way South Africa can be an island of affluence in a sea of poverty. The more we succeed the more we shall become a magnet for the desperately poor all around us, whose unstoppable migrations will swamp our prosperity. Our success depends on our ability to help stabilise our neighbours. The common market is the way to do that.

Secondly, South Africa on its own is not proving attractive enough to foreign investors to give us the growth rate we need. But a SADC common market with South Africa as its driving force is another matter.

The 12 SADC countries offer a market of 132-million people. That is almost the size of Germany and France combined, and only marginally less that the Russian Federation or all the countries of the old Eastern European bloc.

Admittedly many SADC members are what are euphemistically called LDCs, or Less Developed Countries, with low purchasing power. But with South Africa providing the engine, the region would have great potential as an emerging market, and that is what makes today's foreign investors salivate. Much is already in place. The SADC

MIGRANTS: Informal traders are drawn to the relatively prosperous South Africa.

region forms an internationally recognised entity with the nucleus of an administrative infrastructure. Thanks, ironically, to Cecil John Rhodes' imperial dreams, it has an integrated transportation system. Now there are some new joint agreements, including one to share water resources.

It has a great variety of resources waiting to be interlinked for mutual benefit, from Angola's oil to South Africa's factories, the tremendous agricultural potential of the subtropical belt and, throughout, strategic minerals of almost every kind.

Most important of all, it has a commitment, at least in theory, to turn itself into a free-trade area within eight years. But there are also big problems in the way of this. The most intractable is nationalism. Always, even in sophisticated Europe, there is a fear of losing national identity by becoming subsumed into a larger grouping.

There is no way South Africa can be an island of affluence in a sea of poverty. The more we succeed the more we shall become a magnet for the desperately poor all around us.

The overwhelming economic and political dominance of South Africa aggravates the problem. The fear of economic and political domination provokes a nationalistic reaction in the smaller, weaker countries around us.

There is fear that a free-trade area, by removing protective tariffs within the region, would result in our industries wiping theirs out of existence.

Our Foreign Affairs Department, hypersensitive to these anxieties, talks of the need for a "balanced industrialisation policy" but this is a tricky issue — the retention of protective tariffs negates the whole concept of a common market.

The hard truth is that just as South Africa has to face up to the chill wind of global competition, so too will the other SADC countries ultimately have to face up to competition from South Africa. If their industries are not competitive, it means their own people are paying too much for goods.

What must happen eventually is a rationalisation in which each part of the region optimises its own natural advantages.

The countries to the north, which have high rainfall and rich soils, must develop their agricultural potential to the full and become the bread basket of Africa, while South Africa provides the industrial base to serve the whole.

South Africa has its own concerns as well. It is unacceptable, for example, that we should go into a common market with a country such as Swaziland which prohibits trade unionism — foreign investors could set up factories there and flood the region with cheap goods produced with sweatshop labour. As with the European Union, there must be basic criteria for membership, including adherence to democratic principles.

It will require a great deal of persuasion to overcome these highly emotive issues — which is where Mandela's task lies. Only he, with his enormous influence, can conjure up the vision and persuade our neighbours to go this route.

And only he can motivate our business leaders to think more regionally and look for investment opportunities in this future free trade area instead of looking only to Europe and Latin America.

In fact, with delicious irony, he must revive Rhodes' old injunction: "Go north, young man!"

'AFRICA WANTS OWN INITIATIVES'

Mandela wary of plan for intervention force

CT 11|10|96 (279A)

ANY PEACEKEEPING proposals the US Secretary of State puts to President Nelson Mandela when they meet in Cape Town tomorrow will be taken back to the Southern African Development Community, says Mandela.

PRESIDENT Nelson Mandela responded cautiously to US Secretary of State Mr Warren Christopher's proposal for a Western-sponsored African intervention force, which they are to discuss tomorrow.

"Africans would like to feel that they are handling things themselves ... not acting in response to suggestions that come from outside the continent," Mandela said yesterday.

He confirmed that he would meet Christopher in Cape Town tomorrow, but said he would take any peacekeeping proposals to the Southern African Development Community (SADC), of which he is chairman.

"It is only by working together through established organisations that we can solve problems. We will not hold back if we are asked by any of these organisations and we have the capacity to do so," he said.

US officials said in Addis Ababa on Wednesday that nine African countries had so far endorsed the US initiative to convene an African Crisis Response Force of up to 10 000 troops.

The United States has undertaken to pay a quarter of the estimated $40 million (R182m) cost of training a pan-African intervention force and has pledged an additional $10m (R45,4m).

Canada, Britain, Ireland and Belgium have so far promised financial support for the project.

Mandela has resisted both a unilateral diplomatic role in peacemaking initiatives or a military role. "We are concerned not to appear to continue the policies of the previous government, which engaged in military and economic destabilisation of neighbouring states. We are trying to avoid that," he said yesterday.

But political sources close to Mandela said he was resisting pressure from Zimbabwean President Robert Mugabe to endorse a regional force mandated to intervene in other countries.

"Mugabe is pushing hard, in fact he can be quite irritating, but as long as Mandela is President, I think the current policy will hold," one source said.

A US diplomatic source said Christopher probably would put the drive for democracy in Nigeria and the search for a successor to Dr Boutros Boutros-Ghali as UN secretary general ahead of the force in his talks with Mandela. — Reuter

SADC, EU stage Namibia meeting

ARG 11/10/96

(279A)

Three hundred delegates from the Southern African Development Community (SADC) and the European Union (EU) are due to meet in Namibia next week for their second ministerial conference.

The conference, which will be held in Windhoek on October 14 and 15, will review developments since the first ministerial conference in Berlin in September 1994.

The keynote address will be delivered by Namibian Prime Minister Hage Geingob.

Items on the agenda include regional integration and political developments in the EU and the SADC.

(279A)

SADC lukewarm on African crisis force

Star 14/10/96

Windhoek – Representatives of Africa's 12 southernmost states and the European Union expressed reservations yesterday about US proposals for an African peacekeeping force.

At a joint conference of the Southern African Development Community and the EU, SADC secretary-general Kaire Mbuende warned that "a peacekeeping force could be a new military form of solving conflicts".

Mbuende was responding to a proposal by US Secretary of State Warren Christopher, currently on a five-nation African tour, to set up an African Crisis Response Force.

This standing multinational peacekeeping force would be made up of African soldiers, and is meant to take the pressure off European and American armies.

Joao Pinheiro, the EU's commissioner for development, also poured cold water on the proposals, saying prevention was better than intervention in conflicts.

"It is a bit awkward now that out of the blue comes a proposal in which no one knows who would be supervising this force," Pinheiro said. He echoed President Nelson Mandela's view that establishing such a force would have to be discussed with the UN first. – AFP.

Trade and Industry Minister Alec Erwin, left, with Rand Merchant Bank economist Rudolf Gouws during a session of the Sacob convention at the World Trade Centre yesterday.
Picture: ROBERT BOTHA

EU trade offer delayed to protect region

BD 16/10/96 (27-7)

John Dludlu and Lukanyo Mnyanda

GOVERNMENT had taken months to respond to the European Union's offer of a free trade accord with SA because it wanted to ensure that the EU was not granted generous market access at the expense of SA's neighbours, Trade and Industry Minister Alec Erwin said yesterday.

He told the SA Chamber of Business (Sacob) annual convention it was a pity Brussels had missed an opportunity to contribute to Africa's economic development through more favourable trade terms.

SA was now bracing itself for "hard-nosed" trade talks.

Erwin said business, government and labour had a responsibility to accelerate investment and its spread to other growth sectors, as well as to ensure that investment was equally spread among the regions.

Labour market policy was a complex issue and business could not expect "laissez-faire" policies which would only antagonise labour and lead to instability.

While continuing the emphasis on buoying small business development, government was also engaged in cross-border trade and investment initiatives, he said.

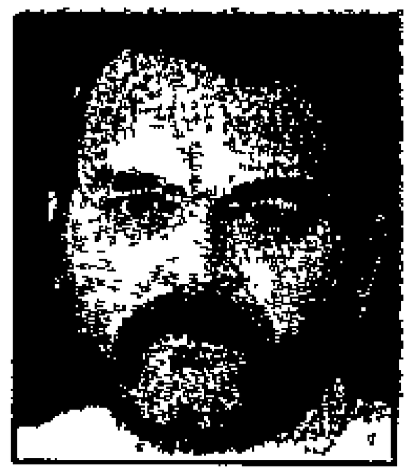
Rand Merchant Bank economist Rudolf Gouws said business was not worried about Erwin's competition proposals. Gouws painted an optimistic view of SA's economic prospects and said the rand should stabilise while inflation would remain subdued.

World Competitiveness Report director Stephane Garelli said the country had the potential to improve its performance by adding value to its natural resources.

DIPLOMATIC VIEW

Synergy to replace region's shared suffering

CT(BR) 17/10/96 (279A)



JEAN-JACQUES CORNISH

Mussagy Jeichande is a diplomat who has watched South Africa's transition to democracy and march to economic progress with a personal interest. He knows the only way this can happen is hand in hand with his own country, Mozambique

Now that work has started on the R8 billion Maputo corridor, it is once again fashionable to talk about synergy between Mozambique and South Africa

Jeichande has been doing this even during those bleak years when betrayal by the National Party government made a farce of the 1984 Nkomati Accord and rebel banditry brought Mozambique to its knees.

This month, President Nelson Mandela bestowed the highest civilian decoration, the Order of Good Hope, on Jeichande to recognise his work in promoting friendship between Mozambique and South Africa.

Jeichande came to South Africa in 1992 as a trade representative. When diplomatic relations were restored in 1993 he became charge d'affaires and, in 1994, he was among the first group of ambassadors to present their credentials to President Mandela. He has been replaced as high commissioner in South Africa and is Mozambique's ambassador designate to Moscow.

The former school teacher and presidential speechwriter believes that, though it was misunderstood at the time, Mozambique's decision to take the negotiation route through its contribution at the 1979 Lancaster House conference and through signing the Nkomati Accord, contributed to bringing peaceful solutions in Zimbabwe, Namibia and South Africa.

"In Mozambique we have always believed that a strong and stable South Africa, where whites and blacks work together like they do in Mozambique, means a strong southern Africa in all fields," he says.

"We believe that the SADC (Southern African Development Community) is the mainstream in this part of Africa and the only way our people can grow is if we grow together. Certainly, no country can be an island."

Jeichande's point is illustrated in the example of the Mapor tyre factory in Maputo from where South Africa was importing R1 million worth of products a year.

It has taken some years for South Africa to realise that by increasing its purchases from this factory it was helping to employ 800 Mozambicans in their own country and maintain South African raw material sales to the factory. Now Mapor is selling R5 million-worth of tyres to South Africa every year.

He holds that issues like illegal immigration to South Africa must be seen in the context of greater bilateral economic integration. "The only way to stop people drifting into South Africa from Mozambique is to create conditions for development in Mozambique.

"Our people are very attached to their land. If the rural areas were freed of landmines and given the input for agricultural development; if electric power could reach these people, then they would not be leaving Mozambique to go to South Africa.

"In all fields it is important that both sides should move together."

The proposed opening of Mozambique's game reserves to the east of the Kruger National Park was another potential area of bilateral development. However, Jeichande cautions that co-operation here would have to mean free movement of animals and capital across the borders.

He believes that the most important bilateral projects are the Maputo development corridor, Alusaf's proposed development of an aluminium smelter in Mozambique, the agro-industrial development in Niassa, the Panda gas field and the building of the Mpanda-Uncua Dam and hydro-electric installation.

As Jeichande said when he received his decoration: "Geography and history forced us to share much suffering and pain and the strong will to be free." Now, at last, the countries' were the owners of their destinies and the builders of their wellbeing.

Customs union negotiators edging closer to a new accord

John Dludlu (279A) BD 21/10/96

NEGOTIATORS from the five signatories of the Southern African Customs Union are inching closer to a deal to renew the agreement and sources close to the team of officials said final agreement was weeks away.

They said at the weekend that a broad consensus had emerged on the two burning issues: a new formula through which revenue would be shared, and a set of institutions to govern a revamped customs union.

One source said some parties had asked to examine "a few remaining issues" on the two subjects and a follow-up meeting — probably the last — was planned for October 29 before a ministerial accord which would give political backing to the proposals.

The main change in the reshaped accord, bringing together SA, Botswana, Lesotho, Namibia and Swaziland, would be the exclusion of excise duties from the common revenue pool, one source said.

Key principles to govern the accord had also been finalised. These included that the new formula would have to be transparent and stable, and that the two years between the collection and dissemination of revenue would be shortened.

A ministerial summit, expected before the end of the year, would pave the way for the implementation of the new accord, which had been under review for nearly two years.

Pressure has been mounting on the negotiators to conclude the talks because of the impending negotiations between Pretoria and Brussels on a bilateral trade accord, which could unravel the regional trading arrangement.

Investment summit opens in Zimbabwe

CT (B2) 22/10/96

Southern African heads of state and international business figures will arrive in Zimbabwe today for a two-day Southern African Trade and Investment summit to map out a regional approach to lure foreign investment. It will be addressed by, among others, Thabo Mbeki, the deputy president, and presidents Fredrick Chiluba of Zambia, Jose Eduardo Dos Santos of Angola and Ketumile Masire of Botswana. Among those to present papers will be Kaire Mbuende of the Southern African Development Community, Lauri Fitz-Pegado, an assistant secretary in the US commerce department, Chester Crocker, the former US undersecretary of state for African affairs, Cyril Ramaphosa, the secretary-general of the ANC, and leading businessmen. It is predicted southern Africa will have the second fastest growth rate in the world in the next ten years, after the Pacific Rim, and the summit is seen as an opportunity to assess the trade and investment potential of the region accurately. — AFP, Harare

(2794)

SANDF 'not ready for role'

(2797)

Wendy Knowler DD 23/10/96

LONDON — SA's defence forces were not ready to be of service to neighbouring states or international peace initiatives, Parliament's defence joint standing committee chairman Tony Yengeni said in this week's issue of Jane's Defence Weekly.

Yengeni told the London-based magazine: "It would be wrong to push into such roles now. The SANDF is a relatively young force, with the integration process at an early stage.

"It needs time to cohere."

In the longer term, Yengeni said, SA had a role to play in ensuring stability in the sub-region and on the continent.

"That role should be determined collectively by the countries of the region," he said, through organisations such as the Southern African Development Community and the OAU.

Yengeni said SA's defence industry needed to look for international partnerships to survive. "There are already developments in this area ... the Europeans have been here all the time, the Americans are very keen and the Russians are seriously interested.

"We will also encourage diversification, spreading this industry's technology into the general economy," he said.

Prospects for companies such as Denel were "bright".

The industry had good products able to compete on quality and price, he said.

CT(BR) 23/10/96

Region's success 'more important than EU pact'

(279A)

ROSS HERBERT

Johannesburg — A prosperous Africa ranks higher than the temporary advantages gained by a free trade pact with Europe, Alec Erwin, the minister of trade and industry, said yesterday.

Erwin was speaking at the opening of trade meetings organised by the Africa International Trade Centre. The meetings accompany the South African International Trade Exhibition (Saitex).

South Africa is in the midst of three related trade negotiations, including a potential free trade pact with Europe, the renegotiation of the South African Customs Union agreement and the final details of a free trade pact with the Southern African Development Community (SADC).

Erwin said South Africa might obtain some short-term advantage in striking a free trade deal with the European Union (EU), but improving the vitality and stability of southern Africa through trade was crucial for South Africa in the long term.

Erwin said he had notified the EU that any negotiations would have to be done in consultation with other nations in the customs union. South Africa was also participating in negotiating a detailed schedule for phasing in a free trade zone in the SADC, which would take effect in eight years

Negotiations with the EU are complicated by the fact that some SADC countries have preferential trade agreements with the union under the Lome Convention, while South Africa is considered too developed to obtain Lome benefits. "These are very detailed and difficult negotiations," Erwin said.

Mpho Mantjiu reports that Saitex, the biggest multi-sector exhibition in the country, was officially opened yesterday. Erwin said the show was a perfect opportunity for South Africa to promote its investment potential. — Independent Foreign Service

Erwin calls for rapid opening of SA markets

Africa

BD 24/10/96 (279A)

John Dludlu

HARARE — SA would have to open its markets more rapidly to the Southern African Development Community (SADC) than to trading blocks like the European Union, Trade and Industry Minister Alec Erwin said yesterday.

SA exports to the region were growing too fast to facilitate long-term growth and this would create problems, he told the second International Herald Tribune trade and investment summit.

SA exporters should take a longer term view and cross-border investment should be encouraged.

Trade and investment in the SADC were closely intertwined in developing the region. "This is SA's approach and we are convinced it is the only road we can and should follow as we work in partnership."

Although the path would not be easy to pursue, "we have to work at it". SA had previously been criticised by its neighbours for its trade protectionism.

Most of its neighbours had low tariff levels, largely as a result of the implementation of economic reforms imposed by financial institutions such as the World Bank and the IMF.

Meanwhile, Sapa reports that trade talks between SA and the EU, scheduled to resume before the end of the month, have been delayed. "I cannot comment on how near we are to date of negotiations," said Willem Bosman, foreign affairs director of regional economic organisation, who is co-ordinating efforts to prepare a counterproposal to the EU's free-trade agreement offer.

Negotiators had undergone "a paradigm shift" during a two-day conference on relations between SA and the EU held in Johannesburg, and were rethinking their approach to the trade deal. The EU offer, which excludes up to 40% of SA agricultural goods from the trade area, has been rejected as one-sided by SA business.

Zimbabwean President Robert Mugabe yesterday called on international investors to consider the SADC, saying the 12-nation region was "a viable destination for trade, investment and tourism". He said the SADC was committed to strengthening regional co-operation and improving the region's investment climate for the participation of international investors in infrastructure and other development projects.

On his country, Mugabe said his administration was forging ahead to commercialise and privatise state-owned enterprises. In an apparent reference to Pretoria, he said countries in the region should not see each other as markets but should also engage in cross-border investments to develop each other's industries.

Anglo American deputy chairman Nicky Oppenheimer said business in the region was ready to build on existing co-operation links such as the customs union. SA companies would continue to invest in the region if there was renewed effort by government to structural and economic reform.

US says SADC must avoid EU's short-term solution

(279A) BD 25/10/96

John Dludlu

HARARE — The US government entered the fray on the proposed free trade area between Pretoria and Brussels yesterday, warning SA's partners in the Southern African Development Community (SADC) to avoid what Washington saw as a short-term solution.

The warning was delivered by US Foreign Commercial Service Assistant Secretary and director-general Lauri Fitz-Pegado during the last day of the International Herald Tribune conference on trade and investment.

Fitz-Pegado urged SADC nations to exercise caution and avoid short-term solutions such as SA's proposed accord with the EU.

The accord raised questions of compatibility with the World Trade Organisation (WTO) and could discriminate against other trading partners.

The EU has proposed an asymmetrical free trade accord, which will allow SA's teething industries time to enhance their competitiveness before SA opens its markets.

The final agreement will have to conform with WTO rules on free trade treaties, one of which provides that such arrangements must cover "substantially all trade" between contracting partners. Fitz-Pegado's remarks represent the first statement on how the US looks at the mooted accord.

Fitz-Pegado stressed that Africa and the SADC region mattered to the US more than ever before.

She outlined initiatives that demonstrated the US commitment to the region, including a memorandum of understanding with the SADC, establishing a framework for expanding business contacts and developing trade between the US and the SADC. Other initiatives were the appointment of a Johannesburg-based trade envoy and using SA as a launch pad for US firms to the region.

The latter strategy had paid off, she said. US exports to SA had risen 25% in the past two years and more than 250 firms had returned to SA.

Reuter reports Fitz-Pegado said US business and economic ties were threatened by corruption and lack of transparency in awarding foreign contracts in the region. "Neither local nor foreign investors will have the confidence to risk their capital if they perceive that awards and contracts are warped by political favouratism or improper dealings."

DEVELOPMENT *Leaders clamour to display their capitalist credentials*

African reds change their hue to blue

(2791A) CT(BE) 29/10/96 (362) 27

PAUL HARRIS

Harare — A presidential aide leapt for the phone to deny reports of undue communist influence in the government.

It happened in South Africa on Friday, but it could have been any of half a dozen states attending an economic conference in Zimbabwe's capital Harare. In the era of economic globalisation, all of southern Africa clamours to display true-blue capitalist credentials, no matter how red their pasts.

Southern Africa used to be home to communist-inspired rule from Tanzania to Angola.

But the days of the five-year plan are over. The region is touted as the final frontier for emerging markets investment and its governments are pledged to a course of free trade and open markets.

At a conference of the Southern African Development Community (SADC) in Harare this week, Zimbabwe's tough-talking President Robert Mugabe still hailed "comrades" but spoke the capitalist lingo.

"We urge all business people to seriously consider the SADC region as a viable destination for investment," he said.

The two-day Southern African Trade and Investment Summit was staged in an effort to increase overseas investment, build up regional prosperity now that long wars in Angola and Mozambique are over and, most important, apartheid in South Africa is dead.

> *The region is touted as the final frontier for emerging markets investment*

Foreign multinationals once condemned as the agents of neo-colonialism are now actively wooed.

"We invite entrepreneurs to invest in the region as we require their technology and capital," Mugabe said.

"We are creating a level playing field," promised Mozambican prime minister Pascoal Mocumbi, using an old Thatcher slogan.

Mozambique, which possesses vast untapped mineral and agricultural wealth, embarked on a mass nationalisation programme after its hard-won independence from Portugal in 1975. Its Frelimo government was then avowedly Marxist. But in a sign of today's changed times, Mocumbi said that the country had now privatised even its customs service.

"Mozambique will have to work hand in hand with the private sector. It is partnership between government and the private sector that will ensure (economic) success," he said

But potential investors can still be frustrated by slow privatisation and trade liberalisation that fails to live up to the rhetoric and fails to translate into action

Chester Crocker, a former US assistant secretary of state for Africa, urged delegates at the conference to turn their words into deeds. Without mentioning any names, he said some leaders still clung to old ways.

"There are some political dinosaurs who, for reasons of pride, nostalgia and self-interest, cling to old visions," Crocker said.

President Nelson Mandela's left-leaning ANC is in formal alliance with the South African Communist Party and the labour group Cosatu.

Friday's official denial was prompted by a newspaper report that Mandela had threatened to quit unless influential communist allies stopped knocking the country's market-inspired economic policies.

It was the sort of speculation South Africa does not need; it could scare off uneasy investors.

The country has won praise from analysts for pursuing a market-friendly economic policy, including a wide-ranging privatisation programme seen by many analysts as offering the best lure for large foreign investors to SADC.

The programme is set to offer investors stakes in firms such as telecommunications parastatal Telkom and South African Airways, but there have been complaints about how long it is taking to get off the ground.

With its huge population, advanced financial infrastructure and industrial might, South Africa wields great potential influence in SADC.

The community is big enough to promise rich rewards for investors willing to take the plunge. It represents a market of more than 100 million people with a combined GDP of $170 billion.

Neighbours say a successful South African privatisation could spur other countries in the region more quickly down the road to economic reform. If South Africa liberalises its economy then other nations in the region will have no choice but to follow suit.

"Once South Africa is on that path it will create the necessary impetus for the rest of the region," said Ronald Penza, the Zambian finance minister.

The privatisation programme in Penza's country has been one of the most radical on the continent. In 1991 the Soviet-style economy was 80 percent state-owned.

Now the government has privatised 140 companies and created a free market. — Reuter

A blueprint to meet the challenge of Africa's regional demands

Latin America's Mercosur trade bloc has lessons for SA and the southern African region, argues Greg Mills

(279A) BD 31/10/96

AS SA strives to balance the demands of global economic integration with the need to strike bilateral arrangements, such as that with the European Union as well as regional and domestic demands, a close look should be taken at the efforts of the countries of Mercosur (Southern Cone Market) to cope with similar challenges.

Argentina, Brazil, Uruguay and Paraguay have combined forces in a free trade area so successful in promoting regional trade that they have now been joined by Chile as an associate member, and there are plans afoot to include Bolivia as well.

Up until now there have been, simply put, three processes at play in Latin American regionalism. First, that facilitated by the US; second, that designed to oppose Washington — such as the original Southern Cone or ABC (Argentina, Brazil and Chile) security initiatives of the 19th century, and third, today's indigenous Latin American economic initiatives. In terms of the former, growing recognition of the importance of intraregional co-operation was spotlighted at the Miami summit meeting in December last year when 34 North and South American leaders united behind the vision of a hemisphere under a single free-trade regime by 2005.

Outside the US initiatives, Mercosur and the Andean Group (linking Bolivia, Colombia, Ecuador, Peru and Venezuela) are probably the best known. With a combined member gross domestic product of over R3,5bn and a population of 220-million, Mercosur began life under the Treaty of Asuncion on March 26 1991, but came into effect as a customs union on January 1 last year.

Average external tariffs have fallen to 14% under Mercosur and a common external tariff has been agreed for about 90% of products.

With the signing of a framework agreement to develop free trade between Mercosur and the EU by 2005, it is important to consider the parallels with southern Africa's own process of regional integration at a time when SA and the states of the Southern African Development Community (SADC) are considering ways in which to implement the free trade protocol signed at the Heads of State Summit in Maseru this August. The lessons include:

□ First, the combined GDP of the Mercosur countries gives the region much greater economic clout, behind only North American Free Trade Area ($6,765bn in 1992 terms) the EU ($6,744bn) and Japan ($3,507bn). For example, this gives the EU, says Prof Manuel Agosin of the University of Chile, greater interest in establishing a relationship with Mercosur than with individual Latin American states.

□ Second, Mercosur has been able to get around the political difficulties which related to Brazil's regional economic pre-eminence. Brazil accounts for an estimated 40% of Latin America's GDP. This should not be lost on SA given the sensitivities around its domination of the southern African region — the SA economy being 20 times the size of the next largest SADC member, and four times the size of the other 11 member states put together.

□ Third, although Mercosur's broader remit includes the co-ordination of, for example, fiscal and monetary policies, industrial and technical policy, as well as agricultural and macroeconomic policies, essentially its immediate function has been carefully focused so as "to enhance its members competitiveness in the face of increasing internationalisation of economic and trade flows". Hence the first priority to introduce a customs union on January 1 last year.

□ Fourth, in the past there was a confusing overlap of Latin American regional clusters — so-called "multiple linkages" — which are now being streamlined through attrition: hence the past operation of the so-called "group of three", Andean pact, Central American common market, the Caribbean community and common market, as well as Mercosur. In this, there has been the tension of attraction between the north-based groupings and elsewhere — put another way, between linkages with the Nafta) and those with the EU.

Despite the calls for the creation of a South American free trade area, this tension would appear to have been resolved, with subregionalism being seen as a means to global integration, rather than as an end in itself.

□ Fifth, Mercosur has no overarching, bureaucratic structure as with the SADC; instead it is simply a functional organisation which has tremendous success in boosting regional trade without being sidetracked by security and other issues. It has resulted in an increase in cross-border trade and investment. The progressive decrease in protectionism has raised the value of intra-Mercosur trade from $4,1bn to $14bn between 1990 and 1995.

□ Sixth, membership of Mercosur does not rule out other economic agreements involving members. For example, Chile has a number of free trade agreements, including those struck with Mexico and Argentina. In June, Santiago signed a framework agreement of co-operation with the EU, and is now negotiating a free-trade area with Canada.

□ Seventh, different forms of membership, such as Chile's "associate" status are tolerated. This allows Santiago to maintain lower tariffs than the other Mercosur nations, though all are committed ultimately to a zero tariff. It is expected that Bolivia will opt for a similar status.

□ Finally, greater regional co-operation has also extended to a range of multi- and trans-national infrastructure projects, such as the plan to pipe natural gas from Boliva to central Brazil, due to start operating by 1999.

Plans for a regional *hidrovia* (waterway) is another such scheme. The proposed link will stretch from Brazil 3 450km south down to the Atlantic, near Buenos Aires, ferrying goods to and from the heartland of the continent. Bolivia and the Mercosur countries have an interest in the proposal, which is seen as a potential solution to insufficient transport infrastructure. Currently, nine-tenths of the region's cargo travels on poor roads and at a high price — not unlike southern Africa. In another ambitious water project, Brazil is harnessing five river systems for a total of 8 000km of waterway.

Of course, Mercosur has its problems. There are still political complexities around regional domination and hegemony. The agendas are not always consistent. Brazil and Argentina have national interests to keep tariff levels high to protect domestic industries not yet in other member states. This tendency is exacerbated by their overvalued exchange rates which will encourage imports unless tariffs are raised. Finally, the whole process of regional integration clearly hinges on continued national economic growth and stability — traits for which Latin America was not renowned until recently.

President Nelson Mandela has noted that "as members of the Southern African Development Community and the OAU ... we will play our role in the struggles of these organisations to build a continent and a region that will help to create for themselves and all humanity a common world of peace and prosperity". To gain sight of a regional integrative movement "good for business", complementary to global trends and united behind a common set of values and goals, his government would do worse than to learn a few lessons from Mercosur's successes.

□ *Greg Mills is the National Director of the SA Institute of International Affairs. He has recently been researching in Latin America.*

Economic integration 'still far off'

John Dludlu

BD 2/12/96

279A

MOST economies in the Southern African Development Community (SADC), the 12-nation trading bloc, have shown a slight divergence in the past three decades to 1990, suggesting that regional economic integration is still far from being reached, a leading research agency has found.

In its recent quarterly paper, the Centre for Research into Economics and Finance — which is based at the London School of Economics — says only the five nations in the Southern African Customs Union have shown signs of economic convergence.

The centre — which is funded by the UK's overseas development administration — assesses convergence and economic integration by using per capita incomes over a 30-year period to 1990 and macroeconomic policy and stability — with a particular focus on some of the indicators that make up the "Maastricht criteria".

The "Maastricht criteria", which form the basis of the planned European economic and monetary union, include deficit-to-GDP ratios (not exceeding 3%), interest-rate convergence, public-debt-to-GDP ratios (not exceeding 60%) and inflation rates.

The centre says in the article: "The absence of convergence among the SADC countries may be due to several factors, including different responses to the oil and exchange-rate shocks of the 1970s, and different problems with indebtedness, but there are also uniquely domestic policy issues which promoted or slowed growth."

However, events of the 1970s — the oil price and gold price shocks (which would have had asymmetric effects on the customs union) — failed to interrupt the convergence pattern of the customs union signatories which include SA, Botswana, Lesotho, Namibia and Swaziland.

The common monetary area covers all the customs union nations, except Botswana, which has, however, not allowed the exchange rate of the pula to diverge significantly from the rand.

In terms of the integration model used in the article, low-income nations in the customs union — Botswana and Lesotho — and in the EU — Portugal and Greece — showed convergence to high-income countries by experiencing faster growth rates.

But the same could not be said of many of the SADC below-average economies in per capita income terms, which had lower than average growth rates over the surveyed period.

The only exception to the broader SADC divergence trend is Mauritius, which grew at an above-average rate of 3% after 1960.

The authors also note a greater convergence in interest rates, fiscal and monetary policy stances among customs-union nations.

Survey finds drivers collude in truck theft

Jacqui Pile

BD 4/12/96

A SURVEY of more than 27 000 trucks across SA has found a high degree of collusion by drivers in the theft of vehicles and freight in the trucking industry.

The survey, carried out by a motor vehicle research organisation, The Marketing Shop, highlights the increased risk of theft at unforeseen stops in townships and fast food outlets, as well as in lay-bys where drivers sleep.

An insurance industry source quoted in the survey said that in the assessment of insurable risk in the transport sector, drivers accounted for 60% while the remaining percentage rested with the condition and maintenance of the vehicle. Among other factors raising the insurance risk were the low levels of education, literacy, skill and road awareness of many truck drivers. It noted that many drivers were in charge of vehicles costing up to R500 000 and freight with a value of between R250 000 and R500 000.

As countermeasures, the insurance industry suggested careful driver training and a move towards better record keeping. Accurate pre-employment checks were essential on all potential drivers and the use of polygraphs was also recommended.

The survey found that 15% of stolen vehicles were hijacked. There was also strong evidence that the rate of vehicle hijackings and theft were increasing.

'Irregularities' uncovered in security board probe

Kevin O'Grady

BD 4/12/96

LEGAL action, possibly including criminal charges, could flow from the results of a forensic audit of the affairs of the Security Officers' Board which are to be released soon, an auditor said yesterday.

Patrick Ronan of Ronan, Smithard & Associates, which has been involved in the investigation and in managing the board's affairs, would not give details of the findings. However, he said the investigation had "uncovered gross irregularities with regard to the administration" of the board.

Board member Don Masterson said the findings were "of such a serious nature they have led to the suspension of two senior board executives", referring to last week's suspension of registrar Frans Lubbe and assistant finance registrar Thuys Redelinghuys.

Ronan also disputed allegations by Lubbe that his suspension followed an appeal to the safety and security ministry to set up an independent commission of inquiry into unaccountable expenditure by board members.

He also denied "gravy train" allegations levelled at board members, including three Transport and General Workers' Union shop stewards appointed to the board.

Ronan said that the investigation into Lubbe and the board's secretariat had preceded Lubbe's submission to the safety and security ministry.

He said he had seen evidence that productivity was at a high level since he started performing secretarial and administrative functions for the board in April. He agreed with board vice-chairman Joe Matshappa's comments that Lubbe's allegations against the three union members on the board were racially motivated.

R15,7m trust set up for land commission

BD 4/12/96

PRETORIA — A land restitution trust fund worth R15,7m over three years had been set up to bolster the budget for the activities of the Restitution of Land Rights Commission, it was announced in Pretoria yesterday.

Trustees of the fund said: "The commission is now 18 months old and it has become clear its constitutional responsibilities and operational needs demand an increase in its capacity to deliver on land restitution."

They said more than 11 000 land claims were pending and more were expected in the next 16 months. The trustees said they required more funds to put core functions in place. — Sapa.

Cut graft for Beira to succeed, says banker

HARARE — Southern African governments needed to cut bribery and corruption to create an attractive environment for investment in their proposed regional Beira Development Corridor, a leading banker said yesterday. (279A)

James de la Fargue, a corporate finance manager with the Merchant Bank of Central Africa, told a two-day conference that security and exchange control concerns were also key constraints to attracting capital to turn Mozambique's Beira sea route into a regional development corridor.

"Control of corruption is a major concern. Key financial constraints are security, functionality and exchange control understanding," he said.

"The way forward lies with central governments getting together and creating the right kind of environment," De la Fargue said.

Officials of the Beira Corridor Group, which organised the conference, said they had no estimate yet of the initial capital needed to expand the corridor's road, port and rail network.

But the group's managing director, David Zausmer, and other speakers stressed the region's private sector was crucial to securing the capital as southern African governments faced mounting budgetary constraints and dwindling donor aid.

He said investment security constraints could be overcome through clarification of rules governing the corridor and support from central banks through clear exchange controls on investments.

De la Fargue said the timing of the corridor was right, with the region now enjoying peace.

Beira would also offer a cheaper route than SA for most regional companies. — Reuter.

BD 4/12/96

SA takes regional stance at world trade meeting

BD 9/12/96 (279A)

John Dludlu

SA WOULD not be joining developed countries in calling for a discussion of controversial labour standards at this week's the World Trade Organisation (WTO) ministerial summit meeting in Singapore, it emerged this weekend.

Sources close to government said the SA delegation, which left on Friday, would align itself with a joint statement of the Southern African Development Community (SADC) at the WTO summit which began today.

The SADC wants WTO delegates to deal with implementation of the outcome of the Uruguay round of the general agreement on trade and tariff (GATT) talks and to give impetus to the so-called built-in agenda of the organisation which replaced GATT last year. This agenda tackles revision of previous agreements.

The 12-nation southern African trading bloc is concerned about the introduction of new issues to the WTO agenda such as the potentially divisive issue of linking labour standards to trade, talks about a multilateral investment agreement, competition policy and state procurement policies.

Despite its agreement with labour and business at the National Economic, Development and Labour Council on the social clause, government would not join the US and certain European governments in a bid to discuss labour standards in Singapore.

"Raising the subject in Singapore will just be bad timing," the source said.

Pretoria, which has cobbled together a deal through which its partners will be encouraged but not forced to sign a "side letter" committing them to upholding labour standards, will take a "middle of the road" approach.

In terms of this approach, SA would not raise the subject — as labour unions might want government to — but would participate should there be a discussion.

Developing nations, which largely believe labour standards are an issue for the International Labour Organisation, are opposed to a social clause in trade as they feel it could be abused as a nontariff barrier to trade by industrialised countries.

Poor nations (the SADC houses four of the world's poorest countries) are struggling to implement the complex obligations under the Uruguay round and would like assistance to comply with the WTO's rules-based trading system. The inclusion of new issues would put pressure on the trade body's already overloaded agenda, a move which could unravel its achievements, the source said.

African nations were looking to SA to play a greater role in the WTO. "But this will be within the SADC context," he said.

SA, EU pact will hit SA's neighbours

(2791A)

BD 10/12/96 (...)

John Dludlu

SA's customs union neighbours — Botswana, Lesotho, Namibia and Swaziland (BLNS) — could lose more than R1bn in crucial fiscal revenue if the proposed free trade accord between SA and the European Union (EU) was concluded, sources in the region said yesterday.

The figure was contained in a report by a Harare-based research consultancy financed by the EU, which has been kept secret.

The report, which was co-ordinated by Swaziland, strengthens the case of SA's negotiators that the free trade area, as proposed by the EU in its mandate, is not "developmental" and would harm BLNS nations which are heavily dependent on the revenue they receive from the customs union pool with SA.

SA's negotiators have argued that the EU's trade mandate, which seeks to exclude almost 39% of SA's farm exports from a free trade accord, underestimates SA's role in the southern Africa region.

Pretoria has argued that if a final accord was concluded, using the present Brussels mandate as a basis, the current trade imbalance in southern Africa would continue.

Of Swaziland's total revenue, 52% comes from the customs union pool. This is down from the 1983/84 peak when 65,1% of Swazi revenues came from the customs union, according to data from the European Research office. The European Research office recently said the EU-SA accord could see Swaziland losing as much as 15% of its present income.

For Lesotho the importance of customs union revenues has declined to 50,6% in 1995/96 from around 53% in the previous fiscal year.

However, there seems to be a dispute about the accuracy of the estimate, with some saying it was too high and others that it was too low. One source put the impact at over R1,5bn in revenue loss, although some argue this number might be based on a miscalculation which includes SA's share of imports.

A source who has seen the report said the numbers were based on "wrong information" and more work was needed as the report had been completed in haste ahead of the then September deadline for the launch of talks between SA and the EU. He believed the estimates were too high, and that they would need revision to take into account the revamped revenue-sharing formula of the customs union. The reshaped formula excludes excise duties and surcharges from the revenue pool — a measure which further reduces the kitty.

The EU is understood to have found problems with the preliminary findings of the report.

The BLNS nations are currently enjoying generous trade benefits from the EU — for which they do not reciprocate — under the Lomé Convention. These would be curtailed by an EU-SA free trade area which would require them to reciprocate.

The EU has signalled it might consider transitional measures to help cushion against the impact of fiscal disruption from an EU-SA accord, but the scale is likely to be limited.

Neighbours could lose revenue from EU-SA accord on trade

BD 12/12/96 (279A

John Dludlu

THE European Union (EU) has criticised an impact analysis report written by Harare-based consultants for under-estimating the potential revenue loss which would be incurred by Pretoria's neighbours in the customs union should the proposed EU-SA trade accord be concluded.

Angelos Pangratis, a counsellor at the EU mission in Pretoria, said the preliminary report had been based on a methodology which could not be relied upon to give convincing results.

Regional sources, who had seen the EU-funded study which assessed the impact of the mooted EU-SA free trade area, put the potential revenue loss for customs union signatories — Botswana, Lesotho, Namibia and Swaziland (BLNS) — at between R1bn and R1,8bn. While refusing to discuss the report's figures, Pangratis said the impact numbers were "too moderate". A final report was expected in February.

He said there was also "nothing of substance" to shed light on future trade and investment flows in the BLNS bloc.

The draft findings of the report, written ahead of the then September deadline for the launch of EU-SA talks, used the present revenue formula of the customs union as part of the methodology. Unlike the newly agreed formula, the current one included excise duties and surcharges.

The figures, strengthened SA's case that the suggested free trade accord — which proposed to exclude 39% of SA's farm sales to the EU — stood to harm Pretoria's neighbours by whittling down their revenue.

Of its total income, the Swaziland government received 52% from the customs union pool, while Lesotho's dependence stood at 50%. The European Research office said the EU-SA accord, in its present version, would cream off 15% of Swazi income from the the customs pool.

Pangratis reiterated the EU's commitment to concluding a deal which enhanced the development of SA's neighbours.

Although the EU has signalled its intention to consider transitional compensatory measures to alleviate possible BLNS fiscal disruptions, it had not indicated the scale of this aid. "Methods of compensation for harmful effects (to BLNS) will be considered with the Lomé (Convention) framework."

New policies loom for EU, African trade

BD 31/12/96 (279A) (54)

John Dludlu

SA's neighbours in southern Africa, which are enjoying generous trade concessions as members of the Lomé convention, could soon come under pressure to open their markets to the European Union when the trade and aid accord between the EU and its 70 African, Caribbean and Pacific (ACP) partners comes up for renewal in 2000.

ACP countries, including Botswana, Lesotho, Namibia and Swaziland (BLNS nations), currently receive nonreciprocal tariff and quota preferences in the EU's 15-nation single market.

But if proposals outlined in the recently released green paper on relations between the EU and the ACP are agreed on during the forthcoming EU/ACP negotiations, reciprocity could be introduced as an option in reshaping trade relations. Reciprocity has been at the heart of BLNS fears of the mooted free trade deal between Brussels and Pretoria which, if concluded, would significantly reduce their Lomé trade benefits by requiring them to open their markets to the EU.

The policy document, coming months before the formal launch of ACP/EU negotiations in 1998 on the future of relations after 2000, says options for Lomé include "uniform" reciprocity, "differentiated" reciprocity, integration into the general scheme of preferences and the retention of the present status of nonreciprocity.

Under the differentiated option, reciprocal preference arrangements could be negotiated between different ACP nations and the EU or with individual ACP countries, while the uniform regime will see all ACP members extending reciprocity to the EU after a transitional period. Observers say the outcome of EU/ACP talks on the future of Lomé will, in part, determine whether the BLNS nations are better or worse off under an EU/SA accord.

The green paper comes amid growing indications that Lomé has had modest successes in helping ACP nations diversify their economies and integrate into global trade.

The paper admits the Lomé trade arrangement has been insufficient for ACP countries "to preserve, least so to improve, their participation in the world markets". ACP's share of the EU market has declined appreciably from 6,7% in 1976 to 2,8% in 1994.

Supply-side measures such as good governance and sound economic policies — notably stable, secure and efficient internal trade and investment policies — are determining factors in achieving higher rates of export and economic growth, it says.

Apart from Lomé's limited effect, other sources say the move towards reciprocity in EU thinking was inspired by the need to adopt measures which are compatible with the World Trade Organisation. The convention has been criticised for failing to promote development, with critics claiming that its aid does not reach the poor.

Sympathetic Lomé observers feel one of its main achievements has been to give a meaningful political voice to the EU's former colonies.

Continued on Page 2

Trade

(54) (279A) BD 31/12/96

Continued from Page 1

The EU has proposed that SA be given partial access to the convention, allowing it to take part in political dialogue, but has notably excluded the country from trade concessions and suggested a free trade accord. Pretoria initially required full accession.

Other key proposals in the document include splitting up the French-inspired club into regions or subregional arrangements, one embracing accord supplemented by bilateral agreements or a specific agreement for least developed nations. "An agreement with sub-Saharan Africa that embraced SA would clearly be meaningful for Europe," it says.

The Caribbean members could form part of an enlarged co-operation arrangement for the whole region that could ultimately integrate them into the EU's relations with Latin America.

Some sources say the reciprocity principle is inevitable, although it may be waived for the poorest nations.

Harare airport's SADC counter has symbolic significance

(279A) BD 4/11/96

John Dludlu

AS ONE moves into the passport control section at Harare airport, there is a counter marked "SADC (Southern African Development Community) residents". While service there is not special, the innovation marks an important development — the idea of the 12-nation regional trading body as an economic community is slowly taking root.

Since its formation in 1980, largely to reduce economic dependence on apartheid-ruled SA, the SADC has come a long way in reshaping itself into a trading community along the lines of the 15-nation European Union.

Zimbabwean Commerce and Industry Minister Nathan Shamuyarira says intra-SADC trade has increased from 7% to 10% of total trade in the region, and economic integration is occurring, although slowly.

A common political and economic ideology is taking shape. All SADC countries have embraced free market policies, although implementation of these sound policies remains uneven across the region. This is shown by the move towards privatisation — in countries such as Zambia, Botswana, Zimbabwe and SA — signalling the state's retreat from the economy.

SADC executive secretary Kaire Mbuende of Botswana says many member states have arrested double-digit inflation and are chalking up promising rates of GDP growth.

Attempts are under way to press ahead with the creation of a framework for macroeconomic stability in the region. Multiparty democracy has been adopted in many countries, replacing dictatorships and single-party states.

Although political and economic co-operation institutions, such as conflict prevention mechanisms, have been put in place, these have yet to show results. But encouraging signs of success, such as in the Lesotho conflict, are there.

Economic co-operation protocols — in transport, water-sharing resource systems and a regional power grid — have been concluded, but implementation is still slow.

Mbuende says there is competition among the region's financial institutions to cut transaction costs. This will further bolster intra-regional trade.

However, it is misleading to think all is rosy in the trading bloc. Much work remains to be done in making the SADC function as a community. Size does count in the new world trading system, because investors are attracted to countries which have large markets. Although the SADC region is substantial — it is home to 150-million people — its significant market potential is undermined by factors such as the weak buying power of its citizens and the small, though growing, intra-SADC trade.

In its attempts to get regional trade going, the SADC could take a leaf from the EU book. The EU is one of the world's most successful trading communities, but political will was needed to make it work.

If the SADC is to be taken seriously as a trading bloc, it has to cease being a political and government forum "where my president goes every year", as one SADC citizen reportedly said in a survey.

The private sector, which creates jobs and conducts trade, has to start taking part in a more meaningful manner, rather than in annual talk-shops organised by foreign agencies. Co-operation in manufacturing should not be an afterthought.

SA has already made a promising start by committing itself to accelerating the opening of its markets to its neighbours. The recent election of President Nelson Mandela to the SADC chair presents a remarkable opportunity for Pretoria to begin implementing its undertakings.

But it will take more than one country for the SADC "to get there". Efforts to liberalise trade over the next eight years, as envisaged by the recently signed framework for removing tariff barriers, have to be sped up. In less sensitive products and sectors, tariffs must be removed faster.

The SADC counter at the Harare airport is a symbolic starting point to making the trading body a region that will attract investors.

Regional trade 'key to SA's success'

Patrick Wadula

(279A) (BD 4/11/96)

TRADE and Industry Minister Alec Erwin says SA has to realise that its ability to trade globally will be enhanced if it can integrate its economy with those of the region.

Addressing a symposium on SA — Springboard to Africa — organised by the French Embassy, Erwin said in Johannesburg last week the country's success depended on the progress of neighbouring countries.

SA was committed to lowering barriers and increasing cross-border trade.

"We envisage a free trade area in the Southern African Development Community in the next eight years. A tariff phase-down schedule for all SADC countries will begin by March next year."

The problem SA faced in relation to other SADC countries was that SA's trade surplus was growing rapidly. SA trade with Zimbabwe was 68% in SA's favour last year.

Erwin said SA was conscious that its trade surplus with neighbouring states could cause an imbalance in the region. To counter this, SA was entering into cross-border investment initiatives.

Apart from the multimillion-rand Maputo Corridor plan, SA was involved in discussions with Mozambique and Swaziland on a joint effort to develop tourism and the agro-industry in a project known as the Lubombo initiative.

By February a document would be available on proposals for road and infrastructure construction and tourism concessions.

Other initiatives included the trans-Kalahari highway with Namibia and Botswana and assisting Zimbabwe and Mozambique on the Beira Corridor.

Erwin said the 12 SADC countries had a total population of more than 140-million. It was one of the world's richest areas in natural resources.

"Without a doubt, the investment and infrastructure programme in this region will become one of the largest infrastructure development programmes in the world." Erwin said SA had to move from the concept of aid to the concept investments.

BUSINESS

Tariff barriers set to go

SADC trade plan due in six months

279A

ARG 6/11/96

ALIDE DASNOIS
Business Editor

A detailed plan for dismantling tariff barriers between countries in the Southern African Development Community (SADC) should be ready in six months, according to Minister of Trade and Industry Alec Erwin.

At a media briefing organised by the ANC in Cape Town yesterday, Mr Erwin said progress was being made on creating a free trade area in the SADC, in line with the protocol concluded earlier this year.

Agreement had been reached on customs documentation and on rules of origin. The outstanding issue was the tariff phase-down period for each product, details of which should be agreed on within six months, the minister said.

South Africa's trade negotiations with the European Union (EU) were closely linked to the SADC protocol, Mr Erwin said.

"It would make no sense to improve EU access to our market faster than the SADC access," he said.

Mr Erwin would not be drawn on the content of South Africa's mandate for trade negotiations with Europe, saying only that most of the technical work had been completed.

One or two studies were still outstanding, he said, including research by the EU itself on the effects of a free trade agreement on South Africa's partners in the Southern African Customs Union.

A problem loomed for the other countries in the Customs Union if South Africa entered into a free trade agreement of the sort the EU was suggesting, Mr Erwin said.

Rob Davies, chairperson of Parliament's trade and industry committee, said Namibia, for instance, could lose 15 percent of its budget if a free trade agreement was signed. The consequences for Lesotho could be even worse, Dr Davies said.

Reviewing his department's work in progress, Mr Erwin said an assessment of all changes to South Africa's import tariffs since 1994, specifically in the light of the rand's depreciation, was being done in association with the Industrial Development Corporation.

The study would be discussed in the National Economic Development and Labour Council (Nedlac) and in the trade and industry committee and should be made public early next year, he said.

On competition policy, Mr Erwin said his department would draft legislation after discussions in Nedlac, which were expected to take three months. Then the bill would go through the parliamentary process "like any other piece of legislation".

He said speculation about who would be appointed to a task group to draft the bill was pointless. "I reserve the right to consult who I like and I will," Mr Erwin said.

Meanwhile, two more people would be appointed to the Competition Board: Cape Town attorney Christine Qunta and Robin McGregor of McGregor's Information Services.

Mr Erwin was upbeat about prospects for the economy, noting that imports of machinery and equipment had been robust in spite of the depreciating rand.

This suggested South African industry was making long-term investment plans.

Exports, which had already been growing before the rand's slide, would now grow faster, he said.

Customs union formula agreed

(279A) ET (BR) 7/11/96

CHRISTO VOLSCHENK

Cape Town — Members of the South African Customs Union (Sacu) are close to agreeing on a formula for revenue-sharing which will guarantee that Botswana, Lesotho, Namibia and Swaziland (BLNS countries) always get the same percentages of the total revenue pool they receive at the moment, Alec Erwin, the minister of trade and industry, said yesterday.

South Africa receives about 70 percent of the pool, leaving the balance to be split between the BLNS countries.

Until now, all customs and excise collected from the trade of member countries was placed in the revenue pool, which was split once a year using a predetermined formula.

"Members have also agreed to remove excise from the pool, and only customs will be left in the pool in future," Erwin said. "The new formula will bring stability and certainty to the sensitive issue of revenue-sharing."

The current formula guarantees the BLNS countries a certain percentage of their import value from the pool.

When import tariffs started dropping in line with South Africa's commitments given in the Marrakesh agreement, the possibility loomed that the BLNS countries could, in fact, get more from the pool than was collected in the pool.

If that happened, South Africa would have had to pay the difference. "The new formula will be helpful to South Africa because it removes the open-ended commitments of the old formula," Erwin said.

SA's custom union partners may sit on tariffs, trade board

(279A)

BUSINESS EDITOR

Representatives of South Africa's partners in the Southern African Customs Union could sit on the Board of Tariffs and Trade next year if a South African proposal is accepted by the other countries in the customs union.

Minister of Trade and Industry Alec Erwin said yesterday South Africa had suggested to its customs union partners that the board be reconstituted next year. The partners were close to finalising a new agreement, Mr Erwin said.

In terms of the proposed new revenue-sharing formula, South Africa would not seek to increase its share of revenue from trade between the customs union countries and the rest of the world.

Excise duties were excluded from the formula, and would be paid directly to member states.

"We have made good progress from a logjammed situation," Mr Erwin said.

But agreement still had to be reached on some technical matters, including agricultural tariffs, and institutional structure.

Other countries in the customs union had suggested a secretariat to manage the agreement, rather than representation on the Board of Tariffs and Trade.

South Africa's partners in the customs union were hostile towards the board because they felt they had not been adequately consulted by it in the past.

But South Africa was reluctant to create "another complicated bureaucracy" which would slow up decision-making, the Minister said.

ARGT 7/11/96

WS

INTERNATIONAL TRADE *Challenge is in Europe's court, says committee*

Regional ties 'as important' as EU trade

CT(BR)12/11/96 ~~297~~ (279A)

CAROLINE ALLEN

London — Regional trade with other countries in southern Africa is as important to South Africa as its trade deal with the European Union, Rob Davies, the chairman of the parliament's trade and industry committee, said at the weekend.

He said the EU had to match its professed political support for the new South Africa with a fair-trade arrangement for the country and region.

"The challenge is very much in Europe's court Is Europe serious about seeing an arrangement which is going to promote development or is it simply going to seek a normal hard-nosed trade deal with us?" Davies said.

"At the moment our view is that the principles of solidarity appear to be conspicuous by their absence in current proposals," he said.

South Africa has been refused membership of the Lomé convention which offers poorer countries trade concessions with Europe.

It would start preliminary discussions on a trade deal with the EU, its largest trading partner, later this month.

Thabo Mbeki, the deputy president, is on an eight-nation tour of the EU to garner support for South Africa's position.

Davies said the deal from the EU was not equitable and would undermine the smaller economies of other southern African countries linked to South Africa through a customs union.

"South Africa's economy is half that of Belgium's, our unemployment rate is 30 percent and we have a highly protected industrial sector undergoing a complicated transition, partly driven by internally-imposed tariff reductions," he said.

"We would get 4 to 7 percent additional duty-free access to the EU under all the obligations the EU would implement, but we would have to allow 36 percent duty-free access by the EU ... a large adjustment for a rather small additional benefit."

Davies said that, in coming talks, South Africa would demand talks that its neighbours get priority access to its markets and a chance to consolidate their presence there before the EU was admitted.

Davies said there was a "very skewed and imbalanced trade" in southern Africa.

But he said South Africa had signed a trade protocol under the auspices of the Southern African Development Community in August which envisaged creating a free trade area within eight years. — Reuter

Qualified support for great lakes relief plan

BD 18/11/96 (27919)

Ingrid Salgado

SA HAD received a positive response from some Southern African Development Community (SADC) member states to a request for joint participation in resolving the great lakes crisis, a foreign affairs department spokesman said yesterday.

Although there was a "general political desire" to be involved, some member countries were awaiting a decision on whether money from an international trust to fund participation of African countries would be forthcoming. At least one country, Botswana, has pledged troops for a multinational peacekeeping force in eastern Zaire, Rwanda and Burundi.

This comes as foreign affairs indicated at the weekend that SA would send troops to central Africa for humanitarian relief under the Canadian-led multinational force.

Foreign affairs spokesman Marco Boni said yesterday there had been contact between SA and the Canadian military — which is due to lead a potential peacekeeping force — but he had no details.

The nature of SA's technical contribution was being finalised and depended on a mandate from the UN, which had not yet been established, Boni said. "Our immediate concern is not to get involved in a fighting situation."

A technical task team dispatched to the region by President Nelson Mandela reported late last week that SA should immediately consult its SADC partners to explore Africa's involvement in the multinational force. The formation of an African peacekeeping force would have to entail extensive deliberations with the Organisation for African Unity, the team reported.

However, immediate humanitarian relief efforts would not address the underlying causes of the crisis which were political. SA was expected to play a role in resolving the differences between conflicting parties in the region.

Meanwhile, Sapa reports that Deputy President Thabo Mbeki said at the world food summit in Rome yesterday that countries participating in the multinational force would meet on Wednesday to review the situation after a mass return of refugees to Rwanda from Zaire.

Boni said the return of the refugees would change the original aim of the force — to create safe corridors for refugees to return home.

An SANDF spokesman said yesterday the military was awaiting instructions from government before acting. SA is reportedly offering between 500 and 1 000 SANDF members to the multinational force as well as logistical support.

See Page 9

CAPE ARGUS, FRIDAY, NOVEMBER 22, 1996

N

SA advised to be neighbourly

'Promote regional unity'

(279A)

ANDREW SMITH ARG 22/11/96
STAFF REPORTER

South Africa needs to create partnerships based on mutual trust between neighbouring states in southern Africa to develop the region into a global power in the next century.

This was the view of Professor Cecil Blake of the University of Indiana in the United States who was speaking at the biennial conference of the African Council for Communication Education held at the Peninsula Technikon.

He said it was an international trend for countries to form partnerships with other countries in their region in order to take part in global politics. "Southern African countries must promote regional independence such as we see in the Pacific rim and European Union," he said.

However, the first step on the path to global empowerment through regional unity lay in the creation of strong civil societies within each country. He said the regional partnerships should be based on a mutual trust that each country would try to help the other. "Each country must eventually bring something to the partnership," he said.

Countries in the region should stop trying to latch onto international donors but should look internally for solutions to rebuild their own civil societies.

"Only once the countries are strong enough to cope on their own can they join hands with others in the region and become a global force," he said. South Africa should not hesitate to embrace her neighbours once its economy was on track.

LEON MULLER

Guest speaker: Professor Cecil Blake of the University of Indiana

WS

274A

Taiwan trade under a cloud

CT (BR) 29/11/96

REUTER & JONATHAN ROSENTHAL

Johannesburg — Hundreds of millions of rands worth of promised Taiwanese investment hang in the balance as Taiwanese officials scramble to come up with a coherent business response to South Africa's decision to withdraw diplomatic recognition, announced on Wednesday.

Over the past two years Taiwan has promised to encourage investment in various potential petrochemical plants on the coast, the latest of which was a proposed $3,5 billion joint-venture plant in the Eastern Cape to produce chemical commodities for use in the manufacture of synthetic textiles.

Tuntex, the lead Taiwanese investor in the poposed joint venture, said yesterday it would respect its government's wishes in deciding whether to continue its project.

"For this petrochemical plant project, the Tuntex group will decide whether to go ahead or stop depending on the (Taiwan) government's policy," Tuntex said.

"The government will not continue to encourage investments in South Africa," said Chiang Ping-kun, the chairman of the Taiwanese cabinet's Council for Economic Planning and Development.

"Without government encouragement, it will be hard (for private investments) to proceed there," Chiang said, when asked about the Tuntex plan.

'The Taiwanese government will not continue to encourage investment in South Africa'

But I Cheng Loh, the Taiwanese ambassador to South Africa, said it was too early to say what the effect would be on trade between the two countries.

Investment was another matter, he said, and there were "dozens of (joint) projects" which would now have to be reviewed by Taiwan's legislature.

Loh has previously denied allegations that the petrochmical plant was an inducement to South Africa to maintain diplomatic ties.

He denied that the proposal was "a political football in the contest for diplomatic recognition between the two Chinas.

"Anybody with sense knows that to a businessman, the bottom line is their only consideration when faced with investment decisions of such magnitude. The ROC and RSA role players have enough sense not to enter a project involving billions if it would not be profitable by itself," he said earlier this month.

Taiwan had also promised to assist in setting up an industrial park in Berlin, near East London worth at least R900 million, and had established an occupational training centre.

Nearly 300 Taiwanese businesses have operations in South Africa, with investments reportedly topping $1,5 billion.

Export processing zones seen as threat

2799

BD 29/11/96

Reneé Grawitzky

REGIONAL integration in the southern African region could be seriously threatened by the introduction of export processing zones (EPZs), International Labour Resource and Information Group research officer Herbert Jauch said yesterday.

Jauch, who recently gave input to union federation Cosatu's workshop on trade policy, said introduction of EPZs had resulted in countries competing with each other for foreign capital.

Namibia — which had EPZs in Walvis Bay — had targeted companies in SA and Mauritius to try to get them to relocate their operations.

Soon, Jauch said, Mozambique, Malawi or Zimbabwe could target the same firms by offering even greater concessions, such as lower wages.

Although SA had not legislated the introduction of EPZs, several regions, including the Eastern Cape, KwaZulu-Natal, Mpumalanga and Gauteng, wished to introduce them under different names, such as industrial parks.

The proposed Chinese Dragon City development in Potchefstroom was being considered for development in one of three areas to qualify for the new tax holiday incentives in North West province. However, it could not be considered an EPZ unless it was export-orientated, Jauch said.

Talks with those involved in the Dragon City project indicated the aim was to create an EPZ in the area, with production also for the home market.

Jauch said that incentives offered to business in EPZs made it doubtful whether the host nation benefited. International experience had shown that EPZs did not stimulate local industry in any significant way, as businesses operating in EPZs could import duty-free, and did not rely on local content.

"It is a quick-fix solution which might work for a few years but in all likelihood in the long term will create more damage than benefit," he said.

S.A. D.C.C.

~~1996~~ 1997

Sleepy Botswana gives region a wake-up call

(279A) ARG 4/1/97

After a recent research trip to the headquarters of the Southern African Development Community (SADC) in Botswana, Greg Mills ponders the issue of regional rivalries in the sub-continent

To the casual visitor, Gaborone gives the impression of prosperity and orderliness – the antithesis of the African inner-city.

Although no skyscrapers have bloomed – the tallest buildings are little more than 10 storeys – there is evidence all round of development in progress.

A burgeoning banking sector nestles alongside diplomatic missions and the government compound, which houses, among others, the headquarters of the SADC. It appears to be a country at peace with itself and the region.

The recently released United Nations Development Programme Human Development Report singled out Botswana from among its neighbours for its rapid economic growth and improvement in social indicators.

'Tanks remain a puzzling choice for a country so vast and with sandy terrain'

The former British protectorate has today more than US$4-billion in foreign exchange reserves, a nest-egg resulting largely from its diamond production.

But sleepy and secure Botswana was pitched into the diplomatic forefront with the news that it was to equip its defence force (the BDF) with 36 British Scorpion tanks, 50 Leopard tanks, 200 troop carriers, 50 pieces of portable weaponry from the Dutch, plus 13 F-5 bombers from Canada.

The army was to expand its complement from 6 900 to 10 000 troops. Questions were asked: what exactly did Botswana fear, and could this step potentially fuel a regional arms race?

A variety of reasons have been offered for this build-up.

Lieutenant-General Ian Khama, son of modern Botswana's founder, Sir Seretse Khama (a Ghandi-like figure to most Batswana), and the leader of the BDF, caused a diplomatic storm in April this year when he cited South Africa as a potential flashpoint for instability.

He contended that "a volatile and relatively unstable southern Africa requires a controlled recovery", noting that "defence forces are pillars of peace in Africa".

Others have alternatively argued that General Khama's personal political ambition lies behind the purchases.

In this scenario, Khama is building his power-base and testing the water to gauge the extent of his support in the government, from the strength of any opposition to the buy.

It was estimated that the total outlay (including training) for the purchases was in the order of R700-million, compared with a present annual defence budget of around R850-million.

Khama is only in his mid-40s and it is unlikely that he will want to carry on as head of the BDF until retirement, especially given his pedigree.

Moreover, President Ketumile Masire is now 71, and no likely successor is apparent.

Ketumile Masire: no likely successor apparent

Ian Khama: building his power base

Another explanation for the purchases is the need for Botswana to assert its sovereignty, especially in the light of the ongoing dispute with Namibia over the Sedudu/Kasikili island in Caprivi.

This is, however, something of a far-fetched rationale for the purchase of tracked armoured vehicles, and even more so since the matter is under arbitration at the International Court of Justice in The Hague.

But clearly there is a need for Botswana to replace its ageing military hardware. The F-5 aircraft are, in this regard, an understandable replacement for the BDF's elderly Strikemaster jets.

The troop transport likewise, though the tanks remain a puzzling choice for a country so vast and with sandy terrain. Wheeled vehicles might have been a more suitable choice, though it is argued that the Dutch tanks and transports came, in the words of one military observer, at a price "so cheap" (around R270-million) that the BDF could not pass the opportunity.

The low price has also been cited as an outright explanation for the purchase in the first instance. Whether this is true or not will easily be interpreted from the BDF's next move now that the sale of the tanks from the Netherlands has been embargoed by the German government, their original owner, under pressure from Namibia, which labelled the purchases as provocative and unnecessary.

If, as rumoured, Khama now goes to the "spot market"(China has been mentioned as a possible supplier), then it would seem that price had little to do with the original decision.

What does all this mean for the region?

'For SA to accuse Botswana of fuelling an arms race smacks of chauvinism'

At a time when disarmament is the diplo-speak of SADC and southern Africa's politicians, it means one of either two things: the rhetoric is not in line with regional security realities, or Botswana's military is out of regional step.

The construction of a hi-tech air base 60km west of Gaborone – with which the US government has long but seemingly unconvincingly denied any involvement – would appear to add fuel to regional concerns. But is the region a safe place, and can SADC's newly-created Organ for Defence, Politics and Security effectively address national insecurities?

A cursory glance would suggest that although regional tensions have eased dramatically since the 1980s, critical problems remain.

Zambia and Swaziland verge on civil unrest, and Angola wobbles again on the precipice of civil war. South Africa's own democratic transition has not yet adequately dealt with socio-economic inequalities and KwaZulu-Natal remains a political and criminal powder-keg.

Regional immigration also presents security challenges and difficulties.

The SADC Organ essentially proposes to coordinate a myriad of security challenges facing southern Africa's states. Yet the Gaborone Communiqué which recommended the Organ's creation sets out no less than 14 objectives – given regional capacities, frankly little more than a wish-list of roles and responsibilities.

Until problems of capacity have been addressed and political faith shown in the new body, whatever the noble intentions, individual states will be left to ensure their own security.

For South Africa to accuse Botswana of fuelling an arms race smacks of regional chauvinism after South Africa recently spent nearly R900-million on a dozen Rooivalk attack-helicopters. Regional disarmament can only take place in an environment where states feel secure enough to do so.

■ *Greg Mills is national director of the South African Institute of International Affairs. This article was published in the SAIIR's most recent journal, Review.*

Argus
4/1/97

279 A

Deceptive image: the Chobe River in northern Botswana is a picture of tranquillity, but a recently released United Nations Development Programme Human Development Report singles out the country from among its neighbours for its rapid economic growth and improvement in social indicators

Banks pave way for regional exports

John Dludlu

BD 9/1/97

279A

NEDBANK's international finance division for Africa has concluded a credit extension agreement with the Eastern and Southern Africa Trade and Development Bank — also known as PTA bank — which would assist SA exporters in trading with countries in the common market for eastern and southern Africa (Comesa).

Credit Guarantee said yesterday it would underwrite the agreement through which SA exporters would receive 90% of payment from Nedbank immediately after concluding a deal. The balance of the sale would be paid after receipt of payment from the PTA bank.

"This means the exporter's cash flow is not compromised because he has to wait for transfer of payment from the buyer," the bank said.

The deal also provided that the PTA bank, acting on the buyer's behalf, had to pay Nedbank within 90 days of receipt of the transaction advice.

Comesa is one of many trading blocs in Africa and brings together countries that include Burundi, Ethiopia, Kenya, Lesotho, Malawi, Mauritius, Mozambique, Namibia, Swaziland, Tanzania, Uganda, Zambia, Zimbabwe and Zaire.

Members of Comesa, except SA and Botswana, are also members of both the Southern African Development Community and the Southern African Customs Union — a factor that has caused tensions between the SADC and Comesa.

Meanwhile, SADC finance and investment unit director Bongi Kunene said yesterday no decision had been taken on the Botswana-based organisation's plans to set up a regional development bank.

Kunene said the rationale for establishing the mooted bank would be determined by the outcome of two studies being conducted by her unit and the SADC's secretariat. Results of these studies are due out next month and in July, respectively.

Previously, the SADC, now chaired by President Nelson Mandela, said it was planning to set up a bank, either as a greenfields project or using an existing institution as a launchpad.

CUSTOMS UNION FOREIGN TRADE FIGURES

(279A) (280)

NEW ROUTES AND OLD

FM 10/1/97

Since April 1994, new international trading opportunities have opened up for SA

But traditional partners — the UK, Germany, the US and Japan — still account for about a third of the trade with SA and Customs Union countries.

Customs & Excise figures for the first six months of 1996 show that SA trade between the union and the four main partners mentioned above amounted to nearly R40bn of the R108bn in total trade for the period.

A country breakdown highlights some interesting developments in trade relations. Calculations, based on customs figures, show that the UK has replaced Germany as southern Africa's number one trading partner. In the half year, trade with the UK was R12,4bn, compared with R10,2bn with Germany (see graph)

The US, which before the 1986 Comprehensive Anti-Apartheid Act was SA's leading partner, is now in third place with R9,7bn worth of trade in the six months

In 1995, the list was topped by Germany, with total trade in the full year of R20,6bn Trade with the UK was valued at R19bn and with the US at R16,3bn Six-months-on-six-months, trade with the UK rose nearly 35%, with the US 26% and with Germany unchanged.

The boom in SA-UK trade is largely due to a 56% surge in exports — to R6,1bn (see table) This in turn is due to the rerouting of De Beers' diamonds, included in category XIV. Exports to the UK in this category (previously channelled through Switzerland) are valued at R3,6bn by customs The switch caused a 39% decline, six-months-on-six-months, in exports (to R1,1bn) to Switzerland

Another important trend that emerges in customs' figures is that SA is increasingly becoming a port of entry for Africa, with a significant amount of goods imported under category XVI being re-exported to other parts of Africa. These include

- Machinery & mechanical appliances;
- Electrical equipment,
- Sound recorders & reproducers; and
- TV sets & video recorders and reproducers

The union imports R17,1bn worth of these goods and exports R1,3bn to sub-Saharan Africa Not all of these are goods in transit, though the figures indicate that the re-export volumes are probably substantial.

The six month figures also reveal the relative importance of mainland China and Taiwan as trading partners Total trade with the former was worth R1,4bn, compared with the latter's R3,2bn. Growth figures were 7,7% and 23,1% respectively

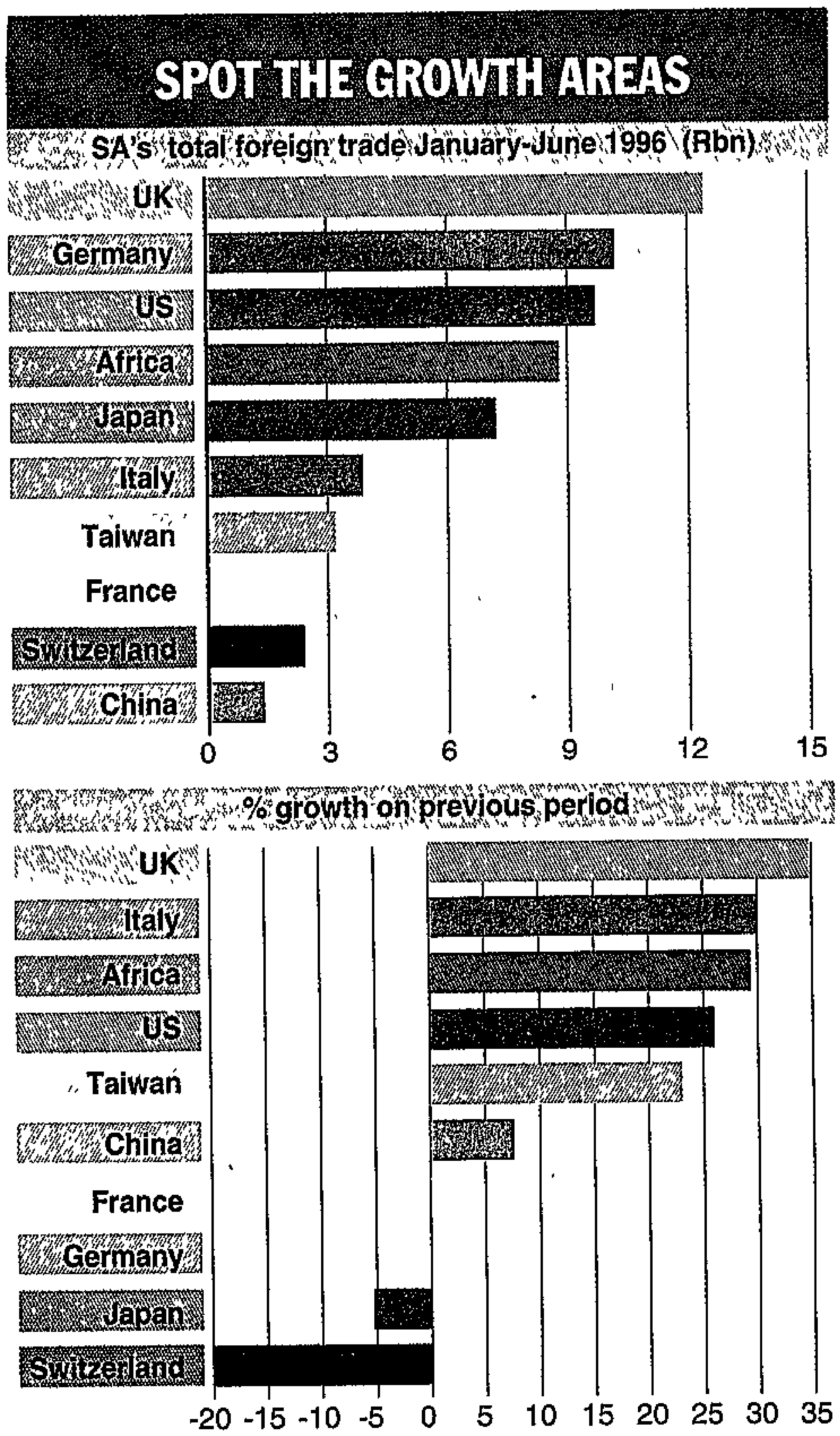
Taiwan bought R1,4bn of SA's exports and China R400m Exports to Taiwan rose 18,2% in the period while exports to China fell 20%.

However, imports from China are rising at a faster rate than those from Taiwan The union bought R1,8bn worth of goods from Taiwan (up 20%) and R1bn worth from China (up 25%).

Imports from Japan fell 15,4% to R4,4bn — a decline probably due to the erosion of Japan's traditional market in SA by South Korean car manufacturers Daewoo and Hyundai.

Southern Africa's main export worldwide is the category which consists mainly of diamonds and gold (the latter recently transferred from the "other unclassified" category). In the six months, it brought in revenue worth R16bn. The next biggest category (base metals) was worth R8,5bn, followed by mineral products at R7,7bn.

Surprisingly, Germany imports mainly "miscellaneous manufactured" goods from SA — in the six months, worth R465m — mostly semifinished products. But this category also contains finished products, such as steel products, pumps and compressors *Ethel Hazelhurst*



RANKING TRADING PARTNERS

Foreign trade: January-June 1996

Imports	Rbn	Exports	Rbn
Germany	8,0	Africa	7,2
US	6,8	UK	6,1
UK	6,3	US	2,9
Japan	4,4	Japan	2,8
Italy	2,5	Germany	2,2
Taiwan	1,8	Italy	1,4
France	1,8	Taiwan	1,4
Switzerland	1,2	Switzerland	1,1
Africa	1,6	France	0,7
China	1,0	China	0,4
% growth			
Italy	31,6	UK	56,4
China	25,0	US	31,8
US	23,6	Africa	30,9
Africa	23,1	Italy	27,3
Taiwan	20,0	Taiwan	18,2
UK	18,9	Japan	16,7
Switzerland	8,3	France	14,3
Germany	1,3	Germany	(4,3)
France	0,0	China	(20,0)
Japan	(15,4)	Switzerland	(38,9)

SADC seeking ways to end tensions with rival bloc

(27919) BD 14/1/97

John Dludlu

THE Southern African Development Community (SADC) would continue to search for ways of resolving tensions with the Common Market for Eastern and Southern Africa (Comesa) despite the increasing number of Comesa members which are relinquishing dual membership.

Yesterday Lesotho joined Mozambique by announcing its impending pullout from the activities of Comesa. Both SA and Botswana, which are two powerful economies in southern Africa, have never joined Comesa despite being lobbied to do so.

SADC spokesman Kgosi Moesi said the joint SADC/Comesa ministerial task force, set up to resolve the worsening frictions between the two organisations, would continue looking for ways of improving future relations between the two bodies.

"The (proposed) joint (SADC/Comesa) summit would be important in establishing good relations ... and in finding areas of common interests", he said after an indication by Maseru that they would begin pulling out from Comesa.

Lesotho foreign affairs international relations director Mamotseare Mphutlane said the decision to withdraw already had been communicated to Comesa's secretariat, even if it might take some time to effect the pullout.

Lack of progress in resolving the tensions between the SADC and Comesa was cited as one of the reasons for Maputo's decision to withdraw.

The pullout by the two administrations has been seen by diplomats as the beginning of an exodus from Comesa to the SADC.

The moves by Maputo and Maseru come two years after the SADC ministers decided a split of Comesa, formerly a preferential trade area, into two blocs was the viable option.

Although he would not say that more members would choose the SADC over Comesa, Moesi said: "One would expect that after two years, members would have had enough time to deliberate on the matter (choice between the two)."

SADC diplomats said that the organisation believed members should choose one organisation.

Duplication of projects by the two trading blocs and the resulting tensions had been seen as disincentives by potential investors to the region, diplomats had said.

The SADC — including SA and Botswana, and the backing of international donors — is seen by trade observers as having gained the upper hand in the struggle for legitimacy in the southern Africa region.

After SA's all-race elections, Pretoria, which now chairs the SADC, joined the Botswana-based trading body, ignoring several calls from Comesa to join a much bigger organisation.

SA firms losing race for region's markets – analyst

Foreigners pour in to seize opportunities

(279A) ARG 15/1/97

ALIDE DASNOIS
BUSINESS EDITOR

South African companies must jack up their regional strategy if they do not want to be squeezed out by foreign groups.

That's the warning from Mike Perry of Perry & Associates.

Writing in the latest issue of the Institute of Directors' monthly Directorship, he says "arrogant" South African businessmen tend to think that only South Africa can dominate the regional marketplace.

As a result, few South African companies have a regional strategy.

"With the coming of a Southern African regional trading block this leaves the back door open to global players," he says.

Companies from the United States, Europe, other African countries and Asia have "poured" into South Africa, often with minimal investment, with the aim of implementing a regional strategy for Africa.

South African companies face competition on four fronts, Mr Perry says.

United States-based multinationals, such as Microsoft, McDonalds and Procter and Gamble, can exploit superior technology and the power of their brands.

European "invaders" are profiting from historical links and converting their South African operations into regional strategic pivots.

Examples given were Nestlé in a joint venture with Dairy Maid, Unilever creating new standards in the ice-cream market through the Ola joint venture with Clover, BMW's expansion of the Rosslyn operation to boost exports to Indian Ocean markets, and Volkswagen exporting to China from South Africa.

"Arrogant" South African businessmen are also vulnerable to competition through their own "back door", Mr Perry says.

Swazi Sugar has captured 23 percent of the South African market in as many months; Dunlop Tyres made in Zambia are on sale in South Africa; Tata Industry makes buses in Zambia which are price-competitive within the region; low -cost pharmaceuticals from Zimbabwe could find their way south of the Limpopo.

"Because of the nature of disinvestment from southern Africa, there are brands with common names and pack identity (particularly foodstuffs and pharmaceuticals) with different owners on each side of the Limpopo; once the trading barriers in Southern Africa are reduced, chaos could ensue," Mr Perry says.

Finally, South African companies must face "surprise attacks" from the East, he warns.

Japanese products, especially motor vehicles and consumer electronics, are already well-established in the South African market, and "there is much more to come".

With a few exceptions, South African manufacturers of domestic appliances have been wiped out, leaving Korean group Samsung to capitalise on the growing market which follows the electrification of 1 000 homes a day.

"Malaysian entrants have secured a sizeable chunk of Boland Bank, made the biggest international investment to date, in Engen, and are developing a new town near Midrand.

"Three Indian pharmaceutical companies have already established strategic alliances in South Africa and are poised to introduce low-priced competition into the South African pharmaceutical market."

And Perry & Associates has been contracted twice to develop strategies to ward off the entry of Australian multinational companies.

All industries in South Africa are affected by this competition, Mr Perry warns. Cost-cutting and down-sizing are not the way to beat the competition, he says.

South African companies should be respositioning themselves in the domestic market as well as re-entering the world.

On the domestic front, the market is changing and new markets are emerging, but many companies "have not noticed this".

"For example the electrical appliance market is fast growing because of black consumers, yet appliance manufacturers have all but gone out of business.

"Informal distribution channels have now become so large that some manufacturers bypass the large retail and wholesale chains and market their products on the street or through spaza stores," Mr Perry says, citing biscuits, tea, toilet paper and plastic extrusion products as examples.

On the world front, the first step for South African companies must be to become dominant in the region.

Although economies in southern Africa are much smaller than that of South Africa, a sound regional strategy will quickly add 10 to 15 percent to volumes sold, Mr Perry claims. At the same time, domestic companies should be penetrating selected international markets.

The legacy of colonialism and sanctions means South African companies export to the wrong markets, where returns are lower, Mr Perry says.

Comesa attempts to recapture two eloping member nations

M 15/1/97

(279A)

John Dludlu

THE Common Market for Eastern and Southern Africa (Comesa), which suffered a setback this week with the planned withdrawal of two of its members, has launched a bid to win back Mozambique and Lesotho, with its top bureaucrat calling on them to reconsider their positions.

At a news conference in Lusaka, Zambia, yesterday, general secretary Bingu wa Mutharika tried to woo back the countries by outlining Comesa's achievements, signalling that the two nations would be better off within the much larger trading bloc.

"On behalf of member states of Comesa, I earnestly appeal to both Mozambique and Lesotho, in the name of pan-Africanism and African unity, to reconsider their decision and remain in Comesa."

Earlier this week the countries announced their intention to withdraw from Comesa and remain within the Southern African Development Community (SADC), citing lack of progress in efforts to resolve long-running tensions between the two organisation.

The withdrawal by the two nations, which is expected to be followed by several other SADC countries, is by far the most serious setback suffered by Comesa.

The intended departure of the nations, joining SA and Botswana outside Comesa, is expected to cast a dark cloud on discussions at this week's ministerial summit.

Mutharika listed a number of programmes that would benefit the two nations. These included trade and development financing from Comesa's development bank, benefits from the group's reinsurance company, services of the clearing house and the organisation's trade database.

He said Comesa was useful to the two members as it was geared towards exports to the world.

He said Mozambique and Lesotho would have benefited from the newly initiated industrial development strategy aimed at generating jobs and export earnings.

"Being a very small economy with hardly any viable industries, Comesa has been devising ways of revamping the economic activities in that country (Lesotho). To that end, Comesa has been programming measures to identify, together with government, a number of specialised manufacturing industries requiring small raw material inputs but with high added value to boost its exports."

This week the SADC undertook to continue its efforts to find a way to resolve tensions with Comesa, despite an indication its members were pulling out of Comesa.

Yesterday, Mutharika said Comesa was an African organisation, "executed by Africans, for Africans", a statement seen by observers as an attempt to suggest that the rival SADC depended on foreign donors.

Regional pact off to shaky start

(279A) CT (BR) 23|1|97

Joe Khamisi

Nairobi — Anxious to dampen mounting criticism of its lacklustre performance, the East African Co-operation — a regional union encompassing Kenya, Uganda and Tanzania — has prepared a programme this year aimed at propelling the organisation from talk to concrete action.

The organisation was formed early last year to boost regional co-operation. Since furnishing a secretariat in the Tanzanian town of Arusha, its initiatives are yet to show results.

Last April, the organisation announced plans to start a common custom authority to ease cross-border trade. A regional passport in the same mode as the euro-passport was to be launched. Nothing much has been heard of these plans since.

Despite a decision to make the three currencies convertible, banks still refuse to trade in shillings other than their own.

The mooted East African stock exchange remains but a dream as member countries take time to entrench their markets.

Last November, Kenya called for a cautious approach.

"We must be sure our economies are running on policies we can all understand and which are not impacting on another country," said Musalia Mudavadi, the Kenyan finance minister.

Analysts say the three governments are trying to avoid pitfalls which led to the collapse of the East African Community, brought down 20 years ago by economic jealousies and political differences.

"A political federation of East Africa should be made a reality now more than ever before," Kenyan President Daniel arap Moi of Kenya said on January 17.

In the next six months, 20 meetings, including a head of state summit, have been scheduled to take place. — Independent Foreign Service

TRADE LIBERALISATION & SOUTHERN AFRICAN CUSTOMS UNION

CONSIDERING THE NEIGHBOURS

FM 24/1/97 (279A)

Like it or not, in trade policy decisions SA's fate is inextricably linked to those of its partners in the Southern African Customs Union — Botswana, Lesotho, Namibia and Swaziland.

But this hasn't been reflected in SA's behaviour in negotiations for a bilateral agreement with the European Union (EU), which resume on Friday.

At the June talks last year, SA asked for time to study the EU's mandate and formulate counter proposals that would accommodate the needs of its regional partners But the other Sacu members only received their copy of SA's mandate this week — a month after it was sent to the European Commission (EC).

Pretoria's lack of transparency is reportedly a cause for concern for the EC. And it's no recipe for easing the smaller players' lingering mistrust of SA — a traditionally overbearing partner

Of course, the oversight could be simple inefficiency rather than high-handedness SA failed to send the mandate to its own embassies in Europe. And SA's EU mission received its copy from the EC

The document was described by EC sources as disappointing and unprofessional; lacking the detail and alternatives SA had promised They say the first part rhetorically criticised the EU's mandate and the second was largely based on EU proposals sent to Pretoria in 1994

Brussels correspondent Stijn De Preter reports "Stakes will be high at Friday's talks The EU will remain SA's most important trade and development partner for years to come And the talks will be watched closely by other countries who are keen to sign a free trade agreement with the EU and who would be far more professional in managing the process "

But SA's smaller partners are also important — and not just because increased hardship in neighbour states would add to SA's immigration burden

The market for SA exports to Sacu partners is increasingly significant And some union countries rely heavily on revenue from the shared Customs & Excise pool (see box) The question is how much does the union stand to lose as trade liberalisation reduces that pool?

The effect of the World Trade Organisation agreement arising from the Uruguay Round of Gatt, which entails tariff reduction, appears to be limited Says parliamentary Trade & Industry committee chairman Rob Davies "The impact of tariff reduction can vary If you reduce tariffs, revenue may actually increase, depending on elasticities of demand So far, the assumption is that the impact on the union would be revenue neutral "

But revenue may be harder hit by total tariff removal as envisaged in the EU free trade agreement "When you actually remove tariffs on a large part of your trade," says Davies, "revenue can decline quite significantly One estimate being quoted is a drop of about R2bn That would have a serious impact on SA's neighbours

"Namibia's economic policy research unit suggests an agreement along the lines of the EU proposal would result in up to 15% revenue loss for Namibia — not the most union-dependent country "

But a worse threat could come from a regionally specific agreement. Unlike SA, the smaller union states are members of the Lomé Convention, so they have preferential access to the EU market And union membership doesn't affect that.

But Lomé is being revised, and one option is to create a series of regionally specific agreements If one of these were reached between the union and the EU, would it be based on the trade strengths of SA — the strongest partner — or the weaknesses of the weaker partners?

If the former, then the smaller states would lose their preferential access and their exports would be subject to the same exclusions as SA's That could be more detrimental to the smaller union states than any shape the EU accord might take ■

THE FACTS ABOUT THE CUSTOMS UNION

THE POOL IS DUE FOR A CLEAN-UP

Customs & Excise revenue collected by the Southern African Customs Union countries is pooled and shared according to a formula. This is weighted in favour of the region's smaller countries to compensate them for the effects of being in a union with a bigger partner. SA generates around 96% of the revenue pool but receives about 66% of it.

In financial 1995, the pool held about R12,3bn (1994. R11,2bn). Around R4,2bn (R3,6bn) went to Botswana, Lesotho, Namibia and Swaziland.

The basics of a new, more scientifically calculated formula have been agreed. But the shares allocated aren't expected to change much, as the smaller countries would suffer considerably. Swaziland and Lesotho rely on the revenue pool for roughly 50% of total government income before grants, Namibia for around 20%-25% and Botswana 15%.

SA's trade relationship with its union partners is becoming quite significant. Their provisional figures for financial 1995 show that Botswana bought R5,1bn of SA goods, Lesotho R3,9bn, Namibia R5,8bn and Swaziland R3,9bn. ■

CITY OF LONDON SOAP OPERA

BATTLE OF NICOLA HORLICK

With its heady mixture of six-figure bonuses and a wrathful mother pitched against the might of Deutsche Morgan Grenfell, the battle of Nicola Horlick has made for a soap opera watched with undisguised delight in London

Until last week the British public was unaware of Horlick, 36, though she was widely respected as a high-flying pension fund manager with Morgan Grenfell Asset Management (MGAM) who com-

SA-EU trade deal will affect the whole SADC region

(279A) BD 24/1/97

THE negotiations between SA and the European Union over the proposed free trade area occur at a delicate time in Pretoria's relations with southern Africa, write Greg Mills and Itumeleng Maake

THE negotiations between SA and the European Union over the proposed free trade area, resuming today, are arguably the single most important foreign policy challenge facing Pretoria this year. For not only is the union SA's most important trade partner, but these discussions occur at a delicate time in Pretoria's relations with southern Africa.

The deal with the EU cannot be viewed as distinct from the political economy of the Southern African Development Community (SADC). Indeed, it has been argued that SADC hurried through the free trade protocol agreement at its Maseru meeting in August last year, precisely to include the region legally in SA's calculations when assessing the costs and benefits of the EU deal.

President Nelson Mandela's assumption of the SADC chairmanship also entails key regional responsibilities beyond just moral leadership of the sort the old development co-ordination conference provided during the anti-apartheid struggle.

Although SADC has shifted its focus to be more in line with market integrative trends globally, it is clear that many challenges remain which SA will have to tackle alongside its SADC partners if the organisation is to take on real relevance and utility.

First, the SADC needs to set out a clear reform agenda, both in terms of its structures and financing. The community inherited a system of "sectoral co-ordinating units" whereby each country maintains control over an area of functional activity: Angola, energy; Lesotho, tourism; SA, investment; and Zambia, mining.

The SADC should prioritise those sectors which stand to reap the greatest regional (and not necessarily national) reward. This will probably involve streamlining and prioritising of its 425 projects in its $8,5bn "programme of action" to a manageable number in key functional sectors, notably infrastructure, trade and finance, human resource development, and agriculture.

Instead of a reliance on nationally run sectors which have regional responsibilities, these should be replaced by multilateral SADC commissions in only these key areas which can operate on a more professional basis free from vested national interests and can strengthen institutional capacity.

The implementation of regional infrastructure projects will demand a change in culture away from a "conference mentality" whereby the SADC aims at generating donor income for projects, to capacity-building and the mobilisation of regional resources.

Donors account for 90% of SADC's income, although only an estimated 50% of this financing can be absorbed due to a lack of institutional capacity.

Last year, it was reported that bilateral aid from the Nordic states to SADC amounted to $500m-$600m a year. Further funds are also channelled through the World Bank and the UN. SADC's institutions and programme are subject to an official review and rationalisation study which is to report its findings in March.

Effective sectoral development will necessitate the co-option of the private sector and a reduction of regional suspicions of privatisation programmes, which have received a bad press under World Bank and IMF structural adjustment programmes. As the Maputo Corridor project aptly demonstrates, privatisation provides opportunities for investment and, most importantly, funding.

Second, the SADC will have to flesh out the protocol committing the region to free trade (under the World trade Organisation) by 2004. Somewhat crudely intended to encourage regional trade through the elimination of tariff barriers, the protocol will also have to establish a time frame for the reduction of nontariff barriers, especially given the almost non-existent customs procedures in some areas.

It should also take into account the asymmetric and unequal nature of southern Africa's economies, possibly by providing differential liberalisation access for less developed states. And unless the protocol is to lead to polarised industrialisation located only in certain areas of the region (particularly in SA, given its inherent competitive advantages in many sectors), there is a need for a co-ordinated southern African development approach.

Tariff liberalisation is meaningless if the problem lies with the development of supply-side measures. For although SA will, through the free trade protocol, be opening its economy up to the region, it is doubtful whether the region can take advantage of this partly due to the de-industrialisation that has already occurred.

Third, while underresourced in terms of personnel and finances, the SADC has set itself a unrealistically ambitious agenda in some areas, notably the functions of the Organ on Politics, Defence and Security. This organ is expected to do everything from developing a common foreign policy to a joint peacekeeping capacity.

Moreover, it commits states to a mutual defence pact — a dangerous obligation which could lead to the SADC fighting wars inside or on behalf of its members.

An SADC "with teeth" is clearly a threat to some member states, especially those who harbour notions of grandiose self-importance, while an SADC which operates at the level of political rhetoric and not functional economic reality, can contribute little. Hence the need for the inclusion of Zaire into the community.

The SADC is critically placed to meet southern Africa's many needs. But without additional resources and restructuring, it cannot achieve the tasks already allocated to it. These challenges tug at Pretoria as it grapples to balance regional leadership with other external demands.

□ *Mills and Maake are, respectively, national director and research intern at the SA Institute of International Affairs. They write in their personal capacities.*

BUSINESS

Comesa facing crunch

(279A) Sowetan 30/1/97

Goals overlap with the more pliable SADC

A NEW CRISIS within the troubled Common Market of Eastern and Southern Africa over allegations of mismanagement levelled at its head has brought the issue of its relevance – or lack of it – into sharp focus.

When Comesa was formed in 1993, many trade experts dismissed it as a carbon copy of the Southern African Development Community, to which some of its members also belong.

Since then, there has been growing rivalry between the two sub-regional trading blocs.

The allegations levelled against Comesa general secretary Binga wa Mutharika, which surfaced at its ministerial meeting held in Zambia last week, have provided added ammunition to those who want to see the body concentrate on East Africa only.

Comesa, which until last week's meeting comprised Burundi, the Comoros, Djibouti, Eritrea, Ethiopia, Kenya, Madagascar, Rwanda, Seychelles, Somalia, Sudan, Uganda, and eight of the 12 SADC countries, developed out of the former Preferential Trade Area – a bloc of 22 Southern and East African states that was established in 1981.

Not only Comesa's membership, but also its goals, overlap to a large extent with the smaller, more pliable SADC, set up in 1980 to reduce its members' reliance on then apartheid South Africa.

Ratified treaty

Among the 12 SADC states, Angola, Lesotho, Malawi, Mauritius, Namibia, Swaziland, Tanzania and Zambia ratified the Comesa treaty. Mozambique signed but did not ratify the treaty while Botswana, Zimbabwe and South Africa refused to join.

This month Lesotho pulled out of Comesa and Mozambique confirmed that it would not join the organisation. Namibia, announced that it would withdraw at the end of the year.

That Comesa threatens to break up does not surprise Zimbabwean economics professor Tony Hawkins: "It does not make sense for different countries to belong to two different organisations which basically do the same things.

"I think SADC should remain for Southern Africa and the East African countries can have their own organisation. There is very little trade going on within Comesa anyway."

At Comesa's inception, some members were in favour of merging the two economic blocs to rationalise their operations and erase duplication, but Mutharika argued against this, saying that it would be better for them to support each other.

However, donors and even some member states regarded Comesa as over-ambitious, and there were unheeded calls for it to be subdivided into northern and southern sub-groupings

What makes the possibility of a Comesa breakup even greater is that some of its own senior officials feel it might die soon if member countries do not take immediate action on a number of issues, including Mutharika's removal.

Malpractices

Members of Comesa's senior management have compiled a document listing malpractices allegedly committed by Mutharika and submitted it to last week's ministerial meeting, which then set up a special committee to investigate the claims.

Among other allegations against Mutharika are that he has been involved in politics in Malawi with a view to becoming that country's president one day. Comesa officials are barred from engaging in political activity. – *Sapa-IPS.*

(279A)

Regional trade on increase

Sowetan 30/1/97

GABORONE – Intra-regional trade in the Southern African Development Community has increased 12,4 percent since South Africa and Mauritius joined the organisation, according to a SADC report released this week.

The report, due to be submitted to a SADC consultative conference in the Namibian capital Windhoek from February 8-10, says that peace and stability in the region and the introduction of trade liberalisation measures led to a notable increase in intra-regional trade.

The regional countries, the report says, are trading favourably in agricultural products, mining, food products, textiles, clothing, beverages, wood products and industrial chemicals.

Obstacles

The report identifies obstacles for free trade in the region as an inadequate production base and trade policies and market access, insufficient market skill, underdeveloped financial infrastructure and the absence of trade statistics and information.

> **"The cross-border labour in the SADC region is still legally restricted and some countries delay issuing work permits"**

Another report, on trade and industry, also to be submitted to the conference, says that low savings have hampered the level of investment in the region.

The average regional saving capacity is below 20 percent. This is because most SADC countries are underdeveloped and suffer from negative real interest rates, high investment risks and low returns, scarce finance and an absence of secondary markets.

Foreign capital

"As a result of the low level savings, most of the SADC member states are dependent on foreign capital inflows for domestic investment," the report says.

"It is also important to underline that in the market-oriented economic systems being embraced by all SADC countries, private investment assumes prominence as governments disengage from business undertakings," notes the report.

Intra-regional investment is being further restricted by complicated exchange control regulations often unfamiliar in the commercial banking sector.

The report adds that the cross-border flow of labour in the SADC region is still legally restricted and in some countries considerable delays are experienced in issuing work permits to foreign investors.

The report said there is a need for the 12 SADC states to significantly improve their tax regimes as they are mostly cumbersome and generally lack transparency.

SADC is made up of South Africa, Angola, Botswana, Lesotho, Malawi, Mozambique, Namibia, Swaziland, Tanzania, Zimbabwe, Zambia and Mauritius. – *Sapa-AFP.*

Star 4/2/97

SADC objectives being shackled

(2799A)

Marked lack of co-operation between member states is not helping, writes Mark Malan

The SADC National Contact Point within the Department of Foreign Affairs recently hosted a workshop to exchange information on how the organisation may achieve its objectives of enhancing the standard and quality of life of the people in southern Africa.

According the SADC treaty, the objectives of the Southern African Development Community include: economic growth, alleviation of poverty, support for the socially disadvantaged through regional integration; the evolution of common political values, systems and institutions and the promotion and defence of peace and security.

The SADC has a dual structure, with one organisational component devoted to achieving the objectives of development and integration, and the other dedicated to the promotion of democracy, peace and security.

While the former (SADC "proper") is currently directed, at the highest level, by a summit of SADC heads of state and government under the chairmanship of President Mandela, the latter (the SADC Organ on Politics, Defence and Security) is directed by the same summit, but chaired by President Mugabe of Zimbabwe.

At a conceptual level, there is some doubt as to the viability of the integration aims of SADC. For example, essential prerequisites for economic integration are absent. There also appears to be insufficient consensus among members on the critical issue of appropriate and common political values, systems and institutions. All 12 members are highly sensitive to anything which may erode the principle of national sovereignty. But despite such obstacles, there is really no alternative to the vigorous pursuit of the objectives of development and integration, if the region is to survive and prosper.

A major organisational impediment towards regional development is the current sectoral approach, which delegates responsibility for the direction of some 20 key developmental sectors (such as transport, finance, industry, etc) to individual SADC states. The problem is that most countries lack the capacity, in terms of human and material resources, to promote their allocated sectors effectively and dynamically. Moreover, there is a marked lack of inter-sectoral co-operation, co-ordination and understanding. Essential links in the development chain are therefore missing.

As chair of SADC, South Africa has a duty to alert members to the urgent need for a review and rationalisation of the SADC structure, which may lead to the consolidation and centralisation of certain key sectoral activities; for a more concerted effort at developing human regional resources and for community building through enhanced sectoral activities and inter-sectoral co-ordination, including the ratification of a number of protocols to the SADC treaty and their implementation.

There is also a pressing need to review the development and functioning of the Organ for Politics, Defence and Security, but here the South African authorities cannot push too hard, as Zimbabwe is responsible for this arm of SADC.

The organ should logically provide the framework for two of the major SADC objectives: the evolution of common political values, systems and institutions; and the promotion and defence of peace and security. It was launched at a summit of SADC heads of state and government in Gaborone on June 28 1996. The summit elected Mugabe as chairman and approved 16 objectives for the organ, including the development of a common foreign policy in areas of mutual concern and interest, concluding a mutual defence pact for responding to external threats, and addressing regional conflicts which impact on peace and security in southern Africa.

However, it is unlikely that the organ, in its current form, will achieve much success because it currently functions only at summit level.

And any confusion as to leadership roles may prove to be an insurmountable barrier to "addressing extra-regional conflicts which impact on peace and security".

If the organ cannot operate effectively and pro-actively, it will be relegated to a "fire brigade" role, with heads of state and government meeting only in the aftermath of crises affecting the region.

Clear and attainable objectives must be formulated for the organ, and its structure adapted to enable the active and effective pursuit of such goals. These objectives must be directly linked to the SADC treaty objectives of achieving peace and security through the development of common political values, systems and institutions. Without the latter, development and integration efforts will rest on a very shaky ground. The organ must become a foundation of the SADC, it cannot remain as an appendage to the organisation.

■ *Mark Malan is a senior researcher at the Institute for Security Studies.*

SADC holds talks on low productivity in region

(279A)

ARG 4/2/97

Windhoek – Delegates from the 12-member Southern African Development Community (SADC) are meeting to consider ways of pooling resources to boost the region's economic growth.

Officials will grapple with the theme "Productivity: Key to Sustainable Development" as they try to find ways to boost the region's low productivity levels.

"We can no longer hide low productivity and non-competitiveness behind high tariff walls," SADC's executive secretary Kaire Mbuende said before the talks.

Discussions began yesterday with officials of standing committees locked in meetings until tomorrow.

The SADC council of ministers then meets on Thursday and Friday ahead of an address by Namibian President Sam Nujoma on Sunday.

Organisers said the meeting aimed to set up a "productivity movement" for the region through consultations between policymakers, international co-operation partners and representatives of the private sector and trade unions.

Underlying problems, particularly the huge trade imbalances between the region's dominant economic neighbour South Africa and most of the other member states, will also be discussed.

Pretoria has committed itself to improving trade links with its neighbours but still has to enforce cuts on tariffs and duties on many products.

The conference will also try to set up a regional tourism body, discuss progress in shared water resources and work through its ties with the rival African trade group Common Market for Eastern and Southern Africa (Comesa).

Some of the SADC members are also part of Comesa but increasing pressure for member states to choose between the groups has forced at least two countries, Mozambique and Lesotho, to align themselves with the SADC.

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

All these except for Botswana, South Africa, Lesotho and Mozambique are also members of Comesa, which also groups Burundi, Comoros, Eritrea, Ethiopia, Kenya, Madagascar, Rwanda, Sudan, Uganda and Zaire. – Reuter

SADC conference to focus on productivity

(279A)

BD 5/7/97

Tim Cohen

CAPE TOWN — The Southern African Development Community (SADC) consultative conference, scheduled to take place in Windhoek at the weekend, would focus on investigating regional agreements to boost productivity, the foreign affairs department said yesterday.

The department said Foreign Minister Alfred Nzo would be the chairman of the SADC council of ministers meeting to be held on February 6 and 7, which will be attended by more than 30 ministers from countries in the region.

The theme of the conference would be "Productivity — key to sustainable development in SADC".

The objective of the conference would be to "promote understanding of the significance of productivity and to initiate steps towards the establishment of a productivity movement in the region" through encouraging "dialogue with all key stakeholders to investigate mechanisms to address productivity on an ongoing basis".

The department said the conference would be SA first opportunity for SA to "take up its regional responsibility to provide political guidance and leadership to the region" after being taking up the chairmanship of the organisation last year. Nzo would also be chairman of a ministerial workshop on gender issues, which "create mechanisms in SADC to promote the consideration and implementation of gender issues in the region".

A ministerial meeting between SADC and its international co-operating partners from the Nordic countries will also be held to discuss regional issues of mutual concern and to agree on a programme of action in the fields of co-operation already identified.

Meanwhile, Nzo said following a meeting with departmental management that in-depth discussion were held on SA's role on the African continent including the Organisation of African Unity, SADC and other regional groupings.

Operational issues were addressed such as SA's role in the great lakes issue and other Africa crisis points such as the ongoing war in Sudan, peace efforts in Angola and the Nigerian issue.

Attention was given to a draft interdepartmental white paper on peace keeping and the creation of an African crisis response force.

Discussions on multilateral issues focused on the nonaligned movement summit due for SA next year and among the bilateral issues discussed, the preparations for the next meeting of the binational committee between the US and SA.

SADC seeks joint economic approach

(279A) BD 10/2/97

WINDHOEK — The SA Development Community's (SADC's) annual consultative conference was officially opened in Windhoek yesterday with calls from development partners for an integrated approach to the economic problems of the region.

"National policies are no longer capable of providing solutions to existing problems and a regional perspective is urgently needed," Jan Pronk, The Netherlands Minister for Development Co-operation and representative of the European Union's (EU's) Council of Ministers, said in his keynote address.

"The creation of an internal market with the SADC, with free flows of goods, services and capital, should be accompanied by some form of free flow of labour," he said. This was not only necessary to achieve significant growth but also to avoid political tensions between the SADC states.

Pronk also assured SADC members that the possible side effects of a Free Trade Agreement between SA and the EU were a "prominent topic" on the parties' agenda.

More than 500 delegates from the 12 SADC countries, international organisations and development partners from around the world are attending the SADC's annual consultative conference. The theme is Productivity: Key to Sustainable Development.

Canada's representative High Commissioner Arthur Peron, who is based in SA, encouraged members to launch initiatives to increase productivity, generate economies of scale, foster increases in intraregional trade, harmonise economic policies and procedures and expand and link regional infrastructure.

Recent figures showed that Africa, including southern Africa, was receiving a decreasing share of vital foreign direct and portfolio investment.

China's assistant Foreign Trade and Economic Co-operation Minister Yang Wensheng said to maintain sound economic development, agriculture should be a priority.

Conference chairman SA Foreign Minister Alfred Nzo said the SADC region claimed to be in the forefront of political and economic reform in Africa. "Gender equality and full engagement of the majority of our populations in the process of governance and development are critical twin pillars upon which productivity for sustainable development should be based," he said.

Officially opening the conference, Namibian President Sam Nujoma supported recommendations to make gender an important element of the SADC Programme of Action as well as establishing an SADC Gender Unit.

"The struggle for gender equality is actually a struggle for justice and human rights; and, as in the rest of the world, the struggle for justice and human rights is never done or completed," Nujoma said.

The regional grouping has 12 members states, with SA the chairman. Each country co-ordinates the activities of a particular sector. — Sapa.

Wits to resume hunt for successor

BD 10/2/97

Kevin O'Grady

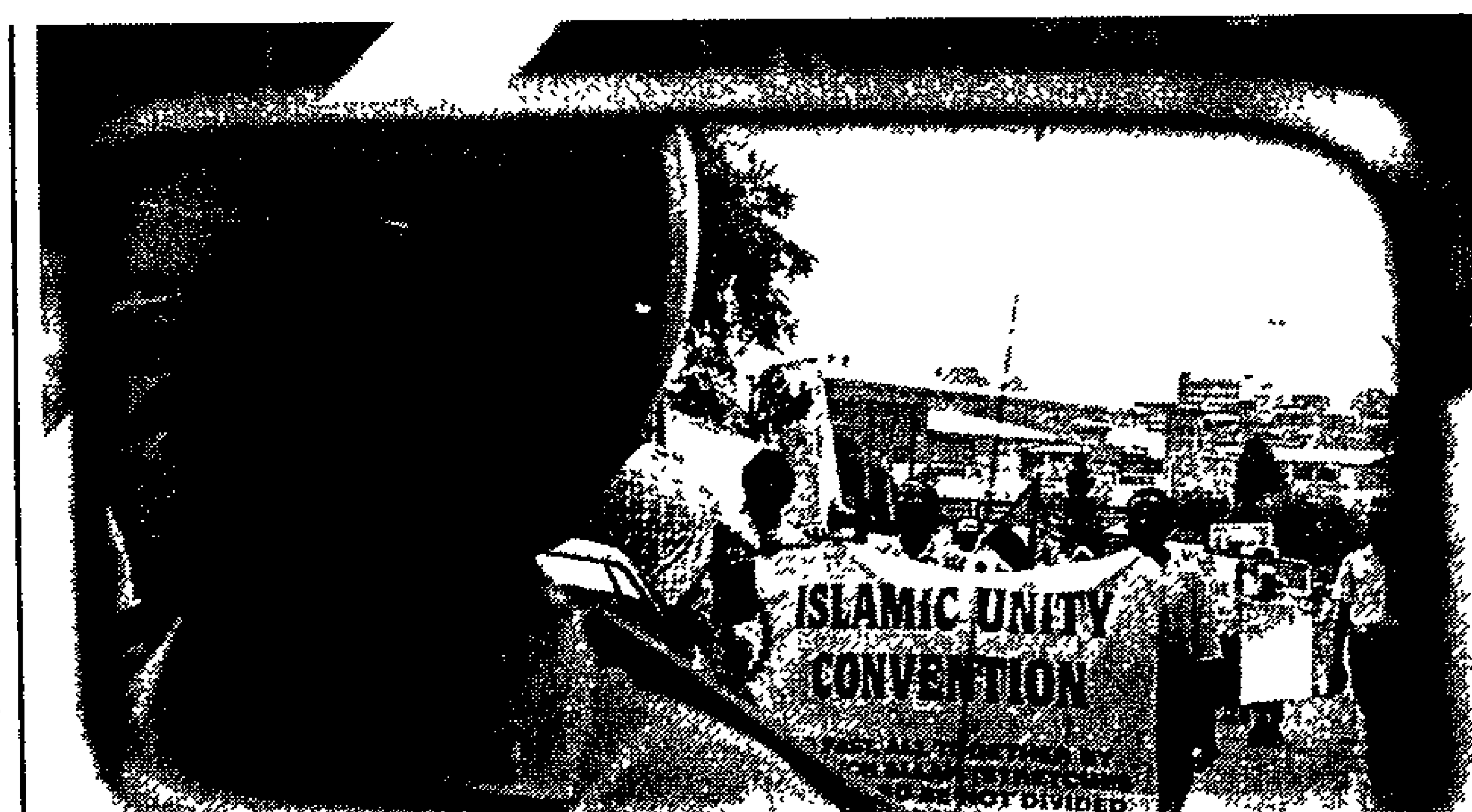
WITS University's senior appointments selection committee will meet today to chart the way forward in its second attempt to find a replacement for vice-chancellor Robert Charlton, who retires at the end of the year, following the withdrawal of his chosen successor.

A university spokesman said the committee, forced to reconvene by the withdrawal of US-based academic Sam Nolutshungu because of ill health, would decide how best to go about choosing a new vice-chancellor in as short a period as possible.

The new incumbent was expected to spend this year at the university with Charlton, preparing to take over from him on his retirement. Nolutshungu's withdrawal had made this impossible but it was important to find a replacement quickly.

The spokesman said the university council had given the selection committee — which comprises, academic and nonacademic staff, students and members of convocation — wider powers to seek out candidates, rather than just advertise the position.

The council had also suggested the committee form a "search team" to head hunt candidates.



8-year goal for SADC to create free-trade area

(2791) (?)

ARG 10/2/97

Windhoek – European donor-country representatives have said they support the drive by Southern African states to increase productivity in the region and to create a free-trade area.

The 12-member Southern African Development Community (SADC) began meeting here today for a 10-day annual conference, under the theme "Productivity", to consider ways of pooling resources to boost the region's economic growth.

"The choice of conference themes over the years has become more and more related to the real issues of the economy," said Francisco da Camara, head of the Southern Africa division at the European Commission.

"The SADC aims to create a community. They're looking for economic integration," he said.

The SADC has given itself eight years to create a free-trade area, comprising 150 million people living in Mauritius, Angola, Lesotho, Swaziland, Zambia, Zimbabwe, Namibia, Mozambique, Tanzania, Malawi, South Africa and Botswana. – Reuter

Japan gives SADC R900 000

Sowetan 11/2/97 ~~(277)~~ (279A)

THE Japanese government has given about R900 000 to the Southern African Development Community.

The money will be used by SADC Secretariat in its effort to enhance the regional integration and strengthen human resources development.

The contribution was made yesterday by Japanese ambassador to South Africa Yoshizo Konishi at the close of the SADC consultative conference in Windhoek, Namibia.

Last year, Japan sent its co-operation agency expert Kikuo Sakamoto to help SADC strengthen its ability to co-ordinate its activities.

'Japan has also given technical support'

Productivity crucial for economic growth

Sowetan 12/2/97

279A

WINDHOEK – Improving productivity in the 12-member Southern African Development Community is critical to the region's efforts to stimulate economic growth and development.

"The conference agreed that productivity improvement is no longer an optional extra but a matter of survival," says a statement issued at the end of the three-day annual SADC Consultative Conference here.

Over 500 delegates from the region, international cooperating partners, representatives of the private sector and labour organisations, deliberated on the theme *Productivity – Key to Sustainable Development in SADC* from February 8 to 10.

"The conference emphasised the industry must remain competitive through increased productivity rather than through subsidies," the statement says.

It notes, too, that the process of change within the SADC is gaining momentum and has made Southern Africa a region "at peace with itself", meaning it can now focus on economic growth and sustainable development.

The conference commended the regional body for steps it has taken towards regional integration by signing protocols on shared water course systems, transport communication and meteorology, energy, illicit drug trafficking and trade.

The trade protocol, in particular, will be "the main engine that drives economic integration in the region" and the SADC is urged to implement it.

"The conference urged the region to pay particular attention to the development of small and medium scale enterprises, the informal sector, and the smallholder agricultural sector, as these sectors offer greater prospects for gains in productivity," the statement says.

The conference focused mainly on four broad sub-themes; macro-policy framework at regional level, enabling environment at the enterprise level, labour management relations and productivity measurement. – *Sapa.*

A desire to join the fast fish of free trade

CT (BR) 12/2/97 (279A)

Andrew Beattie

WINDHOEK

New winds have indeed been blowing through Windhoek for the past week, bringing precious rains and greening the hills of this usually parched country

Water, so vital to this land's future, has no respect for national boundaries and carries no passport, Alfred Nzo, the South African foreign minister noted at a paradigm-shifting conference here this week.

It is a source of life that can also be a source of unity or conflict among nations.

It was at a summit here, five years ago, in August 1992 that the Southern African Development Coordination Conference, which had its historical roots in the struggle for liberation from colonialism, apartheid and poverty in the 1970s, became the current Southern African Development Community (SADC). The SADC annual consultative conference opened on Sunday with partners calling for an integrated approach towards the economic problems of the region

However, it was the 1994 demise of apartheid which further revolutionised SADC's sense of purpose, originally to isolate the apartheid regime and create solidarity on the part of the independent states along the edge of the so-called Boerewors Curtain.

Nelson Mandela, the present SADC chairman, aptly summed up the organisation's new role at last year's conference when he said national borders could and would no longer be the definitive element for relationships between the people of this region.

Militant struggle rhetoric and obligatory clarion calls for socialism from the organisation's early days were utterly transformed as today's well-groomed delegates modulate this year's theme of productivity, trade liberalisation and increasing competitiveness.

In this age of globalisation, it is no longer the big fish eating the small fish, but rather it is now the fast fish that eats the slow fish. It is also no longer a question of size, as Arturo Tolentino, the International Labour Organisation delegate told a labour-management co-operation workshop.

Another illuminating comment came from Dr KY Amaoko, UN under-secretary general and executive secretary of the Economic Commission for Africa, who tapped his African cultural roots to conclude his address with the proverb· "A too modest man goes hungry."

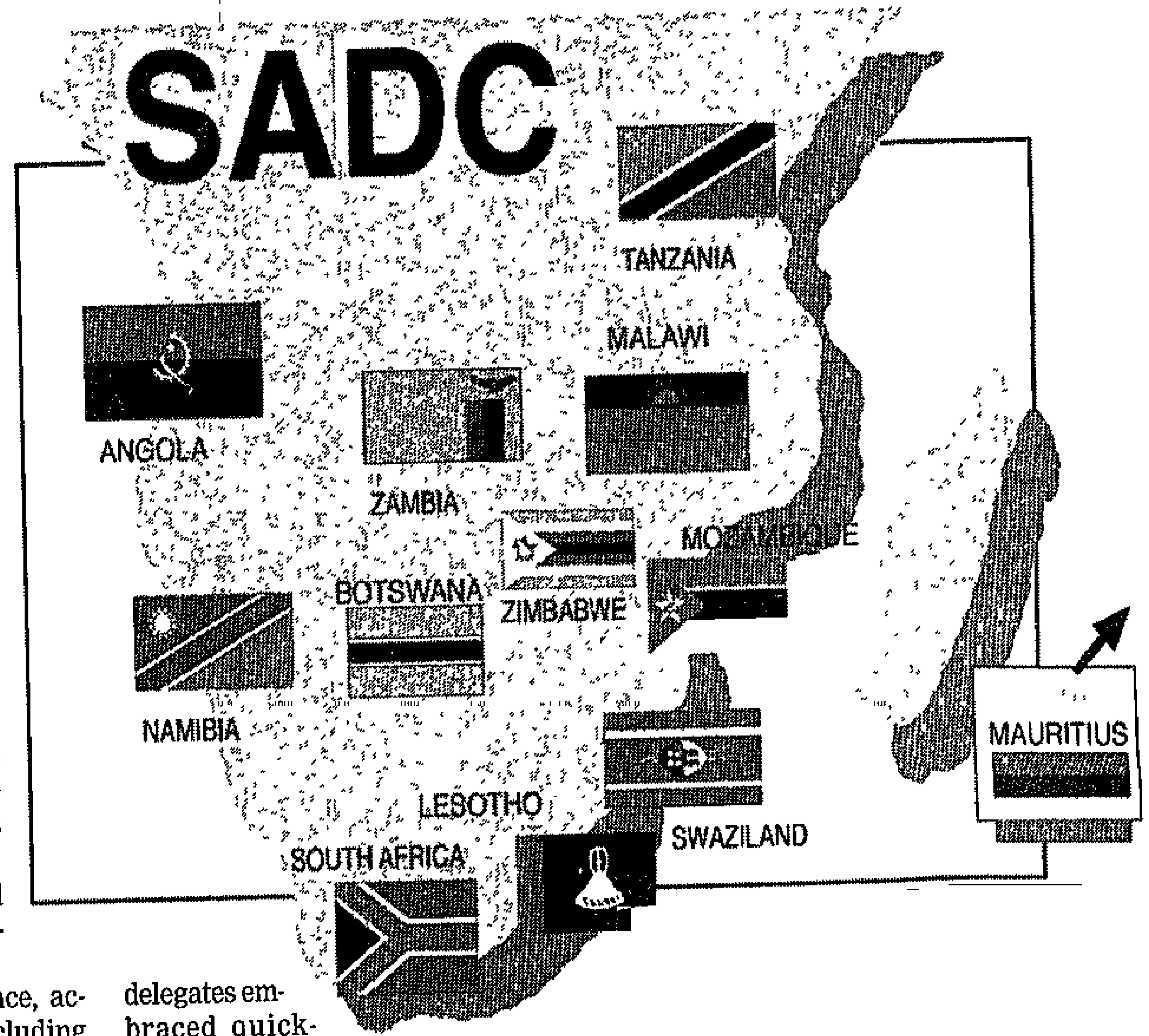
Bold measures, or rather bold statements of intent, were the hallmark of this conference.

There was a record attendance, according to Nzo who chaired, including major contributions from the local private sector and SADC's co-operative partners, including the European Community, China and India. Letters were exchanged with Japan's ambassador, who gave the conference some hot tips for success in business from Japan's impressive repertoire as well as promises of a more tangible nature.

Among other coups, Belgium committed an annual $10 million (R46 million) to SADC, and Jan Pronk, the Netherlands' minister for economic co-operation and the European Union's council of ministers, announced that the European Commission had set a date for a conference to renegotiate the Lomé Convention (in April this year at Maastricht) with the SADC, "without preconceived notions" This preferential trade agreement's restriction on South Africa's agricultural products' access to Europe has long been a bone of contention.

Nzo said in conclusion that SADC would make "rapid" moves to implement free trade protocols, removing regional tariff structures within the next eight years, although finer points on which local products and industries would receive gradually diminishing protection had yet to be worked out.

Such was the undue haste with which delegates embraced quick-swimming notions of privatisation that it seemed almost ironic that a cold note of caution had to be sprinkled on proceedings by David Norman, the veteran Zimbabwean minister of agriculture.



He warned: "Government is fast relinquishing all its income-generating activities. How is it going to fulfil its obligations? Is the private sector going to put back the money they have taken? Or should we put all our faith in a national lottery?"

Norman's remarks were followed by a long and hollow silence which only ended when Nzo moved to call for a tea break.

Speaking on the ecological impact of development and high growth strategies, Jayen Cuttaree, the Mauritian minister of industry and commerce, warned that unless care for the environment was built into the new strategy, "the successes achieved in abolishing skin colour-based apartheid, conquering space and splicing genes will be overshadowed by the spread of technological and economic apartheid. If these forms of apartheid are allowed to grow and spread, social disintegration and ecological genocide will result."

In terms of ecological footprints, said Cuttaree, developed countries like the US had left footprints 15 times larger than even the hugely populated India.

"It has been calculated that if the whole world were to live like North Americans, we would need three Earths to support the world population. Because of the affluent lifestyles of developed countries characterised by excessive waste, the challenge is to develop a sustainable global economy, one which our planet is capable of supporting indefinitely."

Mauritius had achieved a rate of growth that had led it being classified within a decade in the middle-income group of countries. This had been achieved, said Cuttaree, by overhauling the Indian Ocean islanders' work ethic.

In his conclusion, Nzo referred back to this keynote address by the delegate from the "sister republic of Mauritius", which he said graphically illustrated "the fact that we have the capacity and inventiveness to transform our economies into major global players by correctly addressing issues of productivity and human resources development and management.

"It will be presumptuous to assume that our conference has discovered all the hidden truths and found all the solutions to issues of productivity in our region, but let me say without hesitation that the 1997 conference has admirably achieved its purpose as a great indaba for frank and constructive exchanges of views and as a classroom for lessons to be learned."

BUSINESS

Mozambique reaffirms exit from Comesa

(218) (2791A) CT(BR) 19/2/97

FROM AFP

Maputo — Mozambique has reaffirmed its decision to quit the Common Market for Eastern and Southern Africa (Comesa), a regional trade and economic body.

Mozambique said yesterday it had no business with many of the countries in the 23-member grouping, which includes Eritrea, Ethiopia, Somalia, Djibouti and Kenya.

Mozambique announced late last year that it would withdraw by the end of this year. So far diplomatic efforts to make it change its mind have failed.

After meeting envoys from Comesa, President Joaquim Chissano said Mozambique would not rejoin until the relationship between Comesa and the Southern African Development Community (SADC) was clarified.

Leonardo Simao, the foreign minister, said yesterday, "I do not see any good reason for staying on since our country has neither trade nor political relations with a great deal of Comesa members such as Eritrea, Ethiopia, Somalia, Djibouti and Kenya."

He said Mozambique had suspended its membership. "We expect things to improve, and that will dictate our rejoining the organisation."

Comesa and the SADC are widely seen to be duplicating efforts of promoting and developing trade among eastern and southern African states. Most SADC members hold membership in Comesa.

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

Customs union agrees on revenue-sharing formula

BD 25/2/97 (279A)

John Dludlu

NEGOTIATORS from the five nations in the Southern African Customs Union were inching towards agreement on modernising one of the world's longest trading arrangements after agreeing on a new revenue-sharing formula, senior SA officials said.

However, officials from Botswana, Swaziland, Namibia, SA and Lesotho had yet to agree on a new set of institutions and policies to underpin the agreement, trade and industry director-general Zavareh Rustomjee said.

A senior Pretoria negotiator said that in terms of the new revenue-sharing formula SA would also receive a share rather than getting the residual as was the case in the present formula.

As a concession to its partners, the neighbouring states would still receive compensation for industrial polarisation effects and to avoid fiscal disruptions resulting from the new formula. Politicians had yet to determine the scale of compensation to be received by each nation, the negotiator said.

Rustomjee denied suggestions that the new formula was based on Pretoria's proposals, saying it reflected concerns of all the signatories to the customs union agreement.

It is the first time details of the new agreement have been disclosed since the review began more than a year ago.

"We need to do a bit more work on agreeing on the policy approach," Rustomjee said.

The new agreement had to be underpinned by a clear industrial and agricultural policy charting the future of the region's industries, he said.

Agreement on the revenue-sharing formula would take negotiators a step closer to the completion of the review process.

The review, initiated by then trade minister Trevor Manuel, now finance minister, came amid growing criticism that SA was unilaterally administering the customs union, raising tariffs without consulting fellow signatories.

Despite its many weaknesses, the customs union was seen by all members as crucial and members had closed ranks each time its integrity came under threat, one observer said.

ENVIRONMENT *SADC countries co-operate to harness a scarce resource*

Water may be the tie that binds

(279A) CT(BR)27/2/97

Lesley Wroughton

Johannesburg — Southern African countries are hoping that water problems, so often the source of conflict, will become the basis for co-operation and regional development.

The 12 South African Development Community (SADC) countries signed a document last year to co-operate in shared water basins to integrate the development of water supply with power generation, domestic water supply and other sectors.

"The idea is that at the end of it all water will be a cause for co-operation rather than of conflict as water becomes scarcer," said Phera Ramoeli of the SADC's water sector, based in Maseru.

He said the largely arid region could call on non-members such as Zaire, with an abundance of water, to help. "What we have is a protocol which outlines how best water can be utilised, even if it means transferring water from regions of abundance to regions of need."

Ramoeli said Angola and Mozambique had sufficient water but it was badly managed because of damaged infrastructure. Data on the changing characteristics of rivers in the countries was also long outdated.

Angola and Namibia are studying a joint hydro-electric dam project on the shared Cunene river. Sam Nujoma, the Namibian president, and senior officials regularly visit Luanda to push the project forward. At present Angola's parliament is studying reports for approval.

Mozambique has also teamed up with South Africa on its Cahora Bassa hydro-electric dam project. Until now Mozambique has spent about $10 million a year buying electricity from South Africa, but in April Mozambique will have the ability to export electricity for the first time in a decade.

The biggest combined water project of the region, the Lesotho Highlands water project, is expected to become a reality next year. The project's first part is virtually complete. It includes the Muela and Katse dams and transfer tunnels totalling 86 km. Tenders for the Mohale feeder dam will be put out at the end of the year.

Construction of a 72mW hydropower station near the Muela dam is under way.

The main reservoir, behind the Katse dam, is already more than 60 percent full. The dam's 185m walls are the highest in Africa.

South Africa and Swaziland are jointly building dams on the Komati river to boost agriculture through an expanded irrigation system

Peter van Niekerk, of South Africa's water affairs department, said the SADC water sector met for the first time early this month. It would also tackle pollution. Van Niekerk said it was not a serious problem, but the sewage from villages built along rivers and from industrial areas had to be tackled.

"Although the sector is still in its infancy there is a great willingness to co-operate, and now we will start seeing where the actual bottlenecks are," he said.

"It doesn't help just throwing money at projects. We need to pool together our resources to see where the constraints are so as to maximise the situation." — Reuter

TEAMWORK *It is hoped that water will link more than just lands*

SADC in new project

(279A)

LUSAKA — The Southern African Development Community is developing a framework to combat money laundering as part of the region's economic strategy.

Zambian state-owned media quoted a SADC Finance and Investment report obtained in Copperbelt Province town of Ndola, saying harmonisation of anti-money laundering legislation and the need to establish the means for sharing information was of great importance to the region.

Ultimately, money laundering could lead to the total corruption of a financial and political structure, thereby placing an intolerable drain on the region's economy.

Money laundering is a procedure to change the identity of illegally obtained money so that it appears to have originated from legitimate source.

Sowetan 3/3/97

Anti-SA feeling in SADC perturbing

(279A)

A sense of regional identity must be nurtured among peoples of region, writes Kgomotso Monnakgotla

Star 4/3/97

A recent business trip to Gaborone, where the headquarters of the SADC are housed, unfolded a disturbing incident, which one hopes is not a true reflection of the otherwise burgeoning relations between the Botswana government and South Africa.

Talk at inter-governmental level stresses the need for strengthening economic ties between countries of the region, and the 1996 SADC summit in Maseru reinforced the vision of regional economic integration in southern Africa which is to culminate in a free trade area early in the new millennium.

But, after my company was disqualified from bidding for a joint Botswana government/EU contract on the grounds that they are South African, one cannot help but get the feeling that the road to economic integration will be arduous. When asked for an explanation, one of the members on the Botswana/EU panel responded: "We don't want any Van der Merwes working here."

Even if it were an EU stipulation to censor South African firms from bidding for the project, the manner in which the message was conveyed left a lot to be desired.

Despite the fact that the new South African dispensation will celebrate its third year in April, there is still bitterness and suspicion over whites who were partly responsible for over $10-billion losses in revenue incurred by front-line states during the era of destabilisation.

Much as my experience could be taken as a minor isolated incident, it also unmasks deeply embedded suspicions of South Africa's economic designs. Pretoria's stranglehold over the region's economies continues to be a source of tension amid aspirations for economic integration between SADC countries.

This was evident during 1996 when Zimbabwe and several southern African states accused South Africa of unfair trade practices.

Much as there might be a growing number of institutionalised relationships at inter-governmental level, a sense of regionalism and trust still needs to be fostered at private sector business levels and civil society levels.

Without the engagement of the private sector, the regional integration project is unlikely to record sustainable economic development. There is a need to consolidate the activities of the private sector across the region.

Business needs to be brought into the regional decision-making process – and maybe a regional Nedlac-type structure needs to be incorporated into SADC, whereby business can equally determine the economic policy of the region and map out ways to achieve some of the goals set out by governments.

Through formal and regular interactions, it might just dawn on our neighbours that investment in their countries is not another display of power by South Africa, but an investment in the region and its people.

Furthermore, a sense of regional identity needs to be nurtured among the peoples of southern Africa through multifaceted social, political and cultural transactions. The xenophobic trend that is emerging within South Africa is disturbing.

With the exception of Mauritius, southern African states that constitute SADC share a history of colonialism under the British and the Portuguese. And as a result, English and Portuguese are widely spoken in the region. Also, the arbitrary division of borders by colonialists split up many communities into separate nations.

Despite that, several African countries still share common languages and cultures. For example, Setswana, which is spoken in Botswana and in various parts of South Africa, is similar to, or a variation of, Sesotho which is spoken in Lesotho and in South Africa. Similarly, the Nguni populations of South Africa, Swaziland and Zimbabwe speak variations of the same language and, in some cases, observe the same culture.

Additionally, the struggle against colonialism and surrogate organisations should impart a deep bond among the people of the region and form the basis for a regional identity among the peoples of southern Africa.

South Africa has a crucial role to play in the process of eliminating existing regional mistrust which should finally show that whatever fears and concerns that exist are groundless.

Regardless of the new government in power, South Africa's regional policy must be accompanied by atonement. The current leaders should appreciate that much as they were victims of the former government, they were not the only ones. A shared understanding of the history in the region needs to be developed. Without this, the process towards regional integration will be undermined.

■ *Kgomotso Monnakgotla is a research consultant for a group of economic development consultants in Pretoria.*

SADC has yet to finalise free trade plan

(BD) (279A)

John Dludlu

BD 4/3/97

TRADE officials from the Southern African Development Community (SADC) have yet to agree on details of an ambitious plan to liberalise trade in the 12-nation trading bloc, more than five months after political leaders gave the green light to the eight-year free trade programme

SADC spokesman Kgosi Moesi said yesterday only one government, Mauritius, had so far ratified the plan, but indicated that other governments hoped to do so by August. A majority of member states were in the process of ratifying the SADC trade protocol, while some wanted to see results of technical studies currently being done to establish which sectors and product lines had to be covered by the free trade area.

However, he emphasised that the political commitment to implement the trade protocol was strong

The delay was, in part, caused by the need of governments to assess the sensitive sectors and to prioritise their needs. Last week, SA — which is currently chairing the SADC — gave strong signals that it intended using the trade protocol to open its markets faster to its SADC partners in a bid to rectify the long running deficit the region had suffered in its trade with Pretoria.

The protocol, approved by SADC heads of state in Maseru, Lesotho, last August, envisaged the creation of an eight-year free trade area in the SADC which would take into account the variable speed of removing trade barriers by different nations in the bloc.

The protocol also called for a linkage between trade liberalisation to region-wide industrial restructuring and promotion of new investment as well as co-operation in trade facilitation, trade promotion and rehabilitation of port facilities

Moesi attributed the slow pace in the initiative to the process of appointing consultants and getting funding for the studies However, there was now "keen interest" from the Nordic countries to help finance the studies, he said

An SADC source denied suggestions that there had been a slow down in preparations, pointing to the commitment made by politicians as a clear determination to implement the protocol

SA urged to focus on regional market

(279A)

SHIRLEY JONES

CT (BR) 11/3/97

Durban — If South Africa did not succeed, the rest of Africa would fail; if it succeeded, the rest of the region had a chance, Philip Clayton, an economist with Standard Bank, said at the second Indian Ocean Rim Consultative Business Network Conference yesterday.

Clayton said South Africa played a small part in the global economy, which highlighted the importance of the Indian Ocean Rim initiative, which focused interest on the region.

"If you want to invest in Africa, you have to look at South Africa, which is the economic giant in the region," he said, pointing out that this country accounted for $121,5 billion of Africa's $330 billion gross domestic product.

"South Africa contributes half of one percent of the globe's output. However, it dominates the continent. With 4 percent of Africa's surface area and 6 percent of the continent's population, it contributes 27 percent of Africa's output, 39 percent of sub-Saharan Africa's output and 79 percent of Southern African Development Community (SADC's) output," he said.

He said he had tried to encourage South African companies to import from Africa to create a bigger regional market.

He said 70 percent of exports to Africa were manufactured goods.

Another bumper maize crop predicted for Southern Africa

ARG 18/3/97

(279A) MAIZE

MARIUS BOSCH

Johannesburg – Southern Africa could see a second successive bumper crop of its staple maize in 1997 although dry weather and excessive rains in some parts could affect production, the Southern African Development Community (SADC) said yesterday.

The SADC said in its March update to the regional grouping's Quarterly Food Security Bulletin that a tentative maize harvest of between 16,28 million and 20,50 million tons haD been forecast for 1997 compared to 20,34 million tons last year.

The 1997 crop could be almost double that of 1995, when drought reduced production to 11,1 million tons.

But the SADC said Southern Africa's largest maize producer, South Africa, could produce a maize crop of between 7,5 million and 9,8 million tons – considerably down on the 1996 crop of 9,93 million tons.

"Prospects for a good harvest have been dampened by the intermittent dry spells experienced in many parts of the summer rainfall region," it said.

Although South Africa's yellow and white maize plantings increased by 1,6 percent in 1997, "potential yields are likely to be reduced as a result of unfavourable weather conditions".

It predicted a domestic South African maize shortfall of 478 000 tons if the lower forecast of 7,5 million tons was considered.

In other SADC member countries, including Malawi, Mozambique, and Zimbabwe, flooding following incessant rains could reduce the potential maize yield, the SADC said.

And in Tanzania, a late start to the rainy season has drastically reduced the maize production outlook.

Tanzania's maize output will be reduced to between two million and 2,6 million tons from the 2,64 million last year.

"Production of rice and wheat are expected to be similarly reduced," the SADC said.

And Zimbabwe's maize harvest could drop to between 2,1 and 2,4 million tons from the 2,64 million last year.

"Production was initially forecast to surpass last year's level or, at the very least, match that level but the maize crop has been reviewed downwards given a reduction in planted area following a late start of the rains, coupled with excessive rains and waterlogging," the SADC said.

Mozambique could see another above average maize crop in 1997 following good rains and a significant increase in planted area.

The country could produce a crop of between 900 000 and 1,1 million tons, against last year's 947 000 tons.

The SADC said if the forecast regional maize harvest was realised, it would be more than sufficient to meet Southern Africa's projected consumption requirement and reserve stock needs of 19,96 million tons. – Reuter

SADC forecasts weather-affected maize harvest will still meet 20m ton target

Bumper crop for southern Africa

CT(BR) 18/3/97 (279A)

Marius Bosch

Johannesburg — Southern Africa could see a second successive bumper crop of the maize staple this year, although dry weather and excessive rains in some parts of the region could affect production, the Southern African Development Community (SADC) said yesterday.

SADC said in its March update to the regional grouping's Quarterly Food Security Bulletin that this year's crop could be almost double that of 1995, when drought reduced production to 11,1 million tons.

But SADC said southern Africa's largest maize producer, South Africa, could produce a maize crop of between 7,5 million and 9,8 million tons, considerably down on last year's crop of 9,93 million tons.

Though South Africa's yellow and white maize plantings increased by 1,6 percent this year, SADC said "potential yields are likely to be reduced as a result of unfavourable weather conditions".

It predicted a domestic South African maize shortfall of 478 000 tons if the lower forecast of 7,5 million tons was considered.

In other SADC member countries flooding subsequent to incessant rains could reduce the potential maize yield, SADC said. But in Tanzania it was the late start to the rainy season that had drastically reduced the maize production outlook.

Zimbabwe's maize harvest could drop to between 2,1 and 2,4 million tons from the 2,64 million of last year.

Mozambique could see another above-average maize crop this year following good rains and a significant increase in planted area. The country could produce a crop of between 900 000 and 1,1 million tons, against last year's 947 000 tons.

SADC said Botswana's cereal harvest could drop by about 60 percent to 35 000 tons from last year's 91 000 tons, mainly because of a substantial reduction in area planted. It forecast a Botswanan maize crop of between 6 000 and 10 000 tons from last year's 23 000 tons.

SADC also said if the forecast regional maize harvest was realised, it would be more than sufficient to meet southern Africa's projected consumption requirement and reserve stock needs of 19,96 million tons. — Reuter

Bank opens Maseru gate to SADC

ARG 22/3/97 (279A)

Maseru – Nedbank says it cannot fully serve the Southern African Development Community from South Africa and has to establish branches in the SADC states.

Nedbank corporate and international division director Derek Mullerwas speaking at the official opening of Nedbank's new branch in Maseru, on premises previously occupied by Standard Chartered Bank, which Nedbank bought with effect from January 1.

Mr Muller said Nedbank had already established branches in Zimbabwe and Namibia and had just bought Standard Chartered Bank in Swaziland. The bank looked forward to opening branches in other SADC countries in the years ahead.

Nedbank Maseru's managing director is Claude Pearce.

He previously served with Nedbank for two-and-a-half years in Beijing. – Sapa

(279A)

SADC signs agreement with Belgium: The Southern African Development Community has signed a general agreement of co-operation with Belgium, providing a regional policy framework for assistance worth $10 million. The SADC is an organisation joining 12 southern African states into a regional trade bloc. The members of the SADC are: Angola, Botswana, Lesotho, Malawi, Mauritius, Mozambique, Namibia, South Africa, Swaziland, Tanzania, Zambia and Zimbabwe. CT (BR) 24/3/97

Portnet officials aid duty evasion, says US

'Customs union provides loophole'

ARG 7/4/97 (2791)

RICH MKHONDO
WASHINGTON BUREAU

The United States says goods imported into South Africa for shipment to the members of the Southern African Customs Union (SACU) are susceptible to extensive duty evasion.

In its annual appraisal of foreign trade barriers, the Office of the US Trade Representative said Portnet customs officials facilitated the evasion of customs duties by grey-market importers.

"According to sources, malfeasance within the South African port system is exacerbated by corruption within the ports of entry of South Africa's Southern African Customs Union partners (Namibia, Botswana, Swaziland, and Lesotho), where imported goods are occasionally repackaged as items made in one of these respective countries and exported to South Africa, where they evade customs levies due to the SACU accord," the report said.

The 1997 National Trade Estimates Report on Foreign Trade Barriers, released at the weekend, said that over the past year several South African importers had complained about illicit imports and import duty evasion.

"Importers of agricultural products, poultry, and manufactured goods have asserted that a lack of adequate funding, training and staffing has led to a problem of inefficiency and malfeasance among the port customs inspectors and within the state-owned port and cargo handling company, Portnet," the report said.

"Finally, illegal shipments overland through Mozambique account for a high share of illegal imports and contraband trade. Importers and foreign customs officials have estimated the percentage of intercepted illegal imports into South Africa at less than 10 percent," the Office of the US Trade Representative said.

It acknowledged that the South African Government was aware of the problems with its customs service and was attempting to redress them through co-operation with international organisations and training programmes with US, British and European customs services.

"Nonetheless, the problem of illegal imports and customs evasion will take many years to overcome, as the Government of South Africa struggles to direct limited funding and inadequate available human resources across a wide area of law enforcement needs."

The US government said several US companies claimed that import surcharges remain in several industries, but the charges cited appeared to be excise taxes that were applied in a non-discriminatory manner to domestic as well as foreign producers.

For example, although the government reduced the tariff on instant-print cameras from 6 percent to zero on June 28 last year, instant-print cameras and instant-print film continued to be classified as luxury items and remain subject to high excise taxes of 37,5 percent and 32,5 percent respectively.

Although these excise taxes are non-discriminatory, US producers claim that there are no domestic producers and that the high taxes induce circumvention by illegal importers.

"Extensive circumvention of customs collection at South African ports of entry may allow some foreign importers to avoid paying the high tax, giving them an advantage over those importers paying proper excise taxes," the Office of the Trade Representative said.

The SACU, created in 1910, provides for the duty-free status of goods from Namibia, Botswana, Swaziland and Lesotho.

Comesa must decide fate of its top official

John Dludlu BD 8/4/97 (279A)

HEADS of state from the Common Market for Eastern and Southern Africa (Comesa) are meeting in Lusaka, Zambia, this week to consider the progress of Comesa's programmes and the fate of the organisation's secretary-general, Bingu wa Mutharika.

Mutharika was put on a three-month "forced leave" last month amid allegations of abuse of his authority, and financial mismanagement.

Comesa information officer Catherine Zulu said this week an inquiry into the allegations against Mutharika had been concluded. Its findings would be discussed by the leaders on Thursday.

Zulu said the inquiry, instituted by the ministers' council of the 20-nation trading body, had been widened to include the secretariat's financial affairs.

Mutharika, abandoning his previous conciliatory attitude, is reported to have threatened to sue Comesa if the organisation fails to prove the allegations against him.

Recently, two Comesa members — Mozambique and Lesotho — announced separately their decision to withdraw from the organisation whose membership overlaps that of the Southern African Development Community. Of the SADC's 12 member nations, only two — SA and Botswana — are not Comesa members.

However, Zulu played down claims of a disintegrating organisation in the face of the two countries' intended pullout, saying Lesotho and Mozambican representatives were attending the officials' meeting. "That we have 16 out of 20 countries represented here (at the intergovernmental meeting) is a good indication", she said.

Zulu said no further resignations were expected and efforts to win back Maseru and Maputo, initiated by Mutharika, were continuing.

She also denied rumours that members were not paying their subscriptions and that donors — including the European Union and the Nordic nations — were disenchanted with the organisation.

No agreement has been reached on an agenda for a proposed joint Comesa/SADC summit to resolve tensions in the two bodies.

Erwin on SADC mission to US

BD 9/4/97 (279A)

John Dludlu

TRADE and Industry Minister Alec Erwin would join his colleagues from the Southern African Development Community in a mission to the US next week, a US trade envoy in the SADC region said yesterday.

Millard Arnold, a Johannesburg-based US minister counsellor in the region, said the purpose of the trip was to discuss the proposed SADC trade protocol. The ministers would get a chance also to explain to US business the ambitious project that seeks to free trade among the SADC's 12 member nations over the next eight years, he said.

The SADC nations agreed on the protocol last August, but it has yet to be ratified by governments. The SADC secretariat is hoping the initiative will have been ratified by a majority of the governments this coming August, paving the way for its implementation.

Arnold, who was first appointed to his position more than a year ago by the late US commerce secretary Ron Brown, said the ministerial mission — funded by Washington — was a follow-up of last year's conclusion of a trade co-operation agreement between the SADC and the US. More such encounters were envisaged in the future.

The ministers would have a chance also to market their countries as investment destinations to US business at a meeting of the Corporate Council on Africa.

The council is made up of US companies committed to making a contribution to Africa's development through trade and investment.

Deputy President Thabo Mbeki was expected to join other African heads of state in the US, Arnold said.

During their trip, the ministers would hold a round-table discussion with William Daley, the new commerce secretary.

Arnold, whose position is the only political appointment a commerce secretary can make in any part of the world, has since been reappointed to his post by Daley as a sign of continued commitment to the economic development of the region.

With the achievement of peace in most parts of the SADC, except for Angola and occasional eruptions of political crisis in other countries, the region, which has more than 120-million people, is generally seen as being on the path to economic recovery.

Trade watchers say a race has developed among the world's industrialised nations to establish a presence in the region. The EU, which boasts a longstanding co-operation relationship with the SADC through the Lomé convention, is regarded as enjoying an advantage.

The convention, which expires at the turn of the century, gives tariff and quota preferences to 70 African (including all the SADC nations, except SA), Caribbean and Pacific nations into the EU market.

World Bank wants regional co-operation

BD 18/4/97 (279A)

Reneé Grawitzky

THE World Bank is behind efforts to foster co-operation between financial markets in southern Africa.

Richard Keteley, who until recently worked for the World Bank, said yesterday that financial sector reform should be at the heart of a strategic agenda for Africa. He was addressing a workshop for southern African financial unions, organised by the International Co-ordinating Body for Financial and Administrative Unions and the Friedrich Ebert Foundation.

He said a strategic agenda to integrate the region's financial markets was critical for people to gain access to savings, especially at a time when donor money in Africa was declining.

In this context, there was a need for competitive banks which could mobilise savings, since investment depended on increasing savings.

Africa had to ensure it was not sidelined in the global trend towards "harmonising and integrating" financial institutions. A regional approach would imply that individual countries would attempt to harmonise their laws, customs and practices, as was already happening in west and east Africa.

It had been easier for west African countries to go this route since they shared a long history of a single currency and a French banking tradition. However, the southern African region had inherited the British-style banking system, which created strong opportunities for a move towards integrated markets.

The parties, however, were a long way off discussing a single currency in the region. A significant level of monetary integration already existed and this would continue in the future. However, a major concern was macroeconomic management of some countries. he said

With the exception of Mauritius and SA, financial systems in Africa remained weak.

Therefore, a move towards integrated markets would be more cost efficient and more effective for future financial market participants.

Keteley said the World Bank was providing some assistance to a Southern African Development Community secretariat committee, which had started discussing the integration of financial institutions.

Tariff-setting delays trade accord

BD 21/4/97 (279A)

John Dludlu

NEGOTIATORS from the signatories to the regional customs union — SA and Botswana, Lesotho, Namibia and Swaziland — have yet to agree to details of an institutional framework to govern the revamped trading arrangement, according to sources close to the SA team.

An SA government source said at the weekend the sticking point in the talks, which started almost two years ago, was on the tariff-setting institution arrangements. SA's neighbours wanted more say in the determination of tariff levels, he said. Under the current agreement, which is being reviewed, tariff levels are set by SA's board on tariffs and trade.

The source admitted the team had not met this year and that the neighbouring countries were waiting for a final response on some key aspects of the talks from their Pretoria counterparts. No official comment was available from the trade and industry department.

The SA source said there was broad consensus on other institutions, including the ministers' council and a committee of senior technocrats, but Pretoria authorities were concerned about a "secretariat with hundreds of people" to determine the level of tariffs. The neighbours wanted a much bigger role than just tariff-setting.

The official said President Nelson Mandela's administration, which runs the tariff-setting board, had tried to improve consultations with the neighbouring countries, but "we want something better than this".

Earlier in the talks, an idea of an independent secretariat was suggested as part of an attempt to democratise the administration of the customs union, notably the determination of tariff scales.

A tentative agreement had been reached on the revenue-sharing formula, suggesting that excise duties be excluded from the new formula. A drastic overhaul of the way the customs duties revenue was being shared has also been proposed.

In terms of the old formula, SA, which has always been blamed for the "octopus-like grip" it has on the trading arrangement, was entitled only to the residual share of the pool, giving the neighbouring countries first claim to the customs spoils. But the new formula, to be based on the price-raising effects and intracustoms union trade, will give SA a share in the common pool.

The Pretoria source felt the alternative formula would compensate the neighbouring countries for the effects of industrial polarisation and that it was more viable than the idea of a development fund suggested earlier in the review process. On the conclusion of the talks, the source said: "If we're lucky, we'll have agreement this year before drafting begins."

Erwin calls for wider US investments

(2791A)

RICH MKHONDO
WASHINGTON BUREAU

Trade and Industry Minister Alec Erwin has called on American business leaders to channel their investments into the Southern African Development Community (SADC) countries, not South Africa alone.

"South Africa cannot be, and I hope never will be, satisfied with a process where we see a flow of investment into South Africa alone because of its present economic strength.

"South Africa will never be satisfied with investments that are not matched by the same flow of investments into the SADC countries.

"If that happens we (SADC members), will have failed," Mr Erwin told members of the United States-South Africa Business Council, an organisation of US companies investing or trading with South Africa.

"We (South Africa) do not seek all investments in South Africa; we must get investment across the region," he said.

The US-South Africa Business Council provides a forum for business and political leaders in the two countries to discuss policy issues affecting trade and investment

It is a network for US and South African business leaders, and an information source on the economic and political environment in South Africa.

Mr Erwin and hundreds of other ministers, including 12 from the SADC region, are in the US attending the "Attracting Capital to Africa" summit organised by the Corporate Council on Africa.

Deputy President Thabo Mbeki and Energy Minister Pennuel Maduna are also attending

Mr Erwin said: "We in South Africa are quite clear. As a matter of policy, we believe that the only path we could set is a path that links trade and investment into the SADC.

"Our approach to the SADC is one where we see trade and investment as part of a common strategy that will benefit all of us. We have begun to take concrete steps to encourage this position."

Mr Mbeki will address the summit, receive a joint award called the "Good Governance Award" from the council with the presidents of Uganda, Mozambique, Ivory Coast and the Prime Minister of Ethiopia, meet hundreds of potential investors, most of them members of the powerful Fortune 500, and hold discussions with US Vice President Al Gore, Secretary of State Madeleine Albright and other government officials

ARG 21/4/97

US urged not to invest in SA alone

By Rich Mkhondo

Washington – Trade and Industry Minister Alec Erwin has called on American business leaders to channel their investments into the Southern African Development Community (SADC) countries, not South Africa alone.

"South Africa cannot, and I hope never will, be satisfied with a process where we see a flow of investment into South Africa alone because of its present economic strength.

"South Africa will never be satisfied with investments that are not matched by the same flow of investments into SADC countries. If that happens we (SADC members) will have failed," Erwin told members of the US-South Africa Business Council, an advocacy organisation of US companies investing or trading with South Africa.

"We (South Africa) do not seek all the investments in South Africa, we must get investment across the region," he said.

The US-South Africa Business Council provides a forum for business and political leaders in the two countries to discuss public policy issues affecting trade and investment. It is a network for US and South African business leaders and an information source on the economic and political environment in South Africa.

Erwin and ministers from other African countries are in the US to attend the "Attracting Capital to Africa" summit organised by the Corporate Council on Africa. Deputy President Thabo Mbeki and Energy Minister Penuel Maduna are also attending.

Erwin said: "We in South Africa are quite clear. As a matter of policy, we believe the only path is one that links trade and investment into the SADC.

"Our approach to the SADC is one where we see trade and investment as part of a common strategy that will benefit all of us. We have begun to take concrete steps to encourage this position." – Star Foreign Service.

(279A) Star. 22/4/97

Mahathir set for SADC summit with 14 leaders

ARG 2/5/97 (279A)

Gaborone – Fourteen African heads of state are expected to convene with Malaysia's prime minister for a five-day economic conference which opens tomorrow near a game reserve in northern Botswana.

The gathering, held in the northern town of Kasane, near the sprawling Chobe National Park bordering Namibia and Zambia, is intended to woo investors to the newly opened economies of southern Africa, and is likely to attract 250 big investors from around the globe, organisers say.

The conference, dubbed the Southern Africa International Dialogue (Said), is jointly organised by the 12-country Southern African Development Community (SADC) and Malaysia.

Botswana's President Ketumile Masire, who is co-hosting the conference, told reporters here that participants hoped to standardise economic legislation in southern African states, in a bid to woo investors to the region.

"The SADC countries still operate independently from each other and we are working toward common legislation," President Masire said.

Participating in the meetings are the heads of SADC states: Angola, Botswana, Lesotho, Malawi, Mauritius, Mozambique, Namibia, South Africa, Swaziland, Tanzania, Zambia and Zimbabwe.

Also attending will be Malaysia's Prime Minister, Mahathir Mohamad, and guests President Yoweri Museveni of Uganda and Ghanaian President Jerry Rawlings.

Captains of business from Australia, Barbados, Brunei, Canada, Cyprus, France, Germany, Japan, Jordan, New Zealand, Paraguay, the United Kingdom and the United States would also attend the conference, organisers said – Sapa-AFP

CT (BR) 2/5/97

SADC ponders implications of a Kabila triumph

(279A)

Lesley Wroughton

Johannesburg — Laurent Kabila, Zaire's rebel leader, is intent on winning power either on the battlefield or in negotiations, but his southern neighbours are wary of what that holds for their region.

Kabila has seized control of about a half of the country, but with Zaire in disarray and in desperate need of economic rebuilding, analysts are cautious about the country's prospects under him.

There is little doubt about the potential for business and southern African countries eagerly eye increased ties. Anglo American Corporation, the mining conglomerate, has recently shown interest in copper and cobalt projects. Kabila's rebel alliance, without being in power, has already awarded America Mineral Fields a $1 billion mining deal.

Nevertheless, southern African states are worried about how best to help stabilise their neighbour. Some observers believe a Zaire wanting to dig itself out of its economic mess might again seek membership of the 12-nation Southern African Development Community (SADC).

The government of President Mobutu Sese Seko has twice sought SADC membership, but was turned down both times.

"I don't think the so-called rebels have any other agenda at the moment except deposing Mr Mobutu and this is ... (a) worrying factor because they don't seem to have a political agenda," says Lengolo Monyake, the SADC's deputy executive secretary. "This is supposed to be southern Africa and by introducing Zaire, that would be stretching the concept of southern Africa a little too far."

Political analysts say instability in Zaire and deep-rooted ethnic divisions that periodically surface will continue to keep it at arm's length from his neighbours. "The SADC debate around Zaire will go on for a while before one sees confidence in Kabila and Zaire from its neighbours," says Vernon Seymour of the Centre for Southern African Studies in Cape Town.

Last month saw the inauguration of a unity government in SADC member Angola after two decades of civil war, and the trade group has touted its recent stability as a drawcard for investors.

An African economist says official trade between the SADC and Zaire is limited and it would make sense if a new Zairean government sought membership of the SADC — a move that may help it overcome regional trade and tariff barriers.

"Southern Zaire, especially Shaba province, is effectively already part of the SADC because it transports its cobalt and copper through the SADC. Once Angola gets itself together there is no doubt that Zaire will also use it as another SADC transport route for its minerals," he says.

Other business links include busy informal trade between Zaire and Zambia, and Mobutu's government signed a deal with the SADC to share hydro-power from the Zaire river.

South Africa is Zaire's biggest SADC trade partner. Its exports were worth about $209 million over the first 11 months of last year — mainly foodstuffs and mining gear. Zaire's exports to South Africa over the same period totalled $113 million, mainly copper and cobalt.

Security analysts say the presence of thousands of Zairean refugees in SADC countries is unsettling to regional stability, but an end to the Mobutu era is likely to ease tensions over Zaire's support for Unita, which used Zaire as a route for illegal diamond trading. — Reuter

ANALYSIS

Regional partners fear they may lose out in SA-EU deal

Whatever the final form of a free trade agreement between SA and the EU, it is likely to have a profound effect on the rest of the region, writes Paul Kalenga

(279A) BD 5/5/97

SA IS a member of the Southern African Customs Union (Sacu) with developing countries that are currently enjoying preferential, nonreciprocal access to European Union markets under the Lomé IV Convention.

A free trade agreement (FTA) has been offered to SA as an alternative to full incorporation in the Lomé treaty. If the FTA is concluded between the EU and SA, it is bound to involve a breach in the Common External Tariff of the Sacu and may lead to "trade deflection" within the Sacu, ie goods imported at low tariffs from Europe into SA passing to other members of Sacu. It would be necessary to create a legal and administrative framework to enforce rules of origin at the border with SA. This seems to contradict the principle of a customs union in the sense that it would destroy its border cost-reducing advantages.

In addition, SA has signed the Southern African Development Community trade protocol of August 1996, which envisages free trade in southern Africa within eight years from adoption. This protocol includes a "most favoured nation" clause — member countries shall be accorded trade preferences given by any member to a third party. Any tariff concessions by SA to the EU would thus be accorded to SADC members.

The dominant view in the region is that an FTA is likely to harm intraregional trade and undermine efforts to promote regional economic integration. A study on the effect of the agreement has been commissioned by Botswana, Lesotho, Namibia and Swaziland (the so-called BLNS countries). Although its findings are not yet released, there seems to be a convincing argument that the costs are likely to outweigh benefits, at least in the short and medium term.

There is concern that EU countries will enjoy better market access to SA than SA's regional partners. The region will have to compete on an equal basis against highly competitive and some subsidised EU exports, thus negating the potential advantage for SADC countries of an FTA.

Generally, the effect of the EU-SA FTA on the region can be grouped into the following areas:

- ☐ Production and consumption effects due to reciprocal trade liberalisation;
- ☐ Fiscal revenue implications for Sacu and individual members of Sacu due to substantial loss of revenue from trade tariffs,
- ☐ The impact on investment flows into Sacu and the rest of the region;
- ☐ Implications for the Sacu and ACP countries after the expiry of Lomé IV in 2000 and continued market access in the EU; and
- ☐ The impact on the agricultural sector, particularly on the livestock and meat processing industries and agro-processing

Evidence suggests that prices of goods produced in SA have been above world market prices due to higher levels of tariff protection. To the extent that BLNS countries were paying more for goods imported from SA, this FTA would enable them to procure goods more cheaply because of the introduction of broader sourcing possibilities and the increased competition that would result. It can be argued also that if an agreement enhanced the overall growth of the SA economy through benefits of an enlarged market, it would lead to a growing market opportunity for products from the region.

If the FTA rules of origin permitted cumulation of value added in regional countries, there would be scope for regional partners to export indirectly to the EU market through inputs for SA's products.

Transfers from the Sacu common revenue pool account for between 16% and 50% of BLNS government revenues. With the EU accounting for about 40% of the imports of the Sacu and with high levels of tariff protection still in place, elimination of customs duties on around 90% of EU exports to SA will undoubtedly have a profound effect.

The Namibian Economic Policy Research Unit has estimated that an FTA along the lines proposed in the EU mandate could result in a loss of about 15% of government revenue in Namibia. The revenue loss for Lesotho and Swaziland would be even more substantial.

However, with or without the FTA, BLNS countries need to move away from a high dependency on taxes on foreign trade and towards less discriminatory taxes. Options for alternative sources of revenue, particularly in Namibia, seem to be limited. Major fiscal policy changes will be needed to make up for Sacu revenue losses.

While import liberalisation may increase individual purchasing power, improve the overall competitiveness of firms and open up great potential for the development of small and medium-sized enterprises in BLNS countries, there is fear that the concomitant pressures on producers may further polarise the location of industry towards SA.

Certain investments have taken place in the BLNS countries to take advantage of the duty-free market access which Sacu-ACP countries enjoy in the EU market. The current EU mandate is likely to erode present trade preferences enjoyed by these countries, removing a factor that makes them a more attractive location for investment in export-orientated industries than SA. Any production for the SA market (such as in assembly plants) will face fierce competition as duties are reduced.

Given the uncertainty of the nature of the ACP/EU arrangement, which expires in 2000, there is widespread concern among developing countries of the region that the FTA may be intended to form the basis for future negotiations in this regard.

This is complicated by the fact that BLNS countries currently enjoy duty free access to the EU market in "sensitive products", which the EU is likely to exclude from the agreement, such as agricultural and fisheries products.

Perhaps the most adverse impact of the proposed FTA would be on agricultural subsectors of SA's regional partners, particularly livestock and meat processing.

The SA market accounts for 71% of Namibia's beef production. As a result of the FTA, it is widely predicted that SA will substitute some of these products with beef from the EU. The recent rapid expansion of the EU and third country meat sector exports have already had a depressing effect on prices received by Namibian producers. A further expansion of (subsidised) EU beef exports to SA is likely to have further price-depressing effects. The Namibian beef industry has called for the exclusion of meat from an FTA. The argument put forward is that Namibian beef producers are willing to submit to competition from EU producers, but that duty-free, subsidised EU exports scarcely amount to a level playing field

Furthermore, elimination of duties on EU exports of processed agricultural products to SA could have significant implications also for certain agro-processing subsectors such as sugar, chocolate, etc. For example, Swaziland's sugar and associated industries employ directly about 16 000 people, and account for 23% of GDP, 33% of foreign exchange earnings and 67% of agricultural production. At present, 60% of Swaziland's sugar production is marketed nationally to processing industries serving the regional, largely SA, market.

The current regional trade balance is emphatically in favour of SA. SA exports to BLNS countries are about three times its imports from these countries; and its exports to non-Sacu, SADC countries are about 5,5 times its imports from the SADC. There is fear that with an influx of highly competitive imports from Europe, SA is likely to import less from the region. This fear is aggravated by the potential for exports of EU subsidised products into SA.

The extent to which the FTA would benefit the region will depend heavily on the detail of the final agreement, in particular the extent and structure of exclusions. The EU in other negotiations has frequently sought to exclude "sensitive" products from trade liberalisation. These products are mainly those that have the greatest potential for gains in the region.

It is encouraging that SA has called for a trade and development agreement that takes cognisance of the region's efforts towards deeper regional economic integration. To ensure that such an agreement minimises the adjustment costs to the region, there is a need for a demonstrable commitment from the SA government to consult the BLNS on any steps towards the elimination of tariffs on products deemed to be "sensitive"

☐ *Paul Kalenga is deputy director of trade policy in the Namibian ministry of trade and industry. This is an edited version of an article that appeared in the April edition of The Trade & Industry Monitor. The views expressed are his own and are not necessarily those of the Namibian government.*

A proposed free trade agreement with the EU will have an adverse affect on the agricultural sectors of regional economies.

Generation of wealth can be guaranteed by being competitive

SA cannot turn its back on globalisation, Saul Klein writes in response to Margaret Legum's challenge to popular economic theory

IN A recent comment in these pages, Margaret Legum posed a challenge to the conventional view regarding globalisation in SA. She suggested that resultant economic policies are "failing the whole world" and that they will destroy the process of wealth generation and distribution here. Such policies include reduced government consumption expenditures, the removal of exchange controls, high interest rates, cutting tariffs and privatisation. Unfortunately, Ms Legum is dead wrong. Economic illiteracy may be a bigger problem than has been realised.

A reversal of existing policies runs the risk of devastating economic consequences. Increasing government spending can be ... Taiwan and Thailand.

According to Jeffrey Sachs, the development expert at Harvard University, these countries are notable in their overall market efficiency. Such efficiency is fostered by an openness to international trade, low marginal rates of taxation, low levels of government expenditure relative to gross domestic product, and reliance on the market determination of wages and prices, rather than on state monopolies. Models of success that follow opposing policies ...

The 1990s have seen growth rates in African countries exceeding those of the developed world. This has come about largely due to the reversal of misguided development policies of the 1960s and 1970s, which favoured import substitution and protectionism, and state control of the economy through public enterprises. It is to those policies that Ms Legum would like us to return.

The priority for SA is to become more competitive internationally ...

and transitional arrangements to another long day ahead.

Economic conference to synchronise trade efforts

(279A) BD 5/5/97

GABORONE — International heads of government and business began trickling into the remote northern Botswana town of Kasane on Saturday for a four-day southern African economic conference.

Fourteen African heads of state, with Malaysia's prime minister, are expected to attend the conference, dubbed the Southern Africa International Dialogue, which officially opened yesterday. The gathering, jointly organised by Malaysia and 12 Southern African Development Community (SADC) states, will take place near the sprawling Chobe Game Reserve bordering Namibia and Zambia.

By late Saturday afternoon, Botswana President Ketumile Masire, Zimbabwe President Robert Mugabe, Malawi President Bakili Muluzi, and his Namibian counterpart, Sam Nujoma, had arrived.

At least 10 other heads of state were due to arrive yesterday, but it was unclear if SA President Nelson Mandela would make it. He was on an SA naval ship docked in Congo, waiting to chair Zairean peace talks between President Mobutu Sese Seko and rebel leader Laurent Kabila.

Former African National Congress (ANC) secretary-general Cyril Ramaphosa led a delegation of SA business leaders. More than 250 captains of business from all over the world also began arriving on Saturday.

Conference organisers said the aim of the conference was to attract investment to southern Africa's emerging economies, and synchronise trade efforts between SADC countries.

Botswana President Ketumile Masire, who is co-hosting the conference, said last Wednesday that participants hoped to unify economic legislation in various southern African states, in a bid to woo investors to the region.

"The SADC countries still operate independently from each other and we are working toward common legislation," Masire said. "We are working together to promote southern Africa to a global market."

Some participants expect to reach trade and water protocols during the gathering, which ends on Wednesday, Masire said.

Organisers hope it will become an annual event, to be rotated among the southern African countries.

Participating in the meetings are officials from all 12 SADC states: Angola, Botswana, Lesotho, Malawi, Mauritius, Mozambique, Namibia, SA, Swaziland, Tanzania, Zambia and Zimbabwe.

Also attending will be Malaysian Prime Minister Mahathir Mohamad, and special guests Uganda President Yoweri Museveni and Ghana President Jerry Rawlings.

Business leaders from Australia, Barbados, Brunei, Canada, Cyprus, France, Germany, Japan, Jordan, New Zealand, Paraguay, Britain and the US would also attend the conference, organisers said.

The meetings follow the SADC annual summit last August in Maseru, Lesotho, in which 10 of the 12 SADC members signed an historic agreement to create the subcontinent's first free trade bloc over a period of eight to 10 years. — Sapa-AFP.

EU preference demands 'may undermine efforts in SADC'

BD 5/5/97 (279A)

John Dludlu

SA has criticised calls by the European Union that Pretoria should extend the same trade concessions to the 15-nation trading bloc as it would offer its southern African neighbours.

Pretoria says such proposals fly in the face of efforts to liberalise regional trade.

The remarks, made by an official in the SA mission to the EU at the weekend, follow recent statements by the EU's executive, the European commission. The body believes SA should offer the EU the same trade concessions as it would offer neighbours in the Southern African Development Community (SADC) neighbours as "a minimum condition".

European commissioner in charge of relations with SA João de Deus Pinheiro believes the principle of granting the EU and SADC the same preferences will see the EU-SA trade talks acting as a "crowbar for opening SA to the SADC".

However, Johan van der Merwe, an official at SA's multilateral mission in Brussels, expressed concern on Friday at the EU's calls to be granted similar concessions as those to be extended to the SADC, saying this would undermine efforts to expand SADC exports to SA's markets.

SA was worried that preferences for the EU would displace SADC products in the SA market and, therefore, undermine the SADC trade protocol. "SADC countries would find it difficult to compete with EU imports in SA," Van der Merwe said. Granting the same benefits to the EU was also contrary to SA's calls that the proposed free trade area should take into account the different stages of economic development in SA and the EU.

Pinheiro's comments, which re-open the debate on compensation for adjustment costs for SA's neighbours, have also been seen by some pro-SA observers as an attempt to play down the costs of the proposed SA-EU deal.

SA has said it aims to use the SADC trade protocol to rectify the long-running trade imbalance — in its favour — with the region. Pretoria is also opposed to the idea of better market access to the EU than the SADC.

Rashaad Cassim, the director of the Braamfontein-based trade and industry policy secretariat, also expressed doubts at the capacity of the SADC nations to protect themselves by application of sophisticated rules of origin mechanisms from EU imports.

Pinheiro told a summit on southern Africa in Maastricht, Holland, that the SADC could limit the negative effects of the proposed accord with SA by applying rules of origin which would make it possible for them to maintain tariff protection against EU imports.

Cassim warned that application of rules of origin, which detect the amount of beneficiation and country of origin of the exports, was "cumbersome" and could act as a deterrent to intra-SADC trade.

Van der Merwe said rules of origin would increase the amount of red tape.

Last year, a much-criticised EU-funded study, to assess the impact of the SA-EU free trade area, found that SA's neighbours in the customs union — Botswana, Lesotho, Namibia and Swaziland — would lose more than R280m in revenue from the customs union if they joined the accord, and would have to spend around R12m in additional customs border controls should they decide to stay out of this accord.

The report, which has since been revised, also recommended the countries seek EU compensation for revenue loss.

Although the EU has in the past signalled it might assist the countries with unspecified "transitional fiscal measures" to adjust to the SA-EU free trade, it recently suggested that SA excludes from the accord sensitive items for the countries' economies.

See Page 10

SADC gathering enjoys an international boost

FROM AFP ET(BR) 5/5/97 (279A)

Kasane, Botswana — The Southern African International Dialogue, a unique five-day conference aimed at unifying economic legislation and wooing investors to the region, opened yesterday in this remote Botswana town.

The meeting was jointly organised by Malaysia and the 12 member-states of the Southern African Development Community (SADC).

Ketumile Masire, the Botswana president and co-host of the conference, said the SADC countries were working together to promote the region to a global market. Some participants expected to reach trade and water protocols.

Participating in the conference are officials from all 12 SADC states, along with Mahathir Mohamad, the Malaysian prime minister, and special guests Yoweri Museveni, the president of Uganda, and Jerry Rawlings, the president of Ghana.

The organisers said various international captains of industry were also to attend, including representatives from Brunei, France, Jordan, and the United States.

The conference follows a SADC summit last August in Maseru where 10 members signed a historic agreement to create the subcontinent's first-ever trade bloc to be launched over a period of eight to 10 years.

(279A) Sowetan 5/5/97

Business captains at SADC indaba

KASANE – International heads of government and business began trickling into this remote northern Botswana town on Saturday for a unique five-day southern African economic conference.

Fourteen African heads of state, along with Malaysia's prime minister, converged on Botswana for a four-day conference, dubbed the Southern Africa International Dialogue (SAID), which officially opened yesterday.

The gathering is jointly organised by Malaysia and the 12 states of the Southern African Development Community (SADC).

Over 250 captains of business also arrived on Saturday, with former African National Congress (ANC) secretary general Cyril Ramaphosa leading a delegation of business leaders from South Africa.

Organisers say the aim of the conference is to attract investment to southern Africa's emerging economies, and synchronise trade efforts between SADC countries.

Botswana President Sir Ketumile Masire, who is co-hosting the conference, told journalists on Wednesday that participants hoped to unify economic legislation in various southern African states in a bid to woo investors to the region.

"SADC countries still operate independently from each other and we are working toward common legislation," Masire said. "We are working together to promote southern Africa to a global market."

Some participants expect to reach trade and water protocols during the gathering, which ends on May 7, Masire added.

Organisers hope it will become a yearly event, to be rotated among southern African countries.

Participating in the meetings are officials from all 12 SADC states. Also attending were the Malaysian prime minister Mahathir Mohamad and special guests Uganda President Yoweri Museveni and Ghana President Jerry Rawlings.

Australia, Barbados, Brunei, Canada, Cyprus, France, Germany, Japan, Jordan, New Zealand, Paraguay, United Kingdom and the United States are also represented – *Sapa-AFP.*

WEAPONS *Harare conference seeks solution to land mines*

(279A)

SADC tackles a lethal legacy

CT(BR) 6/5/97

TARCEY MUNAKU

Harare — Elizete Manhica woke up one morning in March last year to tend her small plot of land in a village in Mozambique, one of the poorest countries in the world still struggling to recover from a debilitating civil war that ended in 1992.

She was gathering dry grass to thatch her hut when she stepped on a strange object and decided to take a hoe to remove it. That action cost Manhica her life.

The object, an anti-personnel land mine, exploded and fatally [illegible]ed the mother of three small children. She died on her way to hospital.

Manhica's case was cited recently in Harare when senior [illegible]mats and defence ministry officials from the 12 countries forming the Southern African Development Community (SADC) met for three days last week to map out a strategy to rid the region of about 20 million land mines that have claimed at least 250 000 victims since 1961.

The SADC symposium, organised by the International Committee of the Red Cross and sponsored by the Organisation of African Unity and the Zimbabwe government, noted that anti-personnel mines were a curse for disadvantaged people, mainly in poor and developing countries.

At least 119 million active land mines are scattered in 71 countries. The Red Cross says just as many are waiting to swell their numbers in stockpiles all over the world.

Today, about 15 developing countries are crippled by land mines. The most affected are Angola, with 15 million of the lethal weapons, and Afghanistan, Cambodia and Iraqi Kurdistan, with 10 million each.

These nations are followed by Bosnia, with between 3 million and 6 million, Vietnam (3,5 million), Mozambique and Croatia (3 million each), Zimbabwe (2 million) and Eritrea, Somalia and Sudan, with 1 million each.

Anti-personnel mines often strike the poorest and those least able to cope with the consequences, says the Red Cross. It gives as an example Afghanistan, where 84 percent of mine victims are in debt for medical treatment received.

The Red Cross says surgical care and the fitting of an orthopedic appliance cost at least $3 000 an amputee in developing countries.

It estimates that 800 people are killed by mines every month and 1 200 maimed. "This means that at least one person is either maimed or killed by a mine every 20 minutes. Most are civilians who become victims long after hostilities have ended.

"Land mines are often aimed deliberately at civilians in order to empty territory, destroy food sources and create refugee flows, or simply to spread terror," said the Red Cross in a study it commissioned.

The organisation says mines are a favoured weapon because they are cheap. The weapons cost between $3 and $30 each, yet they cost from $300 to $1 000 to deactivate.

Removing the world's 119 million active mines would cost an estimated $33 billion. Experts say that under the present conditions it would take at least 1 100 years to clear the entire universe of mines, assuming of course that not a single new mine is laid.

The study said that, generally, societies with the most severe land mine problems are those already shattered by war. They tend to be among the poorest in the world with few resources to cope with the consequences of the scourge and where medical infrastructure is rudimentary, and trained medical personnel and facilities are scarce.

According to the Red Cross, one of every 334 Angolans is an amputee. In the US that ratio is one of every 22 000 inhabitants. — Pan African News Agency

SADC 'needs economic integration'

John Dludlu BD 7/5/97 (279A)

THE new direction for the Southern African Development Community (SADC) was to increase economic integration and restructure the region's productive sectors in pursuit of export-orientated production, President Nelson Mandela said last night.

Mandela, who is chairman of the 12-nation SADC, was addressing delegates from the private sector, labour and governments at the Southern Africa International Dialogue conference in Kasane, Botswana. The conference's theme is "Smart Partnership for the Generation of Wealth".

Mandela said that growing interdependence among nations and the emergence of regional blocs meant no country in southern Africa could prosper in isolation from its neighbours. "If we are to restructure our economies successfully as a basis for sustained growth and make effective responses to changes on the world economy, then we need a regional framework ... and a collective voice that can be heard in the economic forums of the world."

Progress, made possible by political stability in the region, had been made in establishing a regional framework for growth and development, he told the conference, attended by seven of the SADC's leaders. Development, he said, required social partners — labour, governments, society and business — to join hands.

Earlier in the week, Botswana President Ketumile Masire, past SADC chairman, said the "smart partnership" concept provided a new framework for governments and companies. "It is a business philosophy and practice based on the idea of 'prosper-thy-neighbour' relationships."

EU chides development community on delays

SADC's tariff tardiness could choke SA's deal

CT(BR) 9/5/97 (279A)

JAMES LAMONT

Johannesburg — Delays in the the Southern African Development Community's (SADC) reform of regional tariff policies could hold up negotiations between South Africa and the European Union (EU) over a free trade agreement, Erwan Fouéré, the union's ambassador to Pretoria, said yesterday.

Fouéré said the length of time it took the SADC to dismantle tariffs would determine the timing of an agreement with the union, but warned of "slippage" in regional tariff negotiations, partly because of bilateral differences.

"It doesn't make much sense for South Africa to ... reduce tariff schedules with us without doing it with SADC. That will cause tensions," he said. "Whatever we negotiate with South Africa must have benefit for the region."

Fouéré said he expected a clear understanding between South Africa and the EU of a timetable for dismantling tariffs by the end of the year.

The union's opening mandate excludes some 39 percent of South African agricultural products from duty-free entry into Europe. But Fouéré said he expected the differences to be narrowed down to about 12 products, "then the political heavyweights would come in to broker a deal".

The last round of negotiations took place in January after they reached deadlock last year.

The EU accounts for 52 percent of total foreign investment in South Africa and is the country's largest trading partner.

Fouéré said maintaining the momentum in talks was essential to give a clear message to the business community. He warned that negotiation "would become much more difficult down the road", because priorities such as the single European currency and the enlargement of the union would consume Europe's policymakers and overshadow external trade relations.

He said South Africa's entry last month to the Lomé Convention, the co-operation agreement between the European Union and 70 African, Caribbean and Pacific countries, was the biggest single achievement towards the free trade agreement. "The accession to Lomé has given a strong morale boost to the negotiations," he said.

Membership in the convention will give South African companies access to tenders for EU contracts in those countries over the next five years and will allow the export of locally made components to neighbouring countries for products that will then be exported to the EU at preferential tariffs.

"The practical implication ... is that South African companies can tender for some very lucrative contracts worth R45 billion," he said.

SADC trade officials hold talks in Botswana

BD 12/5/97 (279A)

John Dludlu

TRADE officials from the SA-led Southern African Development Community (SADC) are meeting in Gaborone, Botswana, today to discuss the SADC's plan to free trade among the 12 nations during the next few years.

US Agency for International Development (USAid), co-supporters of the three-day meeting with the SADC's trade sector co-ordinating unit, said at the weekend the event would be attended by 60 representatives from government, business associations, non-governmental organisations and donor groups. "At this workshop representatives will have an opportunity to present their views of the protocol itself and the areas that need to be addressed as a priority in order for an SADC free trade area to be established in eight years".

The conference, only weeks after a meeting of SADC trade ministers in Washington DC on the protocol, was expected to develop a plan identifying "important actions that need to be taken to implement the trade protocol".

Issues to be addressed included relationships between trade, investment and development; cross-border investment and capital movements in the region; foreign exchange controls; infrastructure development and increasing awareness on the benefits of the mooted free trade agreement.

Although the 12 nations of the SADC, with its headquarters in Botswana, signed the protocol last August, only a few nations — including Tanzania and Mauritius — have so far ratified the agreement.

However, the SADC secretariat says most governments will have signed the plan by August this year.

A director for the trade and industry department Mfundo Nkuhlu said yesterday that SA's position was that Parliament should ratify the framework and implementation plan of the protocol.

The trade department and the board on tariffs and trade are preparing SA's offer to fellow SADC partners.

The offer, also to be discussed with business and labour at the statutory consultative body Nedlac, will detail schedules of SA's tariff reduction.

SA has said that it intends to use the free trade area to bolster the share of its neighbours' imports in its markets. SA enjoys an enduring surplus in its trade with the SADC.

Nkuhlu said the department believed trade alone could not address the economic imbalances in the region. Investments in the region and spatial development initiatives — exemplified by the Maputo development corridor with R23bn worth of investment possibilities — could also go some way towards reviving the economic fortunes of the region, he said.

EU may assist SA's neighbours

(279A)

John Dludlu

BD 12/5/97

SA's neighbours in the 12-nation Southern African Development Community (SADC) would be given technical assistance as part of a bid to limit the damaging effects of the proposed free trade agreement between the European Union (EU) and SA, the EU said at the weekend.

Recently the European commissioner in charge of relations with Africa, João de Deus Pinheiro, said the SADC nations could apply the rules of origin to maintain tariff protection against EU goods being moved through SA to their markets — a move which would limit the negative effect of the EU-SA free trade deal.

Regional trade observers said applying such complex measures could be an administrative nightmare for the SADC nations, most of which had porous customs borders anyway, and could be a deterrent to intra-SADC trade.

However, João Vale de Almeida, Pinheiro's spokesman, said on Friday: "We are ready to give technical assistance to the SADC to limit the negative effects and to help them (SADC) take advantage of the benefits (of the proposed EU-SA free-trade area)."

The EU, which has proposed an asymmetrical free-trade area with SA, previously indicated it might provide SA's customs union partners — Botswana, Lesotho, Namibia and SA (BLNS) — with transitional fiscal measures to soften the blow of the proposed agreement with SA.

The commission, the EU's executive, has also offered to finance studies so that SA and the four nations could assess the effect of its proposals.

This is the first time Brussels has indicated its willingness to help the SADC cope with the consequences of the suggested accord.

The possibility of technical assistance has been discussed with the SADC nations — which are all signatories to the Lomé convention.

Although Brussels says talk of compensating the BLNS has been exaggerated, it has said assistance could come from the Lomé structural adjustment funds.

Meanwhile, EU chief negotiator Philippe Soubestre is expected to arrive in SA today for discussions on the implementation of the EU's aid programme to SA. Almost R4bn in development aid has been pledged to SA up to 1999.

Labour ministers adopt regional code

(279A) BD 12/5/97

Vuyo Mvoko

LABOUR ministers from the Southern African Development Community employment and labour sector co-ordinating unit developed a code of conduct on employment in the region, at their second annual meeting held in Pretoria last week.

Admitting that compliance could become a problem for the time being as the policing function would be difficult for member countries, Peter Machungwa, forum spokesman and Zambian labour minister, told reporters that the first step, the adoption of the code, was the most important for now.

The code encompasses resolutions on occupational safety and health, child labour, HIV and AIDS, labour standards and gender issues.

Two technical committees were formed — one to look at employment and productivity and the other at job creation — Machungwa said, pointing out that the region had been hard hit by unemployment and yet was faced with the enormous task of improving its global competitiveness.

It also emerged from the meeting, he said, that exposure to hazardous chemicals at the workplace was a thorny issue.

With a cash boost of $63 000 from the International Labour Organisation (ILO) an investigation would be launched and thereafter a code of conduct drafted.

Member countries accepted 15 years as the minimum working age, but had problems with the operational definition of child labour, Machungwa said. It was then decided that in collaboration with the ILO the countries would investigate what constituted "intolerable" child labour. "Child socialisation, learning and development, needs to be differentiated from child labour," he said.

In what one worker representative said was the "disappointment of the conference", no decision was taken on the social charter which deals with the rights of workers in the workplace. Machungwa said: "We could not take decisions on issues not discussed in other governments."

The meeting also resolved that there should be no discrimination of HIV-infected people.

Employer representative Francis Simenda said most member countries did not test people for HIV for employment "anyway, except one or two".

Simenda said the effect of HIV and AIDS on the regional economy was "worrying" as statistics emerging from the meeting showed almost 20% of the region's working population was infected with the virus. The implications of the statistics were that countries would have to train, and as training was expensive, "we the poor are going to be in trouble", he said.

A decision was reached also that member countries would have to ensure adherence to gender equality and to all international labour standards.

Concern was also expressed on the application, or lack of, international labour standards by countries which had export processing zones.

An appeal was made to countries to study the situation and share information, not forgetting also the role of the zones in employment creation and regional integration.

About 80 delegates from Zambia, SA, Malawi, Zimbabwe, Lesotho, Botswana, Mauritius, Namibia, Mozambique, Tanzania, and Swaziland attended the conference.

SADC must 'look at local competition'

BD 13/5/97 (279A)

John Dludlu

IT WAS important that products manufactured by the Southern African Develoment Community (SADC) become competitive in the region before going to the tough global market, SADC executive secretary Kaire Mbuende said yesterday.

Speaking in Gaborone at the official opening of the three-day conference to discuss the planned SADC trade protocol, he said the protocol, signed by the SADC's 12 government members last August, sought to free trade among the bloc's member states over the next eight years.

The world's economy was dominated by industrialised nations whose competitive products were manufactured by high technology machines, Mbuende told delegates at the seminar, co-sponsored by the US Agency for International Development.

He said while developing nations could not be compared "at the same level as developed countries", it was important that they enhanced their competitive edge in the regional market first. It should be used as a "launch pad for the international market which has become globalised, more complex and highly competitive".

In his opening remarks to the conference, attended by nongovernmental bodies, business, governments and donor organisations, he painted a picture of the changed global environment under which efforts to free trade in the SADC were occurring.

"The economic sphere has condensed and the capacity to regulate economic life as individual governments has shrunk, leading to integration and interdependence of national economic processes which underscore the necessity for a comprehensive regulatory framework capable of ensuring a sustainable and equitable path ... and development for all regional members," he said.

The trade protocol, which the SADC hoped would have been ratified by all governments in August this year, sought to provide a comprehensive regulatory framework which facilitated intra-regional trade and cross-border investment and prepared the region for integration to the global economy.

He said the conference should address a range of issues. These included trade facilitation — entailing standardisation of customs documentation, declaration procedures and settlement systems — as well as removal of nontariff and investment barriers and tariff reduction schedules.

"We are working on the tariff reduction schedules which will be subjected to negotiations through the trade negotiation forum at the end of this month," he said.

Consumers to bear burden of full water costs

BD 13/5/97

Robyn Chalmers

TOMORROW'S launch of a white paper by Water Affairs and Forestry Minister Kader Asmal will herald the beginning of a new dispensation in SA. For the first time consumers will pay the full financial costs of water.

Analysts said the white paper, which will outline SA's new national policy, would have a major effect on water users, but particularly on business users and middle to upper income consumers. Provision would be made for certain water charges to be waived for specific groups, particularly the poor and previously disadvantaged.

"The major water users in SA, such as the mining industry, will have to look closely at their use of water; they will probably have to come up with conservation programmes and deal with a tougher approach to the pollution of water resources," said one analyst.

The main thrust of the white paper, recently approved by the cabinet, would be the improved management of water and provision of such services.

Asmal recently said that if government did not place water use and management on a new footing and establish a framework to ensure that it could be effectively used and protected for future generations, any gains made would be shortlived.

"The uses to which water has been put in the country (in the past) have largely been for a dominant class and group which had privileged access to land and economic power. The law has inevitably served their interests (and) the victory of democracy demands that the water law be reviewed," he said.

Asmal said that although a system of charges for water usage would be introduced, provision would be made for these to be waived for a period where necessary. For example, equitable direct access to water for productive purposes — such as agriculture — could be provided for groups to whom it was not historically readily available.

The riparian system of allocation, whereby the right to use water has been tied to the right to ownership of land along rivers, would effectively be abolished, although in most cases there would be no immediate change in water uses.

A department spokesman said the issue of users being charged for the full financial costs of access to water would be done on an equitable basis and according to a realistic programme.

The spokesman stressed that no particular group was being targeted, although industry would come under pressure to further clean up its activities. Local governments, and the domestic users they served, would have to analyse the way they used water, focusing especially on preventing waste.

Kyalami the guinea p

Josey Ballenger

THE minerals and energy department and the US environmental protection agency (EPA) launched a R300 000 Clean Commute initiative yesterday to promote energy efficiency, traffic reduction, environmental protection and local business development through employer-sponsored transport plans.

vehicles, fle
telecommutin
tary, market
achieve those
gage Kyalam
before expand

"By using
are saving m
themselves ..
standards of

SA proposes fund for free trade deal fallout

(2791A)

BD 15/5/97

Wyndham Hartley

CAPE TOWN — SA has proposed that a fund be set up to compensate workers in the Southern African Development Community (SADC) who lose their jobs as a result of a free trade agreement with the European Union (EU), and to provide investment where businesses are closed.

However, the confrontation between Trade and Industry Minister Alec Erwin and the EU over agricultural exclusions to the accord could delay talks on compensation.

In a briefing to a joint meeting of the trade and industry, agriculture and foreign affairs committees of Parliament yesterday, chief director of foreign trade Faizel Ismail said Erwin had told EU development director Phillipe Soubestre that until there was a significant response on agricultural exclusions, SA would be constrained in making its offer in the negotiations.

Ismail said the department was still

Continued on Page 2

SADC

(2791A)

BD 15/5/97

Continued from Page 1

waiting for a response from the EU on structural adjustment damage to businesses as a result of the agreement.

He said the burden of adjustment on SA business would be high because of the legacy of high tariffs and low worker productivity. He hoped for a "significant and positive response" from the EU at the next round of talks in July.

Ismail described the EU's attitude to compensation for SADC countries as "unsatisfactory" because it had said SA would have to deal with the fallout. However, EU sources have said that discussions on development funding will be pursued once the SA position has been tabled.

Ismail said until there was a clear indication that the list of agricultural exclusions would be reduced — he insisted it was closer to 40% of SA agricultural products than the 4% claimed by the EU — "we will have difficulty pursuing the trade part of the agreement with any enthusiasm".

□ Reuter reports SA and the European Commission finalised a multibillion-rand programme yesterday to provide grants and soft loans for development projects between this year and 1999. About R1,8bn in grants had already been committed, and the new programme made R2bn available.

Global competition at issue in WEF talks

Sowetan 21/6/97 (279A)

Harare summit will discuss a Southern African trade bloc

By Sharon Chetty

HARARE – Southern Africa's business and government leaders are assembling in Harare, Zimbabwe, today for a summit on economic development in the region.

World Economic Forum for Southern Africa, which will be opened by President Nelson Mandela and president Robert Mugabe of Zimbabwe, is expected to attract record number of delegates, higher than the previous summit held in South Africa last year.

The summit, whose theme is *Political Vision for Southern Africa*, is organised by the WEF in conjunction with the Southern Africa Development Community (SADC).

Trade, infrastructural development, competitiveness and privatisation are expected to dominate the talks.

Participants said one of the summit's other objectives would be to formulate a plan on how the region could get together as a trade bloc in order to be more competitive in the world business arena.

"This year's growing interest in the summit is proof that the international business community is warming to opportunities existing in Southern Africa.

"It is also proof that we have succeeded in building bridges between business and government and between business leaders in the region and internationally," the WEF said yesterday.

The talks will also centre on the impact of globalisation on Southern Africa, the location of the region in terms of growth in a global economy and some of the investment success stories in Southern Africa.

Of the more than 600 participants about 30 percent are from South Africa. They include Finance Minister Trevor Manuel, Labour Minister Tito Mboweni and Nedlac executive director Jayendra Naidoo.

Others are chief executive of the Development Bank of Southern Africa Ian Goldin, Shell SA general manager Koosum Kalyan, Anglovaal Limited deputy chairman Richard Menell.

The summit will also include other international leaders and the 12-member SADC countries.

Charles Hove, of the SADC secretariat, told a media briefing yesterday: "The region is ready to embrace the international community and to do business with it."

Scarce water 'could cause friction' in southern Africa

BD 22/5/97 (279A)

MASERU — A senior Southern African Development Community (SADC) official warned yesterday that water, a scarce resource in the region, could trigger conflict unless it was shared and properly used.

At a water conference in Lesotho attended by more than 100 delegates from 11 of the 12 SADC countries, SADC deputy executive secretary Lengolo Monyake said water had gained an increasingly important role.

"It is perhaps worth underscoring the fact that water scarcity and the concomitant reliance on shared rivers can be a potential source of conflict at various levels," he said.

"Water scarcity is increasingly becoming the pivotal issue that will determine the success or failure of the new SADC vision which is aimed at increasing investment, trade, peace, security and the social an economic development of the region as a whole."

The community, which groups Angola, Botswana, Lesotho, Malawi, Mauritius, Mozambique, Namibia, SA, Swaziland, Tanzania, Zambia and Zimbabwe, represents 40% of Africa's population and 80% of its gross domestic product.

Studies have indicated that within the next 10 to 30 years, Lesotho, Tanzania, Zimbabwe, Mozambique and Mauritius will join Malawi, SA and Namibia as countries where water is very scarce.

By 2000, more than half of southern Africa's population will live in urban areas, further increasing the demand for clean water, according to reports presented to the conference.

Civil strife in Angola, Mozambique, Namibia and SA has caused the mass movement of millions of people to urban centres. It has also meant that water resources have not been properly developed.

The Zambezi River, the largest African river to flow into the Indian Ocean, which along with its tributaries is vital to about 26-million people in eight countries, generates about 4 500MW of hydroelectricity out of a potential 20 000MW. A report by the Desert Research Foundation of Namibia said at least four future hydroelectric developments for the Zambezi River basin could generate a further 4 500MW. It said more than 50 000ha of land could also be brought under irrigation in the next 30 years. — Reuter.

Use of cheap labour criticised

BD 23/5/97 (279A)

Patrick Wadula

KELVINATOR SA's new MD, Simon Koch, criticised neighbouring states for employing cheap labour in the refrigeration industry and called on the SA government and labour to look at collective bargaining for the southern African region.

Speaking at the official launch of Kelvinator SA, Koch said those countries that did not fall within the collective bargaining process should have duties levied against them.

Koch said the firm found it easier to compete with Italians, Turks and the Americans than it did with its neighbouring countries where labour rates were a quarter of SA's — R2,50 an hour against R10,51 in SA.

"Today, 40% of the SA fridge market is controlled by a company that produces in a neighbouring state.

"We thus ask the unions for standardisation of wages via collective bargaining within the industry so that everyone is playing on the same playing field," he said.

He argued that it was difficult for a labourer earning R2,50 an hour in another country to buy SA goods, let alone buy goods at all. These workers were doing nothing to stimulate the SA economy.

"We do not ask for our labour rates to be reduced. We want the rates in the neighbouring countries to be increased effectively to the same level as ours by way of collective bargaining."

The government had to start taxing countries paying less for labour. It also had to push for equal labour standards among SA's trading partners.

Kelvinator SA was officially launched as a separate company on Tuesday after a buyout from Barlows by management and a labour-based empowerment group.

Use of cheap labour criticised

BD 23/5/97 (279A)

Patrick Wadula

KELVINATOR SA's new MD, Simon Koch, criticised neighbouring states for employing cheap labour in the refrigeration industry and called on the SA government and labour to look at collective bargaining for the southern African region.

Speaking at the official launch of Kelvinator SA, Koch said those countries that did not fall within the collective bargaining process should have duties levied against them.

Koch said the firm found it easier to compete with Italians, Turks and the Americans than it did with its neighbouring countries where labour rates were a quarter of SA's — R2,50 an hour against R10,51 in SA.

"Today, 40% of the SA fridge market is controlled by a company that produces in a neighbouring state.

"We thus ask the unions for standardisation of wages via collective bargaining within the industry so that everyone is playing on the same playing field," he said.

He argued that it was difficult for a labourer earning R2,50 an hour in another country to buy SA goods, let alone buy goods at all. These workers were doing nothing to stimulate the SA economy.

"We do not ask for our labour rates to be reduced. We want the rates in the neighbouring countries to be increased effectively to the same level as ours by way of collective bargaining."

The government had to start taxing countries paying less for labour. It also had to push for equal labour standards among SA's trading partners.

Kelvinator SA was officially launched as a separate company on Tuesday after a buyout from Barlows by management and a labour-based empowerment group.

Clause removed in new twist in abortion saga

BD 23/5/97

Kathryn Strachan

A NEW twist was introduced to the abortion saga yesterday when KwaZulu-Natal health MEC Zweli Mkhize agreed to remove a clause in a national health directive which states that if after an abortion procedure "an infant is born who gasps for breath, it is advised that the foetus does not receive any resuscitation measures".

Mkhize's announcement came in a provincial legislature debate this week after pressure from the anti-abortion group, Doctors for Life, to withdraw the clause. The organisation now intends to push government to include a clause which forces medical personnel to do everything in their power to resuscitate a child accidentally born alive. In cases where viability is uncertain, every effort should be made to keep such an infant alive until viability has been ascertained, it states.

Exports to SADC increase by 30,9%

BD 23/5/97

(279A)

John Dludlu

SA'S exports to its partners in the Southern African Development Community (SADC) jumped 30,9% to R12,7bn last year compared with 1995, widening Pretoria's surplus to R10,6bn, figures from the Industrial Development Corporation (IDC) show.

The figures include exports and imports of SA's partners in the SA Customs Union (SACU) — Botswana, Lesotho, Namibia and Swaziland (BLNS) — which have a common external tariff system. Data on intra-SACU trade is scarce, although SA authorities have promised to do something about this.

In 1995 SA's surplus to the SADC, now chaired by President Nelson Mandela, amounted to R8,2bn.

In 1995, SA, with the BLNS, sold products worth R12,8bn to African countries, while buying only R3bn from Africa. Exports to the whole of Africa surged to R16,7bn last year, while imports inched up to R3,7bn.

The figures, although not a surprise, are used by SA's trade policy critics to bolster their argument that SA's trade policies remain protectionist.

Analysts canvassed said the imbalance was likely to endure for more years due, in part, to structural problems in SADC nations.

However, ways could be found to reduce the rising deficit.

SA Foreign Trade Organisation (Safto) GM Anne Moore said yesterday that the problem was that most SADC nations did not have the range of products SA imported. These included industrial goods — such as machinery and equipment — and sophisticated chemicals.

While the deficit could not be completely wiped out, efforts should be undertaken to narrow the trade gap, she said. Safto, together with the Geneva-based International Trade Centre, were engaged in a regular project to get SADC and SA businessmen together. One such meeting, which brought buyers and sellers together after workshops, was held last January in Durban and another one was being planned for Cape Town later this year.

Although the level of business was modest — at about $30m — such initiatives were a good starting point to increase understanding among businessmen, she said, pointing out that "we're finding that SA importers are open to considering offers" from Africa.

Kenneth Kotelo, an economist at the Africa Institute, noted there were ill-feelings in Africa at the slow pace with which SA was opening its markets to the SADC.

Although there was a perception the SADC could not sell anything to SA markets, Kotelo believed certain countries — including Zimbabwe — could make it into SA's markets if they were given preferential access.

Pretoria officials, stung by criticism of protectionism, have offered to use the SADC trade protocol to open up markets to their neighbours more generously.

However, officials in the SA government believe the deficit problem cannot be resolved by trade access alone and are banking on the flow of SA capital to African nations as part of the solution. To this effect, they point to the Reserve Bank's move to relax foreign exchange controls for SADC-destined investments.

Further spatial development initiatives, similar to the Maputo development corridor, are planned for Angola and other countries.

Counterfeit tapes destroyed in bid to combat illegal imports

Patrick Wadula

BD 23/5/97

OMEGA Holding's subsidiary Frank & Hirsh has destroyed more than 100 000 counterfeit TDK audio tapes as part of a nationwide campaign to combat the illegal importation of counterfeit products into SA.

Frank & Hirsh director Ockert van Niekerk said yesterday this was part of two consignments of more than 3-million counterfeit tapes with a street value of more than R15m being held at customs warehouses around the country.

He said the campaign to stamp out illegal imports was taking place with the help of the British customs officials, the commercial police countrywide together with the newly formed border police units.

Frank & Hirsh is the sole distributor of the TDK blank audio and video tapes and computer media for southern Africa.

Van Niekerk said the company had suffered major losses for many years at the hands of unlicensed marketers who, by importing blank counterfeit tapes, had taken the advantage of selling these products at a far lower price to consumers. "The price of counterfeit blank tape is further reduced, as illegal importers smuggle these products into the country and avoid paying any government duties," he said.

Omega MD Gavin Koppel said if illegal imports were not stamped out they would continue to create unemployment and disinvestment in the country.

Omega Holdings MD Gavin Koppel with some of the 100 000 blank counterfeit audio cassette tapes destroyed by a bulldozer on the East Rand yesterday.

Picture: GARTH LUMLEY

Privatise railways while there's still time, expert warns countries of southern Africa

Star 24/5/97 (2791)

By PETER FABRICIUS

Harare – Southern African countries were warned here that they should privatise their railways soon, while their economies still had the high growth potential to attract investors.

Global management consultant Peter Wagner was speaking at a seminar on privatising transport during the World Economic Forum's fifth southern African summit in Harare.

Wagner said the old industrialised countries were having tremendous difficulty selling their railways because investors were reluctant to make such large investments. In low-growth economies, they would take too long to get returns on their investments.

SA Transport Minister Mac Maharaj said his department had not rushed into restructuring the transport sector for the sake of novelty. It had been guided by the reality it found and the need to be competitive.

It had undertaken a comprehensive review of the transport system and policies it inherited to determine what was the proper role for the Government in transport.

It had decided that the Government's role was to guard the national interest – to deracialise a fragmented society and focus on job creation.

Its role included co-ordinated planning and development strategies, and giving transport planning a regional focus.

The private sector's contribution to transport included the profit motive, technology, development of human resources, project management skills, access to capital, and making markets through user charges. Taking these into account there were several different possible public/private-sector relationships – from government agencies which included private-sector representatives, through public/private partnerships, such as concessions and strategic equity partnerships, to full privatisation.

Maharaj said that when he had completed his restructuring, the number of officials in the Transport Department would be down from 1 100 to 250.

In railways, the Government had asked for bids for a concession to operate and maintain the commuter rail system.

This system was being subsidised by the Government for 70% of its costs.

The aim was to move from a deficit subsidy to profits, because the operator would have to carry the risks.

6. STATEMENT BY THE APPLICANT

I declare that

— the foregoing information is correct

SADC slams SA trade policies

(2 79A)

REGIONAL TRADE

By SVEN LUNSCHE

THE South African Development Community's top executive has strongly criticised South Africa's regional trade policies.

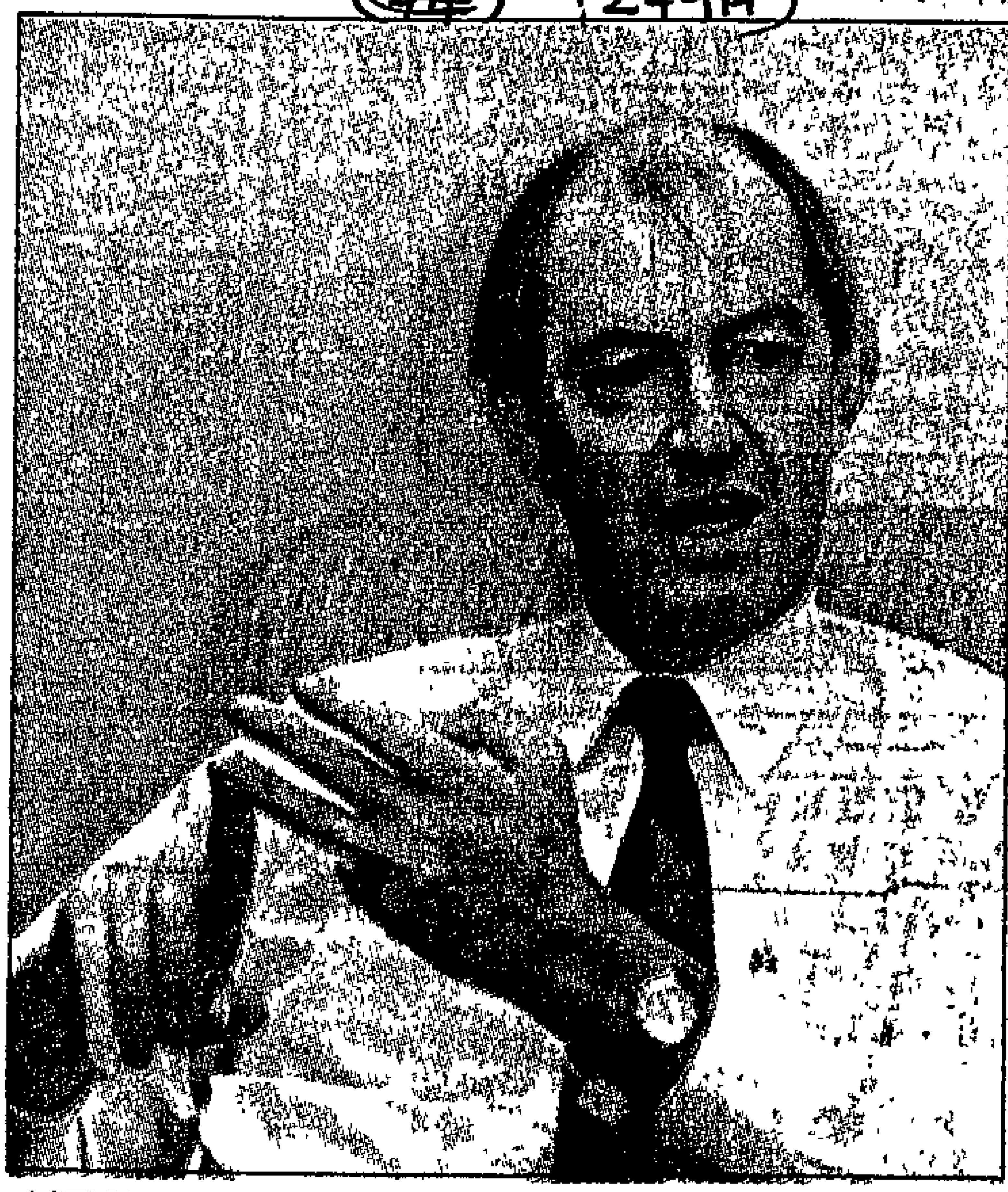
Kaire Mbuende, SADC executive secretary, said in an interview at the World Economic Forum in Harare that South Africa's political commitment to regional economic integration had not yet translated into the lowering of trade barriers.

However, Alec Erwin, South Africa's Trade and Industry Minister, said at the forum that South Africa would soon announce a low tariff regime as part of its offer under the proposed SADC trade protocol.

"Over the past two years our average trade-weighted tariff has dropped from 27% to 11% and it could fall further to 7% in three years. This gives us significant leeway in lowering tariffs even further for our partners in the SADC," he said.

Mbuende said the SADC was looking to South Africa to take the economic lead in the region. "It is by far the largest economy in the region, accounting for 78% of last year's regional GDP of $170-billion. This gives it a special responsibility. But the country has not yet opened up to the region or the world."

Figures released by the Industrial Development Corporation this week show that South Africa's trade surplus widened to R12.7-billion last year compared with R10.6-billion in 1995. Exports to Africa surged from R12.8-billion to R16.7-billion, while imports inched up from R3-billion to R3.7-billion.



ACTION ... Alec Erwin says SA has the leeway to cut tariffs

South Africa has come under attack from its neighbours for its "protectionist" stance.

Mbuende called on South Africa to give the region better access to its market than it is obliged to under its tariff-reduction commitment to the World Trade Organisation.

The SADC's 12 member countries last year committed themselves to a free trade area within eight years. But South Africa is awaiting next month's meeting of trade ministers in Mauritius, at which a timetable for tariff reductions will be discussed.

South Africa's offer, outlined by Erwin this week, will be viewed as a benchmark for other SADC countries.

Mbuende was adamant that the first anniversary of the trade protocol should show significant agreement on tariff cuts "if we are not to lose credibility in the eyes of foreign investors".

He said the eight-year deadline was achievable, although some product categories could require a longer time span.

Erwin defended South Africa's relatively slow pace of trade liberalisation, saying the government had to balance trade reform with the interests of business and labour.

Finance Minister Trevor Manuel said upcoming talks on the Southern African Customs Union would be the last, given the difficulties in assessing tariff revenues and appointing them among the five member states. Future trade structures would fall under the SADC, he said.

ST(BT)25/6/99

SADC countries clear way for dual listings

(279A)

ST(BT)25/5/97

CO-OPERATION

By SVEN LUNSCHE

THE path has been cleared for dual listings on southern Africa's stock markets following a meeting of seven regional stock exchanges in Harare this week.

Executives of the stock exchanges in the Southern African Development Community also agreed to harmonise listing requirements, create a centralised scrip depositary, rationalise trading and information systems and harmonise clearance and settlement procedures.

JSE executives Mark Durr and Darrell Till said in Harare that the main aim of the negotiations was to boost investment in the region.

Durr said the exchanges had agreed to adopt the bulk of the JSE's listing requirements, including information to be released prior to the listing and in financial results. "We want to bring disclosure up to international standards and make portfolio investments more attractive to investors."

Durr said cross-border investments between SADC countries could be facilitated by dual listings and listing of SADC depositary receipts, which would work on a similar basis to ADR's on US exchanges.

"Dual listings and cross-border equity investments will require that foreign exchange controls are lifted as soon as possible."

The exchanges involved were Swaziland, Zimbabwe, Botswana, Namibia, Lusaka, Malawi and the JSE.

SOWETAN Monday May 26 1997

Sowetan
BUSINESS
Real power is economic

Turning contacts into contracts

Sowetan 26/5/97

(279A)

Businessmen impressed by SADC economic summit dialogue

THE LATEST Southern African economic summit generated high hopes among business officials and politicians that contacts made at the conference would turn into contracts.

Kaire Mbuende, executive secretary of the Southern Africa Development Community (SADC), said the three days "of high-quality dialogue" created a "very good impression among the international businessmen".

He felt Southern Africa was set for greater heights "If we look back, we see a steady progress, we see the economy of the region turning around, we are seeing projections for growth this year," Mbuende said.

"Businessmen were impressed and encouraged by the fact that we are witnessing positive development and growth. So in that way it strengthened the faith of those who have faith in Southern Africa," he added.

Mbuende dismissed suggestions that the economic summits held each year in Southern Africa were mere talk shops which yielded few tangible results.

"We do bring in a new crop of businessmen every year and they come with a variety of interests and some of them do make contacts with local businessmen, some get useful information which they follow-up after the conferences," explained Mbuende.

"These conferences have actually led to tangible investments. These conferences are where contacts are turned into contracts."

Mbuende cited the case of giant Australian mining corporation, BHP Minerals, which has so far invested more than R450 million in Zimbabwe's mining sector, as one contact that turned into a contract.

South African President Thabo Mbeki felt summits were necessary. "Despite obstacles to investment such as labour market rigidities and crime, there was evidence of increased investor confidence." – *Sapa-IPS.*

Devious ways to avoid tough decisions at economic summit

CT (BR) 28/5/97 (279A)

TONY HAWKINS

Harare — Invariably high-profile business-government regional summits fall short of expectations. While optimism predominated at last week's World Economic Forum Southern African summit in Harare, the closing session left the impression that for some of the leading participants rhetoric came easier than grappling with the hard realities of regional development.

For all the commitment to a "regional vision" member governments are only too well aware that they are competing against one another for the 1 percent of global foreign direct investment targeting southern Africa.

So when Zambia's President Frederick Chiluba was hailed by many as the star of the show because of his performance in outlining Zambia's successes, especially on the privatisation front, there was no shortage of businessmen and politicians from competing economies, such as Zimbabwe, keen to pour cold water on Zambia's achievements.

As one businessman put it: "His pitch was excellent, but wait until potential investors get to Zambia and see the situation on the ground, especially the rundown infrastructure and the shortage of skills."

Furthermore, plain speaking is taboo on such occasions. Political correctness is everything. Business leaders pull their punches and bite their tongues rather than be seen to disagree publicly with the party line espoused by their government's spokesmen.

And when it came to looking forward at the final session of the Harare summit, when a regional business task force put forward its vision for the future of the 12-country Southern African Development Community (SADC), the self-same business leaders, who pride themselves on being hard-headed pragmatists, were seen to have asked more questions than they answered.

Nor was this confined to the southern Africans themselves.

Professor Klaus Schwab, the president of the Geneva-based World Economic Forum, argued that regional integration should be seen a step on the road to globalisation, but much of the evidence, especially from Asia, suggests otherwise.

The leading globalisers — the Asian Tigers — liberalised unilaterally rather than regionally. That there was a very powerful regional impetus is acknowledged, but this was not the result of regional trade preference, but of trade and payments liberalisation with the world at large.

More to the point, perhaps, some southern African firms — mainly South African companies or multinationals using South Africa as a platform to penetrate sub-Saharan Africa — are globalising as well in advance of the progress of regional integration.

Far from being driven by the regional process, such firms are themselves pioneering it with cross-border investments and the rapid growth of South Africa's trade surplus with the rest of Africa.

The reality is the very opposite of what Schwab argues — namely, that business cannot afford to wait for the politicians to get their act together. Like the Asians before them, they are acting unilaterally — they have to.

If a vision is to be credible it must tackle real issues rather than sidestep them, but three themes from the closing session underscored the task force's failure to do that.

The business task force concluded that the growth path for the SADC should be one that optimised regional industrial and infrastructure development. Easy to say, but how is it going to be achieved?

Will it be market-driven, on the basis of open economies and privatised utilities and infrastructure, or will governments or some supranational regional body decide what is "optimal"?

This question was not answered but Chris Liebenberg, the former South African finance minister and a member of the task force, was quick to insist that there was no intention to recommend any form of central planning. Others speaking after him left a rather different, if still distinctly fuzzy, impression.

A second, largely non-controversial, theme was that of setting up a regional business organisation to match the governmental structures within SADC. But this is hardly new.

More important, though, is the role of such a body. The task force sees it working alongside governments and a regional labour organisation to foster regional integration. The suggestion is deeply ironic.

It was made in a week in which the World Economic Forum published its Global Competitiveness Report highlighting the fall from grace of a corporatist economy such as Germany, ranked 25, and the revitalisation of the British economy, up eight places in seventh spot, under a conservative administration that rejected corporatist solutions.

Business leaders know that but, when it comes to the crunch, they opt for political correctness, even if it flies in the face of logic and history. That way, they avoid hard choices and tough decisions.

Sadly, though, that is not leadership or, if it is, it is leading the regional economy down the wrong road away from the enhanced global competitiveness needed to solve unemployment and poverty in southern Africa. — Reuter

☐ *Tony Hawkins is a professor of business studies at the University of Zimbabwe*

Museveni calls for trade partnerships

By Jovial Rantao
Political Correspondent

Cape Town – The man regarded as one of Africa's foremost statesmen has called for economic integration on the continent and urged South Africa to enter into partnership with the rest of Africa in investment, trade and tourism.

"Your country has minerals, good infrastructure and technical know-how. We, on our side, have 50 000sq km of freshwater bodies, we have equatorial forests and very reliable agriculture. Therefore, a partnership with Uganda will benefit us all," visiting Ugandan President Yoweri Museveni told a special sitting of Parliament yesterday.

He said that while the 1970s and 1980s were referred to as the lost decades for development in South Africa, the 1990s could be referred to as the decade of awakening.

"Now that African economies are beginning to grow, basing themselves on private enterprises, we must think of one additional factor: the size of the market. Our view is that the lifeblood of production is the ability to sell to as many buyers as possible so that we lower production costs per item. The wider the market, the better."

Museveni also spoke about the need for the emergence of a propertied middle class.

"Having lost sovereignty, the African societies underwent serious distortions. By 1500AD some of the African societies were three-class societies (feudal, artisan and peasant); by 1940 there was only one class surviving, the peasant class. The other two social classes had been eliminated by colonialism. This is why, up to today, black Africa has not yet developed a propertied middle class.

"Without a propertied middle class, productivity and entrepreneurship are low and a cosmopolitan outlook is conspicuous by its absence," he said.

Museveni received South Africa's highest honour, the Order of Good Hope Grand Cross (gold), yesterday, the first of his four-day state visit.

Foreign Minister Alfred Nzo and his Ugandan counterpart Eriya Kategaya signed a double taxation agreement between the two governments.

(279A) Star 28/5/97

Hostel violence takes Umlazi death toll to nine

(276) BD 29/5/97

Farouk Chothia

DURBAN — The death toll in politically motivated violence in Durban's Umlazi township rose to at least nine this month after violence erupted in an African National Congress-dominated hostel in the past week as a result of the Inkatha Freedom Party (IFP) embarking on a new recruitment campaign in the hostel.

Two people were reported to have been killed at the hostel since last Tuesday, while seven died earlier in a section of the township after a dispute between an African National Congress (ANC) and IFP councillor over who had the right to service residents in the section.

IFP spokesman Ed Tillett said the party's hostel interim chairman Bhekinkosi Mbuyisa was shot dead last Tuesday after receiving death threats from ANC members. Tillett said the IFP had been "driven underground" at the hostel during the 1994 elections, and Mbuyisa was a key figure in efforts to revive the local IFP in the run-up to the 1999 elections.

Durban south central councillor Cyril Zulu, who was perceived to be aligned to the ANC, said it was unclear whether Mbuyisa had been killed because of tensions at the hostel, or because of continued fighting in rural Babanango where there were differences between supporters of Zulu King Goodwill Zwelithini and others. Mbuyisa had been involved in the Babanango conflict, Zulu said.

He said hostel residents had no objection to the IFP relaunching a branch, but opposed outsiders being bussed in as part of a strategy to "invade" the hostel.

Armed hitmen had already moved into a block of the hostel, and residents were being chased away. Their places were being filled by residents from an IFP-controlled hostel, Zulu said.

There had been shooting in the hostels on Sunday and Monday. One resident was killed and two others injured, Zulu said. He said IFP supporters marched around the hostel on Tuesday, claiming they were "in control". The SA National Defence Force arrived, preventing further violence.

Tillett said the IFP was concerned political violence was resurfacing. The violence played into the hands of "cynics" who wanted the ANC-IFP provincial peace initiative to "flounder, like many others in the past", he said.

KwaZulu-Natal local government MEC Peter Miller said the violence — which had since ended — was due to the fact that ANC councillor Sithenjwa Nyawose and IFP councillor Joe Ngobese were competing for the "same political turf in an intolerant way".

The two lived in the same ward. Nyawose was elected to the council as a proportional representation candidate, while Ngobese was elected as a ward candidate.

Miller said that neither could regard the ward as their "personal fiefdom", nor should it be necessary for them to seek permission from each other to take up issues on behalf of residents.

SOUTHERN AFRICA ECONOMIC SUMMIT — 1

(279A)

Groundwork in place: But where are the investors?

States moving in the right direction though hampered by images of war and indiscriminate personal violence

FM 30/5/97

Far from being a disaster area for foreign investors, southern Africa, with SA at its economic core, is emerging as a region of potential importance to investors, one in which governments have made significant changes in the last five years

But, insists Finance Minister Trevor Manuel, much of the outside world is not fully aware of the extent of the changes or the progress governments have made towards making the region investor friendly

These two points emerged strongly during deliberations on southern Africa last week at the 1997 Southern Africa Economic Summit in Harare — attended by 600 businessmen and 100 political leaders, including several heads of state — in Harare, Zimbabwe.

Manuel, who is chairman of the finance ministers in the 10-member Southern African Development Community (SADC), identified two of the pointers to progress within the region· last year six SADC member states succeeded in reducing inflation to single digit levels; all but two — Zimbabwe and Swaziland — fulfilled their commitment to reduce their budget deficits to below 6% of their GDP

Later, during an interview with the *FM*, Manuel added to the list of achievements Positive changes included reduction of the role of the State in the economy and relaxation of foreign exchange controls, a trend which had already led to the abolition of exchange controls in Zambia

But, Manuel acknowledged, changes had not been communicated effectively to potential foreign investors, though, ironically, voices within SADC countries had already been raised in protest against the speed of reform towards an open market economy

World Economic Forum president Klaus Schwab was convinced, however, that foreign investors were beginning to awaken to the opportunities for investment in southern Africa He told the *FM* that the mood of businessmen in Zimbabwe was more positive about southern Africa than it had been

SOUTHERN AFRICAN DEVELOPMENT COMMUNITY (SADC)

Rankings by population, GDP and per capita GDP

Population (in millions)		GDP (In billions of US dollars)		Per capita GNP (US dollars)	
SA	40,5	SA	121,9	Mauritius	3 150
Tanzania	28,8	Angola	12,3	SA	3 040
Mozambique	15,5	Zimbabwe	5,4	Botswana	2 800
Zimbabwe	10,8	Botswana	4,0	Namibia	1 970
Malawi	9,5	Zambia	3,5	Swaziland	1 100
Angola	10,4	Mauritius	3,4	Angola	1 200
Zambia	9,2	Namibia	2,9	Lesotho	720
Lesotho	1,9	Tanzania	3,4	Zimbabwe	500
Namibia	1,5	Malawi	1,3	Zambia	350
Botswana	1,4	Mozambique	1,5	Malawi	170
Mauritius	1,1	Swaziland	1,1	Tanzania	140
Swaziland	0,9	Lesotho	0,9	Mozambique	90
Total:	131,5	**Total:**	161,5	**Average**	1 228
Memo Item:					
Excluding SA					
Total.	91,0	**Total:**	39,6	**Average**	435

Source World Development Report 1996

a year ago during a World Economic Forum conference in SA

But, while not gainsaying the points made by Manuel, Union Bank of Switzerland CEO David Robins cited figures to show how far southern Africa had to go before it could begin to rival the front-runners in the competition for foreign capital

In 1995, the most recent year for which comparable figures are available, SADC countries attracted US$90m on the average In the same year, New Zealand, with a population of about 3m, drew $2,5bn Comparable figures for Hungary were $4,5bn and Singapore $7bn

Director of Harvard's Institute for International Development Jeffrey Sachs made a similar point Africa attracted merely 2%-3% of the world's foreign investment, with most of it going into north or west Africa rather than southern Africa.

Theorising on the reasons for the relative reluctance of foreign investors to risk their capital in the subcontinent, Robins spoke of "images of war" in Zaire, Rwanda, Burundi and Angola flashing across television screens, wariness of the (relatively) restrictive legal and investment environment and continuing uncertainty over macroeconomic policies

In an unmistakable reference to crime in SA, Robins emphasised the importance of removing the threat of "indiscriminate personal violence," warning that its capacity to adversely affect business leaders should never be under-estimated

Robins counselled SADC countries to remember that they were not only competing with emerging markets elsewhere Their competitors included established countries "Virtually all industrial countries — and in the EU, Britain in particular — are aggressively promoting themselves as destinations for foreign investment," Robins said

He noted that in 1995 Britain attracted $32bn in direct foreign investment

The lesson, Robins told government leaders in southern Africa — several of whom, including Presidents Nelson Mandela, Robert Mugabe and Frederick Chiluba, participated in the conference — was to aggressively pursue an investor-friendly strategy "The policy direction is right but the implementation is not fast enough"

As if in anticipation of his exhortation, several political heavyweights from the region agreed at an earlier plenary session on the need to establish a free trade area in southern Africa by the year 2005

Those who endorsed that objective included SA Trade & Industry Minister Alec Erwin, his Zimbabwean counterpart, Nathan Shamuyarira, and Botswana's President Ketumile Masire

The agreements occurred in the wake of talks on the SA tariffs on Zimbabwean products Erwin, however, told the *FM* that SA had gone a long way towards restoring the 1964 preferential tariffs on Zimbabwean clothing and textiles and that a similar agreement was close to completion on Zimbabwean agricultural produce and a "limited" range of industrial products

Judging from Manuel's remarks during an earlier interview, SA's approach is to move methodically towards its goal of creating greater economic freedom within SA and within the SADC

He believes imprudent haste may delay the process

Patrick Laurence

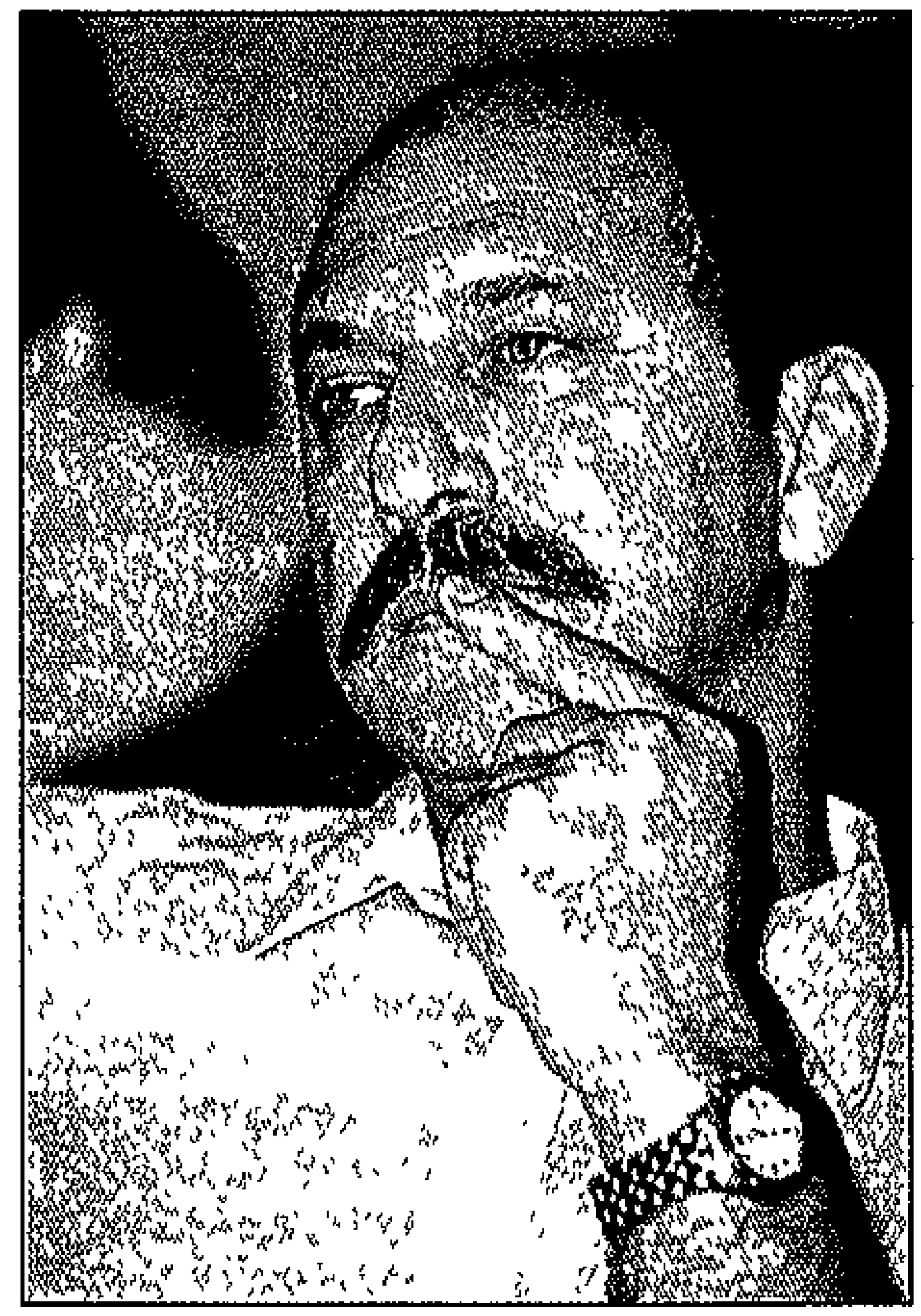
SOUTHERN AFRICA ECONOMIC SUMMIT — 2

After-dinner mints turn sour

Competition and co-operation are difficult to reconcile

SA exchanged some tit for tat with neighbours at the Southern Africa Economic Summit in Harare last week (see above)

Much of the aggression demonstrated by



Trevor Manuel *fending off acrimonious attacks*

P.T.O.

SADC planning a parliament

(279A) BD 4/6/97

Wyndham Hartley

CAPE TOWN — A Southern African parliament and free trade along the lines of the European Union (EU) are the long-term vision of the Southern African Development Community (SADC) parliamentary forum which will bring MPs from all 12 SADC countries together on Friday for discussion on vital trade agreements.

National Assembly speaker Frene Ginwala told a news briefing yesterday that while a common legislative body for all SADC countries was a long way in the future, and was dependent on political agreements, it was the vision of the forum.

Friday's meeting, to discuss four trade agreements under negotiation, is the first workshop of the forum since the National Assembly ratified SA membership last week. The first plenary of the forum will be held later this month in South Africa.

Parliament's trade and industry committee chairman Rob Davies said the most important matter on the agenda was the SADC trade protocol which had as its ultimate aim the creation of a free trade area in Southern Africa. He said that when all SA's trade with its neighbours was added together it made SADC trade larger than that with Europe and this made the protocol very important. It was also vital for an agreement to be reached that would allow tradeto benefit the poorer members of the region.

The second most important issue on the agenda was the negotiations for a free trade agreement between SA and the EU and the affect that such an agreement would have on SADC countries, Davies said

Trade and industry foreign trade chief director Faizel Ismail will brief the SADC workshop on the state of the negotiations on Saturday morning.

Relations between the EU and countries from the African, Caribbean and Pacific grouping of countries after the renegotiation of the Lomé 4 convention and the reform of the South African Customs Union agreement will also be discussed in special sessions.

Zimbabwean company on the road

(279A) BD 4/6/97

Janet Parker

DEUTSCHE Morgan Grenfell has organised a roadshow beginning next week to introduce Zimbabwe-based Trans Zambezi Industries (TZI) to SA institutional investors seeking an investment in the Southern African Development Community (SADC).

Due to a recent partial relaxation of SA exchange control, SA fund mangers are allowed to invest 2% of prior year net premium income into SADC countries.

Trans Zambezi Industries CEO Hillary Duckworth said TZI could offer the "only blue chip investment opportunity providing exposure to a number of high growth SADC countries".

Trans Zambezi Industries has grown at an annual compound rate in excess of 25% in $ terms since 1993. and has become a pan-SADC conglomerate managed from Zimbabwe, with assets in Zambia, Zimbabwe, Malawi and Botswana.

It was owned by over 50 institutions and 2 000 individuals, and was listed on the Luxembourg, Zambia and Zimbabwe Stock Exchanges with a market capitalisation of about $220m.

The group reported a 153% rise in attributable earnings to $9m in the six months to March this year, while headline earnings increased 67% to four US cents a share. Operating profit improved 71% to $10,97m on turnover of $58,6m, a 287% increase in turnover from $15,1 in the previous review period.

The group said historically there was a much larger profit contribution in the second half of the financial year.

The company includes an investment division which has a 49% stake in Zimbabwe Express Airlines, and a food and distribution division comprising Zambezi Ranching and Cropping, which dominates the Zambian beef, dairy and horticultural sectors.

TZI's financial services division contains Bard Holdings Zimbabwe, IGI Insurance Zimbabwe and Madison Insurance Zambia, while its industrial division comprises among others Art Corporation, a manufacturer of paper and plastic packaging with a turnover of US$60m.

Duckworth said TZI actively managed the businesses it owned, and paid particular attention to strategic acquisitions, good management accounting systems and motivated management.

The company's philosophy was to acquire established businesses at discounts to net asset value, or attractive per earning ratios where the company could add or unlock value.

SADC to study trade, investment

(279A)
AAG 5/6/97

Johannesburg – Researchers in the 12 Southern African Development Community (SADC) countries are to contribute to a major study of areas of co-operation in investment and trade, funded by the European Union.

The study, to be completed by January, will be co-ordinated by Price Waterhouse for the South Africa-based Finance and Investment Sector Co-ordinating Unit of the SADC. – Sapa

MPs focus on free trade zone

POLITICAL STAFF (279A) (??)
ARG 3/6/97

Parliamentarians from 12 southern African states will be discussing economic union which could see a European Union-style free trade zone in the region within eight years.

About 80 parliamentarians from Tanzania, Mozambique, Zimbabwe, Malawi, Angola, Zambia, Lesotho, Namibia, Botswana, Mauritius, Swaziland and South Africa will gather for a three-day workshop in Parliament in Cape Town from this evening.

Speaker Frene Ginwala acknowleged that the discussions could take in a broader discussion of political union, which could lead to the establishment of a parliament representing the 12 states in the longer term.

Members of parliament for the various finance, trade and industry and agriculture committees in the 12 sub-continental legislatures will be attending. Two representatives from each of the nine provincial legislatures in South Africa will also be there.

The parliamentarians will be discussing four important trade and investment related agreements. The most important of these is the Southern Africa Development Community trade protocol agreed to in principle last year and which will lead to the phasing out of all tariffs among member states within eight years.

The intention was to create a free trade area within that period, said Dr Rob Davies, chairman of the trade and industry committee of the national assembly.

The other important agreements to be discussed are the Southern African Customs Union agreement currently being renegotiated. This existing free trade area includes South Africa, Lesotho, Namibia, Botswana and Swaziland.

The arrangement which is to replace the Lomé IV agreement with the European Community – of which South Africa has only recently become a qualified member – will also be discussed by member states.

Lomé is an agreement between the EU and African, Caribbean and Pacific states which gives these countries privileged access to the European market.

The fourth matter to be discussed will be the ongoing negotiations between the EU and South Africa to create a free trade area between the two entities.

They will assess the impact on the wider southern African region.

Customs revamp 'too late'

John Dludlu

(279A)

SA's partners in the Southern African Customs Union are concerned that the revamp of the long-standing agreement may be overtaken by the mooted 12-nation trade protocol.

Talks to modernise the customs union — which includes Botswana, Lesotho, Namibia and Swaziland — began two years ago. But negotiators have not met for more than seven months, fuelling fears among some member nations that the proposed free trade area under the Southern African Development Community (SADC) will be concluded before the customs union's. The SADC trade protocol, whose negotiations continued in Mauritius this week, seeks to free trade among signatories in eight years.

BD 6/6/97

Customs agreement down to details, says official

09/6/97

(2797)

Linda Ensor

CAPE TOWN — Negotiations on a new Southern African Customs Union (SACU) agreement had reached consensus on broad principles such as democratisation of decision-making, but the intricate details still had to be worked out, a trade and industry official said at the weekend.

However, African trade relations director Mfundo Nkuhlu told a Southern African Development Community (SADC) parliamentary forum workshop there was a need to "get beyond visions" to deal with practical modalities.

This would be extremely difficult as SACU member countries were not following the same trade and industrial policies and were not at the same level of economic development.

Delegates from Botswana, Namibia, Lesotho, and Swaziland highlighted the problems they had had with the SACU regime under which SA determined tariffs and trade policies. They had lost sovereignty in the crucial areas of monetary, fiscal and foreign exchange policy which were all indirectly decided by SA.

Another disadvantage was that competition for investment was heavily biased towards SA.

Furthermore, the existence of large companies in SA had inhibited the development of small and micro enterprises in Botswana, Namibia, Lesotho and Swaziland with the result that this sector of the economy was very weak.

Namibian trade and industry consultant Paul Kalenga stressed that there was no thought being given to dismantling SACU, but rather to reforming it and making it more compatible with regional integration.

In a discussion document on the future relations between African/Carribean/Pacific (ACP) countries and the European Union (EU), an SADC subcommittee argued for preserving the ACP-EU co-operation framework.

But changing geopolitical configurations meant the ACP and SADC countries would have to organise themselves into a viable partner for the EU.

The SADC would have to decide whether to try for an African regional agreement with the EU within a larger ACP framework. This would be in line with the EU's emphasis on differentiation between developing countries as a development strategy.

The document warned, however, that ACP solidarity could be eroded by this strategy, which could undermine its leverage in negotiations with the EU.

A key issue in the pending negotiations on the Lomé Convention — which begin next year — would be to promote private sector involvement in development initiatives. The document also warned of "harsh times" ahead for ACP countries in terms of EU aid.

Tariffs down due to regional project

(279A)

John Dludlu

BD 12/6/97

THE cross-border initiative, a plan to fast-track intraregional trade in southern Africa supported by multilateral financial and donor institutions, has resulted in tariffs dropping to about 20% among participating nations ahead of the complete removal of tariffs next year, according to a regional analyst close to the project.

However, Cape-based independent researcher Dot Keet said the initiative, which is co-sponsored by the European Union (EU), the African Development Bank and the World Bank, had become "moribund". She said it had been overtaken by events in the region, including the suggested creation of a free trade area within the Southern African Development Community (SADC), and the present free trade negotiations between the EU and SA.

The SA-led SADC is planning to create a free trade area over the next eight years, and the EU has proposed a free trade agreement with SA which, if concluded, will affect SA's partners in the customs union owing to the common external tariffs in the union.

Harare-based consultancy Imani Development's MD Richard Hess said yesterday a majority of the participants had signed "letters of policy" — documents indicating their commitment to the plan's implementation. The remaining members were finalising their policies for submission to the project's co-sponsors, he said.

The project seeks to improve intraregional trade through removal of tariff and investment barriers among participating nations.

It is envisaged the bloc, including Zambia, Malawi, Tanzania, Swaziland, Namibia, Zimbabwe, Uganda, Kenya, Madagascar, Seychelles, Mauritius and Comores, would completely scrap tariffs by next year.

As soon as the "letters of policy" had been signed and evidence of implementation of the plan had been presented to sponsors, economic support — either in the form of project support or balance of payment support as most of the participants are undergoing structural adjustment programmes — was provided by the co-sponsors.

Hess, whose consultancy has conducted extensive research on the region's economies, said the EU was currently giving such support to two countries. It was giving support to investment promotion in Swaziland and the Namibian trade development project. Uganda and Zambia had received balance of payment support, while discussions were now under way with Tanzania, Zimbabwe and Kenya, Hess said.

But Keet said she believed only two nations, Mauritius and Zambia, had implemented their commitments with a high degree of enthusiasm.

Although the pace of liberalisation had not been fast, Hess said the progress had been encouraging. The participants — SA is not currently participating — had dropped tariffs nearly 80% to as low as between 20% and 30%.

He said the initiative, which worked closely with regional bodies including the SADC and the common market for eastern and southern Africa (Comesa), also sought to facilitate existing liberalisation programmes in the region. Now the focus had turned to harmonising participants' external tariffs.

A summit of ministers from participating nations was planned for the end of the year to enable them to assess progress, he said.

SADC 12 'as one' on elephants' issue

(279A) (?) Star 12/6/97

Despite rumours, group will close ranks at Cites meeting, predicts SA's deputy minister Mokaba

By Jill Gowans
Harare

South Africa is confident that the Southern African Development Community (SADC) of 12 countries will close ranks at the 10th Cites meeting despite recent reports that several members could vote against the controversial elephant proposals concerning the trade in elephant ivory and hides.

It was agreed late last year that the SADC would maintain a common position on the proposal but several countries, including Zambia, Tanzania and Mauritius were later reported to have got cold feet.

South Africa's deputy Environment Minister, Peter Mokaba, who is leading the government delegation, said on Tuesday there was every hope of a united SADC position.

This will almost certainly impact on other countries, including the United States and the European Community, who are vigorously opposing the elephant proposals by Zimbabwe, Botswana and Namibia, and South Africa's own rhino proposal. And it may influence other countries who are still undecided.

Loss of donor aid is feared

"This is not to isolate our Western friends in any way, but it is important to educate them to understand that Africa has to stand on its own two feet for development and capacity-building," said Mokaba.

"African countries have recognised that donors have not always fulfilled their promises – and are not likely to.

"All Africa has done is declare a common desire to act as a family. It is not that individual countries may not have reservations; whatever consensus we meet will not change their sovereign right to these.

"No donor should read into any action that they have been abandoned."

A number of African countries have expressed concern about an open vote on the controversial issues which may alienate them from donor countries and jeopardise aid. There is a proposal for a secret ballot on some issues. – Star Foreign Service.

SADC unites on rhino and elephant proposals

(27914)

By Jill Gowans Star 13/6/97
Star Foreign Service

Harare – All 12 Southern African Development Community countries yesterday closed ranks on the two most controversial proposals affecting them at the Convention on International Trade in Endangered Species.

"We will all speak with a united voice on the elephant and rhino proposals (which involves trade in elephant and rhino products)," said Kingsley Mamabolo, SA's high commissioner in Zimbabwe, who is leading the government delegation after Deputy Environment Minister Peter Mokaba returned home.

A united SADC position is important, while a united African position would be even more persuasive.

"We are trying to engage Francophone countries and countries like Kenya who are opposed to the proposals.

"We are hoping to convince them to come on board. Second best would be to persuade them not to actively oppose us. Some may even opt to abstain," Mamabolo said.

The elephant and rhino proposals will be debated on Tuesday, with a two-thirds majority needed. Africa has one-third of the votes.

"Many delegates from Europe and America have come here with a lot of misinformation and emotions, and very militantly opposed to us. But I think they have been exposed to the practical realities on the ground. I believe the US delegation is constantly in touch with their headquarters," Mamabolo said. (The US is vehemently opposed to the proposals.)

"With the European Union it's yes and no at the moment. We're going to be meeting them on Monday to try to persuade them," Mamabolo said.

Zimbabwe's government is doing its best to convince waverers by organising weekend visits to rural projects like Campfire, a community-based programme of sustainable use of wildlife.

Robbie Tshabalala

Uganda's Museveni . . . describing privatisation as a "magic solution"

AFRICAN ECONOMIC COMMUNITY

FM 13/6/97

Troubled continent stumbles towards enlightened rebirth

(279 A)

SA is among the sceptics withholding commitment while politics bedevils economic consensus and democracy

SA and Eritrea are the only African states that have yet to sign the ambitious 1991 Abuja Treaty, which took effect in 1994 and provides for the gradual establishment of an African Economic Community (AEC).

The treaty has a direct bearing on SA's future economic relations with all African countries, says the Department of Foreign Affairs It would require all member countries to gradually lift tariff barriers and eventually establish a free trade area

However, it says "for the sake of protecting its own economy SA cannot make decisions on accession to the treaty based only on political considerations."

Membership of the AEC is under consideration by the departments of Finance, Trade & Industry (DTI) and Foreign Affairs.

The AEC idea is as old as the OAU, says Moss Ngoasheng, economic policy adviser to Deputy President Thabo Mbeki Alluding to problems in the Common Market for East & Southern Africa (Comesa), from which Mozambique has withdrawn, he says there is a great deal of politics to be sorted out before the AEC can take off

DTI trade adviser Chris Qiqimana says SA has observer status to AEC processes but has yet to convince all interested parties of the benefits of membership His own view is that SA should sign the Abuja Treaty in line with all other members of the Southern African Development Community (SADC) of which SA is the leader — as well as being president of the UN Conference on Trade & Development

SA's role in the SADC is in line, he says, with AEC thinking to strengthen regional economic blocs over the next five years as the first stage in creating the AEC

Qiqimana is sceptical about the ideal of a Pan African parliament by 2030, but he says "recent changes in central Africa create new hope"

Still, political instability continues to rack parts of the continent The Democratic Republic of Congo's civil war has brought to power a leader whose commitment to democracy remains in question

Across the river in Brazzaville, violence between ethnic and political militias — as with the May 25 coup in Sierra Leone — seems calculated to puncture signs and proclamations of an African rebirth.

Democratisation and plans for a continent-wide trade regime were the main topics at the recent OAU summit in Harare. It explicity linked the rise of democracy to prospects for economic growth, observes the SA Institute for International Affairs

As one, African leaders condemned the Sierra Leone coup as a setback for democracy in Africa and called for the reinstatement of the constitutionally elected government deposed by junior officers

Despite intitial ambivalence about the intervention by Nigeria's military regime (at the helm of West African regional grouping Ecowas), it was felt the time had come for Africans to resolve their own problems

This might explain the warm welcome extended to the Democratic Republic of Congo President Laurent Kabila, attending his first OAU summit. Kabila unequivocally stated that elections would be held in Congo in April 1999 and for the first time said refugee agencies would be allowed to investigate the plight of Hutu refugees in eastern Congo The summit pledged to support Congo's reconstruction.

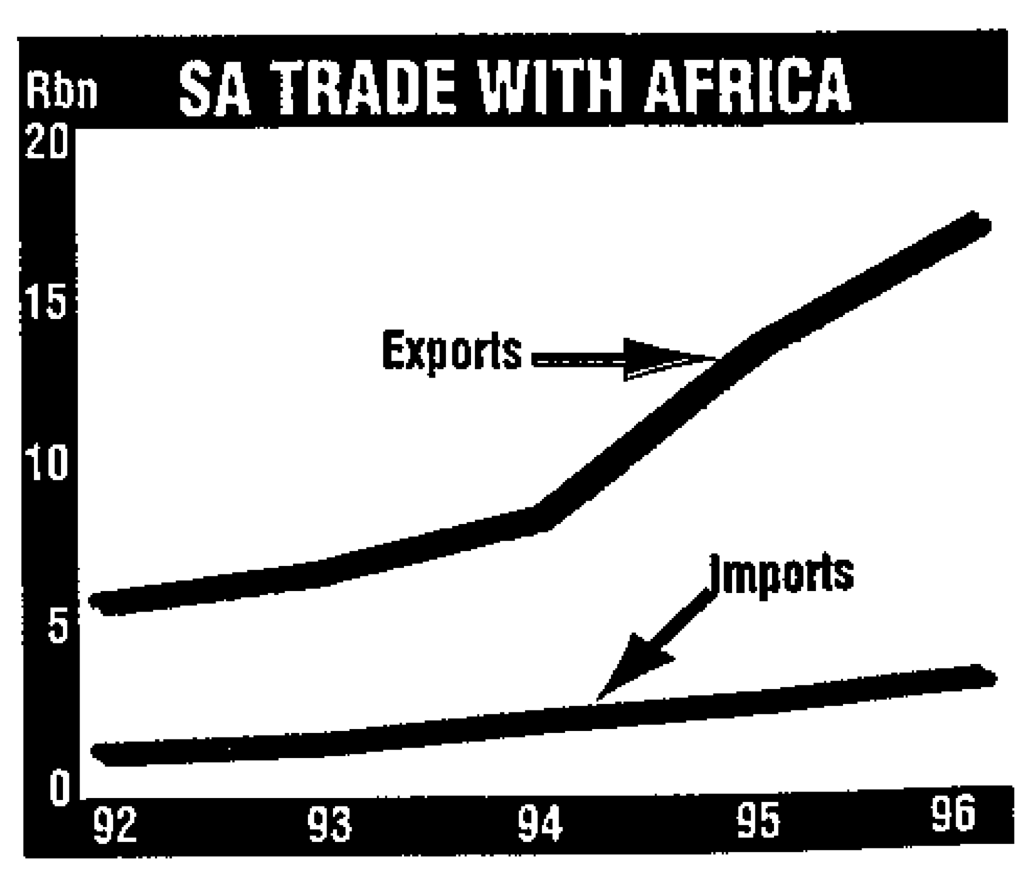
OAU chairman and Zimbabwe's President Robert Mugabe and OAU secretary-general Salim Salim called on Nigeria and Burundi to return to democracy

Scepticism about an African common market will persist until there is greater consensus among nations on an appropriate model of economic reform, says the Institute for International Affairs

Whereas Uganda's President Yoweri Museveni describes privatisation as a "magic solution," Mugabe warned that it surrenders resources to foreign control and spoke of a "co-ordinated political agenda by the north to suppress developing countries"

In an interview in SA days before the OAU meeting, Museveni, who favours the idea of "superseding existing borders through federations," slammed the OAU for having been "a trade union of criminals. If we were completely free," he added, "why would governments fail to submit themselves to supranational scrutiny? Why fear common minimum standards of good governance?"

Amarnath Singh



SOUTHERN AFRICA *Good rains and higher commodity prices help push region's GDP to 6%*

Fragile revival more than 'cyclical good luck'

CT 17/6/97 (279A)

FROM THE ECONOMIST

Harare — Southern Africa, once torn apart by war but now tentatively at peace, is enjoying an economic revival. Last year, the region's GDP jumped by an average of over 6 percent, a rate more often associated with Asia than sluggish Africa.

For the first time in many years, the economies in the Southern African Development Community (SADC) grew last year, and in eight of them the growth was over 5 percent. This year they may again do well.

Is this just a blip on a continent where wild swings in fortune are common, or the beginning of a genuine economic turnaround? Cyclical good luck certainly provides part of the answer southern Africa, like the rest of the continent, still depends heavily on selling what it can dig out of the ground or pluck from the trees.

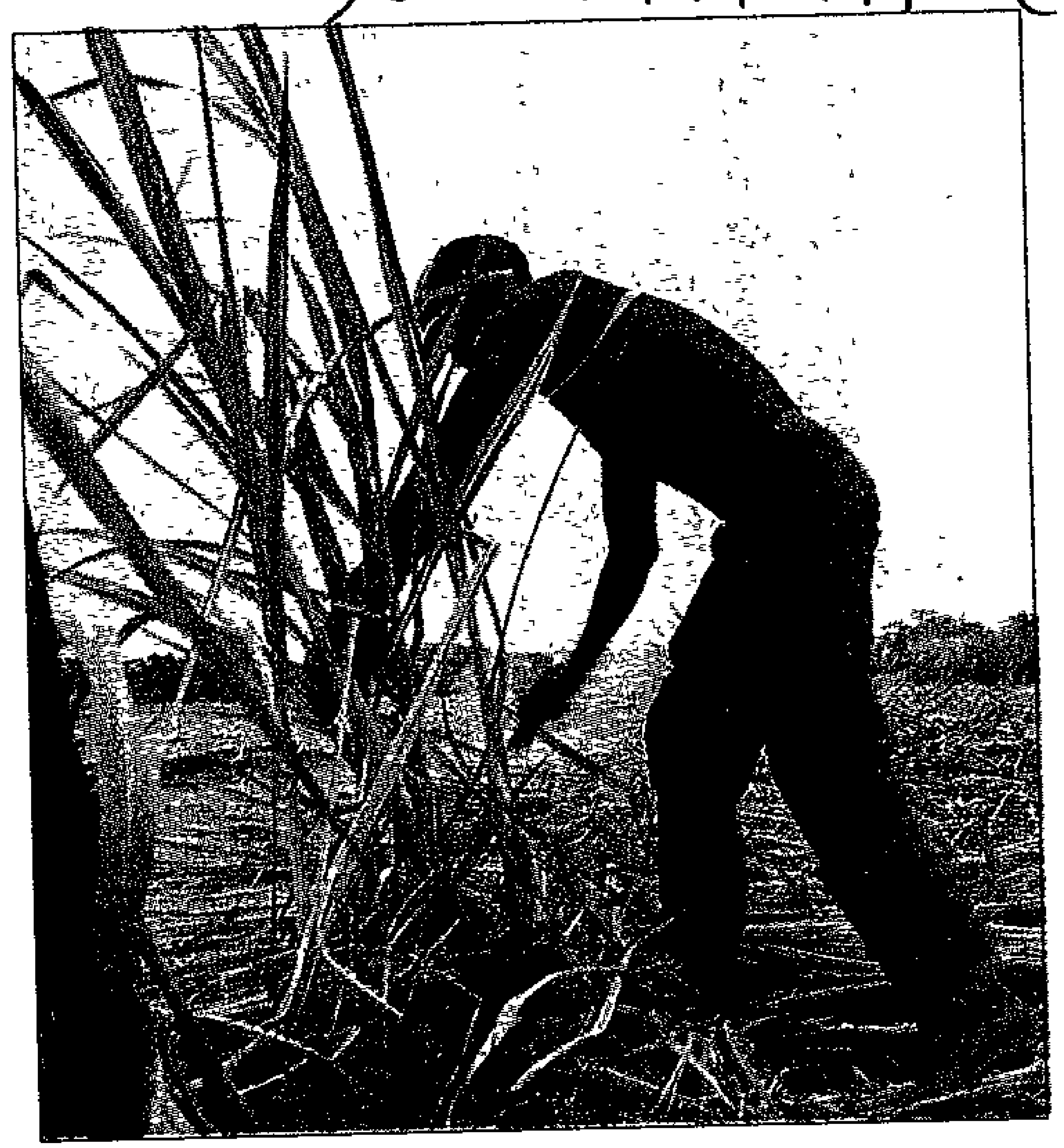
The past two rainy seasons have been unusually good, bringing in bumper harvests. Good rains last year enabled Mozambique, a long-term recipient of food aid, to reap a record harvest, making it now almost self-sufficient in grain.

Higher commodity prices are also helping. In May, The Economist's commodity price index hit a two-year high. While prices for some products, such as gold and most metals, are still weak, food prices have been soaring. Vigorous tea prices have boosted Malawi's economy, to which farming is by far the biggest contributor. And when small economies swell by just a little, growth rates can look impressive.

So far, so fragile. A few dry years, and all that has been achieved could be wrecked. But there is more to the region's revival than this. In the past few years there has been a turnaround in economic thinking.

The great believers in command economics, who led much of Africa to independence, would have been dumbfounded at a recent gathering, organised by the World Economic Forum, of southern African leaders in Harare. The talk was all of luring in the foreign investor. "We don't care who buys the mines in Zambia," declared President Chiluba with defiant pride, "so long as the mines make money and contribute to the exchequer."

Mozambique and Zambia have two of the most ambitious privatisation schemes on the continent. Mozambique has already sold scores of enterprises, from tea plantations to a chocolate factory; its plans for this year include its national airline. Zambia has put over 145 state-owned companies under the hammer, ranging from a cement-maker to a dry-cleaner. The biggest sale, of its copper mines, is yet to come.



SWEET HARVEST *A worker cuts sugar cane in Mozambique*

PHOTO KOIKE MASATO

This effort to nurture private business has been backed, by and large, with more prudent macroeconomic management. A few laggards stand out. Angola, still teetering between peace and war, has an inflation rate of 2 800 percent. Zimbabwe still runs a government budget deficit of over 8 percent of GDP. But, last year, seven of the 12 SADC countries had inflation rates of 10 percent or lower.

Another reason to believe the economic gains might stick is the explosion of infrastructure projects across the region. Planned investments of $8billion to $10 billion are under way. A new road, for example, is being built to link Johannesburg with Maputo, Mozambique's capital; another, the Trans-Kalahari highway, is due to open next year. Two huge hydroelectric power schemes, on Lake Cahora Bassa in Mozambique and in the Lesotho mountains, which will zap electricity across the region, are also being built. And there are plans to revive the war-battered Benguela railway, to connect Zambia's copper belt with the Angolan port.

Even so, southern Africa's growth prospects remain shackled, not least by the region's relatively small market. Southern Africa is home to 135 million people, but South Africa's economy alone accounts for four-fifths of the region's GDP. Its neighbours are comparative minnows.

Worse, it is still not possible to think of the region as one market. Despite a promise by SADC members to work towards regional integration, red tape continues to throttle the place. Lorries that thunder up the road from South Africa to Zimbabwe can spend three days waiting for clearance at the border. Securing legal rights over investments is often troublesome. Several countries still require visas, even from fellow SADC members.

All of which helps explain why the region has failed as yet to lure in much foreign direct investment, beyond mining and farming. And that, in turn, makes many southern Africans feel resentful that their often-painful efforts at economic reform have so far gone unrewarded.

THE BIG STORY

ARG 17/6/97

Out of Africa, a new economic 'tiger'

The lands of the south are roaring as their GDPs surge ahead

(279A)

WHILE POLITICIANS DREAM OF AN 'AFRICAN RENAISSANCE' AND THE IMPENDING 'AFRICAN CENTURY', THE ECONOMIES OF SOUTHERN AFRICAN COUNTRIES ARE SURGING AHEAD WITH GROWTH RATES TO RIVAL THOSE OF THE 'TIGER' ECONOMIES OF SOUTHEAST ASIA, REPORTS THE ECONOMIST

Southern Africa, once torn apart by war but now tentatively at peace, is enjoying an economic revival Last year, the region's gross domestic product (GDP) jumped by an average of over six percent, a rate more often associated with Asia than sluggish Africa.

For the first time in many years, the economies in the Southern African Development Community (SADC), a regional economic body, grew in 1996, and in eight of them the growth was over five percent This year they may again do well.

Is this just a blip on a continent where wild swings in fortune are common, or the beginning of a genuine economic turn-around? Cyclical good luck certainly provides part of the answer

Southern Africa, like the rest of the continent, still depends heavily on selling what it can dig out of the ground or pluck from the trees The past two rainy seasons have been unusually good, bringing in bumper harvests

Good rains last year enabled Mozambique, a long-term recipient of food aid, to reap a record harvest, making it now almost self-sufficient in grain

In Africa, rain alone can swell or shrink an economy After a dry season and poor harvest, Zimbabwe's GDP shrank in 1995 by over three percent, a year later, after good rains, it had shot up six percent

Higher commodity prices are also helping In May, The Economist's commodity price index hit a two-year high While prices for some products, such as gold and most metals, are still weak, food prices have been soaring

Vigorous tea prices have boosted Malawi's economy, to which farming is by far the biggest contributor And when small economies swell by just a little, growth rates can look impressive

But there is more to the region's revival than this In the past few years there has been a turn-around in economic thinking.

The great believers in command economics, who led much of Africa to independence, would have been dumbfounded at a recent gathering, organised by the World Economic Forum, of southern African leaders in Harare. The talk was all of luring in the foreign investor.

"We don't care who buys the mines in Zambia," declared President Frederick Chiluba with defiant pride, "so long as the mines make money and contribute to the exchequer."

Mozambique and Zambia have two of the most ambitious privatisation schemes on the continent

Mozambique has already sold scores of enterprises, from tea plantations to a chocolate factory, its plans for this year include its national airline

Zambia has put over 145 state-owned companies under the hammer, ranging from a cement-maker to a dry-cleaner The biggest sale, of its copper mines, is yet to come

This effort to nurture private business has been backed, by and large, with more prudent macro-economic management. A few laggards stand out. Angola, still teetering between peace and war, has an inflation rate of 2 800 percent Zimbabwe still runs a government budget deficit of over eight percent of GDP.

But, last year, seven of the 12 SADC countries had inflation rates of 10 percent or lower Public borrowing is generally being curbed Zambia and Mauritius have done away altogether with foreign exchange controls.

In a nice twist, post-apartheid South Africa's new fiscal conservatism has begun to shame its neighbours into more responsible behaviour.

Another reason to believe that the economic gains might stick is the explosion of infrastructure projects across the region Planned investments of $8-billion-$10-billion are under way

A new road, for example, is being built to link Johannesburg to Maputo, Mozambique's capital, another, the Trans-Kalahari highway, is due to open next year and will shrink the road distance from South Africa's industrial hub to Windhoek, Namibia's capital, by 400km.

Two huge hydro-electric power schemes, on Lake Cahora Bassa in Mozambique and in the Lesotho mountains, which will zap electricity across the region, are also being built. And there are plans to revive the war-battered Benguela railway, to connect Zambia's copper belt with the Angolan port.

Even so, southern Africa's growth prospects remain shackled, not least by the region's relatively small market Southern Africa is home to 135-million people, but South Africa's economy alone accounts for four-fifths of the region's GDP. Its neighbours are comparative minnows

Worse, it is still not possible to think of the region as one market – in spite of a promise by SADC members to work towards regional integration, red tape continues to throttle the place

Lorries that thunder up the road from South Africa to Zimbabwe can spend three days waiting for clearance at the border Securing legal rights over investments is often troublesome

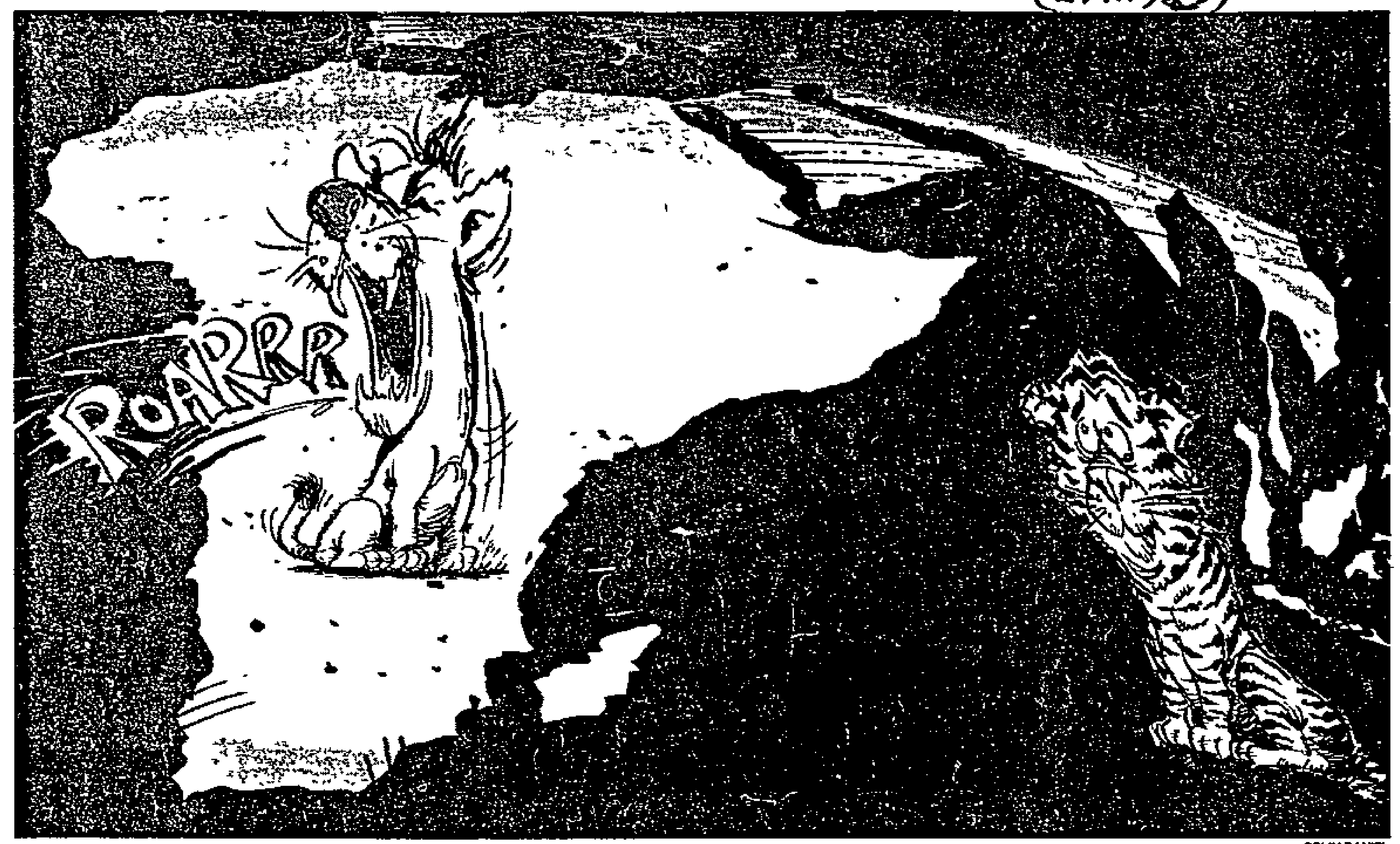
Several countries still require visas, even from fellow SADC members

Communications are poor. The first Monday flight from Johannesburg to Maputo is not until 4pm

President Robert Mugabe of Zimbabwe periodically commandeers planes from the national airline that should be shuttling paying passengers

All of which helps explain why the region has failed as yet to lure in much foreign direct investment, beyond mining and farming.

And that, in turn, makes many southern Africans feel resentful that their often-painful efforts at economic reform have so far gone unrewarded.



COLIN DANIEL

African music: the growth rates of sub-Saharan African nations now rival those of Asia's 'tiger' economies

NEWS

SA NEWS DIGEST

TRADE

CT (BR) 20/6/97 (279A)

South Africa will give SADC priority over the EU in local markets, promises Mbeki

The Southern African Development Community (SADC) would take priority over the European Union (EU) in gaining access to South Africa's markets, Thabo Mbeki, the deputy president, said yesterday.

"As a country — whatever our problems — we are committed to lowering our tariffs to ease access to our own markets for SADC products," Mbeki told the first plenary meeting of the regional body's parliamentary forum in Cape Town. Referring to the country's negotiations with the EU for a free trade accord, he reiterated that no agreement would be concluded, however beneficial for South Africa, if it would have a negative impact on its SADC allies.

As South Africa was taking the interests of all SADC member states into account, there were delays in concluding the free trade agreement, illustrating the SADC's effect on domestic policy, he said. Although governments of the region were co-operating within the SADC, "something was missing", he told MPs: "a sense of engagement by our peoples in the process of making this region".

However, European diplomatic sources expressed anxiety yesterday over the progress of the trade negotiations, saying they were near failure. Talks on the critical trade issues are under way in Brussels. — *Sapa, Cape Town*

SADC parliamentary forum maps route to regional prosperity

BD 20/6/97 (279A)

A workshop of the SADC parliamentary forum was held in Cape Town to discuss trade negotiations. Parliamentary correspondent Wyndham Hartley spoke to parliamentary speaker Frene Ginwala

THE meeting of the Southern African Development Community (SADC) parliamentary forum comes amid expressed fears that it will simply be another expensive talk shop and will do nothing to help post-apartheid relations in southern Africa. National Assembly speaker Frene Ginwala, while acknowledging there are fears SA will overwhelm the region, insists that given the history of the area a start must be made.

"I do not think you will eliminate those fears and suspicions very quickly. It is not simply fears of SA's economic power but is also a matter of history. The reality is that apartheid SA tried to maintain a neocolonial relationship with our neighbours. It goes back beyond the apartheid era to the way the economy of southern Africa was organised by colonial powers in a way which established SA as the economic powerhouse and its neighbours as mere colonies.

"The whole economy of the region was organised on certain assumptions. That is a reality which this democratic SA has to face and it is not easy for our neighbours to suddenly change their whole perception of SA because of the election in 1994 and the fact that Nelson Mandela is now president. We have to be more understanding."

Ginwala says SA's relatively developed economy does pose certain problems, not the least of which is the assumption that the country is very rich.

The apartheid era aid given to some neighbouring countries was done for political reasons and was affordable simply because at home government catered for 4-million people, where a new democratic order has to provide for 40-million. She points to the SA Customs Union, which was one of the issues discussed at the workshop, as being an example.

"The assumptions of the customs union was that Namibia, or then South West Africa, was already part of SA and the others, the former British protectorates, were going to be incorporated into SA. That was part of the thinking."

It was only during the period of independence in the 1960s that African countries were given a valid independence separate from SA, while the customs union was based on an assumption that this was all going to be one country.

"We are really having to untangle colonial relationships which go right back. It has to be done. It will take time and will be problematic — but it has to be done."

The speaker of SA's first democratic parliament believes that the forum is a beginning and points out that the first initiatives towards SADC co-operation between legislatures began before SA was a member of the organisation prior to the 1994 election.

After the poll, SA joined, and the idea was to create first a consultative body. This has now been achieved.

She points to the vital role of parliamentary oversight over the decisions of the executives of the 12 member states. Many of these decisions will come from other SADC organs at an executive level.

She says that SA's Parliament has never been a rubber stamp to the executive because interference will unravel deals made at that level. She cites the involvement of three parliamentary committees in developing a response to the European Union Free Trade Agreement mandate as an example

"We have seen as South Africans that our Parliament needs to be involved in shaping the negotiations and not simply ratifying a fait accompli and therefore this part of the same kind of process We have only made a start but I think a very important one I am very happy with the work done at the workshop because the reason for having the workshop was to familiarise MPs from SADC with negotiations which will have a major impact on the region. Parliamentarians are going to have to ratify these agreements and we think it is time for parliamentarians to start monitoring what is going on.

"Some of us see it as a tiny little acorn which will one day become the oak tree of a southern African parliament. It is a long, long way ahead but you have to make a start. If you are talking integration in the region you have to take it step by step. We are a consultative body but I must stress that as time goes on parliamentarians are going to become more and more involved. You have a trade protocol and other agreements. Who is going to monitor their implementation and check to see that things are actually done because the ministers make the decisions but the parliaments must see how they are carried out.

"I do not want to suggest that we are going to start monitoring the executive tomorrow morning. We have to start functioning and co-operating as parliamentarians and then slowly begin to see what we can address and one of the most obvious areas of commonality was trade agreements, which is why we started with that."

For Ginwala the long-term reasons for the creation of the forum and its initial work on the four major trade issues facing the region — renegotiation of the customs union, relations with Europe after Lomé, the effect of the European Union agreement on the region, and the SADC trade protocol — are quite simple.

"It is a matter of survival. SA cannot develop unless the region develops. It is a reality and the question is how to manage that process. You will always get economic refugees and you cannot keep them out with an electrified wall. You cannot have islands of prosperity in a sea of poverty."

SADC, Comesa poised to end single-membership conflict

(279A) BD 23/6/97

John Dludlu

THE SA-led Southern African Development Community (SADC) and rival Common Market for Eastern and Southern Africa (Comesa) have tentatively agreed to end their long conflict over the possibility of single membership.

At the same time SADC spokesman Kgosi Moesi has denied remarks attributed to community executive secretary Kaire Mbuende, which threatened to undermine the emerging co-operation deal.

A widely disseminated Sapa-AFP report, filed after a meeting between Mbuende and his counterpart from the East African Co-operation (EAC) Francis Muthaura, said Mbuende had invited Kenya and Uganda to join the SADC.

Moesi said the report, which had the potential of scuppering the tentative Comesa-SADC deal, was untrue and that as executive secretary, he did not have any power to invite new members.

Kenya or Uganda had not expressed any interest in joining the SADC, Moesi said.

Moesi said the long-running Comesa-SADC tensions, arising from duplication over overlapping membership, were a "thing of the past". The two organisations had found "common ground" to co-operate in rationalising their programmes to avoid duplication.

"We see a lot of room for co-operation. Development problems are so diverse," he said. Member states were not regretting the existence of the two organisations, he said.

Areas of common interest would be identified and experiences would also be shared, Moesi said.

In terms of the "live and let live" deal, struck after a recent meeting between Mbuende and acting secretary-general Erastus Mwencha, the two bodies did not have to merge. Members would be given an option, but not forced, to choose.

Only two SADC members — SA and Botswana — are not Comesa members.

The new plan is the result of Mwencha's approach, markedly different from his predecessor's, which regarded Comesa as a more viable vehicle.

A Comesa-SADC ministerial task team, formed a year ago, had failed to agree an agenda or date for a joint summit to work out a co-operation arrangement.

While no decision has been taken on the ill-fated summit, Moesi believed such a meeting might just occur to give formal blessing to the new spirit of co-operation.

If a deal is formalised, it would bolster sub-Saharan Africa's status as an investment destination for foreign capital. Apart from political conflicts, the SADC-Comesa tensions have contributed to making the region unattractive to foreign investors.

Earlier in the decade it was decided Comesa should be split into north and south, with the latter understood to be a reference to the SADC, then a co-ordinating community to reduce economic dependence on apartheid SA.

This "split" approach also appeared to be off the table.

Signs of the new co-operative spirit were seen when Mbuende attended a Comesa summit. Recently Mwencha visited the SADC's Gaborone head office.

After the visit Mwencha said he had been to SADC headquarters to forge working relationships and exchange information. Last week the SADC and EAC expressed need for co-operation between their members.

☐ TRADE

eT (BR) 24/6/97 (279A)

SADC states prepare Lomé V platform

Senior officials and private sector representatives from 11 of the 12 Southern African Development Community (SADC) states opened a two-day meeting in Gaborone, Botswana yesterday on a regional approach to future trade between the developing world and Europe.

Participants are to discuss relations between the African, Caribbean and Pacific countries and the European Union under previous Lomé Conventions, and to formulate an SADC position on a new financial and development aid package after the Lomé IV Convention expires in the year 2000, said Kaire Mbuende, SADC executive secretary.

The future of the Lomé Conventions, which provide for preferential trade with Europe of commodities and development assistance, are being questioned after 21 years because they are "incompatible with the basic principles of the General Agreement on Tariffs and Trade (Gatt)", Mbuende said. In particular, Lomé accords violate Gatt agreements by discriminating between developing countries and offering non-reciprocal preferences. — *Sapa-DPA, Gaborone*

FREE TRADE

Old African foes haggle over protocols

CT (BR) 24/6/97 (279A)

LYNDA LOXTON

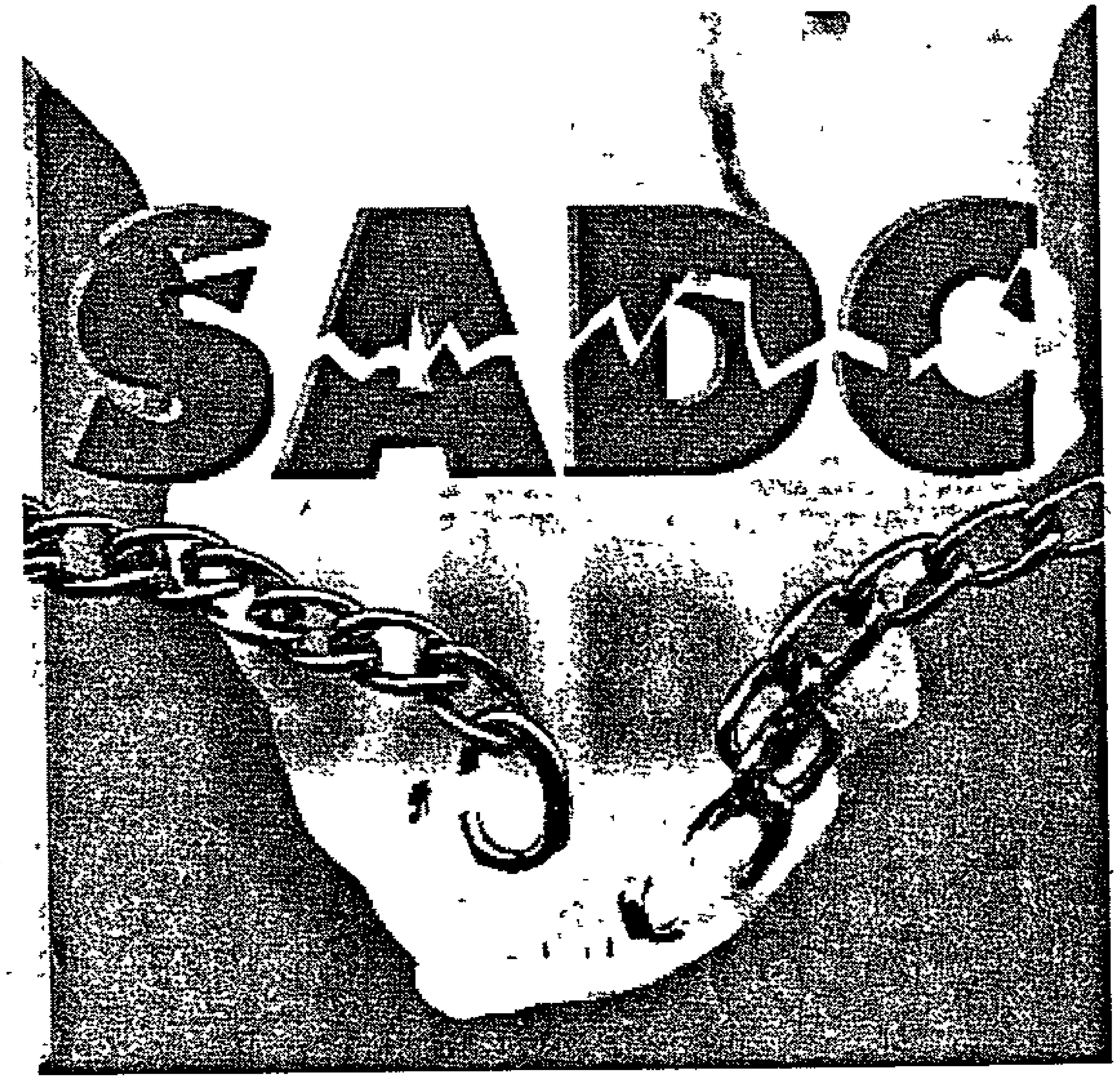
Southern African countries all agree that prosperity lies in a regional free trade zone, but the problems of the past are haunting them as they try to achieve it.

They must not only merge South Africa's relative might with the economic minnows around it, but also fuse a five-nation customs union that served the apartheid state with the old alliance of "frontline" states set up to oppose it.

A workshop in Cape Town this month of members of parliament from the 12-nation Southern African Development Community (SADC) made clear the sharp differences of opinion that still exist between them on the way forward.

The most contentious issues were the link between the trade protocol of SADC, the group set up to help black-ruled states lessen economic dependence on South Africa in the anti-apartheid struggle, and the renegotiation of the Southern African Customs Union (SACU), whose five members now all belong to SADC too.

SACU, made up of South Africa and its immediate neighbours, Botswana, Lesotho, Namibia and Swaziland, dates back to the turn of the century and lasted through four decades of racial segregation in South Africa and into the post-apartheid era.



It provides a common external tariff and customs-revenue sharing, a form of economic integration far deeper than anything SADC yet envisages.

The SACU agreement is now being renegotiated, with South Africa's weaker neighbours demanding a greater say in setting tariffs than the minority white regime ever allowed them.

The SADC, whose other members are Angola, Malawi, Mozambique, Tanzania, Zambia, Zimbabwe and the Indian Ocean island of Mauritius, is also planning a great leap forward.

Heads of state agreed last September to work towards a regional free trade area by 2004, leaving the nitty-gritty negotiation of tariff reduction schedules now to begin.

The two largest economies, South Africa and Zimbabwe, are still fiercely fighting their corners in protracted bilateral trade liberalisation talks.

Their slow progress does not bode well for multilateral talks to make a regional market of 140 million people in eight years — a period many businessmen say is too slow, but which governments say is needed to iron out the vast differences in relative strengths and employment problems in the region.

Some states have criticised South Africa for declining to ratify the SADC free trade protocol until tariff reductions have been hammered out.

The South African trade ministry assistant director John Kodisang raised the hackles of several delegates at the workshop when he said Pretoria wanted more concrete details of what would be involved before it would ratify the protocol.

"There is no way we are going to sign a blank cheque. There are quite a number of issues that have to be clarified, including rules of origin," he said.

The protocol will become binding on all member states only once it has been ratified by two-thirds of them. From that date, the aim is to phase in a free trade area within eight years.

So far, only Mauritius and Tanzania have ratified it.

Kodisang said South Africa's initial tariff reduction offer would be on the table by November, but other SADC states had given no indication yet of when they would be ready.

Resentment also brewed among some non-SACU parliamentarians, such as those from Mauritius and Zimbabwe, who wanted SACU to be done away with.

A Zambian member proposed that other states should follow Lusaka's example of sharply cutting all tariffs.

"This has caused untold difficulties for Zambia, but it will be easier if we all do it," said Vernon Waanga, chairman of Zambia's foreign affairs committee.

Rob Davies, chairman of South Africa's parliamentary trade and industry committee, disagreed, saying Zambia had cut tariffs towards the world at large and not only towards the region.

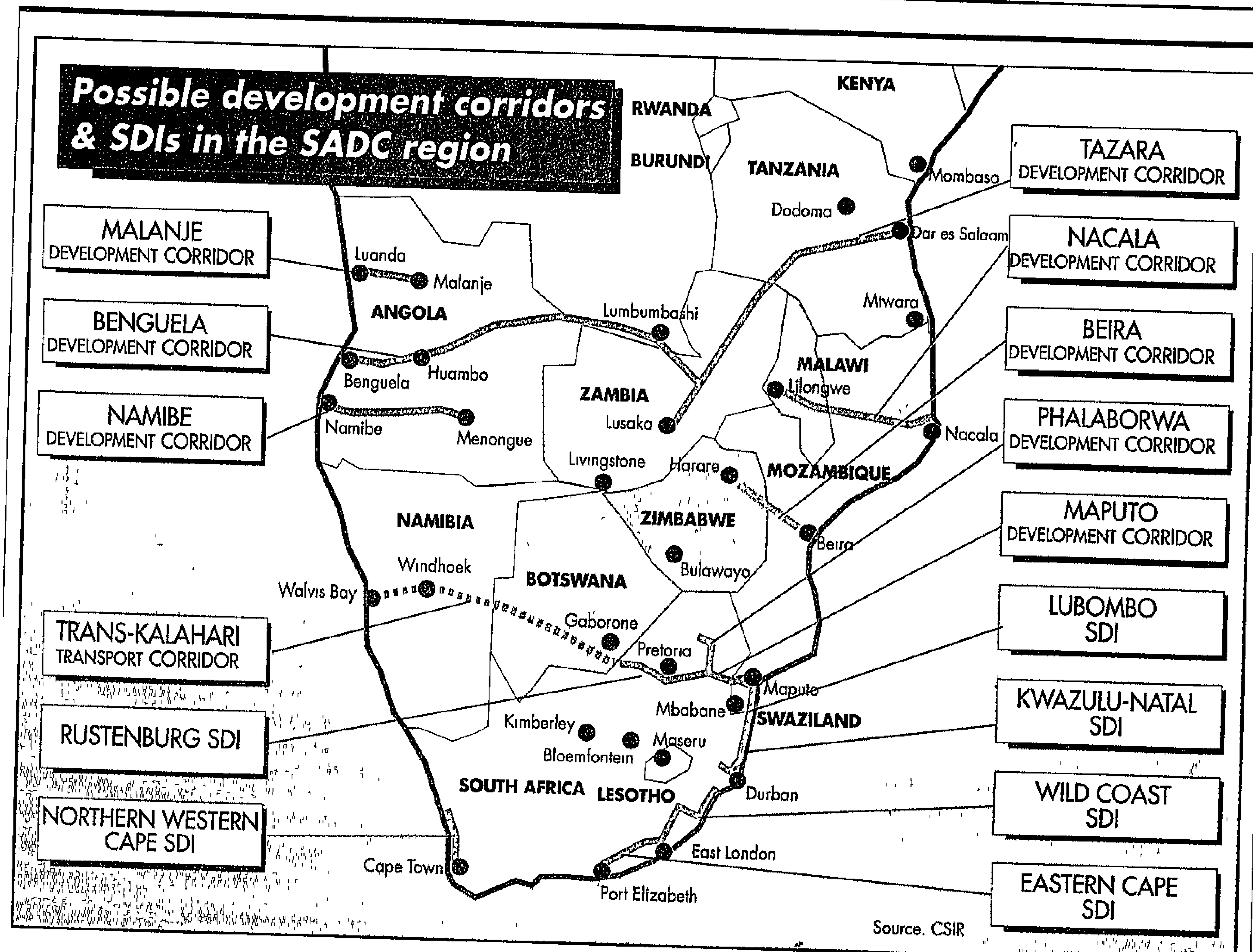
"They are now saying they have done the right thing. But that is not the real issue. What you do at a regional level may be different from what you do towards the world outside," he said.

"You don't necessarily want to go to rock bottom to the world outside where there is an unequal process of liberalisation, with the European Union, for example, giving subsidies to exporters."

SADC members, like other African Caribbean Pacific (ACP) countries whose trade terms with the European Union are defined in the Lomé Convention, fear the consequences of a free trade area which South Africa is about to start negotiating with the EU.

The current Lomé Convention will expire in 1999, and there are very real fears its successor will be less generous to ACP states. — Reuter

NEWS



African development corridors growing

CT(BR) 26/6/97

(279 M)

NCABA HLOPHE

Johannesburg — Countries in the southern and central African region are forging ahead with development corridors to spur economic growth and promote regional co-operation.

Officials in the trade and industry department said yesterday that at least 10 spatial development initiatives (SDIs) had been identified by countries in the south-central region, which are at various stages of development.

"The latent potential of these regional corridors needs to be unleashed, either through bi and trilateral initiatives or through regional institutions.

"But these are sensitive diplomatic issues and South Africa would not like to be seen to be imposing itself on any partner," an official said

Sources also said the South African government had set aside a nominal facilitation fund to assist regional partners with technical support in their pre-feasibility stages

The government was also reported to be willing to transfer its experience and skills gained through its numerous SDI initiatives.

"The benefits to South Africa would be numerous in that infrastructural construction could be taken up by South African companies and the foreign exchange earned could increase the country concerned's purchases from South Africa," a source said.

Some of the development corridors under consideration are:

- ☐ The Beira Development Corridor of the Beira Corridor Group, which comprises Mozambique, Zimbabwe, Malawi, Zambia and Botswana. This development has potential in mineral exploitation, agriculture, forestry, fishing, resource beneficiation and transport infrastructure;
- ☐ The Benguela Corridor connecting Angola to the copper mines of southern Zaire (Shaba) and Zambia;
- ☐ The Malanje corridor in Angola, which has rail and road infrastructure projects;
- ☐ The Nacala corridor connecting Mozambique to Malawi and Zambia via Chipata, which has potential in resource-based industries such as agriculture, forestry, mining and tourism;
- ☐ The Namibe corridor to Menongue, which covers the 300km to 400km to the iron resources at Kassing;
- ☐ The Tazara corridor connecting Tanzania, Zambia, Zaire and Angola via the Benguela corridor; and
- ☐ The Trans-Kalahari transport corridor between Namibia and Botswana, which is proposed as an extension of the South African Rustenburg SDI linking Gauteng with Walvis Bay and Maputo.

SADC is on schedule to adopt constitution

(2791A)

Prof Malema

BD 2/7/97

GABORONE — The Southern African Development Community (SADC) is set to adopt the constitution of its parliamentary forum at a September meeting.

Confidence rose last week when Botswana's 44-seat parliament ratified the 12 member states' constitution for the SADC parliamentary forum — beating the June 30 deadline which was set for the plenary assembly of the parliamentary forum in Dar es Salaam, Tanzania, in January.

The heads of the member states will meet in Blantyre, Malawi, on September 2-8, where they are expected to adopt the constitution.

Presenting the constitution before parliament for ratification last Friday, Botswana Labour and Home Affairs Minister Bahiti Temane said: "The SADC parliamentary forum is an institution within the structure of the southern African community and enjoys all rights and privileges as enjoyed by other institutions of the SADC."

The SADC launched the parliamentary forum to determine issues related to the promotion of peace, democracy, security and stability on the basis of collective responsibility; support the development of permanent conflict resolution mechanisms in the region; and strengthen regional solidarity.

African development bodies are moving closer

SA has a key role to play in the cordial new relationship between the SADC and Comesa, writes John Dludlu

(279A) BD 2/7/97

ONE of Bingu wa Mutharika's occupations in his time as secretary-general of the Common Market for Eastern and Southern Africa (Comesa), was to visit SA and write letters to the new rulers in Pretoria, lobbying them to join Comesa. Nearly three years down the line, SA is still outside the Comesa fold, and Mutharika is out too, following his resignation at the height of allegations of financial irregularity at the Lusaka headquarters.

The lobbying campaign, often accompanied by threats of a tariff backlash if SA does not join Comesa, has not stopped.

Uganda's President Yoweri Museveni recently called on SA to strengthen trade ties with the rest of Africa, a call interpreted in diplomatic circles as an invitation to join.

Mutharika's lobbying campaign was seen by regional observers as a desperate attempt by the organisation to gain legitimacy from association with apartheid-free SA and from Botswana — two of southern Africa's most promising economies.

Some analysts believe that Comesa's endeavours to recruit Pretoria and Gaborone into its ranks were aimed at resolving long-running tensions with the Southern African Development Community (SADC).

Proponents of this theory say that by having all the SADC states as members, Comesa would have been in a better position to work out some kind of arrangement that would resolve the rivalry.

This school of thought argues that a Comesa, including both Gaborone and Pretoria would have ensured that the Southern African Development Community — formerly a development co-ordinating structure — retained its focus on the development mandate, allowing Comesa to pursue trade goals as these have always been topmost on its agenda.

The so-called legitimacy battle at Comesa was worsened late last year when Lesotho and Mozambique announced their intention to suspend participation in Comesa. Their reasons included lack of resources to maintain dual membership.

Earlier this year, Comesa was hit by allegations of financial irregularities at its Lusaka headquarters.

Despite Mutharika's tireless efforts to show Pretoria the benefits of a much larger market, SA's official response — apart from repeated assurances that approaches were being considered — has rarely been heard in public.

The official line from the foreign affairs department is that with limited (financial and human) resources it is crucial that SA utilises these where they will have greater effect.

And, for now, this is in the SADC, where President Nelson Mandela is chairman.

In private, though, diplomatic sources say SA did not want to become part of the "confusion" that was pervasive in the region.

The two bodies' focus on similar projects resulted in unnecessary duplication of programmes and gave rise to tensions.

The uneasiness in Comesa-SADC relations is known to have caused a considerable degree of concern among potential investors.

Attempts to resolve the conflict have until recently come to naught. A ministerial task team of the two bodies, set up a year ago, has yet to agree on an agenda and date for a summit.

The tension was, in part, allowed to continue by the international community which continued to fund the two bodies without requiring them to rationalise and co-operate. Comesa and the SADC share the same donors.

Hand wringing by the donors, which has become standard response to problems of the developing world, was exacerbated by the fact that Botswana and Swaziland — the two "stars" of the region — did not seem to be part of the problem.

However, after years of failed initiatives, a solution appears to be in the making. Last week, Kgosi Moesi, the SADC's spokesman, declared that "the conflict (between the two organisations) is now a thing of the past".

Not only had the two organisations agreed to co-operate and rationalise their activities, but they had also started warming to each other. Signs of the rapprochement included participation in the Comesa summit this year by Kaire Mbuende, the SADC's executive secretary.

Recently, Erastus Mwencha, Comesa's acting secretary-general after Mutharika's departure, visited the SADC's Gaborone headquarters to "forge closer links, develop working relations and exchange information".

It remains unclear whether the Comesa-SADC summit is still on the cards. But Moesi said the meeting might be used by leaders to give a formal blessing to the emerging spirit of collaboration.

The challenge that now lies ahead is to cement this "live and let live" deal so that effective co-operation does indeed take place. The two need to compare notes.

Despite its understandable low profile down south, Comesa has achieved some successes that the SADC could learn from. These include its institutional framework — the PTA Bank (that has funded several trade and development projects); the Comesa clearing house and the Comesa reinsurance company.

The SADC has expressed interest in the idea of having a development bank for the region.

Although talk of this institution has died down, the Midrand-based Development Bank of Southern Africa and the Comesa bank provide a model of what can and does work, as well as of pitfalls to be avoided in establishing such bodies.

Comesa, too, could learn a few lessons from the SADC such as conflict resolution and effective sectoral co-operation.

As the SADC moves to free trade over the next eight years, it could use Comesa's experiences in trade liberalisation to ensure that deindustrialisation does not accompany tariff reduction. In its capacity as the SADC's chair, SA, with its respected credentials in conflict resolution, needs to encourage efforts that will ensure that collaboration is strengthened and maintained.

It is in SA's interests to do so.

Donors, too, would need to support collaboration.

SADC ET (MA) 8/7/97 (2799A)

Key policy reforms expected in September

The 12-nation Southern African Development Community (SADC) was likely to announce key market policy reforms in September, Kaire Mbuende, the executive secretary, told a media conference in Gaborone at the weekend.

He said reforms would be made to SADC member countries' telecommunications, trade and human resource development policies, among others.

"The policies that we adopt will not be externally induced," he said. "We have to take a new approach across the board."

The SADC concluded four days of meetings on Sunday with a delegation of 25 senior business leaders from France, some of whom were interested in Botswana's emerging telecommunications and agriculture industries, among other economic sectors. — *AFP, Gaborone*

Manuel calls on SADC to market the region

(279A)

Sowetan 2/7/97

By Maxwell Pirikisi

FINANCE Minister Trevor Manuel has called on all Southern African Development Community (SADC) finance and investment sector ministers to jointly channel their efforts into marketing the region instead of individual countries.

Manuel, who chaired the third annual meeting of the SADC Finance and Investment Sector Ministers in Pretoria last week, said although Southern Africa's economic profile was improving, SADC countries needed to join forces in order to win the confidence of the international community.

He said: "The status of Southern Africa is rising. But still, the present collective strength of countries in the region is not appreciated by the developed world because people in those areas don't look at this side of the world.

"It's up to us to cause them to see us for who we are. And we can only achieve that if we work more closely with each other."

Manuel said proper communication, supported by empirical information, were important to the placement of the region onto the world economic map.

Meaningful progress

Discussing the theme of the meeting – the SADC's role in the African Renaissance – Manuel said:

"The key challenge facing the SADC is how to build on the sound economic performance of the past few years and, more importantly, how to translate these gains into meaningful progress in the war against poverty and into human capital development, investment and sustainable job creation."

He said economic cooperation was to be deepened through the creation of regional subcommittees on investment, macro-economic policies, development finance and customs and excise.

Already the private sector had shown some commitment to regional cooperation by requesting closer links with the finance and investment sector in order to enhance their own regional structures, Manuel said.

The changing role of the state in promoting good governance and in stimulating increased private sector investment was also put in the spotlight.

The publication of a regional database for economic statistics and combating money laundering were also discussed.

Finance ministers T Salamao, left, of Mozambique, Festus Mogae of Botswana, Trevor Manuel of SA and Zimbabwe's H Murerwa, right, talk during a break at the annual meeting of the Southern African Development Community on Friday. Earlier, the ministers agreed to work towards a finance and investment protocol within the SADC. Picture: ROBERT BOTHA

SADC finance ministers discuss convergence

BD 21/7/97 (279A)

John Dludlu

FINANCE ministers from the 12 nations of the Southern African Development Community (SADC) have agreed to build a finance and investment protocol which will commit member nations to a system of norms and standards.

Finance Minister Trevor Manuel, who chaired the annual ministerial meeting in Pretoria on Friday, said the ministers and their deputies had asked technocrats to table a draft of the proposed protocol next April. The ministers were examining details of economic convergence and steps to communicate a single message to investors, Manuel said.

A joint statement said the ministers had discussed progress on research projects relating to convergence, improvement of the regional investment climate and exploring mechanisms for development finance in the region.

Results of research funded by the European Union would provide background material for the formulation of the draft protocol, the statement said.

The SADC was also considering ways in which borders between its member states could becoming softer in future.

Two countries in the SADC, Mauritius and Zambia, were leading the pack in this respect with no significant exchange controls in place.

SA has recently relaxed controls for companies investing in the region, allowing them to take out R50m.

Botswana's finance minister, Festus Mogae, said convergence was a package covering a range of factors including inflation, incentives, exchange controls and investment flows.

A document highlighting investment opportunities in the SADC was now available on the Internet, and it would be updated annually.

Manuel emphasised the importance of communicating the region's strengths.

Economic co-operation would be deepened through the creation of regional subcommittees on investment, macroeconomic policies, development finance and customs and excise.

"The private sector has shown the same commitment to regional co-operation by requesting closer linkages with the (SADC's) finance and investment sector in order to enhance their own regional structures," Manuel said.

The ministers had also discussed the publishing of a regional database of economic statistics, while SA Reserve Bank governor Chris Stals, who chairs the committee of governors, said measures were being considered by the governments to fight money laundering.

SA neighbour Botswana has already passed anti-laundering legislation.

FINANCE *The group 'has not signed a Maastricht-type treaty'*

SADC unites to seek investors

(2791A) CT (BR) 21/7/97

RICHARD STOVIN-BRADFORD

Johannesburg — Trevor Manuel, the finance minister, said last week that Southern African Development Community (SADC) finance and investment ministers were aiming to have a draft protocol on finance and investment for the SADC ready by next April.

Speaking after the annual meeting of the SADC's finance and investment group, which is chaired by South Africa, Manuel said the proposed protocol was not aimed at a Maastricht-type pact, in reference to the European Union arrangement.

But, he said, "we want to communicate a single message to investors".

The group's progress during the year was reviewed at the meeting, and the future programme for the sector was approved.

Manuel said the SADC ministers had reflected on the growing similarity of economic data of SADC members. "They all have deficits of 6 percent or below and inflation in single digits," he said.

PACT LEADER *Trevor Manuel, the finance minister* PHOTO JOHN WOODROOF

Some ministers from other SADC member states drew attention to trade imbalances between their countries and South Africa, but said South Africa's prosperity translated into prosperity for their own economies.

"Clearly, questions of convergence remain those we need to address," Manuel said. He called for greater macroeconomic convergence between the 12 SADC member states. He said the European Union was funding projects on the subject. "The norms we'd need to adopt are our own — different from other regional organisations."

Manuel said the key challenge facing the community was how to build on the sound economic performance of the past five years and, more importantly, how to translate these gains into meaningful progress in human capital development, investment and sustainable job creation and in the war against poverty. On the latter, Manuel said he was looking at regional possibilities for "labour-absorbing" growth.

The meeting, led by Manuel, was attended by ministers and deputy ministers of finance, economic planning and regional co-operation and central bank governors. Chris Stals, the Reserve Bank governor, chaired the committee of central bank governors.

COMMODITIES *The industry hopes to negotiate an SADC protocol*

SA and Swaziland to tackle sugar dispute

Shirley Jones

KwaZulu Natal Editor

(27-9A)

Durban — The South African and Swazi sugar industries would meet early next month to resolve their long-standing dispute, Tony Ardington, the outgoing chairman of the South African Sugar Association (Sasa), said yesterday.

Speaking at the Sasa annual general meeting, Ardington said constructive discussions had already taken place with Swaziland concerning the basis for a long-term agreement within the Southern African Development Community (SADC). He also said the two sides would negotiate the reinstatement of Swaziland's use of South African training, research and port facilities.

He said if the industry was to successfully negotiate a sugar protocol within the SADC, it had to reach an agreement with Swaziland so that the sugar industries of the Southern African Customs Union could approach other SADC industries with a proposal governing trade in sugar.

The dispute between the South African and Swazi sugar industries arose over the export of sugar into South Africa by Swazi sugar companies at prices below those set for the domestic sugar industry.

"Last year, the increased exposure of this industry to the residual world market as a result of competition from Swaziland within the common customs union was the most important factor causing insecurity," Ardington said.

Since then, competition between the two industries changed after the Maseru Protocol was signed by the two governments in August last year. This committed all SADC members to a progressive dismantling of tariffs over the next eight years.

"This places all producers other than those in Mauritius ... in a difficult position. In the absence of a sugar protocol, production of 4 million tons in the SADC will compete for a market of 2,5 million tons," said Ardington.

"The consequence would be to lower the internal price of sugar in the SADC to a price below the world market price. In times of low world prices, this would be below the cost of all producers and production would collapse," he said.

Strikers hurt by the cane they burnt

Durban — Although the 114 000 tons of sugar damaged or destroyed as a result of the recent strike at sugar mills was not significant to an industry that would harvest over 23 million tons this season, it could affect small growers, Tony Ardington, the outgoing chairman of the South African Sugar Association, said yesterday.

He said cane that had been cut or burnt before the start of the strike would have been destroyed or lost value for the grower and the miller. Damaged cane could comprise all or a large part of a small grower's crop.

"Strikes are a blunt instrument in the negotiation process and harm those directly involved. The hardship suffered by the negotiating unions will be shared by many small-scale producers, all those working on the farms ... It is damaging to all involved that the strike was extended ... because of competition between unions purporting to represent the best interests of members."

He said the strike would have a negative effect on cash flows this season. It had also delayed the start of the 1998/9 crop, he said. — Shirley Jones

CT(BR) 23/7/99

'Planning is an SADC challenge'

(279A)

Nomavenda Mathiane

BD 25/7/97

PLANNING and management of regional programmes were challenges facing the SA Development Community (SADC), said Foreign Minister Alfred Nzo yesterday.

Addressing an SADC workshop, Nzo said the regional integration process would demand strategies dealing with the need for a regional policy framework conducive to investment and citizen participation.

Nzo, who is also chairman of the SADC's council of ministers, advised delegates to suggest ways to fund the SADC's programmes.

Economist Busi Kunene said one of the body's functions was to provide a framework for regional co-operation in the area of finance in collaboration with central banks and other financial intermediaries in order to mobilise investment resources.

She said SA had been successful in carrying out its sectoral responsibilities mainly because of the functional approach adopted by the SADC and that the SA government had encouraged private and public sector institutions to participate in the activities that would add value to economic integration.

SADC forges on with plans to create a free trade area

Lucia Mutikani

BD 28/7/97

THE Southern African Development Community (SADC) would forge ahead with plans to establish a free trade area despite criticism from some international economists, executive secretary Kaire Mbuende said at the weekend.

Last week, Jeffrey Herbst, an economist with Princeton University in the US, said the SADC should switch its focus from the free trade area to boosting infrastructure and harmonising economic policies and regulations. He said trade in the region was unlikely to play a major part in member states' economies because the market was too small.

Mbuende said: "We are saying we have to have a free trade for movement of goods freely in the region. For us it is not a question of either or." Mbuende also said it was believed the region was seen as having a small market because it had not been integrated.

The establishment of the free trade area within eight years was expected to create a huge market for the region with a population of 150-million and a combined gross domestic product of $170bn.

"If they (economists) have been following the process ... they would not come to this conclusion. The concept of a free trade area is a logical one."

(27917)

SA better off aiming for Europe

(279A)

A recent seminar finds that attempts at African economic unions mostly fail

By Peter Fabricius
Foreign Editor

Star 30/8/97

The goal of ever-greater economic and political integration of South Africa into the Southern African region through the Southern African Development Community (SADC) is officially the first priority of South African foreign policy.

Last year the SADC countries signed a trade protocol to create a free trade area by 2005.

But a recent seminar at the South African Institute of International Affairs (SAIIA) threw buckets of cold water on the idea of economic integration and made participants take another look at what they had taken for granted.

British political scientist Professor Christopher Clapham of Lancaster University presented a sobering history of the many attempts by African states since independence to create economic unions, which he said was "littered with acronyms", all failures.

"The latest acronym, the AEC (African Economic Community), was mooted in 1980 to be achieved by 2000 but the date had been put back now to 2025. And I'm sure that the closer we get to that date, the further the date will be pushed."

Clapham said the efforts at integration were mostly motivated for the wrong reasons – to free African states of their bondage to their former colonial masters – rather than by a realistic assessment of economics.

This assessment would have shown them the African states had little reason to create economic unions because they had little to sell each other – most of their trade was with Europe.

Clapham also noted African states were not yet ready to accept the inevitable disadvantages which accompany regional economic integration, mainly the loss by individual states of some sovereignty over economic policy, and, particularly of control of customs and other revenues.

African states derived a very large share of their income from taxes on foreign trade, either directly in the form of customs duties, or indirectly through such devices as royalties on mineral production or the profits of government commodity trading monopolies.

Some of the problems are disappearing as African states accept the need to liberalise their economies. And in southern Africa there is some real internal trade, largely radiating from the biggest market, South Africa.

Princeton economist Professor Jeffrey Herbst was also discouraging about the real potential of this trade. He said attempts at economic integration (including the proposed SADC free trade area) had engendered a huge amount of effort by Africans and by Western donors since independence.

These efforts seemed at odds with current trends in the international economy. Sub-Saharan Africa had an average annual per capita income (pci) of only $469 (R2 110), the second lowest regional average in the world after South Asia. This was while Latin America's pci was $3 320 (R14 940) and high income countries averaged $24 930 (about R112 185).

And there were 902 million people in the high income countries and only 583 million Africans. "The question then is why go through the effort to try to have a relatively small number of extraordinarily poor people trade with each other when the world economy is larger, more populous and growing faster?" Herbst asked pertinently.

"In fact there are few reasons beyond sentiment to develop regional organisations unless they are used to institutionalise openings to the international economy." They could do this mainly in the political arena, especially in helping each other create credible economic policies to attract investment – the most important being to devolve more power to central banks to assure investors that monetary policy will be free from the vagaries of political pressure.

Herbst suggested regional organisations like SADC could follow the example of the North American Free Trade Area (Nafta) by creating regional commitments of member countries to such economic policies.

Dr Rob Davies, ANC MP and chair of the portfolio committee on trade and industry, disagreed with Herbst's gloomy view of the SADC region's potential, noting that – although the European Union was still SA's largest trading partner (counting both exports and imports) – the SADC region had recently overtaken Europe as SA's biggest export market.

In 1995 SA exported R26,6-billion of goods to SADC countries and R26,4-billion to the EU. The counter to his statistics though, must surely be that they are a measure of how small SA's exports to Europe are, not how large its exports to SADC, relative to the huge requirement through exports needed to create the growth that will wipe out out SA's 40 % unemployment.

Herbst noted that both Korea and Taiwan, the two most successful developing countries of the post-war period, grew by trading with rich distant countries, particularly the United States, and neither was especially integrated into its region.

Indeed Davies' stress on SA's recent export surge in the region rather countered his other main argument, that SA had to integrate with the region because it could not afford to be an "island of wealth in a sea of poverty" with all its attendant problems such as illegal immigrant labour.

But it is difficult to see how the sea of poverty around SA will be mopped up by increased exports into the region. Surely the solution must instead be to increase the region's exports into the SA market?

That will require SA to lower trade barriers to the region – which indeed it must do under the SADC trade protocol. But more importantly, it will require the SA market to grow. And the only way that can happen – not only to create a market for the region but to create the wealth that SA itself needs – is to open up to the global marketplace.

Mexico's ambassador to SA, Dr Cassio Luiselli, described to the seminar the huge benefits for Mexico of the greatly-controversial Nafta, which was resisted all the way by the Left, particularly unionists, in both Mexico and the US.

He said that Mexican exports had expanded "spectacularly" since Nafta, averaging 23% a year growth over the past three years.

The practical application of all these insights is South Africa's negotiations over a free trade area with the European Union. These negotiations are dragging, mainly because SA is insisting that it should first complete its trade reduction negotiations with SADC.

But if the lessons of the SAIIA seminar are right, SA has its priorities wrong. It should be opening up to Europe to encourage foreign investors to build factories here, to sell into Europe.

SA is suspected instead of using its SADC integration plans as an excuse to delay really taking the plunge into the tough realities of the global marketplace.

Until it does so, SADC integration will make little difference to the lives of ordinary South Africans or other southern Africans.

(279A)

REGIONAL ECONOMIC BLOCS

No panacea for Africa

FM 1/8/97

Advice is to plug into the global economy instead

Africa's efforts at creating regional economic organisations seem at odds with trends in the international economy, argues Princeton professor Jeffrey Herbst.

"Why go through the effort to try to have a relatively small number of poor people trade with each other when the world economy is larger and growing faster?" Herbst asked at a recent SA Institute of International Affairs conference.

His answer: "There are few reasons beyond sentiment to develop regional organisations unless they are used to institutionalise openings to the international economy. To say otherwise is to misunderstand how the global economy is developing and, paradoxically, to underestimate the opportunities available to African countries."

The most dramatic illustration of the global economic revolution in the past 15 years, Herbst says, has been the explosion in the worldwide foreign exchange market Between 1987 and 1993 the estimated turnover in the three largest markets (London, New York and Tokyo) increased threefold to an astounding US$1 trillion/day Currency traders are now able to mobilise "runs" on currencies of about \$100bn-\$200bn in a week, "far more capital than any central bank has access to "

Perhaps more important, he says, are the huge increases in international portfolio investment as a result of financial liberalisation in many countries and the concentration of savings in the hands of institutional investors in Europe and the US

"After the long capital drought caused by the debt crisis, more loans and equity investment are flowing back to the Third World." The World Bank estimates that in 1990-1992 such flows increased by 250% to more than \$100bn Most of the money is going to countries such as South Korea, Mexico, Indonesia and Malaysia, which now offer opportunities to investors.

The nature of the flows has changed to make capital more mobile at the expense of the State Firms and individuals in developing countries received just 16% of external finance at the height of the debt crisis. This has increased to 30%, partly because of privatisation. Amarnath Singh

Report calls for overhaul of SADC

BD 4/8/97 (279A)

John Dludlu

A CRITICAL report by consultants on the proposed rationalisation of the Southern African Development Community has made far-reaching proposals, calling for an overhaul of the SADC's institutions and operations.

The report also calls for the scrapping of the co-ordination system.

The recently released report, jointly compiled by Harare-based Imani Development, SA's Council for Scientific and Industrial Research and a Malawian academic, found that there was no cohesion among the SADC's sector strategies and policies and that the organisation's principles on economic integration were "rarely adhered to".

Key proposals include the suggestion that the SA-led organisation dismantles its "narrow sector approach" by creating fewer clusters of cross-sectoral co-operation which are flexible and reliant on regional resources.

If upheld by the SADC's membership, the cluster option would effectively centralise the SADC's co-operation activities. For example, the cluster route would bundle trade and industry — Tanzania's responsibility — with the SA-coordinated finance and investment sector.

At present, each of the SADC's 12 nations co-ordinates a sector, which often results in the sectors being too small and underresourced to reach objectives. "This model has promoted an increase in the number of sectors, which works against integration and ... results in a loss of focus".

Another key suggestion is that SADC should broaden its funding base to involve the private sector and international investors. Currently, most of the southern African regional economic organisations, including SADC and the Common Market for Eastern and Southern Africa, are reliant on donor funding, mainly from Europe and the Nordic nations.

Among others, it suggests that a formula, say the population size, be agreed to determine member states' contributions to the SADC — a proposal that has raised concerns among some observers who feel that it could lead to domination of the SADC by the bigger states like SA.

The report proposes that the SADC secretariat's functions be streamlined to cover co-ordination, administration, lobbying, harmonisation of policies and public relations. It also suggests that in building the community, business and other stakeholders play a greater role in implementing its action programme and policy guidelines must be developed on the use of aid.

NEWS DIGEST

(279A)

☐ SOUTHERN AFRICA

SADC projects hampered by shortage of donations

The Southern African Development Community (SADC) is discussing the rationalisation of its organisation and programme of action during a three-day workshop which opened yesterday. Kaire Mbuende, the SADC executive secretary, opened the workshop, which is being attended by sectoral co-ordinators from the 12 SADC member states and officials from the Gaborone-based secretariat.

Latest statistics from the SADC, prepared for the February Consultative Conference in Windhoek, show the projects making up the programme of action are seriously underfunded. Donor money is also not coming forward as freely as it was hoped. Of the $8,2 billion sought, $3,5 billion is still required.

Sources within the secretariat said a big problem with the organisation of the SADC was the staffing, decentralisation and lack of direct control over the sectoral offices. "They have to report through the government of their host country. It can take weeks and even months before a report reaches the secretariat," one source said. The recommendations of the workshop are expected to be presented tomorrow. — *Reuter, Gaborone*

eT (BR) 5/8/97

Mixed feelings over paper on SADC's restructuring

BD 6/8/97 (2791A)

John Dludlu

THE recently released consultants' report recommending radical restructuring of the Southern African Development Community's (SADC's) institutions and operations has been received with mixed feelings by analysts and member states.

Some regional observers warned parts of the report, which has proposed the functions of the organisation's secretariat be streamlined and relations with donors be reviewed, will be met with opposition from members.

Rob Davies, who chairs SA's parliamentary trade and industry committee, yesterday endorsed some findings of the report, including the fact that the community's shift towards development integration had not been accompanied by necessary change.

However, Davies expressed reservations on the approach to strategic issues, saying project and sectoral co-operation went hand-in-hand with economic development integration.

Strong resistance was expected on the proposed institutional change and fund raising methods, according to sources. The report, prepared by Imani Development and SA's Council for Scientific and Industrial Research, suggested the establishment of powerful co-ordination directorates and that the body's functional sectors be clustered into six groups.

One source said the proposal flew in the face of provisions contained in the communities' treaty and would effectively introduce centralisation, making it difficult for member nations to have the sense of ownership engendered by the current system.

The study, currently being discussed in Gaborone, Botswana, also suggested the community broaden its funding base to include business and international investors, and that more funds be raised internally.

However, fears were expressed that an alternative formula to the current system of equal contribution would create "senior partners" within the community.

Member states, who are meeting in Botswana this week, yesterday decided to have a closed session discussion, raising speculation that sparks were expected to fly at the workshop.

Mixed feelings over paper on SADC's restructuring

John Dludlu BD 5/8/97

(279A)

THE recently released consultants' report recommending radical restructuring of the Southern African Development Community's (SADC's) institutions and operations has been received with mixed feelings by analysts and member states.

Some regional observers warned parts of the report, which has proposed the functions of the organisation's secretariat be streamlined and relations with donors be reviewed, will be met with opposition from members.

Rob Davies, who chairs SA's parliamentary trade and industry committee, yesterday endorsed some findings of the report, including the fact that the community's shift towards development integration had not been accompanied by necessary change.

However, Davies expressed reservations on the approach to strategic issues, saying project and sectoral co-operation went hand-in-hand with economic development integration.

Strong resistance was expected on the proposed institutional change and fund raising methods, according to sources. The report, prepared by Imani Development and SA's Council for Scientific and Industrial Research, suggested the establishment of powerful co-ordination directorates and that the body's functional sectors be clustered into six groups.

One source said the proposal flew in the face of provisions contained in the communities' treaty and would effectively introduce centralisation, making it difficult for member nations to have the sense of ownership engendered by the current system.

The study, currently being discussed in Gaborone, Botswana, also suggested the community broaden its funding base to include business and international investors, and that more funds be raised internally.

However, fears were expressed that an alternative formula to the current system of equal contribution would create "senior partners" within the community.

Member states, who are meeting in Botswana this week, yesterday decided to have a closed session discussion, raising speculation that sparks were expected to fly at the workshop.

Car thief claims Webster killing

CAPE TOWN — A car thief serving eight years in Pollsmoor prison in Cape Town has applied for amnesty for the 1989 shotgun murder of academic and political activist Dr David Webster.

Mark Nielsen, 31, in his amnesty application, said he shot Webster in a drive-by shooting outside the academic's home in Johannesburg, the Cape Argus reported yesterday.

Nielsen claims to have worked part-time for the Civil Co-operation Bureau and Military Intelligence. He also claims he supplied the AK-47 rifle used to murder Swapo activist Anton Lubowski in Windhoek in 1989.

After unsuccessfully trying to sell his story, Nielsen provided a newspaper with a copy of his amnesty application and a lengthy statement in which he described shooting Webster.

Webster's partner at the time of his murder, Maggie Friedman, said Nielsen's statement was "pretty accurate" but some details lacked credibility.

It appeared he had known CCB agent Ferdi Barnard and other CCB agents, named by Friedman at a truth commission hearing as being responsible for Webster's killing. — Sapa.

Liebenberg fails to force Boraine out of hearing

Farouk Chothia BD 5/8/97

DURBAN — The truth commission yesterday turned down a request by former SA Defence Force (SADF) head Gen Kat Liebenberg and the National Party (NP) that deputy chairman Alex Boraine recuse himself from a hearing into the controversial training of Inkatha Freedom Party (IFP) members in the Caprivi in the 1980s.

Liebenberg's legal representative, Advocate Etienne Coetzee, said at the hearing in Durban that Boraine had publicly attributed the acquittal of Liebenberg and the other accused in the KwaMakhutha massacre trial to the "transitional phase of the justice system" and had "propagated alleged untested allegations" against the SADF. "This is not what one would expect from a commissioner who is unbiased and objective," Coetzee said.

Coetzee said it would be advisable for Boraine to recuse himself as the NP had brought court action to have him dismissed as deputy chairman. If the court ruled in the NP's favour, the hearing could be nullified because of Boraine's presence, he said.

The NP said in a letter to the commission that it found Boraine's participation in the human rights violation committee hearing "objectionable".

Truth commissioner Richard Lyster said Boraine's presence would not result in anyone being prejudiced. The commission would make a finding only after giving those to be implicated at the hearing an opportunity to respond.

The hearing was expected to look at evidence presented in the KwaMakhutha massacre trial on Operation Marion, which led to the Caprivi training, and in another trial which led to Caprivi-trained Romeo Mbambo and Gcina Mkhize being found guilty of operating a hit squad.

New evidence was to be also presented by Caprivi political commissar Daluxolo Luthuli, whom KwaZulu-Natal attorney-general Tim McNally refused to use as a witness in the trial, and Caprivi trainee Zweli Dlamini.

Dlamini, Luthuli, Mbambo and Mkhize were expected to testify that training had taken place in order to "kill people", a view different from the argument accepted by Jan Hugo in the KwaMakhutha trial.

Attorney Howard Varney, who was part of investigations leading to the KwaMakthutha trial, was to have made a verbal submission at the hearing yesterday. But legal representatives of the SADF generals objected, saying they had been given insufficient time to study his submission.

EU trade pact 'to divert R350m from union'

John Dludlu (WB) (27917) BD 6/8/97

SA's partners in the customs union could lose up to R350m if the free trade area proposed by SA and the European Union (EU) is implemented, the final report on the effect of the deal says.

An earlier report, which the EU said grossly underestimated the severity of revenue loss, put the figure at R1bn.

The countries, Botswana, Lesotho, Namibia and Swaziland, share external tariffs with SA and are heavily reliant on income from the customs union pool.

The report, compiled by Harare-based consultancy Imani Development, said if Botswana was to stay out of the free trade area, the total reduction in revenue would amount to R115m; R70m for Lesotho; R110m for Namibia and R50m for Swaziland.

An EU official in Brussels said the study was "one of several inputs" to the talks, but refused to comment further.

The final report, which has been ap-

Continued on Page 2

Trade pact

(27917) BD 6/8/97

Continued from Page 1

proved by Botswana, Lesotho, Namibia and Swaziland, suggests that they should seek compensation for revenue loss if they join the agreement, or seek assistance to erect border controls if they stay out of the accord.

The report's findings strengthen Pretoria's argument that free trade with the EU would result in huge adjustment costs for its neighbours.

SA's customs union partners have called for the deal to be struck with the customs union rather than with SA alone, a move that would uphold the union's integrity. They are also concerned about the inclusion of subsidised EU farm products.

SADC fails to agree on plans for institutional restructuring

(279A)

John Dludlu

BD 7/8/97

THE SA-led Southern African Development Community (SADC) yesterday failed to agree on controversial proposals calling for a complete overhaul of the body's institutions and operations.

The lack of agreement at the three-day conference in Gaborone, Botswana, which was expected to create a regional position for next month's ministerial meeting, would delay the rationalisation of the SADC's programmes and institutional framework.

However, the 12 states agreed that the strategy for building the community should be revised to reflect regional integration and that national mechanisms should be established to enable broader participation in regional policies by all stakeholders.

Agreement was reached on the need to rationalise the SADC's projects and to update the criteria for selecting development projects in line with the consultants' study.

A report released after the conference attributed lack of progress to the fact that some member states had not discussed the consultants' report and documentation had not been translated into Portuguese.

"Accordingly, not all member states had mandates to consider the detailed implementation of the findings and recommendations of the report ..."

The workshop failed to agree to set up powerful policy and co-ordination directorates.

Member states recommended the ministers' council urge governments to seek agreement within a given time frame on the outstanding issues. A progress report should be tabled to the ministers next year.

Lack of agreement on the directorates was not unexpected. Regional trade watchers had warned that the directorates, which would have introduced centralisation in the SADC, would be fiercely resisted.

Sactwu to call SADC to account

CT(BR) 12/8/97 (279A)

Shirley Jones

KWAZULU NATAL EDITOR

Durban — Employers and governments throughout the South African Development Community (SADC) would be called on to explain massive wage discrepancies and iniquitous conditions of employment throughout the region, the South African Clothing and Textile Workers' Union (Sactwu) said yesterday.

Jabu Ncgobo, Sactwu's general secretary, said the employers and governments did not fully appreciate the implications of a southern African trade bloc.

African governments would no longer be able to sanction low wage levels and mass dismissals in the wake of strikes, as had recently been the case in Zimbabwe, he said.

Sactwu would stand by its decision at last week's congress to keep a careful eye on labour and social clauses within the emerging regional protocol, and push its demand that labour be included in negotiations that would ultimately determine the overall trade agreement.

Ncgobo said despite its concerns, the union was in favour of the SADC trade bloc, especially now that Zambia demanded a preferential trade agreement.

The unions would also make sure that the soon-to-be-formulated trade protocol made it almost impossible for people to bring in complete garments and simply sew in labels and attach buttons, as has had been the case in some of the SADC countries over several years.

"We also believe a lot of money within the clothing and textile industries, which should be going to the workers, is going to governments in the form of high taxes," Ncgobo said.

Many of the governments in liberated states had failed to deliver true freedom to their workforces, he said.

Conditions in many of the other SADC countries were backward compared with South Africa, especially when it came to the provision of medical aid, pension and provident funds.

The industry and labour had long recognised discrepancies between countries such as Malawi, Lesotho, Zimbabwe and South Africa, which were as high as 700 percent, he said.

As far as customs control within the SADC was concerned, Ncgobo said first prize would be a quota system for South Africa. "We would like the focus to be on our customs and excise, so that we don't have to depend on other country's border controls. The more we extend control to other countries, the more difficult control will become," he said.

SA 'will not be rushed in ratifying trade protocol'

(27911) BD 12/8/97

John Dludlu

SA's offer granting better market access to its partners in the Southern African Development Community (SADC), under the proposed SADC plan to free trade exchanges among its partners, would be finalised within the next two months, trade and industry department officials said yesterday.

SA and its partners in the customs union — Botswana, Lesotho, Namibia and Swaziland — plan to make a joint offer to the SADC partners, which trade officials say will be in October or November.

A department official said SA, which still had to ratify the SADC's free trade protocol, would not be rushed into a decision by the organisation's secretariat nor Tanzanian officials charged with co-ordinating the SADC's trade and industry sector.

Hopes had been raised that the SADC's commerce and industry ministers would make tariff offers or ratify the offer at next week's meeting in Dar-es-Salaam, Tanzania.

SADC spokesman Kgosi Moesi said next week's ministerial meeting would examine implementation of the protocol, including impact studies on tariff reduction. Only Mauritius and Tanzania have ratified the protocol to date.

Deputy auditor-general Prof Bertie Loots at a news briefing in Pretoria yesterday on the auditor-general's report on the Strategic Fuel Fund Association which was also tabled in Parliament. Picture. CATHY PINNOCK

Swaziland challenges report on EU trade pact

John Dludlu (279A) BD 12/8/97

SWAZILAND, which is co-ordinating efforts by SA's neighbours in the customs union to formulate their positions on negotiations between Pretoria and the European Union (EU), believes it could lose about R150m when the proposed EU-SA accord is concluded.

Swaziland Finance Minister Themba Masuku said the figure — three times higher than in a recent consultants' report — had come out of investigations by Mbabane officials.

An EU-funded study recently found SA's customs union partners — Botswana, Lesotho, Namibia and Swaziland — would lose about R345m when the free trade accord was implemented.

Masuku said the report's estimates on likely changes in the volume and pattern of trade were based on "weak assumptions".

The report, by consultants Imani Development, said one of the subregion's major concerns was that free trade with the EU should be with the customs union rather than with SA alone.

EU ambassador to SA Erwan Fouéré also believed the report had failed to consider the dynamic impact of the proposed accord.

WORLD TRADE OPPORTUNITIES

SADC trade ministers to meet

(2797) BD 18/8/97

John Dludlu

TRADE ministers from the SA-led Southern African Development Community (SADC) are due to meet in Dar es Salaam, Tanzania, today to discuss the wave of challenges sweeping through the 12-nation trading bloc.

The ministers — whose countries belong to the Lomé convention — have to work out recommendations on the SADC's position on the renegotiation of the convention, the trade and aid partnership between the European Union (EU) and 70 African, Caribbean and Pacific (ACP) nations.

The convention — through which the ACP countries, including all the SADC nations except SA, receive tariff and quota preferences to the EU markets — is due for renewal next year.

A consultants' report, advising the SADC on options, will be discussed. The report, which has been completed for months now, has not been made public.

A discussion document prepared by the EU has called for, among other things, the convention to be broken down into regions and that reciprocity be introduced to the trading arrangement. The latter would mean that some ACP members would have to open their markets to the EU. At present, the accord requires no concessions from the ACP group.

Unofficially, certain SADC states have been calling for the concessions to be retained in a post-1999 co-operation framework. Fears have been expressed that the enlargement of the EU, including countries with no historical links to the ACP, might put pressure on Brussels to scale back the level of development aid under Lomé.

The ministers, who last met in June, will also have to consider an SADC position on the planned summit called by the World Trade Organisation (WTO) to discuss the plight of the world's poorest nations. The SADC includes a number of least developed states. The WTO meeting is in October.

Delegates at the meeting will also discuss the SADC's plan to create a free trade area over the next eight years. The meeting is taking place amid concerns that preparations for the implementation of the ambitious plan, signed by heads of state last August, are going slowly. Only Tanzania and Mauritius have ratified the protocol, while others — including SA — believe that countries have to agree to the tariff reduction schedules as well as the products covered before ratification.

It is hoped the meeting will come up with recommendations on the plan's implementation for consideration by the SADC leaders next month.

Pretoria, which has yet to ratify the protocol, has been at pains to assure fellow members that its approach does not indicate lesser commitment on the liberalisation initiative. However, last week, it emerged that SA's offer, which it is hoped, will have the backing of labour and business as well as Parliament, will be ready only in a month. A government steering committee driving the process of preparing the local offer has not met in weeks, according to government sources.

Analysts believe SA's leadership will be important. Therefore, news of delays in Pretoria puts a damper on enthusiasm in the region, they say, especially as much of the region stands to benefit from better access to SA markets. Most of the SADC countries, who have underdeveloped productive sectors, are trading at a huge deficit with the regional customs union — including SA, Botswana, Lesotho, Namibia and Swaziland. SA, for its part, has expressed interest in using the protocol to widen access to its markets for its neighbours.

SA textile union takes up Zimbabwean strikers' case

BD 19/8/97 (2797)

Michael Hartnack

HARARE — The SA Clothing and Textile Workers' Union (Sactwu) has written to the SA Customs Union demanding that it block Zimbabwean attempts to revive textile exports to SA until all the workers sacked after a strike in July have been reinstated.

The letter was made public at the weekend by Morgan Tsvangirai, secretary-general of the Zimbabwe Congress of Trades Unions (ZCTU).

In March Trade and Industry Minister Alec Erwin and his Zimbabwean counterpart Nathan Shamuyarira signed a clothing and textile agreement restoring Zimbabwean access to the SA market under the 1964 most favoured nation bilateral pact. The pact had been moribund since 1993 when SA imposed 90% protective tariffs. New preferences drop tariffs progressively from an average 30% to 15% by 2002 However, quotas average less than 4% of Zimbabwe's output capacity, compared to more than 75% before 1993, say local manufacturers.

Loss of SA markets contributed to the closure of at least 41 firms with the loss of thousands of jobs, but in July 2 200 workers in Harare struck for 46% rises to their R68,62 a week minimum. Managements obtained dismissal authority from the labour ministry after the strike was declared illegal, but most strikers were re-employed, settling for an 18% offer.

Tsvangirai said Sactwu had demanded that SA customs officers block Zimbabwean shipments until all strikers had been reinstated unconditionally.

"The exploitation of clothing workers in Zimbabwe causes loss of jobs in SA. The only beneficiaries are employers who grow richer," the Sactwu letter said.

Zimbabwe Clothing Manufacturers' Association chairman Steve Bowen said that since the strike firms had increased their labour by 500 as confidence revived.

The SA workers' decision to use the revived agreement as a lever was taken at their congress last week, Tsvangirai said.

SA and Zimbabwe recently signed a second sectoral agreement, covering agricultural products and foodstuffs, and a third, covering other items such as footwear, leatherware, travel goods and electrical appliances is under discussion. Recapturing SA markets is vital for Zimbabwe to redress its R2bn a year trade imbalance with Pretoria.

Union federation Cosatu has long been unhappy with the lack of "shop-floor democracy" in Zimbabwe and with wage rates it claims are sometimes a sixth of those in SA. During a failed attempt to call a general strike, Tsvangirai was detained last year and nurses tear gassed.

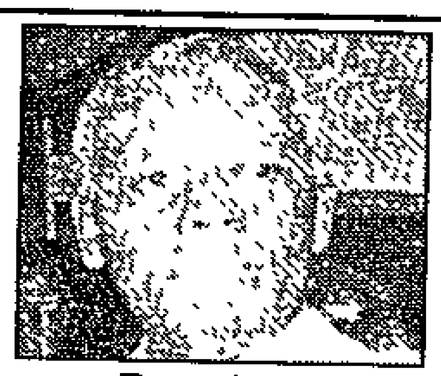
The existence of 2-million unemployed and the lack of parliamentary opposition has put unions in a weak bargaining position. Cosatu attempts to ally with the ZCTU were weakened through the 1980s by President Robert Mugabe's open preference for the Pan Africanist Congress and its rival trade union contacts.

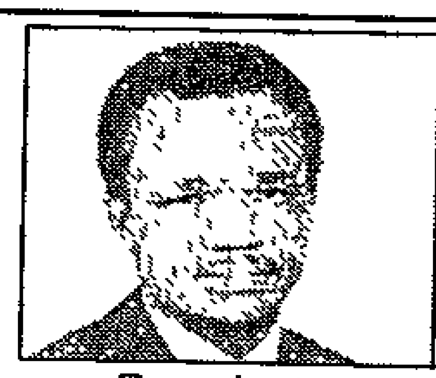
Subregional forum a conduit for change

A new forum aims to change the image of the SADC from that of an 'old boys' club'. Sean Jacobs looks at the challenges it faces

BD 20/8/97 (279A)

SADC: the heads gather

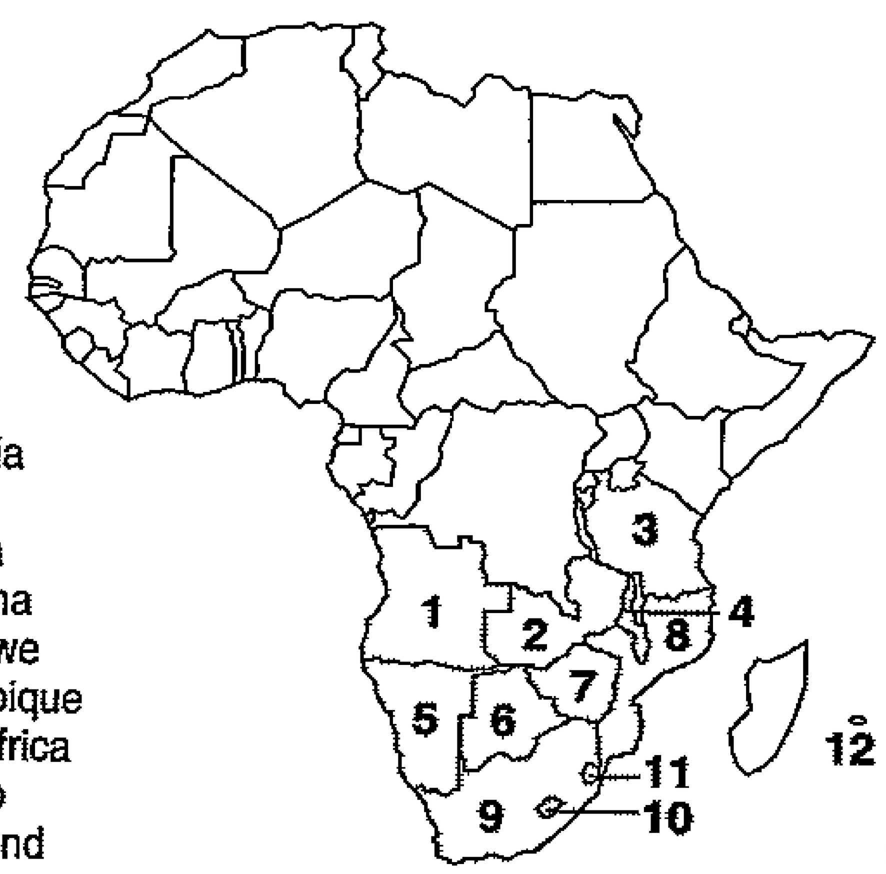

President
Eduardo dos Santos
Angola


President
Frederick Chiluba
Zambia


President
Benjamin Mkapa
Tanzania


President
Bakili Muluzi
Malawi

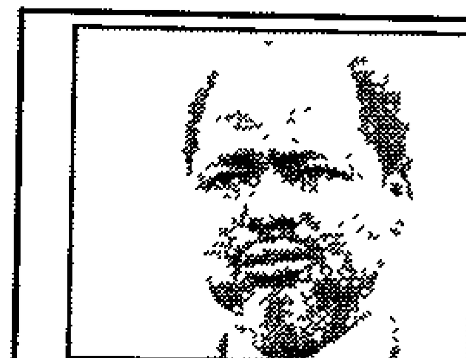

President
Sam Nujoma
Namibia



1 Angola
2 Zambia
3 Tanzania
4 Malawi
5 Namibia
6 Botswana
7 Zimbabwe
8 Mozambique
9 South Africa
10 Lesotho
11 Swaziland
12 Mauritius


President
Ketumile Masire
Botswana


President
Robert Mugabe
Zimbabwe


President
Joaquim Chissano
Mozambique


President
Nelson Mandela
South Africa


Prime Minister
Ntsu Mokhehle
Lesotho


King
Mswati III
Swaziland


Prime Minister
Navinchandra Ramgoolam
Mauritius

Next month the 12 heads of Southern African Development Community (SADC) member states will meet in Blantyre, Malawi where, apart from economic and military concerns, the constitution of a "subregional parliamentary forum" is likely to be ratified.

What does this forum represent, and to what extent, and at what level, will it be involved in the subregion's political, economic and social development?

SADC's forerunner, the Southern African Development Co-ordination Conference (SADCC), was set up in 1980 by "frontline states" bordering apartheid SA as a bulwark against economic and political destabilisation by the Pretoria regime and its surrogates.

SA's changed politics and other subregional and global events have meant a considerable readjustment of the SADC mandate in the post-Cold War 1990s. In particular, this concerns the organisation's response to subregional developmental and economic stresses and needs, as well as to a global regime of structural adjustment policies.

The SADCC became the SADC in August 1992. The reconvened organisation, in its programme of action adopted in Windhoek, Namibia, stresses "developmental integration" in the subregion as a response to the "hypercompetitive global economic changes".

The programme aims to respond to technological developments, major transformations in the organisation of production and the trend towards subregional trading blocks that has characterised the world economy in the past decade.

However, there is a wide perception that regional responses have been haphazard or ad hoc and, where they existed, limited to heads of state and their technocrats. This resulted in the SADC being labelled — somewhat deservedly — a "club for old boys".

Subsequent calls for greater involvement by other stakeholders in the region — particularly elected representatives — in the work of the SADC have resulted in the setting up of a subregional parliamentary forum.

After an initial consultative meeting in October 1993 in Windhoek and four years of preparatory work, the forum held its first plenary at SA's Parliament in June this year. SADC member state heads, meeting in Blantyre, Malawi on September 2-8, are now expected to adopt the constitution of this parliamentary forum.

However, despite these public efforts, it is still unclear whether the forum is merely a "vacation talk shop" for MPs from the 12 SADC member states, or whether it will set sail on an evolutionary course — with powers equal to those of bodies like the European Union (EU) parliament and the Nordic or Benelux councils.

Currently, economic considerations — particularly trade issues and SA's growing regional economic hegemony — are the primary motivation for its existence. These issues will dominate the SADC parliamentary forum's initial agenda.

African National Congress MP Rob Davies, who was closely involved in setting up the forum, pointed out the consensus within the SADC was that any notion of a subregional legislative with powers to make laws and dictate to member states was not on the cards at this stage.

An EU parliament type of legislature, where certain binding decisions are taken, is not excluded and could materialise at a later stage. However, consensus during debate on the forum's constitution was that a subregional legislature was still far off.

Davies, a member of the forum's working group in trade and industry policy, is less sure about the forum prescribing or passing resolutions against member states that violate basic democratic and human rights principles. Issues like recent political scandals in Zimbabwe, Zambia, SA and Namibia, as well as Botswana's military build-up, come to mind.

For now, signatories to the 1992 treaty have decided that a body of political heads — independent of the parliamentary forum — will be given the task of monitoring political and security issues. Noninterference in political affairs obviously forms the basis of this treaty.

Also, the parliamentary forum works from a basis of consensus. "This means that, while delegates could speak on any issue, the forum cannot pronounce itself when it does not have the consensus on a particular issue," says Davies.

It is also clear developmental and policy requirements cannot be used uniformly in the subregion because of, among other things, differences in mineral availability and concentration, local infrastructure, energy use and different social and political situations.

Nonetheless, regional countries have one thing in common: a concerted effort at democratisation, notably in SA's, Angola's and Mozambique's new democracies, and attempts to challenge one-party dominance in Namibia, Tanzania and Zimbabwe.

Another vexing question is whether delegates represent nations or political parties in the parliamentary forum. Currently they form part of "national delegations". There is a greater probability that when MPs form part of a national delegation they would be less inclined to protect the national interest at the cost of good ethical governance or the subregional interest. This would have to change should the body gain legislative powers.

Davies notes that the fact that the forum has no legislative power should not be a setback. He cites the example of the African, Caribbean, Pacific-EU (ACP-EU) joint assembly, which has no legislative power yet has a number of points of interaction that the forum could learn from.

Firstly, the assembly passes resolutions on issues such as immigration, racism and the ban on the use and manufacture of land mines, although it is an open secret that EU countries are vigorously opposed to the last decision. Secondly, the ACP-EU assembly can call the commissioners and the councillors of the EU to appear before it. They then get questioned by the assembly and have to answer to delegates.

Should the forum eventually develop into a legislative body, a number of important issues would have to be negotiated or probed.

For example, must national delegations be of equal size or in proportion to the country's population or economic influence in the region? Are delegations identified by political ideology (as in the EU parliament with its cross national-socialist and liberal caucuses), or as consensus parliamentary delegations? Will subregional parliamentary representatives be directly elected (as in the EU) or nominated by their legislature?

Lastly, can SA members of parliament and the electorate see the importance of greater subregional integration — given our legacy of isolation and general xenophobia and parochialism?

Davies should know. With most of his political exile spent in Mozambique, and having been active in SADCC structures, he believes attitudes towards the subregion have changed since he returned to SA in the early 1990s.

There is now a realisation that reconstruction of the subcontinent and effective competition in the global economy is most feasible by subregional partnerships.

Democratic participation by different sectors and roleplayers in the region — business, civil society, rural people — along with a massive civil society education programme, seem paramount for the SADC forum to succeed.

□ *Jacobs is a researcher at Idasa's political information and monitoring service in Cape Town.*

Several countries keen to join SADC

BD 21/8/97 (2799)

John Dludlu

A NUMBER of African countries, including the Democratic Republic of Congo (formerly Zaire) and Madagascar, have signalled their intention to join the Southern African Development Community (SADC).

The honorary consul's office of Madagascar and the Congo embassy confirmed their interest yesterday. Madagascar said moves were under way to make a formal application.

A Madagascar official said her government's membership of the Common Market for Eastern and Southern Africa (Comesa) treaty would hang in the balance. Congo-Kinshasa is also a member of Comesa and has been involved in the SADC's sectoral co-operation projects.

Regional sources said the Seychelles had also expressed interest but faxed inquiries were not answered.

A draft agenda of the forthcoming SADC summit shows the meeting will discuss membership applications from unnamed states.

Continued on Page 2

SADC

(2799)

Continued from Page 1

BD 21/8/97

The SADC, which is seeking to create a free trade area in eight years, admitted Mauritius as its 12th member a year ago.

These developments are taking place as the long-running rivalries over shared membership between the SADC and Comesa are showing signs of easing, thanks to the efforts of the new leadership in Comesa.

Indications that the SADC is set for enlargement come months after announcements by both Lesotho and Mozambique that they plan to withdraw from Comesa's activities in favour of the SADC.

Observers believe that the SADC's attractiveness comes from its new programme of action, including a free trade zone of about 140-million people. Others say that the inclusion of SA has improved the region's standing among potential foreign investors.

Lusaka's exchange beckons

BD 21/8/97 (279A)

LUSAKA — The relaxation of SA's exchange controls was likely to boost the growth of the Lusaka Stock Exchange, which had been the best performing stock market on the continent this year, exchange officials said.

The SA government partially relaxed foreign exchange controls on July 1 to allow residents to invest some of their funds offshore.

"Of particular interest to the Lusaka Stock Exchange is the provision in these new rules that specifically promote investment in listed companies in Southern African Development Community (SADC) countries," exchange GM Charles Mate said.

"The move significantly opens the boundaries, making it possible for companies listed on the Lusaka stock exchange to raise capital both domestically as well as regionally from SA-based investors. This should be of particular importance to those companies operating in Zambia that have strong links with SA," he said.

The Lusaka Stock Exchange was poised to grow over the next few months, with the development of new investment vehicles such as unit trusts, the quotation of Mufulira Wanderers Football Club and further interactions with foreign investors.

Mate said the Lusaka bourse had been the fastest growing in Africa at midyear. "On July 31 the Lusaka Stock Exchange index closed at 242 points, up 142% since January 1. This corresponds to a rise of 140% in dollar terms. At the same time, the market capitalisation has risen from $216m in January to $502m at the end of July."

Mate said the main concern of many investors was whether these gains were sustainable, and whether there was an adequate supply of stock on the market. These fears were unjustified.

"The exchange does not yet suffer the problem of large stocks of shares tied up with institutions or a few individuals. The free float is still quite large; for example, Rothmans has 50% of its issued shares in public hands. The stock, however, is still trading on a p:e as low as 4,27," he said.

Economic indicators, which showed inflation down at 22% in July, a stable exchange rate and declining interest rates, should give confidence to the market.

"There is also increasing interest by private sector companies, particularly banks, to list on the exchange and take advantage of the tax incentives as well as the opportunity to raise capital on the back of the strong demand for shares in the market," Mate said. — Reuter.

CT(BE)21/8/97

(2797)

SADC

Deadline given for lists of sensitive products

The 12 members of the Southern African Development Community (SADC) have been given until October by the SADC Industry and Trade Co-ordinating Unit to come up with lists of sensitive products likely to benefit from a tariff reduction arrangement now being worked out by the regional body. Ministers and officials of trade and industry from all SADC members, except Angola, agreed during a special meeting in Tanzania that the process be speeded up to allow the harmonisation of tariffs as soon as possible.

The officials discussed how to reduce tariffs and the ratification of the Trade Protocol, which envisaged the creation of a free trade zone for the region by 2000. The protocol was approved by heads of state during their summit in Maseru, Lesotho, last year.

The officials also agreed to adopt a linear reduction approach to tariff reduction. The method was preferred over the harmonised internal tariff reduction method because it was considered more predictable, simple to use and more transparent. — *Joe Khamisi, Dar es Salaam*

SADC prepares position on Lomé talks

John Dludlu BD 25/8/97 (2797)

FURTHER consultations will take place this week to put together a southern African position on the review of the Lomé Convention before the leaders' summit next month.

Southern African Development Community (SADC) spokesman Kgosinkwe Moesi said at the weekend that a meeting between business, governments and regional stakeholders on Thursday would be followed by an SADC trade and industry ministerial meeting.

The ministers would have to agree on a final set of recommendations to be tabled to the SADC summit in Blantyre, Malawi, early next month.

Lomé, the trade and aid arrangement bringing together the European Union (EU) and 70 former African, Caribbean and Pacific (ACP) colonies, is due for renewal at the turn of the century. Renewal talks are to start next year.

All SADC members, except SA, belong to the convention. Pretoria is poised to join the convention later this year as a partial member.

If approved by the summit, the recommendations from the ministers' meeting on Friday would become the SADC's contribution to the African position. This would then form part of the ACP negotiating directives when the talks begin with the EU next year.

Although no official position exists within the SADC yet, calls have been made for the Lomé convention's trade concessions to be restored in a post-1999 agreement with the EU.

The convention, which is now into its fourth term, grants non-reciprocal tariff and quota preferences to the ACPs in EU markets. The ACPs also benefit from a range of special commodity protocols on products such as bananas.

A discussion document by the EU has mapped out various scenarios for future ACP-EU co-operation, including breaking the ACP bloc into regions and asking some of them to grant reciprocal market concessions to EU exporters.

The review talks are taking place amid concerns that the trade concessions have not assisted the ACPs to diversify their exports and to integrate meaningfully into world trade.

Fears have also been expressed that the EU's impending eastward expansion, to include eastern European nations with no colonial links to any of the ACPs, might put pressure on the EU's aid resources.

Brussels has, however, reiterated its commitment to the continuation of the longstanding relationship with Africa.

Despite its failure to lift the share of ACP exports to the EU, Lomé is seen as an important agreement which could contribute towards the reversal of Africa's misfortunes.

Business body's members set to desert amid 'crisis'

BD 26/8/97 (279A)

John Dludlu

THE SA members of the Eastern and Southern African Business Organisation (Esabo), the Nairobi-based multinational body, are spearheading efforts to form a strong business voice in southern Africa amid growing indications that Esabo is nearing collapse.

Bess Robertson of the SA Chamber of Business yesterday confirmed that a meeting last week decided to form a task team to lead the initiative. The team, which had yet to be constituted, would investigate ways of forming a new body, she said.

A source who attended the meeting said the team would be tasked with getting SA business interests to speak with a single voice before undertaking a similar initiative within the Southern African Development Community (SADC) region.

Robertson said efforts would be made to bring other business groups, such as the National African Federated Chamber of Commerce and Industry and the Foundation for African Business and Consumer Services, on board.

This development follows a recent admission by the Esabo secretariat in Nairobi that it had had "teething problems", although officials were reluctant to spell these out.

However, it is understood that Esabo's problems mainly stemmed from its inability to attract members and generate its own funds. Although it was debt free, the organisation, which began with nearly 80 members in the two regions, had failed to increase its membership. This has forced the organisation to depend on donors.

Last week, Esabo was waiting for funds from the US Agency for International Development and computers from the Common Market for Eastern and Southern Africa to make the secretariat fully functional.

Although no official link has been drawn between the SA initiative and the perception of a crisis in Esabo, sources believe the SA members are concerned about the long-term viability of Esabo.

Observers close to Esabo say it was "far ahead of its time", as jealousies between countries in East and West Africa were making co-operation — including at private sector level — very difficult.

...ing that will be demolished today.

Picture COBUS BODENSTEIN | and accused.

to which SA was now a party.

NP warns on proposed changes to farm workers' tenure bill

BD 26/8/97

Wyndham Hartley

CAPE TOWN — The National Party (NP) has warned that tough African National Congress (ANC) amendments to the controversial Extension of Security of Tenure Bill will prompt farmers to withdraw assistance and privileges from their workers for fear of having to ensure these services continue even when a worker is evicted.

The ANC has also suggested an amendment making it almost impossible to evict a farm worker who has been living on a farm for 10 years and reached the age of 60. The legislation's original draft provides for such protection after 20 years' residence.

The NP reacted strongly to the ANC's proposed new definition of "suitable alternative accommodation" which would have to be found if a farm worker faced eviction through no fault of his own.

The ANC amendment insists that if the farm worker enjoys grazing rights for his animals, or access to land for crop production, the new accommodation should provide the same facilities.

NP MP Manie Schoeman said on his farm, workers were allowed to raise pigs and that all excess milk from the farm was given to them to feed animals. If he had to ensure these facilities were available once a farm worker was evicted he would have to reconsider allowing his staff to use free milk to raise pigs. He said the compassion existing between farmers and their workers would disappear in the face of draconian measures in the legislation.

Wrangling between the NP and the ANC over the amendments has forced the committee into a desperate race to get approval for the bill before noon today. If agreement is not reached, the legislation could miss its scheduled slot in the National Assembly on Thursday. Another slot in the legislative programme would be hard to find.

Land affairs department sources said they were not too concerned about the ANC changes to the suitable accommodation definition because this would apply only to no-fault evictions — of which there would be few.

Mandela to be briefed ahead of chairing SADC summit in Malawi

BD (279A)

John Dludlu

PRESIDENT Nelson Mandela, who chairs the Southern African Development Community (SADC), will visit the secretariat — the SADC executive — tomorrow for a briefing on preparations for a high-level summit with other heads of state next month.

SADC information officer Kgosinkwe Moesi said yesterday Mandela would be briefed by executive secretary Kaire Mbuende on preparations for the summit to be held at Blantyre, Malawi.

Mandela's spokesman Parks Mankahlana confirmed the working visit and said the president, in his capacity as SADC chairman, had always been keen to acquaint himself with day-to-day activities of the 12-nation body.

The summit, a high-level SADC meeting, is expected to discuss moves to expand the organisation. Three nations, including Laurent Kabila's Democratic Republic of Congo and Madagascar, have expressed interest in joining the SADC.

Mankahlana said the issue of Congo-Kinshasa's planned membership to the SADC was not discussed at the meeting between Mandela and Kabila yesterday. However, talks by officials were continuing today.

The summit, the first under Mandela's chairmanship, will also have to finalise a single SADC position on the impending renegotiation of the Lomé Convention, the trade and aid accord between the European Union and its 70 former African, Caribbean and Pacific colonies.

The annual summit will also discuss results of a consultants' study on the SADC's rationalisation.

GDP

Continued from Page 1

Negative growth of 0,4% for mining output in the first three months changed to a 1,5% increase in output for quarter two. Growth in trade and catering — the tourism industry — recovered to 1,5% growth from a contraction of 1,8% in the first quarter.

Barnard Jacobs Mellet economist Chantal Friedman said annualised data could be misleading, since it tended to exaggerate quarterly changes.

Looking at year-on-year changes in GDP, the first half of the year had shown growth of 2,2%, compared with an average of 3,1% for last year.

On a year-on-year basis mining was "still acting as a drag on growth — but the short-term trend has turned positive". Agriculture was "still slightly positive" in year-on-year comparisons, but was a brake on quarterly seasonally adjusted annualised figures.

Sanlam economist Pieter Calitz ... high" overall growth rates. Much of the increased manufacturing output went into higher exports, and possibly also into increased inventories, he said.

Higher exports probably contributed to the increased growth in transport, while the electricity sector had probably been boosted by electrification programmes.

Calitz expected agriculture to continue to perform badly for the next few quarters. Construction growth was still poor, with industry probably waiting for an acceleration of reconstruction and development programme spending, Calitz said.

He expected GDP growth for the whole year to be about 1,8%, with slightly lower growth in the third and fourth quarters. Sanlam was expecting one interest-rate cut this year.

FBC Merchant Bank economist Hania Farhan forecast GDP growth for the year at about 2,1%, with growth slightly weaker for the second half. Growth for 1998 would be affected by El Nino — possible effects could start ...

SADC chief urges Nafcoc to seek regional links

(279A) Sowetan 27/8/97

By Maxwell Pirikisi

SOUTH African business must forge and consolidate strategic links with their regional counterparts to successfully integrate into the global economy

This was said by the Southern African Development Community (SADC) deputy executive secretary Lengolo Monyake during his presentation at the National African Federated Chamber of Commerce and Industries' 33rd annual convention in the Eastern Cape yesterday

Discussing economic transition and integration, Monyake said business chambers in all 12 SADC countries "must work together to uplift the Southern African region"

Said Monyake. "I urge Nafcoc to seek linkages with established sister chambers in other countries and to establish sister clubs where none exist in order to promote sectoral integration Such relations will graduate into stronger economic ties between our countries"

Monyake also called on South Africa to seek economic growth with a regional perspective

He said South Africa had the potential to help build a regional economy to the benefit of Southern Africa's nearly 140 million people

Trade protocol

"SADC is currently busy with a trade protocol, among other issues, which seeks to improve trade relations between SADC states

"And what I am saying is that business chambers like Nafcoc must get involved in these issues and facilitate links where possible," said Monyake.

Earlier, Afrikaans Handelsinstituut (AHI) president Theo van Wyk decried bureaucratic bungling which he said was damning entrepreneurial development

Van Wyk said the key to economic liberation, which would enable entrepreneurs to compete effectively on local and international market, lies in the hearts and minds of all South Africans

"But this must not be suffocated by Government bureaucracy and a desire to generate additional revenue," he said

Johnnic chairman Cyril Ramaphosa called on black business to strive to set the agenda for the transformation process that the country was undergoing

Said Ramaphosa: "The face of business in South Africa is changing fast. The big question is, how can black business in organisations like Nafcoc position themselves in this transforming sector?"

Official denies protectionist policy charges

(279A) (24)

ARG 27/8/97

THABO MABASO
Business Reporter

Allegations by neighbouring countries that South Africa is hiding behind high tariff walls are unfounded, says the Department of Trade and Industry's (DTI) director for Africa Trade Relations, Mfundo Nkuhlu.

Addressing a joint sitting of Parliament's committees on trade and industry, foreign affairs and agriculture yesterday, he said South Africa's tariff levels were significantly lower than its Southern African Development Community (SADC) partners.

'Current evidence on average levels is that they are lower than most of the SADC countries'

"Since 1995 we have been implementing a tariff liberalisation programme and current evidence on average levels is that they are lower than most of the SADC countries."

Mr Nkuhlu said 40% of South Africa's tariffs lines were at 0%, meaning no duties were payable, while 52% were between 0% and 10% and 69% between 0% and 20%.

The only industries where importers had to pay duties of more than 30% and more were the textile, clothing and leather industries.

Mr Nkuhlu said reasons for the high duties were that these industries had been battered by cheap imports from South East Asia.

"Another reason why this is so is that our own sectors are undergoing restructuring and shedding jobs, as a consequence," he said.

South Africa's neighbours, especially Zimbabwe, have accused the Government of adopting protectionist policies against them, contributing to a balance of trade which is heavily stacked in South Africa's favour.

SA hampering neighbours' industries — Namibia

BD 27/8/97

Christof Maletsky

WINDHOEK — Namibia has accused SA of having designed measures to hamper industrial development in the Southern African Customs Union area in order to protect SA industries.

Namibian Trade and Industry Minister Hidipo Hamutenya this week told a gathering of ministers, private sector and nongovernmental organisations that there was sufficient evidence that SA carried out measures designed to hamper new industrial projects in the customs union countries. These included Botswana, Lesotho, Namibia and Swaziland, which compete with SA businesses.

He cited as recent examples the "sabotage" of the proposed Citroën car assembly plant in Gobabis, eastern Namibia, a fertiliser factory in Swaziland, a television assembly plant in Lesotho and the enormous pressure being exerted on Botswana to close down the Hyundai vehicle assembly plant in that country.

"In all these instances, the SA government has been acting at the instigation of that country's industrial lobby that operates through the Board on Tariffs (and Trade)," Hamutenya told the president's economic advisory council.

He also referred to the historic protectionist industrial development policy of SA. "This approach has been observed in the recent talks on the Zambia-Customs Union preferential trade agreement, the Zimbabwe-SA preferential accord, and in the European Union-SA free trade negotiations," Hamutenya said.

The attacks, which show a rift in the union, come days before a crucial meeting of the SA-led Southern African Development Community in Blantyre, Malawi.

John Dludlu reports that Trade and Industry Minister Alec Erwin said last night Hamutenya had not brought these matters to his attention. "I'd be quite happy to meet with him and in the light of the report my office will contact him tomorrow. If the minister has been reported accurately then many of his contentions are not accurate. However, this is a matter we'll discuss between ourselves," he said.

It is understood that some of the cases cited by Hamutenya occurred prior to the installation of the present rulers in SA.

Hamutenya also went for the structure of the common external tariff set by the board on tariffs and trade. He said the subregion had turned down an invitation from SA's government to attend a session of the board because it was "something we can obviously not accept".

Hamutenya said the 1969 customs union agreement lacked democratic decision-making structures as reflected in the structure of the tariff. Thus, it also affected Namibian producers, individuals and authorities who wished to bring cases of unfair trade practices to the attention of the customs union administration.

He said when locals wanted to lodge complaints, they had to deal with the SA-based tariff board or the Competition Board — both "institutions staffed by SA nationals ..." It was against this background that SA's customs union partners had called for the renegotiation of the trading arrangement in 1993.

Hamutenya said these countries had made proposals to renegotiate the agreement in order to provide for democratic decision-making structures, and for the administration of the agreement through truly multilateral, not unilateral, SA governance.

"However, SA to date has not shown a clear disposition to accept these proposals in good faith. Instead of being told that Pretoria is ready to proceed with the implementation of these proposals, we have been invited to attend a session of the (tariff) board ...," he said.

Hamutenya said there was also a problem of dumping, and accused SA manufacturers and distributors of selling their products at unfair price advantages, often ignoring profit, transport and other costs in order to conquer and dominate the Namibian market.

(279A)

Unity the key to driving SADC

BD 28/8/97 (279A)

Zimbabwe and SA should tackle their economic challenges as a team, says Leo Tsumba, governor of the Reserve Bank of Zimbabwe

THE improved relations between SA and other African countries, brought about by the advent of majority rule in SA, have resulted in the transformation of the Southern African Development Community (SADC) from a political grouping into an economic community, boosting the region as a major destination for foreign capital and world exports.

The SADC has a combined gross domestic product of about US$166,6bn — granted that $120bn, or about 72% of that total, is of SA origin — and a population of more than 140-million. That is a large market by any measure. SA's membership has made the SADC a more vibrant and much more interesting destination for world capital.

Zimbabwean companies are taking stock of their resources and devising effective market penetration arrangements to access the bigger SADC market. Where feasible, it should be possible for Zimbabwean companies to join SA investors in strategic alliances or joint ventures.

SA investors will find Zimbabwe an interesting proposition. It has the second strongest economy in the region with an impressive agricultural and mineral resource base, underpinned by a diversified manufacturing sector, including a relatively sophisticated financial sector as well as an active stock exchange.

Areas of prospective investment in manufacturing which investors may find attractive include: the textiles and clothing sectors, where the country has some of the best cotton in the world; leather and footwear; food processing; wood and furniture; construction materials; motor vehicle industry; industries relating to iron, steel and engineering in general; chemicals and pharmaceutical; electrical and electronic goods; and paper, paper products and packaging. Tourism is another area with immense potential.

The traditional linkages between Zimbabwe and the rest of the world, such as the Lomé Convention, provide formidable opportunities for investors. Zimbabwe enjoys also special concessions with a number of developed countries, through the generalised system of preferences (GSP), where the developed countries offer unreciprocated tariff preferences to developing countries on a bilaterally negotiated basis.

The country has GSP arrangements with the US, Japan and Scandinavian countries. It is a signatory to the Common Market for East and Southern Africa (Comesa) treaty, which puts almost half of Africa at the disposal of those who invest in Zimbabwe.

The security of investments is guaranteed by the fact that Zimbabwe is a signatory to a number of treaties and conventions.

Outside SA, Zimbabwe has the strongest private sector in the region. This, alongside a well trained, disciplined, hard working, experienced and competitively priced labour force, has made the country more competitive in terms of product quality and production costs. This should make Zimbabwe a gateway for investors interested in the Comesa region and should, therefore, facilitate strategic alliances with Zimbabwean businesses.

In both countries, and within the SADC as a whole, it is important that we adopt initiatives aimed at meeting the challenges of world trade while ensuring sustainable economic development at home. This will enable manufacturers in our countries to source raw materials from the region and supply goods to each other.

It is crucial that these initiatives be carried out on a co-operative basis. Shared efforts in this area should result in mutual benefits to all our countries. Exclusion of some members may result in SA, for example, being a lonely economic giant surrounded by hungry pygmies and, possibly, politically unstable neighbours, thus stoking a totally avoidable instability within the region, and in SA itself.

Given such a huge market, companies in Zimbabwe and SA must now identify their strengths and weaknesses and focus on those areas where they have a comparative advantage.

A recent trade profile reveals that SA is by far Zimbabwe's most important trading partner. Zimbabwe's exports to SA, as a percentage of total exports, averaged 12% between 1990 and last year — the highest exports by Zimbabwe to any single country. Of Zimbabwe's total imports, on average 28% were sourced from SA over the same period. SA exports to Zimbabwe have been rising steadily, from 27% of total imports by Zimbabwe in 1993 to 38,1% by the end of 1995, before dropping to 37,8% last year.

This significant increase in SA's exports to Zimbabwe, particularly after 1994, is partly attributable to the impact of Zimbabwe's trade liberalisation which intensified in 1994. The situation was compounded by Zimbabwe's import-friendly tariff structure, failure to renew the 1964 trade agreement and by generous incentives granted to SA exports, as well as comparatively higher levels of inflation in Zimbabwe which encourages imports from SA. Given these trade figures, it is no wonder that the Zimbabwe business community anxiously awaits finalisation of a trade agreement.

One of the major factors which has a bearing on our future economic relations is Zimbabwe's programme for economic and social transformation (Zimprest). The country is about to embark on the second round of economic reforms. The object is to concentrate on the unfinished business.

There are six areas which will increasingly occupy our attention over the next few years. Most of these have to do with sound macroeconomic management. Areas which require attention include the institutionalisation of prudent fiscal management; continued reform of public enterprises; civil service rationalisation and reduction; monetary and fiscal sector reforms; domestic deregulation and investment promotion; and implem

cial programmes,

poverty alleviation

A review of re

showed there wer

fiscal policy and pu

reforms. Efforts to r

get deficit were fru

verse effects of the

recession and t

droughts. It had bee

economy would ac

age growth rate of

only 1% was record

With the benefi

we now realise th

economic reforms

deal, whose succe

several elements

mented simultane

in a balanced mix.'

Zimbabwe govern

ing a cautious view

lation of Zimprest.

Zimprest's prim

to consolidate earl

achieving macroec

ty in the shortest

Zimprest puts emp

isation of savings a

and the restruct

orientation of gove

erate annual econ

about 7% on ave

medium term. T

major policy initia

to be put in place.'

fundamental restr

ernment by way of

isation, and by str

administration, ex

agement, divesting

ducing the stock of

Gol

THE Grootvlei g

Rand was one of

ernment's new "p

mental managem

The pumping

mine into the n

caused an outcry,

department laid

of mining. There

general public tha

in its place — and

But the Grootv

that, and looks se

ing challenge.

For one thing,

hard pressed to fi

required to meet w

for discharged mi

with a weakenir

Grootvlei unviabl

to financial cons

more than 8 000

area — already ha

Secondly, stop

pumping would h

mental consequen

Grootvlei spoke

the underground

would be irretriev

the whole Far Eas

er working mines

This would be all v

underground, but

Studies have s

area would rise as

age from the surfa

the vicinity of Ni

curate time estin

when it does happ

heavily saline and

from underground

flow uncontrolled

waters much of the

Also, a rise in

rious dolomitic ms

and even building

distinct possibility

With such a s

must pay?

The East Rand

more than 100 yea

the Far East Rand

responsible for its

workings joined u

pleted, the deeper

water flowed in fr

sidies for pumping

States' internal politics may dominate summit

John Dludlu (279A) BD 28/8/97

THE political situation in Angola, Lesotho, Zambia and Swaziland was expected to dominate the forthcoming summit of the Southern African Development Community (SADC), SA officials said.

Mbulelo Rakwena, an official in charge of the SADC at SA's foreign affairs department, said yesterday the SADC secretariat briefed President Nelson Mandela on the agenda of the leaders' summit next week during a visit to Botswana yesterday. Mandela also met Mozambican President Joaquim Chissano in Gaborone.

Rakwena said the 12 SADC leaders would review peace and security in the region and discuss members' economic performances.

The meeting in Blantyre, Malawi, is taking place amid claims of problems within the SADC's security committee.

Rakwena said SADC leaders would also sign education and mining protocols which are designed to lay the groundwork for regional co-operation. The SADC aims to create a free trade area within the next eight years.

However, protectionist forces in some member states recently scuttled a deal providing for the free movement of people in the region. The summit is expected to approve a symbolic, nonbinding protocol on the "facilitation of movement of persons" instead.

The summit comes on the heels of last week's agreement on a model for tariff liberalisation.

No decision is expected on consultants' recommendations to restructure the SADC's bureaucracy and operations.

MAIL & GUARDIAN
August 29 to September 4 1997

Treading carefully around SADC

(279A) M+G 29/8-4/9/97

Next week's summit will have to negotiate several tricky issues, writes **Lynda Loxton**

National sensitivities continue to dog the delicate negotiations in the Southern African Development Community (SADC) as it moves towards a free trade area and tries to update its institutions and programmes of action.

Top of the list is the accusation by other states that South Africa is being protectionist and trying to dominate the region by placing high tariffs on its imports, making SADC exports uncompetitive.

To disprove this theory, the Department of Trade and Industry (DTI) has undertaken an extensive review of regional tariffs and has found that Mauritius and Zimbabwe, and not South Africa, are the most highly protected economies in Southern Africa.

"What it boils down to is that South Africa has one of the lowest tariff dispensations in the region," DTI Africa trade relations director Mfundo Nkuhlu told a joint sitting of the trade, agriculture and foreign affairs committees this week.

"It debunks much of the myth that has constituted the public debate. We would probably concede that we carry relatively higher duties in some segments, particularly in the textiles, clothing and apparel, as well as footwear sectors."

He said South Africa's tariffs for agricultural products averaged 8%, mining equipment 1,4%, manufacturing 17%, consumption goods 28%, intermediary goods 6,4% and capital goods 5%.

"We compare favourably to most other SADC countries," he said.

Total tariffs in South Africa averaged 16,5% against 13,5% in Zambia, 16,7% in Angola and 15,5% in Mozambique. The other community countries had much higher average rates, with Mauritius and Zimbabwe being the most protected, followed by Tanzania.

Nkuhlu said South Africa was now finalising its offer to the other community states, whereby it would reduce its tariffs on trade to zero, except in sensitive cases that were important to revenue collection or involved vulnerable industries.

Rules of origin would have to be carefully detailed to prevent goods made elsewhere benefiting from the free trade agreement. Nkuhlu admitted that although member states had agreed to harmonise customs documentation and procedures, "it is something of an Achilles' heel in our trade policy in that whatever we do could easily be undercut by perceived or real inefficiencies in customs administration".

He said tariffs with South African Customs Union (SACU) members would be phased down over five years and those with other SADC states over eight years. South Africa would propose that other SADC states also phase down their tariffs to SACU states (Botswana, Lesotho, Swaziland and Namibia) and that all tariffs be rounded off to eliminate decimal points.

But several tricky areas still had to be negotiated — trade in sugar, for example. This is produced by South Africa, Swaziland, Mozambique, Mauritius, Zimbabwe and Zambia. Nkuhlu said international trade in sugar was not free but regulated by protocols and market access arrangements.

As a result, if sugar were to be traded "freely" in the region, quotas had to be set and agreements reached on plans to expand production. Then there was the tricky area of individual countries raising rather than lowering tariffs for domestic reasons. Industries in other SADC countries would have adjusted to tariff cuts and would be much more competitive.

This highlighted the dangers of a free trade agreement for all members and Nkuhlu said that although South Africa was in a stronger position than most other community countries, it was also vulnerable to more competitive goods and services from outside the region. What this will mean for the vision of a free trade area by 2006 remains to be seen.

Trade tops the agenda

(2797)
M+G 29/8-4/9/97

Madeleine Wackernagel

The annual summit of the Southern African Development Community (SADC) is a fairly routine affair, but next week's meeting in Blantyre could see some fireworks, specifically over enlargement and trade issues.

Talk has it that the Seychelles is keen to join, but political as well as economic commentators believe extending the mantle of the organisation is premature at this stage.

"It would set back the pace of regional integration if we enlarge SADC beyond its current capacity and capabilities. We have to be conservative in our objectives and achieve those first," says one analyst.

Top of the agenda is trade, and testimony to the problems faced by the organisation is the fact that the trade protocol, signed a year ago, has to date been ratified by only two countries: Tanzania and Mauritius.

But specific items up for ratification in Blantyre are an education and training and a mining protocol, which envisage regional co-operation in meeting training needs and formulating one policy for the mining industry. The former has been through all the national debates so will go ahead as planned, but the latter still has to be discussed by the various interest groups.

"South Africa is often accused of dragging its heels when in fact all we are doing is complying with the democratic process of absolute transparency and consensus-building through institutions such as Nedlac," says Ben Joubert, Foreign affairs deputy director.

Other issues on the table are a declaration on gender; a tourism charter; and further debate on a trade deal dispensation. Where the community has failed to reach agreement is over rationalising the SADC agenda.

"With so many important issues to deal with, such as a common policy on health and crops, it is critical that the review of SADC activities gets under way," says Joubert. Despite the frustrations, the summit is a good opportunity to get the political leaders together with the technocrats, to strengthen the political commitment to greater co-operation, he says.

LABOUR *Huge disparities in conditions still exist between states*

CT(BR) 29/8/97 (279A)

Towards harmonising the rights of workers in SADC

GUMISAI MUTUME

Johannesburg — Six years have passed since southern African unionists decided to work towards standardised working conditions, but little progress has been made in that direction.

In another eight years or so, the sub-region will have transformed itself into a free trade area, if a timetable set by the Southern African Development Community (SADC) is followed. But trade unions say there are huge differences in labour conditions that must be ironed out if there is to be truly fair trade between sub-regional states.

A recent congress of the South African Clothing and Textile Allied Workers' Union (Sactwu) noted that disparities still abounded across the region, in many of whose countries trade union rights were invisible.

According to Jabu Ngcobo, Sactwu's secretary-general, South Africa is pushing for the inclusion of regularised conditions of services and wages within an SADC trade protocol currently under negotiation.

The Sactwu congress noted how disparities in benefits such as pensions and medical aid among workers in South Africa, Lesotho, Malawi and Zimbabwe were as high as 700 percent.

But putting these concerns into print has been done before, without much success. Under the 1991 Charter of Fundamental Rights of Workers in Southern Africa, the sub-region set forth to secure common norms for trade union and worker rights in all its countries.

The charter demanded "upward harmonisation" across the sub-region of minimum legal requirements in terms of hours of work, annual and other leave, regulation and appropriate remuneration of overtime and shift work.

The progressive document even talks about parental rights rather than the more narrowly focused maternity leave.

The reasoning behind the charter was "to prevent both unscrupulous employers and governments exploiting lower labour standards in the practice of 'social dumping', whereby companies move their operations to the countries where trade union rights are less respected and so

labour costs are cheaper".

But in Lesotho for example, Chinese garment manufacturers have found a haven of cheap labour and less stringent trade union controls, which they are using to export into markets such as South Africa.

Ideally, such union rights would protect the free movement of workers across the sub-region, and enable them to join trade unions when employed in foreign countries. But in reality it is not so.

"Most problematically, such far-sighted regional visions of common rights for all workers may — unless a more combined and balanced process of economic development is achieved in southern Africa — come up against nationalist/chauvinistic defence of employment preserves for nationals by workers and unionists alike, especially, but not only, in South Africa," Dot Keet, a senior researcher at the Centre for Southern African Studies, said in a review of the charter.

Of relevance is the fact that the 12-member SADC is made up of tiny economies such as Lesotho with an annual GDP of about $800 million and giant economies like South Africa, whose annual GDP is worth about $120 billion.

Swaziland, with a population of about 900 000, cannot hope to compete with South Africa's 37,9 million people, both in terms of industrialisation and earning power.

The annual per capita income of Mozambique is about $90, a far cry from South Africa's $3 000.

It is such "unequal partners" who, within eight years, are to tear down all tariff barriers, import quotas, export subsidies and similar government measures, under an agreement concluded last August by members of the SADC.

Since majority rule in 1994, South Africa has sometimes moved to protect its industries from regional competitors. At one stage it imposed import tariffs of up to 90 percent on some Zimbabwean goods, bringing the textile industry there to its knees.

In South Africa it is trade unions that have shown most rigidity and unwillingness to pull down tariffs, arguing that jobs would be threatened.

Mfundo Nkuhlu, of South Africa's trade and industry department, said a number of policy options were available to Pretoria as it dealt with its neighbours.

"South Africa could pursue a policy which merely seeks to penetrate African markets and gain access to lucrative contracts in regional projects, so negating the concerns of the region.

"Or South Africa could recognise, and perhaps be sympathetic to, some of the needs of the region, though be largely non-committal about a regional programme and ultimately seek to pursue these needs on a bilateral basis," he said.

However, the government had opted to restructure its existing relations "on the basis of commitment to a regional programme that embraces co-operation and co-ordination of policy as well as integration of markets". — Sapa-IPS

BUSINESS DAY, Frida

Regional events could overtake customs talk

John Dludlu

(2791) BD 29/8/97

TALKS to modernise the Southern African Customs Union (SACU) could be overtaken by other regional developments as SA takes a tougher line against its partners in the customs union.

The main sticking point in the talks, which have been going on for over a year, is that negotiators have failed to produce an agreement on the institutions to govern the new arrangement.

Yesterday, trade and industry director-general Zavareh Rustomjee sent out a clear signal that SA was not prepared to agree on a new "supranational" tariff-setting institution as long as Pretoria's partners in the union — Botswana, Lesotho, Namibia and Swaziland — failed to table clear industrial policies.

SA, which manages the present arrangement via the board on tariffs and trade, wants an agreement on industrial policies to underpin the new arrangement before discussing a new tariff-setting institution.

"I cannot go to Parliament and say that this department recommends that we dissolve the tariff institution and put it into the hands of a supranational body ... staffed by who ... we don't know ... and (for this body) to be taking decisions on tariffs for SA as well as (customs union) industries on the basis of policies that are not clear," Rustomjee said.

Fears are rising that the review will be overtaken by the plan to create a free trade area in the Southern African Development Community (SADC) in the next eight years.

Rustomjee said SA had already clarified its thinking on industrial and trade policies to its partners in the customs union and was still waiting for their vision.

This comes after this week's attack by Namibian Trade Minister Hidipo Hamutenya on Pretoria's industrial policies and SA's stance on the customs union review talks. Hamutenya was particularly scathing about the board on tariffs, saying it was a front for SA vested interests.

While it has become customary for SA's neighbours in the region to criticise Pretoria's trade policies, especially before important regional gatherings, it is rather unusual for the attack to emanate from the SACU subset of countries. Sources close to the process say this, in part, reflects the degree of frustration with the renegotiation of the customs union.

Both Rustomjee and Trade Minister Alec Erwin have refrained from a public debate on the issue. But signs of strain within the union are clear.

To date, SA's partners have shifted the responsibility for the delay in the review to Pretoria's doorstep, saying the latter is refusing to relinquish its grip on the tariff-setting function.

Germans encourage investment in region

Stephen Laufer BD 29/8/97 (279A) ~~297~~

A GROUP of leading German industrialists is to stage two major conferences this year aimed at encouraging investment in southern Africa.

Details of the conferences would be finalised next week at an executive meeting of the German Business Southern Africa Initiative (Safri), a spokesman said. The Southern African Development Community is to co-host the first conference in Windhoek in October and the World Bank will co-host the second in Stuttgart in November.

Chaired by Daimler-Benz chief Jürgen Schrempp, Safri aims to encourage small and medium European firms to invest in SA and the region.

Africa was burdened by a negative image in Europe and decisions to invest abroad generally favoured eastern Europe or Asia, Safri executive head Josef Gorgels said.

The initiative aimed to put Africa back on the map, particularly through creating a broader public perception of the continent's strengths and opportunities via the German media. "Trade instead of aid" was the group's watchword.

Many countries saw southern Africa primarily as a market, but Safri aimed to increase the volume of German investments in the region so that trade became a two-way street. The organisation's message was that SA was "a locomotive gathering steam, and that German companies should not miss the train", Gorgels said.

Crime in SA was a very problematic issue, particularly for small and medium enterprises thinking of investing in the region.

Companies battled to convince key technical and managerial staff to accept postings to southern Africa, Gorgels said.

The appointment of Meyer Kahn as SA Police Service CEO had been seen as a positive sign, but it was still necessary to get German investors to take note of it. The Windhoek and Stuttgart conferences would aim to inform a broad group on political developments and economic opportunities in the region.

A further conference planned for early next year would bring young managers from Germany and southern Africa together.

Congo and Seychelles apply to join Southern African body

(279A) ARG 20/8/97

DEREK JAMES
ARGUS CORRESPONDENT

Gaborone – Democratic Republic of the Congo, and the Seychelles Islands have applied to join the Southern African Development Community, says Dr Simba Mbuende, executive secretary of the organisation.

The application will be considered at the 1997 summit of the SADC in Blantyre, Malawi, on September 8.

Three protocols will be presented to the summit for consideration – mining, education and training, and the facilitation of the movement of persons in the SADC.

There will be three declarations on strategic areas of interest and concern. These are productivity and gender in the SADC and the ban of the use, production and distribution of anti-personnel landmines.

Department's inputs into the medium term expenditure framework and budgetary process, for further consideration by Cabinet and Parliament

Arms deal between SA/Germany

*29. Dr M S APPELGRYN asked the Minister of Defence:

(a) What does the proposed arms deal between South Africa and Germany entail and (b) how many jobs will be created in South Africa if it is approved? N1986E

The MINISTER OF DEFENCE:

(a) Following the Defence Review and the equipment requirements of the SANDF detailed therein, we have received enquiries and proposals from a number of countries who are not only keen to equip the SANDF but enter into favourable partnerships with South African industries Discussions are ongoing and the various packages on offer are being evaluated Consequently we are not yet at the stage where decisions on the preferred package can be made.

The German Embassy recently made known and I can therefore confirm that the German offer is composed of five modules:

(i) Four MEKO 200 Corvette platforms which would be integrated with a locally developed combat system.

(ii) Four class 209 type 1400 submarines

(iii) AT-2000 advanced fighter trainer aircraft for assembly in the RSA.

(iv) EC 135 light utility helicopters and AS 532 COUGAR maritime patrol helicopters

(v) The DORNIER 328 medium/short range maritime patrol aircraft.

The offer also includes involvement of German industry in a proposed refurbishment life extension of the three DAPHNE submarines, and a proposed conversion of C160 TRANSALL aircraft for the long range maritime patrol role.

(b) It is difficult to say at present exactly how many jobs will be created in South Africa. This requires further consultation and evaluation of the package. However, the offer addresses the direct involvement of the local defence industry as follows:

(i) The involvement of fifty local companies in the production of Naval equipment.

(ii) A long term (fifty years) job security for the local aeronautic industry in which thirty eight companies are involved.

(iii) Leading edge technology transfer to the South African defence industry.

Besides a predicted expansion of established German industrial involvement in the commercial sector, the offer proposes:

(i) The establishment of a factory to produce low cost houses employing over 1 000 people;

(ii) the erection of five trade and business commercial parks each employing approximately 100 people.

Radio stations Safm/Radio sonder grense scaled down

*30 Mr P I BIKITSHA asked the Minister for Posts, Telecommunications and Broadcasting.

(1) Whether the radio stations Safm and/or Radio sonder grense are to be scaled down; if not, what is the position in this regard; if so, why,

(2) what is the current estimated listenership of each of these radio stations;

(3) whether he will make a statement on the matter? N1988E

The MINISTER FOR POSTS, TELECOMMUNICATIONS AND BROADCASTING:

The Chief Executive of Radio has informed me as follows:

(1) Safm and Radio sonder grense (RSG) will be scaled down only to the extent that the gap between the previously under-resourced African Language Stations and these two will

be narrowed. Staff of both stations have already been reduced by almost 50%. But its programmes and coverage have not been affected.

However, in the long term the SABC will find it increasingly difficult to sustain the losses incurred by Safm and RSG Currently the losses average R30m for each station annually. With staff cuts and other efficiency measures these losses may be reduced to R20m per station.

(2) Current listenership:

Safm : 238 000

RSG : 804 000

(3) No

*31 Mr D J DALLING – Environmental Affairs and Tourism. [Question standing over]

Department: impediments to effective delivery removed

*32. Mr J A JORDAAN asked the Minister for the Public Service and Administration:

With reference to his Department's Provincial Review Report, published in August 1997, (a) what specific steps are to be taken to remove the impediments to effective delivery identified in the Report and (b) what deadlines have been set in this regard? N1990E

The MINISTER FOR THE PUBLIC SERVICE AND ADMINISTRATION

Provincial Review undertaken between October 1996 and April 1997 highlight serious deficiencies in the ability of the provincial administrations to perform key managerial and administrative functions. These deficiencies were classified as

(i) departmental (pertinent to specific provincial departments),

(ii) transversal (common to the majority of the administrations), and

(iii) national (of particular concern to national government and its departments).

(a) (i) Recommendations for action to help deal with issues in specific departments were made in the nine Provincial Reports It is the responsibility of the Provincial Administrations to implement these It has become apparent that some provinces do not have the capacity to implement these recommendations.

(ii) It is in this light that a suggestion was put forward at a Cabinet meeting, 20 August 1997, that all national departments second two of their best members of staff to form a special team to go to the provinces and assist provincial departments with the implementation of the recommendations of the Report This would have given us approximately 62 members to undertake remedial programmes in the Provinces over a nine month period. Unfortunately, Cabinet was of the view that this recommendation would not be practical, given the capacity constraints already experienced by national departments

(iii) Therefore, the said Cabinet meeting urged Ministers to address problems related to their line functions along with their colleagues in Provincial Governments, and to submit recommendations to the Minister for the Public Service and Administration on how they plan to deal with these While some recommendations have been received, others are still awaited.

(b) Deadlines for implementation will be determined by the respective provincial administrations with their corresponding national departments in conjunction with their respective Premiers and Ministers

SADC's free trade protocol ratified

*33 Dr M S APPELGRYN asked the Minister of Foreign Affairs:

(279A)

(1) Whether the Southern African Development Community's free trade protocol has been ratified, if so, (a) when and (b) which countries are involved,

(2) whether he will make a statement on the matter? N1991E

The MINISTER OF FOREIGN AFFAIRS:

(1) (a) The SADC Trade Protocol was adopted and signed by all member states, except Angola, during the 1996 SADC Summit in Maseru. To date, Tanzania and Mauritius have ratified the Protocol during the first half of 1997.

SADC Ministers of Trade agreed during their meeting in Dar-es-Salaam in August 1997 that certain prerequisites for ratification of the Trade Protocol are in place and urged member states to complete the process of ratification as soon as possible. These preconditions included the finalisation of the "Study to Determine Tariff Schedules", as well as the conclusion of options and modalities for tariff reduction and time frames for the submission of sensitive products lists. Within this context it is anticipated that South Africa will ratify the Protocol in due course.

Progress in the ratification of the SADC Trade Protocol is dependent on the nature of domestic legislative procedures (constitutional demands) in each member state, but a conservative appraisal is that ratification by all member states should be completed by the next annual SADC Summit. The South African position towards ratification is that it (ratification) will depend on the successful outcome of a process of negotiation on the elements of the Protocol.

(b) All SADC member states, with the exception of Angola, are involved. Angola confirmed during the 1997 Summit in Blantyre that she is in the process of signing this protocol.

(2) No.

The line-function department responsible for this issue is the Department of Trade and Industry. Minister Erwin is fully *au fait* with the status of this Protocol due to his direct involvement in regional negotiations and it is his prerogative to elaborate further on the matter.

SATRA: ruling against call-back companies

*34. Mr L M GREEN asked the Minister for Posts, Telecommunications and Broadcasting:

(1) Whether the South African Telecommunications Regulating Authority has ruled against call-back companies operating in South Africa; if so,

(2) whether this ruling will affect the approximately 500 persons working for these companies; if not, what is the position in this regard; if so, how? N1992E

The MINISTER FOR POSTS, TELECOMMUNICATIONS AND BROADCASTING:

Chairperson of SATRA advises me as follows:

(1) The South African Telecommunications Regulatory Authority (SATRA) has not ruled against call-back operations but has instead, by means of a notice in the *Government Gazette* made the public aware that call-back operations are prohibited in South Africa by the Telecommunications Act, 1996, (Act no. 103 of 1996). The position is briefly as follows.

In South Africa, conduct of telecommunications requires licensing (section 32) or exemption from licensing (section 33(2)).

Call-back operations are neither licensed in terms of section 32 nor are they exempted from being licensed in terms of section 33(2).

Furthermore, in terms of section 36(3) only Telkom may provide an international telecommunications service. In other words, even if call-back operators were to apply for a licence, they would not be granted same for the period of exclusivity granted to Telkom.

(2) It seems to SATRA that call-back operators conduct their business in South Africa through agents. It is conceivable, therefore, that such agents may be affected by the prohibition. It must also be borne in mind that some of the call operators have represented to the public

(and, therefore, to their agents) that their operations are lawful in South Africa while that is not true. Consequently, it is SATRA's view that remedies for such agents lie within the relationship they have with their principals.

Matriculants: choice of 11 languages for second language

*35. Mr L M GREEN asked the Minister of Education:

Whether matriculants are to have a choice of 11 languages out of which to choose their second language; if not, what is the position in this regard; if so, what are the relevant details? N1993E

The MINISTER OF EDUCATION:

Yes, a Senior Certificate will be issued to a candidate who is not an immigrant and who has offered and wrote examinations in at least six instructional offerings, provided that two official languages, one on First Language level and the other one on either First, or Second Language level are offered. All eleven official languages are currently offered on First and Second Language level and a candidate may therefore, for Senior Certificate purposes, offer any combination of the eleven official languages, provided that one of the languages is offered on First Language level and the second language on at least Second Language level. As far as the nine African Languages are concerned, not more than one language shall be offered from the same group, viz. from the group isiXhosa, isiZulu, Siswati and isiNdebele, and the group: Sepedi, Sesotho and Setswana.

A candidate may, however, substitute one of the official languages with an approved language, provided that such a language is either a First or Second Language level. Currently only German First Language complies with this requirement.

Complaints about customer service on SAA's domestic services

*36. Mr H K SINGH asked the Minister for Public Enterprises:

(1) Whether she or the South African Airways has received any complaints to the effect that the standard of customer service on the SAA's domestic services does not comply with international standards; if so,

(2) whether she or the SAA intends taking any steps to raise the standard of customer service on the SAA's domestic services to international standards; if not, why not, if so, what steps? N1994E

The MINISTER FOR PUBLIC ENTERPRISES:

Transnet Limited furnished the following reply to the hon member's question:

(1) No.

(2) Falls away.

Local government: measures on transparency/consumer protection/options/performance

*37. Dr R RABINOWITZ asked the Minister for Provincial Affairs and Constitutional Development:

(1) Whether any regulatory measures are applied in local government to ensure good governance in respect of accountability and transparency, consumer protection in respect of standards and tariffs, efficiency through the encouragement of competition as a matter of general policy, the promotion of the principle of local options, the monitoring of performance and/or the involvement of stakeholders in decision-making; if so, what measures; if not,

(2) whether it is the intention to take any steps aimed at creating such measures; if not, why not, if so, (a) what steps and (b) when? N1995E

The MINISTER FOR PROVINCIAL AFFAIRS AND CONSTITUTIONAL DEVELOPMENT:

(1) Yes. The *Local Government Transition Act Second Amendment Act (Act 97 of 1996)*, requires municipalities to implement a range of measures to ensure effective service delivery, proper planning and budgeting, sound financial management, accountability to

- In the Northern Cape a current programme of assistance has been extended to provide for remedial measures suggested in the report.
- Gauteng and Western Cape have the capacity to address the issues identified in the report independently
- A request for assistance was received from the Director-General of KwaZulu-Natal only yesterday (16 September 1997) My department will be processing this request shortly

(3) No

Reapplications for pensions: procedure facilitated

*52. Mr P C MCKENZIE asked the Minister for Welfare and Population Development:

(1) Whether any steps will be taken to facilitate the proposed procedure regarding reapplications for pensions, especially in respect of the elderly and infirm, if not, why not, if so, what are the relevant details;

(2) whether he will make a statement on the matter? N2096E

The MINISTER FOR WELFARE AND POPULATION DEVELOPMENT:

(1) Yes, steps will be taken to facilitate the process of re-registration for the elderly and infirm. Each province has to present a plan for this purpose and this includes a communication plan

The Eastern Cape province has provided for re-registration at old age homes, radio broad casts requested that the elderly must contact the Department if there is a problem in getting to the facility for re-registration; re-registration forms will be given to individuals and then they may be taken to the local police station, and the re-registration team will either go to the pay point, or if necessary, to the individual For the other provinces, it is premature to comment on the details at present;

(2) no.

Trade negotiations between SA/European Union

*53. Mr D DE V GRAAFF asked the Minister of Trade and Industry.

(1) Whether the present trade negotiations between South Africa and the European Union are progressing; if not, why not; if so, what are the relevant details;

(2) whether he will make a statement on the matter? N2097E

The MINISTER OF TRADE AND INDUSTRY:

(1) The Minister of Trade and Industry and the European Commissioner, Pinheiro, who is responsible for negotiations with SA, last met on 18 July 1997 and issued a document entitled *Joint conclusions on the state of play of EU/SA negotiations* A copy is enclosed. The intention is to have a draft text on the table for consideration by the parties in January 1998, This will hopefully allow enough time for an elaborate ratification procedure on both sides, especially in the EU, with a view to implementing the agreement with effect from 1 January 1999.

(2) Statements have already been and will be issued from time to time.

Joint conclusions on state of play of EU/SA negotiations

On 18 July 1997 European Commissioner João de Deus Pinheiro and South African Minister Alec Erwin met in Brussels to discuss the state of play of the ongoing negotiation process between the European Union and the Republic of South Africa. The two parties agreed that the following conclusions are an accurate reflection of the current situation.

(1) Parties are committed to work towards a *comprehensive bilateral agreement* between the government of South Africa and the European Union, which will cover *Trade Development* and a series of other aspects of *Co-operation*

(2) As regards the *trade chapter* of the bilateral agreement both parties confirmed their intention to negotiate a text which will provide for progressive and reciprocal liberalisation of trade with a view to establishing a *Free Trade Area* between the European Union and South Africa The FTA will be based on three principles:

(a) Full WTO compatibility

- Establishment of a Free Trade Area in *all sectors*,
- Covering *substantially all trade*,
- With a transitional period of maximum *ten years* (for certain products possibly twelve years) at the EU side and *twelve years* at the SA side.

(b) Respect for sensitive interests and products

- EU will eliminate its tariffs for SA faster than SA will eliminate its tariffs for the EU ("*principle of asymmetry*"),
- Both EU and SA acknowledge the fact that certain sensitive sectors and products will require *special treatment*;

(c) Benefits for the Southern African region

- Both parties agree that SADC countries will have *equal or better access* to the SA market than the EU;
- Appropriate *rules of origin* under the FTA will stimulate intra-regional trade in Southern Africa;
- Both parties agree to pay special attention to the impact an FTA would have on the economies of the BLNS and SADC and other ACP countries

(3) The bilateral agreement should contain provisions to support the *adjustment* efforts that will be undertaken in various economic sectors. The agreement should contribute towards regional integration and balanced development in Southern Africa and should facilitate trade, investment and economic growth in South Africa and, indirectly, the region as a whole.

(4) Parties also confirm that the bilateral agreement will include undertakings in a series of other areas which both Parties consider essential. These include, *inter alia*

(a) *Political dialogue* and Human Rights,

(b) *Trade related issues*, including the right of establishment and supply of services, movement of capital, competition policy, government procurement, intellectual property, standardisation and conformity assessment, customs co-operation,

(c) *Economic co-operation* on Industrial issues, Investment promotion and protection, trade development, SMEs, Information Society, Telecommunications and Information Technology, Energy, Mining and Minerals, Transport, Tourism, Agriculture, Fisheries, Services, Consumer Policy;

(d) *Development co-operation;*

(e) *Co-operation in other areas*, including Science and Technology, Environment, Culture, Social Issues, Information, Press and Audiovisual, Huamn Resources, Fight against Drugs and money laundering, (possibly) Judicial and law enforcement co-operation and fight against serious crime, Health.

(f) *Financial aspects of co-operation*

(5) Parties reconfirm their readiness to negotiate separate sectoral agreements on issues of mutual interest, such as co-operation in the area of *Wines and Spirits* and on *Fisheries* Whereas discussions on the first subject are at an advanced stage, negotiations on a Fisheries agreement will resume early in 1998.

(6) Parties are committed to an intense and dynamic timeframe of negotiations and aim to conclude the technical discussions on the bilateral agreement in the course of 1998

Brussels, 18 July 1997

SADC summit: political situation in member states discussed

*54 Mr D DE V GRAAFF asked the Minister of Trade and Industry: (2791)

Whether the political situation in member states of the Southern African Development Community is to be discussed at the forthcoming SADC summit, if not, why not, if so, what are the relevant details? N2098E

The MINISTER OF TRADE AND INDUSTRY:

Since the question refers to the political situation in member states of SADC, it is suggested that the question be referred to the relevant Department, i.e the Department of Foreign Affairs.

care such as foster care or a children's home

- they should be prepared for independent living.

Outreach Programme

A programme currently used, which has proved to be very successful, is outreach work on the streets, undertaken by welfare organisations This programme is implemented

- During the day, and also after hours, the outreach worker works on the streets with the aim of becoming known to the street children
- When the outreach worker has obtained their trust and acceptance, he or she will be informed about new children on the street. The outreach worker is then able to link these children to the nearest resource centre in that area which might be a soup kitchen, night shelter or a shelter

If a child can be identified soon after he first appears on the street and before he gets too "streetwise", the chances of returning him to his family and community are more successful. Outreach work is done by volunteers who receive the necessary training through a welfare Organisation

(2) yes, there is a considerable number of programmes in provinces to deal with street children Street children normally experience behavioural problems due to the circumstances which they had been subject to such as poverty, uncontrolled discipline, violence at home, abuse and neglect and alcohol abuse of parents If a child reveals such behaviour the social worker involves him in a programme to enable him to address his problems effectively. These might include behavioural modification and life skills such as conflict management The social workers are also sensitised to address the child's needs according to his developmental needs

Expected annual demand for diesel by year 2000

48 Mr S SIMMONS asked the Minister of Minerals and Energy †

(1) What will be the expected annual demand for diesel by the year 2000;

(2) whether South Africa will have the capacity to refine the required amount of diesel by the year 2000 to meet this demand; if not, (a) why not and (b) what are the further relevant details? N2092E

The MINISTER OF MINERALS AND ENERGY:

(1) Approximately 7 400 million litres (including Botswana, Lesotho, Swaziland and Namibia).

(2) At the current total crude oil and synthetic refinery capacity of 650 000 barrels per day and based on indications from the liquid fuels industry about refinery capacity expansion, adequate refinery capacity should be available to meet the demand for diesel in 2000.

State expenditure incurred to date in current financial year

*49. Dr T G ALANT asked the Minister of Finance †

(1) Whether he will furnish details of State expenditure incurred to date in the current financial year;

(2) whether the (a) Central Government and (b) various provinces are expected to remain within their respective budgets of expenditure, if not, why not, if so, what are the relevant details? N2093E

The MINISTER OF FINANCE

(1) No. Details of State expenditure are kept by the individual departments and not by the Ministry of Finance. The Ministry of Finance publishes receipts and drawings on the Exchequer every month

(2) (a) Central Government departments submit reports on their expenditure during September and January each year The September reports are now under evaluation, Indications at this early stage do not raise undue concern.

(b) This is a provincial matter. The question must please be submitted to the provincial legislatures for response from the responsible Members of the Executive Committees

Parliament: SA's accession to the Lomé Convention ratified

*50. Mr P I BIKITSHA asked the Minister of Trade and Industry:

(1) Whether Parliament is to ratify South Africa's accession to the Lomé Convention; if not, why not; if so, what are the relevant details;

(2) whether he will make a statement on the matter? N2094E

The MINISTER OF TRADE AND INDUSTRY:

(1) The matter was discussed on 2 September by the Joint Committees of the Portfolio Committees responsible for Foreign Affairs, Trade and Industry, Water Affairs and Agriculture. They decided to postpone the matter until there was more clarity about the accumulation provision in the Lomé Convention. In the meantime, an explanatory statement has been received from the EU which will allow the committees to revisit the matter on 16 September The matter has also been discussed by the Select Committee of the National Council of Provinces

(2) The Minister of Foreign Affairs will make a statement.

Maladministration/corruption at provincial level: measures

34

*51. Mr S J DE BEER asked the Minister for the Public Service and Administration.

(1) Whether there is any national co-ordination of measures to address the problem of maladministration and corruption at provincial level, as exposed in the Provincial Review Report; if not,

(2) whether he or his Department intends taking any measures in this regard; if not, what is the position in this regard; if so, what measures;

(3) whether he will make a statement on the matter? N2095E

The MINISTER FOR THE PUBLIC SERVICE AND ADMINISTRATION:

(1) A suggestion was put forward at a Cabinet meeting, 20 August 1997, that all national departments second two of their best members of staff to form a special team to go to the provinces and assist provincial departments with the implementation of the recommendations of the Report. This would have availed approximately 62 members to undertake remedial programmes in the Provinces over a nine month period Cabinet was of the view that this recommendation would not be practical given the capacity constraints already experienced by national departments. To this end, the said Cabinet meeting urged Ministers to address problems related to their line functions along with their colleagues in Provincial Administrations, and to submit recommendations to the Minister for the Public Service and Administration on how they plan to deal with these

(2) The Department of Public Service and Administration acknowledges that some of the provinces do not have the capacity to implement the remedial measures suggested in the report. The matter has now been left to the national Ministers and Departments, together with their provincial colleagues, to address those problems related to their line functions and to submit recommendations on how they plan to deal with these to the Minister for the Public Service and Administration. The Minister for the Public Service and Administration is also in the process of negotiating donor assistance to support the provinces in the implementation of corrective measures

- In Mpumalanga a programme of assistance is being funded by the German Technical Co-operation (GTZ).
- In the Free State Province the British Department for International Development has provided assistance
- SIDA is providing assistance in the Eastern Cape. Negotiations are underway with GTZ to provide assistance in building financial management capacity.

- In the Northern Cape a current programme of assistance has been extended to provide for remedial measures suggested in the report.
- Gauteng and Western Cape have the capacity to address the issues identified in the report independently
- A request for assistance was received from the Director-General of KwaZulu-Natal only yesterday (16 September 1997) My department will be processing this request shortly

(3) No

Reapplications for pensions: procedure facilitated

*52. Mr P C MCKENZIE asked the Minister for Welfare and Population Development:

(1) Whether any steps will be taken to facilitate the proposed procedure regarding reapplications for pensions, especially in respect of the elderly and infirm, if not, why not, if so, what are the relevant details;

(2) whether he will make a statement on the matter? N2096E

The MINISTER FOR WELFARE AND POPULATION DEVELOPMENT:

(1) Yes, steps will be taken to facilitate the process of re-registration for the elderly and infirm Each province has to present a plan for this purpose and this includes a communication plan.

The Eastern Cape province has provided for re-registration at old age homes, radio broad casts requested that the elderly must contact the Department if there is a problem in getting to the facility for re-registration; re-registration forms will be given to individuals and then they may be taken to the local police station, and the re-registration team will either go to the pay point, or if necessary, to the individual For the other provinces, it is premature to comment on the details at present;

(2) no.

Trade negotiations between SA/European Union

*53. Mr D DE V GRAAFF asked the Minister of Trade and Industry:

(1) Whether the present trade negotiations between South Africa and the European Union are progressing; if not, why not; if so, what are the relevant details;

(2) whether he will make a statement on the matter? N2097E

The MINISTER OF TRADE AND INDUSTRY

(1) The Minister of Trade and Industry and the European Commissioner, Pinheiro, who is responsible for negotiations with SA, last met on 18 July 1997 and issued a document entitled *Joint conclusions on the state of play of EU/SA negotiations.* A copy is enclosed. The intention is to have a draft text on the table for consideration by the parties in January 1998, This will hopefully allow enough time for an elaborate ratification procedure on both sides, especially in the EU, with a view to implementing the agreement with effect from 1 January 1999.

(2) Statements have already been and will be issued from time to time.

Joint conclusions on state of play of EU/SA negotiations

On 18 July 1997 European Commissioner João de Deus Pinheiro and South African Minister Alec Erwin met in Brussels to discuss the state of play of the ongoing negotiation process between the European Union and the Republic of South Africa The two parties agreed that the following conclusions are an accurate reflection of the current situation.

(1) Parties are committed to work towards a *comprehensive bilateral agreement* between the government of South Africa and the European Union, which will cover *Trade Development* and a series of other aspects of *Co-operation*

(2) As regards the *trade chapter* of the bilateral agreement both parties confirmed their intention to negotiate a text which will provide for progressive and reciprocal liberalisation of trade with a view to establishing a *Free Trade Area* between the European Union and South Africa. The FTA will be based on three principles:

(a) Full WTO compatibility

- Establishment of a Free Trade Area in *all sectors,*
- Covering *substantially all trade,*
- With a transitional period of maximum *ten years* (for certain products possibly twelve years) at the EU side and *twelve years* at the SA side

(b) Respect for sensitive interests and products

- EU will eliminate its tariffs for SA faster than SA will eliminate its tariffs for the EU (*"principle of asymmetry"*);
- Both EU and SA acknowledge the fact that certain sensitive sectors and products will require *special treatment;*

(c) Benefits for the Southern African region

- Both parties agree that SADC countries will have *equal or better access* to the SA market than the EU,
- Appropriate *rules of origin* under the FTA will stimulate intra-regional trade in Southern Africa;
- Both parties agree to pay special attention to the impact an FTA would have on the economies of the BLNS and SADC and other ACP countries.

(3) The bilateral agreement should contain provisions to support the *adjustment* efforts that will be undertaken in various economic sectors. The agreement should contribute towards regional integration and balanced development in Southern Africa and should facilitate trade, investment and economic growth in South Africa and, indirectly, the region as a whole.

(4) Parties also confirm that the bilateral agreement will include undertakings in a series of other areas which both Parties consider essential. These include, *inter alia*

(a) *Political dialogue* and Human Rights,

(b) *Trade related issues*, including the right of establishment and supply of services, movement of capital, competition policy, government procurement, intellectual property, standardisation and conformity assessment, customs co-operation;

(c) *Economic co-operation* on Industrial issues, Investment promotion and protection, trade development, SMEs, Information Society, Telecommunications and Information Technology, Energy, Mining and Minerals, Transport, Tourism, Agriculture, Fisheries, Services, Consumer Policy,

(d) *Development co-operation;*

(e) *Co-operation in other areas*, including Science and Technology, Environment, Culture, Social Issues, Information, Press and Audiovisual, Huamn Resources, Fight against Drugs and money laundering, (possibly) Judicial and law enforcement co-operation and fight against serious crime, Health;

(f) *Financial aspects of co-operation*

(5) Parties reconfirm their readiness to negotiate separate sectoral agreements on issues of mutual interest, such as co-operation in the area of *Wines and Spirits* and on *Fisheries* Whereas discussions on the first subject are at an advanced stage, negotiations on a Fisheries agreement will resume early in 1998

(6) Parties are committed to an intense and dynamic timeframe of negotiations and aim to conclude the technical discussions on the bilateral agreement in the course of 1998

Brussels, 18 July 1997

SADC summit: political situation in member states discussed

*54. Mr D DE V GRAAFF asked the Minister of Trade and Industry: (2791A)

Whether the political situation in member states of the Southern African Development Community is to be discussed at the forthcoming SADC summit, if not, why not, if so, what are the relevant details? N2098E

The MINISTER OF TRADE AND INDUSTRY

Since the question refers to the political situation in member states of SADC, it is suggested that the question be referred to the relevant Department, i.e. the Department of Foreign Affairs.

SADC meeting to push for protocol to prepare for regional free trade

BD 2/9/97 (279A)

BLANTYRE — Southern African Development Community (SADC) members begin meeting in Blantyre this week to push for a trade protocol aimed at establishing a free trade area in the region by 2004.

Outlining the agenda for the nine-day SADC meeting which begins on Thursday, SADC secretary-general Kaire Mbuende said the 12 member states would also discuss banning antipersonnel land mines.

SADC members agreed last September to work towards a free-trade area by 2004 and are to submit a list of products by the end of next month to determine what will be exempted from tariff duties or require some degree of protection.

"We cannot call ourselves a community unless we have a free movement of goods," he told a weekend news conference.

Also on the agenda, Mbuende said, would be the push for a complete regional ban of antipersonnel mines which have infested Angola and Mozambique.

"We feel that we have to take the lead in banning the use of land mines," he said.

On the relationship between the SADC and its rival Common Market for Eastern and Southern Africa, Mbuende said that the two groups would no longer meet to discuss the issue of overlapping duties as they had agreed to co-exist.

"We are recommending co-existence of the two organisations.

The joint summit will therefore no longer be necessary," he said.

Mbuende said that the heads of state meeting on September 8, preceded by a two-day council of ministers meeting from Thursday, would consider membership applications by the Democratic Republic of the Congo (formerly Zaire) and the Seychelles.

The SADC consists of Angola, Botswana, Lesotho, Malawi, Mauritius, Mozambique, Namibia, SA Swaziland, Tanzania, Zambia an[d] Zimbabwe. — Reuter.

Third southern African corridor to be established

BD 2/9/97

(279A)

MAPUTO — The establishment of the Nacala development corridor in Mozambique, scheduled for next month, brings to three the number of such structures mainly benefiting three co-operating Southern African Development Community countries.

The other development corridors in which Mozambique, SA and Zimbabwe take part are Maputo and Beira, in the south and centre respectively.

The Nacala corridor, which is viewed as the first project of significant magnitude to be carried out in the northern region of Mozambique — this includes the provinces of Niassa, Nampula and Cabo Delgado — is aimed at rehabilitation of the rail-port system and creation of a free-trade zone.

Under the auspices of the Nacala development corridor, the Mozambique Railway Company will rehabilitate the Cuamba-Lichinga and the Cuamba-Entrelagos lines. It is hoped this will ensure a regular link between Nacala and Lichinga, capital of Niassa, and Malawi.

It is hoped, too, this line will pass through Malawi to link with the mining town of Moatize, in Tete, central Mozambique. At the launch of Nacala, the Malawian private sector indicated its interest in sharing in the rehabilitation of a 77km section along the Cuamba-Entrelagos line, which requires $32,9m.

Rehabilitation of the railway line will involve also reconstruction and repair of bridges, installation of telecommunication systems and signalling works. This will ensure the efficient movement of coal from Moatize, and surplus agricultural produce in the Zambezi valley.

The rehabilitation of the Nacala port will improve its handling capacity, estimated at 2-million tons a year. Nacala is one of the best deep-sea harbours in Africa. There are also plans to set up a free-trade zone in the Nacala port area. This zone will have a range of services, which will include the repair of vessels.

The Nacala corridor presents enormous opportunities, considering the great potential in agriculture, fishing, forestry, cattle breeding and mineral resources which the region has. The Commercial, Industrial and Agricultural Association of Nampula supports creation of small and medium-scale projects to create much-needed jobs.

It is estimated the Nacala project will cost $174m. It will be financed by the World Bank, the European Investment Bank, the African Development Bank and the European Union. The Mozambican and foreign private sectors are taking part in this project through creation of various consortiums.

Portuguese group Tertir, the Mozambican Somafel companies, the North American RSA and the multinational Renis Manica have already formed a consortium, to be involved in the rehabilitation of the Nacala road-rail-marine project.

This consortium is going to retain 51% of the capital of a holding company to be formed. The remaining 49% will be distributed between the railway company and Mozambican private concerns. — AIA.

SADC discourages bilateral accords

BLANTYRE — The Southern African Development Community (SADC), seeking to create a free trade area in eight years, has called on its members to replace bilateral agreements with multinational ones.

Reuter reports that SADC executive secretary Kaire Mbuende, outlining the agenda for the nine-day SADC meeting which begins on Thursday, said yesterday bilateral agreements were "not equitable".

He said bilateral trade agreements existed between some member states which created trade imbalances.

John Dludlu reports that Mbuende's statements, which signal a shift in the SADC attitude towards bilateral arrangements, come as several SADC states are seeking bilateral trade deals with SA. There are also efforts under way to renew a bilateral deal between SA and Zimbabwe, while SA and its partners in the customs union are engaged in talks to grant better market access to Zambian exports.

See Page 6

(279A) BD 2/9/97

South Africa wants Kabila's Congo to join the SADC, but at what price?

Star 3/9/97 (279A)

By Peter Fabricius
Star Foreign Editor

Blantyre's infrastructure has been stretched to breaking point to host next week's annual summit of the Southern African Development Community (SADC).

Hotels, despite major refurbishing, have brimmed over, some delegates may have to commute 250km by charter plane from Lake Malawi, chefs are being flown in from Johannesburg, rutted roads have been hastily repaired and the telephone system is congested and almost always busy.

That in itself says something about the need for the SADC to rethink its methods and goals, as it plans to do at this meeting, to make a real contribution to the prosperity of its members that it has so far not really done.

The SADC remains still too much a theoretical concept with a bureaucracy in Gaberone, Botswana, and sectoral headquarters in the governments of each of the 12-member states, a host of projects on the drawing board but not much in the way of concrete achievement to show for it all.

The summit will consider proposals to rationalise and integrate the institutions and policies of the SADC to make them more businesslike. A SADC review process has concluded that the SADC is overburdened with projects, many of them national or binational, rather than genuinely regional in scope and most of them are dependent on foreign donor funding which is unlikely to materialise.

The review process concludes that the project list must be cut down to the essentials and genuinely regional exercises and that ways must be found to fund them from within the region. It also recommends that policies and infrastructure must be harmonised to make the region a more attractive destination for investment.

At institutional level, it has proposed streamlining the clumsy bureaucracy. At present the responsibility for the 20-odd sectors of activity dealt with by SADC – such as energy, transport, water, trade etc – is distributed among the 12 countries. Co-ordination is poor – aggravated by bad communications among many member countries – and the result is that the overall aim of integrating members into a single market and economic entity is often thwarted.

The review proposes instead that the sectors be grouped into a few clusters – perhaps only five – to be based either in five different member states or at SADC headquarters in Botswana. A new planning and co-ordination directorate would be created and probably based in Botswana.

The chief obstacle to be overcome is that seven countries will almost certainly be unhappy about losing their status as headquarters for various SADC sectors, but it is something they will have to do.

This dilemma is neatly summed up by the centre for Southern African studies' Peter Vale who says that while most regional organisations are characterised by an agreement to share sovereignty for the sake of the greater economic and political good, the SADC has so far been characterised rather by the goal of enhancing the sovereignty of its members. Hence the allocation of sectoral responsibilities to all members.

This may be the moment when SADC leaders have to decide whether to cross the important Rubicon of surrendering some national (and personal) sovereignty for the greater good of their people.

The benefits of doing so should be obvious. An important part of the recommendations is that the SADC should move from being an organisation devoted to functional co-ordination to one devoted to development integration.

That means that richer countries – especially South Africa – would carry a greater burden of the costs of developing the region, replacing the dwindling flow of donor funds to projects. But more importantly this approach is evident in the recent South African proposal for an asymmetrical phasing out of trade tariffs, whereby South Africa would remove its barriers within five years while the rest of the region would only have to so in eight years as proposed in the trade protocol agreed to by the SADC last year.

But at the very moment when the SADC is beginning to discover the ways and means of realising its vision of greater integration, the summit will also be faced with a major decision that seems to go the other way: that is whether or not to admit two new members, the Democratic Republic of Congo and the island state of Seychelles.

It is not yet clear how all the 12 SADC states feel about the potential new members but it is obvious by now that South Africa is very keen to admit Laurent Kabila's Congo. Deputy President Thabo Mbeki said as much as the recent World Economic Forum conference in Harare.

South Africa has thrown itself enthusiastically into the reconstruction of the Congo as a sort of test case for Mbeki's vision of an African renaissance and it's unlikely that it would not approve Congo's membership.

It is also likely that Kabila's other friends, including Angola and Zimbabwe, will want to admit him. Smaller states may not be so keen and many reservations have been expressed within the SADC bureaucracy and the bureaucracies of member states.

Some officials say that expanding membership runs contrary to the decision taken by the SADC when the last member, Mauritius, was admitted, to deepen rather than broaden membership.

One official said that if the SADC agreed to rationalise its bureaucracy and funding, it might be overburdened by taking on a country like the Congo with its huge development backlog.

However, Rob Davies, ANC MP and chairman of Parliament's trade and industry committee, downplayed these concerns. He said that the Shaba province of the Congo had always been part of the southern African economy and the economic benefits of Congo joining would not be one way. Congo's contribution to the region's power pool from the Inge hydro-electric project, for instance, would be enormous.

A new member? ... SA are backing Laurent Kabila's Congo for the SADC.

In theory, the debate about Congo's membership could include some doubts about whether Congo meets the condition that a member state "must be a democracy observing principles of human rights and rule of law".

The fastidious might argue that Kabila does not quite meet these conditions. But by all accounts the SADC members will not be in fastidious mood in Blantyre. And although the organisation's rules stipulate that a new member should only be admitted 12 months after application, do not be surprised if the SADC admits the Congo as a new member in Blantyre.

SADC at odds over trade pact

(279A)

ANDERSON FUMULANI

CT(BR) 3/9/97

Blantyre — Four Southern African Development Community member states have declined to ratify a trade protocol which would pave the way for the creation of a regional free trade agreement, an SADC official said yesterday.

Abraham Pallangyo, the sector co-ordinator for industry and trade, said although the protocol was accepted, South Africa, Botswana, Namibia and Swaziland had not ratified the protocol pending a decision on the reduction of their own tariffs.

Only Tanzania and Mauritius have ratified the protocol. Malawi, Zambia, Zimbabwe and Mozambique were on the process of ratifying it, said Pallangyo.

Kaire Mbuende, the SADC's secretary-general, said this year's heads of state summit, which starts on Thursday, would push for a multilateral trade pact aimed at creating a free trade area by 2004.

Some member states have liberalised their economy but have complained about the trade imbalances which favour South Africa, the region's economic powerhouse. — Reuter

Erwin seeks clarity on Namibian criticism

222 (279A)

John Dludlu
and Belinda Beresford

BD 4/9/97

TRADE and Industry Minister Alec Erwin is seeking a meeting with his Namibian counterpart Hidipo Hamutenya amid growing signs of tensions within the five-nation Southern African Customs Union.

Erwin's spokesman confirmed last night that the minister had requested a meeting with Hamutenya to get clarity on remarks recently attributed to Hamutenya.

Last week, Hamutenya was quoted as attacking SA's approach to the review of the customs union. According to reports, he had also criticised SA for blocking industrial development in southern Africa.

This week it was reported that the Namibian government had refused to grant an operating licence to a local reinsurer which has strong SA links. Windhoek intends to create a national reinsurance company and has indicated that private sector participation in this sector would face strong minimum capital requirements. Reinsurers have indicated they feel the government's moves are a ploy to keep SA companies out of Namibia.

SA Foundation executive director Neil van Heerden said SA and its customs union partners were having "continuous and sometimes difficult discussions about revamping the customs union" and Namibia was often the prominent spokesman for the other partners in the trading arrangement.

However, Van Heerden said he had "honestly not seen active and aggressive policies on the part of the Namibian government and cannot imagine that as a deliberate policy".

SADC agenda requires strong regional business organisation

(279A)

Southern Africa has laboured in the absence of its own business voice, writes **John Dludlu**

NEWS that the SA members of the Eastern and Southern African Business Organisation (Esabo) are planning to set up a "strong business voice" in southern Africa is long overdue.

This is something that should have occurred in 1992, when the Southern African Development Co-ordinating Conference reshaped itself into a development community, the SADC, ahead of apartheid's demise.

The change in the organisation, which put trade integration on top of its agenda, was a challenge to business that time had come to join in multinational co-operation.

The challenge was answered, in part, with the formation of Esabo. However, the ambitious goal of Esabo in seeking co-operation from a constituency stretching from SA to Ethiopia is among several key factors that have made the body ineffectual.

An SADC-based business voice is needed now because most of the issues which form part of the region's new agenda demand that the private sector be heard — perhaps more loudly than government.

The most important issue is the plan to free trade exchanges in the SADC within eight years. If concluded, the free trade protocol will create a regional market of over 120-million people, making the SADC more attractive to private sector investors.

But well before the creation of a free trade area, business has to play a role in sensitising policy makers on the protocol's effect on their firms. The SADC governments have agreed to submit a list of sensitive items by end-October before discussing schedules for tariff reduction.

This week, the SADC governments will be discussing their position on the coming renegotiation of the Lomé Convention, the trade and aid accord between the European Union and its former African, Caribbean and Pacific (ACP) colonies.

All SADC members, except SA, belong to the convention and their firms benefit from the development contracts funded by the convention's aid.

ACP firms are entitled to price preferences when bidding for Lomé contracts. Therefore, it is in business's interest to have a say in the final SADC position on the renegotiation.

While the initiative of SA-based Esabo members, co-ordinated by Bess Robertson of the SA Chamber of Business (Sacob), has been roundly welcomed, care has to be taken to avoid previous mistakes.

While Robertson has yet to map out a way forward through her task team, a number of questions need consideration: which of the several business organisations in SA should represent SA business in the planned body; what relationship should the new body have with governments and donors; and who should finance it?

BD 4/9/97

Jaco de Villiers, Afrikaanse Handelsinstituut (AHI) CE, says it would be wrong for any one of SA's sectoral and business organisations to speak on SA's behalf. Instead, he proposes an alliance of Business SA — which includes in its fold the AHI, Sacob, and the Foundation for African Business and Consumer Services — and the National African Federated Chamber of Commerce (Nafcoc).

Another source believes that various SA business bodies should join the proposed regional body as independent elements and a forum, which allows for differences, should exist for a national position.

Kenneth Kotelo, an economist at Africa Institute in Pretoria, says there is an "absolute need for one (business) body" in SA. However, he warns that this cannot be done by swallowing Nafcoc.

All observers canvassed believe that it is essential that such a body becomes self-funding from members — either business associations or institutes. If individual firms are allowed to join, safeguards have to be included ensuring that giants do not have undue influence.

Donors' funds should only be used for specific projects, rather than shoring up day-to-day activities of the organisation.

ANALYSIS

Politics tops agenda at SADC Malawi summit

(279A)

The coming Southern African Development Community meeting has a full and challenging agenda, writes John Dludlu

BD 4/9/97

GOVERNMENTS of the Southern African Development Community (SADC) are meeting in Blantyre, Malawi, at the weekend and on Monday to discuss the future shape of the 12-nation SADC and its relationship with its trading partners.

Topping the agenda of the SA-led trading bloc will be the political situation in some of the member states. Crucially, the leaders, under President Nelson Mandela, will have to review the political situation in Angola where peace and stability is continuing to elude the diamond-rich country.

Despite frequent chest-beating by SADC leaders that an economic take-off is imminent after the end of internecine political wars, the region's commitment to democracy is shaky. The political situation in Swaziland and Lesotho warrants the serious attention of the region's leaders.

The summit is coming at a crucial time for the SADC leaders. Claims, officially denied, are flying around that the Zimbabwe-led SADC security committee is in chaos. Perhaps the time has come for its efforts to be beefed up. If this fails, a shake-up might be necessary.

The Blantyre summit is the first official leaders' gathering since the political changes which saw Zaire changing its name to the Democratic Republic of Congo (Congo-Kinshasa) under former rebel leader Laurent Kabila.

While Africans are patting themselves on the back for the successful part they played in the resolution of the Zairean conflict, it is more important to develop a thoroughly considered strategy for engaging SADC in the rest of Africa. Conflicts like the one in Congo-Kinshasa, and lately Sierra Leone, have a potential of spilling over into other nations. Hand-wringing by the international community has created an opportunity for Africans to resolve their own problems.

The summit is also taking place after an application by Congo-Kinshasa and Seychelles to join SADC. Madagascar has also expressed interest in joining.

It would be tempting to accept Kabila into the club of Africa's most promising economies, particularly as his commitment to democracy has yet to be tested. Also, Congo-Kinshasa could improve SADC's sectoral co-operation efforts in such projects as a regional electricity grid.

But political expedience and the short-term gains of bringing Congo-Kinshasa under control should not replace reason. All applicants must fulfil necessary criteria, including respect for human rights, observance of democracy and compatibility with the SADC's political, cultural and economic systems.

The leaders must consider whether enlargement would slow down economic integration, or vice versa. If it would hamper progress on integration, other forms of co-operation should be explored. Association agreements might be an example. The size of markets is important in trading blocs, especially in the case of developing nations, but it should not come at the expense of efficacy.

Monday's meeting will be the first opportunity to discuss a consultant's report on rationalisation and restructuring of SADC's structures and operations.

Attempts to cobble together a regional positio failed to yield results last month because some member states were not prepared to even consider some of the proposals.

Among other things, the consultants have recommended a reduction in the number of co-ordinating sector units and that powerful co-ordinating directorates be established.

If implemented, these proposals could effectively introduce central control of SADC institutions. Some member states could also lose their co-ordinating responsibilities. For example, trade and industry — co-ordinated by Tanzania — could be lost to SA if that function is merged with the finance and investment sector.

The other controversial proposal is a streamlining of the secretariat's role into lobbying, public relations and administration. Unlike the European Union's commission, the SADC executive has no meaningful power to talk of.

Agreement was achieved on less controversial suggestions such as a revision of the strategy for building the community to reflect the shift towards regional integration and that criteria for selecting projects be updated.

Member states also have to intensify efforts to formulate a regional position on the coming renegotiation of the trade and aid relationship with the EU under the Lomé Convention. The arrangement, through which all SADC members, save for SA, receive nonreciprocal tariff and quota preferences into EU markets, is due for renewal next year ahead of its official expiry in 2000.

Unofficially, calls have already been made for the concessions to be retained into a future regime, although it is feared that pressure from the EU's eastward enlargement might put brakes on generosity towards former colonies. It is common knowledge that the arrangement has failed to assist Africa to integrate more meaningfully into the world economy.

Given the agenda, the conclusions of the Blantyre summit could change SADC structures and activities, as well as the way it engages globally in Lomé.

Southern Africa's GDP jumps by 6%

(279A)

ALG 6/9/97

Blantyre, Malawi – The average Gross Domestic Product for the 12 southern African countries has jumped by 6% from last year, said Alfred Nzo, South African foreign minister.

"This is a rate reminiscent of the tigers of south east Asia, and if we can continue along this road, we may soon see references to the emerging lions of southern Africa," said Mr Nzo, chairman of the council of ministers of the Southern African Development Community (SADC).

'If we continue ... we may see references to the emerging lions of southern Africa'

He was speaking at the start of a two-day ministerial meeting ahead of the SADC annual heads of state summit due here next week.

The agenda of the regional meeting will include drafting a joint security policy, promotion of regional investment and economic development.

He said the talks will also consider the development of a regional position on the post-Lome 4 relations with the European Union.

The ministers are expected to examine and polish up several protocols concerning mineral resources, education, water, trade and industry before they are signed at the summit next week.

The council of ministers hope to recommend that the heads of states adopt a declaration on a ban on production, use and distribution of landmines.

Applications by the Democratic Republic of Congo and the Indian Ocean islands of Seychelles to join the SADC will be evaluated and considered at the meeting.

Another Indian Ocean island, Madagascar, has shown interest in the SADC, but has not yet formally applied, according to SADC spokesperson Kgosinkwe Moesi.

He dismissed reports that east African neighbours Kenya and Uganda had also applied to join SADC. – Sapa-AFP

Success story: SA Foreign Minister Alfred Nzo takes pride in SADC economic progress

New members of SADC to be chosen

(279A)

BY PETER FABRICIUS
Foreign Editor

Star 8|9|97

Blantyre, Malawi – The newly formed Democratic Republic of Congo and the Seychelles are expected to be approved as the 13th and 14th member states of the Southern African Development Community at the regional body's summit here today.

President Nelson Mandela, the current SADC chairman, was welcomed by a cheering crowd in Blantyre yesterday. He will address the summit today, along with Organisation of African Unity Secretary-General Salim Ahmed Salim.

Critics of the move have said the SADC was already failing to properly include Portuguese-speaking Angola and Mozambique.

But, despite reservations, support for Congo and Seychelles seems almost unanimous.

CAPE ARGUS, MONDAY, SEPTEMBER 8, 1997

Madiba lashes SADC on rights

'We struggled so hard for our principles'

ARG 8/9/97

(27 9A)

PETER FABRICIUS
FOREIGN SERVICE

Blantyre – President Mandela launched a scathing attack here today on fellow member states of the Southern African Development Community (SADC) for suppressing democratic and human rights, and suggested the culprits should be denied the right to host the organisation's sectoral activities.

Mr Mandela's attack, in his first address to SADC summit as chairman of the organisation of 12 southern African states, was clearly directed at least to Zambia and Swaziland which have both been accused of undemocratic practices.

Zambian President Frederick Chiluba – who recently used a dubious constitutional ploy to prevent former president Kenneth Kaunda from standing for election – and Swaziland's King Mswati 3 – who continues to ban political parties – sat grim-faced on the podium alongside him as Mr Mandela urged the SADC to consider action against undemocratic members.

Mr Mandela put aside his prepared speech to say that the SADC was committed to the principle of respect for the sovereignty of member states and non-interference in their internal affairs. But it could not allow this principle to over-ride the organisation's "higher principles of respect for democracy, human rights and good governance", enshrined in the SADC Treaty.

These treaty obligations bound SADC to undertake measures to ensure the principles were observed by all members. "It is alien for the SADC to tolerate the domination of society by any one part of it. The right of citizens to participate in government is a non-negotiable principle. We, collectively, cannot remain silent when political and civil movements are suppressed."

In a clear reference to Swaziland where the monarchy still enjoys largely unfettered authority, Mr Mandela said that while the SADC respected traditional authority, it could not allow it to enjoy absolute power.

And in a further reference apparently also to Swaziland which is undertaking a much-criticised constitutional reform process which is moving very slowly, he said genuine constitutional reform was incumbent upon all member states.

SADC would have to consider whether it should consider "to give comfort to member states whose activities are so diametrically opposed to the principles we hold so dear and for which we struggled so hard."

Mr Mandela said that only when ordinary people saw the impact of the SADC on their lives would the organisation continue to have a reason to exist.

CAPE ARGUS, MONDAY, SEPTEMBER 8, 1997

Drought warning from SADC

New El Nino 'could be strongest on record'

ARG 8/9/97 (279A)

Harare – Southern African countries have been warned to prepare contingency plans to cope with drought looming this summer because of the El Nino weather phenomenon.

Scientists think this year's El Nino could be the strongest on record.

In a special bulletin from Harare at the weekend, the Southern African Development Community's (SADC) early warning unit said increasing signs of the El Nino climatic phenomenon – the warming of Pacific Ocean waters off South America linked to drought in southern Africa – pointed to "a strong possibility of poor rainfall in the 1997-98 season".

The unit added: "There could well be adverse impacts on food production during the coming growing season."

The warning was coupled with statistics showing that southern African cereal supplies fell short of meeting demand by 1,3 million tons compared with a surplus of 1,3 million tons from last year's harvest.

The unit said Angola, Malawi and Mozambique might have to appeal to Western donor nations for famine relief "in order to prevent mass starvation beginning from the middle of the current marketing year". Southern African nations would have to import 764 000 tons of cereals.

The unit warned the SADC's 12 member states to reconsider arrangements made to export surplus grain stocks and to ensure supplies of drought-resistant grain seed. Water supplies should be conserved and irrigation equipment maintained. It urged that commitments to foreign payments be reviewed.

The unit said the latest observations by climatologists showed new signs of factors which strengthened the likelihood of drought. Surface temperatures in the Pacific and Indian oceans were higher than usual, winds in the upper atmosphere were moving in an easterly direction and the trade winds were weakening, all factors believed to enhance the effect of El Nino.

The southern African grain harvest just completed had yielded 22,5-million tons against 26,8 million in 1996, the unit said. The fall in production was blamed on continuous heavy late-summer rain that spoiled growing conditions.

The harvest of maize, southern Africa's staple food, was 17 million tons, 17 percent less than last year's 20,3 million. Last year's harvest yielded a surplus, but this year output would be 227 000 tons short of demand.

The last strong El Nino phenomenon, in 1982-83, brought freak weather that caused damage in 15 countries estimated at $13-billion (R61-billion) and killed 2 000 people.

Since April, meteorologists have recorded the rising sea surface temperatures in the south Pacific that signal the birth of El Nino. – Sapa-Reuter

SADC states urged to reduce rights violations

(2791A)

BLANTYRE — A regional network of human rights groups has urged the Southern African Development Community (SADC) to improve the standard of members' police forces to prevent "continuing human rights violations".

The Southern African Human Rights NGO Network, which is affiliated to international human rights watchdog Amnesty International, also called on SADC countries to ratify human rights conventions. It said that when the SADC's founding treaty was signed in 1992, heads of state signed a preamble noting the need to guarantee human rights.

However, the network said it noted with concern that "five years later, violations of human rights still occur in most SADC countries, although the degree of such violations differ from country to country."

Chairman Ngande Mwanajiti said the group was in Blantyre, where the SADC is holding a summit, to urge the community to put human rights on the meeting's agenda.

He said police brutality continued to lead to human rights violations, citing deaths in Malawian prisons and police action against illegal immigrants in SA. "We call on the member states to see that there is uniformity in the policing standards of all the member states. We believe it is time to look into such issues as training police officers, independent investigations into alleged brutality and every reported case of torture."

BD 8/9/97

The group demanded all states sign and ratify all human rights conventions, such as the Convention Against Torture. At the beginning of the year, only Malawi, Mauritius and Namibia had ratified the convention, while SA had signed but not yet ratified it. SADC members are Angola, Botswana, Lesotho, Malawi, Mauritius, Mozambique, Namibia, SA, Swaziland, Tanzania, Zambia and Zimbabwe — Reuter.

SADC summit a success – Madiba

(279A)

Sowetan 9/9/97

BLANTYRE – The annual Southern African Development Community heads of state summit in Malawi had been fruitful and productive, with two protocols and two declarations being signed, President Nelson Mandela said yesterday.

Mandela was speaking at the closing of the 17th summit in Malawi's economic capital Blantyre, which he had chaired.

The summit signed two important protocols, on trade and mining.

The mining industry was a major foreign exchange earner for a number of SADC countries and employed a significant number of people in the formal sector. The integration of the region's mining activities could lead to enhance the SADC's share in the international mineral market, Mandela said

Two landmark declarations were signed on gender equality and landmines, the latter calling for Southern Africa to be free of anti-personnel landmines.

The gender equality declaration spelt out steps to be taken to address disparities between women and men which may have impeded women's full participation in power sharing and decision making.

Mandela said the growth rates of SADC member states was a welcome development. All 12 SADC member states registered positive growth rates ranging from two percent to over ten percent. Seven states recorded growth rates of five percent or higher

The SADC needed to increase investment in research and development to enhance the region's development capacity, to assist it in achieving high productivity levels and competitiveness in the international market place.

Mandela said it was regrettable that the developing world, including the SADC region, spent less than two percent of their budgets on research and development compared with more than 10 percent for the developed.

Earlier, Mandela said SADC member states would have to think seriously about their commitment to democracy and human rights if the organisation was to retain its credibility. He said the summit had taken stock of the performance of the region and noted the relative peace and stability had provided the environment for attracting foreign investment. – *Sapa*

Congo and Seychelles join SADC

279A

9/9/97 STAR

~~279~~

By Peter Fabricius
Foreign Editor

Blantyre, Malawi – The new Democratic Republic of Congo and the Indian Ocean island state of Seychelles were yesterday accepted as the 13th and 14th members of the Southern African Development Community at the annual summit of leaders of the regional organisation here.

At a press conference afterwards, President Mandela was asked if the SADC leaders were concerned that the Congo, which has yet to establish democratic government, did not meet the SADC's criteria of respect for democracy and human rights.

Mandela said he was convinced that Congo President Laurent Kabila and his government were committed to establish democracy after two years.

In his opening SADC chairman's address to the summit earlier yesterday, Mandela had caused a stir by launching an attack on SADC member states which suppressed democracy and human rights, and suggested the SADC should take action against them by denying them the right to host the sectoral functions of the organisation, which are now dispersed among all 12 members.

Kabila's Congo enters SADC

ARG 9/9/97 (~~???~~) (2791A)

PETER FABRICIUS
FOREIGN SERVICE

Blantyre – The new Democratic Republic of Congo (formerly Zaire) and the Indian Ocean island state of Seychelles were yesterday accepted as the 13th and 14th members of the Southern African Development Community at its annual summit here.

Their applications for membership were accepted unanimously, the SADC heads of state and government said in a communiqué as the summit ended.

It said they satisfied the criteria for admission and had tremendous potential to benefit the region. And the Congo had key strategic significance to the region because it shared borders with several SADC countries and had great potential to co-operate in key sectors such as energy, water, tourism, transport and communications.

Afterwards President Mandela was asked if the SADC leaders were not worried that Congo, which has yet to establish democratic government, did not meet the SADC's criteria of respect for democracy and human rights.

Mr Mandela said he was convinced Congo President Laurent Kabila and his government were committed to establishing democracy after two years as promised.

They first had to restore law and order to the country, he said.

He based his confidence on Mr Kabila's holding of local elections in the town of Kisangani after capturing it, and his statement after capturing Lubumbashi that he would form a broad-based government that included the opposition.

In his chairman's address to the summit, Mr Mandela had caused a stir by launching an attack on unnamed SADC members he said suppressed democracy and human rights, and suggested the SADC should deny them the right to host its sectoral functions , which are dispersed among all 12 members.

Most delegates took him to be referring particularly to Zambia and Swaziland.

Mandela in plea for SADC democracy

BD 9/9/99 (279A)

CAPE TOWN — SADC member states would have to think seriously about their commitment to democracy and human rights if the organisation was to retain its credibility, President Nelson Mandela said yesterday.

Addressing the annual Southern African Development Community (SADC) heads of state meeting in Blantyre in Malawi, Mandela said the SADC's basic principles of respect for member states' sovereignty and non-interference in each other's internal affairs could not blunt its common concern for democracy and human rights.

"The right of citizens to participate unhindered in political activities in the country of their birthright is a non-negotiable basic principle to which we all subscribe," he said in a speech released in Cape Town.

The SADC dream of Africa's "rebirth" depended on the continent's countries and regional groupings committing themselves to democracy and respect for human rights.

"This democratic process is denied when political leaders, representing a legitimate body of opinion, are prevented from participating in political activity," he said.

"We, collectively, cannot remain silent when political or civil movements are harassed and suppressed through harsh state action."

Madela said it was contrary to the spirit of the treaty binding the SADC that absolute power be exercised by any state institution.

"While we respect traditional authority and provide for its expression in government and legislative structures, constitutional evolution and reform are incumbent on each member state. Nor can nominal but ineffective commitment to such reform be acceptable without the whole region ultimately being destabilised."

At some point the SADC, as a regional organisation, had to reflect on how it supported the democratic process and on the question of respect for human rights, Mandela said.

"Can we continue to give comfort to member states whose actions go so diametrically against the values and principles we hold so dear, and for which we struggled so long and so hard? Where we have, as we sadly do, instances of member states denying their citizens these basic rights, what should we as an organisation do or say?" These were difficult questions but they had to be pondered seriously if the SADC wanted to retain its credibility as an organisation genuinely committed to democracy, human rights and good governance.

Mandela said the SADC had to be transformed urgently into a dynamic development community, and civil society had to become involved in its affairs, he said. Member states had an obligation to transform the SADC into a major role player in continental and global affairs.

Mandela came out in strong support of the SADC recognising gender equality as a fundamental human right, and of a ban on anti-personnel landmines, two of the issues on which delegates are expected to take resolutions.

"We cannot rest until southern Africa is safe for our children to play with innocent abandon, free from the savage threat of millions of explosive weapons recklessly scattered across the region."

Mandela is chairing the meeting. — Sapa.

SADC promises to involve private sector in mining

CT(BR)10/9/97 (279A)

PETER FABRICIUS

Blantyre — The 12 member countries of the Southern African Development Community (SADC) have committed themselves to encouraging foreign and local private sector investment in their mining resources.

This is one of the central thrusts of the Protocol on Mining signed by the heads of states and governments at the SADC summit in the Malawian capital of Blantyre on Monday.

The overall aim of the protocol is "to harmonise national and regional policies, strategies and programmes related to the development and exploitation of mineral resources".

Some observers believe the signing of the protocol may improve the position of South African companies bidding for the rich minerals of the new Democratic Republic of Congo, formerly Zaire.

The summit also approved Congo's application to join the SADC. It is likely that the Congo will agree to all the protocols and other obligations of the organisation once it formally joins the SADC in the near future.

Article six of the mining protocol says SADC member states "shall adopt policies that encourage the exploration for and commercial exploitation of mineral resources by the private sector".

The protocol states that " a thriving mining sector can contribute to economic development, alleviation of poverty and the improvement of the standard and quality of life throughout the region".

A summit communique said "the ultimate objective of the protocol is to promote interdependence and integration of the region's mining industry with a view to enhancing its competitiveness and increasing the region's share in international mineral markets".

The protocol commits member states to applying common standards, including certification standards; to co-operating in research, including the creation of a database on exploitable minerals in the region; to encouraging the development, transfer and mastery of science and technology knowledge throughout the region; to promoting the economic empowerment of the historically disadvantaged in the mining sector, including special measures to promote small mining; and to jointly develop and observe internationally accepted standards of health, mining safety and environmental protection in mining.

The protocol provides for a committee of mining ministers from each member state and a mining technical committee of senior officials from each state to oversee the integration of mining policies and strategies.

A mining co-ordinating unit set up in one of the SADC states will execute the policies created by these two bodies. It seems likely the unit will be established in Zambia which now hosts SADC's mining sector, although the structure and location of sectors is at present under review.

The protocol must now be ratified by each of the member states' governments and would come into force 30 days after two-thirds of them have done so. — Independent Foreign Service

SADC's bold education plan

(279A)

BLANTYRE: There will be one education standard in Southern Africa within 20 years if the goals are met of an education protocol which was signed by the 12 leaders of the Southern African Development Community (SADC) at their annual summit here this week.

The protocol could bring far-reaching changes to education, including the creation of regional "centres of excellence" in some under-graduate professional fields such as medicine and engineering and most post-graduate subjects.

The aim of these centres of excellence would be to improve education and research and avoid duplication. Regional universities would bid to house different centres of excellence and a panel of specialists appointed by a regional official education institution would allocate and monitor them to ensure they met adequate standards. — Independent Foreign Service

CT 10/9/97

RSDAY, SEPTEMBER 11 1997 www.bday.co.za

ALL AREAS JOHANNESBURG
TEL: 880-9565

nc VAT Subscription R2,00 inc VAT (where available)

A BDFM publication

Mandela and Mugabe 'in clash over leadership of SADC committee'

BD 11/9/97 (2791)

Michael Hartnack

HARARE — A "power struggle" had broken out between President Nelson Mandela and Zimbabwean President Robert Mugabe over the leadership of a Southern African Development Community subcommittee, the state-controlled Herald reported yesterday.

The newspaper said that in a six-hour closed session in Blantyre, Malawi, on Sunday, leaders of the 12 SADC states "held a heated debate" which observers said had the potential to divide the region.

Sources said SADC chairman Mandela wanted the SADC chairman, which rotates every three years, automatically to chair the subcommittee on politics, defence and security." Mugabe, who has headed the subcommittee since its formation in 1991, wanted to retain the leadership permanently.

John Dludlu reports Mandela's spokesman, Joel Netshitenzhe, last night "vehemently" denied existence of a power struggle. He would not confirm whether the issue of the subcommittee, the SADC's conflict resolution mechanism, had been discussed during the weekend meetings.

However, the subcommittee had been under "conceptual discussion to see how it fits within the SADC institutional framework", he said. "In essence, it is an SADC institution."

Mugabe told the Herald the discussion on the matter had been postponed.

"This is not the first time a seeming power struggle to control the organ (subcommittee) has arisen," said the Herald. "When it held the chairmanship (of the SADC) Botswana felt it should lead the organ as well. Then, that viewpoint did not get seconders." This year, SA was supported in the quest to head the organ by Botswana, Lesotho and Swaziland, it said.

The newspaper quoted an "observer" as saying it was understandable that Mandela wanted "to be in control of the subcommittee because of the potential it was showing".

Diplomatic sources said it appeared that Mugabe was isolated, and most SADC heads wished to see leadership of the region pass to Mandela.

However, some analysts said it would be "politically unpalatable" for SA to be seen to be dominating the region and Mandela was sensitive to such concerns among SA's neighbours.

Mugabe told the Herald: "Most people are looking at the organ as one capable of developing in this region into a kind of North Atlantic Treaty Organisation for the region, especially when you take into account recommendations of the ministers and its proposed institutional framework."

Madeleine Wackernagel TAKING STOCK

SADC must get back to basics

M+G 12-18/9/97 (279A)

Anyone who has ever tried to contact the secretariat of the Southern African Development Community (SADC) in Gaborone will know just what a shambles the organisation is in. Managerial capacity is overstretched as officials seek to accommodate the divergent social, economic and political agendas of 12 disparate members. And here we are inviting two more countries to join, potentially exacerbating the bureaucratic headache.

With political considerations in mind, bringing Laurent Kabila's Democratic Republic of Congo closer into the fold makes good sense, and there are economic arguments supporting the move as well, in terms of the hydro-electric and power pool arrangements already in place. But the possible dangers of tearing the delicate fabric of the community's administrative framework are evident.

South Africa already provides much of the organisation's capacity — not a commodity we have in abundance — and enlargement could stretch those capabilities to the limit.

The community has set itself ambitious targets, identifying protocols and establishing new goals. But whether it has made any progress, be it on trade or the rationalisation and restructuring of the community's programme, is a moot point.

Six months after signing up to the trade protocol, only two members — Tanzania and Mauritius — have ratified the treaty. This raises the issue of a serious mismatch of ideals and realities: high-flying principles against a severe lack of capacity.

While government departments maintain good progress has been made since the trade ministers' meeting in Dar es Salaam earlier this year, they admit there is still a long way to go, especially on tariff reduction. More progress is expected by the next meeting of the council of ministers in January.

But where does that leave the Congo and the Seychelles? Will their late arrival in the club mean delaying the ratification process altogether? Or will a two-track system emerge? The individual countries' aims are not always at one with the group: South Africa is committed to cutting tariffs within five years; the community has set itself an eight-year target. The subject of bilateral trade deals between South Africa and Zambia has also raised hackles. Then there's the issue of restructuring the SA Customs Union that further complicates the picture.

And while South Africa is often accused of being the most protectionist member of the community, the biggest culprit is in fact Mauritius. None the less, the government is seeking to fast-track the tariff-reduction programme, in line with the World Trade Organisation recommendations. But without the administrative basics in place, such as effective customs and excise controls, the risks of dumping and unfair competition become real and the concerns of local businesses all too valid.

Fair competition is one thing; but unfair trade quite another. While the community is not South Africa's biggest trading partner, it is still significant enough to raise concerns over its administrative capacities, especially in the light of the latest enlargement. South Africa's industry becomes vulnerable if the governments of the region cannot guarantee enforcement of rule of origin laws, collect the respective tariffs to boost their national coffers, and protect against smuggling.

In principle, regional integration has enormous potential. What SADC has not shown to date is the ability to move beyond rhetoric and implement those ideals. The danger with enlargement is that attention is deflected from the core region to the wider continent when there is much work to be done at home. The community's leaders should concentrate on the groundwork — secure property rights, feasible tax regimes, effective customs systems — and investment will follow of its own accord. More important than setting high standards and not achieving them is getting back to basics.

Madeleine Wackernagel TAKING STOCK

SADC must get back to basics

BD 12-18/9/97 (279A)

Anyone who has ever tried to contact the secretariat of the Southern African Development Community (SADC) in Gaborone will know just what a shambles the organisation is in. Managerial capacity is overstretched as officials seek to accommodate the divergent social, economic and political agendas of 12 disparate members. And here we are inviting two more countries to join, potentially exacerbating the bureaucratic headache.

With political considerations in mind, bringing Laurent Kabila's Democratic Republic of Congo closer into the fold makes good sense, and there are economic arguments supporting the move as well, in terms of the hydro-electric and power pool arrangements already in place. But the possible dangers of tearing the delicate fabric of the community's administrative framework are evident.

South Africa already provides much of the organisation's capacity — not a commodity we have in abundance — and enlargement could stretch those capabilities to the limit.

The community has set itself ambitious targets, identifying protocols and establishing new goals. But whether it has made any progress, be it on trade or the rationalisation and restructuring of the community's programme, is a moot point.

Six months after signing up to the trade protocol, only two members — Tanzania and Mauritius — have ratified the treaty. This raises the issue of a serious mismatch of ideals and realities: high-flying principles against a severe lack of capacity.

While government departments maintain good progress has been made since the trade ministers' meeting in Dar es Salaam earlier this year, they admit there is still a long way to go, especially on tariff reduction. More progress is expected by the next meeting of the council of ministers in January.

But where does that leave the Congo and the Seychelles? Will their late arrival in the club mean delaying the ratification process altogether? Or will a two-track system emerge? The individual countries' aims are not always at one with the group: South Africa is committed to cutting tariffs within five years; the community has set itself an eight-year target. The subject of bilateral trade deals between South Africa and Zambia has also raised hackles. Then there's the issue of restructuring the SA Customs Union that further complicates the picture.

And while South Africa is often accused of being the most protectionist member of the community, the biggest culprit is in fact Mauritius. None the less, the government is seeking to fast-track the tariff-reduction programme, in line with the World Trade Organisation recommendations. But without the administrative basics in place, such as effective customs and excise controls, the risks of dumping and unfair competition become real and the concerns of local businesses all too valid.

Fair competition is one thing; but unfair trade quite another. While the community is not South Africa's biggest trading partner, it is still significant enough to raise concerns over its administrative capacities, especially in the light of the latest enlargement. South Africa's industry becomes vulnerable if the governments of the region cannot guarantee enforcement of rule of origin laws, collect the respective tariffs to boost their national coffers, and protect against smuggling.

In principle, regional integration has enormous potential. What SADC has not shown to date is the ability to move beyond rhetoric and implement those ideals. The danger with enlargement is that attention is deflected from the core region to the wider continent when there is much work to be done at home. The community's leaders should concentrate on the groundwork — secure property rights, feasible tax regimes, effective customs systems — and investment will follow of its own accord. More important than setting high standards and not achieving them is getting back to basics.

Real power is economic

Namibia's excise position costly

Sowetan 12/9/97 (279A)

Boycott could lead to breakaway by Namibia from customs union

By Maxwell Pirikisi

NAMIBIA'S continued boycott of beer excise duty applicable to the Southern African Customs Union (Sacu) could cost it its share of about R2 billion from Sacu's common revenue pool, starting this year

A source close to Sacu told *Sowetan Business* yesterday that Namibia's failure to collect applicable excise duty as required by Sacu on beer had prompted key Sacu negotiators to propose the withdrawal of Windoek's revenue share

He said that high level approval for the withdrawal of Namibia's revenue benefit from Sacu had already been secured

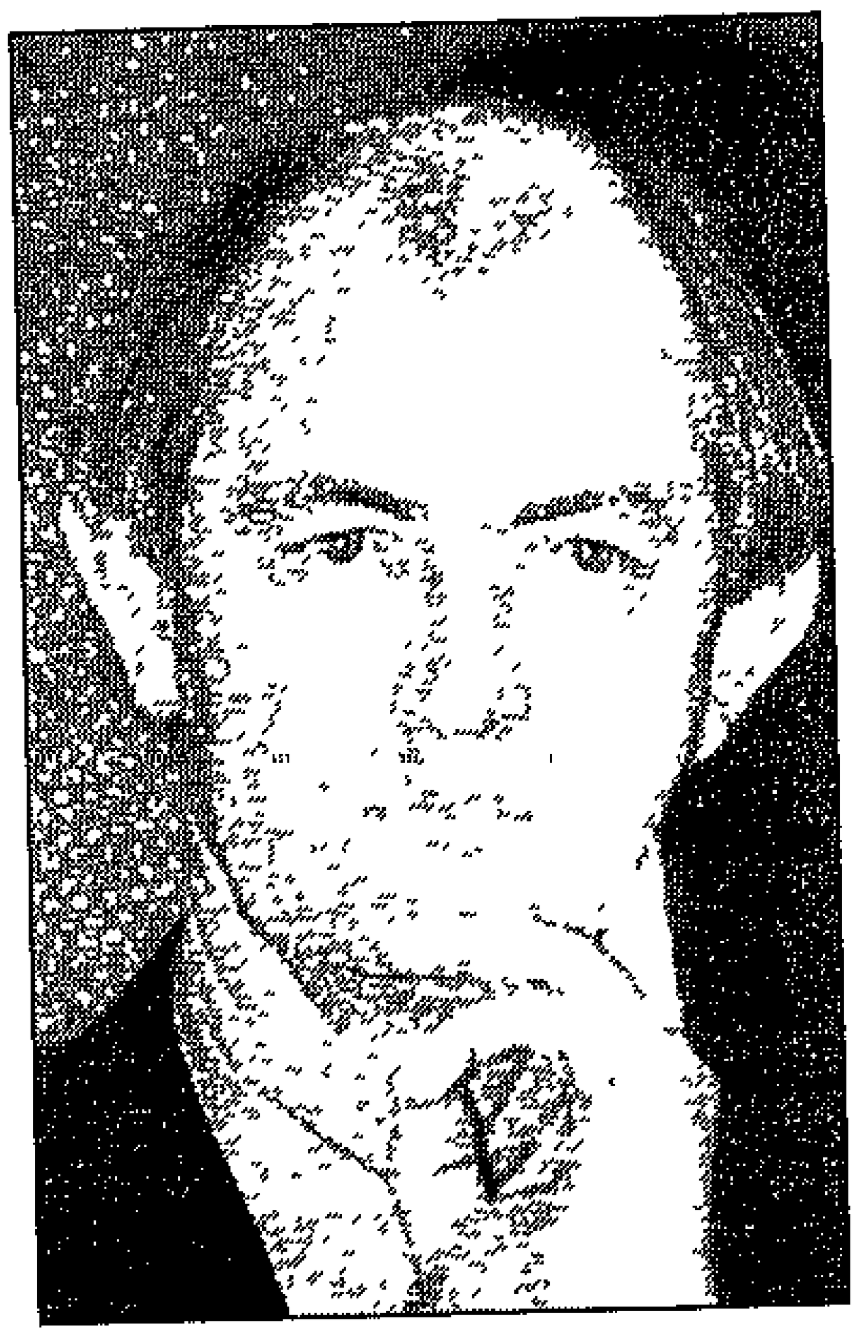
Time running out

"Even though Namibia has been given a chance to change its attitude, time is running out because in the next few weeks there will be an annual customs commission meeting at which share allocation will be determined.

"And if by that time Namibia is still not collecting the required excise duty, it will automatically lose its share for this year and in the future until it changes its attitude," said the source.

According to him, Namibia continued to boycott the 1996-97 beer excises announced by the then South African Finance Minister Chris Liebenberg

Instead Namibia is alleged to have been using old excise rates and in the process denied Sacu millions of rands revenue.



Trade and Industry Minister Alec Erwin.

If Namibia's revenue benefit is terminated, the country will still be expected to contribute to the common revenue pool through other excises

It is believed the move could lead to a breakaway by Namibia from Sacu

This could cast new doubts over the future of the union.

Recent reports suggest that Namibia's alleged continued exploitation of loopholes in the Sacu agreement is believed to have become a headache for Trade and Industry Minister Alec Erwin

Clandestine deals

The Namibian government has reportedly failed to deal with some of its companies which established clandestine deals with foreign-based corporations with the intention of denying Sacu important revenue through excise evasion

Already, Erwin is believed to be seeking an urgent meeting with Namibia's head of customs and excise, Samson Kaulinge, to highlight South Africa's waning patience with countries that exploit the Sacu agreement

Mandela 'threatening to quit' as SADC chairman over subcommittee

(2798)

BD 12/9/97

John Dludlu and Michael Hartnack

PRESIDENT Nelson Mandela had threatened to quit as head of the Southern African Development Community if sharp differences with Zimbabwean President Robert Mugabe over the SADC's subcommittee on security were not resolved, sources in the region said yesterday.

However, there are no plans to pull SA out of the trading bloc.

The tensions, which could damage southern Africa's image among international investors, stem from differences between the two elderly statesmen on the status of the SADC's potentially powerful subcommittee on defence, politics and security, which is chaired by Mugabe. Regional sources said the subcommittee's activities were suspended last Sunday.

Sources say Mandela, who chairs the SADC, believes the subcommittee is an integral part of the SADC — and not a parallel organisation — and the SADC chairman should also head the subcommittee. Mugabe is known to favour a more independent role for the institution, one which would see the body holding a separate summit from the main SADC summit — in much the same way as the North Atlantic Treaty Organisation operates.

Zimbabwe's Financial Gazette reported yesterday that Mandela had made "his bullying threat" to resign at the weekend. On Wednesday, the government-controlled Herald wrote of a "power struggle" between Mandela and Mugabe over the issue.

Mandela's hardline stance was made at last Sunday's leaders' gathering in Blantyre, Malawi. His office has denied existence of a power struggle with Mugabe. Mugabe's spokesman reportedly said he was unaware of claims of a power struggle.

After denying allegations of SA's intended pullout from the SADC, Mandela's spokesman, Parks Mankahlana, said the role of the subcommittee, which has a trouble-shooting function in the region, was under "conceptual discussion" within the SADC.

However, Mandela was optimistic that a solution would be found. "It would be irresponsible" of SA to withdraw its membership from the SADC.

Although Mandela's resignation would not cripple the SADC, it would damage the region's credibility in the eyes of foreign investors, regional observers warned. Mandela's position reportedly has been supported by Botswana, Lesotho and Swaziland.

Regional sources say hopes for a resolution are being pinned on a heads of state meeting in Angola this month.

SA refuses to scrap individual trade pacts

(279A) BD 12/9/97

John Dludlu

PRETORIA — SA has strongly defended the string of trade arrangements with its neighbours, saying these accords will remain until an effective multilateral deal is in place in the region.

Mfundo Nkuhlu, director of Africa trade relations at the trade and industry department, said scrapping existing pacts before a multinational deal was in place was asking SA's neighbours to give up a bird in hand for one in the bush.

Agreements came under fire recently when Kaire Mbunde, the executive secretary of the SA Southern African Development Community (SADC), urged the body's members to scrap them as they perpetuated inequities.

Mbunde's call marked a shift in the SADC's official line which has so far tolerated the deals. It came amid internal criticism in SA of government's bid to negotiate a preferential trade deal with its customs union partners on the one hand, and Zambia on the other.

The SADC, which this week admitted two new members — Seychelles and the Democratic Republic of Congo — is planning to free all trade exchanges by 2004.

Nkuhlu said that if the SADC free trade protocol was comprehensive enough by 2004, there would be no need for bilateral agreements.

However, he foresaw situations where economic interaction, going beyond preferential market access, would justify bilateral relationships or where countries co-operated on a project in which they had a direct interest. He cited the trans-Kalahari highway project and the Maputo corridor development project.

Nkuhlu also said talks to grant improved market access for Zimbabwean farm and certain manufacturing items, were under way. The clothing and textile preferential access arrangement with Harare was being implemented.

SA and customs union signatories Botswana, Lesotho, Namibia and Swaziland would soon hold talks with Zambia to respond to the latter's request for concessionary market access on a range of products. Lusaka lacks a trade agreement with Pretoria.

Nkuhlu said Pretoria would offer its SADC partners duty-free access within five years. However, SA's customs union partners — who share the same external tariffs system — would be allowed to seek reciprocity from other SADC partners. The arrangement would benefit SA's relatively weaker partners in the union, who could then guarantee potential investors duty-free access to the rest of the SADC.

Sowetan (279A) 15/9/97

Heavy load for SADC

Trade imbalance in the region will continue despite the admission of two new members to the organisation. **Gordon Freer** explains why ...

IN A MOVE surprising to some observers of the organisation, the Southern African Development Community (SADC) voted unanimously to welcome two new members to its fold last week.

At the September 8 summit meeting of SADC heads of state in Blantyre, Malawi, the newly-established Democratic Republic of Congo and the Republic of the Seychelles were admitted to the organisation

Prima facie this may seem to be a valuable expansion of the regional organisation, but there are problems inherent in the SADC opening its doors to new members

A key concern that confronts Southern Africa is the need for the regional grouping to promote equitable development and trade

Earlier this year, SADC decided to establish a Free Trade Area within the region, and pledged to have the FTA operational within eight years This was seen by many to be overambitious

One of the most obvious obstacles to be overcome before the successful implementation of such an agreement is the necessity to address and rectify imbalances in trade within the region.

SADC has, since its inception, witnessed South African economic dominance of the region

The current hegemony of the South African economy over the rest of the regional economy is seen as both undesirable and unacceptable, even since the new South Africa became a member of the organisation

Economic imbalance

SADC was established to redress this economic imbalance through the liberalisation of "intra-regional trade in goods and services on the basis of fair, mutually equitable and beneficial trade arrangements"

SADC, in moving towards regionalisation, must be aware of some basic principles of this concept States remain individual entities with their own political agendas and economic dynamics

Individual states need proponents of development within their own territory Regions that have vast internal imbalances in trade tend to be unsuccessful at regionalisation

In terms of balance of trade with the rest of the region, South Africa is a giant among pygmies South Africa has a Gross Domestic Product of about $216 billion (about R1 trillion), while Zimbabwe and Tanzania have only $18 billion (R90 billion) and $23,1 billion (R110 billion) respectively

In order for SADC to be successful in the medium to long term, it is imperative that this imbalance is addressed This has been readily acknowledged by South African Minister of Trade and Industry Alec Erwin

Democratic Republic of Congo president Laurent Kabila's country was welcomed unanimously into SADC last week. PIC AP

At a conference in May, he stated that the South African trade balance with the rest of Southern African was tipped dramatically in South Africa's favour and that unless this trend could be reversed it would have a drastic effect on the neighbouring economies

In admitting the DRC and the Seychelles, SADC has further complicated its already ambitious task Firstly, neither of these countries has strong trade links with any of the other SADC states

In terms of integration, one of the necessities for greater (and more equitable) trade is to have a foundation upon which a more equitable structure can be built.

If no such foundation exists, the opportunity for one state's dominance over another is enhanced

Secondly, the domestic economies of the two new members are relatively underdeveloped even in comparison with their fellow members

The DRC has a GDP of $16,5 billion (R80 billion), while the Seychelles is trying to boost its economy of $430 million (R2 billion)

The state of the infrastructural network in the former Zaire is atrocious, and the need for capital investment before any tangible returns are possible is overwhelmingly high

Thirdly, although not directly within its mandate, SADC has already had to deal with numerous cases of political turmoil within its member states

This has obviously affected the economic performance of the states concerned, and this directly impacts negatively upon the internal dynamics and the international profile of the regional organisation

The former Zaire had often expressed an interest in joining SADC, but was consistently refused entry

Now the newly-christened DRC, which has yet to emerge from a protracted conflict and the economic ravages of corruption and dictatorship, has been welcomed into the club

Reasons for the admission of the two new members have to be evaluated Those voting on the issue of admission must have been influenced by strong arguments.

Perhaps the most persuasive argument centred on the impressive water resources of the DRC. These resources can be utilised by the thirsty southern states, as well as by energy-starved South Africa through ambitious generating projects.

However, these resources could be available to the region without admitting the state to SADC.

Other arguments given in Blantyre included tourism and transport, but none seemed overly compelling

SADC had an arduous road ahead of it when it started on its journey 17 years ago After the admission of South Africa and Mauritius, as more developed states, it seemed to pick up a little momentum and the road ahead seemed a little smoother

With the latest additions, however, the organisation may just have added to its already heavy load

(The writer is a lecturer in the Department of International Relations at the University of the Witwatersrand)

'Fiscus is losing R36m to round tripping of sugar'

(2791A)

SHIRLEY JONES

KWAZULU NATAL EDITOR

CT (AR) 15/9/97

Durban — The fiscus was losing at least R36 million annually to dealers round tripping sugar through neighbouring states, industry sources said last week.

They claimed sugar made up a substantial portion of the grocery export scams within the Southern African Customs Union, which turns over more than R40 million monthly.

The sources confirmed South African sugar was being routed from KwaZulu Natal and the Free State via Lesotho and Namibia. Profits consisted of VAT rebates from the South African government, GST refunds from neighbouring states and discounts from the wholesalers from which the sugar was purchased.

The commercial branch of the SAPS in KwaZulu Natal said cross-border sugar scams were so prevalent it was almost impossible to tell one case from another. While some cases were reported to the police, others were handled by the receiver of revenue, which has a secrecy clause preventing anyone from tallying up how many investigations are under way.

According to one source, managers at wholesalers — who stand to earn sales bonuses — rarely ask questions, adding weight to the problem. The source said fictitious clients had been buying from certain stores for years.

The South African Sugar Association was not available for comment.

SADC 'in favour of an international court'

(279A)

Deborah Fine BD 16/9/97

MEMBERS of the Southern African Development Community (SADC) were "overwhelmingly" in favour of the speedy establishment of an international criminal court to try war criminals and instigators of genocide, Lawyers for Human Rights national director Vinodh Jaichand said yesterday.

He said SADC members had met in Pretoria at the weekend to formulate a regional position in response to a draft statute drawn up by the International Law Commission outlining proposals to establish a permanent international criminal court within the United Nations (UN).

The new court would replace the ad hoc tribunals set up by the UN Security Council to investigate atrocities and crimes against humanity.

Jaichand said the idea of an international criminal court had been bandied about for 50 years.

Proposals to establish such a body were an indication of "the world moving towards a oneness" and a "large step forward for international human rights and humanitarian law", he said.

The SADC had adopted principles of consensus which would be put forward as a declaration at UN meetings in Sicily in November, and New York in December.

Up for discussion at these meetings was the role of the Security Council in the court, the location of the court, funding mechanisms and contentious clauses which some countries felt may threaten their sovereignty. These and other issues were still a source of debate, he said.

He said the court may be established within two years if it was not "politically scuttled or delayed".

Region's defence forces to club together

(2794)

By Norman Chandler
Defence Correspondent

Southern African governments are laying plans to restructure their defence capabilities through limited integration of existing national forces, to save money and to promote the security and reconstruction of the region.

A start will probably be made with various air forces and air wings, followed by other arms of service.

Negotiations are expected to take some time before a final decision is taken by the region's Inter-State Defence and Security Committee and ratified by the 12 Southern African Development Community governments.

Defence Minister Joe Modise told the Sir Pierre van Ryneveld air power symposium – organised by the SA Air Force – in Pretoria yesterday that air power, in particular, was expensive "and few states in the region will be able to afford extensive air capabilities".

He said "the end of apartheid and the birth of a new democracy in South Africa" heralded a new dawn for the African continent and emphasised that defence, including military and civil air power, could make a significant contribution to the general revival of Africa, and the vision of an African renaissance supported by President Nelson Mandela and his deputy, Thabo Mbeki.

"This may sound like a paradox to some who might question how defence can be part of a renaissance. I submit that development and progress cannot come about without the fundamental prerequisites of peace and security," Modise said.

Star 17/9/97

SADC moves 'delay free trade zone'

Sowetan (Bus) 17/9/97 Z79A

ATTEMPTS by Southern African Development Community member states to protect local manufacturing were delaying the creation of a free trade zone within the SADC, executive secretary Kaire Mbuende said this week

"Tanzania and Mauritius are the only two members to have ratified the trade protocol. We are concerned about this slow pace," he told a briefing following the SADC summit in Malawi last week

Mbuende said the trade protocol was of critical importance, given the high expectations of both the regional business community and foreign investors, eager to benefit from the SADC free trade area

'The Congo has much to offer the region in resources'

"It is a question of so-called sensitive products So far every country has said they regard everything that is produced locally as sensitive We now have to go through negotiations to finally agree what constitutes a sensitive product," he said

Mbuende said the Democratic Republic of the Congo and Seychelles, both new members, would bring considerable benefits to the SADC

"The Congo has much to offer the region in energy resources, water and as a gateway to Central Africa From Seychelles we can get input on tourism, fisheries and maritime transport," Mbuende said

Mbuende said Madagascar had also made inquiries about membership.

He said little progress had been made with the inclusion of Kenya and Uganda in the SADC – *Sapa*

Comesa puts recruitment of senior officials on hold

(279A) BD 17/9/97

John Dludlu

THE Common Market for Eastern and Southern Africa (Comesa) has put on hold the employment of senior officials pending the outcome of a programme to reshape its bureaucracy.

However, the Lusaka-based organisation will go ahead with the recruitment of the secretary-general — by far the top executive in its secretariat.

Sindiso Ngwenya, acting director of Comesa's transport and communications division, said consultants were hired to advise on restructuring its secretariat.

The consultants, drawn from member states, would meet next week. A final report was expected in November, he said.

This is the second attempt to get advice on overhauling the institution. The first consultants' report was "inconclusive" as its authors complained of insufficient time to study the secretariat, Ngwenya said.

Price Waterhouse had been hired to recruit the successor to the flamboyant Bingu wa Mutharika, who quit at the height of allegations of financial mismanagement. A new secretary-general was expected to be named in March, Ngwenya said.

Recruitment of directors had been put on hold. Positions, currently filled on a caretaker basis, include posts in administration, customs and trade, transport and communications, agriculture and legal affairs and institutions.

Ngwenya denied suggestions that the rationalisation had been prompted by financial crisis. "The restructuring is in line with article 188 of the (Comesa) treaty," he said. The clause empowers the secretary-general to "submit a restructuring programme to the (ministers') council ... on the reorganisation of the secretariat ... including the revision of job descriptions of posts ... to ensure" efficient execution of the secretariat's responsibilities.

Comesa would move to new headquarters this week at a cost of almost $20m. Member states would foot part of the bill. Bank loans had been secured, he said. "This will send signals that we are not finished."

The body recently suffered its most severe blow since its inception when Mozambique and Lesotho announced their intention to withdraw in favour of the SADC. Ngwenya was convinced Maputo would change its mind before the end of the year, when its membership would be ended.

He said the organisation's tariff reduction programme was on track, with nearly 80% of states having slashed tariffs by 70%.

African Business

SA officials believe Kabila's newly liberated republic does not have the border controls required to participate

'Congo could wreck SADC free trade plans'

CT (BR) 18/9/97

(279A)

Peter Fabricius
Foreign Editor

Johannesburg — Wary South African trade officials are hoping the new Democratic Republic of Congo, which joined the Southern African Development Community (SADC) last week, will stay out of the regional body's free trade agreement until it gains full administrative control of its territory.

If not, they predict there could be problems as the Congo's leaky borders are likely to be exploited to smuggle contraband into the SADC free trade zone.

Mfundo Nkuhlu, the director of Africa trade relations in the trade and industry department, questioned whether the Congo — just emerging from 30 years of maladministration and civil war — would be capable of the border controls necessary to implement a free trade agreement.

UPHILL JOURNEY *Laurent Kabila, president of the Democratic Republic of Congo, faces many challenges* PHOTO GARY BERNARD

The 12 member states of the SADC have made considerable progress in negotiating the terms of the free trade area and are due to make detailed proposals for tariff reductions next month, including lists of "sensitive" products to be excluded from free trade.

Nkuhlu said in an interview this week that his department was still analysing the implications of the Congo and Seychelles joining the SADC. His first impressions were that the tiny Seychelles economy could be absorbed easily but that the Congo could be "a problem" at least as far as trade was concerned.

In other areas such as investment, mining and infrastructure systems (like water and transport), Congo's membership would not be difficult. The country was already participating in the SADC power pool, for example.

The main potential problem if the Congo joined the SADC free trade area before it had proper border controls in place was trade diversion, meaning that exporters from non-SADC members could route their products through Congo into other SADC countries to illegally benefit from the low or zero import tariffs

Nkuhlu said one possibility was for the Congo to participate in other collective activities of the SADC but to remain outside the free trade area until it had improved its administration. Angola, still wracked by war, was already doing this.

Nkuhlu also expressed some concern that the admission of the Congo could open the SADC's doors to other countries in the Great Lakes region. "Are Rwanda, Burundi, Uganda and others now likely to remain outside SADC for too long? There is a trade-off between expanding and deepening the organisation. Expansion could be at the cost of a deeper level of integration," he said.

Tony Hawkins, a professor of business studies at the University of Zimbabwe, wrote for Reuters that broadening an economic union by bringing in more members was invariably easier than deepening it to make it more effective.

"The inclusion of DRC will reduce the regional per capita income to approximately $1 000 a head, with enormous disparities between the desperately poor in Congo, Mozambique and Tanzania — all states with income per head of no more than $120 — and the more prosperous in Botswana, Mauritius and South Africa where incomes exceed $3 000 per head.

"Bringing in new members builds market potential, but could slow progress towards deepening the union — free trade, a common currency, tax and investment code harmonisation."

He also said it was vitally important for the Congo to introduce democracy and restore stability urgently or these problems would distract it from the administrative responsibilities of SADC membership — Independent Foreign Service

ANALYSIS

SADC security spat opens up regional integration problems

(279A)

The wrangle over leadership of a key SADC committee has been temporarily side-stepped by the region's leaders. John Dludlu looks at the options before them

BD 18/9/97

THE widely publicised spat in a closed-session meeting between President Nelson Mandela and his Zimbabwean counterpart, Robert Mugabe, during the recent leaders' summit of the Southern African Development Community (SADC) reflects the frustrations of forging regional integration

The tensions, which came to a head after differences over the management of the SADC region's security and political affairs, had been brewing for months, if not years They also reflect a complex cocktail of regional sensitivity that has to be carefully managed.

The clash was over the control of the SADC's organ for security and politics — SADC-speak for a subcommittee responsible for conflict resolution and democracy in the region.

Mugabe chairs the subcommittee, which has yet to show its teeth. Mandela, who chairs the SADC for three years (his term runs out in August 1999), believes that, as an SADC institution, the organ should be headed by the SADC's chair — in this particular case, himself.

Logically, the relationship will be similar to the one between the UN and its associate bodies, notably the Security Council

Under this scenario, which enjoys significant backing within the SADC heads of state club, only one umbrella summit will be held a year. Put differently, the security and politics organ will, like the SADC ministers' council and other committees, be answerable to the annual SADC summit

Southern African diplomatic sources say Mugabe, who led the "frontline states" in the fight against apartheid in SA, envisages a far more independent role for the security subcommittee. If implemented, his thinking will see the subcommittee assuming a far more influential role. Over time, and under a strong personality like Mugabe, it might amass huge amounts of power for itself — to the point where it becomes a parallel institution to the SADC

Its life and shape will be more or less the same as the North Atlantic Treaty Organisation (Nato) With such power and influence, it will justifiably have to hold a separate summit — protocol thus allowing Mugabe to legitimately arrive after the other SADC presidents

There is nothing intrinsically wrong in building up an African or southern African Nato. After all, it is about time Africans started resolving their own problems — as demonstrated over the conflict in former Zaire

However, this cannot be done in a day Besides, building such an empire is a costly venture that Africans cannot afford — at least, not yet Such a project will require funding from SADC members so it stays as far away from donors as possible At present, most regional projects are donor funded

Mandela's thinking is firmly grounded in the principle that an SADC institution has to be run as such.

SADC leaders in his camp think of him as a logical choice to lead the organ because he already heads the SADC, because of his existing peace efforts in the region, because of his human rights track record and because of his stature as a statesman.

Besides his credentials for being the champion of human rights — both in and outside SA — Mandela is held in the highest regard by most of his counterparts in Africa, including those who hypocritically claim to be committed to multiparty democracy and a culture of human rights on international platforms, and yet do not practise them in their own countries.

On several occasions Mandela has been approached by counterparts in the region to mediate in disputes, mainly in his personal capacity

It is understandable Mugabe should feel deeply offended by efforts to remove him from leadership of the security organ, although diplomatic sources say Mandela has gone out of his way to involve him in the process of change.

Supporters of Mugabe — who won the position, in part, as a recognition by his peers of his experience as the longest-serving president in the region — claim that the politics of the region demand that someone keeps an eye on "big brother SA" and ensures it does not become the neighbourhood bully

Apart from Botswana, which recently vacated the SADC chair, Zimbabwe is the one country in the region with a military force to speak of which can perform this "watchdog" function.

Proponents of the "dominance" theory believe the bid to get the security subcommittee under the SADC's direct control comes from "securocrats" in SA, and not necessarily from Mandela

SA government sources disagree. They argue that the issue is a matter of principle and say that so strong is Mandela's feeling on this that he is prepared to quit the SADC if the principle is not upheld

Not only will it not be in SA's interest to "dominate" the region, but it is doubtful if Pretoria has the resources and the time to do so.

The subcommittee for security and politics looks like a logical institution to house a future SADC human rights body So whoever heads it should enhance the body's status through good human rights credentials at home. Zimbabwe's record casts doubt on its ability to play this role convincingly.

Apart from having to deal with the pressures of discontent from his own civil servants and his battle with the Bretton Woods institutions, Mugabe's other international commitments — such as his role as chairman of the Organisation for African Unity — will make it difficult for him to do justice to his job as the peace officer in the region. Unless of course, his only concern is to accumulate positions.

There is a way forward, but this depends on the political will to find it. After the fallout in Blantyre, Malawi, the region's leaders agreed to suspend the organ's activities Officials say the role of the subcommittee is under constant "conceptual discussion" and are confident a solution will be found.

However, no specific meeting is planned to find a solution to the problem. Technocrats believe that the presidents will have enough time and political will to revisit the issue when they meet again in Luanda, Angola, to review the political situation in that country on a yet-to-be named date.

A more practical compromise, would be to adopt Mandela's proposal, with the SADC chairman taking over the subcommittee on politics and security. To guard against perpetual dominance of one leader, and in line with the principle of partnership, the chairman's three-year term could be shortened to a year.

In line with Mugabe's ambition of a more influential, Nato-style body, a position of a top bureaucrat — secretary-general or director-general — could be created for a renewable three-year term to run the body

Presidents Robert Mugabe and Nelson Mandela

SADC plans for safer skies

(2791A) .CT (BR) 19/9/97

AUDREY D'ANGELO

Cape Town — Flying over most of southern Africa will be safer by the end of this year when a satellite communications system, designed to help aircraft avoid collisions and other accidents, is installed, a spokesman for the Air Traffic and Navigation Services Company (ATNS) said yesterday.

The spokesman said Southern African Development Community (SADC) countries were installing a satellite system.

But that would leave most of the rest of Africa a dangerous place to overfly, with many airports completely lacking any kind of communications system.

Mac Maharaj, the transport minister, is expected to talk about this at the Airlines Association of Southern Africa conference dinner tonight.

The matter will be discussed at a conference of the International Federation of Airline Pilots' Association (IFALPA) in Ghana this weekend.

The ATNS spokesman said the recent collision between a US and a German aircraft off the Namibian coast happened outside South African airspace. He would not speculate on the probable causes of the accident.

He did say, however, that "poor ground-to-air and ground-to-ground communication, or the total lack thereof in certain parts of the African continent, may have played a significant role in this disaster".

He said the satellite communication system being installed in all SADC countries would enable control centres in each country to exchange information about aircraft headed into their air space.

IFALPA has complained that, for years, accidents have been averted only by radio communication between pilots themselves. They have warned each other not only of the presence of other aircraft in the vicinity, but also of dangerous crosswinds on runways and other hazards.

South African pilots said the problem has worsened with the increase of air traffic into southern Africa. Some foreign pilots expected to find normal communication systems in place.

They complained that many African countries charged heavy fees for overflying their air space or landing at their airports, but did not use the money for essential safety equipment.

SADC must discuss El Nino

Sowetan 19/9/97 279A

By Ido Lekota
Political Reporter

THE South African Government has called for an urgent meeting of Southern African Development Community (SADC) ministers to discuss the impact of the impending El Nino weather factor on the region.

The El Nino factor is linked to the warming of surface waters in the Pacific Ocean and it can lead to either abnormally high rainfall or severe droughts.

Predictions are that in Southern Africa the normal summer rains from December to March will be disrupted, leading to a severe drought.

At a media briefing on Wednesday, Constitutional Development and Provincial Affairs Minister Mr Valli Moosa, who is also the chairman of the Government's inter-ministerial committee for disaster management, said the meeting would discuss how El Nino would affect Southern Africa.

In particular, the likely effects on Botswana, Zimbabwe, Mozambique, Lesotho, Swaziland, Malawi and southern Zambia will be discussed.

Indications are that certain provinces in South Africa, including KwaZulu-Natal, will be hard hit by El Nino.

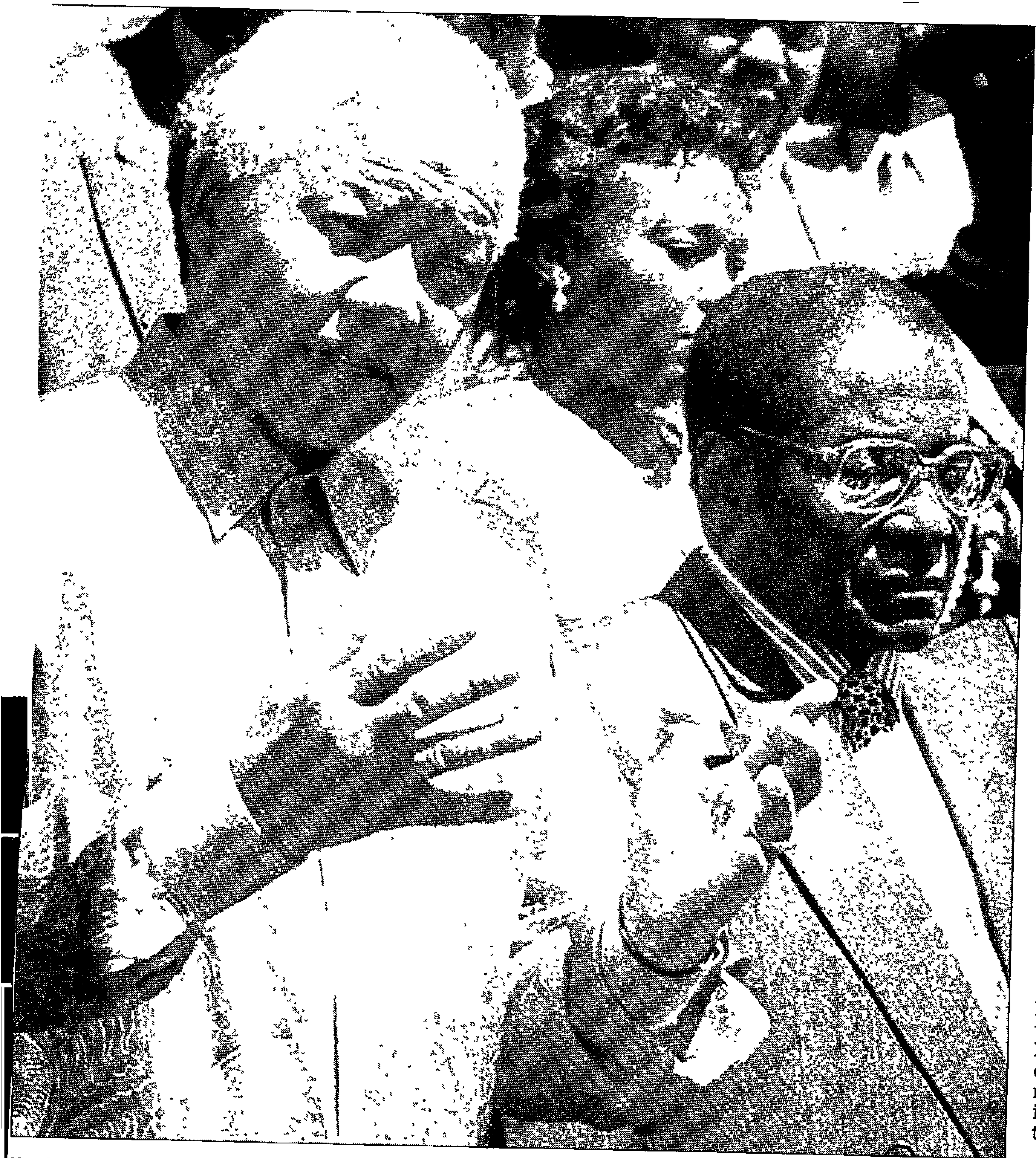
Moosa revealed that the Government was also embarking on a pro-active "pre-disaster risk reduction strategy" as opposed to the previous reactions to disaster where resources were only provided to redress damage.

Already the Ministry of Water Affairs has called for the intensification of its water conservation campaign and provision has been made for an El Nino emergency fund.

Services expected to be heavily affected by El Nino are water provision and agricultural production.

Statistics reveal that there are as many as 12 million people who rely on springs, rivers and wells for their water supply and the envisaged drought could hit them hard.

Predictions indicate there could be a 50 percent drop in maize production. This will lead to the importing of grain.



LEON MULLER

Heads of state: President Mandela and Zimbabwe's President Mugabe are reported to have differerences of opinion over who should be contrelling the policing of southern Africa

Zimbabwe, SA lock horns over who will be in charge of policing southern Africa

(279A) ([redacted]) ARG 20/9/97

IDEN WETHERELL

Harare – The row between South Africa and Zimbabwe over control of regional security reveals more than just a power struggle.

It exposes differing approaches to governance which could have far-reaching implications for relations between South Africa and its northern neighbour.

Nelson Mandela's office has been quick to deny reports of a major rift at last week's summit of the Southern African Development Community (SADC) in Blantyre, Malawi, where leaders of the now 14-member grouping failed to agree on a constitution for the proposed Organ on Politics, Defence and Security.

The Zimbabwean press reported that Mr Mandela had threatened to resign if he didn't get his way over joint chairmanship of the SADC and that he had "acted like a bully".

In what were clearly officially-inspired leaks, Zimbabwean newspapers reported that other heads of state were shocked by what they considered "an insult to their sovereignty".

While Mr Mandela's spokesman, Parks Mankahlana, said there was no truth in the reports that Mr Mandela had threatened to resign as SADC chairman, Foreign Ministry spokesmen in Pretoria conceded there were important differences of interpretation as to the role of the organ.

Those differences have never been fully spelt out, but they concern radically different views of how security is managed in a democratic society.

South Africa and Zimbabwe have been at odds over this since Zimbabwean officials first proposed a replacement for the redundant Frontline States formation at a meeting in Windhoek in 1994.

With the advent of a democratic South Africa there was obviously a need for a new organisation to cater for security and peacekeeping within the framework of the SADC.

Zimbabwe proposed a body called the Association of Southern African States (Asas) which it envisaged as an additional sector of the SADC.

That meant it would become the responsibility of a member state and Zimbabwe's leaders clearly intended it should be based in Harare.

> ***Differences concern radically different views of how security is managed in a democratic society***

But in 1994-5 Zimbabwe's gung-ho plans for intervention in civil conflicts in Lesotho and Mozambique alarmed its partners.

In particular, the South Africans had no wish to see their unreconstructed armed forces dragged into engagements in neighbouring countries by President Robert Mugabe using Asas as a means to impose his own brand of discipline on the region.

Resorting to arguments about Organisation of African Unity rules on non-intervention and hiding behind the reservations of smaller countries, which were understandably unnerved by what they saw as Zimbabwean regional hegemonism, South Africa's diplomats managed at foreign ministers' meetings in 1995 to re-fashion the Asas proposal.

They endorsed plans for an organ on security that would rotate annually among the SADC members and thus avoid manipulation by larger states. This was the formula put to SADC heads of state at their 1995 summit in Johannesburg.

To the surprise of other leaders, Mr Mugabe revived the Asas proposal. Although prepared to drop the requirement that it be a sector of the SADC, the Zimbabwean president insisted that it be chaired by a long-serving regional statesman – a job tailor-made for himself. To Mr Mugabe's chagrin, the SADC heads of state stuck with the recommendation of their foreign ministers that the organ's chairmanship rotate on an annual basis.

Their resolve had been stiffened by the international outcry that had greeted Mr Mugabe's spiteful campaign a few weeks earlier against Zimbabwe's gay community.

> ***Gay issue raised questions on Mugabe's suitability as head of a human rights organisation***

While SADC leaders were unlikely to support gay rights, the response of South Africa's powerful civil society raised legitimate questions about Mr Mugabe's suitability as head of an organisation tasked with monitoring human rights and undoubtedly weakened his case.

The upshot was a clumsy compromise fashioned in Gaborone last year whereby Mr Mugabe was appointed transitional chairman of the new organ.

But the gulf between South African and Zimbabwean thinking remained. Fundamental to the new South Africa was the view that intelligence and security issues should be firmly subordinate to politically accountable decision-making. The organ should therefore meet only at official and ministerial levels, the South Africans argued.

It could not function as an alternative forum to the SADC heads of state. Zimbabwe's leaders, who depend upon a multitentacled security apparatus for their tenure of power, saw things differently.

They wanted a regional forum that operated independently of the powerful new South Africa, with its inconvenient preoccupations about participatory democracy.

Above all, Zimbabwe didn't want the organ to become susceptible to the blandishments of regional human rights groups. The issue came to a head last week because the South Africans suddenly woke up to their error in Gaborone last June of allowing the organ's chairman to call his own summits.

New realisations dawned. Which summit would have the higher status: that of the SADC or the organ? Could Mr Mugabe use the mantle of the SADC to intervene in a regional crisis without the agreement of other heads of state?

The loss of political control over decisions taken in Harare clearly gave Pretoria the jitters.

And without political accountability there was little prospect of countries like Swaziland, Zambia, and Zimbabwe being amenable to constitutional reform. Mr Mugabe, who has now served as both transitional and substantive chairman, is not keen to give up his unique regional power.

■ **Iden Wetherell is assistant editor of the Zimbabwe Independent**

Zimbabwe, SA security rift has major implications

Star 23/9/97 (2791A)

At stake is how each country should relate to intervention in the civil conflicts of its neighbours

By Iden Wetherell
Harare

The row between South Africa and Zimbabwe over control of regional security reveals more than just a power struggle.

It exposes differing approaches to governance which could have far-reaching implications for relations between South Africa and its northern neighbour. President Nelson Mandela's office has been quick to deny reports of a major rift at the latest summit of the Southern African Development Community (SADC) in Blantyre, Malawi, where leaders of the expanded – now 14-member – grouping failed to agree on a constitution for its proposed Organ on Politics, Defence and Security.

The Zimbabwean press reported that Mandela had threatened to resign if he didn't get his way over joint chairmanship of SADC and the organ, and that he had "acted like a bully". In what were clearly officially inspired leaks, the Zimbabwean newspapers reported that other heads of state were shocked by what they considered "an insult to their sovereignty".

Mandela's spokesman, Parks Mankahlana, said there was no truth to the reports that Mandela had threatened to resign as SADC chairman, but foreign ministry spokesmen in Pretoria conceded there were important differences of interpretation as to the role of the proposed new organ.

Those differences have never been fully spelt out, but they concern radically different views of how security is managed in a democratic society. The two neighbours have been at odds over this since Zimbabwean officials first proposed a replacement for the redundant Frontline states formation at a meeting in Windhoek in 1994.

With the advent of a democratic South Africa there was obviously a need for a new organisation to cater for security and peacekeeping within the framework of SADC.

Zimbabwe proposed a body called the Association of Southern African States (ASAS) which it envisaged as an additional sector of SADC.

That meant it would become the responsibility of a member state and Zimbabwe's leaders clearly intended it should be based in Harare.

But during the course of 1994-5, Zimbabwe's gung-ho plans for intervention in civil conflicts in Lesotho and Mozambique alarmed its partners. In particular, the South Africans had no wish to see their unreconstructed armed forces dragged into engagements in neighbouring countries by President Robert Mugabe using ASAS as a means to impose his own brand of discipline on the region.

Resorting to arguments about Organisation of African Unity rules on non-intervention and hiding behind the reservations of smaller countries which were understandably unnerved by what they saw as Zimbabwean regional hegemonism, South Africa's diplomats managed at foreign ministers' meetings in 1995 to re-fashion the ASAS proposal.

They endorsed plans for an organ on security that would rotate annually among the SADC members and thus avoid manipulation by larger states.

This was the formula put to SADC heads of state at their 1995 summit in Johannesburg.

To the surprise of other leaders, Mugabe revived the ASAS proposal. Although prepared to drop the requirement that it be a sector of SADC, the Zimbabwean president insisted that it be chaired by a long-serving regional statesman – a job tailor-made for himself.

Nelson Mandela 'acted like a bully'

To Mugabe's chagrin, the SADC heads of state stuck with the recommendation of their foreign ministers – that the organ's chairmanship rotate on an annual basis.

Their resolve had been stiffened by the international outcry that had greeted Mugabe's spiteful campaign a few weeks earlier against Zimbabwe's gay community.

While SADC leaders were unlikely to support gay rights, the response of South Africa's powerful civil society raised legitimate questions about Mugabe's suitability as head of an organisation tasked with monitoring human rights and undoubtedly weakened his case.

The upshot was a clumsy compromise fashioned in Gaborone last year whereby Mugabe was appointed transitional chair of the new organ. But the gulf between South African and Zimbabwean thinking remained.

Fundamental to the new South Africa was the view that intelligence and security issues should be firmly subordinate to politically accountable decision-making.

The organ should therefore meet only at official and ministerial levels, the South Africans argued. It could not function as an alternative forum to the SADC heads of state. Zimbabwe's leaders, who depend upon a multi-tentacled security apparatus for their tenure on power, saw things differently.

They wanted a regional forum that operated independently of the powerful new South Africa with its inconvenient preoccupations about participatory democracy.

Above all, Zimbabwe didn't want the organ to become susceptible to the blandishments of regional human rights groups.

The issue came to a head last week because the South Africans suddenly woke up to their error in Gaborone last June of allowing the organ's chairman to call his own summits. New realisations dawned.

Which summit would have the higher status: that of SADC or the organ? Could Mugabe use the mantle of SADC to intervene in a regional crisis without the agreement of other heads of state?

The loss of political control over decisions taken in Harare clearly gave Pretoria the jitters. And without political accountability there was little prospect of countries like Swaziland, Zambia, and Zimbabwe being amenable to constitutional reform.

Mugabe, who has now served as both transitional and substantive chair of the organ, is obviously not keen to relinquish his unique regional power base.

Heads of state are due to meet again later this month at a special summit in Angola to resolve the issue. There the debate will intensify. At stake is more than just presidential egos or regional power play.

What has to be decided is whether the organ becomes an agency capable of enhancing democratic governance in the region or whether it remains an instrument of old-style despots keen to extend their grip on power.

■ *Iden Wetherell is assistant editor of the Zimbabwe Independent.*

Angola calls off planned SADC talks in Luanda

(279A) CT(BR) 23/9/97

From Reuter

Luanda — A planned meeting of southern African leaders in Angola at the end of the month has been called off, a senior Angolan government official and diplomats said.

An official said at the weekend that Jose Eduardo dos Santos, the Angolan president, did not want to host a meeting of the 14-member Southern African Development Community (SADC).

One of the issues to be thrashed out was differences between Nelson Mandela, South Africa's president, and Robert Mugabe, Zimbabwe's president, on the running of SADC's subcommittee on defence, politics and security. The subcommittee is headed by Mugabe.

Aziz Pahad, the South African deputy foreign affairs minister, recently said South Africa felt meetings of the group should not be held separately, but should be part of SADC meetings which dealt with overall regional issues.

The SADC meeting planned for Luanda on September 30 was also to have discussed Angola's struggling peace process to end two decades of civil war.

The gathering was to coincide with a UN Security Council meeting considering sanctions against Angola's former rebel Unita movement for slowness in implementing its part of a UN-supervised peace plan.

A high-level Zambian delegation was in Luanda this week to discuss security issues with Angolan officials.

However, a Western diplomat said there was still a chance the meeting could go ahead.

Angola agreed at the SADC's annual conference in Malawi earlier this month to support sanctions against Unita, to force it to comply with a 1994 peace treaty with the Luanda government.

The SADC includes South Africa, Zimbabwe, Zambia, Malawi, Namibia and Angola.

Opposition groups seek to halt thaw

SA's opposition to the Nigerian military regime appears to have given way to an ... nations. Dulue Mbachu reports from Lagos

Second, a long-brewing difference of opinion over the structure of the SADC Organ on Politics, Defence and Security reportedly led to President Mandela threatening to quit as SADC chairman, a post which he is due to relinquish only in 1999.

The admission of the two new member states will in effect, in the short-term at least, undermine the SADC's programme of action while at the same time benefiting regional political solidarity.

Even before this step, the SADC programme of "development integration" remained little more than a theoretical ambition, with its secretariat's managerial capacity already overstretched in dealing with a complex region fraught with social, political and economic sensitivities and challenges.

This problem is compounded by the organisational difficulty created through the disbursement of responsibility for the various SADC sectors or co-operation — including water, energy, trade, transport, and tourism — among its member states.

In this, interstate communication and application to regional rather than national programmes is tardy at best.

The ex-Zaire's inclusion is a fine illustration of the mismatch between bureaucratic capacity and political ideals. While both President Mandela and Deputy President Thabo Mbeki were reportedly very keen to admit the Congo, this sentiment was not shared by SA officials who feared a possible loss of institutional focus

It is ironic that Mandela'

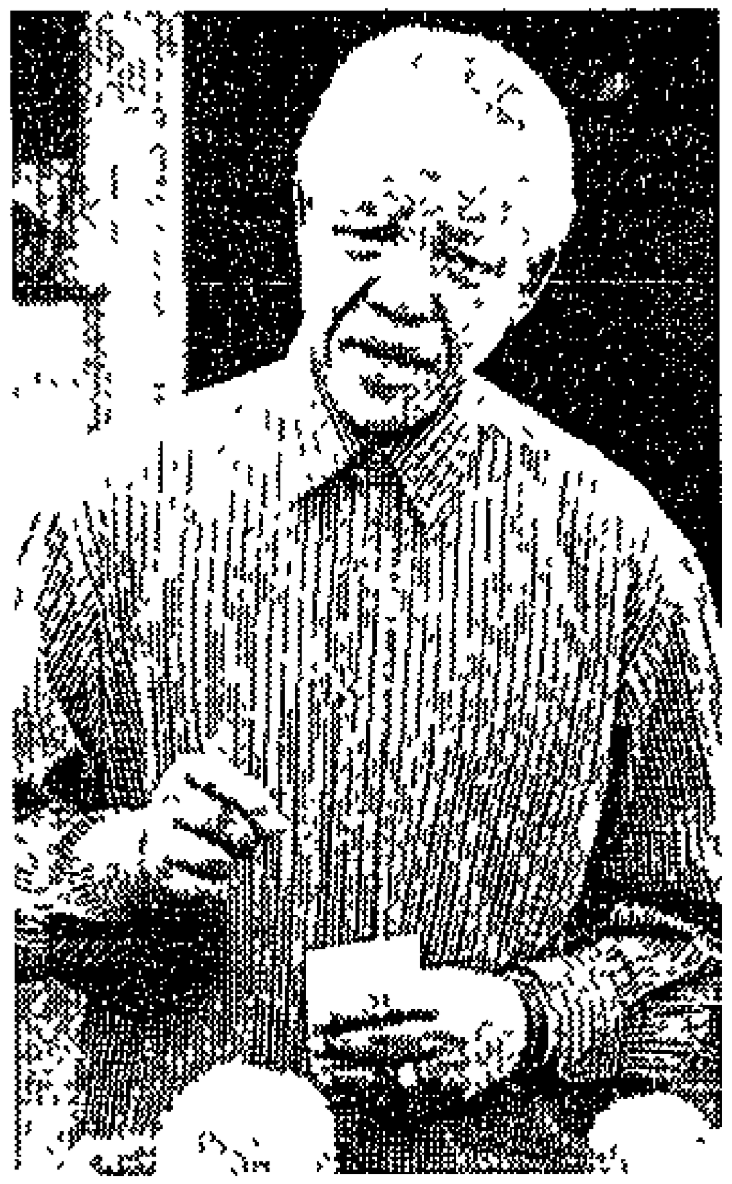
the consequences. With the signing of the SADC Free Trade Protocol in August last year, members were supposed to have ratified the protocol and drawn up a schedule for tariff dismantlement within six months.

Yet by this year's summit, only two countries had ratified the protocol and there had been little progress on the tariff schedule

Such tardiness has immediate (and potentially expensive) implications SA has, for example, been held up in its talks with the European Union over a free trade agreement as its neighbours have been slow in providing Pretoria with a list of sensitive products, critical to the negotiations.

And although the SADC is currently embroiled in a review and rationalisation process of its own bureaucratic structures, it is unclear how this process will now be affected by the new need to take on the huge development backlog of Laurent Kabila's Congo.

If the effect of the membership expansion is a long-term issue for the community, the construction and role of the SADC organ — basically a committee responsible for re-



MANDELA

MUGABE

...y separate summit for the organ, with a separate bureaucracy à la the North Atlantic Treaty Organisation (an argument favoured by Zimbabwe, Namibia and Zambia)?

A document produced by Zimbabwean officials this August at the Harare summit restated formally the communiqué of the Gaborone summit in June last year which agreed on the outline of the organ and its role, that it should "operate at the summit level, function independently of other SADC structures, and also operate at ministerial and technical levels".

A "troika" (consisting of past, present and future chairs) would assist the chairman and would be replicated at the ministerial and technical levels. If it is to operate with a separate summit in the manner outlined in Harare, it

a wink and a nod from the Harare agenda at Zambian President Frederick Chiluba's insistence.

If the organ operates at the summit level, there is the danger it would be used as a personal political tool, though some in the region would argue this would help to counter the overwhelming strength and influence of SA.

The impasse clearly illustrates how few allies SA has in the region.

Throw in Mugabe's personal pride and fears that regional liberalisation will create centres of domestic power outside of his control, and one can understand why he wishes to limit Mandela's influence. A personal platform via the organ would thus provide him with a means of self-protection.

This clash of views on the summit question has now led to a suspension of the organ's activities until a solution can be reached. After the Blantyre meeting, SA Deputy Foreign Minister Aziz Pahad said a special summit would be held to address the issue in Luanda on September 30.

At this stage it is not clear whether the organ or the need to bolster the Angolan government's domestic position was the prime item on the agenda.

may be set up in terms of the treaty and that this was the intention of the extraordinary 1996 Gaborone summit.

If there had been the intention to create a separate, independent summit for the organ, then this would have been spelled out explicitly in the Gaborone communiqué, especially in the light of Article 10 (1) of the treaty which states the (existing) summit should be the SADC's supreme policy-making institution.

The legal argument could probably be tossed back and forth between the two camps. Yet, given SADC's early foundation as an anti-apartheid movement and development lobby, the political suitability and bureaucratic practicality of the two-summit approach must be questioned

The creation of a semi-elitist organ arguably goes against current international trends towards inclusivity and transparency. Southern Africa can little afford such empire-building at a time when the focus should be shifting away from grandiose fantasies towards the harsh reality of domestic good governance and practical forms of assistance.

A solution to the stand-off over the organ should see separate SADC and organ chairmen operating under a single umbrella summit. Remembering that the wind always blows hardest for the tallest trees, SA may well have to insist on this course, potentially forfeiting the illusion of regional political solidarity.

□ *Mills is national director of the SA Institute of International Affairs.*

(279A)

Three-pronged strategy for SADC expansion

BD 26/9/97

MIDRAND-based electronics and electrical engineering giant Siemens is implementing a three-pronged strategy as part of a strong customer focus on Southern African Development Community (SADC) member countries.

Siemens is one of Germany's largest organisations.

The strategy will address energy generation, transmission and distribution; medical engineering; and the telecommunications needs of the region.

"We are committed to addressing Africa's needs from within Africa," says Martin Snoek, director of corporate communications for Siemens.

He says the company's stated objective is to achieve 25% of its turnover from within other SADC member countries over the next few years.

Accelerated

Investment in capital equipment, plant and manpower has been accelerated to help meet this objective and to satisfy the growing requirements of the entire region, says Snoek.

He says that while Siemens is essentially an international organisation with an annual turnover of nearly R400bn, the local company sees itself as essentially African and has put its weight solidly behind the RDP and the government's growth and development strategies.

In this regard, says Snoek, the company follows the initiatives set in place by the African Development Bank.

The company was a corporate partner at the World Economic Forum's southern Africa economic summit held in Harare earlier this year.

Siemens has been involved in SA since 1860, when it was responsible for the installation of the telegraph line from Cape Town to Simonstown.

Siemens's presence in SA was formalised some time later when it established its first agency in the country in April 1986.

Locally, Siemens employs about 4 200 people and generates sales of more than R3bn a year.

Exports, particularly to the rest of Africa, form a considerable part of the company's business.

Products include low-cost urban electrification, and communication and solar energy systems for use in remote rural villages, schools and clinics.

Because Africa represents only a small percentage of the world market, the local company also concentrates its efforts on the global market.

Its Cashpower 2000 prepayment electricity meter — claimed as a world-first — is patented in SA and Europe.

The product has received export orders from 22 countries.

The Siemens Telecommunications plant in Waltloo, outside Pretoria, has also achieved international export success with its electronic digital telephone exchange.

Expanding

Other products developed for world markets include the optical fibre distributed concentrator — a system for expanding the area covered by a single exchange — as well as the small digital telephone exchange, both of which reduce installation costs in remote rural areas, says Lucky Masilela, economic empowerment manager for Siemens Telecomms.

He says that GSM cellular technology has found applications in other African countries, and the local company has been successful in developing the technology and using it in conjunction with global positioning systems for anti-hijacking and fleet management purposes.

Mandela's SADC threat is published

BD 26/9/97 (279A)

Michael Hartnack

HARARE — The text of President Nelson Mandela's threat to resign as chairman of the Southern African Development Community (SADC) was published yesterday by the Zimbabwean Financial Gazette.

The Gazette, run by a consortium of black businessmen, said the row over Mugabe's position revived past ill feeling over Zimbabwean support for the Pan Africanist Congress and stemmed from African states' inability to trust SA's "security establishment which is still dominated by survivors of the apartheid era".

According to the newspaper, Mandela wrote beforehand to the 11 other states that sent leaders to the Blantyre SADC summit two weeks ago: "The creation of an entirely separate and distinct summit (under Mugabe) is surely not reconcilable with the stipulations of the existing SADC treaty. I want to give you my assurance that I raise this matter in the interests of harmony within our region. I raise it not to make any issue out of it and I will accept whatever the SADC summit decides, while I have to indicate that an arrangement of two parallel summits will not make it possible for me to continue functioning as chairperson."

Mandela said he was confident summit leaders "would obtain clarity on the issue" in Blantyre, but two days of heated debate failed to settle the rift which threatened the future of regional integration.

The newspaper said Mandela's opponents felt he wanted control of the organ as a springboard for SA's possible entry to the UN security council.

Sapa reports that the presidents of Botswana, Zimbabwe, Mozambique, Zambia and Namibia will discuss the future of the 14-nation SADC trading block in Gaborone on November 17.

Tanzania wants an SADC power grid

(279A) CT (BR) 29/9/97

JOE KHAMISI

Dar es Salaam — The creation of a southern African power grid under the auspices of the Southern African Development Community (SADC) could help Tanzania and other African countries overcome serious problems of power shortages, a government-sponsored think-tank, the Economic & Social Research Foundation, said last week.

Haji Semboja, a senior official with the organisation, said the arrangement would be cheaper and reliable and would benefit immensely from South African expertise in power technology.

He said the grid system could include countries such as Zambia, Zimbabwe, Mozambique and Angola, in addition to Tanzania. Semboja claimed that power rationing, which began in Tanzania on September 8 in response to dwindling water levels at its hydroelectric dams, was adversely affecting the country's industrial sector at a time when the government had embarked on a serious campaign to woo investors. Continued power rationing, he said, would lead to lower levels of production, diminish capacity utilisation and increase production costs.

"As production decreases, government revenues will tumble," he said. Semboja noted that in the absence of a regional effort, Tanzania would be unable to fully utilise its hydroelectric potential. — Independent Foreign Service

World Bank makes regional integration a priority

BD 1/10/97 (279A)

Bernard Simon

THE World Bank's agenda in southern Africa over the next year would be heavily geared towards promoting regional integration with maximum private sector involvement, officials of the Washington-based institution said yesterday.

SA country director Pamela Cox said after a meeting of country directors and resident representatives for 12 southern African countries that regional integration was less advanced in Africa than most other parts of the world. She pointed out that economic and social issues, such as water, communications and diseases, increasingly transcended national boundaries. "Mosquitoes don't respect border crossings," she said.

The meeting identified four priority projects for the bank designed to further regional integration:

- A study on regional trade flows. "People don't know what the flows are within the region and other countries";
- Encouraging private sector participation in cross-border transport links, such as the Maputo corridor;
- Setting up a payments clearance system among banks in the region as a means of stimulating trade; and
- Water issues. "Countries cannot solve water problems by themselves."

One of the bank's top challenges in Africa is to facilitate a bigger role for the private sector.

Vincent Rague, resident representative of the International Finance Corporation (IFC), the bank affiliate that provides loan and equity funding to private business, said "a strong private sector is important if you're going to attract foreign investment". For instance, a vigorous local business community helps reassure multinational companies that they will not become easy political targets.

The handicaps created by a weak private sector are evident in Mozal, the proposed aluminium smelter near Maputo, in which the IFC has agreed to invest $120m in long-term loans and quasi-equity financing. Mozal is the IFC's biggest investment in the world. However, Rague said the project's sponsors, who include Alusaf, had found difficulty attracting local capital.

"We feel SA is going to play a pivotal role in developing the private sector in Africa as a whole," he predicted.

Both the IFC and the Multilateral Investment Guarantee Agency, another World Bank affiliate that specialises in insuring credit risks, have significantly expanded their presence in sub-Saharan Africa in recent years.

This week's get-together in SA comes on the heels of a sweeping internal shake-up launched by bank president James Wolfensohn. The reforms seek, among other things, to give country directors greater authority, and to move more staff into the field. Many of the changes are being tried first in Africa. "The new organisation has made us more nimble, and given us less bureaucracy," said Cox.

Sacu exports increase

(279A)

Sowetan 3/10/97

By Maxwell Pirikisi

THE European Union (EU) accounted for an estimated 45 percent of the Southern African Customs Union's total imports and 31 percent of its exports in 1996, the European Commission in South Africa has said.

In a report released this week, the commission says the latest annual trade statistics represent a 16 percent and 31 percent increase in imports and exports respectively last year.

Machinery and electrical equipment imports accounted for an estimated 38,4 percent of total Sacu imports from the EU.

Other major imports from the EU included vehicles and vehicle equipment (6,5 percent), plastics and rubber articles (4,4 percent) as well as photographic and medical instruments and watches (4,1 percent).

Mineral-related products

Sacu exports to the EU are dominated by precious mineral-related products (47,2 percent), base metals and base metal articles (10 percent), vegetable products (6 percent) and prepared foodstuffs (4 percent).

The highest contributor to Sacu's total exports was Germany (15,2 percent) while the least was Luxembourg (0,1 percent) and Greece (0,1 percent).

Sacu's imports to the rest of the world was one percent to Africa, two percent to South Africa, three percent to the rest of Europe, eight percent to Japan, 13 percent to the United States, 22 percent to the rest of Asia and 6 percent to other countries.

Its exports were 21 percent to Asia, 15 percent to Southern Africa, seven percent to the US, 7 percent to Japan, four percent to the rest of Africa, seven percent to the rest of Europe and seven percent to other countries.

Sacu member states comprise Botswana, Namibia, Lesotho, Swaziland and South Africa.

'A vehicle for the regional economy'

Aril seeks to hasten SADC co-operation

CT(BR) 8/10/97 (279A)

Matt Getz

MARKETS EDITOR

Johannesburg — African Resources Investments (Aril), the regional investment fund due to be filled on November 4, will serve as a catalyst for greater co-operation and liberalisation among the states of the Southern African Development Community (SADC), said Mutumwa Mawere, the fund's chairman, yesterday.

"As the region gravitates towards an integrated regional economy, Aril will provide a vehicle for that process," he said. "We see this as unifying because unity in the region will depend on the private sector."

Aril was launched in August, initially to attract funds from non-resident Zimbabweans. But Mawere said the fund soon realised that it could advance the cause of empowerment by attracting as broad a base of southern Africans as possible, rather than on a nation-state basis.

The fund's size was originally slated at R125 million, consisting of 250 000 R500 shares. Since the offer to acquire shares opened on August 8, commitments worth R50 million have been received, mainly from southern Africa but also from Africans living in other parts of the world.

Mawere said institutional investors had also wanted to get in on the act, so the fund's prospective size had been increased to R500 million. The closing date remains November 4.

The fund will invest in listed and unlisted companies with a regional component to them. "We would like to get into companies near their listing," Mawere said. "To get a substantial capital appreciation requires that, especially if our presence will help the share price rise ...

"Our positions will be meaningful, but they will be strategic, not operational. We will particularly be involved in accessing new markets and technology, and human capital development."

The fund intends to invest chiefly in information technology, private finance, privatising companies, mining, healthcare, transport and banking. Mawere said the fund had its first investment lined up, a JSE-listed transport company involved regionally.

Mawere said the fund would eventually seek multiple listings on SADC stock exchanges. "We may get into the market sooner rather than later, which would also allow us to give the institutions an exit," he said.

Mandela, Mugabe 'not at each other's throat'

(279A)

Michael Hartnack

BD 10/10/97

HARARE — Disagreement between Presidents Nelson Mandela and Robert Mugabe over chairmanship of the Southern African Development Community (SADC) "organ on politics, defence and security" did not mean they were "at each other's throats", SA high commissioner Kingsley Mamabolo said yesterday.

Announcing an SA-Zimbabwe solidarity week to be held later this month, Mamabolo was questioned about heated disagreement between Mandela and Mugabe in Blantyre last month, when Mandela reportedly threatened to quit as SADC chairman if Mugabe continued to head the organ.

Western diplomats feared the dispute might wreck hopes of integration in the region. "Even among brothers in a family, disagreements may arise," said Mamabolo. "That does not necessarily mean that people are at each other's throats as it has been portrayed in the media here."

As head of the security organ, Mugabe would have the power to call twice-yearly summits, pre-empting Mandela's position.

Commentators say the dispute has revived rancour dating from Mugabe's open support for the Pan Africanist Congress in the 1980s.

"It is quite clear that there has been a difference of opinion," said Mamabolo. "What is happening now is that the heads of state are debating a solution in order to reach an agreement." He declined to comment on what the next step would be.

Mamabolo said the SA-Zimbabwe week would also aim to reverse the negative image of Zimbabwe projected in the SA media.

"We unfortunately cannot control what the media do," he said, referring to complaints by Zimbabwe's state-controlled newspapers about reportage south of the Limpopo. "We would really wish to do without negative reporting because most of it is unfounded."

Asia seeks to boost trade with SADC states

(279A) CT(BR) 14/10/97

Kuala Lumpur — The Association of Southeast Asian Nations (Asean) is seeking to open new trade and investment frontiers as the Southern African Development Community (SADC) joins this week's annual meeting of economic ministers for the first time.

Following inaugural talks between Asean and SADC ministers at last year's meeting of the World Trade Organisation in Singapore, a second meeting is scheduled for this Friday, chaired by Malaysian trade and industry minister Rafidah Aziz and her Tanzanian counterpart Andrew Shija.

"The Kuala Lumpur economic talks are a follow-through of the Singapore meeting where a lot of ideas will be exchanged," Asean secretary-general Ajit Singh said ahead of the annual meeting opening on Thursday.

"The potential of promoting co-operation between the two groupings is there in principle," Ajit said.

He predicted the meeting would enable the two groups to identify pragmatic initiatives.

Apart from measures to promote trade and investment between the two regions, Ajit said the talks would also cover co-operation in the fields of technical assistance, education and human resource development.

"Opportunities for trade and investment are bright, but discussions are still in the preliminary stage," he said.

Established three decades ago, Asean now groups Brunei, Burma, Indonesia, Laos, Malaysia, the Philippines, Singapore, Thailand and Vietnam.

The African group was set up in 1992 with 12 members — Angola, Botswana, Lesotho, Malawi, Mauritius, Mozambique, Namibia, South Africa, Swaziland, Tanzania, Zambia and Zimbabwe.

African leaders recently agreed to accept the Democratic Republic of Congo, formerly known as Zaire, and the Seychelles as additional members.

During his first trip to southeast Asia in March, the South African president, Nelson Mandela, called for closer co-operation between the two regional groups, which have a combined population of 600 million.

South Africa is sending trade and industry minister Alec Erwin to Friday's meeting. South Africa is a major recipient of direct investment from Malaysia, which has poured an estimated $3 billion dollars into the country, making it the second largest foreign investor in the country.

Apart from the southern African grouping, the only other countries planning to hold a dialogue with Asean economic ministers during their annual meeting are Australia,

'Solidarity the answer for Southern Africa'

CT 17/10/97 (2797)

FORMER Tanzanian president, Mr Julius Nyerere, yesterday urged South Africa to co-operate with African states south of the Sahara to enhance the development of the region's people.

Addressing parliamentarians and other dignitaries in the old House of Assembly chamber at Parliament, he said the region was isolated from the world's three main power blocs — the United States, Europe and Japan.

These leaders were mainly concerned about preventing a flood of poor people into their countries from neighbouring states, Nyerere said. This was why more powerful nations were helping to create jobs in poorer countries.

He explained that Mexico fell within the American orbit and North Africa in the European one — but Africa south of the Sahara was left on its own. He said it was "absurd to think the region's countries could go it alone, we have to depend on ourselves".

Nyerere, who stepped down as Tanzania's president 10 years ago and who played a leading role in supporting South Africa's liberation struggle, received frequent applause from the packed chamber.

President Nelson Mandela, Deputy President Mr Thabo Mbeki and Inkatha Freedom Party leader Chief Mangosuthu Buthelezi were in the audience. Freedom Front leader General Constand Viljoen listened attentively from one of the public gallery bays.

Nyerere said he believed Africa south of the Sahara was the region best-placed to fight neo-colonialism. Africa had gone through a period of neo-colonialism which had nearly destroyed the advance of liberation.

South Africa should not refrain from using its capacity to get as much investment as it could — "but don't be isolated from the rest of Africa" Nyerere said.

He said in view of Africa's colonial past, it would have been amazing if the continent was problem-free.

Nyerere said world powers seemed only to take an interest in Southern Africa when there was trouble. Of the crisis in the former Zaire, he said the world knew the location of vast sums of money looted by former president Mobutu Sese Seko. He asked whether the world expected the Congolese people to be taxed to get those funds back.

Nyerere will launch his Dar-es-Salaam-based Mwalimu Nyerere Foundation in Johannesburg today. He was scheduled to hold talks with Mbeki last night. — Sapa

LEADERS: Nelson Mandela with Julius Nyerere at Parliament yesterday. *PICTURE: THEMBINKOSI DWAYISA*

Alec Erwin to represent SA in new linkup

(279A) Sowetan 17/10/97

TOKYO – Trade and Industry Minister Alec Erwin will represent South Africa in a new Africa-Asia linkup at today's meeting of ministers from the South African Development Community and their Asian counterparts.

"The attendance of Erwin is a bridge-building operation between the Asian "Tigers" and the emerging African economies of Southern Africa," chief director of foreign trade relations for South Africa's Department of Trade and Industry Faizel Ismail said.

Erwin and a South African trade delegation left Tokyo yesterday after a week in South Korea and Japan meeting top officials and business leaders of Asia's two most powerful economies.

"This has been the most fulfiling visit. We have forged new and effective ties," said Erwin, who met his Japanese and South Korean counterparts as well as business leaders from the two economic giants of Asia

"On the Japan leg of the week-long North Asian visit, Erwin said South Africa talked with different Japanese companies about investing to build a new steel mill for the automotive and white-goods industries as well as a new aluminium smelter," Ismail said.

Erwin's presence at the annual meeting of the economic ministers of the Association of South-East Asian Nations (Asean) was another first for SADC and South Africa as they look eastwards for new trading partners.

The arrival of the South Africans and the SADC delegation at the Asean meeting was a follow-up to last year's meeting of the World Trade Organisation in Singapore.

Today's meeting will be chaired by Malaysian international trade and industry minister Rafidah Aziz and her Tanzanian counterpart Andrew Shija.

In addition to the promotion of trade and investment between the two regions, Asean officials said the talks would also cover cooperation in the fields of technical assistance, education and human resource development

Landmines: lack of will, money

Star 17|10|99

In Zimbabwe no one will admit that mines act as deadly border controls, writes Laurie Boulden

(360) (2791)

One of the more devastating aspects of landmines in southern Africa is their wide distribution: Malawi, Namibia, Tanzania and Zambia have them, and other unexploded ordnance, still to be cleared, though not nearly on the same scale as Angola and Mozambique. Zimbabwe also faces landmine contamination as severe or worse than Mozambique.

However, unlike Mozambique's clearance programmes, Zimbabwe is taking a very different approach. Its landmines were put in place during almost 20 years of conflict before independence in 1980. They were used as defensive barriers against guerrilla forces.

As a result, most lie in seven minefields along the northern and eastern borders: along a 220km stretch east from Victoria Falls and in a 359km expanse south from the Musengezi River at the north-eastern border with Mozambique, and hundreds of kilometres along Zimbabwe's eastern border.

Due to their military origins, these fields are complex barriers that may contain mines, explosives and booby-traps. In accordance with military practice, the fields were originally marked to prevent civilian injury. However, since independence, the military's upkeep of the fields has diminished. Time, the elements and vegetation have destroyed signs and fences marking dangerous areas. In some cases, local residents have removed fences and signposts. Now, little remains to warn of the dangers.

Despite almost two decades of death and injury, the government of Zimbabwe has only taken limited action to resolve the problem. In the early 1980s, the US and British governments donated funds to enable the Zimbabwean army to undertake mine clearance. Then in 1994 the European Union (EU) financed a study to determine the remaining mine problem. The study found that more than 1,5 million mines still contaminate over 8 500 square kilometres of the country. The government's efforts had cleared less than 80 sqkm.

As a result, the EU donated approximately R46-million for further mine clearance in January 1996. Almost two years later, the Zimbabwean government says it is in the process of preparing to solicit bids for the work. Then, sources say, the tendering period will be open for up to four months, followed by the decision-making phase. Hence, a delay of more than two years appears certain before the grant will be used. According to the government, such extended preparation and bidding is to prevent corruption, as in previous contracts. But the delay may be a symptom of greater apathy.

Because Zimbabwe's landmines are in distant and confined rural areas – unlike Mozambique and Angola where they seem ever-present– the issue of human suffering is highly localised. From an electoral perspective, the mine-affected communities hardly make a difference at the polls.

Moreover, while few officials would ever publicly admit it, the minefields serve as de facto border controls. The government knows of hundreds of reported injuries and deaths of immigrants, poachers and gold prospectors trying to cross the border illegally. To remove the mines would cost money, and replacing them with proper border security would cost even more. Indeed, when an official was asked if the government had considered spending its own money even for the short-term solution of re-marking the minefields in order to save lives, the answer was simply "no".

Another factor is that, unlike other states, Zimbabwe's committee on landmines is located in the ministry of defence. In other countries, a broader outlook also considers the agricultural, public health, medical and environmental ramifications.

Zimbabwe's handling of the issue also relates to awareness and publicity. While the government claims to be interested in de-mining, few people seem to know anything about the situation.

This is not to say the outlook for Zimbabwe is pessimistic. Despite the government's reliance on the EU grant – it is not yet seeking any other donations – and seemingly limited concern about mines, President Mugabe's role in the SADC Organ on Politics, Defence and Security, will keep the issue relevant. Many SADC partners are actively concerned about mines, and SADC wants to create a special committee on de-mining. – Star Foreign Service.

■ *Laurie Boulden is the South African Institute of International Affairs' researcher for the Landmines in Southern Africa Project.*

'Regionalism opens doors'

ROY COKAYNE (279A) ET(PR) 21/10/97

Pretoria — The movement towards regionalism in southern Africa within an envisaged free trade zone of 180 million people, and which would probably expand in the near future, created trade and investment opportunities for South African companies, Andre Ligthelm, a research director of the Bureau for Market Research at Unisa, said last week.

But Ligthelm told the bureau's annual general meeting that the dominance of South Africa, not only in terms of size but also in terms of its level of social and economic development, might lead to a concentration of people and development in South Africa and, ultimately, political tension.

"A counter-flow of development, based on South Africa's know-how, can balance the powers of concentration especially with regard to the benefication of the Southern African Development Community's (SADC) reservoir of natural resources," he said.

"Careful planning is essential to create an atmosphere of balanced regional development to the mutual benefit of all member countries," he said.

But Ligthelm said the SADC's objective of boosting southern Africa's economic independence and establishing a common market would be difficult. He said South Africa was realistic and considered it in the country's long-term interest to opt for asymmetrical preferential access arrangements, favouring other SADC-member states rather than an immediate free trade regime to prevent contributing to the deindustrialisation of these countries.

SADC-Asean states forge trade ties

(27917)

CLOSER economic cooperation in trade and investment between Southern African nations and Southeast Asia is expected to grow following an agreement between the two regions at the weekend.

The 14-member Southern African Development Community (SADC) and economic ministers from the nine-nation Association of Southeast Asian Nations (Asean), agreed on Friday to increase trade relations between the two economic blocs at their second annual meeting in Kuala Lumpur.

The ministers said the two regions would cooperate in promoting mutual trade and investment, particularly in metal engineering, telecommunications, agriculture and infrastructure development.

Strengthening of private sector linkages, links between research institutions and the transfer of technology would also be emphasised, they said.

Asean general secretary Ajit Singh said the two regions also agreed to cooperate in World Trade Organisation (WTO) negotiations.

"Their WTO Geneva negotiating officials and our WTO negotiating officials will meet and exchange views and cooperate whenever necessary," Singh said.

Two-way trade between the regions, although currently small, has great potential for expansion.

Asean's exports of R8,305 billion in goods in 1996 to Southern Africa represented only 0,55 percent of Asean's total exports.

Southern Africa's exports to Asean, totalled R6,757 billion in 1996.

Sowetan 21/10/97

Saitex 'a platform' for SADC growth

(27914)

Patrick Wadula

BD 22/10/97

TRADE and Industry Minister Alec Erwin has called for greater participation by the Southern African Development Community (SADC) in exhibitions such as the SA International Trade Exhibition (Saitex).

Speaking at the official opening of this year's exhibition at Nasrec yesterday, Erwin said there were more than 180-million people living in 14 countries in the SADC region who could benefit from Saitex.

African countries were known for their ferrous and nonferrous metals, which they could take advantage of, he said.

Those countries could form an important trade and investment area for other parts of the world.

"This is going to be a major power, a supplier of well-manufactured goods and agricultural products," Erwin said.

He said the trade and industry department had set up a stand at Saitex for the first time, to promote export opportunities for local producers as well as trade and investments into SA.

WORLD TRADE OPPORTUNITIES

SADC plans to participate fully in SA trade exhibition

(2791A) BD 27/10/97

Business Day Reporter

THE Southern African Development Community (SADC) will participate officially in the SA International Trade Exhibition (Saitex) next year

This was announced at Nasrec on Friday by SADC executive secretary Kaire Mbuende as Saitex '97 was being hailed as "Africa's show of strength".

The exhibition, which ended at the weekend, featured more than 1 000 exhibitors from 52 countries. Many exhibitors reported record sales, and voted the show the best in its five-year history.

"We are very pleased we have had so many visitors from Africa," said director Johan Theron.

Ironically, considering the disputes between US pharmaceutical companies and government over SA's new drug laws, Saitex will include a medical trade exhibition next year under the Made in USA banner. Medtrade Africa will be organised by the US Medtrade organisation, which presents the biggest medical exhibition in the US.

Theron said the US commerce department had identified health care goods and services as having the best exporting prospects for US companies in southern Africa. The Medtrade exhibition will coincide with an SADC conference on health care at Saitex '98 next October.

Seventy US companies took part in this year's exhibition, many of them demonstrating innovative medical technologies and products.

Although no announcements have been made, it is expected that both Plastics Africa and Made in Germany, which took part for the first time this year, will stay under the Saitex umbrella next year.

Plastics Federation of SA chairman Bill Naude said exhibitors had sold hi-tech machinery worth millions of rands to local and foreign companies.

German exhibitors were also happy with the response to their products, Theron said. One innovative display, by GetecNet, showed a net which used an automatic sensor to trap hit-and-run criminals and cover them with dye. Southern metropolitan council mayor Nandi Mayathula-Khoza had no doubt it would find a ready market in Johannesburg.

Cuba was among the first-time exhibitors this year. The country's chamber of commerce director, Manuel Rubido, described the stand as modest, but was pleased to have signed a co-operation agreement with the Johannesburg chamber of commerce and industry.

An interesting development this year was the extent of participation by the South American countries Uruguay, Brazil and Argentina. Seven companies specialising in orthodontic equipment were in the Argentinian exhibition.

The Brazilians brought a machine, targeted at KwaZulu-Natal's small business sector, which extracts juice from sugar cane, for sale by street vendors.

At the first Saitex show in 1993, almost 70% of exhibitors were foreigners — something which puzzled business visitors. One exhibitor from the Netherlands took full advantage of the South Africans' tardiness, buying container loads of SA flowers which he re-exported throughout Europe.

"The rainbow traders have woken up since then, if Saitex '97 is anything to go by," Theron said. "This year 45% of exhibitors were local and their stands have been very busy."

(2798)

FREE TRADE AGREEMENT

EU to allay SADC fears

Accord will have positive impact on economies

FM 31/10/97

Southern African nations worried about the impact of the free trade deal being negotiated by the European Union and SA should take a closer look at the accord. Senior EU officials say the treaty could turn out to be a valuable tool in the region's efforts to build more modern and liberal trade and economic structures.

Speaking to the *FM* before heading for Pretoria for another round of discussions on the free trade agreement on November 3 and 4, a senior EU official involved in the negotiations insists that most of the southern African region's unease about the EU-SA treaty is misplaced.

"We believe the agreement will be good for the region and have a positive impact on the economies of southern African countries," the official says. The pact will help boost trade between SA and its neighbours and lead to fiscal reform in members of the Southern African Customs Union (Sacu), he adds.

Southern African nations will probably need to hear more. The conventional wisdom in the region is that the EU-SA deal will lead to a loss of Sacu Customs revenues, prompt a shift in investments to SA and trigger greater competition on SA markets with European products.

But the EU insists that most of these fears are based on an outdated and incomplete view of the EU-SA pact under negotiation. The treaty will have a wide regional impact, officials in Brussels acknowledge. But it will boost economic growth in the region.

For starters, EU officials argue that contrary to popular belief in the region, the deal will not lead to a sudden drop in Sacu's common Customs revenues. True, SA Customs duties will be reduced, but lower tariffs will boost trade — both within the region and with countries outside. "When tariffs go down, trade goes up," the EU official stresses. "Also, since tariffs won't be as high, there will be less smuggling and hence a higher collection of duties."

The EU says SA's efforts to bring down duties as part of its commitments in the Geneva-based World Trade Organisation (WTO) have not yet led to a shrinking of the Sacu resource pool. "The cake is not getting any smaller. In the long term, the reduced tariffs will mean more trade."

Under the EU-SA deal, an EU official adds, Europe has pledged to slash its tariffs faster than SA. "The accord's trade commitments are assymetrical and we'll probably have a 10-12 year transition period."

SA's tariff liberalisation could also be the catalyst needed to modernise the region's fiscal system, the EU argues. Instead of relying on Customs resources, southern African states should shift towards a more up-to-date revenue collection system based on the introduction of Value Added Taxes (Vat), sales taxes and other levies. "Modern systems of tax collection are based on the taxation of economic activity and production, not on the taxation of goods in movement," the EU official says.

The EU says it is ready to help Sacu states draw up alternative fiscal systems. The question of direct EU financial assistance to the region to compensate for the putative loss of Sacu income is still controversial. Officials in Brussels argue they're not convinced that Sacu revenues will go down. But "there will be budgetary assistance for all members of the Lomé Convention — and help in fiscal modernisation given through structural adjustment programmes," the EU negotiator says. "The problem can be solved."

Southern African fears that the future EU-SA deal will lead to a shift in European investments in SA — which has a more skilled labour force, better infrastructure and soon also duty-free access to European markets — need to be tackled carefully, the EU admits. "SA's neighbours should take a close look at their economies and foreign investments," the EU official says. "And if there's a sector that they are particularly anxious to keep alive, then they should ask the EU not to give SA zero-duty access for that product where they have a niche in the EU market."

EU negotiators also discount fears in Zambia, Zimbabwe and other members of the Southern African Development Community (SADC) that, once the free trade deal is signed, exports from Europe will replace their products in the SA market. One way of ensuring that this does not happen is to ratify the SADC trade protocol which was signed last August, says the EU.

The protocol ensures that countries in the region are given the same tariff preferences that any SADC member concedes to countries outside the bloc. "In other words, SA will have to give its SADC neighbours the same tariffs that it applies to the EU," says the EU official, adding that if SA wants to "open first to its neighbours, we could wait to get the concessions. We don't mind being second."

Shada Islam, Brussels

ZAMBIA (279A)

SADC in cloud coup-coup land

FM 31/10/97

It was — within hours — business as usual in Lusaka, after Tuesday's pathetic attempt by a pocket of army officers to stage what appeared to be a coup against Zambia's elected President Frederick Chiluba (54).

Officials of an SA mining house who were scheduled to fly to Lusaka delayed their flight by a day because Lusaka airport was closed. They were "not unduly perturbed" about their Zambian investments, however

Yet the failed putsch again poses questions about Chiluba's style of government and his commitment to democratic norms and practices — which do not match the relative success of his economic reforms

The Zambian coup attempt underlines the fragility of institutions in a number of southern African states — Angola, Swaziland, Lesotho, the Democratic Republic of Congo — as well as weaknesses in the Southern African Development Community (SADC), to which these countries belong

"Though it failed," says SA Institute of International Affairs director Greg Mills, "the Zambian coup attempt represents a wake-up call for the SADC to do a stocktake of institutional weaknesses of the organisation, and an appreciation of the region's hotspots, where governments' attempts to consolidate a political order have not been successful."

Given Zambia's geographic closeness to Angola and Congo, "there is clearly a great deal of regional anxiety"

The interesting question, Mills says, is what SA would have done had the coup been successful. Zambia is its third-biggest trade partner on the continent (after Zimbabwe and Mozambique), based on 1995 and 1996 trade figures SA exports to Zambia last year totalled R1,8bn, and imports R173m.

As chairman of the SADC, SA might have been expected to mobilise the region against the coup. But given the SADC's record, it would probably have done nothing After all, Angola, also an SADC member, has blithely invaded two countries this year — both Congos — without redress.

Amarnath Singh

Disparities 'could slow SADC integration'

(279A) CT (BR) 4/11/97

ROY COKAYNE

Pretoria — The enormous economic disparities in the Southern African Development Community (SADC) could hamper regional integration, according to a new research report by the Bureau of Market Research at Unisa.

"Not only will the concentration of markets tend to attract investment in South Africa and even lead to the deindustrialisation of neighbouring members, it could also lead to political tension," said Andre Lighthelm, a research director of the bureau.

The report was released last week. It states that in mid-1994, just before South Africa joined the SADC, only 4 percent of the trade of SADC members was within the community, while 25 percent was with South Africa.

It said this pattern had not changed substantially since then, irrespective of South Africa's membership, but South Africa's trade surplus with fellow SADC members amounted to R11,5 billion in 1996.

"Member countries may become nervous about the power wielded by the economic giant at the southern-most extremity of the continent. A common market with free mobility of human resources will also tend to gravitate towards the high income areas.

"Even under the present circumstances with border control, South Africa is already flooded with millions of illegal immigrants," Lighthelm said.

Lighthelm stressed that the movement towards closer regional integration in southern Africa called for careful planning to "create a situation of balanced regional development to the mutual benefit of all member countries"

The report highlights the increasingly prominent role South Africa is playing in the African continent. Lighthelm said ties with more distant African countries were strengthening, while long standing relations with neighbours were being reinforced.

He said what was of particular interest in this regard was South Africa's involvement in the SADC and specifically its declared intention to eliminate gradually all barriers preventing the free movement of capital, labour, goods and services among the 14 member countries.

"This wider economic formation of 180 million people creates new business opportunities in the form of marketing, trade, investment and joint venture opportunities albeit not without problems and risks," he said.

The report investigated the socio-economic conditions of the 14 SADC member countries to establish, among other things, the extent of intra-regional trade, market penetration and risk factors such as inflation rates, foreign debt and trade balances.

It said Africa, and in particular the SADC, was not a major participant in the world. The continent only contributed 1,5 percent to the world's gross domestic product in 1995 while being home to 12,8 percent of the world's population.

The report said the SADC's role was almost insignificant with its 0,6 percent share in the world's economic output despite the 2,4 percent of the world's population accommodated within the borders of the SADC grouping.

Within an African context, the SADC contributed 39,5 percent to Africa's economic output in 1995, while just less than 20 percent of Africa's population resided in the area.

SADC calls for co-operation on economic zones

CT(BR) 5/11/97 (279A)

Marco Granelli

New York — The Southern African Development Community (SADC) has called on the international community to support the creation of economic zones in the region, particularly the Maputo Development Corridor.

In a draft resolution by South Africa, at present the head of the SADC, to the UN Second Committee (Economic and Financial), the region appealed for a wide range of co-operation between the UN and the international community.

Subjects covered by the extensive draft resolution include economic development, water management, the role of women and the peace process in Angola.

On the economic front, the resolution called on the international community to increase its financial, technical and material support to the SADC to enable it to implement its programmes of action and to meet the reconstruction and rehabilitation needs of the region.

It also called for help in advancing economic integration and highlighted the Maputo Development Corridor, under development at present between Pretoria and Maputo, as an example of economic development with the "active participation of the private sector".

Noting "with grave concern" the recurrence of drought in the region and the "high probability of the re-emergence of the El Nino phenomenon", the resolution appealed to the UN and the international community. It asked them to assist in strengthening the region's capacity for sustainable water resource management and to respond to the likely drought by assisting with drought monitoring, early warning and preparedness.

With regard to last week's imposition of further sanctions against Unita, the draft resolution said the situation in Angola had become a source of "great concern" which, despite earlier successes in the implementation of the Angola peace process, was "still deteriorating".

The resolution appealed to all countries to comply with the additional sanctions imposed on Unita. It also urged all UN-member states and UN agencies and organs that had not yet established contact with the SADC to do so in a bid to intensify contacts aimed at promoting and harmonising co-operation between the UN and the SADC.

Another draft resolution, co-sponsored by South Africa and China, calls for the UN to convene a third conference in 2000 on the Least Developed Countries. — Independent Foreign Service

SA News Digest

☐ AGRICULTURE

~~Wheat~~ (2799)

Wheat value system 'will make leading contribution to food security'

The wheat, milling and baking industry would increasingly make a leading contribution to food security in the 12-member Southern African Development Community (SADC), David Frost, the strategic planning manager of the Premier Group, said yesterday. Frost said at a department of trade and industry's cluster study workshop that a wheat value system — which was optimally balanced and globally competitive — would make a "leading contribution" to food security, but government strategies and policies that affected the way the industry operated in South Africa had to be addressed as a priority. "Only once we have firm agricultural practices in place can expansion into the SADC take place." Expansion into SADC, he said, would create market opportunities for bread and bread-related products. "Investment into the SADC will create jobs in the region and create market access for the emerging farming sector." — *Ravin Maharaj, Durban*

CT(BR) 13/11/97

Livestock crisis looms for SADC countries

OT (BR) 14/11/97 (279A)

FROM AFP

Pretoria — At least $7,4 million were needed to eradicate cattle lung sickness from the southern African region, the Southern African Development Community (SADC) said yesterday.

Launching an emergency appeal to international donors, Kaire Mbuende, the SADC secretary, said the disease was threatening the economies of some of the 14-member countries.

"It could have devastating effects in this region, which depends on livestock," Mbuende said, according to Sapa.

Cattle lung sickness, or contagious bovine pleuropneumonia, recently surfaced in Angola, Namibia, Zambia and Tanzania after being absent for decades. Mbuende said 25 million of the region's herd of 45 million head of cattle had been affected. Killing off the sick animals is the only way of fighting the disease.

In 1995, Botswana slaughtered 320 000 head of affected cattle.

"While Botswana managed to eradicate the disease, it is under threat of reintroduction of the disease from its neighbours," Mbuende said. "Other livestock-producing countries, such as Zimbabwe and South Africa, are also under threat of the disease."

CAPE ARGUS, TUESDAY, NOVEMBER 18, 1997

Go regional, Manuel tells SA companies

Many investment opportunities

ARG 18/11/97. (279A)

Johannesburg – South Africa must take the lead in the integration of southern Africa into the international economy for the benefit of the entire region, Finance Minister Trevor Manuel has said.

In the keynote address to the Globalisation of South African Business seminar in Johannesburg, Mr Manuel said economic reform of South Africa's neighbouring countries was as important as the reform of its own economy.

South Africa's interests were inevitably bound up in the interests of the region.

"We saw that if our neighbours were not stable and growing, that the lack of confidence in our region would soon spread to South Africa," Mr Manuel said.

The government was currently preparing a proposal for multilateral regional trade integration, which would be put to the members of the Southern African Development Community in the first half of 1998.

Many local companies, such as Shoprite Checkers, Standard Bank and SA Breweries, had already taken up the challenge of regional growth and development, by investing directly in neighbouring economies.

Mr Manuel urged other South African firms to look to the region for highly profitable investment opportunities.

"We believe this is the beginning of the development of a new and potentially world competitive regional economy."

South African firms must take the lead in the development of the region, with the country forming the "growth pole" of the continent.

It was the Government's responsibility to ensure favourable conditions for domestic investment.

However, it would take some time to build up confidence in the economy, and make the business environment attractive and stable for investment, Mr Manuel said. – Sapa

Private sector to play vital role

BD 19/11/97 (279A)

GABORONE — The private sector would play a vital role in the future development of southern Africa, Southern African Development Community executive secretary Kaire Mbuende told a regional investment conference yesterday.

"Previously the trend had been that the financing and maintenance of infrastructure should be undertaken by governments.

Now we are opening up to the private sector and ... this process is irreversible," he said.

Mbuende was speaking at the Southern African Trade and Investment Summit in Gabarone, Botswana.

"This conference illustrates the strong desire of this region to intensify economic co-operation with the private sector," Mbuende said. "Our programme of action is geared towards equity and growth, with a very strong bias towards the private sector as the engine of growth.

"National stock exchanges have emerged to mobilise domestic savings for investment purposes. Out of the 18 stock exchanges in Africa, nine of them are in southern Africa."

Mbuende said in terms of regional trade, the SADC was the most integrated and advanced economic bloc in Africa.

"Intra-SADC trade is about 22% of total SADC trade. Out of this, it is estimated that $7bn worth of trade is transacted in goods with tariffs ranging between 0% and 5%. Seventy percent of the trade is taking place under very low tariffs," he said.

The importance of an SADC free trade area was not only in the expansion of intra-SADC trade flows, but also in its potential to stimulate domestic, cross-border and foreign direct investment.

"The objective of SADC is to have balanced trade among its member states. This can be achieved only if trade in the region is completely liberalised and the countries produce goods and services according to their comparative advantages," he said.

"The trade protocol of SADC has been developed with those objectives in mind and the earlier member states start implementing the provisions of the protocol, the better it will be for the entire region," Mbuende said. — Sapa.

Chissano calls for SADC cross-border investment

CT (BR) 19/11/97
(279A)

Gaborone — Cross-border investment could play a crucial role in bridging trade imbalances in the southern Africa region, Mozambican President Joaquim Chissano said here yesterday.

Speaking at the opening of a two-day southern Africa trade and investment summit, Chissano said governments, business and civil society had to combine their energies to develop the region.

"We need to join hands in order to create a better environment for investment in southern Africa," he said.

The summit, organised by the International Herald Tribune, attracted 350 participants from Africa, Europe, North and South America, and Asia.

It was attended by three regional leaders: Botswana President Sir Ketumile Masire, Zimbabwe President Robert Mugabe and Namibian Prime Minister Hage Geingob.

Its aim is to provide an opportunity for a constructive dialogue between government representatives and the business community on the best ways to reach the southern African market of an estimated 200 million people.

In his speech, Chissano called on Southern African Development Community (SADC) countries to avoid counter-productive competition between themselves.

"We need to boost our synergies, combining the efforts of government, the business community and civil society at large at national, regional and international levels," Chissano said.

The Mozambican leader said the southern African region offered a wide range of investment opportunities, especially in agriculture, forestry and mineral exploitation. — AFP

'Services, not interference, priority for investment'

(279A) BD

19/11/97

Claire Pickard-Cambridge

GABORONE — Governments should avoid excessive bureaucratic and political interference in channelling investment, and focus instead on getting basic services right, Standard Bank group economist Nico Czypionka said yesterday.

In a hard-hitting speech affecting several heads of state attending the southern African trade and investment summit, he said governments should beware of trying to control foreign investment through approval processes, or trying to steer it through investment incentives.

Instead governments should concentrate on providing a framework which helped to lower operating costs in a country. These included securing reliable water and electricity supplies, rubbish removal, infrastructure maintenance and ensuring work permits were processed swiftly. It was essential that the regulatory framework was attractive to business.

The jury was still out on whether southern Africa could become the Cinderella at the international ball, but foreign perceptions — shaped by political figures — would be crucial. Uncertainty, including that created by the prospect of nationalisation or expropriation of property in the case of Zimbabwe, was damaging to the investment climate.

He warned neighbours that a failing SA would almost certainly "drag the whole region down with it". The success of the SA economy — which accounted for 80% of the region's economic output — would be positive for its neighbours: demand for their exports should increase, SA would be more likely to invest significant sums in its neighbours, and a growing SA would draw global attention to southern Africa.

On the emotive issue of trade flows between SA and the region, he said for every R5 SA exported to the region it imported just R1 from it. This did not mean SA was helping itself at the expense of Africa. It gave back a lot, including competitively priced products and services, plus investment and infrastructure.

Of the $500m mining exploration in Africa this year, SA mining houses' contribution exceeded $100m. Since 1990, investments or planned investments announced by SA in southern Africa amounted to nearly $10bn.

He thought the SA government's growth, employment and redistribution policy encompassed much of best international economic practice, but that it was moving in the wrong direction on labour market policy, education and health management.

Government's handling of "employment unfriendly" labour legislation elements was the most crucial and needed to be applied with substantial exemptions.

SADC countries must cut inflation

(279A)

THE member states of the Southern African Development Community (SADC) are expected to have single-digit inflation and to reduce their fiscal deficits below six percent by 2000.

This was said by SADC executive secretary Kaire Mbuende yesterday during the *International Herald Tribune*-Southern African Trade and Investment Summit which is discussing the future of the SADC region. The conference ends today

> **'Deficits have been reduced by 6 percent of GDP'**

"It is expected that by the turn of the century all the SADC member states will have inflation rates below 10 percent provided present prudent fiscal and monetary discipline is maintained," Mbuende said.

"Fiscal deficits have been reduced to 6 percent of gross domestic product in 1995 in most of the countries ... and on the basis of present trends, it is expected that for 1996-97 the level of fiscal deficits in SADC member states will be lower than in 1995-96," he said.

Outlining the economic performance of the SADC countries, Mbuende said there had been a steady rise in the average growth in gross domestic product from 3,0 percent in 1994 to 3,7 percent in 1995 and 4,1 percent in 1996.

"With this trend, I expect that growth in GDP will rise to 4,5 percent this year."

All SADC member states registered positive economic growth rates in 1996 ranging from two percent to 13,1 percent. The strongest performers were Lesotho, Malawi, Angola and Zimbabwe with increases between 8,1 and and 13,1 percent

Growth rates for Botswana, Mauritius, Mozambique, Namibia and Tanzania ranged from four percent to six percent while the remaining countries had growth rates of between two percent and 3,1 percent.

"Another measure of success of sound macro-economic policy in SADC has been inflation control."

Advocate Christo Wiese called on the SADC countries to find common ways of harnessing the potential of the sub-continent to make the much vaunted rebirth of Africa a tangible reality.

He said the region in Africa to which international investors were paying closest attention was Southern Africa.

It was rated one of the top ten emerging markets

Sowetan 19/11/97

In an appreciative mood at yesterday's Gaborone conference were Botswana President Sir Ketumile Masire, Zimbabwean President Robert Mugabe, Mozambican President Joaquim Chissano, Namibian Prime Minister Hage Geingob and Gauteng premier Tokyo Sexwale.
Picture LORI WASELCHUK

Chissano outlines regional trade bars

BD 19/11/97 (2797)

Claire Pickard-Cambridge

GABORONE — Difficulties with currency convertibility, credit constraints, high debt levels and poor diversity of production structures were fundamental problems inhibiting the expansion of intraregional trade, Mozambican president Joaquim Chissano warned yesterday.

Chissano also said that a consistent approach was needed to streamline cross-border investment approval and bureaucratic impediments to investment had to be minimised. Steps should be taken to reduce restrictions on the repatriation of profits and dividends.

However, trade liberalisation, political stability and improved security had helped boost intraregional trade in the Southern African Development Community. As a percentage of global trade, intra-SADC trade had increased from 5% in 1990 to about 17,4% by the middle of last year.

He said the Mozambican government had been implementing policies to attract investments and facilitate trade flows. Inflation had been reduced from 54% in 1995 to 16,6% last year, and a mid-year evaluation pointed to a single-digit rate for this year. A 6,4% GDP growth rate last year had been accompanied by a significant increase in investment inflows as well as exports.

Investor-friendly policies had led to the involvement of foreign and domestic investors in rehabilitating and modernising infrastructures with a regional dimension. These included the Maputo Development Corridor, which links Maputo with SA and will improve access to Swaziland; the Beira Corridor which links this port with Zimbabwe, Zambia and Botswana, and could expand to the Democratic Republic of Congo; and the Nacala Development Corridor linking the port of Nacala in the north to neighbouring Malawi.

Mozambique also attached high priority to its Lebombo development corridor and its Zambezi basin project, which aimed at developing agriculture, ecotourism and industry. The Lebombo initiative was a joint Mozambique, SA and Swaziland project aimed at the development of tourism and agricultural potential.

Chissano cautions SADC states on competition

(279A) ARG 19/11/97

Gaborone – Southern African states should guard against counter-productive competition among themselves in a bid to attract investment, Mozambique President Joaquim Chissano said yesterday.

Speaking at the International Herald Tribune Southern African Trade and Investment Summit in Gaborone, Mr Chissano said the emergence of southern Africa as a regional market comprising more than 200 million people strengthened the opportunities for greater co-operation among the member states.

"We need to boost our synergies, combining the efforts among government, business community and the civil societies at national as well as regional and international levels."

Mr Chissano said the challenges the SADC states were facing included weak infra-structural bases, poverty, structural imbalances and environmental degradation.

The percentage of intra-SADC trade increased from 5% in 1990 to 17,4% by the middle of 1996.

Southern Africa offered a wide range of investment opportunities. It had great agricultural potential, plenty of water resources and large reserves of energy such as coal, natural gas and oil. It was also rich in forestry, mineral resources and offered high potential for manufacturing and tourism.

"Investment in the industrial sector in SADC offers special competitive advantages as it provides an easy access to the European Union markets and the United States under the Lomé Convention and General System of Preferences," Mr Chissano said.

If the region was to attract private capital, governments had to promote sound economic policies, including privatisation. The region also had to continue efforts to lower the unit cost of transport, power, telecommunications, human resources development and water supplies. – Sapa

Mugabe says SADC states are supportive of Kabila

Gaborone - Zimbabwean President Robert Mugabe said the Southern African Development Community (SADC) heads of state were dismayed by the international "demonisation" of Democratic Republic of Congo President Laurent Kabila.

Mugabe was responding to a question posed during the International Herald Tribune trade and investment summit in Gaborone this week on how the SADC and the Organisation of African Unity (OAU) were dealing with the present political situations in the Democratic Republic of Congo, Angola and Congo Brazzaville.

Mugabe, who took part in a discussion session on the future of SADC during the summit, along with President Masire of Botswana, President Chissano of Mozambique and Prime Minister Geingob of Namibia, said the SADC was happy former Zairian president Mobutu Sese Seko had been unseated and wanted the international community to recognise tyranny had given way to a new process.

"The SADC supports President Kabila's policy for the formation of a transitional government in the Democratic Republic of Congo and the world must now give support to Kabila to assist the process of consolidation and the move toward democracy," said Mugabe.

Mugabe noted that the former Zaire was suffering from acute food shortages and minimal infrastructure. He said Kabila was battling to rebuild the nation with practically no resources. – Star Foreign Service

(279A) Star 20/11/97

Pepkor's Christo Wiese, left, who opened the Southern Africa Trade and Investment Summit this week. Namibian Prime Minister Hage Geingob is also attending.

Pictures LORI WASELCHUK

Exports from customs union countries to Africa grow 27%

Claire Pickard-Cambridge (279A) BD 20/11/97

GABORONE — Exports from SA Customs Union (Sacu) countries to the rest of Africa had risen 27% from R13,8bn in 1995 to R17,5bn last year, SA Foundation executive director Neil van Heerden told a trade and investment conference yesterday.

This trend is also a strong reflection of growth in SA's exports because SA's contribution amounts to more than 70% of Sacu's trade. These trade figures are normally compiled for the whole of Sacu — which consists of SA, Botswana, Lesotho, Namibia and Swaziland — because it is treated as one customs area.

Van Heerden said Sacu's exports to the rest of Africa had been rising continuously since the late 1980s but the increase recorded in 1996 had been significantly higher than those recorded over the past decade.

The lion's share — or R12bn of the R17,5bn — of Sacu exports to the continent went to the rest of southern Africa, along with substantial increases in exports to all the Indian Ocean islands. Exports to the "rest of Africa" rose from R4,5bn to almost R5,5bn with large percentages allocated to Zaire, Kenya and Tanzania. Figures for the west African markets remained relatively low and there were even small decreases in sales to Côte d'Ivoire, Nigeria and Ghana.

"It is apparent that Sacu exporters continue to concentrate their efforts on the closer, more familiar markets of southern and eastern Africa, including the Indian Ocean islands," Van Heerden said.

Zimbabwe was the leading client with imports from Sacu of R5,3bn in 1996 from R4,5bn the previous year, which meant that it bought nearly one third of all exports to the continent. Those which followed were Mozambique (R2,3bn in 1996); Zambia (R1,8bn); Angola (R1,5bn); Malawi (R0,96bn); Zaire (R0,96bn); Kenya (R0,95bn): Mauritius (R0,92bn); Tanzania (R0,55bn; and Ghana (R0,25bn).

Seven of Sacu's top 10 markets were Southern African Development Community (SADC) countries, which lent credibility to the priority given by the SA government to this organisation in the form of less stringent exchange control conditions for SA investors in SADC countries.

He warned the problem of imbalance of SA's trade with the rest of Africa persisted. This was despite increases in imports into Sacu from a total of R2,8bn in 1995 to nearly R3,4bn in 1996. Criticism of SA from the business communities of countries such as Zimbabwe and Kenya about the trade imbalance were likely to intensify.

Main suppliers to Sacu in 1996 were Zimbabwe (R1,17bn); Zaire (R479m); Malawi (R295m); and Angola (R260m).

The most significant increase by a supplier to Sacu was Angola (from almost zero in 1995 to R260m). The most significant decrease was for Mozambique, which dropped from R117m in 1995 to R74m last year.

Opic in $150m fund on African investment

Claire Pickard-Cambridge

GABORONE — The Overseas Private Investment Corporation (Opic) would soon be launching a $150m fund to facilitate equity investments in sub-Saharan Africa, Opic deputy vice-president Mark van de Water announced yesterday.

He told a trade and investment conference that Opic was a wholly owned US government corporation which had sold $16bn worth of services to US investors in 50 countries last year. The goal of these funds was to provide capital for projects in the region. He hoped that by next year Opic would also have a $500m infrastructure fund in place which would complement other development efforts.

He explained Opic's different functions in supporting development: "We operate as a bank selling long-term projects financially. We also serve as an insurance company and venture capital organisation".

He said Opic already had an active portfolio of nearly $1bn in projects that it was supporting in southern Africa. On the venture capital side, or investment fund programme, it had several other funds operating in Africa.

There were many sectors in this region that were world leaders, such as mining technology, tourism and agriculture. "These areas are prime candidates for equity funds and our other products."

Opic was "quite bullish in Africa" and looked forward to building on its track record there, Van de Water said.

United Nations World Food Programme executive director Catherine Bertini briefing reporters on projections of the effect of El Niño on southern Africa. UN development programme resident representative in SA David Whaley, left, said SA was well prepared.

Picture TREVOR SAMSON

(279A)

SADC's El Niño aid to cost $200m

BD 20/11/97

Josey Ballenger

EL NIÑO was likely to affect at least 27-million people in nine Southern African Development Community (SADC) countries, with 5-million being extremely vulnerable, Catherine Bertini, executive director of the United Nations World Food Programme, said in Johannesburg yesterday.

The programme estimated 600 000 tons of emergency food aid would be required if the drought-inducing weather phenomenon hit the region badly. With a ton costing $300, the project would cost $200m.

This, however, compared favourably with the 1,6-million tons needed during the previous El Niño-related food crisis in 1992/93, which threatened 20-million lives in southern Africa.

The programme anticipated that the global disturbance — caused by the warming of temperatures in the eastern equitorial Pacific Ocean — could last until the second quarter of next year. "It may be worse than 1992, but it is difficult to tell," Bertini said.

However, she said the programme was "better prepared" than it had been before and that certain regional issues — like cross-border and domestic transport — had been resolved. "The markets are also more liberalised compared with five years ago, and we hope to get more food locally," she said.

A task force based in Rome will co-ordinate the programme's worldwide prevention and response strategies and communication. Southern African directors finalised their regional strategies earlier this week.

Southern Africa is considered the region most vulnerable to El Niño after Central America.

El Niño is likely to affect most parts of SA, Zimbabwe, eastern and southern Botswana, Lesotho, Swaziland, Mozambique, Madagascar, southern Malawi and southern Zambia.

David Whaley, the United Nations Development Programme resident representative in SA, said that SA would be relatively well equipped to handle a potential crisis.

"The SA government is already well geared up. They addressed it early on (by) getting the message out" to commercial farmers to take preventative action such as growing crops that do not requre much water or have shorter cycles.

However, he said "millions" of smaller and subsistence farmers in rural areas were harder to reach, and thus there might be a need for an "internal" distribution system in SA. "We don't foresee international food aid here."

Whaley also noted that the provincial affairs department was developing a policy paper on disaster management, which it was expected to table in Parliament next year.

Phosa and SADC officials discuss strengthening ties

(279n)

NELSPRUIT — Unless the economies of southern African countries were strengthened, illegal immigration would continue to be a problem, Mpumalanga premier Mathews Phosa said after a meeting with members of the Southern African Development Community (SADC) yesterday.

"People vote with their feet. For example, if there are no jobs in SA, there will be a movement to Zimbabwe," Phosa said. BD 20/11/97

Mozambique's High Commissioner to SA, AA Panguene, who led the SADC delegation, said it was not only Mozambicans flooding across SA's borders, but South Africans were beginning to cross into Mozambique.

"We have an influx into Mozambique because of the attraction of the sea, scuba diving and other tourist activities," he said.

Phosa said he met the SADC members to discuss strengthening ties in terms of economies, culture, sports and co-operation at local government level.

The benefits that SA projects, such as the Maputo Development Corridor and the Trans-Kalahari subcorridor, held for other African countries were also discussed.

Zambian First Secretary F Mubebo said that although Zambia was far removed from SA, it had a healthy import and export industry which could benefit from the economic subcorridors in and around SA.

Botswana's High Commissioner to SA, OJ Tebape, said co-operation between the SADC countries could, however, lead to currencies in Africa becoming "more compatible".

The SADC countries include Mozambique, Malawi, Lesotho, Botswana, Swaziland, Zimbabwe, Namibia, Angola, Tanzania, Mauritius, Zambia and SA; and new member the Democratic Republic of Congo.— Sapa.

WINDOW ON AFRICA

SADC must first look at the basics

Star 21/11/97

Top SA economist bluntly tells leaders where they are going wrong, writes Peter Fabricius

No politician likes to make speeches about sewage disposal and rubbish removal, especially at a regional summit. That is the occasion for lofty ideals and self-congratulation. So Standard Bank group economist Nico Czypionka was not well received in Gaborone, Botswana, this week at the International Herald Tribune-SADC trade and investment summit.

It was as though he had tossed a rotten cabbage or two into the Gucci-suited laps of the region's presidents lined up in the front row. Which is figuratively what he did do.

SADC is a fine idea but is taking a long time to reach its goals of attracting substantial foreign investment and lifting its people out of poverty. In 1996 it attracted just 1% of direct foreign investment to developing countries, Czypionka said, and then proceeded to tell the leaders bluntly why.

To attract investment they should avoid excessive bureaucratic and political interference and should definitely avoid nationalising or expropriating property (as Zimbabwe was just then doing).

Instead they should concentrate on the boring basics; providing a framework which helped to lower operating costs, including such mundane matters as maintaining reliable water and electricity supplies, removing rubbish, filling potholes and ensuring work permits were processed swiftly.

Anyone who has actually visited a few of the capital cities of the region would attest to the accuracy and wisdom of the economist's observations. The soaring vision of a region of some 130-million people uniting economically to become a force in the world is in danger, literally, of becoming mired down in collapsed infrastructure.

And one senses that many of the region's leaders, particularly those with Marxist tendencies which ought to dispose them to roll up their sleeves and do something about it, are instead rather like latter-day Bourbons, flying over their their own broken-down streets in Falcon jets, or through them in air-conditioned stretch limos.

As Czypionka noted, plans to improve rubbish collection do not constitute the subject of attention speeches or flatter presidential egos. But they are the indispensable foundation of prosperity.

(2479R)

His message was essentially also that of the World Bank's 1997 development report – stick to the basics. Why is this not happening? One suspects the problem here is control. The most important step in creating any economic union like SADC is the psychological one of relinquishing total control.

Forming a union necessarily entails surrendering some control to the collective body. Surrendering total control, oddly, attracts investment. It means adapting your policies to create one that investors want and thrive in, rather than trying to dictate policies to them, forcing them to run the gauntlet of investment approval and corrupt officials.

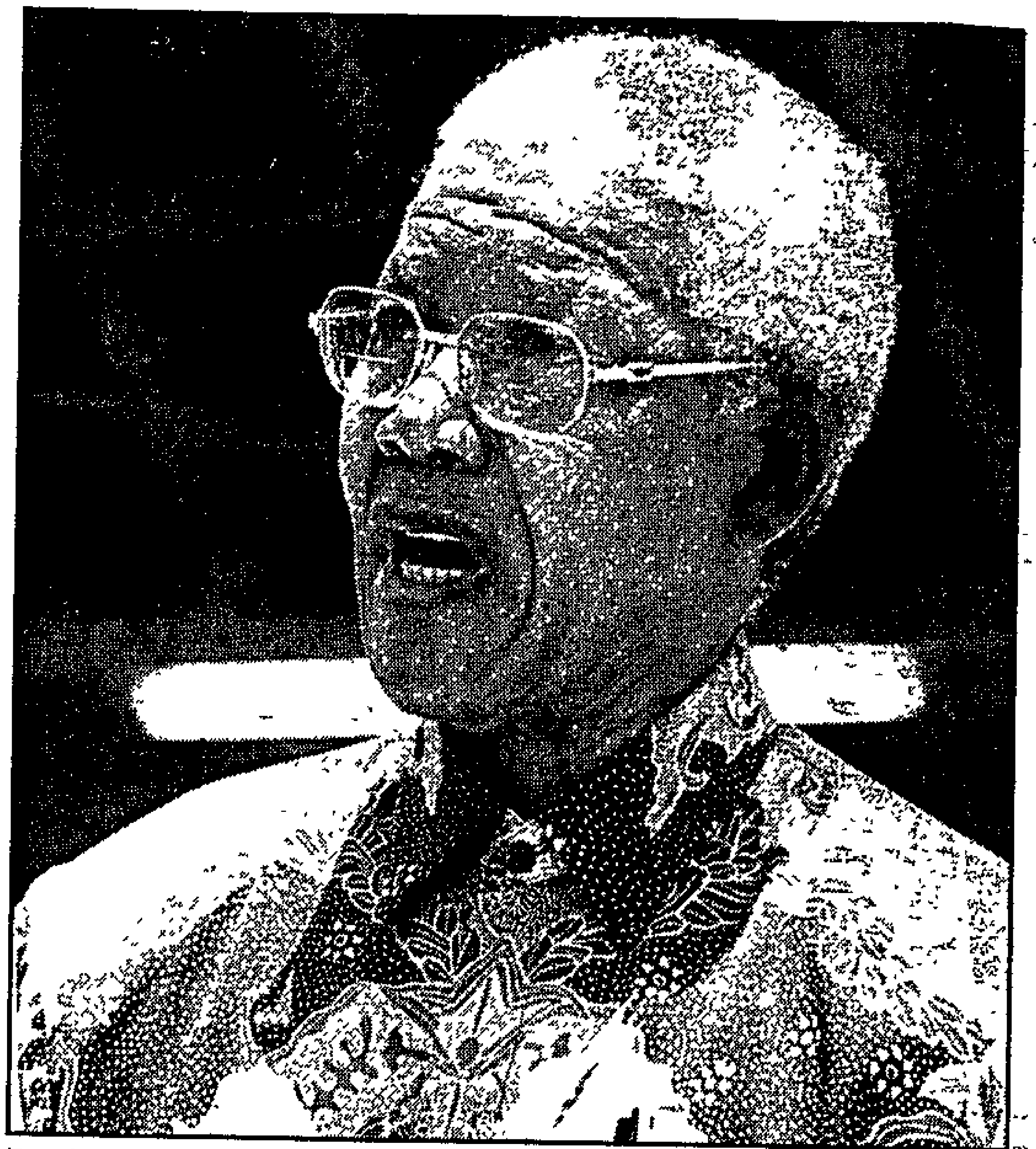
And why do they not yet, for instance, have a common visa for SADC? One suspects the reason for this and most other brakes on investment is the fixation about control. The members of SADC do not wish to relinquish in any way what they call "national sovereignty" – which is really just a euphemism for personal control.

Likewise it is Mugabe's passion for control which is undermining the SADC's ability to maintain regional stability. He is chairman of SADC's Organ on Politics, Defence and Security, tasked with maintaining peace in the region.

The organ has been effectively suspended because Mugabe will not submit to the overall jurisdiction of the chairman of SADC – and its current chairman, President Mandela.

So while Angola cheerfully invaded both Congos and recently showed signs of doing the same to fellow-SADC member Zambia, SADC remained mute. As with the crime in its member countries, the SADC cannot expect a flood of investors if it cannot maintain peace in the neighbourhood.

■ *Peter Fabricius is Independent Newspapers' foreign editor*



President Mandela addresses the DBSA management and staff at the bank's premises on Friday. PIC: LEN KUMALO

DBSA 'well placed' for region's success

(2??)(279A)

By Shadrack Mashalaba

THE Development Bank of Southern Africa (DBSA) is well placed to make the Southern African Development Community a powerful engine for development in the region, President Nelson Mandela said on Friday.

However, Mandela cautioned that much still had to be done to achieve this goal. Sowetan

On a motivational tour, Mandela congratulated bank staff on the successful transition from a chief apartheid organisation to the Government's premier development institution.

"We believe that the DBSA is well placed to make a lasting impact on the prosperity of the region. We are encouraged in this by your work in policy development, in building links with other development finance institutions in SADC, and by the growing list of investment projects in the region," he said.

He said the institution had risen to the challenge as a body dedicated to development, working within a national framework of reconstruction and development. 24/11/97

The bank has disbursed about R1,387 billion during the last financial year and over R2 billion has been projected for the current financial year.

In its endeavour to transform the institution, a new board of 14 members was appointed by Finance Minister Trevor Manuel on July 29.

Southern Africa 'back on international agenda'

(279A) BD 24/11/97

Melanie Sergeant-Haape

STUTTGART — Southern Africa was back on the international agenda, and opportunities opening up in the region should not be missed, World Bank president James Wolfensohn told a World Bank conference in Germany last week.

Wolfensohn said that sweeping political and economic changes during the last three years had rapidly transformed southern Africa into a "truly viable investment proposition", and while risks were evident, companies were already reaping better returns than in other developing regions.

"Since 1994, returns of 20%-24% have been achieved, an average of 5% more than companies achieve in other developing countries," he said.

With its population of 180-million, a gross domestic product of $170bn and a growth rate of more than 5%, he advised delegates to invest now before the region "comes into vogue". Southern Africa was rich in resources, although short on skills, but the necessary pre-conditions for investment were now being created, he said.

Daimler-Benz chief Jurgen Schrempp who also chairs the Southern Africa German Initiative (Safri), which organised the conference, said the meeting of more than 400 delegates was sowing the seed for a new era of co-operation and partnerships necessary to fuel the upswing in Africa.

Regional integration and the creation of a free trade zone would give the region more weight globally, he said.

German federal minister in Chancellor Helmuth Kohl's office Bernd Schmidbauer said more than 400 German projects valued at about $10bn were in the planning and development stages for the region, and about $176m had been spent on financing SA Developing Countries (SADC) structures.

Africa draws only 8% of German foreign capital investment in all developing nations, with more than 5% of this going to SA. Schrempp said this compared well with the US's 1% but said there was greater potential for co-operation between German companies and the region. Other Safri committee members including BMW, Siemens, and Hoechst, were still behind the initiative, which is the only one of its kind between Germany and another region.

Investors should move into the region, but "should not expect a return in three years — rather in 10", he said.

Southern Africa 'back on international agenda'

(279A) BD 24/11/97

Melanie Sergeant-Haape

STUTTGART — Southern Africa was back on the international agenda, and opportunities opening up in the region should not be missed, World Bank president James Wolfensohn told a World Bank conference in Germany last week.

Wolfensohn said that sweeping political and economic changes during the last three years had rapidly transformed southern Africa into a "truly viable investment proposition", and while risks were evident, companies were already reaping better returns than in other developing regions.

"Since 1994, returns of 20%-24% have been achieved, an average of 5% more than companies achieve in other developing countries," he said.

With its population of 180-million, a gross domestic product of $170bn and a growth rate of more than 5%, he advised delegates to invest now before the region "comes into vogue". Southern Africa was rich in resources, although short on skills, but the necessary pre-conditions for investment were now being created, he said.

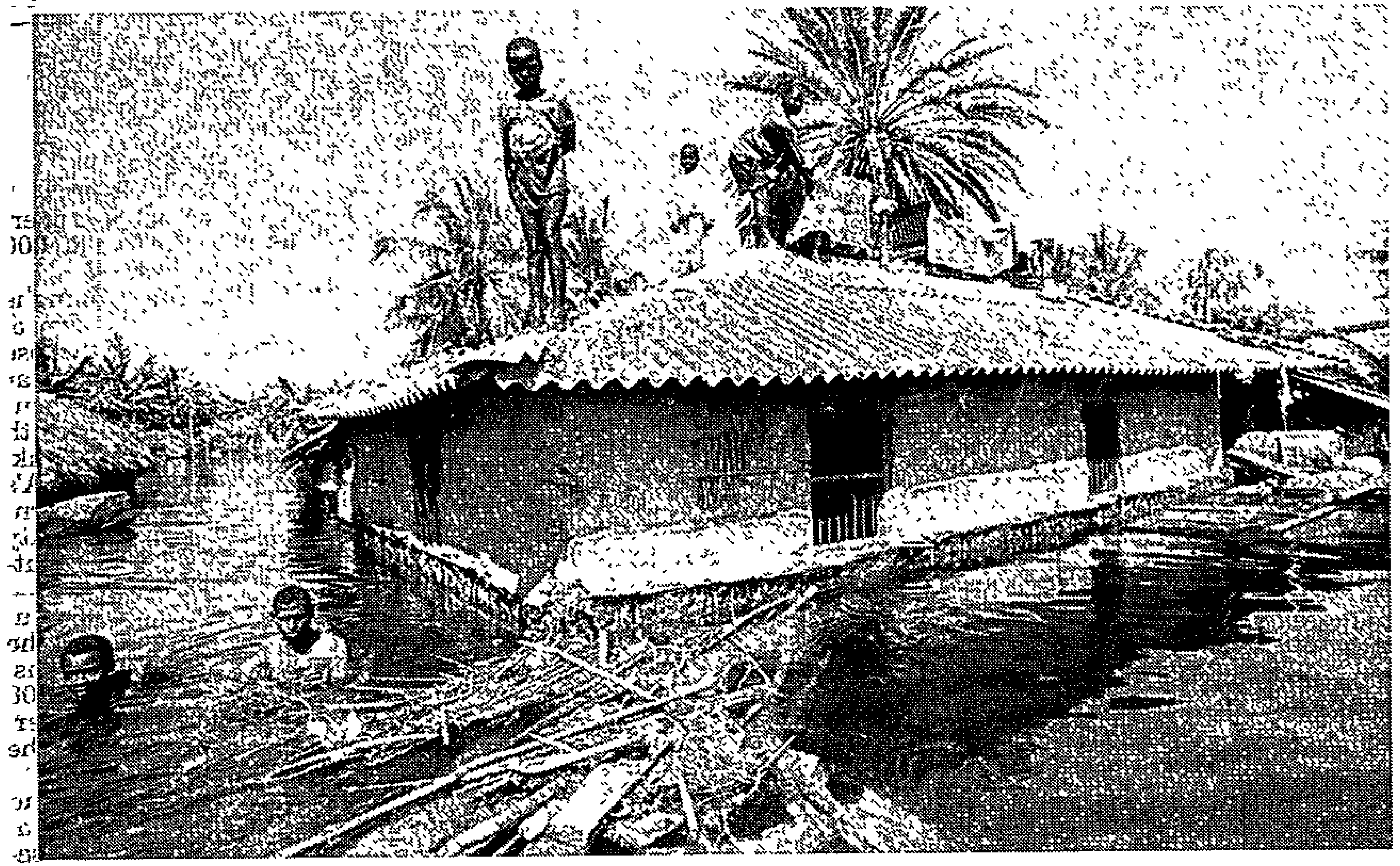
Daimler-Benz chief Jurgen Schrempp who also chairs the Southern Africa German Initiative (Safri), which organised the conference, said the meeting of more than 400 delegates was sowing the seed for a new era of co-operation and partnerships necessary to fuel the upswing in Africa.

Regional integration and the creation of a free trade zone would give the region more weight globally, he said.

German federal minister in Chancellor Helmuth Kohl's office Bernd Schmidbauer said more than 400 German projects valued at about $10bn were in the planning and development stages for the region, and about $176m had been spent on financing SA Developing Countries (SADC) structures.

Africa draws only 8% of German foreign capital investment in all developing nations, with more than 5% of this going to SA. Schrempp said this compared well with the US's 1% but said there was greater potential for co-operation between German companies and the region. Other Safri committee members including BMW, Siemens, and Hoechst, were still behind the initiative, which is the only one of its kind between Germany and another region.

Investors should move into the region, but "should not expect a return in three years — rather in 10", he said.



Somalis determined to stay in their flooded village of Kobon in the lower Juba river area put their beds and a few saved belongings on the rooves of their houses.

Picture: AP

SADC a 'target for new investment'

BD 26/11/97 (279A)

Melanie Sergeant-Haape

STUTTGART — Last week's World Bank conference in Germany reflected guarded optimism about the long-awaited economic renaissance in southern Africa.

There were strong indicators that big business globally — and particularly in Germany — had identified the Southern African Development Community (SADC) region as the next one to target for new investments.

Top German politicians took the podium, underpinning Chancellor Helmut Kohl's support for the initiative. The conference, which focused on private-sector partnerships in the region, was designed to provide a low-down of the region's prospects for growth and investment.

Coming at a time when the "Mandela magic" is losing its glitter and many investors are using SA's 1999 elections as a "wait-and-see" hurdle, the conference was aimed at providing a much-needed fillip for the region.

World Bank president James Wolfensohn painted southern Africa as ripe for investment, being responsible for \$175bn of Africa's total \$300bn gross domestic product. Private investment in Africa had increased more than tenfold since the early 90s to \$11,7bn last year, and it now accounted for 45% of total capital inflows to the continent.

The predictable detractors who view the upswing in interest as "another form of colonisation" or as "simply a way to find new markets for Mercedes-Benz vehicles" were in the minority. The general consensus was that healthy economies were the recipe for regional peace, which would underscore a better standard of living.

Dale Lautenbach, the World Bank's external affairs counsellor for Africa, said investments in Africa were growing, albeit off a low base. The bank's International Finance Corporation (IFC) loaned just 5% of its \$2,6bn allocation for 1995 to southern Africa compared to 49% for Latin America and the Caribbean, and 29% for Asia. For this year the IFC approved loans worth \$384m for Africa as a whole, up from \$190m last year. For the whole of Africa, the World Bank collectively approved loans worth \$1,7bn for 49 projects in 27 African countries this year. Most of these emanate from its concessional lending arm, the International Development Association.

The reality of the region's "low base" was brought home by comments from speakers such as Mozambican Prime Minister Pascoal Manuel Mocumbi, who referred to the handful of SA farmers who had moved into his country to "rebuild the agricultural fabric on which our economy is based".

Joint private-public sector partnerships, including municipal services in Harare and the Limpopo Bridge project, were cited as examples of how southern Africa's governments were working to dispel age-old suspicions between the two sectors which often frustrated entrepreneurial projects in the making.

However, Daimler-Benz chief Jurgen Schrempp's warning that investors should look for returns only after 10 years rather than after three served to remind new investors that all was not yet in place for easy profits. Indeed, urgent action to transform the region into a single market was calle[d] for, making it more attractive from a global perspective.

The need to set up parameters fo[r] sound economies was also emphasised. Measures included a healthy bankin[g] system; the unimpeded flow of funds and deregulation of the financial mar[kets]. Schrempp cautioned that th[e] "synthetic pegging of exchange rates i[s] just as damaging as a blind belief i[n] booming share markets exemplified b[y] the recent currency crisis in southeas[t] Asia. Only if all these factors are ad[dressed] will southern Africa become a dependable investment environment."

Cited by The World Bank as "the fi[nal] frontier of global investment" southern Africa's new-found position c[as] being "back on the international agen[da]" can only bear fruit if there is quic[k] action from its policy makers.

As Zambia' former Reserve Ban[k] governor and chairman of Shong[a] Steel, Dominic Mulaisho, said: "South[ern] Africa must take stock of the op[portunities] it misses by not movin[g] faster: we must get our act togethe[r] and remove investment barriers."

Comesa 'should lift sanctions on Burundi'

(279A)

FROM SAPA-DPA

CT (BR) 27/11/97

Lusaka — Business lobbyists within the 18-member Common Market for Eastern and Southern Africa (Comesa) on Tuesday advocated lifting sanctions against Burundi's military regime.

They told the Comesa council ministers meeting in Lusaka that economic sanctions on Burundi worked against the interests of business in the region.

Boney Katatumba, the chairman of the Eastern and Southern African Business Organisation (Esabo), charged that American, Asian, South African and European business concerns had taken advantage of the vacuum created by the economic embargo and flooded Burundi with goods and services.

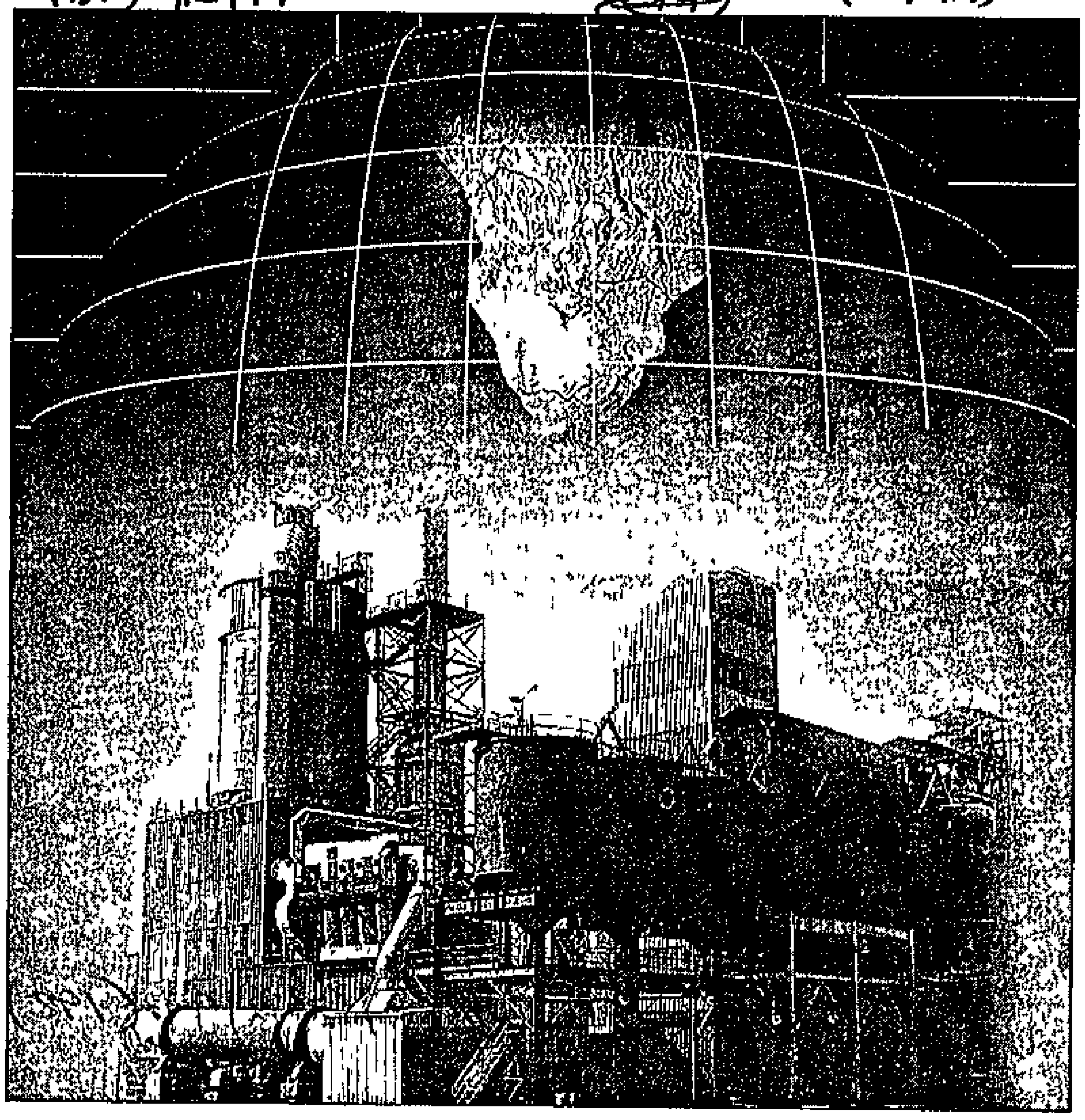
Katumba said he feared the Burundi market could be lost to other trade competitors.

SOUTH-SOUTH CO-OPERATION

Erwin's law of regional success

CT(BR)2/12/97 (279A)

PETER FABRICIUS



Boosting commerce and co-operation with other countries of the south "is not just a moral imperative of solidarity among former colonial powers but is essential for South Africa's future growth and development prospects", according to Trade and Industry Minister Alec Erwin.

He believes South Africa, which aims to be a major manufacturing country, cannot afford the luxury of growing slowly. The only way it can grow at the necessary pace to uplift its people from poverty is through increased trade and investment with the other fast-growing developing nations of the south and by restructuring the world economy in co-operation with them to correct its bias towards the northern hemisphere

Erwin said this at a recent conference, "Looking Sideways The Specifics of South-South Co-operation", held at the South African Institute for International Affairs in Johannesburg He said recent changes in the world economy were large enough "to expect an emerging shift in the balance of global economic power" towards the developing nations (the "south").

It had been estimated that by the year 2020 China, India, Indonesia, Brazil and Russia would together have a greater share of world trade than Europe.

If South Africa was to achieve its growth targets, it could not rely on traditional markets. For instance, the South African government did not foresee that much of its hoped-for expansion in trade would come from the European Union (EU), despite the large amount of effort it was putting into negotiations for an EU/SA free trade area. Europe did not have sufficient growth potential.

"The actual benefits of increased market access (with the EU) will be fairly marginal. The growth in trade will be important but not decisive For us the EU negotiations are essentially strategic."

The main aim was to create strategic partnerships with European firms, such as the one with Germany's BMW which had built a manufacturing plant in Pretoria for export

Instead of traditional markets, "we have to increase internal trade (with Southern African Development Community — SADC — countries) and use the resources of the region and links with other rapidly growing economies".

Not only was the growth potential of markets in the south — notably China — much higher but these markets were much easier to penetrate than the very competitive markets of Europe.

The common idea that southern countries like South Africa, Brazil and Australia could only be competitors with each other was wrong

The South African government had been fascinated to discover on trade missions to Brazil and Australia that the similarity of their economies offered opportunities for co-operation

For example, if southern countries wanted to strengthen their motor vehicle industries, they could only do so through co-operation to increase their competitiveness in world markets

Two of the tenders which had so far been received for South Africa's major defence procurement included some trilateral developments involving, in each case, another southern country

The boom in southern economies was causing a shift in attitudes about the opening of markets, Erwin said "Now the growing threat to trade liberalisation comes from the US and Europe as the southern countries become more competitive "

Erwin suggested that this discovery also contained a lesson for south-south co-operation In negotiations within the multilateral trading system, such as the World Trade Organisation (WTO), the agenda and pace of developments was largely being shaped by the developed countries

Developing countries needed to develop regional trading blocs to match the weight of the north This was another important area of south-south co-operation

If South Africa was to sustain a reasonably high growth rate to uplift its people, it could only do so as a subcontinental bloc, said Erwin

The size of the South African market, with only 39 million people, was not enough to impact trade flows or to divert even a small part of the world capital flows — but the SADC region of 130 million did have a chance of doing so by becoming a major economic zone

South Africa's aim was not just to expand trade and investment with its SADC neighbours but to help them adapt to the globalising economy

For instance, within the free trade area envisaged by the SADC to come into being within eight years, South Africa would lower trade barriers faster and further than the other states to give them more time to adapt to an open market

The SADC was also strengthening economic co operation through developing regional infrastructure by means of a number of protocols in fields such as energy, mining, transport and co-operation and through cross-border spatial development initiatives like the Maputo Corridor.

Emerging regional economic arrangements such as the SADC probably represented one of the most promising forms of south-to-south co operation aimed at enabling developing countries to compete more effectively in the world

There was also an urgent need to develop and strengthen ties between regional groupings (such as the SADC and Mercosur in South America) to expand and deepen the scope of south-to-south co-operation, although Erwin also noted that he did not see these blocs combining formally into larger trading blocs in the near future — Independent Foreign Service

Nedlac shares lessons with SADC

Sowetan 2/12/97 (279A)

By Abdul Milazi

AFTER successfully facilitating South Africa's transition to democracy, the National Economic Development and Labour Council (Nedlac) is using its vast experience to help neighbouring countries.

Nedlac and the International Labour Organisation (ILO) will host the South African Tripartite Seminar on social dialogue in all Southern African Development Community (SADC) member countries.

The seminars, which run from today until Thursday, will be held in all the countries simultaneously.

Nedlac spokesman Lomin Saayman said the purpose of the seminar is to examine the role of dialogue in social and economic development.

Saayman said the intention was also to determine the strengths and weaknesses of existing tripartite consultative forums and to " examine the South African experience and the lessons it offered its neighbours".

"Government, business, labour and communities will all be represented at the seminar, along with delegates from most SADC countries.

"Both the international and African experiences of consultation and tripartism will also be investigated. The seminar will be chaired by Perret Nguyen of the ILO in Geneva," said Saayman.

Nedlac chief Jayendra Naidoo said: "In the three years of Nedlac's existence, we have learned many valuable lessons which we will now be able to formally share with our neighbours in Southern Africa.

"The seminar will also allow us to explore our model in relation to international experiences, and there is no doubt valuable lessons will be learned from this process."

ILO men review Nedlac

(279A)

BD 4/12/97

Reneé Grawitzky

THE National Economic, Development and Labour Council (Nedlac) might have been "too ambitious" to believe that consensus could or should be reached on all issues, an International Labour Organisation (ILO) delegation to SA said yesterday.

ILO regional director for Africa Elias Mabere and industrial relations director Hôug-Tranf Perret-Nguyen said in two years Nedlac had delivered well, but initial high expectations should not lead people to take a negative view because of some difficulties.

Mabere said: "We do not know how much better Nedlac could have done under the circumstances. However, perhaps the time has come to see whether the structure can be improved and streamlined."

Mabere said Nedlac's role should eventually be reviewed as a living institution. It had to adjust to changes taking place around it in order to be sustained.

These views were conveyed during an ILO-Nedlac seminar in Johannesburg on social dialogue, at which delegates from the Southern African Development Community (SADC) exchanged views on their institutions.

Mabere and Perret-Nguyên said social dialogue was one of the major issues concerning the ILO. It fell within the context of trying to strengthen democracy. Social dialogue was not only essential for attaining and maintaining democracy, but was also important for economic growth. However, social dialogue did not necessarily mean negotiations, but a continued commitment to talk and exchange views in a nonthreatening body. Consensus, they argued, could not be reached on all issues, and there could be instances were information sharing and consultation were sufficient.

A representative of the ILO's southern African multidisciplinary advisory team, Tayo Fashoyin, said although Nedlac was not a structure without its own weaknesses, it was far ahead of institutions in other SADC countries and some of its features could be implemented in other countries. He said though countries in the region had been trying to move in the direction of Nedlac, progress was slow.

However, the focus on attempting to reach consensus on all issues had caused some concern among SADC countries. The developments on the Basic Conditions of Employment Bill were a case in point.

Mabere said, however, that Nedlac was formed by the SA experience and one could not necessarily export it to other countries. These institutions had to be home grown to be viable, he said.

Congo's leaky borders threaten SADC trade

(~~258~~) CT(PR) 8/12/97 (279A)

PETER FABRICIUS

Johannesburg — The Democratic Republic of Congo faces a huge challenge in imposing customs control over its vast borders to enable it to join the proposed free trade area which other Southern African Development Community (SADC) countries intend launching within eight years.

Mfundo Nkuhlu, the director for Africa in the Congo's department of trade and industry, expressed this concern last week to the Forum de Reflexion des Congolais (FRC), a meeting of Congolese expatriates in South Africa.

Nkuhlu had said in an earlier interview that he believed the Congo (formerly Zaire), which joined the SADC in September, might have to stay out of the free trade agreement at first, to enable it to gain sufficient control of the movement of goods across its borders.

At the FRC meeting he was quizzed by Congolese who asked what was the point of Congo joining the SADC, if they could not join the free trade area. He replied that for such an area to work there had to be adequate customs control around all the external borders, to guarantee that all goods trading within the free trade area originated there.

Otherwise the SADC would be providing an opportunity for "footloose" and "fly-by-night" operators to bring in goods from the outside and trade duty-free, without benefiting the SADC countries.

Nkuhlu said the Congo bordered on nine countries, and the stretch of border to be protected by customs officials was huge, relative to a weak government structure.

He said the Congo had asked South Africa to help strengthen its customs administration, but this was not easy for South Africa to do when it was going through its own profound changes and customs were the "soft underbelly of our own system".

South Africa was also helping the Congo with supply-side measures such as helping develop transport corridors, "because you can't trade if you don't produce". The South African Cabinet had agreed in principle to invest in the Congo side of the Benguella railway, which connects Congo's mineral-rich Katanga province to the Angolan port of Benguella.

An Italian company had already been given the job of repairing the railway on the Angolan side. Nkuhlu said South Africa was investigating the problem of making the railway tracks on both sides compatible, and would soon be sending a team to the Congo.

He noted that Spoornet, the South African rail parastatal, had been involved in the Congo for some time.

He said when the railway restarted, it would open southern Congo to development and capital inflow. It would mainly be used by the major mining companies in Katanga.

Nkuhlu said the Congo was desperate for capital inflow, which was why it had brought forward the international donors' conference which took place in Brussels last Thursday. — Independent Foreign Service

Satra to chair SADC regulators' association: The South African Telecommunications Regulatory Authority (Satra) has won the inaugural chairmanship of the newly launched Southern African Development Community's Telecommunications Regulators' Association of Southern Africa (Trasa), Satra said at the weekend. The creation of Trasa was pushed by the need to co-ordinate telecoms affairs to facilitate and attract foreign investment.

CT (BR) 8/12/97 (279A)

C.T. 12/12/97

SA NEWS DIGEST

□ RED MEAT (2791A)

Producers call for uniform carcass description system for SADC states

The Federation of Red Meat Producers of South Africa had asked the government for the immediate implementation of a uniform carcass description system for the 12 member states of the Southern African Development Community (SADC), industry leaders said this week.

In a letter to Derek Hanekom, the minister of agriculture, the federation said it was convinced the current South African classification system discriminated against extensive producers and was out of line with international standards. "The red meat industry is presently totally deregulated while the current classification system stems from the regulated era, and does not comply with the requirements of a deregulated market," it said.

According to the current system, only animals who have not shed their teeth qualify for the A grade. Voicing their discontent with this system, industry leaders said that within the European Union carcasses of two- and four-teeth animals were included in the best grades.

The system was therefore out of line with international standards. — *Ravin Maharaj, Durban*

EU still boycotting SA, report says

BD 17/12/97

John Dludlu

TALKS between the European Union (EU) and SA have had "little influence" on helping Pretoria's exports to the EU, according to a recently released report by the Amsterdam Consulting Group.

The recent improvement in SA's exports to the EU were mainly the result of government-support measures, the rand's depreciation, as well as the recovery of global and European economies, the report said.

The macroeconomic report, written by the consulting group's business consultant Henriëtte Kievit, argued that relations with other markets, particularly with Asian and African neighbours, might be an "attractive alternative" for SA.

The report's emphasis on southern Africa trade relations echoes Pretoria's thinking, which has always argued that any deal with the EU would have to assist the development of the SA-led Southern African Development Community.

This line of argument also reflects a debate by the SA government on whether to devote scarce human resources to traditional partners like the EU or forge links with fast growing regions such as Asia and Africa.

Africa's importance to SA stems in part from the rapid expansion of SA's exports to the continent. Over 60% of SA's exports to Africa are made up of high value-added items, including machines, transport equipment, chemicals, food and beverages. The EU still buys mainly primary products from SA.

The Kievit report titled: "SA exports after apartheid: How the EU continues to boycott SA long after the fall of apartheid", said the "recent state of affairs" — an apparent reference to the slow start of EU-SA negotiations — made it unlikely that new relations would improve SA's export position to the EU in the near future.

"Despite promising statements on the European side, the content of the recently proposed free-trade agreement reveals that European representatives make SA interests completely subordinate to the interests of the EU," the paper said, echoing now familiar sentiments on the EU's opening negotiating position.

The paper, one of a growing body of research around the EU-SA relationship, has come out as the talks are gaining momentum following the release of SA's supplementary negotiating position.

The paper's thrust supports SA negotiators' calls for discrimination against the country's exports in EU markets to be removed.

SADC countries miss crucial deadline

BD 17/12/97 (279A)

John Dludlu

THE SA-led Southern African Development Community has called on its members to ratify the trading bloc's free trade protocol after member states missed a crucial deadline in intra-SADC liberalisation talks.

Member states were to have submitted lists of sensitive products by end-October as part of efforts to free trade exchanges in the 14-nation bloc over eight years.

SADC spokesman Esther Kanaimba confirmed yesterday the deadline had been missed. However, the failure to meet the deadline was due to the tight deadline and not a reflection of member states' reluctance to forge ahead on the creation of free trade.

"In principle, every country is for it (the free trade protocol) but they have to deal with internal modalities," she said, referring to the need to have internal consultations.

Kanaimba said the other difficulty in meeting the end-October deadline had been the need for member-states to consult bilateral partners, since bilateral arrangements would have to be phased out as the SADC trade kicked in.

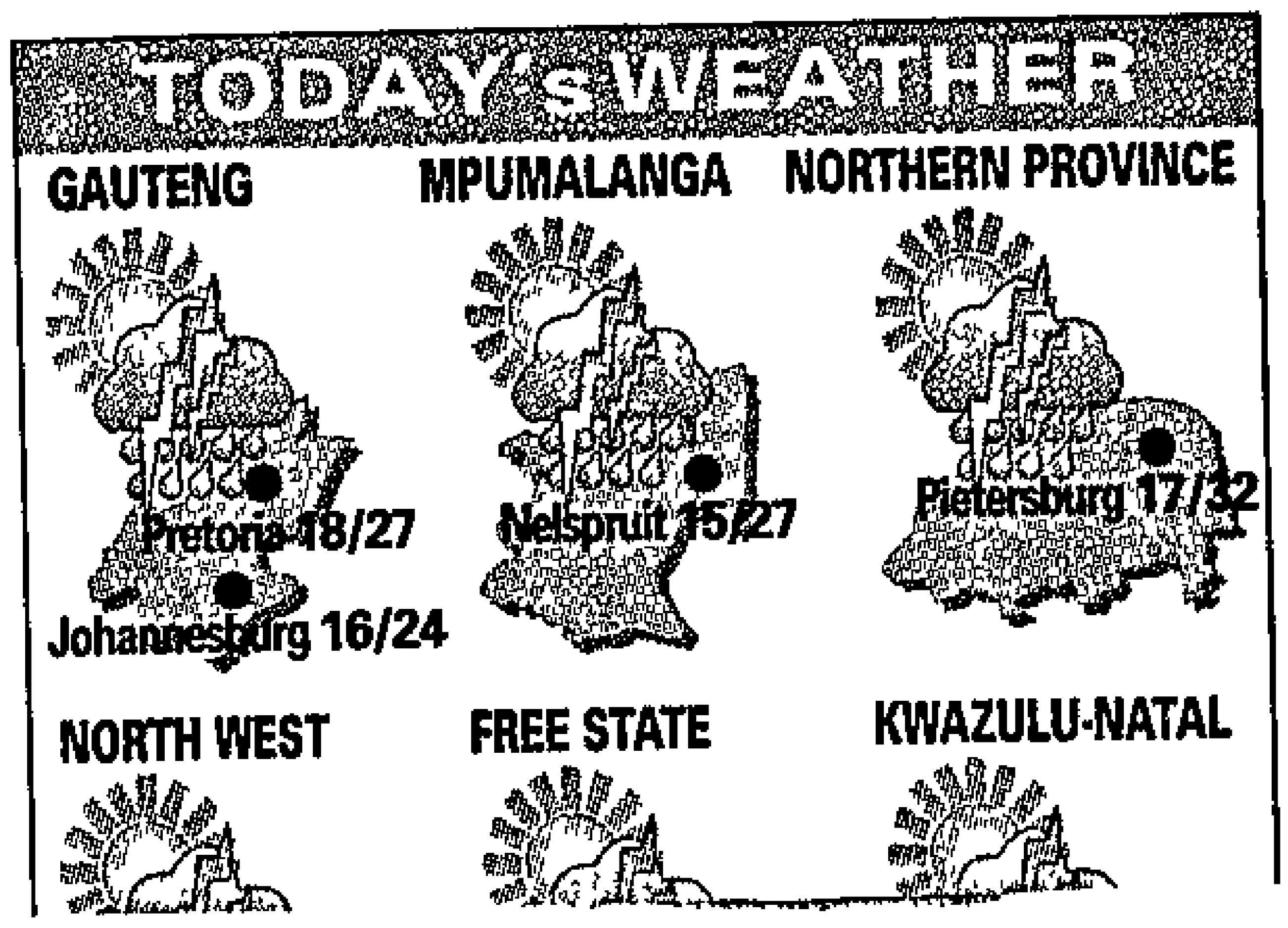
Other sources in the SADC region said this week the delays were due to pressing national priorities.

At a meeting earlier this month, SADC executive secretary Kaire Mbuende urged the SADC's ambassadors to ratify the protocol to pave the way for implementation. Only two nations — Mauritius and Tanzania — have so far ratified the protocol, which was signed by SADC heads of state last year. A two-thirds majority is needed for the implementation of the protocol.

Kanaimba said member states were now hoping to have the lists of sensitive items drawn up by the middle of next month, ahead of the SADC's ministers' council at the end of the month.

SADC negotiators have said no products should be excluded arbitrarily from the free trade area. Therefore members would have to justify requests for any exclusions or find a means of dealing with sensitive products, they have said.

SA and its customs union partners — Botswana, Lesotho, Namibia and Swaziland — were due to finalise their position early next month.



Macroeconomics of SADC 'improved'

BD 22/12/97 (2797)

GABORONE — The macroeconomic climate in the Southern African Development Community (SADC) had improved significantly, the SADC secretariat said in a year-end report released on Friday.

There had been a steady rise in the average growth in gross domestic product (GDP) from 3% in 1994 to 4,1% last year, executive secretary Kaire Mbuende said.

"With this trend, it is expected that the growth rate will have been 6% in 1997." All SADC member states had registered positive growth rates last year ranging from 2% to 13,1%.

Southern Africa remained the fastest growth region in Africa and accounted for 60% of the sub-Saharan GDP of $300bn. Regional GDP per capita, at $990, was double that of sub-Saharan Africa.

"A measure of the success of the economic policies followed by SADC member states is the control over inflation which had been exercised," Mbuende said.

"Whereas double digit inflation rates were previously the norm, last year seven countries had inflation rates of between 6% and 12%. These were Botswana, Lesotho, Mozambique, Mauritius, Namibia, Swaziland and SA." In Tanzania and Zimbabwe, inflation last year had been in the range of 21% to 35%, lower than in 1995.

Fiscal deficits had been reduced to 6% of GDP in most SADC countries and it was expected that they would be lower for 1996-97.

The SADC members are: Angola, Botswana, Democratic Republic of Congo, Lesotho, Malawi, SA, Mauritius, Mozambique, Zimbabwe, Namibia, Seychelles, Swaziland, Tanzania and Zambia. — Sapa.

6% SADC growth expected

(2799) ARG 22/12/97

Gaboróne – The growth rate for the current year in the Southern African Development Community is being forecast at 6%.

This is the view of the SADC secretariat in its year-end report released in Gaborone.

"There has been a steady rise in average growth in the gross domestic product from 3% in 1994, to 3,7% in 1995, to 4,1% in 1996," SADC executive secretary Kaire Mbuende said.

All member states last year registered growth ranging from 2% to 13,1%.

This remained the fastest-growing region in Africa and accounted for 60% of the sub-Saharan Africa GDP of $300-billion.

The report cited control of inflation as a result of economic policies, with rates between 6% and 12% in Botswana, Lesotho, Mauritius, Mozambique, Namibia, Swaziland and South Africa. – Sapa