Average growth of 4% to 5% forecast for SADC

(279A) BD 5/1/98

John Dludlu

THE Pretoria-led Southern African Development Community (SADC) is poised to record average growth of between 4% and 5% in the new year, save for new members Seychelles and the Democratic Republic of Congo, says an economist who watches the trading bloc.

However, Kenneth Kotelo, an economist at the Pretoria-based Africa Institute, has warned that growth levels in certain SADC states, including Zambia, could come in at lower rates.

Interviewed by Business Day recently, Kotelo said Namibia, Botswana and Mauritius looked set to score rates of about 5% this year, while the rates of Swaziland, Zimbabwe and Malawi could come in at between 3,8% and 4%.

Zambia's showing could be less than the SADC average — say at 2% — and this could be exacerbated if the political situation in Lusaka worsened in the coming months.

Kotelo was also bearish on Angola, saying that business links in the oil industry were poor for the country to exploit fully its oil wealth.

In The World In 1998, a recently published outlook by the London-based The Economist Group, forecast a 3,2% growth rate for SA and warned that high real interest rates would undermine investment and private consumption.

The publication's prediction for Zimbabwe is 3,1%, accompanied by a warning that the "preferment process will stifle growth and undermine efforts to diversify the economy from its reliance on primary commodities".

Recently, Kaire Mbuende, the SADC's executive secretary, predicted that the SADC economies would expand at a rate of 6% in 1997, continuing the previous year's trend during which member states achieved positive growth rates of between 2% to 13%.

Kotelo also urged the SADC, which recently enlarged its membership to 14 with the admission of Laurent Kabila's Congo and the Seychelles, to forge ahead in implementing its regional co-operation protocols.

One of the complaints that has been levelled at the development community is the sluggish pace at which protocols are being implemented.

For example, member states recently missed a deadline on their talks to free trade, prompting a call by the SADC secretariat for the membership to take its commitments seriously and ratify the trade liberalisation plan.

Only two member states have so far ratified the protocol, which was signed in 1996.

Kotelo said regional economic integration would be boosted by a stronger infrastructure in the SADC.

BUSINESS DAY, Monday, January 5 1998

King upbeat on SA export opportunities

BD 7/11/98 (279A)

Nicola Jenvey

DURBAN — The collapse of manufacturing enterprises within the Southern African Development Community (SADC) created vast exporting opportunities for local companies to virtually uncharted but vast markets, Frame non-executive chairman Mervyn King said yesterday.

He said government was committed to rebuilding the badly managed SADC economies and thereby stemming the floods of illegal immigrants seeking work.

However, businesses, especially in the manufacturing sector, had collapsed under the strain of high real interest rates and wartorn infrastructure and SADC entrepreneurs were seeking import opportunities from SA firms.

"Daily, Frame accepts suitcase loads of US dollars in exchange for thousands of metres of textiles being transported across the borders. One of the region's fastest-growing businesses is pantechnicon removals," he said.

King said although government wanted to develop labour-intensive businesses, it was acknowledged these concerns also followed the cheapest wage rates. Capital-intensive ventures created downstream employment and potential for foreign exchange.

Considering Frame, King said steps taken to downsize operations to Durban and refocus the group into the core cotton business had proved justified and results in the six months to December promised to be the most successful yet. The group had a R38m attributable profit in the year to June this year and has more than R100m in cash for investment.

European exports remained Frame's principal market. Frame acquired loss-making textile manufacturing firm Romatex from CG Smith in last October and had earmarked about R25m in the current financial year to begin the turnaround process.

Sacu to deal with duty credit certificates

(279A)

TABBY MOYO

ET (PR) 8/1/98

Windhoek — The Southern African Customs Union (Sacu) would deal with the irregularities in the issuing of duty credit certificates (DCCs) to clothing and textile manufacturers within the region which had resulted in revenue losses amounting to millions.

In addition, procedures and mechanisms would be implemented to exchange information about the issuing of certificates throughout the five-member union.

Usutuaije Maamberua, Namibia's finance permanent secretary, said the alleged irregularities concerned not only Namibia but the Sacu as a whole.

Maamberua chaired an intra-ministerial committee set up in Namibia last year to look into the allegedly fraudulent issuing of DCCs to Namibian manufacturers who are believed to have shared them with leading South African corporations.

The report by the committee submitted to Nangolo Mbumba, the Nambian finance minister, indicated that Sacu would have been prejudiced by close to R50 million as a result of irregularities involving the issue of the DCCs in Namibia alone.

The duty rebate scheme, which is normally valid for a 12-month period, was introduced as an incentive for Sacu textile and clothing manufacturers. It enables clothing companies within the customs union exporting outside Sacu to qualify for 30 percent duty rebates on the value of their exports.

Allegations were that DCCs were issued to Namibian companies who did not qualify for them and who shared them with big South African retailers.

Maamberua said manufacturers from most, if not all, Sacu countries were party to DCC scams. He also confirmed that the committee set up to investigate the alleged irregularities involving Namibian DCCs had recommended that a full investigation be carried out.

But Maamberua said the recommendation was "only an option amongst other options".

He said his committee had simply gathered facts following media allegations "in order for the ministry of finance to acquaint itself with the full facts."

— Independent Foreign Service

Curb on flour 'deals blow' to free trade plan

(279A)

Louise Cook

MILLERS complained yesterday that Swaziland's partial ban on SA flour was contrary to plans to create a free trade area in the Southern African Development Community (SADC) region.

SADC countries agreed some years ago to set up a free trade area in the region within eight years, but Swaziland's National Agricultural Marketing Board published a notice on Monday saying that owing to "excessive imports and dumping", wheat flour would be restricted to levels imported before September last year. BD 9/1/98

Only limited import permits to previously registered importers would be considered, the board said.

Premier Milling spokesman Schalk Pienaar said the ban would not affect Premier seriously as the amount of flour exported to Swaziland was limited. Yet the move was contrary to attempts to work towards free trade in the region, and SA was being discriminated against.

SA did not subject Swazi millers to volume restrictions or a 5% duty on flour coming this way, he said. National Chamber of Milling director Jannie de Villiers said the matter should be reported to the World Trade Organisation as it went against free trade principles.

Tiger Milling spokesman Boris Kaplan said the ban created a major price advantage for Swazi millers who would in effect be able to import duty-free wheat from SA, mill it in Swaziland and then sell the flour back on the SA market.

It was understood the Africa desk of the trade and industry department was dealing with the issue, but chief director for Africa trade relations Mfundo Nkuhlu was unavailable for comment.

Last year Zambia also banned SA flour, a move that saw National Millers in Zambia — in which the Zambian government was a major shareholder — become sole supplier. In the case of Swaziland, Ngwane Mills now could retain its position as the dominant supplier.

Swaziland claimed that owing to "large-scale dumping, Ngwane Mills has in September (1997) lost 15% of its domestic market". The country's agriculture and co-operatives ministry complained in a letter to SA's government last November that Swaziland United Bakeries aimed to obtain half of its flour needs from Premier instead of Ngwane.

Customs union move on access for Zambia

BD 13/1/98 (279A)

John Dludlu

SA AND its partners in the Southern African Customs Union will finalise talks this week aimed at granting Zambian products better access to the five-nation market, despite continued opposition to the deal by some of SA's industry federations.

Mfundo Nkuhlu, newly appointed chief director for Africa trade relations at the trade and industry department, said last week the talks within the customs union — consisting of SA, Botswana, Lesotho, Namibia and Swaziland — would be held in Pretoria later this week. "Our aim still remains to grant speedy access to Zambia." He said that the negotiations were still on track.

In terms of the proposed deal, which is opposed by SA's Clothing Federation and Textile Federation, Zambia's products would be granted nonreciprocal preferential access to SA's markets. However, SA's four other partners in the customs union, who have market access ambitions of their own in Zambia, would now be allowed to seek reciprocity, sources in the region said yesterday.

Reciprocity had been one of the sticking points in the talks, according to the sources. It was now up to Zambia to respond to the customs union's proposal, they said. Only "minor" details would be finalised in the Thursday talks.

Clothing Federation executive director Paul Theron said "the industry does not want to get involved in a plethora" of trade accords, while Brian Brink, executive director at the Textile Federation, said the federation supported one trade accord under the auspices of the Southern African Development Community (SADC). The SADC, which is chaired by SA, is negotiating an accord through which trade exchanges in the bloc would be freed in eight years.

The two federations' opposition to the talks stemmed also from a fear that a precedent for more bilateral deals would be set.

The present talks are seen as being politically inspired. The SA government, the first to be approached by Zambia, is seen to be repaying a debt it owes to Lusaka for the latter's role in the anti-apartheid struggle.

A source close to the talks in the region said Zambia's first prize was to join the customs union.

Comesa begins restructuring programme

(2791
BD 13/1/98

John Dludlu

THE Common Market for Eastern and Southern Africa (Comesa) has begun a far-reaching restructuring programme that will see several of its divisions being consolidated.

Comesa acting secretary-general Erastus Mwencha said the reshaping would leave the body with only four divisions.

He said the Lusaka-based trading bloc would move toward a free trade area in the agricultural sector, where tariff protection generally was low.

The four divisions remaining under Comesa's control were: trade, customs and monetary affairs; investment promotion and private sector development; infrastructure development; and information.

The restructuring, which followed a consultant's report, would also involve a recruitment drive to staff the four directorates. The plan was aimed at "doing more with less".

Mwencha, who moved into the top Comesa position a year ago after the departure of Bingu wa Mutharika following allegations of financial mismanagement at the secretariat, said recruitment would begin soon.

Mwencha is one of those tipped to fill the position of Comesa secretary-general.

The programme would also create the position of assistant secretary-general. The candidate would be responsible for co-ordinating the work of the four sectors. The secretary-general's chief responsibility would be to administer the organisation as a whole.

Mwencha said import duties in many member states' farm sectors were already too low, although there were still non-tariff barriers to trade in the bloc. Members maintaining tariff protection would be asked this year to eliminate them.

Two Comesa members, Mozambique and Lesotho, have announced plans to terminate their participation in the body.

Efforts to lure SA into joining Comesa were continuing. SA has said limited resources prevent it from doing so.

SADC leaders still seeking solutions to security body impasse

BD 15/1/98

279A

John Dludlu

SOUTHERN African Development Community (SADC) heads of state have yet to find solutions to problems that led to the suspension of the SADC's security affairs subcommittee four months ago.

The subcommittee, which the SADC described as an "organ for politics and security", was suspended by heads of state at their summit in Blantyre, Malawi, after differences over how it was run.

Two meetings intended to bring the SADC leaders together on the matter — one planned for last October and the other in early December — were postponed.

However, Parks Mankahlana, President Nelson Mandela's spokesman, said there was no crisis, and the scale of the problems should not be exaggerated.

"There has to be a continuation of the talks," Mankahlana said.

However, he said that there was nothing unique about the problems being experienced.

The differences came to a head at the top-level meeting in Malawi, and saw the subcommittee's activities being suspended.

The differences centred on the relationship between the subcommittee and the SADC.

It is believed Zimbabwe, which co-ordinates the organ's work, envisages a far greater role for the body, almost parallel to the SADC structure itself.

Under such a scenario, the subcommittee would hold a separate meeting.

SA, which holds the rotating presidency of the SADC at present, believes the subcommittee is an integral SADC institution and should, like other bodies, report to the development community.

Attempts to reach the Zimbabwean foreign affairs ministry this week were unsuccessful.

A source in an SADC country stressed that it was important that the heads of state found a solution to the problem soon as the continued impasse might affect the progress of the community's other work in the region.

The subcommittee had an important role to play in lessening tension in the SADC and in neighbouring areas, such as the great lakes region of central Africa, the source said.

SADC countries to get R234-m for projects

(279A)
Sowetan 15/11/98

THE French overseas financing institution, Caisse Francaise de Development-Proparco, has pledged R234 million new investment to finance a number of projects in the Southern African Development Community region

The SADC countries to gain from the investment are Namibia (R4 million to subsidise an investment feasibility study), Mozambique (R158 million to subsidise that government's rehabilitation of the Chokwe agricultural irrigation scheme, including a rural credit scheme, as well as to help it finance an aluminium smelter project in Maputo).

About R71 million will also be channelled to Zambia to rehabilitate the Kafue Gorge power station and to strengthen the commercial management of Zesco, the Zambia electricity utility Tanzania will receive a R17,5 million subsidy for its electricity utility, Tanesco.

CFD-Proparco said the financial package showed its continued belief in the success of southern Africa's regional development – *Sowetan Business Reporter.*

Customs union finalises trade talks with Zambia

BD 20/1/98 (279A)

John Dludlu

SA AND its partners in the Southern African Customs Union have finalised trade talks with Zambia, paving the way for Lusaka's products to be given better access to the five-nation market.

Mfundo Nkuhlu, the chief director in charge of African trade relations at the trade and industry department, said at the weekend the talks were finalised — at an official level — last Thursday. The technocrats now had to report to their principals, sources close to the talks said yesterday.

A "few details" regarding the implementation of the deal — which was expected to come into operation later this year — had yet to be worked out.

One complication was the fact that the customs union — made up of SA, Botswana, Lesotho, Namibia and Swaziland — was not a legal entity, but a multilateral body, a source said.

The deal would allow Zambian products to be given preferential treatment in SA's markets, without the latter requiring reciprocity from Lusaka.

However, SA's partners in the trading bloc — who had been nursing hopes of access to Zambian markets — would be allowed to seek reciprocity for a range of their exports which currently did not have concessionary treatment.

Matheyo Mwale, acting high commissioner for Zambia in SA, said yesterday his country was "generally happy" about the outcome of the meeting which had yielded more than was expected. He said there was "one thing" to be sorted out — an apparent reference to the implementation details.

Last week, SA's clothing and textile federations reiterated their opposition to the talks, as they believed effort should be put into speeding up negotiations for a free trade area under the Southern African Development Community. Customs union governments have stressed that the proposed trade agreement with Zambia is only an interim arrangement.

Customs union talks reach stalemate

(279A)

John Dludlu BD 21/1/98

ATTEMPTS to overhaul the Southern African Customs Union's (Sacu's) long-term trade agreement have reached an impasse after two years of negotiation.

At the heart of the problem is a failure to find consensus on industrial and tariff policies, as well as the choice of a new institutional dispensation to govern a revamped treaty.

Mfundo Nkuhlu, the chief director in charge of Africa trade relations at the SA trade and industry department, said at the weekend the cabinet would have to decide soon on how to take the process further.

One official from the customs union said it was up to the trade and industry ministers of signatory nations — SA, Botswana, Lesotho, Namibia and Swaziland — to break the deadlock.

SA, which administers the agreement, has said it cannot agree on a new institutional framework, such as a multinational secretariat, without clear industrial policies to underpin it. This has seen the enthusiasm that greeted the start of talks in 1994 by then trade minister, now finance minister, Trevor Manuel, being replaced by "disappointment". One customs union official said yesterday SA was afraid of losing control of the union.

SA, which supports the call for a ministerial review meeting, is also believed to be concerned at the cumbersome system of negotiations, wanting it to focus on key areas. Pretoria has complained that countries are not complying with agreements.

When the talks were initiated, four teams were established to look at areas such as agriculture, industrial policy, institutions and a revenue-sharing formula — the system now in question.

SA's partners' anger over the slow progress at the talks has been expressed by Namibian Trade Minister Hidipo Hamutenya, who has turned down SA's invitation to fellow customs union countries to nominate representatives to the Board on Tariffs and Trade, which sets tariffs for the union.

The board has in the past consulted other customs union governments on tariff adjustments, but has failed to satisfy concerns over its independence from the SA government.

Unlike SA, the other Sacu partners rely heavily on the customs union revenue pool. Figures show that in fiscal 1995 16% of Botswana's central government revenue came from the pool; about 50% for Lesotho and Swaziland and 30% for Namibia.

Maize harvest to be lower (2798)

MAPUTO — This year's maize production in the countries of the Southern African Development Community (SADC) is likely to fall thousands of tonnes short of regional demand, a senior SADC official said yesterday

"We expect a drop in maize production this year of between 20% and 40% compared with last year," Richard Masundire, project co-ordinator of SADC's early warning unit, said. The 1997 harvest in the region totalled 17,14-million tons.

Flexibility key to ending customs union deadlock

(279A) BD 28/1/98

Narrow national interests must be avoided if talks to give new impetus to the Southern African Customs Union are to succeed, writes John Dludlu

THE story about the long-running talks to modernise the archaic Southern African Customs Union is littered with ironies.

The first, and perhaps most important, is that the review of the union was initiated by SA which is seen in some quarters as dominating and therefore benefiting from the existing agreement after the departure of colonial masters.

The second and most obvious irony is that the talks have been overtaken by other trade discussions in the region. Put differently, it is ironic to see the review of the customs union — the long-standing arrangement between SA, Botswana, Lesotho, Namibia and Swaziland — successfully negotiating trade accords with third countries, but failing to agree on how to renew the accord.

Last week technocrats from the customs union governments finalised preferential market access talks with Zambia which had earlier sought to join the club.

Senior union officials are preparing a joint customs union offer to free trade negotiations under the Southern African Development Community (SADC).

As a customs union the five have a common external tariff regime and should operate as a union. This has not been the case in the past — for example SA's string of bilateral agreements with third countries — which has resulted in the bloc's integrity being undermined.

Both the SADC and Zambian negotiations, which have deepened customs union co-operation, have occurred amid frustration over the stalemate in the talks.

Officials, negotiating since 1994 when then trade minister Trevor Manuel, now finance minister, opened the talks, have "officially" declared an "impasse". They hate the word deadlock.

Politicians from signatory nations who have made known their distress at the lack of progress are expected to inject new momentum into the process.

Officials say the impasse stems mainly from disagreement over tariff and industrial policies and a new institutional dispensation.

SA, which has been accused of dominating the union, administers the trading arrangement through its tariffs and trade board which sets tariffs.

One suggestion had been to establish a multinational body to administer a reshaped customs union. In this way all union members will have a meaningful say in the running of the union.

The trade department, leading the talks, has said it is not prepared to agree to any "supranational" body without knowing what policies underpin it.

Some officials believe that behind Pretoria's hesitation in acceding to an accord is a sense that some of its partners are guilty of implementing understandings half-heartedly. An example is the establishment of the Hyundai car assembly plant in Botswana, which led SA to complain that Gaborone had violated a customs union agreement on the subregion's car industry.

Naturally, this stance has generated criticism from other members of the union who believe SA's hesitation reflects a fear of losing control of the institution.

In this case Namibian Trade Minister Hidipo Hamutenya has been an eloquent voice of SA's partners. In an outburst last year, he made it known he had turned down an SA invitation to send representatives to the tariff board, raising questions about its independence as an SA institution.

Apart from complaints about SA's dominance — perceived or real — the agreement has been criticised by SA's neighbours for delays in the once-yearly disbursements of spoils from the import duty revenue pool.

Generally, it is accepted that the revenue-sharing formula is not objective. Under it, SA's partners have first claim to the pool.

As the talks reached an impasse, an agreement for an objective system was emerging through which all signatories — including SA — would not receive more than was available in the customs pool.

The thinking among Pretoria officials is that although SA is not interested in a sizeable share, it wants more predictability on its allocation to allow planning.

However, income from the customs union plays a crucial role in the budgets of SA's neighbours, particularly smaller nations. A study by Imani Development, a Harare-based consultancy, show that in fiscal 1995 Botswana received about16% from the pool; Swaziland and Lesotho received about 50%; and Namibia 30%.

Although this income has been declining because of a general fall in import tariffs, it remains important as it is a crucial part of government revenue. And smaller nations will need it as they seek ways to diversify income sources.

Despite its flaws, the customs union is one of the few regional bodies in Africa actually working. Regrettably, this has, in some quarters, taken away the sense of urgency in the talks.

The indictment of the union is that it was never negotiated by any of today's administrations in the subregion: it is an institution left behind by colonial masters.

This should be the most compelling reason for political leaders to provide fresh mandates to the technical negotiation process. As it is now, the stalemate has put a question mark over SA's commitment to revamping the union and undermined progress made so far.

Logically, a solution to eliminate the ironies characterising the talks depends a great deal on SA. SA's call for the talks to be streamlined — to focus on a few issues — seems sensible. However if leaders agree on a more focused agenda, a degree of flexibility from SA will help the process along.

Leadership from Pretoria is needed. The ministerial meeting must be convened as soon as possible to give the negotiating process fresh political impetus.

It would be an embarrassment to all customs union governments if narrow national interests prevented them from renewing this arrangement as the subregion moves into the 21st century.

Beer dispute could delay Namibia payout

BD 28/11/98 (279A)

John Dludlu

NAMIBIA's payout from the Southern African Customs Union revenue pool could be delayed due to a dispute with its union partners — SA, Botswana, Lesotho and Swaziland — over the new excise duty structure on beer.

Officials meet in Pretoria today in an effort to solve the problem stemming from rebates granted by Namibia to smaller brewers, which resulted in a revenue shortfall of about R11m.

Under the system implemented in March 1996, the duty is determined by alcohol content and not quantity, as was the case previously. It is understood that SA, which administers the customs union payouts, has managed to secure an agreement with other members that the total Namibian payout for 1997/98 — estimated at R1,8bn — will be released only once Windhoek has made up the shortfall.

Namibia wants to retain the rebate as it supports employment in the brewing industry. SA opposition to it stems from a fear that it will open a floodgate of such requests by other industries.

A Namibian finance ministry official said today's meeting was called by SA and inquiries should be directed to Pretoria. The SA Revenue Service declined to comment, and the trade and industry department did not respond to questions.

Other customs union officials said the Namibian government would table a compromise proposal today, but none would elaborate on its contents.

An SA government official said fellow customs union members were consulted on import tariffs but not on excise duties. This effectively diminished fiscal discretion for SA's partners.

One customs union official said every effort would be made to resolve the issue before SA's Budget in March.

Income from the common customs duty revenue pool plays a crucial role in the budgets of SA's partners. A recent study showed that Namibia had received about 30% of its revenue from the pool in 1995/96, while Lesotho and Swaziland received about 50%.

Customs union talks: Page 11

Slow work building regional bloc

When the talking is over at this week's Southern African Development Community meeting in Maputo, member states need to show they have the political will to implement the decisions made, writes John Dludlu

BD 28/1/98 (279A)

THE issues on the agenda of this year's consultative conference of the Southern African Development Community (SADC) do not look tantalisingly new.

Perhaps this is because the annual consultative conferences were planned a while ago, when the regional body was still a coordinating conference to reduce economic dependence on apartheid SA. And, to an extent, the programme of ministers still reflects that pattern: consultation with donors on projects, co-operation in this or that, review of previous council decisions.

However, some of the issues are of critical importance to the organisation's, if not the region's, future as an economic bloc.

SADC executive secretary Kaire Mbuende said in an interview at the weekend that delegates would have to take stock of the process of ratifying the organisation's protocols, the instruments of regional co-operation.

Several of these agreements have been signed by many member states — an expression of interest to move towards regional integration — but most have yet to be ratified. Ratification paves the way for implementation of the agreement.

Protocol

Botswana, one of the region's stable democracies which is home to the SADC's headquarters, is the only one which has ratified all protocols, Mbuende says.

Take, for example, the SADC's most talked about plan to free trade exchanges: only three countries have ratified it. This is a far cry from the two-thirds majority required of the SADC's 14 members for the trade plan to be implemented.

Although several states have indicated a willingness to ratify the protocol after internal consultations, the slow pace of ratification reflects badly on the organisation's image if it is to be taken seriously.

While some governments could be held up by consultation procedures, other governments — Pretoria is one — believe details of what is in the protocol have to be ironed out before parliamentarians are asked to endorse the plan.

This requires that member states take their commitments seriously. The negotiations of the protocol have to be speeded up to get there.

Despite the real difficulties of trade liberalisation — such as fears of free trade in wobbly and strategic sectors as well as the confronting of protectionist lobbies — member states have yet to demonstrate their commitment to this process.

Not only would such a step enhance the SADC's image among prospective investors and donors, it would also shore up the liberalisation process in the region which was set in motion by structural adjustment programmes.

Mbuende says delegates will also be given a progress report on the rationalisation report.

Among others, the report, prepared by consultants from Imani Development and SA's Council for Scientific and Industrial Research, had recommended an overhaul of the SADC.

Its recommendations included a controversial suggestion to consolidate the co-operation sectors, streamlining the SADC's secretariat as well as a rethink of the role of donors in development projects.

Partly because of the radical nature of the proposals in the report, little progress was made last year in preparing for the implementation of some of the findings and discussion on it was postponed last year.

Sooner than later, the SADC will have to face the future.

Like other parts of the developing world, the SADC's long-standing co-operation relationship with the European Union (EU) is coming up for renegotiation later this year. The conference presents an opportunity for the SADC to refine its position.

Under the Lomé Convention — the centrepiece of EU's co-operation with its former colonies in the African, Caribbean and Pacific regions — SADC countries, except SA, received an extensive range of trade concessions to the EU market.

Now this relationship, which has come under harsh scrutiny from the World Trade Organisation which has criticised its discriminatory nature in terms of other developing countries, is to be reshaped to fit with the changed global environment.

Related to this, the SADC ministers will hold talks with the EU, one of the SADC's donors, on their co-operation relationship which began in Berlin, Germany, three years ago. A third meeting has also been proposed.

Analysts watching the EU-SADC summits note that the occasional meetings have helped Brussels understand the problems faced by the SADC.

Mbuende says the delegates will also discuss preparations for the second ministerial conference of the World Trade Organisation in May.

Agenda

This meeting will take place as the industrialised world is trying to assist the world's poor nations to take advantage of opportunities of global free trade as well as to look at ways of minimising the marginalisation of the poor nations amid the forces of globalisation.

Although not part of the agenda, the ministers are expected to discuss the political situation in the region such as the attempted coup in Zambia and last week's food riots in Zimbabwe.

Mbuende will outline his future priorities. These are expected to include promotion of trade and investment and human resources development in the SADC region.

Although the agenda may not be hugely appetising to an outsider, an honest debate of the issues and political will to implement the outcomes should be seen as small but important building blocks of a regional economic community.

Universities urged to reserve places

John Dludlu (279A)

MAPUTO — The Southern African Development Community has urged universities in the region to reserve 5% of vacancies for students from SADC member states — a proposal likely to meet fierce opposition from proponents of university autonomy.

The proposal is part of the organisation's education and training protocol, awaiting ratification by members after being signed by 11 states.

Sam Mkhonta, the director of the education unit at the 14-member SADC, told the SADC consultative conference that the foreign students would be given special treatment, including being allowed to pay the same fees as nationals.

The system was to be phased in over 10 years, but no legislative powers would be used to enforce the system.

The SADC was also seeking to relax immigration procedures to allow students to move freely. The education unit believed standards should be harmonised to facilitate cross-border recognition of qualifications acquired in any SADC education institution.

BD 29/11/98

SADC plans air traffic body

BD 29/1/98

SOUTHERN African Development Community (SADC) countries will establish a single traffic control centre by the year 2005 to direct air traffic within the region.

This was one of the ways to ensure that flying in African skies was not a threat, Vic van der Westhuizen, Air Traffic and Navigations Services business development manager, said yesterday. (279A)

There had been an increase in near collisions between aircraft from different countries in the past few years because of miscommunication between ground air controllers and pilots.

Van der Westhuizen said the SADC had authorised the service to direct communication among air traffic control centres and provide a flight plan distribution for the region.

Better air traffic management was needed because of the increase of flights to and from SA, said Cathy Bell, GM of the Air Line Pilots' Association-SA. — Sapa.

Region's imports outstrip its exports

BD 30/1/98 (279A)

Helmo Preuss

THE lifting of sanctions against SA and new World Trade Organisation (WTO) rules have changed the composition of Southern African Customs Union (SACU) exports far more than imports over the past four years.

As the accompanying graphic shows, the biggest change between import categories was 2,07%, while minerals' share of the exports dropped 10,46% between 1993-1997.

The latest trade data shows that access to sources of foreign capital resulted in imports growing far faster than exports, as a current account deficit could be covered by foreign capital inflows.

Previously, SA had to run a current account surplus so that it could repay foreign debt in accordance with the 1985 debt standstill arrangements.

Imports have increased at an average rate of 21,8% a year in rand terms since 1993, while exports have grown at 15,9% a year.

The new WTO rules, which prohibit quantitative restrictions between members but allow tariff protection, have largely been responsible for the change in the composition of imports. Animal product imports, including poultry, have risen most over the past four years, showing an average annual increase in rand terms of 40,8%.

Prepared foodstuff imports showed annual growth of 32,6%, while mineral imports, which include alumina for the new Hillside aluminium smelter as well as oil, had annual growth of 30,2% on average.

Of the 22 import categories, 13 lost market share, ceramics retained its market share and the rest increased their share.

Exporters of miscellaneous manufactures gained most from the ending of sanctions, more than tripling their share of total exports to show an annual average growth rate of 56,8% in rand terms.

Precision equipment was the next biggest beneficiary, almost doubling its share for average annual growth of 37,5%.

Thirteen export categories showed growth of more than 20% a year in rand terms over the four year period, but this was at the expense of the combined categories of precious metals, diamonds and arms, which grew only 6,1% a year. This combined category showed a 29,7% decline in its export share, offset by a 30% rise in the share of other export categories.

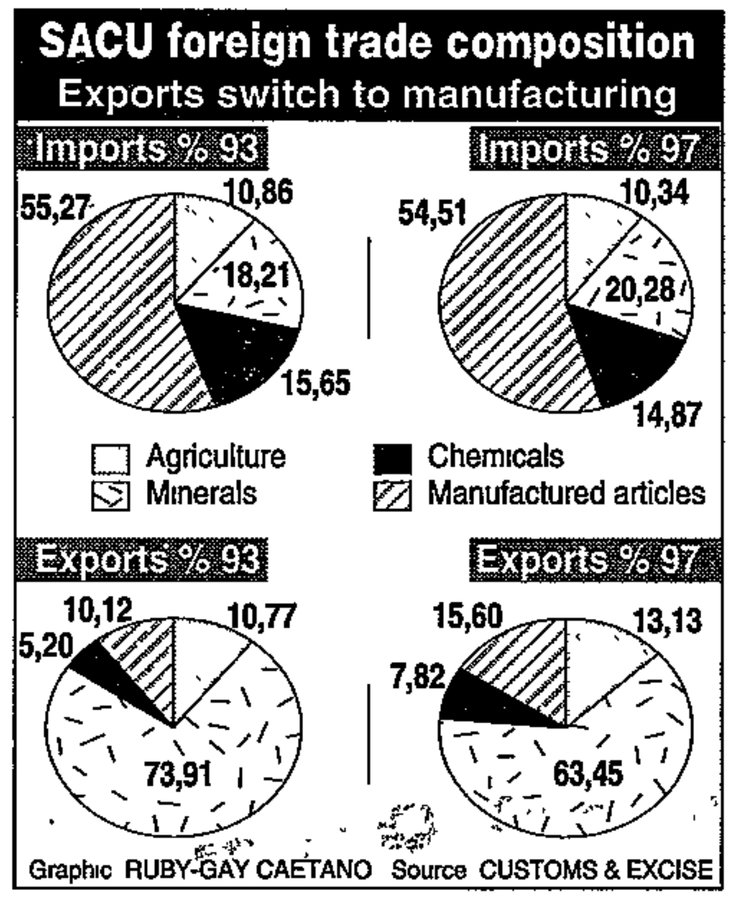
Economists said that the change in the export composition was part of government's long-term strategy, which had started with the introduction of the general export incentive scheme (GEIS) in March 1990, when exporters were differentially rewarded according to how much value-added their product contained.

Under WTO rules, however, export incentives are illegal, so GEIS benefits were reduced and ceased on July 11 last year.

The hope now for manufactures is on the car export side, despite increased competition from Asia due to the currency crisis there, as local manufactures are incorporated into the global distribution system of their parent companies.

Volkswagen SA, for example, will be sending 5 000 Golfs to the UK in the next few months and has already supplied to China.

Last year transport equipment had the highest growth rate of 66,3% in rand terms, which indicates that SA will continue to switch to manufactures away from minerals, especially as the outlook for mineral prices is bearish. — I-Net.



Nzo calls for speedier revitalisation of SADC

BD 30/11/98

Reports by John Dludlu

MAPUTO — Foreign Minister Alfred Nzo called on his counterparts in the Southern African Development Community (SADC) yesterday to speed up efforts to reshape its institutions.

Addressing the opening session of this year's consultative conference, Nzo, who chairs the SADC ministers' council, also expressed concern at the pace of regional integration.

Co-operation in production, trade and investment as well as training needed attention if integration was to "meaningfully transform the lives of our people for the better", Nzo said.

Discussion and implementation of far-reaching changes recommended in a consultant's report on the rationalisation of the SADC's institutions has been delayed following insufficient consultation by member states.

Among other things, the report recommended that the SADC's secretariat activities be streamlined, member states contribute more to the body's coffers and, most controversially, that the SADC's programmes be merged into fewer focus areas. The latter would, if implemented, strip certain member states of SADC responsibilities, resulting in a sense of alienation.

Nzo said: "It is my opinion that we have to attend with the utmost urgency to issues of rationalisation of SADC institutions as well as ratification and implementation of SADC protocols."

The protocols, of which many have been signed but not ratified, establish a legal basis for regional co-operation.

Nzo said integration should not only be about future benefits, but should also "concretely and most decisively address" today's problems of an impending drought, job creation and training.

In what has been seen as a veiled defence of the SADC's decision to enlarge itself with the admission of the Democratic Republic of Congo and the Seychelles, Nzo said the two would bring fresh ideas as well as vast opportunities for co-operation.

Mozambican Prime Minister Pascoal Mocumbi told delegates that peace had enabled his country to achieve a better-than-expected growth rate of 6,6%. The currency had lost less than 1%, while inflation was kept at 4,5%.

While these achievements were important in building investor confidence, he warned that the region remained vulnerable to climatic changes.

(279A)

He called for the creation of public-private sector linkages as in the case of the Maputo development corridor. Another multinational venture was taking place between Mozambique, SA and Swaziland through the Libombo development corridor.

Mocumbi said these projects, including the establishment of the Beira and Nacala development corridors, should be seen not only as commercial exchanges, but also act as catalysts for socioeconomic development.

He said the SADC's free-trade protocol would remove market inefficiencies as well as increase trade.

Mining capital should be kept in the region

BD 30/1/98

MAPUTO — Unprofitable mines feeling the pinch of a lower gold price should be allowed to close but their capital and expertise should be kept in southern Africa, says a senior official of the Southern African Development Community. (279A)

John Chanda, the head of the SADC's mining sector, said yesterday the region should scrap all the barriers that hindered the free movement of investment capital in the SADC.

While there was nothing the SADC could do to keep unprofitable mines in business, the organisation felt restrictions in the mining sector should be liberalised to allow workers and mine owners to move freely so that the skills stayed in the region.

At the SADC consultative conference, he called on member states to ratify the mining treaty. So far only Botswana has ratified the mining co-operation agreement. Ratification of the SADC's co-operation treaties is one of the main topics at the conference.

States urged to slash budget deficits to 5%

(279A) BD 30/11/98

MAPUTO — The Southern African Development Community's (SADC's) 14 members were urged yesterday to slash their budget deficits to less than 5% by the turn of the century.

The call was made by Kaire Mbuende, the organisation's executive secretary, in a report presented to the SADC ministers' council in Maputo.

Mbuende, who is into his second term, said SADC states should also aim to cut their fiscal deficits further to 3% by 2005.

Achievement of these targets was a prerequisite to member states attaining growth rates of about 6%.

Ten member states had already managed to reduce their deficits to less than 6% and there was commitment to continue this trend.

Mbuende also outlined the organisation's vision for the next four years.

This would include trade and investment promotion, making the SADC competitive, promotion of science and technology, training, and private sector development.

He suggested that the time gap between the signing of SADC co-operation treaties and their implementation should be reduced to one year.

Although the SADC has signed eight of these treaties, very few have yet been implemented.

Failure to implement these agreements could undermine the body's credibility and lead to decreased levels of aid and foreign investment, he said.

Mbuende urged members to forge ahead with SADC institutional reforms by creating commissions in key sectors of co-operation.

In effect, the call for reforms — first made in a consultant's report last year — would introduce strong centralisation in the SADC's institutions, removing the organisation from its members.

Unlike the consultant's report, which had suggested that the SADC secretariat's activities be streamlined, Mbuende felt strengthening the secretariat as the main executive arm of the body would be a priority.

He called for a rethink of the formula used to determine members' contributions to the organisation.

A revamped formula should take into account strengths and weaknesses of various states and the benefits they received from the SADC, he said.

The present formula assumed that all SADC economies were similar in size.

The member governments should also have separate departments to deal with regional co-operation issues, including informing stakeholders on regional matters.

Earlier in the day, Mbuende told delegates the SADC had seen increased participation of nongovernment stakeholders, including the establishment of regional parliamentary and students' forums.

SACU group seen as trade 'impediment'

ET(BR)12/2/98 (279A)

FROM SAPA

Gaborone — The Southern African Customs Union (SACU) was an impediment to regional integration, Kaire Mbuende, the executive secretary of the Southern African Development Community (SADC), said on Tuesday.

Speaking to journalists in the Botswanan capital, he said the renegotiation of the union agreement was holding up the ratification of the SADC trade protocol "Maybe there is no need for the renegotiation of SACU, but a need to abolish it."

The SACU was based on colonial ideas of regional trade, he said, and was holding its members hostage pending its own reorganisation.

"Until we have a regional trade agreement, SACU will be relevant Once we have (that), it will become superfluous But you can't burn one bridge until you have built another," Mbuende said.

Only one of the five union members, Botswana, has ratified the trade protocol. The other members are South Africa, Lesotho, Namibia and Swaziland.

Speaking on a successor to the Lomé Convention, Mbuende said a special task team was negotiating a position for the community. Their report would be considered at a SADC/European Union ministerial conference in Austria in November

On South Africa's bilateral negotiations with the EU, Mbuende said such an agreement was necessary. "Although SADC wants to see South Africa as a full member of Lomé, there is absolutely no chance of that, and it will remain with qualified membership."

Mbuende lamented the pace of ratification of the SADC protocols. "It is painfully slow." He attributed this to bureaucratic procedures rather than lack of commitment by member states.

"Some states, like Botswana, require only the presidential signature while others require approval by parliament or the

Member states owe the SADC $4,5m in arrears

BD 2/2/98 (279A)

John Dludlu

THE Southern African Development Community (SADC) is owed $4,5m in arrears by its members, it has announced.

At a news briefing on Friday in Maputo at the conclusion of this year's ministers' council meeting, Lengolo Monyake, the SADC's deputy executive secretary, said the outstanding money excluded contributions by the Democratic Republic of Congo and the Seychelles.

They were admitted as new SADC members by the organisation's heads of state, but have yet to accede to the body's treaty and pay member's contributions.

The ministers' council urged those SADC members who still had to make their contributions to do so.

The council had approved a total budget of $12,5m for the running of the SADC's institutions this year, SA Foreign Minister Alfred Nzo said.

Despite varying sizes and strengths, all the SADC's members contribute equal amounts to the trading bloc.

Last year a consultants' report, commissioned by the SADC, recommended an alternative formula that would take the strengths of each member into account when determining the contributions.

Asked for his views, Jakes Gerwel, the director-general in President Nelson Mandela's office who chairs the SADC's officials committee, said: "I don't think SA has strong views on the matter".

Nzo, who chairs the ministers' council, said the ministers had called on members to ensure SADC co-operation treaties were ratified timeously. This would pave the way for their implementation.

So far only Botswana has ratified all eight SADC protocols: in mining, education, energy, transport and communication, trade, combating illicit drug trafficking, immunities and privileges, and shared watercourse systems.

The slow pace of ratification has been attributed to different procedures followed by member states.

While tabling his report to the ministers on Thursday, SADC executive secretary Kaire Mbuende suggested that the gap between the approval of protocols and their ratification by member governments should be reduced to a year.

SA had signed only one of the eight protocols, the SADC said.

SA Home Affairs Minister Mangosuthu Buthelezi warned that if nonratification of protocols became a "habit, then the SADC council of ministers might risk becoming just a talk shop".

Buthelezi said a committee had been asked to prepare a document that would facilitate "freer movement" of people within the SADC. The document would be discussed at the next ministers' meeting in September. A similar suggestion last year was rejected.

SADC reforms face substantial delay

(279A)

John Dludlu

BD 3/2/98

THE implementation of institutional reforms by the Southern African Development Community (SADC) could be delayed until next January to allow member states to prepare for the change.

Deputy executive secretary Lengolo Monyake said at the weekend the restructuring study would not be ready for discussion by ministers in September.

The delay was due mainly to a need by member states to formulate national positions. A number of countries had yet to begin internal consultations, which would have to be completed before a regional workshop was organised.

Monyake's remarks come amid calls for the SADC's programme of action and institutions to be reshaped. Last week SA Foreign Minister Alfred Nzo, who chairs the SADC's ministers' council, urged his counterparts to look into revitalisation.

His call was echoed by SADC executive secretary Kaire Mbuende, who suggested the "minimum pragmatic action" would be the creation of a number of commissions in key sectors over the next two years. Deeper reforms should be carried out over the next five years. This suggestion, first raised in a consultants' report last year, would result in the introduction of strong centralisation of SADC institutions, removing them from member states.

Although the report was completed last year, its recommendations, including streamlining the secretariat's activities and reforming the formula for determining contributions, have yet to be implemented.

Efforts to cobble a regional position were scuppered last year when it emerged that few member states had formulated positions, while other officials believed the recommendations were too controversial to be implemented immediately.

Mbuende and Monyake have called for more resources to be given to the secretariat to carry out its mandate. Monyake said the secretariat's budget and personnel were insufficient for it to implement its mandate as the SADC's think tank.

Namibia told to pay R11,3m shortfall in beer excise

BD 3/2/98 (279A)

John Dludlu

NAMIBIA will have to pay a shortfall of R11,3m in beer excise resulting from the collection of incorrect excise duties for its revenue share in the Southern African Customs Union, the SA trade and industry department says.

If Namibia fails to pay the shortfall, then the matter will have to be discussed by the two countries' finance ministers.

According to the department, which is administering the customs union on behalf of signatory countries — SA, Botswana, Lesotho, Namibia and Swaziland — Namibia has been collecting incorrect excise duties on beer brewed and sold in Namibia

The shortfall was R11,3m between March 1996 and last September. Officials from the customs union governments said that the shortfall was caused by the rebate given to small brewers by the Namibian government.

The SA trade department says if the proposed ministerial meeting does not take place before April, then the matter will have to be considered by the SA cabinet.

Namibia's first quarterly payment is due for payment on April 1. But the figure remains confidential until it has been approved by the respective governments.

The beer problem is one containing "irritants", as one government official put it, and tends to cause tension within the subregion as officials strive to revamp the long-standing customs union.

Body patches over the cracks

(279A) BD 2/2/98

John Dludlu

SOUTHERN African Development Community officials are trying to patch over the cracks caused by confusion over the status of a report by the organisation's CE, apparently rejected by ministers.

Last week Kaire Mbuende, the SADC's executive secretary, took the unusual step of tabling his report to the consultative conference of ministers.

According to senior officials, the report is normally given to the summit held later in the year.

The controversy and confusion apparently stemmed from the section which dealt with Mbuende's "vision and priorities" over the next four years.

Some delegates to the closed-session meeting said afterwards this had been rejected by ministers as the SADC already had a vision.

One official from the SADC's secretariat said Mbuende, who is beginning his second four-year term, had felt it appropriate to outline his priorities to coincide with his new term rather than wait for the summit in September.

The ministers had decided to "note" the report, while some delegates had felt some issues in it needed further examination, said Mbuende's deputy, Lengolo Monyake.

Denying suggestions that Mbuende's report had been rejected by council, Jakes Gerwel, the director-general in President Mandela's office who chairs the SADC committee of officials, pointed out that the document had received general acclaim as well.

The vision Mbuende had spelt out included trade and investment promotion, competitiveness, the promotion of science and technology, as well as human resources development.

When the confusion over the report first arose, some delegates were quick to use it as evidence of inefficiency at the secretariat.

Mbuende's stewardship of the SADC has been questioned in the past.

Monyake said if there was inefficiency in the secretariat, the charge would have to be shared with member states who were responsible for funding. For example, the organisation could only afford the services of one translator, which resulted in Portuguese translations being late at meetings.

Apart from reviewing the past few years, Mbuende also recommended strengthening the secretariat to carry out its mandate as an executive arm of the SADC.

Some of the recommendations had already been raised in a consultants' report commissioned by the SADC last year.

Cutting imports costs millions (279A)

By Sowetan Business Correspondent

THE decision by the European Union to cut seafood products imported from Mozambique is costing this Southern African Development Community (SADC) country more than R2,94 million a month.

The EU took the step in November to avoid the contamination by the cholera outbreak that has been hitting the country since last August

The World Health Organisation (WHO) was so concerned about the EU measure that it issued a statement saying the decision was taken "hurriedly" since products from Mozambican Seafood Products were not contaminated by the disease.

Marid Naird, head of WHO's cholera control group, said research conducted by a Portuguese team determined the outbreak had not contaminated these products, the mainstream of the Mozambican economy.

"As the study showed foods from Mozambican Seafood Products were not contaminated by the disease, we consider the decision as very precipitated," she said.

Naird also pointed out that the disease was practically under control. Sowetan 3/2/98

More than 9 000 cases of cholera have been so far reported in Gaza and Maputo Provinces, southern Mozambique. The records claimed 267 lives, according to official sources in Maputo.

Mozambique exports seafood products to Portugal and Spain as well as to South Africa and Latin America. Last year it exported 57 000 tons of seafood products to these two European countries. Other major Mozambique exports are cashew nuts, hydropower, minerals, timber and cotton.

Namibia accuses SA of double standards

John Dludlu

THE Namibian government is accusing SA of "double standards" for insisting that Namibia pays the R11m shortfall resulting from under-collection of beer excise duties, which Windhoek considers unfair.

The problem arose in 1996 when Namibia refused to apply a new excise duty structure on beer, causing an R11,3m shortfall between March 1996 and September last year in its payment to the revenue pool of the Southern African Customs Union.

SA, which administers the customs union, is insisting that Namibia should settle the shortfall or else the matter should be discussed by the two governments' finance ministers.

However, a senior Namibian government official said yesterday: "This is not the first time this has happened."

Although there had been similar violations in the five-nation customs union — it brings SA, Botswana, Lesotho, Namibia and Swaziland together — none of the countries had ever been asked to make up the shortfall resulting from insufficient collection of duties.

One customs union government official said Windhoek would argue that Botswana was not asked to pay the shortfall which was caused by the provision of a rebate on vehicle imports.

The 1996 duty structure, now being reviewed, saw a rebate for smaller brewers being scrapped. But Namibia continued providing it as it felt the new system was "inequitable".

Bad precedent

An SA government official said yesterday that letting Namibia get away with this would set a bad precedent within the customs union area.

Another official said Namibia had voiced reservations on a proposed system that would lead to a single excise duty calculated on the basis of absolute alcohol content in beer.

SA's suggested alternative system amounted to an admission by Pretoria that the 1996 system was unfair, the Namibian government official said.

He further accused SA of having contradicted a 1993 understanding among the customs union countries that no breweries in the subregion should be prejudiced by a duty structure.

Although SA is obliged to consult customs union partners on import duties, Pretoria is not under any obligation to consult them on excise duties.

SA has said that if the two finance ministers do not meet, and Namibia does not pay by April 1, the matter will have to be considered by the cabinet.

Namibia's first quarterly instalment from the customs union's revenue pool is due for payment in April.

The Namibian official said the problem was causing tensions in the customs union. But he did not say whether the Namibian finance minister would meet his SA counterpart on the issue.

Austria plans to strengthen EU ties with SADC

(279A)

John Dludlu

AUSTRIA, which is to take over the rotating chair of the European Union (EU) in June, has proposed a series of programmes to bolster the EU's co-operation with the SADC-led Southern African Development Community (SADC).

This emerged this week after a meeting between Austrian Deputy Foreign Minister Benita Maria Ferrero-Waldnerf and Foreign Affairs Minister Alfred Nzo.

In a bid to strengthen the SADC's capacity to deal with conflict resolution, Austria suggested a seminar on the subject to be held in Zimbabwe in September, a foreign affairs department statement said.

The Austrian initiatives, signalling the continuation of EU-SADC co-operation started in Berlin in 1994, come after the aborted coup in Zambia as well as the recent food riots in Zimbabwe which have raised concerns about stability in the region.

Austria also plans to sponsor a SADC transport ministerial conference in Maputo next October to look at how to strengthen the region's transport network and make it more competitive.

Deputy Foreign Minister Aziz Pahad welcomed the Austrian initiative and expressed hope the two countries would use their respective leadership roles to enhance co-operation between the SADC and the EU.

BD 6/2/98

SADC's vision of a common future remains out of reach

(279A)

The recent Southern African Development Community meeting in Maputo failed in one of its key objectives — addressing delays in regional integration, writes trade and industry reporter John Dludlu

BD 6/2/98

LAST week, visitors to the Mozambican capital Maputo were greeted by a huge flag on Julius Nyerere Avenue. The black letters shouted: "The city of Maputo welcomes delegates to the Southern African Development Community conference."

A few hundred yards further down the long winding road into Escola Nautica, the venue of the conference, another banner reminded the visitors of the matter at hand: "SADC — Towards a Common Future."

To citizens of the region, the second message was perhaps more important. But in the conference room, delegates and observers might have noticed just how far this objective is from realisation.

In his opening address, SA Foreign Minister Alfred Nzo, who also chairs the SADC's ministers' council, said: "It is a matter of great concern to me that at this stage of our co-operation we are still somewhat far from achieving collective self-reliance necessary to make our region a major player in the global market."

This remark summed up the state of regional integration.

Despite it having the potential to propel an African renaissance dream, the SADC's vision of interdependence and a common future still remains out of reach. Since it transformed itself into a development community in 1992, the SADC has focused its attention on building an economic community based on regional integration.

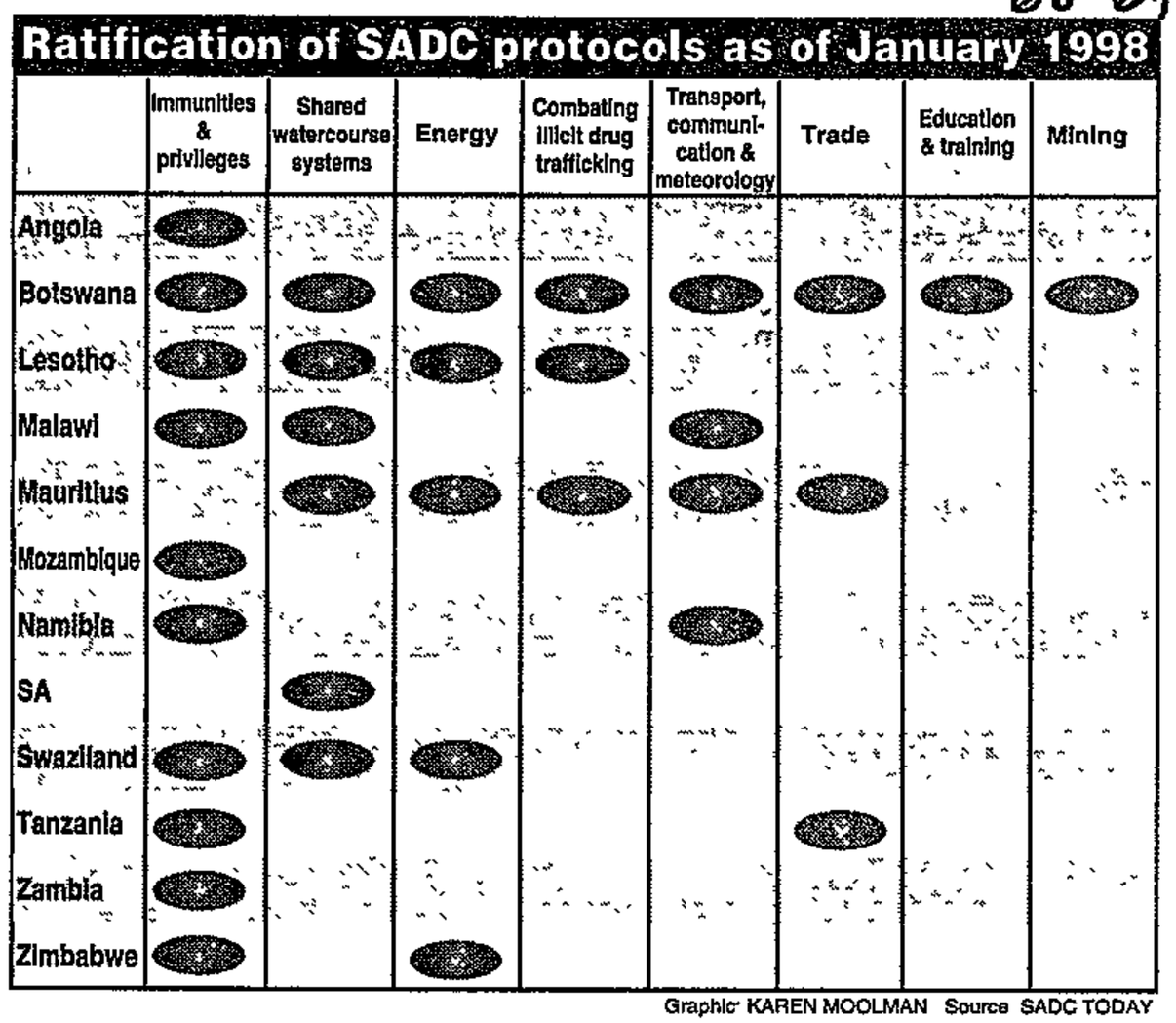
To do this, the 12-nation bloc — two members have yet to accede to the SADC — has prepared a total of eight treaties in a range of sectors, including mining, trade, immunities and privileges, education and water.

The protocols were to be the centrepiece of intra-SADC co-operation. Years after being approved by heads of state, many of these agreements, which establish the legal basis for co-operation, have yet to be implemented. Member states have held up the process by failing to ratify them.

Only one country, Botswana, has signed all eight. The rest are still far from getting the two-thirds majority required for full implementation.

The excuse always given by SADC officials like Lengolo Monyake, the deputy executive secretary, for the slow pace of ratification is the different procedures required by member states in ratifying agreements. Some, such as Botswana, only require the president and his cabinet to ratify the agreements, while others, such as SA, have to seek the legislature's approval.

Another reason countries gave was they had concerns they wanted addressed before recommending ratification, Monyake said.



SA for instance believes that the details of the free trade protocol have to be finalised before it will ratify that protocol.

Be that as it may, the time has come to ask if the delays are not perhaps a reflection of a shaky political will to have regional co-operation. The standard SADC answer to this question is "no". SADC functionaries argue that member states would not approve the treaties if that were the case.

The effect of this delay in implementation is a delay in seeking funding for the implementation of some projects. In some cases, the downside is that there is no framework for regional development projects. Some observers say this has led to a focus on national projects which could otherwise foster regional co-operation.

The only protocol which is being implemented is that of "privileges" which facilitates the smooth movement of SADC officials within the region when carrying a special passport. It is an innocuous protocol and by no means a measure of willingness to facilitate regional integration.

Home Affairs Minister Mangosuthu Buthelezi warned that if the nonratification of these treaties became a habit, the organisation, which is chaired by SA, risked becoming a "talk shop".

In his report to council, the SADC's executive secretary Kaire Mbuende, said: "Failure to ratify the legal framework for integration chosen by SADC does not only weaken our resolve to succeed but also seriously undermines SADC's credibility in the outside world."

This potential problem was highlighted by the recent signals from the US government that it wanted to negotiate a free trade agreement with SA. However, it showed no interest in negotiating such a deal with the rest of the SADC countries. Analysts have said the SADC's lack of seriousness in moving towards a free trade area meant other member countries would be less attractive as such a partner.

So why should it be considered as a free trade partner, they ask.

Mbuende's suggestion that the gap between the approval and implementation of a protocol be reduced to a year appears to have fallen on deaf ears.

There are at least two choices to address this problem: either lower the required majority from the two-thirds or allow the countries that are ready to engage in deeper co-operation to do so without a framework. The first choice appears sensible.

If this were the case, a "core" group of countries could forge ahead with integration — judging by the rate of ratification, this would include countries such as Botswana, Mauritius, Lesotho, Malawi and Swaziland.

As an engine of the region and in line with the SA government's stated policy of commitment to African renaissance, Pretoria would join, if not lead, this "core" group.

In terms of this scenario, maybe the road to full integration would not be as rocky as it is now.

Customs union is 'holding up integration'

BD 11/2/98

GABORONE — The Southern African Development Community's (SADC's) top official yesterday said the region's customs union was impeding integration.

SADC executive secretary Kaire Mbuende also told a news conference in Gaborone that renegotiation of the Southern African Customs Union (SACU) agreement was holding up ratification of the 14-nation SADC's trade protocol.

"Maybe there is no need for the renegotiation of SACU, but a need to abolish it," Mbuende said. (279A)

Botswana is the only one of the five SACU members that has ratified the trade protocol. The other members are SA, Lesotho, Namibia and Swaziland. These countries are all also members of the SADC.

Mbuende lamented the "painfully slow" pace of ratifying SADC protocols. A deadline of June 30 has been set for final ratification of the six outstanding protocols covering issues from water to energy and transport. — Reuter.

Trade figures still favouring customs union

BD 13/2/98 (279A)

John Dludlu

SA AND its partners in the Southern African Customs Union exported goods worth R13,6bn to other members of the Pretoria-led Southern African Development Community (SADC) in the 11 months to last November, reflecting the continuing imbalance in favour of the customs union.

Bilateral trade figures from the Industrial Development Corporation show that the customs union — including SA, Botswana, Lesotho, Namibia and Swaziland — imported goods worth R2,1bn from other SADC partners, excluding the Democratic Republic of Congo (Congo-Kinshasa) and the Seychelles.

The figures, coinciding with renewed criticism of the union by Kaire Mbuende, the SADC's executive secretary, have reopened the debate on how to reduce the SADC's trade deficit with the customs union, conservatively estimated to be at four to one.

John Kodisang, an adviser at the trade and industry department, said the planned SADC free trade protocol was not a panacea to this inequitable relationship. "Trade alone will not rise to the challenge," he said.

SA, he said, believed a "developmental package", with trade, investment and industrialisation would go a long way towards improving the region's imports to SA.

Anne Moore, a GM at the SA Foreign Trade Organisation, said yesterday the imbalance would take time to reduce, since SA, the largest economy in the customs union subregion, mostly imported capital goods. However, individual SA companies could contribute to addressing this trend by changing their sourcing patterns in favour of African products.

This week, Mbuende, who has been critical of the slow pace of talks to review the customs union, was again quoted as accusing the long-standing trading arrangement of impeding SADC integration.

Kodisang said the developmental package should include development corridors, such as at Maputo and Beira, which would assist industrialisation in SA's neighbours.

SA has said it will use an SADC free trade plan to grant neighbours better market access to reduce the growing imbalance.

WEST AFRICA

(279A)
CT(BE) 17/2/98

Ecowas leaders meet in Nigeria this week

West African finance ministers and central bank directors gathered for a meeting in Abuja, Nigeria's federal capital, yesterday in the wake of the dramatic military ousting last Friday of the nine-month-old junta in Sierra Leone.

The meeting of representatives of the Economic Community of West African States (Ecowas) is to be followed today by a mini-summit of Ecowas heads of state which will include an ad hoc committee concerned with the eventual adoption of a single currency for the 16 Ecowas member countries. The oil and energy ministers of Benin, Ghana, Nigeria and Togo also met on Friday in Abuja to consider plans for a natural gas pipeline from Nigeria to the three other countries. — *Sapa-AFP, Abuja*

NEWS DIGEST

NIGERIA

West African oil deals help soften regional relations for Abacha (279A)

The military regime of Nigerian General Sani Abacha had concluded a series of deals to sell oil to 10 west African countries in an effort to improve regional ties, a government official said yesterday.

The largest of the contracts is with Ghana, which will buy 30 000 barrels a day from Nigeria, followed by Gambia's 20 000 barrels a day, said a Nigerian official. Benin, Liberia, Togo, Burkina Faso, Niger, Guinea, Ivory Coast and Mali also signed oil deals.

Nigeria, facing widespread criticism for the country's human rights record, appears to be trying to extend its influence in the region through bilateral trade and military leadership in west African peace-keeping and peace-making efforts. Commonwealth countries — Britain and its former colonies — warned last year that Nigeria would face a mandatory oil embargo from its members if Abacha's military regime was still in power by October this year. — *AP, Lagos*

CT(BR) 17/2/98

SADC asks international community to write off states' debts

John Dludlu (279A)

BD 17/2/98

THE Southern African Development Community has called on the international community to write off debt owed by its member states as the SA-chaired SADC moves to tackle the debt issue.

At a debate on debt crisis organised by Network Southern Africa in Sweden at the weekend, SADC executive secretary Kaire Mbuende said: "There is no good reason why the debt of these states should not be written off.

"After all, the official creditors are developed countries' governments and multilateral finance institutions owned by the very same governments.

"It is not as if these monies are owed to private banks," he argued.

Mbuende said the SADC was formulating a policy on the debt crisis after realising that the current approach of addressing the issue on an individual state basis was not working. The debt burden was affecting the SADC's programme of regional integration.

An SADC official at the secretariat, the body's headquarters, said yesterday discussions on the SADC's foreign debt policy were at an early stage. A discussion paper was expected before the heads-of-state summit meeting in September.

Mbuende said repeated debt rescheduling had failed to help developing countries meet their debt-servicing obligations fully and on time. "This pushes them even deeper into debt and graduates (them) into heavily indebted poor countries," Mbuende said.

The SADC official said the SADC's partners — chiefly the EU and the US — would be asked to support development as the debt problem tended to divert funds from development.

Data from the SADC's finance and investment unit in Pretoria show that in 1996 Angola's external debt as a percentage of gross domestic product was 171% (1995: 191%). Lesotho's was a preliminary 61% (58%); Malawi's was about 100% (155%); Mozambique's 427,5% (1995); Tanzania's 241,9% (1995); Zimbabwe's 69% in 1996 (1995: 76%); and Zambia's 194,6% (1995: 193,9%).

Comesa owed $4,8m by members

BD 17/2/98 (279A)

John Dludlu

THE Common Market for Eastern and Southern Africa, which is being restructured, is owed about $4,8m in delayed payments by members, says Comesa acting secretary-general Erastus Mwencha.

However, members of the Lusaka-based body were increasingly making their payments on time thanks to the introduction of sanctions for arrears, he said.

Last year there were 80% returns from members, despite Mozambique and Lesotho signalling their intention to suspend their memberships.

The $4,8m due to Comesa is a touch higher than the $4,5m owed to the Southern African Development Community (SADC) in either delayed payments or arrears.

Mwencha said he had held discussions with his SA counterparts to "compare notes" in a bid to avoid duplication of activities in Comesa and the SA-led SADC.

After an agreement to coexist, the two bodies, which have overlapping memberships, have discussed joint projects, a sign of a further thaw in their relationship.

The possibility of using uniform customs documents, a closer working relationship between the two organisation's transport units as well as harmonisation of trade procedures are among several areas in which co-operation is being discussed.

Sindiso Ngwenya, acting head of the transport and communications division, said the restructuring programme would not result in sackings as the secretariat had already lost a significant number of people to death, retirements and resignations.

Under the new structure, which would create four divisions and a position of deputy secretary-general, the professional staff complement would be 34 — down from the 40.

Top positions, including the secretary-general, were being advertised. Ngwenya was hopeful that other employees would be absorbed into the new structure.

Comesa, which once threatened Pretoria with a tariff backlash if the country did not join, now appears to have given up on the idea of winning SA's membership into the club.

Only two of the SADC's 12 members, Botswana and SA, are outside the Comesa fold. When asked whether Comesa had given up on getting them to join, Mwencha said co-operation was more important in the building of an African economic community.

Convincing SA and Botswana to join Comesa was one of the goals vigorously pursued by Bingu wa Mutharika, the former secretary-general who resigned a year ago at the height of allegations of financial irregularities.

Mwencha said intra-Comesa trade was growing at an annual $2,5bn or 14% rate.

TODAY'S WEATHER

GAUTENG MPUMALANGA NORTHERN PROVINCE

Opening up new

AFRICAN BUSINESS

CURRENCY *Gap between Francophone and Anglophone countries is huge and there seems no way of bridging it*

West African monetary zone talks collapse

ET (BR) 18/2/98 (279A)

FELIX ONUAH

Abuja — Talks on a single monetary zone for 16 west African countries foundered yesterday over disagreements between former British and French colonies, Nigerian officials said.

The symbolic launch of a travellers cheque in a common currency for the Economic Community of West African States (Ecowas) was postponed indefinitely after a meeting between a subcommittee of five regional leaders was cancelled.

"They are still trying to sort out the areas of disagreement, but the gap between the Anglophone and Francophone countries is huge. There appears no clear way of bridging it," said one member of Nigeria's negotiating team

The idea of a common currency for Ecowas, which groups some of the world's poorest countries, was first suggested more than 10 years ago and given renewed vigour at a summit last year which proposed a single monetary zone by the year 2000.

But the huge and apparently insuperable barrier is persuading the mostly French-speaking countries of the West African Economic and Monetary Union (UEMOA) that they should abandon their common CFA franc currency backed by the French treasury for one likely to be dominated by Nigeria.

"It's a serious deadlock, and they will never let that currency go while they can keep hold of it," said another Nigerian official.

"The hope was that this could be sorted out at a political level, but clearly it has failed this time."

Ecowas officials said they had no new date for a meeting between leaders of Nigeria, Ghana, Ivory Coast, Togo and Mali. This was to have followed discussions on Monday between central bankers and finance ministers from the same countries.

The travellers cheques would have been launched in the West African Unit of Account (WAUA), calculated on a weighted basis of the region's currencies. The WAUA is used only for accounting within the Ecowas area.

Progress towards total regional economic integration has been painfully slow since Ecowas was set up in 1975. The 16 economies that rely largely on primary commodity exports do little official trade with each other.

The eight CFA countries, all former French colonies except for Guinea-Bissau which was Portuguese, already have a fair degree of integration with the backing of Paris.

But oil-producing Nigeria is not included. It has about half the region's more than 200 million people and an even greater slice of its economy.

The second most populous country, Ghana, another former British colony, is also outside.

Because they have had to create their own monetary policies since the independence years of the 1960s, the non-UEMOA members have faced different, and often difficult, policy decisions compared with their neighbours.

Ecowas members are Benin, Burkina Faso, Cape Verde, Gambia, Ghana, Guinea, Guinea-Bissau, Ivory Coast, Liberia, Mali, Mauritania, Niger, Nigeria, Senegal, Sierra Leone and Togo.

— Reuter

SADC heads of state plan to resolve security impasse

John Dludlu (2479A BD 3/3/98

HEADS of state from the Southern African Development Community yesterday appointed three presidents from the SA-led SADC to resolve a long-standing dispute over the running of the region's security affairs.

The decision, which ends an impasse of more than six months on the dispute that threatened to sour relations in the SADC, was taken in an SADC leaders' meeting in Maputo, Mozambique, yesterday.

SA presidential spokesman Parks Mankahlana said last night three presidents — Namibia's Sam Nujoma, Mozambique's Joaquim Chissano, also President Nelson Mandela's deputy in the SADC chair, and Malawi's Bakili Muluzi — were tasked to reconcile two proposals aimed at resolving the dispute over the SADC's security subcommittee.

The dispute, which came to a head last August, centred on whether the SADC's subcommittee on security and political affairs — chaired by Zimbabwean President Robert Mugabe — should have its status elevated to the same level as the SADC itself.

If this view — favoured by Mugabe — prevailed, then the subcommittee would hold a separate summit and not report to the SADC's chairman, Mandela.

Mandela's camp felt that the subcommittee was an SADC institution that should logically report to the SADC chairman.

Yesterday's meeting, also attended by Laurent Kabila of the Democratic Republic of Congo, was the first serious attempt by leaders to resolve the spat which saw Mandela threatening to quit as the SADC's chairman.

Although Mankahlana felt it was inappropriate to outline the proposals at this stage, he said that progress was made at yesterday's meeting which he described as constructive.

The three-president committee, which was also expected to discuss the matter with security affairs ministers, would unveil its finding in two months' time.

The subcommittee's activities were suspended in August, pending the meeting of leaders.

Mankahlana said the heads of government also discussed the dispute between Namibia and Botswana over the Sedudu island. The matter, which has on occasion raised tension between the two countries, is also before the International Court of Justice.

SADC closer to resolution of security impasse

Star 4/3/98 (279A)

By Peter Fabricius
Star Foreign Service

The leaders of the Southern African Development Community made progress this week in trying to resolve a paralysing impasse over who is in charge of addressing regional security and defence problems.

Mozambican President Joaquim Chissano, the SADC's vice-chairman, announced after an extraordinary summit of the SADC heads in Maputo on Monday that the leaders had decided to appoint a committee of three heads of state to analyse the problem. The summit was chaired by SADC chairman President Nelson Mandela.

Although Chissano did not say so, other sources confirmed that the committee would comprise Chissano himself, Namibian President Sam Nujoma and Malawian President Bakili Muluzi. The committee has been told to report back to another summit of all the heads of state in two months.

The problem revolves around the status of the SADC's Organ for Politics, Defence and Security, which is chaired by Zimbabwean President Robert Mugabe and is tasked to address regional security issues.

Sanctions on Unita to be increased

Some SADC countries, including SA, believe the body should fall under the SADC chairman. But Zimbabwe and other SADC countries feel it should be an autonomous body.

Chissano denied at a press conference after the summit that there was any conflict between SA and Zimbabwe over the security organ. Several sources have confirmed that the problem is that, as the longest-serving head of state in the SADC, Chissano feels he should have the final say on security issues – a stance shared by several member states.

Although the Maputo summit did not resolve the impasse, sources said progress had been made.

Chissano also announced the SADC heads had agreed that further sanctions should be imposed on the Unita opposition movement in Angola, which missed another deadline on Saturday to abandon its military options and throw its weight fully behind the government of national reconciliation.

Yesterday's SADC summit established a committee of its ministers to visit the Comores to report first-hand on the tensions created there by the secession of Anjouan, one of the islands which make up the country.

The Maputo summit also addressed the rising tensions between Namibia and Botswana over a dispute about the ownership of the tiny island of Situngu in the swampy Chobe River that forms part of the border between them.

Chissano said the two countries were setting up a joint commission between them to address the dispute.

Drug trafficking protocol takes months to reach council

BS 5/3/98 (279A) 297

Wyndham Hartley

CAPE TOWN — Government departments responsible for a Southern African Development Community (SADC) protocol on illicit drug trafficking taking 18 months to reach Parliament for ratification, while drug syndicates flourished and drugs poured into the country, were slammed for their tardiness yesterday.

The security and justice committee of the National Council of Provinces was asked yesterday to recommend ratification of the SADC protocol, which President Nelson Mandela signed at the SADC summit in Maseru in September 1996.

Transvaal deputy attorney-general John Welch told the committee it was estimated only 10% of the illicit drugs coming into SA was being intercepted. SA was becoming a major transit route for the drugs. Welch said he sometimes felt despondent about the size of the problem facing the country.

He said a regional master plan to combat drug smuggling could not be put in place until the SADC protocol was ratified by eight countries. Should SA ratify it now, it would be the fifth country to do so.

Welch said he did not know why the protocol had taken so long to get to the council.

Committee chairman Mohseen Moosa said he could not understand the delay. There had been no explanation.

Moosa said that "where we are fighting a war against drug syndicates, and when there is an outcry for us to get to grips with crime, I would have thought we would take the lead in getting this protocol ratified".

Moosa was critical of the fact that computers for Welch's team had been supplied only a few months ago. He said he was shocked and disturbed that there was no data base on drug syndicates and their activities. "We have been too lax in dealing with a very organised enemy when we need to be better organised than they are."

He said it appeared little had been done to choke off the illegal traffic of drugs into SA from neighbouring countries.

Welch told Moosa that once the protocol was in place, a regional plan and a data base could be developed. Moosa said that if this was the sum of SA's effort, then "God help our neighbours".

He and other members of the committee said they would call for more action in the production of a drug syndicate data base when they reported to the council.

They recommended ratification of the protocol.

Government officials said it was probably the welfare, justice and safety and security departments which should have guided the protocol to Parliament.

No consensus over US trade strategy

John Dludlu BD 6/3/98

DIFFERENCES continued to be in evidence yesterday among African countries over their stance on the US's Africa trade strategy as efforts are being made to have the mooted Africa Growth and Opportunity Act passed.

The Southern African Development Community (SADC) has given cautious backing to the strategy, while representatives of countries in west and east Africa appeared to have given it full support.

SADC executive secretary Kaire Mbuende said yesterday the SA-chaired trading bloc welcomed the initiative as it sought to place Africa on the map as a destination for US investments.

However, the SADC had reservations on certain clauses in the bill. Chief were the conditions attached to recipients of trade benefits, he said.

The bill, which enjoys strong bipartisan support in the US government, seeks to increase private investment in Africa by eliminating or reducing tariffs on its exports, including textiles and clothing.

Mbuende said the SADC, which appreciated the goodwill showed by the strategy's key proponents, was also concerned that if the bill was passed in its present form it would fall far short of giving Africa preferential market access to the US market.

Ugandan ambassador to the US Edith Ssempala said conditions were the same as those of the World Bank's programmes. Additional benefits would be granted to countries that opened their economies.

The conditions would undermine African states' sovereignty and autonomy, Mbuende said. Ssempala, a supporter of the strategy, said these conditions had been helpful to some African countries.

What was important, though, was the cabinet-level forum between Africa and the US proposed in the bill, she said. This would provide a platform to discuss the strategy further.

A Ghanaian business organisation representative at the Worldnet Dialogue also backed the strategy.

SA is understood to have expressed reservations and is planning to raise them when President Bill Clinton visits the country later in the month.

Responding to Botswana's criticisms of SA's stance, Mbuende said the SADC had confidence in President Nelson Mandela's leadership of the body.

Botswana's ambassador to the US, Archibald Mogwe, said this week it was unfortunate that his SA counterpart, Franklin Sonn, was declining to throw SA's "clout" behind the suggested law.

Mbuende said the SADC would prefer amendments to be made to the bill.



ent and Housing Minister Hillary Armstrong, right, toured hannesburg, with the city's Eastern council mayor, Justice Armstrong was in SA under invitation from Constitutional Valli Moosa, who is due to release a white paper on local tion today. The UK about to embark on a similar process of formation.

Picture. Andy Katz

inces 'want produce levies'

vanted to intro- n farm produce national agricul- il, council chair- id last week.

ir own arrange- ncluding veteri- ting of produce ıg council, a cen- "The new mar- ws provinces ... to apply to the council for statutory measures like levies. However, such intervention cannot negate arrangements at national level," Kassier said.

Land and Agriculture Minister Derek Hanekom said he was aware of only the Western Cape wanting to bring back statutory levies.

Western Cape agriculture MEC Lampie Fick was unavailable for comment, but a media report said the province drafting legislation proposing that the department be privatised.

Chemical trade 'comes clean'

Josey Ballenger

BD 9/3/98

THE chemical industry and some allies have gone "green" in launching the first report on a voluntary initiative to improve companies' health, safety and environmental performance.

Since 1994, 120 SA companies have signed the international Responsible Care initiative, started in 1985 by the Canadian Chemical Producers' Association and now operating in 41 countries. The initiative is administered locally by the Chemical and Allied Industries' Association, which represents 90% of chemicals manufactured and used in SA.

The initiative's goals are to improve the health and safety of employees and the public, protect and rehabilitate the environment, introduce cleaner technologies and promote sustainable development.

Implementation of the initiative is assessed every two years, with the findings published in reports by the various member countries.

SA's inaugural report, launched on Friday in Johannesburg, was described as the industry's first self-assessment and will be used as a baseline to evaluate companies' performances.

Trade and Industry Minister Alec Erwin said the department would watch the initiative's implementation to make sure the industry was sufficiently self-regulating. He emphasised the need for "outside" auditors of companies' environmental performance and verifiable targets and said he could not see the initiative succeeding without labour's input.

Shirley Miller of the Chemical Workers' Industrial Union warned against the initiative becoming "another cosy relationship between half the industry and government" and said there was "alarming evidence" of workers not being involved in Responsible Care. She called for the involvement of community and environmental groups as well.

'Pooling of electrical power benefits southern Africa'

Robyn Chalmers

BD 9/3/98

SIGNIFICANT benefits have emanated from the formation of the Southern Africa Power Pool (Sapp), including reduced operating costs and improved working relations between members.

Francis Masawi, Sapp management committee chairman, s aid recently members had also prevented substantial load shedding and the subsequent loss of revenue.

He said there were enormous challenges ahead for governments and electricity utilities throughout southern Africa. By far the biggest of these was that most member countries had about 80% of their population without electricity.

"The reason for this is the cost of establishing the infrastructure to provide affordable power to the often scattered rural areas where most of the population lives," he said.

The rationale behind Sapp was the creation of an efficient energy market with the goal of maximising transfers across the interconnected system.

Members include Angola, Botswana, SA, Mozambique, Lesotho, Namibia, Zambia, Tanzania and the Democratic Republic of Congo.

Masawi said investment in energy sources was the single biggest such programme in the region's history, entailing capital expenditure of between $15bn and $20bn over the next 10 years.

Funds for this expansion would come mainly from private sector investors as the independent power producers model took root in the region.

N ampower technical services senior GM Imker Hoogenhout said nothing could be planned or developed in Sapp or within SA Development Community (SADC) without taking cognisance of Eskom which produced about 90% of electricity in the region.

Hoogenhout said the SADC was still largely characterised by vertically integrated utility companies mostly operating under government influence.

Whether or not SADC was ready, the rest of the world was opening up the electricity supply sector to private initiative.

Exchange controls relaxed further

Linda Ensor

CAPE TOWN — Foreign exchange control regulations were relaxed further yesterday — most with immediate effect — with an increase in the maximum amounts which individuals, institutional investors and companies may take out of the country.

Special measures were introduced to facilitate the integration of capital markets in the Southern African Development Community (SADC), with substantial increases in direct investment and portfolio allowances. Firms will be allowed to list on the Johannesburg Stock Exchange (JSE) to raise capital for projects elsewhere in the region, subject to the current investment limit applicable to SADC investments.

With official consent, dual listings on the JSE and other SADC exchanges will be allowed, as will the issue of SADC depository receipts in SA for firms listed elsewhere in the region.

Regarding companies, the R50m limit on new investments in SADC countries was increased to R250m per approved investment. The limit on offshore new investments rose to R50m from R30m.

Restrictions on asset swaps by financial institutions were relaxed, with the 10% limit of total SA assets allowed for this purpose being raised to 15%. Within this amount, the limit of net annual cash inflow which may be used for asset swaps was raised from 3% to 5%.

Financial institutions' investment in SADC stock exchanges was raised from a maximum of 2% to 10% of net annual cash inflow, subject to the overall asset swap limit of 15%.

The amount private resident individuals may invest abroad was increased from R200 000 to R400 000. "This will ensure that families with assets of up to R800 000 will be completely free of exchange control restrictions, which will remove the yoke of exchange control from 99,5% of the population," the budget review says.

BD 12/3/98

Instead of the requirement of a declaration of good standing by the tax authorities, a clearance certificate would have to be obtained from the SA revenue service prior to any approval of any foreign investment.

The budget review said the change in procedure arose because the tax affairs of 16,6% of the 4 815 investors who applied to invest a total of R610m outside SA between July and December last year were not in order.

For emigrants, the total maximum amount of R200 000 allowed annually for household and personal effects and motor vehicles was increased to an undifferentiated R1m. For adult travellers, the annual limit on the amount that could be taken out was raised from R80 000 to R100 000. Children under 12 years would be entitled to take out R30 000 — the former limit was R25 000 — and student travel allowances were also increased.

(4) 1279A

Continued on Page 2

Exchange

Continued from Page 1

Capital introduced into the country after July 1 1997 by resident individuals may be repatriated at any future date and controls on the use of credit cards abroad were eased in the sense that forms would not have to be completed. However, the Reserve Bank would still monitor transactions.

The requirement that companies repatriate any foreign currency earnings in respect of exports of goods and services within 30 days of the date of accrual was extended to 180 days from date of shipment or date of service rendered. The Reserve Bank said this would assist companies in their foreign cash management strategies.

Restrictions on the opening and operation of customer foreign currency accounts with local authorised dealers by businesses making profits or commission on foreign transactions were removed, subject to the 180-day limit for the repatriation of funds.

The nonresident ownership level at which foreign-controlled resident entities became subject to the limits on local borrowing was raised from 50% to 75% with immediate effect.

The finance department and Reserve Bank would investigate the repeal of the Currency and Exchange Act. Its replacement would "seek to replace the system of controls" with a focus on improved reporting of transactions, and temporary restrictions would replace exemptions. Government would seek to replace gradually exchange controls on the financial service industry with controls "based on principles of prudential regulation".

C

SADC chiefs gather for Masire farewell

BD 18/3/98 ~~297~~ 279A

GABORONE — Leaders of the Southern African Development Community (SADC) states meet in Botswana's capital today to bid farewell to President Ketumile Masire before he retires on March 31.

Officials said the 13 SADC presidents — Masire is the 14th — are scheduled to arrive in Gaborone today and will leave tomorrow after they attend a ceremony and a banquet to "bid their colleague farewell".

Foreign affairs spokesman Ernest Mpofu said part of the programme would see Masire planting a tree at SADC House — the organisation's headquarters in Gaborone.

Masire, 72, is to step down at the end of the month after being at the helm of the peaceful, diamond-rich country for the past 18 years. Prior to that, he was vice-president for 14 years.

Masire took over the presidency on the death in 1980 of Seretse Khama, who ruled Botswana since independence from Britain in 1966.

Masire, a former primary school teacher and part-time farmer, served as SADC chairman from 1980 to 1996. He leaves the country in a sound economic condition.

Since the discovery of diamonds in the early '70s, Botswana has been transformed from a barren desert into one of the richest countries on the continent.

Revenue from diamonds accounts for 75% of the country's export earnings, about 55% of government revenues and 30% of gross domestic product (GDP). Thanks mainly to the gemstones, GDP grew at 6,9% last year and is projected to grow 6% this year.

Inflation is falling, from 7,8% in December to 7% last month, while the Bank of Botswana reduced its prime lending rate from 12,5% to 12% in January.

The economic success aside, little has been done to diversify an economy largely reliant on the diamond industry. Unemployment has been rampant the past four years, climbing from 14% in 1994 to 24% now.

Despite Botswana's acclaimed per capita income of $2 980, as much as 53% of the total population is living below the poverty datum, according to official figures.

These economic problems and the rocketing cases of AIDS — up to 60% of beds in hospitals are occupied by AIDS and HIV patients — are the main issues facing incoming president Festus Mogae, who is to take over on April 1. — Sapa-AFP.



SA Deputy President Thabo Mbeki and Roslyn Walker, National Museum of African Art director, look over a carved palace door as the exhibit Olowe of Ise: A Yoruba Carver to Kings, which opened at the Washington Museum on Sunday. Picture: AP



FROM LONDON

Laying the base for SADC boom

(279A)

Regional economic strength can bring African Renaissance nearer, writes Tyrone Seale

Star 19/3/98

South Africa's land restitution policies came in for considerable neighbourly "stick" at a recent conference here on land reform in Zimbabwe.

Several speakers at the conference, which brought together Zimbabwean officialdom and civil society experts on agrarian reform, accused South Africa of being too slow and ineffectual in returning historically dispossessed communities to the land, and for sticking too closely to market values in buying current owners off their land.

One critic even chided South Africa for portraying itself as a thriving industrialised economy at the expense of hugely disadvantaged rural dwellers who often ended up as beggars on the streets.

Coming as it did from members of a panel of Zimbabweans who held divergent views on the land question in their own country, the criticism appeared eminently dismissible on grounds of either professional jealousy or inborn paranoia about the erstwhile regional villain.

Such rhetorical slings and arrows will no doubt feed lay perceptions in the region of a South Africa out on a limb, doing its liberal best to win over private foreign investors who are rapidly replacing the likes of the World Bank and the International Monetary Fund as the global economic puppet masters.

But a basic analysis suggests otherwise. The analysis was provided this week by Tandile Gubevu, first secretary of economic affairs, at the South African High Commission in London.

Addressing a seminar on the country's relations with the Southern African Development Community (SADC), Gubevu suggested Thabo Mbeki's African Renaissance is closer than most realise, not only because of transformation in South Africa.

Gubevu said South Africa was not the last outpost for economic planners wanting to create an environment for growth, lower taxes and interest rates, reduced government spending and job creation. He pointed out that in the SADC the growth rate was 5% to 6% a year – double that in South Africa, and above levels normally associated with African economies.

"Southern Africa is one of the fastest growing regions in the world. Coupled with this growth rate are spectacular drops in inflation rates," he said. While South Africa's inflation rate was under 6% – the lowest in two decades – the rate in neighbouring states was, without exception, below 20%.

Indeed, in a number of countries the rate had reached single digits. In Zambia, large-scale privatisation of copper mines and other enterprises are under way, while in Uganda, a yearly growth rate of 7% has made President Yoweri Museveni's achievements a beacon for the continent.

Taken together with multibillion-rand projects such as the Maputo Development Corridor and cross-border hydro-electric power generation schemes, these advances justified talk of the arrival of Africa's Renaissance, Gubevu said.

In an interview, he conceded that southern Africa's economic integration would remain problematic as long as profound political differences, such as those characterised by the tense Mugabe-Mandela relationship of recent years, remained.

But, said Gubevu, Zimbabwe should not be judged by the utterances of one man alone. Besides, Zimbabweans and South Africans were co-operating amiably on a range of challenges like developing trade between SADC and non-SADC countries.

With two-thirds of South Africa's value-added goods exported to its customs union neighbours comprising Lesotho, Botswana, Swaziland and Namibia, it was clear that good neighbourliness meant good business.

According to Gubevu, free-market economic policies have become standard practice in most southern African states that have undergone some kind of imposed structural adjustment programme, and many countries now blend these two doctrines.

Gubevu believes things can only get better, but he's under no illusion about the difficulties. He believes, for example, that the Government has to deal with concerns of the Cosatu-SA Communist Party alliance about the impact of the dictates of foreign investors on the delivery of basic services and amenities to the poorest of the poor.

But he also believes globalisation is inevitable for now, and instead of seeking an elusive alternative, the country's economic planners should turn to a combination of market forces and some control from the political centre. – Star Foreign Service



LINKS

SA companies invest R418m in SADC

(279A)

John Dludlu

BD 20/3/98

SA COMPANIES invested R418m in other Southern African Development Community countries in fiscal 1997/98 since the relaxation of foreign exchange controls on investments to the SADC, a senior official from the trade and industry department said.

Mfundo Nkuhlu, the trade department's chief director for Africa trade relations, said yesterday 325 companies had contributed to the R418m.

Speaking at a conference on southern Africa organised by the SA Institute of International Affairs and United World Colleges, he said although the amount was insufficient, it showed the policy was producing results.

A total of R1,6bn left SA after the easing of restrictions. Finance Minister Trevor Manuel announced further relaxation of exchange controls last week for investments in the SADC.

Nkuhlu said it would help if SA capital was ploughed into productive sectors, reversing the present concentration in the retail sector. Retail investments could result in the displacement of smaller operators.

He reiterated government's intention to use the SADC free trade protocol as a framework for granting better market access to exports from other

Continued on Page 1

AfterHours with Business Day

TODAY's edition of Business Day sees the launch of AfterHours, a new lifestyle supplement that will accompany the newspaper every Friday.

Business Day editor Jim Jones said AfterHours was a natural extension of the newspaper's development.

"We are sensitive to the fact that Business Day readers are not simply involved in their professions. They are intelligent, thinking people who lead full and interesting lives and AfterHours will address their interests," Jones said.

"In the past people might have thought Business Day was solely a reliable and credible source of business and financial news. But it is far more than that and we have proved it by providing the finest political and serious news in the country. The next step was to extend our coverage into arts and leisure."

Jones said AfterHours was fortunate to be able to draw on SA's best writers and artists, whose contributions will appear alongside material culled from Business Day's sister newspaper, the Financial Times of London.

A cornerstone of the new publication is YourMoney, an expanded saving and investment guide. It will introduce Standard & Poor's Micropal, SA's first independent rating of unit trusts.

Transport workers reject employers' new pay offer

(279A)

BD 20/3/98

Pearl Sebolao

TRANSPORT workers yesterday rejected a new pay offer by the Road Freight Employers' Association aimed at resolving the five-day national strike, amid calls by the Congress of SA Trade Unions (Cosatu) to its affiliates to avoid handling materials due to be freighted.

Cosatu restated the workers' demands and called on employers to meet the union as a matter of urgency.

Cosatu also called on company owners to consider reducing out-of-town allowances they gave to managers to put them on a par with those of truck drivers.

A spokesman for the Professional Transport Workers' Union, Emily Fourie, said yesterday that the employers' new pay offer — which included an increase from 6% to 7% for office workers — was unacceptable.

The employers raised the subsistence allowance for long-distance drivers from R36,50 to R38. However, the unions were demanding R40 after coming down from R50.

Management stood by its initial offer for general workers and drivers.

An employers' appeal for the inclusion of additional categories in the road freight national bargaining council was postponed by the labour court to give both parties a chance to settle the matter out of court. The court ruled last Friday that workers could strike over the issue.

Association chairman Johan van der Walt said employers were committed to finding a solution and were exploring various options. The parties met again last night under the auspices of the Commission for Conciliation, Mediation and Arbitration.

Diners Club Voyager member

ANTI LASCARS 712123

SADC

(279A)

BD 20/3/98

Continued from Page 1

SADC members. He hinted at a reluctance by SA importers to source certain items from fellow African countries.

Elias Links, SA's ambassador to the European Union, told delegates there was a feeling in Europe that the EU-SA trade, development and co-operation agreement being negotiated could be used as a model for future EU relations with SADC and developing countries.

Using a reciprocal SA-EU accord could cause concern in developing countries, now enjoying nonreciprocal access to the EU's markets, Links said. A new Lomé Convention, the centrepiece of Brussels's relations with Africa, should beef up supply-side constraints in African countries to help them integrate into world trade.

DEVELOPMENT *Corridor will measure regional co-operation*

Lubombo project is 'test case'

NCABA HLOPHE

Johannesburg — The Lubombo corridor would serve as a test case for regional co-operation and draw massive investment to unlock tourism and agricultural potential in Mozambique, South Africa and Swaziland, the trilateral ministerial committee that drives the project said this week.

The corridor initiative will be launched in May to coincide with a tourism indaba in Durban.

Anchor developmental nodes surrounding the corridor project will include the Greater St Lucia Wetland Park in northern Kwazulu Natal, which is expected to attract about R600 million worth of investment and create more than 2 000 jobs.

The park, earmarked as a possible World Heritage Site, would feature in a package comprising game reserves and coastal lakes such as Sibayi and Kosi Bay, as well as beaches along the Indian ocean coast.

The South African government has invested more than R180 million in the construction of a 156km road between Hluhluwe in South Africa and Ponta do Oura in Mozambique as an infrastructural boost to the expected 78 tourism projects in the area.

More than 75 000 people living within 5km of the road will have access to social services such as schools and clinics.

The Mozambican government has granted a 50-year concession to Blanchard Mozambique Enterprises, which will invest more than R100 million in developing a 236 400 hectare tourism facility on the country's southeastern shores.

The Lubombo project is one of four major spatial development initiatives in South Africa. The flagship of the undertaking is the R35 billion Maputo Development corridor, which will boost the economic potential of neglected development nodes.

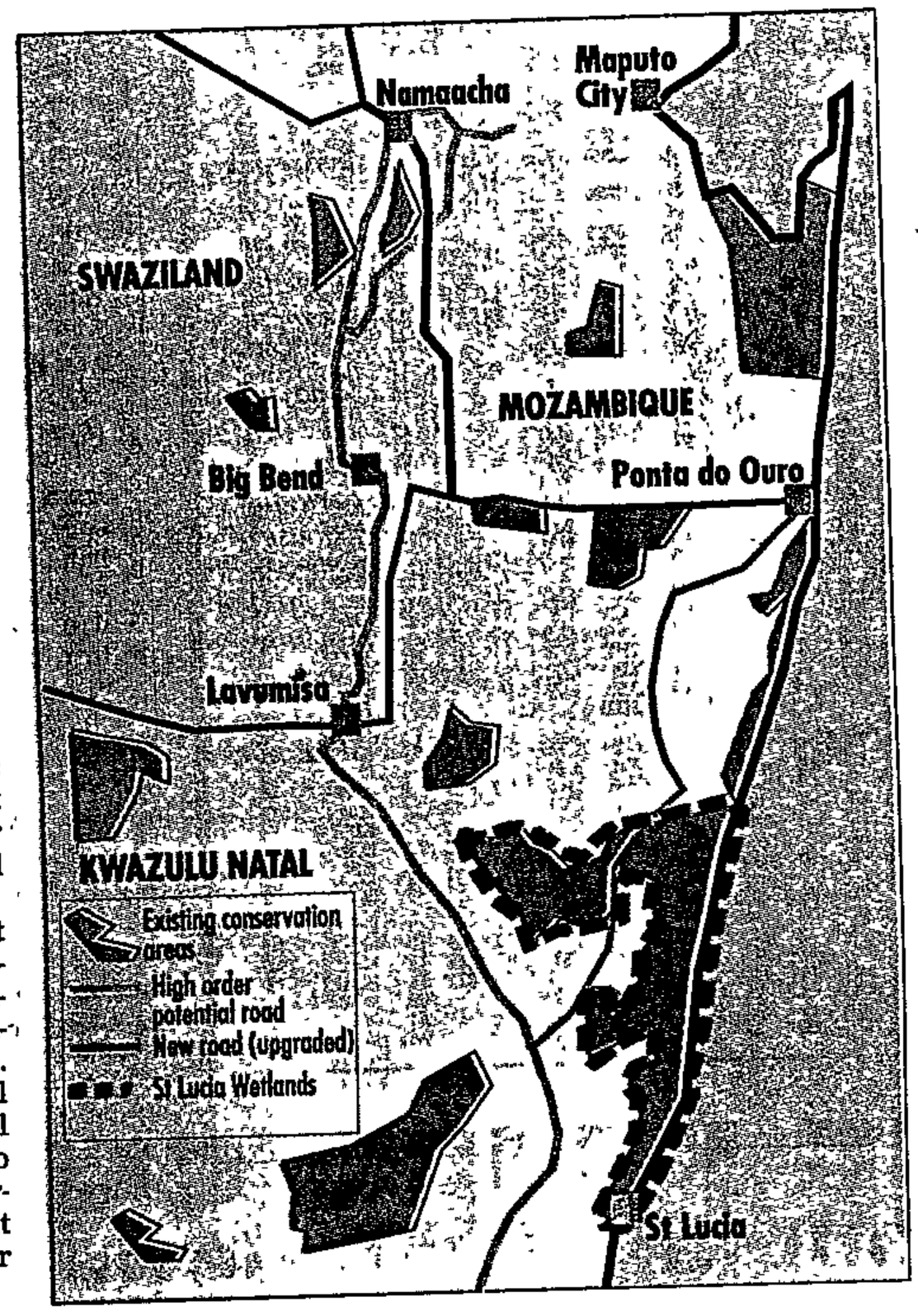
The three other initiatives are the Fish River and Wild Coast in the Eastern Cape and the Western Coast Investment Initiative in the Western Cape.

Lubombo is the first initiative to involve three regional countries. But, like the Wild Coast project, it focuses on tourism and agriculture.

"This will be a test case for forging regional economic co-operation and will involve the creation of synergies and a uniform approach to economic development," said Albert Shabangu, the Swazi minister for economic planning and development.

The success of this project would facilitate similar corridors planned with other neighbouring countries such as Zimbabwe, Namibia and Botswana.

The trilateral team will embark on an international road show next month to market the corridor to international investors before it opens pre-qualification bids for various projects in June.



Zuma predicts Maputo corridor trade boom

(279A) CT (PM) 23/3/98

RAVIN MANARAJ

Durban — Recent economic initiatives between South Africa and Mozambique would result in a trade boom between the two countries, Jacob Zuma, the minister of economic affairs and tourism in KwaZulu-Natal, said at the weekend.

He told the Trade Africa conference that the Maputo development corridor — which will link Gauteng and Mozambique — would generate about R26 billion worth of investment.

He said the Lubombo spatial development initiative (SDI) would also result in key investment opportunities.

The SDI stretches northwards from Richards Bay to Mozambique's border with Swaziland, and lies between the N2 national route in the west and the Indian Ocean in the east

"The SDI will strengthen economic linkages with Mozambique and make this coastline one of the most competitive in southern Africa," Zuma said.

Co-operation so far had resulted in opportunities for both in agriculture, tourism and industry.

South Africa's economic future was closely linked to that of the southern African region, he said.

Pursuing a regional economic integration strategy, within the framework of the Southern African Development Community (SADC), was a priority for the South African government

Zuma said South Africa's admission into the SADC had not automatically resolved acute imbalances and problems in neighbourly relations created by the country's economic domination of the region.

He said the government was approaching regional trade integration as a way to foster industrial development and diversification rather than merely as a way to enhance trade flows between countries.

He also told the conference that both Mozambique and South Africa were strategically located in relation to the global economy.

Mozambique had an estimated gross domestic product purchasing power of $12,2 billion and an estimated growth rate of 7 percent, he said.

Co-operation, economic integration and regional specialisation had to be encouraged and consolidated if southern Africa wanted to succeed in the global economy.

He said access to larger markets enabled countries to exploit economies of scale and develop industrial capacity.

Fernando Sumbana, the director of the Mozambican Promotion Centre, a government body, said economic co-operation between both countries would create opportunities in downstream and service industries.

CT(BR) 24/3/98

Investors lured to Lubombo corridor

4-4F

NCABA HLOPHE

For the first time in post-apartheid South Africa, tourism ministers from South Africa, Swaziland and Mozambique will embark on an international campaign to lure investors to the Lubombo corridor, which is spread across the three countries.

The corridor is one of four spatial development initiatives (SDIs) spearheaded by the South African government three years ago to unlock economic potential in previously neglected areas.

The most prominent of these initiatives is the Maputo Development Corridor, anchored by a toll-road between Witbank in Mpumalanga and Maputo. The project is expected to generate revenue of over R35 billion.

Other such initiatives include the Wild Coast in the Eastern Cape and The West Coast Investment initiative in the Western Cape, which are at various stages of development.

The Lubombo corridor will spread from the St Lucia Wetland Park in northern Kwazulu Natal, stretch along the Indian Ocean coastline to Ponta do Ourao in Mozambique, and embrace the Jozini Dam and game reserves in Swaziland.

The area supports 3 048 different plant and animal species and six eco-systems. In addition to 25 major tourism attractions, there are 11 game reserves and two world heritage sites: the St Lucia Wetland Park and the Border Cave.

"Despite this high development potential and clear competitive advantages, extreme poverty occurs within the region and there is a need to de-bottleneck the current inertia that is constricting development," said Andrew Zaloumis, the South African project manager.

The St Lucia Wetland Park is expected to attract more than R300 million in private sector investment in at least 5 000 beds. It will directly create 2 000 jobs and generate an estimated gross revenue of R600 million a year.

The government has invested more than R180 million to build a 156km road from the Hluhluwe game reserve in KwaZulu Natal to Ponta do Ourao in Mozambique.

The highway will also serve more than 75 000 people who live within a 5km radius of the road.

After the Wild Coast, it is the second corridor to focus on tourism instead of tourism being a spin-off investment.

Like the Maputo corridor and the TransKalahari highway linking the Maputo harbour with Walvis Bay in Namibia, the Lubombo initiative could be a catalyst for regional integration.

The Lubombo project has broadened the approach to include tourism and agriculture as levers of co-operation between the three countries.

However, each of the three neighbours has a different approach to managing the land within the corridor, including legal, political and economic institutions and priorities.

"We need a uniform approach to tie up the fragmentation in the three countries to make this spatial development initiative successful. It serves as a challenge to all the hype about regional integration," said Alec Erwin, South Africa's trade and industry minister.

Land claims in South Africa could compromise the pace of investment.

The land on which the St Lucia wetlands is situated comprises 11 separate parcels, all designated for conservation purposes under different legislative provisions and claims have been lodged against parts of the wetland park.

In addition, land mines and administrative snarl ups in Mozambique could scupper the pace of the project.

The Mozambican state gave 236 400ha to James Blanchard, the US gold trader and one-time supporter of Renamo, the opposition movement The land covers a significant portion of the SDI.

Blanchard, operating through US-registered Blanchard Mozambique Enterprises (BME), is expected to invest more than $20 million to develop game fishing and scuba diving at Ponta Macumbo, Ponta Abril and Ponta Madejane.

However, indications are that BME will not be able to meet its contractual obligations this year and might not have a sufficient amount of capital to drive the project through.

The Mozambican government has said that it will cancel the concession if Blanchard fails to meet his obligations.

In terms of the proposed share structure, BME will hold 70 percent of Mozambique-registered Blanchard Sodeteur Tourism Development, the project implementing company, while the state would hold 9,6 percent and communities a mere 4,83 percent.

Swaziland, the only absolute monarchy in the SADC, has a complicated land ownership system that may not give the communities a stake in the corridor, one of the main strengths of SDIs.

Land in Swaziland is divided into crown land, freehold land and communal land. The crown land belongs to the king, freehold to private interests and the majority of Swazis live under chiefs on the communal land.

It would be difficult to expect local communities to form joint ventures with foreign investors given the country's governing structures.

The South African government has made sure that at least 30 percent of procurement opportunities will be taken by local communities in the construction of the road from Hluhluwe to Ponta do Ourao in Mozambique.

The challenge for all three countries will be to broker a universal structure that will ensure tangible empowerment opportunities for local communities if the plan of jointly developing tourism is to have any chance of succeeding.

SA NEWS DIGEST

☐ SOUTHERN AFRICA

Opening of TransKalahari highway seen as a boost to development

Botswana and Namibian officials believe that the economic development of the southern African region will be boosted by the opening of the TransKalahari highway, which joins Gaborone, the capital of Botswana, with Gobabis, an eastern Namibian town.

The TransKalahari highway, which was opened on Friday, is also one of the final links in the development corridor that ties Walvis Bay, on the west coast, with Maputo, the Mozambican capital and port on the east coast. (2791)

Klaus Dierks, Namibia's deputy transport minister, said the road would bring an additional income of N$1,5 billion (R1,5 billion) to Botswana and Namibia in the next year. The 850km TransKalahari highway shortens the traditional route between Gauteng, South Africa's industrial hub, and Walvis Bay by over 400km. Ketumile Masire, the president of Botswana, said the highway was a partial fulfilment of the 18-year-old dream to foster regional integration of the economies as a means of generating economic development and growth. — *Reuters, Johannesburg*

CT(BK) 24/3/98

State suggests cut in SADC tariffs

CT (BDR) 24/3/98 (279A)

CHRISTO VOLSCHENK
ECONOMICS EDITOR

Cape Town — The government has suggested the scrapping of import tariffs on 60 percent of industrial and agricultural products from the Southern African Development Community (SADC) on January 1 next year.

This would be a "goodwill gesture" to demonstrate South Africa's willingness to give SADC countries access to its markets, it emerged at Nedlac yesterday.

It was part of a "preliminary offer to SADC members" to phase out import tariffs on all SADC products faster than the eight years mentioned in the SADC trade protocol.

When the government tabled the offer in Nedlac last week it said the "unilateral non-reciprocal removal of tariffs on 60 percent of SADC products was unlikely to impact negatively on South Africa". The final proposals would be presented to SADC partners in June, Nedlac confirmed yesterday.

The trade protocol signed by SADC members in August 1996 bound them to remove all tariffs within eight years from ratification of the protocol by 75 percent of the members.

So far, only three countries have ratified the protocol but it is hoped 75 percent of the members will have done so by January 1 next year.

The removal of tariffs on sensitive products would not be accelerated and phase-downs would be negotiated individually.

Offer is part of a goodwill gesture to give SADC nations access to SA's markets

On the balance of products the tariffs would be phased down over five years.

The government told Nedlac the trade imbalance with SADC countries was six to one and had to be addressed. Imports from SADC nations make up less than 1 percent of South Africa's total world imports.

"Our offer would allay fears and catalyse negotiations for a free trade area in SADC," the government said.

It also proposed that a single set of rules of origin be negotiated for the European Union and the SADC.

Dumping remained a problem for most SADC members because of a limited technical capacity to handle dumping and patrol borders, the government said.

"Strategies should be formulated urgently to assist SADC countries to strengthen their capacities," it said.

A list of the products to lose all tariffs overnight and another list of products to lose tariffs over five years are available at the South African Chamber of Business.

Mauritius loses millions over export tariff rates

(2799) Business Day 24/3/98

TANZANIA and Mauritius, both members of the Common Market of Eastern and Southern Africa (Comesa), are locked in a dispute over a decision by Dar es Salaam to stop giving preferential treatment to goods from its neighbours.

Mauritius says it is losing millions as a result of Tanzania's decision last July to suspend preferential tariffs agreed within Comesa.

Both countries are members of the sub-regional body set up to encourage free trade.

Mauritius, which exported goods worth about R28,88 million a year to Tanzania before the suspension, says the value of its exports to that country is just a third of what it used to be.

Normal trade between the two countries was a high priority for the Mauritius government.

The country says it had to send a high-level delegation to Tanzania in February to persuade Dar es Salaam to reintroduce the preferences.

"We are looking forward to seeing Tanzania honour our request so that the tariff issue is resolved," said H Ganoo, who headed the Mauritius International Trade Department delegation to Tanzania.

According to Ganoo, Tanzania needed more time to look into the matter because some Comesa members were not "honest" when dealing with tariff issues.

"The government is still investigating the matter," says Tanzania's minister of finance Daniel Yona.

He said: "This is a serious issue because Tanzania has lost out on the tariff issue."

Under the preferential tariff arrangement between Comesa members, every country is supposed to reduce its tariffs on specified items to zero percent by the turn of the century.

Ganoo said the decision by Dar es Salaam to suspend Comesa tariff rates would encourage other countries in the region to hesitate when investing in Tanzania, whose industrial sector is in difficulty.

Most of Tanzania's industries have closed or have been sold to foreign companies. Apart from beer, soft drinks and cigarettes, industrial production does not exceed 40 percent of installed capacity.

Goods from Tanzania face stiff competition from exports by fellow Comesa members such as Kenya, Uganda, Mauritius, Zimbabwe and South Africa because of their low quality and high production costs, industrial sources say.

Mauritius exports a wide range of materials and goods, such as sugar-processing equipment, textiles, printing materials, laundry soap, audio cassettes and live chickens, to Tanzania.

The latter sells prawns, onions, beans, Irish potatoes, timber and other agricultural products amounting to about R24,9 million a year to the archipelago.–*Sapa-IPS.*

SADC development fund on the cards

(279A)

John Dludlu

FINANCE officials from the Southern African Development Community (SADC) have recommended the establishment of a fund to support development in the region.

This resolution was discussed by senior finance officials at a meeting of the SADC's finance and investment sector co-ordinating unit, which is led by SA's finance department.

Bongi Kunene, the director in charge of the SADC's finance and investment sector, said at the weekend it was envisaged that the fund would primarily be financed by the SADC governments, although the private sector might be allowed to make contributions.

The meeting also discussed the role the World Bank might play amid changing patterns in development finance. The bank is understood to have signalled a willingness to contribute to such a fund to reduce political risk.

The idea of an SADC development fund, which might be managed by SA's Development Bank of Southern Africa, marks a radical shift from an earlier notion of an SADC development bank. But it is not the first time a "fund" has been mooted for the region. It has been mentioned as one of the possibilities in the talks to review the Southern African Customs Union. Through the union, compensation is received by SA's neighbours for industrial polarisation.

The exact role and structure of the fund had yet to be worked out, Kunene said.

But one of the suggested functions might be to provide cushioning againstrevenue loss resulting from tariff elimination under the planned SADC's free trade area.

The other possibility was for the fund to function along the lines of the European Union's (EU's) cohesive programme.

It was also recommended that SADC countries should work towards macroeconomic convergence. However, this would be determined by national priorities.

Kunene said her unit would now draft principles for an SADC finance and investment protocol. This framework would be presented to finance ministers in June for consideration. The SADC's protocols provide a legal framework of co-operation for member states.

The EU has provided R5,4m in funding research for the finance sector's work. Since its formation almost two years ago, the unit has seen a rise in co-operation among SADC countries in a range of finance areas.

Last year, the SADC committee of stock exchanges was formed. The SADC association of commercial banks was set up recently, and nonbanking financial regulators would also work together closely in a committee to be chaired by SA's Financial Services Board.

This week, the SADC committee of governors, a central bankers body, will meet in Mauritius.

BD 30/3/98

Namibian brewers agree to put the customs union shortfall on the bar

(279A) (~~281A~~) BD 31/3/98

John Dludlu

NAMIBIA has agreed to pay a shortfall it owes to the Southern African Customs Union, backing off from an earlier hardline position which threatened to cause a bitter stand off with SA.

A senior SA government official said at the weekend the Namibian government had written to Finance Minister Trevor Manuel advising Pretoria that the R11m Windhoek owed to the customs union revenue pool would be paid.

The shortfall amounting to R11,3m between March 1996 to September 1997 resulted from the application of different excise duties on beer.

The official said that Namibia would now have to recalculate the exact shortfall, including that of subsequent months, before issuing the first quarterly payment of revenue shares to the members of the customs union tomorrow.

The customs union — including SA, Botswana, Lesotho, Namibia and Swaziland — is managed by SA.

Joseph Roberts, the acting permanent secretary for the Namibian finance department, said on Friday a letter had been written to Manuel on March 16 which contained a proposal Windhoek thought would be acceptable to SA.

"If he (Manuel) was not satisfied, he would have come back to us," Roberts said but declined to outline the proposal. However, he said: "We feel there should be no further problem."

SA has been demanding the payment of the shortfall as a solution to the matter. If the payment was withheld, then a binational meeting would have been held.

Since March 1996, Namibia has been collecting a different excise duty as it felt the customs union-wide structure was inequitable.

Namibia was giving a rebate to smaller brewers as part of a plan to maintain employment levels in the brewing sector.

SADC central bankers to meet

(279A) BD 1/4/98

John Dludlu

REGIONAL central bank governors meet in Mauritius this week to assess the progress made in integrating the Southern African Development Community's (SADC's) financial systems.

SA Reserve Bank governor Chris Stals, who chairs the SADC committee of governors, said yesterday the body would review progress made in standardising regulation, supervision and controls in the banking systems of the SA-led community.

The committee has been working on harmonising banking standards.

In the past six months, a committee of stock exchanges as well as one for private banks had been formed, Stals said.

These committees would report to the central bankers' committee on their work, he said.

The bankers would also discuss the region's exchange rate and foreign exchange trade practices in the region.

This will be the first meeting of the bankers since the start of the Asian financial crisis.

Stals said an extensive list of exchange controls in each member state that affected other SADC countries had been drawn up. Member states were being encouraged to gradually phase these restrictions out.

Two countries, Mauritius and Zambia, had no exchange controls.

Last month, Finance Minister Trevor Manuel said SA investors could invest up to R250m in SADC countries.

Restrictions for institutional investors were also relaxed.

Stals said Manuel's announcements clearly reflected the committee's work.

Discussions held on upgrading border facilities

MAPUTO — The opening of the border posts and access points between SA, Mozambique and Swaziland, and security issues were among matters discussed at a Lubombo spatial development initiative meeting in Maputo yesterday (2799).

The meeting was attended by SA home affairs minister Mangosutho Buthelezi, his Mozambican counterpart, Almerino Manhenje, and Prince Guduza of Swaziland.

They agreed to upgrade existing border facilities. New ones would also be built where necessary to facilitate the speedy movement of people and goods between the countries.

Home affairs chief director of migration Patrick Matlou said the initiative was aimed at one-stop border facilities, where entrances and exits from the three countries would be in one place.

On immigration facilities, the parties recognised that the Southern African Development Community was working on a protocol, due to be signed at a meeting in August, that would facilitate the movement of people between member countries.

The three delegates believed it was necessary to immediately implement the standardisation of border procedures, the relaxation of visa requirements and visa exemptions for certain categories of people.

Officials from the three countries were expected to meet again next week to thrash out specifics of the visa exemptions.

The delegates said they recognised the importance of security, particularly in the area of immigration. — Sapa.

BD 2/4/98

East African markets may unify

BD 2/4/98 (279A)

NAIROBI — A unified stock market for the east African region of Kenya, Tanzania and Uganda could be in place by 2000, according to the head of the Kenyan stock market, Jimnah Mbaru.

Mbaru said the exchange could have trading floors in all three capitals in the region, but trading would be functional between the three centres.

However, while Nairobi already boasts a well-established bourse, the other two countries in the region have only just set up exchanges.

Uganda launched a stock market in January, but has just one instrument so far, a bond issued by the East African Development Bank, with only a handful of trades.

Tanzania plans to start trading on the Dar es Salaam exchange next month after years of delay, though only one company, Tanzania Oxygen, has so far been listed.

Mbaru said a regional exchange would help companies tap into a wider capital base, encourage more to list on the exchange and improve liquidity for investors. Already the three exchanges have agreed on the principles of cross-border listing. The second step was to develop regional products, he said.

"The development bank is an ideal candidate for this," Mbaru said. "It could issue a bond tradable in all three exchanges." He said regionalisation was inevitable for African stock markets as they struggle to overcome poor liquidity and to attract more foreign investment.

"We think eventually it will take shape around four pillars," Mbaru said, citing Cairo, Nairobi, Johannesburg and Lagos as possible regional access points.

Mbaru said the Kenyan exchange needed to make greater efforts to attract foreign portfolio investors and appealed to the government to relax restrictions on foreign participation in Kenyan stocks.

Mbaru also wanted to attract more domestic, family-owned companies, as well as encouraging more foreign companies coming into Kenya to list on the Nairobi exchange.

He was considering the idea of a second board — with less stringent listing requirements than the main board — to allow foreign companies quicker access to markets. — Reuter.

Independent SADC tariffs 'enemy of free trade'

(279A) BD 7/4/98

Nicola Jenvey

DURBAN — The decision for Southern African Development Community (SADC) members to set tariff policies independently guaranteed the failure of the free trade area and ensured the "disruption and destruction" of regional sectors and economies, Textile Federation executive director Brian Brink said in the latest Textile Topics.

He said whereas the European Union (EU) had a common external tariff, the "political sensitivity" in Pretoria was defending an SADC free trade area which permitted varying external tariffs.

The EU also had a central tariff policy-setting body in Brussels, while the SADC was proposing tariff policy be set in each member state.

Brink believed these moves granted members "too much policy autonomy" and would destroy sectors and economies rather than enhance regional development and upliftment. This defeated the purpose of a free trade area.

Economist Helena Claasens said higher volumes of imported textiles because of lower prices internationally and smuggled goods was the main threat facing the industry.

She warned that bilateral trade agreements created further channels for illegal imports. The arrangement with Malawi was "of particular concern" because Malawi's imports to SA were doubling.

However, she said, regional cooperation with other textile producers and consumers remained a significant local strength.

SA made quality products comparable with the rest of the world and it had a strong capital base with modern equipment and access to raw materials at competitive prices.

She said between 1992 and 1996, textile imports rose to R3,5bn from R2,2bn and estimates for last year were R3,6bn.

During the first six months of last year, the bulk of imports came from Taiwan (14,8%), Korea Republic (8,8%), UK (7%), Germany (6,9%), US (5,5%), Hong Kong (5,3%), India (4,8%) and Italy (4,3%).

Textile exports declined in 1992/93, but rose to R2,2bn from R1,2bn by 1996. Estimates for last year were R2,4bn.

Claasens said SA's major markets by June last year were UK (12,5%), Italy (8%), France and Zimbabwe (7% each), Korea Republic and Taiwan (5% each) and Japan, Germany and Australia (4% each).

Since 1995 the industry had spent R1,9bn on technology upgrades. Claasens said this investment improved efficiencies along the textile-clothing pipeline, cut unit costs of production and increased response times.

SADC central banks narrow differences

BD 9/4/98 (279A)

John Dludlu

SOUTHERN African central bank governors have taken another step in their plan to integrate their financial systems, by agreeing on a project to align the legal frameworks of the region's central banks.

Reserve Bank governor Chris Stals said yesterday the project to facilitate repatriation of notes and coins within the Southern African Development Community (SADC) was complete.

SADC central banks were now free to accumulate and convert currencies of fellow SADC countries thanks to the work of the SADC's committee of governors which Stals chairs.

Threshold lifted

In their recent meeting in Mauritius, the bank governors had also begun a project to identify differences in laws and rules governing central banks in the region.

The latest project, to be carried out by legal experts, should be completed in a year, he said.

The long-term objective was to encourage central banks to gradually begin operating on the same basis with similar rules, Stals said.

As a result of the committee's work, SA has announced measures easing foreign exchange controls for companies wishing to invest in the SADC. Finance Minister Trevor Manuel lifted the threshold to R250m.

Dual listings on the Johannesburg Stock Exchange and any other SADC bourse are now possible.

Stals said the central bankers committee's long-term objective was integration of SADC financial and monetary policies. For this, SADC banks would need to have similar systems and operations as well the same relationships with their governments.

At present, relationships between central banks and governments differ; in some countries central banks are independent, and in others governments have more say on monetary policy.

It is understood that the work of the governors' committee could contribute towards freeing central banks in the region from government control.

Stals said that although there were still differences, for example in exchange rate policies, convergence was beginning to work.

The committee's strategy had been to identify differences in operations and to encourage — and not force — countries to remove the differences.

"For example, in information technology we try to develop systems that will be compatible (with those of other countries in the region)," Stals said. The same approach applied to national clearing and payment systems.

The central bankers had also been working towards standardising both their regulatory and banking supervision systems.

Development 'linked to neighbours'

BD 9/4/98 (279A) (284)

SOUTHERN Africa would have to strive towards a regional trade agreement, particularly in the light of recent developments in talks for an SA free trade area with the European Union, the SA Institute for International Affairs said yesterday.

Presenting the institute's annual report, chairman Conrad Strauss said such an agreement would serve to advance SA's development and stabilise the southern African region by giving people and governments an incentive to work hard for African prosperity.

Strauss said that SA's fortunes were inextricably entwined with those of southern Africa — especially the states of the Southern African Development Community (SADC). SA could therefore not develop its economy in regional isolation.

"As with states elsewhere, we face huge developmental obstacles in our quest to realise our full potential," Strauss said.

"In southern Africa, the principal challenge remains the alleviation of poverty and the enhancement of human development." Sub-Saharan Africa and south Asia stood out as the poorest regions worldwide, where about 800-million people did not have enough food.

SA fell behind SADC member state Seychelles in life expectancy, adult literacy, educational enrolment ratios and real per capita gross domestic product. "Our position in the region has been strengthened through the growth of human relationships, economic interdependence and by academic and educational interchanges."

Strauss said closer ties had also been encouraged by a new approach to security in the region. "Whereas SA was in the past perceived as a source of threat, today there is a need to embark on collaborative programmes to improve understanding and reduce tension that might exist."

Strauss said that to develop southern Africa, the region had to continue to rely on both bilateral and multilateral relationships.

SA was in a position to play a significant role in influencing the global arena, he said.

"The United Nations (UN) will only be as effective as its members permit," he said, adding that SA could play a significant role in ensuring that both regional representation as well as veto powers remained high on the agenda of the UN.

The nonaligned movement heads of state summit meeting is scheduled to be held in SA between August 29 and September 3.

Strauss said the meeting would provide an opportunity to "break the mould and provide a fresh policy agenda for the 21st century". — Sapa.

SADC central banks agree to cooperate

(279A) (598)

By Sowetan Business Reporter

SOUTHERN African Development Community (SADC) countries narrowed their differences this week after their bank governors agreed on a project to align legal frameworks of the region's central banks.

The project's main aim is to integrate the region's financial systems.

South African Reserve Bank governor Chris Stals said early this month that the project to facilitate repatriation of notes and coins within the SADC was complete.

SADC central banks are now free to accumulate and convert currencies of fellow member states. This follows the work of the SADC's committee of governors, which Stals chairs.

In their recent meeting in Mauritius, the bank governors also began a project to identify differences in laws and rules governing central banks in the region.



SA Reserve Bank governor Chris Stals.

The project, expected to be carried out by legal experts, should be completed in a year, Stals said.

As a result of the committee's work, South Africa has announced measures easing foreign exchange controls for companies wishing to invest in the SADC.

This follows Finance Minister Trevor Manuel's announcement during the Budget speech, lifting the investment threshold from R50 million to R250 million.

This means dual listing on the Johannesburg Stock Exchange and any other SADC bourse is now possible.

At present, relationships between central banks and governments differ, with some countries having independent central banks. In other countries governments have more say on monetary policies.

It is understood that the work of the governors' committee could contribute towards freeing central banks in the region from governments' control.

The central bankers have also been working towards standardising both their regulatory and banking supervision systems.

Sowetan 16/4/96

Most want SA to help with peacekeeping duties

Bonile Ngqiyaza

Sixty-two percent of SA citizens want the country to contribute to peacekeeping duties outside SA, according to the results of a survey published in the latest issue of the African Security Review.

The survey found that Democratic Party and Freedom Front supporters were the least inclined towards the country being involved in peacekeeping elsewhere.

The report said when broken down into racial groups, between two-thirds to 70% of the respondents were for peacekeeping, with blacks at 66%, coloureds 64% and Asians at a "marked high" of 70%.

Whites were the least favourably inclined — with less than half — or 43% of those interviewed, answering in the affirmative.

On the question whether southern Africa should establish its own peacekeeping force provided that the costs were shared by all partaking governments, the survey said almost two-thirds — or 65% — of respondents responded in the affirmative, with only 18% nonaffirmative and 17% undecided.

Broken down into racial groupings, those in favour of SA's involvement were black respondents (67%), coloureds (71%), Asians (71%) and whites (27%).

The report said respondents prepared to participate in a multinational peacekeeping effort on a part time basis, were evenly spread. "Very willing" and "willing" accounted for 15% and 24% respectively, while "very unwilling" and "unwilling" accounted for 17% and 27% of the replies.

The survey concluded that the unwillingness of white respondents to volunteer for peacekeeping and participation in external deployment of the SA National Defence Force could be ascribed to experiences they had with conscription. Also, it said, this might point to a more parochial outlook towards Africa and the world.

aucor

MULTI LIQUIDATION AUCTION & BANK REPOSSESSED

TRUCKS*MECH.HORSES*CRANE *TRAILERS*STEEL*PLOUGHS *FORKLIFTS*

IN THE MATTERS

Kielsen Mini Piling cc - Masters Ref: T2358/97, Ultimate Roadmarking (Pty) Ltd - Masters Ref: R3321/97, S & L Carport Manufacturers cc - Masters Ref: T3855/97

● ALL IN LIQUIDATION ●

Insolvent Estate W S Arnsmeyer - Masters Ref: T2691/97, and per instructions the repossession managers of 3 banks

TRUCKS	RESERVE PRICE
1993 Mercedes Benz 1214 Dropside	R68290
2 X Mercedes Benz 1113 Closed Body	Nil
Isuzu SBR Dropside	R16900
Isuzu JCR Volume Van	Nil
1995 Isuzu 4000D Volume Van	R32000
1995 Mitsubishi Canter Dropside	R19000
Mercedes Benz 2624 Rigid 12T	Nil
1996 AMC 4T Diesel	R34000
2 x Mitsubishi L300	Nil
Isuzu 4000 D Volume Van	Nil
Various Scrap Trucks & LDVs	Nil
MECHANICAL HORSES	
1989 Mercedes Benz 2638 - (Acc Dmge)(no eng,g/b)	R15000
1989 International 9700	Nil
1996 Iveco with hydraulics	Nil
1996 Kenworth K400	R125000
Hino 4x2	Nil
TRAILERS	
1996 Triple Axle Semi	R30000

Call for stricter mine environment policy

Josey Ballenger

A PARLIAMENTARY committee has recommended that enforcement mechanisms be put into place to ensure mines implement their environmental management programmes, and that mines make funds available for site rehabilitation before commencing mining activities.

After a study tour earlier this year of two gold mine dumps in Gauteng and abandoned asbestos sites in the Northern Province, the minerals and energy portfolio committee also said in a draft report last week that communities surrounding mining sites should be consulted by mine management, minerals and energy and other government departments.

John Kilani, Chamber of Mines' environmental adviser, said during the February tour that there were insufficient mechanisms to enforce laws.

Provincial minerals and energy department representatives said, however, they believed that they had enough legal power to ensure implementation of an environmental programme.

Regarding Durban Roodepoort Deep in Meadowlands, Soweto, the committee said a study should be conducted on the health effects (primarily blowing dust) of its slimes dam on nearby schoolchildren. It also recommended the mine "grass" the entire dump — currently 80% is covered — and pave school yards.

The committee also reported the mine has not conducted an assessment of the radiation hazard of its activities, as required by law, and that mine management indicated it would not be able to as long as it was a "marginal" mine.

Durban Deep is in the process, though, of revising its environmental management programme report.

At Grootvlei, near Springs, the closure of several mining operations in the area has caused the mine to pump large amounts of water into the Blesbokspruit, an internationally recognised wetland site and a tributary to the Vaal Barrage, Gauteng's main water source.

The concern is the water contains high levels of iron and salt. Government has paid for an iron-reducing clarification plant and approved a loan for Grootvlei to test desalination technologies.



I Bjork-Klevby, an executive director at the African Development Bank and the bank's Nordic representative was at the bank in Sandton yesterday to attend a seminar on regional integration. Picture: TYRONE ARTHUR

'Cross-border initiative imposed on African govts'

John Dludlu

THE cross-border initiative, a fast-track trade liberalisation plan sponsored by the Bretton Woods institutions and the African Development Bank yesterday came under attack at a bank seminar, with one speaker hinting it was imposed on African governments.

Mfundo Nkuhlu, in charge of Africa trade relations at the trade department, said SA was hesitant to join the initiative as its benefits were merely "impressionistic" and the gains "difficult to analyse".

The programme appeared to be driven by an "article of faith" rather than tangible benefits accruing to participants.

SA is one of a few countries not participating in the initiative sponsored by the World Bank, the European Union (EU) and the bank. Participating countries receive budgetary support from the programme's sponsors to continue economic reforms including facilitating payment systems.

Nkuhlu said initiatives like the fast-track programme stemmed partly from the indebtedness of African governments to the multilateral institutions.

Pretoria's hesitation on participation also stemmed from a desire to have latitude in policy choices, raising questions about policy discretion of some of the participating African countries.

Projects such as the cross-border initiative could lead to African countries losing their gains, albeit small, from the World Trade Organisation, Nkuhlu said.

Investment growing: Page 4

Regional investment growing

(279A)
BD 21/4/98

John Dludlu

SA COMPANIES had invested R2,4bn in six of the Southern African Development Community (SADC) countries between 1995 and 1998, marking an increase in crossborder investment in the Pretoria-led region, SADC deputy executive secretary Lengolo Monyake said yesterday.

Monyake said the R2,4bn was invested in SADC member states that were not part of the Southern African Customs Union — Botswana, Lesotho, Namibia and Swaziland.

He delivered the keynote address at a seminar — organised by the African Development Bank, the SADC, the Development Bank of Southern Africa and Nordic countries — to review the regional integration study.

Since joining the SADC, SA authorities had been encouraging local firms to invest in the SADC. Relaxation of restrictions to help this process included exempting SA companies from exchange controls on investments of up to R250m in any SADC country. As a result, SA firms had invested more than R400m in the SADC.

Mfundo Nkuhlu, chief director for African trade relations at the trade and industry department, said most investments were in mining but there had been a windfall in hospitality.

Further SA investments had gone into banking and retail, raising fears that small retailers could be displaced by stronger SA houses.

Nkuhlu said it was unlikely the present pattern of preferred sectors would change, given that small and medium-sized firms had historically not been vibrant. "We have a sense of realism on this," he said. Government was not expecting a flood of investments by individuals in the SADC.

Monyake said that companies from Botswana, Mauritius, Zimbabwe and Namibia had invested in fellow SADC countries, signalling progress in regional integration. While supporting the proposal that sectors should be allowed to integrate at varying speeds, he said the SADC was against countries doing so.

Regional rescue plan breaks new ground

The resettlement of SA farmers across borders is an indication of the increasing co-operation between SA and its neighbours, writes Claire Pickard-Cambridge

THE prospect of growing numbers of SA farmers moving deeper into Africa would only a few years ago have kindled fears of a second "great trek", with its message of conflict and domination.

However, a pointer to the changing economic and political landscape is the co-operation developing in such ventures between the SA Chamber for Agricultural Development in Africa (Sacada) and the governments of SA and recipient countries

This time round SA's government is backing the ventures into the interior, while neighbouring governments are pinpointing where SA farmers are needed

Sacada, established with President Nelson Mandela's backing in 1995 to help stimulate the regional economy, resettled about 15 farmers in Mozambique last year They are export orientated and each employs about 100 people in the northern province of Niassa, which the Mozambican government wanted developed.

Sacada simultaneously provides training for Mozambican farmers in subsistence and commercial agriculture and gives marketing and technical help It operates only at the invitation of other governments and receives management fees to cover costs

Progress on the Mozambican project — which was launched as joint venture SDM with R15m grants from both the SA and Mozambican governments — has sparked the interest of another 20 African governments They have asked Sacada to operate in selected parts of their countries and its next step will be to settle up to 400 SA farmers in Zambia.

Sacada president Dries Bruwer said the initiative could be traced to 1994, when organised agriculture approached President Nelson Mandela about the millions of illegal immigrants moving into SA and particularly the number of Mozambican squatters on Free State and Mpumalanga farms

"We said organised agriculture was forced to start getting involved in upgrading the neighbouring states' economies We had the expertise and offered to get involved," he said.

The cabinet agreed that a regional rescue plan was needed. Agriculture was deemed to be the first building block, with Mozambique needing urgent attention.

Mandela asked Bruwer, then Transvaal Agricultural Union president, Free State Agricultural Union president Piet Gous and Gen Constand Viljoen to go to Mozambique in 1995, where plans were explored with Mozambican President Joachim Chissano

Sacada was launched the same year and board members include Mpumalanga premier Mathews Phosa, who took on the job at Mandela's behest. Phosa, who facilitates political liaisons, enthuses about the contribution these projects can make to "economic reconciliation" in the region

The Mozambican SDM project was launched in 1996 when a training farm was set up in Niassa province SDM's production fund provides soft loans to SA and local farmers in the project.

Bruwer said the SA government could not commit such funds again and Sacada is helping to manage the seed capital in a self-generating manner

Varied legal systems and requests from governments necessitate flexibility from Sacada. For instance, land in Mozambique can be obtained only on 50-year leasehold and Sacada's farmers are on land held in SDM's name

In Zambia SA farmers can buy state-owned farm land themselves Here Sacada is negotiating land acquisition and holding talks with donors and banks to facilitate financing The Zambian government, in turn, may allow reduced taxed rates and provide incentives for clearing land and installing infrastructure.

Farmers need to be adaptable because labour laws differ vastly from country to country and tribal custom is a consideration.

Bruwer said that in Niassa province where chiefs have jurisdiction over locals, some SA farmers had to pay wages via the chief who laid on the workers. Here Sacada advises farmers to approach the local chief to discipline or replace an unsuitable worker. He claims the situation is not as complex as it seems — "a farmer gets to know how chiefs are likely to deal with matters"

Once the Zambian project has been launched Sacada is keen to turn to Uganda, Tanzania and the Democratic Republic of Congo, which wants food produced near its mines in Shaba province.

Others which have approached Sacada are Angola, Malawi, Cote d'Ivoire, Ghana, Rwanda, Burundi, Sudan, Somalia, Brazzaville-Congo, Gabon, Burkhino Faso, the Central African Republic, Liberia, Cameroon, Nigeria and Libya.

However, Sacada aims to move farmers into an area only if it is deemed politically stable.

An unrelated private SA development company, Sadefco, has first-hand experience of Congo-Brazzaville's civil war which erupted in the middle of last year.

Sadefco pioneered the resettlement of about 25 SA farmers in the country three years earlier and had to airlift several back to SA. Sadefco executive chairman Johan van der Westhuizen said their programme — which involved crop production, agro processing, agricultural research and the training of locals — was back on track.

Sadefco holds a 60% stake in an agro-industries project and the Congolese government holds 40%. Sadefco also has farmers in Madagascar, Guinea and Burkina Faso.

Another possible pitfall for export-orientated farmers will be inadequate transport networks.

Bruwer counters that one reason Sacada has earmarked Mozambique, Zambia, Uganda, Tanzania and the Democratic Republic of Congo as initial targets is that an extensive rail network, including the Tazara and Benguela railway lines, exists in the band across central Africa. "We believe there are enough rail upgrading plans afoot for farmers to market properly in future."

Even though the new wave of SA pioneers may be linked to positive development ventures, locals inevitably wonder whether SA investment will prove a double-edged sword: they know they need investment but fear that South Africans will gain inordinate influence in the economy.

The Zambia Investment Centre, which needs to facilitate the sale of state farms, maintains it has had a largely positive experience of SA farmers. And centre head Bwalya Ng'andu said peasant farmers were not unduly threatened by land sales because "we are careful to ensure peasants are not removed from the land".

However, the Zambian press reported allegations last year that an SA farmer had beaten a worker to death and police were reluctant to press charges. No clarity was forthcoming on what may have been an isolated incident.

Johann Wingard, Sacada's vice-president, said individual SA farmers already in Zambia had no links with Sacada.

Questioned about Sacada's approach to a member who offends the local community, Wingard explained that Sacada wanted to send 16 to 18 farmers as a community which would have its own district agricultural association to deal with problems. "They will discipline themselves. We will give them guidelines and ensured they understand the Zambian government's terms."

However, he acknowledged that Sacada would have less influence over these private farmers than it had in Mozambique, where the land was in SDM's name. One of SDM's conditions is that funding and support can be withdrawn from a farmer who seriously offends the community.

Bruwer is forthright on the matter "If a farmer is under Sacada's umbrella we will not allow racist or bad treatment of labourers — in Mozambique we had one chap who was controversial and pushed his staff too far. We warned him not to handle workers that way."

Phosa said some observers initially thought resettlement projects had overtones of another "great trek" But he believes a fresh perspective is appropriate — the one adopted by African governments which realised the South Africans had good intentions which needed to be utilised.

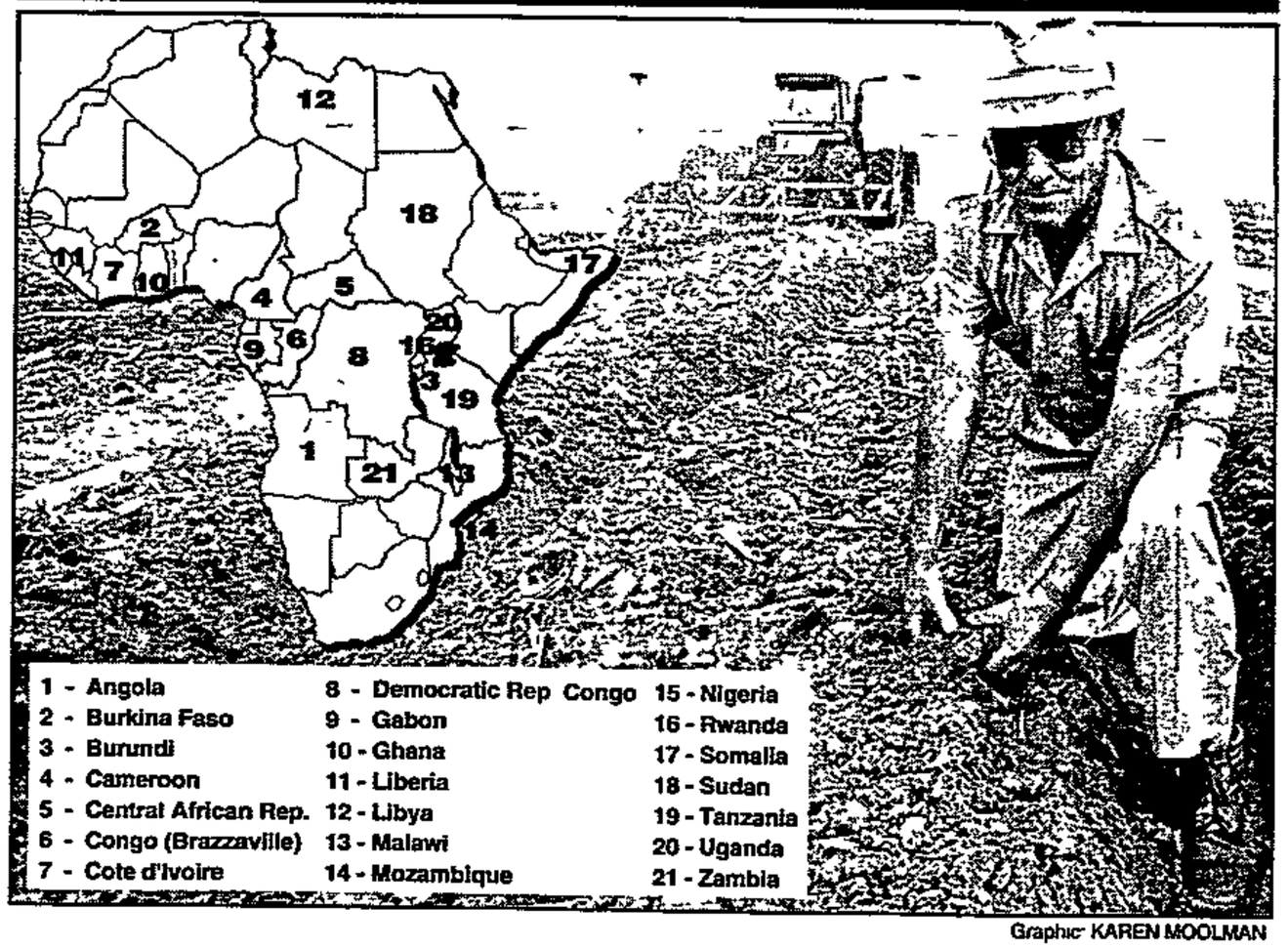
"People must decide whether they are going to be prisoners of the past or want to forge a new future The involvement of SA farmers is essential for progress in the region."

Food security was critical and SA had the expertise Reconciliation should have practical effects — "instead of transporting R4 rifles, we need to transport ploughshares", Phosa said.

Bruwer said the eventual settlement of about 2 000 export-orientated farmers in different but strategic parts of Africa was a clean break from the past. "The difference is that we are working closely with foreign governments and the local communities."

He stressed that southern Africa was opening up and farmers were businessmen who also needed to spread their investments. Sacada's selection criteria for SA farmers are that they need to be experienced in large-scale commercial agriculture and have access to some of their own funds Most are making decisions based on business principles and building communities around them will have economic spinoffs. As Wingard pointed out: "Our economic border is no longer the Limpopo River — there are unbelievable opportunities out there"

States wanting Sacada's help to develop agriculture



Graphic KAREN MOOLMAN

Regional co-operation, free trade on track (279A)

BD 22/4/98

John Dludlu

FAR-reaching proposals have been made to forge regional integration in southern Africa, including the creation of the planned free trade protocol in the subregion.

Addressing a seminar jointly organised with the African Development Bank to review an African Development Bank study on integration, Rosalind Thomas, a senior official at the Development Bank of Southern Africa, this week suggested that the five-nation Southern African Customs Union sign an "association agreement" with the Southern African Development Community (SADC), paving the way for the creation of a free trade area between the two blocs.

The Pretoria-led SADC, including the members of the customs union, is negotiating a free trade deal in the region. If implemented, the arrangement will be modelled along the European Free Trade Area.

The other option would be for the customs union, including SA, Botswana, Lesotho, Namibia and Swaziland, to be disbanded in "the interests of a larger grouping".

The customs union, which is at present being renegotiated, is by far the deepest form of economic integration in southern Africa.

Its existence and the long-running review process have been a source of frustration for some SADC officials, who have called for it to be dismantled, making way for the proposed SADC free trade area. However, the SADC recognises its existence.

At the integration seminar, SADC's Abram Pallangyo defended the SADC free trade protocol's main focus on trade.

Critics of the protocol, including some SA government officials, have raised concerns at the fact that no attention is paid to industrialisation and development.

It was not an accident that no mechanisms for industrialisation were provided for in the protocol, said Pallangyo. "Otherwise, you would have ended up with two protocols (in one)."

SADC ministers had called on technocrats to investigate industrialisation on its own merit, Pallangyo said.

Thomas expressed reservations at the cross-border initiative, a fast-track trade liberalisation programme supported by the World Bank, the EU and the African Development Bank.

The initiative had exposed participants to the threat of deindustrialisation, thanks to its strong emphasis on tariff liberalisation and the promised investment had yet to materialise, raising unemployment.

Investors urged to brush up on labour laws

(1054)

BD 22/4/98

Dustin Chick

THE Congress of SA Trade Unions (Cosatu) yesterday criticised the ignorance shown by investors, particularly Asian investors, on SA labour relations laws and said ignorance was not a defence.

Spokesman Nowetu Mpati said these companies needed to understand that labour laws were entrenched in the Constitution and needed to be educated about stipulations within the Labour Relations Act.

If the managements of these companies did not understand labour laws they needed to hire consultants who could guide them through the process, she said.

Asian investors had a history of abuse and ignorance of workers' rights in their own countries, where workers were seldom protected and were paid slave wages, Mpati said.

These firms could not extend such practices to SA as the new democracy "was based on workers' blood".

It was also no accident the new Constitution and Labour Relations Act defended workers' rights. It was a crime to ignore these laws and Asian investors needed to "open their eyes".

In one incident, a textile company based in southeast Asia had fired 250 workers "for joining a union". If a solution could not be found within the next 24 hours Cosatu would take the matter to court, she said.

LUBOMBO CORRIDOR

Venture into the interior (279A)

FM 24/4/98

A step closer to common visa

The dream of giving travellers the right to cross southern Africa on a single visa has come a step closer following breakthrough talks between the Home Affairs Ministers of SA, Swaziland and Mozambique.

At talks in Maputo earlier this month, the three Ministers agreed to remove remaining obstacles to a single visa allowing visitors free movement between the three countries They also agreed to the immediate standardisation of border procedures and relaxation of visa requirements

Members of the Southern African Development Community (SADC) are also discussing a common visa Further talks start this week in Mauritius and SADC officials are optimistic that the region's leaders will sign the common visa protocol when they meet in September The agreement would then be ratified by member states next year

Such an agreement would mirror Europe's Schengen agreement, under which common visas are issued for visitors to seven countries — Germany, Luxembourg, Belgium, France, the Netherlands, Portugal and Spain

For the moment three southern African Ministers — Mangosuthu Buthelezi (SA), Prince Guduza (Swaziland) and Almerino Manhenje (Mozambique) — are limiting the one-visa proposal to entry points within the boundaries of the Lubombo Corridor (see map) Entries at other points would require a visa

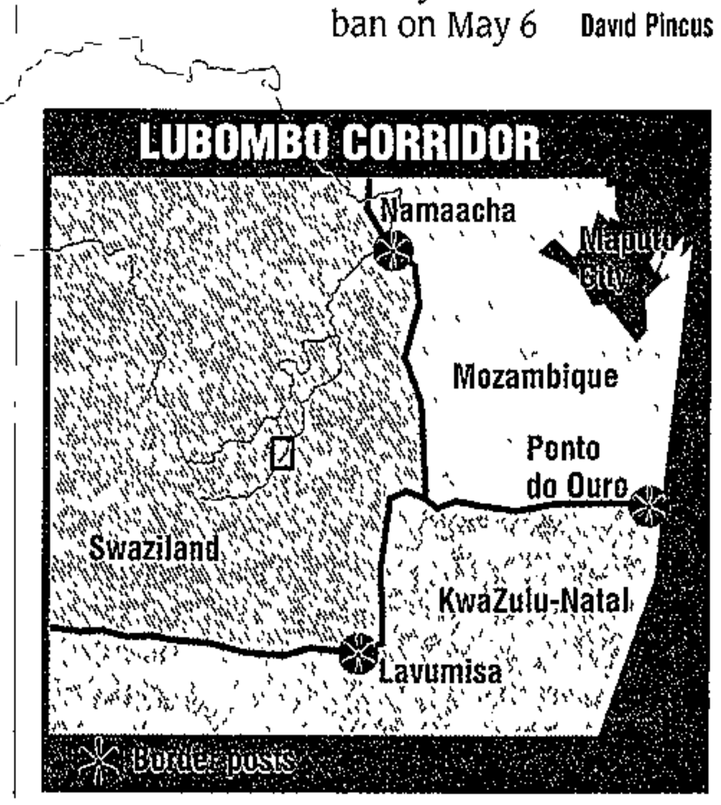
SA Minister of Environmental Affairs & Tourism Pallo Jordan says "We want to facilitate and boost the movement of tourists, and other people, in that part of the region To achieve that we want to create soft borders within the corridor to allow travellers to enter it with only one visa, and move around in it freely"

Jordan says while the Maputo meeting "produced no negative signs", problems remain — specifically the issue of illegal immigrants "Our Department of Home Affairs wanted to be assured that watertight conditions to prevent the borders of the corridor from becoming porous can be implemented"

On SA's insistence, the Ministers of Swaziland and Mozambique agreed that police and security departments should be involved in any final agreement

Though rich in natural and cultural resources, the corridor has attracted little private-sector interest because it is malaria country

Combating malaria will be a main aim of the Lubombo spatial development initiative (SDI), a combined effort by the three countries to create interest in the area The initiative will be officially launched in Durban on May 6 **David Pincus**

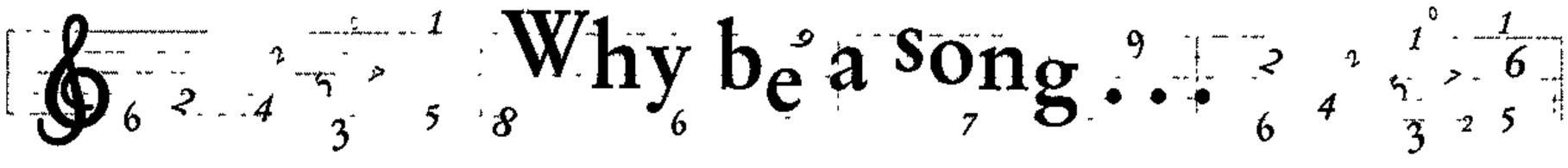


Chartered Accountants (SA)
Member firm of
Grant Thornton International

Kessel Feinstein



Why be a song



GTKF MKTG/98/16/d

Revised tariffs could boost Sacu exports

Sowetan 27/4/98 (279A)

GENEVA – South Africa and its four neighbours who are linked together in a single customs union need to simplify their external trade tariffs to boost exports and inward foreign investment.

This is the view of the World Trade Organisation (WTO) in its first trade policy review of South Africa, Botswana, Lesotho, Namibia and Swaziland released last Thursday.

The five countries are members of the Southern African Customs Union (Sacu), which provides for duty-free trade of goods within the region.

Sacu's external tariff, determined by its biggest and most powerful member South Africa, "is extremely complex", the WTO wrote

The effect of such complexity is often to hamper individual members' exports, said the WTO.

A simplified and more stable tariff structure would pave the way for new or expanded regional agreements and "help SACU attract more foreign investment"

Duties collected by the five are pooled in a common fund and subsequently distributed by South Africa

The agreement is under renegotiation. In particular, Sacu members are aiming to revise the revenue-sharing formula and the management of the customs union.

Duties on imports into the Sacu region average around 15 percent. The highest average tariffs are in manufacturing at 15,6 percent, compared with average duties of 5,6 percent in agriculture and 1,4 percent in mining and quarrying.

> **"A simplified and stable tariff structure will pave the way for expanded regional agreements"**

> **"Existing duties often impose an anti-export bias on Sacu members' industries"**

Existing duties often impose an anti-export bias on Sacu members' industries, the WTO noted, explaining that the tariff structure primarily reflected South Africa's policy priorities

The Sacu countries are also members of the Southern African Development Community (SADC), an accord which sets out a timetable for the creation of a free-trade area also covering free movement of capital, goods, services and labour. SADC is to have its own dispute mechanism

The WTO said South Africa's five-year trade liberalisation programme, which was started after apartheid collapsed and an elected Government came to power in 1994, would help its products compete internationally.

But the WTO urged South Africa to continue to simplify and coordinate various aspects of its trade policy

Imports have grown faster than exports since South Africa was reintegrated into the world economy, leading to annual current account deficits since 1993.

Tariffs and "supply-side measures" are South Africa's main trade policy instruments. The country's tariff system remains complex The wide variety of duties has not changed since the WTO's last policy review of the country in 1993

South Africa's so-called Tariff Rationalisation Process, an element of its trade liberalisation project, should simplify its tariff structure

But the WTO warned that by increasing the possibility of duty escalation on some imports, it could also boost the rate of effective protection.

Mining and quarrying remain at the core of the South African economy, accounting for between eight and 10 percent of its gross domestic product (GDP) and 40 percent of earnings from merchandise exports

The manufacturing sector accounts for nearly 25 percent of its GDP, and the service sector 53 percent

"The main objective of South Africa's economic policy is to enhance the value of labour-intensive products with a view to reducing the level of employment (which stands at 29 percent of the active workforce)," the WTO said.

Botswana, whose growth since independence in 1966 has been "impressive", is the least dependent of the Sacu states on revenue distributions from South Africa.

Liberalisation of services – such as telecommunications, finance, insurance and transport – will help Botswana to develop its considerable trading potential, the WTO said.

Diamonds account for around 70 percent of Botswana's exports, most of which go to Britain and Switzerland The creation of new transport routes through Namibia would encourage trade diversification, the WTO said. – *Sapa-AFP.*

All eyes on Southern Africa

(279A) Sowetan 28/4/98



Namibian president Sam Nujoma will be among several heads of states attending the summit.

By Helge Schutz

WINDHOEK – A powerful network of business people, representing a combined turnover of more than R20 000 billion, will converge on the Namibian capital on May 17 to 19 to attend the 1998 Southern Africa Economic Summit.

The summit, organised by the World Economic Forum (WEF) in cooperation with the Southern African Development Community (SADC), will focus on the "Priorities for Competitiveness in the 21st Century" and is considered one of the most significant economic events in Southern Africa.

WEF director Frederic Sicre told journalists last week that the summit would be attended by about 1 000 delegates, including presidents Nelson Mandela, Sam Nujoma of Namibia, Joaquim Chissano of Mozambique, Laurent-Desiree Kabila of the Democratic Republic of Congo, Festus Mogae of Botswana and Zambia's Frederick Chiluba.

Deputy President Thabo Mbeki, Britain's minister of state Tony Lloyd and United States deputy secretary of commerce Richard Mallet are also scheduled to attend.

About 600 senior executives of leading international and regional corporations such as China Iron and Steel Industry and Trade Group Corp, Mobil, Shell, Siemens, SmithKline Beecham International and Sun Microsystems will also be in attendance.

African countries will explore their competition strategies, taking into consideration the results of the *Africa Competitiveness Report 1998*, which was published by the WEF in collaboration with the Harvard Institute of International Development

Global competitiveness

Discussions will also focus on signs of an economic and business renaissance in Southern Africa and steps that the region should take to integrate the global community on the eve of the new millennium

Other topics to be explored include "Southern Africa: Actions for Global Competitiveness in the 21st Century", "Understanding the Asian Crisis and its Impact on Southern Africa" and "The Role of the Global Corporation in Southern Africa".

A new theme includes the possibilities of SADC to strengthen ties with Eastern and Central Africa.

According to Sicre, the WEF, which was formed in 1971, creates a platform for dialogue between leaders of business, government, academia and the media, with the aim of improving the state of the world

"In the past Africa was marginalised but now we are acting to change the negative image of this continent.

"We believe that Africa offers major opportunities and through our forums major companies such as General Motors, have returned to invest in Southern Africa," he said

He added "There is no price tag that Namibia can put on the value of this conference, since the eyes of the world will be focused on Namibia"

The costs of the summit will be covered by the participation fees paid by the delegates, ranging from R16 000 for non-members of the WEF and R12 000 for members to R8 000 for delegates from the region

Sicre said that last year's summit, which was held in Harare, had already led to positive spin-offs for Zimbabwe.

"We convinced the government that a national forum should be created where the private sector and the government could interact

"A National Business Forum was created and since then the parties have met on two or three occasions although, at this stage it is not clear what progress was made," he said

Sicre said the WEF had facilitated meetings at the International Trade Centre, which subsequently led to more than 250 bilateral meetings between entrepreneurs from various countries in the region

A senior Namibian official said small countries cannot escape the globalisation process anymore and that they have to become part of it

"There are examples where small countries have identified their market niches, such as Singapore and Mauritius, and this has led to the expansion of their economies," he said. – *Sapa-IPS.*

Paper dumping allegations investigated

2794 (1998) BD 29/4/98

Mzwandile Jacks

INVESTIGATIONS have been launched into allegations that uncoated paper from Brazil and Indonesia is being dumped on the Southern African Customs Union markets.

The investigations follow paper manufacturer Sappi's complaints to the Board on Tariffs and Trade.

Sappi said the dumped paper imports were, among other things, depressing local selling prices.

The investigations come at a time when accusations of monopolistic practices are being levelled against Sappi and Mondi.

The companies have been accused of charging exorbitant prices, forcing smaller companies to import products such as photocopy paper from Brazil.

In its complaint to the board, Sappi said it could not compete with the low prices charged by the small importers. The board said Sappi had submitted sufficient evidence to enable it to initiate an investigation on dumping.

"The petitioner submitted sufficient evidence to show that the dumped imports are depressing selling prices and are gaining market share at the expense of Southern African Customs Union manufacturers," the board's Michael Andrews said.

"The petitioner also provided evidence that the prices at which these imports are sold in SA undercut the already depressed prices of the SA producers, resulting in lower profit margins being incurred by the petitioner."

To obtain necessary information for investigations, the board has sent questionnaires to all known importers, exporters and representative associations.

Michael Bunting, director of the Randburg-based company Atlantic Paper Supplies, said as long as big companies were dominating the industry, there would be no opportunities for independent companies.

"This is dangerous because economic imbalances of the past cannot be redressed. We need a situation where bigger companies will support smaller ones," he said. Bunting complained last week to the competition board, saying big paper manufacturers were monopolising the industry.

Mandela's vision of a revived region with Angolan corridors

(279A)

FROM REUTERS

Luanda — President Nelson Mandela, who yesterday ended a visit to Angola, outlined his vision of a southern Africa reunited by trade routes torn apart by cold war conflicts and apartheid.

Mandela said Angola knew of South Africa's interest in investing more to help rebuild Angola, rich in oil and diamonds, after the country was wrecked by 20 years of civil war.

He said he and President Eduardo dos Santos had discussed South Africa's hopes of helping develop three main economic corridors involving the port of Lobito, the southern province of Namib, and Malange in the centre of the country. "One of the aspects which we as South Africans are interested in, apart from the oil industry, is to participate in the development around Lobito, Namib and Malange.

"Although a country in Europe won a tender for the Lobito Corridor, we in South Africa are just next door and to deal with us means that the operation could be cost-effective," said Mandela.

South Africa, a pariah in the region until the end of apartheid was in sight in the early 1990s, is promoting transnational trade corridors involving most of its neighbours in a bid to boost southern Africa's economy.

CT(BE) 1/5/98

Southern Africa needs support, not criticism

(279A) BD 4/5/98

John Dludlu

ONE of the most important outcomes of the 50 years of multilateral trade negotiations leading up to the establishment of the World Trade Organisation, was its members' agreement to subject their trade policies for a review by the WTO.

Apart from ensuring transparency in members' trade and investment policies, the reviews also examine the effect of these policies on the multilateral trading system.

They present an opportunity for trading partners to raise concerns about the reviewed state's policies.

The WTO's leading members, such as the European Union (EU) and the US, are reviewed every two years, while middle-income members are reviewed every four years. SA falls into the once-in-four year category. The reviews are closely followed by the investment community.

Together with the policies of its partners in the Southern African Customs Union — Botswana, Lesotho, Namibia and Swaziland — SA's trade an investment policies came under the harsh international spotlight last week.

Predictably, members' questions — including the EU's concerns on SA's perceived insufficient protection of intellectual property and preferences in government procurement — and the secretariat's report made the news, obscuring government statements.

The WTO criticised union's external tariff system — set by SA — as being complex and "often fluctuates, sometimes hampering the export interests" of other union members. The WTO noted that the tariff structure sometimes imposed an anti-export bias on union members' economies.

Most crucially, the report warned that the overlapping trading arrangements in southern Africa could create preferences and rules of origin that led to trade distortion.

The WTO encouraged the union to further liberalise their markets and reorient the tariff structure towards external markets.

Though useful, the report overlooked the reforms and liberalisation customs union countries have undertaken, often in the face of strong opposition by labour and business.

Apart from having scrapped General Agreement on Tariffs and Trade-illegal subsidies, SA has also accelerated tariff reduction.

Having chosen globalisation as the path to competitiveness, SA's struggling neighbours, such as Botswana, face the challenge of formulating complex laws, such as those on competition and intellectual property, with no assistance.

The scale of change can only be assessed by looking at the 1993 report of SA's polices. Though not taken seriously, this report painted a laager economy: massive export subsidies; more than 50% of effective industrial protection; 12 600 tariff lines; a complex web of quantitative restrictions and formula duties; and a footnote of forward-looking policies.

Today, only 28 formula duties remain; hopefully, we have WTO-compatible industry support measures; about 8 000 tariff lines; and tariffs are at 11% on a trade-weighted basis.

Although their growth rates are making a small dent on growing unemployment, no extensive economic dislocation has occurred in the customs union area. Despite massive challenges, customs union economies have embraced the multilateral trading system.

Perhaps, what they need now is a pat on the back and more technical assistance to fulfil their WTO commitments faithfully.

from the WTO

Bungle costs top SADC man his job

(279A)

John Dludlu

BD 9/5/98

THE Southern African Development Community (SADC) is looking for a new deputy executive secretary following the departure of Lengolo Monyake last week.

In what appears to be a case of political bungling by his country, Monyake, a Lesotho national, had to vacate his SADC position and join a list of aspirants for his old post, the SADC's second-highest executive job.

Monyake, formerly Lesotho foreign affairs minister, confirmed yesterday from his home in Gaborone, Botswana, that he requested a renewal of his term and that his country had granted clearance for him to seek a second term.

In terms of SADC procedure, an incumbent executive secretary or deputy should indicate interest in a reappointment when his term expires and this must be backed by his country of origin. If satisfied with the incumbent's performance, SADC leaders can reappoint him without advertising the post.

Last year his government indicated its intention to redeploy him, prompting SADC heads of state to call for applications. Later Lesotho backed his reappointment, forcing him to apply like other candidates. No comment was available from Lesotho's government.

SA NEWS DIGEST

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☐ REGIONAL CO-OPERATION

Reserve Bank and Mauritius in talks to share Samos payment system

The Reserve Bank and the Bank of Mauritius were discussing converting the South African Multiple Option Settlement (Samos) system into an appropriate platform for implementation in Mauritius, Chris Stals, the Bank governor, said yesterday.

Speaking at the Society for Worldwide Interbank Financial Telecommunication conference, Stals said financial co-operation in the region would be enhanced if the joint venture was successful. "This could set a model for the upgrading and eventual integration of all national payment systems and for effecting cross-border payments in the whole region, through an interlinked electronic payment system."

Stals said the central bank governors of the Southern African Development Community were faced with the "daunting" challenge of paving the way for the integration of the region's economies. This was part of the greater challenge of becoming full members of the global community.

Stals said many countries were far more advanced than most African states and were preparing for a new, 21st-century environment. But he said there was a new determination to make economic systems work in many African states. — *Vera von Lieres, Cape Town*

CT(BR) 5/5/98

Neighbours in historic deal to boost area for tourism

By Tony Carnie

Durban – Putting on their biggest and brightest smiles and singing the praises of a "very special corner of Africa", the leaders of South Africa, Mozambique and Swaziland gathered in Durban yesterday to urge investors to pump money into the new Lubombo tourism plan.

Presidents Nelson Mandela and Joaquim Chissano and King Mswati III then signed a historic agreement that could herald a new era of investment and poverty eradication in the Lubombo area – a vast, largely undeveloped region covering nearly 100 000sq km of land and coastline.

Covering northern KwaZulu Natal, southern Mozambique and a part of Swaziland, the Lubombo area is being promoted as a scenic natural wonderland with the tourism potential of the Victoria Falls or the Kruger National Park.

Mandela urged investors to "grab this opportunity with both hands".

In return, the three governments promised they would do everything in their power to create ideal investment conditions.

Work had already started in three areas – providing better transport links, relaxing border controls and resolving prickly land issues.

Sounding a note of warning, Development Bank head Professor Wiseman Nkuhlu said the three governments, investors and the people of the region must work closely together to make the project successful.

Bid to resolve deadlock on customs union

(279A)
BD 7/5/98

John Dludlu

FRESH attempts to end the impasse in talks to revamp the Southern African Customs Union were to be launched, SA government officials said yesterday.

An SA government source said senior technocrats would meet later this month to break the deadlock in talks on modernising the long-standing trading arrangement.

Botswana, a member of the union, reportedly offered to host the meeting of trade and industry director-generals and permanent secretaries from SA, Lesotho, Namibia and Swaziland.

The talks, which have been going on for years, stalled after disagreement on subregion tariffs, industrial policies and a body to govern a new trade agreement.

Earlier, parties in the union, including Pretoria, had hoped a ministerial meeting would resolve the deadlock. However, the change of plan to engage senior officials was seen as an indication that the meeting should be a working session on substantive issues. A ministerial summit has not been ruled out, though.

This latest initiative comes amid growing concern in the larger Southern African Development Community that the stalled review of the customs union is slowing down progress towards an SADC free trade area.

Lomé convention's imminent demise inspires integration

Central African states are taking unsteady steps towards economic and monetary union, writes Nicholas Shaxson in Libreville

AS EUROPE grapples with monetary union, a smaller-scale regional integration project is struggling to life in central Africa. The Economic Community of Central African States (Cemac) is an integration programme much like Europe's, but in reverse.

The six Cemac states have long shared a single currency, the central African (CFA) franc , which is guaranteed by the French Treasury at a fixed 100 per French franc, making it a rare African hard currency.

Now Cemac is trying to build common institutions similar to those Europe developed on the road to its single currency.

Eventually, say Cemac texts, central Africa could have a common parliament and ultimately court of justice.

"Integration is urgent for central Africa," said President Omar Bongo of Gabon, the tiny oil-rich state of about 1-million people which is most actively pushing the fledgling project.

Cemac was born in Libreville in February from the ashes of its predecessor, the 30-year-old Customs Union of Central African States which became a full free trade area on January 1 this year.

In practice, poor transport links between the six — Gabon, Cameroon, Central African Republic, Equatorial Guinea, Chad and the Republic of Congo — undermined the customs union.

Jean Ping, Gabon's minister of planning and one of the chief co-ordinators of the project, said Cemac went a lot further than the customs union.

"It is not only about a trading union, with the same central bank and currency, but we are trying also to build roads and other means of communication.

The organisation faces huge problems. Congo has just emerged from a ferocious civil war and the Central African Republic has suffered repeated army mutinies.

"If your neighbour has a fire and you don't extinguish it, then it may spread to your house," Ping said. "This project is good for us because it will be good for our neighbours."

A cornerstone of Cemac will be a regional stock exchange, which the Gabonese government says will be in place in Libreville by the middle of next year.

Shares in the recently privatised Gabonese water and electricity utility Seeg are already trading through a special mechanism, set up by one of Gabon's commercial banks, which is intended as a transitional step towards the stock exchange.

A new investment charter in Gabon has replaced a tangle of taxes and exemptions, levelling a playing field that was tilted in favour of firms from former colonial power France.

Other regional programmes are running in tandem with Cemac.

The Organisation for the Harmonisation of Business Law in Africa, which covers CFA franc countries in west Africa, adopted three acts on business and company law this year which have automatically become law in all the member states.

Another organisation, the Economic Community of Central African states includes the Cemac six, plus Rwanda, Burundi and the Democratic Republic of Congo.

Effectively moribund since its inception in 1984, this organisation was relaunched in February. This relaunch is an attempt to extend some economic principles beyond Cemac's borders to non-CFA franc countries.

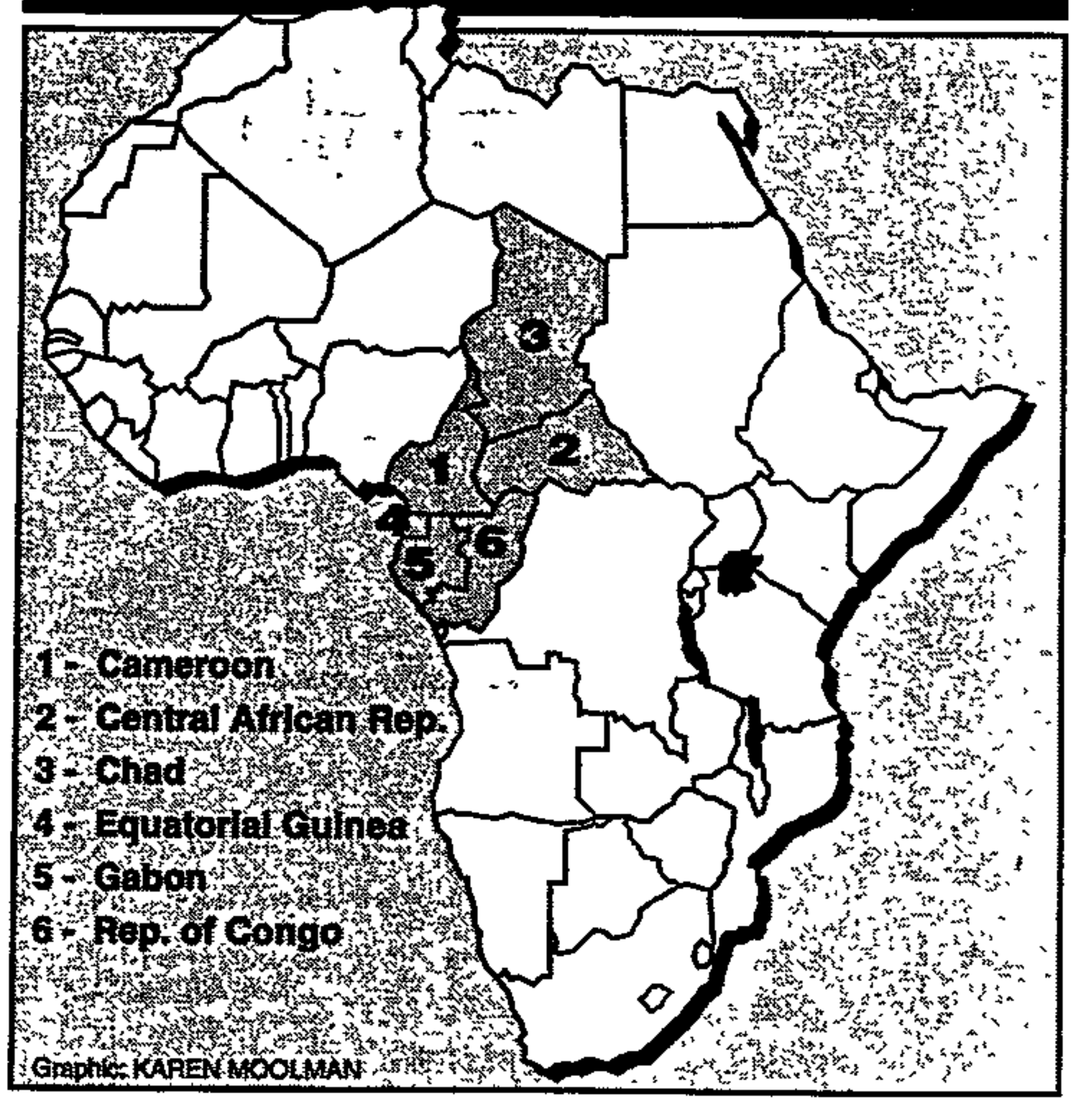
Feelers for possible membership of the organisation have been put out to Angola, which is a member of the Southern African Development Community (SADC). Gabon's Ping denied this was a French-led effort to tug wealthy Angola away from a rival English-speaking organisation, saying the central African community organisation would merely complement the southern African group.

Although many previous African regional programmes have drifted into failure, accelerating globalisation is prodding Cemac countries into action.

Leaders at the past customs union meeting in February expressed a particular fear at the prospect of losing special privileges when the Lomé convention, which governs trade and aid links between the European Union and the group of 71 African, Caribbean and Pacific countries, expires in 2000.

Many industries in central Africa are uncompetitive and woefully unprepared for the fierce winds of international competition, as Bongo conceded, calling it a prime concern. — Reuters

The Economic Community of Central African States





This island paradise's economy is giving businessmen a headache

Mauritius looks to a future less bright

The economic boom in Mauritius may be running out of steam, writes **Francois Misser** in Port Louis

(279A)

BD 14/5/98

REMARKABLE economic growth in Mauritius has earned the country its label, the "African tiger", but many of its businessmen have cause to worry about the future.

The offshore activities of Mauritian businesses have been expanding at an aggressive pace, and foreign investors are usually attracted to the stable economic and political climate in Mauritius.

However, competitive Mauritian entrepreneurs fear that the island will not be able to respond adequately to the challenges of globalisation and the information society in the 21st century. In other words, the number of businesses may be growing rapidly, but top management and technical skills are in short supply.

Foreigners may be surprised by the fears emanating from a successful tourist Mecca sporting enviable economic data.

The data point to an economy which grew 5,2% last year with a further 5,4% rise expected this year; good per capita income of about $4 086; and forecasts that the most rapidly expanding sector — tourism — would show 8,2% growth this year against the last.

A large portion of the island is designated as an export processing zone with special incentives for exporters, and manufacturing within this zone is expected to show 6% growth.

The darker signals, nevertheless, are that unemployment rose to 8% last year Former finance minister Ramakrishna Sithanen says there is concern about the growing trade deficit and shrinking forex reserves. Another concern is a 10,6% drop in domestic savings.

Philippe Forget, assistant GM of the island's largest commercial bank, Mauritius Commercial Bank, warns that on the whole productivity has not improved since 1982.

While productivity has improved in export processing and tourism, there has been a decline in the sugar industry and public services. He blames this on the structure of the Mauritian welfare state which has become bureaucratic, inefficient and resistant to reform.

Sithanen fears the Asian crisis will lead to a dramatic drop in the price of Asian exports, causing problems for rival Mauritian producers.

Raj Makoond, director of the Joint Economic Council which groups the main corporate associations of the country, admits that the Asian crisis could trigger harder times for Mauritian exporters. However, he does not think the African tiger will experience the same scenario as that of the Asian tigers.

Firstly, Makoond says, Mauritius's debt-servicing ratio to forex revenue is only 9% against 16% 10 years ago, and is much lower than those of the Asian tigers. Secondly, he considers Mauritians to be judicious about investing — 27% of the island's gross domestic product is reflected in fixed investment — whereas Asian economies have been characterised by short-term capital flows linked to real estate speculation.

Thirdly, he says, foreign clients attach a lot of importance to the stable economic and political climate in Mauritius.

Mauritian business believes that a new approach may lie in developing value-added activities across most sectors to maintain growth.

The competitiveness of the textile sector, which is the backbone of the export processing zone, is threatened by increasing labour costs and pending trade liberalisation. Therefore, joint government-business strategy is focusing on two policies — relocating labour-intensive activities to countries with cheaper labour such as Madagascar, Mozambique and Côte d'Ivoire; and improving the quality and design of products.

The trend amounts to swapping the current emphasis on "made in Mauritius" with the concept "made by Mauritius". In other words, the aim is to balance shrinking private domestic investment by expanding investments abroad and exporting Mauritian know-how.

Africa is on the mend

A survey on African competitiveness in terms of business and trade in 23 countries shows positive prospects of growth, writes **Sharon Chetty**

Sowetan 15/6/98

AFRICAN competitiveness will once again be on the agenda when political and business leaders meet this weekend at a World Economic Forum (WEF)-Southern African Development Community (SADC) summit in Windhoek.

Some of the discussions at the three-day gathering will centre around regional development, privatisation, inter-regional trade, infrastructural development, political risk assurance in Southern Africa, the cultural dimension of doing business in the region and how global volatility will impact on SADC.

Already an in-depth survey on African competitiveness has been compiled and much of the discussion will be drawn from that.

The first such report on the continent – every year the WEF compiles the authoritative Global Competitiveness Report – surveyed 23 countries and is particularly positive about growth and trade prospects for the SADC region.

Besides statistical information, the report – compiled in conjunction with the Harvard Institute for International Development (HIID) – takes into account the perceptions and opinions of more than 1 000 chief executive officers.

While their conclusion is that the "international climate is poised in Africa's favour", the authors emphasise that only with political will and foresight will the continent be able to end its poor economic performance.

They also point out that the specific development challenges of the continent are not unique to Africa.

Research by the HIID shows that the African economies respond to the "same basic strategy" that has proven successful in poor countries worldwide: private sector-led growth, openness to trade, attraction of foreign direct investment and public investments in health and education.

Debt relief, coherent economic assistance and improved market access are some of the areas that need urgent attention although they do caution that "even if current growth rates are sustained, it will be a decade or more before the continent as a whole can recover from the losses of the 1970s and 1980s. There is an urgent need to raise growth rates further".

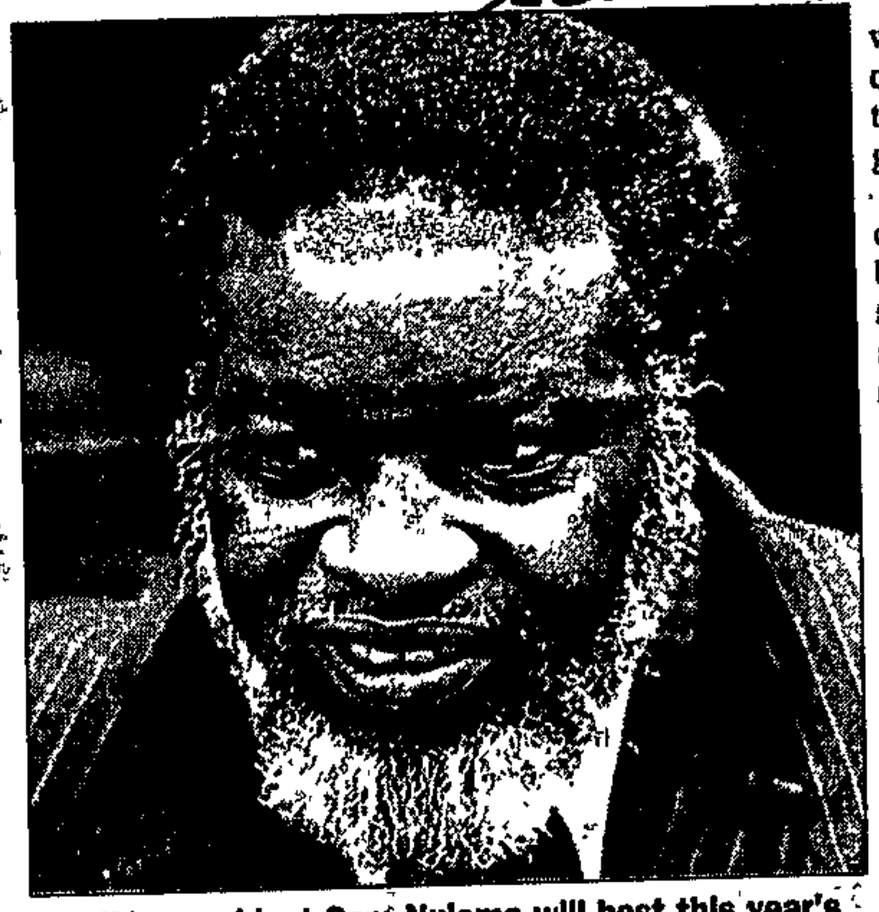
The top performing economies – Mauritius, Tunisia and Botswana – have been well managed, have significant export interests and have a history of respectable growth, according to the report.

South Africa, which has the largest economy, has not had a high economic growth rate and is ranked seventh, but is credited for continuing "its political and social restructuring with astounding calm".

The better performing countries were those that were not torn apart by war or economic turmoil in the '70s and '80s, while the "middle" rankings still have to recover from long periods of bad performance, like Ethiopia, which has to rebuild after a civil war.

At the bottom of the rankings are Zimbabwe, Malawi, Nigeria and Angola

There are also geographical coincidences.



Namibia president Sam Nujoma will host this year's WEF-SADC summit.

North Africa (Morocco, Tunisia and Egypt) and Southern Africa (Namibia, Botswana, South Africa, Lesotho and Swaziland) as well as Mauritius are among the better performers.

In all 23 countries, levels of optimism for future prospects were higher than expected and there were greater expectations for continued improvement, especially in the areas of tariff levels, road infrastructure, rule of law, telecommunications and access to financing.

However, perceptions about corruption and transparency showed limited improvement.

Illness and disease

The only factor that worsened was the impact of illness and disease, in which there is evidence of deterioration.

However, there were some stark contrasts. South Africa, for example, although its ranking is respectable at seventh, comes last in the optimism rankings.

The report states: "The relatively low ranking on the future can largely be explained by tremendous concern over crime and the instability associated with the transition to democratic rule.

"These fears may be exaggerated but these concerns are also strongly put."

Similarly, Zimbabwean businesses expected little improvement in the future and responded more negatively than in any other country on questions relating to the direction of change.

Interestingly, Botswana, Namibia, Tunisia and Mauritius – although the top four – were relegated to the bottom on this question, but this was attributed to satisfaction with current circumstances and a belief that perhaps things were already "so good" they can't get much better.

Political and policy stability, openness to trade, transparency between business and government and improved infrastructure are the areas in which the business community wants more reforms.

Business ranked stability and transparency issues as the factors inhibiting their work most.

Both domestic and foreign businesses rated corruption as one of their greatest concerns and a major obstacle to efficiency and growth.

While much has to change internally, the authors also point to ways in which the international community can contribute to improving Africa's lot.

Debt relief would be the first step. The continent has a large number of highly indebted countries and more than 20 percent of Africa's export earnings are used to service international debts.

Opening up world markets to African exports would be another. In crucial markets such as agriculture, textiles and clothing, developed countries have policies that protect their own.

However, the United States government estimates that reducing its import restrictions to allow in textiles and clothing from Sub-Saharan Africa would help develop that industry in at least eight countries, at a potential cost of only a tiny number of jobs in the US.

Developing manufacturing exports is a key to growth, but that sector is unlikely to develop if international markets remain closed to Africa, says the report.

The continent also receives the least foreign direct investment (1,4 percent or about R25 billion) despite the fact that it yields high returns.

Since there has been greater democratisation and growth on the continent, there will be more business opportunities.

But Africa's recovery will "continue to gain speed and strength" only with the proper international climate and domestic leadership committed to well-functioning markets, concludes the report.

● The countries surveyed were (from highest to lowest): Mauritius, Tunisia, Botswana, Namibia, Morocco, Egypt, South Africa, Swaziland, Ghana, Lesotho, Cote d'Ivoire, Zambia, Kenya, Uganda, Burkina Faso, Tanzania, Ethiopia, Mozambique, Cameroon, Zimbabwe, Malawi, Nigeria and Angola.

New African business forum in pipeline

279A

Alan Fine and
Claire Pickard-Cambridge

WINDHOEK — Nedcor chairman and World Economic Forum council member Chris Liebenberg and Standard Bank of Namibia MD Victor Moll announced moves yesterday aimed at setting up a Southern African Development Community-wide forum of business people.

During the forum's 1998 Southern Africa Economic Summit, Liebenberg said the forum should be used to formulate common positions, demands and needs for communication to governments of the region.

Moll said the plan was still at an embryonic phase but it could be an influential body. Liaison with all SADC states had not been completed.

Zambian President Frederick Chiluba made a plea for the writing off of Africa's and his country's debt, saying economic restructuring depended on it.

Chiluba told journalists that Zambia and other African countries had no choice but to restructure their economies. "Africa cannot depend forever on charity," he said. However, in many countries those efforts were foundering because of debt-servicing commitments. "Write off our debt and then see our ability to reform."

He said there was a lack of commitment by Africa's friends among developed countries to address the problem. "Whether our people come to benefit from our restructuring efforts will depend on how quickly the countries of the north deal with the debt problem."

In the 1970s and 1980s, Zambia — which has foreign loans of about $9bn — had lost two decades of opportunity because of economic mismanagement. Now the country was struggling to break free because of debt run up by the previous government.

Harvard economist Jeffrey Sachs agreed it was time for a massive write-down of Africa's debt. However, this would first require bold economic reform by African governments.

Chiluba said Zambia under his rule had privatised 80% of state-owned firms and was confident that delays regarding the sale of parts of Zambian Consolidated Copper Mines would be resolved. Inflation had fallen from 400% to 18% over two years.

Namibian Trade and Industry Minister Hidipo Hamutenya said Namibia was seeking to become a gateway to southern Africa. Major road, harbour, airport and telecommunications development had left the country with an infrastructure second only to SA's.

Picture: Page 5

BD 18/5/98

Govt forced to rehire 194 employees

BD 18/5/98

Vuyo Mvoko

CAPE TOWN — Government has had to rehire at least 194 former employees — a majority of them whites who occupied senior level positions — who had either taken voluntary severance packages, early retirement, retired for health reasons or resigned.

Some were found to have been "redundant" while others had "burned out". The number could be significantly higher as there was still outstanding information from the provinces, said Public Service and Administration Minister Zola Skweyiya in answer to Democratic Party MP Douglas Gibson's question in Parliament last week.

He said reasons given for their reemployment included them having been identified as the most suitable candidate for post of senior typist; best matron; best person around for organising conferences and workshops; and best candidate for compiling a programme regarding tourism.

There were those who had to be recalled either to transfer specialised knowledge to newcomers or to junior staff, some who had to complete specific projects they had begun before leaving, and others who had to serve until new incumbents were found.

These included state law advisers and attorneys, engineers, medical superintendents, senior police officers, technicians and accountants.

Public service director-general Paseka Ncholo said the extent to which the system could lend itself to abuse could not be determined.

One of government's biggest disasters was to allow people who were still needed to take voluntary severance packages, to the cost of hundreds of millions of rands to the tax payer.

The White commission of inquiry into public service promotions as of February 15 had received 36 647 complaints, of which 8 511 were found to have been irregular. Skweyiya said 2 391 were found to be "regular" and 481 were postponed for further investigation. A total of 25 102 were withdrawn by government departments, and the parties involved in 162 were either deceased or could not be traced.

Business Day Online

NEDLAC SUMMIT *Sadlec proposed to promote*

Labour says SADC needs consensus

(279A)

(BE) 13/5/98

THABO LESHILO
BUSINESS EDITOR

Johannesburg — The labour constituency of Nedlac has proposed that a similar consensus-shaping body be established for the Southern African Development Community (SADC).

Ebrahim Patel, the labour convener of Nedlac, said at the weekend that Sadlec — the Southern African Development Labour and Economic Council — was needed to promote participation in social and economic policies for the region.

Bertie Lubner, representing business, said business could support labour's idea if it meant the end of bottlenecks in the areas of capital transfers, skills transfer and excessive paperwork experienced by exporters.

He said the SADC had failed to serve the people of the region. The body needed to be changed and its secretariat made effective to implement agreements.

Addressing the commission on regional integration at the summit, Patel said Nedlac had to aim for a southern Africa where labour rights converged with social rights.

He said the South African trade union movement wanted human solidarity in southern Africa. Labour envisaged integration that not only eased the flow of goods, but also promoted economic development through economies of scale and infrastructural development.

"We do not want to be a low value-added, low wage, low-tech region of the world economy," Patel said. "We don't want to be the T-shirt producers of the world." He said labour envisaged a "social market" with economic dimensions.

He said commissions might have to be established to create convergence in housing, fiscal and monetary policies.

Alec Erwin, the trade and industry minister, said regional integration in southern Africa was no longer an option but an imperative. Common industrial strategies were needed to make the region economically viable.

He said economic integration could not be attained at the exclusion of the social element.

However, Erwin did not seem enthusiastic about Sadlec. He warned against Sadlec being a supranational body, because it would be "bureaucratic, slow and inefficient".

The government preferred the route of government-to-government relations, he said. Erwin said SADC agreements already covered a wide range of issues such as crossborder crime, water supply, safety and security.

But South Africa would not act outside of the SADC and the Organisation of African Unity. "We are not the US of southern Africa," he said. "We will not do anything single-handedly."

Lubner said genuine commitment to integration should replace national pride for the region to succeed economically. "Globalisation is taking the world by storm, but southern Africa is left behind," he said.

BUSINESS REPORT

Nedlac-like body mooted for SADC

JOHANNESBURG: The labour constituency of Nedlac has proposed that a similar consensus-shaping body be established for the Southern African Development Community (SADC).

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● See Page 17

(2799)

CT 18/5/98

Erwin rejects 'misleading' policy criticisms

ET (BR) 18/5/98 (279A) (4pp)

LYNDA LOXTON
PARLIAMENTARY CORRESPONDENT

Cape Town — Alec Erwin, the trade and industry minister, on Friday rejected claims that the government's industrial progress was being driven by outside forces and was compounding the problem of jobless growth.

He also warned that the success of pending free trade agreements with the European Union (EU) and the Southern African Development Community (SADC) depended on a degree of give and take by both sides, but that this would benefit not only South Africa but the SADC as a whole.

Erwin dismissed the common claim that South Africa's industrial policies had led to jobless growth as "a misleading simplification, as it takes no account of the crucial structural changes (being undertaken) that will sustain growth in the future".



FEISTY *Alec Erwin, who claims critics have ignored structural changes in industry*

He said many analyses of manufacturing did not consider the longer-term cycle of investment and extensive restructuring that had taken place.

For example, he said, the textile industry had seen the average age of capital equipment being reduced from 18 years in 1994 to 11 years in 1997. This was projected to fall even further to eight years in the near future.

"Employment dropped in the textile sector but grew in the clothing sector," he said.

"Other industries have experienced similar deep structural change, yet the overall level of employment in the manufacturing sector has in aggregate remained roughly constant from 1994 to 1997."

These structural changes had been accompanied by various support programmes to improve technology and human resource skills and innovation in industry.

"We can say with some justification that we are on track to generate 100 000 new and sustainable jobs in the manufacturing sector."

The tariff reform programme had been managed to assist the structural reforms needed in industry, and it was expected to take between five and 10 years to realise its full potential. He said there were problems, but despite them the "integrity of the tariff changes must be kept".

Trade negotiations with the EU were "finely poised" and offered prospects of a stable trade and investment framework with South Africa's major trading partners in the developed world.

He said South Africa was prepared to make the structural changes because they "coincide with our basic strategy". The EU should see the negotiations as a "contribution to economic stability in Africa".

He also said South Africa had to overcome vested interests and take the lead in offering SADC partners greater market access.

Chiluba pursues debt relief

BD 19/5/98 (279A)

WINDHOEK — Zambian President Frederick Chiluba chastised the Group of Eight (G-8) leading industrial nations for not offering concrete steps to alleviate the debt burden of Africa's impoverished nations.

Chiluba said on the second of the three-day Southern African Economic Summit that while he had not read the G-8's final communique from its weekend summit in the UK, its participants had to step up action to write off developing world debt, and not just use words.

"We need the G-8 to do 70% of the practical work (of cutting debt), and 30% of the talking," he said, playing on a personal observation he had made that politicians do 70% of the talking and only 30% of the deeds.

Chiluba's remarks followed comments on Sunday, where he said western nations and lenders were not giving enough credit to the political and economic reforms taking place in African nations.

Zambia is one of the world's most indebted nations, with a national debt of around $8bn for a population of just 8,5-million. This translates into a debt of almost $1 000 for each citizen compared with an average personal income of less than $500 a year.

On Sunday, the G-8 group of nations — Canada, Japan, Italy, the US, the UK, France, Germany and Russia — said they would speed up and broaden plans to pare developing countries' debt in exchange for countries adopting democratic and market-oriented economic policies.

African leaders have reacted to the news with caution, fearing that the well-meaning words may be held up by red tape and other hurdles.

African nations owe the west billions of dollars, which has left many governments struggling to meet interest payments at the expense of enacting social and industrial investment strategies.

Chiluba said that attempts to modernise the Zambian economy were being hindered by its repayment of debt.

"We need (a cut in our debt) badly," he said. "There's no way democracy can succeed in a sea of poverty "

Asked what progress was being made to privatise Zambia's substantial copper assets, Chiluba said negotiations between interested investors were continuing, but refused to give any timetable for their conclusion.

He said the Copperbelt Mining Corporation, formerly the Kafue consortium, still had the inside track in the talks to take over two large copper mining operations from state-owned Zambia Consolidated Copper Mines (ZCCM).

Copperbelt Mining Corporation comprises SA's Avmin, Noranda of Canada, Phelps Dodge of the US and the UK's Commonwealth Development Corporation.

Earlier this year, talks foundered after the consortium, which had signed an agreement in principle last year to acquire the assets, revised its bid lower to accommodate a sharp drop in copper prices.

ZCCM and government officials pulled out of the discussions, saying they would revive negotiations with other investment groups.

Chiluba confirmed yesterday that the government had "not knocked anybody off the list".

He said a final agreement with the Copperbelt consortium was being delayed by "environmental and social issues". Among other things, this is understood to mean that any bidding group must continue to provide accommodation for the mines' workers.

Chiluba said the issue of advancing the stalled privatisation of ZCCM's assets had been raised by Paris Club donor nations at a recent bilateral meeting to review Zambia's debt. Zambia's copperbelt region contains nearly 34% of the world's cobalt reserves and more than 10% of its copper reserves. — Dow Jones.

Mbeki in SADC bid to restart Congo

(279A)

Windhoek – Deputy President Thabo Mbeki has announced a major initiative by the Southern African Development Community (SADC) to help rehabilitate its newest member, the Democratic Republic of Congo – and has declared that he is confident the ruined country will be restored to political and economic health.

Mr Mbeki, who met the Congo's President Laurent Kabila in Kinshasa last Friday, said at the World Economic Forum's Southern African Economic summit here yesterday that South Africa, Botswana, Namibia and Zimbabwe would initially be the countries which would act together to provide assistance.

He noted that the process of rehabilitating the Congo had already begun as officials of the SA Reserve Bank had started training Congo bank officials to restore banking administration. Another dire need was the administration, which had collapsed completely.

Mr Mbeki said that Mr Kabila had agreed to allow a UN human rights inspection team to return to the Congo to continue its probe of allegations that Congo troops massacred Hutu refugees.

The Congo government had also agreed on the need for democratisation, for an open political system and for preparations for elections, and these specifics were being discussed.

■ President Kabila, in Namibia for the Southern African economic summit, held a private meeting with pop star Michael Jackson to discuss business early today.

Aides to Mr Kabila said the two discussed whether Jackson would play a celebration concert in Kinshasa to mark this month's first anniversary of the overthrow of despot Mobutu Sese Seko, following three decades of rule which had left the economy in ruins.

Jackson also explored the possibilities for investment in the former Zaire, according to the aides, who were present at the 20-minute meeting. Jackson was the guest at the opening of the summit of Namibia's President Sam Nujoma, and addressed the gathering about his concerns for the world's homeless and abused children. – Sapa-AFP

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WORLD ECONOMIC FORUM *SADC's attempts to have loans annulled dominate meeting*

Pleas for debt relief rebuffed

CT (BR) 19/5/98 (~~360~~) (279A)

JAMES LAMONT

Windhoek — Economists and bankers struck back yesterday at appeals by Southern African Development Community heads of state to have the debts of their countries written off

Speaking at the Southern African Economic Summit, Nico Czypionka, the group economist for Standard Bank, said if donor countries and multilateral institutions offered to write off historical debt they could be opening up a Pandora's box. He warned that such a move could backfire in the relations between southern African economies and financial markets.

The issue of debt relief has been a dominant theme of the summit. In what appeared a concerted campaign, presidents Frederick Chiluba of Zambia, Sam Nujoma of Namibia and Joaquim Chissano of Mozambique said democratisation and economic development were being undermined by the servicing and repayment of national debt.

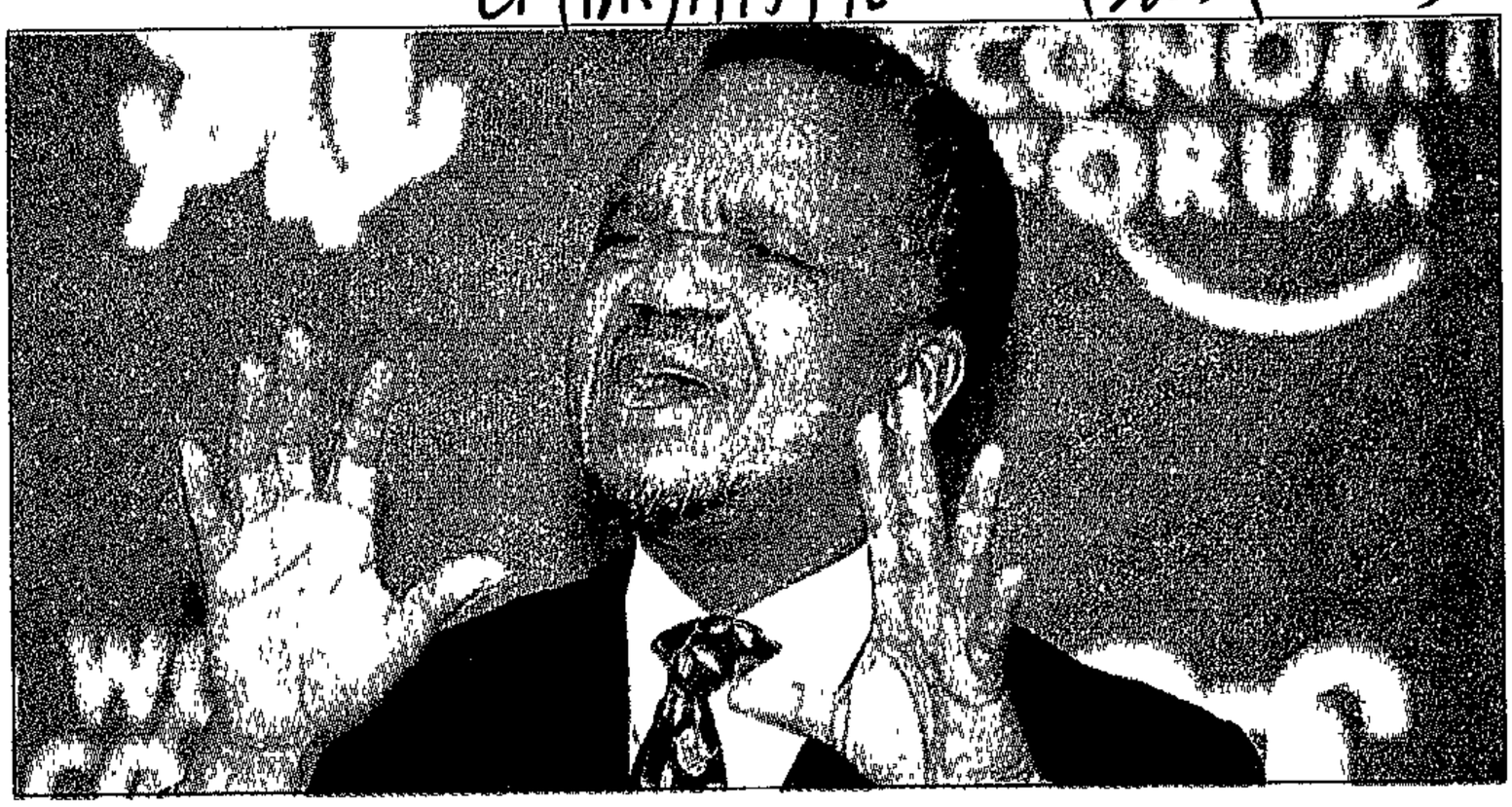
Czypionka insisted that debt write-offs had to have conditions to them. "If there is to be a compromise there has to be something given by the borrower ... it really will have to be in combination with a structural development plan" He found it hard to believe that regional leaders "were asking for debt forgiveness and arriving at the conference in Falcon 5000 jets".

Rudolph Gouws, the group economist for Rand Merchant Bank, said: "Governments can ask for debt forgiveness but they have to give assurances that the squanderings of the past are not brought into (the) future."

The regional leaders' plea was backed by Jeffrey Sachs, the Harvard University economist, in the summit's opening address. Sachs said debt should be cancelled and the region should negotiate with the World Bank and International Monetary Fund as a region.

He said debt conditionality should be reduced from the World Bank's 117 conditions to about five and the region "must rejoin the world economy on a new basis fundamentally different from what exists today".

Sachs' comments have bewildered and angered some members of the South African government. Trevor Manuel, the finance minister, said he was concerned by the economic populism espoused by Sachs. "It's not going to help us," he said.



LET GO *Zambia's Frederick Chiluba addresses the media yesterday at the World Economic Forum in Windhoek. He appealed for the lifting of the debt burden on countries that are reforming* PHOTO AP

SA likely to get lion's share of French agency's loans to SADC

(279A)

John Dludlu

20/5/98

SA IS expected to get the lion's share of the R248m worth of new loans set aside by the Agence Francaise de Developpement for countries in the Southern African Development Community (SADC).

The French development agency and Proparco, its subsidiary, said yesterday that R135m of its funds would be extended to SA.

The new commitments signal the French agency's interest in the SADC.

A R125m credit line, the third by the agency, would be given to the Development Bank of Southern Africa, bringing to Ff400m the amount that had been lent to the Midrand-based SA bank.

The facility would be used for "partial funding of basic infrastructure projects" and was a response to SA's needs.

A further R10m would be used for funding ecological projects in the Cape Peninsula park and for making an additional investment in a venture capital company for funding of equity participation in small SA companies. The objectives of the investment included the facilitation of technology transfer.

Nampower, Namibia's electricity company, would receive R30m in partial funding of the 400kV interconnection line between SA and Windhoek.

The line is intended to alleviate Namibia's power demand and marks the continuation of the French agency's involvement in developing the southern African regional power grid.

In Zambia, the agency would extend a $15m credit line to a financial institution for the promotion of small and medium-sized enterprises in agriculture, services and industrial sectors.

The agency was a participant also, via a $1,5m investment, in an enterprise equity fund being created in Mozambique with other investors.

The agency said it had signed an agreement with the Zambian government on the legal framework of its operations in the country.

Trade offer for SADC to be in place by July

THABO LESHILO (279A) BUSINESS EDITOR

CT(BR) 20/7/98

Johannesburg — South Africa would table a comprehensive trade liberalisation offer to the Southern African Development Community (SADC) in July, Marina Meyer, the department of trade and industry's deputy director for the SADC, said yesterday.

The offer would provide full details of the goods for which it was prepared to remove tariffs immediately, those for which liberalisation would be phased down and those for which it wanted tariff protection to continue because of their sensitivity to competition.

The proposals would be tabled at a meeting of SADC ministers of trade in Luanda on July 17. Meyer said South Africa would offer a five-year phasing-down period compared with the eight years required by the World Trade Organisation (WTO) because of the large trade imbalance with its neighbours. The imbalance is 6:1 in favour of South Africa.

The list of sensitive products is expected to include sugar and beef, plus some clothing and textiles.

Alec Erwin, the minister of trade and industry, said at the weekend South Africa could not ratify the 1996 SADC protocol on free trade without specific details pertaining to the lowering of tariffs.

Region's window of opportunity opens

Does southern Africa have what it takes to make good the new opportunity afforded it to begin real global integration, asks **Alan Fine** in Windhoek

(279A) BD 21/5/98

THE annual regional summit of the World Economic Forum took place this week during what is widely seen as a real window of opportunity for the region and the continent to begin integrating itself into the global economy. US President Bill Clinton's recent African trip was the final act of opening that window.

There is also an unprecedented degree of consensus among the governments and business executives of the region about the policy prescriptions necessary to make the break from the isolated and impoverished past and present. There is certainly no Southern African Development Community (SADC) leader in power today who would question that liberalisation, deregulation, privatisation and fiscal rectitude is the medicine to save the region. from further economic decline.

But there are also immense political, capacity and other obstacles which threaten leaders' willingness and/or ability to implement reforms in line with what has become an almost universal conventional wisdom And the danger, as was stated more than once this week, is that the window of opportunity is a narrow one which will not remain open for long

But if SADC leaders have come almost unreservedly to accept the principle of the policy prescriptions, they have also succeeded in placing on the agenda of the mainstream economic debate the notion of a far more substantial round of debt relief for developing nations than has previously been envisaged in the West Africa's foreign debt stands at $122bn.

No less than Jeffrey Sachs, head of the Harvard Institute for International development which puts together the WEF's various international competitiveness reports and renowned free marketeer, stated this week that the Highly Indebted Poor Country initiative, discussed again at the weekend by the G-8 nations, was insufficiently ambitious.

That was just one aspect of an attack by Sachs on international mainstream thinking; the other was his dismissal of traditional World Bank/International Monetary Fund structural adjustment programmes. He disparaged programmes containing, in one case, 117 conditionalities. He thought five to 10 were sufficient.

Of course, when his subclauses were added, his prescriptions — spelt out in a tour de force — are hardly dissimilar in substance to the World Bank's. It is perhaps a case of the WEF/Harvard team seeking supremacy over the World Bank/Chicago School of Economics axis in the ideological stakes. Sachs's key theme is competitiveness, so this would be no surprise. But we digress.

The arrival of large-scale debt relief on the mainstream agenda is only the beginning of this new phase. The debate has now turned to the question of which comes first: debt relief or economic restructuring.

Zambian President Frederick Chiluba was one of the gamut of SADC leaders who spelled out the indebted nations' perspective: "Write off our debts, and then see our ability to reform." In other words, the debt write-off chicken must come before the restructuring egg.

While some may see this as disingenuous, it is also profoundly rational. A pre-emptive, substantial debt write-off would sweeten just a little the bitterness of the restructuring medicine. This would reduce the probability of the civil unrest which is a common result of restructuring medicine, and make it more possible to sustain these measures.

The problem, of course, is how participating creditor institutions can be sure that precipitate debt relief does not encourage a relapse into the old spendthrift, economically isolationist ways.

Sachs spelt it out in this way: Reform is too slow and grudging. Those who introduce real reforms receive too little support. For the first time in generations, Africa has the positive attention of the world.... It is time for a massive write-down of Africa's debt."



Deputy President Thabo Mbeki at the forum yesterday. Picture AFP

The power to do so lies with the creditors, however. So "the solution must come overwhelmingly from Africa. Governments have to initiate bold economic reforms, the lenders must write it off."

Selling to creditors the idea that write-offs should precede significant reform is not on The most favourable outcome for indebted nations is that those write-offs accompany reform. But even that will require a powerful demonstration of political will. And it is far from clear that that will exists sufficiently strongly, certainly in some countries of the region

That is a problem that fits in with another of the summit's central themes — that all SADC nations are in it together and the region will be no more successful than its weakest link.

The judgment of the WEF African Competitiveness report is that no more than two members — Mauritius and Botswana — have almost made the required progress. SA is judged to be moving in the right direction, but too slowly. (There is something undignified in being judged by these adjudicators of the developed world, but it happens nonetheless).

Zambia and, particularly, Zimbabwe, are judged to have regressed in the past year.

Zambia's Chiluba cut a confident figure at the summit. But that will not hide the fundamentals of his country's problems, as highlighted by the stalling of the Zambia Consolidated Copper Mines privatisation process.

Zimbabwe's President Robert Mugabe did not even succeed in making a good superficial impression. He arrived late and departed before his two scheduled appearances on Tuesday morning He did take the time to confirm his state of denial by saying there was little wrong with Zimbabwe's economy.

The Zimbabwean business delegation was abuzz with talk that Mugabe had been hauled over the coals for letting the side down by fellow SADC heads of state at a private breakfast the previous morning, and that that perhaps explained an early and huffy walk-out.

That seems unlikely Protocol considerations would not permit the leader of the SADC's number two country to be upbraided by leaders of smaller, weaker counterparts. At best, they would be permitted subdued and vague expressions of concern. For example, the impressive, self-deprecating new president Festus Mogae coyly accepted bouquets for Botswana's performance. He said that he hoped it showed others that progress is possible.

Only SA has the strategic authority to spell it out clearly, and even then it would be done only in the most diplomatic of terms. The fact that the notoriously thin-skinned Mugabe was conspicuous by his absence for large parts of the summit may suggest, though, that the message got through.

Beyond the problems of will, Deputy President Thabo Mbeki outlined the severe capacity shortages that hamper the SADC's attempts to make progress which, it was unanimously agreed, had been disappointly slow and halting The understaffed SADC secretariat, he said, had more work to do than the entire Brussels-based European Union bureaucracy.

Another oft-repeated theme, supported by the WEF intellectuals, was the need for economic reform to have the backing of all major social interest groups. That was a point made almost simultaneously by Clinton at the World Trade Organisation's 50th anniversary celebrations in Geneva, Switzerland, as far as trade liberalisation is concerned.

The fate of Indonesian President Mohammed Suharto in the days leading up to the summit can only reinforce that point

Zambian Congress of Trade Unions general secretary T Chirwa outlined what he saw as the preconditions for labour's acceptance of reform, among them full-scale dialogue with unions and maintaining certain minimum labour standards.

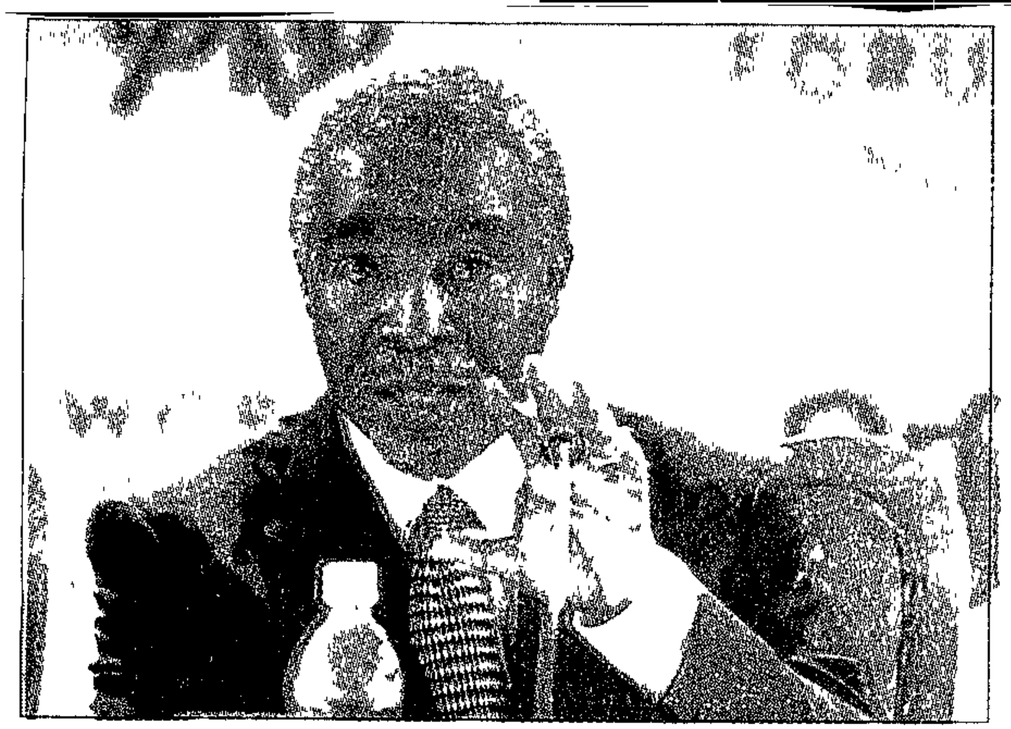
Either way, the point remains that the SADC's weakest links — and even its mid-strength ones — do not evoke the developed world's confidence in the region.

Appropriately, given his backing for the idea of an African renaissance, it was left to Mbeki to try to instil confidence and optimism at the closing session of the summit. He said that, whatever the theoretical deficiencies in the region's and SA's performance, practical examples belied the depths of pessimism which sometimes threatened to take hold.

He gave as examples the substantial foreign investments in strategic equity partnerships at Telkom and the Airports Company, and the major export projects in the manufacturing sector by the likes of BMW and Volkswagen. The pessimism is due in large part, he argued, to misinformation and ignorance.

Maybe so, to some extent. But the evidence of progress he provided is still a swallow which has not yet made a summer.

Pictures: AP



SERIOUS ABOUT REFORM . . . Deputy President Thabo Mbeki took notes



OPPRESSED BY DEBT . . . Zambian president Frederick Chiluba wants relief

World needs a clear signal from Africa

ST(BT) 24/5/98

(279A)

There was a lot of talk at this year's World Economic Forum conference in Windhoek. But when the dust had settled around the politicians' limousines, it appeared that not much had been achieved, writes SVEN LUNSCHE

THE sense of frustration was all too obvious at last week's World Economic Forum conference in Windhoek.

As Southern Africa's business and political leaders gathered to assess and preview the region's economic integration, Michael Jackson's sudden appearance at the opening plenary was the only event that stood out at the meeting.

While the region's business leaders lived up to the conference's reputation as the prime spot to make a quick deal, the politicians merely uttered the usual platitudes. But the rhetoric sounded more hollow than ever as it became apparent that little progress has been made along the road to integrating and developing the Southern African Development Community (SADC)

As in Harare last year and Cape Town previously, the heads of state were unanimous in supporting free market reform in their own countries and for greater co-operation and integration in the region under the SADC umbrella

There has also been some remarkable progress in areas such as energy and power-sharing, stock-market co-operation and crime fighting; sectors where politicians remain mostly on the sidelines.

But by and large the region is no further down the road of economic prosperity than it was two years ago and political agendas continue to be the first impediment to greater regional integration

Since SA's admission to the SADC in 1994, eight sectoral protocols have been drawn up to boost regional integration and provide a common policy framework Of the eight protocols signed so far, only one on immunities and privileges has been ratified by the requisite two-thirds of the body's membership. Of the 12 member states (Congo DR and the Seychelles are expected to join later this year) only Botswana has ratified all the protocols

Most critically, the liberalisation of intra-regional trade has been in slow motion and only three members (Mauritius, Tanzania and Botswana) have ratified the 1996 Maseru agreement A two-thirds majority can be expected only later this year with SA promising to come on board in mid-July.

Clearly Southern Africa doesn't have that much time and Harvard economics guru Jeffrey Sachs expects a tariff-free region within three to four years of ratification "You simply don't have that much time if you want to catch up with the world," warned Sachs, who co-authored the WEF's Africa Competitiveness report

SA Deputy President Thabo Mbeki, who studiously took notes while Sachs lectured, concurred. "The politicians in the region understand the need for greater integration and three years is a more realistic timetable. But we have to take our labour and business constituencies with us and this has slowed things down," he said.

Sachs's message contained his now familiar message of export-led economic salvation "Trade is not merely a good thing It is an essential part of economic development "

He said no country had achieved economic success by reliance on a single export commodity, with the notable exception of Botswana "since it used its diamond revenue to diversify" Thirty years ago Mauritius took the decision to venture into textile exports "It was an outstanding success and in its wake followed other trade liberalisations which have made the country Africa's most competitive."

Apart from advocating special export processing zones, Sachs reiterated a number of cornerstones of economic liberalisation, realistic exchange rates; abolition of tariffs and quotas; low taxes, and a flexible labour market. While these are the standard ingredients of any IMF/World Bank reform package, Sachs vigorously advocated "fewer visits by the Bretton Woods institutions".

He also backed what emerged as one of the major themes of the WEF — debt relief for Africa by the developed world. "This debt is like a gun to our heads. We cannot reform without debt relief," stressed Zambian president Frederik Chiluba.

But Africa's leaders rather undermined their case by arriving at functions in cavalcades of limousines and surrounded by dozens of underlings and bodyguards. As Standard Bank's Nico Czypionka said: "These leaders calling for debt relief are arriving in Falcon 500s " It should be noted that Mbeki was a laudible exception, arriving in Windhoek with one bodyguard, a press secretary and his wife

More seriously though, the continent's major creditors are unlikely to seriously examine debt relief without clear signals that Africa is on an irreversible free-market path.

Border formalities still hamper SADC trade

FROM REUTERS

Windhoek — Non-tariff trade barriers, high transport costs and border formalities continue to hamper regional trade in southern Africa, an independent policy unit said in Namibia yesterday.

The Windhoek-based Namibia Policy Research Unit said its survey underlined the need for a co-ordinated regional strategy to promote trade among countries of the Southern African Development Community (SADC).

The study, commissioned by the Konrad Adenauer Foundation in Harare, said businesses in the SADC region were commonly confronted with high interest rates, high inflation, bureaucracy, a high crime rate and immigration regulations.

While the SADC was seen as a vital link in the region to facilitate and enhance trade, businesses favoured the removal of non-tariff trade barriers. They also wanted to reduce transport costs and bureaucracy at border posts.

"These findings call for a co-ordinated macro-economic policy framework aimed at the creation of a conducive environment in which businesses can flourish within the SADC region," said Jacob Ntintin Oranje, who led the survey.

"A consultative approach between governments and the private sector is desired to foster better relationships."

The study showed that in the SADC region, South Africa, Botswana and Namibia had the most favourable conditions for potential investors.

ANALYSIS

Maputo corridor paves the way for regional integration

The Maputo corridor development highlights the challenges for regional development and raises important questions for future initiatives, write Junaid Ahmad and Fani Zulu

(279A) PD 5/6/98

THE architects of the Maputo corridor, the governments of Mozambique and SA, meet their partners in the private sector tomorrow to inaugurate one of the most advanced initiatives in regional co-operation and integration in sub-Saharan Africa, the Maputo corridor.

In officially opening the N4 Maputo corridor toll road, presidents Nelson Mandela and Joachim Chissano will be blessing an important test case for regional co-operation: for a scheme like this to work, all parties must experience the benefits. To the extent that many of these potential benefits can already be identified, Saturday's inauguration marks a new dimension of the African Renaissance: joint management of economic resources by African states.

Two important trends characterise the Maputo corridor's architecture. First, it is a concrete expression of the trend towards regional integration. Learning from the experiences of integration elsewhere, the real glue of integration is cross-border physical investment.

Indeed, the creation of such physical links often encourages more rapid trade liberalisation.

Second, the corridor is a good example of how states can partner with the private sector to promote greater development for people in the region.

In sum, the Maputo corridor establishes a model for initiating projects across national boundaries, in partnership with the private sector and in the interests of national development. Further, by opening up to their neighbours in this way, countries mobilise the larger potential of a regional economy.

This new way of working between countries raises several issues. First is the question of the institutional framework needed for regional initiatives. Some would suggest Southern African Development Community might have been the right framework, others that multilateral institutions could have done the job. In the case of the Maputo corridor, Mozambique and SA work bilaterally. Different regional initiatives in the future will suggest their own frameworks but what should be recognised as crucial to the success of the Maputo corridor is the political determination that was needed to pursue such a regional initiative.

Second, by allowing the private sector to risk its capital the project is using the market to bench-mark the viability of the project. This is an important litmus test for other corridor architects to follow.

In addition, private sector participation in regional infrastructure can be the catalyst for the emergence of regional capital markets.

Third, as with national infrastructure, regional infrastructure initiatives offer many mechanisms for broadening ownership. This is truly a chance to ensure that regional projects allow Africans to own Africa, a challenge that goes to the heart of the African Renaissance theme. Not only are there possibilities of share ownership schemes for labour and the population at large, but the incorporation of small contractors in the building process offers new horizons for economic empowerment.



Mozambican President Joaquim Chissano and President Mandela will inaugurate the Maputo corridor project tomorrow

The corridor illustrates that not only public sector financing but private sector delivery can be a mechanism for broadening ownership.

Fourth is the issue of regulating regional infrastructure projects that cross countries with different regulatory regimes. International experience suggests that competition is an important form of regulation and wherever possible infrastructure systems should be liberalised to allow greater competition.

Hidden within opportunities like these presented by corridor development are very real risks. First, is the risk of limited capacity within and between nations to manage regional projects. But capacity is not destiny; it can be fostered and greater responsibility often provides greater incentives to invest in capacity. The process of establishing the Maputo corridor has fostered many initiatives that resulted in the sharing and growth of capacity across both Mozambique and SA.

Second is the risk of limited co-ordination between public sector organisations. For the Maputo corridor to achieve its true potential, a complex web of mechanisms, institutions, rules, and incentives have to be set in place in the public sector to facilitate the ripple effects of the transport initiatives Various Ministries have to deliver on many aspects of the public sector.

The Maputo Corridor Development Company, which is in the process of creation, is designed to facilitate this co-ordination. While an innovative approach, the success of the company will ultimately depend on the capacity of the public sector to respond the company's voice.

Third there is a risk of benefits not materialising. Who will bear the liability of projects which do not deliver? What is needed is a framework to manage risks and the division of liabilities across nations and between the public and private sector.

As regional integration intensifies, the World Bank and other multilateral institutions will need to reassess their role in regional initiatives. For the World Bank, three roles stand out clearly. First, the Bank can bring to bear on regional issues the experiences of other countries and, more importantly still, take to other regions the experience of Southern Africa.

Second, by offering risk insurance, the Bank can provide an incentive for private capital to finance the regional projects. Finally, Bank lending to states can be a vehicle for broadening of ownership, promotion of private sector development and provision of public goods which are part of regional initiatives.

But to achieve the broader goals of regional integration, the World Bank has to revisit how it interacts with countries in a cross national project. This is a lesson that the Bank has learned from the architects of the corridor. At the request of Mozambique and SA, the Bank established a co-ordinating team to mirror the structure put in place by the two governments.

The Maputo corridor offers a powerful example of co-operation between neighbours The Mozambican and South African governments have set a new standard in regional integration from which all Africans and the rest of the developing world stand to benefit.

□ *Ahmad and Zulu work in the South African office of the World Bank*

SA and Mozambique launch R2-bn toll road link

CT 7/6/98 (279A)

CONSTRUCTION of the R2-billion Maputo development corridor toll road was officially launched at an elaborate ceremony attended by thousands of people in the border town of Ressano Garcia yesterday.

After unveiling a commemorative plaque, President Nelson Mandela and his Mozambican counterpart, Joaquim Chissano, stressed the importance of the corridor to uplift local communities.

The corridor has been dubbed the largest infrastructure project on the African continent.

"As we co-operated in our struggle for liberation, as we stood together against oppression and violence, so we now take hands to improve the lives of our people," Mandela said.

He said the corridor would open the way for other new enterprises, resulting in international investment. 'Local communities had to seize the opportunities created by the corridor, Mandela said. Co-operation was the key to a successful future.

Chissano said the project was proof of the capacity of the two countries and of Africa's potential to attract investment. Mozambique called on business to invest in agricultural projects similar to the corridor.

"We are saying to the world that Africa is not only a zone of instability, but rather one of economic progress and development," he said.

Chissano assured Mozambicans the toll road would go a long way towards bringing an end to poverty. "This is what is going to draw us out of poverty, because it will bring about job creation," he said.

"We go to South Africa seeking jobs but now the jobs are coming to us."

Transport Minister Mac Maharaj said the corridor had already attracted project proposals worth more than R35 billion.

The projects were significant as it recognised the sovereignty of both countries as well as the unshakable unity of their people.

Thousands gathered to witness the launch and local residents lined the streets to get a closer look. Onlookers waved miniture South African and Mozambican flags and listened to more than an hour of speeches in the hot sun. A military band, singers and dancers entertained the guests.

Communities from Mpumalanga were bused to the event and hundreds of VIP guests, many wearing traditional outfits and dress, arrived by train from Komatipoort near the border.

Construction of the toll road between Witbank and Maputo has already started and is expected to be completed in three years.

Trans African Concessions (TRAC), a binational company which a 30-year concession contract, said in a statement the remaining 27 years would entail upgrading, maintenance, patrolling and operating the road.

It would then be managed by the two governments.

The road, an extension of the N4 highway will have five toll plazas, two of them in Mozambique. – Sapa

SA, customs union partners intend to have free trade offer ready for SADC

(279A)

Wyndham Hartley BD 10/6/98

CAPE TOWN — SA and its customs union partners would have a common, highly beneficial free trade offer ready to place on the table for negotiation with other Southern African Development Community (SADC) countries when talks begin in the second week of July, it was announced yesterday.

Mfundo Nkuhlu, chief director of Africa trade relations in the trade and industry department, said the opening offer from the Southern African Customs Union (SA, Namibia, Botswana, Lesotho and Swaziland) to the SADC would be better than what the European Union was offering SA in the parallel negotiations for a European free trade agreement.

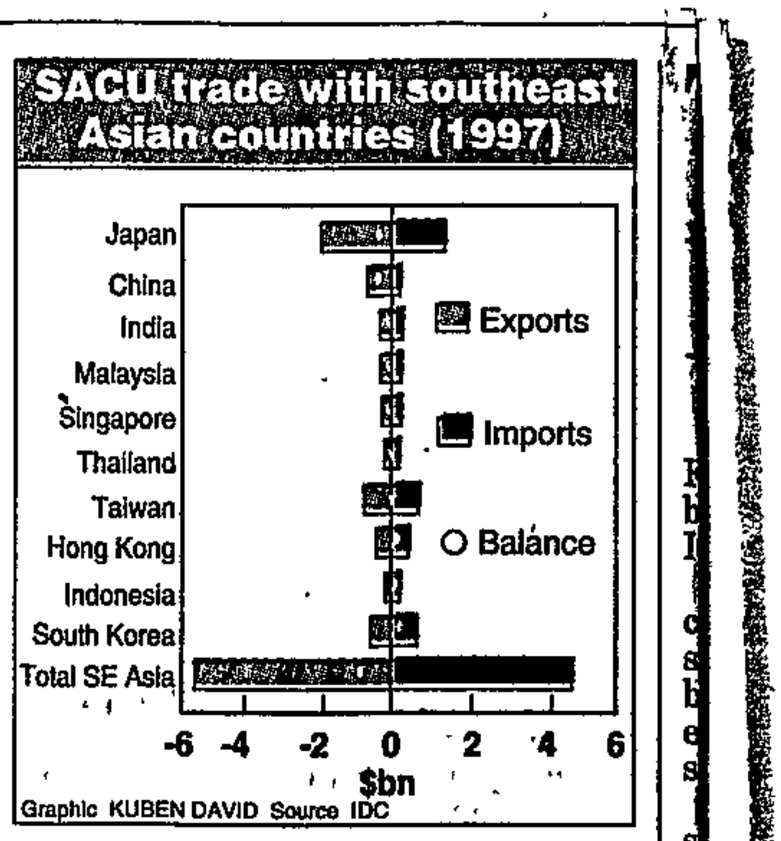
Nkuhlu told Parliament's trade and industry committee that the department was committed to presenting better terms to the SADC than the EU was presenting in its offer to SA.

It was hoped talks for the SADC free trade accord would be completed this year for implementation next January.

Nkuhlu said he fully anticipated that as an SADC regional trade deal grew it would "subsume" other bilateral agreements. He categorically rejected the contention that the phasing out of tariff protection on imports from SADC countries would create distortions in domestic markets.

Imports from SADC in the various categories were between 1,8% and 3,3% of the total from the rest of the world. Yet, because they were so low "it will be difficult to sustain an argument that there will be huge distortions" as a result of a free trade agreement.

He said that 55,5% of imports from SADC already had a zero rate of duty. The 9,3% with duty of 15% or less should be immediately eliminated upon acceptance of the offer and products with a rate of duty of 15% and higher would shed 5% a year.



Customs union allies feel Asian aftershock

John Dludlu

BD 12/6/98 (279A)

SA AND its partners in the Southern African Customs Union have started feeling the pinch of the Asian financial turmoil, with an 11% plunge in exports to the troubled region, says the Industrial Development Corporation (IDC).

In its latest Trade for Growth survey, the Sandton-based parastatal says the expected deterioration of the customs union's trade balance with the southeast Asian bloc has been confirmed by trade figures in the first quarter of this year.

Imports into the customs union surged 13% to $1,3bn, compared with an 11% drop in customs union exports to $800m in the same period.

An IDC official said yesterday the real effect — a decline in customs union exports and the rise in southeast Asian imports — started showing in March. It is understood the trend is continuing, at a greater pace, with the analysis of the April trade figures.

The IDC survey warns that the currency crises in Asia, which began last year, will see the trade surplus into the customs union expanding.

However, this forecast rests mainly on sharp declines in Asian import demand as the region's export-led recovery does not appear to be materialising to the anticipated extent.

The southeast Asian region is an

Continued on Page 2

Customs union

(279A)

Continued from Page 1

BD 12/6/98

important trading partner for the customs union, having accounted for more than 20% of the union's total trade last year. Southeast Asian currency depreciation has improved the competitiveness of imports from the region.

The IDC also warns that the detrimental spillover effects from Asia will slow down investment flows, although the long-term trade effect is not likely to be as severe given the trade balance with the customs union.

Following last year's partial privatisation of Telkom in which Telkom Malaysia acquired a 12% equity stake, Malaysia was catapulted into the top six category of foreign investors in SA.

The IDC identifies iron, steel and nonferrous metals as among the exports that could be adversely affected by the "dramatic slowdown, if not standstill, in the level of construction activity" in southeast Asia.

SADC countries face cereal shortfall

(2794)

BULAWAYO — The Southern African Development Community (SADC) may have to import maize following a projected shortage of 1,35-million tons for 1998/99, Ziana news agency reported yesterday.

The SADC regional early warning unit said in its latest bulletin member countries were expected to harvest 16,73-million tons of maize, slightly up from the earlier forecasts of 16,14-million tons. This is 32 0000 tons less than last year.

The region faces a cereal shortfall (including rice and other grains) of 2,91-million tons, the unit said.

However, Mozambique, SA and Tanzania are expected to have maize surpluses of 386 000, 134 000 and 89 000 tons respectively.

The deficits are expected in Angola (322 000 tonnes), Lesotho (196 000), Namibia (140 000), Zambia (209 000) and Zimbabwe with the largest shortfall of 646 000 tons.

Zimbabwe is expected to harvest 1,47-million tons of maize, a 33% drop from last year's 2,19-million tons. — Sapa.

DD 15/6/98

WORLD TRADE OPPORTUNITIES

Exporters' lack of interest in support schemes disappoints govt

John Dludlu

GOVERNMENT has challenged serious exporters to take advantage of its export support measures. Trade and industry director-general Zavareh Rustomjee says government's 36 industry support programmes are delivering measurable results, but it is disappointed at industry's response.

The department has spent the past four years putting in place a coherent policy and support programmes and institutions.

Government has stopped what it saw as a wasteful general export incentive scheme which, Rustomjee says, cost the taxpayer almost R25bn in today's money over a five-year period.

"The impediments lie increasingly on the side of the private sector, because there is still a sense that people are not serious about exporting on a sustained basis," he says. "We have quite a lot of resources for those industry federations willing to set up export councils."

Rustomjee rejects complaints that there are no matching grants to support the exporting effort and urges industries to take advantage of the department's support under the export marketing and investment assistance programme.

The department has shut down 14 offices but new missions aligning SA with rapidly expanding economies are being opened in co-ordination with foreign affairs.

The changes are intended also to diversify SA's investment and trading partners.

In keeping with the "African renaissance" theme, the department was engaged in processes such as the renegotiation of the Southern African Customs Union and getting the Southern African Development Community (SADC) free trade area signed.

Talks are under way on the SADC tariff dismantling programme. SA and customs union partners are due to unveil a five-year liberalisation offer to other SADC countries next month.

Rustomjee challenges financial institutions to take a share of the risk involved in funding small business. Government would maintain its stake in the Small Business Development Corporation, but it was not in a position to carry the full risk of lending to small business.

Khula Finance Corporation, a state-owned finance wholesaler, has supported more than 20 000 jobs since its inception a year ago, while Ntsika, which provides non-financial support to small business, has helped about 20 000 enterprises. The department's industry support measures helped create about 77 000 jobs.

Alan Hirsch, chief director for industry and technology strategy, says the department is expecting to maintain this job-creating trend, if not do better this year.

Competition policy making gains in southern Africa

Martin Rushmere and John Dludlu

HARARE — Governments in southern Africa are moving to clamp down on economic inefficiencies and anti-competitive corporate behaviour, it has emerged.

At least two countries in the region, Botswana and Zimbabwe, have announced plans to formulate new competition laws.

Botswana has said the competition law under consideration is aimed at maintaining "an open and competitive economy" as well as accelerating the diversification of the economy.

The Zimbabwean bill, due out this year, is also expected to curb public sector monopolies. The competition law is in line with the broader economic liberalisation plan in Zimbabwe.

SA's Trade and Industry Minister Alec Erwin has published a competition bill aimed at improving economic efficiency and stamping out anti-competitive behaviour, such as abuse of dominance.

Erwin has invited public comment on the bill, which was negotiated for months at the National Economic, Development and Labour Council.

This development is taking place as competition policy gains prominence in the international arena. Several European economies are reviewing their competition policies.

Meanwhile, one of the oldest cartels in Zimbabwe has finally ended ahead of the proposed bill.

The 25-year old cartel of cigarette makers Rothmans and BAT was created in response to sanctions against the former Rhodesia.

The cigarette makers were forced to produce their own brands as tighter import controls were imposed by the government because of dwindling foreign exchange earnings and increased defence spending as the guerrilla war against African nationalists intensified.

As the situation degenerated, the cigarette manufacturers could no longer import the high quality packaging for international brands. Rothmans and BAT said they would produce and market local brands and share costs and revenues, from which the cartel arose.

The introduction of Kingsgate and Madison to replace brands such as Benson & Hedges and Peter Stuyvesant signalled that the economy was suffering in spite of repeated claims by the then ruling Rhodesian Front that it was winning.

At the time the two companies said the arrangement was only temporary, but it continued unaltered after independence in 1980.

This has now ended, and each company will be responsible for making and selling its own products. Rothmans, of which Rembrandt indirectly owns 50%, has hinted it might reintroduce the international brands, saying it "is now in a position to fully exploit all of its trademarks and will be introducing new products to reinforce the existing brand portfolio".

Africa

ANALYSIS

Long road to trade bloc integration

Southern Africa could learn from its contact with the South American regional body Andean, writes trade reporter **John Dludlu**

BD 24/6/98 (279A)

HOW long should it take for a regional trading bloc to achieve integration?

For Andean, a five-member regional trading bloc in South America (it consists of Bolivia, Colombia, Ecuador, Peru and Venezuela), the answer would be three decades.

Vicente Vallenilla, the Venezuelan ambassador to SA, says his country's constitution envisaged the dream of regional integration as far back as 1961, yet only started working in earnest towards realising it in the 1990s.

In 1969, the first formal step towards integration was taken with the conclusion of the Andean pact, aimed at creating a customs union in 10 years However, this was not achieved until the 1990s.

The Andean story should prompt a disappointed sigh from integration aspirants such as the Southern African Development Community (SADC), which is only now beginning to work towards a free trade area. However, disappointment will not help the SA-led SADC. Instead, the Andean experience should be used as a lesson.

An opportunity for contact exists. The Andean Community delegation, led by secretary-general Sebastiān Alegrett, is in SA this week to share experiences with SA and other SADC members.

Alegrett is to sound out the SADC on the subject of a co-operation agreement so that the two blocs may get "to know each other better" and share experiences, such as dealing with globalisation and addressing the plight of the poorest member states.

A closer relationship could also strengthen south-south co-operation, the one missing link in international forums.

Alegrett says the 1970s environment was not conducive to integration. Neither the governments nor the private sector were willing to begin integration for three decades.

The private sector was raising non-tariff barriers, while the governments retained tariffs at outrageously high levels of about 200%.

Import substitution was the governments' preferred way to achieve industrial development. They were not entirely convinced of the benefits of opening their markets and scaling back levels of protection. It was only in 1989 that politicians decided to give the process new thrust.

This was strengthened in a 1991 meeting of presidents, which also created a customs union.

According to Alegrett, "when we opened our markets (intra-Andean) trade boomed".

In the first five years, the rate of intra-regional trade growth was 30,9%. Although it declined a year ago, it is back on the upward trend at about 23%. Intra-Andean investments are rising as well.

While liberalisation assisted Andean, Alegrett is reluctant to recommend the same for others.

In fact, he believes opening markets to least developed members is a futile step. In the Andean experience, development finance and infrastructure development were crucial.

"A road is better than preferential market access," he says, adding there would be no point to preferential access without a proper infrastructure linking the countries concerned.

A fund, with access to International Monetary Fund finance, was set up to assist Andean members with balance-of-payment problems.

In the wake of the Asian crisis, such mechanisms assumed greater importance for countries, including SADC members.

Andean countries have set up a parliament with five representatives from each member country. In what could be seen as a first step towards such a parliament, the SADC has established a parliamentary forum of the region's legislatures. Alegrett stresses the role of politicians in integration arrangements, as well as the importance of similar political values such as multi-party democracy and belief in macroeconomic stability.

He believes regional trading blocs are the developing world's way of dealing with globalisation.

These blocs moderate the forces of globalisation, Alegrett says, pointing out that there is a need to strengthen the voice of developing countries in international forums.

Although trade between the SADC and Andean is minimal, it is growing rapidly.

Mutual investments are low, but opportunities are plenty. The SADC and Andean are at different stages of privatising state-owned utilities.

The planned Andean-SADC meeting this week could lay the foundation for improved understanding of each other's markets and opportunities.

As the SADC trade ministers are preparing for a crucial meeting next month, it will be important for them to keep in mind Andean's experiences, and the mistakes that delayed proper integration for 30 years.

Andean Community

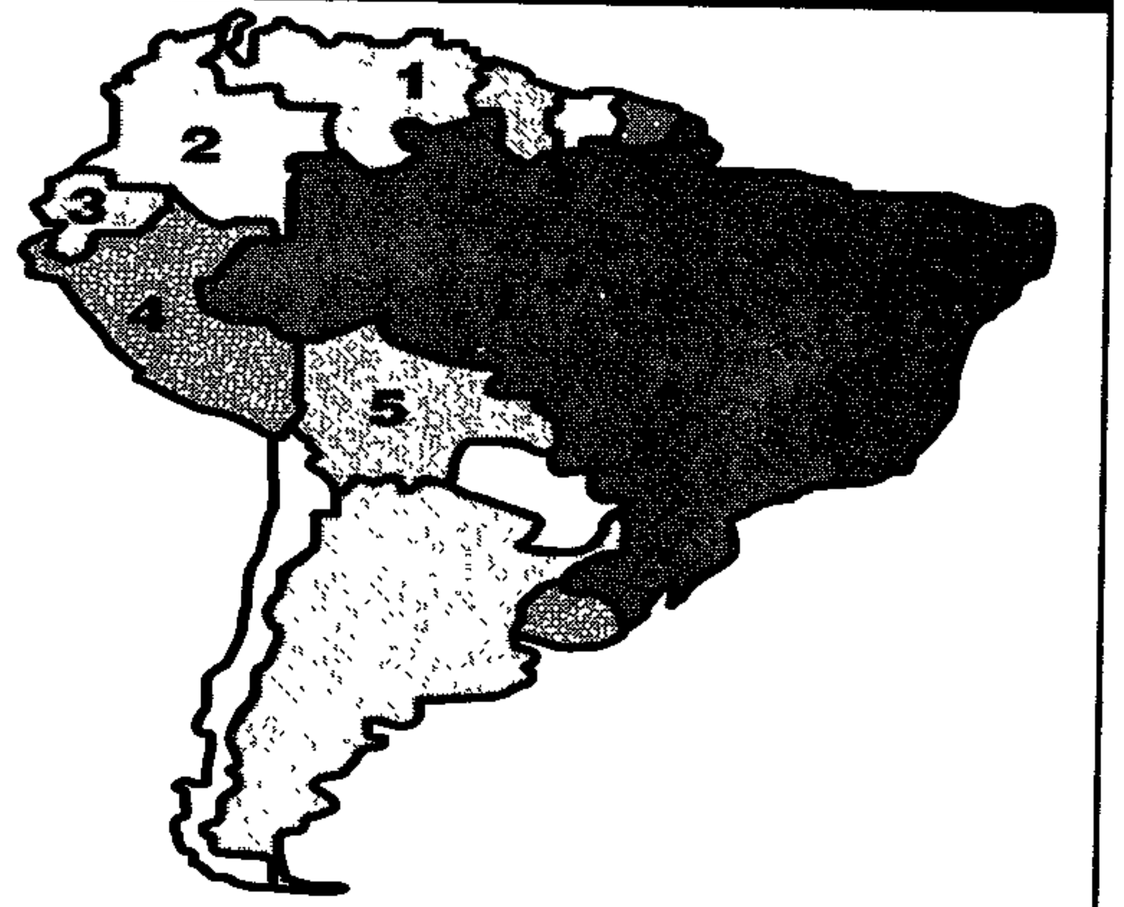
1 **Venezuela**

2 **Colombia**

3 **Ecuador**

4 **Peru**

5 **Bolivia**



Graphic: KUBEN DAVID Source: ANDEAN COMMUNITY GENERAL SECRETARIAT

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Local, South American blocs meet for trade talks

Patrick Wadula BD 25/6/98 (24) (279n)

SOUTH American regional trading blocs, the Andean Community and the Mercosur common market, are eyeing SA and the Southern African Development Community (SADC) for bilateral trade, co-operation and investment opportunities.

Representatives from both trading blocs, including Chile, are in SA addressing a two-day international conference on Latin America and its trading opportunities and benefits.

Speaking at the conference in Pretoria yesterday Andean Community secretary general Sebastian Alegrett said the visit to SA was another step towards promoting a better understanding between the Andean Community and the SADC.

The Andean Community consists of Bolivia, Colombia, Ecuador, Peru and Venezuela.

He said South America would be consolidated into a free-trade zone with a market of more than $330m and a gross domestic product of about $1,5-trillion once negotiations between Andean and Mercosur were concluded.

"Our bilateral trade is still small, but I am sure that together we could start to explore our real potential for bilateral co-operation, trade and investment," Alegrett said. The Andean's population was more than a 100-million spread out over a vast territory of 4,7-million km.

Pact will open markets to products from Zambia

BD 25/6/98 (2799)

LUSAKA — The SA Customs Union and Zambia would sign a trade agreement to open the markets of the customs union to Zambian products, Zambian commerce minister Enock Kavindele confirmed in Lusaka yesterday.

Kavindele said Zambia would sign the agreement in Pretoria on July 13.

"I confirm that I will be meeting my colleagues from the southern African region in Pretoria next month to conclude the agreement," Kavindele said.

Kavindele appealed to Zambian manufacturers to produce high-quality products in order to penetrate the customs union market. Otherwise the agreement would be a futile exercise, Kavindele said.

The agreement would open export opportunities to Zambian business, isolated for a long time by trade restrictions, he said.

Zambian exporters were expected to earn about $300m annually from customs union markets, said Zambian Association of Manufacturers chairman Mark O'Donnel.

Zambian Association of Chambers of Commerce and Industry chairman George Chabwera welcomed the proposed agreement. "This will balance trade between Zambia and customs union member countries, currently biased against Zambia," Chabwera said.

Economic experts pundits in Lusaka have described Zambia as SA's 10th province in terms of trade. — Sapa.

SA and partners in bid to relaunch customs union

BD 30/6/98 (279A)

John Dludlu

SA AND its partners in the Southern African Customs Union will launch a fresh bid today to resuscitate talks aimed at renewing their long-standing arrangement.

Permanent secretaries from Botswana, SA, Lesotho, Namibia and Swaziland were meeting in Gaborone, Botswana, today to revive talks which had collapsed more than a year ago, government sources said.

However a government official cautioned against raising hopes too high on the outcome of today's meeting.

The talks, initiated in 1994 by the new SA government after years of complaining by other partners, hit a snag after failure to agree on the institutional framework and the policies which would govern a revamped customs union.

Both issues were on today's agenda, an SA government source said yesterday.

A meeting of ministers was expected after these talks.

SA, which is the current administrator of the union, has refused to agree to a multinational body without clear industrial, agricultural and tariff policies to underpin a new agreement.

The long-running impasse, made worse by occasional spats among partners in the union, has undermined progress made to date in the three-year talks.

Before the deadlock, consensus was emerging on a new revenue-sharing formula which would exclude excise duties from the pool.

New threats to the union include the free trade talks between SA and the European Union and the general fall in tariff levels which is set to reduce significantly the income SA's partners derive from the common customs and excise duty pool.

In a strongly worded letter last year, SA called for a rethink of the rationale of the union, fuelling speculation that the union was facing collapse.

Kaire Mbuende, the executive secretary of the larger Southern African Development Community, has already blamed the never ending customs union talks for delaying progress in the SADC plan to create a free trade area.

SADC watches road freight to Maputo

(279A) CT(BR) 1/7/98

RAVIN MAHARAJ

Durban — The Southern African Transport and Communications Commission, part of the Southern African Development Community, was monitoring road freight problems in both South Africa and Maputo, Dave de Wet, the director of Grindrod Terminals, said yesterday.

Grindrod is the land-based operations subsidiary of the Grindrod Unicorn group, which has interests in shipping, transport and financial services.

De Wet said both governments were looking at road freight problems such as overloading and different permissible vehicle masses and axle loadings, which posed huge logistical problems in the freighting industry.

In addition, De Wet said the Maputo Corridor — linking Gauteng, Northern Province, Mpumalanga and Swaziland with Maputo — would have many spin-offs for the regional economy.

The corridor is expected to attract investment of up tc R25 billion and should create jobs for about 8 000 people. Industry leaders said the construction and upgrade of the N4 tollroad had started.

De Wet said the privatisation of the rail systems to Swaziland, South Africa and Zimbabwe, as well as the privatisation of the Maputo port, had reached the preferred bidder stage. If the process remained on track, the successful consortiums would be able to take over the concessions toward the end of the year, he said.

Grindrod is part of an international consortium chosen to bid for the R400 million redevelopment and operation of the port of Maputo. The other members are Skanska, a leading Swedish construction company; Liscont terminal operators, a part of the Portugals Tertier group; and Mozambique Gestores, the management consultancy.

Mersey Docks and Harbour, the UK port authority for the Mersey River and the owner of the Liverpool Docks, is the major shareholder in the consortium.

De Wet said the corridor would also affect regional cargo volumes.

New trade blueprint to be unveiled

HARARE — SA is reported to be preparing a trade package embracing the Southern African Development Community (SADC) region.

Pretoria's trade counsellor in Zimbabwe, Hennie Erasmus, was quoted by Ziana news agency yesterday as saying that the blueprint would be unveiled soon.

"SA will classify all products into three categories. The first will include products attracting an import duty in SA of up to 15%.

"These products will immediately go down to zero for all SADC countries," Erasmus said. It was estimated this category constituted about 60% of all tariff lines in customs schedules.

The second category, to be phased out over a five-year period, would include all products attracting import duties of more than 15%.

The third category would be products classified as sensitive industries, including products in categories one and two. This would include sugar, wheat and maize.

Erasmus said contrary to popular belief SA was willing to open its market. — Sapa.

BD 2/7/98

Bloc seeks integrated economies

John Dludlu (2794)

MEMBERS of the Southern African Development Community (SADC) will take further steps next week to integrate their economies, say officials in the SA-led trading bloc.

SA's Trade and Industry Minister Alec Erwin and his SADC counterparts will hold talks when they meet in Angola to create a free trade area in the SADC within eight years.

In another meeting, Finance Minister Trevor Manuel, who chairs the SADC's finance ministers' council, will discuss the finance and investment protocol, a plan that could pave the way for greater macroeconomic unity in the region.

SA and partners in the Southern African Customs Union — Botswana, Lesotho, Namibia and Swaziland — are expected to present a joint offer to the rest of the SADC, says Mfundo Nkuhlu, who is chief director for Africa trade relations at the trade and industry department.

SA's offer — by far the most significant — is expected to grant better market access to its neighbours in five years for products from the SADC.

Next week's meeting is expected to "put flesh on the bones" of the free trade protocol signed in Maseru in 1996, says Nkuhlu.

According to an SADC official, finance ministers will discuss an investment protocol, dealing with ways of creating and supporting an investor-friendly environment.

"We need to remove all obstacles to investment," he says. However, uniform incentives are not envisaged.

A recent study, commissioned by the SADC, identified some of the obstacles to attracting investors. These include corruption, taxes and inefficiencies.

The official says that although macroeconomic unity is still far out of reach, SADC countries have been pushing in the same direction in recent times, with the adoption of market-based economic policies.

"Some are starting to see the results (of such policies)," he said, pointing out that policy reversals have been limited.

The ministers will consider findings of a study that recommended, among other things, the creation of a regional development fund to finance multinational projects.

The same study did not support the idea of creating a regional development bank, but suggested that the plethora of national development finance institutions be allowed to operate beyond national borders.

The ministers will have to decide whether they wish to create a bank or the development fund.

BD 3/7/98

SA told to integrate economy with region

BD 3/7/98 (279A)

John Dludlu

SA WILL have to forge ahead with efforts to integrate its economy in southern Africa if the country is to attract crucial foreign direct investment, says an SA Foundation paper.

The recently released paper shows that levels of outgoing direct investment are larger and growing at a faster rate than inward foreign direct investment.

The Southern African Development Community (SADC), which is chaired by SA, recently said SA companies had invested R2,4bn in six countries in the SADC over the 1995 to 1998 period. According to government officials, nearly R500m of SA's direct investment in the SADC was made over the past year, since the relaxation of foreign exchange controls.

The study says outward direct investment may boost shareholder returns in the host and source countries, which in turn gives rise to increased spending, investment and trade in and between the two countries.

The foundation, representing SA's largest corporations, says while there is nothing the country can do with the size of its market, it suggests further integration in the region, with SA being marketed as a gateway to the rest of the region.

The paper warns that while the macroeconomic fundamentals in this country are largely in place, and SA has a "degree" of political stability, future policy decisions may well lose credibility if government should renege on some of the nonnegotiable macroeconomic policies.

This comes amid renewed attacks by government's allies on its growth, employment and redistribution macroeconomic policy for failure to create jobs.

Outward investment, especially in the SADC, may stem immigration by "taking work to the workers".

New US trading protocol for SADC

(279A)

Simon Barber

WASHINGTON — Only those members of the Southern African Development Community (SADC) that have signed the SADC trade protocol — Tanzania, Mauritius and Botswana — qualify for a new US trade benefit designed to encourage African countries to work collectively to increase their exports and speed up the formation of regional free trade areas.

In a policy shift announced yesterday by US Trade Representative Charlene Barshefsky, the US is splitting the percentage of value that must be added locally to an African country's products if they are to qualify for duty-free treatment under the generalised system of preferences (GSP).

Previously, to obtain GSP benefits, at least 35% of the direct production costs of an export item had to be incurred in the exporting country. Under the new rules, if only 10% of a product's value was added in, say, Botswana, the export would still qualify for GSP if another 5% had been added in Tanzania and 20% in Mauritius.

At this point, the so-called "cumulation" benefit is limited to certain countries. Furthermore the cumulation must occur within one of three recognised regional groups. Botswana, for example, could not count value added in Uganda to obtain a benefit.

All eight members of the West African Economic and Monetary Union are to qualify immediately, "in recognition of the advanced stage of economic integration already achieved by these countries", the US trade representative said. Other SADC countries "will be considered" as soon as they ratify the trade protocol aimed at creating a free trade area among all fourteen member states.

The benefit will also been extended to the Tripartite Commission of East African Co-operation — Kenya, Uganda and Tanzania — which had established "an effective trade liberalising mechanism".

"We want to support accelerated African economic integration to improve the continent's competitiveness in global markets," Barshefsky said. "Regional trade integration will expand market size and make member states more attractive to investors."

The African Growth and Opportunity Act contains a similar cumulation provision, but the fate of the legislation is uncertain.

The new US Trade Representative policy will itself become moot unless Congress reauthorises the overall GSP programme this year.

BD 2/7/98

TRADE *Minister meets officials today in attempt to revive delayed negotiations*

Erwin in Luanda for SADC talks

(279A) CT(BR) 6/7/98

LYNDA LOXTON
PARLIAMENTARY CORRESPONDENT

Cape Town — Alec Erwin, the trade and industry minister, would meet other Southern African Development Community (SADC) ministers in Luanda today in an attempt to instill fresh urgency into their long-stalled trade talks.

But after officials of the Southern African Customs Union (SACU) failed to thrash out their remaining differences over the reorganisation of their trade agreement last week, officials and observers were not overly optimistic about quick results

Erwin is expected to present South Africa's framework offer on a free trade area for the SADC region even though consultations on its contents are still under way at Nedlac.

Two agreements are interlinked, mainly because any changes to South Africa's tariffs on imports from the region will affect the common customs revenue pool shared by the SACU states.



TOP PRIORITY *Alec Erwin will present South Africa's framework offer on a free trade area for the SADC region* PHOTO JOHN WOODROOF

The main stumbling block to an agreement remains institutional issues, with South Africa's neighbours demanding a greater say in the way the SACU is run.

Mfundo Nkuhlu, South Africa's chief director of Africa trade relations, hinted in June that the SACU would have a common, highly beneficial free trade offer for negotiation with other SADC countries when talks began this month. He said it would be better than the offer being made by the European Union (EU) to South Africa.

It was hoped talks for the SADC free trade accord would be completed this year and implemented next January, the same time as the EU-South African agreement was due.

Nkuhlu said 55,5 percent of imports from SADC countries already attracted no import duties. Duties on 22,4 percent of imports would be reduced over the next four to five years, covering products as varied as base metals, wood, plastics, rubber and some textiles.

But special protocols would be negotiated for 22,1 percent of imports covering "sensitive" products such as textiles, food, beverages, tobacco, red meat and vehicles.

Bahle Sibisi, one of the leaders of the South African team negotiating the EU agreement, said the two sides would meet again in South Africa on July 14 and 15 to discuss issues that were still outstanding. These included line-by-line tariff reductions and so-called trade related issues.

Although there was "sufficient goodwill" on both sides to finalise the negotiations soon, Sibisi did not envisage this could be achieved at this month's meetings. But he was confident the two sides could still finalise the deal by September or October.

The main stumbling blocks were the separate agreements on wine, spirits and fisheries, with South Africa still insisting on a separate protocol for red meat because of the sensitivity of the issue

AFRICA

BD 8/7/98

Rand's fall disturbs regional currencies

Martin Rushmere

HARARE — The fall of the rand is expected to put increased pressure on the Zimbabwe dollar and its effects are already being felt in Botswana.

Last week the value of Zimbabwe's currency against the rand rose from 3,5 to 2,8. While this is seen as bringing immediate benefit in the form of cheaper imports , the long-term prospect is that Zimbabwe's reserve bank will have to let the rate against the major currencies fall faster than it would have liked to keep exports competitive.

Says the treasurer for one of the two biggest commercial banks in the country: "I would be surprised if the rate against the rand is not back to 3,5 by the end of the year. It will mean that the rate against the major currencies will also have to weaken."

Reuter reports from Gaborone that fallout from turbulent markets in SA is finally having an effect on sentiment in Botswana, and investors have been shedding stock. Martin Makgatlhe of Investec Bank's Botswana stockbroking arm, Investec Securities, says the Botswana bourse is no longer immune to events elsewhere.

The pula is not directly pegged to the rand, yet they are linked via a basket in which the rand is predominant.

The Botswanan unit has shed more than 19% against the dollar and sterling since January, while the rand has lost more than 30% in the same period.

By comparison, a leading Zimbabwean banker says the Zimbabwean dollar has in fact been the steadiest in the world against the US dollar since the start of the year.

"It has appreciated about 3%. Yet, during this period there has been nothing but bad economic news in the country — inflation, budget deficit, poor tobacco prices, bank crises and government paralysis.

"In fact the reasons for this contradiction is that there was an overcorrection in November last year when the value fell by 50%. The rate has since reached a more realistic level of about 18 to the US dollar," he said.

There has been a 25% increase by value in demand for forward import cover against the rand, with importers predicting Zimbabwe's dollar will start adjusting in the next three months.

Bureaucracy has unfortunately intervened and made matters difficult. Reserve bank approval is now needed for all forward transactions, a rule brought in when the currency crashed in November. A chronic case of inefficiency has developed at the bank, with approval now taking up to six weeks against three or four days previously.

SA has remained the country's biggest trading partner, accounting for 13% of exports and 36% of imports. An international trade economist, Keith Atkinson of Imani Development, says: "Obviously importers are gaining in the short term. But the problem is the shaky balance of payments, which are going to be under further pressure because of a higher rand outflow. The end result is we will probably have to weaken in sympathy with the falling rand."

On grounds of pure economics the Zimbabwe dollar needs to depreciate anyway, says Standard Chartered Bank. In its latest review it says: "With the gap between domestic and trading partner inflation widening, further depreciation is both likely and necessary to restore competitiveness to the export sector."

Meanwhile, in Botswana, central bank governor Baledzi Gaolathe has said there are no plans to scrap the de facto pegging of the pula to the rand.

Customs Union to meet this weekend to fine-tune position

Final SADC trade offer on the way, officials say

(279A) ST(BE) 10/7/98

LYNDA LOXTON
PARLIAMENTARY CORRESPONDENT

Cape Town — Officials from states in the Southern African Customs Union (SACU) would meet in South Africa this weekend to clarify their trade offer to the Southern African Development Community (SADC), department of trade and industry officials said yesterday.

This announcement followed the SADC meeting in Luanda earlier this week, when South Africa reported on the tariff cuts it was willing to make to set up a regional free trade area.

Officials said many details still had to be worked out, but SADC partners now appeared to realise the urgency of resolving the long-standing negotiations and had agreed to finalise their positions by August.

By that time, South Africa, Botswana, Lesotho, Namibia and Swaziland would might have finalised their positions, taking into account sensitive areas such as beef.

Fawu plans to protest at EU targets to influence trade negotiations with SA

The Food and Allied Workers' Union (Fawu) has said it planned protest actions targeting the embassies and consulates of European Union (EU) countries to influence the final stages of the EU's trade negotiations with South Africa.

A Fawu spokesman said officials gave the impression there was still time to try to influence the negotiations.

The next round will get under way in Pretoria at the end of the month. Fawu wants a summit immediately afterwards to brief labour and producers.

This meeting follows a one-day food industry summit in Paarl earlier this week to examine South Africa's position on sensitive products such as fish, wines and spirits and red meat.

The summit resolved that all competitive South African products, notably canned fruit, should be included in the trade agreement and that highly subsidised EU products should be excluded.

It also rejected efforts by Spain and Portugal to gain access to South African fishing waters.

The summit said the EU's efforts to "marginalise and obscure quality South African wine and spirits through trade-related property rights and other methods (should) be rejected with the contempt it deserves".

□ **Business Watch, Page 2**

Rand's tumble bad news for SA's neighbours

(279A)

The currency's reaction to the Asian contagion spells trouble for countries in southern Africa, argues Tony Hawkins, professor of Business Studies at the University of Zimbabwe

BD 14/7/98

HARARE — With the rand's recent steep decline, a new and more immediate threat to some southern African economies has taken the stage.

In the first half of this year regional economic growth began losing momentum chiefly as a result of the effect pm commodity prices of the Asian economic crisis, supplemented by the adverse effects of El Niño.

Over the past month the Asian contagion has been magnified by the rand's sudden, sharp depreciation, which — along with higher domestic interest rates and inflation, and slower economic growth in the region's largest economy — spells trouble for SA's neighbours.

For Southern African Customs Union countries (Botswana, Lesotho, Namibia and Swaziland), with currencies tied directly, or in the case of Botswana's pula, indirectly, to the rand, the downward side will be the sharp inflationary effects of substantially higher import prices.

There will be some offsetting effects in the form of increased domestic currency earnings for commodity exporters and for exports of nontraditional goods outside the rand monetary area.

However, the net effects are likely to be adverse, since commodity exporters have little to gain from devaluing while commodity prices are globally depressed, other than the direct bottom-line benefit to the exporters themselves, who will earn more in domestic currencies. In contrast, countries like Zambia and Zimbabwe stand to benefit from reduced import prices, but suffer on the export side.

While there may be some feed-through of import prices into lower inflation, this effect will probably be slight, since SA exporters and importers in Zimbabwe and Zambia will grab whatever benefits are going.

The real problems, however, will arise on the export side.

Zambia and Zimbabwe hope to benefit from improved access to SA's market by way of bilateral trade deals.

Zambia believes its exports of nontraditional goods could rise by as much as $300m as a result.

The fall in the rand is going to make SA export market penetration by Zambian firms very difficult, not least because Zambia's inflation rate is about 20 percentage points higher than that of SA, increasing the extent of "real" exchange rate appreciation.

Regional exporters — outside the rand area — will also be faced with tougher competition from SA exporters, exploiting their price advantage achieved via the weaker rand.

Because the Zambian kwacha has itself devalued sharply this year, Lusaka is better placed than Zimbabwe, where inflation is higher than in Zambia and where the currency in fact appreciated in both nominal and real terms in the first half of 1998.

Between June and December last year the Zimbabwe dollar depreciated about 35% on a trade-weighted basis against a basket of currencies of Harare's main trading partners. This was an overdue adjustment, because prior to that the Zimbabwe authorities had unwisely allowed the real exchange to appreciate to its highest level in four years.

In the first half of 1998, however, the trend towards a lower nominal and real exchange rate was reversed.

In nominal terms, the Zimbabwe unit appreciated 10%, while in real terms the adjustment is put at over 20%.

As well as being Zimbabwe's chief supplier, SA is also the country's main export market buying 12% of merchandise exports last year.

As a result, there will be a double whammy effect on countries like Zambia and Zimbabwe, seeking to develop non-traditional exports — primarily of manufactured goods and processed agricultural products.

These items have lost price competitiveness due to rand devaluation and the gap in inflation rates between their countries and SA, but will also be hit by the worsening slowdown in the SA economy.

A longer-term setback for the region is the likelihood that cross-border flows from SA will decline, if for no other reason than that the rand will buy less than in the past and also because SA's competitiveness will have improved relative to that of its regional neighbours.

Regional governments will be hoping — with some justification — that the rand will recover some ground from its current oversold position.

Even if this does happen, the probability is that the Zambian and Zimbabwe currencies will follow the rand lower.

One obvious reason for this is the fact that in both countries inflation is about 20 percentage points above that in their main trading partner countries, which — sooner or later — will force them to adjust.

A second reason is the pressure on the bottom line of their exporters, especially Zambia's copper mines and Zimbabwe's tobacco growers and exporters.

Then there is the fact that the weak rand has left their currencies looking increasingly exposed in a developing world where currency devaluation appears to be back in vogue, as in east Asia. — Reuter.

Optimism on SACU stalemate

CT(BR) 15/7/98

LYNDA LOXTON

Cape Town — Mfundo Nkuhlu, South Africa's chief director of Africa trade relations, yesterday said it now appeared that efforts to break the stalemate in the renegotiation of the Southern African Customs Union (SACU) agreement were on track.

Speaking after two days of talks involving SACU ministers and officials, Nkuhlu said they would now report back to their respective governments. They would seek a negotiating mandate for what Nkuhlu hoped would be a "path-breaking" meeting of ministers of finance and trade and industry in August.

He said South Africa was taking the view that the customs revenue-sharing arrangement with Botswana, Lesotho, Namibia and Swaziland should ensure income stability for them, particularly as this formed an important part of their national revenue.

The cutting of common tariffs in line with World Trade Organisation and other obligations would not necessarily result in a loss of revenue for SACU states as long as it was accompanied by higher volumes of trade, he said.

(279A)

[redacted]

'Debt relief urgent in southern Africa'

BD 16/7/98 (279A)

WINDHOEK — Finance Minister Trevor Manuel bemoaned southern Africa's extraordinary debt burden yesterday, calling for a urgent look at mechanisms to reduce it.

Manuel told Southern African Development Community (SADC) finance ministers and government officials in Namibia that debt was handicapping SADC states from funding development projects aimed at correcting the region's huge problem of human degradation.

"Only one SADC member ... Mozambique, was part of a debt relief programme," he said.

Manuel said other member states would argue that there should be a softening of the criteria to bring more countries into line.

"They argue it's exceedingly hard to try to undertake development projects which we have to in southern Africa, when the bulk of your resources are spent on debt servicing," he said.

Manuel's Namibian counterpart, Nangolo Mbumba, praised the US trade-not-aid policy, directed at rewarding countries which showed a willingness to stick to economic reforms.

"It can provide the necessary impetus to enhance the recently improved economic outlook for sub-Saharan Africa, to strengthen the initiatives promoted by SADC and to supplement the resources committed by other development partners," he said.

The member states which make up the community are Angola, Botswana, the Democratic Republic of Congo, Lesotho, Malawi, Mozambique, Namibia, Swaziland, Tanzania, Zambia, Mauritius, Seychelles and Zimbabwe.

Foreign investment in the region last year was estimated to be about $1,76bn.

Mbumba said the meeting to debate a finance and investment protocol in Namibia was aimed at consolidating investment promotion, development finance, export credit guarantees and the development of regional money and capital markets.

□ An SADC Banking Association was formally constituted by 12 SADC banking representatives at a meeting in Johannesburg yesterday. — Reuter, Sapa.

AFRICA

Mauritius a model for success

(279A) BD 16/7/98

CUREPIPE — Much of sub-Saharan Africa has spent this decade struggling with political, social and economic failure. However, if this island nation has had anything to grapple with lately, it has been success.

Consider that in 1993, unemployment touched a low of 2% as 20 years of diversifying the economy away from sugar began to work a little too well.

Workers were being hired before they could hit job lines. Wages shot up. Suddenly, the island found itself fretting about labour shortages and excessive stock-market exuberance.

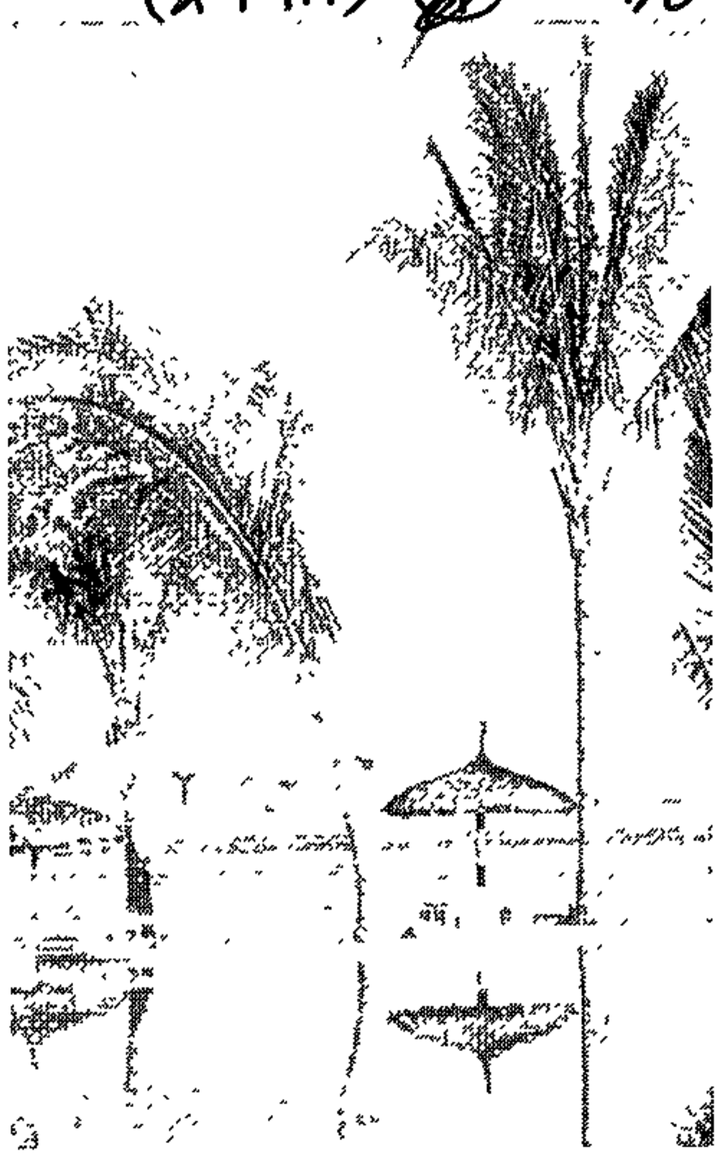
Since then, things have cooled down somewhat, with a correction in the Mauritius stock market and a rise in unemployment to 5,6%.

As many of African countries begin to emerge from three decades of strife, their leaders are asking whether they can follow the example of this tiny democracy.

What makes the example of this ethnically diverse island of 1,2-million people compelling is that while many other developing countries have been fretting that trade liberalisation will cause them more harm than good, Mauritius has managed to demonstrate the opposite

Mauritius is a free trader's dream and a magnet for foreign investors. Its export-processing zone has lured foreign companies eager to take advantage of the island's privileged access — as a developing African country — to textile markets in Europe and the US. Over the years, it also has reduced corporate tax rates, eliminated local-ownership and local-content requirements for international companies, and slashed tariffs to a scant 0,03%, the lowest in Africa.

Signs of the payoff abound: downtown high-rises, ritzy shopping centres, and late-model European and Japanese cars. Literacy is universal. Life expectancy, at 70,6 years, is the highest in Africa. Per capita income stands at $3 690, second in Africa only to the nearby Seychelles islands.



Mauritius is a free trader's dream

The World Economic Forum said Mauritius had become the most competitive country in Africa, with growth in gross domestic product (GDP) of 6,1% in 1996, compared with an average of 3,8% for all of sub-Saharan Africa.

Because of Mauritius's effort to diversify the economy, sugar, long the nation's main source of income, has been eclipsed by textile manufacturing, tourism and banking; it accounts for only one-quarter of GDP, down from 90% in the 1960s.

Mauritius is now looking to move low-end manufacturing to African neighbours, with an eye to cheaper labour costs.

Three decades ago, Mauritius might have joined much of the rest of Africa on the path to economic stagnation Sugar was it; there were no other natural resources. Literacy was 60%. Clashes among ethnic groups were frequent Unemployment was almost 30%.

In the 1960s, Jose Poncini, a Mauritian economist, watchmaker and island historian, presented authorities with a radical plan that reversed the economic dogma of British colonialism The old school held that the colonies should produce the raw materials, ship them to England for processing, and then import finished goods.

In 1972, on Poncini's recommendation, Mauritian authorities, desperate for solutions after a storm pummelled the island's sugar-cane crop, set up an export-processing zone Any company could qualify as an export-processing zone so long as it exports 90% of its sales Such companies pay no tariffs on any goods or raw materials they import, and they pay no corporate tax.

Asian textile companies came knocking, today, export-zone companies contribute 12% to GDP. To date, 7 000 companies have registered as offshore entities, creating 500 jobs and accounting for 3% of GDP.

For all its success, Mauritius faces some big challenges, particularly in broadening its economic base even further. The country has been adept at using the Lomé convention, an international agreement that grants preferred, reduced-tariff access for African goods to the European market, but the accord expires later this year, and it is still unclear whether it will be renewed.

To remain competitive, Mauritius will have to work on education Only 3% of Mauritians obtain university degrees. This could hurt Mauritius as it tries to lure investment from software makers and other high-tech companies, Mauritius's latest strategy for diversifying. — Dow Jones.

Bishops to protest against southern Africa's £28bn apartheid debt

(279A)

Tim Cohen

LONDON — Bishops from five southern African countries led by Anglican Archbishop of Cape Town Njongonkulu Ndungane will demonstrate outside the British parliament today to call for the cancellation of what the group regards as the region's £28bn apartheid debt.

The protest, which is aimed at putting pressure on British Prime Minister Tony Blair, will include bishops from Angola, Mozambique, Namibia and Swaziland.

The action is being supported by lobby group Action for Southern Africa, who asked supporters to sign birthday cards to President Mandela that include a call on British Prime Minister Tony Blair for debt relief.

Ndungane said yesterday the people of southern Africa fought for decades to end apartheid. "Now they are having to fight for basic rights to health and education while their governments attempt to repay their debts," he said.

"The victims of apartheid are being asked to pay again. I call on Britain to live up to its promise and take a creative lead in helping southern Africa overcome the legacies of apartheid."

The lobby group estimated that southern African debt amounted to £210 for every person in the region.

Ndungane previously lobbied the International Monetary Fund to cancel Africa's foreign debt, which he estimated at $227,2bn.

The lobby group had estimated SA's total "apartheid debt" to be at £11,35bn, about 12% of its total trade earnings.

The group lists the apartheid debt of other southern African nations as: Angola £6,43bn (17% of trade earnings), Botswana £153m (5%), Lesotho £91m (6%), Mozambique £4,55bn (42%), Tanzania £492m (23%), Zambia £1,9bn (25%) and Zimbabwe £2,273bn (24%).

The British government has in the past supported calls for conditional debt relief for certain African countries.

BD 16/7/98

MAIL & GUARDIAN
July 17 to 23 1998

SADC security split threatens

M+G 17-23/7/98 (279A)

Iden Wetherell

When the Democratic Republic of Congo's President Laurent Kabila paid a flying visit to Harare last week, he told reporters he was there for routine consultations with President Robert Mugabe.

But the presence of Zimbabwe's defence chiefs suggested a more pressing purpose. Mugabe is chair of the Southern African Development Community's (SADC) organ on politics, defence and security and it is thought he offered Kabila further military support.

Zimbabwe assisted Kabila's insurgency against Mobutu Sese Seko last year by supplying military hardware and advisers, and has since provided rations and equipment for the Congolese army through state arms supplier, Zimbabwe Defence Industries.

But as Kabila comes under growing pressure from domestic opponents, it is feared Mugabe may use the SADC to prop up an unpopular regime. This move could expose sharply differing approaches to security management in the region.

With Hutu rebels active in the east, his Angolan allies distracted by Unita in the west, secessionists active in the capital and donors sitting on their hands, it is no wonder Kabila is reaching out to the few friends he has left.

Uganda and Rwanda are disenchanted with their former protégé and Congo's democratic opposition regards his human rights record as no better than his predecessor's.

Both Mugabe and President Nelson Mandela have defended Kabila against criticism from Western powers. But it is unlikely that South Africa or other SADC members will want to be sucked into Congo's vortex of turbulent politics.

Zimbabwe and South Africa are at loggerheads over the role of the SADC security organ. South Africa believes it should answer only to the SADC, currently chaired by Mandela. Zimbabwe wants the security organ's chair to have the right to call summits and take ad hoc decisions.

A summit of SADC heads of state to resolve the dispute has been postponed several times.

Meanwhile, Mugabe has actively been canvassing support among SADC leaders for his view that the organ should be autonomous. Zambia's Frederick Chiluba is a recent convert to Zimbabwe's position while Tanzania is a long-standing ally.

In a move to buttress that alliance, Mugabe last November called on Tanzania's ruling Chama Cha Mapinduzi party to resist what he termed "regional hegemonism" — a thinly veiled criticism of South Africa.

This followed a letter from Mandela to SADC heads of state threatening to resign as SADC chair if security remained a separate domain.

Government representatives in Harare have been urging businesspeople to open up trade links with Congo before the South Africans overtake them, as they did in Mozambique.

But any move to involve the region in support of Kabila's besieged regime could bring to the boil again serious policy differences that show Southern African states still have a long way to go before they can parade before the world as a cohesive bloc.

Union finalises offer to SADC

(279A)

Sowetan 17/7/98

SOUTHERN African Customs Union (Sacu) member countries are finalising their trade offer to the larger Southern African Development Community (SADC) grouping as the region moves towards establishing a single and stronger trade body, a Namibian news report said yesterday.

Namibia, Botswana, Lesotho, Swaziland and South Africa make up Sacu and also belong to SADC.

So far, Namibia, Botswana and Lesotho had submitted lists of "sensitive" products on which protection may be sought while South Africa was still in the process of fine-tuning its list.

The newspaper said South Africa's provisional list of sensitive products included fish, wines, spirits and red meat. Beef was understood to have featured prominently on the lists of the sensitive products already submitted by Namibia and others

Representatives from all the five Sacu member countries were scheduled to meet at the weekend to clarify their joint trade offer to SADC.

This followed a SADC ministers of trade and industry meeting held in Luanda, Angola, on Tuesday last week.

Increase in trade

The meeting observed an increase in trade amongst the SADC member countries which it estimated now stood at 20 per cent of global trade compared to less than five per cent a few years ago.

It is now envisaged that the SADC Trade Protocol will be fully ratified before the end of 1998.

South Africa is reported to have expressed willingness to make tariff reductions in an effort to facilitate the creation of a regional free trade area.

The establishment of regional free trade areas would threaten the existence of Sacu whose renegotiation has been on the drawing board for the past four years.

The customs union's existence had also been threatened by negotiations between South Africa and the European Union and in particular recent revelations that South Africa expressed its willingness to tentatively remove barriers on a larger percentage of EU imports coming into the country, a move feared to hurt producers from the entire Sacu.

Sacu members draw a large portion of their total revenue from the customs union pool. Over 30 percent of Namibia's annual revenue is derived from the regional revenue pool.–*Sapa*

SADC charts its own course with World Bank

Stephen Laufer (279A)

THE Southern African Development Community (SADC) has defined a new development agenda as a basis for its future interaction with the World Bank.

Meeting in Pretoria at the end of last week, the heads of government or their representatives from 12 SADC members agreed on a catalogue that would become part of an integrated African approach to the international financial institution, Deputy President Thabo Mbeki said. Only Angola and the Democratic Republic of Congo had not attended.

Mbeki said the set of regional development priorities had been defined after discussions in Kampala in January and Dakar last month with World Bank president James Wolfensohn. The bank had accepted that Africa should elaborate its own development perspectives rather than having remedies prescribed from outside.

Among the issues identified as central to regional development at the two-day Pretoria meeting were the creation of a free trade area; expansion of the region's transport, energy, distance learning, and telecommunications infrastructure; skills enhancement and the fight against Aids.

The question of the growth of national debt as a result of currency devaluation had featured prominently, as had debt relief; expansion of efforts in science and technology; issues of good governance; the management of the environment and natural resources; promotion of small and medium enterprises; and efforts at combating the millennium bug.

A special SADC task force would be set up to translate these headline issues into workable programmes which member countries would also be able to fund in a sustainable manner. "This will allow us to define what intervention we want from the World Bank, and where they can help," Mbeki said. It was hoped the plan would be complete and ready for discussion with the bank by the end of the year.

Mbeki said the meeting had agreed Angola and Congo-Kinshasa should participate in future deliberations on the plan, and they would receive all documentation on the meeting.

BD 20/7/98

Investors must be wooed

(279A)

VICTORIA FALLS — Southern African governments had to implement economic reforms to attract foreign investment, Humphrey Khoza, President of South African Chamber of Business said at the end of a three-day business forum on trade promotion last week.

He urged governments to exercise fiscal discipline, adopt appropriate monetary policies and speed up privatisation and restructuring to woo investors.

"Attracting foreign investment is not only a question of opportunities and investment policies being available but also a question of governments preparing the way for investors to be confident," he said at the forum of the 14-nation Southern African Development Community (SADC).

The SADC is made up of Angola, Botswana, Mozambique, Namibia, Malawi, Tanzania, Mauritius, Democratic Republic of the Congo, Swaziland, Lesotho, South Africa, Seychelles, Zambia and Zimbabwe.

Economic analysts say the SADC region is attracting only a tiny portion of the world's foreign investment, mainly because investment policies are unattractive and unpredictable, the politics uncertain and the market undeveloped.— Reuter

BD 20/7/98

SADC debate on track – Mbeki

ARG 27/7/98 (279A)

Swakopmund – Negotiations to resolve issues relating to the Southern African Customs Union were proceeding in good faith despite their complexity and could produce acceptable results, Deputy President Thabo Mbeki has said.

He was addressing leaders from the 14 Southern African Development Community countries at a three-day conference in Swakopmund in Namibia.

The conference, the Southern Africa International Dialogue for Smart Partnership, is aimed at promoting co-operation between the private and public sectors of member countries to generate wealth for the region.

Mr Mbeki was yesterday asked what political will would be implemented to ensure that South Africa's "position of hegemony" was not misused or abused to the disadvantage of other SADC countries.

He replied: "We are, all of us as members of the customs union, very keen to move forward with that process.

"It is complicated because it also relates to the future of the SADC, which also has to relate to the negotiations with the European Union."

Mr Mbeki queried the manner in which the question was raised. He said it would be difficult to respond to it because of some serious issues, such as what positions were being taken with regard to the "revenue-sharing formula that you find to be hegemony".

Mr Mbeki said all SACU members were, however, keen to ensure discussions on the issue continued with a view to produce the desired results

Other SADC member countries desire a relaxation of laws and regulations governing the customs union to allow them a reasonable share of profits. – Sapa

The trans-Atlantic link

(2791A)

South and Southern Africa have the potential to act as a bridgehead between the economies of the Atlantic and Indian Ocean Rim. **Nelson Mandela** explains.

Sowetan 27/7/98

As ARGENTINA has done, South Africa has enshrined the aspirations of its people in a constitution We have made it the supreme law of the land to which the President himself and Parliament are subject

And yet, even though our rights are firmly entrenched in law and institutions, we know that they will lack real meaning and that our democracy will remain fragile unless they also bring concrete improvements to the lives of our people, especially the poor

Such is the interdependence of nations in the modern world that the achievement of our goals of lasting peace, social justice and sustainable development depends on those same goals being achieved by others, and in particular by our neighbours in Southern Africa and fellow African countries

For us, therefore, the integrated development of our region within the framework of the Southern African Development Community (SADC) and the rebirth of Africa under the leadership of the Organisation of African Unity (OAU) is not separable from our own future

It is within this context that democratic South Africa has set itself the task of working with other countries of the South to help shape a new world order that strengthens the developing countries and lays the basis for a genuine partnership between them and the developed world

For that reason we have seized the opportunity to play our part in regional and multilateral institutions whose very purpose is to advance those goals.

We have felt privileged to have been given the responsibility of chairing some of these institutions, including soon the Non-Aligned Movement, whose summit we will be hosting in a matter of weeks

We take these responsibilities with all seriousness, believing that collective action in our globalised and interdependent world is essential if we are to overcome the challenges that face us.

It is within that context that we are now reaching out across the Atlantic Ocean to build and strengthen our relations with an Argentina that, for the same reasons, finds itself a key member of a regional grouping and part of a continent in renewal.

Though we are only at the beginning of an immense task, we take great encouragement from the start that has been made in working together on the world stage for the ideals which we share.

Our shared membership of the Valdivia Group provides a valuable forum for practical cooperation towards the task of sustaining the environment of the southern hemisphere at a time when new pressures are threatening our common heritage.



President Nelson Mandela greets members of a crowd outside the national congress building in Buenos Aires on Thursday. PIC AP

For a country like South Africa, which unilaterally dismantled the nuclear arsenal established by its apartheid predecessors, the Zone for Peace and Cooperation in the south Atlantic, to which we both belong, allows a practical contribution to consolidating the status of the southern hemisphere as a nuclear-free region

The zone also holds out the broader prospect of being a catalyst for realising opportunities among the 24 countries on the shores of the Atlantic; expansion of trade and investment, cultural, sporting and tourist links, and joint combating of illegal drug trafficking, to name but a few

Looking still further afield, cooperation between Mercosur (South America's Common Market) and SADC could become part of an even wider association of countries at similar stages of development.

South and Southern Africa have the potential to act as a bridgehead between the economies of the Atlantic and those of the Indian Ocean Rim, linking vast markets with enormous potential for growth.

If such possibilities for improving the lot of people in the developing countries are to be realised, we will need to create the conditions for that to happen

That will require cooperative action to achieve a more equitable distribution of power among the international institutions which define the political, economic and social systems of the world.

And it will require that we give substantive content to the relations between particular nations.

Within such a broad and long-term perspective, the case for Argentina and South Africa to get to know each other better and to increase cooperation is compelling.

As neighbours and as active members in our respective regions, we have much to offer each other in contending with the imperatives of the global economy.

It is satisfying to note that interaction amongst our peoples has been on the increase since we gained our freedom, whether it be in the form of tourism, trade or the interchange of government and business delegations.

South African business is determined to take up the challenge of entering the growing market which you offer

We will for the first time participate, by means of a national pavilion, at your Expo-Chacra fair next year. Some 15 exhibitors will use this event as part of our efforts to reduce the trade deficit we have with your country

In particular, given our comparative strengths, we regard the emerging mining sector in Argentina and the agricultural and automotive sectors as offering interesting opportunities for South African business and thus for increased collaboration

The foundation that has been laid augurs well for future relations between Argentina and South Africa. The agreements that we signed will further strengthen these links and help realise the potential of bringing mutual benefit to one another.

Those agreements, and others soon to be finalised, will not remain mere documents. They will be obeyed as injunctions to action in pursuit of cooperation for the improvement of the lives of our peoples

May South Africa and Argentina long be partners for development, peace and a better world.

(This is an edited version of President Mandela's address to Argentina's joint houses of congress in Buenos Aires on Thursday.)

SADC looks beyond continent

Sowetan 28/7/98

(279A)

SWAKOPMUND – Southern African Development Community countries would like to promote trade links with developed countries such as the United States, SADC leaders said here yesterday

Namibian president Sam Nujoma said unlike in the past where slaves from Africa were moved to the United States via the Atlantic Ocean, "now we want to exchange goods .. shipping lines bringing goods this side (southern Africa) from that end (US)"

... Presidents, deputy presidents, ministers and representatives of labour and business in SADC countries have converged on Swakopmund for the Southern African International Dialogue on wealth regeneration for the region

The South African 32-man delegation, which comprises Minister Alfred Nzo of Foreign Affairs, Jay Naidoo of Posts, Telecommunications and Broadcasting, former African National Congress secretary general Cyril Ramaphosa, Rembrandt chairman Anton Rupert and Transnet managing director Saki Macozoma, is led by Deputy President Thabo Mbeki.

The gathering, which entered its second day yesterday, aims to strengthen cooperation between governments, business and labour through the application of smart partnerships.

It also seeks to develop person-to-person relationships and trust among people in the region, and to build a southern African cooperative team with a common vision

Yesterday morning's session, moderated by Zimbabwean president Robert Mugabe, discussed key issues for smart partnerships and practices.

Some key perspectives of the discussion included maintaining political, social and economic stability under conditions of rapid change and integrating missing stakeholders into public-private sector partnerships.

Investors

Malaysian prime minister Mohamad Mahathir said during the opening on Sunday that the SADC heads of state should not be too trusting of investors as this could adversely affect their economies and currencies

"You see these investors come and establish companies which they register with the stock exchange Once registered they inflate prices to a very high level, then they deliberately allow the stock exchange to crash," Mahathir told journalists.

"And once there is a crisis, these investors disinvest and take their monies and return to their countries – leaving an empty shell of businesses" – *Sapa*



Namibian president Sam Nujoma.

(279)

IDC to spend R1,5bn on job creation

BD 29/7/98 (3rd)

Pearl Sebolao

THE Industrial Development Corporation (IDC) would pump more than R1,5bn into special projects intended to stimulate job creation, it was announced yesterday.

The cash injection is expected to result in the creation of 7 000 new direct jobs this financial year.

At a media briefing yesterday CE Khaya Ngqula also unveiled the corporation's proposals to be presented to the coming job summit, saying the R1,5bn could be doubled as the corporation had enough resources.

The summit, which will bring together representatives from government, labour and business as part of an initiative to develop a common approach to job creation, is expected to be held before the end of August.

Ngqula said: "There's no restriction on how much we can spend. The only criteria is that the projects be viable, create sustainable jobs and become profitable." Last year the corporation amassed a record R400m in profit and was worth more than R25bn.

Projects identified for investment included the promotion of a linen industry, funding the growing of cotton in the SA Development Community to supply the local textile industry and establishing remote data processing services for developed countries.

The corporation had identified other areas in which it could contribute to job creation. One would include assisting in the promotion of an environment conducive to attracting foreign direct investment. The corporation also intended to improve its own operations and tools to enable job creation. This would be achieved by, among other things, moving towards an approach where the corporation would get involved in "mega projects" where downstream development occurred.

IDC economic development manager Riaan Joubert said that for this to happen, fundamental issues such as the lack of a credible common economic policy, a rigid labour market and uncertain economic growth prospects would need to be addressed.

The corporation's development advisor, Flip Kotze, said SA had the potential to host labour-intensive industrial development. The country had a good labour supply, adequate physical infrastructure and business costs, including salaries, were internationally competitive.

Kotze said SA needed more jobs to increase domestic expenditure and to raise the export-based growth of 3% per annum of the gross domestic product to a job-creating 4,5%.

SADC calls on Savimbi to end conflict

BD 29/7/98 (279A)

SWAKOPMUND — The Southern African Development Community has placed the responsibility for taking steps to end the renewed conflict in Angola on Unita leader Jonas Savimbi.

SADC leaders, in a communique after a special meeting on Angola, urged Unita to stop prolonging the suffering of Angolans. Savimbi and Unita should comply with the provisions of the Lusaka peace protocol and United Nations (UN) Security Council resolutions.

Their call coincided with a move by the European Union (EU) to impose sanctions against Unita for failing to implement the peace accord.

The 14 SADC leaders called on Savimbi to go to Luanda immediately and play a constructive role in the reconstruction and development of Angola.

They expressed support for the government and encouraged it to maintain national unity and reconciliation.

The leaders were committed to doing what they could to ensure that the peace process was speedily completed. Countries in the region said they would work together to ensure their territories were not used as springboards to destabilise Angola.

The SADC called on the international community to help ensure the speedy implementation of the Lusaka peace protocol and UN resolutions.

The EU sanctions include bans on imports of Unita's diamonds and on the supply of petroleum products to Angola other than through certain entry points. The EU will also freeze all financial assets held outside Angola by Unita or by its senior officials. The EU move came after similar UN sanctions.

An EU official said the original decision to impose sanctions was taken on July 3. "This is an implementing decision. It is against those who are standing in the way of the implementation of the peace agreement."

The last two months have seen an increase in armed attacks following a collapse in negotiations after Unita resisted disbanding its troops or surrendering territory to the government. Both sides are reported to be mobilising for full-scale war.— Sapa, Reuter.

Comment: Page 11

PO Box 1745, Saxonwold 2132

SHORT SHRIFT FOR UNITA

Savimbi stands alone as SADC closes ranks

ET 29/7/98 (279A)

SWAKOPMUND, Namibia: Leaders of the SADC for an economic summit here have urged Unita leader Jonas Savimbi to cease his actions and get on with the peace process.

AFRICAN leaders sided yesterday with the Angolan government against Unita as the threat of renewed civil war mounted in the oil and diamond-rich country.

Leaders from the 14-nation Southern Africa Development Community (SADC) gathered behind closed doors for two hours of intensive talks in this Namibian seaside town yesterday. Observers fear a renewed outbreak of the civil war in Angola that ended with peace accords in Lusaka in 1994.

Officials close to the talks said the leaders had resolved to step up diplomatic initiatives to find a solution to the conflict in Angola.

But they had only short shrift for Unita leader Jonas Savimbi, urging him to resume his peace accord obligations.

"(The SADC leaders) will call on Savimbi to immediately cease his actions and get on with the peace process," a summit official said.

"SADC will also reiterate its support for the Angolan government."

SADC leaders are also expected to pledge that they will not allow their territories to be used to destabilise Angola. Edouard-Amroise Noumazalaye, the secretary-general of the ruling Congolese Labour Party, said from Brazzaville that the Congo Republic was ready to help Angola in its struggle against Unita.

Angolan President José Eduardo dos Santos is visiting European countries to drum up support for military action against Unita. Diplomats and other sources say he has also struck a deal with governments in Namibia and the Democratic Republic of the Congo to use their territories against Unita.

Last week more than 200 people were killed in the diamond mining village of Bula, 400km east of Luanda, according to reports cited by UN officials. Survivors allege the attackers were from Unita, but the movement has denied the claims.

Diplomats in Luanda say Unita is conscripting men and women. It is also being reinforced by members of defeated armies in the former Zaire, Rwanda and Congo Republic.

Several thousand refugees have begun trickling into neighbouring Zambia, said the UN.

UN Secretary-General Kofi Annan has despatched a senior envoy, former Algerian foreign minister Lakhdar Brahimi, to Angola to see if the peace process could be salvaged. He will arrive in Angola at the weekend.

South African Deputy Foreign Minister Aziz Pahad told a parliamentary foreign affairs committee: "This is a disastrous situation."

A renewal of conflict could lead to a refugee crisis and the further destruction of what little infrastructure remains, Pahad added.

He harshly criticised Savimbi, saying further negotiations with the former ally of the apartheid state were pointless and would only lead to more delays.

Meanwhile, the European Union imposed sanctions yesterday on Unita. — Reuter

SADC breathes new life into reforms

BD 30/7/98 (279A)

John Dludlu

MEMBERS of the Southern African Development Community (SADC) took the first serious steps this week towards reforming the organisation's institutions and agenda.

Senior technocrats from the SA-led trading bloc agreed on recommendations that would significantly transform its activities. Among crucial proposals is a suggestion to reduce the number of the SADC's co-ordinating sectors and to review the body's agenda, bringing it in line with its status as a community. Last year member states failed to agree on the most controversial proposals regarding institutional reforms.

Although logistics — such as the need for wide internal consultation — are cited as the reason for last year's inability of members to agree on changes, SADC sources say the delay reflected fears of losing control of the body's institutions. Each member is in charge of a sector, a system that brings decentralisation to the SADC's programmes.

The consultants had said SADC programmes lacked cohesion and failed to advance the economic integration agenda.

Although SADC and government officials were reluctant to discuss this week's agreement in detail, they said it dealt with the rationalisation of the SADC's institutions.

An official at the secretariat, the body's bureaucracy, which has been pushing for the reforms, said it was clear the SADC's programme of action was putting a strain on resources.

The recommendations, based on a consultant's report, would now be discussed by the SADC's ministers before being tabled before heads of state. The secretariat official was confident implementation of the reforms could begin before year end.

The SADC official expressed hope that its member states would settle their arrears before the leaders' summit in September. Arrears stood at $4,5m last year.

Arrears over two years invoke a sanction, including stripping a defaulting member of a right to take part in the SADC's proceedings or to send citizens to fill SADC jobs.

Projects in countries outside SA get large share of new loans

The bank's involvement in southern Africa is growing rapidly, writes Claire Pickard-Cambridge

THE Development Bank of Southern Africa's growing list of loans outside SA is a good pointer to the projects that can boost prosperity in the region.

The state-owned bank has already moved a long way from its funding role in the apartheid era, which emphasised development of the former homelands, to a recognition of the interconnectedness of the Southern African Development Community (SADC).

CE Ian Goldin says the bank created an SADC unit two years ago to help other countries in the region, and about one third of its new approvals for funding, or R1,9bn, went to them last year.

He says the bank acquired its mandate to operate outside SA at an SADC meeting of finance ministers in July 1996 when each country asked the bank to assist them. It began working in tandem with Eskom, the Industrial Development Corporation, Transnet and other parastatals in helping to facilitate infrastructural development in the region.

At the moment the bank is lending into Lesotho, Swaziland, Botswana, Namibia, Mozambique, Zambia, Malawi and Zimbabwe, and is examining the feasibility of three projects in the Democratic Republic of Congo with SA private sector representatives. One of the Congo projects is a proposed dam for a water distribution network.

However, Bane Maleke, regional manager for southern Africa, emphasises that the bank gets no subsidies from government, raising money itself and investing only in viable projects. Conditions in these countries therefore have to be carefully assessed and "we must be careful who we bring to the party to ameliorate the risks". About 40% of funding applications to the bank are turned down because they are not economically viable, too risky or entail competing with the private sector.

Now the two key growth areas in the bank's business are the SADC portfolio, and privately constructed infrastructure — ports, bridges, roads, power stations and telecommunications — which complements public investment.

Maleke says the bank's SADC unit has expanded most rapidly into Mozambique, where the economy is growing fast.

In that country it is a co-funder with a loan of R300m to a consortium developing the Maputo corridor route to Gauteng, and another $70m grant to Billiton's Mozal aluminium smelting project.

It is also facilitating the private sector's role in upgrading and dredging Maputo harbour, and rehabilitating the railway to SA.

Maleke says the bank is working closely with Telkom in establishing an underwater backbone cable from Maputo to Beira. German company KFW is a partner.

It also turned its hand to agricultural projects in Mozambique, and hopes to attract investors to develop the country's fertile Zambezi Valley under the newly formed Zambezi Valley Authority.

Another key area is power provision, and the bank is helping to establish the 400KV Motracor project with Eskom SA, Eskom Swaziland and the Mozambican national utility. Plans for the power line, from Maputo via Swaziland to SA, are advanced, but construction has not started yet.

According to its 1997 annual report, the bank is arranging to support the Mozambique and Zimbabwe governments' Beira Development Corridor to Harare; the Nacala Development Corridor from the Mozambican port to Lilongwe, Malawi; and Angola's two planned corridors — from Malanje to Luanda, and from Benguela to Lubumbashi in the Democratic Republic of Congo.

The bank's first investment in Zambia was announced last week with the signing of a R210m loan deal with Zambian Electricity Corporation (Zesco) to upgrade its infrastructure.

The loan forms part of Zesco's $198m rehabilitation programme, and it is significant in the light of Eskom's decision to buy power from Zesco.

The bank's first major exposure in Zimbabwe could be a R150m project to supply water from the Zambezi River to Bulawayo.

In Swaziland it has loaned about R400m for the Maguga Dam development; in Namibia it has loaned R65m to the Namibian Development Corporation and is also negotiating a R206m loan to the Windhoek city council; in Botswana it loaned R242m to the Botswana Water Utilities Corporation to fund part of its north-south pipeline; and in Lesotho it has funded the highlands water scheme with more than R1bn over 14 years.

The bank sees its strategy as a catalyst for development through partial financing for a project, technical support and the channelling of private sector funds into infrastructure projects.

Cross-border co-operation against crime

CT 31/7/98 (279A)

GABORONE: Police chiefs of the 12 core states of the Southern African Development Community (SADC) have adopted 29 measures, which they hope to implement before the end of the year to combat spiralling cross-border crime in the region.

This was announced yesterday at a meeting of the Southern African Regional Police Chiefs Co-operation Organisation (SARPCCO). "Cross border crimes were targeted, with specific attention to motor vehicle theft, firearms smuggling, drug-trafficking, illicit dealing in precious stones and the use of falsified travel documents," a communique said.

Botswana's Vice President Ian Khama took over from SA Safety and Security Minister Sydney Mufamadi as SARPCCO chairperson and Botswana Police Commissioner Norman Moleboge took over from SA's George Fivaz as chairperson of SARPCCO police commissioners.

Moleboge said the region was moving closer to making extraditions easier.

Mufamadi said the upturn in Africa's economic growth over the past three years had created conditions conducive to a rise in crime.

"Criminals see an opportunity to turn the material of progress into a tool for illicit projects and rapacious activity," he said.

Southern African countries, for their part, should act to address shortcomings in law enforcement. These included a lack of quality police personnel and of sophisticated equipment to control the movement of people and contraband across regional borders, Mufamadi said.

He said joint cross-border operations under SARPCCO had already achieved success, and laid a firm foundation for the future.

"From these operations, we should be able to say that we have accumulated sufficient material with which we can reliably predict long-term future trends."

Such intelligence was vital in the fight against organised crime, Mufamadi said. — IFS and Sapa

SADC to give priority to integration

CT (BR) 31/7/98 (279A)

THABO LESHILO
BUSINESS EDITOR

Johannesburg — The Southern African Development Community (SADC) should not only promote functional co-operation among member states but also prioritise regional market integration, according to the community's second regional workshop on rationalisation this week.

The workshop, which was held in Gaborone, agreed to recommend to the SADC ministers council meeting in September that priority be given to regional integration and policy development.

Sello Rasethaba, who is part of the business caucus at the workshop, said delegates at the meeting expected the ministers' council to endorse the recommendation. "It is the first step towards regional market integration."

Rasethaba said the plan, if implemented, would put the region on a par with others in the world. "South Africa, along with other countries in the community, will be able to compete in the global market."

Delegates at the workshop agreed that the role of SADC and its institutions be changed "so that they should focus on policy formulation, co-ordination and harmonisation rather than on project planning and implementation", said a report compiled after the meeting.

"The private sector and other stakeholders should play a larger role in the formulation and implementation of the SPA (SADC programme of action)," the report said.

It said a restructured and refocused SADC should promote employment by co-ordinating relevant national policies and programmes.

Delegates at the workshop agreed that the regional body's institution's and management should be restructured to make it more effective.

The main objective of the second review workshop was to consider the findings and recommendations of the study report on review and rationalisation of the SADC programme of action.

This week's workshop followed the first regional workshop on rationalisation that was held in Gaborone in August last year.

Customs union's stalled pact talks to be revived

(279A) BD 4/8/98

John Dludlu

TRADE Minister Alec Erwin is expected to host a ministerial meeting with counterparts from the Southern African Customs Union over the next few weeks in a bid to break the impasse in talks to renew the trade pact, say Pretoria officials.

The ministerial meeting, signalling a political commitment to modernising the long-standing agreement, follows a recent meeting of senior technocrats in the five-nation customs union that comprises SA, Botswana, Lesotho, Namibia and Swaziland.

Usutuaige Maamberua, permanent secretary for finance in the Namibian government, yesterday confirmed the planned ministerial meeting, and said it would take place in Botswana. A SA trade official said at the weekend the meeting later this month would be in Pretoria.

The revived talks, which collapsed a year ago after a disagreement on key issues, have yet to resolve the main sticking point which saw the rationale and future of the customs union called into question.

The main differences are over the creation of a new tariff-setting institution to govern the union, and the tariff, agricultural and industrial policies to underpin any new institutional dispensation.

SA, which administers the pact through the Board on Tariffs and Trade, is against the creation of a large multinational institution that could end up slowing decision-making.

Although these differences, once threatened to wreck the agreement, Maamberua sounded optimistic that solutions would be found and that the current agreement — though functional — was not an option. "I have no doubt that they (negotiations) will be concluded." he said,

Maamberua said the revived talks were characterised generally by an upbeat mood.

During the impasse, which he attributed to other pressing issues preoccupying negotiators, frustration and pessimism appeared to be the order of the day.

Maamberua's remarks were uncharacteristically reconciliatory when compared with those previously attributed to Hidipo Hamutenya, the Namibian trade minister, who has openly expressed frustration at the pace of the talks.

Southern African states lobby against WTO rules

BD 6/8/98

(279A)

Tim Cohen

LONDON — Southern African members of the Lomé convention have given notice they intend pushing for changes to World Trade Organisation (WTO) rules, to allow the retention of trade preferences enjoyed by the 71-member African, Caribbean and Pacific (ACP) group of countries.

The approach being weighed by the southern African states is in direct conflict with the approach of the European Union, which considers that future trade relations between the EU and the ACP should fall within existing WTO rules. In documents being prepared to develop an ACP negotiating mandate, the southern African group has called on the ACP and the EU to use their numerical strength to amend WTO rules to render the new Lomé agreement WTO-compatible.

Existing arrangements between the EU and the ACP countries would likely fall foul of WTO regulations that prohibit "nonreciprocal" trade advantages granted to exclusive countries or groups of countries.

In terms of current rules ACP countries, with the exception of SA, have virtually tariff-free access to the EU, but this benefit is now threatened by WTO rules that are based on the principle of nondiscrimination and do not allow benefits to some countries and not others, except in terms of a formal free trade area.

The stance adopted by the southern African group amounts to a challenge to the EU proposals, which favour the retention of WTO rules and the amendment of Lomé trade rules. In effect, the southern Africa group has suggested the opposite — the retention of Lomé rules and the adaptation of WTO rules.

The document still has to be integrated with the proposals of the five other Lomé regions, and SA trade negotiators said the process should be considered "dynamic". However, they are unlikely to differ on this topic.

The negotiating guidelines have been collated into a negotiating mandate that will form the basis of negotiations with the EU on the 2000 to 2005 phase of the convention, which begin next month.

Justine Dangor

UN to help SADC set up human rights body

(279A)

THE United Nations Human Rights Commission has pledged to help the Southern African Development Community (SADC) set up its own human rights body.

However, human rights experts say establishing a regional body could prove difficult.

Jody Kollapen, a lawyer with the SA Human Rights Commission, said there were differences within the region over the way human rights were dealt with.

Kollapen said strong national organisations within member states had to be the foundation for any regional organisation. Some SADC members did not have strong national institutions and working together on a regional basis could be difficult if they did not have strong national institutions backing them up.

Different constitutions among member states rank among the obstacles facing the region. The SA constitution has entrenched the concept of socioeconomic human rights and abolished the death penalty. However, other SADC members do not have socioeconomic rights entrenched in their constitutions and some countries, such as Botswana, still enforce the death penalty.

Steven Kokerai, a legal adviser to the SADC, says each member state still has its own human rights programme.

Despite the problems facing such a body, there are a number of advantages in having a regional commission.

A regional human rights commission could provide a much larger forum for accountability on the part of governments in the region, and allow for an exchange of expertise.

The UN Human Rights Commission recently established an office in Pretoria intended to deal with human rights in the southern African region.

BD 12/8/98

ANALYSIS & COMMENT

South must take control of the agenda

The summit of the Nonaligned Movement, to be held in Durban later this month, provides an opportunity to put south-south relations on a new track, writes Devaki Jain

BD 13/8/98 2a (279A)

THE agenda of the forthcoming Non-aligned Movement summit is as old as the movement itself. an anxious reaction to the power of developed countries, the power of Eurocentric configurations and collusions.

It is about the power of the coloniser which continues in terms of the location of global financial power and global intellectual and cultural power expressed through the media and global clubbiness.

There is something weak, if not sad and wasteful, in the fact that in more than three decades of mobilisation of the south, the discourse always seems tethered by the retrospective lament

Can this be turned around? It can, as there is immense potential in the countries of the south to throw out the agenda behind which it has been trailing and develop one that builds on its capacity and challenges the north.

An example is the idea of renaissance and renewal in Africa At the core, especially as articulated by SA's Deputy President Thabo Mbeki, this is an attempt to affirm that there is an intellectual powerhouse, creativity in institutions and sophisticated political, social and economic management within the African civilisation, history and experience.

A similar attempt was made several decades ago by Mahatma Gandhi when he enabled Indians to discard the "brown sahib", the mimicking of the west, by discarding western clothes and revitalising industries based on existing skills

Another example of tremendous strength is the alliances of what is now called "people's movements". Since there are not only more people in the south, but more poor people, the aliances of people's movements have not only been larger and more vigorous, they have also been more informed and politically strategic. They have, through south-south collaboration and negotiation with the likeminded in the north, had more power in deconstructing the unipolar world, especially in its ideology and intellectual direction, than most governments of the south.

An instance is the creation of the World Commission on Dams to review the different viewpoints on the construction of dams, their costs and benefits. It raises questions on mega-projects that might actually negate the goal of economic growth and prosperity. Those who have been struggling against megadams which might dislocate the poor have been able to strategise, network across continents and initiate public action.

As those who have been engaged in deconstructing the apartheid regime in SA are beginning to find, deep demolition of structures — whether they are medical councils, bureaucracy, foreign missions, the army, or even within city governments — is required to rearrange these spaces to accommodate the emerging black people.

Demolition and deconstruction have been found to be a prerequisite for getting the job done. Otherwise, existing structures with their embedded social and racial ethics and their Eurocentric culture and associations are not providing an opportunity for the new SA to be put on the ground

A theoretical, ideological and cultural foundation is crucial for reorganising power relations, south-south and south-north. As long as the agenda is about more access to the north within the terms of reference set by the north, as long as the south does not put its own creative capacity into an agenda it defines itself, this hierarchy cannot be reversed. What is that agenda?

The Non-Aligned Movement must be about overturning hierarchies. We must overturn the hierarchy between state, mainstream power, and the power of the alternative discourse of people's movements, grassroot and community movements Finally, we must over turn the hierarchy of gender.

In that sense, the agenda is one which asks for the validity of these hierarchies to be reconsidered and further argues that it is only by overturning these hierarchies in thought and action, and the demolition of these paradigms as structures that the south can affirm its power.

The Non-Aligned Movement summit, where both the earlier chairman — Colombia — and the future chairman — SA — are progressive nations with liberated leadership, offers a golden opportunity for the intellectual and cultural power of the south. It offers a space to mobilise around the speeches of people like President Nelson Mandela who continuously challenge power structures and given hierachies.

This is the most opportune moment for countries in the south to put forward a claim for leadership in politics , economics and social development.

The second step is to identify areas for the south to build its collective mobilisation. The provision of employment should be the rallying point for its economic action agenda.

Employment is a pertinent theme for the north too. Thus it becomes an important intellectual tool of analysis leading both to learning from other mistakes, learning about the "failure" of success, as well as offering a lens through which to see the trading offers of the European Union and the US to, say, the Southern African Development Community and SA. Markets are required by these countries to foster jobs but their offers are to be placed not in the context of neighbourliness or altruism but self-interest.

In terms of addressing unemployment, three other issues in developing a nonaligned viewpoint on the political economy of global governance could be.

- ☐ Regional economic co-operation models and south-south collaboration in regional development as a challenge to globalisation;
- ☐ Representation· how to make democratic institutions and electoral systems represent deprived stakeholders;
- ☐ Discrimination: the importance of removing discriminatory practices such as racism and sexism as a part of economic transformation.

Mandela repeatedly refers to racism in the same breath as sexism, thus giving political prominence to discrimination against women. The movement can ride on his approach so that the issue of sex-based inequality is raised to the same level as race or ethnically based conflict and operation.

A new meaning could be given to globalisation as a new meaning is being given to renaissance, plucking it away from its dubious use in European history. Globalisation could be.

- ☐ Seeing employment as a global goal and thereby seeing unity of purpose in the work of global economic power structures;
- ☐ Seeing the poor as being culturally homogeneous across continents and races;
- ☐ Building common markets for the cultural industries, and
- ☐ Making telecommunications and information technology work to give voice to the voiceless across the globe and to unite cultural expression.

And so the list can go on. This would be a change from looking at globalisation from a restricted view. We can reconstruct it rather than fear it.

At another level, it is necessary to reconstruct world conferences and summits. They are already tedious UN conference documents are holdalls and a summit ultimately has to negotiate paragraphs and commas to satisfy national sensibilities. Any audit of past summits will show that the follow-up has been negligible.

It would be a real renaissance of not only Africa but the south if the Non-Aligned Movement could recast its agenda and find strength in its own strengths. The developing countries need to be the moral and political leaders for building equitable democratic societies. The movement provides the appropriate space.

☐ *Jain is a development economist and was previously a member of the south commission set up by the Nonaligned Movement.*

SADC countries face wheat shortfall

(WHEAT (279A)

HARARE — The Southern African Development Community (SADC) may have to import 1,35-million tons of wheat in 1998/99 after a 20% fall in output, a regional food unit said yesterday.

"Regional production of the (April-May) winter wheat crop is currently forecast at 2,20-million tons, 20% below last season's output of 2,77-million," the SADC Regional Early Warning Unit said in a report for the quarter to June.

Production is expected to decline 30% to 1,75-million tons in SA and 17% to 250 000 tons in Zimbabwe, where industry officials say domestic consumption averages between 320 00 and 350 000 tons a year.

In July Zimbabwe signed a $10m loan agreement with the US to import 65 000 tons of high-protein wheat between September and December for blending with local grain. BD 14/8/98

Officials say Zimbabwe needs to import other wheat types to enhance the local quality, which is not ideal for bread making.

The SADC early warning unit, which is based in Harare, said Lesotho faced a wheat shortfall of 33 600 tons with production forecast to crash by 70% due to a shortage of irrigation water for the winter crop. However, it forecast increased output in Tanzania, Zambia and Malawi.

The SADC is made up of Angola, Botswana, Lesotho, Malawi, Mauritius, Mozambique, Namibia, SA, Swaziland, Tanzania, Zambia, Zimbabwe, the Democratic Republic of Congo and Seychelles, but the last two, which joined the 18-year-old economic grouping only last year, are not included in the food security report. — Reuters.

Mugabe tug of war with Madiba strains regional unity

(279A) ARG 17/8/98

BLACKMAN NGORO
STAFF REPORTER

The first real signs that inter-government unity in southern Africa is under pressure – a factor which could have ramifications in the Organisation of African Unity – has emerged from the tiff between two of the continent's great sons, President Mandela and Zimbabwe's President Robert Mugabe.

In spite of official denials, there are said to be fundamental differences between them over the control of the organ on politics, defence and security (OPDS) of the Southern African Development Community, which Mr Mugabe currently chairs.

Mr Mugabe has denied there are tensions between him and Mr Mandela, and the South African Department of Foreign Affairs has said that a report in the Zimbabwe Herald on their differences was incorrect.

The Herald, however, is a government-owned newspaper which is regarded as the unofficial mouthpiece of the Zimbabwe government.

And a senior defence official has told the Cape Argus that there are, indeed, differences over "the restructuring of the security organ".

"There is a real stand-off between the two leaders. This is real politics," he said. "We think that, as South Africans, we should be at the centre of that security structure – that whichever country heads SADC must also head the OPDS."

South Africa at present heads the SADC.

Mr Mugabe reportedly refused to hand over the security body when he relinquished his chairmanship of the SADC, claiming the defence and intelligence systems of the new South Africa were riddled with spies.

He is reported to have said that consequently, all southern African countries would be threatened with infiltration. To avoid this he wanted to keep control of the OPDS.

The deputy chair of the parliamentary joint defence committee, Thandi Modise, said although South Africa understood Mr Mugabe's initial reasoning, the situation had changed. "We understood the problems then – the problem of the SA Defence Force being the kind of organisation that it is, with a lot of undesirable agents."

Mr Mugabe's fears were that the SADF and intelligence services were not clean enough to handle the whole of southern Africa's defence system. "But we are militarily superior and we are no longer part of aggression. If anything goes wrong (in the region) he is going to have to speak to us.

"If we hold the chair of the SADC it is irritating that he thinks we shouldn't be involved in conflict resolution in Congo.

"It makes a mockery of the whole thing. We get (Foreign Affairs Minister Alfred) Nzo and (Deputy President Thabo) Mbeki talking to (Congo President Laurent) Kabila and then we get reports of Mugabe being accused of snubbing an internationally respected leader like Nelson Mandela," Ms Modise said.

"We are opening up. We are saying, let's help our neighbours help themselves, so that you don't have those problems where people flood across our borders looking for jobs.

"It's not that they like us. They want the jobs. If you can create the possibilities and conditions for that to happen in southern Africa then that is better than fighting."

She said that South Africa had no intention of "swallowing" other countries in southern Africa economically.

South Africa had already started scaling down its armed forces. "The defence force is being re-directed. We are tired of wars. They are not good for anyone. We have KwaZulu Natal, right on doorstep, burning."

She said Mr Mugabe was being "paranoid" if he thought that South Africa wanted to deprive him of anything.

"We didn't ask Tanzania to ask us to look after their seas nor did we ask Angola. Agreed, we do have problems with our intelligence. We didn't hide that fact. We still have those guys sitting pretty in Mozambique. Why then should Mugabe come up and say Mandela is incompetent? What special gifts does he have?

"You can't say the chairman can't be trusted. You can't say you can't bring South Africa in because Congo doesn't trust South Africa.

"Why doesn't Mugabe give us a chance, rather than say South Africa is aiding and abetting Rwanda against Kabila?

"We are not stupid and it hurts more because South Africans, being the last to get independence, don't want to see people killing each other."

Ms Modise said perhaps it was necessary to know who ran the OPDS before the first democratic elections of 1994 in South Africa.

The tiff also illustrates the difference of approach to problem-solving displayed by the two leaders.

While Mr Mugabe projects the image of a "hasty and uneasy" man, Mr Mandela, on the other hand, is "ponderous" and very much at ease with himself.

It will be very unfortunate if the two men should require an arbitrator to decide to whom the OPDS should go.

They will meet again at the end of the month in Durban, where Mr Mandela will become the new chairman of the Non-Aligned Movement, an organisation which believes in taking decisions through consensus.

Mr Mugabe is a past chairman of that organisation.

Will he do the diplomatic thing and relinquish control of the OPDS at that meeting?

Only time will tell.

Free trade within SADC 'will create 5-million jobs'

BD 18/8/98 (~~74~~) (279A)

Sibonelo Radebe

THE creation of a free trade area within the Southern African Development Community (SADC) will help create 5-million jobs, said Kaire Mbuende, the SADC's executive secretary.

He was speaking in Gaborone, Botswana, during the sixth anniversary commemoration of the SA-led SADC.

Mbuende said the establishment of the SADC's free trade area was "a matter of urgency".

He said the free trade area would contribute to the creation of 5-million jobs in the short term and add $2,6bn to the SADC's regional gross domestic product.

Negotiations for the SADC's ambitious plan to free trade exchanges are under way.

Mbuende said at the weekend trade liberalisation was not a panacea for economic problems facing African countries. The SADC's approach to integration was based on development.

Sapa reports that SA's President Nelson Mandela, chairman of the Southern African Development Community, urged every citizen within the SADC yesterday to ensure it became the region of choice of international investors and that it emerged as a powerful force in Africa's rebirth.

In a pre-recorded message, Mandela referred to the problems in Angola, but did not mention the uprisings in the Democratic Republic of the Congo or the unrest in Lesotho.

"It is deeply distressing that even as we celebrate the progress we are making, one country of our region, Angola, has been brought again to the brink of civil war through the renewal of hostilities by one of the parties to the peace process there," he said.

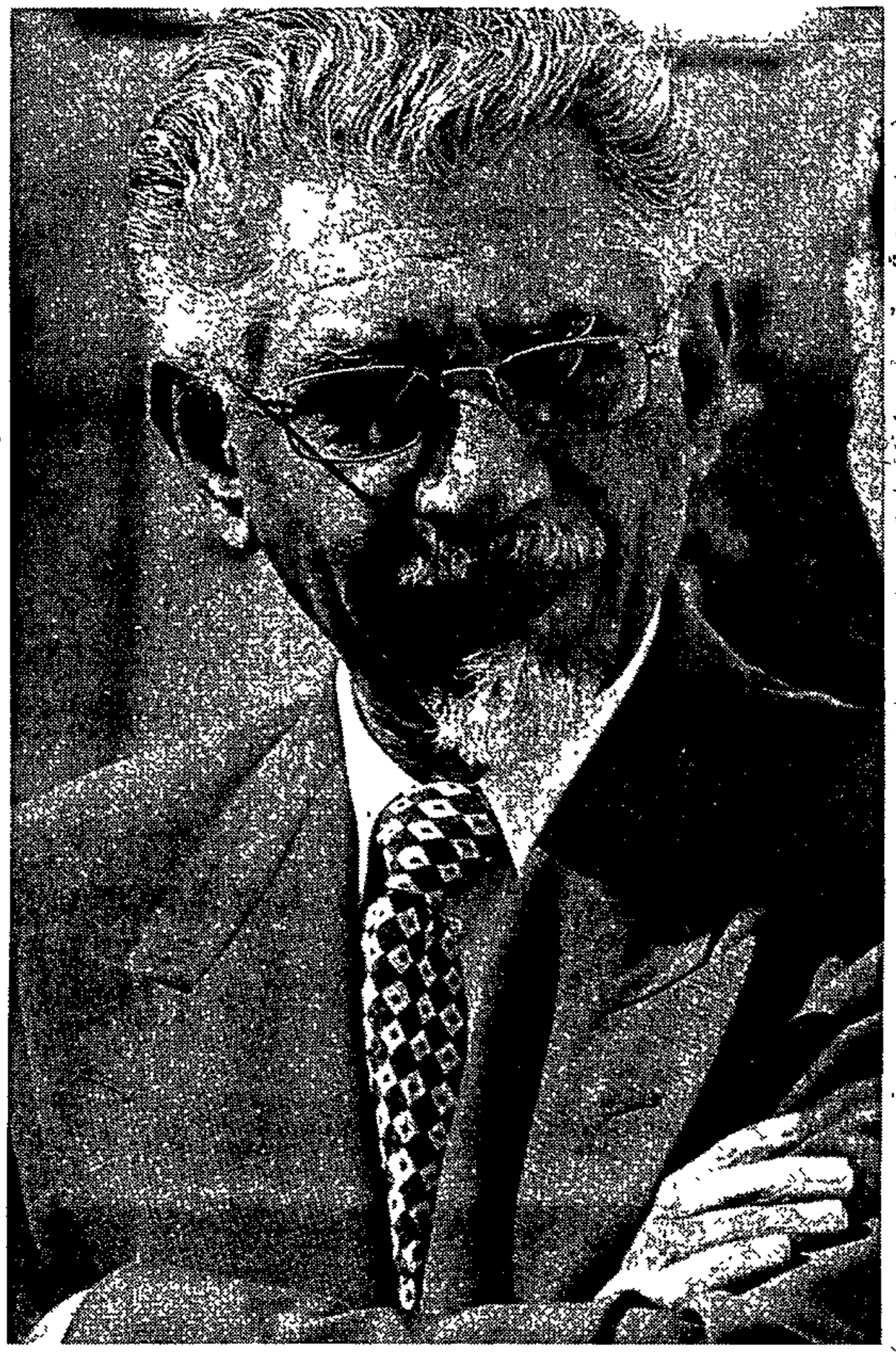
It was of great importance that the Lusaka peace accord should be complied with and that the sanctions which the United Nations security council had called for should be rigorously imposed.

"We take pride in the speed with which a democratic culture has taken root in a region in the few years since we eliminated one-party and apartheid rule. But we do need to support and urge those countries, few as they may be, still undergoing constitutional evolution and reform, to speed up those processes so that ours is a region whose commitment to democracy, human rights and good governance is unqualified."

The SADC could not be built overnight, nor could it be done by government officials and political leaders attending a few meetings a year, Mandela said.

It required every citizen of the SADC to put their shoulder to the wheel to make the region one of high economic growth and social development, a region where unemployment and poverty were things of the past.

"No longer should we be content to be a subject of international conferences on poverty and political crisis," Mandela said.



Transport Minister Mac Maharaj at yesterday's launch of the Cross-Border Road Transport Agency. Picture TREVOR SAMSON

Transport study findings 'alarming'

(279A) (279) BD 19/8/98

Robyn Chalmers

TRANSPORT department officials will present a number of findings from its wide-ranging Moving SA study to the Southern African Development Community next month in a bid to develop methods of bolstering regional transport initiatives.

Describing the findings of the 14-month study as "alarming", Transport Minister Mac Maharaj said yesterday it was crucial to begin dealing with structural transport problems at a regional level.

He said a number of practical obstacles to transport had been identified, including the difficulties experienced by the transport industry in moving goods across borders within Africa.

"We as government are only too aware of constraints at the various border gates, which cause delays and higher costs to the industry, and this is one of the areas that we are pursuing with our partners in the SADC," Maharaj said at the launch of the Cross-Border Road Transport Agency, the third such agency created this year out of the transport department's unbundling. The agency, an independent statutory authority, will help the department negotiate and implement road transport agreements in terms of the SADC protocol.

"The facilitation of the cross-border movement of passengers and goods is vital to the economic development, growth and integration of southern Africa."

Agency chairman George Negota said the composition of vehicles on SA's roads was set to change in terms of initiatives being undertaken by the agency. There was a need to encourage the use of larger vehicles such as buses and 16-seater minibuses rather than the smaller minibuses used now.

This is driven by the urgent need to begin recapitalising SA's taxi industry as many of the eight-seater and 12-seater minibus taxis are more than nine years old and unsafe.

Agency CEO August Maluleka said the agency's role was to ensure that goods are moved in the shortest possible time and at the most reasonable transport cost to the end consumer.

"It is for this very reason that we have successfully concluded and implemented various multi- and bilateral agreements on road transport with countries in the region," he said.

SADC tells rebels to stay out of Kinshasa or face possibility of fighting

(279A) Star 20/8/98

Nairobi – Congolese rebels trying to oust President Laurent Kabila could find themselves pitted against foreign armies if they try to take the capital Kinshasa, Kenya's Foreign Minister Bonaya Godana warned yesterday.

This message was delivered to the rebels yesterday by a delegation from the Southern African Development Community who are visiting rebels at their stronghold at Goma in the east of the Democratic Republic of the Congo.

Godana told reporters that Kabila had sought assistance from the SADC in his struggle against the rebels. Asked if this could take the form of military intervention, Godana said there was a distinct possibility of this. Messages to that effect had been communicated even to the rebels.

"The delegation indicated (to the rebels) that if you continue fighting and move into Kinshasa you can expect to engage units of our forces."

Godana said he had contacted members of the SADC delegation, including the foreign ministers of Zimbabwe and Zambia, by phone. He said the delegation had received a positive response from the rebels, who were considering a SADC proposal for a ceasefire.

But officials in South Africa, Angola and Namibia declined to confirm that there was unanimous agreement at the Harare meeting on any form of intervention to save Kabila.

South African Foreign Affairs Minister Alfred Nzo told the BBC from east Africa, where he was travelling, that South Africa favoured diplomacy over military intervention.

Godana said the worst thing that could happen was that the conflict would get to a stage where African armies and non-Congolese fighting forces ended up on opposite sides. That was the last thing Africa wanted.

Kabila has accused Rwanda and Uganda of backing the Tutsi-led rebellion which threatens his 15-month rule. Both countries deny this.

Godana said Rwanda was implicated in the rebellion but refused to comment on the possible involvement of Kenya. "I get consistent reports from the delegation that Rwanda is not innocent."

Godana added that continued conflict in the former Zaire, where Kabila led a seven-month uprising to topple Mobutu Sese Seko last year, could lead to another outbreak of the ethnic violence which has plagued the region since the 1994 Rwandan genocide.

It was possible that the recurrence of genocidal ethnic slaughter, especially in the Great Lakes, was a distinct possibility. – Reuters

Thursday August 20 1998

foreign armies

The Star

SADC agrees on free-trade plan

BD 20/8/98 (279A)

John Dludlu

MEMBERS of the Southern African Development Community have agreed on an ambitious plan that will see the SA-led SADC freeing 90% of intraregional trade within eight years.

Addressing a news briefing in Pretoria yesterday, Mfundo Nkuhlu, the chief director in charge of African trade relations at the SA trade and industry department, said SADC member states had also agreed not to "arbitrarily exclude" any products from the proposed free-trade deal.

Any exclusions would have to be motivated so that product coverage of the free trade would meet World Trade Organisation (WTO) requirements. Although the WTO does not say how much trade has to be covered by free trade arrangements, it does say that such schemes should cover "substantially all trade" between contracting partners.

Nkuhlu said the offer of the Southern African Customs Union would cover about 93% of products the union traded with fellow SADC members.

With the planned presentation of the offer by the customs union to the negotiating forum next month, the talks should gain momentum.

Since the offer by the customs union — including SA — would provide for a five-year liberalisation programme at most, the bulk of SADC trade exchanges should be free of tariff curbs well before the end of the eight-years.

In sensitive sectors, like sugar and cars, special protocols would be negotiated to attract investment into these areas ahead of full liberalisation, Nkuhlu said.

In terms of the principles agreed with SADC negotiators, SA would liberalise its markets faster than other partners in the region.

The SADC secretariat has said that a free-trade area will help the region create 5-million jobs and bolster the region's growth rate by $2,6bn.

It is unclear how many other countries — apart from SA, Botswana, Lesotho, Namibia and Swaziland or the customs union — are ready to table opening positions at the SADC talks.

Most importantly, it remains to be seen if the Democratic Republic of Congo — one of the SADC's newest members — will be able to play a meaningful part in the talks given the outbreak of conflict in the former Zaire.

At the briefing, called to discuss today's conference on relations between the SADC and the Asean and Mercosur trade blocs, Nkuhlu also said SA and southern Africa were keen to learn from the experiences of these two trade blocs with economic integration.

Crucially, SA would look at the two regions' experiences on tariff liberalisation, the management of adjustment processes, and in building up an institutional framework to underpin regionalism.

At the same briefing, Roberto Bouzas, an Argentinian economist attending the two-day conference, said although Mercosur, which also includes Brazil and Argentina, had made strides in dismantling tariff barriers, slow progress was made in removing nontariff barriers, notably those that were not identified at the start of the integration project.

He said the bloc, known for having lean intergovernmental bodies governing integration, now faced a challenge of creating supranational bodies. Integration had also bolstered the levels of intraregional investments, he said.

(279A)

SADC promise Kabila arms, men

Sowetan 20/8/98

By Themba Molefe

The Democratic Republic of Congo embassy in Pretoria kept mum yesterday about allegations that it dismissed its protocol officer because he was a Tutsi as uncertainty grew in his war-torn country.

Embassy *charge d'affaires* Mr Jean Lambert Ebula refused to comment on the claim by Mr Gilbert Kalinda (33), saying he was lying in the media.

DRC president Laurent Kabila is facing a Tutsi-led rebellion and has appealed to regional partners to help him fight off the challenge to his 15-month rule.

Kalinda is a Congolese Tutsi from the Kivu province of the DRC, while Ebula comes from the Bandundu province which claims to be "indigenous" Congolese

Meanwhile, Reuters reported yesterday that Zimbabwe said the Southern African Development Community (SADC) had agreed to back the embattled Kabila with arms and men

Defence minister Moven Mahachi told the British Broadcasting Corporation in Harare the agreement was reached at a two-day meeting of defence ministers from the 14-nation regional body.

Practical assistance

"It was unanimously agreed that we must with urgency make sure that practical assistance, both material and manpower, is given to the DRC to restore peace and stability," he said.

However, officials in South Africa, Angola and Namibia declined to confirm that there was unanimous agreement at the Harare meeting on any form of intervention to save Kabila

Also yesterday, President Nelson Mandela told journalists that he would be discussing the DRC with other heads of state and that Foreign Affairs Minister Mr Alfred Nzo and Defence Minister Mr Joe Modise, who had flown to Luanda on Tuesday, were meeting Ugandan president Yoweri Museveni in Kampala yesterday

Nzo told the BBC from East Africa, where he was travelling, that South Africa favoured diplomacy over military intervention, said Reuters.

Rwanda and neighbouring Uganda, which together helped Kabila oust long-time Zairean dictator Mobutu Sese Seko last year, have both denied involvement in the latest rebellion.

Sapa-AP reports that Namibia's largest daily, *Die Republikein*, reported that Namibian defence troops loaded 21 tons of arms and ammunition into two Boeing aircraft bearing registration marks of an Angolan air charter outfit

Rebels ready to talk as SADC fires a warning

279A

By Peter Fabricius
Foreign Editor

A major military clash between several nations of southern and east Africa may have been averted yesterday as Zimbabwe, Angola and other southern African nations threatened to enter the civil war in the Democratic Republic of Congo to prop up President Laurent Kabila.

The threat influenced the rebels to announce they were prepared to negotiate a peaceful settlement.

This followed a day of high diplomatic drama as the civil war seemed ready to suck in Zimbabwe, Angola, Namibia and Tanzania, and pit them against Uganda and Rwanda, which are already believed to be involved in the fighting.



Rebel leader ... Bizima Karaha

"Our organisation has decided that we want to ... negotiate a ceasefire with Mr Kabila, as long as Mr Kabila recognises there is a ceasefire," Bizima Karaha, a rebel leader and Kabila's former foreign minister, said in the eastern town of Goma.

Earlier, Zimbabwean President Robert Mugabe confronted South Africa head-on and raised the stakes in the Congo conflict dramatically when his government announced that the Southern African Development Community had decided to prop up Kabila militarily.

President Nelson Mandela, stressing that he was speaking as chairperson of the SADC, repudiated Mugabe and said SA favoured a peaceful, negotiated settlement rather than military intervention.

"Our attitude is clear in regard to this problem. It is not to worsen the position by sending a military force," Mandela said in Pretoria.

"We are committed to peace and that is our attitude, that is my attitude as chairman of (the) SADC. We will do everything to bring about a peaceful solution," he said.

He was responding to Zimbabwean Defence Minister Moven Mahachi who had told the BBC that ministers and officials of the SADC had agreed at a two-day meeting in Harare to give Kabila military support.

Officials in Harare said the action would be mounted by the 14-nation SADC, but South Africa, the region's economic and military giant, was represented at the meeting only by a junior diplomat from the mission in Harare.

A senior South-African official said Mugabe had acted improperly by not consulting the SADC heads of state.

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His move risked an international military clash in the Congo between southern African states on the one side and Rwanda and Uganda on the other, the official said.

Rwanda, at least, and probably Uganda, were believed to be heavily involved in the fighting on the side of the anti-Kabila rebels, who are spearheaded by Tutsis of the same ethnic group as the Rwandan government.

The official added that Zimbabwe had raised the temperature of the dispute within the SADC by presenting the Congo conflict as external aggression against an SADC state, which had to be repelled.

This referred to the fact that the Congo, an SADC member since last September, was supposedly being attacked by Uganda and Rwanda.

The official said that behind this bellicose public rhetoric, Zimbabwe had told SA that it did not intend to drive the rebels and their backers out of the Congo but merely to present a barrier preventing them from capturing Kinshasa and persuading them to negotiate a peaceful settlement and establish a broad-based government of national unity.

The official hinted that if this was really the intention, SA might consider it, since SA's goal was also a government of national unity.

But apart from the uncertainty about the intentions of Zimbabwe and its allies, the risks of military intervention were very high as it might pit the SADC countries directly against Uganda and Rwanda.

Last night's sudden announcement by the rebels that they were ready to negotiate has suggested that Zimbabwe's bellicose rhetoric might have been a ploy to scare the rebels to the negotiation table.

The SA official suggested that a peaceful outcome to the looming international clash would depend on the mission to Uganda and Rwanda which Foreign Minister Alfred Nzo and Defence Minister Joe Modise were due to complete today. Their aim was to persuade those two countries to pull out of the Congo, the official said.

Modise and Nzo are due to report back to Mandela and Deputy President Mbeki today.

Challenging time for the SADC (279A)

Star 21/8/98

South Africa needs to make a decision regarding the situation in Congo, writes Peter Fabricius



South Africa has been confronted brutally this week with its long-neglected responsibilities as the superpower of southern Africa and chairman of the Southern African Development Community (SADC).

A very dangerous split in the SADC over military intervention in the Democratic Republic of Congo, which threatens to provoke a regional war between southern and eastern Africa, may force SA into decisive concrete action.

The crisis erupted on Wednesday when Zimbabwe announced that the SADC had decided to intervene militarily in the Congo to prevent President Laurent Kabila from being defeated by rebel forces advancing relentlessly towards his capital Kinshasa.

The decision was taken at a meeting in Harare of defence ministers of the so-called "Breakfast Club" of southern African nations which have already intervened militarily in the Congo – Zimbabwe, Angola, Namibia, Zambia and Tanzania. SA was represented only by a junior diplomat.

Zimbabwe characterised the Congo conflict as a case of external aggression – by non-SADC members Rwanda and Uganda, both believed to be supporting the rebels – against an SADC member, the Congo – which joined SADC last year. It said that SADC was obliged to come to the assistance of a fellow member.

Mandela – noting, significantly, that he was speaking as chairman of the SADC – firmly dismissed the Harare decision, saying SA preferred the option of peaceful negotiation and his spokesman declared that the decision was not binding because only a summit of all 14 SADC heads of state could make a momentous decision to go to war.

Mandela's office noted that a military intervention by SADC could very easily pit the SADC armies against those of Rwanda and Uganda, two countries supporting the Congo rebels, turning the civil war into a disastrous regional international war.

As of yesterday , the outcome of the crisis was unclear and frantic diplomatic efforts were being made by SA and others to forestall military intervention – by persuading Rwanda and Uganda to back off or persuading the rebels to negotiate - which they seemed ready to do.

But Zimbabwean President Robert Mugabe's extraordinarily bold and impertinent action of presenting SA with a virtual *fait accompli* on a matter so important as sending SADC into war – clearly a challenge by him to be the region's top dog – could only have happened because SA has allowed the conditions to develop by failing to assert its rightful position as regional power before this. The policy of bending over backwards to avoid being branded as the neighbourhood bully as Big Brother, which has characterised so much of SA's regional politics, has in a sense come home to roost.

Though it has been trying for nearly two years to resolve the continuing Congo crisis diplomatically, SA should have been playing a more forceful role. While Mandela and Mbeki sat on a ship off the Congo coast last year trying to persuade Mobutu and Kabila to negotiate, the same forces that are now threatening to clash with each other in the Congo, were resolving the issue by force.

By failing to take firm action of one sort or another, SA has created a power vacuum which delinquent Little Brother Robert Mugabe is now threatening to fill. The big difference is that at the time of the last Congo rebellion, the outside forces were all united against the consummate rogue Mobutu, mainly because he was providing havens and support for their dissident movements.

This time the various anti-Mobutu forces have different interests which are pitting them against each other in the Congo in a potentially very dangerous conflict which could destabilise the region for years to come and wreck the carefully crafted unity of SADC.

That has serious economic consequences for the region and for SA which has been trying to force a free trade zone in SADC to create a more attractive market for foreign investors. An SADC at war is not an SADC that is going to attract foreign money.

What is SA to do? With a bit of luck, negotiations may succeed and Mugabe's sabre-rattling may have been designed merely to scare the rebels to the negotiation table. If not, can SA afford to sit back and watch half the region go to war in the name of the SADC? - Star Foreign Service

Mugabe hits out at Mandela over Congo intervention plan

21/8/98 (279A) BD 21/8

Michael Hartnack and Wyndham Hartley

HARARE — President Robert Mugabe yesterday bluntly told President Nelson Mandela and other critics of his plan for Southern African Development Community (SADC) military intervention in the Democratic Republic of Congo to "be silent".

Mugabe's outburst came amid a warning by SA Foreign Minister Alfred Nzo that sub-Saharan Africa was on the brink of unprecedented conflict as members of SADC moved to become militarily committed on behalf of Congo President Laurent Kabila.

A scheduled news conference with members of the international and independent media was apparently cancelled because the Zimbabwean leader, head of the contentious SADC's security and politics subcommittee, was unwilling to face questions about the looming split in SADC, chaired by Mandela, and about the logistics of his planned deployment to the Congo when Zimbabwe's economy is in deep crisis.

Mugabe told the state-controlled media: "If South Africa does not want to participate, then fine. We will participate as Zimbabwe working with other countries.

"Those who want to keep out, fine, let them keep out. But let them be silent about those who want to help," he said in remarks clearly aimed at Mandela.

However, Mandela, who is expected to call a summit of all 14 SADC leaders, moved to defuse the growing division between him and Mugabe. He said there was no enmity between them but a difference of opinion about whether it should be a summit or a meeting of a subcommittee.

He praised Mugabe as being a capable and experienced leader whose presence at such a summit was essential.

There was rising internal disquiet in Zimbabwe about Mugabe's plan, which he claimed was "unanimously" endorsed by a meeting of SADC defence ministers in Harare on Tuesday.

SA was represented at the meeting by deputy high commissioner Chief Victor Mditshwa, and Botswana has said its own diplomatic observer did not have a mandate to commit his country's troops.

John Dludlu reports that Jakkie Potgieter, an analyst at the Institute for Security Studies, said yesterday that apart from "brinkmanship", Mugabe's offer of intervention appeared to be driven by Kabila's $200m debt to Harare.

Nzo gave his warning to the National Assembly yesterday afternoon while Deputy President Thabo Mbeki was holding prolonged talks with Namibia's President Sam Nujoma on the possibility that Namibia would join Zimbabwe and Zambia in sending troops and arms to the Congo.

At the same time, Mandela was attempting to get Ugandan President Yoweri Museveni to support calls for a ceasefire between Kabila's government forces and the rebels.

Nzo told assembled MPs that all the indications were that the war in the Congo was at a critical stage and sub-Saharan Africa faced a deep crisis.

□ Sapa-AFP reports a French military helicopter was struck late on Wednesday by automatic weapons fire from the direction of the Congo as it flew over the Congo River, according to the French foreign ministry in Paris.

The helicopter landed shortly after with its engine on fire. No one was injured, a Congolese officer said.

Mandela calls Congo summit

ARG 21/8/98 (279A)

POLITICAL STAFF AND SAPA

President Nelson Mandela is set to host peace talks between the presidents of the Democratic Republic of the Congo, Uganda and Rwanda in Pretoria on Saturday, followed by a full meeting of Southern African Development Community (SADC) on the crisis in Central Africa.

Zimbabwean President Robert Mugabe has also been invited.

Presidential aide Parks Mankahlana said "plans are far advanced to convene the meeting involving Mr Mandela, DRC President Laurent Kabila, Ugandan President Yoweri Museveni, Rwandan President Pasteur Bizimungu, and Mugabe.

"The meeting will be followed by a full session of SADC on Sunday in Pretoria," he said

Earlier today the Rwandan government said it was ready for full-blown war with the Democratic Republic of Congo if Zimbabwe and Namibia failed to immediately recall troops they allegedly sent to the DRC.

Rwandan ambassador Dr Ben Karenzi said Rwandan troops were ready to go into the DRC to protect "Rwanda's vital interest in eastern Congo".

Dr Karenzi called on President Mandela to intervene and to convince Zimbabwe and Namibia to withdraw their military support. He said according to his information Zimbabwean and Namibian troops had already been deployed.

In meetings and telephone conversations with SADC presidents yesterday, Mr Mandela, Deputy President Thabo Mbeki and Foreign Minister Alfred Nzo argued with South Africa's SADC partners that **there could be no lasting military solution to the conflict in the Democratic Republic of Congo.**

Putting the case against military intervention the South Africans argued that neither the government of President Kabila, nor the rebels now advancing on the capital, Kinshasa, have the capacity to prevail militarily and also run the country peacefully for any length of time.

In meetings and telephone conversations with SADC presidents yesterday, the South African message was sharp and unambiguous: military intervention will make the only rational long-term solution – the creation of a truly democratic state in the DRC – more difficult and it could plunge the entire region into a conflagration.

President Mandela is understood to have told the SADC presidents yesterday that the first step towards resolving the conflict peacefully should be a ceasefire, followed by negotiations between Mr Kabila's government and the rebels on the formation of an interim administration.

Mr Mandela said he expected Ugandan President Yoweri Museveni would issue a call for a ceasefire by rebels in the DRC. This would have the effect of easing tensions.

"I am convinced we are making very important headway in ensuring that a peaceful solution comes at the earliest possible convenience," he told journalists at his Cape Town residence, Genadendal.

He said several heads of state had asked him, as SADC chairman, to call a summit on the crisis.

He wanted Mr Mugabe, who has promised Mr Kabila arms and troops, involved in any SADC initiative because he was a capable and experienced leader. He rejected a suggestion that there was personal enmity between him and Mr Mugabe.

Zim troops in Kinshasa

ST 21/8/98 (279A)

PRESIDENT Nelson Mandela yesterday said he hoped to call a Southern African Development Community summit on the crisis in the Democratic Republic of the Congo, as Foreign Minister Alfred Nzo warned Parliament that sub-Saharan Africa was on the brink of an unprecedented war.

Mandela, who heads the 14-member body which includes the DRC, said several heads of state had asked him to call a summit, but that he and Zimbabwean President Robert Mugabe disagreed on the form it should take.

Hours after he spoke Deputy Foreign Minister Aziz Pahad had to rush off to a meeting after reports that Zimbabwean troops had landed in Kinshasa.

Zimbabwean state television last night said troops had flown into Kinshasa in response to Harare's decision to support President Laurent Kabila's government. The station showed pictures of rifle-bearing soldiers getting off a military transport plane at Kinshasa's N'djili airport.

Nzo who with Defence Minister Joe Modise had just returned from a two-day diplomatic mission to Rwanda and Uganda — said to be aiding the rebels — said South Africa wanted a ceasefire to set the stage for a negotiated settlement and the formation of a broad-based interim government before eventual elections. "A solution we are convinced will be meaningful will be one that is decided by the Congolese people themselves." It should include minorities and all ethnic groups, he added.

Rebels in the DRC — including former Rwandan allies, ethnic Tutsi fighters and disaffected members of Kabila's own military — have captured key towns during a two-week march on the capital.

The conflict could see a return of the Hutu, Tutsi genocidal battles last witnessed in Rwanda. Nzo warned.

Mandela yesterday dismissed suggestions of personal enmity between himself and Mugabe. "I want President Mugabe to be involved because he is a capable and experienced leader and I want his input in everything I do."

Mugabe yesterday said there was no misunderstanding between himself and Mandela on how to handle the crisis, but warned Mandela not to interfere with SADC member states who wished to help Kabila. "Those who want to keep out, fine; let them keep out, but let them be silent about those who want to help."— Sapa, Own Correspondent

African leaders seek ceasefire in Congo

BD 24/8/98 (279A)

John Dludlu

PRETORIA — The Southern African Democratic Community (SADC) and leaders of three nations directly affected by the conflict in the Democratic Republic of Congo called last night for an immediate ceasefire, a "troop standstill" and the initiation of peace talks.

The call for a ceasefire has been supported by the Congo rebels and was endorsed by representatives of President Laurent Kabila's government.

Reuter reports the summit gave President Nelson Mandela, who is the chairman of the SADC, a mandate to create, "in consultation with the secretary-general of the Organisation of African Unity (OAU), the mechanisms for the implementation of this decision", a communique said. Mandela should "consult regularly with the summit participants on progress towards a ceasefire".

The communique made no mention of a rival initiative headed by Zimbabwean President Robert Mugabe to mount a joint regional military operation to prop up Kabila's government. Angolan and Zimbabwean troops are already in the country.

The call for a ceasefire, coming after the hastily convened meeting of the SADC which was not attended by Mugabe or Angolan President Jose Eduardo dos Santos, was greeted with cynicism by diplomats. One leader said it was one thing to call for a ceasefire and quite another to implement one.

The summit "undertook to do everything possible, both as a summit and as individual components which consitute it, to ensure" that a ceasefire and other resolutions were enforced and maintained. This language was understood not to exclude a military enforcement option, albeit one which would have a broader SADC mandate than the Zimbabwean action.

The summit, to which Kabila sent his justice minister, Mwenze Kongolo, was also attended by Ugandan leader Yoweri Museveni, Kenyan President Daniel arap Moi and Rwandan leader Pasteur Bizimungu.

Zimbabwe, which has already sent troops to prop up Kabila, was represented by its high commissioner to SA — a clear snub to the SADC and a sign of Mugabe's resentment of SA's regional leadership. A Zimbabwean official said the summit was "superfluous".

The SADC communique said: "The Democratic Republic of Congo has a government in place which the summit recognises and which is headed by President Kabila." A negotiations process aimed at finding a solution to "all the relevant problems" was envisaged. Sources said said a government of national unity was also envisaged.

Mandela, as the SADC's chairman, would have to liaise with the OAU to "create mechanisms for the implementation" of the summit's resolutions.

Crucially, Mandela would have to "institute measures to harmonise this weekend's summit with the Victoria Falls initiative" — which called for military intervention to assist Kabila.

Mandela carefully played down the significance of the absentees — Mu-

Continued on Page 2



Kenyan President Daniel Arap Moi, right, with an unidentified official during talks at the Union Buildings in Pretoria yesterday to resolve the crisis in the Democratic Republic of Congo. Picture: AP

Congo (279A)

Continued from Page 1

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gabe, Kabila and Dos Santos — saying their absence should not be exaggerated. Zimbabwe had not differed with the summit's decision which Mandela said was unanimously arrived at.

Countries directly affected by the conflict "undertook to desist from any hostile propaganda against one another and any activities which might result in increasing tensions among themselves and elsewhere".

While Kabila was not at the summit, thanks to "doctor's orders", the proposal drawn up on Saturday between SA, Uganda, Kenya and Rwanda was put to him yesterday morning before being tabled to the full SADC summit for consideration.

Although the summit urged that democratic elections should take place "within a reasonable period of time, taking into account the realities of Congo", it is understood that pressure may be put on Kabila to hasten the timetable for the polls.

Moi said he agreed with most of the proposals. Nairobi did not believe in the removal of a government by force.

The call for a "troop standstill" was designed to deal with the difficulties involved in withdrawing foreign troops already in the country.

Michael Hartnack reports that the official Zimbabwean news agency Ziana reported that local businesses were owed Z$2,5bn on deliveries to Congo. Most were munitions and logistics for Kabila from the parastatal Zimbabwe Defence Industries.

Angolans retake base: Page 8

Schism in SADC over Congo war

(279A)

Michela Wrong

THE war in the Democratic Republic of Congo has caused a schism within the Southern African Development Community (SADC), with President Nelson Mandela repudiating Zimbabwean President Robert Mugabe's plan for a regional military rescue mission.

The Zimbabwean position was supported by Angola, Kenya, Zambia and possibly Namibia, while Botswana said it had no intention of intervening. Tanzania, Zambia and Mozambique were also reported to be favouring a diplomatic solution. Rwanda and Uganda have been accused of directly assisting the Congo rebels.

As regional governments disputed tactics, the rebels, in a change of heart, indicated that they were ready to negotiation a ceasefire.

Their announcement follows a rapid advance on Kinshasa. Sporadic small arms fire in Kinshasa yesterday and Tuesday night raised speculation that they were on the verge of attacking the capital. Government troops were reported to have clashed repeatedly with the rebels at the garrison town of Mbanza Ngungu, about 120km southwest of the Kinshasa, in what analysts said could mark the turning point in the 17-day rebel campaign.

In their most public confrontation so far, Mandela and Mugabe were at loggerheads over strategy to defend Congo President Laurent Kabila's 15-month-old government.

The split which emerged after a two-day meeting in Harare of SADC officials highlighted the escalating conflict's potential for upsetting the region's precarious balance.

Zimbabwean Defence Minister Moven Mahachi claimed on Tuesday night that SADC delegates had agreed unanimously to grant Kabila's requests for troops and military equipment because Congo had fallen victim to a foreign invasion backed by Rwanda and Uganda.

"We must with urgency make sure that practical assistance, both materiel and manpower, is given to Congo," he said. His words were later publicly endorsed by Angola and Kenya.

Mandela, who is chairman of the SADC, opposed a military response. "Our attitude is clear in regard to this problem. It is not to worsen the position by sending a military force.

"We are committed to peace and that is our attitude, that is my attitude as chairman of SADC. We will do everything to bring about a peaceful solution," he said.

Mandela's spokesman, Parks Mankahlana, condemned the claims by Zimbabwe and Angola that the proposed action would be under the auspices of SADC. "Anyone who pretends to be speaking for the SADC on this issue is misleading himself and the world. The question of committing troops is a very, very serious and complicated one. It is a decision that would require a gathering of the (SADC's) 14 heads of state," he said.

Mankahlana said SA remained convinced that a peaceful resolution was possible in Congo. "The president will do all in his power to persuade the SADC member states away from a mil-

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Congo

Continued from Page 1

itary confrontation. This is a decision which, if a mistake is made, could have catastrophic consequences."

An SA government source said Pretoria was weighing the possibility of beefing up Kabila's forces in Kinshasa only to the extent that it would persuade the rebels that they could not take the city. "If it was possible to persuade the rebels, without any fighting, that they could not take the capital, this could force a stalemate and give everybody the chance to negotiate. But there is no decision on that yet."

He said Pretoria also was concerned about a regional conflict developing with Kabila and the SADC on one side and the rebels on the other backed by Rwanda and Uganda.

Bizima Karaha, formerly Congo's foreign minister and now a rebel leader, said in the eastern Congo town of Goma that the rebels would negotiate a ceasefire as long as Kabila granted recognition to the rebel movement.

This was the first time the rebels — ethnic Tutsis and disgruntled Congolese soldiers — have indicated they are willing to talk to Kabila, a man they accuse of usurping power, promoting corruption and tribalism.

It was not clear what caused the sudden change in tactics, but Karaha warned Zimbabwe against intervening in what he said was a Congolese affair. "Nobody can find a military solution to the Congolese problem. Any foreign intervention in Congo will have one and only consequence: to fight and resist."

He said the question of whether Kabila should remain president was part of the negotiations. "He is a part of the problem so he should be part of the solution too." — Financial Times, Reuter, Sapa-AP.

Arms for Congo: Page 14

Tension mounts in Congo as rebels push

(279A) BD 25/8/98

forward

Claire Pickard-Cambridge

ANGOLA's decision to pour troops into the western part of the Democratic Republic of Congo was aggravating tensions in the country and could push the rebels into hastening their advance on the capital, Kinshasa.

Jakkie Potgieter, senior researcher at the Institute for Security Studies, said yesterday that if the Tutsi rebels tried to speed up their advance on Kinshasa, it could lead to many civilian deaths.

He said the rebels could try to hasten their advance on the capital because although the Angolans had apparently ousted them from three towns in far western Congo — the oil port of Moanda, Boma and Banana — the Angolans were still about 400km from Kinshasa and any subsequent advance would entail crossing the Congo River.

Crossing the river, which is 3km wide in parts, would be hazardous when so many tanks and heavy military equipment were involved. The expected delay caused by the crossing was likely to encourage the rebels to use the brief window of opportunity to invade Kinshasa.

Potgieter also warned that neither Angola nor Zimbabwe, which has also committed troops in support of beleaguered President Laurent Kabila, would be able to sustain this kind of military intervention in Congo. "The moment Zimbabwe and Angola have to withdraw, Kabila will face the same problems he did before. This means that any long-term solution likely to address the cause of the problems in Congo will have to be a diplomatic one.

"The issue in the Congo is as much to do with good governance as ethnic divisions. Both problems must be addressed and cannot be resolved militarily."

Commenting on whether a call by most Southern African Developmental Community (SADC) members as well as Uganda, Kenya and Rwanda for an immediate ceasefire could be enforced in future, Potgieter said monitoring would need to concentrate on the two main areas of conflict — part of western Congo and Kivu Province in the east.

He said when Shaba Province (now Katanga) tried to secede in 1962, the United Nations committed 93 000 troops over four years to monitor the situation. "This indicates how extensive an effective monitoring exercise would have to be."

The SADC did not have the capability to support such a programme, so monitoring would have to involve the Organisation of African Unity and that would take some time to negotiate, he said.

Tara O'Connor, a senior analyst at security research company, Control Risks, warned that the root of the crisis lay in two areas: Kabila's inability to resolve the security of Uganda and Rwanda's borders with Congo, and his treatment of the Banyamulenge Tutsis in the east.

Like Mobutu, Kabila was unable to control the rebels launching cross-border attacks into Uganda and Rwanda, thereby losing the support of his key allies.

Secondly, he had not resolved grievances over the issue of Banyamulenge citizenship in the country, which had triggered the first rebellion against Mobutu Sese Seko.

O'Connor warned that if Kabila managed to hold on to power for some time without resolving internal grievances, it could lead to the break-up of Congo into several autonomous provinces. This, and the scenario of prolonged fighting, could further damage the environment for business which had already been hostile because of the lack of effective policy, stable institutions and adequate law and order.

She said many foreign firms had been trying to negotiate contracts with the government for two years but had failed.

The reasons for the delays were largely the government's lack of knowledge of procedures, the fact that negotiations for many contracts had resumed from scratch after Kabila took power, and Kabila's numerous cabinet reshuffles which often meant companies had to return to the drawing board.

Two SA firms, building and construction company Group Five and Safreight Goodwin, had signed a joint venture agreement to upgrade the transport network from the western port of Matadi to Kinshasa.

Spokesmen said last night that although the parties were permitted to go ahead in terms of a presidential decree they were still waiting to see whether they would be able to operate in Congo. Group Five would be upgrading the road system and Safreight Goodwin had hoped to upgrade the port and rail system.

Government to charge VAT on customs union goods in bid to fight illegal imports

(279A) CT (BR) 26/8/98

THABO LESHILO
BUSINESS EDITOR

Johannesburg — The government would start charging VAT on goods from the Southern African Customs Union (Sacu) from today in a bid to stop illegal imports, Christo Henning, a spokesman for the South African Revenue Service (SARS), said yesterday.

The new tax would be phased in and target certain members of the customs union. South Africa's partners in Sacu are Botswana, Lesotho, Namibia and Swaziland (BLNS).

Henning declined to say which of the countries would be immediately affected, how much the tax would be or the dates from which it would be payable. He said the information was embargoed until today at noon.

The SARS proposed that the VAT be introduced at 14 percent — the rate applicable in South Africa.

Henning said customs officials would be posted at South Africa's 14 border posts with the BLNS countries to collect the tax.

"The man in street should not feel the effect of the tax that much," said Henning. He said the tax was necessary to stop the widespread illegal trafficking of goods into South Africa, and would save the country billions of rands in lost revenue.

VAT regulations were recently amended to eliminate zero-rate VAT abuse on bogus alcohol and tobacco products exported to the BLNS countries. SARS said the previous system was abused by using falsified export documents for goods that actually never left the country.

Coopers & Lybrand, the tax consultancy, slammed the move for failing to discriminate between bogus and bona fide exporters.

imports

Congo peace brokers hypocrites, says Mugabe

Michael Hartnack (279A)

HARARE — President Robert Mugabe called would-be peace brokers in the Democratic Republic of Congo "hypocrites" yesterday, in what diplomatic observers saw as an intensifying war of words with President Nelson Mandela.

"All those who have been denying and all those who have been talking peace are hypocrites," Mugabe said, claiming that Zimbabwe had positive proof that Rwanda and Uganda were helping rebels against President Laurent Kabila's government.

Reports yesterday said Mandela, the chairman of the Southern African Development Community (SADC), had again criticised Mugabe's role in seeking military intervention as chairman of the SADC Organ on Politics Defence and Security.

Speaking after a meeting with Howard Wolpe, US special envoy to Africa's troubled great lakes region, Mugabe said: "There are hypocrites who are talking peace when in fact they are supping with the rebels all day and all night."

He rejected US calls for the withdrawal of all outside forces from the Congo.

US ambassador Tom McDonald appeared disconcerted by the vehemence of Mugabe's remarks and said Washington stood by its appeal "so that the quickest possible path and diplomatic solution to address the conflict can be found. We all have a common aim in how dangerous the situation in the Congo has become".

Zimbabwean spokesmen have been emphasising that their contingent is a part of "allied SADC forces" responding to an appeal for help from "a legitimate government".

Assault on Kinshasa: Page 13

BD 28/8/98

Picture: AP

Zimbabwe flies home first battle casualties

(279A) (~~358~~) (~~362~~)

Michael Hartnack

HARARE — Zimbabwe has acknowledged its first casualties in fighting to defend President Laurent Kabila's government in the Democratic Republic of Congo, saying "at least" two soldiers have been killed and 15 wounded.

State sources said yesterday three more Zimbabwean soldiers were missing on the battlefield.

"Zimbabwe is sending reinforcements after finding that regular troops from at least two foreign countries were spearheading the attacks in Kinshasa," said the state-controlled Herald, whose editor Bornwell Chakaodza was recently transferred to the post from being President Robert Mugabe's director of information.

Meanwhile parliament, the politburo and traditionally supportive sections of the African business community, were reportedly criticising the war at a time of explosive internal trouble in Zimbabwe.

Millers said yesterday they would stop producing meal as soon as current maize stocks ran out, raising the probability of renewed food riots. State price clamps following a Z$300/ton increase in grain prices had made milling unviable, they said.

The Herald said bodies and wounded started arriving back in Harare from the battle near Kinshasa's airport and around the Masina suburb. A leased Russian heavy transport aircraft that brought them back took reinforcements for the 600-strong contingent already deployed, said the newspaper, which is closely controlled by the information ministry.

The newspaper said that after the "foreign-led invasion force" attacked SADC troops, the "allied forces ambushed the principal column being used in the assault ..."

Hundreds were reported killed on both sides.

The Zimbabwean Financial Gazette, owned by a consortium of leading African businessmen linked to Mugabe's ruling Zanu (PF) party, reported unrest among parliamentarians and a split in his elite policy-making body, the politburo, over intervention in the Congo. Retired army commander Gen Solomon Mujuru warned strongly against involvement, politburo sources told the newspaper, while MPs were outraged that they were not consulted.

"Gen Mujuru openly expressed his reservations and questioned what Zimbabwe stood to benefit, and whether it was not a question of putting interests of private individuals to the forefront," they said.

This was a reference to reports that cabinet ministers were among those owed up to Z$2,5bn on business ventures in Congo since Kabila took power last year.

In some of the most outspoken criticism ever published in Zimbabwe, an article called the intervention "The War of Mugabe's Ego", while an editorial warned that the fallout from the "debacle" would bedevil relations between Zimbabwe and SA long into the future.

Mandela targeted

"Neither (Nelson) Mandela nor his successor Thabo Mbeki is likely to forget too soon what a good friend Zimbabwe has been and is," it said sarcastically."

Diplomats said yesterday Mugabe's attack on Wednesday on "hypocrites" calling for peace was clearly aimed at Mandela, while Mugabe's demand that the Organisation of African Unity take over management of the crisis challenged Mandela's position as chairman of the SADC.

Edmore Tobaiwa, chief economist for Zimbabwe's First Banking Corporation, questioned the cost of intervention "when the country is facing one of its worst recessions", and when unions seemed about to launch a national strike for "restored macroeconomic stability to stop the decline in disposable income due to spiralling inflation and tax".

The International Monetary fund delayed until October its $20m budget support and a crucial donor conference next month sought Z$40bn for urgently needed land reforms, he noted.

The cost of deploying a single Zimbabwean soldier was put at $100 a day, while tangible profits so far from trade with Kabila had been minimal, said Tobaiwa.

Namibia loses soldiers to the conflict in Kinshasa

BD 28/8/98 (279A)

Christof Maletsky

WINDHOEK — At least two Namibian Defence Force soldiers, fighting alongside the Zimbabwean troops in the Democratic Republic of Congo, have been shot dead, while others have been wounded or reported missing, say defence-linked sources.

The report was not confirmed by the government, but it came as President Sam Nujoma admitted for the first time that Namibia had sent troops to fight on the side of beleaguered Congolese President Laurent Kabila.

The sources said the two soldiers had been killed in fighting at Kitona near the Cabinda enclave and Boma about 102km from the mouth of the Congo River.

The sources said they had been killed along with about seven Zimbabwean soldiers in an artillery attack by rebels fighting Kabila.

No names or personal details of the dead Namibian soldiers were provided, as no official identification has been made so far. The soldiers' remains are reportedly at Angola's Soyo airport, after being moved from the Democratic Republic of Congo.

Nujoma's admission of involvement in the Congo came as Defence Minister Erkki Nghimtina continued to deny reports of Namibian troops there.

The official cover-up had in any case become hard to maintain as Zimbabwe and Congolese President Laurent Kabila had already confirmed the presence of Namibian troops in Congo.

Nujoma told a Heroes Day service in Windhoek yesterday that the Namibian government was in Congo to "ensure peace and stability".

"On the Congo crisis, the Republic of Namibia is clear ... the government will support President Laurent Kabila ... our forces are there," Nujoma said.

The British Broadcasting Corporation also reported on Wednesday that a platoon of Namibian soldiers had arrived in Kinshasa to help Kabila and Angolan and Zimbabwean troops.

Sources at Grootfontein military base also confirmed that the Namibian Defence Force continued to load trucks with weapons and ammunition heading north. Different sources said the equipment was going to Angola, being transported from there to the Congo.

Dos Santos 'too busy' to see peace-makers

CT 28/8/98 (279A)

JOHANNESBURG: South Africa's diplomatic effort to secure a ceasefire in Laurent Kabila's Congo seemed to be faltering yesterday as Foreign Minister Alfred Nzo returned home after failing to meet the key players in the conflict.

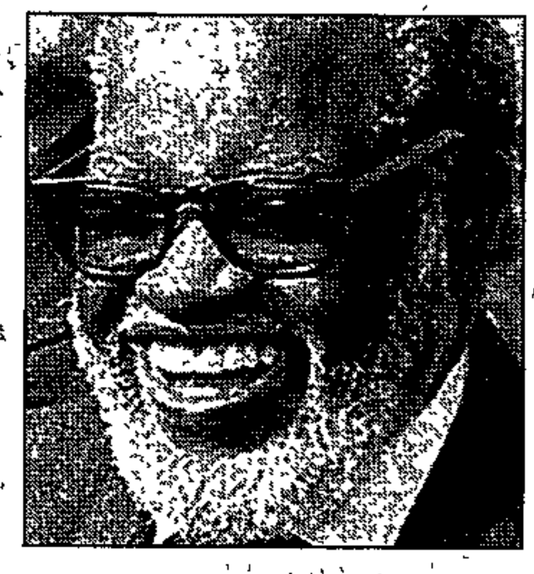
Nzo held talks with the Organisation of African Unity in Addis Ababa, but did not go to Kinshasa or Angola. Foreign affairs officials denied that Nzo's mission was a flop, saying his delegation had failed to secure a meeting with Kabila because of the deteriorating situation in the Congolese capital.

"The foreign minister is in contact with all parties in the DRC and President (Nelson) Mandela had contact with Kabila over the past few days, so to call it a failure is jumping to conclusions," a spokesperson said.

Nzo was leading a delegation of three other Southern African foreign ministers tasked by Mandela to implement a Southern African Development Community call for a ceasefire. He was to meet Angolan President Jose Eduardo dos Santos, who has sent troops to help Kabila fend off the rebellion, but Angolan state radio said Dos Santos was too busy to see him.

The 14-member SADC is split on how to deal with the crisis, with Zimbabwe's President Robert Mugabe and Dos Santos leading the hawks against Mandela, who favours a negotiated settlement.

An OAU statement, issued after a two-day meeting between Nzo's delegation and OAU Secretary-General Salim Ahmed Salim, said said "it was agreed that more time was needed for consultation before dispatching delegations to the parties concerned". — Reuter



JOINS THE HAWKS: Namibia's Sam Nujoma

Protests plague summit

By Joe Mdhlela

THE 12th Non-Aligned Movement summit under way in Durban has so far been plagued by protests, especially those alleging violation of human rights by governments against citizens.

Leading the chorus is the Pan Africanist Congress, which has claimed that about 600 political prisoners are still in jail. These included members of Umkhonto we Sizwe, the Azanian People's Liberation Army and Azanian National Liberation Army, whom the PAC said were being refused a general amnesty.

PAC spokesman Mr Pasika Nontshiza said it was "farcical to host a summit of this magnitude while, by refusing to release the 600 political prisoners, the Government of President Nelson Mandela was perpetrating human rights violations".

He said PAC president Dr Stanley Mogoba would lead a protest march to the International Convention Centre

Also, a local chapter of the Tamil Eelan Support Movement (TESM) protested against the presence of Sri Lanka at the summit, claiming the Sri Lankan authorities were responsible for the genocide that has claimed the lives of more than 50 000 Tamils in Sri Lanka.

Its chairman, Dr Panchi Lingham, said it was ironic that Sri Lanka, a country that continues to be involved in "gross human rights violations", was a participant in a summit that sought to resolve, among other things, human rights violation issues.

Also, Lingham said, it was unacceptable that Sri Lanka had been welcomed to the summit without being roundly condemned by other member states for its "gross human rights abuse" record.

Lingham accused the Sri Lankan government of discriminating against the minorities and persecuting those who practised Hinduism.

Seeveran (279A) 31/7/98

Sudan calls for UN action

ARGUS CORRESPONDENT

Durban – Sudan has dismissed reports of a retaliatory attack to the recent United States' missile launch on a Sudanese pharmaceutical factory and is pushing instead for intervention by the United Nations.

"We will not act like the United States," Sudanese foreign minister Mustapha Osman Ismail, in Durban for the NAM summit, told the media yesterday.

Sudan's repeated call for a UN-backed investigation team to probe the missile attack and allegations (by the Americans) that the El-Shifa factory was manufacturing chemical weapons, has received the support of NAM delegates.

Ruling out a retaliatory military attack, Dr Ismail yesterday said: "We will not go beyond political action. If that fails, we will resort to legal options through the United Nations."

Dr Ismail denied that the factory belonged to Muslim billionaire Osama bin Laden, accused by the Americans of being the brains behind the recent terrorist bombings in Tanzania and Kenya.

Fears SADC summit will founder on Congo

SA and Zimbabwe head for clash

(279A)

ARG 1/9/98

ARGUS CORRESPONDENT

Durban – The crucial mini-summit of southern African countries during the Non-Aligned Movement conference this week will fall flat if Congolese leader Laurent Kabila is not present, political observers are warning.

And they are braced for a "finger-wagging" clash over the Congo crisis between the presidents of Zimbabwe and South Africa at the Southern African Development Community meeting.

It will be chaired by UN Secretary-General Kofi Annan towards the end of the NAM talks.

The fighting in the Democratic Republic of Congo, which is dominating the NAM agenda, is expected to take up most of the SADC meeting's timetable, too.

But the key figure in the Congo conflict – President Kabila – was not likely to attend the talks because "he's got his hands full back home", delegates said yesterday.

"If Mr Kabila is not going to be there, it will definitely weaken the process," said one political observer.

Still, this week's SADC meeting – billed as the first "real peace talks" on the Congo crisis – is being seen as the most significant attempt yet to broker peace in the region.

"So far, attempts by South Africa to get peace talks going has been met by stiff resistance, if not outright failure," said Antonie van Niekerk, research director at the Foundation for Global Dialogue.

He said the SADC talks might be "more acceptable" to the various players because of the over-arching role to be played by Mr Annan.

But another snag could arise out of the simmering tension between Zimbabwean President Robert Mugabe and President Mandela.

"There is a strong possibility of another acrimonious, finger-wagging session between Mr Mugabe and Mr Mandela," said one observer.

Whereas Mr Mandela is pushing for a peaceful, diplomatic settlement in the Congo, Mr Mugabe has pressed ahead with military assistance to Mr Kabila.

Mr Mugabe, observers felt, was struggling to deal with his diminished status in the region since Mr Mandela arrived on the scene.

■ Rebels have seized Manono, the home town of Mr Kabila, the rebels' deputy military commander Bob Ngoy said today.

The town lies in the northeast of the mineral-rich province of Katanga.

Political conflict will head summit's agenda (279A) BD 1/9/98

John Dludlu

POLITICAL conflict and regional security affairs are likely to dominate the proceedings of this year's annual summit of leaders from the 14 members of the Southern African Development Community, say senior officials at the SADC.

Although the annual summit, which will be in Mauritius next week, traditionally discussed the region's economies, officials said yesterday the conflicts in the region — especially the Democratic Republic of Congo, Lesotho and Angola — were likely to receive much greater attention.

SA officials confirmed that the SADC's heads of states would discuss proposals from three colleagues aimed at reviving the collapsed SADC politics and security affairs organ.

The subcommittee, chaired by Zimbabwe leader Robert Mugabe, was suspended last year following differences between Pretoria and Harare on how it should operate.

One of the proposals, known to enjoy SA's support, was to have a subcommittee consisting of five SADC member states to handle the region's security matters, an SA government source said. This structure would be an SADC institution — meaning that it would not hold a separate summit as Mugabe felt it should.

Holding separate summits — one for the SADC and the other for the subcommittee — was at the heart of the subcommittee's suspension.

This proposal is understood to also have the backing of a majority of the SADC's governments. "Indications are that there is a consensus (in the region) that the organ (as the security subcommittee is known) needs to be part of SADC," said one SA official.

The official said after a great deal of reluctance from other member states' part, the subcommittee issue had been placed on the summit's agenda.

The worsening conflict in Congo and the involvement of other countries in the region have made the resolution of the organ's problems more urgent.

This will be the last summit President Nelson Mandela chairs, although SA will still be in the chair next year.

This is the first summit in which Congo-Kinshasa and the Seychelles will participate as members of the SADC.

An SADC spokesman said leaders would also review the performance of the region's economies and the implementation of the SADC's projects.

The economic crisis in Asia and its effect on the region's economic expansion would form part of the discussions.

SA FACES 'OLD GUARD' OPPOSITION

'Durban Declaration'

rambling, politicised

CT 2/9/98 (279A)

DURBAN: The economic focus of SA's submissions to the Non-Aligned Movement summit has ruffled the feathers of some of the old guard. **JEAN-JACQUES CORNISH** reports.

SOUTH AFRICA has lost its battle to have the final communiqué of the Non-Aligned Movement summit tomorrow reflect the new tone and flavour of the 113-nation grouping it will lead for the next three years.

Instead of being a tight document reflecting a results-driven approach to the economic problems of the new millennium, the "Durban Declaration", as it will become known, will be yet another rambling and highly politicised treatise.

The declaration will be passed by the NAM heads of state who begin meeting today after four days of deliberation by their officials and foreign ministers.

Conference deputy secretary-general Abdul Minty pointed out earlier this week that some of the declaration "might read strangely" because its contents were the result of a consensus approach to debate.

Diplomatic sources said South Africa had encountered some difficulty from the NAM old guard in pressing for a new non-aligned approach aimed at bridging the North-South divide and addressing socio-political problems by treating their economic roots

This has been the line in speeches by both Deputy President Thabo Mbeki and Foreign Minister Alfred Nzo.

It has earned praise from Western observers but some of the old guard are bridling at a relatively new member attempting such a radical departure.

Some of the Third World diplomats have complained about an "authoritarian" approach having been adopted by South Africa.

Representing the old guard, Egypt's Foreign Minister, Amr Moussa, is confident the outcome of the summit will reflect the wishes of the membership.

"This will continue to be a movement of Third World nations," Moussa said.

"It has to continue caring about economic, political, security and social issues."

The NAM could simply become a purely economic body — "(but) we already have the G77 group that follows economic matters," he said, referring to the Third World economic grouping at the United Nations.

The strong economic focus of the Mbeki and Nzo speeches had been noted.

"Now we are waiting to see what President Nelson Mandela says.

"The mix of this conference will be right because because after democratic exchanges of views we will have a consensus."

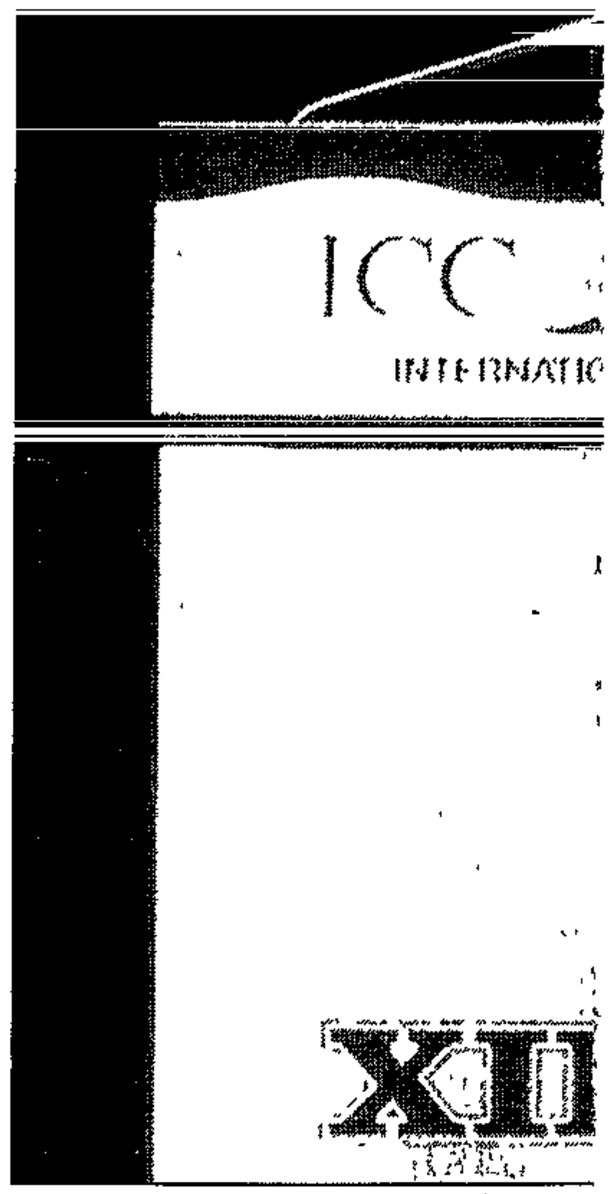
Moussa supported the presence of the United States and 29 other guest countries attending a NAM summit for the first time.

"It is a sign of progress that these countries are showing an interest in what the NAM is doing."

However, he believed it was "right" that Israel should have been excluded — despite South Africa's request that the country be included on the guest list.

The Netanyahu government had "contributed to creating a lot of frustration in the movement owing to lack of progress in the peace process".

Moussa said Egypt's relations with South Africa were "much improved" and a possible visit by President Hosni Mubarak was being discussed.



KEY NOTE: Deputy President Thabo Mb Mbeki delivered the opening speech of t

NAM seeks direction

Sowetan 2/9/98

The Non-Aligned Movement will become a dominant force in world politics if it continues to uphold the rights of the weak and oppressed, writes **Joe Mdhlela**.



Foreign Affairs Minister Alfred Nzo says the NAM must continue to be the champion of the weak and powerless.

(279A)

THE 12th Non-Aligned Movement (NAM) summit taking place in Durban this week is set to take far-reaching decisions, and to position the movement to become a dominant role player in world affairs.

In his opening remarks to delegates, Foreign Affairs Minister Alfred Nzo said on Monday: "We must continue to become the conscience and the champion of the many voices of the weak and the powerless in defiance of the dominant hegemony of the strong and powerful."

From the outset, it was clear that the summit was determined to resolve the conflict threatening to destabilise the Democratic Republic of Congo (DRC), not through a military option but through political means.

Government communication services head Joel Netshitenzhe said on Monday that a political committee had been set up to conclude a deal to ensure a peaceful resolution to the problems in the DRC.

"Officials on this committee are working out a mechanism to look critically at the DRC issue. It is a matter to be negotiated, and one always hopes the conflict will be resolved," he said.

The summit will also deal with a claim by Rwandan foreign minister Gasana Anastase that DRC president Laurent Kabila was hellbent on hunting down and killing Tutsis living in the DRC.

Addressing the media, Anastase claimed that Kabila had armed more than 10 000 Rwandan renegades to attack "our people". He said the same renegades were responsible for the genocide that exterminated close to a million Rwandans in 1994.

"The international community has a duty to intervene in this carnage. Kabila is a dictator who is hellbent on decimating the Tutsis," Anastase said.

About the military assistance which Kabila was receiving from Zimbabwe, Angola and Namibia, he said: "This is a Congolese conflict, and must be resolved by the people of the DRC."

But he felt that the people of the DRC must be allowed "space" to find a lasting solution to their conflict. "We believe they should be helped to find that solution," he said.

He added that Rwanda preferred a political solution which involved the Southern African Development Community (SADC) and the United Nations (UN).

Kabila will not attend the summit and, by yesterday, it was not clear whether Zimbabwean president Robert Mugabe would attend either.

Although Mugabe prefers a military solution to the DRC conflict, his presence will allow NAM member states to "interrogate him on his preferred option".

President Nelson Mandela's proposals for a political solution to the DRC conflict enjoys widespread acclaim but appears not to go down too well with Mugabe.

Despite these clearly differing positions, Nzo believes NAM has to find a mechanism to assist the DRC in dealing with its problems.

"The environment in which our movement now finds itself is very different from that which existed during the Cold War," he told the summit.

"The primary challenges which we now face, and which our peoples require us to address, include globalisation and the liberalisation of the world economy, sustainable development, poverty, eradication and peaceful resolution of disputes."

The speech by Deputy President Thabo Mbeki on Monday – in which he urged NAM member states to work hard "to eliminate poverty in our countries" – indicates that the movement was serious about developing an agenda for its own development.

In his speech Mbeki suggested that NAM member states pull themselves up by their bootstraps to achieve their economic liberation.

"What we speak of is not the expansion of a system of charity and aid, important though these are, but resource transfers which would ensure that those who are on the margins of the economy themselves arrive at the point where they can achieve their own sustainable development," he said.

Mbeki challenged developing countries to themselves determine the price of commodities they export to developed countries. Current trends suggest that they receive a small return for the commodities they export to developed countries.

He also urged that the workings of multilateral institutions such as the International Monetory Fund (IMF) and World Bank should come under the scrutiny of NAM member states, "if only to ensure that the continuing debt burden of the developing countries becomes a thing of the past".

The fact that South Africa invited the United States (US), Britain and France to the summit should be seen as a strategy to enable "these affluent First World countries to have a better insight into the economic problems afflicting the developing countries".

In his address to the summit today, President Nelson Mandela was expected to plead with the the IMF and World Bank to ease the debt burden of poor countries.

Mandela was also expected to plead with Pakistan and India to end hostilities between the two countries. NAM was concerned that "these tensions" did not augur well for the unity of the movement.

NAM was also expected to devote time to discussing the veto power enjoyed by the traditional superpowers like the US, Britain and France in the UN Security Council.

"That is discriminatory and anomalous," said one source.

"We want a restructured UN Security Council that treats all member states with equality," he said.

SA beats peace drums at summit

Star 2/9/98 (279A)

Mandela heads conflict-resolution efforts as Congo crisis tops NAM agenda

By Peter Fabricius and Jean-Jacques Cornish
Durban

The 12th summit of the Non-Aligned Movement peaks today after leaders of the developing world jetted into Durban yesterday to finalise business – including a mini-summit called by United Nations secretary-general Kofi Annan to try to resolve the war in the Democratic Republic of Congo.

All the key players in the Congo crisis arrived in Durban last night – except for the most important figure, DRC President Laurent Kabila, whose war with the rebels has dominated this conference of Third World leaders.

But whether he arrives or not, Kabila has made his presence strongly felt at the conference, and has been lobbying support among NAM leaders outside the summit.

Ending speculation about whether they would attend, Angolan President Jose Eduardo dos Santos and Zimbabwean President Robert Mugabe – Kabila's two main military backers – were among the leaders who arrived in Durban yesterday.

Durban's traffic jams were

Leaders of developing countries jet into Durban

mirrored by congestion in the air yesterday as leaders from all over the world queued up to land at the city's tiny international airport ahead of today's heads-of-state summit.

Among them were the presidents of Gabon, Afghanistan, Syria and Madagascar, and the vice-president of Iraq.

They were followed by the leaders of Iran, Vietnam, Zambia, Colombia, India, Algeria, Swaziland, Burundi, Botswana, Comores, Oman, Sudan, Mozambique, Malawi, Laos, Saudi Arabia, Eritrea, Pakistan, the United Arab Emirates, Burkina Faso, Guinea, Niger, Brunei and the Ivory Coast.

Ugandan President Yoweri Museveni and Rwandan President Pasteur Bizimungu – accused by the Kabila government of supporting the rebels – and Namibian President Sam Nujoma, who is openly backing Kabila militarily, will attend the summit

Annan and Palestinian leader Yasser Arafat also arrived yesterday, along with one of the stalwarts of the NAM, Cuban President Fidel Castro, who will pay a state visit immediately after the summit.

The gathering marks the start of South Africa's leadership of the NAM. There were early indications that South Africa would use its NAM leadership role to push for peace in several African conflicts.

President Nelson Mandela reinforced South Africa's peace-brokering intentions by spending four consecutive hours of meetings with a succession of heads of state.

He began his hectic schedule with a 4pm meeting with Organisation of African Unity secretary-general Salim Ahmed Salim.

He then met the two other men of the NAM "troika" – Colombian President Arrango Pastrana, whose country is the present NAM chair, and Foreign Minister Ali Alatas of the previous host country, Indonesia.

"We are looking forward to a gathering that is historic for our country," Mandela said.

He then met OAU chairperson and Burkina Faso President Blaise Compaore. Finally, a visibly tiring Mandela rounded off his schedule with talks with Annan

▶ More reports
A1 Pages 3 and 4

JUDA NGWENYA / REUTERS



Well-known faces ... Cuban President Fidel Castro waves to well-wishers on his arrival at the Non-Aligned Movement summit in Durban yesterday. Up to 60 heads of state are expected to attend the meeting, which ends tomorrow.

NON-ALIGNED MOVEMENT SUMMIT

SA chooses daunting task of changing world economic order

CT 2/9/98 (279A)

PETER FABRICIUS

On the eve of the arrival of heads of state at the twelfth Non-Aligned Movement (NAM) summit in Durban this week, the outlines of how South Africa intends to lead its 113 member nations into the new millennium have begun to emerge.

After meetings by officials and foreign ministers to thrash out the final communiqué that will be issued tomorrow, it is becoming clearer South Africa wants the organisation to concentrate on its economic agenda.

Deputy President Thabo Mbeki and Alec Irwin, the trade and industry minister, set the tone yesterday.

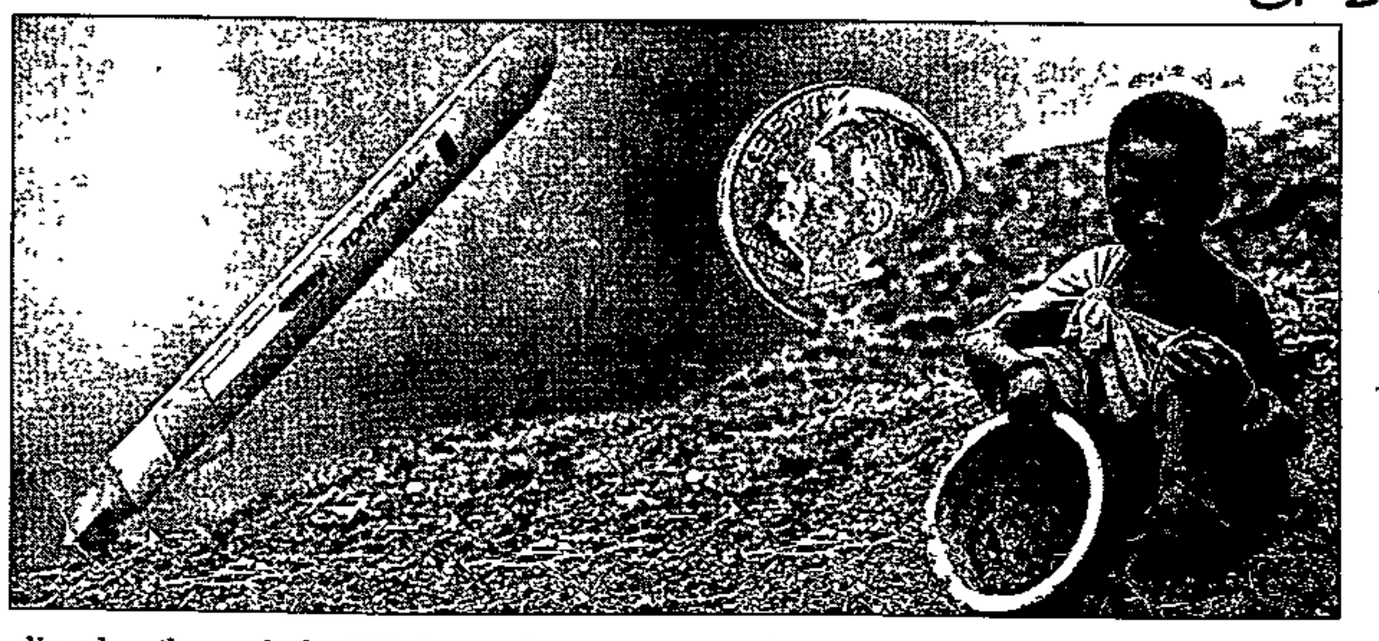
Opening the foreign ministers' meeting, Mbeki dwelt almost exclusively on economic concerns, challenging the NAM nations to put their own house in order politically and economically, so the organisation would have the credibility to challenge the hold which the NAM believes the richer countries of the north have on the levers of the world economic order.

At a press briefing, Mbeki said the single most important issue facing the summit was for the NAM to agree to an approach on restructuring the world economy so that it addressed the development needs of the developing world. This would include a "proper interaction" with the G8 club of rich nations rather than an approach "as petitioners".

Erwin said South Africa would try to put forward a plan at the NAM bureau meeting at the United Nations (UN) in New York later this month. He said plans were afoot for a meeting between President Nelson Mandela and the G8 countries soon to present the NAM's concerns. He said the NAM's fault in the past had been its failure to translate rhetoric into concrete plans.

It is because of its placement of the economic question at the top of the agenda that South Africa has ensured the US, Britain, France, the G8 and the European Union are represented for the first time as guests at a NAM summit.

On whether inviting the US, in particular, was inconsistent with the NAM's non-aligned stance (since the organisation was founded to gather countries



aligned neither with the US-led west nor the now-collapsed Soviet bloc), Mbeki said it was important the interests of the poor countries be placed firmly on the agenda of the rich countries.

South Africa has taken flak from some NAM members, for inviting Western countries and for placing such heavy emphasis on the economic agenda at the expense of political business, which is supposed to occupy half of the summit's attention.

But politics have not been ignored. The summit has been wrestling with, in particular, the nuclear arms race between members India and Pakistan, and the US cruise-missile attacks on members Afghanistan and Sudan, which has caused some wrangling in the discussion of terrorism. In fact, the politics of the war in the Congo are threatening to overwhelm all other business of the summit.

Indeed, Kofi Annan, the UN secretary-general, is today chairing a meeting of the countries involved in the war in an attempt to seek peace. It is inevitable countries will take advantage of their presence together to discuss burning issues like war.

No doubt, Annan will also have an opportunity to discuss the apparent descent of Angola into open war, following the government's decision yesterday to throw Unita, the opposition movement, out of parliament.

However, to say political matters are dominating the summit is not to say they will necessarily dominate South Africa's chairmanship of the NAM.

Once the dust of the summit has settled, South Africa must face the daunting task of gathering up the strands of a rather vague and generalised economic agenda composed by a panel of NAM economists and debated at the conference, and turn it into a platform for negotiating with the rich northern countries.

It is a highly ambitious project. The report aims to do no less than change the order of world economic government and the way the World Trade Organisation, International Monetary Fund (IMF), World Bank and other multilateral financial institutions are structured, to ensure they better represent the interests of the developing south.

The report contends that the rich countries of the north have increasingly insisted on the need for good governance in developing countries, "yet the issue of global governance has hitherto not formed part of any agenda".

The now-universal strategy of globalisation and liberalisation punted by these international organisations has not closed the wealth gap between rich and poor countries. It has in fact widened the wealth gap between rich and poor within countries, creating political tensions.

It notes the need to examine global governance has become critical in the light of the world financial and economic turmoil.

"Yet there are at present no institutional mechanisms at the highest level, representatives of the interests of all countries or groups of countries, that are charged with the task of formulating and implementing policies for global economic surveillance and management."

The programme that a reformed system of world economic governance would need to tackle is a long one. It includes mechanisms to regulate the huge flows of short-term capital that have helped to destabilise emerging markets; debt relief; increases in official aid; the reform of the IMF and World Bank to review the need for the conditions that attach to their loans; efforts to create an intellectual property rights regime in world trade that responds to the south's need for know-how to develop; and reform of the UN to ensure it places more emphasis on its development agenda.

South Africa has set itself a huge task, which could stretch its foreign policy capabilities to the limit. — Independent Foreign Service

Congo combatants have few options

Events in central Africa are increasingly confusing and complex and options for the resolution of the conflict are few. Greg Mills takes a look at the likely outcomes

BD 2/9/98 (279A)

UNSCRAMBLING events in the Congo is difficult in an environment where reportage is patchy and media access dependent on the goodwill of the warring factions

What is happening there, and what are the likely scenarios when the dust has settled?

To understand what the final outcome will be, it is important to appreciate the dynamics and reasons behind the involvement of the various parties.

□ The Rwandan/Ugandan participation stems from two factors: both feel the need to create a security buffer zone between their states and the mainly Hutu militia in the eastern (Kivu) province of the Democratic Republic of Congo Linked to this, there is another motive that explains the continued support for the rebels advancing on to Kinshasa, even though that security zone is established Simply put, they want their former partner Laurent Kabila out.

□ Angola's engagement has been sparked principally by President Jose Eduardo dos Santos's desire to pursue Unita leader Jonas Savimbi, thereby ensuring that Unita cannot profit from ensuing instability or from Kabila's rule Relations between Kabila and Luanda soured as it became apparent that Congo's president had been, as one analyst put it, "extracting rent" in the form of diamond payments from Savimbi, while allowing the guerrilla leader to operate from Congolese territory Kabila, thus, is no favourite in Luanda either

□ Zimbabwe, too, has sent troops to Congo because of a combination of factors President Robert Mugabe has used the intervention to promote his own status within the region and, in doing so, to challenge the perceived hegemony of SA and President Nelson Mandela This reflects his growing domestic insecurity and economic problems His investment in Kabila is not only political: Zimbabwean businesses and the state have established lines of credit worth $200m to Kinshasa that need to be safeguarded

□ Namibia's troop deployments relate to its close security and political relationships with Angola and Zimbabwe, and are an illustration, too, of the Namibian position in the regional split developing in the Southern African Development Community (SADC)

With all this in mind, what are the likely outcomes?

In the first scenario, the rebels are defeated and Kabila remains in power for the long term This is unlikely. Kabila has displayed absolutely no capacity to govern his vast and diverse territory, a fact also recognised by Harare and Luanda — hence his current semi-permanent exile to Lubumbashi. He will be replaced, if not by the rebels, then by the Angolan/Zimbabwean coalition

Even if it is forced to pull out from Bas Congo in the west, it is unlikely that the Tutsi/Rwandan/Ugandan rebel alliance will give up the struggle: if it had originally wanted only to establish a security buffer in the east and leave Kabila untouched, the alliance would already have withdrawn back to Kivu.

It is clear now that the Angolans, in particular, vastly underestimated the strength of the military forces they were up against, and the economic and security costs of their own involvement If they had simply stayed put and resisted the temptation to deploy troops, they would not have risked the alliance that has developed against them out of necessity and, in doing so, greatly complicated their security problems

Unita's involvement on the side of the Congolese rebels can only serve to enhance its military capabilities and operating parameters.

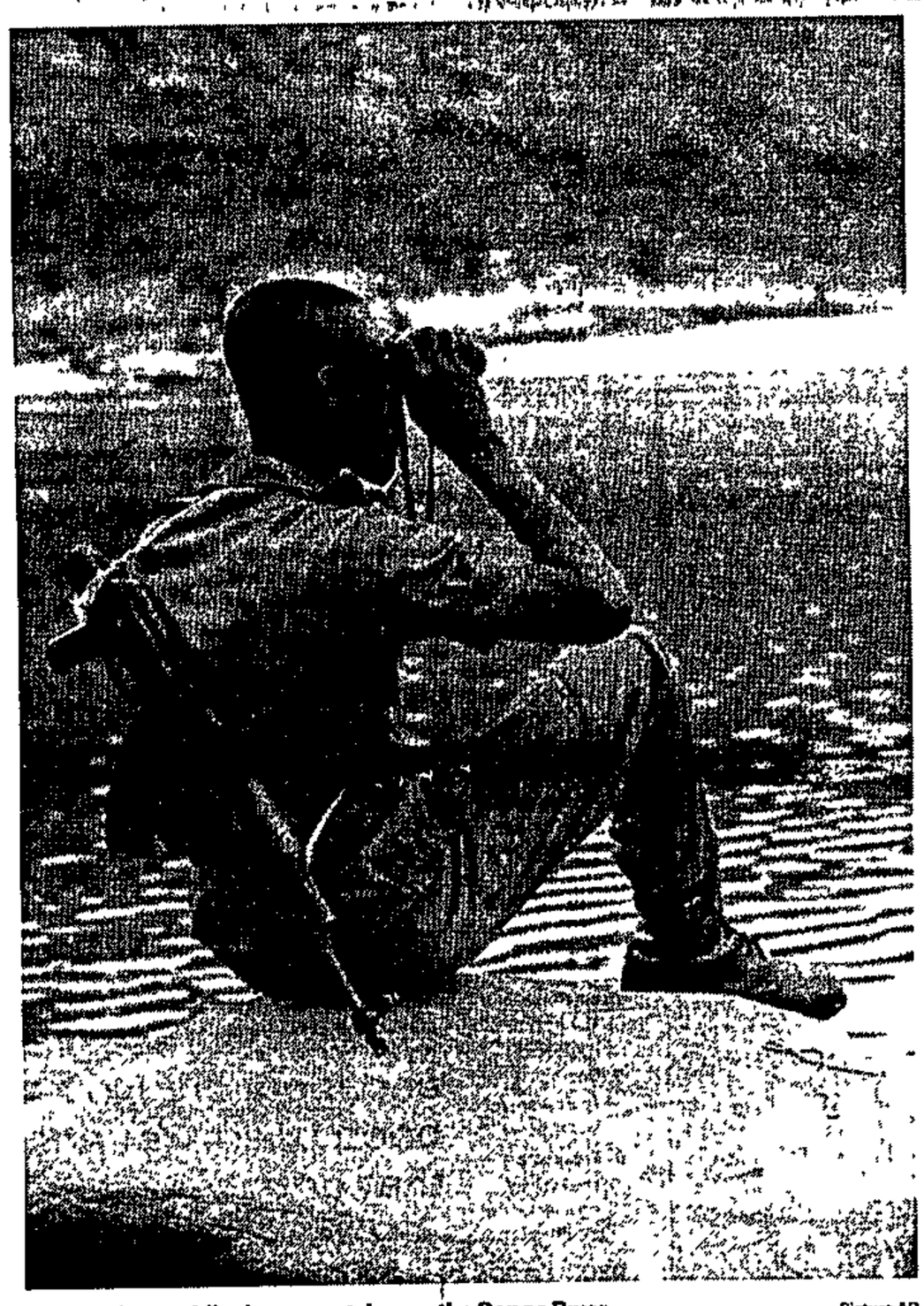
Moreover, there is evidence to suggest that elements of the so-called Katanga Tigers unit of the Angolan Army may be considering fighting with the rebels. Not only have the Tigers been among the better outfits in the Forcas Armada de Angola, but this also opens a Pandora's box of secessionist attempts in the southern Congo province, greatly exacerbating Luanda's insecurities and, again, improving Unita's options

For Zimbabwe and Angola the war is proving financially very costly, and its value is being openly questioned back home. While some Angolans may profit from the conflict through commissions on arms sales, the country's oil production is already mortgaged to the hilt. And in Zimbabwe the Reserve Bank — disparagingly referred to as "Bob's Takeaway" — is running dry.

Apparently Kabila is prepared to grant mineral rights to Zimbabwe for its part in supporting his government But these would contain only longer-term benefits In the short term it will be very difficult for Mugabe's government to plead poverty to the unions and to demands by war veterans for compensation, given the outlay on the Congo military operation in support of a questionable government. In the external domain, the International Monetary Fund is now unlikely to look favourably upon Zimbabwe's requests for debt relief or rescheduling.

Indeed, if the war drags on this foreign military endeavour could spell the end not only for Kabila, but for Mugabe and Dos Santos as well.

In the short term, this economic picture has severe implications for SA as it attempts to improve its trade relations with the subcontinent.



A Congolese soldier keeps watch over the Congo River. Picture AP

Another possibility is that both sides sue for peace. In the light of the above, this is the most preferable option, particularly for Angola and Zimbabwe. Without this, Congo will fragment into different ruling entities, and there may be secessionist attempts Kivu already operates under Rwandan stewardship and, in the absence of peace, Katanga could try to break away If he is lucky, Kabila will remain in his village near Lubumbashi If justice takes its course, he might well find himself before a criminal court to account for the excesses of his misrule.

The best case solution is for a ceasefire, to be followed by a troop standstill and negotiations. This would then lead to a national conference where the largely externally based Council for the Democratic Republic of Congo could play a prominent role in drafting a new constitution and laws

Under this scenario, the Congo episode will have helped to bring differences within the SADC to a head, where its focus can now be turned to a common, functional agenda

In this sense, the SA government's role in establishing a basic framework in which a peace can be negotiated has been the right move all along — and one to be expected from a country that operates according to democratic principles in a region where thuggish behaviour is common But if peace does come about, it will not be because of Pretoria's diplomacy in bringing the sides together. It will be achieved through materiel exhaustion and a growing awareness that, for Angola and Zimbabwe in particular, there are few other options.

□ *Mills is the national director of the SA Institute of International Affairs*

Congo peace prospects brighten as opponents jet in for summit

BD 2/9/98 (279A)

Stephen Laufer

DURBAN — Despite belligerent statements by ministers from the Democratic Republic of Congo in the afternoon, prospects for a peaceful resolution to that country's crisis appeared to brighten last night as key players in the war arrived in Durban for the Non-aligned Movement summit.

The two most significant backers of President Laurent Kabila's Kinshasa government, Zimbabwean President Robert Mugabe and Angolan President Jose Eduardo dos Santos, arrived in the early evening following speculation they might not attend. They were joined by Namibia's Sam Nujoma, also a backer of the Congo government.

Ugandan President Yuweri Museveni, whose government has been backing rebels in Congo, landed soon after Mugabe. Another backer of the opposition to Kabila, Rwandan President Pasteur Bizimungu, was also reported to have arrived in Durban. But Kabila had not arrived late last night.

The leaders from both sides of the Congo divide are expected to meet other Southern African Development Community leaders and United Nations Secretary-General Kofi Annan today in a "summit within a summit", with the war topping the agenda.

Today sees the high point of the summit as the meeting of heads of state and government gets under way. Cuban president Fidel Castro is among a number of movement stalwarts in Durban for the gathering.

Annan, who met President Nelson Mandela on his arrival from Johannesburg, appeared optimistic that Kabila could be brought to the negotiation table. Asked whether Kabila's latest military successes had made him reluctant to negotiate, Annan said: "I am not sure this is going to be the situation for ever. We need to find a way of getting everybody to talk."

Nomavenda Mathiane reports that Annan is expected to call for the withdrawal of foreign troops from Congo. Annan said yesterday the UN believed in the territorial integrity of countries and that foreign troops in Congo should be withdrawn.

Earlier, Deputy President Thabo Mbeki said he was confident there would be a ceasefire and a withdrawal of all foreign troops from Congo, followed by an inclusive political process.

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Congo

(2508) (279A)

Continued from Page 1

SA and other SADC members have called for opposition forces to be included in interim political arrangements before democratic elections.

But Congo Justice Minister Mwenze Kongolo poured scorn on such suggestions, saying the country's political dispensation was an internal matter. "We will not accept the imposition of anything from outside."

Kongolo denied there were any internal political problems, or that the Kabila government was burying its head in the sand rather than engaging the opposition constructively. "Before the aggressors came there was no problem. They can leave peacefully or we will kick them out."

Congo Foreign Minister Jean Charles Okoto said Kinshasa would agree to a ceasefire only if there was an unconditional withdrawal of "occupying forces from our national territory".

But Kongolo appeared to leave a back door to negotiations open when he said any SADC member was welcome to try to resolve the crisis. "Anybody can come and try. We talk to all SADC members."

He said Rwanda and Uganda had engaged in an "act of aggression", and that it was the right of the Congo government to call for military assistance from Angola, Zimbabwe, and Namibia. "Our friends will go when we decide together that they must leave."

Separately, it was learned that officials had agreed on a resolution condemning the recent US strikes on a factory in Sudan. Sources said that the heads of state and government meeting today would be presented with a text describing the attack as an unwarranted act of aggression. The US said the factory produced chemical weapons, while Sudan said it was a pharmaceuticals producer.

BD 2/9/98

ONALIGNED MOVEMENT

Nuclear weapons a hot topic in pre-summit talks

(951) BD 2/9/98 (279A)

Stephen Laufer

DURBAN — Nuclear disarmament and the Nonaligned Movement's attitude to India and Pakistan's openly declared nuclear status following atomic tests earlier this year have become a bone of contention as summit officials prepare for the meeting that starts today.

Sources said India's demand for recognition by the movement as a fully fledged nuclear power was the source of major disagreements as a number of other countries sought to preserve the movement's traditional strong opposition to all weapons of mass destruction. There was a strong feeling that the traditional stance opposing the proliferation of nuclear weapons should not be watered down.

India is understood to have proposed that the movement should call for a global conference on nuclear disarmament. SA is believed to have argued that such a move is premature.

Pakistan, whose Prime Minister Nawaz Sharif has reportedly cancelled his planned attendance in Durban, was keeping a much lower profile on the issue during the summit negotiations.

However, the directors-general of foreign affairs of Pakistan and India have met in Durban. The dialogue was taken to the political level yesterday as Islamabad's Foreign Minister Sartaj Aziz and his Indian counterpart, Vasundhara Raje, met.

SA and other countries pursuing reform of the United Nations (UN) are understood to be concerned that the movement's formal recognition of India's nuclear status could affect plans to extend permanent membership of the security council. SA, Japan and Germany are among the countries expected to be candidates for a permanent seat that have rejected the manufacture or use of nuclear weapons.

The nuclear issue is understood to have topped the agenda during a meeting yesterday between Deputy President Thabo Mbeki and India's Prime Minister Atal Bihari Vajpayee, who arrived from Namibia, where he met President Sam Nujoma and the President of the Democratic Republic of Congo, Laurent Kabila.

Mbeki said SA had told India and Pakistan that it believed there was a need to intensify their dialogue on contentious issues, including the status of Kashmir.

Sources said Mbeki had not offered SA's services as a mediator in the 50-year old conflict between the two South Asian neighbours. India has repeatedly said Kashmir is a bilateral issue with Pakistan which cannot be dealt with in a larger context.

Separately, Mbeki was due to meet a high level Iraqi delegation yesterday after Baghdad asked to see him.

Sources said it was thought the Iraqis were hoping to involve SA in mediation efforts aimed at lifting UN sanctions.

Mbeki was expected to stress the need for Iraq's compliance with resolutions requiring the destruction of its chemical and other weapons facilities.

Nod for SADC pacts on energy

By Pamela Dube

MEMBERS of the portfolio committee on mineral and energy affairs had no intention of opposing the ratification of the Southern African Development Community (SADC) protocols on mining and energy – signaling a likely approval from Parliament.

Following a convincing presentation by the director of international affairs in the Ministry of Mineral and Energy Affairs Sandile Tyatya, the portfolio committee agreed that they would not object to the two protocols being passed by Parliament for ratification.

The two protocols speak of greater cooperation in policy development and information and research in the energy and mining sectors.

When first presented before the SADC meetings, the two agreements were received favourably by member states as a positive development towards economic cooperation in the region.

The energy protocol, signed by the heads of states in Maseru, Lesotho, in 1996, strives for greater cooperation in the use of energy to support economic growth and development; alleviation of poverty; and the improvement of the quality of life throughout the region.

The protocol also seeks to promote research in the development and transfer of science and technology in the field of energy.

In addition to the same principles of cooperation and development, the mining protocol – signed in Blantyre, Malawi, last year – member states bound themselves to working together towards developing competitive small-scale mining.

Greater participation

Also, the protocol calls for greater and continuing participation of the private sector in the exploration for and commercial exploitation of mineral resources.

Training of specialists in both energy and mining fields is also covered extensively in the two treaties.

The protocols also recognise the glaring differences in labour policies in the sectors in different countries in the region.

They commit member states to creating uniformity in labour-related policy matters.

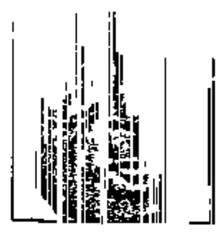
Tyatya told the committee that in recognition of the fact that "there are some countries in the region whose history of labour activism is non-existent, there is general understanding that the protocols strive towards bringing about uniformity in remuneration and working conditions".

In harmony

The protocols specifically commits members states to "ensure that sectoral and subsectoral regional (energy and mining) policies and programmes shall be in harmony with the overall policies and programmes of SADC and with strategies and programmes of other SADC countries".

Tyatya said the ministry had hoped that before the SADC conference (in two weeks time), South Africa would have ratified the agreements. "It's obvious now that time does not permit us, we just hope Parliament will pass them before the end of this year."

EXCLUSIVE: Deputy President gives leader of Zimbabwe a written telling-off over Congo as rift between the two nations widens





EXCLUSIVE: Mbeki hands Mugabe cuttings from The Sunday Independent in which he belittled SA peace bids in central Africa

Angry Mbeki raps Mug

~~355~~ (279A) Star 3/9/98

Deputy President Thabo Mbeki has written an angry letter to Zimbabwean President Robert Mugabe, exposing a widening rift between the two countries over their conflicting approaches to the Congo crisis

Mbeki personally handed the seven-page letter to Mugabe at the Non-Aligned Movement summit in Durban yesterday.

A copy of Mbeki's letter, which was also sent to Southern African Development Community leaders, has been leaked exclusively to The Star.

It sheds new light on South Africa's difficult position within the region South Africa, and other SADC member states, are pushing for a diplomatic solution to the Democratic Republic of Congo war, while Zimbabwe, Namibia and Angola are militarily involved in propping up DRC President Laurent Kabila.

Mbeki also included a copy of a front-page report from The Star's sister newspaper, The Sunday Independent, in which Mugabe was quoted as saying the South African-led peace plan had reached a dead end.

Mugabe also accused Mbeki of being discourteous by not returning his telephone calls, and not telling him where and when the meeting of SADC heads of state – to discuss the Congo crisis – would take place.

Mugabe did not attend the summit in Pretoria on August 22.

Mbeki wrote "I consider the matters raised (in The Sunday Independent report) of such gravity that I thought it would be proper that I write to you, hopefully to clear any misunderstandings which may exist."

Mbeki explained that South Africa had originally planned two meetings - the first involving the Congo, Angola, Zimbabwe, Uganda, Rwanda and South Africa; the second including SADC's heads of state.

Mugabe had replied that too little notice had been given for a SADC meeting. However, President Nelson Mandela had then contacted SADC heads of state who said they would be able to attend the meeting in Pretoria.

"I then called you to report on this development, having undertaken to come back to you in any case," Mbeki wrote.

"Your office in Harare told me that you had already knocked off. When I sought to speak to your senior staff, I was told that they also had knocked off. The only people remaining, I was informed, were the telephonist and the typist."

Mbeki said he subsequently sent the message to Mugabe through Zimbabwe's High Commission to South Africa.

"Seemingly incorrectly, I had assumed that this matter was closed. The enclosed press report, if correct, suggests I was clearly wrong

"However, I would like to assure you, Mr President, that no discourtesy was ever intended, and no information was ever deliberately kept away from you."

Mbeki's letter pointedly goes on. "Part of the tragedy, of course, is that, when the dust has settled over the current Congo crisis, the inextricable ties among us and the common interest will still require that all of us co-operate with one another for the mutual benefit."

Mbeki also told Mugabe that reports that South Africa and Tanzania were involved in training rebels, and that South Africa was supplying arms to Rwanda and Uganda, were false

Mbeki warned that in a situation of "such blatant dishonesty" it would be difficult to maintain cordial interstate relations.

Full text of letter Page 8

TIM ZIELENBACH / AP



Africa's warmest welcome ... President Nelson Mandela and his wife Graça Machel meet Palestinian leader Yasser Arafat at the NAM summit in Durban yesterday.

April deadline for draft customs agreement

(279A)
BD 3/9/98

John Dludlu

A NEW draft customs agreement is expected to be in place within two months following a newly injected political impetus in the protracted talks to revamp the Southern African Customs Union.

Trade and Industry Minister Alec Erwin and finance ministers from the customs union countries — Botswana, Lesotho, Namibia and Swaziland — have given senior officials a tight timetable to deliver a new agreement by next April, say officials from the member countries.

An officials' meeting is expected next week, while ministers could meet as early as October or November.

After last weekend's ministerial meeting, ministers agreed they would meet more regularly to assess progress in the talks that began in 1994, said one official.

Crucially, it was agreed that a new institutional structure would be set up as part of a bid to "democratise" the administration of the union, which is administered by SA.

In an apparent concession to Pretoria, members of the union also agreed to negotiate a clear framework spelling out policies, duties and functions of the proposed institutions.

In terms of the emerging agreement, a new formula would see all members, including SA, getting a share from the pool of customs duties. Excise duties would be excluded from the common kitty.

Peace efforts founder as Kabila leaves

BD 3/9/98

(279A)

Stephen Laufer

DURBAN — Efforts to broker a ceasefire and political settlement in the Democratic Republic of Congo foundered last night as key players left Durban ahead of a breakfast summit scheduled for this morning.

The departure of Namibian President Sam Nujoma and reports last night that Congo President Laurent Kabila would also leave appeared to stymie United Nations Secretary-General Kofi Annan's efforts to breathe new life into the peace process.

Military sources confirmed that Nujoma, who is among Kabila's key backers, had left SA for Windhoek. Aides to Kabila said he was likely to leave last night after a number of meetings, most of them with heads of states regarded as his supporters, who are in Durban for the Nonaligned Movement summit.

Earlier, attempts by SA to gain agreement on a resolution on Congo for the summit's final communique collapsed when representatives of the Kabila government did an about-turn on a call for a ceasefire and the withdrawal of foreign troops. Sources said problems arose over whether it referred to all external armies or just those supporting the rebels.

The Congo delegation had ultimately rejected the amendment altogether. If no agreement was achieved by this afternoon, the summit would probably not take a position on the crisis at all, the sources said.

Kabila arrived unexpectedly in Durban yesterday, apparently after a late-night meeting of his key backers decided to encourage him to come and put his case to Annan. It is understood that Nujoma, Robert Mugabe of Zimbabwe and Jose Eduardo dos Santos of Angola told Kabila he was losing ground to the SA view of events in Congo.

Besides Annan, Kabila yesterday met Nujoma, Mugabe, Dos Santos and Sudanese president Omar El Bashir, who supports rebels active against the Ugandan government, which itself supports rebels against Kabila. He also met Isayas Afewerki of Eritrea; Denis Sassou Nguesso of Congo (Brazzaville); Palestinian leader Yasser Arafat; and Omar Bongo of Gabon.

Arafat's spokesman said the Palestinian leader had expressed his full support for efforts to maintain the territorial integrity of Congo and called for a dialogue to resolve problems.

Abusing an invitation to speak on behalf of the African group after President Nelson Mandela's election to head the Nonaligned Movement yesterday morning, Nujoma limited himself to a defence of the intervention by Namibia, Zimbabwe, and Angola on the side of Kabila. He said he and his allies would leave Congo only "when the job is done to the satisfaction of the government of the Congo".

Striking an uncompromising note, Nujoma said the nonaligned nations should strongly reiterate the "sacred principle" of respect for the sovereignty, territorial integrity and unity of states, and "oppose any manoeuvre aimed at overthrowing legitimate governments by force".

Earlier, sources said that all Southern African Development Community

Continued on Page 2

Congo

(279A)

Continued from Page 1

BD 3/9/98

heads of state and their colleagues from Uganda and Rwanda, who are backing the Congo rebels, would attend Annan's breakfast summit. Annan spent most of yesterday in bilateral meetings with the SADC leaders, apparently in an attempt to massage the peace process.

Addressing the summit plenary earlier, Annan appealed to African leaders to "summon the will to resolve our problems by political, not military means". For every day that armed conflict continued, innocent people of the continent paid "a terrible price".

As Annan spoke, Kabila walked out of the plenary hall.

One source close to the process said he did not believe that Annan had enough influence to pull off a ceasefire alone. His efforts had to reinforce other attempts at brokering a peace.

SA was chosen within the political committee to chair attempts at reconciling very different amendments on Congo proposed for the summit's final communique.

Sources said Congo had tabled wording condemning the intervention of Uganda and Rwanda, while Rwanda proposed a call for a conference on the establishment of a broad government of national unity. Uganda's amendment expressed concern at "ethnic cleansing" by the government.

Kabila's allies: Page 11

Mugabe lashes out at South African media

Mandela, Zimbabwean president say relations between their countries are cordial, but opinions differ

BY JOVIAL RANTAO
Political Correspondent

Zimbabwean President Robert Mugabe has insisted that he has good relations with South Africa and has accused the South African media of spreading perceptions that there is tension between himself and President Nelson Mandela.

South Africa and Zimbabwe have differed sharply over solutions to the conflict in the Democratic Republic of Congo, and on who should chair the security organ of the Southern African Development Community.

Mugabe also has differences with Deputy President Thabo Mbeki, whom he has accused of being discourteous. Mbeki has written to Mugabe to set the record straight.

"Relations with South Africa are good. Mbeki rings me on behalf of the president. We talk about a lot of things. I have briefed him on the Congo and on the troops. We have smooth relations," Mugabe said, adding there were differences of opinion about the SADC security organ.

"The press here want us to appear divided so they can continue to make money out of an alleged division," he added.

Addressing a press conference on the last day of the Non-Aligned Movement summit, Mugabe would not respond to the contents of the Mbeki letter,

(279A)

over SADC security

saying he had not received it. This was denied by senior South African government officials.

The letter followed Mugabe's statements in Harare on Saturday, when he not only said the South African peace plan had reached a dead end, but accused Mbeki of being discourteous by not informing him of the details of the August 22 meeting of SADC head of states to discuss the Congo crisis. Mugabe did not attend the summit.

Mandela yesterday said the letter should be understood in its proper context and insisted that relations between the two countries were cordial.

AR 4/9/98

Divided loyalties within SADC may spell its demise (279A) (BD 4/9/98) (2794)

The SADC has been slow to translate economic rhetoric into any sort of reality, report Tony Hawkins and Michael Holman

WAR IN the Democratic Republic of Congo is sending shock waves across southern Africa, and one of the casualties is an institution that should have helped prevent it.

Nearly 18 years after its launch, the Southern African Development Community (SADC) is floundering. Its leaders are at loggerheads, their economies are in difficulties and their plans for regional security are in disarray.

Not for the first time, the community's weaknesses are being exposed as Zimbabwe's President Robert Mugabe and SA's President Nelson Mandela lock horns over how to respond to the crisis in Congo.

While it is a battle that may owe much to a clash of personalities, part of the explanation lies in strained relations over trade issues the SADC should have helped resolve.

Launched in Lusaka, Zambia, in 1980, its original objectives were twofold: to reduce trade with apartheid SA and to co-ordinate donor aid.

By 1985, SADC leaders had to concede that trade with Pretoria had increased, partly because the ports and railways in Mozambique — focus of more than $1bn of donor aid — were also the targets of Pretoria's destabilisation campaign against its neighbours.

SA's membership after 1994 should have given it a boost, while allowing it to take on a role as the region's policeman. Instead, resentment of "big brother" has soured relations, and its peacekeeping potential has collapsed.

SA's dominance — it accounts for almost three-quarters of the $127bn regional market — has left the SADC with the image not so much of an economic union as a bunch of satellite states clustered around a regional economic superpower.

Until SA joined, trade within the SADC represented a mere 2,6% of regional exports. SA's accession led to a sharp increase to 14,5% of the total by 1995, the bulk of this being SA's exports to its SADC neighbours, with 86% of intra-regional imports supplied by SA.

SA's neighbours regularly criticise Pretoria's reluctance to open up its own market while aggressively penetrating theirs.



Zimbabwe's Robert Mugabe is helping to divide the SADC. Picture: AFP

More recently, Pretoria's negotiations for a free trade area with the European Union led to fears that SA could become the platform for EU-based multinationals to take over the SADC and east and central African markets, restricting their economies to the production and export of raw materials.

However, blaming the big boy on the block cannot obscure the fact that the SADC has been slow to translate the rhetoric of economic integration into reality. Part of the problem has been the divided loyalties of the

SADC

CONGO FEVER SPREADS SOUTH

Temperatures rise in relations between SA and its neighbours

(279A) fm 4/9/98

Little progress on crucial trade issues can be expected at the Southern African Development Community (SADC) summit in Mauritius on September 14 The group's two biggest players — in terms of industrial output and intra-regional trade — are at each others' throats over the civil war in the Democratic Republic of Congo (DRC)

Not only have relations between SA and Zimbabwe now deteriorated to their lowest point since the ANC took office in May 1994, but the reputations of both Presidents Nelson Mandela and Robert Mugabe have been damaged in the process

Mandela's standing as SADC chairman has been undermined by the exchange of unpleasantries with Harare and the DRC's President Laurent Kabila, and by the failure of the warring parties to take any notice of his calls for a ceasefire Mugabe has called Mandela a "hypocrite", has accused the South Africans of talking peace while financing war, and has bluntly told Mandela to "keep quiet"

The SADC's split into two camps over the DRC issue has left a question mark over the organisation's medium-term future at a time when the proposed SA-EU free trade area could alter the face of the regional economy Some at the Mauritius meeting will try hard to separate economic and political issues, but Mugabe's — at least partially successful — creation of an organisation within an organisation, the so-called Organ for Politics, Defence & Security, has muddied the waters

Ostensibly, the Mauritius meeting should be grappling with such central economic issues as the problems arising from multiple membership of overlapping regional economic organisations, how to ensure that SADC states — and not just those in the Southern African Customs Union (SA, Botswana, Lesotho, Namibia and Swaziland) — can benefit from the planned free trade area with the EU, and implementation of the proposed SADC free trade protocol These are difficult issues, on which feelings run high Whatever their viewpoint on the DRC, some SADC states are highly critical of Pretoria's free trade offer to its SADC partners They say it is considerably less generous than that by Egypt, which has recently joined the rival Common Market for Eastern & Southern Africa (Comesa), to which 11 of SADC's 14 members belong "If Egypt can offer duty-free entry to its markets by Comesa states, why should we have to wait eight years?" ask SADC business leaders

Pretoria says the customs union's free trade offer to the SADC "outer nine" (Angola, the DRC, Malawi, Mauritius, Mozambique, Seychelles, Tanzania, Zambia and Zimbabwe) will cover 90% of intra-regional trade within eight years, with the bulk of trade being freed within five years SA has also offered to liberalise its trade "asymmetrically" — that is, lowering its tariff barriers faster than its trading partners do

Some of Pretoria's trading partners are already smarting from extensive SA penetration of their markets SA's share of the Zimbabwe market has doubled since 1990 and it now accounts for almost 40% of total imports It's a similar story in Malawi and Zambia, and the DRC and Tanzania import substantially more from SA than before

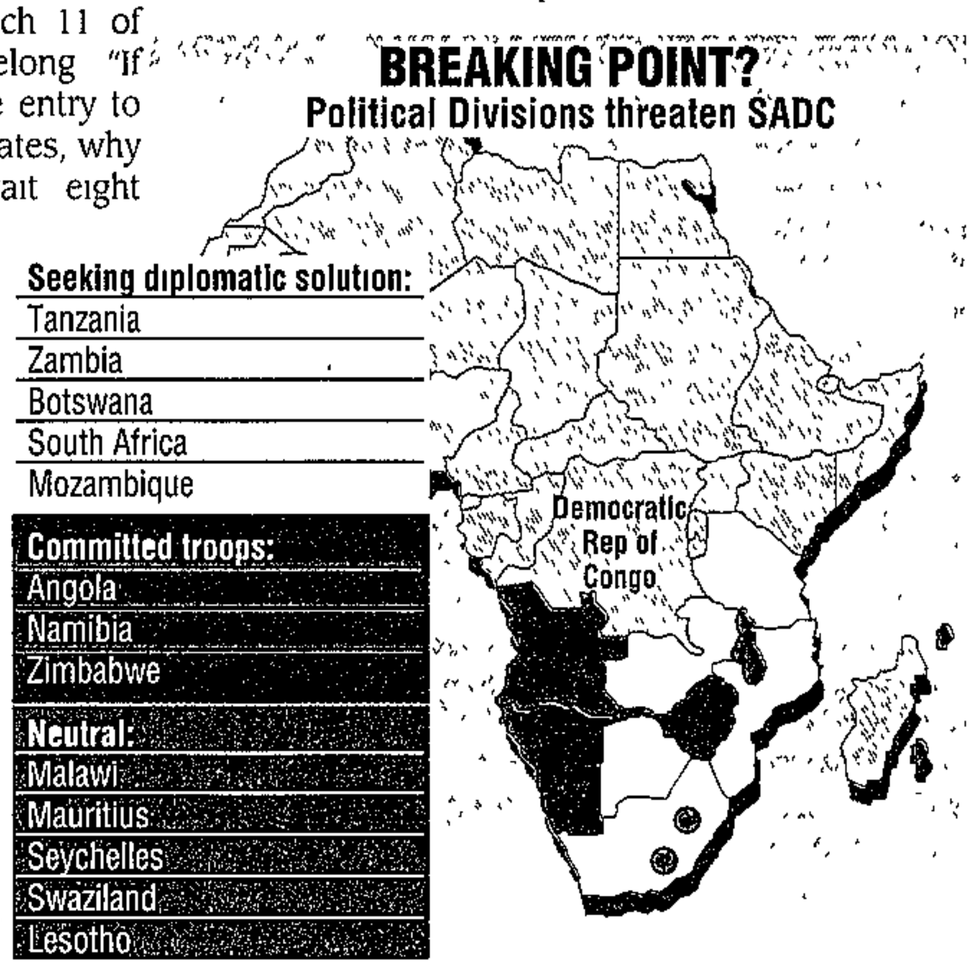
SADC states ought to welcome inward investment by such companies as SA Breweries, or the retail chains (Woolworths, CNA, Diskom and Pick 'n Pay in Zimbabwe, Shoprite-Checkers in Zambia and Mozambique) But many in business, especially emergent black companies, complain that they are in no position to compete with such heavyweights

Zambia and Zimbabwe, both of which have negotiated quota-bound bilateral trade deals with SA, say the country's companies are interested only in exporting to their neighbours — not importing

Even if the political climate at the talks table were far friendlier than it is now likely to be, negotiating the trade protocol would be a slow and difficult business

Countries like the DRC, Angola and Mozambique almost certainly lack the negotiating capacity and information on trade flows necessary to fight their corner effectively Others have their backs against the wall economically Malawi, Zambia and Zimbabwe are all facing intense pressures in the form of depreciating currencies, rapid inflation and plummeting business confidence

Zimbabwe, in particular, will be weakened by the soured relationship with SA at business and political levels P.T.O.



"Some analysts say the Congo affair could mark the beginning of the end for SADC in its current form"

Mugabe, backed by the State-owned media in Zimbabwe, is making much of Kabila's military victory in the west, which he sees as a serious setback for Mandela and vindication of his military intervention

But Zimbabwe's economy cannot afford a protracted foreign military campaign and if most of the Zimbabwean troops are not home by November, the economic impact will add to the growing pressures for Mugabe's retirement

Some analysts say the Congo affair could mark the beginning of the end for the SADC as it is now constituted It could lead, perhaps, to a fast-lane, inner-circle economic union embracing the five customs union states and countries such as Mozambique and Mauritius that have nothing to lose, and much to gain, from closer economic co-operation

The probability is that the meeting will patch over the disputes, with some arguing that Mandela's imminent departure from the stage will pave the way for smoother times ahead The growing agreement that Mugabe's administration is unlikely to survive beyond 2000 will encourage SADC to focus on technical, trade and economic issues and hope that the political row will blow over

Special Correspondent

EMPLOYMENT EQUITY BILL

AFTER ALL THE DEBATE, IT'S STILL ABOUT RACE

Poles draw apart over affirmative action

Of all the laws passed in the current parliamentary session, none casts a longer shadow than the Employment Equity Bill Designed to give substance to a constitutional requirement to uproot workplace discrimination, it seeks to quantify this through a criminalisation of certain practices and of those employers who appear impervious to the new political order

Whether the process of "consultation" — in parliamentary committees and the National Economic Development and Labour Council — was too narrow has become moot, judging by the tenor of the debate on employment equity in



»Just as in the apartheid era, skin colour will now determine, once again, a person's success in life and not merit, skill or ability . . . This is the ANC's version of job reservation«
Marthinus van Schalkwyk

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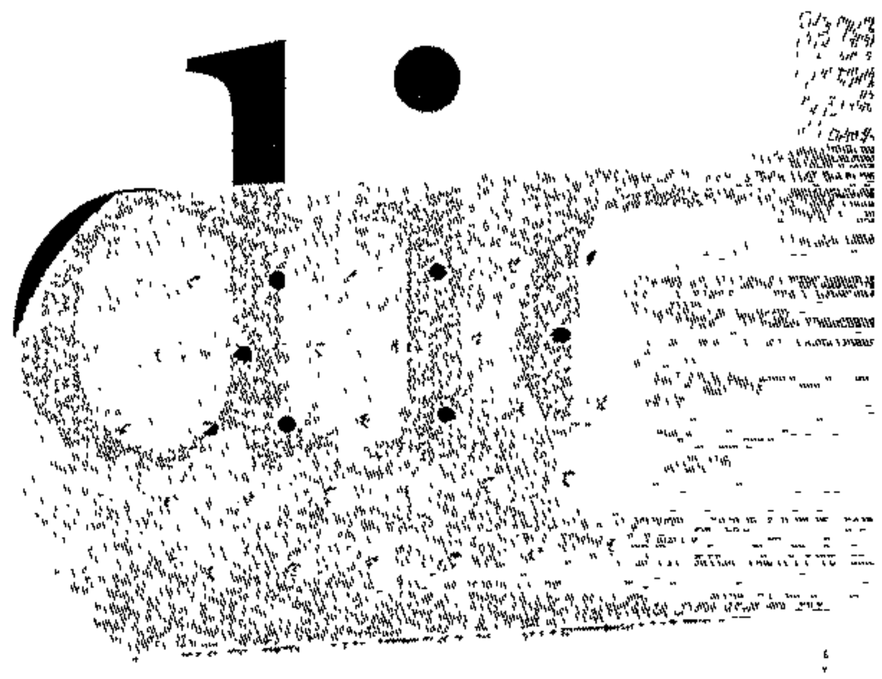

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'Market is a cannibal'

DURBAN: The "free market" path of development — from developing to emerging to a developed nation — had failed to live up to the expectations of people of the South, Deputy President Thabo Mbeki said.

Addressing the Non-Aligned Movement (NAM) summit here, he said this was a result of the Asian financial crisis and the near collapse of some emerging markets

Detractors could justifiably say this was a hasty judgment and argue that the levels of volatility should be allowed to come down for the market to correct itself.

"But the message that assails us daily, of a virtual gallop towards collapse, is such that the acceptance of advice that we should wait for the good news would, in these circumstances, test even the patience of Job," he said.

Mbeki described the market as a "cannibal" which fed on its own offspring

"In normal circumstances this would be described as a death wish which you and I would decry"

He called on the summit to confront the problem of countries trying to evolve from "developing" to "developed" nation status — "without the threat of being devoured before achieving the age of maturity".

The panel of economic experts appointed by NAM had laid a firm basis for the movement, Mbeki added — Sapa

'HE DOESN'T RETURN MY CALLS'

Mugabe airs his tiff with Mbeki

CT 4/9/98 (279A)

DURBAN: Robert Mugabe has accused the media of stirring trouble, but the real issue is relations with Deputy President Thabo Mbeki, reports **JOVIAL RANTAO.**

ZIMBABWEAN President Robert Mugabe has insisted that he has good relations with South Africa and has accused the South African media of spreading perceptions that there was tension between himself and President Nelson Mandela.

South Africa and Zimbabwe have differed sharply over the solutions to the conflict in the Democratic Republic of Congo and on the chairmanship of the security organ of the Southern African Development Community.

Mugabe also had differences with Deputy President Thabo Mbeki whom he has accused of being discourteous. Mbeki has apparently written to Mugabe to set the record straight.

"Relations with South Africa are good. Mbeki rings me on behalf of the President We talk about a lot of things. I have briefed him on the Congo and on the troops. No divisions exists between us," he said, adding there were differences of opinion about the security organ of the SADC.

"The press here want the relations to appear so sour and want us to appear so divided for their own purposes so they can continue to write about it and make money out of an alleged division which doesn't exist," the president said.

But addressing a press conference on the last day of the summit yesterday, Mugabe denied having seen the letter which South African government representatives say he has recieved.

Asked to comment on the letter's content he said: "I haven't got the letter. I haven't spoken to Mbeki and I don't think my people have received it," he said.

This was, however, denied by senior South African government representatives, who insisted that he had received the letter. Some delegates said they had seen him holding the letter.

The letter followed Mugabe's statements made at a press conference in Harare last Saturday, during which he said the South African peace plan had reached a dead end, and accused Mbeki of being discourteous.

He said Mbeki had not returning his telephone calls and had not informed him where and when the August 22 meeting of SADC head of states to discuss the DRC crisis would take place. Mugabe did not attend the summit.

Mbeki explains in the letter that he had tried to reach Mugabe but was told that he had "knocked off" He then asked the Zimbabwean High Commissioner to South Africa to convey the message.

Mandela yesterday said the letter should be understood in its proper context.

"Mugabe expected Mbeki to get back to him after they had had discussions on this question (DRC) When Mbeki came back to Mugabe, he was not available."

Mandela also insisted that relations between the two countries were cordial.



AGGRIEVED: Zimbabwean President Robert Mugabe addresses a press conference on the final day of the 12th Non-Aligned Movement in Durban yesterday. *PICTURE: AP*

Lessons in nudging a behemoth

(279A) CT(BR) 9/9/98

PETER FABRICIUS
FOREIGN EDITOR



South Africa made a start at the twelfth summit of the Non-Aligned Movement (NAM) in Durban last week towards mobilising the 113-member group into a credible instrument for negotiating a better deal for developing countries in the world economic system, rather than a windy talking shop

But the communiqué issued at the end of the summit shows it still has some way to go Most of South Africa's gains were in the political field, notably in heading off India's attempts to get NAM to accept the double standard of condemning the developed countries' nuclear weapons while accepting India's

In the economic field, South Africa's gains were more meagre. It did win approval for some paragraphs, but probably had more rejected than accepted. On balance, the gains made were small, although significant. It is clear South Africa will have its work cut out over the next three years of its chairmanship if it intends steering this behemoth in a direction of greater realism.

South African officials had said earlier they were going into NAM intending to cut back on the 'empty, hostile, socialist rhetoric which the organisation traditionally directs against the industrialised world.

South Africa hoped to enhance NAM's credibility to make it a better instrument in negotiations with the North, by moderating its ideological stance with a greater recognition of world economic realities. It was apparent South Africa hoped that toning down the rhetoric would give the organisation a better platform from which to attack the Achilles' heel of the industrialised countries. their own protectionism which contradicts their public commitment to liberal economic ideology

South Africa had some success in this move, but failed to instil any recognition by NAM countries of their responsibility for reforming their own economies and governments

On the plus side — winning greater NAM acceptance of global realities — South Africa managed to replace a paragraph which said "globalisation and liberalisation ... impact negatively on developing countries generally" with a paragraph that accepted in principle the World Trade Organisation (WTO), a group NAM has regarded with some hostility.

The new text says NAM "acknowledged that the emergence of the strengthened rules-based trading system, as institutionalised in the ... (WTO) may facilitate positive integration of countries into the global trading system if the commitment to this objective is strengthened".

This paragraph also noted that "many developing countries . continue to face tariff and non-tariff barriers in industrialised country markets in sectors where they have achieved comparative and competitive advantages".

On the minus side, South Africa tried in vain to insert paragraphs urging NAM countries to look to their own economic and political backyards.

NAM threw out a proposal by South Africa which would have noted that while it was important for the developed countries to help create a world economic system which was fairer to developing countries, "it is the responsibility of developing countries themselves to begin to create an appropriate policy climate conducive to their own economic and trade development"

South Africa proposed suggesting that NAM countries should take some responsibility themselves for boosting direct foreign investment, rather than simply demanding it.

It called on NAM countries to promote and maintain "transparent, stable and predictable" governance and economic environments, to enhance foreign direct investment.

In a section complaining that foreign direct investment was going to just a few countries, South Africa's proposed amendment noted: "While concerned at the concentration of foreign direct investment flows into a few developing countries . . they urge developing countries to pursue policies and national development priorities that allow them to have influence over the flows and location of foreign direct investment within their national economic framework."

It added that "the developing countries are . . not relieved of the necessity to pursue sound economic policies, as empirical evidence suggests that aid can be an effective investment when a recipient country has put growth-enhancing policies into place.

"They agreed that for sustainable development, countries must put greater emphasis on growth strategies that attract foreign investment."

All these calls for reform were rejected by the summit, which fell back on its traditional stance of blaming the developing countries entirely for not investing in their countries.

South African officials said their biggest setback in the economic field was the failure to nudge NAM to accepting the idea of labour standards being linked to trade agreements.

South Africa had proposed that NAM commit itself to the promotion of "internationally recognised labour standards, including freedom of association, prohibition of forced and child labour, the right to organise and bargain collectively and the principle of non-discrimination".

This proposal was rejected for a vaguer commitment "to promote all relevant labour standards", followed by a rejection of the use of labour standards "for protectionist purposes".

The summit also settled for an affirmation that the International Labour Organisation (ILO) was "the only international body competent to set and deal with labour standards".

It reiterated firmly, "there is no linkage between trade and labour standards" and "rejected all attempts to establish such a linkage as well as the use of labour standards as a pretext for unilateral actions in the field of trade".

The summit rejected an alternative proposed by South Africa which would have the ILO as the "pre-eminent" rather than the "only" international body competent to set and deal with labour standards. South Africa had hoped this way to leave the door open for other bodies, such as the WTO, to apply labour standards.

Use SADC as force for peace, advises Côte d'Ivoire leader

(279A) BD 9/9/98

CAPE TOWN — The Southern African Development Community (SADC), chaired by SA, should form a regional intervention force to ensure peace and stability in the region, visiting Côte d'Ivoire President Henri Bedie told Parliament yesterday.

Using the West African experience as an example, he said the 16-member Economic Community of West African States (Ecowas), in which his country was also represented, had maintained a purely economic focus until the civil war in Liberia in late 1989, which saw hundreds of refugees flee to neighbouring countries.

An intervention force, the Ecowas Monitoring Group (Ecomog), was then established and had since contributed to peace in Liberia. It had also intervened in Sierra Leone and Guinea-Bissau at the request of the leaders of these countries.

Ecowas's evolution from a purely commercial bloc to one focusing on political stability had been essential, Bedie said.

"How is it possible to develop commercial relations and move towards integration if peace and security are not ensured?" Referring to the conflict in the Democratic Republic of the Congo, Bedie said the events there "compel today the same type of action in favour of peace within SADC."

Meanwhile, the National Party said yesterday Bedie's address to Parliament was a pleasant variation on the outdated theme of apartheid- and colonialism-bashing usually made by visiting heads of state.

"His underlining of peace and stability as a prerequisite for economic growth is something that some of his war-minded colleagues in the SADC should take cognisance of," NP foreign affairs spokesman Dr Boy Geldenhuys said in a statement.

Bedie's commitment to a free trade area for West Africa and his emphasis on privatisation and technology development were undoubtedly a success recipe for an African renaissance. Côte d'Ivoire's ability to harmonise 60 ethnic groups into one nation should also serve as a model for those countries where ethnicity was used as an excuse for everlasting warfare.

Bedie praised President Nelson Mandela and his predecessor, then NP leader FW de Klerk, for being the architects of SA's peaceful transition to democracy.

He began his four-day state visit to SA yesterday morning with a ceremonial welcome from Mandela at his Cape Town office.

The two leaders signed a letter of intent on the promotion of reciprocal trade. Bedie received SA's highest civilian honour for a foreigner, the Order of Good Hope, while Mandela received the Grand Cross of the National Order of Côte d'Ivoire. — Sapa.

Durban Declaration charts the path ahead

BD 9/9/98 (279A)

The Durban Declaration, a vision of the Nonaligned Movement's way forward into the 21st Century, was adopted at the close of the summit on Thursday night. This is an edited version of the document.

OUR movement embodies the aspirations, the hopes and the combined yearnings of the peoples of the south to live in peace and security.

We are the ones who have endured centuries of colonialism, oppression, aggression, exploitation and neglect. We have been the invisible people of the world. In recent times we see our rapid emergence from that condition despite vast obstacles deliberately placed in our way and new challenges facing humankind.

Indeed our time has come.

We now stand on the threshold of a new era, one that offers great opportunity yet poses special danger for the developing world. The Cold War is over.

However it is also a time where transnational phenomena and perils to sovereignty, independence, stability and economic development are prevalent dangers representing challenges that the movement has to face and overcome.

We emerge from the 12th Nonaligned Movement (NAM) meeting acutely aware of the real difficulties ahead, not the least of which threats facing humankind such as drugs, AIDS, transnational crime, famine, terrorism and environmental degradation. We see dramatic evidence of exaggerated ethnicity, of chauvinism and xenophobia. These evils are subtly replacing the more formal racism that exists.

We see powerful processes that continue to marginalise many countries of our movement. While globalisation holds out the promise of prosperity, it brings with it severe challenges for developing countries. We must take up the challenge to fundamentally transform international relations, so as to eradicate aggression, racism, the use of force, unilateral coercive measures and unfair economic practices, foreign occupation and xenophobia in order to achieve a world of peace.

Unity of purpose and strategy among nations of the movement is of critical importance. Globalisation can be a threat to newly acquired freedoms unless the interests of the south are carefully protected and promoted. Liberalisation must not provide a cover for the protectionist policies of the rich and powerful, securing their vital interests while the weak are beggared by being forced to "open up" to the world.

South-south co-operation is a major concern of this summit. It is a central strategy for creating a new global environment and speeding up the eradication of poverty. We should resolutely incorporate economic affairs in our national agendas and regional trade co-operation and economic integration should be an essential part of this.

South-south co-operation does not imply ignoring dialogue with the north. The world is interdependent as never before. The security and prosperity of the north will disappear if there is endemic poverty and deprivation in the south.

Our movement should reaffirm its philosophy of development assistance that moves beyond relations bound by charity and subservient dependency. Client states benefit only the master states.

We must address the financing of development, capital flows and their stabilisation, resource mobilisation and trade restrictions faced by developing countries. It is imperative that we secure swift action on debt relief. To achieve these objectives, we have to ensure the democratisation of international institutions.

As we mark the 50th anniversary of the Universal Declaration of Human Rights, nothing should be used as a convenient mask to hide genocide, gross violations of human rights and crimes against humanity, nor should human rights be used as a political instrument for interference in internal affairs.

We recognise that human rights and democracy do not, of themselves, automatically bring a better world. They require an environment of peace and development, respect for sovereignty, territorial integrity and non-interference in the internal affairs of states. Socio-economic rights, including the right to development, are inextricably part of real human rights.

We must act to achieve this state of affairs as part of the public trust that we owe to our people.

Finally, it is poverty that, more than any other of the devastating threats facing the world, must be ended. Eradicating poverty is a practical possibility and an economic imperative for global well-being.

Looking at the hugely different worlds of Bandung in Indonesia, where the first NAM meeting was held in 1955, and Durban, poverty still exists. This must spur us on to get rid of poverty.

Durban must mark the turning point where the formerly dispossessed, the majority, enter into their inheritance.

CONGO CRISIS A SIDE ISSUE

SADC aims to boost regional economy

(274A)

ET 10/9/98

SOUTHERN AFRICAN LEADERS meet in Mauritius this weekend to seek ways to strengthen the region's economy. Group Parliamentary Editor **ZUBEIDA JAFFER** reports.

WHILE the Congo crisis will receive some attention outside of official meetings, conflict resolution is not expected to dominate this year's SADC summit.

"It will be business as usual," said the director of Southern African Studies at the University of the Western Cape, Peter Vale. "SADC has been set up to build Southern Africa into an economic region," he said.

While the conflict in the Congo has captured the public imagination, continuing efforts at linking South Africa and its neighbours into a single economic block is just as important, if not more so, in securing a decent future for South Africans.

The SADC summit will, for example, hear reports on the progress made in harmonising banking and financial systems across the region. It will hear what progress is being made in instituting a unified fight against Aids, which threatens all economies.

It will also consider a host of other sectoral reports, including co-operation in tourism, energy, water, mining, food and agriculture.

"SADC has done moderately well," said the Democratic Party spokesperson for Foreign Affairs, Colin Eglin. "In areas such as transport, water and power, we are moving," he said. "The problem is it has not been able to tackle the security issue which has the potential of splitting SADC."

While President Nelson Mandela as head of SADC is reluctant to be side-tracked at this weekend's meeting, he will have to give some attention to the fact that the Organ of Politics and Security continues to operate in parallel to SADC.

The security of the region has for the past two years been left to this structure, a left-over of the Frontline States formation headed by Zimbabwean President Robert Mugabe.

About 18 months ago, Botswana, Mozambique and Malawi were asked to set up a three-person committee to propose a resolution of this problem. Unfortunately, the wheels of regional diplomacy turned slowly, resulting in their initiative being overtaken by the Congo crisis which then forcibly brought the dispute into the public eye.

"We will not want to get bogged down in a structural discussion this weekend," said director-general of the President's Office, Jakes Gerwel, who is in Mauritius chairing the preparatory senior officials' meeting. "We will prefer to look at how SADC will be involved in the promotion of peace and stability in the region and not just conflict resolution."

He conceded that a way would have to be found to end the structural tension. "If we are going to continue integrating our economies in order to survive, we will have to solve this problem and develop a systematic approach to peace and stability."

This is, however, not a matter which is expected to be given major attention at the summit. Instead, the summit is likely to give an indication of what progress South African ministers are making in developing regional economic initiatives with their counterparts.

Today Home Affairs Minister Mangosuthu Buthelezi will chair a two-day SADC council of ministers meeting in preparation for the formal summit which starts on Sunday afternoon. Present at the working session will be Foreign Affairs Minister Alfred Nzo, Trade and Industry Minister Alec Erwin, Health Minister Nkosazana Zuma and deputy ministers Susan Shabangu of Mineral and Energy Affairs and Brigitte Mabandla of Arts and Culture.

As the world economic situation continues to deteriorate, South Africans will increasingly begin to understand how crucial the development of SADC is to survival.

"We have a wish list which speaks of African solidarity and African Renaissance," said Eglin. "Africa is too diverse to take effective steps continentally. The most effective building blocks are the regional blocks. In that sense, SADC has become a key issue."

SADC shapes deal to lift trade

ARGT 10/9/98

(279A)

CLIVE SAWYER
POLITICAL CORRESPONDENT

The Southern African Development Community summit in Mauritius is to be briefed on progress on a protocol expected to boost the upward trend in trade between South Africa and its regional partners.

Small and medium-sized businesses, especially, are in line to benefit from South Africa's burgeoning trade with Africa.

Trade and Industry Minister Alec Erwin said although the SADC summit would not deal with the proposed trade protocol in detail, because negotiations were taking place in a parallel process in the trade negotiating forum, delegates would be briefed.

Growth in South Africa's trade with the rest of the continent, most of which involves SADC neighbours, has been spectacular in the past few years.

Exports from South Africa to Africa rose from R7-billion in 1993 to R20-billion last year.

Of these figures, exports to SADC countries made up R5-billion in 1993 and R16-billion last year.

A source of concern has been the imbalance in imports, with imports from the continent totalling R3-billion in 1993 and rising to only R4-billion last year.

Again, most of these imports involved SADC states.

Mr Erwin said steps to redress this economic imbalance included a proposal for the early opening of South Africa's markets to its SADC neighbours.

Economic relations within the SADC and the development of a significant regional economic bloc are expected to be important themes of the Mauritius meeting, which opens on Sunday.

Mandela's last SADC summit ignores script

Star 11/9/98 (279A)

By Alister Bull
Grande Baie, Mauritius

President Mandela had every right to expect his swansong summit of the Southern African Development Community (SADC) to stick to the script.

This would have seen Mandela, chairman of the 14-nation group, coaxing it towards its goals of regional economic co-operation and a common mechanism for resolving conflict.

But, when the heads of state gather here on Sunday, Mandela's last SADC summit before he retires next year will be held against a background of crisis rather than consensus.

Divisions are more likely to widen than narrow as a bloody civil war in the Democratic Republic of the Congo dominates proceedings.

The test of the SADC's ability to secure a united front and resolve the rebellion against President Laurent Kabila is whether it can translate rhetoric into action.

Forged 18 years ago in the Zambian capital of Lusaka during the apartheid years, some say that the SADC's mindset is still that of struggle politics.

The community links South Africa, Angola, Namibia, the Congo, Zambia, Botswana, Zimbabwe, Lesotho, Swaziland, Tanzania, Malawi and Mozambique, Mauritius and the Seychelles.

Succeed or fail, the summit will ignite a debate over its purpose, which analysts say pits the vaunted new Africa of renaissance against an old order that backs states and incumbent power over people and democracy.

The Congo has enmeshed in conflict Zimbabwe, Angola and Namibia, who marched to defend Kabila against the rebels, whom he claims are sponsored by Uganda and Rwanda.

Mandela prefers a diplomatic solution – not a stance favoured by Zimbabwe's President Robert Mugabe.

Mugabe brushed off calls from Pretoria for foreign forces to stay out of the month-long war and poured troops into the Congo to save his old friend Kabila – a gesture that his country's flagging economy can ill afford.

Mandela has subsequently papered over differences with Harare, saying he can understand neighbouring countries going to Kabila's aid.

The South Africans also claim credit for paving the way for a peace summit last Monday in Zimbabwe. But these talks, which gathered Kabila and six other regional leaders at Victoria Falls, failed to win rebel support for a ceasefire.

The rebels refused to be bound by an agreement that they had not been allowed to sign in negotiations that had not permitted them to confront Kabila face-to-face. The buck is back with the SADC.

"We hope that the issues (of the Congo) will be harmonised at SADC," South African Deputy Foreign Minister Aziz Pahad told national radio on Wednesday.

The SADC also must grapple with a related but separate issue likely to place Pretoria and Harare again at loggerheads.

Against the backdrop of existing military conflict and diplomatic tension, the SADC is to mould in Mauritius an entity tasked with intervening in regional conflict: the Organ on Politics, Defence and Security.

Proposed two years ago as a mechanism to promote peace, it has been bogged down in the search for consensus, mainly over its autonomy.

Some, including Mugabe, would style the defence organ into an autonomous structure within SADC that, critics say, would be bent to his will.

South Africa, and most of the other SADC members, are not anxious to create an armed wing of SADC and will press in Mauritius for the organ to be kept firmly under the organisation's wing.

A confidential pre-summit paper, a copy of which was obtained by Reuters, recommends that the organ operate at ministerial level and report direct to the chairman of SADC.

Mandela will pass the chairmanship on Sunday to Prime Minister Navinchandra Ramgoolam of Mauritius. – Reuters

Snag in groundwork for reform of SADC

John Dludlu BD 11/9/98 (27 9A)

GRAND BAIE — Talks aimed at paving the way for crucial institutional reforms of the Southern African Development Community yesterday hit a snag, prompting SADC ministers to call on senior technocrats to refine the proposals, a senior SADC official said.

A news briefing planned for last night was cancelled partly because of failure to agree on the reforms needed to reshape the SADC after its conversion in 1992 from a development co-ordinating conference — chiefly aimed at reducing economic reliance on apartheid SA — to a development community with an integration agenda as a central focus.

An official of the 14-member body said the problems related to the "conceptual framework" of the reforms required to make the SA-led organisation efficient and effective as it moved towards a free trade area.

In terms of a compromise deal agreed by officials this year, the SADC co-ordinating sectors should be slowly reformed; that is, fewer responsibilities to be given to each member, to improve efficiency.

At present, it is not unusual for one state to be responsible for several tasks. The officials failed to adopt the radical changes recommended by consultants that the body's sectors should be reduced to improve their efficiency and impact.

The radical scenario would have seen some member states losing their SADC responsibilities.

The current system of functional co-operation — where each country is allotted responsibilities — is regarded as an unsuitable form of co-operation for a regional integration strategy.

Other sources at meetings before the 18th annual summit say the problem in reshaping the institutions stem from fears of losing the responsibility of co-ordinating an SADC unit, mostly among the weakest and inefficient member states.

President Nelson Mandela, chairing his last annual summit, arrived in Mauritius yesterday on a state visit before the leaders' summit at the weekend.

Nzo tries to focus talks on economic integration

(279A) BD 11/9/98

John Dludlu

GRAND BAIE — While Foreign Affairs Minister Alfred Nzo sought yesterday to focus the attention of Southern African Development Community ministers on the SADC's economic integration agenda, the region's conflicts were likely to dominate the summit this weekend.

Opening the SADC ministers' council meeting, Nzo, the council chairman, said the gains made in economic integration and social upliftment could "go up in smoke as we channel our meagre resources towards disruptive civil wars and not towards achieving collective self-reliance".

His remarks came amid reports that modest progress was made at the Victoria Falls meeting of some of the key role players — including leaders of Zimbabwe, the Democratic Republic of Congo and Uganda — in the conflict in the former Zaire.

Congo President Laurent Kabila and the Seychelles delegation will be taking part for the first time as full members of the SADC leaders' summit after their admittance to the organisation last year.

Politics and security issues are expected to preoccupy the minds of leaders when they meet on Monday.

Apart from the conflict in Congo and occasional outbursts of fighting in Angola, the SADC summit is expected to decide the future shape of the region's security structure when it receives a report by three presidents on how conflicts are to be resolved and prevented.

A report prepared by a committee chaired by Mozambique's Joaquim Chissano, outlining how the subcommittee had to work, was to be discussed by the SADC presidents on Monday.

Nzo said his colleagues had to focus their minds on economic production, trade and investment and human resources development issues if the SADC was to improve the lives of its citizens. Economic integration should also "decisively address today's pressing problems" of inequality and injustice between men and nations as well as poverty, unemployment and poor skills".

T Meanwhile a southern African human rights organisation has petitioned President Nelson Mandela, chairman of the SADC, to intervene so the body could gain access to proceedings of the SADC heads of state summit at the weekend.

In an open letter to Mandela, David Chimhini, chairman of the Southern African Human Rights non-governmental organisation Network, which says it represents about 100 human rights organisations, says it is "most surprised and disappointed" to be told by the SADC secretariat the organisation will be denied access to the summit.

High noon in Mauritius

MtG 11-17/9/98

(279A) (~~291A~~)

Ivor Powell *predicts that sparks will fly at the SADC summit when member states discuss the Organ on Politics, Defence and Security*





Squaring up: Nelson Mandela supports a regional peacemaking model which begins with a ceasefire, while Robert Mugabe would like to see the SADC go in with guns blazing. PHOTOGRAPH (RIGHT): AP

All has not been well for some time now in the Southern African Development Community (SADC) But things could get a lot worse at the regional conference's annual summit in Mauritius this weekend

Not only will the SADC have to deal with the divisive issue of member states' involvement in the Great Lakes crisis, but they will also finally be forced to confront a constitutional issue that has been threatening to tear the organisation apart for more than two years that of its Organ on Politics, Defence and Security, or as it is more commonly known, not without double *entendre*, "Mugabe's Organ"

At one level, issues around the organ are brain-numbingly scholastic Constituted — if indeed it has been properly constituted, since it has to date neither been functioning nor formally introduced into the 1992 SADC treaty — through the communiqué of the 1996 SADC summit in Gaborone, the organ was established to deal with issues relating to regional and interstate defence and security

In this role it was to function essentially in parallel with the SADC, whose major focus was con strued as being on economic and developmental co-operation among member states

This was because of the perception that the economic and developmental work could be compromised by potentially messy involvement in conflicts within or between member states

But here lies the rub In order to drive as thick a wedge as possible between the SADC and the Organ on Politics, Defence and Security, the latter was mandated to function independently and at summit level, with Zimbabwean President Robert Mugabe appointed as its first annually rotating chair

The formulation left the big question begging does this mean the organ functions entirely outside the SADC (as Mugabe argues), or is it maintained under the SADC treaty and placed under the auspices of the summit (as South Africa interprets it)?

The question could in theory be answered in Mauritius this weekend After an extraordinary SADC summit in Maputo on March 2 failed to thrash out the issue, a troika of member states — Namibia, Mozambique and Malawi — was mandated to devise solutions for discussion at the coming summit

But there is a longer history At last year's Blantyre summit, new SADC chair President Nelson Mandela broke into the usually calm, well fed and self-congratulatory dream world of the SADC with a pointedly political speech, lambasting certain member states for the rift betweén rhetoric and reality on issues like democracy and human rights

Though no countries were mentioned by name, it was obvious from the text that some embarrassingly frank observations were being made about Mugabe, as well as Zambia's President Frederick Chiluba, among others

Apparently perceiving this not only as an affront to his dignity but as an invasion of the political preserve of his organ, Mugabe responded by trying to hijack proceedings He called what amounted to his own Organ on Politics, Defence and Security summit parallel to the main summit.

Hence the crisis. But behind the legalism and the vanity and egos, there are some potentially terrifying politics, as recent events around the Democratic Republic of Congo have illustrated

While Mugabe hasn't officially invoked his chairing of the organ to justify his military intervention in the Congo, it was clear when he addressed the Non Aligned Movement summit in Durban last week that he was assuming the mantle of the elder statesman with a responsibility for regional security when he justified that intervention as being aimed at supporting a legitimate head of government from foreign invasion

It was just as clear when, after a meeting of SADC partners at Victoria Falls last month, he summarily announced that the SADC was going into the Congo on the side of President Laurent Kabila — an announcement which was duly and roundly refuted by Mandela

All this was arrant nonsense In terms of its own rules, SADC military interventions can only be called at the request of the Organisation of African Unity and the United Nations, neither of which has been forthcoming in this case. In fact, Mugabe's military actions, like those of Angola and Namibia, were taken for his own reasons

Even before hostilities with the new rebels broke out, Mugabe had invested an estimated $200-million in mainly military but also economic partnerships with the Kabila regime, beginning with about $70-million for Kabila's own rebellion in 1996 and 1997

It is also understood that Mugabe's nephew, Leo Mugabe, and Kabila's son, Joseph, have recently come into possession rights to key mineral interests in a mining paradise worth an estimated $58 billion

The under-the-counter partnership has been confirmed by no less a figure than Kabila's own minister of mining

Behind the immediate financial interests, there is also a question of regional influence.

With the liberation of South Africa in 1994, Mugabe lost not only his position as the elder regional statesman, but also an economic sphere of investment in Mozambique, nowadays virtually an economic colony of South Africa.

Mugabe was looking to redress this de facto freezing out through his alliance with Kabila, and his early response to threats that the former rebel leader could be toppled.

All this highlights precisely South Africa's point vis à-vis the Organ on Politics, Defence and Security

In terms of the old frontline-states' thinking on security, military support would be given on the basis of friendships and alliances forged essentially under the threat of apartheid South Africa's adventuring

Now, however, the stakes are higher, the situation more complex and the various structures of a regional organisation like the SADC exponentially more open to venal abuse

Faced with these difficulties, South Africa, especially, is pushing a UN-recognised model of peacemaking which begins with agreeing to a ceasefire, then works towards the withdrawal of foreign troops

Finally, within this model, parties to the conflict — in this case the rebels, Kabila's government and other political interests inside the Congo — sit down and work things out for themselves

In other words, the solution has to be found within the Congo, within the framework of developing the institutions of democracy, and not outside it.

It's airy enough, of course. As this week's aborted ceasefire talks at Victoria Falls illustrated, there are many opportunities for slips to happen between the cup and the lip.

But, as South African sources close to the SADC keep saying, the alternative, the course of action that Mugabe's Organ could pursue unless it is brought under the big SADC umbrella, can only lead to further divisions and instability in the region

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Ivor Powell is acting political and foreign editor at SABC-TV

ANGOLA, CONGO AND FOREIGN DEBT ET 14/9/98

SADC leaders focus on economy, threat of war (279A)

GRAND BAIE, Mauritius: President Mandela used his opening speech to spotlight the dangers of renewed fighting in Angola and the need to have the foreign debt cancelled.

THE Southern African Development Community (SADC) annual summit got under way yesterday afternoon, with the opening addresses focusing on economic issues and violent conflicts that threaten to expand in the region.

President Nelson Mandela, who chairs SADC, expressed deep distress at the re-emergence of violent clashes in Angola.

"We have great confidence in the initiatives of the UN in seeking the resolution of the Angolan crisis and we therefore call for the rigorous implementation of the UN Security Council sanctions to oblige Unita fully to implement the Lusaka peace protocol," he said.

Angolan President Jose Eduardo dos Santos, one of the last heads of state to arrive at the opening ceremony, devoted almost his entire address to lambasting Unita leader Jonas Savimbi, who, he said, did not want peace in Angola.

"In Angola the peace process is paralysed," Dos Santos said.

He accused Savimbi of using the Lusaka Accord to buy time to reorganise his forces, and said the Unita leader is involved in efforts to overthrow Democratic Republic of the Congo President Laurent Kabila.

Dos Santos indicated a willingness to work with Unita leaders who have recently distanced themselves from Savimbi and want to revive the peace accord.

Kabila, who was scheduled to be one of the opening speakers at the summit, had not arrived by the time the opening ceremony was over. His aides said he was en route.

Mandela said he was encouraged by the progress that has been made in seeking peace in the DRC, stressing the need for the co-ordination of peace-seeking initiatives.

'The fighting in the DRC, the coming apart of the Lusaka Accord in Angola and the crisis in Lesotho were the subject of high-level meetings during the summit.

Mandela also expressed concern at the high foreign debt faced by most SADC countries.

"Our ability to continue lowering inflation and reducing fiscal deficits is dependent on the willingness of creditor countries to work with us," he said.

"We have to devise realistic debt cancellation schedules."

Mandela emphasised the SADC is determined to create the climate necessary to attract foreign investment.

"We remain committed to the combination of sound economic policies, good governance and far-reaching programmes of reconstruction and development."

To do this SADC member countries must press ahead with regional integration.

"We will only realise our full potential by pooling our resources and our sovereignty."

Mandela also said the fight against corruption was paramount.

SADC executive secretary Kaire Mbuende said member states have have achieved "considerable" economic development over the past two years, but sustaining it will depend on reforms and a stable financial environment.

Mbuende said the countries in the region need an average annual growth rate of at least 8,1% to help eradicate grinding poverty.

He said a number of countries are already tackling problems such as rising prices, noting that nine of the 14 states are running single-digit inflation figures.

"We have made some considerable progress, but we need to do more to sustain growth," he said, adding that average gross domestic product growth was 4,1% in 1996 but only 2,2% last year.

Mbuende said the SADC should look at ways of boosting intra-regional trade.

● Parliamentary Editor ZUBEIDA JAFFER reports that SADC trade ministers are sending an urgent letter to the US Senate to encourage the passage of the Africa Trade Bill, expected to be voted on later this month.

Foreign Minister Alfred Nzo said that the summit is also concentrating on SADC/US relations.

Nzo said SADC trade ministers would meet US Secretary of Commerce William Daley on September 15 to discuss how co-operation agreements can be extended to all parties in Southern Africa.

"This is part of SADC efforts to enter into regional agreements with economic blocks such as the European Union and to work closely with Latin American, Caribbean and Asian regional structures," he said.

"South Africa and it's neighbours cannot act alone."

The Africa Trade Bill, though contentious, contains important trade breaks for countries such as South Africa and Mauritius and would result in increased trade between the SADC and the US.

The decision of SADC member countries to send a letter to the US Senate follows intensive efforts by some Southern African ambassadors in Washington to lobby senators to ensure safe passage of the bill.

Nzo did not expect President Bill Clinton's sex-and-lies troubles to impact in any way on the safe passage of the bill. "Once the bill passes the Senate, then the president will sign it," he said.

But there are other complications. The Africa Trade Bill is now part of a larger trade initiative that includes several controversial elements, including a plan to give the US president fast-tracking authority to negotiate new trade agreements.

Fast-tracking is controversial because many American workers believe that international trade agreements threaten their jobs. Nzo said that the "conditionalities" could be discussed later.

The summit ends today, when most of the key issues are to be discussed behind closed doors. — Sapa-Reuter

Regional conflict a worry

~~297~~ (279A) Sowetan

THE Southern African Development Community's annual summit got under way in Grand Baie in northern Mauritius yesterday, with the opening addresses focusing on economic issues and regional conflict.

President Nelson Mandela, who chairs the SADC, expressed deep distress at the re-emergence of violent conflict in Angola.

"We have great confidence in the initiatives of the United Nations in seeking the resolution of the Angolan crisis and we therefore call for the rigorous implementation of the UN security council sanctions to oblige Unita fully to implement the Lusaka peace protocol," he said.

"The situation in Lesotho does cause us genuine concern, but we believe that no matter how bitter the debate may be, a solution will be found

"Our confidence is based on the fact that this is a country which has produced outstanding leaders, who can rise to the challenge because they are aware that the solution is in their hands.

"All we can do as SADC is to facilitate where they need our facilitation."

Mandela said he was encouraged by the progress that had been made in seeking peace in the Democratic Republic of the Congo, and stressed the need for the coordination of peace-seeking initiatives

He also expressed concern at the high debt levels most SADC countries faced.

"Our ability to continue lowering inflation and reducing fiscal deficits is therefore dependant on the willingness of creditor countries to work with us to devise realistic debt cancellation schedules," he said.

Angolan President Jose Eduardo dos Santos devoted almost his entire address to lambasting Unita leader Jonas Savimbi, who he said did not want peace in Angola.

"In Angola the peace process is paralysed," Dos Santos said.

He accused Savimbi of using the peace accord to buy time to reorganise his forces and said the Unita leader was involved in efforts to overthrow DRC President Laurent Kabila 14/9/98

Dos Santos indicated a willingness to work with Unita leaders who had distanced themselves from Kabila and wanted to revive the peace accord.

Kabila had not arrived by the time the opening ceremony was over, but his government officials said he was still on his way. – *Sapa*

Trade bloc fails to back calls for reform

(279A
BD 14/9/98

John Dludlu

GRAND BAIE — Southern African Development Community (SADC) ministers have refused to back calls for far-reaching institutional reforms needed to make the organisation more efficient as it moves towards regional integration criteria.

Alfred Nzo, the chairman of the council and SA's foreign minister, also told a media briefing at the weekend that no final decision was taken on the agreement for free movement of people within the 14-nation trading bloc given the sensitivities involved.

SA officials said previously they envisaged "freer, not free, movement" of people within SADC. Instead, the ministers, meeting ahead of today's summit of leaders, decided to urge their governments to facilitate daily activities of people within the community, including intraregional tourism, Nzo said.

In recognition of the "remarkable job" that was being done by Mauritius in co-ordinating regional tourism, the ministers asked the summit to sign a tourism protocol.

SADC executive secretary Kaire Mbuende said although there was agreement on SADC policies and strategies, no case had been made for ministers to approve the creation of new SADC institutions.

Instead the ministers suggested that the role of current institutions be clarified and some be streamlined until a "properly motivated" case for new institutions was made.

Mbuende said the ministers also agreed that more emphasis be put on policy formulation and harmonisation and the greater involvement of the private sector in SADC activities be achieved.

The ministers asked the secretariat to report next January on progress made in the implementation of what has been seen as compromise recommendations made by senior government officials. The officials are known to have shied away from suggestions by consultants a year ago that the SADC be radically overhauled, including reducing the number of economic sectors co-ordinated by SADC's members.

The implementation of this recommendation would have seen some SADC members losing their SADC responsibility when countries were "clustered", said a source.

The multinational consultants' report also suggested that central directorates be created, a recommendation the implementation of which would have rolled back SADC decentralisation. The watered-down version of the proposals suggests that member states work to make their sectors more efficient over time.

Criticisms have been levelled at the present system of functional co-operation where it is not unusual for one country to be given several sectors to co-ordinate, thereby compromising efficacy.

Mandela asks SADC to aid regional peace efforts

(279A) BD 14/9/98

John Dludlu

GRAND BAIE — President Nelson Mandela, the chairman of the Southern African Development Community, last night called on the SADC members to rescue the shattered accord in Angola and to implement efforts aimed at ending the ongoing conflict in the Democratic Republic of Congo.

Opening the 18th SADC leaders' summit, Mandela also said the challenge now was to develop agreements to resolve the conflict in the former Zaire and called for the "rigorous" application of the UN sanctions to force Unita, the Angolan rebel movement, to implement the Lusaka peace protocol.

He expressed confidence in the UN initiative in Angola, while Angolan President Eduardo dos Santos sought to isolate Jonas Savimbi, the ousted leader of Unita, whom he accused of misleading the international community, while strengthening his position to scupper the peace deal.

Dos Santos said the Luanda authorities welcomed an initiative by a group of Unita leaders, who have broken away from Savimbi, to seek dialogue with the government. He was optimistic diplomatic initiatives would bear fruit.

This is the first public occasion at which the Angolan leader has explained the events which led to the collapse of the national unity government after he sacked Unita ministers and after the death of the UN envoy Alioune Blondin Beye.

Dos Santos also called on the SADC to double its efforts to find a solution to the Great Lakes region as prospects for peace brightened up slightly with the expected arrival of Laurent Kabila, the Congolese leader, and Salim Ahmed Salim, secretary-general of the Organisation of African Unity.

Mandela said he was encouraged by the Victoria Falls initiative, which was a tribute to the quality of leadership Africa had produced.

He called for this initiative to be harmonised with the Pretoria plan he initiated and said the challenge now was to develop and implement the agreements so that the Congolese could determine their own destiny.

Earlier in the day, Kikaya Bin Kirubi, the Congolese government spokesman, said Kinshasa wanted the SADC to unanimously condemn the invasion of his country by Rwanda and Uganda and ruled out possibility of talks at the Mauritius summit.

Any discussion of the Congo issue would be tantamount to interference in the internal affairs of the Congo.

Alfred Nzo, SA's Foreign Minister, said he would discuss "everything" this week with Kofi Annan, the UN secretary-general, when he visited the US.

Observers say although the Congo conflict will not be mediated during the summit, the roleplayers, including the key sponsors of the diplomatic initiatives — the SADC and OAU — will evaluate the progress made and the way forward.

Kabila, who had not arrived by the time the summit opened, was expected to have meetings with Mandela and his military backers, Zimbabwean president Robert Mugabe and Namibian leader Sam Nujoma.

Salim arrived late last night. His organisation was represented at the opening ceremony.

Mandela also called on fellow SADC members to condemn corruption and greed, which were diverting resources from growth and social upliftment.

SADC urges safe passage of trade bill

(279A)

ZUBEIDA JAFFER
PARLIAMENTARY EDITOR

ARG 14/9/98

Grand Baie, Mauritius – Southern African Development Community trade ministers are sending an urgent letter to the United States Senate to encourage the passage of the Africa Trade Bill, expected to be voted on later this month.

Foreign Minister Alfred Nzo said here yesterday that this year's SADC summit was giving concentrated effort to SADC/US relations.

Shortly before the formal opening of the SADC summit, he said trade ministers would meet US Secretary of Commerce William Daly tomorrow to discuss how co-operation agreements could be extended to all parties in Southern Africa.

"This was part of SADC efforts to enter into a regional agreement with economic blocs such as the European Union and to work closely with Latin American, Caribbean and Asian regional structures," he said.

The Africa Trade Bill, although contentious, contains important trade breaks for countries such as South Africa and Mauritius and could open greater avenues of co-operation between SADC and the US.

The decision of SADC member countries to send a letter to the US Senate follows on intensive efforts by Southern African ambassadors in Washington to lobby senators to ensure safe passage of the bill.

Kabila disgruntled after SADC talks

ARG 15/9/98 (279A)

Port Louis, Mauritius – President Laurent Kabila today expressed his "extreme disappointment" at the outcome of a summit of southern Africa heads of state, devoted largely to the Democratic Republic of Congo conflict.

Leaders in the Southern Africa Development Community (SADC) issued a final statement saying Angola, Zimbabwe and Namibia had acted legitimately when they sent in troops to back Kabila against rebels.

They also labelled the long-standing leader of Angola's ex-rebel movement Unita, Jonas Savimbi, a "war criminal" responsible for bloodshed and deteriorating security in his own country, where he has been disavowed by former top aides after failing to disarm thousands of his troops.

However, the SADC heads of state, who wound up their summit late yesterday, stopped short of backing Mr Kabila's contention that Rwanda and Uganda invaded the DRC when they sent troops to back the Tutsi-led rebels in the east.

"I came here for a condemnation of the aggression of a member state of the SADC," the DRC president said at the airport here, where the annual summit had been held.

"They should have made an unambiguous statement on the aggression, which wasn't the case".

He pushed aside the idea of a ceasefire.

The final statement from the summit called for talks "involving all parties".

■ There was heavy fighting today between forces backing Mr Kabila and his foes for the rebel-held eastern town of Kalemie, independent sources said in Kinshasa.

"There are violent clashes at Kalemie and many dead," one of the sources said, but added that the town in the north of the mineral-rich south-eastern Katanga province had apparently not yet been wrested from the Tutsi-led rebels.

Pro-Kabila forces surrounded Kalemie last Friday after heavy fighting. – Sapa-AFP

SADC countries 'must boost growth'

(2-79A) Sowetan 15/9/98

Grande Bale, Mauritius – Southern African states have achieved "considerable" economic development over the past two years, but sustaining it will depend on reforms and a stable financial environment, a top regional official said on Sunday.

Speaking at the start of a two-day summit of the 14-nation Southern African Development Community (SADC), the economic grouping's executive secretary Kaire Mbuende said countries in the region needed an average annual growth rate of at least 8,1 percent to help eradicate poverty.

He said a number of countries were already tackling the problems that hindered development such as rising prices, noting that nine of the 14 states were running single-digit inflation figures.

"We have made considerable progress but we need to do more to sustain growth," he said, adding that average gross domestic product growth was 4,1 percent in 1996 but only 2,2 percent last year.

Mbuende said the SADC – which has an ambitious target of eliminating trade tariffs within eight years from the time all members ratify a trade protocol signed more than two years ago – should look at ways of boosting intra-regional trade.

President Nelson Mandela, who is SADC chairman, urged the region to keep a focus on achieving economic development but said eradicating the scourge of poverty would also depend on tackling corruption.

Condemn corruption

"We should condemn without reservation all forms of corruption and greed which are diverting resources from productive growth and social upliftment," Mandela said in a speech when opening the summit.

"We should put in place measures to nip this social malice in the bud, and be uncompromising in taking to task those who seek position or power in order to corrupt the political order for personal gain," he said.

Mandela, who is due to retire next year, said the SADC should aim to be the leading destination for international investment through a combination of sound economic policies and good governance.

But he said the significant improvement in the region's macro-economic environment had come under the shadow of global financial turmoil, which resulted from the movement of vast speculative funds in recent months.

The pace of socio-economic change was also being hindered by the cost of foreign debts, he said.

"We are concerned that in most SADC member states, debt repayments constitute a significant proportion of the gross domestic product and use up resources that should rather fund productive investment," he said.

He urged creditor and debtor countries to cooperate by setting realistic debt-cancellation schedules.

Mauritian prime minister Navin Ramgoolam stressed the need for the SADC to speed up the adoption of a trade protocol which would pave the way for a free trade agreement in the trading bloc.

The summit ended yesterday. – *Reuters.*

Namibian exchange, JSE clinch co-operation deal

Christof Maletsky (~~231A~~ 279A)

WINDHOEK — The Namibian Stock Exchange (NSX) has signed a co-operation agreement on the transfer of technology, skills and information with its more experienced counterpart, the Johannesburg Stock Exchange (JSE).

The agreement — signed on Friday within the framework of the Southern African Development Community (SADC) — will enable the NSX to replace its trading systems with an advanced US-designed automatic Jet trading system, which is being used on the JSE. BD 15/9/98

Namibian Stock Exchange member brokers will also have the JSE's Brokers' Deal-Accounting system, which offers improved client administration, security and regulation.

Other services available in Namibia will be the JSE's Master Data, Trickle-Feed, Equity Market Information Portfolio and Equity Information Database systems.

The agreement is a first step in taking these relationships into more formal links and is open to other SADC exchanges to join in future.

Steps adopted by all the exchanges include harmonising listing requirements and work on best practice models for trading, clearing and settling securities and on future strategies for the region.

The agreement also includes transfer of expertise and information on training, marketing and research. The two exchanges had earlier signed a memorandum of understanding on sharing surveillance information.

Both exchanges were "committed to interacting and co-operating with other SADC stock exchanges to help build the subregion's capital markets", NSX general manager Tom Minney said.

BUSINESS DAY, Tuesday, September 15 1998

Differences over SADC security structure still unresolved

(279A) BD 15/9/98

John Dludlu

GRAND BAIE — Prospects of resolving the differences between SA and Zimbabwe over the co-ordination of southern Africa's peacekeeping activities faded yesterday when President Mandela signalled that the matter might remain unresolved during his term as the head of the Southern African Development Community (SADC).

It was the first time that Mandela had spoken of this possibility, and it fuelled fears that the region's conflict resolution might continue to be piecemeal well until he has left the presidency of SA and his chairmanship of the SADC.

He told journalists yesterday that the packed programme of the SADC summit might make it difficult to discuss the matter which has been on the SADC leaders' table for a year now.

The SADC security structure, which would have provided the 14-nation community with a formal conflict resolution structure for the first time, was suspended by SADC leaders last September following sharp differences on its status between Mandela and his Zimbabwean counterpart, Robert Mugabe

Mandela believes this structure, known formally as the "organ for security, defence and politics", should be a ministerial subcommittee that, like all SADC institutions, should report to the SADC chairman. However, Mugabe believes the body has to operate at a heads-of-state level with a separate summit.

Mandela joked yesterday that his expected successor, Deputy President Thabo Mbeki, might employ his "diplomatic skill" to make progress on the issue after Mandela stepped down.

Sources familiar with the issue say that letting Mbeki deal with the issue has become a distinct possibility.

Earlier this year, the SADC leaders chose SADC deputy chairman, Joaquim Chissano, the Mozambican president, to lead a presidential task team in search of proposals to break the impasse on the security and politics subcommittee.

Chissano's spokesman Antonio Matonse said the Mozambican leader had been consulting with all the team's members and was making progress. However, he was unsure if Chissano had reached a conclusion.

Apart from postponing the matter for Mbeki to handle, the other option is to let a subcommittee, of say five countries, take charge of the SADC's security affairs.

However, such a subcommittee would report to the SADC head, say sources.

This option is apparently enjoying a significant backing.

Mandela once more made light of the differences between him and the Zimbabwean leader, saying that both had handled these differences in a calm manner and that Mugabe had been level-headed.

He said Mugabe had denied suggestions that Chissano was now mediating personal differences between him and Mugabe.

DRC crisis at summit

CT 15/9/98

ZUBEIDA JAFFER
GROUP PARLIAMENTARY EDITOR

(279A)

GRAND BAIE, Mauritius: The conflict in the Democratic Republic of Congo (DRC) eclipsed all economic issues on the Southern African Development Community (SADC) summit agenda yesterday, forcing the meeting to go eight hours beyond its scheduled time.

President Nelson Mandela was in turn forced to extend his stay here before leaving for New York where he is to address the United Nations.

Mandela emerged from the meeting last night and announced that all SADC presidents must agree that parties to the conflict in the DRC should implement decisions taken at the Pretoria and Victoria Falls summits.

Yesterday the SADC reiterated its calls for an immediate cessation of hostilities and commended the governments of Angola, Namibia and Zimbawe for providing troops to assist the DRC government. There was agreement that all forces involved in the conflict should be part of negotiations aimed at stabilising the country.

Mandela further added that the SADC heads of state consider Jonas Savimbi solely responsible for the threat of renewed war in Angola

He said that the SADC summit concluded that Savimbi's behaviour was that of a war criminal, rendering him objectively incapable of leading his party onto the road of peace in Angola.

Early yesterday it was confirmed that envoys from the Rwandan and Ugandan presidents had arrived to participate in the agenda item on the conflict in the DRC.

Before joining journalists at an early morning breakfast, Mandela and Mozambican President Joaquim Chissano met with Ugandan Foreign Affairs Minister Amama Mbabazi..

Mandela would not disclose details, but said that their discussions focused on the war in the DRC..

Mandela's spokesperson Parks Mankahlana later said that the Rwandan envoy had been expected to be part of the early morning meeting but had arrived late.

He refused to confirm that Mandela had personally invited the envoys to the summit. But both envoys insisted that they had responded to an invitation by the South African president..

"We came out of respect for President Mandela," said Mbabazi. He said he would not be offended if Mandela did not succeeded in making it possible for Uganda to put its point of view.

Late last night, as the SADC meeting continued, both envoys were still waiting to be called, and were visibly unhappy.

"We have full confidence in Mandela's ability to resolve this (DRC) problem," said Mbabazi. "We fear, however, that his efforts may be undermined."

The SADC's executive chairperson, Kaire Mbuende, will meet the Rwandan and Ugandan delegations to listen to their views and to convey the SADC stand to them..

SADC calls for meeting of trade ministers

(279A) BD 16/9/98

John Dludlu

PORT LOUIS — The Southern African Development Community has called an urgent meeting of trade ministers before the year-end to finalise the outstanding difficulties holding up progress in the SADC's free trade negotiations.

The SADC leaders also asked the organisation's executive secretary, Kaire Mbuende, to petition the US Senate on the Africa trade bill.

The letter is expected to welcome the planned gesture by the US to widen access for African exports, but will also express the SADC's reservations on the conditions to be complied with by the bill's intended beneficiaries.

At the conclusion of their annual summit in Grand Baie, Mauritius, the leaders also decided to rally around the Angolan leader, Jose Eduardo dos Santos, in his plan to isolate Unita leader Jonas Savimbi.

Members were strongly urged to tighten airport controls to apply UN sanctions against Savimbi whose behaviour was that of a "war criminal".

They also expressed the "strongest reservations" at unilateral air strikes by the US against a "presumed terrorist target" in Sudan.

They expressed "disappointment" that so far only four countries — Botswana, Mauritius, Tanzania and Zimbabwe — had ratified the crucial plan to create a free trade area in the SADC. Most members have missed several deadlines set for them to submit lists of sensitive products they want protected when most tariff barriers to trade are dismantled.

It is now hoped all will have done so by year-end.

SA and partners in the customs union are due to unveil their opening position next month when serious talks kick off at the SADC trade negotiations forum.

They appealed to investors to take advantage of an improving economic situation in the southern African region — where budget deficits and inflation are falling — to increase the intraregional trade rate of 20%.

Good neighbourliness – the SADC's key to survival

(179A)

ZUBEIDA JAFFER



IN PARLIAMENT

A saxophonist in a dark blue Mauritian police uniform plays the music of Kenny G.

The rich, lively tones float through the international conference centre as delegates to the Southern African Development Community (SADC) summit await the arrival of heads of state. Just across the road, beyond the row of hotels where the visiting presidents are accommodated, light-blue waves lap gently against white sands.

"Mauritius is indeed an island of stability and sanity in a sea of economic turbulence and senseless political violence that has hit hard not only in southern Africa but the world over," said Foreign Affairs Minister Alfred Nzo. "It is fitting therefore that in these times of crisis we should seek a safe haven in the tranquil shores of Mauritius to plan the region's future with much cooler heads."

The soft melodies of the saxophonist and his police band receded fast as President Mandela, the chairman of SADC, identified the key challenges facing the region if the impact of economic and political problems was to be withstood.

When the heads of state ended their deliberations about 32 hours later, it was clear there was still a long way to go to meet the challenges.

Facing a tired press corps at 1am Mauritian time, a relaxed Mr Mandela – together with Mozambican President Joachim Chissano, Foreign Mr Nzo and SADC executive secretary Kaire Mbuende – provided some sense of how this year's summit had addressed the key challenges:

■ On the co-ordination of security interventions, the summit had failed to give any direct attention to the tension between SADC and the Organ for Politics, Defence and Security. In spite of concern from South Africa and a number of other countries, we continue to have two structures meeting separately, one headed by Mr Mandela and the other by Zimbabwe's President Robert Mugabe.

It is hard to understand why this matter was once again shelved when recent events in the Congo led to opposite responses from different member states. President Mandela would do well to give priority attention to this issue. The potential for continuing confusion will exist for as long as the structural relationship between the two bodies remains unresolved.

■ According to Dr Mbuende, member states need to aim for annual GDP growth rates of 8% if they are to make inroads in the reduction of poverty, as well as the creation of jobs.

Some member states enjoyed growth rates as high as 6 or 7% – while others, such as South Africa, were as low as 2%. The average GDP growth rate for the region has fallen from 4% in 1996 to 2,2% in 1996.

Southern Africa did, nevertheless, represent an emerging market of over 190 million people with a combined GDP of more than $160-billion (R984-billion).

Signing of the Tourism Protocol does pave the way for greater co-operation in promoting this regional market. Disappointingly though, only four countries (Botswana, Mauritius, Tanzania and Zimbabwe) have so far ratified the Trade Protocol – the key to successful integration and economic development in southern Africa.

Dr Mbuende cautioned the organisation could lose its credibility unless member states moved with speed to decisively address problems impeding ratification of the Trade Protocol.

In view of the urgency of the matter, the summit agreed to convene an SADC Trade Negotiating Forum in October, and an extraordinary meeting of ministers of Trade and Industry before the end of the year, to finalise outstanding matters.

■ There is a need for a leaner, more manageable organisation, effective in unlocking the region's potential. The debate on whether SADC should be more centralised or continue to be loosely decentralised remains unresolved. Decentralisation has the advantages of involving all countries more or less equally.

Centralisation could be of greater advantage to the stronger countries. Whatever the outcome, there is an urgent need to perfect an organisational approach to speed up the slow wheels of the SADC regional machine if we are serious about making a difference in the lives of ordinary people.

■ While heads of state will provide the framework to tackle the challenges, citizens in every country in southern Africa will increasingly have to grasp that our survival depends on that of our neighbours.

In times of crises such as we face now, it becomes particularly important that we work together so that we can ensure that we have some chance of bargaining when faced with the organised North.

Observing Mauritian society, one gets the sense their citizens understand this.

Their taxi drivers, hotel waiters, a retired judge and business people discuss the importance of engaging their neighbours. Their newspapers and TV channels engage extensively with this issue.

As the economic situation continues to deteriorate in Japan and Russia, it is only a matter of time before the US finds itself severely constrained.

Should this happen, regional cooperation in southern Africa remains our last viable option for survival. The success of SADC is therefore no longer a choice we make but an absolute necessity for the future survival of our children.

SADC exchanges should speed up integration of systems — Loubser

BD 21/9/98 (279A)

Claire Pickard-Cambridge

RUSSELL Loubser, the executive president of the Johannesburg Stock Exchange (JSE), believes the nine stock exchanges in the Southern African Development Community (SADC) should speed up integration in response to international trends.

While there have been developments, such as a recent agreement to harmonise the listing requirements of all the SADC exchanges, Loubser's vision includes a common clearing, trading and settlement system. The exchanges should at least be able to communicate with each other technologically.

"A tremendous amount of work is needed to achieve that, but the benefits for the SADC would be huge," he says. European exchanges are not only linking up with each other, but are also initiating merger talks with US bourses.

A common system in the SADC would allow for the sharing of skills, information, share surveillance and training, as well as freeing up trade.

Foreign investors would also find uniform systems an inducement when deciding whether to invest in the region. "The exchanges must make it easier for portfolio managers to make decisions and give them the luxuries offered by technology — particularly a seamless, trading and settlement system."

Invitation

The JSE invited all the SADC exchanges last February to link up with its computerised trading system, Jet — which replaced floor trading in 1996 — and its Share Transactions Totally Electronic (Strate) system which will be implemented next year.

However, Namibia has been the only taker so far, formalising a co-operation agreement last week.

Loubser believes the resistance to his overtures is based on the fear neighbours have of compromising their independence, historic fears of SA dominance and a lack of urgency in seeking to "get up to speed" with their technology.

"I think our neighbours see us as this giant and fear we will encroach into their markets. Namibia was the one exchange which took the trouble to listen to us and kept coming back to liaise until we grew to trust each other."

Namibia would also move onto the Strate system with the JSE next year, and "once they are hooked up they will have a totally seamless trading, clearing and settlement system which is recognised as being world class".

However, he said representatives planning the launch of the Mozambican stock exchange remained sceptical of the JSE's overtures and had opted for a Portuguese trading and settlement system. "We do not have a problem with Mozambique's decision, but they should make sure it can talk to our system which will give us an idea of how state-of-the-art it is."

The SADC members which have stock exchanges are SA, Zimbabwe, Namibia, Botswana, Tanzania, Swaziland, Zambia, Mauritius and Malawi. The Democratic Republic of Congo, Mozambique, the Seychelles, Lesotho and Angola are the remaining SADC members.

Shares are already cross-listed on the SA exchange and those of Zimbabwe, Namibia and Botswana.

Loubser said SA was practising what it preached on harmonisation: its three financial exchanges — the JSE, the bond exchange and futures exchange — opted recently to merge for the benefit of SA financial markets. And he is convinced that other SADC neighbours are likely to reconsider links with the JSE when they see what the Strate and Jet systems do for Namibia, in volume and other terms.

"But there is no point forcing your affections on someone, and we pulled back from those who gave us a lukewarm reception.

"There might be less tension when they see we do not have a hidden agenda, and that SA's past is behind us."



LOUBSER

SADC's economic agenda is now held hostage by politics

BD 21/9/98 (279A)

John Dludlu

UNTIL recently, meetings of the Southern African Development Community (SADC) have tended to be characterised by calls for direct investment and deeper cooperation. These calls were justified then, given the prevailing sense of a deepening culture of democracy and newly attained political stability in the region.

However, in spite of the continuing progress towards market reform and macroeconomic stability in the region — budget deficits and inflation rates are falling in most states — the SADC's economic agenda is now being held hostage by politics.

Renewed flashpoints in the region — the collapse of the Lusaka peace accord in Angola and the rebellion against Laurent Kabila's regime in the Democratic Republic of Congo — limited the time that SADC leaders spent discussing investment issues in their meeting in Mauritius last week.

Efforts by President Nelson Mandela, outgoing SADC chairman, to focus attention on crucial matters such as the economic integration agenda and "housekeeping" matters, failed to divert attention from the civil wars.

However, the dominance of politics was inevitable· to all intents and purposes, the region is burning. Without peace, it would be difficult to talk about investment and economic issues

Mandela's tactic of focusing attention on wider issues than the war was understandable: it was designed not to raise expectations to unrealistic levels. Sadly, it was not only economic and "SADC-building" issues that suffered; the political resolutions were significantly flawed in that their implementation can hardly transform the lives of SADC people.

Attempts by sensible leaders to promote an all-inclusive solution in Congo were scuttled by blind solidarity among SADC leaders

Mandela had invited to the summit all the main players to the conflict in Congo except the rebels· Salim Ahmed Salim, secretary-general of the Organisation for African Unity, was there, while Uganda and Rwanda — the rebels' backers — sent senior envoys.

Mandela's plan to have the two envoys take part in the discussion on the former Zaire was scuppered, however. In the end, neither was invited into the summit hall when the Congo issue was discussed After the summit, the SADC's leaders asked the organisation's bureaucrats to convey the official line

This outcome comes close to what Kabila's camp, including his military backers — Zimbabwe, Angola and Namibia — had wanted: no negotiations with the "aggressors" (Rwanda and Uganda), as Kabila still denies the existence of rebels.

In fact, the SADC's "old guard", including Zimbabwean President Robert Mugabe, managed to get the SADC to "commend" Angola, Zimbabwe and Namibia for their "timeous" military intervention to "defeat the illegal attempt by rebels and their allies" to capture Kinshasa, the Congo capital.

Although the summit's statement emphasises the need for all-inclusive talks in Congo to cobble a solution leading to "multiparty democracy", it does not force Kabila to hold elections, let alone talk with the rebels — and that, one would think, would have been the basis for a solution

"Every time we talk, Kabila goes on a diatribe about a Hima-Tutsi empire," says Patrick Mazimhaka, minister in the Rwandan president's office

By praising the military intervention of other countries in the Congo, the SADC set an unfortunate precedent. that other dictators can count on blind solidarity

Similarly, misguided solidarity saw SADC leaders rallying around the plan of Angolan leader Jose Eduardo dos Santos to isolate Unita leader Jonas Savimbi for violating the Lusaka peace accord



KABILA

In a confusing set of events last month Dos Santos suspended Unita's ministers from the coalition government and began talks with Unita's "movement for renovation", a group of Luanda-based officials of Unita who "suspended" Savimbi as their leader

Taking a cue from Dos Santos's appeal for help, SADC leaders issued a special statement calling for the application of UN sanctions against Savimbi and supporting the "movement for renovation" in its talks with the government

Clearly, this meant that the SADC no longer saw Savimbi as part of the solution.

Richard Cornwall, an analyst at the Institute of Security Studies, says the SADC has painted itself into a corner by recognising the breakaway group, since the "movement for renovation" has no chance on the battlefield against Savimbi, who wants nothing less than the Angolan presidency.

Currency crises

Cornwall says Savimbi, who controls the diamond fields, appears to be sitting it out while the cash-strapped government, which is being milked dry by corruption and dwindling credit lines, weakens even further.

A deterioration in Dos Santos's health could be a bonus for Savimbi, as presidential incapacity could prompt an election within three months.

However, if this scenario does not materialise and no clear balance of power is established to force Savimbi into compliance with the Lusaka accord, the SADC leadership might be forced back to the drawing board· an option, although at a cost, could then be to court Savimbi once again

The Mauritius summit also afforded the SADC an opportunity to reflect on the recent currency crises in three countries. SA, where the rand (and the three other currencies linked to it as part of the common monetary area in the Southern African Customs Union) has lost more than 20% of its value to the dollar; Zimbabwe, where the dollar has now lost more than 100% of its value to the US unit, and Malawi, which has responded in kind by depreciating itc kwacha by about 60%.

Kaire Mbuende, the SADC's executive secretary, says the depreciations, caused by external factors such as the confidence crisis on emerging markets, is of concern to the SADC and will have to be looked at closely by other SADC institutions, such as the finance sector

However, no firm resolutions came out on the currency crisis which will worsen the trade deficits of SADC countries outside the customs union.

By reaffirming the necessity to continue with the ineffective and loose system of sectoral co-ordination, SADC leaders have missed an opportunity also to reform their club to be able to advance the integration agenda Though they endorsed suggestions stressing policy formulation and harmonisation and private sector involvement in SADC projects, it is unlikely that most will carry out pledges to "rationalise sectors where appropriate" because of fear of change.

This is more so given the fact that the SADC has just approved creation of yet another sector for legal affairs

While it sounds logical to harmonise the SADC's legal and judicial systems, it makes little sense to create a sector for this.

However, the summit did sign a tourism protocol — co-ordinated by Mauritius — which commits member states co-operate in this field Apart from Africa's mineral wealth, tourism represents an untapped resource for the continent.

The decision to cut to a year the three-year chairmanship of the SADC is a welcome step that will facilitate greater participation of its members.

The leaders also would have sent the right signals to potential investors if they had issued a declaration, committing their governments to fighting corruption, particularly within their own ranks, rather than patting each other on the back for establishing autonomous corruption watchdogs.

In a way, the Mauritius meeting will be remembered for being an opportunity lost for the region's leaders to provide a solid basis to a lasting solution to the internecine conflicts that make the SADC an African basket case. They also missed a chance of strengthening SADC institutions to carry out the integration agenda.

SADC truckers lose millions in border delays

(2791A) CT(BK) 22/9/98

THABO LESHILO

BUSINESS EDITOR

Johannesburg — Trucking firms in the Southern African Development Community (SADC) lost R307 million each year because of avoidable delays at regional border crossings, the Road Freight Association (RFA) said yesterday.

Herman Lemmer, the president, said costs could be saved by standardising documentation used at border posts to allow truckers through. The process of harmonising transport in the SADC was moving painfully slowly.

"There is a big programme on the go to do this, but it will take some time," said Lemmer. He blamed the lack of progress in the smoothing of cross-border traffic flows on a lack of enthusiasm by some governments.

Resolutions were adopted at the fourth meeting of the border post operations working group, held in Pretoria recently, which Lemmer hoped would contribute to speeding up the process. The resolutions, which the working group wants contained in the annexes to the SADC transport and trade protocols, include a call for countries which have not acceded to the 1996 version of the harmonised system to do so.

They also provide that the SADC should adopt the one-stop border post concept, promote co-operation between customs administrations and encourage customs administrations to allow the pre-clearance of shipments.

"The RFA would like to see one-stop border posts implemented without delay, and border management companies established to undertake administrative functions, manage traffic flows and monitor performance at borders," said Lemmer.

He welcomed the establishment last month of the South African Cross-Border Transport Agency, which issues permits for local commercial vehicles travelling into neighbouring countries. Transport operators use the single licence to travel anywhere in the SADC.

Sacu presents tariff offer to the SADC

ET (BDR) 23/9/98 (Bill) (279A)

THABO LESHILO
BUSINESS EDITOR

Pretoria — The proposed tariff offer presented by the Southern African Customs Union (Sacu) to the Southern African Development Community (SADC) yesterday would kick-start the process of establishing the regional free trade zone, said Mfundo Nkuhlu, the chief director of the trade and industry department.

He said it was imperative that trade within the region be liberalised, followed by a significant inflow of foreign direct investment to promote growth. Hence companies were allowed to invest up to R250 million within the SADC compared with R50 million elsewhere.

Nkuhlu said the structure of the Sacu offer, which is essentially South Africa's because of its dominance in the region, meant SADC countries would have a preferential margin in terms of the "most favoured nation" tariffs and the duties envisaged for the European Union.



EMPHATIC *Mfundo Nkuhlu stresses regional trade liberalisation*

Trade within the SADC was skewed 6 to 1 in favour of South Africa, the trade and industry department said in an explanatory note on the offer.

"Unless our SADC partners are able to expand domestic production and exports to the South African market, they will be unable to absorb a higher volume of export from us," the department said.

"This rationale, which is underpinned by the view that South Africa cannot be an island of prosperity in a region characterised by poverty, had guided the structure of the tariff offer."

Elimination of tariffs on categories A and B means 74,7 percent of South Africa's imports from the region would no longer attract tariffs. Category A covers goods with tariffs lines below World Trade Organisation requirements or with fluctuating tariffs.

Category B covers goods with tariffs up to 17 percent. Category C and D, with tariffs of 18 to 25 percent, would be phased out over three to five years, Nkuhlu said.

He said category E products were considered "sensitive" and needed tariff protection. These included dairy products, which suffer from dumping by the EU and US, and sugar, a regionally sensitive industry.

Plan to give countries wider access to SA mooted

BD 22/9/98 (279) (279A)

Patrick Wadula

EFFORTS to allow wider access into the SA market for products from southern Africa received a boost yesterday when Pretoria officially released its free trade offer for comment by partners in the Southern African Development Community ahead of the forthcoming SADC free trade talks.

SA's offer is by far the most coherent plan by Pretoria to reduce the long-running trade imbalance endured by fellow SADC countries in trade with the five-nation Southern African Customs Union.

SA's trade surplus with the SADC is in the order of 6 to 1, according to the trade and industry department.

SA's citizens have until October 23 to comment on proposals to open SA markets to the rest of the SADC over five years.

In terms of the offer, products with duties of 1%-17% would be duty-free immediately. The second category of products with 18%-25% duties would undergo a three-year liberalisation, while the third category — those products carrying a 25% duty — would be opened in five years.

In an explanatory note to the gazette, government said: "Unless our SADC partners are able to expand domestic production and exports to the SA market, they will be unable to absorb a higher volume of exports from us. This rationale — which is underpinned by the view that SA cannot be an island of prosperity in a region characterised by poverty — has guided the structure of the tariff offer".

Mfundo Nkuhlu, chief director responsible for Africa trade relations at the trade and industry department, said yesterday although the impact of the market-opening plan would be limited in the short-term; when taken together with government's spatial development initiatives, access to the SA market should enable SADC countries to develop industrially as a result of preferential access.

Even JSE's good neighbourliness is viewed with suspicion

BD 25/9/98 (279A)

Africa's stock exchanges are talking to each other, but integration appears to be a long way off, reports Claire Pickard-Cambridge from Lusaka

POSTERS of aggressive elephants with the slogan "African bulls are on the move" greeted delegates at a conference of African stock exchanges in Lusaka this week.

The bullish image seemed to suggest that the conference theme — integration and growth of African capital markets — was a readily achievable goal. However, it soon became apparent that while strides had been made in improving co-operation, integration was taking a cautious and incremental route.

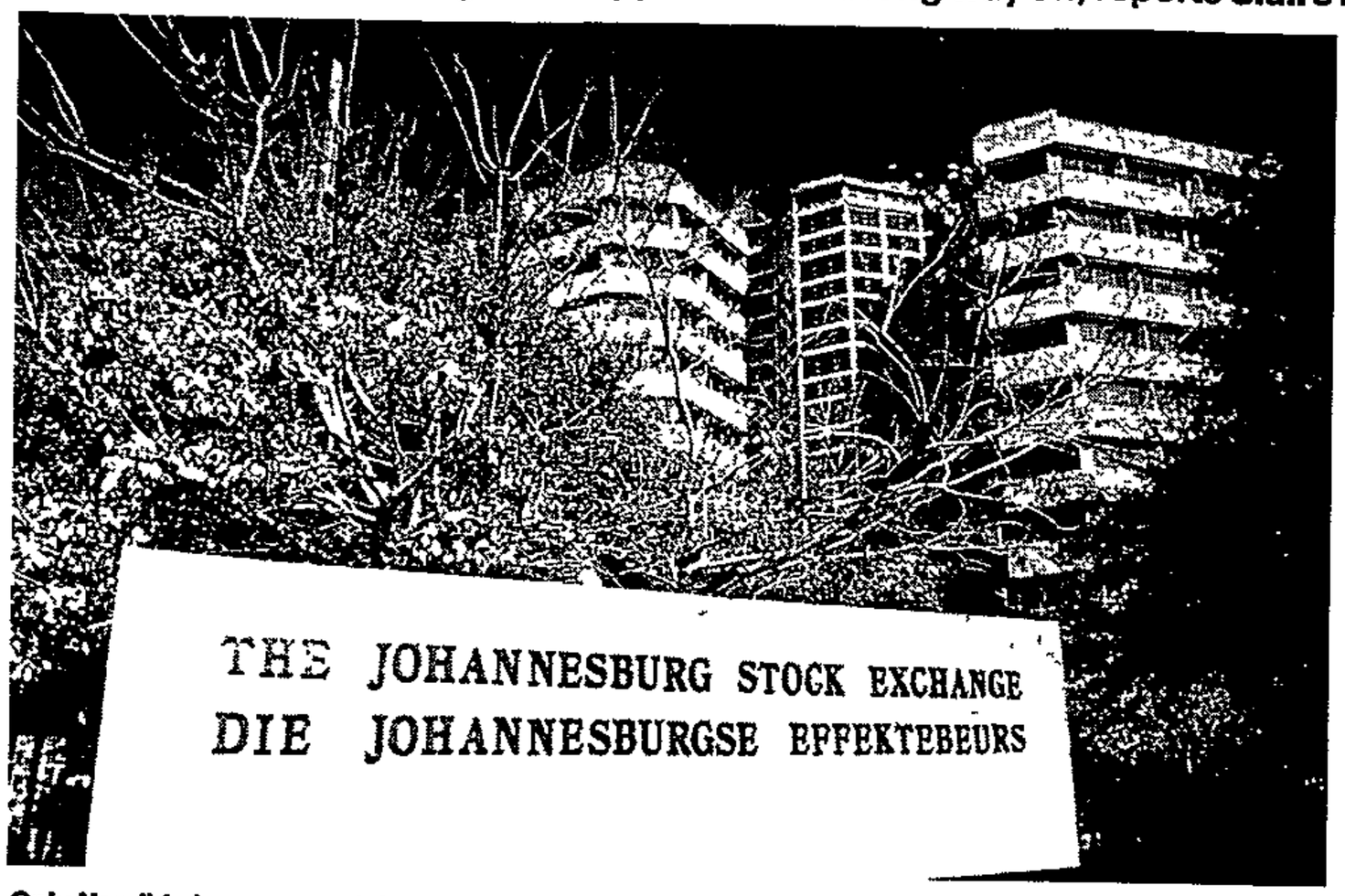
With the pall of the Asian and Russian financial crises hanging over the conference, the most comforting advice to exchanges came from Rudolf van der Bijl, a senior adviser at the International Finance Corporation (IFC). He stressed the best way to ride out the storm was to continue trying to improve their market infrastructures, efficiency and liquidity.

The exchanges should continue to encourage economic reform policies, privatisations and the supply of securities to prepare themselves for better times.

Speakers emphasised that the financial crisis would not reverse the trend of globalisation, and that exchanges would need to go with the international flow towards more integrated markets. The message was that fragmentation should be avoided by sharing resources, and that this strategy could be crucial to the survival of fledgling exchanges.

The theme of integration dominated the conference with much being made of progress achieved so far on harmonising listing requirements within the Southern African Development Community.

The east Africans, in turn, reported that integrated capital markets could be achieved in Kenya, Uganda and Tanzania in the "not too distant future", with listing rules and manual trading systems largely harmonised. The process could be less complex in east Africa where the Kenyan exchange dominates the region and Tanzania and Uganda's exchanges are barely a year old. Uganda is Africa's new kid on the block with only one bond traded on its exchange.



Only Namibia has accepted the Johannesburg Stock Exchange's offer to neighbouring countries to use its electronic trading facilities.

However, the absence of north African representatives at the conference suggested that closer links with them might still be a distant dream. Egypt, Morocco and Tunisia were invited but failed to attend, a surprise given that Egypt is the newest member of the Common Market of Eastern and Southern Africa.

Despite its geographical position, Egypt sought membership of Comesa on the grounds that it wished to become more integrated with African markets.

With the first phase of integration being harmonised listings, debate resurfaced on the merits of a second phase: whether a single exchange would be preferable in a region to co-operation between sovereign exchanges. Consensus appeared to emerge that one central exchange, such as Abidjan which began serving west Africa a week ago, could be appropriate in a region where neighbours had marginal markets and could not support their own exchanges. One exchange was facilitated in west Africa also by the use of a common currency, the CFA franc.

On the other hand, a number of participants favoured the suggested SADC model whereby exchanges retain their independence while sharing the JSE's electronic trading system and facilities.

John Pott, the IFC's regional representative for capital markets in east and southern Africa, urged the smaller exchanges to "feed off the JSE". So far the JSE's repeated invitations to SADC exchanges to "piggy-back" on its electronic trading infrastructure at minimal cost has been accepted only by Namibia, which has close historic links with SA and is already computerised. Several other SADC exchanges acknowledged privately that political sensitivities and fear of a loss of sovereignty helped curb an immediate response to the JSE offer.

Bruce Bouchard, chairman of the Lusaka Stock Exchange, said smaller exchanges had virtually adopted all the JSE's rules so it was only a matter of time before they began taking advantage of its offer. "Once the smaller exchanges have had the chance to assess the benefits, and have lost their apprehension of the dominant SA market, the offer will probably be acceptable," he said. Other important themes central to the survival of smaller exchanges were the need for greater liquidity, and the promotion of privatisation.

With a lack of scrip coming onto the markets, privatisations are needed to promote the size and popularity of an exchange. The traditional mindset that finance in Africa needs to be raised through banks could also be changed to benefit the exchanges, which can supply cheaper capital through public share offers.

The search is on for ways to popularise share investment, especially in countries where MPs have no understanding of a stock exchange and communities no tradition of taking part. Nigeria was cited as a good example, having drawn 2-million investors into its exchange during the privatisation process. SA's black empowerment schemes via the share market were cited too as another route.

However, the real action at the conference took place in the subcommittees, which met after hours. As Bouchard pointed out, conferences are not an easy forum for decision making, and progress was made in subcommittees trying to overcome bottlenecks in harmonising listing requirements. A tangible sign of progress was also the presence of the "young elephants" — Tanzania and Uganda — which were finally attending as fully fledged members instead of observers.

Most agreed that the real benefit of the conference was the informal interaction at the hotel water holes, laying the foundations for future agreements.

Resolution aims to regulate securities

BD 28/9/98 (279A)

James Macharia

NAIROBI — More than 130 securities exchanges have adopted 30 principles of securities regulation aimed at enhancing investor protection and improving market efficiency and transparency.

The principles were adopted at the close of the 23rd annual meeting of the 95-member International Organisation of Securities Commissions held in Nairobi recently. The resolution is expected to harmonise security exchanges and ease crossborder listings.

Michel Prada, chairman of the commission's executive committee and the new chairman of its technical committee, said an efficient system of crossborder listing required harmonised disclosure rules. This was in order to ensure that a corporation intending to go public through crossborder listing shared information equally in the two relevant markets.

He said that so far financial disclosure was not harmonised, and the organisation was working on this. It was being hindered by the difference in accounting traditions used in different countries.

However, the technical committee had come up with a standard on non-financial disclosure rules which were adopted by member countries, he said.

Non-financial disclosure relates to the disclosure of the administrative organisation of a company to potential investors so that they know what exactly they are investing into.

"Standards in all the markets should be clear and comparable, to ease globalisation of stock mart activities," he said.

Other key principles adopted include unified efforts to establish standards regarding surveillance of international security transactions.

Participants in the conference said the use of the Internet, which was expected to speed up information exchange, offered new challenges. These included drawing up new rules regarding the making of offers in share transactions. "How do we check that the offerer is genuine or whether the quality of the product is what he claims?" asked Prada. He said a task force had been established to come up with new regulation.

The organisation had also set up a working group to deal with the problem of the 2000 bug.

Kenya's Finance Minister Simeon Nyachae said delegates had a key role to play in luring foreign investment to emerging markets by ensuring the markets were transparent and efficient.

Crossborder listing rules in the East African region were also to be drawn up to harmonise the Uganda Stock Exchange and the Dar-es-Salaam Securities Exchange.

Kenyan securities regulators have decided to set up an independent debt rating agency to raise confidence in the country's financial markets.

Kenyan Capital Markets Authority CE Paul Melly said two companies — American and Malaysian — were advising Kenyan regulators on the new agency.

"We are taking several steps to increase confidence in our market. One is the creation of a rating agency that is especially related to debt instruments," Melly said.



Southern Sudanese residents in Juba lead a normal day-to-day life, while about 65km away battles between government troops and what the Sudanese army says are Ugandan-backed rebels of the Sudan People's Liberation Army, continued to rage yesterday. Picture AP

SADC asks Senate to restore original Africa trade bill

(279A) BD 28/9/98

John Dludlu

THE Southern African Development Community (SADC) has written to the US Senate, asking it to restore the generous character of the proposed Africa Growth and Opportunity Act before it is passed.

Coinciding with efforts by the White House to have the bill passed during the shortened legislative session, the SADC has written to Senator Trent Lott, the Senate majority leader, appealing for the bill's original provisions to be reinstated.

A watered-down version of the bill, which was a compromise to accommodate US domestic concerns, gives African countries a tariff concession on exported textile products only if they are made with US fabric. This provision, which applies to the US's other trading partners, has been criticised for whittling down the benefits which will accrue to Africa. Critics say Africa should be given preferences even for exports based on "African fabric".

The concessions will also be limited to countries carrying out market-based economic reforms.

Paying in dollars for US fabric, and then exporting a finished clothing product to the US market, could prove an insignificant benefit, say observers.

The letter, signed by SA Foreign Minister Alfred Nzo, who chairs the SADC ministers council, was written at the SADC's recent Mauritian summit. The appeal was also made at the insistence of Mauritius, whose textile exports to the US have been slapped with quotas.

While expressing its gratitude to the sponsors of the bill, the council voiced concern about the conditions attached. SADC ministers say the qualifying criteria will "deny a number of countries opportunities to trade with the US under a liberalised regime and create gainful employment".

US President Bill Clinton has urged Congress, which is facing a midterm election in November, to "move quickly to approve the Africa trade bill".

The White House's statement said: "For America, this bill allows us to seize a historic opportunity to support the people of Africa, while increasing trade and investment with the region's emerging markets. It helps American business and workers by enhancing trade opportunities in Africa and ensuring that we do not cede important markets in Africa to others.

"We remain committed to passage of the Africa trade bill in this legislative session, and we urge Congress to finish its work on this important legislation before it adjourns."

However, analysts have said passing the bill next year in a new, stronger Congress, not worried about an electoral backlash, could restore its generous character.

Carl Nöffke, head of international relations at the Rand Afrikaans University, wrote in a newsletter that it was "still possible, but unlikely" that a watered-down version of the bill would be passed by the Senate as part of an omnibus bill, which would include fast-track legislation procedures.

Despite its earlier objections to the bill, SA has now thrown its weight behind it.

Trade and Industry Minister Alec Erwin has even offered to exclude SA from benefiting from the bill, if this would allay US fears of being flooded with African textile exports.

4

Conflicts (279A) 'won't hurt SADC affairs'

Sowetan 29/9/98

By Sharon Chetty

THE conflicts in Lesotho and the Democratic Republic of Congo are unlikely to affect relations within the South African Development Community (SADC) seriously, Mozambican President Joaquim Chissano has said.

Last week, South African-led SADC troops invaded Lesotho, purportedly to quash a coup.

But, protesters, who have for several months challenged the results of the May elections in that country, and mutinous Lesotho Defence Force troops confronted the troops, resulting in the death of more than 130 people.

Thousands of refugees fled into South Africa.

The incursion has been widely condemned, with much of the anger vented on South Africans.

In an interview last week, Chissano said the decision to go in had been taken by the four countries involved – SA, Zimbabwe, Botswana and Lesotho.

Mozambique had practical and financial problems and could therefore not afford to send any of its soldiers.

When asked about the state of relations in the SADC, as the body had to deal with two conflicts within weeks, Chissano said he thought "there was no problem".

Referring to dissension between SA and Zimbabwe over whether or not to use force to assist DRC President Laurent Kabila, Chissano said that "at the beginning there was a division of opinion" as there had been no time for the players to "to sit down and discuss".

"Today we have reached a common sense of what's going on . . it is clear for everybody," he said.

He did not think that the conflicts would jeopardise the broader agenda of the regional body.

"In general the will to cooperate, of integrating markets, is there."

There was an understanding that once the conflict was resolved within the Congo, which is SADC's newest member, it would serve as a new market and a bridge between SADC and Central Africa.

● Lesotho government offices reopened yesterday as thousands of public servants heeded the government's call to return to work.

"Under the circumstances, I am very pleased that a large number of public servants have returned to work this morning," government secretary Mr Ken Tsekoa said in Maseru.

Heads of government departments were meeting to discuss the way forward.

● See page 9

SADC member states 'will eventually drop their borders'

(279A) BD 30/9/98

NELSPRUIT — In the next 20 to 30 years, Southern Africa Development Community (SADC) countries will drop their international borders and unite to form one region, chief migration officer at SA's department of home affairs, Patrick Matlou, said yesterday.

Addressing a public hearing in Nelspruit, Mpumalanga, on the national white paper on international migration, he said SADC members had signed a tourism protocol two weeks ago agreeing that their citizens could enter SA visa-free for a 90-day period.

He urged South Africans to suggest to what extent the country should begin making immigration easier.

"In Mpumalanga, for example, we know many farmers rely on Mozambican immigrants as labour, but at the same time we must make sure we are not taking jobs from our own people, and that Mozambican labourers are not being underpaid."

He said SA had a 34% unemployment rate and insufficient housing and education facilities.

"We need a migration policy that will look at these issues," he said.

He said South Africans had to accept the country could not exist in isolation, as was evident during the coup attempt in Lesotho when thousands of refugees flowed into SA border towns.

He said although illegal immigration was a problem, as 102 000 illegals had been arrested by August this year, as opposed to 10 000 arrested annually in the early 1990s, SA wanted to encourage certain types of immigration.

"We're interested in having many more students study here, especially from SADC countries, and the education department believes it can earn R23bn a year from this."

However before any of the SADC countries could allow more flexible migration on the sub-continent, their economies would have to be equalised as much as possible. — AENS.

Any threat justifies intervention — SADC

CT 1/10/98 (279A)

LUANDA: Armed forces chiefs of staff yesterday declared that any threat to a member of the 14-nation Southern African Development Community could justify intervention by its allies.

After a meeting here of the chiefs of staff of 10 SADC nations, the Zambian representative chairing the session, Solomon Mumbi, said if such intervention took place in some countries, he saw no reason it should not occur in others.

He said the armed forces' leaders had drawn up a series of recommendations for submission to SADC heads of state to ensure better regional security, but would not disclose what they were.

His statement on justified intervention was an allusion to backing for President Laurent Kabila of Congo by Angola, Zimbabwe, Namibia and Chad, and to last week's deployment in Lesotho of soldiers from SA and Botswana.

Luanda newspapers said yesterday that the government could, in current circumstances, call on SADC members to help it against die-hard troops of Unita leader Jonas Savimbi who have been blamed for clashes which have killed hundreds of Angolans since March. — Sapa-AFP

The Star, Thursday October 1 1998

SADC army chiefs agree on intervention

Star 1/10/98 (279A) (KEY)

A meeting of the regional body's military leaders has decided on a series of measures to ensure the security of its members

SAPA-AFP
Luanda

Regional armed forces' chiefs of staff yesterday declared that any threat to a member of the 14-nation Southern African Development Community could justify intervention by its allies.

Following a meeting in Angola of the chiefs of staff of 10 SADC nations, the Zambian representative chairing the session, Solomon Mumbi, said that if such intervention took place in some countries, he saw no reason why it should not occur in others.

Mumbi added that the armed forces' leaders had drawn up a series of recommendations for submission to SADC heads of state to ensure better regional security, but would not disclose what they were.

His statement on justified intervention was an allusion to backing for the Democratic Republic of Congo (DRC) by Angolan, Zimbabwean and Namibian troops to help President Laurent Kabila against Tutsi-led rebels, and also to last week's deployment in Lesotho of soldiers from South Africa and Botswana to quell an army mutiny related to disputed election results.

Yesterday's pro-government press in Luanda stated that the government could, in current circumstances, call on fellow SADC members to help it against diehard rebel troops of Jonas Savimbi's National Union for the Total Independence of Angola (Unita). Savimbi has been disavowed by former senior aides but is blamed for clashes which have killed hundreds of Angolans since March.

The SADC meeting began in Luanda on Tuesday amid calls for increased military support for Kabila, who has been fighting a Tutsi-led rebellion that began on August 2 and won allied support at the end of August to stave off an attack on Kinshasa and its south-western supply region.

Proposals will be submitted to heads of state

Angola's defence minister, General Pedro Sebastio, said on Tuesday that, in accordance with decisions taken at an SADC summit in Mauritius two weeks ago, reinforcements would be added to the foreign SADC troops already in the DRC.

One of the Kinshasa strongman's sons, Joseph Kabila, who is head of the DRC's armed forces, led his country's delegation to the talks.

In Angola, the government charges that Savimbi's Unita still has at least 30 000 armed men even though the movement claimed to have totally demobilised in March in line with peace protocols signed in Lusaka, Zambia, in November 1994.

Unita has been subjected to international sanctions over its failure to abide by the Lusaka accords, notably also in handing over its strongholds to central administration. The past month saw the emergence of a dissident wing which charges that Savimbi is a warmonger and has disavowed his leadership.

The SADC groups together 14 countries – Angola, Botswana, the DRC, Lesotho, Malawi, Mauritius, Mozambique, Namibia, the Seychelles, South Africa, Swaziland, Tanzania, Zambia and Zimbabwe. All but four – Botswana, Mauritius, Mozambique and Lesotho – were represented in Luanda by their military chiefs.

Any intervention should be authorised

By Cedric de Coning

The controversial SADC intervention in Lesotho this past week raises the question: why have we not learned from Somalia and the many other examples of failed interventions?

Lesotho was not peacekeeping or even peace enforcement. Peacekeeping is when the United Nations or other bodies such as the OAU or Nato are authorised to enter a conflict as a third party of neutral forces to monitor the implementation of a peace agreement or cease-fire. Peace enforcement is where no such consensus exists, but where the international community, normally out of humanitarian considerations, authorises a force to enforce peace.

Lesotho was instead a deployment of forces on the side of one of the parties to a conflict to entrench that party's position. The South African Government argued that the intervention in Lesotho was at the invitation of the government and in reaction to a coup, that is, to protect the legitimately elected government, and to restore normality.

South Africa also tried to argue that the broad mandate given to South Africa, Botswana and Zimbabwe in 1996 to resolve the conflict in Lesotho, and the decision by SADC and the OAU not to tolerate any coups, were the basis for its intervention.

But it did not help that the initial, and most sensitive, intervention into Lesotho was done by South African troops only. And so just as the mission in Somalia was seen as serving narrow American interests and the Zimbabwe-led SADC intervention into the DRC as serving Zimbabwean national interests, so the South African-led SADC intervention in Lesotho is similarly being perceived by a significant portion of the Lesotho population and the international media as a South African operation.

Set out the objective of mission and key tasks

The Lesotho Defence Force and the opposition parties saw the SADC task force as an attempt by South Africa to support the government.

And so the SADC force met with fierce opposition with tragic loss of life on both sides, widespread looting and destruction of property, with severe implications for the Lesotho economy. The Lesotho intervention has again shown that the perceived legitimacy of the intervention becomes critical to its success.

The only way to avoid this is by having clear, transparent, procedures for authorising missions of this kind, both nationally, but more importantly at the appropriate sub-regional (SADC), regional (OAU) or international (UN) level.

The UN procedures ensure that any mission involving the dispatch of troops has been authorised at the highest level, that there is a transparent and public mandate, that the rules of engagement are clear, and that the status of the mission personnel in the host country has been agreed to.

Once these steps have been taken in the public domain, everybody knows that a UN mission has been approved for a certain country, and what this mission is supposed to achieve.

A clear and transparent authorising procedure is also needed in SADC so that everybody knows what constitutes legitimate approval for a SADC mission, for example, a decision taken at the foreign minister level of the SADC Organ for Politics, Defence and Security. Such a decision should be in the form of a UN Security Council-type mandate that sets out the objective of the mission, key tasks, the expected end state of the mission and the level of force that is authorised for the mission.

This procedure should also address the relationship between SADC, the OAU and the UN in terms of what kind of mission can be authorised by whom. For this to happen, the current impasse around the SADC Organ and the dual chairmanship of the SADC Organ and SADC proper, have to be urgently resolved.

The SADC heads of state, and especially presidents Mandela and Mugabe, must show the political will to resolve this issue as a matter of urgency.

The lack of a proper mandate, objectives, nature of the mission and rules of engagement make it that much more difficult for those responsible for a mission to explain to the families of those who might die in an operation what greater good was served by their deaths. – Star Foreign Service

■ *Cedric de Coning is the programme manager: peacekeeping at the African Centre for the Constructive Resolution of Disputes (ACCORD)*

SA's Lesotho foray treated with pinch of salt

By Greg Mills

Viewed from abroad, South Africa's first real foray into peace-keeping operations seemed to have had mixed results. In France, military specialists commented unfavourably on the apparently heavy losses sustained by South African forces against only lightly armed dissident elements of the Royal Lesotho National Defence Force.

South Africa's efforts come at a new juncture in terms of both relations within and between the states of the Southern African Development Community (SADC), and in the international community's attitude towards (generically termed) "peace-support" operations, particularly in Africa.

Both the South African use of troops and the earlier intervention by SADC members Angola, Zimbabwe and Namibia into Laurent Kabila's Congo, signal a failure of conflict-resolution mechanisms in Southern Africa. Why has this happened?

First, despite all the noise around Africa's new leadership generation, the current cast seem to be as incapable of engendering trust and facilitating co-operation than the last. Second, these events have occurred at a moment of leadership frailty worldwide. Clinton's problems over the Lewinsky affair have undoubtedly impaired Washington's capacity to conduct foreign policy.

Third, there are many deep-seated domestic insecurities which need to be addressed. Lastly, high principles mean little in Africa's harsh environment. While human rights groups might applaud Pretoria for its dedication to democratic norms and principles in its attitude towards its regional neighbours, this has, unfortunately, not helped its regional diplomacy a great deal. It amounts to trying to deal with fraught, dangerous issues with one hand tied behind its back. What are the implications for SA?

At a time when the international community is desperately trying to wash its hands of involvement in Africa's seemingly unending conflicts, – a policy trend quaintly termed the "promotion of African solutions and capacity to solve African problems" – the portents are not good.

As one French veteran of peacekeeping from Beirut to Bosnia cynically commented after hearing of South Africa's incursion into Lesotho, "good luck". He identified three main, inter-related difficulties with contemporary peace-keeping missions: first, the technical difficulties in conducting missions in hot spots far away from the comfort of an office in Johannesburg. There is also a need to adequately prepare forces in terms of education and training for all the different "mission nuances", as well as in the provision of exact military capabilities, obligations and rules of engagement.

Finally, there needs to be a clearly "defined and delimited" political framework and exit strategy for the intervention. What does this mean for Pretoria's policymakers?

Without the establishment of a clear political mandate and conscious pursuit of such goals by all diplomatic means available, the apparently all-too-frequent resort to military tools only serves to worsen the image of the continent abroad. An African renaissance appears, in the circumstances, an awfully long distance off. – Star Foreign Service

■ *Dr Greg Mills is the National Director of the SA Institute of International Affairs who has been researching in France.*

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(ASB) (2791) OAU 1/10/98

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African economic union falters

Star 1/10/98 (279A)

By Tansa Musa
Yaounde, Cameroon

Held back by a lack of resources and an absence of political will, plans for economic union in Central Africa are in danger of becoming a dead letter.

Of the six members of the Economic and Monetary Community of Central Africa (Cemac) – Cameroon, the Central African Republic, Chad, the Congo Republic, Equatorial Guinea and Gabon – half have still to ratify the founding treaty drawn up in 1994.

These six at least share a common currency, the CFA franc, within the long-standing Franc Zone, supported by France.

The wider Economic Community of Central African States (CEEAC), which also embraces Burundi, Rwanda, the Democratic Republic of the Congo (DRC), Angola and Sao Tome and Principe, has less to bind it and much to divide, not least the rebellion in the DRC where Rwanda and Angola back opposing sides.

Officials and academics say that the 90 million people of Central Africa are in great danger of being left out in the cold by the globalisation of the world economy, and the main factor holding back co-operation is political inertia.

"Within the context of economic globalisation, regional integration is a must for Africa," Professor Paul Biao of the University of Yaounde told a UN-sponsored seminar on integration, held in Cameroon this month.

"The European Union and Asean ... are a lesson that Central Africa, at the peril of further, and greater, exclusion, must emulate," he added.

The achievements to date are small. For example, intra-regional trade represents only 2% of gross external trade in Central Africa, down from 7% four years ago.

Transport and telephone communications remain rudimentary – a phone call from Cameroon to Gabon is still routed via Paris.

Cameroon secretary of state for regional development Andre Tsala Messi complained that it was easier for a Cameroon national to obtain a visa for an east African country than for neighbouring Gabon and he lamented the poor road links between states.

"This is particularly deplorable because, without the free movement of goods and persons, there can be no trade exchanges nor the cultural mix needed for homogeneity. Yet in view of what is happening elsewhere today, we are condemned to come together to form one strong regional bloc if we want to have a say in the increasingly globalised world environment," he said.

For Jean Emmanuel Pondi, lecturer at the International Relations Institute of Cameroon, the main cause of stagnation is the mutual jealousy of the 11 heads of state.

"In Central Africa, everybody wants to be leader in his own country," he said. The result is that they look inwards to their home electorate, promoting "micro-nationalisms" at the expense of any wider regional strategy.

"The non-advancement of the Cemac (and the CEEAC) dossier is a very dangerous risk we are taking, especially in view of the rapid mutations taking place in other parts of Africa," said Cemac executive secretary Dakayi Kamga.

"We must take steps today to intensify the campaign for economic integration by educating both the leaders and peoples in the sub-region on the advantages accruing from working together, which we stand to lose with each going his own way."

A common currency should be a priority, as should development projects that have a regional reach, analysts say.

Within Cemac, analysts say that institutions that have already been planned, such as a common parliament and common court of justice, should be set up, as well as the bodies needed for closer economic union. – Reuters

ANC youth aims to set up body to influence future SADC decisions

(279A)

Themba Hlengani

THE African National Congress (ANC) youth league is spearheading a move that could give the youth in the southern region a platform to voice ideas and influence future decisions taken by the Southern African Development Community (SADC).

The league's deputy president, Joe Maswanganyi, said a league conference on the "African renaissance" starting in Johannesburg today could be used as a tool to form a regional youth institute which would look into the needs of the youth. He said there was a lack of co-ordination between youth and youth organisations in the region.

BD 2/10/98

The conference aims to discuss the role of young people in the African renaissance initiative. It will also discuss globalisation, democracy, good governance and education for sustainable development in Africa.

SA Deputy President Thabo Mbeki is scheduled to deliver the opening address and is expected to challenge youth to respond. Delegates from nine countries including Namibia, Zimbabwe and Mozambique have confirmed their attendance. Confirmation is also expected from Madagascar, Malawi, Mauritius and Lesotho.

The league said organisations which shared its broad objectives had been invited. The Pan Africanist Youth Congress (Payco) had been excluded.

Payco president Wonder Masubuka said the conference would achieve nothing. "African renaissance is the issue of the 16th century when Africa was leading in technology. But now, Africa cannot lead after it was first colonised and then divided into ethnic groups," he said.

He cautioned against the use of the concept for personal gain by "certain individuals".

Maswanganyi said an all-inclusive conference was envisaged some time next year. He said the youth would discuss the lobbying of most regional governments to make education spending a priority. "Most governments prioritise military spending in their budgets. We would like to change that and have education the main priority."

Conference co-ordinator Ntutho Nqabeni said the conference was a long-term process that would culminate in youth participation on continental issues.

Earlier in the week another "African renaissance" conference was convened by academics from as far afield as Nigeria, Senegal and the US. Led by Wits academic Malekgapuru Makgoba and Mafube publisher Thami Mazwai, it resolved to form an African renaissance institute that would be an independent platform for discussion.



Congo, Lesotho: SADC's two faces

(279A) Star 2/10/98

Maseru intervention may prove justified, but reports of Angolan foray scary, writes Peter Fabricius

This week, before all the dead of the Lesotho intervention had been buried, reports began circulating that the Southern African Development Community might deploy troops again, in Angola.

The reports emanated from a meeting of SADC military chiefs of staff in Luanda, Angola, who declared that any threat to a member of the 14-nation SADC could justify intervention by other members.

This raised the scary prospect of SADC forces taking on the battle-hardened troops of Jonas Savimbi's Unita movement. Whatever is precisely on the drawing boards, it is is evident that the hitherto somnabulent SADC is being stirred into action by its impatience with the persistent turbulence in what is supposed to be a region of tranquillity and growing prosperity.

First Zimbabwe, Angola and Namibia marched into the Congo to prevent President Laurent Kabila's government falling to rebels, and then South Africa and Botswana swanned blithely into Lesotho to prevent the Lesotho Congress for Democracy Government being toppled by army mutineers. The end result is that half of the SADC states are now engaged in military action. On the face of it SADC has not been terribly successful in bringing the reality of the region into line with the image it has been projecting to the world.

But it is clearly early days yet. The effects of SADC's new assertive stance – it does not deserve the label of a " policy" – will take some time to be felt. Against the scorched cityscape of destroyed Maseru and amid the funerals of the scores of fallen soldiers of both sides, the Lesotho intervention appears an unmitigated failure.

Yet it may look different in a year's time. What SADC went in to fix was not only the immediate coup, but also, one hopes, the long-term instability that has caused regular eruptions of this sort down through the years.

The evidence is increasingly suggesting that the real cause of the unrest in Lesotho was not so much government rigging of the May 23 elections, but intrigue by opposition parties which refused to accept defeat – and that SADC therefore genuinely intervened not to prop up a questionable government but to prevent the illegal overthrow of a properly and democratically-elected one.

If that is so, then, having established the principle, firmly if ham-handedly, that it will not tolerate the violent overthrow of democratically-elected governments, SADC may well have deterred the scheming Lesotho politicians from repeating such intrigue in the future. The same, though, cannot be said of the Congo, where SADC-member forces are in effect propping up an extremely questionable government which came to power via a revolution very similar to the one that is now opposing it.

So the first two SADC peace-enforcing exercises each illustrate a very different intervention policy; one says we will intervene to prop up established governments no matter how they came to power; the other that we will intervene to prevent the overthrow of democratically-elected governments.

These are not the only inconsistencies and anomalies. Though both of these operations have been garnished with the SADC label they did not emanate from similar, transparent or predictable decision-making processes. The Congo intervention was approved by a bunch of defence chiefs in Victoria Falls and only retrospectively authorised by the SADC heads of state summit in Mauritius. The Lesotho operation seemed to have been approved by a few heads of SADC states.

As peacekeeping expert Cedric de Coning has observed in the newspapers of this group, if the Lesotho operation had been properly sanctified as a SADC – or perhaps even an OAU or UN – peacekeeping mission, it would probably not have been viewed by the Basotho as a South African invasion, and might not have met such fierce resistance.

An argument could be made in principle for SADC to play a more assertive role in bringing stability to the region, since the rotten countries are infecting the image and the prospects of all. But if the prospect of SADC taking on Savimbi's Unita is scary at the best of times, it is absolutely terrifying in SADC's present state of disarray. If SADC really means to become a stabilising force in the region, it will have to construct or reconstruct a coherent and comprehensive enforcement policy from the ground up. – Star Foreign Service

The two heads of the SADC

(279A)

Ferial Haffajee



Not so popular any more: 'It is acknowledged that South Africa must step into the breach. Yet South Africa's domination is resented.'
PHOTOGRAPH: HENNER FRANKENFELD/PICTURENET AFRICA

MtG 2-8/10/98

The chiefs in fatigues from the Southern African Development Community (SADC) jetted into Luanda this week to talk war.

They could send soldiers to provide military assistance in Angola as the SADC did in the Democratic Republic of Congo last month and in Lesotho last week.

The SADC's new role is a triumph for the military men over the community's trade technocrats involved for years in intricate trade and development negotiations.

Southern Africa is home to some of the world's poorest states, and the SADC has plans to promote a regional trade bloc to serve as a bridgehead into the international economy. But budgets are tight across the region with a squeeze induced by low gross domestic product, largely stagnant economies and structural adjustment programmes.

Yet armed interventions by SADC countries raise the spectre of increased military budgets, with already minimal resources redirected into fighting across borders. Zimbabwe, for example, has spent $200-million on its operations in the Congo while its basic food prices were scheduled to increase by 40% this week.

The prevailing establishment view is that a successful foreign investment drive demands security and that the region therefore needs to be stabilised. Trade and trade negotiations continue even during conflicts.

Professor Peter Vale of the Centre for Southern African Studies says that the SADC is a two-headed animal where the aims of peacekeeping and economic integration have always competed for dominance. "It has to share sovereignty [through economic integration] but it has to protect sovereignty. This organisation has been mandated with an impossible task," Vale said.

He believes the "discourse of security and difference" has won the day where instead Southern Africa should be exploring whether it should be redefining its borders fixed by colonial powers.

The SADC has its genesis in the Frontline States, formed as a buffer against apartheid South Africa. The original organisation established in the 1980s as the Southern African Coordination Conference was financed mostly by foreign donors. That organisation had a mandate to reduce economic dependence on apartheid South Africa.

In 1992, the SADC was born in Namibia. Its treaty has a clear economic focus, but the community also envisaged a political role for itself.

"The focus is on economics, development and trade. Security won't become the main preoccupation of the SADC," says Kenneth Kotelo of the Institute for Strategic Studies. He adds: "Where painstaking, diplomatic solutions have failed, military intervention can be seen as an act only of last resort."

The SADC's military deviations have overshadowed a key moment in economic development, including South Africa's offer to lower tariffs for SADC countries. The region has been waiting for years for improvements in the trade imbalance. South Africa's export-to-import ratio with the region is six to one and the new order could stabilise the regional economy.

But this key SADC concern went almost unnoticed in the midst of the military ventures.

"The only way to industrialise is to have a regional market. Everybody is bringing tariffs down, so we have a limited time horizon to do something to develop our [regional] industries," says Marina Mayer of the Department of Trade and Industry.

Angola and the Congo are out of the trade talks for the moment, and work on regional infrastructure projects like the extension of the Tanzanian/Zambian Railway line to South Africa could be stalled because of the SADC's preoccupation with military affairs.

In addition to setting up a free trade area, the leaders of Southern Africa are also negotiating water, banking, investment and finance agreements. Negotiations are sensitive, and South Africa is regarded as a double-edged sword.

"It is acknowledged that South Africa must step into the breach. Yet South Africa's domination is resented," says analyst Dot Keet. In this context, she argues, South Africa's military intervention in Lesotho last week assumes particular significance.

It could risk current negotiations and scupper long-term plans for common macro-economic planning and a common investment policy. The only way the region will prosper is by a new regionalism where economic linkages are put in place.

Says Keet: "There is a deep and profound interlinkage and interdependence of the countries in the region."

ECONOMIC UNION *Globalisation may leave region in the cold*

Central African version of the EU falls prey to inertia, petty politics

(279A) CT6/10/98 (BR)

TANSA MUSA

Yaoundé, Cameroon — Held back by a lack of resources and an absence of political will, plans for economic union in Central Africa are in danger of becoming a dead letter.

Of the six members of the Economic and Monetary Community of Central Africa (Cemac) — Cameroon, the Central African Republic, Chad, Congo Republic, Equatorial Guinea and Gabon — half have still to ratify the founding treaty drawn up in 1994. These six at least share a common currency, the CFA franc.

The wider Economic Community of Central African States (Ceeac), which also embraces Angola, Burundi, Democratic Republic of the Congo, Rwanda and Sao Tomé and Principe, has less to bind it and much to divide, not least the rebellion in the Congo, where Rwanda and Angola back opposing sides.

Officials and academics say the 90 million people of central Africa are in great danger of being left out in the cold by the globalisation of the world economy. The main factor holding back co-operation is political inertia.

"Within the context of economic globalisation, regional integration is a must for Africa," Professor Paul Biao of the University of Yaounde told a United Nations-sponsored seminar on integration, held in Cameroon late last month.

"The European Union and Asean ... are a lesson that central Africa, at the peril of further and greater exclusion, must emulate," he added.

The achievements to date are small.

For example, intraregional trade represents only 2 percent of gross external trade in central Africa, down from 7 percent four years ago.

Transport and telephone communications remain rudimentary: a phone call from Cameroon to Gabon is still routed via Paris.

Andre Tsala Messi, Cameroon's secretary of state for regional development, complained that it was easier for a Cameroon national to obtain a visa for an east African country than for neighbouring Gabon. He lamented the poor road links between states.

"Without the free movement of goods and persons, there can be no trade exchanges nor the cultural mix needed for homogeneity," he said.

"Yet in view of what is happening elsewhere today, we are condemned to come together to form one strong regional bloc if we want to have a say in the increasingly globalised world environment."

For Jean Emmanuel Pondi, a lecturer at the International Relations Institute of Cameroon, the main cause of stagnation is the mutual jealousy of the 11 heads of state.

"In central Africa, everybody wants to be leader in his own country. The result is that they look inwards to their home electorate, promoting 'micro-nationalisms' at the expense of any wider regional strategy," said Pondi.

"The non-advancement of the Cemac (and Ceeac) dossier is a very dangerous risk we are taking, especially in view of the rapid mutations taking place in other parts of Africa," said Dakayi Kamga, Cemac's executive secretary.

"We must ... intensify the campaign for economic integration by educating both the leaders and peoples in the subregion on the advantages accruing from working together."

Analysts say a common currency should be a priority, as should development projects that have a regional reach.

Within Cemac, analysts say institutions that have already been planned, such as a common parliament and common court of justice, should be set up as well as the bodies needed for closer economic union.

But above all, they add, central African leaders should set aside personal ambition and parochial politics to embrace the subregional agenda. — Reuters

DBSA unit approves R1,5bn funding for SADC projects

ET(BR) 7/10/98 (279A)

Two years ago the DBSA created an SADC unit to help other countries in the region. Currently, the bank is lending into Lesotho, Swaziland, Botswana, Namibia, Mozambique, Zambia, Malawi and Zimbabwe and is examining the feasibility of projects in the DRC with SA private sector representatives.

The SADC unit supports projects, with the focus on infrastructural development in member countries of the SADC.

The unit has approved more than R1,5 billion for projects in SADC countries outside South Africa, and provides loans in co-operation with other financing agencies to tailor the most suitable development support package.

Key to the projects the unit undertakes is to make sure that the local economy receives benefits from projects.

The project has to be sustainable. Projects include transport, water, electricity and telecommunications. In southern Africa several of the projects include:

- Approval of R1,3 billion for the Lesotho Highlands Water Project
- Possible funding of R310 million for additional infrastructure and rural community development projects in Lesotho is being considered.
- The bank has approved R400 million for the Maguga dam water scheme, and intends to provide R100 million in funding for the Maguga irrigation development and R100 million for an electricity project.
- It is considering funding for a project that comprises two 400kV electricity feeder lines from South Africa to the Mozal smelter in Maputo.
- R200 million for the Maputo corridor project and contributed about R329million to the Mozal project.
- The bank is looking at possible funding for a telecommunications infrastructure project in Mozambique.
- Two infrastructure projects in Namibia, with R150 million approved for support of industrial development
- A loan of R200 million for a project by the Zambia electricity utility
- Two other infrastructure projects, to the value of R90 million, are being investigated by the DBSA in Zambia.
- The bank has loaned R45 million to Malawi's development corporation to support industrial development
- The bank is investigating an electricity project in Angola
- It is looking at private-sector involvement in a number of projects including telecommunications projects in Botswana, Tanzania and Zambia.

Ian Goldin stresses that the bank brings more than money to the projects in the form of sustainable and driven financial, economic, institutional, environmental and technical appraisal.

These include a contribution of about R2 billion to the GDP through the year's disbursements, the creation of more than 20 000 sustainable jobs, the emergence of new contractors and a higher quality of management among clients.

Over the forthcoming financial year, the DBSA will contribute over R3 billion to gross domestic product and create about an additional 34 000 sustainable jobs.

DEVELOPMENT BA

Region now receives third of bank's total monetary commitment

Greater focus on SADC

CT(MR.) 7/10/98 (279A)

The main clients of the DBSA in South Africa are the local authorities. In the SADC region they are utilities such as water boards and electrification boards, says Div Botha, the executive manager for operations of the DBSA.

The bank has 426 local authorities on its books. Last year almost a third of the total monetary commitments made by the DBSA was made to the SADC regional infrastructure through energy, water, telecommunications and transport projects.

The commitment to the region has grown significantly over the past 16 years. Previously, the total commitment to the region had only been 10 percent of the amount of loans disbursed.

The bank has different roles within the SADC region compared with those it holds in South Africa.

"We have a different financial system in South Africa," says Botha.

Its functions of disbursing loans to SMMEs and agricultural concerns have been taken over by other institutions within South Africa. But the DBSA still deals with this terrain throughout the rest of the SADC region because of the area's lack of infrastructural support.

He says the bank operates in the market because of market failure.

"The bank responded to a market because financial institutions are not prepared to take the financial risk," says Botha. "As a development institution, we can manage any risk."

Chris Heymans, the manager of the policy unit at the bank, says research is crucial to the bank's functioning because as a development bank it is more than a financial institution — it is also a knowledge bank.

The policy unit as a research base is thus "very important, because good development banks are also knowledge banks" says Heymans.

He says the project teams exchange information at the coalface. Research enables the bank to plan with authority and support clients through their know-how.

The unit has regular contact with the World Bank, universities and other research bases around the world.

Exposure to overseas trends is crucial and "probably more so in policy".

"We only gather the best experiences by being exposed to them," says Heymans.

"The members of the policy unit have been directly involved in the formation of a number of important legislative and policy documents at national and provincial level. This includes most of the draft white papers on development and infrastructure.

The unit researches development issues that effect the bank like environmental issues, institutional issues such as local government finance, migration patterns and private-sector partnerships.

The unit has recently concluded a major study on the impact of infrastructure on economic growth, redistribution and the environment, which is to be released shortly.

☐ *The DBSA's Internet address is http:/www.dbsa.org*

SADC still needed, says army chief

(279A)

OWN CORRESPONDENT

Star 7/10/98

Maseru – Lesotho will ask for more SADC assistance to retrain its security forces, Lesotho Defence Force chief Lieutenant-General Makhula Masakeng said.

The SADC task force will remain in the mountain kingdom for some time to come.

He said this had become necessary because there were a number of officers who had become involved in party politics.

"Plans are being made for security force retraining as we sit here, and more will be made and implemented with SADC participation," said Masakeng.

He was not prepared to put a timeframe on the SADC stay in Lesotho – it would take as long as is necessary.

Earlier SANDF joint operations chief Lieutenant-General Deon Ferreira said that at no stage had the task force's mission been a peacekeeping one.

"It was, and still is, a military intervention operation requested by the government of Lesotho," he said.

Task force commander Colonel Robbie Hartslief said that in addition to Maseru being stable, the situation at the Katse Dam – the heart of the Lesotho Highlands Water Project which has great economic value to SA – was also stable.

LDF soldiers there had been disarmed and elements of the task force were doing escort and patrol duties to prevent disruptions.

He said he would be talking to the paramount chief of Leribe in the north-eastern part of the country with a view to disarming soldiers and civilians with illegal weapons.

"We want as little disruption as possible and want to avoid a repeat of the Maseru looting," Hartslief said.



on the bench, the 'Walking' building blocks, being next to or in search of the bench, cannot in any sustainable manner support this business strategy on a day-to-day basis "

Sounds right to me!

Stuart Rutherford

SADC

FM 9/10/98

A CLIQUE OF MEDDLING RULERS?

(279A)

Is the Southern African Development Community (SADC) — or, rather, its controversial security and defence arm — becoming a "clique of meddling rulers" with supranational powers to intervene in member states' affairs?

That is the conclusion drawn by the Midrand-based Institute for Security Studies (ISS) after studying a leaked report from three SADC Foreign Ministers

After the row between Presidents Nelson Mandela and Robert Mugabe over the role of SADC's Organ on Politics, Defence & Security, the Ministers from Mozambique, Malawi and Namibia were asked for proposals on its "form and structure" They tabled these in May at a meeting of the security body at Pequenos Libombos Dam outside Maputo

They recommended that the SADC organ should be created as a committee comprising five (rotating) SADC states, which "would be given full mandate to intervene in all conflicts arising within the region"

They reasoned that "a small committee would operate more efficiently because it would be flexible Second, it would be possible to keep such sensitive information confidential to avoid leakage "

The ISS believes this would make the organ "positively dictatorial" since intervention would not be based on the norms of international law Existing objectives of democracy, transparency and the rule of law would become a joke

It is also proposed that there "shall be no permanent secretariat for the SADC organ" This would leave little room for diplomatic solutions to conflicts, relying instead on "impetuous military interventions decided upon by individual Presidents in their capacity as commander-in-chief of their armed forces"

The ISS even questions the legal status of the SADC body And to think it could take us all to war

Amarnath Singh

Free trade may not benefit all

BD 6/10/98 (279A) (279A)

Simon Barber

WASHINGTON — The creation of a free trade area among member states of the Southern African Development Community (SADC) is likely to lead to large revenue losses for members who are not part of the SA Customs Union, according to an International Monetary Fund analysis.

Countries that are not members could also suffer net welfare losses from the free trade area if it led to them sourcing imports from SA producers rather than from other, more "efficient" trading partners.

"The enhancement of SA efficiency holds the key to ensuring that (an SADC free trade area) is a welfare-enhancing proposition for the SADC."

In addition, for SA — whose imports from the rest of the SADC are very small — to get the full benefit from a free trade area, it would have to reduce barriers to "sensitive", protected products like textiles, clothing and footwear because Zambia and Zimbabwe "are likely to be relatively efficient producers of these products".

This "underlined the need for SA to avoid exclusion of so-called sensitive sectors" in negotiations with the SADC.

The analysis, prepared for the fund's latest Article IV consultations with SA, also suggested that the SADC would be better off reducing all external trade barriers — "nondiscriminatory liberalisation" — rather than concentrating on lowering tariffs among each other.

The analysis noted that the SADC trade initiatives was only one of several that were "proliferating" in the region "with overlapping members and conflicting objectives and time schedules".

These included the Cross Border Initiative, the Common Market for Eastern and Southern Africa, the Commission for East African Co-operations, and SA's free trade area negotiations with the European Union.

"Steps need to be taken by SADC members ... to rationalise these initiatives and make them mutually consistent.... In view of the benefits of more broad-based liberalisation, they should strive towards achieving the external liberalisation objectives" of the Cross Border Initiative.

Recent research demonstrated "that economies grew faster after nondiscriminatory liberalisation, but slower after participation in a free trade area".



Lesotho parties to present supporters with SADC plan

MASERU — Lesotho political parties agreed to take a proposal from the Southern African Development Community (SADC) on the formation of a transitional structure for an election to their supporters.

The proposed committee will comprise one or two members from each party taking part in the election, to be held within 15 to 18 months.

"We will take it to the people ... and if they say yes to it we will also say yes," opposition alliance spokesman Vincent Malebo said after a seven-hour meeting in Maseru.

Claire Pickard-Cambridge reports that the spokesman for five Lesotho opposition parties, Mamelo Morrison, said yesterday the bid to find a settlement would involve lengthy negotiations.

She described the talks earlier in the day as positive on a number of issues although the parties had not changed their basic demands: the opposition wanted a government of national unity until elections could be held, while the ruling Lesotho Congress for Democracy believed it had been elected and should not step down.

The ruling Lesotho Congress for Democracy's deputy leader, Kelebone Maope, said his party did not in principle have problems with the proposal.

In terms of the proposal announced by SA Safety and Security Minister Sydney Mufamadi, the transitional committee would help create conditions conducive to the holding of free and fair elections for all parties, including a code of conduct.

The committee would also ensure equal treatment for all political parties by the state-owned broadcasting and information services.

It would also take decisions on all electoral matters, including the role of the police, military services, intelligence services, foreign affairs, and media, the committee said.

Meanwhile, the South African National Defence Force denied yesterday its soldiers attacked the royal palace in Maseru to remove opposition party supporters earlier in the day. Opposition parties earlier asked for an adjournment after the claims surfaced, but discussions continued. — Sapa.

SACP blames Botswana for military fiasco

(279A)

THAMI NGIDI

As the Southern African Development Community (SADC) counted the cost of its military foray into Lesotho, an alliance partner of the African National Congress has laid the blame squarely at Botswana's door. ARG 10/10/98

The SA Communist Party (SACP) said Botswana should take full responsibility for the costly looting that took place after the South African-led SADC forces entered Lesotho.

Initial estimates have put the cost of South Africa's involvement at some R8-million, excluding the losses sustained by businessmen and owners of property whose cars and shops were razed at the height of protests against the foreign intervention.

In a strongly worded communique from the SACP's Johannesburg headquarters this week, the party – which with the ANC and Cosatu forms the ruling alliance – said that "with the blame being thrown at the South African National Defence Force and the South African Government, the main culprits for the crisis in Lesotho have been getting off all too lightly".

The chief culprit was the Botswana Defence Force (BDF), which the SACP accused of "tardiness in making its way, at a speed of 40 km/h to Lesotho".

The SACP said it had reports that suggested the BDF had not fulfilled its part of the mission.

"According to some reports, it was the BDF that was meant to secure the safety of the city while the SANDF focused on the tougher military objectives. The fact that the BDF arrived a day late ... contributed to the failure to protect the commercial centre of Maseru," the SACP said.

The SACP suggested dissolving the Lesotho Electoral Commission, introducing a non-political national army in Lesotho, and the recognition of an apolitical role for King Letsie III.

John Dludlu (FT) (279A)

Customs union officials aim to hammer out new trade deal

OFFICIALS from the Southern African Customs Union are today attending a crucial meeting aimed at hammering out a new trading arrangement for the five-nation trading bloc.

Mfundo Nkuhlu, the chief director for Africa trade relations at the SA trade and industry department, said the meeting, hosted by Botswana, would seek to consolidate the work of the negotiators ahead of the joint finance and trade ministerial meeting next week.

The union consists of SA, Botswana, Lesotho, Namibia and Swaziland.

Last month, in an extraordinary meeting which resuscitated collapsed talks, trade and finance ministers from the union asked officials to come up with a new draft agreement by next month.

A new agreement is expected by next April.

Outstanding issues that have to be discussed include a new formula to determine the various shares of income from the common customs revenue pool, institutions to administer the union and new policies.

BD 12/10/98

SADC (279A) FM 16/10/98

A STEP TOO FAR FOR SOME

Free trade area under fire

SA's proposed trade and tariff offer to the 14-nation Southern African Development Community (SADC) has run into opposition. The offer is also on behalf of SA Customs Union (SACU) partners Botswana, Lesotho, Namibia and Swaziland

The labour-intensive clothing and textile industry sectors are concerned that the "well-meaning" tariff reduction offer could open the gates for "dumped" imports from the Far East Dumped goods are those sold into a market at prices below the manufacturing cost of the source country

The tariff cuts are central in a policy to create a Free Trade Area (FTA) in the SADC and to reduce SA's favourable 6 1 ratio of exports to imports with SADC nations

SA's offer promises to remove duties on imports from the nine non-SACU member states of SADC — Angola, the Democratic Republic of Congo (DRC), Malawi, Mauritius, Mozambique, Seychelles, Tanzania, Zambia and Zimbabwe

All existing tariffs of 1%-17% between SA and non-SACU member states would be removed immediately Those of 18%-25% would be phased out over three years and those above 25% over five years

Special arrangements would be made for "sensitive" products — including dairy products, wheat, sugar and sugar confectionery, cotton, knitted or crocheted fabrics, clothing products, leather footwear and vehicles. SADC countries would be given eight years to reciprocate

Response time to the offer — gazetted on September 11 — expires on October 23 But some commentators insist the tariff offer is premature

Textile Federation executive director Brian Brink says SA does not have the administrative capacity to police an FTA

In particular, there are doubts about whether SA could ensure compliance with the rules of origin that would apply to goods entering SA from other SADC countries These rules stipulate that:

- Products should be wholly produced in an SADC country,
- At least 40% of the raw material should be sourced locally,
- Value added in production should be no less than 35% of the ex-factory cost, and
- SADC states would be considered as one territory so that anything sourced within the SADC and processed in other SADC countries would be deemed to be originating in the region

The clothing and textile sectors — which posted combined sales of R21bn in 1997 and jointly employ about 215 000 workers — feel particularly vulnerable to "illegal" imports which might be routed through SADC states to SA

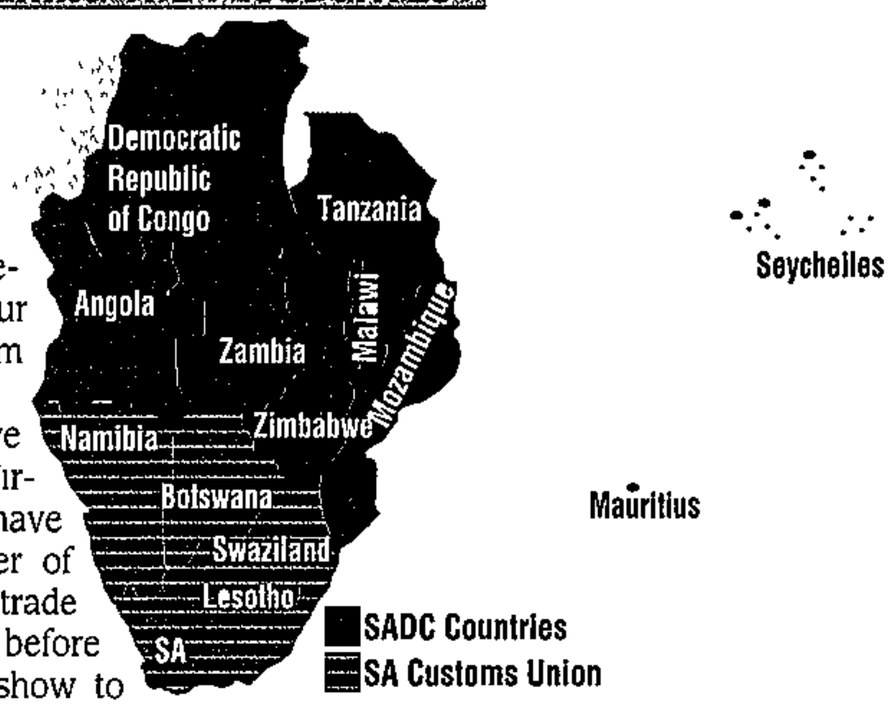
"It is doubtful if SA has the administrative capacity to determine if goods coming into our markets in fact originated from SADC states," says Brink

Clothing Federation executive director Paul Theron agrees "Virtually every industry sector I have spoken to at the SA Chamber of Business (Sacob) feels that no trade agreement should be signed before the whole of the SADC can show to everyone's satisfaction that adequate controls are in place to properly manage its Customs administration Otherwise, the whole thing will be a sieve, creating a nightmare of loopholes"

Brink adds "Falsified rules of origin certificates and a lack of proper Customs control at FTA borders mean our industry could be dead in five years' time"

Another point of concern is the absence of a common external tariff (CET) for all SADC countries

OPENING THE FLOODGATES?



"A properly operating CET should provide a common external border for the FTA

"But its absence could allow nondutied, illegal imports to flood across our borders," says Brink

Dave Fairclough, freight antismuggling surveyor of HM Customs & Excise and seconded to the SA Revenue Service, says "It is only possible to have an FTA if you apply CET rules This is the case in the EU"

But Mfundo Nkuhlu, chief director of Africa trade relations at the Department of Trade & Industry (DTI), has made it clear that FTA member states will maintain "different common external tariffs, while liberalising tariffs vis-a-vis each other"

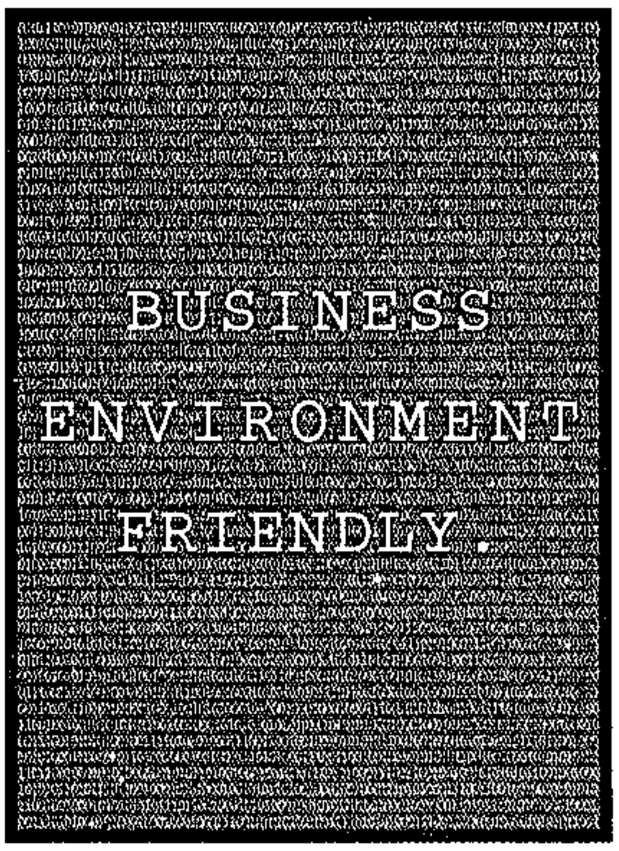
He says a regional FTA can operate without CET rules and the market will be adequately protected by rules of origin

He admits, however, that implementing the rules of origin would be difficult and that the political turmoil in the DRC gives cause for legitimate concern that proper Customs controls would not apply in some areas

"But one could, for example, ringfence some SADC countries until they are administratively able to commit themselves to the FTA and police its rules"

Nkuhlu is hopeful that the SACU offer will receive a positive response from other SADC states and that it could be legitimised by parliament in 1999

Given the views of industry, this might be over optimistic **Arnold van Huyssteen**



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NAFCOC

FAILING TO TAKE THE GAP

Young find better pastures

For decades it served as an outlet for the aspirant black bourgeoisie and had the potential of becoming "the" business organisation in post-apartheid SA But the National African Chamber of Commerce & Industry (Nafcoc) has, ironically, failed to adjust to post-apartheid SA Increasingly doubts are being cast over its relevance

Nafcoc was formed in 1964, at a time when it was illegal for black business people to operate outside townships and homelands It was expected that under a friendly government it would be in a prime position to offer business leadership This, however, has not been the case

Though it has the membership numbers (156 000), Nafcoc has become an insignificant spectator in the business world, leaving traditionally white business groups such as the SA Chamber of Business to determine the agenda

Since the departure of Sam Motsuenyane — considered a father figure in the organisation — from the presidency in 1991 Nafcoc moved into an era dominated by bitter leadership battles

In addition to personality clashes, these battles pitted the "old guard" against the "young lions" Battle lines were also drawn along ethnic and regional lines

The infighting meant that Nafcoc failed to take advantage of the changed environment Instead, it lurched from one crisis to another, driving away the emerging black elite which has found more agreeable environments in organisations such as the National Business Initiative and The Network.

At first glance, the latest crisis in Nafcoc — precipitated by the resignation of secretary-general David Mokoena two months after his election — might be traced back to elections held in the run-up to the organisation's AGM at the beginning of September The NEC (comprising seven office bearers and three additional members) is elected by the Nafcoc Council prior to an AGM every second year

But a closer look suggests Nafcoc is suffering from a deeper malaise At its core is the issue of who controls Nafhold, its investment company



Robbie Tshabalala

***Joe Hlongwane** jockeying for power*

Nafhold has been doing relatively well since its inception four years ago, investing in a broad spectrum of sectors ranging from gambling to media interests It has net assets worth about R50m and CE Mike Leaf believes it could be listed by September next year.

Technically Nafhold is run independently of Nafcoc However, elected officials view it as a useful body through which to wield additional power

Sources say Mokoena's resignation is calculated to pressure the new president Steve Skosana and the executive into making the immediate past president Joe Hlongwane executive chairman of Nafhold

Hlongwane, who is described by some of his colleagues as a "good organiser and fund raiser, but with a dictatorial leadership style", lost his presidency to Skosana in August He even failed to get on to the NEC.

Hlongwane has been non-executive chairman of Nafhold since 1994 He is pressing for the creation of an executive chairman post — a job he wishes to fill It appears he has Skosana's approval for such a move

However, Mokoena and his faction are against the idea It is unclear how much support Mokoena has The only region known to back him is the Eastern Cape where anti-Hlongwane sentiment runs high The province boycotted the last AGM

The latest row has prompted analysts to ask whether it signals the end of the road for "the ancestor of black business" Alternatively, the crisis could bring the organisation back to its senses

It may be too early to write Nafcoc's obituary, but the organisation certainly will not have long to live if its leaders fail to provide the medicine that will get it out of intensive care

Mzimkulu Malunga

WHEAT PLANTINGS

SEASON'S CROP SET TO DROP

A combination of bad weather and falling prices has set off a sharp reduction in wheat plantings in both the Free State and Western Cape This season's crop is expected to fall to as low as 1,3 Mt — against a long-term average of about 2,2 Mt/year.

But with silos countrywide still brimming with a 700 000 t-800 000 t surplus from the previous season's bumper crop, imports will be kept to a minimum, reducing the possible strain on the balance of payments

Annually, SA consumes about 2,4 Mt-2,5 Mt of wheat, mainly in the milling and baking industries But, says Cape Grain MD Adriaan Snyman, with the rising consumption of potatoes and imported rice, wheat sales are steadily falling

Nico Hawkins, manager of the SA Agricultural Union's Winter Grain Producers' Organisation, says global wheat stocks are high while the price of Chicago Board of Trade (CBOT) hard red wheat is at "historic lows" of about US$100/t — against the 10-year average CBOT price of about $153/t Hawkins says crop plantings in the Western Cape have dropped by about 25%. In the much larger Free State, wheat plantings have dropped by half Farmers are switching to summer crops such as sunflower and canola "Since deregulation last year, average wheat producer prices have fallen from an average of more than R900/t to below R800/t in the Free State, with Cape prices much lower I doubt if the price will reach R750/t," he adds

Snyman estimates the reduction in Free State wheat plantings at 55%, with only 350 000 ha planted compared to 790 000 ha last year "We are looking at the lowest plantings in 25 years " Heat and drought in both the main planting zones could reduce the final crop size further, he adds

Arnold van Huyssteen

SADC must prioritise economics

(279A) BD 16/10/98

The Southern African Development Community's economic potential remains a prisoner of war, writes Democratic Party leader **Tony Leon**

A SOUTHERN African Development Community (SADC) Protocol on Politics, signed in 1986, sanctions intervention when the legitimate authority of a member state is threatened. Coups are not tolerated by the SADC.

Whether a de facto coup justified intervention in Lesotho in terms of the relevant SADC protocols or whether it was purely SA's national interest that dictated intervention, is academic.

More troops are being sent into Lesotho to "protect our economic interests in the Katse dam" and oversee the pre-election interregnum. This brings our total troop deployment to 3 500 in yet another short-sighted decision. It will protect our short-term economic interests at the cost of longer-term economic interests as investor confidence in the SADC region plummets further.

The SADC is once again sacrificing economics on the altar of politics. The region's economic potential remains a prisoner of war.

The global currency crisis and market turmoil saw the rand lose 20% of its value against the dollar, the Zimbabwean dollar decline by 100% and the Malawian kwacha depreciate by close to 60%. Despite urgent calls and clear imperatives for rapid economic reform, the September SADC summit in Mauritius failed to adopt a resolution addressing the effects of the currency crisis on the region.

This vividly shows the lack of prioritisation given to economic issues. The fact that political and economic priorities are intimately linked is beyond dispute. What is at stake is the fact that the scales seem to be forever tilted against a prioritisation of economic and trade issues given the lingering conflicts in the Congo, Angola and Lesotho dominating the SADC's agenda.

If SA wishes to see the region flourish and its people endowed with the opportunities only economic progress can bring, the emphasis should be on economics.

Actions such as the Lesotho intervention endanger the SADC's ability to form a strong regional bloc with an economic focus capable of giving the "African renaissance" the bricks and mortar it needs to make the vision real.

Rhetoric of a renaissance that only addresses democratisation without economic liberation is misguided. It is no surprise that SADC leaders were struggling to convince investors at a recent Minneapolis conference that the region's economies were booming.

If the SADC wishes to succeed in promoting a regional trade bloc, capable of serving as a bridgehead into the global political economy, the trade technocrats in the organisation will have to become more dominant than the military hawks.

Given the region's tight budgets and near stagnant economies, the desperate need for economic reform makes the case for an "external driver" irrefutable.

As a legitimate supranational organisation, the SADC must prioritise the goal of economic integration above all else. Only economic prosperity and progress will foster social stability and make the organ's peacekeeping role redundant.

Real power is economic

'SA committed to free trade zone'

Sowetan 28/10/98 (279A)

By Shadrack Mashalaba

SOUTH Africa is committed to the signing of Southern African Development Community trade protocols possibly next year, paving the way for a free trade area.

Trade and Industry Minister Alec Erwin said haste with signing of protocols was not important.

"We have made our trade offer with our South African Custom Union partners. Trade protocols depend on issues such as how tariffs will be phased out and rules of origins among others," said Erwin.

He was addressing a press briefing during a conference jointly organised by the South African Institute of International Affairs and Daimler Benz in Johannesburg.

The conference brought together representative from SADC and Mercosur member states – a Latin-based customs union organisation.

Erwin said regional integration was not an option but an imperative.

"South Africa has in the past few years lowered its tariff regime considerably; we did not have to wait for the World Trade Organisation to take the cue."

"South Africa cannot adapt to globalisation on its own. We have to move in unison with SADC members over time," he said.

He added that a number of trade and joint initiatives with SADC members were in the pipeline.

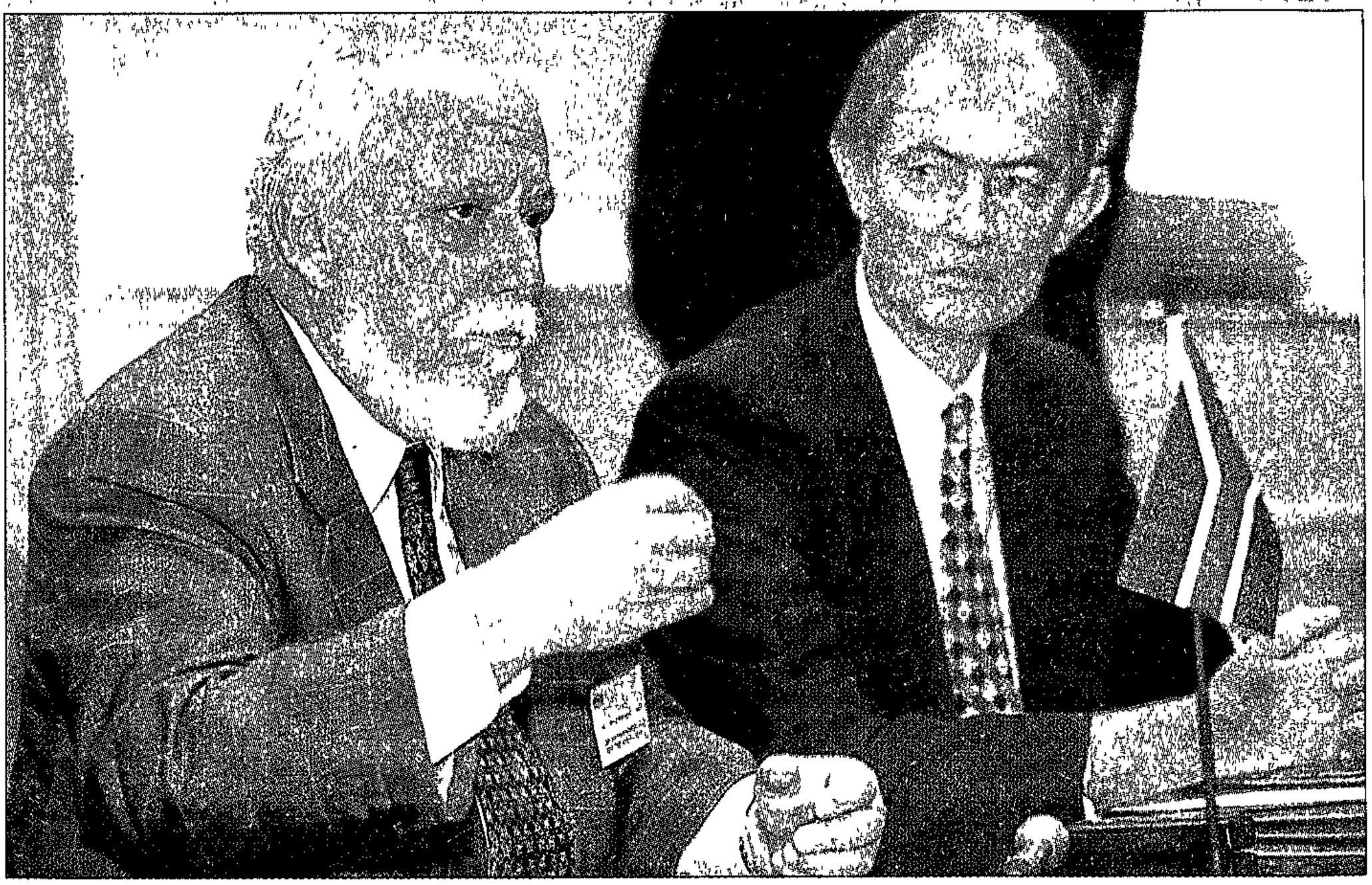
At the same conference SADC deputy general secretary Prega Ramsamy said there were currently 472 projects under way in the region which are valued at R60 billion.

Ramsamy said these projects would succeed in their implementation with their "bottom-up" approach.

Ramsamy said there were four countries – Botswana, Mauritius, Tanzania and Zimbabwe – who signed SADC trade protocols and "this was causing delays for the phasing out of tariffs".

"The SADC's trade protocols provide for the creation of an SADC free trade area within eight years.

"Formal negotiations on tariffs and sensitive products commence this month. At present more than 70 percent of SADC trade is taking place at tariffs below 10 percent, and by the end of 1999 the SADC can achieve a partial free trade area covering some 70 to 80 percent of internal SADC trade," he said.



SHARED KNOWLEDGE *Jose Botafogo Goncalves (left), Brazil's trade, industry and tourism minister, and Alec Erwin, South Africa's trade and industry minister, discuss strategies for successful regional co-operation yesterday* PHOTO SELWYN TAIT

Rand proposed as SADC's regional currency

~~2971~~ (279A) CT(BR)28/10/98

RICHARD STOVIN-BRADFORD
BANKING EDITOR

Johannesburg — Southern Africa should use the rand as a common regional currency, Guillermo Mondino, the director of Argentina's Mediterranean Foundation, said yesterday.

Speaking at a Mercosur-SADC (Southern African Development Community) conference on regional integration in the south, Mondino asked: "Why isn't South Africa leading the process and setting parameters towards integration?

"Is South Africa feeling guilty for being rich? You have to lead your neighbours to (help them) get wealthy.

"The SADC should join forces and use the rand (as a common regional currency). Then you could use the revenue generated on member states' reserves and share it among countries adopting the rand."

But South Africa had to give up currency controls if it wanted the rand to be adopted as the senior currency in the region It would also have to yield some sovereignty.

The need to account for inflation in, say, Zimbabwe would disappear because inflation would no longer be an issue.

"The rand would be a well-managed currency you could trust," Mondino said.

He said the SADC's central bankers should aim to harmonise macroeconomic policies before seeking further regional integration. They should also establish a customs union rather than a free trade area

"When you're starting from scratch, rather go for the best case scenario: a customs union," Mondino urged

He said it was impossible to foresee regional integration in southern Africa without the private sector's support for these reforms — as had been the case with Mercosur.

The SADC needed to follow Mercosur's top-down approach, create a clear agenda and establish targets

Mercosur is the world's third largest trading bloc.

It consists of Brazil, Argentina, Uruguay and Paraguay, with Chile and Bolivia as associate members. It is increasingly seen in South Africa as a possible role model for the SADC

Jose Botafogo Goncalves, Brazil's trade, industry and tourism minister, said Mercosur's achievements could be attributed to a pragmatic governmental approach, a concrete and consistent trade liberalisation programme, macroeconomic stability and the consolidation of democracy.

Alec Erwin, the trade and industry minister, said: "For us in South Africa and in government, the Mercosur model of regional integration is one we should follow ... and one I'd be very keen to see repeated in the SADC."

Erwin said too much time was spent in the SADC on "diplomatic waffle" and too little on projects to regenerate the regional economy.

However, co-operation with Mozambique — on the Maputo Corridor — and Swaziland — on the Lebombo spatial development initiative — were positive exceptions to this trend, he said.

Erwin lashes 'waffling' SADC heads

By Peter Fabricius
Foreign Editor

279A
Star 28/10/98

South Africa and Zimbabwe are exploring the possibility of creating a free-trade zone between the two countries, Trade and Industry Minister Alec Erwin disclosed yesterday.

He said this would be done even before the establishment of the proposed free-trade zone of Southern African Development Community countries.

Speaking at a seminar at the SA Institute of International Affairs on co-operation between SADC and Mercosur, the South American common market, Erwin said Mauritius was also involved in the discussions, which could lead to a joint initiative to produce the world's best and cheapest textiles.

Erwin offered the textiles discussion as an example of the sort of specific and concrete projects being undertaken by individual SADC members that were building integration within the organisation – as opposed to official SADC efforts, which were making little progress.

In frank remarks which drew loud applause, Erwin said SADC's political leaders "spent too much time on diplomatic waffle".

They devoted too little time on projects that would generate economic growth and regional integration, such as the Maputo and Lebombo corridor initiatives.

He said SA had "failed SADC" because it had not managed to persuade the body to reform its unwieldy bureaucracy at its recent summit.

Foreign direct investment in SADC falls

BD 29/10/98 (279A)

Stan Mapholegela

FOREIGN direct investment into the Southern African Development Community (SADC) has dropped to disappointing levels during the year, although offshore investment has taken off, says a Johannesburg-based consultancy.

At the launch of SADC Investment Dialogue, a survey of investment trends in the SADC, BusinessMap said yesterday that in the first three quarters of the year, foreign direct investment totalled less than R8bn (1997: R13,7bn), which was more than matched by offshore investment by financial institutions alone at R9bn.

With growing offshore investment and foreign listings by SA corporations, the drop in foreign direct investment was disappointing, BusinessMap said.

As the deregulation and harmonisation of SADC financial markets picked up pace and with the need to develop Africa, SA corporations had shown some commitment by channelling their investment resources to the region through mining, banking, retail and wholesale, and motor components.

Along with mining, financial institutions had emerged as major offshore investors, both within Africa and in other parts of the world.

However, while retail remained an important sector in SADC countries, much smaller investments were made in Africa.

While the SADC had made significant strides in some aspects of regional economic integration — including the signing of the SADC's trade protocol, increasing co-operation in the harmonisation of financial markets and facilitation of cross-border capital flows — the lack of consensus on the question of political transparency and public accountability among some member states needed to be addressed if regional development was to take off. These differences dampened investor interest in the region.

Anglovaal Minerals MD Rick Menell said despite the high risk associated with making investments in SADC countries, the group had succeeded in some business ventures with the Zambian government, such as Zambia Consolidated Copper Mines (ZCCM).

He said similar transactions had been concluded in Tanzania, Ghana, Mali, Namibia, Botswana and other African countries.

Rocco Rossouw, MD of Africa Banking Group for Standard Bank, said that although the bank was successful in some of SADC countries, best technology was necessary to mitigate the high risk.

He said the problem with SADC countries was their soft currencies.

Bongi Kunene, a director for the SADC finance and investment unit at the finance department, said Pretoria was concerned about the banking failures in SADC countries.

She said government had extended resources and skills programmes to the banking sector in the Democratic Republic of Congo, which was in crisis.

"If we want to create a sound economic community, it is important to have common payment and banking systems," she said.

Peace tops agenda as Mandela flies to

West African forum seeks heavy political role in settling regional disputes

ARG 29/10/98

Abuja, Nigeria – President Mandela will join West African leaders for the opening of a two-day summit here tomorrow, at which peacekeeping in the region will top the agenda.

Mr Mandela and Zambian counterpart Frederick Chiluba will attend the opening ceremony at the invitation of the chairman of the 16-member Economic Community of West African States (Ecowas), Nigeria's General Abdulsalami Abubakar, officials said.

The presence of the two southern African leaders at the event is seen here as evidence of the rising profile of Ecowas.

It is an organisation set up by Nigeria in 1975, primarily as an economic body, aimed at regional economic integration.

Ecowas officials are keen to give the organisation a stronger political role.

In 1990, a Nigerian-led peacekeeping force intervened in the conflict in Liberia in the first such all-African peacekeeping attempt.

Earlier this year, the force ousted a rebel junta from power in Sierra Leone and restored elected civilian president Ahmed Tejan Kabbah to power.

The situation in both countries remains unstable, however, and in Guinea Bissau, another Ecowas member, a rebellion broke out in June and is continuing.

Nigerian National Planning Minister Rasheed Gbadamosi, briefing the press yesterday, said Ecowas was still expecting all leaders to attend the two-day summit.

They included Guinea-Bissau's Joao Bernado Vieira, who is expected to be holding talks with his rival, General Ansumane Mane.

The summit would "review the political situation in the sub-region with reference to Liberia, Sierra Leone and Guinea Bissau," said Mr Gbadamosi. He refused, however, to say whether any decision would be made on Ecowas sending a peacekeeping force to the country, something opposed by Burkinabe President Blaise Compaore, the OAU president. "Mediation efforts are continuing," he said.

"The meeting will also review developments on the international scene ... particularly in the Democratic Republic of Congo, the Horn of Africa and the Great Lakes region."

Ecowas leaders were determined to build on the experiences they had gained with previous peacekeeping efforts, and Mr Gbadamosi said the meeting would "consider and approve" plans drawn up for a new permanent peacekeeping structure in the region. – Sapa-AFP

(279A)

summit

DIPLOMATIC VIEW

Mercosur's brand of pragmatism may be the SADC's best model

ET(BDR) 29/10/98 ~~277~~ (279A)

Bloated, precariously balanced and politically blowhard, the Southern African Development Community (SADC) is a popular whipping boy among the pragmatic, New Age developmentalists.

Criticism of the regional grouping is more fierce from within it than from outside. And, as its dominant member, South Africa attracts most of the flack.

In recent months, the popular line among African diplomats is that the new South Africa probably had fewer friends in the SADC than the old South Africa used to have in the SADC's political forerunner, the Frontline States, formed to counter the apartheid regime's stranglehold on the region.

That thinking preceded the Lesotho debacle. It was also before it became apparent that the SADC is unable to make a difference in brokering peace in the Democratic Republic of Congo, whose membership in the SADC is widely regarded as a fatal misfit.

Impatience with the SADC was expressed at the highest level this week when Alec Erwin, the trade and industry minister, said the group's political leaders "spent too much time on diplomatic waffle" and urged them to move towards "pragmatic issues".

Speaking without detailed notes, Erwin impressed participants at the conference on Mercosur and the SADC when he bluntly admitted that South Africa had failed the SADC in its chairmanship by failing to persuade the 14-nation group to reform its bloated and clumsy bureaucracy.

The South American guests at the conference organised by the South African Institute for International Affairs made their point by avoiding criticism of the southern African organisation.

Instead they sang the praises of their regional group that consists of Brazil, Argentina, Uruguay and Paraguay, with Chile and Bolivia as associate members.



JEAN-JACQUES CORNISH

There are many regional lessons we can learn from the virtues of Mercosur, which has become the fourth largest integrated market behind Nafta, the European Union and Japan.

It is small and its members are all roughly at the same stage of development. Ideologically, they are similar. Democracy is a condition of membership.

The countries have a very high communality of values. Their leaders get on well, maintaining a high degree of personal contact.

On these areas — where it compares poorly with Mercosur — the SADC is faced with a fait accompli — although Mfundo Nkhule, of the department of trade, made an interesting reference to the need to "ring fence" those problematic SADC states which undermine the regional integration process.

However, there are many other sectors where improvement demonstrated by the Mercosur model is not only possible but vital.

Chief among these is that decision making at the top level is by inter-governmental process, which is both more efficient and cost effective than having a supranational bureaucracy.

Another of Mercosur's great strengths is its growing number of regional projects, which become so strong and integrated that governments would break them only at their electoral peril.

The South African giantism so often cited by the SADC should be used to the group's advantage, said Mercosur members.

Guillermo Mondino, the director of Argentina's Mediterranean Foundation, wondered why the South African rand did not become the SADC currency.

South Africa sends between 5 and 6 percent of its exports to SADC countries. The norm for intra-Mercosur trade is of the order of 20 percent.

Generally, the figures stack up unimpressively. With 290 million people, the SADC's regional economy is worth $160 billion. With 240 million people, Mercosur's is worth $1,25 trillion.

The opportunities make more encouraging reading. The SADC's trade with Latin America has increased on average by 40 percent between 1992 and 1996.

The SADC buys oil from Angola and agricultural, mining and chemical products from South Africa.

This hardly scratches the surface of possibilities. Only 1 percent of Mercosur's trade is with the SADC; 85 percent of that figure is with South Africa.

Total SADC investment in Mercosur in 1996 was $20 billion, with $12 billion coming in the other direction.

The natural cards dealt to the African and American cones are impressive. Zimbabwe and Argentina together hold 30 percent of the world's export beef market.

The seas around South Africa, Namibia, Argentina and Uruguay hold 80 percent of the world's hake. Together with the motor industry, these are logical sectors in which to grow inter-regional co-operation.

Greg Mills, the national director of the South African Institute of International Affairs, said: "Mercosur informs us of the need for continued implementation of serious macro-economic reform and of the need for regional programmes which may be imperfect, but are focused on pragmatic projects."

West Africa closer to monetary union

ET (PNK) 30/10/98 (279A)

JOHN CHIAHEMEN

Abuja — The Economic Community of West African States (Ecowas) would launch its much-awaited traveller's cheques today as a first concrete step towards monetary union in the 16-nation bloc, an official statement said.

"The launch of the traveller's cheques is one of the major steps aimed at establishing an Ecowas single monetary zone by a target date of the year 2000," the statement said.

Nigerian military ruler General Abdul Abubakar, the Ecowas chairman, will inaugurate the cheques at the opening of the group's annual summit here today.

"A single monetary zone, to be set up by the West African Monetary Agency, will hasten the economic integration of the sub-region," added the statement.

To highlight the symbolic importance of the event, President Nelson Mandela has been invited to attend the opening ceremony in his capacity as chairman of the Southern Africa Development Community.

The cheques will be issued in West African Units of Accounts (WAUA) in denominations of five, 10, 20, 50 and 100. One WAUA was equivalent to $1,36, the statement said.

The cheque programme has been in preparation for years by the regional bloc, which was formed by a 1975 treaty.

It should greatly enhance tourism and commerce in a region where cross-border trade has thrived for centuries.

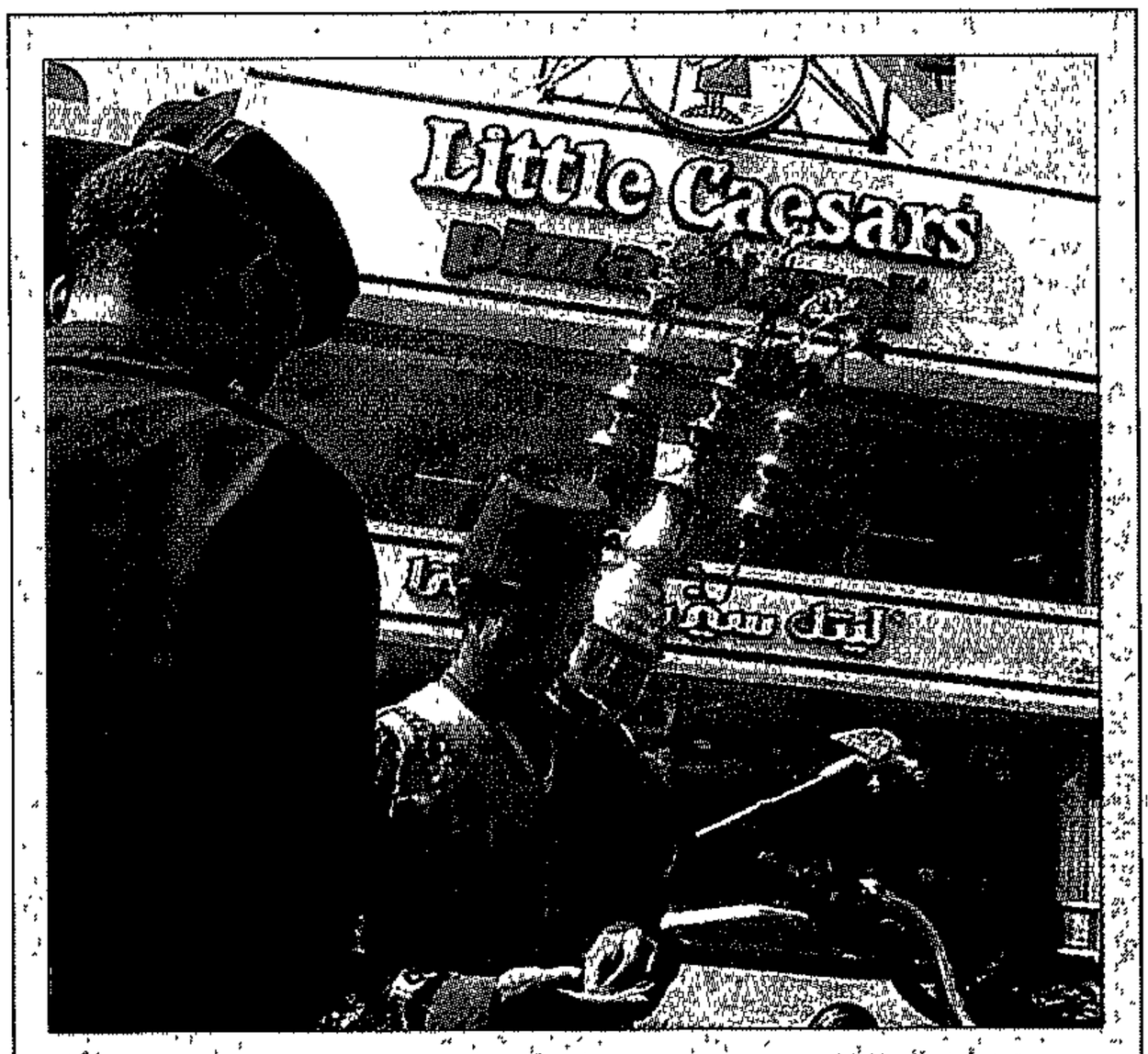
But the programme has been dogged by problems, not least the existence of the strong and well-established French-backed African franc, the CFA, used largely by former French African colonies.

The CFA franc has had a strong appeal in the region because of the convertibility it derives from its parity with the French franc.

It is easily exchanged even outside the franc zone.

Eight Ecowas members — Benin, Burkina Faso, Guinea-Bissau, Ivory Coast, Mali, Niger, Senegal and Togo — are franc zone members, sharing a common central bank and monetary policy.

The bloc said the traveller's cheques were approved by the committee of Ecowas central banks, which had met ahead of the summit. — Reuters



MAKING CHANGE *A traditional juice seller counts a customer's coins in front of a newly opened fast food pizza outlet in Cairo last week* PHOTO: AP

Mbeki calls for energy co-operation

(279A)

LYNDA LOXTON

ET (BR) 30/10/98

Cape Town – Deputy President Thabo Mbeki called on the international oil industry yesterday to help ensure that the benefits of increased oil production in Africa filtered down to ordinary Africans.

Officially opening the Sixth International Energy Conference, Mbeki also called for greater regional co-operation in southern Africa, to meet future refinery capacity demand and to develop petrochemical industries.

Mbeki said he hoped delegates would address the issue of technology transfers to less developed countries.

He said it was ironic that many rural communities in Africa watched gas being flared from oil rigs while they used firewood and contributed to the problem of deforestation.

Thanks to new technology, Africa faced a new round of exploration for oil and gas and it had to be asked how the new wealth created could be "harnessed to uplift impoverished people".

Attention should also be paid to the more efficient use of hydrocarbons and how to limit their effect on the environment.

In southern Africa, Mbeki said, it was clear that new refining capacity would soon be needed. He urged countries in the region to carefully consider how this could be done in an integrated way that would benefit the economies of all the countries in the region.

Some existing refineries were old and inefficient and might have to be closed down or used for viable alternative projects.

"Any decision will have to be carefully scrutinised to take into account national pride," he said.

SADC car makers could take direction from Mercosur

(279A) CT(PR) 30/10/98

RICHARD STOVIN-BRADFORD
BANKING EDITOR

Johannesburg — There was little business or labour integration in the motor industry in southern Africa or in the Southern African Development Community (SADC) states, Brian Smith, the chairman of the Automobile Manufacturers Employers Organisation, said this week.

Smith was addressing a SADC/Mercosur conference at the South African Institute of International Affairs on regional integration in the south.

Mercosur, which is widely regarded as a possible role model for the SADC, is the world's third largest trading bloc, comprising Brazil, Argentina, Uruguay and Paraguay, with Chile and Bolivia as associate members.

The lack of integration within the SADC presented the region with an opportunity to learn from the Mercosur experience and to attempt to put policies and procedures in place to rectify the problem, Smith said.

"The time has now arrived for the SADC to focus more on economic issues rather than largely on political and military issues," he said.

"We need to move towards regional market integration through domestic macro-economic reform within SADC states which ... then begins to move urgently towards tariff reduction and a common SADC customs union."

Mthuthulezi Tom, the president of the National Union of Metal Workers of South Africa, warned that regional integration should not only focus on economic policy but also deal with the issues of social development.

"An RDP must be developed for the entire region," Tom said. "Minimum standards need to be established across the whole region. "The tendency by business to locate plants in countries that are said to be cost-effective as a result of poor wages and working conditions needs to be condemned."

The size of the total South African vehicle market, including the customs union, was 399 275 last year. The same market in Brazil alone was over 1,9 million and in Argentina was 426 337.

Mercosur's automotive markets have a strong export orientation.

Afonso Carbonar, an adviser to Brazil's trade and industry minister, said: "Foreign assembly industries established in Brazil and Argentina not only provide for the internal markets of these two countries but also export to the whole South American continent."

He said the creation of a unified market had made the whole region more attractive to foreign investments.

Smith said: "To survive and to grow, the Southern African motor industry must develop exports, as has been achieved by the Mercosur industry. It is important that vehicle and component exports are developed within SADC, within Africa and with the whole world.

"The strong links which exist between the major automobile manufacturers in Brazil, Argentina and South Africa could perhaps become a catalyst for east-west trade." In the year to August, South Africa exported 19 569 vehicles, of which 7 784 were to Africa, while Brazil exported 180 952 vehicles.

But vehicle and component exports from South Africa have shown "tremendous growth" in the last few years. Over R5 billion of components will be exported this year, including leather seat covers and parts, catalytic converters, tyres, wheels, tooling, safety glass, engines and engine parts, batteries and radiators.

Europe absorbs over 80 percent of component exports, most of which are under the government's motor industry development programme, which promotes exports while reducing protectionist import duties.

Smith said: "It is also clear that the huge Latin American market is attracting huge foreign investment in the motor sector and that the elimination of trade barriers has played a major role in opening up this market."

He said this topic should be addressed in the SADC, where tariffs in some countries still exceeded 100 percent.

"In many developing economies, the motor industry has played a major role in the development of a viable and vibrant manufacturing sector, as it brings with it a major transfer of technical skills and well paid and skilled jobs," Smith said.

To be globally competitive, a motor manufacturer required a cost-effective, productive, flexible and stable labour market able to produce educated, skilled and motivated employees. "As far as I am aware, very little discussion has taken place within the SADC regarding a regional labour market policy," he said.

No division in SADC – Botswana

Sowetan 3/12/98 (279A)

BOTSWANA president Festus Mogae denied yesterday that the conflict in the Democratic Republic of Congo (DRC) was causing division within the 14-nation Southern African Development Community, but admitted that the trading block was being distracted from its goal of economic development.

"For the time being, the South African Development Community (SADC) is less focused than it normally is, but this is a short-term phenomenon. I'm sure it will recover its focus before long," he told delegates attending the *International Herald Tribune's* Southern Africa Trade and Investment Summit in Cape Town.

Mogae said there was no bitterness between SADC leaders, who all endorsed Namibia, Zimbabwe and Angola's efforts to stop the overthrow of DRC president Laurent Kabila.

He admitted the war was "an expensive exercise".

However, the region could ill-afford the instability that would result if the DRC government was overthrown every year.

Mogae said the Botswana army's role in suppressing a military coup in Lesotho was almost at an end.

"We are going to leave very soon," he said.

He urged that conflicts in some African countries should not detract investors from taking advantage of opportunities in the region, which as a whole remained healthy.

"We have introduced reforms, political and economic, to establish an environment that is friendly to the private sector."

Namibian prime minister Hage Geingob said the African continent would have to "come together as a whole" and work together for economic development.

European Union commissioner Joao de Deus Pinheiro said the EU was very positive about Southern Africa's prospects – *Sapa.*

(279A)

SADC being 'distracted' by Congo conflict

CT 3/12/98

BOTSWANA President Festus Mogae has denied that conflict in the Democratic Republic of Congo (DRC) is causing division within the 14-nation Southern African Development Community (SADC) but has admitted that the trading bloc is being distracted from its goal of economic development.

"The SADC is less focused than it normally is, but this is a short-term phenomenon," he told delegates attending the *International Herald Tribune's* Southern Africa Trade and Investment Summit in the city yesterday.

Mogae said there was no bitterness between SADC leaders, all of whom endorsed Namibia, Zimbabwe and Angola's bid to stop the overthrow of DRC President Laurent Kabila.

He admitted the war was "an expensive exercise". However, the region could ill afford the instability which would result if the DRC government was overthrown.

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He urged that conflicts in some African countries should not detract investors from taking advantage of opportunities in the region, which as a whole remained "healthy".

European Union commissioner Joao de Deus Pinheiro said the EU was "very positive" about Southern Africa's prospects.

The two-day conference ended yesterday. — Sapa

Customs union members meet for talks

(279A) BD 3/12/98

John Dludlu

NEGOTIATORS from the Southern African Customs Union are expected to meet next Tuesday as part of a renewed bid to resolve the remaining hurdles in reshaping the longstanding trading arrangement, officials said

However, next week's meeting in Pretoria comes amid concerns among some observers that negotiators may miss the April 1999 deadline set by trade and finance ministers for a revamped customs union for SA, Botswana, Lesotho, Namibia and Swaziland.

Although one official said recently that with political will, a new agreement was possible by next April, others said yesterday the programme was "quite tight".

Another official said: "There is reluctance to keep pushing the (review) process back."

The official said pressure was mounting to have the renegotiation completed soon, ahead of another set of multilateral trade talks, including the negotiation of a free trade area within the Southern African Development Community (SADC) and the SA-European Union free trade area.

Both had a bearing on the union which has presented a joint offer to the SADC

A meeting of trade, finance and agriculture ministers to assess progress planned for last Monday had to be postponed because not enough progress had been made The meeting had followed too close on the one in Gaborone, Botswana, on October 19, said officials from one customs union country

Next Tuesday's meeting would finalise the establishment of a "permanent specialised task team" to prepare for the establishment of a secretariat to manage the union's common revenue pool and the external tariff system.

Agreement on the secretariat represents a breakthrough in the review that began in 1994. A new set of institutions to administer the union has been one of the bugbears in the talks, with some members of the union, notably Pretoria — its present custodian — raising doubts about the advisability of setting up new institutions without shared industrial policies in the subregion

Apart from the institutions, another sticking points in the agreement's renegotiations was an alternative formula according to which the revenue pool from the customs duties would be shared

Officials said some progress had been made in formulating common industrial policies Workshops were planned for next month

SADC deal will bring raised taxes

(279A)

Effects of liberalisation plan on revenue would be 'exceptionally small' for SA and Angola, study says

John Dludlu

AT LEAST two countries in the Southern African Development Community (SADC), Malawi and Zimbabwe would have to raise their taxes by as much as 5% to offset the loss of customs revenue resulting from the planned implementation of the SADC's free trade agreement, says a recently completed study.

However, the study — conducted jointly by the Centre for Research into Economics and Finance in Southern Africa, a unit of the London School of Economics, and consultancy group Imani Development — says the rest of the SADC would need to increase taxes by just more than 2% to about 15% to compensate for the losses of income caused by the tariff liberalisation programme.

The study, which excluded the Democratic Republic of Congo and the Seychelles — the SADC's newest members — is one of a series conducted on a wide-ranging set of nontariff economic policies that would be needed to underpin the intra-SADC liberalisation programme.

At least eight of the SADC's 14 members have already tabled opening offers on their market-opening plans under the free trade framework.

The study says adjustments of less than 1,5% in the main rate of sales or value-added tax would be required for Botswana, Lesotho, Namibia, SA, Swaziland and Tanzania, while Mauritius would have to increase its rate about 8% to around 12%. Malawi and Zimbabwe would have to raise their relatively high tax rates by about 5,2% and 5,1%, respectively. Zambia would need to increase its rate about 3%.

The study, the release of which coincided with the launch of the free trade talks at the SADC's negotiating forum last month, points out that the effects of the liberalisation plan on revenue would be "exceptionally small" for SA and Angola thanks to the low share of customs income on the overall government revenue.

The main losers of revenue from the free trade area's implementation also receive a significant amount of their overall income from customs duties.

The advent of the free trade area and its implications on government income has strengthened the case for the diversification of revenue sources for the SADC's members.

Though raising taxes is an option explored by the authors of the report, they point to a "strong case" for SADC governments taking steps to broaden their tax base — a measure that could reduce, if not eliminate, the need for tax increases.

Crucially, the report finds that the case for tax harmonisation and tax "wars" in the region is weak.

BD 3/12/98

Task team established to reshape union

John Dludlu

(279A)

NEGOTIATORS from the Southern African Customs Union last week established a full-time task team to prepare the ground for an institution to manage a revamped union.

Following a meeting of senior technocrats in Pretoria last Wednesday, a task team of up to 15 members had been established, an official said at the weekend.

The official said the two-day meeting also agreed that the task team would hold its meetings in all the five signatory nations of the union — that is, Botswana, Lesotho, Namibia, SA and Swaziland.

Holding meetings in various member countries had been interpreted by some observers as an intention by signatory countries to "democratise" the management of the union.

SA is the custodian of the union, a factor that had attracted a barrage of criticism aimed at Pretoria.

The chairman of the task team, which would report to trade, agriculture and finance ministers, would be selected at the first meeting of the team in the first week of January

A ministerial meeting, which was to have been held in Swaziland last month, would now be held in late January, said the official

The idea for the task team was set up in October. Its main duty is to thrash out the details of setting up the proposed secretariat, which will manage the common customs revenue pool, as well as the union's common external tariff system.

Establishing the secretariat would represent a breakthrough in the review process, as disagreements on a new framework had stalled the process, which began in 1994.

At present income from import duties is pooled into a kitty that is shared among members through a formula that gives SA's partners first claim to the income The formula used to calculate the share of each member would also be reviewed and is likely to be significantly overhauled. Members had agreed that the alternative formula would exclude excise duties from the pool.

BD 14/12/98

SADC

1998 - 1999

Vienna talks seen as SADC test

BD 2/11/98 Q79A

Tim Cohen

LONDON — A three-day Southern African Development Community-European Union ministerial conference begins in Vienna today and will be widely seen as a major test of the durability of the SADC, which has recently been showing severe rifts.

The conference constitutes an opportunity for the 15 SADC member states to demonstrate unity after events which have set them against one another. These events include public differences between President Nelson Mandela and Zimbabwean President Robert Mugabe, the outbreak of civil war in the Democratic Republic of Congo, and SA's military intervention in Lesotho.

The conference is the third in a series which began in Berlin in 1994 and continued in Windhoek two years later.

They are intended by the EU as an attempt to steer southern Africa gently into a tighter interdependence.

A senior EU diplomat said although the union did not want to criticise overtly the direction in which southern African states were headed, it was impossible to ignore the fact that seven of the 15 SADC member states were involved in military action, sometimes against other member states.

Although it was probably too soon to talk of splits in the SADC, there were definitely rifts and it was important to ensure they did not develop further, the diplomat said.

The conference takes place under the auspices of the Austrian presidency of the EU.

Relations with southern Africa have been given relatively high priority during the Austrian presidency, with three other functions taking place over the past five months, including a conference in Harare on peace-keeping, a conference in Maputo on transport and a conference in Vienna for parliamentarians.

Little of major economic significance is expected to emerge from the conference, although it will be an opportunity for the EU and SADC members to get together and discuss a number of topics, including developing trade, transport and water interdependence.

However, health topics such as AIDS will be high on the agenda, and programmes for the removal of land mines will be discussed.

The conference will provide an opportunity for SADC members to make their feelings known about the SA-EU trade negotiations, which SADC members in the past feared would exclude their interests.

Many of the SADC states consider the SA-EU trade discussions to be misconstituted and that any trade agreements ought to be between the SADC and the EU rather than with a single member state.

The drug trade, debt burdens for highly indebted poor countries and the post-Lomé trade talks are expected to be discussed.

SADC, Mercosur links encouraged

Patrick Wadula 279A

TRADE and investment links between Southern African Development Community (SADC) and South American countries should be encouraged, Reserve Bank deputy governor Timothy Thahane said at the "South" conference attended by delegates from the two regions in Johannesburg last week.

Thahane said preferential tariff arrangements in the Mercosur and SADC regions would obviously be a stumbling block in promoting external trade in some goods and services.

Although the production structures of the two regional groupings were broadly complementary, and despite the fact that they were generally competitors in export markets, differences between the member states provided trade opportunities.

Production of similar goods and services, such as in the mining and automotive industries, also opened up opportunities for closer economic co-operation, he said.

Mercosur and the SADC both required foreign funds to supplement domestic savings for infrastructural requirements and economic development, Thahane said.

"However, the need for foreign investment in both regions does not preclude investment flows in certain industrial sectors, which could be to the benefit of the two regional groupings," he said. Nor did it preclude the expansion of trade-related financing from its present extremely low levels.

Co-operation between the two regions could involve joint research on and developments in lowering the costs of production, improving quality, promoting beneficiation of minerals and metals and improving marketing techniques.

Thahane said that while Mercosur's aim was the establishment of integrated trade relations, the SADC was more directly concerned with economic development, co-operation and harmonisation of policies of member states. "The ultimate objective of both regional groupings is nevertheless higher economic growth and living standards," he said.

BD 2/11/98

D

Single currency, common market on way

Ecowas aims for regional unity by 2000

(279A) CT(PTR) 2/11/98

JOHN CHIAHEMEN

Abuja — General Abdulsalami Abubakar, Nigeria's military leader, opened a West African summit on Friday with a call to smash all barriers to intra-regional trade among the group's 200 million people.

The two-day summit of the Economic Community of West African states (Ecowas) is trying to refocus the 16-member bloc on plans for a single currency and common market by a target date of 2000, originally set in 1983.

Major highlights of the opening ceremony included a speech by President Nelson Mandela, who made a special appearance at the summit to bid farewell to fellow heads of state and mark the launch of Ecowas traveller's cheques.

In his speech as Ecowas chairman, Abubakar said treaty provisions for the free movement of people, goods and services were not working properly since coming into force in 1980.

He cited "multiple checkpoints, harassment and extortion of travellers and delays in customs-clearing operations at our borders and along the routes".

He said: "We need to tackle these and other problems inhibiting the free movement of persons, goods and services as their existence continue to negate realisation of the objectives of promoting trade and investments within the sub-region."

He lamented the state of the Ecowas trade liberalisation scheme, an important aspect of plans for economic integration.

"This scheme is not being effectively implemented because not all member states are participating," he said.

Abubakar cited the non-payment by members of their contributions to a compensation budget supposed to help poorer members.

But the summit also marked what officials described as a major step towards monetary union, by launching West African traveller's cheques to be used across the community.

"This instrument should be seen as the precursor of our future common currency," said Paul Ogwuma, the governor of the Nigerian Central Bank.

"We urge all member central banks to make their best endeavours to facilitate its widespread use to foster the intraregional payments system," Ogwuma said.

Abubakar formally launched the cheques, and each of the heads of state signed samples.

Moves towards a single currency face tougher obstacles, given that half the Ecowas member states already have an effective and trusted common currency: the French-backed CFA African franc.

The summit also drew attention to the battle against drugs trafficking in the region by making a symbolic bonfire out of tons of illicit drugs seized by anti-narcotics agents in Ecowas member countries. — Reuters

External debt a big issue at ministers' talks

Tim Cohen

VIENNA — External debt was unexpectedly raised as a major issue on the agenda of the third European Union (EU)/Southern African Development Community (SADC) ministerial meeting, with African delegates describing external debt obligations as a "nightmare" which had become national priorities.

Other issues addressed at the twice-yearly conference were regional stability, AIDS and landmines and the rapid expansion of both of the organisations.

The conference was opened by Austrian Foreign Minister Wolfgang Schuessel, who said the first conference in the series held in Berlin in 1994 was attended by 12 EU and 11 SADC member countries.

Co-chairman of the conference Foreign Minister Alfred Nzo said the expansion of the organisations indicated the importance of the conference, suggesting that concrete action by the two organisations was insufficient. "Is the investment we have made over the past three meetings sufficiently remunerated by action and result? In my humble view, yes, but not enough," he said.

Nzo skirted the issue of military conflicts between member states in southern Africa, saying that although the SADC region was faced with serious challenges "it remains fundamentally stable".

Schuessel raised the issue more directly, suggesting that peace was an essential precondition for development. He pointed to the crises in the states of former Yugoslavia and Kosovo.

SADC executive secretary Kaire Mbuende said there was a need for in-depth dialogue on development-related political issues such as the debt question.

External debt servicing obligations had become national priorities that had to be attended to before everything else.

Debt obligations were a "nightmare" to a number of SADC member states that deprived countries of resources to invest in social sectors and to stimulate economic growth.

There was also a direct political and social dimension to external debt that had an adverse effect on development potential and could lead to social upheavals and political instability.

"Debt is a political issue," he said. The debt burden of a number of southern African countries was partially a product of the struggles for national liberation and against apartheid.

"Most of our member states find themselves in a situation where they accumulated huge internal and external debts, due mainly to external forces beyond their control," he said, calling for an increased dialogue on debt restructuring.

The conference is expected to discuss concrete programmes to deal with AIDS in southern Africa and the eradication of landmines, particularly in Mozambique and Angola where, Schuessel said, there were 20-million mines in their soil and "only a few tens of thousands" had been lifted.

EU, SADC have little in common at conference

(279A) BD 6/11/98

What did the talks in Vienna between the SADC and EU really achieve that made them worth holding, asks London correspondent Tim Cohen

THE majestic Hofburg complex, the seat of the Austrian government for more than 400 years, has seen some fabulously dramatic events. In this panorama of history, it is unlikely that the third South African Development Community (SADC)/European Union (EU) ministerial conference will feature particularly high.

The conference of European defence ministers which took place in the same city at the same time might well constitute a more noteworthy event.

The problem with the SADC/EU relationship is that, while it seems so logical to develop a political dialogue between regional organisations, as organisations they have practically nothing in common.

Take the simple issue of membership. Because the SADC is a "lightweight" organisation in the sense that it has a tiny infrastructure and the responsibilities of membership are not onerous, adding members is a simple matter. For the EU, however, acquiring membership can take decades, involving complex accession negotiations.

The final communiqué of the conference noted that the EU had briefed SADC representatives on the accession negotiations with Hungary, Slovenia, the Czech Republic, Poland, Estonia and Cyprus. The SADC noted the membership of the Democratic Republic of Congo and the Seychelles. Although the discussions may have constituted an interesting exercise in comparison, they could hardly have been useful.

On a more philosophical level, the concept of developing a political dialogue between the SADC and the EU constitutes in part an attempt by the EU to stimulate the idea of regionalisation. The current set of conferences began in Berlin just after SA's democratic elections.



Director of the SADC Eric Broekhoysen, left, talks to SA Foreign Minister Alfred Nzo during the EU foreign ministers and SADC meeting at Vienna's Hofburg Palace. Picture: AP

In a sense, the EU was attempting to "export" the idea of regionalisation which had proved so successful for Europe in decreasing tensions between states and stimulating economic development.

But in southern African, the situation on the ground was and is very different and the consequences of regionalisation have not been nearly so encouraging The group consists mainly of quasi-democracies where no change of government has occurred. It also includes an effective dictatorship and a kingdom

In Europe, the economic power between the biggest states is comparatively evenly balanced.

Furthermore, some of the largest economic powers are the most emphatically committed to the concept, and the smaller states cleave toward this nucleus for fear of being totally left behind.

In southern Africa, SA's gross domestic product is three times that of all the other SADC members combined, creating a basis for suspicion and envy.

Most recently, SADC countries have seen substantial rifts develop in their strategy toward the ironically named Democratic Republic of Congo. This is the biggest threat to the organisation yet, but without a central core of countries which can force, in a sense, consensus on the group as a whole, members have settled for the muddled middle.

At the conference SADC members sought to downplay the stability issue, and hence, the final communiqué noted that most SADC member states had continued to enjoy "relative peace and stability" since the previous conference in Namibia.

This attempt to put a broadly positive spin on the security situation in central Africa is breath-taking considering the fact that seven of the 14 members of the organisation are currently or have recently been involved in military action — sometimes against other member states.

On the topic of trade, the situation is equally confused. SA is on the verge of signing a trade pact with the EU. In some other SADC states, this agreement is completely misconstrued as an attempt by SA to gain a special advantage. The trade pact is of course almost exactly the opposite; it is a consequence of the EU's reluctance to grant SA the same generous concessions it already grants to other SADC member states under the Lomé convention.

But the fact that it is seen this way by other SADC members demonstrates the level of suspicion about SA — and the failure of SA to articulate its motives clearly. The differential trade arrangements also demonstrate the underlying difference between the economies of SA and other SADC members.

However, in the long term this may change. The EU wants to change the basis of the blanket trade package that it currently has with third world countries. Instead, it wants to develop specific trade pacts with the SADC, and other regional groupings.

The talks on this will be conducted on a EU-to-nation or EU-to-region basis, rather than as part of one, huge all-encompassing deal, which is currently the case. Hence the EU is encouraging moves by the region to develop a trade pact among SADC members which will make these post-Lomé negotiations so much simpler (although only four of the 14 members have so far signed the SADC trade pact).

To support the gradual development of regional integration, the EU is supporting regional issues such as combating drug trafficking, combating HIV/AIDS, and the management of shared river basins.

Given this scenario, what should be done? First, the SADC should admit that it is in crisis, rather than trying to pretend that there are no rifts within the organisation. This will open the path for concrete discussions on the strengths and weaknesses of the organisation, including its weak infrastructure, the political bickering and the need for clearer rules of entry.

Second, the SADC should admit that it made a mistake by prematurely admitting the Congo. It could do so by insisting that the Congo conforms to the organisation's political protocols, which require democratic practices. This would fit in with the current peace proposals with the rebels which require multiparty democracy in the Congo in conjunction with a military withdrawal. If the Congo does not comply within a set time, it should be suspended pending elections.

Third, SA must work harder to ensure that its motives are not misconstrued in the region. No surer evidence exists that SA's foreign diplomatic representatives are not doing their job than the misconceptions which have arisen out of the SA-EU trade pact.

Fourth, the rift between SA and Zimbabwe must be healed. Perhaps it is true that this can only really occur once a new government is in place in either SA or Zimbabwe.

But without a carefully nurtured alliance between the three most developed SADC nations — Botswana, Zimbabwe and SA — conferences like the one in Vienna will remain talk shops and the rifts between SADC members will become splits.

WORLD TRADE OPPORTUNITIES

Customs union divides the kitty

BD 9/11/98

A delicate balance as the union is revamped

John Dludlu (279A)

MEMBERS of the Southern African Customs Union will gather in Gaborone, Botswana, for a crucial meeting aimed at working out the share each will receive from the common pool, amid growing prospects the kitty is facing a decline.

Officials in the five-nation subregion have confirmed that the annual meeting of the customs union commission — the body that determines the scale of income each member receives from the pool — will be held on Friday.

In terms of the time scale given by trade, finance and agricultural ministers, a new agreement, including a new revenue sharing formula, must be in place by next April. This means Friday's meeting will probably be the last under the current formula.

In talks to reshape the customs union — the bloc includes SA, Botswana, Namibia, Lesotho and Swaziland — a broad agreement has been achieved according to which excise duties will be excluded from a revamped common revenue sharing formula. The present formula, which gives SA's partners the first claim to the pool, includes excise duties.

Although the pool's size has not shown signs of decline, the exclusion of excise duties and the general fall in levels of tariffs — thanks to the bloc's multilateral trade obligations — is expected to shrink the kitty. According to customs union officials, the pool was worth about R13,9bn in fiscal 1997.

One official said SA's partners in the customs union, such as Swaziland, had started to search for ways of diversifying their income sources in anticipation of a smaller pool.

While SA, which has the last claim on the pool, does not rely on customs revenue for budgetary purposes, other partners in the long-standing union, particularly Swaziland and Lesotho, rely heavily on this source for their central government income. In the early 1990s the two countries received more than half their central government income from the customs union.

An official said at the weekend that Pretoria's partners were more concerned about the revenue effect of the proposed European Union (EU)-SA free trade deal. As members of the customs union, the five countries share an external tariff system. This will make SA's partners vulnerable to the adjustment of the tariff levels according to the agreement with the EU.

However, SA has pledged not to enter a deal with the EU that will seriously damage its neighbours' interests. Also, during the renegotiation of the customs union, an understanding was reached that a new revenue-sharing formula should not cause fiscal disruptions for SA's partners.

A customs union official said Friday's meeting would receive a progress report on the renegotiation of the union.

Ministers recently agreed that a secretariat would be formed to manage the common revenue pool and administer the common external tariff system.

SADC takes another step to free trade

BD 9/11/98 (279A)

Members reach agreement on some key issues, while strife-torn countries might join at a later date

John Dludlu

SOUTHERN African Development Community members have taken another significant step in their plan to free trade exchanges in the SADC, agreeing on a technical framework for the plan.

However, sources say some countries may have to join the free trade area later, which will reduce the size of the market to prospective investors.

One key resolution from last week's inaugural round of negotiations in Windhoek, Namibia, was an agreement on a "standstill clause" — a provision not to raise tariffs while the talks were under way, officials said at the weekend. Negotiators agreed that this would be effective from July this year.

They adopted a programme including monthly meetings of the trade negotiating forum, the SADC's body for thrashing out details of the trade bloc, and occasional technical meetings. They also agreed to identify nontariff barriers to trade. The target for free trade is eight years.

At least eight of the SADC's 14 member states tabled their opening offers at the meeting, said officials. These were the members of the Southern African Customs Union — SA, Botswana, Lesotho, Namibia and Swaziland — and Malawi, Zambia and Mauritius.

Others were still preparing their offers, while serious doubts had been cast on the participation of the strife-torn economies of Angola and Laurent Kabila's Democratic Republic of Congo.

Sources said these countries might have to join the free trade area at a later stage. Peace and stability in participating countries was critical in ensuring predictability in the investment environment, they said.

SA had offered to open its markets to other SADC members in five years, three years earlier than required under the framework, as part of a broader package of economic measures aimed at shoring up development in the region.

An SA official said the agreement was important as it would translate into reality Pretoria's stated commitment to Africa's economic development.

Unlike those made to other parts of the world, SA's exports to SADC member countries are made up of a huge chunk of manufactured goods.

As the negotiations were proceeding last week, the clothing and textile industries — some of the industries that are coming off a background of stiff tariff protection — warned of massive job losses and bankruptcies should the free trade plan be implemented in its present form. A senior trade and industry department official said all submissions made to government as part of public comment to SA's offer to the SADC were being studied.

The SADC's heads of government signed the free trade protocol in 1996. However, only four countries have so far ratified the agreement, which needs to be ratified by a two-thirds majority to be implemented.

The SADC's secretariat has said the free trade plan will help the region create about 5-million jobs.

Dividing the customs kitty: Page 10

SADC opens trade offers

(279A) BD 10/11/98

Members asked to keep lists of sensitive items to 10% of total offers

John Dludlu

MEMBERS of the Southern African Development Community have been asked to keep their lists of sensitive products to about 10% of their total offers amid concerns that protectionist instincts may undermine efforts to create an SADC free trade area in eight years.

Fudzai Pamacheche, a principal economist at the SADC secretariat in Gaborone, said yesterday lists of sensitive products of more than 10% would be unacceptable to other member states.

Besides, the final product coverage of the free trade area would have to be approved by the World Trade Organisation, which requires that such arrangements should cover "substantially all trade" between contracting partners".

At least eight SADC members — including the five members of the Southern African Customs Union: SA, Botswana, Lesotho, Namibia and Swaziland — have now tabled their opening offers in the free trade talks.

Some sources who have seen the offers have expressed concern at the length of the lists of sensitive items.

However, Pamacheche said the joint customs union offer fell within the 10% requirement. Analysis of the other offers from Mauritius, Malawi and Zambia had yet to be conducted, while one source noted that the Malawian offer contained a slower liberalisation time frame.

Malawi is understood to have proposed a regional development fund to assist industrialisation.

An SADC government official said the Mauritian offer was under review to take into account last week's agreement on a standstill clause — the provision forbidding countries from raising tariffs while talks were under way — as well as the date from which the standstill clause became effective. Pamacheche noted that the offers showed a serious commitment to the free trade project.

He said the members had agreed to conclude talks by next June.

Two SADC members — Angola and the Congo — were not involved in the talks and would have to join at a later stage.

Zimbabwe, the SADC's second most industrialised economy after SA, and Mozambique were currently finishing internal consultations on their offers, while other SADC government officials said other members had been waiting for the customs union to make a move.

If all the offers were presented by next January, the date for the meeting of the SADC's trade negotiators, then it should be possible to make the June deadline for the conclusion of the talks, Pamacheche said.

However, the difficulty might be in cobbling a deal on how products produced from special economic zones were to be dealt with.

SADC 'needs a regional accord' on investment

BD 16/11/98 (2=79A)

John Dludlu

THE Southern African Development Community (SADC) needs to negotiate a regional investment agreement and play a meaningful role in multilateral talks for a treaty on investment, a recently released paper says.

Writing in World Competition, a law and economics journal, Rosalind Thomas, a legal adviser and policy analyst at the Development Bank of Southern Africa, says if developing countries expect the proposed multilateral agreement on investment to address their particular needs — especially regarding the behaviour of transnational corporations and other investors — then they need to become part of the (negotiating) process "in a very real way".

At present, negotiations for the multilateral agreement on investment are taking place within the Organisation for Economic Co-operation and Development (OECD), the group of developed countries, without any participation from developing countries like the SADC bloc.

It is envisaged that the international treaty — to include investment protection, dispute resolution and investment liberalisation — will be open for accession by interested countries, including non-OECD members.

Thomas, who has become manager of the bank's risk management unit, says in a globalising world the OECD talks should be "more properly" located within the WTO (World Trade Organisation) context", and especially that the interests of the developing world be taken on board.

Efforts to shift the OECD talks to the WTO have so far been resisted by developing countries, a position Thomas sees as a time-buying tactic to assess the implications of the accord.

Many SADC countries, including SA, which chairs the 14-nation bloc, have recognised the need for investment protection by acceding to agreements such as the World Bank's Multilateral Investment Guarantee Agency, but have chosen to negotiate bilateral investment treaties, mainly with western countries.

Braam Roodt, a director for multilateral trade relations at the trade and industry department, says Pretoria has been following the multilateral talks closely, though the present policy is to pursue bilateral talks.

Thomas says an SADC investment agreement would enable the bloc to play an influential role in investment talks within a WTO framework, although this would require the policy harmonisation.

An SADC-wide approach would also obviate unnecessary competition among SADC states for foreign investment.

However, if there is a trade-off to be made between the regional and international approaches, SADC states should rather concentrate their efforts initially at the international level, she says.

SA offers to accelerate tariff cuts

BD 17/11/98 (279A)

Tim Cohen and John Dludlu

LONDON — SA could begin reducing its tariffs in terms of its free trade offer to members of the Southern African Development Community (SADC) by next year — ahead of the conclusion of the talks, Trade Minister Alec Erwin said yesterday.

Erwin said SA would "take the first step" in the proposed SADC free trade agreement, which has been agreed to in principle but negotiations on the specifics have just begun. The deadline for concluding the talks is June next year.

SA has offered to remove its tariffs faster than other members. Erwin's offer constitutes a bid to boost the trade agreement and develop a momentum which would see the negotiations completed by the deadline of June next year.

Erwin told a news briefing in London that SA's offer would have to be ratified by Parliament. This could happen early next year. The tariff phase-down would have to be conducted within the context of an SADC agreement for it to qualify in terms of World Trade Organisation rules, but if SADC members acknowledged the treaty, SA could ask Parliament to begin the phase-down period immediately.

Since SA has presented a joint offer with the other four partners in the Southern African Customs Union (Botswana, Lesotho, Namibia and Swaziland) it is likely that the faster liberalisation programme would be followed by the rest of the union's members. Alternatively, if SA moves ahead unilaterally, internal controls, including rules of origin, may have to be maintained to prevent products entering the SA market duty free from other SADC members from getting to the the rest of the customs union area.

While the customs union offer is already on the table, other SADC countries — including Zimbabwe and Mozambique — are finishing internal consultations on their offers. Stan Mangoma, the Zimbabwean consul-general in SA, said Harare's offer would be ready before the end of the year, ahead of the next negotiating forum meeting in January.

Zimbabwe, the SADC's most industrialised economy after SA, would have to roll back its tariffs by as much as 30% in certain cases to comply with the "standstill" and "roll back" clauses agreed to at a recent Windhoek meeting, Mangoma said.

The standstill clause prevents SADC members from raising tariffs while negotiations are under way. The roll back clause provides for any adjustments to be reversed to their levels as of July 1998 — when the reduction process begins.

Angola and the Democratic Republic of Congo will join the agreement when political conditions allow.

Erwin acknowledged that SA's trade balance with countries in the region had grown dramatically, but said this would not cause major complications if it was balanced by investment from SA into the region. In some cases, for example with Mozambique, SA's trade surplus was compensated for by investment going the other way.

However, with other countries investment was not taking place. For example, the SA-Zimbabwe trade relationship was "potentially quite a negative one".

Opening SA's markets to Zimbabwean textiles would not even begin to compensate for the imbalance, but open markets combined with an increase in SA investments in the Zimbabwean cotton industry would balance the relationship, he said.

Mangoma said Zimbabwe's trade deficit had grown to Z$10,2bn in 1997 from 1994's Z$4,1bn.

SAPS learns about UN peacekeeping

(279A)

Opportunity for SADC to improve skills

Star 18/11/98

By Phalane Motale
Crime Reporter

The inclusion of civilian police in United Nations (UN) peacekeeping missions could present Southern African Development Community (SADC) countries with a golden opportunity to improve their policing skills and work alongside the military in post-conflict situations.

More than 30 policemen and women from 12 southern African countries returned to their home countries this weekend with new civilian policing skills after completing training at the South African Police Service (SAPS) college in Pretoria last week.

The one-week course – which covered theoretical and practical lessons in peacekeeping and focused on human rights and international criminal justice standards – was presented by experienced police officers from Botswana, Zambia, Zimbabwe, Denmark, Finland, Norway, Sweden and Canada and augmented by specialists from the United Nations Civilian Police Unit, the UN Regional Human Rights Programme, the Southern African Regional Police Chiefs Co-operation Organisation (SARPCCO), the Institute for Security Studies (ISS) and the Norwegian Institute for International Affairs.

Norway and Sweden not only provided expertise, but also funded the course.

Course co-ordinator Mark Malan said the course had achieved its objective: "It went off exceedingly well and we are confident that the policemen and women we trained will be able to transfer their skills to their colleagues back home."

Malan said, contrary to popular misconceptions, civilian police did not normally deploy alongside the military to maintain law and order within the host country of a peace operation.

The mission of UN police officers is encapsulated by the SMART concept: Supervise, Monitor, Assist, Report on, and Train local police in order to ensure that law and order are maintained effectively and impartially.

"UN police officers are deployed to ensure that local police respect the human rights and fundamental freedoms of the citizenry," he said.

Jakkie Cilliers, also of the ISS, said UN peace operations had evolved – rapidly and in an ad hoc fashion – from classical peacekeeping involving military intervention to monitoring ceasefire agreements. In less than a decade complex multidimensional interventions where the military was but one of many participants had become the order of the day.

"Of great importance to us is the fact that police officers are increasingly an essential part of the civilian component of contemporary peace missions," he said.

Cilliers said that while many peace missions conducted since 1989 had included a significant police component, the role of the police was now eclipsing that of the military in a number of ongoing UN missions. Two of the most recently established UN missions were dedicated to issues of policing.

He added that while the UN needed officers for increasingly police-intensive peace missions, the emphasis was on quality rather than quantity. This was where the countries of southern Africa, with training programmes, could make an impact.

"International criminal justice standards and human rights were key issues addressed during training, as these provided the moral foundation for international police monitors," he said.

Water shortages lie in wait as SADC tackles its resource problems

(279A)

ARG 19/11/98

ARGUS CORRESPONDENT

Pretoria – Severe water shortages could be one of the major problems faced by Southern Africa in the next millennium, bringing with it the possibility of conflict.

Scarcity of water was the topic under discussion at a high-level meeting in Pretoria this week held in a bid to deal with the issue before it reaches critical proportions.

In a meeting described as a Sensitisation Mission, ahead of an international conference in Geneva next month, delegates were told that solutions must be found for water resources if states were to attain their goal of an integrated regional economy on the basis of balance, equity and mutual benefit.

They were told that Southern African Development Community (SADC) countries wanted to improve the existing policies about regional co-operation because this was a significant foundation for improving management of the region's water resources.

An SADC protocol on Shared Watercourse Systems signed in 1995 aimed to develop close co-operation between states on the use of water.

But the protocol was not implemented by all signatories, nor signed by SADC members Zambia and Mozambique.

A common theme runs through conflicts over water – they are produced in fixed locations but traded to distant places, said Jo-Ansie van Wyk, a lecturer in international politics and strategic studies at Unisa.

Because rivers often pass through more than one state they are constant sources of potential tension.

States upstream may not only pollute the water, but as a political measure may threaten to dam the river as a means of coercive diplomacy, she said.

In the case of Botswana, for example, 94% of water originates outside its border, contributing to its vulnerability.

Experts predict that scarcity of water in the Southern African region will exist in the next millennium – a potential source of conflict.

Conflicts over natural resources and environmental degradation have dogged Southern Africa for decades and are likely to intensify as there are few agreed mechanisms for their equitable resolution, Ms Van Wyk said.

There has been proliferation of proposals for tackling water scarcity issues in Southern Africa.

Towards the end of this millennium, developments relating to water management are characterised by the return of state control over water resources, as opposed to individual ownership, to effectively manage resources in the public interest.

According to an SADC statement to delegates, there is a lack of awareness at all levels of society about the water-supply problems the region is faced with, and water legislation in most SADC countries is inadequate and weakly enforced.

New customs union deal may see light by April

BD 20/11/98 (279A)

The reshaping of the Southern African Customs Union is finally being fast-tracked, writes associate editor **John Dludlu**

AFTER years of stuttering, punctuated by long spells of impasse and public outbursts by partners, the talks to reshape the Southern African Customs Union agreement have not only been revived, they have also been put in the fast lane.

Following a meeting in August of customs union trade and industry ministers in Pretoria, the custodians of the present agreement, there is renewed vigour among members — SA, Botswana, Lesotho, Namibia and Swaziland — to complete the review process that was begun by Trevor Manuel, then trade and industry minister, in 1994.

Current Trade and Industry Minister Alec Erwin together with finance, trade and agriculture ministers from the other signatory nations have said a deal on the revamped customs union should be reached by the end of April.

To mark this renewed sense of urgency, ministers have agreed to meet again on Monday to review progress made by officials.

It has been suggested that a full-time task team of technocrats work out the details of setting up the secretariat that would be responsible for the day-to-day administration and management of the common revenue pool and the external tariff system of the union.

As a customs union, the five countries share a common external tariff system — all importers pay the same customs tariff for imports from outside the union — representing by far the deepest form of regional integration so far.

Since they share these external tariffs, the income collected from customs duties is pooled into a kitty that is distributed among members through a complex formula. The present revenue-sharing formula, which allows SA's partners first claim to the pool, also includes excise duties. The existing formula also provides for compensation to union partners for the effects of industrial inequalities

Why it has taken so long to get the review completed is a matter of speculation, given the fact that its completion is in everyone's interests. One plausible explanation, though, is the sheer complexity of issues involved.

Mfundo Nkuhlu, the chief director for African trade relations with SA's trade and industry department, says that the issues cut straight to the bone: they affect crucial sources of income for governments. While SA does not rely for budget purposes on the income it receives from the revenue pool, other partners, most notably the smaller ones, do — Swaziland and Lesotho have each been getting more than half of their central government revenue from this kitty.

Sources in the union say SA's free trade negotiations with the European Union (EU) have added to the concern of Pretoria's customs union partners. If SA does, as seems increasingly likely, enter into a deal with the EU, the customs union revenue pool will most likely be reduced because of the volume of goods from the EU that will enter the customs union area duty-free.

The pool has yet to show signs of decline in response to the falling tariff levels.

Nkuhlu says the tariff portion of the pool has not declined thanks to both improved duty collections and a rise in import volumes.

SA and its partners, except for Botswana, also share a monetary system that links the countries' four currencies.

In fact, Nkuhlu says a reshaped agreement is critical to the stability of the subregion.

The delay has also been due to disagreements on building an institutional framework, with some calling for fresh institutions without first agreeing on policies. With the review talks now in top gear, there are likely to be significant changes in the way the union functions.

Although there is an understanding that a new formula should not cause fiscal disruptions to members, it has also been agreed that excise duties will be excluded from the pool as this competence will be devolved to governments.

This change is likely to shrink the pool's size; more so if it is accompanied by falls in tariff levels.

However, import growth in response to falling tariffs should compensate for this eventuality. A decreasing customs pool also challenges members to diversify their revenue sources.

Some, like Swaziland, have begun the search.

Having control of excise duties should also bolster the fiscal discretion of SA's neighbours.

The advent of the proposed secretariat to manage the revenue pool should also reduce the time lags in disbursements to member countries — another constant complaint by SA's partners.

If the new secretariat is located outside SA, as is possible, perceptions that SA is using the union as a tool for control should disappear.

Additionally, it is generally accepted that SA will receive a share in a new dispensation.

This would mean that SA, which manages the union currently and is thus responsible for disbursing money to member countries, would no longer have this responsibility. SA would then become just another party to the system.

Although, theoretically, the present formula provides for these transfers, officials say none has so far been made.

The customs union's history as a creation of colonial masters early this century has, in part, led to the union maintaining a low public profile and it is lacking in transparency — for example, members' shares from the common pool are considered confidential).

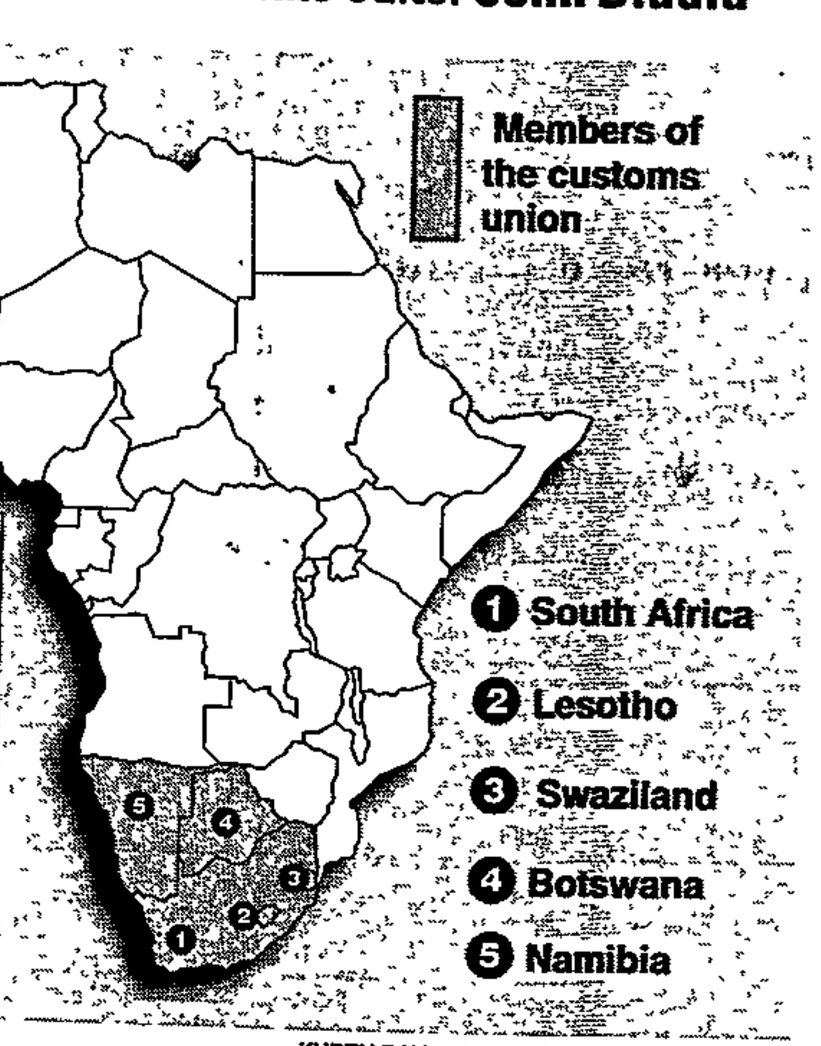
This low profile has contributed to public ignorance on the union's task, let alone its existence. For example, it is not unusual to see a government document marked the "SA Customs Union", which does not help SA's bid to shed the big brother image.

With political will, it is possible to have a new agreement by next April.

When this is done, members might consider raising the profile of the new structure without any historical baggage as they begin a partnership based on mutually beneficial outcomes.

Southern African Customs Union's common revenue pool of customs and excise duties over the past five years

Financial year	Value of the pool
1993/94	R10,1bn
1994/95	R11,2bn
1995/96	R12,3bn
1996/97	R13,2bn
1997/98	R14bn



KUBEN DAVID Source: SA REVENUE SERVICE

'Missing in action'

Will the communities of South and Southern Africa rise to the challenge presented by the Congo crisis? **Francis Kornegay** reflects on the issue.

GIVEN the magnitude of the regional destabilisation that could result from the Zimbabwe-Namibia-Angola intervention in the Democratic Republic of Congo, where does civil society in Southern Africa figure in the peace equation?

Or are such initiatives simply to be left to state actors and the tireless diplomacy of President Nelson Mandela and Deputy President Thabo Mbeki?

In short, where is the anti-war movement among Southern Africa's peace, human rights, pro-democracy, development and church-related non-governmental organisations in solidarity with the people of Zimbabwe and Namibia?

Certainly, from the looks of it, the war in the Congo is not among the most popular of causes in these countries

Neither government has a popular mandate for their intervention in the Congo to prop up Laurent Kabila, new-found patron of the genocidal Interahamwe Hutu militias threatening Rwanda

There have been reports (officially denied) of Namibian Defence Force soldiers being stripped of their rank and locked up for refusing to allow themselves to be Vietnamed on Kabila's behalf.

Perhaps their compatriots could start doing what fellow Southern African Development Community nationals are doing or have attempted to do in Zimbabwe – demonstrating what they think about the Congo adventure by taking to the streets

Namibian finance minister Nangolo Mbumba told parliament that Namibia's involvement in the war will cost taxpayers at least an extra R30 million

In Harare the budding coalition against the war in Congo comprises the Institute for the Advancement of Freedom, the National Constitutional Assembly, the Zimbabwe Congress of Trade Unions (ZCTU) and human rights groups including the Catholic Commission for Justice and Peace, Legal Resources Foundation, Zim-Rights, Imani Trust and Zimbabwe Lawyers for Human Rights.

ZCTU general secretary Morgan Tsvangirai is reported to have echoed concerns already raised that the dispatch of 6 000 troops to fight for the "despotic" regime in Kinshasa was costing Zimbabwe millions of dollars a day, at a time of rising economic misery at home

This misery has already inspired widespread unrest in the urban areas of Zimbabwe, now reinforced by outrage over the government's 67 percent hike in the price of fuel

The question is, to what lengths will the Zanu-PF regime go to antagonise its nationals into an open and sustained revolt, and what would the spillover impact be in South Africa?

Could it be that the regime is banking on the fact that dissident urbanites are outnumbered by the party's rural faithful? Yet, ever since Zimbabwe embarked on its Congo intervention, there have been signs of substantial unrest within Zanu-PF itself



Zimbabwean president Robert Mugabe.

What is interesting in all of this is the absence of any expressions of anti-war solidarity with the Zimbabwean opposition to the Congo intervention from elsewhere in the SADC, South Africa in particular

As one person observed "The SADC peace movement is missing in action!"

Anti-war resistance

The issue of the Congo and the intervention of Zimbabwe, Namibia and Angola thus challenges the Southern African NGO community to use the opportunity of anti-war resistance in Zimbabwe and Namibia to advance the role of civil society as an active player in the affairs of SADC

In South Africa's case, the implosion of Zimbabwe – as a result, at least in part, of its government's self-destructive intervention in support of Kabila – could have a negative economic impact here at home

Zimbabwe is South Africa's most important trading partner in Africa and 11 percent of its total trade is with Zimbabwe

The other major worry would be a wave of Zimbabwean immigrants – legal and illegal – streaming into South Africa as a result of a political and economic collapse in the country

Thus there are all sorts of reasons, both economic and political as well as moral, for the South African NGO community, especially those preoccupied with human rights, democracy and governance, to support the growing Zimbabwean movement for political and economic reform coupled with resistance to the country's involvement in the Congo.

A popular southern African peace movement campaigning to end military intervention in the Congo could have the potential of mobilising civil society on a subregional basis and, in the process, strengthen pro-democracy forces as a potent pressure group in the government-dominated politics of the SADC

Perhaps, for example, a subcontinental peace movement could, by lobbying to end the war and military involvement in the Congo, energise quasi-civil society structures like the SADC Parliamentary Forum.

In fact, such a lobby could even become part of a conflict-resolution process in the Congo and Great Lakes region by serving as part of an international contingent of peace and-or election monitors in the implementation of a settlement

The interactive e-mail communications infrastructure networking with churches and trade unions could link the SADC NGO community in such a campaign.

Further, it is highly possible that a southern African peace movement that complemented the diplomatic initiatives aimed at reaching a peace settlement in the Congo could inspire fraternal Congo-central Africa peace campaigns in the United States and in the European Union, where human rights and pro-Africa activist constituencies would be looking to play a support role

Anti-war resistance and peace campaigning in SADC could, therefore, become another front in the politics of untangling the crisis in greater central Africa.

The question is, will the NGO communities of South and Southern Africa rise to the occasion presented by the Congo crisis or will they continue to be "missing in action"?

(The writer is the coordinator of the National Policy Institute of South Africa. The article is written in his personal capacity.)

SADC strengthens Mercosur trade ties

~~297~~ (279A)

Patrick Wadula

MERCOSUR (South American) links with the Southern African Development Community (SADC) will be concentrated on sectoral trade and investments, following the recent conference in Johannesburg.

SA Institute of International Affairs national director Greg Mills said sectors such as mining, fishing and the motor industry would be targeted.

Both groups would identify regional projects around which to establish links along a practical rather than a simply political axis.

The motor industry offered unique opportunities for exports and technology exchanges.

Mills said the next meeting between the two regions was expected to take place in one of the Mercosur countries.

Links would not end with trade and investment. There could also be shared experiences in dealing with transnational crime, particularly drug and weapons smuggling and money laundering.

He cautioned that regional integration would not be achieved if there was a shortage of value-added products, a low level of industrialisation and a heavy dependency on imports from advanced industrialised countries.

BD 23/11/98

Comesa wants new shipping line

(2791A)

WAIRAGALA WAKABI

Kampala — A meeting of the Common Market for Eastern and Southern Africa (Comesa) recommended the formation of a shipping line to boost maritime trade in the region, it said in a report compiled recently.

The Comesa shipping group, which comprised Kenya, Tanzania, Mauritius, Sudan and the Democratic Republic of Congo, was concerned that few shipping services in the region were operated by Comesa citizens.

It said the volume of trade in the region could sustain a shipping line, though there were few ships owned by Comesa countries and those available were old.

Comesa discussed a database on shipping services, trade opportunities in the region and harmonisation of maritime law. — Independent Foreign Service

CT(BR) 27/11/98

SADC unions oppose free trade

BD 13/5/99 (279A)

John Dludlu

FREE TRADE in southern Africa was attacked again yesterday, when 13 of the region's trade unions blamed "premature tariff reductions" and lax customs controls for job losses

After a meeting in Maputo this week, the unions — including the SA Clothing and Textile Workers' Union — pledged yesterday to unite to fight job losses and called on multinational groups to be prepared to enter into region-wide collective bargaining agreements.

They agreed on the Maputo declaration, asking governments to realign their labour laws to encourage such agreements.

The unions, drawn from the clothing, textile and leather sectors, also call for a right to organise their activities across the region's borders.

They suggest a Southern African Development Community (SADC) protocol that would "require (multinational) companies to facilitate and finance regular joint meetings of shop stewards in all organised workplaces across national frontiers owned and controlled by one company".

The declaration is to be circulated among all governments in the region.

Coming amid continuing efforts by the SADC to create tariff-free trade, the declaration signals a tougher task ahead for the negotiators in convincing labour to buy into the idea. The 11 SADC countries taking part in the talks hope to complete the talks on the free trade protocol next month.

The Maputo declaration says: "The SADC was founded as a special union of nations — it was not set up as a 'free trade zone'."

Many governments have been pressed by corporations to focus only on the trade and investment dimension of regional integration "stripped of all its social pillars, it will not be a development community, but simply a bigger market for corporations to maximise their profits", it says.

The unions are also calling on African governments to support labour calls to restructure the World Trade Organisation as member governments of the WTO prepare for a third ministerial meeting in Seattle, US. Unions are not represented in the trade watchdog.

The unions are also pushing for a link between trade and labour standards. They want WTO members to have to comply with labour standards, such as banning child labour, in order to receive WTO benefits.

April deadline for customs union passes

BD 3/5/99 (279A)

It is unlikely ministers will be able to ratify new accord before June 2

John Dludlu

NEGOTIATORS from the Southern African Customs Union missed the deadline for a reshaped accord on Friday, sparking fears that the talks may even continue beyond June 2 — the date for SA's second all-race, democratic election

At their meeting in Botswana last October, trade, finance and agricultural ministers from the union's signatory nations — SA, Botswana, Lesotho, Namibia and Swaziland — agreed on the end of April as the time by which a "final agreement of the renegotiated (customs union)" should have been reached

While there were no major disagreements, officials had failed to achieve "substantial agreement" to justify calling a ministerial meeting to assess progress

Any agreement reached by the customs officials still has to be endorsed by the ministers

Draft negotiation meetings are set to continue this month.

A negotiator attributed the failure to meet the deadline to capacity constraints Most of the officials who are involved in formulating the draft were having to deal with a number of trade issues other than the customs union's review, the official said

"Our resources are spread very thinly at times," he said.

"There is also no point in rushing the draft through to the ministers," the official said.

Thanks to the ministers' busy schedules, it was now possible that they might not meet until well after the SA election

Should this happen it would mean that the current SA government, which initiated the talks soon after taking office, would have failed in its plans to "democratise" the administration of the customs union in its term in office.

SA, which administers the arrangement, has been criticised for using this trade agreement as a tool to exercise its control in the subregion As a custodian of the union SA has the responsibility of paying out the shares from the common customs and excise revenue pool.

Though substantial agreement has been achieved in an alternative formula to be used in sharing customs revenue, negotiators have yet to resolve practical details to enable individual governments to levy their own excise duties as envisaged in a new dispensation.

Crucially, a final agreement on institutions to be involved — at a technical level — had yet to be struck.

A specialised task team was appointed after the last ministerial meeting to work out details of a secretariat that would be responsible for the day-to-day administration and management of the common revenue pool as well as the union's common external tariff system

Although the other partners are consulted in decisions, they want a say in the running of the customs union's affairs.

The official also said talks on agricultural policy had reached an advanced stage

Agricultural officials were due in Namibia this week in what might be their final meeting, he said.

However, more work had yet to be done on sectoral industrial policies, the official said. Talks on sectoral industrial strategies began in earnest only last month

FREE TRADE

CT (BR) 4/5/99

Unequal partners bemoan regional yoke

(279A)

LYNDA LOXTON

Slowly but surely, southern Africa is treading the difficult path of co-ordinating trade and investment policies to strengthen neighbouring economies and add muscle to the region's ability to negotiate on the world economic stage

All this comes through in the latest edition of the Trade and Industry Monitor, published by the Trade and Industrial Policy Secretariat and the Development Policy Research Unit (DPRU)

Paul Kalenga, a DPRU researcher, said although there was a general desire in the Southern African Development Community (SADC) to establish a free trade agreement, there were also many concerns about how this could affect individual member states

There was a strong fear among its neighbours that South Africa would dominate the region because of its industrial sophistication

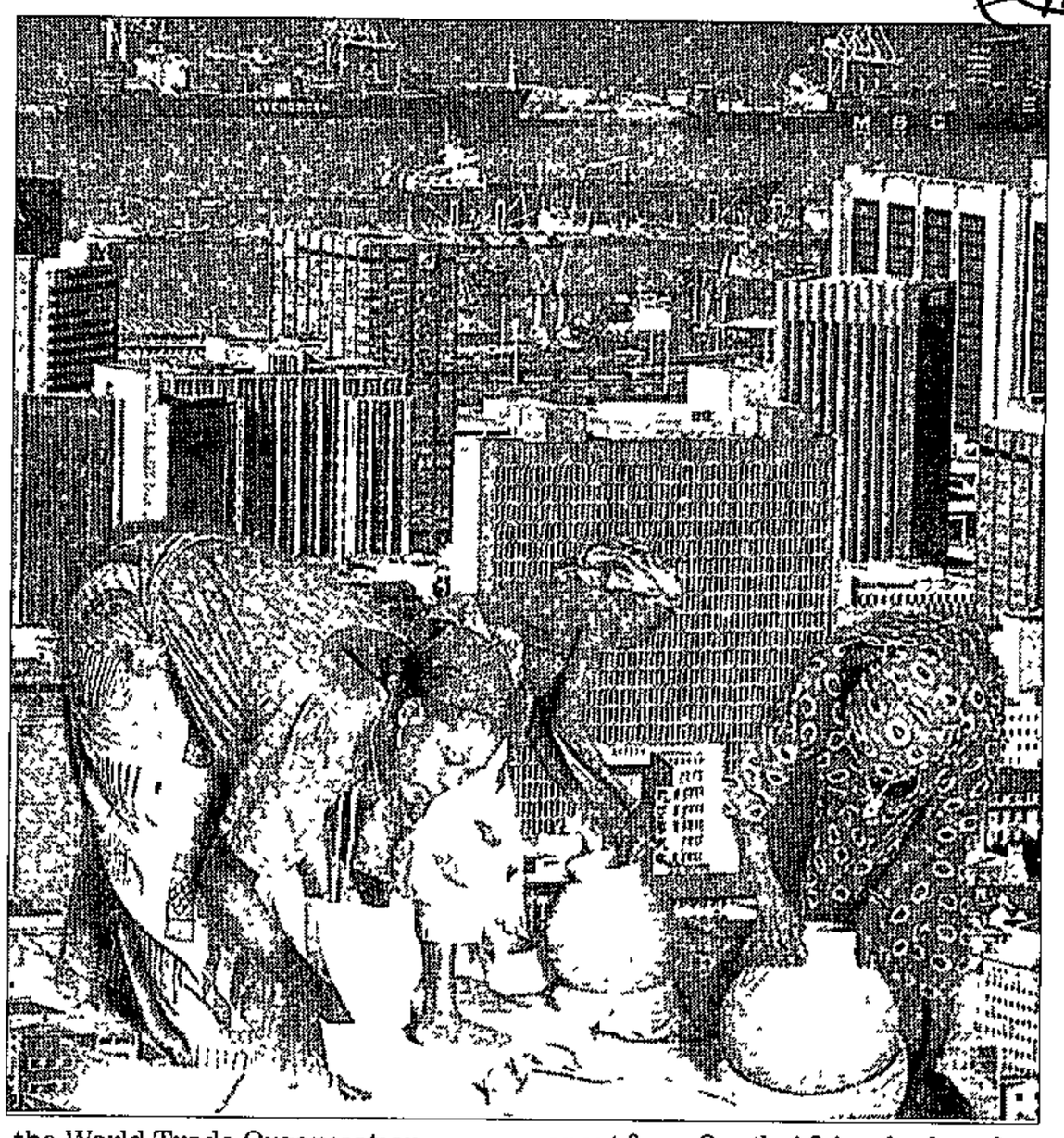
South African firms, in turn, feared the influx of cheap imports from lower-wage countries in the region

"Fears and concerns about integrating extremely unequal partners are genuine," Kalenga said "In practice, there are likely to be both costs and benefits for individual SADC economies."

The problem was the lack of hard data to quantify those costs and benefits. This was something the DPRU planned to examine, he said

But why the move to regional economic and trade arrangements? Kalenga said it was estimated that about 60 percent of world trade now took place in regional trading blocs

It was widely believed this trend could lead in the long run to global free trade, a cherished ambition of



the World Trade Organisation

Intraregional trade and investment was considered important to the development of the SADC A complicating factor, however, was the existence of overlapping trade agreements among member states.

The countries closest to South Africa belonged to the South African Customs Union (Sacu), which had a common external tariff.

But, with the exception of Botswana and South Africa, all other Sacu members also belonged to the Common Market for Eastern and Southern Africa (Comesa), which had embarked on a tariff reduction schedule with the aim of establishing a free trade area by 2000.

In addition, all Sacu countries, apart from South Africa, had preferential access for some of their products into the European Union under the Lomé Convention There were also bilateral preferential trade arrangements between SADC members and between Comesa and SADC members

Kalenga said an SADC free trade area would not be without its problems The most crucial issue would be rules of origin, to prevent importers from taking advantage of lower external tariffs in another member country

"Already there have been complaints by South African industries of illegal imports in Sacu, arising from South Africa's bilateral preferential agreements with individual SADC members such as Malawi," he said.

On a broader front, Amanda Driver, another DPRU researcher, said the evolution of development corridors in the region started in 1980 when transport and communication were identified as a priority for regional co-operation, mainly with the view to reducing dependence on South Africa

Since 1994, however, the focus had shifted towards development corridors aimed at promoting economic development in often marginalised areas The primary examples of these so far were the Maputo, Beira and Walvis Bay corridors, but many others were planned.

This new focus required an interdepartmental approach "so that the question of the economic benefit of an investment in infrastructure is not addressed after the fact but is part of the conceptualisation of the infrastructure project from the start", Driver said.

Because of the cash limitations of the public sector, increasing emphasis was placed on public-private sector partnerships. The private sector could play an active role in financing, managing and maintaining large infrastructure projects that would previously have been undertaken by the state. Such involvement usually implied higher user fees such as tolls, but at least ensured that the facilities existed.

The Witbank-Maputo toll road also embodied co-operation between the governments of two countries, reinforcing the whole concept of regional co-operation

Much more research has to be done to flesh out the whole issue of regional integration But after many years of theoretical conjecture and talk, at least a start has been made

SADC set to march into new millenium with trade deal

(279A) BD 10/5/99

Talks on a southern African free trade area, which may help to cure some of the region's ills, are on track, writes associate editor **John Dludlu**

MEMBERS of the Southern African Development Community have set a June deadline for the conclusion of talks on the creation of the SADC's free trade area Free trade, characterised by the absence of tariff and nontariff barriers, has been identified by analysts as a panacea to most, if not all, the region's ills

Some countries believe that come January 2000 — the target date for implementing this ambitious project — the SADC's problems of under development, unemployment, poverty, sluggish growth, low levels of intra-regional trade and commodity-based economies will disappear

Kaire Mbuende, SADC executive secretary, has not helped to lower members' expectations by also cautioning them about the pitfalls In fact, he has estimated that tariff-free trade will create about 5-million new jobs in the short term and will add $2,6bn to the region's gross domestic product (GDP) It is this leap of faith in the benefits of free trade that has driven 11 SADC members to work tirelessly towards the June deadline.

To some, the talks are about seeking concessions to SA's lucrative market To others, they offer an opportunity for the region to build internationally competitive industries

The talks took months, missing several deadlines, before gathering momentum The delays were partly to allow for internal consultations but also reflected fears about the dangers of embracing free trade

However, since negotiations were launched in earnest last year, considerable progress has been made members have agreed on a "standstill" and a "rollback" clause In other words, the 11 have agreed not to raise tariffs to levels beyond those of July 1998 Those that have had to, such as Zimbabwe which hiked tariffs by more than 100% in certain sectors at the height of economic turmoil last year, will have to reverse them to July 1998 levels

The 11, excluding the Democratic Republic of Congo, Seychelles and Angola, have also begun to discuss removing barriers in the trade of chemicals, base metals and liquid fuels .

The civil wars raging in both the Congo and Angola have effectively excluded them from the talks They may accede to an agreed treaty later but will by then be in a weaker position to seek concessions

Mfundo Nkuhlu, the chief director for Africa trade relations at SA's trade and industry department, says the strategy for the negotiators is to focus on tariffs in sectors where there is limited production capacity in the SADC, such as chemicals

Tariff liberalisation was the approach adopted in negotiating the free trade deal between SA and the European Union

In sectors with long-term growth potential, such as clothing and textiles, a series of multifaceted agreements is envisaged, Nkuhlu says These comprehensive agreements will look beyond tariff instruments and will address production synergies, export strategies and downstream-upstream linkages.

It is widely believed that the SADC's textile and clothing players are inefficient and involved in destructive competition in the face of damaging penetration by illegal imports.

Take SA and Zimbabwe. The two have a bilateral trade accord through which SA grants a quota of Zimbabwean imports preferential access to its market But Trade and Industry Minister Alec Erwin has admitted that the quota is not big enough to encourage a change in Zimbabwe's production patterns. Far more effective will be a plan that recognises the realities of these two economies.

Continued competition between the two leaves the region with the worst of both worlds, says Erwin

An alternative being considered is the more rapid lowering of tariffs driven by a core group of leading players in the clothing and textile sectors

After an approach by Zimbabwe for a bilateral duty-free trade with SA, Pretoria has decided to broaden the plan to include Mauritius

A viable long-term plan would have to involve the region's leading cotton players such as Mozambique and Tanzania. This approach provides hope that the region may resuscitate sectors that were once the world's lowest cost producers, such as sugar and cotton

The current long-term approach may enhance growth opportunities for clothing and car industries It will also help address some of the region's production constraints

With a clear strategy, built on tariff-free trade, the region will be in a better position to attract foreign investors and will begin to align itself with the global economy.

Tariff levels in the SADC are already falling thanks to structural adjustment programmes and an accelerated tariff cut programme sponsored by the Bretton Woods institutions Only one or two SADC members, including SA, are not participants in such schemes

However, the fact that implementation of these programmes has failed to increase intra-regional trade suggests the problem is not entirely trade It is also the result of economies producing similar products, mostly commodities, and underdeveloped industrial bases

SA's trade with Southern African development community

SA's trade with individual SADC nations in 1998

	SA exports to		SA imports from	
	Rand in millions	% change on previous year	Rand in millions	% change on previous year
Angola	1 064,6	+22%	9,3	-96%
D R Congo	1 024,7	+15%	23,7	-94%
Mauritius	997,1	-14%	29,6	+18%
Malawi	1 183,3	+8%	459,0	+17%
Mozambique	2 583,6	-1%	212,9	+25%
Seychelles	176,1	-7%	8,9	+41%
Tanzania	1 071,2	+20%	26,5	+35%
Zambia	2 067,2	3%	229,3	+34%
Zimbabwe	5 219,5	-1%	1 065,9	+19%

SA's trade with the SADC region (excluding customs union countries)

	1996 Rand in millions	1997 Rand in millions	1998 Rand in millions	% change ('97 – '98)
Exports	13 894,2	15 096,0	15 387,5	+1,9%
Imports	2 052,1	2 303,5	2 065,3	-10,3%
Trade surplus	11 842,1	12 792,5	13 322,2	+4,1%

Graphic: MATTHYS MOSS Source: IDC

Intra-SADC trade now stands at about 20%, still below other integration arrangements around the world However, SA has already offered to open the bulk of its markets in the first five years of the eight-year liberalisation programme, and Erwin has made it known that SA is ready to make unilateral concessions on agreed areas as early as January, even if there is not yet overall agreement

There is a very strong case for opening SA's markets to SADC goods According to the Industrial Development Corporation (IDC), SA's trade surplus to the region rose to R13,3bn last year compared with R12,8bn a year earlier The numbers refer to the nine SADC members outside the Southern African Customs Union, which includes Botswana, Lesotho, Namibia and Swaziland.

The IDC warns that the picture is "undoubtedly bleaker in volume terms" when considering the rand's depreciation in 1998

If the rest of the region fails to increase exports or attract foreign investment there is potential for deindustrialisation, Erwin says

SA has relaxed exchange controls to encourage investments in the region. However, the jury is still out on whether the measures have encouraged SA sectors which assist the SADC's industrialisation efforts.

Erwin says government is working with the private sector to encourage modern investments in the region, such as the Mozambican aluminium project.

While talk of a free trade area has caused much excitement in the SADC, studies show it will not be entirely free. Most governments still rely on tariff duties as a revenue source — as high as 50% for some countries — hence the reduction of tariffs will require them to think on their feet before next January.

An impact study, conducted by the Centre for Research into Economics and Finance in Southern Africa at the London School of Economics and Harare-based consultants Imani Development, says some members will have to raise taxes to counter reduced tariff income. Malawi and Zimbabwe, for example, would have to raise taxes by up to 5% to offset the loss of customs revenue resulting from a free trade agreement .

While governments will face the challenge of diversifying revenue sources, the same study has found that a case for intra-regional tax competition used as an incentive for investment is very weak.

Apart from revenue declines, the advent of a free trade area will make competition more robust in the SADC

Because of the enormity of the task at hand, it is looking increasingly probable that the SADC negotiators will not have agreed on everything by the June deadline. If that is the case, governments must not despair but rather press on.

A free trade area is, after all, a key ingredient to the overall cure of the region's ills.

PRESIDENT PrepMed

Africa to market new tourist destination

Nicola Jenvey

DURBAN — Tourism bodies in Mozambique, Swaziland, KwaZulu-Natal, Mpumalanga and Northern Province have joined forces to market a new cross-border tourism destination within southern Africa.

The region, which spans the area from the snow-capped Drakensberg to the palm-fringed beaches and coral reefs on the Bazaruto archipelago in Mozambique, will be marketed as a separate tourism destination by a newly formed committee known as the South East African Tourism Committee (Seatoc).

Launching the initiative during Indaba, SA's tourism trade showpiece, spokesman Christian Peters-Berries said the idea came from a workshop facilitated by the German nongovernmental organisation Konrad Adenauer Foundation.

Bank's tourism division: Page 17

(279A) BD 11/5/99

SADC tourism plan cuts across borders

ET (BR) 11/5/99 (279A)

RAVIN MAHARAJ

Durban – Tourism co-operation within the Southern African Development Community (SADC) advanced with the launch yesterday of a new tourism sub-region in southern Africa at Indaba '99.

The South-East African Tourism Committee (Seatoc) incorporates geographic areas from within Mozambique, Swaziland, KwaZulu Natal, Mpumalanga and the Northern Province. Seatoc will be marketed as a separate tourism destination.

The initiative was supported financially by the Konrad Adenauer Foundation, a German-based non-governmental organisation, and provincial governments.

Jenny Briedenham, the secretary of Seatoc, said the aim was to develop a co-ordinated tourism masterplan for the region, and use it for sustainable economic development there.

The initiative followed last year's successful launch of the Lubombo spatial development initiative by Swaziland, Mozambique and South Africa to lure new investment in the region, and capitalise on natural assets.

Arlindo Langa, the chairman of Seatoc, said a competitive tourism region would help strengthen the balance of payments position, especially in Mozambique.

Langa said the initiative would encourage tour operators, travel agents and airlines to create joint package tours within the sub-region and provide greater lobbying power for the removal of lengthy border procedures.

'SADC needs efficient IT industry'

(279B)

By Shadrack Mashalaba

INFORMATION Technology (IT) could be used to synergise development in Africa by transmission of data from one country to another, Arts, Culture, Science and Technology Minister Ben Ngubane said yesterday

Addressing the opening of Computer Faire '99, Ngubane said South Africa's IT development in isolation to the African continent was untenable

The continued lack of a sophisticated technology sector in Africa would retard South Africa's progress and the problem would be a burden for the country

Ngubane said there was a need to develop cooperation between South Africa and its Southern African Development Community neighbours and the rest of Africa

The fair is the largest and most comprehensive business technology applications exhibitions in Africa. This year's show has been endorsed by the Black Information Technology Forum which represents black IT companies

The fair is expected to provide industry players the opportunity to display innovative products and services from pace-setting international and local companies

Ngubane said his ministry would in the coming few months release a report on its vision about the future of the IT industry

"The report will be a valuable asset to the stakeholders"

He said the issue of regulation in the IT industry posed challenges It was the responsibility of the Government to protect society from individuals intent on mischief and who could use IT to achieve their nefarious goals

While acknowledging that regulations in IT-related sectors were a complex issue, it was imperative to involve industry players.

E-commerce – currently taking the business world by storm – could be used to shape systems, Ngubane said.

"It is therefore the responsibility of government that this works efficiently," he said

He hoped that barriers to access to technology would one day be removed. "We can no longer continue to exclude the underprivileged from the benefits of technology The challenge is to deal with illiteracy."

South Africa's IT market was valued at R22 billion last year and growing at about 16 percent a year. About 400 exhibitors are showcasing their wares. The show ends on May 15

Sowetan 12/5/99

Regional trade aid mooted

(279A) BD 18/5/99

John Dludlu

THERE is no clear case for fiscal compensation to accompany regional trade arrangements, but a combination of measures may be required to ensure that the benefits of trade liberalisation in southern Africa are shared broadly, says a recent study.

The finding is contained in a study carried out by consultants Imani Development and the London School of Economics' Centre for Research into Economics and Finance in Southern Africa. The study investigated nontariff policies that would support a free-trade area in the Southern African Development Community (SADC).

In justifying the case for compensation or measures to ensure that free-trade gains are equally shared, the report's authors say that in arrangements, where members have a common external tariff system, net exporters tend to enjoy greater gains in trade liberalisation.

Therefore, in the SADC's case, where SA is already running a R13bn trade surplus with nine SADC partners, free trade would lead to an increase in this trade imbalance. SA would therefore probably attract foreign direct investment at the expense of its neighbours.

Though the study argues against fiscal compensation or subsidies, which may be unsustainable, it makes a range of proposals that would achieve the effect of compensation.

The issue of compensation for weaker economies is expected to dominate SADC free-trade talks in coming months.

SA appears to have opted for the implementation of alternatives to direct compensation recommended by the research report.

These include relaxing exchange controls to enable SA companies to invest in neighbouring economies; faster removal of tariff barriers to SA's markets; and investment in infrastructure development.

Government has raised the limit that SA companies can invest in the SADC region from R50m to R250m.

Finance Minister Trevor Manuel has indicated that further relaxation will be considered later in the year.

Pretoria's offer to the SADC free-trade negotiations provides for faster access into SA's markets by the other SADC members. The bulk of products from SADC countries would be able to enter SA duty-free in five years. The five-year period is three years earlier than the time stipulated in the SADC trade protocol.

The study also suggests that free-trade gains could be spread broadly by the establishment of a regional development fund.

It says the fund should include contributions from SADC members calculated in terms of shares of intraregional exports. In this way, the bulk of the money will come from SA.

The pool of the development fund could be supplemented by redirection of foreign aid "conditional on progress with intra-SADC trade liberalisation".

Sources close to the SADC free-trade negotiations say SA, which is already involved in a compensation arrangement with its partners in the Southern African Customs Union, is reluctant to commit itself to another open-ended compensation scheme.

The idea of development initiatives such as the Maputo Development Corridor is in part a response to the problem of compensation.

AFRICAN BUSINESS

Comesa leaders argue case for free trade in region next year

ET (BR) 18/5/99 (279A)

KENNEDY LIAYO

Lusaka – The Common Market for Eastern and Southern Africa (Comesa) said yesterday the loss of customs revenues from tariff reduction would be manageable.

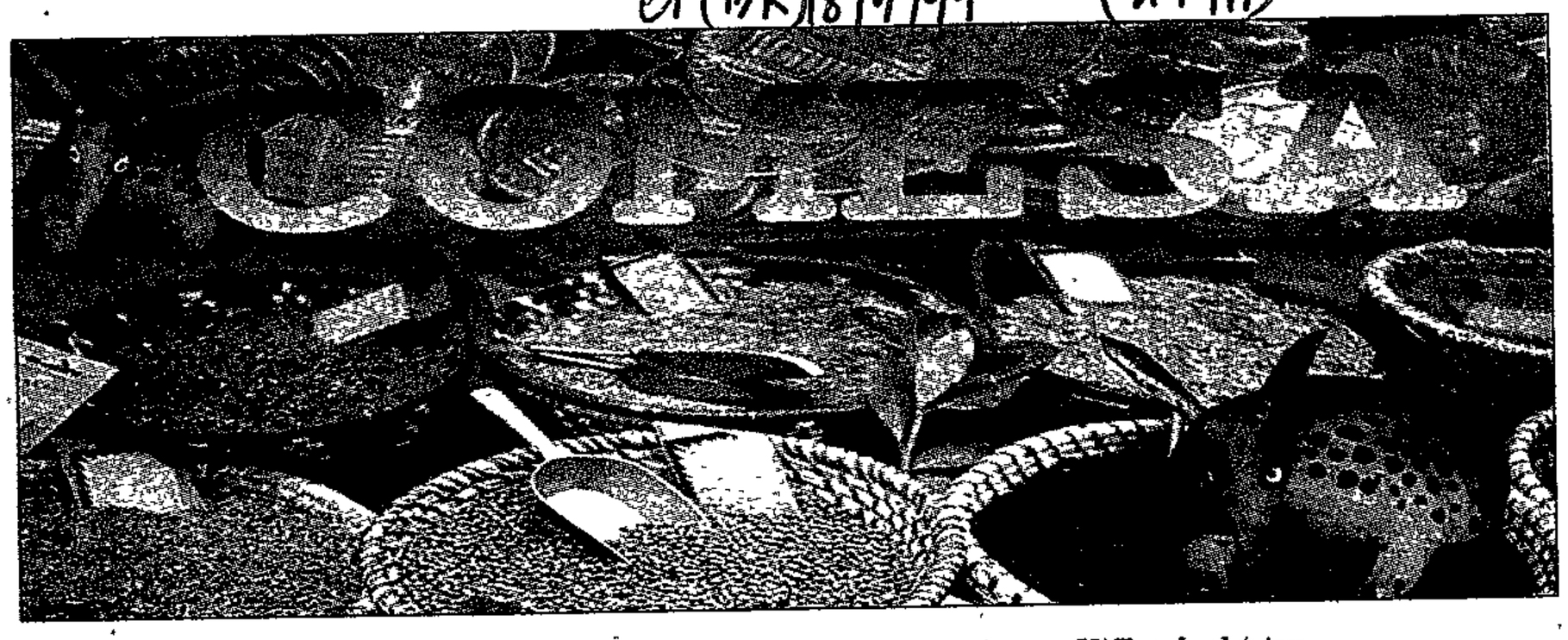
The free trade area, which means elimination of duties on intraregional trade, comes into force in October next year.

Sondiso Ngwenya, Comesa's assistant secretary-general, said duties on intra-Comesa imports, as a percentage of government revenue, varied from 0,1 percent to 11,7 percent.

"The figures I have quoted constitute a powerful case for the reduction to zero of customs duties on intra-Comesa trade," Ngwenya told a Comesa trade and customs committee meeting recently.

Comesa has set October 31 2000 as the deadline for member countries to eliminate customs duty on intra-regional trade to usher in a free trade area.

Ngwenya said out of 21 Comesa members, 16 had reduced tariffs between 60 and 90 percent, bringing the average intra-Comesa tariff down to 8 percent.



For governments still worried about the projected loss in customs revenue, the Comesa treaty had a provision for compensating countries whose loss of revenues would be more than had been estimated.

"I wish to draw attention to the safeguard provisions of the treaty and the compensation it provides under the cross-border initiative for participating countries," said Ngwenya.

David Mpamba, the chairman of the Comesa council of ministers, described the fears over revenue losses from the free trade era as "more of a myth than a reality".

Mpamba, who is Zambia's commerce and trade and industry minister, said there was a global shift by governments from dependency on customs duty as a main source of revenue to more neutral taxes such as VAT and sales tax.

Mpamba said most Comesa members were also moving in this direction as they were members of the World Trade Organisation.

"In the Comesa region, our business community is grappling with some tariff and non-tariff barriers while their counterparts in the developed world are already in the age of electronic commerce, which knows no frontiers.

"Importation of goods cannot be a solution to our economic ills, particularly when imported goods land expensively. It is about time we thought of pursuing exportation of goods outside Comesa," Mpamba said.

He urged member governments to come to terms with the world trade regime, where individual national markets were being amalgamated into regional ones and being globalised.

Mpamba emphasised that the era of national markets was a thing of the past and had no place in world trade.

"We should by all means aim at achieving an economic region that would be the strongest building bloc of the African common market in accordance with the Abuja treaty."

The annual Comesa meeting, to be held in Nairobi, Kenya from May 24 to 25, is scheduled to launch the countdown to the establishment of free trade.

Mpamba said under a free trade area, all barriers to intra-Comesa trade would come down and there would be a single market for a population of 380 million potential consumers. – Independent Foreign Service

EU TRADE

SA PACT OPENS PANDORA'S BOX

Africa balks at EU desire to use SA deal as basis for future relations with developing countries

It took more than three years to negotiate and has its share of critics and detractors on both sides But like it or not, the European Union's free trade and co-operation pact with SA looks set to become a model for the EU's future relationships with the rest of Africa

The EU-SA agreement is the newest and most ambitious free trade deal concluded by the EU with any of its trading partners It is the only pact that provides for the gradual elimination of trade restrictions in agriculture, long the most protected of EU sectors It also goes further than any other free trade arrangement in its references to subsidies, intellectual property rights and competition policy Also important is the agreement's promise that aid from Europe will help prop up sectors most vulnerable to increased foreign competition

EU officials have long maintained that their success in negotiating the SA deal would be a test for Europe's wider relationship with other African nations When the SA arrangement was finally clinched in Berlin at end-March, the EU said the deal — with its combination of free trade and development co-operation — would set the tone for future EU pacts in Africa

Pretoria takes a more cautious view "The EU-SA agreement is atypical because SA's level of development and economic structures are totally different from other African countries," insists Elias Links, SA's ambassador to the EU "I am hesitant to call it a model for others in Africa It is more a source of inspiration Something that shows the way for the future "

But as negotiations get under way on a new relationship between the EU and African, Caribbean and Pacific countries, the message from Brussels is clear the EU intends to replace the 25-year-old Lomé trade and aid Convention which runs out in February 2000 with so-called Regional Economic Partnership Agreements (REPAs), based loosely on the pact negotiated with SA Officials in Brussels say the new partnership deals will be on offer to all ACP nations. Each country will be free to decide whether it wants to negotiate with the EU individually or as part of a wider regional organisation

The EU's new ACP strategy marks a clean break with the past The Lomé treaty was based on nonreciprocal trade preferences given by the EU to the 70 ACP nations The new REPAs, in contrast, will focus on the trade reciprocity that is a central plank of the EU-SA pact In other words, ACP nations, which have enjoyed duty-free access to the EU market for over two decades, will have to start opening up their own markets to EU goods, possibly over a period of 12 to 15 years Only least-developed nations will continue to sell their products in Europe without tariffs and without having to dismantle their own barriers

Philip Lowe, the EU's director-general

REGIONAL INTEGRATION

INDULGING IN A DAYDREAM?

Regional trade pacts flawed

For more than three decades, sub-Saharan African countries have been attempting to integrate their economies as a way of accelerating industrialisation and economic growth

But attempts at regional integration have had a chequered history and may not achieve the desired results, says a recent study by Alexander Yeats, a principal economist with the international trade division of the World Bank

He cautions that preferential trade deals in sub-Saharan Africa could have a negative impact on industrialisation and growth They could also reduce the ability of countries to compete in outside markets, thus leading to greater marginalisation

The reason for this is that if other developing countries, such as south Asia, sourced imports for production equipment from world low-cost producers, preferential trade deals might force sub-Saharan countries to buy from higher-cost-less efficient sources in the region This in turn would reduce their ability to compete with other regional markets

Yeats draws his conclusions from a study of intra-African trade which shows that Africa's nonoil exports are concentrated in a few products, none of which are important in regional imports Furthermore, the range of processed products African countries export competitively is narrow and would provide a limited base for expanding intra-trade

Many of sub-Saharan countries share comparative advantage in the same items, primarily commodities such as coffee, cocoa, sugar and metal ores

Excluding refined petroleum products, Yeats found that only a few African countries had a comparative advantage in products accounting for about 5% of total regional imports

Trade between African countries also tends to be concentrated within subregional geographic groups, with almost no trade occurring between east and west



WEST AFRICAN ECONOMIC AND MONETARY UNION (UEMOA)	GDP ($bn)	Population (m)
Benin	2,1	5,8
Burkina Faso	2,4	10,9
Cote d'Ivoire	10,3	14,7
Mali	2,5	10,3
Niger	1,9	9,7
Senegal	4,9	8,8
Togo	1,5	4,3
TOTAL	**25,6**	**64,5**



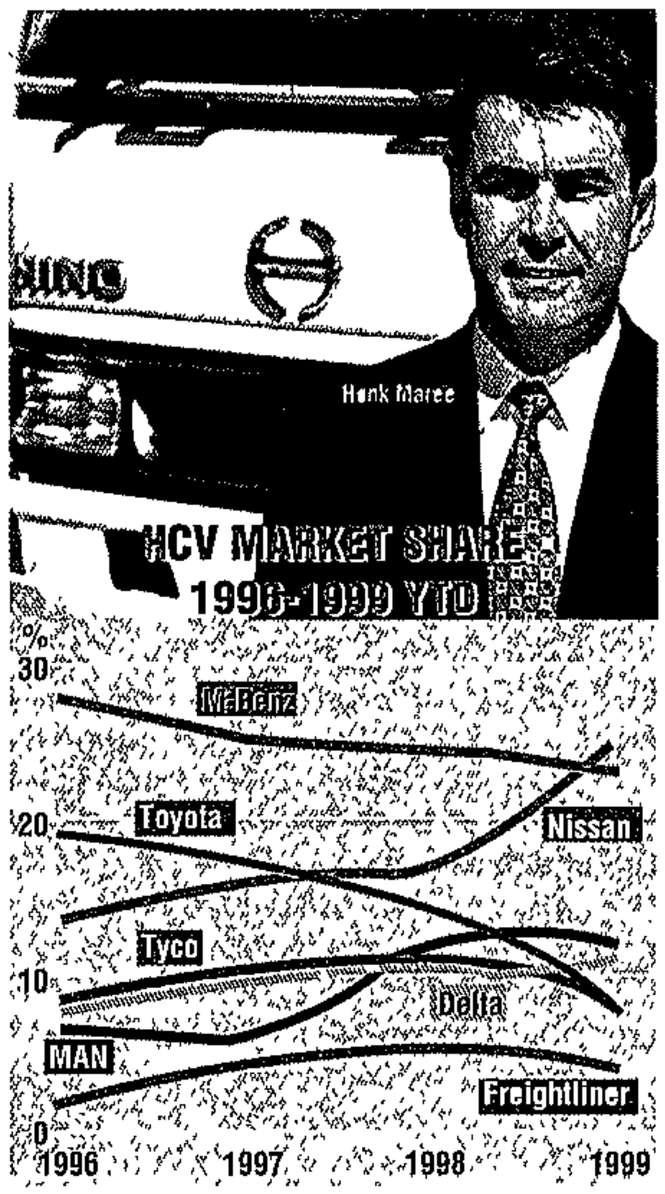
ECONOMIC COMMUNITY OF WEST AFRICAN STATES (ECOWAS)	GDP ($bn)	Population (m)
Benin	2,1	5,8
Burkina Faso	2,4	10,9
Cape Verde	0,43	0,40
Cote d'Ivoire	10,3	14,7
The Gambia	0,41	1,2
Ghana	6,8	18,0
Guinea	3,9	6,9
Guinea-Bissau	0,27	1,1
Liberia	—	2,9
Mali	2,5	10,3
Mauritania	1,1	2,4
Niger	1,9	9,7
Nigeria	52,2	117,9
Senegal	4,9	8,8
Sierra Leone	0,76	4,7
Togo	1,5	4,3
TOTAL	**91,4**	**220**

Maree says Toyota will continue to lobby against the change "I understand the others' view They are doing what's best for them"

The import duty issue is an added irritant for Toyota Trucks at a time when it is facing challenges to its traditional dominance of the SA truck market The success of Mercedes' Sprinter delivery van has knocked Toyota off its long-term position at the head of the medium-commercial vehicle sector, it has been overtaken in the heavy sector too Mercedes, Nissan, Delta and MAN are all ahead and Maree admits overtaking will be difficult

Why the slide? Maree claims Mercedes, in particular, is targeting Toyota customers with new products In the heavy market, competitors have benefited from new models and big government tenders

The decision to relinquish the Peterbilt truck franchise has also cost Toyota market share, as has price-cutting among many of the nearly 30 truck companies operating in SA Toyota is even losing sales of its own-brand Dyna and Hino models to parallel imports of the same products by independent truck company AMC



Maree describes 1999 as a year of consolidation but says Toyota's market share will rise again as its own new models, including a Hino 4x4 truck, are launched in SA "We have a revised product strategy from which we will see the full benefits from 2000"

Whether it can regain all its lost market share, Maree isn't guessing Once the holder of 40% of the medium-commercial market, "we have accepted 25%-30% for the medium term" In the heavy truck sector, "there were times we had 18%, but there were fewer players then Maybe we can look at that figure again in 2001"

One piece of good news is Toyota's export performance It is awaiting confirmation from Toyota Motor Co in Japan that the SA company will become the official Toyota truck exporter to sub-Saharan Africa It shares the region with Japan now "We don't know volumes yet for the new territories and we have to investigate markets and distribution But we expect to get written approval in a few weeks," says Maree **David Furlonger**

---

down or sold off, the licensees have hit the ground running

Since January 1999 they have been responsible for their own marketing, public relations, information systems, training, research, and business management.

"We've seen improvements nationally in sales and turnover in the first quarter, in some cases drastic improvements, irrespective of improvements in the property market, because now licensees are able to invest more in marketing themselves directly," says Seeff Property Services CEO Stuart Manning.

The new system is also more cost-effective because the group has outsourced most support services and no longer has to fund a head office with layers of managerial staff

"There's no question that it's an improvement on the old system," says Seeff Sandton MD Charles Vining "I think this view is shared across the board, particularly among the larger operators."

Seeff's largest Western Cape licensee, Andrew Smith, agrees "Over the past five months, Seeff nationally has bloomed We really feel we're back on track and are quite comfortable that it was the right move"

One of the risks of a licensee arrangement is that the brand becomes fragmented To co-ordinate the direction of the group and promote the brand nationally, the licensees have been organised into provincial and national committees on which small licensees and the licensor are guaranteed representation

Each licensee has to contribute a fixed monthly sum to their province for marketing activities There is also a national fund

"I think what we've put in place is quite revolutionary," says Smith "It has given us responsibility and authority and put our passion back into the business"

Manning stresses that the licensor is not merely a rent collector under this system, but has an obligation to protect and promote the Seeff brand.

"Our vision is to grow the network of licensees in SA and overseas," he says "Nothing has changed in the way we open offices, our criteria are still the same We probably turn away 75% of applicants"

The Seeff brothers still own the rights to the name Seeff, which they bought back from Brait (after ownership passed to it from Capital Alliance) It is held under a private company, Seeff Property Services It also includes Seeff Commercial, which has been scaled down into a licensing operation, as well as Seeff Residential Projects, which undertakes mostly townhouse developments

Seeff's auction division has been sold to auctioneer Rael Levitt, but the brothers are planning to buy another national auction business

Seeff Home Loans sold off its mortgage book and Lawrence Seeff has formed a new loan origination company Seeff's property syndication business has remained with Brait

Samuel Seeff, who is back from Australia on a brief visit before heading to the Cricket World Cup in the UK, says he is still intimately involved in the business "We paid a vast sum to buy the name back from Brait," he says "You don't make an investment like that and walk away

"It's ludicrous to suggest that we lost interest in the business We've been involved day in and day out for 15 years This has been our life" **Claire Bisseker**

for development, says the Lomé agreement can be extended provisionally for another five years after it runs out next February But he insists that, as of next year, he wants the ACP countries to begin negotiations on the new partnership pacts that will go into effect in 2005

Many in the ACP group are unhappy with the EU's change of direction They argue that most countries in Africa are not ready for free trade with Europe Despite over two decades of tariff preferences, ACP exporters have made few inroads into Europe Given ACP countries' continuing economic problems and failure to increase manufacturing or farm production, this is unlikely to change in the coming years. European exporters, on the other hand, will be able to use the tariff-dismantling provisions of the REPAs to secure increased access to ACP markets

The future agreements will not translate into more ACP exports to Europe, says Mirjam van Reisen, an independent development economist who works with Eurostop, a Brussels-based nongovernmental agency "But it would give the EU plenty of access to the South"

As such, many ACP nations are calling for a 10-year transitional period and say negotiations on the post-Lomé trade and economic arrangements should start only in 2005 "We should avoid being wooed by EU words such as regional economic partnerships," says ACP deputy secretary-general Carl Greenidge "In fact, the EU is offering us free trade There is talk of nontrade advantages to be included in the agreements but we have not seen any economic dimension to the REPAs yet"

Their misgivings about free trade notwithstanding, ACP officials and diplomats admit that by negotiating a market-opening deal with the EU, SA has set a precedent which some in Africa will be tempted to follow, at least in the long term For one, a deal with the EU will be seen as a signal that an ACP nation — or region — is serious about economic reform and trade liberalisation It will, as such, give added guarantees to foreign investors, say EU officials.

Also on the plus side, better market access in agriculture will now be up for negotiation Having agreed to open its markets to SA farm goods, the EU "ought to be willing to fashion REPAs with the ACP states in a similar way," says Greenidge

SA's success in negotiating a long 12-year period for full implementation of the free trade provisions means ACP countries can ask for equally generous — or even more generous — treatment Like SA, ACP countries should be able to "ring-fence" their more vulnerable sectors from European exports, says ambassador Links

But following in SA's footsteps for the continent's poorer and less internationally savvy nations will not be easy SA's long and difficult negotiating experience with the EU is a source of concern to many If Africa's most-advanced nation found it so difficult to thrash out a deal, other ACP nations, given their more limited administrative resources and negotiating skills, will find the task of negotiating REPAs even "more onerous", says Greenidge

Keen negotiating skills will be required At times, bargaining on trade concessions in the EU-SA negotiations turned into "hand-to-hand combat on each product", says Eileen Sudworth, an independent development expert in Brussels "Given the minutiae of the negotiations, ACP

ECONOMIC COMMUNITY OF CENTRAL AFRICAN STATES (ECCAS)

	GDP ($bn)	Population (m)
Burundi	1,2	6,6
Cameroon	9,1	14,1
Central African Republic	1,0	3,4
Chad	1,2	6,8
DRC	6,1	46,7
Republic of Congo	2,3	2,8
Equatorial Guinea	0,49	0,42
Gabon	5,2	1,2
Rwanda	1,9	7,9
Sao Tomé & Principe	0,04	0,14
TOTAL	**28,53**	**90,06**

SOUTHERN AFRICAN DEVELOPMENT COMMUNITY (SADC)

	GDP ($bn)	Population (m)
Angola	7,7	11,4
Botswana	5,1	1,5
DRC	6,1	46,7
Lesotho	0,95	2,1
Malawi	2,4	10,3
Mauritius	4,2	1,1
Mozambique	2,8	18,5
Namibia	3,3	1,6
Seychelles	0,54	0,08
Swaziland	1,2	0,95
South Africa	129,0	38,3
Tanzania	6,7	31,3
Zambia	4,0	9,4
Zimbabwe	8,9	11,5
TOTAL	**182,89**	**184,73**

ECONOMIC AND MONETARY COMMUNITY OF CENTRAL AFRICA (CEMAC)

	GDP ($bn)	Population (m)
Cameroon	9,1	14,1
Central African Republic	1,0	3,4
Chad	1,2	6,8
Republic of Congo	2,3	2,8
Equatorial Guinea	0,49	0,42
Gabon	5,2	1,2
Sao Tomé & Principe	0,04	0,14
TOTAL	**19,33**	**28,86**

COMMON MARKET FOR EASTERN AND SOUTHERN AFRICA (COMESA)

	GDP ($bn)	Population (m)
Angola	7,7	11,4
Burundi	1,2	6,6
Comoros	0,19	0,52
DRC	6,1	46,7
Djibouti	0,50	0,64
Egypt	75,5	60,3
Eritrea	0,65	3,8
Ethiopia	6,4	60,1
Kenya	10,2	28,0
Madagascar	3,6	14,1
Malawi	2,4	10,3
Mauritius	4,2	1,1
Namibia	3,3	1,6
Rwanda	1,9	7,9
Seychelles	0,54	0,08
Sudan	—	27,9
Swaziland	1,2	0,95
Uganda	6,6	20,3
Tanzania	6,7	31,3
Zambia	4,0	9,4
Zimbabwe	8,9	11,5
TOTAL	**151,78**	**354,49**

This makes arguments that regional trade can help overcome the problem of small domestic markets less compelling

The only exception Yeats found was in the Southern African Customs Union (Sacu), made up of Botswana, Lesotho, Namibia, Swaziland and SA Sacu's exports to the rest of the sub-Saharan region were about US$3,4bn in 1995, making it the largest regional trader

"Though size alone makes Sacu a potentially important factor in regional trade initiatives, its attraction as a partner is further enhanced by its capacity to competitively export many of the types of products which are prominent in other sub-Saharan countries' imports"

Even in Sacu's case Yeats finds that its trade is concentrated in countries closest to it because of transport, communication and other logistical links

Instead of preferential trade arrangements, Yeats suggests sub-Saharan African countries should reduce trade barriers, thus freeing producers to source their supplies and production equipment from low-cost suppliers This way Africa would improve its ability to compete internationally

Jabulani Sikhakhane

countries will have to look at the time, cost and expertise to be invested in any discussions with Europe," she adds "They will have to ask is it worth the candle?"

Links agrees ACP countries will find the negotiating "very tough" His advice is that ACP diplomats should "do your homework and keep an open mind be ready to move the process forward but have a good fallback position as well". Also, "negotiators need a sense of humour"

Before they can benefit from that advice, however, ACP governments have to decide if an SA-type deal is really what they want Many academics and nongovernmental agencies in Europe and Africa advise against the REPAs, arguing that the carving up of the ACP group into regional units will reduce their negotiating clout and impair their ability to secure a fair deal

The impact of the REPAs on African regional groups trying to speed up their own efforts at economic integration could be quite damaging, says Dorothy Keet of the University of Cape Town The proposed time frame for the negotiation and implementation of agreements between the EU and the Southern African Development Community (SADC) for instance are "totally unrealistic", she says The agreement with the EU will come into effect in 2005, disrupting the SADC's own efforts at implementing a regional free trade deal during the period 2000-2008, Keet says

"It is unrealistic for a powerful, integrated region with resources and institutional capacity to negotiate with a region that is weak and embryonic," Keet underlines. If SADC countries decide to negotiate a REPA with the EU at the same time as their own efforts at regional free trade, they will have to tackle a "multiple and burdensome negotiating agenda", she adds

>> I am hesitant to call it a model for others in Africa. I would rather call it a source of inspiration. Something that shows the way for the future <<

Elias Links, SA's ambassador to the EU.

Instead, the SADC should be given time to consolidate as a regional group first Already, says Keet, the SA-EU deal has disrupted the SADC's efforts at regional integration because the SADC has to compete with EU producers and exporters

If SADC members decide to negotiate a REPA with the EU, there will be at least three free trade agreements operating in southern Africa at once a bilateral free trade area between the EU and SA, a multilateral free trade zone among SADC countries, and an arrangement between the SADC and the EU Keet says the latter agreement will not help SADC "Free access of highly competitive and large-scale EU producers and exporters into all SADC countries will result in insupportable competitive pressures upon comparatively smaller and weaker SADC producers in their own markets and those of neighbouring nations "

Given these concerns, a meeting of European and African nongovernmental aid experts in Germany last month advised ACP countries not to give in to "premature pressure" from the EU for trade liberalisation

The EU counters that it is not trying to impose free trade on any nation or region But Lowe points out that no ACP country can escape the forces of liberalisation which represent "a worldwide phenomenon of increasing competition" Countries can ask for more time to cope with the strains of living in a global economy, but in the end, as SA decided after much debate, it makes more sense to enter the fray

Shada Islam in Brussels

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Call for SADC protocol on sugar industry

(279A) (3 SUGAR)

SHIRLEY JONES
KWAZULU NATAL EDITOR

ET (BD) 21/5/99

Durban – All 14 sugar-producing countries within the Southern African Development Community (SADC) needed to co-operate to develop their potential as low-cost producers and significant exporters of sugar, Ian Davidson, the manager of Transvaal Sugar Affairs, said this week.

"This can only be satisfactorily achieved if SADC members ensure excess sugar is not dumped on neighbouring member territories, but regulated on an equitable basis," he said.

Davidson said both the Southern African Customs Union and SADC were net exporters of more than half of their total sugar production. South African exports covered up to 50 percent of production.

"An SADC protocol is essential to regulate the effect of the distorted economics in the world market for sugar. Of a total world sugar production of 112 millions tons, only 17 percent is traded on the world free market," Davidson said

This made the world free market price a residual price, which was further distorted because of producer and export price support programmes in Europe and the US. "The objectives of an SADC sugar protocol are therefore to achieve a regulated balance in the region's export of sugar on an agreed basis."

Davidson said the recent decline in the world sugar price to a four-year low was of concern not only to Transvaal Sugar but to the sector as a whole.

The group marketed about 50 percent of output internationally. However, although a reduction in the export price influenced the company's profits, the variable cost of sucrose would also be lower according to the formula used to calculate the sucrose price.

The positive exchange rate also absorbed some of the price's negative effects. Another positive for the organisation was that the local market selling price was calculated independently from the export price.

"There are no immediate signs of world prices staging an early recovery. But there is no doubt a recovery will be forthcoming."

Summit on African economic integration

Nairobi – Heads of state from the Common Market for Eastern and Southern Africa (Comesa) began arriving in Kenya yesterday for a summit to discuss regional economic integration.

The 21-member Comesa has set October 30 2000 as the date for the creation of a free-trade area in the region, involving Angola, Comores, Egypt, Eritrea, Ethiopia, Madagascar, Mauritius, Seychelles and Swaziland.

South Africa is not a member of Comesa.

Kenya last week accused SA of dumping highly subsidised goods on regional markets while keeping its own markets shut to goods from other African countries. – Sapa-AFP

Star 24/5/99 (279A)

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African common market group meets

(279A) BD 25/5/99

NAIROBI — Presidents and top ministers from 20 African nations gathered yesterday for a trade summit they hope will lead them to becoming a "United States of Africa" with open borders and no tariffs

The meeting of 12 presidents, eight ministers and scores of trade and finance officials continues through today It will conclude the annual meeting of the Common Market for East and Southern Africa (Comesa), which groups 21 nations. Lower-level officials have been meeting since May 13

Participants included presidents Laurent Kabila of the Democratic Republic of Congo, Benjamin Mkapa of Tanzania, Robert Mugabe of Zimbabwe, Pierre Buyoya of Burundi, Pasteur Bizimungu of Rwanda and Frederick Chiluba of Zambia, Comesa's outgoing chairman.



President Laurent Kabila of the Democratic Republic of Congo, left, with Tanzanian President Benjamin Mkapa, centre, and Zambian President Frederick Chiluba at the Comesa summit meeting in Nairobi. Picture: AP

"We must resist the temptation to go back to protectionism and price controls as a solution to our problems," Kenyan President Daniel arap Moi told delegates in the meeting. "I believe in the United States of Africa."

Moi and Chiluba both urged members to stick to the goals that Comesa was founded on in 1994 achieving regional free-trade areas by October 31 2000, common tariffs by 2004 and monetary union by 2025.

War between Comesa members — including Ethiopia and Eritrea — was a major drain on key resources, the two leaders said. Rwanda and Uganda are backing rebels trying to oust Congo's Kabila, who is supported by member states Zimbabwe and Angola.

A major topic of debate since the gathering began has been the competition Comesa members face from SA, which has asserted its economic weight in Africa since apartheid ended and sanctions were lifted in 1994.

Trade officials say they are struggling to compete with SA and have accused it of flooding their markets with subsidised goods and either refusing to allow in or heavily taxing products from Comesa states.

Although it only joined the Southern African Development Community after 1994, SA has become the driving force behind the organisation originally set up in 1979 to reduce economic dependence on — SA.

Mozambique and Lesotho, SA's neighbours and SADC members, recently withdrew from Comesa.

Other members of Comesa are Angola, Comoros, Djibouti, Egypt, Madagascar, Malawi, Mauritius, Namibia, Swaziland, Seychelles, Sudan and Uganda. — Sapa-AP.

Risk facility to underwrite initiative

(~~74~~) (279A) BD 25/4/99

Market failure in the African continent to be addressed

John Dludlu

CAIRO — Government is designing a regional "risk facility" to underwrite the sovereign risk linked to investing in the multibillion-rand spatial development initiative, says Paul Jourdan, the deputy director-general for special projects at the trade and industry department.

Addressing an infrastructure seminar ahead of the African Development Bank annual meetings, Jourdan said yesterday the Development Bank of Southern Africa was designing the scheme aimed at ameliorating risks associated with the initiatives.

In terms of the plan, the facility — which would be open to subscription by international financial institutions, overseas agencies and governments as well as neighbouring African governments — would underwrite a portion of the risks assumed by investors in the regional spatial development initiatives

The plan would operate like a credit guarantee fund — which means the money may not necessarily be used.

He said the idea, which came from Finance Minister Trevor Manuel, might just be a "temporary comfort zone" to get the investment projects off the ground. It was also aimed at sharing the burden. "SA cannot take all the risks of developing the whole (southern African) region "

He said the facility sought to address a clear market failure in the African continent. Though governments, such as the Mozambican government, were following sound macroeconomic policies, investors were still averse to taking risks

The idea, which might come into fruition in a few weeks' time, had already been sold to European risk agencies, Jourdan said. At least one European country and an Asian one had expressed interest. Some Nordic countries were "receptive" to the proposal.

Though the initiatives were showing potentially high internal rates of return, investors were taking an unusually cautious stance, particularly regarding those involving SA's neighbours

Investors appeared only keen to participate in projects where countries had a good track record — a difficult criterion to judge African governments by

Government is also finding that in some infrastructure projects it is difficult to get concession due to the high risks

Some government officials have warned that Pretoria will also find it increasingly tough to sell the initiatives to investors without the tax-based incentives. Manuel has announced that the tax holiday scheme would be discontinued after September Instead of tax holidays, government has cut the rate of corporate tax to 30%.

Apart from the internal development initiatives, government has identified several multinational initiatives

One of these is the Lubombo initiatives involving SA and Mozambique

Infrastructure costs: Page 16

Africa bloc counts down to free-trade zone

ARG 29/9/99 (~~271A~~) (279A)

Nairobi – A meeting of the 21-nation Common Market for Eastern and Southern Africa (Comesa) ended here today with a plan to establish a zero-tariff free-trade zone by October 31 next year.

The Comesa leaders called during the two-day summit for faster regional economic integration, but lamented the fact that armed conflicts were undermining development efforts. The economic dominance of South Africa was among the major topics at a gathering of the presidents and top ministers from 20 African nations.

Trade officials said they were struggling to compete with South Africa and accused it of flooding their markets with goods at subsidised prices, and either banning or heavily taxing products from the Common Market for East and Southern Africa states.

Although it only joined the Southern African Development Community after 1994, South Africa has become the driving force behind the organisation originally set up in 1979 to reduce economic dependence on South Africa.

Delegates included presidents Laurent Kabila of Congo, Benjamin Mkapa of Tanzania, Robert Mugabe of Zimbabwe and Frederick Chiluba of Zambia.

Kenyan President Daniel arap Moi and Mr Chiluba urged members to stick to the goals Comesa was founded on in 1994: regional free trade areas by October 31, 2000, common tariffs by 2004 and monetary union by 2025. – Sapa-AP.

Moi attacks SA trade policy

ET (MA) 25/5/99 (279A)

WAITHAKA WAIHENYA

Nairobi – The fourth summit of the Common Markets of Eastern and Southern Africa (Comesa) opened in Nairobi yesterday with South Africa coming under attack over its trade policies with other African states.

The incoming chairman of Comesa, Kenya's President Daniel arap Moi, stepped up this criticism when he warned Kenya might be forced to review its trade with South Africa if South Africa continued pursuing what he called unfair trade practices at the expense of its neighbours.

"After this meeting Kenya will ensure it gives top priority to member states of Comesa in matters of trade while others will have to take second or even third places," he said.

Moi said the existing bilateral trade between Kenya and South Africa was in favour of the latter, with imports and exports pegged at approximately 20 to 1.

While South Africa was widely regarded as the driving economic force of the region, it had done this through unfair trade practices, he said.



UNFAIR *Daniel arap Moi, the president of Kenya*

Moi asked the regional countries to resist the temptation of going back to the era of protectionist trade policies and price controls, saying this was not the way to respond to the challenges posed by the new global economic framework.

The meeting, attended by 21 heads of state, also decried the rising armed conflicts in Africa with Zambian President Frederick Chiluba, saying armed conflicts in some Comesa-member sates were a major impediment to the realisation of full economic prosperity and integration.

"Member states involved in conflicts must accept mediation, sit down and resolve their differences peacefully," said Chiluba, outgoing chairman of Comesa.

Chiluba said enormous 'resources "that member states can ill afford" were being channelled to fighting wars in the affected countries He warned that Comesa member states' efforts at integration would not count for much if these wars were not immediately stopped.

The benefits of integration could only accrue and be sustained in an atmosphere of peace and stability, he said. – Independent Foreign Service

Trade bloc plans zero-tariff zone

NAIROBI — A summit of the 21-nation Common Market for Eastern and Southern Africa (Comesa) ended here yesterday with a plan to establish a zero-tariff free-trade zone by October 31 next year (279A)

Comesa stretches from Egypt to Swaziland, but excludes SA. It has a population of about 380-million and a gross domestic product of about $155bn. — Sapa-AFP BD 26/6/99

Members urged to embrace treaty that promotes the elimination of tariffs by October next year

(279A) ET (BDR) 26/5/99

Comesa announces countdown to free trade zone

ROBERT OTANI

Nairobi – The fourth summit of heads of state and governments of the Common Market of Eastern and Southern Africa (Comesa) ended yesterday with appeals to member states to adhere to the provisions of the organisation's treaty requiring them to eliminate tariffs by the ambitious deadline of October next year.

The summit – characterised by resentment directed at alleged trade protectionism by South Africa, the region's economic giant and not a member of Comesa – also urged member states not to introduce non-tariff barriers and other obstacles to circumvent the proposed free trade area.

Reading the final communiqué after yesterday's session, Nicholas Biwott, Kenya's minister for east African and regional co-operation and Comesa's council of elders chairman, announced Comesa also planned several other integration measures, including a currency union, intermediary currency convertibility, a single telecommunications network and an air service linking the whole region.

The summit endorsed a council decision to establish a special core free trade area comprising Kenya, Mauritius, Zambia, Uganda, Egypt, Zimbabwe, Malawi and the Democratic Republic of Congo, to prepare the way for a full free trade area of all Comesa members by October next year.

The summit also called on member states to maintain a co-ordinated common approach, within the Organisation of African Unity framework, to negotiations under the World Trade Organisation and for a new Lomé convention.

It appealed to member states not yet members of the Eastern and Southern African Trade and Development Bank, Comesa's development financing arm, to take up such membership immediately. It urged members not to vary import duties reduced in line with the Comesa free trade area treaty. The summit cautioned member countries against adopting unilateral decisions to protect infant industries, revenue or balance of payments positions.

It expressed support for, Namibia and Swaziland, both Comesa members, in their efforts to democratise the Southern African Customs Union agreement. They are members of the customs union, which is dominated by South Africa.

Yoweri Museveni, the Ugandan president, said the integration of the regional markets was vital for all Comesa countries to achieve faster economic growth. Museveni, however, warned that integration must also include free movement of labour and investment.

The summit said financial experts would be appointed to investigate the creation of a common monetary union within Comesa and agreed that member states, particularly those with increasing cross border trade, investment and tourism, should introduce a limited currency convertibility between themselves. – Independent Foreign Service



FRIENDS ALL *President Laurent Kabila of the Democratic Republic of Congo (left) shares a light moment with Tanzanian President Benjamin Mkapa (centre) and Zambian President Frederick Chiluba at the Comesa summit, which ended in Nairobi yesterday* PHOTO: AP

Comesa urges SA to join

BD 27/5/99 (279A)

John Dludlu

CAIRO — The PTA Bank, the bank that is owned by members of the Common Market for Eastern and Southern Africa (Comesa), will make a bid to get SA and other non-Comesa nations join the bank as it launches a bid to raise $5bn worth of new funds.

PTA Bank president Martin Ogang said yesterday the bank's charter, which restricts participation to Comesa members, would be reviewed to let non-Comesa nations participate.

"We have estimated that the Comesa region will need about $50bn in next 10 years, and the bank should contribute 10% of that," he said yesterday.

Efforts would be made to get non-African countries and SA to become the bank's members and participate in the capital-raising exercise, he said. The bank's relationship with SA financial institutions was good.

Money raised from a rights offer, which would lift the bank's authorised capital from $560m to just under $6bn, would be used to fund projects in the energy and telecoms sectors, he said. The bank was at present negotiating with Egyptian authorities for Cairo's membership of the bank. Egypt recently joined Comesa in a move seen as designed to find markets in Africa.

"We have met businessmen from Egypt in Nairobi. They also realise that some of them are already out there (doing business) in Uganda, Kenya and Zambia so it is a question of expanding," he said, suggesting it would be easy to convince Egypt to join the bank. In spite of efforts to lure Pretoria to join Comesa, SA has not warmed to the organisation's approaches.

The bank was launched in 1986 as the private funding arm of Comesa to promote the trading bloc's bid to create a free trade area this October. It focuses on the private sector and is involved in pre- and post- export funding, loan syndication, guarantees and issuing of letters of credit.

While non-African and non-Comesa countries may not want the bank to assist directly in their economic development efforts, they may want to use its services to promote trade with Comesa members, Ogang said, explaining the rationale of canvassing non-Comesa members.

Ogang confirmed recent reports of rising anti-SA feelings among some Comesa members, and said these countries were seeking retaliatory action against Pretoria.

He urged SA to address the concerns which stemmed from the trade imbalance.

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East Africans seek to prolong tariff system

BD 28/5/99 (279A)

Mark Turner

NAIROBI — Officials from Uganda, Tanzania and Kenya have called for a delay in plans to eliminate tariffs between the three countries by July.

A high-level East African Co-operation task force meeting in Arusha, Tanzania, decided that a need to finalise technical work meant that the grouping should instead aim to eliminate tariffs by July 1 2000.

The recommendations will be passed on to finance ministers meeting on May 27 and to the task force's tripartite commission on May 31.

The officials also recommended that a maximum common external tariff of 25% be imposed.

Uganda, Tanzania and Kenya intend to relaunch the defunct East African Community at an end-July summit, the long-term aims of which include monetary union and political federation.

Business leaders in Tanzania have expressed concern that Kenya will dominate any free trade bloc and are lobbying for short-term protective mechanisms.

Industry in Tanzania is concerned that there is no mechanism — financial or technical — to compensate weaker states, such as Tanzania, for the advantages of more industrialised partners, namely Kenya.

Tanzania has higher energy costs, higher duties on spare parts, more payroll taxes, more expensive skilled labour and fewer economies of scale.

Leaders of the Common Market for Eastern and Southern Africa, the 21-nation free trade group that includes all three East African Co-operation members, also reiterated their objective of attaining regional free trade by next year at a two-day summit in Nairobi.

C

New Comesa plan threatens SA

(279A) BD 2/8/99

John Dludlu

SA could be hit by a new commercial policy for countries outside the Common Market for Eastern and Southern Africa (Comesa), a top Comesa official has warned

Sindiso Ngwenya, deputy secretary general of the 21-member trading bloc — of which SA is not a member — is drafting a trade policy for relations with third countries to underpin the free trade area which Comesa proposes to implement next October.

"We are not targeting SA at all...We need a common commercial policy", he says. Ngwenya warns, though, that SA's terms of trade with Comesa may deteriorate as a result of the new policy.

The policy is expected to define the parameters of association agreements that Comesa may have with third countries after the free trade area comes into effect.

Comesa members, notably Kenya and Zimbabwe, complain that SA's trade policy is protectionist and have threatened on several occasions to use the bloc's tariffs to punish SA's exports

While it may be difficult to raise tariff barriers against SA under the rules of the World Trade Organisation, Comesa's members might do so, individually or collectively, citing the need to safeguard their domestic industries. But non tariff trade barriers could easily serve the purpose of barring SA's products in these markets.

Ngwenya's cautious line on SA underlines Comesa's continuing efforts to lure Pretoria into the Comesa fold He also wants talks between SA and those Comesa members that are upset at its perceived protectionist trade stance. "My advice is let's talk to them over the next three months", he says

He says Comesa's door remains open to SA and Botswana — the two southern African economies that have not joined the body

Mozambique and Lesotho recently withdrew from Comesa, while Tanzania is considering pulling out. Tanzania has cited the proposed hefty cuts in tariffs, by as much as 90% in certain products, as the reason for wanting to leave the bloc

Ngwenya says the move towards regional economic integration continues and he is optimistic that, come October 2 000, at least 60% of Comesa's members will be ready to cut tariffs by 80%.

Ngwenya says Comesa has commissioned studies on the impact of the tariff liberalisation programme on competitiveness and revenue losses for member-states

Comesa's leaders have decided to widen the agenda of the organisation to include conflict resolution as part of Comesa's plans for the launch of the free trade area, says Ngwenya.

Comesa has until now only pursued trade integration and liberalisation without meddling in politics or security affairs

SADC thinks about regional parastatals

BD 3/8/99

Local government ministers look at their roles in service provision

Xolani Xundu

SOUTHERN African local government ministers have recommended that consideration be given to the formation of regional parastatals for services such as water, energy and telecommunications

This formed part of the resolutions passed by 14 Southern African Development Community (SADC) local government ministers who met in Johannesburg for a three-day conference last week.

Such utilities would have to be designed in such a way that they facilitate the involvement of communities and would be owned by governments in the region.

The ministers noted that capital markets have a key role to play in financing the provision of infrastructure and services in the region.

In addition to member countries dealing with their own national issues on infrastructure investment and service delivery, there was a need to develop regional co-operation in order to produce the most efficient and effective system of infrastructure investment and service delivery

SADC member states should also create an enabling and regulatory framework supportive of both local government and private sector participation in the provision of services.

The conference said a local government forum within the SADC structure would be established

A ministerial task team consisting of Mozambique, SA, Zambia and Zimbabwe was mandated to investigate and recommend a modus operandi, institutional structures and terms of reference for the forum to work from.

In the interim, SA's provincial affairs and Sydney Mufamadi, local government minister, would act as a convenor of both the task team and the forum

The task team was mandated to investigate local government information needs in SADC countries, including an assessment of existing infrastructure facilities and to make recommendations with a view to fulfilling the requirements

Local government ministers resolved that SADC member states should aspire and endeavour to have local governance adequately enshrined in their countries' constitutions in order to afford the necessary protection for its continuance and sustainability

Member states would have to clearly define the role of each level of government for integrated development and delivery of services, the delegates decided

Policy

Central, provincial or regional governments remained responsible for policy development, transparency, integrity at local level, monitoring and giving the necessary support to local authorities

Member states would also have to create an objective formula which clearly defined the adequate sharing of national revenue for local authorities in order for them to be sustainable and effective in the delivery of services

Local government legitimacy and trust would have to be enhanced in member states when such structures were established.

They would have to be made effective and sustainable by providing them with the resources required for basic service delivery and mechanisms should be put in place to ensure best practices

Appropriate institutional structures should also be established at all levels of government to deal with issues of environmental planning and disaster management.

Member states should commit themselves to the creation of a mechanism to co-ordinate overall disaster management and the use of military and civil defence assets

Ministers will meet in six months to review progress made and to guide the process of formalising co-operation on local government matters

Addressing the ministers before the resolutions were adopted, SA President Thabo Mbeki said the "acid test" would be the extent to which ordinary people at local level were able to take decisions on the manner in which their streets, their areas, their schools, clinics and farms were run and managed

He said some Afrikaner representatives had raised the question of the possibility of having some system of local government in which they would be able to express elements of self-determination in areas where they were represented in large numbers

To ensure popular participation in local governance, people had to be empowered, Mbeki said

They should not be constantly threatened by other spheres of government capable of intervening to undermine their capacity at that locality to take these decisions

Traditional local government in precolonial days brought communities together and encouraged the addressing of common needs, common aspirations and a common purpose.

"Perhaps this is where we should be going to with regard to local government, where government is most directly in contact with the ordinary people," he said

Being people-centred encouraged development in which citizens could flourish and lead a creative life and the collective wishes and dreams of the people could come true, Mbeki said

In addressing these needs, local government was critical

Mbeki urged the conference to look at these issues so that SADC governments could begin to say "what it is that (member states) are doing or not doing" about local government

This was necessary "so that we can then change and produce the system of local government that addresses this perspective and empowers the people in that way In that sense, we have to restore power to the people", Mbeki said

SA exports unscathed by Comesa

(279A) (74)

Bontle Headbush

Johannesburg – South Africa was not threatened by the free trade agreement the Common Market for Eastern and Southern Africa (Comesa) proposed to implement in October 2000, the department of trade and industry said yesterday

Marina Meyer, the department's deputy trade director of African trade relations, said the bloc's tariffs on South African exports would remain unchanged and would not have a negative effect on the country

"Despite the tariffs imposed on South African exports, we still trade more with the Comesa countries than they do with each other and we have preferential bilateral agreements with almost all of them," said Meyer.

She said South Africa had opted to become a member of the Southern African Development Community (SADC) because of the established political economy in the structure, and because it would provide a more manageable free trade area.

The move towards a regional free trade area would position the region to attract foreign investors SADC expected its trade protocol to be ratified in time for implementation on January 1

A source said of Comesa's desire for South Africa to join its trading bloc: "We are most likely to see an enlargement of the existing SADC structure, instead of South Africa joining Comesa."

CT(BR) 3/8/99

BD 7/8/99

EU may soften the effects of trade deal on SA neighbours

(279A) (74)

Prof Malema

GABORONE — The European Commission has signalled strongly that it might provide fiscal support to SA's neighbours to cushion them against the effects of the recently concluded free trade deal with Pretoria.

Robert Collingwood, head of the European Union (EU) mission in Botswana, said: "Although we have not received any proposals from the (four customs union) countries, we do not want to exclude anything. The support package might involve direct contribution to the treasury".

As members of the Southern African Customs Union, Botswana, Lesotho, Namibia and Swaziland stand to lose revenue from the reduction of the union's tariff on EU imports as part of the EU-SA trade deal. This is the clearest signal yet that the EU might be prepared to provide direct budget support to these countries. Revenue losses have been estimated at between R200m to R3,5bn a year.

Countries that will be hard hit are Lesotho and Swaziland where as much as 50% of revenue is derived from the customs revenue pool.

Apart from having first claim to the pool, SA's partners in the union receive compensation for some of the negative effects of being in the union.

Collingwood said means of mitigating the impact of the EU-SA trade agreement on the four countries were due to be thrashed out in Lesotho next month.

"The purpose of the meeting is to look at the possible support packages for the ... countries because they are bound to be affected by the EU-SA agreement," Collingwood said.

The move comes amid growing concern that the EU-SA deal might see EU imports finding their way into the neighbouring states.

This concern has been raised constantly in the context of disagreements over the rules that are to govern the proposed free trade area within the Southern African Development Community (SADC).

Pretoria is using the concerns over the EU-SA deal to justify its insistence on tougher rules of origin for the SADC pact.

SA officials say tighter rules will lessen the prospects of EU imports entering SADC markets.

The customs union states say they are afraid of intensified competition for their own products both in the regional and the European markets. They are concerned about the possible diversion of foreign direct investment in favour of SA.

"While the SA-EU agreement is expected to have long-term effects on the whole region, the fear is it could have negative economic effects in the short-term," said Botswana's Commerce and Industry Minister George Kgoroba.

However, Collingwood said the bloc's support package meeting, which will take place in Maseru around September 15, will look at all possible options which will mitigate the situation.

BD 7/8/99

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Intention to pull out angers trade bloc officials who warn against relying heavily on SA

Tanzania's Comesa exit irks members

CT(BE) 5/8/99 (318) (279A)

FROM AFP

Dar es Salaam – A war of words continued to rage in east Africa over Tanzania's intention to leave the regional Common Market for Eastern and Southern Africa (Comesa), reports said yesterday

Iddi Simba, the Tanzanian industry and commerce minister, said on Tuesday that the country would quit the 22-member Comesa because it was not ready for competition. Other members believe this view does not justify the threatened pullout.

"Tanzania has got to reconstruct its economy instead of clinging to the proliferation of regional integration, from which it imports a lot, and does not export," Simba said.

He said Tanzania would not lose much by pulling out of Comesa, because its objectives of zero tariffs, the promotion of peace and security and a single market were the same as those in the Southern African Development Community (SADC) and the East African Community (EAC), of which it would remain a member

But an informed source at the Comesa secretariat, who requested anonymity, said. "Tanzania's contribution to the Comesa budget is $300 000 a year, but it gets tenfold in benefits. (The contribution) is peanuts and no reason for Tanzania to opt out."

The source said Tanzania had so far received $30 million from Comesa's PTA Bank and benefited from Comesa's insurance scheme and its planned guarantee facility for investments.

The Comesa market was estimated at $400 million, compared with SADC's $200 million, Comesa sources said.

They warned that although South Africa was involved in Tanzania's National Bank of Commerce and in breweries and gold mining, new investments would not be sustained because the South African economy would soon be engrossed in internal inequality issues.

The SADC's gross domestic product (GDP) stands at $150 billion, of which South Africa makes up $120 billion, whereas Comesa's is $170 billion, with no one country representing more than 20 percent.

"Isn't Tanzania jumping out of the frying pan into the fire?" one Comesa source asked.

According to International Monetary Fund (IMF) statistics, Comesa trade more than doubled from $1,6 billion in 1991 to $4,2 billion in 1998, during which Tanzania's trade with Comesa members increased by 21,8 percent yearly from $108 million in 1991 to $430 million in 1998.

Tanzania's exports to Comesa member states also grew from $45 million in 1991 to $130 million in 1998, an increase of 190 percent.

Trade figures for January to June 1998 indicated that the major export destinations for Tanzanian goods were Kenya, Zimbabwe, Uganda, Malawi, the Democratic Republic of Congo, Mauritius, Zambia, Rwanda, Ethiopia, Sudan, Djibouti, the Comoros, Mozambique, the Seychelles, Swaziland, Madagascar, Namibia and Angola.

The Comesa source warned that Tanzania was still operating under the "Ujamaa (socialism) mentality" and still resented Nairobi for the 1963 Kampala Agreement, under which Kenya would develop engineering industries, while Uganda would develop textiles and Tanzania rubber.

Shortly after the accord, Firestone, the rubber company arrived in Kenya, which had a market economy, shunning Tanzania because it considered the atmosphere in the country not conducive to its interests.

SADC members expected to double growth this year

(279A) UT (MR) 6/8/99

PETER FABRICIUS

Gaborone – The 14 countries of the Southern African Development Community (SADC) were expected to achieve an overall growth of 3,5 percent this year, after a "quite disappointing" growth of only 1,7 percent in 1998, Prega Ramsamy, the SADC deputy secretary-general, said this week.

The wars in Angola and the Democratic Republic of Congo had hurt economic stability, macroeconomic management and investor confidence in the SADC region. Economics and conflicts would dominate SADC's annual summit in Maputo on August 18, Ramsamy said.

Most SADC governments were moving towards macroeconomic stability, including low inflation, low budget deficits and stable exchange rates, he said.

The controversial plans by the International Monetary Fund to sell part of its gold reserves and the gold sales by central banks would not only hurt the gold-producing SADC countries, South Africa, Namibia, Tanzania and Zimbabwe, but also those which provided labour to the mines such as Lesotho, Mozambique and Botswana, he said.

Ramsamy urged SADC states to participate actively in negotiations between the European Union (EU) and the ACP (Africa, Caribbean and Pacific) developing countries for a new trade regime after the Lomé Convention expired in the year 2000.

He said that while the EU and ACP countries agreed the non-reciprocal trade preferences which the ACP countries enjoyed in the Lomé Convention could not be maintained indefinitely, they had not agreed either on the length of the transition period to a new post-Lomé regime or the precise nature of that regime.

The EU proposed a five-year transition to regional free trade areas, while ACP countries wanted 10 years, starting next year. – Independent Foreign Service

(2791) (74)

SA urges states to improve the climate in trade

John Dludlu BD 10/8/99

SA HAS urged its neighbours in southern Africa to stop being obsessed with market access and to begin improving the region's investment climate.

Mfundo Nkuhlu, a director at the trade and industry department, said last week that SA was still concerned at the continuing divergence of the region's economies. This trend manifested itself in the differentials of macroeconomic indicators, which were undermining efforts to attract investment.

He warned that this could undermine the gains of trade liberalisation. "Once a market opens up, it is presumed that ought to drive higher levels of production because there is a larger market. But higher outputs will be driven by higher levels of investments and if the cost of capital is prohibitive you are not going to realise that," he said in an interview.

Research studies indicated that in spite of agreement among policy makers on the desirability of macroeconomic convergence, only a few members of the 14-nation Southern African Development Community (SADC) had shown this trend. The two SADC industrialised economies, Zimbabwe and SA, were no exception.

It cost banks about 50% to borrow from Zimbabwe's central bank, while their SA counterparts could get the funds for far less than 20%.

Nkuhlu's remarks followed criticism by some African countries, notably Kenya and Zimbabwe, that SA's trade regime was protectionist. The two countries threatened retaliatory action to deal with the perceived reluctance by Pretoria to open up its markets.

The statements came weeks after fresh concessions were extended to Zimbabwe. SA realigned the preferential quota in line with Zimbabwe's wishes to supply certain lines. Nkuhlu said trade integration policies SA was considering implementing included improving logistical linkages and efficiencies; and the diversification and costs of energy sources.

Zanzibar opposes Tanzania leaving Comesa

ET(BR) 11/8/99 (279A)

JOE KHAMISI

Dar es Salaam – Zanzibar, Tanzania's partner in the federal government, was opposed to Tanzania's decision to pull out of the Common Market for Eastern and Southern Africa (Comesa), Amina Salum Ali, Zanzibar's finance minister, said yesterday.

She said it could "adversely affect Tanzania's economy"

"I ... call upon the Union government to revisit the issue and assess its long-term negative impact," Salum Ali said.

Tanzania's decision, announced last month, has received mixed responses in the country. It has also put the country on a collision course with close regional allies Kenya and Uganda.

A Comesa delegation led last week by Nicolas Biwott, the Kenyan minister for regional affairs, failed to convince Benjamin Mkapa, Tanzania's president, to abandon the withdrawal.

Trade bodies have slammed the government for abandoning the organisation it helped to establish 15 years ago and from which it has benefited immensely

But Tanzania insists it cannot afford to belong to Comesa as well as the South African Development Community and the East African Co-operation with Kenya and Uganda. – Independent Foreign Service

Govt pledges tariff reform after 2002

BD 11/8/99 (74) (279A)

John Dludlu
and Reneé Grawitzky

GOVERNMENT pledged yesterday to carry out a comprehensive review of tariff reforms, but said this would only be done after 2002.

This is in spite of calls for a review of the present policy measure by labour unions. Labour has blamed tariff cuts job losses.

Government has also been criticised for hastening tariff reduction as part of its commitment to the World Trade Organisation (WTO).

The National Economic, Development and Labour Council said yesterday Trade and Industry Minister Alec Erwin indicated to Nedlac there would be a "comprehensive process of research and dialogue to consider tariff reform for the next 10-year period after 2002".

Chez Milani, the general secretary of the Federation of Unions of SA (Fedusa), said labour's concerns in relation to government's programme oftariff reform was clear — job losses were a direct consequence of this process.

Milani said those losing jobs were not being absorbed as anticipated by government. He said if government was to continue with tariff reform below the levels agreed in the WTO requirements, job losses had to be absorbed.

Erwin addressed an occasional policy session of business and labour representatives yesterday.

Labour's perception from the meeting was government did not intend making drastic change to its current policy on tariff reform.

Milani said Erwin was adamant the current programme should be concluded, or it would send mixed signals to foreign investors. However, in the next phase adjustments could be considered.

Interestingly, labour has also raised the proposed tariff liberalisation programme as part of SA's offer to the planned free trade area within the Southern African Development Community (SADC).

A labour representative said yesterday labour was worried government's offer, which suggested a faster opening of SA's markets to fellow SADC members, appeared to lack industrial strategy. "We cannot give our support to something we know nothing about ...", said the union representative.

However, he pointed out this stance did not mean labour's commitment to the SADC should be questioned.

G7 lambasted for hindering SADC progress

(279A) ET (8L) 12/8/99

COLIN MCCLELLAND

Maputo – The Group of Seven's (G7) mis guided policy of debt relief hurt local industries by selling gold and failed to en courage investment growth, Kaire Mbuende, the executive secretary of the Southern African Development Community (SADC), said on Tuesday ahead of the body's annual summit next week

"The objective of reducing debt through the sale of gold , creates unem ployment and economic difficulties," Mbuende said Sales would not only affect the gold producing countries – Namibia, South Africa, Tanzania and Zimbabwe – but also those countries that provided labour in the mines such as Lesotho, Mozambique and Botswana

Mbuende had harsher words for the G7's debt relief proposals "We believe the industrialised countries don't actu ally need the money we owe them They have the ability and they can afford to write off the debt

"But it amounts to a convenient in strument of political control, so you can continue to impose your will on people by continually reminding them how much they owe you and when they have to pay"

He said debt servicing obligations amounted to about 25 percent of exports in SADC states. It prevented countries from investing in education and health, and from implementing the reforms they had put in place

The efforts of governments to insti tute new economic policies should not be the victim of past mistakes or the costs incurred in battles for justice "We are still hostages of apartheid, colonial ism and the cold war"

He said Mozambique had fared well "The recent heavily indebted poor countries initiative and G7 resolution (has eliminated) close to 80 percent of its debt. But even this country, which with the Seychelles achieved the lowest annual inflation in SADC, slightly more than 2 percent in 1998, is burdened by debt payments"

Mbuende said the conference would also devise strategies for trade links with the European Union and develop Africa's position for the World Trade Organisation talks scheduled for later this year.

"For the International Monetary Fund and World Bank to congratulate countries for reforms but not put them in a position to implement those reforms through investment in infrastructure and stimulation of the economy, is self defeating," he said

As for the SADC trade agreement, Mbuende said there was "general con sensus that regional free trade should only exclude automobiles, textiles and certain agricultural products such as sugar". Malawi had signed the protocol, joining Botswana, Mauritius, Namibia, Tanzania and Zimbabwe One more SADC member must ratify the protocol for it to come into effect

It is unclear whether that will be South Africa. Government officials still believe that rules regarding the origins of textiles and vehicles should be quite restrictive to prevent the dumping of goods from Asia These goods would then only be repackaged in a SADC member state as its effort at producing a value added product

Mbuende expected the conference to encourage one country that had not ratified SADC's trade protocol to do so The protocol would then be enacted in January next year

Heads of state will arrive in Maputo on August 16 and the meeting is to wrap up two days later – Independent Foreign Service

SADC to take fresh look at regional wars

John Dludlu (279A)

THE conflicts in the Democratic Republic of Congo and Angola are expected to come under fresh scrutiny when southern African leaders meet next Tuesday.

A programme drawn up by the secretariat of the Southern African Development Community (SADC) shows that the leaders of war-torn Congo and Angola, will address the SADC summit meeting in Maputo, Mozambique.

Analysts say the two leaders, Angola's Jose Eduardo dos Santos and Congolese leader Laurent Kabila, will use the opportunity to brief their colleagues of developments in their respective countries.

The summit takes place amid efforts to get the Congolese rebels to accede to the ceasefire pact signed by four governments whose troops are fighting in the Congo.

The annual meeting, which will also be attended by Nigerian leader Olusegun Obasanjo, is also taking place in the wake of fresh speculation that SADC leaders might back their condemnation of Unita — the Angolan rebel movement — with military force similar to the intervention in the Congo

It is nearly a year now since SADC leaders declared Unita leader Jonas Savimbi a war criminal for his continued violation of the Lusaka pact signed with the MPLA government.

They also pledged to tighten the implementation of UN sanctions against Unita.

Since the conflict started afresh, Luanda has issued an arrest warrant for Savimbi who is still fighting

The summit, the first to be chaired by President Thabo Mbeki since his election in June, marks the beginning of a one-year chairmanship term for the SADC. Previously, the leadership of the organisation was three years.

The reduction of the term, agreed to in Mauritius last year, was, designed to allow wider participation in the SADC leadership by its member states. It is expected that Maputo will take over leadership of the forum from Pretoria.

SA foreign affairs department officials said yesterday the leaders were likely to discuss the review of the SADC's programme of action, the status of draft protocols and the developments around the SADC's free trade protocol.

BD 12/8/99

MUGABE HOLDING ON TO POWER

Wrangle undermining SADC

HARARE: A wrangle between South Africa and Zimbabwe, over who heads the SADC defence organ, will undermine debate at a meeting of the community next week, writes **IDEN WETHERELL**.

THE summit of Southern African Development Community (SADC) leaders which begins in Maputo on Monday is unlikely to see much progress in rectifying a major structural fault that threatens the very foundations of the regional body — the future of the Organ on Politics, Defence and Security.

Economic issues will top the agenda. But in the background are nagging security concerns as events in Angola, the Democratic Republic of Congo (DRC) and now the Caprivi Strip threaten regional cohesion. To make matters worse there has been no meeting of minds on the structure of the SADC's law enforcement agency.

President Robert Mugabe of Zimbabwe firmly believes he heads the organ. South Africa regards it as "inoperative" Member states are divided on who to support.

At the last SADC summit in Mauritius, President Joaquim Chissano of Mozambique was asked to mediate between the two regional heavyweights He hasn't made much progress, diplomats say

The organ was established under the Gaborone protocol of 1996 as a replacement for the Frontline States. Zimbabwe's strenuous attempts to have the organ housed in Harare were rejected by other leaders and instead, it was agreed that



DETERMINED: Robert Mugabe

leadership of the organ would rotate

South Africa has spent the past two years trying to reverse a clause in the protocol which permits the organ's chairperson to call his own summits Disagreement over this and related matters has enabled Mugabe to persist with the illusion that he still heads the regional body

President Nelson Mandela threatened to resign as SADC chair if the problem wasn't resolved before the Malawi summit in 1997 He insisted that only the SADC chair could call summits and that the organ was accountable to SADC heads

Since then the leaders have managed to fudge the issue But its importance has been exposed by the Congo intervention where Mugabe used his authority as chair to mobilise military support for the embattled regime of Laurent Kabila. Zimbabwe, Angola and Namibia sent forces to defend Kinshasa.

Outmanoeuvred, South Africa found itself presented with a fait acccompli which Mandela was obliged to acknowledge at the Durban Non-Aligned Movement summit last September

Now, undaunted by setbacks in the DRC, Mugabe is preparing to bounce the SADC leaders into military support for President Jose Eduardo dos Santos in his war against Jonas Savimbi's Unita Zimbabwean officials make no secret of their view that the region has a duty to provide material support to Luanda — including armed intervention if necessary

Zimbabwe has also been quick to support Namibia's President Sam Nujoma in his crackdown on Caprivi secessionists

While SADC has branded Savimbi a war criminal, it has stopped well short of committing troops to Dos Santos

Zimbabwe, Namibia and the DRC concluded a military pact with Angola in Luanda in April Mugabe presided over the signing in his capacity as organ chair, even though, according to the South African, the organ is no longer functional.

Thabo Mbeki is thought to be as keen as Mandela was to wrest control of the organ from Mugabe and vest it in the SADC collective leadership

While officials from the 14-member community continue to hold meetings of the inter-state defence and security committee, they are limited in what they can do because, in the absence of agreement on the organ's future, the politicians won't endorse anything.

Security officials have, for instance, identified the sources and routes of Unita's arms supplies, but without political support there is little they can do beyond monitoring movements.

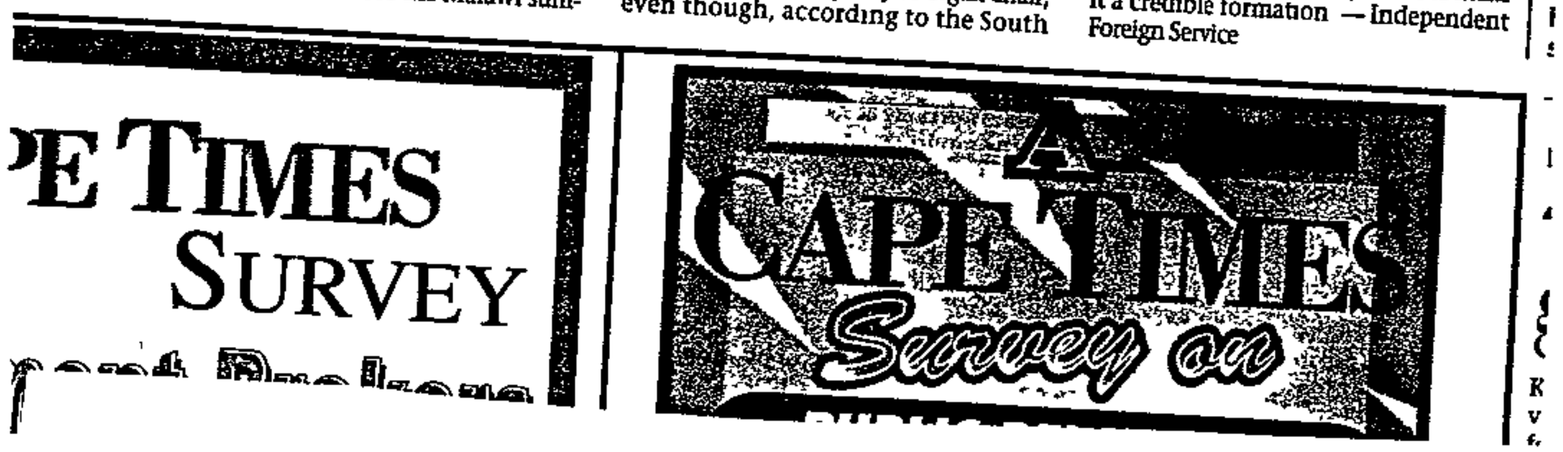
Chissano, who takes over the three-year SADC leadership at the Maputo summit, will be placed in an invidious position.

South Africa has made it clear it is not prepared to intervene in Angola or the DRC beyond diplomacy and the 90 peacekeepers it is sending to monitor the DRC ceasefire Even this commitment comes under the auspices of the United Nations rather than the SADC.

On the other hand Mugabe won't let go of an instrument that enables him to exercise the sort of influence in the region he enjoyed before 1994

Faced with this impasse, the Maputo summit is unlikely to provide the solutions the SADC desperately needs to make it a credible formation — Independent Foreign Service

(279A) ET 12/8/99



SADC focus on regional wars

BD 17/8/99 (279A)

Military intervention by neighbours in the Angolan civil war 'cannot be ruled out'

MAPUTO — Intervention by Southern African Development Community (SADC) troops in the Angolan civil war cannot be ruled out, SADC executive secretary Kaire Mbuende said this week.

Mbuende described the situation in Angola as critical and called for urgent steps to stop the suffering of millions of its citizens

Three SADC countries — Zimbabwe, Angola and Namibia — intervened militarily in the Democratic Republic of Congo civil war last year, saying they were supporting a fellow member state against rebel aggression

Of next week's summit of the 14-member SADC, he said The wars in Angola and the Democratic Republic of Congo as well as the situation in the Caprivi strip will dominate the summit," Mbuende said

The SADC's position on the Caprivi strip was clear — "that there is no accommodation for separatist movements in any country of the region"

At least 14 people were killed in clashes between security forces and secessionist rebels who attacked the thin finger of land in northeastern Namibia on August 2

Meanwhile, the United Nations (UN) special representative to Angola said yesterday a new initiative was under way to breathe life into Angola's collapsed peace accord

Issa Diallo said he would meet UN Secretary-General Kofi Annan late yesterday to discuss ways of reviving peace negotiations to end civil war in the war-ravaged country

The UN officially pulled out of Angola in March after the collapse of a 1994 peace agreement known as the Lusaka Protocol

Thousands of peacekeepers withdrew as Angolan government troops and Unita rebels resumed a vicious 25-year conflict. A skeleton staff of UN humanitarian workers was left behind to distribute food and other aid to the beleaguered population

Diallo said the UN was considering re-establishing a political office in Angola and creating a top-level international contact group

He said "We are concluding negotiations now on a small UN presence in Angola, what we call a UN antenna group " Diallo said the office, which the UN hopes to establish in weeks, would be staffed by about 30 people and be responsible for political, humanitarian and human rights issues while also carrying out a military liaison role.

Plans were also afoot to form a contact group of African and non-African states, including permanent members of the Security Council, which would analyse Angola's situation, Diallo said He said "They will advise the secretary-general on lines of action regarding the peace process in Angola."

The contact group is expected to comprise about 15 members and would almost certainly include the US, Russia and Portugal, the same nations which oversaw and guaranteed the Lusaka agreement

The agreement, which was years in the making, but never actually signed by Unita rebel leader Jonas Savimbi, was the latest in a series of attempts to stall fighting which has killed an estimated 800 000 and left millions homeless — Sapa-AFP, Reuter

SADC talks tackle litany of woes

(279A)

Maputo – Ministers from the Southern African Development Community begin a two-day meeting here today, focusing on a litany of problems facing members.

The 24-year-old war in Angola, the conflict in the Democratic Republic of Congo, the recent uprising in Namibia's Caprivi Strip and tensions between Angola and Zambia will feature prominently.

The ministers are also expected to review the SADC's action programme, the status of new draft agreements and the status of nine deals already signed dealing with economic, trade and tourism issues

Foreign Minister Nkosazana Zuma will chair the meeting, which will also prepare documents and agendas for the heads-of-state summit in Maputo early next week.

This year's summit, which will be chaired by President Mbeki, is also expected to deal with preparedness of member countries for the so-called Y2K phenomenon.

South Africa's delegation includes Finance Minister Trevor Manuel, Alec Erwin (trade and industry), Ben Ngubane (arts, culture, science and technology), Manto Tshabalala-Msimang (health) and Deputy Foreign Minister Aziz Pahad. – Sapa

SA launches inquiry on carbon black dumping

(279A)(183) CT (BR) 13/8/99

JOHN FRASER

Johannesburg – The government has launched an investigation into claims that carbon black, a chemical used in the manufacture of tyres and rubber, is being dumped on the Southern African Customs Union (SACU) market.

The inquiry follows a complaint by Algorax, a Port Elizabeth-based chemicals firm and the only South African manufacturer of the product.

An official notice from the Board on Tariffs and Trade reports the allegation that carbon black from Australia and Thailand is being dumped on the SACU market, "causing material injury and/or threat of material injury to the SACU industry concerned"

Algorax has complained it cannot compete with the low prices charged by the importers, and the company has supplied sufficient evidence of this to trigger the investigation.

The evidence suggests that domestic prices in Thailand and Australia for the chemical are higher than those charged in the SACU market.

Algorax has complained of a decline in sales, profit margins, output, market share and capacity utilisation Those affected have been asked to submit comments to the director of dumping investigations in Pretoria by early September

If the authorities conclude there has, indeed, been dumping, a duty on the imports can be imposed.

Algorax refused to comment yesterday.

SADC in third attempt to end region's wars

JON QWELANE (279A)

ST 15/8/99

THE Southern African Development Community summit, which takes place in Maputo later this week, will be the third time in a month that the 14 Southern African presidents have met to find solutions to two of the region's seemingly intractable civil wars.

The war in the Democratic Republic of Congo has continued despite a ceasefire agreement signed in Lusaka, Zambia, last month by the governments of most of the region's countries.

The rebels failed to sign, and then ignored a plea by the Organisation of African Unity to do so.

The OAU's call came at a summit in July which was attended by the SADC leaders.

On Thursday, South African Foreign Affairs Minister Nkosazana Zuma returned to Pretoria after a futile two-day foray to the Congo during which she tried to bring the bickering rebel factions together as a prelude to securing their signatures on the ceasefire pact.

The division within the rebel camp was so pronounced that, on arrival, Zuma was mobbed by competing representatives, each claiming to be sole voice in the campaign to oust President Laurent Kabila.

At the Maputo meeting the deployment of regional peacekeeping forces in the Congo will be debated and a resolution passed, in keeping with a decision taken at the OAU summit last month.

Late last week, the SADC secretariat said the other important item on the agenda of the region's leaders was the 30-year-old Angolan civil war.

The summit will examine ways to intensify sanctions against the rebel Unita movement.

The presidents may even consider broadening the campaign by the ruling MPLA to crush Unita leader Jonas Savimbi — who has been declared a "war criminal".

The organisation's secretariat has hinted at the presidents considering the possibility of deploying a multinational force to fight Unita.

While Angolan President Eduardo dos Santos will be attending the Maputo meeting, Savimbi will be absent.

SADC cautious about military aid

BD 16/8/99 (279A)

John Dludlu

MAPUTO — Mozambican President Joachim Chissano, who is expected to be named the leader of the Southern African Development Community (SADC), has sounded a warning on calls to send troops to back the Angolan government in its fight against Unita rebels.

Chissano, who is the deputy chairman of SADC, called at the weekend for an analysis of the Angolan situation.

His remarks at the three-day SADC gathering in Mozambique come in the wake of renewed speculation that Angola will seek military support from its SADC partners to defeat Unita.

Chissano said that sending in troops should be considered in situations where they could deliver a solution. Informed sources at the conference said the Angolan government has already asked for material support to back its recruitment drive for the army.

Chissano also backed moves for continue negotiations in Angola. He said Unita leader Jonas Savimbi could still be part of the negotiations but that it was his choice to stop the war. That SADC and the Organisation for African Unity has declared Savimbi a war criminal, did not make him unfit for negotiations, Chissano said

"My view is you come to talk with the criminal sometime. So he might be required to co-operate to bring peace and tranquillity "

However, Chissano maintained his support for the Angolan government, saying it had shown tolerance by incorporating Savimbi's party into government.

Angolan President Jose Eduardo dos Santos is expected to address the SADC summit this week to brief delegates on Angola. The weekend meeting was a preparatory forum for the coming week.

Meanwhile, SA Foreign Minister Nkosazana Dlamini-Zuma said she was not expecting the Congolese rebels, who have yet to sign the peace plan for the Democratic Republic of Congo, to attend the summit. "I am optimistic the war will end," she said but was reluctant to give time scales.

Frederick Chiluba, the Zambian leader tasked with mediating the Congo conflict, is expected to brief his SADC colleagues on his continued efforts to search for peace.

Dlamini-Zuma, who chairs the SADC ministers' council, said the council recommended that two draft protocols be signed at the summit.

They are wildlife conservation and declaration on productivity draft protocols

The declaration on productivity protocol will require SADC members to promote productivity as part of a bid to bolster the region's competitiveness

The SADC leaders are expected to continue condemning the crisis caused by the sale of gold by the UK treasury. Ministers discussed problems being experienced by both gold producers and nongold producers which are supplying labour for mines

The ministers approved the creation of a SADC energy commission, signalling the importance of the sector However, they failed to discuss the issue of rationalising SADC institutions. Dlamini-Zuma said this was an ongoing issue.

She also said she expected President Thabo Mbeki to continue discussions with his counterparts on his action plan for the region.

Dairy farmers in a froth over Parmalat quota plan

Louise Cook

DAIRY farmers in the Western and Eastern Cape who supply fresh milk to Parmalat are up in arms over plans by the company to introduce a quota system to

"It is impossible to survive," said Queenstown farmer Gerrie Swart.

A source in the dairy industry said Parmalat paid R1,17/l for milk during the past winter but that prices were threatening to drop to lo

Congo exile's plea to SADC talks

(279A) ARG 16/8/99

Maputo – A leading Democratic Republic of Congo opposition figure has urged all involved in the continuing war to sign the Lusaka ceasefire, arguing the DRC could not be held to ransom by an internal conflict within one rebel movement.

A senior official of the Union for Democracy and Social Progress (UDSP), Motumbi Kabundji, said in Maputo that it was unfortunate the ceasefire, negotiated in good faith by the warring parties, was still not signed and implemented.

The self-exiled UDSP leader was spotted by journalists while talking to delegates at the Southern African Development Community (SADC) Council of Minister meeting.

After the banning of all political activity in the DRC in 1997, Mr Kabundji fled to South Africa to do underground work for the UDSP, led by former DRC vice-president Ettiene Tshisekedi.

He said it was critical for the rebels to sign the ceasefire because: "Thirty-four years of dictatorship under (the late president) Mobutu Sese Seko and Kabila is too much for our people. Our people are longing for peace and stability."

He was hopeful that the summit here would also produce a decisive plan to end the DRC conflict. – Sapa

Conflicts to dominate SADC summit

(279A)

Sowetan 16/8/99

THE conflicts in Angola and the Democratic Republic of Congo will dominate this week's Southern African Development Community (SADC) summit in Maputo, reinforcing the idea that African states alone are in charge of peace and security on the continent.

But military and political analysts believe the concept of an "African solution to Africa's problems" currently being expounded by foreign powers and the United Nations, is unrealistic and unjust

"It seems to be nothing more than a cop-out," said Mr Richard Cornwell of the Institute of Strategic Studies (ISS) in Pretoria

"It is highly unlikely that Africa will ever be able to muster the sort of forces suitable for peacekeeping on the continent," he told AFP "Africans have an entitlement to appeal" to the international community for their security

For Cornwell, the end of the Cold War "has robbed Africa of whatever strategic significance it had".

"African states can no longer rely on outside assistance to end local wars that are no threat to vital foreign interests," he said

Military analyst Mr Mark Malan said the UN's disengagement from Africa began with its humiliating withdrawal from Somalia in 1995, culminating in its "ignominious retreat" from Angola in March this year

An indication of the declining interest in Africa by the UN could be measured, Malan said, by the fact that currently it has stationed only around 2 000 UN troops on the continent compared to 40 000 six years ago.

"Classical" peacekeeping operations are not possible in Africa, according to the analysts, because the conflicts are taking place in "pseudo states", where authority has crumbled.

> **"There is no way that the SADC is equipped to be a security organ"**

Also, the continent is torn by wars – as in Angola and the Congo – with economic rather than political agendas, where mining areas and woodlands, for instance, become more important military targets than political sovereignty or the safety of the population

Citing the "dubious legality" of the intervention in Lesotho during a military mutiny and wide-scale civil protests in September 1998 by South African and Botswana peacekeepers, and the intervention of Angola and Zimbabwe in the Congo, Malan concluded that the West believes Africa has become "cowboy country" when it comes to peacekeeping.

African organisations, notably SADC, are becoming forums for defence or security matters although they were initially formed to bolster economic integration, Cornwell said.

"There is no way that the SADC is equipped to be a security organ. "It should stick to economic integration, which will on its own prove to be difficult.

"It should not be brought to defend the indefensible."

Cornwell scorned the idea of Africa mounting in the Congo a similar operation to the UN's Kosovo KFOR deployment of 50 000 troops The Congo, he said, is 120 times larger than Kosovo

South Africa, because of its economic power and political stability, is expected to be a pillar of any African security system.

At a recent seminar addressed by generals, officials and military analysts, director-general of Foreign Affairs Mr Jackie Selebi said South Africa was attached to Africa "by an umbilical cord we cannot cut"

"If African states win, we win, if they lose, we lose If you eat and your neighbour does not, you suffer constipation" – *Sapa-AFP*

Mbeki beats peace drum at SADC talks

'Pressing problems' force Kabila to race home

(279A)

ARG 17/8/99

Maputo – Embattled Democratic Republic of Congo President Laurent Kabila urgently left the Mozambican capital today to attend to "pressing problems at home", said Mozambican President Joachim Chissano.

Mr Kabila was to have delivered a speech at the commemoration of Southern African Development Community Day and would have attended the regional leaders' summit tomorrow.

The organisation's outgoing chairman and South African president, Thabo Mbeki, told the 14-nation gathering today that progress, prosperity and peace for the entire SADC region was paramount.

"Peace is a pre-requisite for development. While most of our region can boast of peace ... bringing peace to Angola and the Democratic Republic of Congo is of crucial importance to all of us in the region," Mr Mbeki said.

The fighting in these countries had once again brought untold pain and suffering, he said.

"Landmines continue to maim our children, yet new landmines are still being laid on farming land. Yet we are hopeful."

He said great strides had been made to integrate the region.

"Through our infrastructural development programme, our people are able to link up through excellent roads such as the Maputo to Walvis Bay Road which traverses Mozambique, South Africa, Botswana and Namibia."

He added that the interconnected SADC rail network was of world standard.

"Our telecommunications boast of state of the art equipment and we have succeeded in pooling our electricity ... and can now boast of reliable electricity throughout the region," he continued.

However, immense challenges threatened to reverse the development gains, he said.

"We still have to overcome poverty, banish illiteracy, and eradicate diseases, particularly the AIDS/HIV scourge."

■ Congolese rebels should live up to their national responsibilities and sign the Lusaka ceasefire agreement so that peace and stability could be restored to the DRC, Organisation of African Unity secretary-general Salim Ahmed Salim said today.

Mr Salim, in Maputo for the SADC talks, said: "It is unfortunate that the agreement is held hostage because of a dispute among the rebels. It is my hope that they overcome this and sign the ceasefire."

■ A champion for media freedom in the SADC region, Zambian national Chola Bright Mwape, died yesterday after being injured in a car accident near Keetmanshoop in Namibia.

Mbeki urges economic unity

(279A)

ET (BR) 17/8/99

PETER FABRICIUS

Johannesburg – President Thabo Mbeki took forward his mission of accelerating the creation of an Africa-wide economic community in a meeting with KY Amoako, the executive secretary of the United Nation's Economic Commission for Africa, in Pretoria last week.

In 1991 the Organisation of African Unity (OAU) set out a timetable for establishing an African Economic Community (AEC) via the creation of regional economic communities.

But it has fallen behind its schedule. In the keynote economic address at the OAU summit in Algeria last month, Mbeki chastised fellow African leaders for complaining to the West about the effects of globalisation.

Mbeki said African leaders should do something about meeting the challenge of globalisation by implementing the AEC quickly

He proposed the OAU create a mechanism to monitor the AEC's implementation and ensure the timetable was met.

He discussed this with Amoako last week. Mbeki's office said nothing was decided on the AEC implementation mechanism and the discussion would continue.

Amoako said, the monitoring could be done through "peer review" by the regional economic communities because some made more progress than others.

Mbeki responded "warmly" to an invitation from Amoako to participate personally in the first African Development Forum in Addis Ababa in October and for South Africa to play a large part.

Amoako said the forum was a regular gathering of continental political and business leaders in an Africa-driven initiative to tackle economic problems.

The theme of the first forum is the challenge of globalisation and information technology.

Mbeki's office said the president supported the forum; however he had not decided whether he would participate personally.

Jobs on the line in 'inefficient' SADC

(279A) ET

ROSS HERBERT AND COLIN MCCLELLAND
Foreign Service

Maputo – Grossly dissatisfied with the performance of the Southern African Development Community secretariate, heads of state will debate today whether to oust SADC executive secretary Kaire Mbuende.

The debate is expected in closed session.

Meanwhile, Rwandan President Pasteur Bizimungu arrived here today and Ugandan President Yoweri Museveni was expected shortly for a special discussion of the war in Democratic Republic of Congo and the outbreak of fighting between former allies Uganda and Rwanda around the northeastern city of Kisangani

The two leaders are expected to brief SADC heads about a reported ceasefire agreement and an agreement about which of the rival Congo rebel factions supported by them should sign the Congo ceasefire.

The agreement was reportedly reached between them late yesterday in talks between Mr Museveni and Rwandan Vice-President Paul Kagame in Uganda.

However, Congolese Foreign Minister Yerodia Ndombase said that he was not interested in peace talks with his Rwandan and Ugandan enemies

"I have nothing to say to them, except to leave our country," he said.

SADC executive-secretary Mr Mbuende said he had not heard any proposals for rationalisation of the secretariate but that reform was an ongoing process. Asked to comment on the possibility of his removal by the presidents, he said. "Not at this stage."

However, delegates said dissatisfaction with Mr Mbuende's leadership has been growing and is particularly strong in South Africa. Mr Mbuende has been executive secretary for six years

"We have not been particularly impressed (by the performance of the secretariate) We have got to change the structure

"It has gone on far too long The decision-making process has not been the most efficient," SA Minister of Trade Alec Erwin said

Inefficiency is inherent in SADC structures because responsibility for its various sectors have been doled out to each member country, some of which have little capacity to effectively manage and co-ordinate across 14 countries

"We need efficiency and we do not get it," Mr Erwin said

"It is a particularly sensitive matter and was referred to the heads of state The key question is the structure of the secretariate and whether the particular individuals have the ability to change that."

66/8/81 ARG 18

Obasanjo calls for co-operation

John Dludlu

MAPUTO — Nigerian President Olusegun Obasanjo called on his southern African counterparts yesterday to agree on an ambitious programme of inter-regional co-operation

Obasanjo issued a challenge for deeper and wide-ranging co-operation between the Southern African Development Community (SADC) and the Economic Community of West Africa. He was speaking at a function to celebrate SADC Day in Maputo

Among the key areas of co-operation he proposed were institutional links between the two organisations' secretariats and ways of beefing up conflict-resolution capacity

He also proposed the highly contentious subject of "mutual extension of freedom of movement of persons that already exist in our subregions as a prelude to a community without barriers" Where free movement of people was not immediately possible, he proposed a relaxation of controls of movement of the two regions' citizens.

After years of talks, the SADC has yet to agree on the free movement of people in the region.

The call for closer co-operation in conflict resolution by Obasanjo comes amid renewed efforts to resolve the war in the Democratic Republic of Congo

The Nigerian leaders' remarks follow previous statements in which he signalled his readiness to contribute to peacekeeping efforts in the SADC.

Obasanjo asked regional leaders to draw up a plan that would direct the areas of co-operation. "Thereafter, we would sign a memorandum of understanding that would cement the envisaged vistas of co-operation"

Other areas he proposed for co-operation were trade, manufacturing, mining, energy and communications.

"There is also a need to improve trade in products and services," he said

At the same function, President Thabo Mbeki, chairman of the SADC, said he was certain that measures would be taken to see how the SADC could respond positively to what Obasanjo said. Stressing the interdependence of the SADC's member states, Mbeki said "SA cannot progress unless Lesotho progresses, Botswana cannot progress unless SA progresses, Namibia cannot progress unless Botswana progresses, Angola cannot progress unless Namibia progresses, the same for Congo, Zambia, the Seychelles "

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(279A) DD 18/8/99

Step up SADC changes, urges Erwin

ET (SMR) 18/8/99 (279A)

COLIN MCCLELLAND

Maputo – Member governments realised the organisation of the South African Development Community (SADC) needed to be rationalised, but it was not happening quickly enough, Alec Erwin, the trade and industry minister, said yesterday.

Because the SADC attempted to assume greater political and economic responsibilities, the organisation was bound to need revising, the minister said at the SADC summit.

Headway was being made in the issue of trade, Erwin said. SADC trade ministers met on Monday to try to advance difficult negotiations on a regional free trade area that was supposed to begin on January 1 next year.

Several more trade meetings had been scheduled for next month and November to iron out details

The meeting had focused on the liberalisation of intra-regional exports of vehicle parts and textiles, Erwin said



***REFORMER** Alec Erwin wants SADC to accelerate rate of change*

There had been some movement on textiles as Zimbabwe had been granted larger textile quotas, but vehicle parts remained a sticking point. "Automobiles are much more complex issue because our manufacturers have difficulty supplying our own companies."

The industries of the two countries were significantly different in scope, Erwin said. "South Africa is just getting big enough to compete in the world market but Zimbabwe never will be." He said a trade ministry technical team from South Africa would visit Zimbabwe to consider how the two could co-operate.

Erwin defended South Africa's negotiations for a trade deal with the European Union, although SADC members' concern that they had been excluded was to be expected

The complex nature of the discussions made it difficult for states that were not present to keep up with developments.

"This deal is unique. It's the first of its kind to link Group of Seven economies with a developing nation," he said.

But SADC agreements in both the trade sector and the political area would probably elude the heads of state, who will meet at a summit today, Erwin said – Independent Foreign Service

Swaziland helps to head off Angola, Zambia conflict

John Dludlu DD 18/8/99 (279A)

MAPUTO — Intervention by Swaziland, which is leading a regional troubleshooting exercise, has helped head off a brewing conflict between Angola and Zambia, says Lesotho Foreign Minister Tom Thabane

Interviewed at the summit meeting of the Southern African Development Community (SADC), he said the foreign ministers of the two countries had asked for the conflict to be taken off the agenda because it was almost resolved

Relations between Angola and Zambia took a dip early this year, nearly plunging the two neighbours into war, when Luanda accused Lusaka of aiding Unita Jonas Savimbi's rebel movement, against the Angolan government

Thabane said the foreign ministers were convinced by assurances from Lusaka that government was not involved in this A meeting of heads of state Frederick Chiluba of Zambia and Jose Eduardo dos Santos of Angola is understood to be on the cards

As part of the tentative deal, the security agencies of both countries were jointly monitoring the situation, said Thabane

"All of us fought vigorously for both parties (to resolve their differences)," he said

Swaziland acted as mediator in the conflict in its capacity as chair of the SADC interdepartmental committee on defence and security

Meanwhile, all eyes were on Chiluba yesterday in briefing SADC leaders on his efforts to mediate in the conflict in the Democratic Republic of Congo

Thabane said the focus was now on efforts to strengthen the hand of the Zambian leader in his efforts

He disclosed that the SADC governments were considering a proposal from Congo to contribute towards a peace-keeping force which forms part of a ceasefire plan agreed last month by the nations in Congo's conflict.

The ceasefire has yet to be signed by the Rwanda-backed Congolese Rally for Democracy, the main rebel group that claims to control 90% of the "liberated" parts of Congo

Mbeki lauds African regional integration

(279A) DD 18/8/99

MAPUTO — Great strides had been made in integrating southern Africa, President Thabo Mbeki told the 14-nation Southern African Development Community (SADC) summit meeting in Maputo yesterday

"Through our infrastructural development programme, our people are able to link up with one another through excellent roads such as the Maputo to Walvis Bay highway which traverses Mozambique, SA, Botswana and Namibia." He also said the SADC rail network was of a world-class standard

"Our telecommunications boast state of the art equipment and we have succeeded in pooling our electricity and can now boast of reliable electricity throughout the region," he said

"Peace is a pre-requisite for development. While most of our region can boast of peace , bringing peace to Angola and the Democratic Republic of Congo is of crucial importance to all of us in the region," Mbeki said

The fighting in these countries had once again brought untold pain and suffering, Mbeki said Millions had been displaced, many condemned to die

"Landmines continue to maim our children but new landmines are still being laid on farming land

"Yet we are hopeful," Mbeki said.

Mbeki noted that more than 30 seed varieties to cater for semi-arid conditions had been developed under the SADC's sorghum and millet programme

"Agriculture is very important for our region since it provides us with sustenance It also provides us with valuable foreign exchange," Mbeki said.

These and other programmes within the SADC had been made possible through the pooling of resources by member states Mbeki said

Meanwhile, Congo President Laurent Kabila met President Robert Mugabe of Zimbabwe, President Jose Eduardo dos Santos of Angola and Namibian President Sam Nujoma, all of whom back Kabila in the Congo war, before an informal dinner at the summit meeting on Monday night to discuss the situation in the rebel-held city of Kisangani

Mbeki's spokesman Parks Mankahlana said he had spoken separately to the presidents of Uganda and Rwanda whose countries are backing different groups of Congolese rebels, about the burgeoning conflict between their forces in Kisangani

Officials declined to give details of the meetings but SA and Zambian sources said there was no agreement among the leaders as to how to revive the Congo peace process

Zambian President Frederick Chiluba, mandated by the SADC to seek peace in the Congo, said efforts to revive the collapsing Lusaka accord would dominate today's summit — Sapa, Reuter

Angola to get help from SADC states

(279A)
CT 19/8/99

MAPUTO: Southern African Development Community leaders have agreed to provide the embattled Angolan government with non-combatant assistance in its war against the Unita rebel movement of Jonas Savimbi, sources at the SADC summit here said yesterday

The decision followed Angolan President Jose Eduardo dos Santos' request earlier yesterday that his country, a member of the 14-member SADC, be assisted in its fight against Unita.

"The leaders agreed that the assistance to President Dos Santos' government not be military but in the form of uniforms for the soldiers, human and other material needs that may be required," sources within the closed summit said.

Diplomatic sources at the talks earlier said Dos Santos had told his counterparts that he did not require military assistance because his army was coping.

Logistical arrangements of when and how the offered assistance would reach Luanda, would still have to be worked out, sources said

Meanwhile Mozambican President Joachim Chissano was unanimously elected as the new SADC chairperson

President Thabo Mbeki, the outgoing head, made the announcement after the signing of two protocols and a declaration by SADC leaders

Mbeki said, "The summit also unanimously elected (Namibian) President Sam Nujoma as the deputy chairperson."

In his acceptance speech, Chissano said his government and people understood the responsibility attached to his election as chairperson.

He said it would serve as encouragement and incentive and a demand to carry out the mandate with excellence

South African Trade and Industry Minister Alec Erwin told members at the meeting that South Africa would stick to its plan for a unilateral easing of trade barriers with the rest of southern Africa in a bid to accelerate economic integration in the region.

Erwin said the elusive goal for a common trade pact for the whole of the SADC by January 1, 2000 was achievable, but that negotiations ahead remained extremely tough

Eight of SADC's 14 members have ratified the framework for a trade pact which was first drawn up in 1996 South Africa is not amongst them — Sapa, Reuter

SADC signals the revival of empty rhetoric

ARGT 19/8/99

'Inefficient' top administrator fired

(279A)

ROSS HERBERT AND COLIN McCLELLAND
FOREIGN SERVICE

Maputo – Southern African leaders took a hard line on reform and a soft line on war as the Southern African Development Community decided to replace its executive and give non-military aid to Angola.

At the conclusion of the 19th SADC summit yesterday, leaders announced a spate of decisions that bore the signs of heavy South African influence, the weakening of the SADC's hard-liners, and the rebirth of empty rhetoric as South Africa surrendered its SADC chairmanship to Mozambique president Joaquim Chissano

Mr Chissano and Namibian president Sam Nujoma, who assumes the vice-chairmanship, inaugurated their tenure with long speeches about the new millennium and determination to achieve partnership and consolidate progress at all levels.

Mr Chissano repeatedly deflected reporters' questions without answers, a sharp contrast to the far more direct, clear style South Africa brought to the SADC chairmanship. He refused to discuss how he had adjudicated on the question of the SADC security organ, the leadership of which Zimbabwe president Robert Mugabe has assumed for life as the most senior head of state

But the rhetorical shift did not mark an end of influence for South Africa, which has advocated dialogue over military solutions. SADC leaders voted to lend political and non-military material support to Angola, but the decision represented a major climb down from requests from Zimbabwe president Robert Mugabe, who called recently for direct SADC military intervention to support the Angolan government, and last year led efforts to brand Angolan rebel leader Jonas Savimbi a war criminal.

The final communique pledged only solidarity and humanitarian and non-combat support to Angola

Mr Chissano said Mr Mugabe remained at the helm of the security organ, but said the leaders had decided that Mr Mugabe, in conjunction with the SADC chairman, must monitor the situation in Angola.

The presidents of Rwanda and Uganda, neither SADC members, met SADC leaders for two hours to explain steps taken to end heavy fighting that flared up last week between their forces deployed in Kisangani in north-east Congo.

The Rwandan and Ugandan presidents told the SADC they had stopped the fighting and each had dispatched its top army commander to Kisangani to assume command and investigate the cause of the fighting, which diplomats feared would destroy prospects for the July 10 Lusaka peace accord.

For more than a month, Congo rebels, embroiled in a dispute over the rightful leadership of the Rally for Congolese Democracy, have refused to sign the accord.

However, Rwandan president Pasteur Bizimungu said that Rwanda and Uganda – which backed different factions – had reached an accord over the dispute. He said that if a mission by South Africa and Zambia to determine the rightful leader failed to determine a clear leader, members of the ruling rebel council would all sign the accord.

Mr Chissano said SADC leaders would replace the organisation's top administrator, executive secretary Kaire Mbuende, who had been criticised by several countries – particularly South Africa – for inefficient and slow administration.

South African Trade and Industry Minister Alec Erwin said "We have not been particularly impressed (by the performance of the secretariat)"

SADC trade pact could be in force by January, says Erwin

CT (BDR) 19/8/99 (279A)

ROSS HERBERT AND COLIN McCLELLAND

Maputo – The Southern African Development Community (SADC) trade agreement to slash tariffs on 12 000 product areas should be in force by January 1, Alec Erwin, the trade and industry minister, said yesterday

"That is achieveable. We will meet on September 3 in Cape Town We may go for an intense negotiating round in November. It will be essential in my opinion before we conclude this," Erwin said at the SADC summit meeting in Maputo

Erwin said the remaining contentious issues to be negotiated included clothing and textiles, cars and vehicle parts, sugar, certain agricultural products and red meat.

The free trade framework agreement, which lays out the rules for dispute resolutions and conduct of negotiations on tariffs rates, was first signed by SADC leaders in Lesotho three years ago.

The framework must be followed by timetables for reducing tariffs on 12 000 defined product areas and detailed agreements on the rules of origin for manufactured goods and customs verification procedure.

Following the framework agreement, it took SADC member states two and a half years to put forward their initial negotiating positions on timetables, which vary for every nation. Since January there has been rapid progress in several meetings and Erwin said the SADC was very close to completing agreements on rules of origin and tariff timetables.

However, he said reports that the free trade pact would be complete by August were inaccurate. "We never envisioned it would be done by August.

"Given the size and complexity of this agreement, we are not going too slowly," Erwin said.

Based on each nation's initial offer, an average of 30 percent of all product types would draw no tariffs when the agreement comes into force. For some countries this category is as high as 56 percent. Regardless of the outcome of the tariffs and customs negotiations, South Africa and the other Southern African Customs Union members, would unilaterally eliminate tariffs on a wide range of manufactured goods that now draw duties between zero and 17 percent.

Erwin said the trade protocol would be presented to parliament soon. – Independent Foreign Service

Two trade deals affect economy

Wyndham Hartley (74) (279A)

CAPE TOWN — Parliament's trade and industry committee should brace itself for two issues which will significantly affect the economy, chairman Rob Davies said after being unanimously re-elected yesterday

Davies said these issues were the two trade deals which the trade and industry department had spent considerable time negotiating — the Southern African Development Community (SADC) trade protocol and the trade and co-operation agreement with the European Union (EU)

Bringing his new committee up to speed, Davies said the SADC protocol had been approved by the cabinet committee for economic affairs and was now before the full cabinet

If, and when it was approved by the cabinet, it would be forwarded to the committees of Parliament for consideration approval and ratification.

He said that if the SADC protocol was to be implemented by its target date of January next year, it would have to complete its process through Parliament this year.

He said the signing process for the trade agreement would proceed next month

There were issues contained in the agreement which required EU members to change legislation and this would take years but the rest of the agreement would be dealt with as an agreement with the European community

Davies said three bills — The Industrial Development Amendment Bill, the Import and Export Control Amendment Bill and the Gambling Matters Amendment Bill — would come before the committee this year as priorities of the department

Govt aims to explain trade opportunities

(74) (279A)

New horizons beckon for business, thanks to accords with EU, SADC

Wyndham Hartley

CAPE TOWN — Both of SA's economically vital trade accords — with the European Union (EU) and the Southern African Development Community (SADC) — are set for implementation on January 1 and government is preparing a campaign to inform business of resulting opportunities

Trade and Industry Minister Alec Erwin told Parliament's new trade committee yesterday the European Council's final approval of the EU trade agreement 10 days ago was a major development and nothing now stood in the way of the January 1 target date He said SA would also go ahead on January 1 with the implementation of part one of its SADC protocol offer

Erwin said if the negotiators in SADC talks got bogged down, then the full ministers' meeting could meet again in November to try to break any logjams The ministers last met to discuss the protocol on Monday this week in Maputo before the SADC leaders' summit

Parliament will have to ratify the EU accord before January if implementation is to take place, he said

He told the MPs that the SADC agreement was in a way more complicated than that with the EU agreement, as there were so many overlapping agreements and vastly different products in the region

The cabinet had agreed to the first part of SA's offer being implemented on January 1 and as a result all SA products with tariffs of between 0%-17% would be reduced to 0% from that date if agreement had been reached on rules of origin

MPs also heard that an opening round of talks have been held with Mercosur, the South American common market, which could potentially lead to another trade agreement

There are also continuing talks with the US on how to facilitate trade.

Erwin also flagged the next round of World Trade Organisation talks scheduled for Seattle in the US in December as of great importance for developing countries. He said SA had some strong views on what should be discussed and its proposals would be made at the Geneva talks next month, at which ambassadors would decide on the Seattle agenda.

The regulatory framework applying to industries was also under review Significant legislative changes were on the way, and were likely to affect the companies and securities acts and legislation on insolvency and liquidation, Erwin said.

Comment: Page 17

BD 20/8/99

Commonwealth urges unity

(279A) BD 20/8/99

Ties between SA and Nigeria could form 'nucleus for development' on continent

Kingsley Kubeyinje and Wyndham Hartley

LAGOS — Commonwealth Secretary-General Emeka Anyaoku has charged Nigeria and SA with setting up interministerial committees to forge stronger unity and drive development on the continent.

Anyaoku, who was meeting Vice-President Atiku Abubakar in the Nigerian capital of Abuja this week, said the committees would foster better understanding between the two nations. He said the two states had the potential to be the nucleus for development of the continent

An SA foreign affairs spokesman confirmed yesterday that "something like a joint ministerial commission" was being investigated, but said it was in its initial stages. The plan was initiated by the Nigerian vice-president at the recent economic summit meeting in Durban

The spokesman said co-operation would probably be at deputy presidential level.

When Nigerian President Olusegun Obasanjo visited SA recently, he said Nigeria and SA should forge a partnership to help resolve conflicts in sub-Saharan Africa and called for closer economic co-operation.

Anyaoku, a Nigerian, advised Abubakar to consolidate Nigeria's fledgling democracy by strengthening its battered economy, as well as resolving its "huge" external debt

Nigeria is burdened with an external debt of about $30bn

Although it won its independence in 1960 from Britain, Nigeria had been ruled by corrupt military dictators for 29 of its 39 years of nationhood After 20 unbroken years under military rulers, Nigeria again became a democracy on May 29 in elections supervised by the military.

Anyaoku advised the Nigerian government to begin negotiations for proper debt relief

Abubakar assured the Commonwealth chief that the Obasanjo administration would stick to its policy of transparency and accountability, with the aim of winning the confidence of the international creditors.

Links between Nigeria and SA are improving after years of icy relations which followed the hanging of playwright and environmentalist Ken Saro-Wiwa and eight of his Ogoni compatriots in November 1995

On Monday, Nigeria named SA as one of the 16 countries/companies which could export and market Nigeria's crude

Plan to protect wildlife and help people living next to animals

COLIN MCCLELLAND

Southern African states this week approved a conservation protocol which aims to protect wildlife and help people cope with living next to beasts, especially along border areas where interstate co-operation is needed.

The protocol, signed at the annual summit of the Southern African Development Community (SADC) in Maputo, aims to move away from policing against poaching and to build better relations between private companies, states and local inhabitants.

"It's about the sustainable use of wildlife, notably in trans-frontier conservation areas," said Malawian Ben Mbewe, director of the Inland Fisheries, Forestry and Wildlife sector of SADC.

"The policing policy has not really benefited us, so we want people to see the benefits that conservation can mean to them," said Mr Mbewe.

"No government can police the use or over-exploitation of wildlife. But what you can do is promote the concept of co-management, build the capacity to meet with companies and join hands."

However, he said policing would not be abandoned.

Large game reserve projects, such as the huge Elephant Coast concession on the border with South Africa in southern Mozambique, have been criticised for a lack of sensitivity to the rights of local populations when large animals are added to the area.

Locals claim the animals destroy their crops. Game reserve investors view animal kills as poaching, locals call it hunting just as they have always done

"Damage to crops by large animals is a grave concern, but we maintain that tourism can make up for that," said Elephant Coast project director Howard Geach.

"We never said it was going to be easier. Relationships and trust have to be forged. The question of living around big animals is nothing new.

"But we've never had the intention of moving anyone. We've got to align the communities with the conservation aims and keep the Mozambican government in the loop."

Antonio Reina, director of the Endangered Wildlife Trust in Maputo, says the interests of locals are sometimes steamrollered by the state and private investors.

"The policy in Mozambique land law (which does not allow freehold ownership) is that communities are entitled to the land if people can prove they have been living there for 15 years or more.

"The big problem is the practical side of the question. Usually, because of a lack of capacity and history, sector override the interests of the community."

Mr Reina is active in just the sort of project the protocol hopes to encourage, at Zinave Park in Inhambane province.

With funding from Cape Town's Peace Park Foundation, he is assessing the needs of the people, encouraging private sector investment and ensuring that communities have the capacity to join in the park's management and business opportunities. – Foreign Service

S African states join forces to battle Aids

Foreign pharmaceutical firms to be urged to provide less expensive drugs

COLIN MCCLELLAND
in Maputo

Southern African states have signed a health protocol to harmonise regional policies and increase co-operation generally in the fight against Aids and other diseases.

South African health officials say the protocol – signed at the Southern African Development Community summit here – could help organise the region to fight against foreign pharmaceutical companies for less expensive drugs to combat Aids

Officials expect it will take a year for nine of the 14 individual SADC-state parliaments to ratify the protocol so it can be enacted.

"What the health protocol means is that member states are obliged to harmonise policy development and assist each other," said Thuthula Balfour, director of the SADC health sector based in Pretoria.

Dr Balfour said the protocol's formation of technical sub-committees could help countries work together to combat communicable diseases such as tuberculosis, malaria and Aids and co-ordinate resources of information and treatment.

It included provisions to help people in areas without proper facilities receive treatment in other countries. But which treatment cases would be accepted by other states and how the cost would be paid were matters still to be settled.

Aids would continue to be a burning regional issue as cases kept mounting "In most SADC states, 20% to 30% of pregnant women have HIV, the virus that causes Aids," said Dr Balfour

"South Africa is still an evolving epidemic whereas it has peaked and levelled off at much lower levels in central and western Africa – about 10% to 15% We have a later epidemic and it has not flattened or peaked."

The protocol might help organise fights against pharmaceutical companies for less expensive drugs to combat Aids, said Dr Balfour.

South Africa has been pushing pharmaceutical companies for parallel importation – the concept of allowing one manufacturing company to undercut the prices of another to sell a drug in the South African market.

"Definitely this matter has not been settled and it could lead to more affordable drugs," said Dr Balfour "But there are a lot of vested interests," she added.

It was an issue close to home in Mozambique, host country to the SADC conference, where the state could not afford to stock Aids drugs, said the director of Monaso, an association of agencies trying to combat the spread of the disease.

"Mozambique does not have drug because they are too expensive, bu we do have a hotline that people wh have money can phone to find ou where they can find drugs to buy," said Emilia Adriano

While her group promoted and coordinated the anti-Aids struggle among about 70 agencies which might not have Aids as their main focus, she said the situation would get worse before it improved.

"I think it's getting worse because we have some provinces, such as Manica and Tete, where the level of Aids is 29% of the population. But in general, it's 14,7% across the country and as low as 10% in Maputo"

Ms Adriano welcomed the regional links proposed in the new SADC protocol.

"I think co-operation is very important because last year I went to Zimbabwe and they had more experience in dealing with problems, for example, of what to do with people living with Aids. Here we have just three associations for that – there they have many"

Problems included finding funds for blood testing and getting information on Aids prevention to rural areas. Dr Balfour said key issues involved increasing public awareness and treating people who might have sexually transmitted diseases which increased susceptibility to HIV – Foreign Service

SA 'committed to easing' regional trade restrictions

(74) (279A)

By Mongwadi Madiseng and Reuters

SOUTH Africa remains committed to unilaterally easing restrictions on trade with other countries in the South African Development Community (SADC) to accelerate economic growth in the region.

SADC trade relations director Sifiso Ngwenya said it remained, however, South Africa's intention to ultimately conclude a trade accord with the region by January next year. And that could include agreement on a time frame within which to phase out tariffs.

In terms of such an agreement South Africa could phase out its tariffs over five years, while SADC countries would be given eight years to do the same.

Speaking at the SADC summit in Maputo last week, Trade and Industry Minister Alec Erwin said. "Independently, South Africa is committed to full phase-down of certain tariffs by the end of the year, together with the Southern Africa Customs Union (Sacu)"

Both South Africa, together with its Sacu partners that include Botswana, Lesotho, Swaziland and Namibia, will cut their tariffs to zero in January on goods currently pegged at up to 17 percent.

The second phase of tariffs currently set between 17 and 25 percent will be phased out at the end of year three, with the remainder cancelled after five years.

According to Ngwenya South Africa's trade balance with other countries in the region is currently standing at a ratio of six to one. "What we are busy trying to do is to increase our purchase rate from the region in order to develop their economies."

He said it was not South Africa's long-term objective for the ratio to remain at that level.

On trade agreements affecting both sides he said: "We are involved in trade negotiations aimed at creating free trade areas, marketing of goods without tariffs."

Ngwenya added that most imports from the region were mainly textile related products whilst exports from South Africa were derived chemical products and car parts.

Sowetan 24/8/99

John Dludlu, 2+(279A)
I-Net Bridge and Sapa-AFP

Race is on for SADC position after Mbuende quits

LUANDA — Hardly a week after the announcement that Kaire Mbuende, the executive secretary of the Southern African Development Community (SADC), was leaving the organisation, the jockeying for his position has already begun

An Angolan government source said his country had already nominated its former oil minister Joao Landoide to the position.

No other SADC member state has named its preferred candidate. Mbuende, a Namibian serving a second term, told journalists he had resigned and would leave SADC at the end of December

SADC's new chairman, Mozambique President Joacquim Chissano, said last week there had been an uneasy relationship between Mbuende and the SADC ministers' council

As a result, Mbuende quit in the face of repeated criticism by member states over the running of the organisation

Mbuende said last night he had not yet decided on his future but said "I am not leaving the region"

It is understood that Mbuende's deputy, Prega Ramsamy, would act as the SADC executive secretary in the interim

However, a replacement for Mbuende is expected only after a review of the SADC's operations and institutions which was ordered by the SADC heads of state and governments last Wednesday. The review, to be carried out by ministers, will take six months. It is expected that the SADC's secretariat, which is situated in Gaborone, Botswana, will also undergo a facelift.

Other SADC institutions to be reviewed include the SADC's organ for politics, security and defence. The organ collapsed a year ago and was revived and allowed to continue under the chairmanship of Zimbabwean President Robert Mugabe

BD 26/8/99

SA is gaining kudos from investors

(740) (279A)

THE ECONOMY

By JANETTE BENNETT

WHAT's it like to do business in South Africa? This was the question Absa chairman Dr Danie Cronjé and group MD Nallie Bosman faced constantly during their recent roadshow to US and European shareholders, investors and fund managers.

Now that the days of the apartheid siege economy have gone, foreigners are well-informed about SA's fundamentals. "They want to know our impressions and interpretations of what is happening — they want insight into doing business," Cronjé said.

The bankers essentially turn into salesmen on their roadshows. They sell Africa, the Southern African Development Community, SA and Absa — in that order. "We are part of Africa and therefore an emerging market, and we pay a premium for that, whether we like it or not," Cronjé said.

The message they bring back from their fourth roadshow is overwhelmingly positive. "There are concerns, mostly about slow economic growth and factors such as crime and unemployment.

But the strides forward are enormous. Foremost was the peaceful election, which took care of a lot of uncertainty.

"Last year people asked what would happen after Nelson Mandela. We said we knew who the next president would be ... And investors have confidence in Thabo Mbeki. They see him as a hands-on professional president, dealing with the issues," Bosman said.

It was during their roadshow last year that the emerging markets crisis sent the rand diving and interest rates soaring. But the way SA rode the crisis has been viewed positively. "It was our first real test as a country which is part of the global economy," Cronjé said. "Investors have seen we can take a punch like that."

Also welcomed is SA's shift from relying almost solely on monetary policy to steer the economy to a mix of fiscal and monetary policies. "In the past, we relied too heavily on monetary policy and it was difficult to defend that position," Cronjé said. It is clear the government's tough line is working, they said, with the fiscal deficit at 2.9% from 10.1% in 1993/4, and inflation at 4.9% from almost 20% in the 1980s.

ST(BR) 29/8/99

DBSA dishes out many millions more

DISBURSEMENTS

By THABO KOBOKOANE

The Development Bank of Southern Africa (DBSA) on Friday reported a 13% increase in disbursements to R2.46-billion in the year to end-March 1998.

The development agency also announced plans to increase disbursements for the year ending March 1999 to R2.7-billion.

DBSA reported disbursements totalling R1.89-billion were made in SA and the balance to the rest of the Southern Africa Development Community.

Of the R1.89-billion paid out in SA, just over R1-billion was allocated to local authorities, signalling the lending institution's emphasis on local authorities.

MD and CE Ian Goldin said the bank had no write-offs despite volatile business conditions underlined by high interest rates.

"The fact that the DBSA managed its portfolio of no less than 474 local authorities with no write-offs is an achievement of some significance," said Goldin.

The bank also said its surplus for the year had increased by 187% to R509-million, showing a return on assets of 3.7%, compared with 1.8% in the previous financial year.

(297) (279A)

Full customs union for UEMOA states next year

(279A) ET (BR) 5/10/99

ALAN RAYBOULD

Abidjan – The eight countries that made up the west African part of the franc zone were on target to have a full customs union by January 1, the head of their regional commission said yesterday.

Moussa Toure, the president of the West African Economic and Monetary Union (UEMOA) commission, said customs duties on produce and manufactured goods traded between member countries would be lifted on January 1 as planned.

On the same date, UEMOA countries would adopt a common external tariff. This would have rates running from zero to 20 percent depending on the goods.

The maximum rate around the region is now 25 percent.

UEMOA comprises Benin, Burkina Faso, Guinea-Bissau, Ivory Coast, Mali, Niger, Senegal and Togo, all of which use the CFA franc within a long-standing monetary union.

Toure said UEMOA ministers meeting in Benin in September had agreed on accompanying measures to ensure that the common tariff did not damage local firms unfairly.

In addition, ministers could impose a tax on goods whose production was subsidised in their country of origin, "to re-establish the conditions for real competition".

Ivory Coast Prime Minister Daniel Kablan Duncan said UEMOA was talking to neighbouring countries such as Liberia and Ghana about an associate status under which they could have trading benefits while retaining their own currency.

Toure said a Ghanaian mission had been to the commission's Burkina Faso headquarters for talks on such an arrangement. – Reuters

Africa polls good sign

(279A)

In the next year seven African countries will be holding elections, which can only be good for democracy, especially in SADC states, writes **Sharon Chetty**

Sowetan 13/10/99

WITHIN the next year at least seven more Southern African Development Community (SADC) countries will hold elections

Malawians recently went to the polls and South Africa's second democratic election in June was widely hailed for its peacefulness

While the poll in Zimbabwe is expected to be significant since there is now a new opposition party challenging ruling president Robert Mugabe. In Mozambique, president Joachim Chissano and the Frelimo party are expected to be returned to power.

Botswana goes to the polls on Saturday, while Lesotho, Mauritius, Namibia and Tanzania will do so some time between December and the end of 2000.

Of the 14 SADC members, there are question marks hanging over only Angola and the Democratic Republic of Congo's ability to hold elections, since both are wracked by internecine conflict.

In Angola's case, the last election made no difference since the rebel group Unita led by Jonas Savimbi refused to accept the result and share power with the ruling MPLA of Edwardo dos Santos.

Swaziland, the island of Seychelles and Zambia are expected to have elections between 2001 and 2003

The regularity with which most SADC countries are going to the polls is both "encouraging and bodes well for democracy", says Brigalia Bam, South Africa's Independent Electoral Commission chairwoman, who also chairs the SADC's electoral commissions forum

Like the rest of the SADC body, cooperation in policy-making and sharing experience and expertise are key to their work.

How to relate to constitutions, interpret electoral Acts and maintain a good, yet independent, relationship with government, are some of the debates at the forum.

"Since we are neighbours and all young democracies trying to develop and improve our (electoral) systems, we felt there was a need for a structure through which we could work," says Bam

In tricky situations, like that in Lesotho last year when the result of the election was not accepted, leading to protests and then violent confrontations resulting in a SADC force being sent in, the forum has had to "learn from what went wrong", says Bam

That situation proved just how vital it is to educate voters and to cooperate with political parties, "even if they are part of the problem", she says

In Lesotho, once the political parties rejected the process as not being free and fair, despite a group of international observers declaring it to be so, it led to a series of events that quickly spiralled out of the control of the electoral commission and the government



Voters are going to the polls more and more in the Southern African region, which is a good thing, says the IEC's Brigalia Bam. PHOTO BONILE BAM

While the forum was unable to do any more than merely send in observers to assess the situation and provide moral support to their colleagues, Bam says that Lesotho remains an important lesson, since the worst scenario could have been one like the open war in Angola or the turmoil currently in East Timor

"Political parties and other stakeholders still have to be taught that when they agree to the elections process, there is bound to be a winner and a loser In creating democracy we have to accept losses, otherwise we will never move forward"

Political parties' involvement from as early as possible and transparency in the process are most important, since this gives them a sense of ownership, says Bam

Civil society's role and the need for education should also not be underestimated, she warns.

"In Lesotho they had time constraints and did not do as much as they should have in their education programme

"Eventually civil society was manipulated by the politicians, since they were unprepared for the dispute."

Lesotho is being used as a case study and Bam hopes there will not be such "an unexpectedly difficult situation" to deal with again

In all 14 SADC countries, there are, "in theory", independent electoral commissions. But the nature and demands of their work vary radically.

Congo, for example, sent observers to South Africa during the June election But since a ceasefire between the warring groups in that vast country is faltering, no one knows whether or not there is likely to be an election soon or how the electoral commission will be constituted.

The Angolans joined the forum this year and Bam says while there may be no elections planned for that country, "it's still important to keep links and maintain dialogue"

Mediation courses, conflict resolution and management programmes there and in other SADC countries run by the Electoral Institute for Southern Africa, which also forms the secretariat for the forum, are an integral part of their work, says Bam. While each country has its specific problems, there are common difficulties which all members of the forum share, such as lack of infrastructure in rural areas, high rates of illiteracy and how to deal with ethnic divisions, which are often compounded by politicking during elections.

"The need for impartiality in voter education programmes and for the content to have integrity cannot be stressed enough," says Bam

A common "crisis" is how to get voters registered and drawing up a voters' roll

"Even in established democracies, to get that roll accurate is a mission for us, it is usually hundreds of times more difficult"

Through the All Africa Electoral Forum, the regional body interacts with commissions from the rest of the continent, and the growing membership is an indication that "elections are becoming important in Africa

"Every year they are increasing, which can

Getting to know the neighbourhood

BD 14/10/99 (279A)

EU and customs union states meet to look at effect of trade deal

John Dludlu

OFFICIALS from the Southern African Customs Union and the European Union (EU) meet in Lesotho today to begin what is likely to be a long journey.

On the agenda of the two-day workshop, called by the EU, will be an attempt to assess the impact of the EU-SA trade, development and co-operation accord on SA's partners in the customs union.

The partners are Botswana, Lesotho, Namibia and Swaziland

The workshop in the Lesotho capital, Maseru, is the first formal attempt to look at the subject. SA's neighbours were not directly involved in the negotiations. But there were regular consultations with and briefings by Pretoria.

The reason for their exclusion from the table is simple the EU already had a relationship with all of them via the Lomé Convention.

Jean-Claude Boidin, a senior development official at the European Commission, says the EU will be listening to SA's partners in the customs union. "We are not giving our recipe to anyone," he says.

In terms of the SA-EU trade deal, signed on Monday, both sides have pledged to give attention to providing "support to the adjustment efforts occasioned in the region by the establishment of the free trade area under this agreement, especially in the (customs union)".

This pledge has been interpreted differently by various parties: some call it compensation and others adjustment support.

Throughout the negotiations there were various studies commissioned to look at the effect of the trade deal on SA's neighbours. The common thread has been that the countries will suffer revenue losses of between R250m and R3,5bn as a result of the free-trade area provisions of the deal

As members of the customs union, SA and its neighbours have a common external tariff. They collect trade taxes and pool them before sharing it through a complex formula that allows SA's partners to have first claim

This income is very important to the customs union members. Some receive as much as half of their central government revenue from this source.

Under the revenue-sharing formula SA's partners receive compensation — read subsidy — for the price-raising effects of tariffs and for industrial polarisation

Like all aspects of the customs union agreement, the formula is being reviewed. So should SA and the EU merely send fiscal envelopes to these states?

No, is the general answer

Trade and Industry Minister Alec Erwin says SA would like to maintain the revenue stream. A sensible thought, given that sudden fiscal disruption may see SA's transfers rising dramatically before the International Monetary Fund (IMF) is asked to assist.

This is the basis of the current review process

Even in Brussels the thought of fiscal transfers is unpalatable. But the EU has made known its readiness to provide budget support when the need arises.

The wider challenge facing SA's neighbours is to restructure their public finances to reduce reliance on trade taxes The EU and SA can provide technical assistance

Another suggestion, though controversial, would be to continue pooling excise duties, but change the revenue-sharing formula And disbursements should be made on the basis of need

This proposal will work only if there is political will to give up elements of fiscal sovereignty to a regional body.

Given the complexity of factors affecting the states' revenues, a first step would be to begin proper monitoring of the variables. Ordinarily, the IMF would do this but its lukewarm relationship with the developing world is problematic Maybe a group of reputable academics should be considered.

Ventron Corporation Limited

Not all gloom and doom for workers

(279A) BD 15/10/99

Delegates told that most SADC countries respect employees' rights

Simphiwe Xako

LABOUR legislation in the Southern African Development Community (SADC) reflects world standards, although there is a relatively low level of ratification of international labour conventions, says labour relations specialist Paul Benjamin.

He told delegates to a SADC labour relations special conference in Johannesburg this week that, as far as workers' rights were concerned, not all was doom and gloom.

"The majority of SADC members respect employee rights as far as working hours, leave days and general payment scale are concerned."

However, some countries in the region give their employees two weeks' annual leave, Benjamin said.

Recent conventions have highlighted the need to extend protection to vulnerable employees such as part-time workers and those working from their homes.

Benjamin said that, although there is no international standard on some labour issues in the region, there is a need to extend labour protection to independent contractors, who are vulnerable to exploitation.

The three-day conference, which was co-ordinated jointly by SA, SADC and the International Labour Organisation's (ILO's) Swiss Project, aimed to accelerate integration of the region's labour relations and market policies. This is in keeping with bodies such as the European Union and Mercosur of Latin America.

All participants at the gathering, which ends today, accepted the fact that their countries were interdependent and that the fortunes of one affected all.

SA labour department's international relations director, Mxolisi Nkosi, said the results of the conference would be tabled as proposals to SADC's labour ministers, who would forward them to the council of ministers for transmission to SADC heads of state.

Nkosi said the labour sector had to guide the region's integration. Despite the heterogeneous nature of the countries, SADC should gear itself for global competition.

Tayo Fashoyin, an ILO representative, said that although most of the region's state's had entrenched workers' rights through legislation, institutional constraints had undermined the effectiveness of collective bargaining.

"Of particular concern is the fact that collective bargaining is confined to the private sector in several countries. The exceptions are Zambia, SA and Seychelles," Fashoyin said.

Other SADC members do not recognise the rights of public servants to collective bargaining.

"For countries such as Lesotho, Botswana and Zimbabwe there is yet to be introduced a fully satisfactory arrangement for bargaining in the public service."

But it is acknowledged that these countries are considering positive legislative measures to improve this situation, Fashoyin said.

Countries such as Tanzania have to do far more by starting reform of the entire labour relations system.

"In furtherance of their commitment to collective bargaining, however, SADC governments have ratified two most important core conventions on the subject," he said.

SA's neighbours lose out

BD 15/10/99 (279A)

The EU trade deal has major implications for the Southern African Customs Union

Patrick Wadula and Christof Maletsky

SA's free trade agreement with the European Union (EU) has serious repercussions for the countries of Botswana, Lesotho, Namibia and Swaziland (BLNS), which with SA belong to the Southern African Customs Union (SACU).

A two-day conference on the implications for southern Africa of regionalism and a post-Lomé Convention trade regime began yesterday in Johannesburg.

Kennedy Mbekeani of the Botswana Institute of Development Policy Analysis told the delegates that the SA-EU agreement signed earlier in the week meant the BLNS countries were obliged to accept "de facto" free trade with the EU.

"They may stand to lose a significant portion of their fiscal revenue and experience other costs in the industry. The benefit that will accrue to the BLNS countries as a result of the agreement are unlikely to offset this loss," he said.

At present economic relations between the BLNS countries and the EU are governed by trading arrangements under the Lomé Convention.

The arrangements provide duty-free access to the EU markets for industrial goods and preferential access for agricultural commodities.

The arrangements are not reciprocal. the BLNS countries maintain tariffs on imports originating in the EU.

The SACU has a common external tariff and all tariffs collected are surrendered to a common revenue pool and shared by all the member countries according to an agreed formula.

Mbekeani said the EU-SA agreement will mean reduced tariff revenue, which will reduce the revenue pool.

Given that the EU accounts for a major portion of the BLNS's imports, this revenue loss will be substantial.

"This is likely to have serious budgetary implications for the BLNS countries," he said.

He said the EU-SA agreement will result in greater competition within SACU, because imports from the EU that were previously subject to tariffs will now be coming in duty free.

BLNS firms exporting to SA will now be faced with EU competition, and it will affect BLNS firms selling in their own domestic markets. "In practice it will be impossible to keep out EU products imported duty free into SA," said Mbekeani.

He reiterated the need for tax and tariff reforms in the BLNS countries to reduce their reliance on the taxation of imports.

He urged that industrial enterprises be upgraded, recapitalised and modernised to enable the BLNS countries to confront increased competition from the EU and SA.

Paul Goodison of the European Research Office recommended that the BLNS countries adopt a variety of instruments.

These included a cost sharing grant scheme among BLNS enterprises, a concessional loan facility and a retraining fund for BLNS employees.

Meanwhile, Namibia's largest trade union has expressed fears that the SA-EU deal will paralyse SA's SACU partners.

Ranga Haikal, secretary-general of the National Union of Namibian Workers said the BLNS countries stood to lose about 12 000 jobs.

The union said Namibia will lose about 14% of its revenue from the customs union.

BD 18/10/99

(2-79A)

Agreement to force rethink on cheap labour

SADC seeks a regional agreement on legislation and policies from its 14 member states

Reneé Grawitzky

COMPANIES deriving competitive advantage by using "cheap labour" in neighbouring countries might be forced to rethink their strategy after an agreement to explore ways of harmonising labour legislation and policies in southern Africa.

This undertaking was made by government, labour and business representatives from the 14-member states of the Southern African Development Community (SADC) after a three-day conference convened under the auspices of the SADC employment and labour sector in Johannesburg.

International relations director in SA's labour department, Mxolisi Nkosi, said the outcome of the process would be convergence and uniformity of labour standards He said the conference was one of the first steps in a long journey

The recommendations from the conference, co-sponsored by the SA labour department and the International Labour Organisation (ILO)/Swiss Project, will be referred for discussion to the SADC labour ministers, then to their foreign ministers who would forward them to a meeting of the SADC heads of states next year

Nkosi said "by July/August next year we should know where we stand on this issue"

The long-term objective was to look at a model similar to the that in the European Union.

The objective of the conference was to encourage a more stable and equitable labour relations environment in the region "in which the challenges of economic growth and globalisation can be met and to promote dialogue among social partners in the SADC countries".

During debate, which focused on minimum standards, collective bargaining and dispute resolution, it was acknowledged that while some common features existed on policy and legislation, differences were also evident

Delegates noted that labour legislation in the region was, to varying degrees, influenced by certain ILO conventions regarding minimum standards on employment and working conditions

A cautionary note was struck when delegates reaffirmed the relevance of minimum standards, but emphasised the need to strike a balance between protection and economic efficiency in the design of minimum standards

A commitment was also made to strengthen social dialogue and tripartism "as essential elements for social stability and development" in the region.

A call was made for the further development of institutionalised collective bargaining while those countries which had not extended collective bargaining to the public service were urged to do so.

Delegates agreed to approach the ILO to assist in an investigation on the practicalities, and implications of harmonising minimum standards across the region.

The ILO was also called on to provide technical assistance to improve the capacity of labour ministries to enable them to effectively implement minimum standards.

Discussion on collective bargaining led to the acknowledgement that a lack of capacity among some social partners had made collective bargaining less effective in some countries.

Scandinavians build SADC hotel group

(279A) BD 20/10/99

Radisson SAS signs joint venture agreement with TBB Leisure Africa

Janet Parker
and Sapa

RADISSON SAS Hotels Worldwide plans to expand its operations into the 14 regions in the Southern African Development Community (SADC) with the intention of acquiring at least 10 hotels in the next three years

The group already has three hotels in SA and is negotiating the purchase of three more Radisson SAS senior vice-president Ingvald Fardal said yesterday that in terms of a joint venture agreement with TBB Leisure Africa which was signed in Copenhagen on Monday, the group has acquired three hotels in the Cape Town region the Villa Via in Granger Bay, the Court Classique de Oudekraal Hotel in Cape Town and a property in nearby Gordon's Bay.

Fardal said the chain planned to have at least 10 hotels in southern Africa in three years Radisson SAS will manage, brand and operate them

Radisson SAS is a subsidiary of the Stockholm-based Scandinavian Airlines System (SAS), which is owned by Norway, Sweden and Denmark. The chain currently has 120 hotels in 35 countries in western and eastern Europe, the Middle East and northern Africa.

TBB Leisure Worldwide chairman Clive Noland said the agreement was based on a 40-year contract. TBB Leisure Luxury Hotels will develop the properties; some will be newly built and others will be converted

Immorent SA, the property development arm of German-based Immorent, would sponsor each hotel via a network of German investors "Our transaction was conceptualised by Immorent AG which was investigating SA as a promising growth destination for future expansion and investment," Noland said.

"The understanding was forged around the setup of German-based Closed End Funds to sell investment opportunities to German investors of high net worth and in doing so allowed the fund to purchase appropriate properties in SA. The success of this venture to date has resulted in a SA investment of almost R100m"

It is expected that total investment in building the Radisson SAS chain will be R100m to R150m annually and ultimately 50% of the investment will be sourced locally. Radisson is negotiating sites and looking for suitable properties in Pretoria, Johannesburg, Durban, Plettenberg Bay, Victoria Falls in Zimbabwe and Maputo in Mozambique.

Fardal said that as 80% of SA hotels were unbranded it offered the opportunity to acquire hotels rapidly.

TBB Holdings is listed on the Johannesburg Stock Exchange and has operations in banking, investment, finance and real estate funds.

Conditions for growth 'best in decades'

BD 21/10/99 (279A)

Study finds privatisation has improved opportunities for private enterprise in SADC

John Dludlu

THE creation of macroeconomic and political stability and the improvement of governance are among the key determinants that can help southern Africa to increase its economic performance, a recently published research report has shown

The study, authored by Carolyn Jenkins and Lynne Thomas, also says the development of human capital (investment in education and health), the creation of institutions to ensure policy irreversibility and the creation of a regulatory environment that limits private sector excesses are growth-enhancing policy instruments

The study has been published by the London-based Centre for Research into Finance and Economics in Southern Africa The centre is part-financed by a grant from the UK international development department and is based at the London School of Economics.

The study suggests that governments which are interested in improving their growth performance should safeguard the environment that encourages private enterprise

The authors of the study, which has compared the Southern African Development Community (SADC) with other developing blocs in Asia and Latin America, argue that if the SADC states adopted the policies that were identified, they could also improve the environment for private sector investment The latter is crucial to the creation of formal employment

In looking at the region, the authors found that though the SADC has lagged far behind other developing countries — in terms of job creation as well as growth — "conditions for more rapid economic growth in southern Africa are better now than they have been for several decades"

Increasingly, though to varying degrees, the SADC governments have been adopting regulatory regimes, including competition laws, to show their commitment to a level playing field In various states, too, privatisation is being accelerated to introduce competition and improve the environment for private enterprise

In the 1980s sub-Saharan Africa's average annual growth rate was 1,8% compared with an average of 3,1% in the rest of the developing world

However, the SADC has tended to outperform the entire continent of Africa

Unsurprisingly, in the SADC, members of the Southern African Customs Union have been the main achievers Previous studies have shown that the union's members — including SA, Botswana, Lesotho, Namibia and Swaziland — have benefited from the deeper integration of their economies They have a common external tariff and most trade exchanges have been freed from tariff and other barriers

The report notes that some of the smaller economies in the SADC may benefit from the expansion of foreign trade, especially with the creation of the SADC's free trade area.

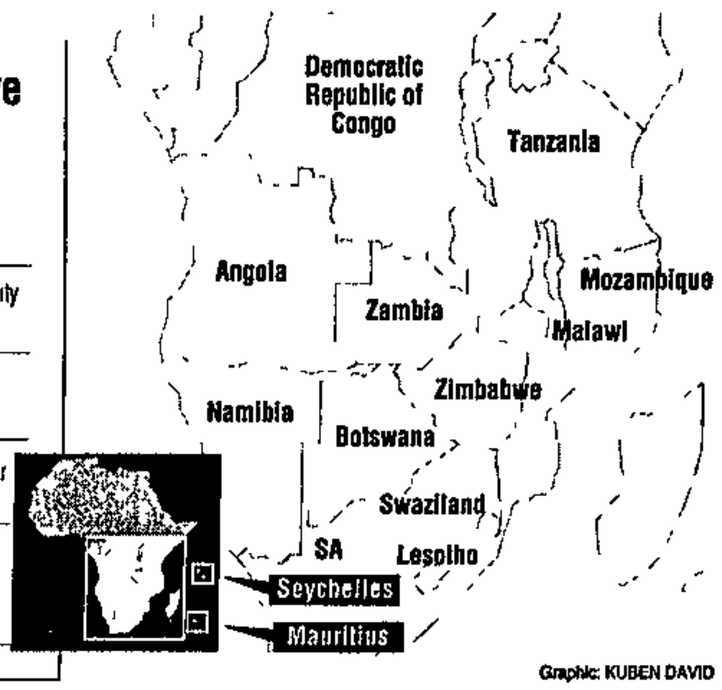
However, this should be seen as a first step with more general trade liberalisation

The study warns that even when trade barriers are lifted, exports do not necessarily rise Neither does foreign capital automatically increase.

The authors of the report hint that in future export-oriented sectors are likely to be the ones that will attract growth

Policies conducive to SADC growth

- The creation of macroeconomic stability
- The establishment of political stability and improved governance
- The creation of institutions which ensure policy irreversibility
- The encouragement of private-sector enterprise
- The development of human capital, through investment in education and health



Graphic: KUBEN DAVID

Employers fear minimum pay standards in the SADC

BD 21/10/99 (279A)

Rigidity seen as danger to new jobs, writes Reneé Grawitzky

THE decision by the 14 member states of the Southern African Development Community (SADC) to explore ways of integrating labour law and policy in the region is raising employers' hackles

They are worried this process could lead to the adoption of a regional minimum wage Local business is pointing north to justify its worries A similar process is under way in the European Union (EU)

There, too, employers argue that the introduction of labour market "rigidities" will hinder job creation. An estimated 18-million people are unemployed within the EU member states The Union of Industrial and Employers' Confederations of Europe (Unice), the umbrella European employer body, says the EU Commission should not try to harmonise too much The EU wants to create minimum laws to protect workers and ensure adequate working conditions throughout the union

The European Trade Union Confederation has questioned how there can be an open market for goods but not for labour. The confederation says "employers want a single European currency and market with as little social integration as possible"

Employers are concerned that in the move to social integration, unions will push for as high a common denominator as possible

Although the majority of EU member states are advanced economies, there are big differences in labour market policies

At one end of the spectrum are countries like Germany, Austria and Sweden that are seen to have more "rigid" labour markets At the other end are countries like the UK, Ireland and Portugal

Unice head Dirk Hudig says the main thrust of current debate is about ensuring workers have a basic level of work security and health and safety Talks have led to the harmonisation of health and safety conditions, he says, and agreement has been reached on a 48-hour working week. Sectors including security and transport would be granted an exemption from the working week provision.

Hudig says the current process cannot not be seen in isolation from economic integration within the EU Moves towards the creation of a free trade area in the SADC region have led to the start of talks on the integration of labour policies in the region.

Mxolisi Nkosi, the international relations director in SA's labour department, says SADC member states want to develop their own model even though the EU model will be considered

"We are only starting the process in the SADC region and the adoption of a regional minimum wage (as feared by employers) is not an immediate objective," he says. Nor was it the objective of the SA government to impose its labour market regime on the rest of the region

There was an explicit assumption that, because SA had the most advanced industrial relations system and economy in the region, its standards would prevail Nkosi says the process "is about convergence through consensus"

However, there are still some questions about SA's role in the process and what it hopes to get out of it. Mxolisi says the region is becoming more and more interdependent, the fortunes of one country affect those of neighbouring states

SA cannot isolate itself from the region, he says The country needs to share experiences to try to pull resources together to maximise the benefits and opportunities of globalisation

SADC government, labour and business representatives agreed after a three-day conference in Johannesburg at the weekend to explore a process of integration Conference recommendations will be referred to SADC structures SADC heads of state will decide finally by the middle of next year

Charles Nupen, director of the International Labour Organisation/Swiss project, which co-sponsored the conference with the labour department, says: "This process will not happen overnight." SADC members intend to call on the ILO to help investigate the practicalities and implications of harmonising minimum standards across the region

Nupen says studies are needed to determine existing policies in the region One labour lawyer predicts it will be extremely hard to get convergence within the SADC as member states are at different stages in developing labour law.

Big differences also exist between the SADC region and the EU

However, one common denominator does exist high unemployment and the acknowledgement of the need to strike a balance between protection and economic efficiency in the design of minimum standards

SADC roads need maintenance worth R39bn

BD 26/10/99 (279A)

Robyn Chalmers

THE main road network in the Southern African Development Community (SADC) has a maintenance ba-klog of R39bn, a large slice of which is in Angola and Mozambique.

Joa Mabombo, roads expert at the Southern African Transport & Communication Authority of the SADC told a roads conference in Johannesburg yesterday that only half of the main road network is in good condition

The total SADC road network excluding that of Democratic Republic of Congo and Seychelles, adds up to 930 000km The main paved road network makes up 105 122km, more than half of which is in SA with 51 000km

"The SADC road network is one of the region's biggest assets with current replacement costs estimated at R300bn," Mabombo said

Transport department acting director-general Harald Harvey said the region's transport network, which reflects colonial legacies and priorities is fundamentally misaligned when it comes to meeting the challenges of integration and competition

Harvey said a strategic transport network must be developed along with consistent legislative frameworks in the region Where possible increased use of private sector resources and expertise was necessary, he said

The benefit of private sector resources was evident in the N4 toll road between Witbank and Maputo which forms part of the Maputo Development Corridor Maputo Corridor company deputy CEO Dave Arkwright said good progress had been made on the toll road, although problems were encountered due to the public s negative perception of the road They resented paying tolls

"It will be interesting to see the reaction when the next toll road, between Maputo city and Matola is opened We are expecting fireworks " he said

Arkwright said the biggest obstacle facing the corridor was the border post between SA and Mozambique There was a split in the SA government about whether the solution should be based on technology with preclearance allowing for fast traffic or a bureaucratic approach to traffic control

Regular talks between SA President Thabo Mbeki and Mozambican President Joaquim Chissano had created possibilities, he said Key among these was a trans-border collaboration process between southern Mozambique, Swaziland and SA.

Free trade deal 'a threat'

ET 26/10/99 (279A)(74)

SOUTH AFRICA's giant trade union federation Cosatu and the textile industry yesterday attacked a proposed Southern African Development Community (SADC) free trade deal as a threat to South African jobs

"The textile industry firmly believes that the proposed structure and design of the agreement will hold dire consequences for the textile industry and its jobs," the Textile Federation said in a written submission to Parliament.

The deal, tabled in Parliament last month and due to take effect from January 1, covers the nearly R18 billion trade between South Africa and 13 other SADC members.

Under the agreement, the final details of which have still to be sorted out, South Africa, Botswana, Lesotho, Namibia and Swaziland, which together form the Southern African Customs Union (SACU) ,will drop tariffs on imports from the rest of the community to zero within five years.

The other members of the SADC — Mauritius, Tanzania, Zimbabwe, Malawi, Mozambique, Zambia, Democratic Republic of the Congo, Angola and the Seychelles — will phase out their tariffs on SACU imports over eight years, starting after four.

The Confederation of South African Trade Unions' submission urged that a "social clause" be inserted in the agreement to prevent jobs being shifted out of South Africa to neighbours with cheaper labour and to stop the market being flooded with cheap goods

Both of the groups said that they supported the pact in principle but accused South Africa of having given away far too much.

They also complained of inadequate customs controls in far too many ports of entry, making effective monitoring of imports and exports virtually impossible

The current balance of trade within the SADC is heavily biased in favour of South Africa

South African imports from the SADC jumped sharply to R2,2 billion last year, but still account for barely two percent of the country's total imports.

Exports from South Africa to the other SADC members have likewise surged to R15,6bn, or 11% of total exports, from 3,5 billion, or five percent of the total in 1990 — Reuter

State takes flak over SADC trade rush

(74) (279A)

ET (BR) 26/10/99

LYNDA LOXTON

PARLIAMENTARY CORRESPONDENT

Cape Town – Both business and labour yesterday expressed misgivings about the haste with which the department of trade and industry was trying to push through the trade protocol with the South African Development Community (SADC) and the effects this could have on South African industry

They were particularly concerned that lax customs controls could result in a massive evasion of rules of origin provisions and that goods produced in regional export processing zones would compete unfairly with South African goods.

Bernard Richards, the president of the Clothing Federation of South Africa, and Neil Coleman, the parliamentary officer of Cosatu, were giving evidence to four parliamentary committees on the proposed SADC trade protocol that the government hopes to have up and running alongside the recently signed trade agreement with the European Union early next year.

The committee is due to report back on the agreement on November 10, but observers do not believe the government will be able to plug all the loopholes identified by business and labour by early next year.

Richards and Coleman said that, although they supported the concept of greater regional co-operation, they could not accept this if it would have a negative effect on South African industry or jobs.

"We should not put the cart before the horse," Richards said.

Efficient and effective customs administration to prevent the flow of clothing and textiles into the country through smuggling, under-declaration and transit abuse was needed before any thought could be given to a free trade agreement between SADC member states.

The number of ports of entry for trade could be reduced if staffing was a problem, with the industry providing technical assistance to train staff where necessary, he said.

The offer to phase down tariffs on clothing imports to zero over six years was "far too generous" and should be limited to 50 percent over 10 years.

While much had been made about the imbalance of trade between South Africa and other SADC states, countries such as Malawi and Mozambique were increasingly dominating trade in clothing, for example, because of existing one-sided trade agreements in their favour, Richards said.

This had been a major factor behind the loss of more that 14 000 jobs in the sector since 1996.

Coleman urged the department to take steps to minimise job losses flowing from the agreement. Women workers, he said, would be particularly vulnerable if factories decided to relocate to other, low labour-cost countries because of the agreement.

It should also devise an industrialisation strategy to ensure more even development and job creation in the region.

Cosatu warns on dangers of trade protocol

(279A) (74)

Wyndham Hartley

CAPE TOWN — Trade union federation Cosatu and employers in the textile and clothing industries have supported the ratification of the Southern African Development Community (SADC) trade protocol.

However, they have warned of job losses if customs efficiency is not improved, a social contract created, export processing zones excluded and tariff phasedowns revised before implementation on January 1

This emerged from hearings of four parliamentary committees — trade and industry, land and agriculture, foreign affairs and the select committee on economic affairs yesterday — prior to their recommending ratification of the SADC trade protocol

The warning on the dangers of a trade offer which is too generous, costing more SA jobs, comes from clothing employers and unions where 14 000 jobs have been lost since 1996

Chairing the hearings, Rob Davies said he was disappointed by the response to his committee's invitation to interested parties to make submissions on the ratification of the protocol

Cosatu and the Textile Federation also complained that there had been a lack of consultation between the Department of Trade and Industry

Bernard Richards of the Clothing Federation said that customs administration had to be tightened before the protocol was implemented At present they were characterised by smuggling and bribery The number of points of entry for goods had to be reduced

BD 26/10/99

Go-ahead given for ratifying EU deal

(74) BD 27/10/99

Wyndham Hartley

'But there is work to be done if SA wants to realise the benefits'

CAPE TOWN — Three parliamentary committees have recommended that the National Assembly ratify the SA trade deal with the European Union (EU), while warning that there would be no benefits if SA did not get down to work.

After a morning of public hearings, the trade and industry, agriculture and land, and foreign affairs committees unanimously recommended ratification. The deal has already been signed

However, they called for government to concentrate its efforts on producing a document that would tell SA about the advantages of the deal and how to access them

The SA Fruit and Vegetable Canners' Association said it was concerned about the capacity of government departments to respond to the EU tariff quotas, which the agreement applies to a variety of agricultural products

It said that European countries which wanted to buy SA products were pressing for more information about the quotas

However, "it does not appear that the government departments concerned are ready to carry the process forward"

Willem Smalberger, head of the trade and industry's EU desk, said a poor turnout at the public hearings showed perhaps a "lack of preparedness" in sectors of local business Government would do all it could to advertise the advantages of the deal, he said, but advised companies to identify benefits for their firms

Rolf Otto, head of agriculture negotiations with the EU, said the agriculture department would be ready to issue export permits against the EU quotas by the end of this year

SA Chamber of Business's parliamentary representative, Ken Warren, said that his organisation welcomed the agreement and believed it would benefit the economy and promote growth and development in the region

It was an opportunity for local business to become global players, Warren said.

Trade and industry committee chairman, Rob Davies, said "we are going to have to get out and do our work" if SA wants to access the benefits of the agreement



Tariff-free trade in SADC moves closer

(279A) (74)

BD 27/10/99

John Dludlu

PLANS to establish tariff-free trade in the Southern African Development Community (SADC) have received a boost following a breakthrough on implementation details of the ambitious SADC trade pact.

Sources in the region say substantive agreement has been achieved on rules of origin in many sectors, and a breakthrough is in the offing on the controversial textile and clothing sectors

In terms of the proposed formula, least developed members of the SADC may be given a derogation from application of the tougher "two-stage" transformation process in clothing and textile. The derogation will give them time to increase their competitiveness.

The proposed formula will be discussed by negotiators from the 11 participating countries when they meet in Tanzania next week. This meeting follows the cancellation of talks last week. SADC trade ministers meet on November 8 in a decisive round ahead of implementation next January

Eddie Cross, the chairman of industrial associations in the Confederation of Zimbabwean Industries, said yesterday the basis of the new agreement was in the modification of the Lomé Convention's rules of origin. "We share SA's concerns about transhipment of goods," he said. He attributed the emerging understanding to Pretoria's authorities. "We are feeling the influence of the (Thabo) Mbeki regime."

Without wishing to discuss specifics of the fresh proposals, Sifiso Ngwenya, the SADC director at SA's trade and industry department, yesterday expressed optimism that the remaining problems would be resolved at next week's meeting. He said SA had launched a recruitment drive to prepare for the implementation of both the European Union-SA free trade area and the one within the SADC

While members of the Southern African Customs Union were ready to implement the deal next January, Cross speculated that practical difficulties might delay Zimbabwe's implementation.

(279A)

SADC chambers of commerce unite

By Shadrack Mashalaba

THE establishment of the Association of Southern African Development Community (SADC) Chambers of Commerce and Industry will boost regional cooperation and facilitate an efficient free trade zone.

According to David Moshapalo, executive director of the Foundation for African Business and Consumer Services (Fabcos), the challenge facing the association is to ensure that all SADC member chambers are represented.

The new association was launched in Mauritius last week Countries that were represented include Mauritius, Lesotho, Malawi, Namibia, Seychelles, Swaziland, Zambia, Zimbabwe and South Africa.

Local chambers were represented by the South African Chamber of Business (Sacob) and Fabcos.

Moshapalo said the member chambers had agreed to ensure that capacity was developed among members where it was lacking.

He said the forum would enable members to explore opportunities, enter into joint ventures and lobby on issues affecting business throughout the SADC

The cooperation would also present an opportunity for chambers to harmonise trade issues



David Moshapalo

and eliminate constraints faced by business when doing trade. SADC representatives have given their blessing to the establishment of a regional chamber

The broad objectives include: creating a forum for dialogue with the governments of the region through the SADC Secretariat and other relevant institutions; promoting cross-border trade and investment activities, promoting the interests of the SADC private sector with regional and global parties and providing relevant information for the enhancement of business in the region.

Individual chambers of commerce will pay an annual fee of 1 000 dollars (about R6 000) a year. Each country will have two representatives and votes on the SADC Chamber of Commerce and Industry.

Fabcos president Cyril Gwala has been elected to represent South Africa, while the other SA representative is from Sacob

The next meeting of the secretariat has not yet been set, but it is expected to be held soon He also added that they were looking at setting up the organisation's website to facilitate communication and the flow of information.

AHI executive director Jacob de Villiers, whose chamber did not attend the Mauritius launch, said his chamber was aware of the new organisation.

However, he said their mother body – Business South Africa – had held a meeting earlier this month about the formation a similar body.

De Villiers said they were waiting for a report from BSA to chart the way forward.

SADC Y2K compliant in critical areas

BD 28/10/99 (279A)

Louise Cook

SOUTHERN African Development Community (SADC) member states have urged consumers not to change their daily routines at the end of the year to escape Y2K-related problems.

At a conference on Y2K compliance at Centurion yesterday, coordinators of SADC's Y2K readiness project, said the region was compliant in all critical areas. However, they warned that a continued and smooth power supply would depend on normal consumer patterns being maintained

Large-scale switching off of appliances like fridges could interfere with the power supply and make it seem like a Y2K problem, they said.

SADC powerpool co-ordinator Morgan Sithole said 12 electricity utility companies including Eskom, were working together to ensure a smooth transition to 2000

"Normal daily usage (of electricity) at this time will help stability," Sithole said.

"Surges (in demand) or low frequencies can lead to systems tripping This can have a rebound effect which is difficult to control."

Commenting on other critical areas like telecommunications, banking, health services, transport and water provision, the delegates said SADC states had "passed the danger zone".

The World Bank, United Nations, Commonwealth Secretariat and private sector were providing backup, they said The World Bank is to boost its technical assistance to the region with the arrival of additional consultants.

SADC Y2K project manager Tim Baronetti said most risks lay in financial and telecommunications sectors which involved higher degrees of computer technology.

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on

SADC reins in security organ

John Dludlu (279A)

A MAJOR rift over the running of southern Africa's defence and security affairs was resolved this week when a deal was struck by Southern African Development Community (SADC) ministers.

At a special meeting of defence and foreign affairs ministers in Mbabane, Swaziland, it was agreed that the disputed "organ on politics, defence and security" was "part of (the SADC) and should report to the SADC summit" meeting. Agreement was reached on "all issues relating to the structures of the organ, the composition and chairpersonship of these structures, and lines reporting to the SADC summit".

The organ's chair, now Zimbabwean President Robert Mugabe, will stay separate from the SADC chair, but will be run in consultation with other leaders.

The running of the organ has been a source of major conflict between member states particularly SA and Zimbabwe. These differences led to its suspension, which effectively threw the region's capacity to co-operate in politics and defence matters into chaos.

Observers have cited as an example the SADC's initially confused response to the rebellion in the Democratic Republic of Congo as an example of the chaos caused by the absence of a structured regional troubleshooter.

Diplomats attributed the agreement to preparations made by Defence Minister Mosiuoa Lekota. Since SA gave up the SADC's chair to Mozambique in August, Lekota had no formal role, but intended to resolve the impasse, said one official.

This week's meeting followed a directive from SADC leaders that ministers should review all operations, including the organ, and report back next February. The Mbabane agreement will now be submitted to the SADC leaders.

BD 29/10/99

SADC & Y2K (279A)

MIXED PICTURE ON THE SUBCONTINENT

PM 29/10/99

The six Y2K mission-chtical sectors in the Southern African Development Community (SADC) show a mixed picture of the region's readiness for the millennium date switchover advanced in some areas, deficient in others

A report prepared by scientific research organisation, the CSIR, on behalf of 13 SADC countries has found that the region's power, transport, health and water facilities are not all Y2K-ready (Congo-Kinshasa was excluded from the study because political instability prevented the research team from assessing its preparedness)

The team found the telecoms and financial sectors best prepared, while health was the worst off in all countries surveyed Embedded chips in life-support equipment need urgent attention

Transport, divided into air, land and water, shows fragmented preparedness Air traffic control, airports and national airlines have well-managed Y2K projects, other areas of the transport sector are less prepared

Worryingly, Lesotho, Tanzania and Zambia have shown no progress in the implementation stage of their telecoms contingency plans in the first half of this year SA has completed the implementation stage for its financial services and Mozambique is in the remediation process

Countries most likely to suffer power disruptions because of Y2K, according to the report, are Angola and Lesotho Neither has shown any progress in system remediation Even with apparent disaster looming, the CSIR recommends the compilation of an inventory and an impact analysis of Y2K risks and possible failures

For SA, the cross-border interdependency in sectors like water and electricity supply is an important factor in the country's preparedness The ability of Lesotho to supply water and Mozambique to generate and distribute electricity could affect SA as the two supply these services to it

A conference held in Pretoria this week outlined other areas of interdependency within the region and examined what post-Y2K problems could occur

Time is running out, though, and news of increased co-operation is a positive step in eradicating the bug

Siyabulela Duda

SADC TRADE PACT

(279A) (74) PM 29/10/99

FAINT SIGNS OF A SILVER LINING

But the region needs more than a free trade area to lift its performance

SA could be the hub of a dynamic regional economy within eight years if the weakest economies copy the example of the best-performing countries

The choice for the Southern African Development Community — which stretches from the Democratic Republic of the Congo (DRC) in the north to the southern tip of Africa and takes in two economies offshore — is whether to take the route of Africa's most competitive economy, Mauritius, or follow the worst-performing economies, such as the DRC, down the road to economic and civil chaos.

Mauritius, with a population of just over 1m and a GDP of about US$3,7bn, ranks 29th (compared with SA's 47th) on the World Economic Forum (WEF)'s 1999 world competitiveness report and tops the list for Africa The WEF describes it as "one of Africa's most impressive examples of economic turnaround"

The DRC does not even make the Africa list published in the 1998 report, and wartorn Angola is bottom of the ranking of the 23 African countries Malawi and Zimbabwe are close to the bottom

Malawi has made reforms and may also become a turnaround economy But economic growth appears to be a low priority in the other poor performers

For both the weaklings and the stronger economies, a free trade pact between the SADC countries, which comes into effect in January, should boost trade within the bloc, giving impetus to economic growth

The SADC free trade agreement comes after a troubled three years for the bloc, which is made up of Angola, Botswana, the DRC, Lesotho, Malawi, Mauritius, Mozambique, Namibia, the Seychelles, SA, Swaziland, Tanzania, Zambia and Zimbabwe

Unlike the rest of Africa, the SADC as a bloc has experienced a slowing in growth because of depressed international commodity prices and declining local and export demand for textiles and clothing

While countries in other parts of Africa have attracted considerable foreign direct investment to service industries such as tourism, the SADC has lagged behind Levels of direct foreign investment remain low mainly because of SA's failure to pursue its privatisation plans.

The average rate of growth across the region has fallen from 4,1% in 1996 to 2,2% in 1997 and 1,7% in 1998 An improvement is expected this year, however, with a projected growth rate of 3%-3,5%.

The SA Reserve Bank has set up a statistical database for all the participating countries on its Web page (www resbank.co.za). Figures, updated after the meeting between 13 of the SADC's 14 central bank governors at Sun City this month, show how the countries are performing relative to each other (see graphs)

The implementation in January of the first phase of the trade deal, which was agreed in principle in 1996, was delayed because of disagreements between the member parties Tensions were particularly acute over the pace and scale of tariff reductions and negotiations faltered over tariff cuts on sensitive products such as clothing, textiles and footwear

In June this year, the Southern African Customs Union — SA, Botswana, Namibia, Swaziland and Lesotho — proposed applying rules of origin that would have excluded goods made of raw materials imported from outside the SADC.

The rules are meant to ensure that only goods produced in the SADC are traded duty-free among member countries and that those produced outside the bloc do not enjoy the same benefit. But because the rules would affect sensitive goods, Zimbabwe and countries that manufacture goods with a large component of imported raw materials rejected Sacu's terms.

Last month, negotiators finally agreed on percentages of local content needed for products to qualify as local

Because of the dominance of the SA economy, its negotiators agreed to easier terms for neighbouring states It will progressively reduce tariffs on clothing from SADC countries within about five years, while other SADC countries will phase out tariffs in about eight years.

The pact, once implemented, will open a market of close to 200m people with current levels of GDP worth about $176bn

A WEF report shows that the 14 member countries represent 54% of sub-Sahara's GDP but less than a third of its population The SADC has the highest levels of intra-regional trade in sub-Saharan Africa — 22% of the total trade. This should rise to 35% by the end of next year

Ethel Hazelhurst

SADC ECONOMIC ROUND UP (1998)*

% change CPI		Current account as % GDP		Budget balance as % of GDP		GDP % change		GDP per capita US$	
Mozambique	-1,3	Botswana	14,6	Botswana	7,9	Mozambique	11,2	Mauritius	3 620
Namibia	6,2	Swaziland	2,2	Malawi	0,7	Botswana	8,3	Botswana	3 107
Mauritius	6,8	SA	-2,1	Swaziland	-1,6	Mauritius	5,6	SA	2 769
SA	6,9	Zambia	-2,2	Mauritius	-1,8	Malawi	3,1	Namibia	1 757
Lesotho	7,8	Zimbabwe	-5,4	SA	-3,5	Swaziland	3,0	Swaziland	1 263
Swaziland	8,0	Angola	-12,6	Lesotho	-4,3	Namibia	2,6	Zimbabwe	439
Malawi	29,8	Malawi	-17,1	Namibia	-5,6	Zimbabwe	1,8	Lesotho	396
Zambia	31,6	Mozambique	-18,5	Mozambique	-5,9	Angola	1,3	Zambia	257
Zimbabwe	31,7	Lesotho	-40,6	Zimbabwe	-8,1	SA	0,1	Tanzania	241
Angola	91,1					Zambia	-1,9	Malawi	169
						Lesotho	-8,6	Mozambique	141

*figures for some countries are not yet available

SOURCE: RESERVE BANK

No Nato, just an organ for southern Africa

Deal on defence body opens the way for remaking SADC, writes **John Dludlu**

BD 2/11/99 (279A)

IT WOULD be very easy to play down the significance of last week's agreement on how southern Africa's defence and security matters are to be handled

After all, few if any of the citizens of countries in the Southern African Development Community are aware what the SADC's Organ on Politics, Defence and Security did for the region Even fewer are familiar with the controversy that led to the organ's suspension in 1997

However, the deal agreed upon by the SADC's foreign and defence ministers last week marks a crucial first step towards the creation of an institutionalised framework in the SADC to prevent and manage regional political and military conflicts

It should also be seen as the beginning of a wider institutional reshaping of the SADC

The agreement clarifies the relationship and status of the organ in relation to other SADC institutions Ministers agreed that the organ is part of the SADC "and should report to the SADC summit"

This clause resolves the question of "two summits" that was part of the 1997 controversy between two camps in the region. One group, led by Nelson Mandela, then SA's president and the SADC chairman, felt the organ should report to the SADC chairman

In other words, it would not, as argued by the second camp under the leadership of Zimbabwean President Robert Mugabe, its founding chairman, hold a separate summit meeting In the latter view, the organ would not be answerable to the SADC chairman

One of the merits of the Mugabe thesis was that, owing to the sensitive nature of its mandate, the organ would operate at a heads of state level But there was still no clear case for why it should hold a separate summit meeting

The Mugabe view would have seen the organ operate like a full-fledged regional troubleshooter, requiring huge amounts of resources, similar to the North Atlantic Treaty Organisation

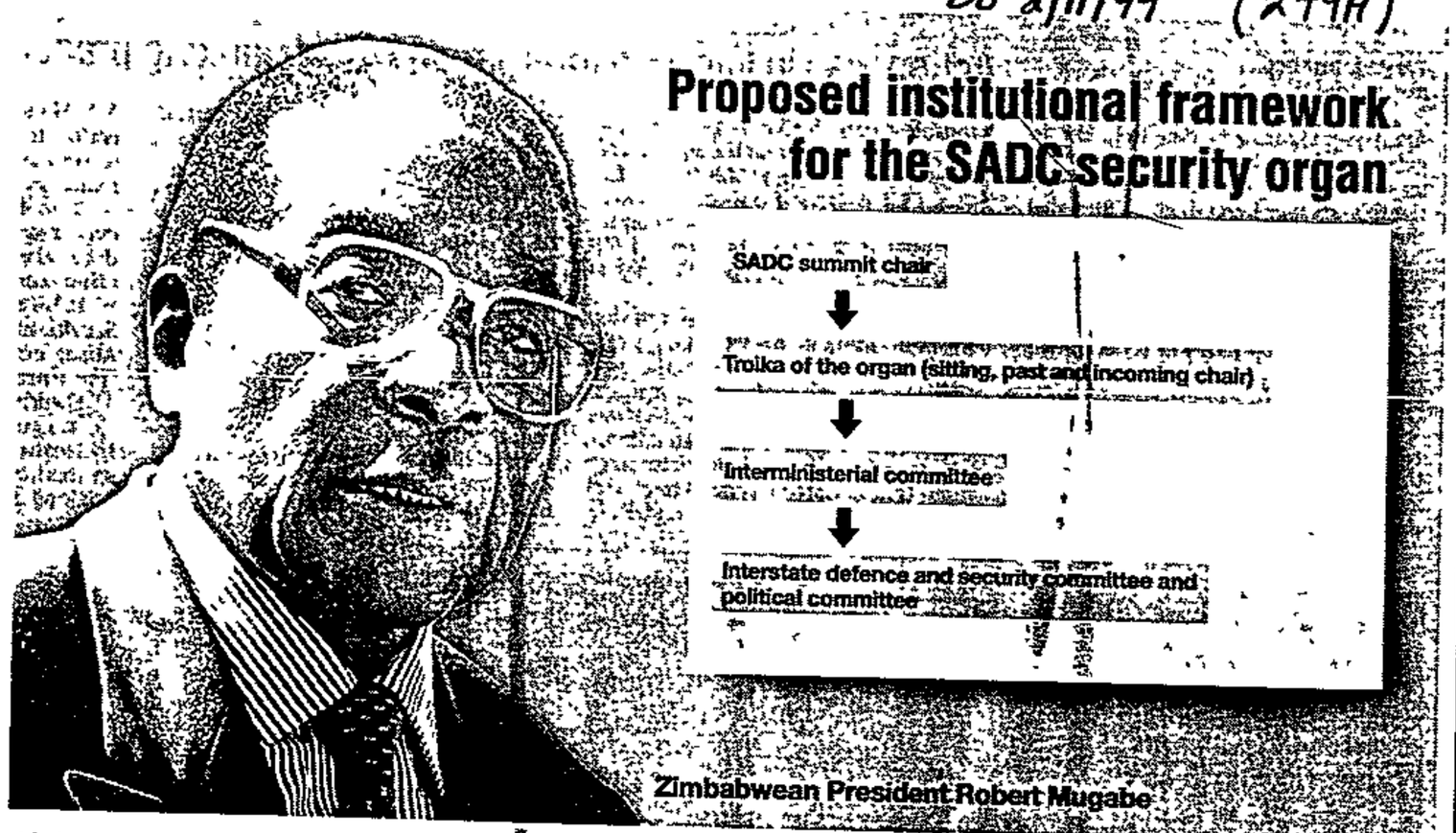
However, when the differences of opinion, worsened by personality clashes, became too difficult to address, it became sensible to suspend the organ

As chairman, Mandela and his colleagues asked a subcommittee, headed by Mozambican President Joachim Chissano, to make proposals on resolving the conflict Chissano's proposals were never made public

Some sources say that Mandela, cognisant of his impending retirement, sought to delay discussion of the matter until his departure to facilitate deliberations. Without the unease between individual heads of state and without SA occupying the SADC chair (and the red-herring of SA dominance), prospects of a less emotive discussion on the organ were enhanced

It was little wonder that the SADC heads of government decided at their summit meeting in Maputo to revive the organ with Mugabe still at the helm. Simultaneously, they asked ministers to clarify its role and structure together with those of other SADC institutions

Having operated at a heads-of-state level in its very short life, the next problem was who breaks the ice? Defence Minister Mosiuoa Lekota took the initiative. An official says it was Lekota's warm personality that did the trick and got other ministers to agree to the meeting



"I don't know why they call him 'Terror' He's the very integrative type", said the official.

The organ will in future be run by a troika made up of its sitting chairman, its outgoing and incoming chairmen.

In the interim, though, Mugabe, will run the body together with the past and sitting SADC chairmen.

It will have supporting structures: an interministerial committee on defence and foreign affairs as well as the Swaziland-chaired interstate defence and security committee.

The involvement of foreign affairs ministers is welcome since it will ensure a balance among the "doves" and "hawks".

Though the fact that SA was no longer holding the SADC chair contributed to the ministerial agreement, the harsh reality of what is happening in the region played a role. The continuing wars in Angola and Democratic Republic of Congo and the shaky political situation in Lesotho were sad reminders of the region's capacity, or lack thereof, to resolve conflicts.

Crucially, ministers agreed to refine a protocol on politics, defence and security and a draft defence pact Where there is a common enemy, as was the case in the front-line states' days, it is easy to agree on strategies Where the enemy is unclear, as in the Congolese war, a rules-based system is required.

The SADC may still be years away from a common defence and security policy, but ministers have surely taken the first step in that direction.

MADAGASCAR *The island plans to apply soon to become SADC's 15th member*

(279A)

Great market potential sitting on SA's doorstep

CT (BR) 4/11/99

GREG MILLS

Johannesburg – About 165 million years ago Madagascar, the world's fourth largest island, split off from the African continent.

Separated by the 400km Mozambique channel, just three hours' flying time from Johannesburg, the island has a distinct history, biodiversity and cultural identity.

There is a strong possibility that Madagascar might soon apply for membership of the Southern African Development Community (SADC). What does this offer?

The Malagasy people are of a mixed Malay-African origin, though the influence of France has been continuous since the 17th century.

Following full independence on 26 June 1960, the first president, Philibert Tsiranana, maintained close military and economic co-operation with Paris.

Today France remains Madagascar's most dominant trading partner, accounting for 40 percent of both imports and exports (amounting to R3 billion in two way trade in 1996). It is also an important source of aid.

Over 60 percent of foreign investment and 70 percent of visitors are French.

Tsiranana's failure to address socioeconomic issues resulted in his overthrow in May 1972. Following a period of instability, Didier Ratsiraka, the former foreign minister, formed a new government in June 1975.

However, Ratsiraka came under increasing popular pressure in the face of famine conditions, compounded by tough economic liberalisation measures. Ratsiraka was forced to bow to demands for a new pluralist constitution (the Third Republic) in 1992.

Albert Zafy won the 1993 presidential elections. However, the new president's populist sentiments clashed with the austere International Monetary Fund (IMF)/World Bank economic liberalisation measures.

Zafy was ultimately impeached and removed from office in September 1996. Ratsiraka staged something of a political resurrection, and today the former communist is leading a new revolution, reforming an agrarian based economy heavily reliant on subsistence production and the export of cash crops, mainly coffee, cloves, vanilla, pepper, rice, sugar, cassava and peanuts.

President Ratsiraka is leading a new revolution, to reform the rustic economy

Agriculture employs 80 per cent of the workforce of the island's 14 million people. It generates about one third of gross domestic product and, with prawns and cotton cloth, the bulk of export earnings.

Madagascar's current gross national product per capita (in purchasing power parity terms) is just $900, in the same league as Tajikistan, Uganda, Nigeria, Bangladesh and Zambia, but above SADC members Angola, Congo, Malawi, Mozambique and Tanzania.

But while it may be poor, things have certainly improved. The country at last appears politically stable and bustles with economic activity.

Since 1996 the government has broadly adhered to IMF/World Bank reforms including agricultural liberalisation and currency convertibility.

In 1995 the economy expanded in real terms by 1,7 percent, in 1996 by 2,1 percent, and in 1998 by close to 4 percent.

Inflation is down from 60 per cent in 1994 to 7 percent, while the Malagasy franc has stabilised since it was floated in May 1994, depreciating by just 5 percent last year. The establishment of Export Processing Zones (known colloquially as Free Zones) utilising imported capital and cheap local labour, has also proved successful.

Some 54 Mauritian companies are now investing in such schemes, employing 8 700 people. Mauritius, the only SADC country with a resident embassy, now contributes 35 percent of all direct foreign investment.

A five-year privatisation process involving 136 companies – including the major state owned banks, Air Madagascar, the oil parastatal Solima, and Telema, the telecommunications company – is well under way.

In a world where it has only 16 external missions (with just three in Africa: South Africa, Algeria and Ethiopia), South Africa is viewed as a pivotal state for Madagascar.

It is the island's second largest trade partner and an important source of tourists, with about 5 000 South Africans visiting in 1998.

Trade with Madagascar amounted to just over R300 million in 1998 with R260 million in South Africa's favour.

Political relations with South Africa have not been rosy since 1994, however. Lila Ratsifandriamanana, the foreign minister, has described them as on "standby, with no real activities".

The South African mission on the island shut when Ratsiraka resumed the presidency in 1996, on the grounds of cost cutting. The South African high commissioner to Mauritius is now accredited to Madagascar, though he has been unable to present his credentials. This has been interpreted as a signal of disapproval on Ratsiraka's part.

Malagasy citizens seeking to visit South Africa must obtain visas from the South African high commission in Mauritius, a process that can take as long as two months.

Wrangle over SA diplomatic mission has led to bad feelings between the two countries

This is regarded in some Malagasy quarters as hard hearted, given their support for the South African liberation struggle.

Madagascar belongs to both the Common Market for Eastern and Southern Africa and the Indian Ocean Rim Association for Regional Co operation, which have overlapping membership with the SADC.

The foreign minister has confirmed that, subject to presidential approval, Madagascar will apply for membership before the next heads of government summit, notwithstanding the current moratorium on further SADC membership.

But this has been ignored before, with the inclusion of the Democratic Republic of Congo and the Seychelles in 1997.

In spite of Madagascar's close Francophone ties and the traditional Anglophone enmity that this supposedly entails, Paris is encouraging this move.

Madagascar has accordingly de emphasised the need for a third SADC language alongside English and Portuguese, something that is bound to relieve South African bureaucrats.

The principal advantage of SADC membership for Madagascar is that it could place the island on South Africa's radar screen, beyond being just an unusual destination for the more adventurous of tourists.

Membership can only encourage the foreign investment so necessary for Madagascar's struggling economic development, giving it, as one foreign diplomat noted, "a real African identity at last".

While admitting that there are socio economic challenges for SADC if Madagascar is accepted as the 15th member, as one senior official says, Madagascar offers in return "a market with great potential in industry, agriculture, fisheries, tourism and mining, a crossroads between Asia and Africa, and stability for investors".

Given its economic advances this decade, the island may well prove a lucrative destination for South African businesses.

☐ *Dr Greg Mills is the national director of the South African Institute of International Affairs based at Wits University.*

IDC pursues SADC projects worth $400m

ARG 8/11/99 (279A)

STEWART BAILEY

Johannesburg - The Industrial Development Corporation (IDC) was conducting feasibility studies on projects in Mozambique, Namibia and Zimbabwe - all of which are Southern African Development Community states - worth more than $400 million, Gert Gouws, the IDC chief executive, said last week

The largest of these, a heavy minerals project proposed by Southern Mining at Corridor Sands in Mozambique, had a projected value of about $300 million A Johannesburg-based mining analyst said the project could "potentially be bigger that Richards Bay" if it was successful.

"The key thing at Corridor Sands is finding a suitable partner like Anglo or Billiton with the operating expertise and financial muscle to carry a project of this size," said the analyst.

Other projects being investigated by the IDC included a cement plant and a methane facility in Zimbabwe, which had a collective value of about $50 million

It was also looking at other projects that were in line with its intention to move away from commodity-linked projects towards agriculture, which it had identified as a "higher job-creation industry"

These investments, in a grape farming scheme in Namibia and a cotton project in Mozambique, would together total "in excess of $40 million

Gouws said the IDC would not take 100 percent equity in any project It would rather be "a c- alyst" in the process and draw partners with requisite operati and marketing skills.

A $225 million speciality stai less steel mill for South Afri was also being evaluated a would likely form part of one the proposed defence offset co tracts. Van Heerden said a p feasibility study on the proje was being conducted

"We have conducted talk with prospective foreign partne for the mill and initial indi tions are favourable for a plant this nature," said Van Heerden

The plant would mainly u scrap feed and the bulk of its o put would be exported, whi would necessitate close proximi to a port Coega and Saldan have been touted as likely sites

Tanzania hosts crucial one-day southern Africa free trade talks

John Dludlu

TRADE and Industry Minister Alec Erwin flew to Tanzania yesterday to hold crucial talks with his counterparts in southern Africa on the region's efforts to create duty-free trade in a month's time.

Mfundo Nkuhlu, the chief director for Africa trade relations, yesterday sounded optimistic that the one-day meeting would finalise details of the planned Southern African Development Community's (SADC's) free trade area.

Today's meeting, following a week-long negotiating session among officials, will make clear whether the SADC is ready to begin dismantling tariff and nontariff barriers next January

Progress appears to have been made in agreeing the rules of origin — one of the key sticking points — to govern the free trade area.

According to a formula, yet to be endorsed by SADC ministers, a differentiated approach is suggested in clothing and textile sectors In terms of this, least developed SADC states will be allowed, for a period, to use less stringent rules The rest have to agree to a stricter regime requiring extensive processing of products before they are being traded duty-free in the SADC

The "two-stage conversion" model, which would require elaborate local transformation of goods, is designed to encourage industrialisation.

If adopted by the rest of the SADC, the stricter rules would exclude from duty-free treatment, products originating from export-processing zones.

(279A) BD 8/11/99

SADC armies to join SA body

(279A)

Bonile Ngqiyaza

A NUMBER of SA Development Community (SADC) armies had agreed to join SA in a warrant officers' association, Sgt-Maj Koos Moorcroft said yesterday.

Army spokesman Maj Merle Meyer said the countries included Tanzania, Botswana, Namibia, Mozambique and Swaziland

Moorcroft said the association, which would include non-commissioned officers, would exchange ideas on the role of warrant officers in peacekeeping operations and discuss the officers' training and development.

He said SA National Defence Force (SANDF) courses and the possibility of SADC noncommissioned officers taking part in them would be investigated.

Moorcroft acknowledged that problems existed within the SANDF, but said 95% of army members were disciplined and dedicated soldiers.

It was the 5% of the soldiers who "create frustrations. They threaten and intimidate leaders, making life difficult for them.

"You cannot order anybody to trust you and have confidence in you. You must earn this pride, confidence and trust."

Moorcroft warned that indiscipline would not be tolerated in the SANDF.

BD 9/11/99

Trade deals for WTO finalised

BT(BE) 11/11/99 (279A) (74)

LYNDA LOXTON
PARLIAMENTARY CORRESPONDENT

Cape Town – Parliamentary committees yesterday put the finishing touches to two major trade agreements that will set the tone and pace for the upcoming World Trade Organisation (WTO) negotiations which kick off in Seattle at the end of the month.

The chairmen of the trade, foreign affairs, agriculture and economic affairs committees of the national assembly and the national council of provinces warned that agricultural subsidies by developed countries were set to top the list of South African and regional concerns during the negotiations.

But, they agreed, a great deal of work still had to be done in South Africa to popularise the contents of the trade agreements with the European Union (EU) and the Southern African Development Community so they could be used to their full benefit.

The committees had just approved their final reports on the two trade agreements, which will now be ratified in both houses next week. They had been due to be briefed on the WTO by Alec Erwin, the trade and industry minister, via a video conference link-up with Pretoria, but this had to be cancelled because of technical problems.

Patekile Holomisa, the chairman of the national assembly's agriculture and land affairs committee, said although his committee had voted in favour of the ratification of the SA-EU accord, it still had reservations about some of its contents, which he hoped would be addressed by the WTO.

High EU subsidies under its Common Agricultural Policy continued to "distort prices" and could lead to South African markets being flooded by cheap products at the expense of our own producers, he said.

Rob Davies, the chairman of the trade and industry committee, said he was "not convinced the ... private sector is sufficiently aware of the requirements to access the benefits (of both agreements), especially the documentation required and the rules of origin".

NEWS

TRADE *Body will enhance networking and boost investment, says Ramaphosa*

Regional business forum in the pipeline

74 (279A) (30) CT (BR) 15/11/99

MARGIE INGGS AND SHIRLEY JONES

Durban A southern African business forum would be set up early next year Cyril Ramaphosa, the chairman of Johnnic, the industrial holdings group, said on Friday

The development follows discussions between the government and business leaders in the lead up to the Commonwealth heads of government meeting in Durban

The forum would enhance networking among countries with common problems and policy issues Ramaphosa said the formation of the forum would promote trade and investment by ensuring investment flows in up to 13 countries

Attempts by the Southern African Development Community to set up a coordinated business organisation had failed because of its top down structure

Ramaphosa said "What is needed is a group of 10 to 12 business people with direct links to politicians in the region"

Recommendations flowing from the Commonwealth Business Forum (CBF) in Johannesburg last week, together with this proposal, were relayed to a southern African heads of government meeting at the Commonwealth heads of government meeting at the weekend



BREAKTHROUGH *Cyril Ramaphosa says the forum will benefit African countries with common problems*

The CBF focused on promoting Commonwealth business links and investment, fostering policy collaboration between business and government and meeting the challenges of globalisation

Recommendations, which were relayed to the Commonwealth heads of government meeting, were based on the unique opportunity that the Commonwealth was expected to have on the forthcoming World Trade Organisation (WTO) talks in Seattle

It was also hoped that Commonwealth heads would genuinely embrace the private sector as a partner

Recommendations on trade policy included pressing for the vigorous implementation of the Uruguay Round of trade talks, ensuring the WTO maintained its focus on trade issues calling for the Millennium Round of negotiations to have a balanced agenda focusing on market access and calling for the WTO to look into trade facilitation

Commonwealth heads of government were also urged to put into practice a recipe aimed at attracting direct foreign investment This included ensuring political stability, the rule of law and the enforceability of contracts, putting into place macroeconomic policies that progressively reduced inflation and fiscal deficits and that managed exchange rate depreciations gradually and the enforcing of transparent and predictable regulations

"Foreign direct investment especially large flows, depend on the extent to which governments create these conditions not just endorse them" it was pointed out

The forum also called for stronger action against corruption and greater transparency on business transactions

Erwin casts doubt on early start to SADC trade plan

BD 15/11/99 (74) (279A)

John Dludlu

NEGOTIATORS from 11 southern African countries met in Tanzania last week in a crucial round of talks aimed at creating duty-free trade in the Southern African Development Community (SADC) region over the next eight years

But while optimistic about the outcome of the negotiations, Trade and Industry Minister Alec Erwin, however, cast doubt about the January 1 2000 deadline for implementation of the SADC free trade deal being met

He was confident that the deal would be ready for implementation in the first half of next year

Buoyed by recent progress made in resolving sticking points over implementation details of the free trade plan, the negotiators sought to firm up a deal on the rules of origin — the set of procedures that will have to be followed to ensure that only products produced in the SADC benefit from the removal of tariffs

Agreement already exists on goods that originate entirely from the region Rules have been strengthened through the increase of the local content requirement in the agro-processing industry

Little agro-processing is taking place in the region, save for SA and Zimbabwe, says one negotiator in explaining the ease in agreeing to rules on this sector

The remaining difficulty is now on the clothing and textiles sectors in which states, like SA, are pushing for stricter rules known as "two-stage" beneficiation The theory behind stricter rules, epitomised by requirement for extensive beneficiation of raw materials, is that they will encourage higher levels of economic activity in the SADC This will ensure that jobs are kept in the region

Lax rules, in other words, lower requirements of value addition in the region, will allow SADC countries to import from other regions, say the Far East, and then trade these items with minimal transformation in the region

Agreement in these sectors has proved difficult thanks to the higher degree of interest many SADC countries have in these areas A growing body of research shows that these sectors are among the key strategies used by the newly industrialised economies as a platform for industrialisation This is because of the ease with which new players can enter the sectors

In part, this explains the high degree of interest shown by SADC governments in these sectors and the attendant resistance, especially among weaker economies, to tougher rules

However, sources close to the SADC negotiation process say a compromise might include giving least developed states time to sharpen their competitive edge before expecting them to implement the two-stage beneficiation regime

Crucially, the stricter rules enjoy the support of the Zimbabwean private sector, say business officials in that country

The meeting will also discuss institutional arrangements that will be required to implement the free trade plan A source familiar with the negotiations says "It looks like we are not going to create new institutions" Instead, existing institutions will be strengthened through new personnel for added responsibility.

The SA Revenue Service, which also houses the customs and excise department, is recruiting new staff for the implementation of the SADC and SA-European Union (EU) free trade areas

Beefing up the customs administration capacity is key to defending the integrity of any free trade arrangement Complaints about porous borders have been one area in which business and labour agree action is required

The two trade agreements — the SADC and SA-EU — will be the first preferential arrangements post-apartheid SA is having to implement SA's neighbours, which are members of the Lomé Convention, have extensive experience The need for a more efficient customs administration is made more urgent by the complex nature of the SA trade offer to the SADC.

To help scale back the trade imbalance SA, which has a 73% weighting, is expecting no reciprocity and will remove duties on SADC imports in five years The same applies, though to varying degrees, to its partners in the Southern African Customs Union (Botswana, Lesotho, Namibia and Swaziland) Negotiators have made considerable progress in agreeing on tariff reduction schedules

However, no deal exists yet on the fate of products from export processing zones SA unions want such products to be excluded from the SADC preferential treatment This may prove to be a bugbear given that several SADC members have these zones

Durban deputy mayor designate Cyril Zulu was a reminder the conflict has not been fully overcome — it is significant that five months after the chance to work on governance matters and improving people's lives.

Faction fighting is still a sad feature of this province. Yet it is encouraging to KwaZulu-Natal violence, they will have to unflinchingly take painful decisions.

For example, all warmongers still [illegible] faced with enormous challenges. Poverty is rife and the effects of HIV/AIDS are already being felt. It [illegible] some misunderstanding, especially on issues of protocol — with which this province is infatuated — this often [illegible] is okay wher unacknowle preceded th

Planned FBI centre 'should serve SADC'

Law enforcement academy plan signals closer US-SA ties, writes **David Greybe**

BD 18/11/99

(251) 279A)

THE proposed establishment of a US-backed international law enforcement academy in southern Africa is further proof of the deepening relationship between the US and SA.

"With SA, we are building a partnership that is pragmatic and that delivers," Susan E Rice, US assistant secretary for African affairs, said back in May this year. Rice was delivering the 1999 Bram Fischer Memorial Lecture at Oxford University.

This US-SA partnership could advance the shared interests of not only the US, but the international community, "not only in Africa but worldwide," she said.

Rice said the US-SA binational commission reflected the vital importance the US attached to the success of post-apartheid SA, the destination for 55% of US exports to Africa.

The US and SA have already signed a trade and investment framework agreement and a bilateral tax treaty, Rice said. They have also made key civil aviation and defence trade agreements.

It is in the area of fighting crime, not only in SA but the entire southern African region, that the establishment of a US-backed International Law Enforcement Academy fits in.

The US Federal Bureau of Investigation (FBI), in backing the proposal reported to the US House of Representatives last month that in virtually all major FBI investigations, "a significant international aspect develops."

Yet, because of "differences in judicial systems, or due to the absence of appropriate treaties and agreements, the FBI is unable at times to undertake investigations in foreign countries and bring them to successful conclusions," the bureau said.

"In order to ensure that such cases are brought to successful conclusions, the establishment and maintenance of effective liaison through training and other cop-to-cop initiatives must be developed and enhanced," the bureau's report stated.

A US government official said yesterday a US "interagency" report would be presented to the US Congress before the end of the year which would contain detailed recommendations for the establishment of the academy in southern Africa.

The location of the academy is expected to be chosen from one of three countries: Botswana, Namibia or SA. The reason, the US official said, was that it had to serve the entire 14-member Southern African Development Community (SADC).

An annual budget of less than $3m was projected, and only two or three permanent staff members.

Lecturers and other law enforcement experts from the US and southern Africa would be employed for specific courses, most of which were not expected to run for more than eight weeks. The courses, the US official said, "will be tailored to regional needs".

For instance, the academy may offer basic investigative courses for incoming detectives, crime scene photography, and evidence collection. They would be available to anyone connected to law enforcement in the region and not only specific groups like SA's newly created Scorpions priority crimes unit.

Based on the experience of two other such "interagency" academies, courses would also be presented for so-called "mid-level police managers" magistrates, prosecutors, "and other role players in the criminal justice system".

Seminars would be presented on topics like international organised crime, financial crimes, narcotics trafficking, intellectual property rights, corruption, violent crime and border crime.

The first such academy was opened in Budapest, Hungary in April 1995, to serve Russia and 23 other countries in central and eastern Europe. A second one was subsequently opened in Bangkok. Besides southern Africa, one is planned for South America, possibly Costa Rica.

"Time and time again the training at the academy has proven valuable to the US" in fighting international crime, the FBI said in its report to the House of Representatives international relations committee.

The report, by Judson M Ray of the FBI's international training unit, followed a trip to SA, Namibia, Botswana and Swaziland by a six-member US government delegation that included the FBI.

It was linked to the binational commission and, in particular, its committee on justice and anti-crime co-operation chaired by US attorney-general Janet Reno. It was this committee which agreed in February on a wide range of law enforcement issues, including training, technical aid and co-operation.

Ray reported that "the crime problem in SA is serious and complex". The police, political leadership and the general public were looking for law enforcement training assistance.

"History has shown that when there is a major change in government structure, crime becomes rampant. The Republic of SA is no different," Ray reported.

Bulelani Ngcuka, national director of public prosecutions, this week backed the establishment of such a teaching academy for southern Africa. However, he said, the cabinet still had to give its go-ahead.

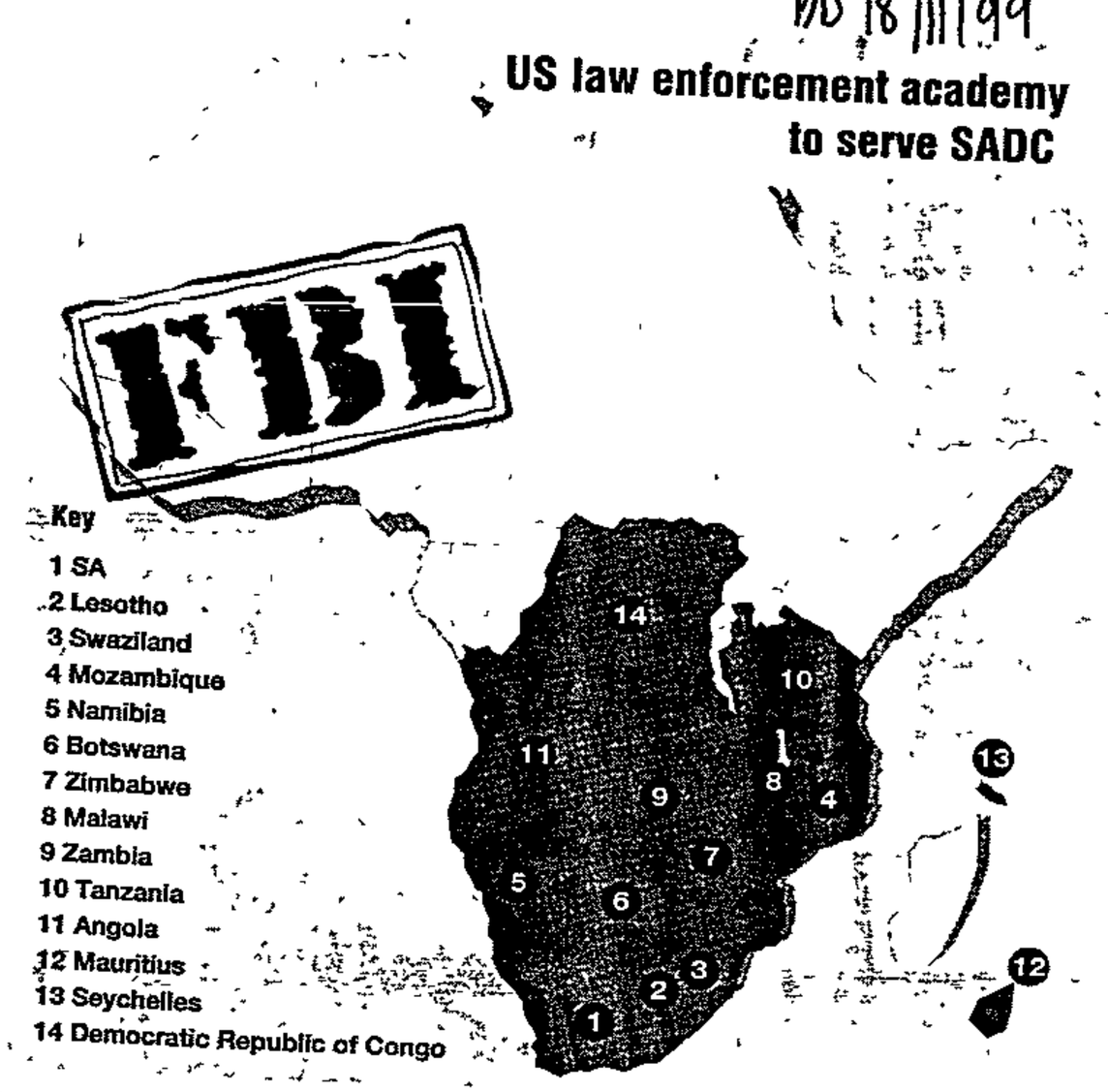
Ray said the purpose of the interagency trip "was to consult with a number of countries in the region regarding the establishment of an international law enforcement academy in southern Africa (which would be) similar to the ones operating in Budapest and Bangkok".

He said putting US resources into the establishment of a well-run, well-resourced and professional training structure "is more sustainable and of greater long-term value than the training (on an adhoc basis) that is currently commonplace".

For example, southern African law enforcement agencies which sought to obtain training in border control or arms trafficking could be accommodated at the academy.

Similarly, if officials wished to take advantage of training offered by a non-US agency with recognised expertise (for example, Belgian public order policing or German VIP protection), "these too can be accommodated and administrated at a facility designed for criminal justice system training", Ray reported.

"A training structure and well-designed curriculum can be adapted to a variety of changing needs and clients," he said.



East African leaders set to sign EU-style trade treaty

(279A) CT (BR) 22/11/99

GODFREY MUTIZWA

Nairobi – East Africa's private sector says it is cautiously optimistic that a new attempt at regional economic union could work this time but warns that traditional trade sensitivities might disable it once again.

Analysts concur, saying the global trend towards economic integration and the coming to power of new leaders in Tanzania and Uganda had created hope that economic union with Kenya could work even though the first experiment failed in 1977.

Presidents Daniel arap Moi of Kenya, Yoweri Museveni of Uganda and Benjamin Mkapa of Tanzania are set to sign a treaty establishing the East African Community, in Arusha, the northern Tanzanian town, on November 30

The treaty, modelled on the European Union, should create a free trade area in east Africa and allow freedom of movement across borders for nationals of the three countries.

"It is very good that they are signing. What business wants is progress towards a common market which, as I understand it, Tanzania seems to have finally accepted," said Charles Gardner, the resident representative of the Eastern Africa Association.

Gardner, whose group represents British investors in the region, expressed unhappiness, however, that the document to be signed appeared to be a watered-down version of the previous one.

"It's disappointing that they are not moving as clearly forward as they had announced before," he said, singling out continuing disputes over tariffs.

Francis Muthaura, the executive secretary of a commission leading the move to the East African Community, says the treaty to be signed in Arusha would lay the framework for an economic and political union that could be realised in 20 years.

A draft of the treaty calls for the establishment of a customs union, a common market and monetary union, with the ultimate objective of a political federation of east Africa.

The earlier attempt collapsed in 1977 as Tanzania's strict socialist policies clashed sharply with Kenya's free-market economy while Uganda went through a period of political chaos.

This time around, the three nations are relatively peaceful and share similar free-market policies.

But analysts say the time frame for implementation of the new deal is too long and, with intractable issues like trade liberalisation deferred, say full economic integration could take even longer.

"I don't see parity in the harmonisation of excise duties. But on the whole (the signing) is positive. It would be better though if they set a timetable for harmonisation of duties," said Mathew Pearson an analyst at Investec.

Ravi Chande, the second vice-chairman of the Confederation of Tanzania Industries, reflecting concern over the dominance of Kenya, said he favoured the cautious approach taken by the politicians.

"We think it's good to proceed cautiously. The most important thing is that a statement of intentions has been stated – that the countries intend to co-operate – but this time we must ensure that the benefits are balanced and distributed equally."

Regional trader Joel Githongo agreed, noting: "We in Kenya must be very careful and allow Tanzania and Uganda to sell as much as they can to Kenya."

OUT/2065/E

Zuma calls for African trade bloc

John Dludlu (74)

DEPUTY President Jacob Zuma yesterday called for the acceleration of moves to end the fragmentation of Africa's regional economic organisations. (279A)

As he took the battle for the continent's rebirth to Africans living in Europe, Zuma, who was addressing an African renaissance conference organised by the Africa Centre in London, said political systems should facilitate the economic involvement of Africans everywhere.

"There is a need therefore to consider the eventual amalgamation of all the regional economic blocs of Africa into one", he said. Blocs such as the Economic Community of West African States and the Southern African Development Community could begin to explore intra-African co-operation.

At the political level, unity had already been achieved via the Organisation for African Unity.

Zuma's call, echoing similar sentiments by Olusegun Obasanjo, the Nigerian president, appear to mirror the growing frustration of the new African leadership at the delay in creating pan-African economic unity.

Zuma also challenged Africans based in Europe to contribute "through action rather than sentimental attachment" to reviving African pride.

He called on business people, particularly Africans, to play a bigger role in the continent. "We ... need to find ways to ensure wealth accumulated in Africa stays in Africa"

He said one of the ingredients of Africa's rebirth had to be "good political systems in all African countries that uphold the principles of democracy at all costs"

BD 24/11/99

BD 26/11/99

Sacu asked for feedback on EU deal

Patrick Wadula (74)

SOUTHERN African Customs Union (Sacu) partners have been urged to give feedback on SA's recent free trade agreement with the European Union (EU) before the end of this year. (279A)

The SA trade and industry department's Wilhelm Smalberger said yesterday that it was important for Sacu members Botswana, Lesotho, Namibia and Swaziland to liaise with SA before the SA-EU agreement was implemented next January.

Smalberger was addressing the Johannesburg Chamber of Commerce and Industry's workshop on the EU-SA agreement and its rules of origin.

He said SA shared a common external tariff border with the customs union countries and would like this to be maintained. This meant those countries would have to apply the SA-EU agreement on a de facto basis. "However, they have not as yet given us their concurrence as provided for in the Sacu agreement," he said.

Smalberger warned that if this was not forthcoming, normal duties on imports originating in the EU and destined for the customs union states would have to be paid by the importer at the point of entry in SA.

Since SA did not share a common border with the other Southern African Development Community countries other than the customs states, the SA-EU accord would not have any effect.

Incomplete east African economic pact signed

(279A)

FROM AP

Arusha, Tanzania - The leaders of Kenya, Uganda and Tanzania met yesterday to sign a treaty that will lay the basis for an east African economic bloc

The agreement revives a regional community that collapsed 22 years ago

But the 153 article document, which underwent seven revisions in two years to smooth out concerns over trade imbalances among the three former British colonies, failed to address the core issues of a common market and free trade zone It was announced that these would be dealt with in future negotiations

Instead, presidents Daniel arap Moi of Kenya, Benjamin Mkapa of Tanzania and Yoweri Museveni of Uganda agreed yesterday to reach some sort of accord on 36 points over the next four years and to open borders for the free movement of labour, goods, services and capital

The leaders signed the treaty yesterday at Arusha's Sheikh Abeid Amri stadium following a summit earlier in the day

The agreement, first drafted in 1997, lays the groundwork for a common east African passport and flag, economic and, ultimately, monetary integration, and joint infrastructure development

In the meantime the countries will sign bilateral trade protocol agreements

Uganda and Tanzania both objected to the original draft terms, which called for the immediate lifting of trade tariffs throughout the zone They argued that Kenya, which has superior industries and infrastructure, would be given an advantage.

The three countries have a combined population of about 84 million, but most of them lived in absolute poverty

The new treaty will recreate what was once known as the East African Community, a regional organisation that, in its heyday, shared an airline, a railway, a telecommunications and postal system and a currency

CT (BR) 12 1/12/99

Common market treaty signed

BD 1/12/99 (279A)

ARUSHA — The presidents of Kenya, Uganda and Tanzania took another key step towards establishing a regional common market when they launched the East African Community yesterday

However, the watered-down treaty failed to set a timeframe for the removal of trade barriers.

President Daniel arap Moi of Kenya, Uganda's Yoweri Museveni and Tanzania's Benjamin Mkapa signed the treaty at a ceremony staged in the Sheikh Amri Abeid football stadium and attended by thousands of people

"This indeed is an historic summit of the people of East Africa," Moi said when he formally opened the community's first plenary session earlier in the day

The East African Community treaty, modelled on the European Union, aims to create a free trade area in east Africa and to allow freedom of movement across borders for nationals of the three countries

However, with Tanzania and Uganda reluctant to expose their fragile industries to competition from abroad, the three countries have decided to negotiate the more controversial details that deal with the removal of trade barriers at a later date

Under the treaty, the three countries will negotiate the framework of a customs union over the next four years, and will then move to establish a common market

A monetary and political union is also envisaged in a process which officials say could take up to 20 years

Key institutions will include a regional stock exchange and a regional court of justice, with common strategies on managing everything from road and rail networks to wildlife tourism

The treaty must still be ratified by the parliaments of the three countries

The first attempt at east African integration ended acrimoniously in 1977 amid ideological clashes, but this time leaders say they are confident the treaty will work

"There is greater harmony now at the ideological and political level and greater mutual understanding," said Tanzania's Foreign Minister Jakaya Kikwete

However, with the signing ceremony already delayed for nearly a year amid wrangling about the removal of trade barriers, analysts say that the real test may come in the negotiations to establish a customs union for the market of 80-million people

The three countries have also agreed to allow neighbouring Rwanda to join the community, and Burundi has also applied

Burundi's President Pierre Buyoya and Rwanda's Prime Minister Pierre Celestin Rwigema joined Mkapa, Museveni and Moi at the signing ceremony, as the leaders were entertained by traditional music and dance groups

Zambia's President Frederick Chiluba and other regional leaders were expected to arrive later yesterday as the summit was expected to turn its attention to Burundi's fragile peace process

Negotiations to find an end to Burundi's six-year civil war stalled in October after the death of its mediator, former Tanzanian President Julius Nyerere

The regional leaders are aiming to find a new mediator during this week — Reuters

Thahane speaks on regional currency

BD 1/12/99 (279A)

Patrick Wadula

MAPUTO — SA Reserve Bank deputy governor Timothy Thahane said yesterday the reduction and elimination of exchange controls and the introduction of a single currency in the region would depend on circumstances in individual southern African countries

Speaking at the Southern Africa Trade and Investment summit meeting, Thahane said the reduction and elimination of exchange controls in southern Africa had to be done cautiously by individual countries.

"We want to do it as quickly as possible and the region's central bank representatives are committed and doing so as fast as they can," he said, referring to the work of the committee of central bank governors of the Southern African Development Community (SADC)

The work of the governors, including the harmonisation of banking systems in the SADC, has raised hopes that it could hasten the abolition of exchange controls and help enhance the autonomy of those central banks which are still under direct government control Only three SADC countries — Zambia, Botswana and Mauritius — have scrapped exchange controls.

SA, which favours a gradual approach, has been easing these restrictions since the 1994 elections The latest move has been Pretoria's relaxation of restrictions for local companies investing in the SADC

Thahane also said the European Union took a long time to introduce the euro, the 11-nation EU's single currency Many meetings were held between different governments and the central banks before a unified currency was introduced He said a country like SA could move faster in this process than other southern African countries

Although many analysts share Thabane's sentiment about prospects of an SADC single currency, already four SADC countries — SA, Namibia, Swaziland and Lesotho — have pegged currencies through the Common Monetary Area arrangement The pula, the currency unit of Botswana, the fifth partner in the Southern African Customs Union, trades separately, but has historically tracked the SA rand

Thabane said many countries had controls that were a hindrance to free trade flow

Meanwhile, Coca-Cola southern Africa president Donald Knauss said the most common obstacle to creating a better local economic value in southern Africa was improving affordability for consumers "Undermining affordability in many southern African countries was excise taxes and domestic sugar prices" He said with improved affordability there could be additional growth that would lead to increased economic activity This would also increase government revenues, protect and expand employment opportunities and grow the micro economy.

"Throughout the region (Coca-Cola is) committed to investing at aggressive levels, but we need government help across these nations to make it happen . by creating an enabling environment for business growth," he said

Investor perception: Page 3

Southern Africa 'sells itself short'

Patrick Wadula

MAPUTO — Southern Africa is selling itself short in the tourism industry, which is the key to realising the economic potential of the region.

Michael Power, a PhD candidate at the University of Cape Town said at the Southern African Trade and Investment summit in Mozambique that his expectations were that by the year 2020 there would be parts of the world looking at the example of southern African tourism and saying: "What can we learn from them?"

Power said the region had an image problem. Travellers had reservations about coming to this region because of issues such as malaria, crime, the quality of infrastructure, water, food and political risk.

"Much of this image is undeserved and many of the problems faced by southern Africa are overstated in the western press," he said

Power said another issue was related to the cost of air travel to and within the southern Africa.

He said even a budget return airfare from London to Cape Town cost more than a 10-day inclusive stay at a five-star hotel on Kuta Beach in Bali, and that included return air fares to Indonesia.

Sexwale attacks militarisation

BM 2/12/99 (279A)

Patrick Wadula

MAPUTO — Businessman and former Gauteng premier Tokyo Sexwale yesterday criticised the southern African region for being overmilitarised

Sexwale, who was addressing the last day of the trade and investment conference in Maputo, Mozambique, said — with regard to the outlay of essential development capital — that the time was fast approaching when the difficult question of militarisation had to be openly discussed.,

He said the region was overmilitarised for its size and needs. "Vast and vital resources are employed in the building of large armies, when they could be deployed in essential developmental projects and products to improve the quality of life of citizens in schools, hospitals, recreational areas and so on," he said

Sexwale said the resources had to be ploughed into sectors where job creation opportunities could be enhanced to ensure greater social cohesiveness, political stability and economic prosperity.

Also at the conference, Zimbabwean President Robert Mugabe said Zimbabwe was chairman of the Southern African Development Community's (SADC's) politics, defence and security organ.

He said a meeting of ministers of defence, chaired by the Zambian minister of defence, recommended that SADC countries should go to the help of the Democratic Republic of Congo immediately.

The first to respond were Angola and Namibia and they relayed their response to Mugabe, who said. "We were the third to respond after our minister of defence advised me on the need for us to respond in the same way as Angola and Namibia, and so we went to the rescue of (Congo)."

Mugabe said it was a gallant decision and a gallant response by the Zimbabwean government, adding that they were happy they prevented the aggressors from achieving their objectives

"Yes, that meant expenditure. Creating peace and stability in our region always means expenditure," said Mugabe.

He said Zimbabwe had also responded to a call from the late Mozambican president, Samora Machel, to come to its aid against forces that aimed to destabilise the country. "This was expenditure just as there was expenditure by Mozambique in our own struggle. This will go on if we are still going to create peace and stability in the region."

Mugabe stressed that the economic woes of Zimbabwe had nothing to do with its military expenditure, but were inherited imbalances. By trying to address the imbalances in the economy, the country had had to borrow.

Rains fuel SADC crop outlook

CT (BR) 3/12/99 (279A)

FROM REUTERS

Harare – Drought-prone southern African states expected above-average rains in 1999/2000 (October to April) and a lower maize deficit than first estimated, a regional early warning unit said this week.

"Latest observations ... continue to suggest a high probability of better than average rainfall in southern Africa during the 1999/2000 crop growing season," the Southern African Development Community (SADC) food security programme's regional early warning unit said in its latest quarterly bulletin, released on Wednesday.

The unit estimated an SADC maize deficit of 849 000 tons in 1999/2000, down from a forecast of 1,02 million tons.

However, the prime October planting period had passed without the required rainfall levels, restricting sowings in South Africa, Zimbabwe, Mozambique, Malawi, Swaziland and Tanzania.

The unit projected an overall regional shortfall in cereals of 2,77 million tons in 1999/2000, with supply at 24 million tons against requirements of 26,76 million.

South Africa, Mozambique, Malawi and Tanzania were expected to have surpluses of maize because of high carry-over stocks from 1998/99 as well as improved production.

"Following significant improvements in the 1999 wheat harvest in South Africa and Zimbabwe, the assessed deficit has been reduced from earlier assessments of 1,19 million tons to 886 000 tons," it added.

Reports from non-governmental organisations and United Nations agencies indicated worsening food security prospects in war-torn Angola.

"Production is likely to be hampered by the escalating civil war ... which has intensified in recent months in the main cereal growing areas (and) has forced people to flee to the relative safety of government-controlled cities."

But early indications suggested a 13 percent increase in maize planting intentions in South Africa to 3,284 million hectares, with the 1999/2000 harvest projected at up to 8,5 million tons, compared with the last harvest of 7,1 million.

Call for tourist-friendly SADC visa

BD 6/12/99 (288) (279A)

Patrick Wadula

SOUTHERN African governments have to play a part in a co-ordinated campaign to make their region more attractive to investors and tourists.

This is the view of Michael Power, a PhD candidate at the University of Cape Town, who last week addressed the Southern African Trade and Investment Summit in Mozambique.

Power said southern African countries had to move towards an "open skies" policy when it came to the granting of flight rights to major airports.

He said this strategy was pioneered by Spain, which allowed any airline that wanted to fly to its gateway airports, to do so.

"Today Spain receives close to 55-million tourists each year, almost twice its population." Kenya is adopting a similar policy in October next year.

Governments of the region had to be liberal in the issuing of regional charter licences, which would allow southern Africa to become more interconnected, Power said.

He suggested the issuing of a regional visa, which would alleviate the inconvenience experienced by people from European countries who plan a three-country holiday in the region.

"For some businessmen this is too great an inconvenience as it means handing over their passport for a month to six weeks and, at times, losing it in the process," he said.

This inconvenience deters potential tourists and businessmen from coming to the region.

Incidental costs like airport departure tax should be charged directly to the airlines, and if there was a Southern African Development Community visa, its cost should not be excessive.

Furthermore, the region had to encourage low-season resident rates. Not only would idle beds be occupied, but it would help raise the profile of the "amazing holidays" on offer at home and possibly reduce expensive overseas travel by Southern Africans, said Power.

In Australia residents take up 75% of all bed nights.

It was important for all countries in the region to maintain their export competitiveness, which generally means their currencies are determined by the free market.

Power also suggested changing frequently visited cross-border bottlenecks like the Victoria Falls into areas that are passport-control free. This idea was pioneered by Brazil and Argentina at the Iguasso Falls and has been successful.

He said tourism was an important building block in the southern African region, and benefits from it included higher gross domestic product growth, new jobs, higher export earnings, an improved reputation internationally and an increase in foreign direct investment.

Zambia blocked from joining Sacu

(279A) (360) CT(MK) 7/12/99

FRED CHELA

Lusaka – Zambia's application to join the lucrative South African Customs Union (Sacu) has been blocked and delayed by demands that she withdraws membership of either the Common Market for Eastern and Southern Africa (Comesa) or the Southern African Development Community (SADC).

Zambian commerce ministry sources, speaking in anonymity in Lusaka yesterday, confirmed that some Sacu member states had requested Zambia to withdraw its membership from either the Comesa or the SADC to be allowed entry into the Sacu.

Some Sacu members have complained that Zambia cannot have it both ways, belonging to the three organisations and still join the Sacu trade relations network.

Botswana, Lesotho, Namibia, South Africa and Swaziland constitute the Sacu but Namibia and Swaziland are members of both the Comesa and the SADC regional trading blocs.

However, economic and legal pundits in Lusaka argued that it would be unthinkable to ask Zambia to drop membership of either the Comesa or the SADC, having been one of the instrumental founding members of these two regional organisations, notwithstanding that some Sacu members belonged to the Comesa and the SADC.

High-ranking Zambian government officials were optimistic that current negotiations with Sacu authorities were likely to yield a positive resolution.

Experts in regional co-operation believed Zambia would ride above the trade storms in view of the current draft SADC legislation on the SADC trade protocol that will eventually supersede the Sacu when it becomes operational in the near future.

The ratification of the SADC trade protocol had stalled because a few countries had cautiously dilly-dallied, studying the impact of the trade protocol designed to abolish the inhibiting barriers obtaining at present in the SADC region.

Namibia has not yet responded to Zambia's letter about the banning of Namibian beer imports into Zambia, one of the major initial delays and bottlenecks to entry into the Sacu market, the Times of Zambia reported yesterday. – Independent Foreign Service

Regional labour ministers reject draft social charter

(279A) BD 10/12/99

Reneé Grawitzky

SOUTHERN African labour ministers have rejected a draft social charter on fundamental rights and called for further internal consultations within member states of the Southern African Development Community (SADC)

This decision was taken after concerns were raised over the inclusion of several contentious clauses in the charter relating to the right to strike and provision for the freedom of movement of workers within the 14-nation SADC.

Employers objected to the inclusion of a clause relating to the workers' right to strike without the reciprocal right to lock out. Concerns were also expressed on the freedom of movement clause intended to facilitate the harmonisation of immigration laws to allow free movement of workers throughout the region.

This provision would enable any worker in the region to receive equal treatment with regards to employment, working conditions and social protection in the host country.

The clause may have far-reaching financial implications, some unexplored For example, would the SA government or other governments need to provide social security and other provisions to foreign workers and their families?

The ministers have recommended that either the clause be removed from the charter or await the finalisation of the SADC protocol on the facilitation of movement of persons — a euphemism for a watered down version of the proposed free movement of people deal.

Given those concerns, the council of SADC labour ministers resolved that the draft charter be referred back for further consultation, with the aim of reaching consensus between government, labour and business representatives in the respective member states.

The intention of the draft social charter is to ensure that member states observe a number of basic human and worker rights like freedom of association and collective bargaining as provided for several International Labour Organisation (ILO) conventions

Other provisions in the charter refer to the adoption and enforcement of ILO conventions relating to discrimination and equal treatment of men and women The charter also refers to a need to harmonise regional minimum standards as set out in labour legislation

Government, labour and employer representatives agreed during a workshop in Johannesburg in October to explore ways of integrating labour law and policy in the region

Rail link will open north-south trade

FROM SAPA

Johannesburg — The incompatibility of the railway systems between southern Africa and its northerly neighbours would be solved soon through the construction of a $5 million trans-shipment facility in Tanzania, groups that are involved said yesterday.

At Kidatu the two systems run closely enough to each other to operate a cost effective and safe trans-shipment point.

The project would be financed by the South Africa Infrastructure Fund (SAIF), through Beeves Investments for Trans Africa in Tanzania. Credit Guarantee is providing investment insurance for the project, the insurer said yesterday.

Rail track widths differ between countries in the south (South Africa, Botswana, Zimbabwe and Zambia), which use with the imperial gauge, and those to the north (Tanzania, Uganda Kenya Burundi and Rwanda) with the German gauge. The incompatibility has forced trade between the two regions to follow the more costly and time-consuming coastal shipping route rather than the potentially more economic rail route.

Emiel van den Houte, the director of SAIF, says political stability in the region has created the opportunity to bridge this problem with a trans-shipment facility. The facility would cater only for container traffic.

"With the re-establishment of political and economic ties between South Africa and countries to the north, trade volumes have increased significantly between the two regions," he said. "Landlocked Southern African Development Community states, as well as countries like Uganda, are looking for cheaper, faster and safer routes into Africa and the international markets abroad. This need will drive the project."

COMMODITIES *Concept of a single point of sale builds on Mombasa's successful tea auctions*

East Africans mull over a regional coffee auction for Nairobi

CT(BR) 3/3/99 (279A) (340)

MANOAH ESIPISU

Nairobi — Musalia Mudavadi, the Kenyan agriculture minister, said yesterday that Kenya was holding informal talks with neighbours Uganda, Tanzania, Rwanda and Burundi on selling coffee at a common central auction in Nairobi.

Mudavadi told Reuters that the concept was derived from the successful east African tea auction at Kenya's coastal resort of Mombasa.

He added that the idea of a centralised coffee auction had been well received by Kenya's neighbours.

Traders in the region also welcomed the idea but warned that such a plan could take time to materialise.

They said a single auction would increase competitiveness in pricing, but technical questions needed to be considered. These included customs and foreign currency regulations in some of the east African states.

Mudavadi said there was no time frame yet on when such auctions would begin. This was in part because Kenya wanted to complete reform of its own coffee sector before a decision was taken.

"We have been holding informal talks on a common auction. It is quite clear that such an auction would serve the region well. The tea auction has proved this," Mudavadi told Reuters. "This is encouraged by the enhanced regional co-operation."

The reform of Kenya's coffee sector is expected to be completed by end of this year when new coffee laws are enacted which would formally end the dual role of marketing agent and sectoral regulator played by the coffee board of Kenya.

This month, Mudavadi ended the coffee board's marketing monopoly when he issued licences to three other marketing agents.

Mudavadi said he also wanted to see the reform of the Kenya Coffee Auctions (KCA), which owns the Nairobi coffee exchange, with a diversification of ownership. Currently, 65 percent of KCA is owned by the coffee board, and the balance held by a Nairobi family with a long tradition of coffee trading.

Commodity analysts say an initial primary offering in KCA is an option, although allowing all registered marketing agents an opportunity to invest in the company had also been discussed.

The coffee board has previously said it was keen to relinquish some of its shareholding in KCA, but it was reluctant to put exact dates on when the move would be implemented.

Kenyan officials say auctions offer the best prices in an open and completely accountable market. They have refused to allow coffee sales by private treaty, as sought by large estates.

Uganda and Tanzania have previously expressed a desire to sell their coffee at the Kenyan auction, which regularly attracts premium prices and gourmet coffee seekers.

Mudavadi also spoke of the need for Kenya and its neighbours to seek new markets abroad.

He said that Kenya was lucky its premiums were much sought-after, but if another country started producing such good coffee it would be under pressure.

"I was in China recently. It is a large market, and they did not appear to have heard about our coffee. That is a situation that we have to rectify."

Traders felt questions on the issuance of International Coffee Organisation certificates, transport guarantees from warehouses to destinations and taxation would pose severe headaches.

"I sell my coffee by month. If I want coffee on the steamer from Mombasa in February, I do not want it to arrive from Tanzania or Uganda in March," one senior trader in the Kenyan capital Nairobi told Reuters.

"That could cause me claim problems, and if I cannot meet my claims, I will be out of business." — Reuters

Removal of nontariff trade barriers key to free trade areas — SADC negotiators

John Dludlu BD 3/3/99

NEGOTIATORS from the Southern African Development Community (SADC) have come out strongly against nontariff barriers to trade, saying that these pose a far more serious threat to intracommunity trade than tariffs.

As they inched towards their dream of building a SADC free trade area in eight years, technocrats agreed to remove nontariff barriers to trade as a "matter of great urgency,and absolute priority".

The trade negotiating forum, the SADC's body of officials negotiating the free trade deal, decided last Thursday to work out proposals on the methods that would be followed in removing nontariff barriers to trade.

Among the nontariff restrictions they identified were: documentation; transit arrangements; quantitative trade restrictions; as well as fiscal and other extra import charges.

Unlike tariffs, nontariff barriers are trickier to address as they constantly come up among trading partners, particularly where the will to free trade exchanges is not strong.

Last Thursday's round, the eighth to date, discussed ways of liberalising trade in chemicals, pharmaceuticals, fertilisers, wood and paper sectors.

Negotiators confirmed that a bulk of the 11 countries participating in the talks have now tabled either preliminary or detailed offers.

Three of the SADC's 14 members look set to lose out on benefits of this ambitious market opening exercise. These are: the Democratic Republic of Congo, the Seychelles and Angola.

Though encouraging steps have been taken in creating the free trade area in recent months, the 11 countries still face a tough road ahead, negotiators have warned.

Judging by the issues on the table, observers have raised doubts on negotiators' ability to agree a deal by June — the deadline they have set for the conclusion of the talks.

(279A)

Power co-operation could save $62m

BD 3/3/99 (B7) (279A)

Maduna spells out benefits of southern African nations pulling together to manage supplies

Robyn Chalmers

ELECTRICITY utilities, which are part of the Southern African Power Pool, could save up to $62m a year by co-ordinating their power production, Minerals and Energy Minister Penuell Maduna has said.

He said recently that the organisation was becoming an effective instrument to manage the region's electricity supply system.

"SA electricity utilities can make considerable monetary savings through an optimal co-ordination of their power production and through optimal free trade."

Through the power pool, the vast renewable hydro power potential in the subcontinent could be exploited and developed to the benefit of Southern Africa as a region.

The organisation is a loose, regional electricity power pool, governed by gentlemen's agreements. Its operation will allow trading of energy as far north as Zaire. The SA government has signed an intergovernmental memorandum of understanding to facilitate development of the pool.

The arrangement allows for the joint operation and trading of power between utilities in member countries, which include most SA Development Community countries and Democratic Republic of Congo, for the "wheeling" of power through the transmission networks of third parties. Wheeling involves using a third party's transmission network to get power from a utility in one country to one in another.

Francis Masawi, chairman of the pool's management committee, said the future role of the organisation was affected by a number of factors. These included pressure to accelerate electrification for social upliftment, policies of liberalisation and privatisation and the need for increased regulation.

Masawi said the financial viability of utilities belonging to the pool differed significantly. Only Eskom, the Botswana Power Corporation, Swaziland's Electricity Board and Namibia's Nampower were on a sound financial footing.

Private sector involvement in power was expected to improve the performance of some of these utilities, and provide much-needed finance, said Masawi.

Future of Ecomog hangs in the balance

CT 4/3/99

(279A)

LINDSAY BARRETT

Nigerian democracy may undermine sub-regional stability

ABUJA: Although it is widely acknowledged that military rule has not created a legacy of domestic stability in Nigeria, many people in Sierra Leone and Liberia believe that the advent of democracy in that giant nation might herald an escalation of anarchy in their homelands.

Sierra Leone and Liberia are members of the Economic Community of West African States (Ecowas) with its headquarters here in Nigeria's capital. Nigeria has provided the bulk of the troops and the funds for the maintenance of a sub-regional peacekeeping force, Ecomog, which has done duty in both nations for nearly 10 years.

Both presidential candidates in last weekend's poll have pledged to withdraw Nigerian troops from Sierra Leone. The Ecomog troops have only just managed to stave off an invasion of Freetown, the capital of Sierra Leone, by guerrillas and mutinous soldiers of the national army. The section of the army loyal to the government of President Tejan Kabbah is headed by Brigadier-General Maxwell Khobe, a Nigerian.

Presidential contest winner and retired former army general Olusegun Obasanjo had promised to pull out Nigerian troops from Sierra Leone if he wins. His opponent, Chief Olu Falae, who was actually secretary to the Nigerian government of General Babangida in 1990 when Ecomog was created, had said that he will give notice to Nigeria's Ecomog partners and order a gradual withdrawal as soon as he takes office.

The signals sent to the rest of West Africa by these pledges have emboldened the insurgents in Sierra Leone and strengthened Liberian President Charles Taylor's position as the key figure in West Africa, encouraging irregular guerrilla movements to overthrow the status quo in many parts of the sub-region. Taylor led the NPFL, the largest of such guerrilla movements in Liberia during the six-year-long civil war.

He was Ecomog's most vehement opponent during that war, but gave the formation grudging support when it became obvious that he needed to do this to be able to come to power. Since this election in 1997, however, he has reverted to his stance of opposition to the force's intervention and has now been accused openly by Nigeria of being behind the sustaining of the rebellion in neighbouring Sierra Leone.

The realisation that once Nigeria returns to civilian rule in May the country will lose its resolve to sustain Ecomog has served to spur such activities on his part. The fact that the winner, Obasanjo, will be sure to pull out Nigerian troops, guarantees the disintegration of the sub-regional initiative if the victor does not have a change of heart.

Some West African analysts believe, however, that the candidates have been playing to the domestic gallery rather than taking a deep look at the security implications of their promises. They say that the repercussions of a turn-about will probably lead to a backlash against Nigeria in the entire sub-region and could reverse the non-military successes of the Economic Community as well.

Nigeria's status as leader of the West African community has been enhanced by its role in Ecomog since 1990. It has succeeded in staving off the full collapse of the state in Sierra Leone, and restoring a semblance of democracy to Liberia.

Obasanjo is unlikely to do anything that will be modified extensively by either of the candidates if they find themselves in power in May and the troops are still in place.

Nigeria's Head of State General Abdulsalami Abubakar has, however, shown signs that he too would like to gain credibility by reducing his country's commitment to sub-regional security.

The indication that a new civilian government in Nigeria has no stomach for containing rebellions in other countries in West Africa may have given dissidents the courage to hang on. They are therefore waiting for the reversal of the peacekeeping initiative which has become a burden on Nigeria even while having helped to enhance its political status as a leading advocate of political discipline in the sub-region. — Independent Foreign Service

Educating Africa's own

The ratification of SADC's protocol on education and training by South Africa will pave the way for further regional co-operation. **John Mojapelo** explains why

THE unanimous ratification of the Southern African Development Community(SADC) protocol on education and training by Parliament last week was an important brick in the construction of the African renaissance ideal as espoused by Deputy President Thabo Mbeki.

Education Minister Professor Sibusiso Bengu, who introduced the ratification debate, pointed out the significance of the ratification for the African renaissance.

"It is obvious that the renaissance of our nation and our continent requires unremitting work on repairing, reviving and uplifting our education and training systems to the highest level of excellence of which we are capable."

Bengu also announced his active involvement in the SADC human resources development sector aimed to significantly increase the productivity of the region's citizens through better education, skills development and management as well as participation in science and technology.

South Africa joined SADC on September 29 1994, when Mbeki signed the SADC Treaty at the heads of state summit in Botswana.

In South Africa national consultations were held to solicit input from several stakeholders, including the National Association of Professional Teachers of South Africa, South African Democratic Teachers Union, South African Students Congress and South African Students Union.

SADC's objective is to build a community of Southern African nations with a high degree of harmonisation, enabling the 14-member states to pool their resources to achieve collective self-reliance.

The ultimate objective of the SADC protocol on education and training is to achieve the equivalence, harmonisation and standardisation of education and training systems in the region within 20 years.

The education protocol was developed between April 1996 and June 1997, when the final draft protocol was approved for recommendations to the SADC council of ministers.

President Nelson Mandela was one of the 11 SADC heads of state to sign the protocol at the SADC summit in Malawi in September 1997.

To date, six of the 11 signatory countries have ratified the protocol. When two more countries have ratified it, the protocol becomes effective and binding on all member countries.

Botswana, Swaziland, Namibia, Lesotho, Zimbabwe and Mauritius have already ratified the protocol. Before South Africa could ratify the protocol, it had to be tabled before the National Assembly for discussion.

South Africa maintains that the protocol will help to enhance and consolidate the interstate and institutional cooperation that already exists between this country and its neighbours.



Education Minister Sibusiso Bengu ... the renaissance of Africa requires uplifting of its education and training systems.

Bengu told Parliament: "Its goal is to move towards deeper regional cooperation, beyond mere coordination of development projects and economies of member states, to integrating the economies and societies of member states into a single whole."

When the protocol has been signed by all member states, it is going to have a far-reaching educational and training impact on the region.

Chapter Three of the protocol contains important sections on areas of cooperation. These include cooperation in:

- Policy for education and training;
- Basic education (primary and secondary);
- Intermediate education and training;
- Certificate and diploma levels;
- Higher education and training;
- Research and development;
- Life-long education and training; and
- Publishing and library resources.

An important clause is Article 7 (A) 1, wherein member states agree to recommend to universities and other tertiary institutions in their countries to reserve at least five percent of admissions for students from SADC nations other than their own.

Member states also agree to work towards harmonisation, equivalence and the eventual standardisation of university entrance requirements.

In order to facilitate easy access to universities, member states are to encourage their universities to devise mechanisms to facilitate credit transfers from one university to another within the SADC region.

Member states also agree that it is desirable to work towards the harmonisation of the academic year of universities in order to facilitate staff and student mobility.

To facilitate movement of students and staff for purposes of study, research, teaching and any other pursuit relating to education and training, member states agree to work towards the gradual relaxation and eventual elimination of immigration formalities.

While education and training at undergraduate level will continue to be largely the responsibility of each member state, cooperation and mutual assistance is possible and will take place in some field of study that can be agreed upon by the institutions concerned.

In the area of basic education, the member states agree, *inter alia*, that the primary and secondary education curricula will include material of SADC countries in order to promote "consciousness about the community, which in turn will lead to fuller awareness of the imperative and process of regional integration".

Member states agree that cooperation and mutual assistance is desirable in teacher education, curriculum design and development, to ensure high quality and relevant teacher education and to move the teacher education system towards comparability, harmonisation and eventual standardisation.

Since April 1994, the Department of Education has been actively engaged in education issues in the continent.

In addition to the SADC connection, Bengu is chairman of the Intergovernmental Committee of the 7th Conference of Ministers of Education for African Member States.

South Africa is also a member of the Steering Committee of the Association for the Development of Education in Africa, which focuses on developing partnerships between education ministers and funding agencies in order to promote effective education policies.

South Africa is actively engaged in Organisation of African Unity educational issues and Africa's Decade of Education in Africa (1997 to 2006).

(The writer is the Department of Education's chief director of communication and liaison services.)

SA CUSTOMS UNION (279A)

THE HOLE IN OUR ECONOMY

Neighbours depend on subsidy

Revenue estimates for the current Budget were overturned at the last minute when the government discovered its annual subsidy to neighbouring countries in the SA Customs Union (SACU) had soared by R2bn — almost 30%

Finance Director-General Maria Ramos "was scratching her head and everyone was searching around looking for the funds," a senior SA Revenue Services official confides.

The crisis highlights the pressure on SA to renegotiate the outdated SACU agreement which is placing an unacceptable drain on the fiscus.

In October last year, officials from the SACU countries — Botswana, Swaziland, Lesotho and Namibia — accepted in the main a more equitable revenue-sharing formula proposed by SA Revenue officials The officials hope to get Cabinet approval for their formula soon and to finalise a new draft agreement with SACU by April

But it will require enormous political will on the part of our politicians as the SACU countries are highly dependent on SA for their subsidies, especially Swaziland and Lesotho, in whose case the subsidy amounts to about half of total revenue. Cancelling the subsidy outright would be tantamount to annexing these countries

SA administers the SACU revenue pool, which is made up of the customs and excise duties collected in each country SA provides about 90% of the revenue in the pool but receives about 50% in return

It takes what is left after the other members have been allocated their share according to a formula which guarantees them a set minimum amount

SA's contribution to the pool has increased each year, but its share of the funds has been falling steadily (see table).

This arrangement means that SA beer drinkers are subsidising neighbouring countries by about R1bn each year. Last year the total excise duty collected in the union from beer was an estimated R2,3bn As 95% of all beer produced in the union is consumed within SA, it would be fair to expect that 95% of the duties collected, or R2,2bn, would be retained here (all SACU members charge the same duties). But because of the skewed formula, SA retained little more than half that amount

SA Revenue officials hope the new formula will continue to compensate countries according to the value of their imports, but that each country will be responsible for collecting and keeping its own excise duties in future But that's not enough for SA Chamber of Business economic policy director Ben van Rensburg He argues neighbouring countries have benefited far more than they have been disadvantaged by the agreement, that the current set-up undermines their autonomy and that the original reasons for the agreement have fallen away. It was signed in 1969 to compensate neighbouring countries for the free access they give to imports of SA goods which account for 80%-95% of their imports They argue they are entitled to compensation because their industries can't compete with SA manufacturers who benefit from economies of scale.

There is also much on-exporting of foreign goods from SA to SACU countries on which SA companies pay no additional duties. From 1994, SA customs and excise officials were ready for the new government to negotiate a fairer formula, but the Cabinet decided the stability of neighbouring economies was more important.

The SACU agreement has not always been to the benefit of SA exporters Independent economist Edward Osborn says it has worked severely against SA's interests at times SA car makers lost out when

IT'S TOUGH AT THE TOP

SA's rising share of the SA Customs Union Pool

Year	Total SACU Pool	SA's contribution to SACU pool	Portion of SA's contribution that goes to other SACU countries
1994-95	R11,2bn	R9,67bn	33%
1995-96	R12,2bn	R11,4bn	33%
1996-97	R13,2bn	R12,4bn	34%
1997-98	R13,9bn	R13,4bn[1]	38%
1998-99	—	R14,4bn[2]	38%
1999-2000[3]	—	R15,4bn	46%

1: Preliminary actual figure 2: Revised estimate 3: Estimated

SOURCE 1999 BUDGET REVIEW

FM 5/3/99

Daewoo set up a manufacturing plant in Botswana and was able to export cars duty-free to SA under the SACU terms.

This year Botswana's share of the revenue pool soared 53%, reflecting an increase in imports of capital equipment for a new diamond mine and car plant

Clearly, SA can ill afford to keep subsidising its neighbours to this degree The question is whether a political compromise can solve what is essentially an economic problem

Claire Bisseker

SADC free trade nears hurdles

(279A) OT (MR) 5/3/99 (288)

PETER FABRICIUS

Johannesburg — The negotiations for a southern African free trade area would reach a critical phase later this month when the region's trade officials began to haggle over lifting tariffs on clothing and textile products, a move which was important to several countries, an official of the department of trade and industry said this week

Last week South African trade officials made progress in agreements to lower tariffs on chemicals, pharmaceuticals, wood and paper products.

These talks, the eighth in the protracted series of negotiations for a Southern African Development Community (SADC) free trade area, went relatively smoothly because few of the products under discussion were produced outside South Africa, said Marina Mayer, the head of the SADC section in the department of trade and industry.

But she said last week's meeting had also agreed to bring forward the crucial negotiations on how to deal with sensitive products, especially clothing and textiles.

The meeting would be held in Maputo from March 22 to 26

The meeting would first deal with the general question of how to deal with sensitive products, Mayer said, before tackling the specifics of textiles and clothing exports.

At last week's meeting Zimbabwe and Mauritius had been asked to improve their trade offers.

Mayer said the 11 SADC countries involved in the trade talks fell into three categories

The South African Customs Union (Sacu) countries, regarded as the most developed, were expected to lower their tariffs the most quickly.

The meeting had accepted the Sacu's offer to lower its tariffs over five years, compared with eight years for other countries, except for the most sensitive products

The next category, developing countries, comprised Zimbabwe and Mauritius. The last category, least developed countries, included all the rest in the SADC.

The meeting had agreed that the least developed countries could "backload" their tariff reductions so that if, for example, they were expected to reduce a tariff from 25 percent to zero in eight years, they could reduce to 15 percent in the seventh year and zero in the eighth year.

Tariffs on clothing and textiles, critical to several countries, are not yet settled

Zimbabwe had offered to phase down some tariffs by year three and some in year five of the eight-year period for implementing the free trade area

Other countries considered this excessive backloading. They asked Zimbabwe to instead consider phasing out tariffs in equal instalments over eight years and it agreed to review its offer

Mauritius was also asked to review the high proportion of sensitive products (27 percent) in its offer. By comparison, South Africa and Zimbabwe had only classified some 11 percent of products as sensitive

Clarifying conflicting reports, Mayer said Zimbabwe had classified its clothing and textile industries as sensitive So had South Africa and all the other SADC countries that produced these goods, setting the stage for tough negotiations at this month's meeting.

Mayer said there had also been difficult discussions at last week's meeting about the countries that were members of both the SADC and the Common Market for Eastern and Southern Africa (Comesa).

Namibia and Swaziland, for example, had preferential access to Comesa, which reduced tariffs for some of their important exports from 60 to 2 percent or even zero.

This preferential access was extended to the two countries under a special relaxation of the Comesa Treaty, as they were unable to offer reciprocal preferential tariffs in their markets due to their membership of the Sacu

Sacu is not a member of Comesa It has a common external tariff.

Mayer said it was likely that these concessions from the other countries would expire in 2000, during the phasing-in period of the SADC free trade area.

Namibia and Swaziland were concerned that they might be hit with a steep increase in tariffs on their key exports to Comesa countries just as they were opening up their markets to SADC products, she said. — Independent Foreign Service

Customs union states seek new income sources

(279A) BD 7/3/99

Botswana and Swaziland plan to introduce VAT to reduce reliance on trade taxes

John Dludlu

SA's partners in the Southern African Customs Union (Sacu) have launched a search for alternative revenue sources as their long-standing financial lifeline from Pretoria comes under increasing pressure.

A Business Day survey has found that most neighbouring countries, particularly Botswana and Swaziland, are preparing for a decline in income they get from the union's common revenue pool. The pool, now worth about R14bn, has provided the bulk of revenue for Botswana, Lesotho, Namibia and Swaziland for most of this century. It faces threats from a range of quarters.

As tariff levels continue to fall in line with commitments to the World Trade Organisation, the pool is set to shrink further. Sources familiar with the union say the tariff portion of the pool, which also includes excise duties, has declined recently.

Apart from the fall in tariff levels, which may be slightly offset by growth in imports, the revenue-sharing arrangement is coming under increasing attack from SA businessmen who feel it is unjustified.

Botswana and Swaziland plan to introduce a value-added tax to reduce dependence on revenue from trade taxes. Troubled Lesotho, which gets more than half its income from the customs pool, failed to respond to faxed inquiries this week. Namibia, which receives 30% of its government income from this source, declined to disclose its strategies to diversify its income.

Swaziland, which receives almost 50% of its income from the pool, said it was looking at a number of strategies, including strengthening its collection mechanism.

Musa Fakudze, the principal secretary at Swaziland's finance ministry, said plans were being considered to introduce VAT as government sought to move away from heavy reliance on direct taxes to consumption taxes. Other diversification strategies had yet to be approved by cabinet, she said.

Botswana relies less on customs union receipts, but plans to replace its sales tax with VAT from April 2001. A finance ministry official said this was expected to bring in twice as much revenue.

Ben van Rensburg, economic policy director at the SA Chamber of Business, has criticised the present revenue-sharing formula. He said its continuation was tantamount to prolonging an apartheid era system and urged SA's neighbours to introduce VAT, ideally at the same level as SA's.

Observers are concerned about the capacity of SA's neighbours, excluding Botswana, to effectively collect their own taxes. This capacity is likely to be tested when a revamped union is started. The new formula will see collection of excise duties handed to national administrations.

A free trade agreement between SA and the European Union will put pressure on the union's revenue pool, with tariffs and income from import duties falling over a 12-year period.

Neighbouring states benefited from the customs union arrangement because the formula includes compensation for the price-raising effects of SA's policies, industrial polarisation and lack of fiscal discretion.

CT (BR) 10/3/99

SADC is doing well on wheat

(279A)

FROM REUTERS

Harare — Southern Africa's wheat deficit in the 1998-99 season will be smaller than was forecast earlier, a regional food security unit said yesterday.

The Southern African Development Community (SADC)'s Early Warning Unit lowered its wheat deficit forecast to 1,21 million tons from 1,79 million tons.

The change reflected an upward revision in opening wheat stocks in November and expected production of 1,53 million tons in South Africa, compared with a previous forecast of 1,46 million, the Harare-based unit said.

South Africa's wheat output was expected to be down 33 percent from last season's 2,3 million tons because of reduced plantings and poor soil moisture, with projections for a 393 000 ton shortfall to be met through imports.

Civil wars have battered trade, says Comesa chief

ET (BR) 10/3/99 (279A)

FRED CHELA

Lusaka — Conflicts in the Common Market for Eastern and Southern Africa (Comesa) had adversely disrupted trade and economic growth in the region, Erastus Mwencha, the Comesa secretary-general, said this week.

The Mpulungu port on Lake Tanganyika in northern Zambia, for instance, was choked with exports and imports following renewed fighting in the Democratic Republic of Congo (DRC) between the allied forces of Laurent Kabila, the DRC president, and the Tutsi-led rebels backed by Rwanda and Uganda.

Goods were abandoned at the Ethiopian ports of Mara and Asaba after war broke out between Ethiopia and Eritrea over the disputed common border. Exporters and transporters described these countries as high-risk areas, which subsequently increased insurance premiums.

Since the pile-up at the three ports the Comesa transport committee had demanded that international ethics in a war situation be observed to ensure free movements of goods, Mwencha said.

Ethnic wars had tainted the Great Lakes region, making goods shipping from the Southern African Development Community (SADC) region and Indian Ocean ports nearly impossible.

The diamond war in Angola between Jose Eduardo dos Santos and Unita rebels had barricaded official trade routes between Zambia and the DRC.

Mwencha said Comesa would urgently pursue the European Union, Caribbean and Pacific groups (EU-ACP) for a successor agreement to the Lomé Convention to expire in February 2000.

Comesa wanted to take advantage of US President Bill Clinton's Africa Trade Bill and make the region a lucrative frontier of trade and investment.

Regional maize production predicted to rise this season

279A

~~3 MAIZE~~

HARARE — Maize output in southern Africa is expected to rise in the cropping season to April because of better rains and increased plantings, according to a report released by a regional food security unit yesterday.

"In response to good early rains and adequate supply of planting seeds, the area under maize has greatly increased compared to last year," the Southern African Development Community's early warning unit said in its latest bulletin.

Indications were that maize output would surpass last year's harvest of 15,99-million tons. However, excessive rains threatened yields in Malawi, Mozambique, Zimbabwe and less so in SA, Zambia and Swaziland. Flooding destroyed 18 000 hectares of crops in Mozambique and about 4 000 hectares in Zimbabwe. — Reuter.

BD 10/3/99



Poor leadership torments SADC

Star 12/3/99

Those at top cannot keep peace with each other, and a vision is on hold, writes Peter Fabricius

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Southern African is being ill-served by its political leaders. This is a region standing on the threshold of some sort of greatness – an integrated, functioning union offering a prospering market of about 190 million people to international investors.

Behind the scenes, officials of the member countries of the Southern African Development Community – the current formal expression of Southern African unity – are beavering away at assembling the nuts and bolts to build SADC.

Trade officials, for example, are holding an intense round of negotiations to nail down a detailed agreement on lowering tariff barriers by June to realise the envisioned SADC free trade area. Others are co-ordinating stock markets and harmonising cross-border movements.

Yet these efforts are being thwarted by a great deal of indifference, arrogance, dishonesty, envy, greed and sheer bloody-mindedness at the very top. While the worker ants scurry about underground to build SADC, above ground their leaders seem intent on destroying it: First, by not driving the process hard enough and secondly, by actively undermining it through the way they are handling regional conflict.

Conflicts in the Democratic Republic of Congo and Angola are spreading contagion and dragging SADC down into banana republic-style grim farce; Zimbabwe's defence minister openly defies the courts and arrests and tortures journalists; Angola threatens to go to war with its neighbour Zambia which it suspects of supplying weapons to Unita; bombs explode in Lusaka including one at the Angolan embassy killing a guard; Zambia arrests virtually the whole editorial staff of *The Post* newspaper because it scoffs at Frederick Chiluba's claim that he could defend Zambia against the aggressive and battle-hardened forces of Angola.

This is the bizarre black-comedy plot of the sixties and seventies Africa, not of SADC – the beacon of hope to lead the continent into a new millennium of peace and prosperity.

As a result SADC's peacekeeping credibility is being undermined. Western powers who welcomed Deputy President Thabo Mbeki's African Renaissiance goal of Africans resolving their own problems are now rethinking the hands-off policy, largely due to the catalogue of failed DRC peace efforts.

Zimbabwe could have pressured Laurent Kabila to talk to rebels but did not do so. A natural leader of the peace process SA was forced to hand over the baton, at least publicly, to Chiluba because of petty jealousies by other leaders and the stupid assumption its even-handedness implied support for rebels.

Chiluba has fluffed the job. Partly through sheer incompetence, such as failing to inform other leaders about an important breakthrough agreement by Zimbabwean President Robert Mugabe and Rwandan strongman Paul Kagame late last year. But also because of his inability to convincingly shake off charges that his senior government officials are gun-running to Unita. That disqualified him as an umpire in Angola's eyes.

Now SA seems to be picking up the baton again but the peace process has meanwhile lost direction.

Nothing illustrates SADC's dichotomies more than the Blue Crane SADC peacekeeping exercise taking place at the SA Army Battle School in the Kalahari Desert and in the Indian Ocean, off the port of Durban, in April.

In this simulated UN-led operation, a brigade of about 4 000 troops from all 14 SADC countries will be deployed in a classic interpositional role between two warring factions on a mythical island, called Naraland, in the Indian Ocean. It will be the largest SADC peacekeeping exercise ever and one of the largest of its kind in the world. Many western nations are offering finance and logistics.

There is something unavoidably ironic about SADC engaging in a worthy, orthodox and internationally-approved peacekeeping exercise, while many of its leaders are at each other's throats or knee-deep in unorthodox and unauthorised military adventures for personal, or at best very narrow, sectoral gain.

But to the military officers (mostly South Africans) who are organising this ambitious exercise, there is no irony or contradiction. They are doing their duty, preparing for the day when their leaders send them on a legitimate peacekeeping mission.

These worker ants of SADC are keeping alive the hope of – and indeed the means to – the vision of an United States of Southern Africa alive, while their political masters grow up.

ECONOMIC UNION

(279A) FM 12/3/99

IF AT FIRST YOU DON'T SUCCEED ...

Three east African countries set ambitious goal of union

On July 1 this year, Kenya, Tanzania and Uganda begin an ambitious journey which, they hope, will eventually bring them together in a regional economic union

The rationale for the economic marriage is that it would create the critical mass needed to lure foreign investments, particularly in the manufacturing sector Individually, the economies of Kenya, Tanzania and Uganda are too small to warrant much interest from foreign investors But together their economic output, as measured by gross domestic product, would be more than US$22bn and their population more than 80m people

It won't be the first time the three countries attempt to integrate their economies The first marriage, consummated in 1967, collapsed in 1977 because of the divergent economic policies they followed It also failed because of perceptions that there would be a disproportionate sharing of the benefits of economic integration and that there were insufficient mechanisms to redress the imbalances

The second attempt is being made on a slightly more promising footing than the first This time at least the economic policies of all three are moving in a similar direction — towards a free market — though at different paces

But the success of economic integration may become hostage to the political transformation processes in at least two of the countries — Kenya and Uganda

The political backdrop to economic integration is key because all three countries must be prepared to make difficult economic concessions to secure equivalent access to the benefits of any union To do so they need to persuade their electorates that any sacrifices in the short term will pay off in the medium to long term

For example, on July 1, Kenya, Tanzania and Uganda will introduce a zero tariff rate on all internal trade within the east Africa region But because Tanzania and Uganda depend on taxes on trade for a big chunk of their government revenues — as much as 50% in Uganda's case — the zero tariff rate on its own would wreak havoc with government finances

So, to accommodate Tanzania and Uganda's revenue needs and to protect each country's infant industries, the east African partners will each draw up a list of products on which they will impose a surcharge to the maximum of 10%

Negotiations on the list of products on which the surcharge will apply will be the biggest test of each country's political commitment to the economic partnership

In Kenya there are worrying signs that economic reforms are being delayed by its political transition from a single to a multiparty system This does not augur well for the project as Kenya is key to the success of economic integration

International experience shows that regional economic blocs form successfully around stronger economies

Kenya's economy is both the largest and by far the most advanced in the region It sells more manufactured goods than it buys from both Uganda and Tanzania

In 1997, 31% of Uganda's imports came from Kenya In Tanzania's case, Kenya is its second-largest supplier of imports after South Africa

The Institute of Economic Affairs, a Nairobi-based think-tank, describes Kenya's economic reform as a "sputtering go-stop-go" programme that is hostage to the political calculations of the powerful forces within Kenya's political leadership

"This suggests that it is unlikely that far-reaching economic reform can be carried out without undercutting the constitutional powers of the executive — something we can expect to be resisted "

The Institute cites Kenya's privatisation mechanism, which it says is open "to undue influence, pressure and political manipulation to maximise instrumental gains to friends" of the political leadership.

The sputtering of Kenya's economic reform is already having a negative impact on the rate of growth

The country's manufactured goods are fast losing retail shelf space to imported ones A recent report by the Central Bank of Kenya says the manufacturing sector has lost its competitiveness to cheaper imports

It ascribes this loss of competitiveness to inefficiencies due to years of industrial protection, manifested by poor marketing, low quality of products and inefficient technology

The high cost of borrowed domestic funds has increased the unit cost of output for Kenyan manufacturers, thus limiting investment and access to working capital The high interest rates (above 20%) are a direct result of government's decision to print more money before the country's first multiparty elections in 1992

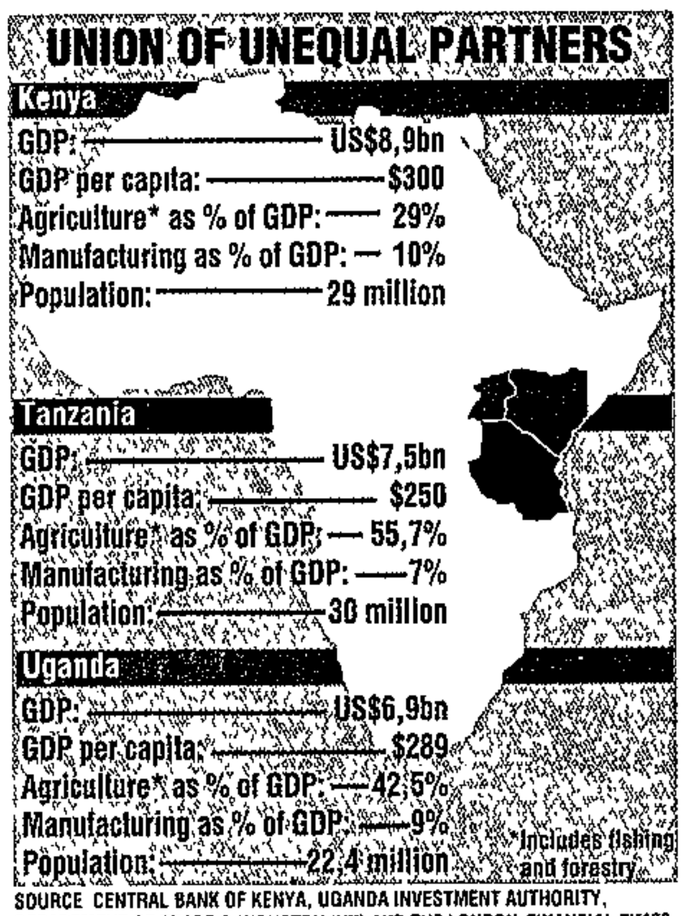
The manufacturing sector has been hamstrung further by poor infrastructure, particularly roads, ports, power supply, telephones and water supply, which has increased the cost of production

Kenya isn't the only one facing problems. Though political and economic reforms are well under way in Uganda, future economic growth remains vulnerable because of the serious security problem it faces on its borders with the Democratic Republic of Congo, Sudan and Rwanda

Tanzania, arguably the most politically stable, has a different set of protectionist priorities as the smallest but most promising economy coming to the party.

Given these difficult circumstances, the goal of economic integration looks a bit ambitious.

Jabulani Sikhakhane



DE BEERS

fm 12/3/99

HOW TO LOSE R2BN IN A MINUTE

Results are way worse than the market expected

Around R2bn was wiped off De Beers' market capitalisation within a minute of its 1999 results being announced. Earnings in rand terms, 11% below consensus forecasts, were bad enough But in US dollar terms, a 39,6% earnings fall and 22% dividend cut tells a tale of a world economy reeling in shock

The glamour of diamonds has perhaps disguised the fact that De Beers is very much a commodity stock With commodity prices at a 24-year low, pressure on De Beers' profitability is understandable Its fortunes rest heavily on world demand for an item that is intrinsically worthless Bottom line is that De Beers thrives or falls on global economic prosperity

Though there is no "diamond price", CSO sales are a reliable proxy Over the past 30 years, the correlation between De Beers' US dollar share price and CSO sales is 81% CSO sales in 1998, at their worst level in 12 years, tell the story Changes such as those recently made to its investment portfolio are ultimately of little significance

The US Diamond Registry notes that overall demand and supply are "fairly well balanced" This results from strong US offtake, up 7%, and an 8,5% increase in CSO diamond stocks to US$4,8bn

Prices of various stone types and sizes have, however, moved erratically Larger yellow stones have fallen "drastically" on low demand from "a dormant Far East market" Significantly capes, those produced by De Beers' own mines, are described as the slowest-moving market segment, with prices down about 25% on 1997 levels The only strength was seen in the US jewellery grade D-H stones On balance, not a healthy market and one reflecting problems in common with most commodities.

For more than 60 years, De Beers has controlled the world diamond market with varying degrees of success But little by little its control is slipping.

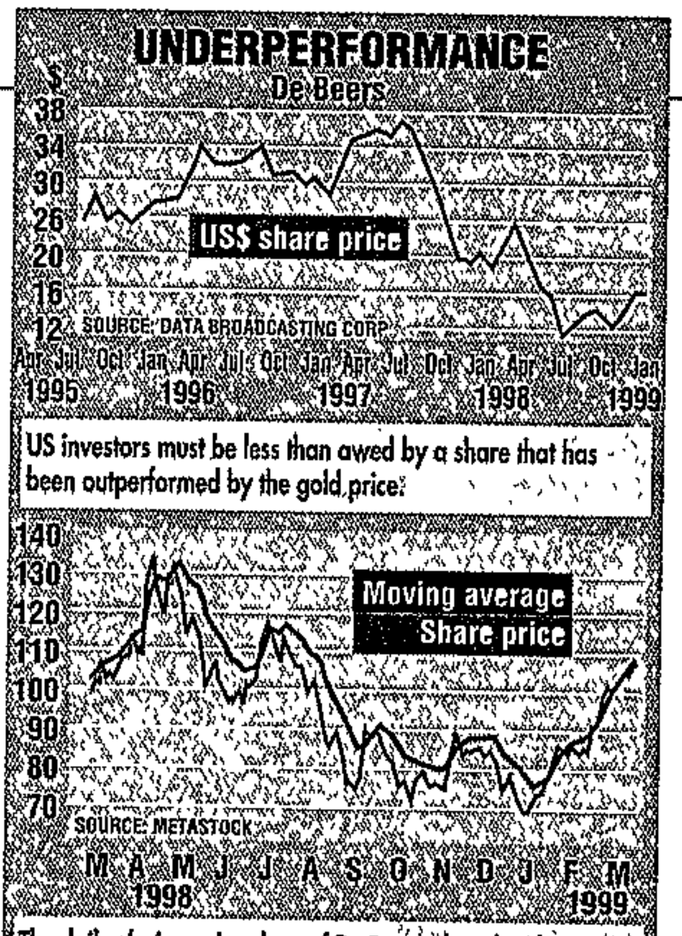
Though a world of "perfect competition" remains the realm of economic textbooks, we are certainly closer to that ideal than at any stage this century Many of the principles are at work. One is that a group trying to raise or hold prices artificially will simply attract more suppliers The futile efforts of Opec to hold oil prices is a classic example

The CSO has had more success than Opec, but at great expense De Beers' long- and medium-term borrowings rose from $886m to $1,4bn in 1998 The market's view of its efforts is a share price that, in dollar terms, has underperformed the gold price and CRB Commodity Futures index since 1993

One by one producers have opted out of selling through the CSO, but in the comfort of knowing that it remains the industry's "central banker", the buyer of last resort Indicative of this happy situation is a comment by the US Diamond Registry on the Russian-Angolan tie-up "Even if they sell large amounts outside the cartel, De Beers will simply support the market by buying on the open market "

There are signs that De Beers itself is perhaps aware of the futility of its efforts De Beers MD Gary Ralfe commented that if De Beers lost any more market share, it might one day promote only its own diamonds rather than give a free ride to those outside the CSO The free ride costs De Beers an adspend of $200m/year. An interesting move is the trial marketing of its own branded diamonds in the UK

Changes may well come from a group study due for completion in August This is perhaps another indication of De Beers' realisation that the old order is passing, though it would never admit it The general impression gained is of a shell-shocked management grappling to come to terms with dynamic changes in economic reality



Year to Dec 31	Diamond a/c (Rbn)	Investment income (Rbn)	Pre-tax profit (Rbn)	Headline Earnings per share (c)	Dividend per share (c)
1994	2,2	1,04	2,45	769	299,6
1995	2,7	1,07	3,02	937	339,1
1996	3,4	1,23	4,01	1 147	480,7
1997	3,9	1,34	4,96	1 252	508,2
1998	3,2	1,43	3,31	919	470,0
% chg	-16	7	-18	-27	-6

Year to Dec 31

Diamond a/c (Rbn)

Investment income (Rbn)

Pre-tax profit (Rbn)

Headline Earnings per share (c)

Dividend per share (c)

1994 2,2 1,04 2,45 769 299,6

1995 2,7 1,07 3,02 937 339,1

1996 3,4 1,23 4,01 1 147 480,7

1997 3,9 1,34 4,96 1 252 508,2

1998 3,2 1,43 3,31 919 470,0

% chg -16 7 -18 -27 -6

Superficially, all seems well in the US But for the first time in three decades, US consumers have become net borrowers, comforted by the seemingly endless equity bull market How long the US consumer will keep bucking the global trend is a moot point Judged on US manufacturing production, not long

If hope hinges on a revival in the European and Far Eastern economies, it appears a forlorn one European exports, which have been the engine of their recent growth, are declining in the wake of the Asian recession

Japanese diamond consumption fell 19% in dollar terms in 1998 Attempts on a large scale to reflate the economy have been countered by the increasing liquidity preference of a shocked society

De Beers is vulnerable on two fronts — as a producer and buyer of last resort The $5bn diamond stock would be a bonanza in an era of global prosperity Right now, it's a millstone

US consumer demand stands between what is a weak diamond market and a full-scale rout The US itself presents a conflicting picture of an overextended equity bull market underpinning consumer confidence and a manufacturing sector in steep decline Something has to give Investment in De Beers at this stage must be viewed as an act of faith in a global economic recovery Right now that looks a risky bet

Stafford Thomas

Nations of south seek to revive unity

(279A)

By Norman Chandler
Defence Correspondent

Star 15/3/99

Southern African nations are to make a new bid this week to revive the Inter-State Defence and Security Committee; the region's main security organisation.

The ISDSC has not met for more than 16 months and little progress has been made on security issues affecting the Southern African Development Community.

It is to meet in Mbabane, Swaziland, from today in a bid to reach consensus on numerous issues and to find common approaches to defence and security matters. The meeting is the first since 1997.

A high-powered delegation from the Department of Defence led by the Deputy Minister of Defence, Ronnie Kasrils, will be attending. Defence Minister Joe Modise is in Abu Dhabi attending the world's largest defence exhibition.

The discussions will allow each of the 14 participating countries an opportunity to give feedback on recommendations of the previous ISDSC meeting . Reports will also be submitted by the three subcommittees of defence, public security and state security.

"Some of the issues to be covered include cross-border crime, illegal immigrants, smuggling, co-operative search and rescue, maritime co-operation and the sharing of information. It is also possible that flashpoints and areas of tension like the DRC, Angola, Zambia and Lesotho might receive attention during the meeting," the Department of Defence said.

It added: "The department is optimistic about the ISDSC and will contribute, as it has in the past, to enhancing the problem-solving capacity in the region, thereby also contributing to the wellbeing of the people in our region."

Using force for peace

(279A) (Sowetan 15/3/99

The Southern African Development Community will have to face up to facts in the Angolan war. **Claude Kabemba** explains what this means.

SINCE the war erupted in the Democratic Republic of Congo, Zambian president Frederick Chiluba has been playing a very important role in trying to find a diplomatic solution.

In the past weeks, however, that image has been tarnished by Angolan accusations that he was using Zambian territory to transport arms to Unita leader Jonas Savimbi.

Zimbabwe, Zambia and Angola – together with Rwanda and Uganda – helped Kabila in his seven-month rebellion that ousted die-hard dictator Mobutu Sese Seko in May 1997.

Zambia was used as a springboard by Kabila's forces to launch an attack on Mobutu's Zaire. Nevertheless, this time Chiluba managed to stay out of the conflict.

Instead, he emerged as the leading negotiator in the conflict, partly because of his perceived neutrality. Four factors explain why Chiluba chose to stay out of the conflict in the Great Lakes region.

Firstly, if he supported Kabila, he would have reinforced allegations from the Zambian opposition that he is a Congolese citizen.

Secondly, supporting the Congolese Rally for Democracy (RCD) rebels when geographically sharing borders with the DRC, Angola and Zimbabwe would have been suicidal for Zambia.

Thirdly, he thought being neutral and actively seeking a solution to the conflict in the DRC would restore the regional prestige Zambia enjoyed under Kenneth Kaunda's presidency.

Fourthly, given Zambia's economic weaknesses, Chiluba could ill-afford to be party to the conflict. Involvement would have provided the vibrant Zambian opposition with an opportunity to incite the public against the government's unpopular economic policies and ever-growing poverty in the country.

Regarding the last point, the recent bomb blasts in Zambia may be the work of the opposition using the clandestine organisation called Black Mamba, which emerged on the eve of the last general elections.

The opposition fears that Chiluba may stand for the presidency for a third term. By using bombs, the opposition intended to worsen relations between Luanda and Lusaka and force Angolan president Eduardo dos Santos to use his military muscle to undo Chiluba's government.

Dos Santos has been lobbying Angola's Southern African Development Community (SADC) partners for backing against Unita. The Angolan crisis, however, has never constituted a serious threat to SADC's survival nor has it ever been a source of conflict among its members.



Zambian president Frederick Chiluba.

Now that Dos Santos believes that a forceful SADC intervention – similar to that in Lesotho and the DRC – was needed to weaken Unita, the Angolan crisis has become yet another test for SADC's survival.

It is how the countries in the region react – especially Zambia – that will defuse or increase tension within SADC.

If Angola remains convinced that Unita was getting support from Chiluba, it may just be a matter of time before Angola attacks Zambia. But military actions against Zambia would have serious implications for the region.

Such an attack would change alliances in the region and have serious repercussions for both the DRC and Angola conflicts.

Firstly, an open act of aggression would push Zambia to align itself with Unita for protection in the presence of a more powerful Angolan army.

Secondly, an alliance with Unita or an open conflict with Dos Santos would facilitate a closer relationship between Zambia and the forces fighting Kabila in the DRC.

In such a relationship, Chiluba may consider allowing the use of Zambian territory by the RCD rebels and their backers, Uganda and Rwanda, to attack the rich DRC province of Katanga.

Already tension is growing between Zambia and the DRC since Zambia cut off the oil supply to Kabila. Let us not forget that Mobutu fell soon after Chiluba allowed the troops led by Kabila to attack the south of the country through Zambia.

Military actions against Zambia would increase insecurity for other countries in the region too. These countries would be forced to increase their defence spending to guard themselves against any external threat.

The increase in military spending would negatively effect spending on poverty alleviation in the region.

The Angolan and DRC wars have reached a point where the region cannot afford to contemplate a military victory of any side. All countries in the region should resist the temptation to provide military support to the belligerents.

If some are already involved in such activities, they should stop. Negotiation remains the best way to save Angola, the DRC and SADC.

At present mutual distrust and fear characterise relations among the region's leaders. It is a fact that mutual trust among governments restrains conflicts and fosters interdependence.

Conversely, when fear characterises state relations, interdependence is unlikely to remain high. Lack of interdependence and the presence of fear puts the region in a situation of perpetual insecurity, with potential military conflicts.

In fact, the insecurity prevailing in SADC ruins regional integration efforts.

The role of South Africa should be that of trying to rebuild trust among the different governments in the region. South Africa can succeed in that task only on two conditions.

Firstly, it would have to demonstrate its ability to take independent decisions. Secondly, it would also have to demonstrate its neutrality in the various conflicts in the region.

In playing that role, South Africa should aim to create a collective security strategy for the SADC. A collective security that is relevant for peace building will require the honest and constant exchange of views among the region's truly democratic states.

Consequently, "sustainable democratisation" in the entire region may be the only way to achieve permanent peace and positive transformation.

(The writer is a foreign policy analyst at the Johannesburg-based Centre for Policy Studies.)

Blue Crane will be Africa's largest operation yet

BD 19/3/99 (279A)

Stephen Laufer

PRETORIA — Southern African Development Community (SADC) armies and police services are to field almost 4 000 personnel for the biggest regional peacekeeping exercise so far.

Dubbed Blue Crane, the 16-day exercise with a budget of just more than R20m will be hosted by SA at the defence force's Lohatla battle school in the Northern Cape. Donations of cash, logistical and expert technical support have come from several non-SADC members keen to assist the region in building its peacemaking and keeping capacity.

Foreign affairs deputy director Betsy Smith said Blue Crane, the successor to the Blue Hungwe exercise in Zimbabwe two years ago, was the largest peacekeeping exercise ever organised in Africa. The SADC would emerge with a "real and usable capacity" to take part in peacekeeping endeavours.

The training exercise will involve soldiers, police officers and civilians working for international organisations and nongovernmental humanitarian groups. The objective is to co-ordinate their approach to conflict resolution and peacekeeping in Africa.

The Democratic Republic of Congo is not participating, and Angola and Zimbabwe are sending staff officers only as observers. The strongest contingent comes from SA, which is fielding 2 738 soldiers and 26 police officers. Zambia is sending 174, Tanzania 197, Swaziland 150, Namibia 161, Mozambique 137, Mauritius 10, Malawi 150, Lesotho 137 and Botswana 37.

External support has been promised by Austria, France, Germany, the Netherlands, India, the UK, Belgium, Italy, the US, Denmark, Norway, Sweden, Canada, and Finland. French and Indian naval vessels are participating in the maritime leg of the exercise, designed to train personnel to cope with refugees on boats.

The US, Belgium, France, Germany, India and Italy are providing air transport to and from Lohatla.

Financial support worth R10,5m has come from foreign donors, with logistical support valued at a further R4,9m calculated by the cost of flying and ship hours in the SA National Defence Force. China has donated 20 000 uniforms.

The United Nations has on several occasions called on Africa to enhance its capacity to intervene in conflicts.

A foreign affairs spokesman said Blue Crane had the backing of the United Nations and Organisation for African Unity.

The force will be with us

Go-ahead for SADC peace army

ST 21/3/99 (279A)

HENRY LUDSKI

SOUTHERN African defence ministers have agreed to a timetable to establish a multinational, UN-style peacekeeping brigade for the region.

December next year has been set for the allocation of forces and January 1 2001 is the date for the inauguration of Southern Africa's first multinational peacekeeping force.

At a meeting in Swaziland this week, delegates to the 20th Inter-state Defence and Security Committee, including South African Deputy Minister of Defence Ronnie Kasrils and defence force chief General Siphiwe Nyanda, gave their backing to the formation of the force.

It will police a growing number of conflicts in the region and elsewhere in Africa.

The committee expressed its serious concern about the deteriorating security and stability in the region.

Kasrils and Nyanda were both reluctant to be drawn on the latest Southern African Development Community initiative.

However, a confidential report endorsed by delegates of the 14 SADC member states gives the following as the main features of the peacekeeping force. It will have the ability to:

- Deal rapidly with small-scale contingencies of a short-term nature;
- Deal with peacekeeping and humanitarian aid-type contingencies under a UN and Organisation of African Unity mandate; and
- Be able to expand to appropriate force levels within a realistic warning period and also have the capacity to develop a brigade-size force over the next five years.

According to the plans outlined in the report, the force will also have:

- An effective command and control structure and system;
- An effective intelligence and command and management information system to ensure early warning of potential conflicts;
- The effective supply, maintenance and upgrading of equipment; and
- An effective training capability.

The report are the conclusions of a year-long extensive feasibility study which included a special seminar on military co-operation in Harare and a Danish-government sponsored visit to the Baltic peacekeeping frontline of Bosnia in May last year.

According to the report the interim goal shall be to establish a brigade initially suitable for peacekeeping and humanitarian operations under the Organisation of African Unity and the UN.

"Starting small, the force should also be deployed over time to the envisioned brigade-size force," the report states.

An SADC military working group will be appointed by the middle of next month to begin working out the proposed force structure, equipment, training, logistics and financing for the peacekeeping brigade.

The working group has been given until December this year to table its final report, which will be subject to the approval of all SADC countries.

The report also states that it is envisioned that the SADC region, upon completion of the implementation phase, possess a cost-effective, efficient and sustainable brigade-size force.

The report lists among the most important driving forces for a peacekeeping force the political will to establish closer co-operation between SADC countries and the requirement for Africa to develop and contribute to peace and security within the continent and worldwide.

It also draws attention to the lack of funds and logistic resources and the steady downsizing of armed forces within SADC member states.

The report also states that, during actual deployment in UN-mission countries, expenses will be refunded by the UN as agreed bilaterally between the UN and specific SADC countries.

However, it states that there is a "distinct requirement for SADC nations to give sufficient priority to the project financially and to allocate adequate staff officers to ensure the required progress and momentum".

The report, which the committee has accepted, recommends the appointment of a core planning and steering committee which will form the nucleus of an SADC brigade headquarters staffed by about 14 staff members.

Beeld 23/3/99 (279A)

Conflict in region worries SADC

GABORONE – The Southern African Inter-State Defence and Security Committee yesterday reaffirmed its support of president Laurent Kabila's government of the Democratic Republic of Congo.

However, in a statement issued in Gaborone yesterday by the SADC sub-committee, they expressed concern about the effect the conflict in Angola, Lesotho and the Democratic Republic of Congo was having on regional stability.

The committee called on Rwanda and Uganda to cease support of rebels who have been fighting to topple Kabila since last August

"The committee reiterates its determination to safeguard the territory of the Democratic Republic of Congo," a statement issued from the Botswana presidential office in Gaborone said.

The statement follows the committee's 20th meeting, held in Swaziland from March 15 to March 19.

"The committee notes with serious concern the deterioration of security and stability in the region, as evidenced particularly by the war in the Democratic Republic of Congo, the resumption of fighting in Angola and the situation in Lesotho."

The efforts of the SADC allied forces in the DRC were commended for their efforts to protect the territorial integrity of the country, it said. Angola, Zimbabwe and Namibia provided Kabila with military support.

SADC said it was committed to the early signing of a ceasefire agreement.

"Rwanda and Uganda are urged by the committee to cease acts of aggression against the government of the DRC and reciprocate our commitment," it said.

On Angola, the committee reaffirmed support for the stand taken by the United Nations, the Organisation of African Unity and the SADC against the Union for the Total Liberation of Angola (Unita) leader Jonas Savimbi over his refusal to comply with the Lusaka Protocol on Angola.

The committee also supported peace efforts in Lesotho

"We support the ongoing efforts of the government, SADC and the Interim Political Authority to normalise the situation in that country," it said – *Sapa*

SADC faces criticism for being 'unwieldy'

BD 24/3/99 (279A)

John Dludlu

THE Southern African Development Community came under a fresh volley of criticism yesterday, with a leading SA academic saying the present structure was "too unwieldy" to advance the SADC's goal of regional integration.

Gerrit Olivier, of the centre for European studies at the Randse Afrikaanse Universiteit, also expressed serious doubts about the wider benefits to the SADC of the tenure of some of its members — including the Democratic Republic of Congo, Angola and Malawi.

Olivier was speaking at a seminar organised by the Goethe Institute to discuss the implications of the euro, the new 11-nation pan-European currency.

He said with the present "all for one, one for all" approach, the SADC's integration programme would not even reach a take-off stage.

He also criticised the size of the 14-nation trading bloc, saying that it was too unwieldy In its current form, the SADC's objectives looked good on paper and ambitious in design, Olivier said.

He called for differentiation, an approach that would take into account vast differences in the SADC's member states.

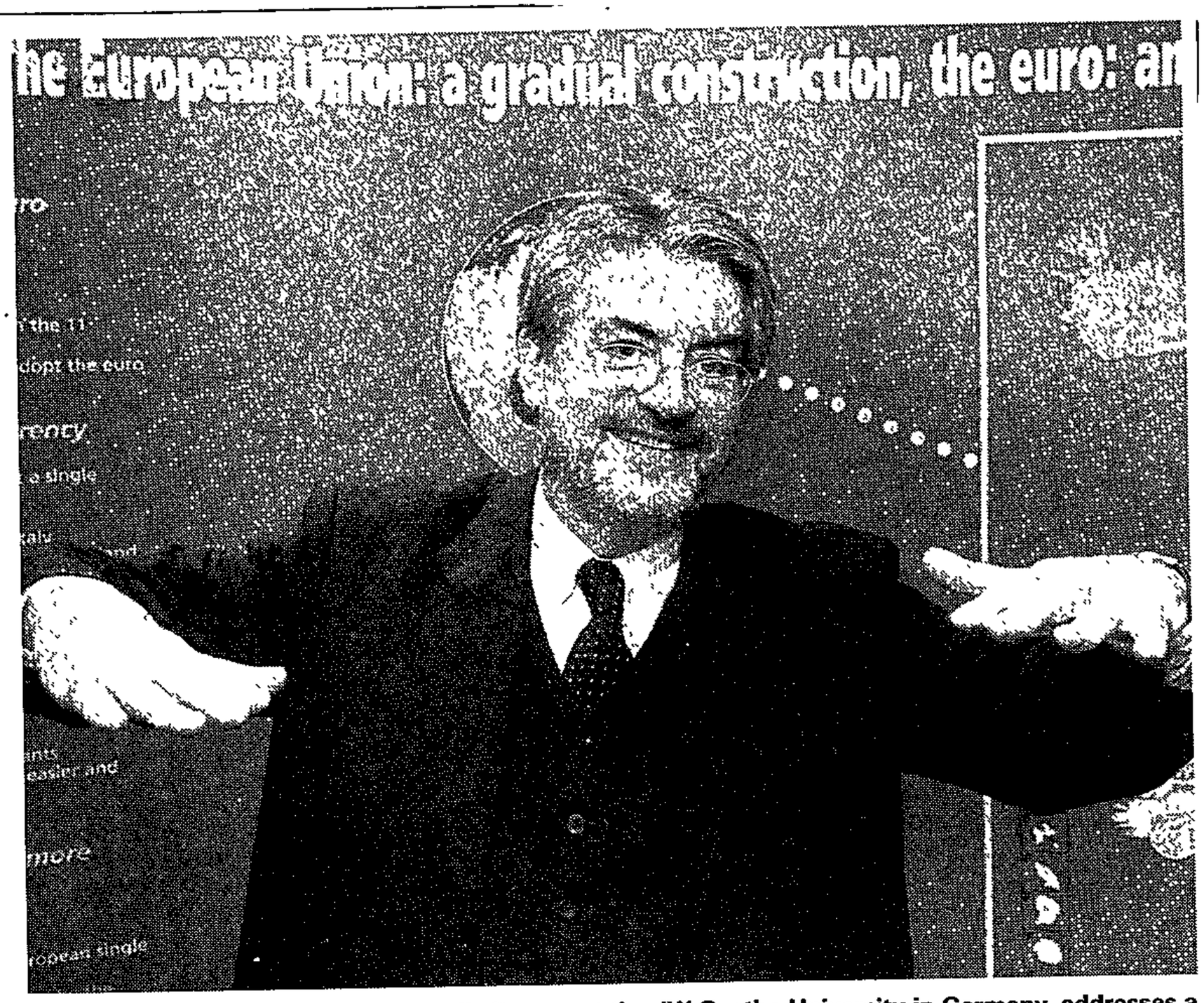
He said the experience of the European Union integration showed the importance of having "core states" and strong leadership to drive the process.

Olivier said the idea of core states needed more debate within the SADC. He called for strong leadership as well as different speeds in integration in the region.

At the same conference, Paul Bernd Spahn, a professor of public finance at the JW Goethe University in Frankfurt, Germany, said SA, through its institutions, would play a crucial role in the SADC.

Olivier's criticism echoed previous sentiment about the trading bloc. Since transforming itself from a development co-ordinating conference into a development community, with a strong regional integration agenda, the SADC has done very little to reshape its institutions to advance the integration agenda.

The EU ambassador to SA, Michael Laidler, said the SADC should not necessarily look at the EU model for its integration agenda. However, he pointed to useful experiences of the EU integration process. One of these experiences was the fact that the EU started off on a technical footing with its co-operation in the steel and coal fields, underpinned by well-funded central institutions.



Paul Bernd Spahn, a professor of public finance at the JW Goethe University in Germany, addresses a seminar on the euro in Johannesburg yesterday. Picture: TREVOR SAMSON

SA to sell EU deal to neighbouring partners

Support of Southern African Customs Union is needed to enter into bilateral treaty

John Dludlu

SA OFFICIALS, fresh from the successful conclusion of the protracted talks with the European Union (EU), will begin to sell the country's trade, development and co-operation accord to its neighbouring partners in the region today.

Bahle Sibisi, the chief director for foreign trade relations at the SA trade and industry department, confirmed yesterday that Pretoria would seek the formal backing of its partners in the Southern African Customs Union for the deal with Brussels

The five-nation customs union — consisting of SA, Botswana, Lesotho, Namibia and Swaziland — meets in Pretoria today to renegotiate this trading arrangement.

Despite the fact that it is a dominant partner, SA requires the support of its partners in the union to enter into a bilateral treaty with a third party.

SA is also expected to brief its other partners at the meeting of the Lomé Convention this week. The convention links the EU to its former African, Caribbean and Pacific colonies. SA has joined as a qualified member.

Sibisi, who led the trade side of the talks, said that there was an agreement between the EU and SA that measures were needed to address the adjustment costs that would be faced by the region — particularly by the customs union — as a result of the free trade deal.

The customs union countries, which rely on their income from the tariff revenue, stand to lose this income source as the EU-SA deal will see tariff levels in the union falling.

This, in turn, will cream off the revenue for SA's neighbours from the customs union income pool

The agreement, unanimously endorsed by EU leaders at their summit in Berlin last Wednesday, says "special attention will be given to providing support to the adjustment efforts occasioned in the region" — especially in the customs union — by the establishment of the deal.

This a clear indication that support will be given to SA's neighbours

Additionally, SA has won the right to use safeguard measures to protect its neighbours' industries that will come under pressure during the implementation of the deal.

The deal will also foster regional integration by allowing SA exports with inputs from the region to benefit from preferential treatment in the EU.

The text of the accord, which will free up to 90% of all trade, also contains a commitment by the EU to push among the Lomé members measures that will allow African exports with SA inputs to be given tariff concessions.

Under the terms of SA's accession to the convention, this provision is available on an "ad hoc" basis, a factor that creates uncertainty for investors.

Sibisi said it would "be odd" for the ad hoc cumulation clause to be maintained.

Regional cumulation is an effective tool in encouraging production co-operation by firms.

Sibisi said on Friday that the deal would inject pressure on domestic industries to become competitive. This, in turn, would bolster growth.

Michael Laidler, the EU ambassador to SA, has said that the deal's conclusion will serve as a stimulus to the post-Lomé talks and that it is an attempt to provide stability to an emerging market.

Ben Jackson, the director of Action Southern Africa, which replaced the Anti-Apartheid Movement, has celebrated the end of talks, saying that sustained bargaining by Pretoria has won SA significant access to the EU's markets.

"However, European protectionism has ensured that the agreement falls well short of the 'free trade' deal promised by Europe," he said.

Under the terms of the deal, SA has offered to remove barriers to 86% of EU imports in 12 years, while the EU will do the same on 95% of SA's exports.

Sub-Saharan neighbours set to light up

(279A) BD 30/3/99

While no large increase is expected in SA demand for electricity, the opposite is true of Malawi, Mozambique and Angola

Claire Pickard-Cambridge

ANGOLA, Malawi and Mozambique are expected to show the highest growth in electricity demand across sub-Saharan Africa in the medium to longer term.

The director of Southern African Development Through Electricity, Ian Israelsohn, told a conference organised by management strategy advisers, Global Pacific & Partners, that the Democratic Republic of Congo and Zambia were expected to show the lowest growth in demand over the next 15 to 20 years. Growth in demand by SA was not expected to be significant.

Suppressed demand, good projected economic growth and large new projects are some of the factors underpinning the buoyant forecast for Angola, Malawi and Mozambique. However, the war in central Africa, the low copper price and generally depressed mining sectors are expected to determine low demand in Congo and Zambia.

Mozambique is expected to become the third largest electricity consumer after SA and Zimbabwe once production has taken off at two large plants in Maputo — the Mozal aluminium smelter and Enron's iron and steel plant — and at a planned titanium smelter in Beira.

Israelsohn said a key problem in the region was subeconomic pricing — many power utilities sold electricity far below cost and were "kept alive" with government subsidies. This made it difficult for private sector projects to compete.

Minerals and Energy Minister Penuell Maduna told the conference that strains experienced in SA's current electrification programme included inadequate co-ordination and planning; little linkage with other development activities; low consumption, a factor determined by the economy's performance; and nonpayment in some areas. Government was trying to ensure departments worked more closely.

Maduna said 467 390 electricity connections had been made to SA homes last year, the highest annual number achieved so far. This meant more than 63% of SA households had access to electricity against just under 36% in 1994. Over this period about 15-million people had therefore benefited from the extension of electricity.

Thulani Gcabashe, deputy CE and chairman of Eskom Enterprises, said electricity supplies were flowing between African countries "like never before" and the Southern African Power Pool was in its fourth year of operation. In west Africa interconnections were growing to the extent that seven states could eventually form a power pool.

Gcabashe said later that technicians from Eskom subsidiary Rotek were helping to run the Democratic Republic of Congo's Inga hydroelectric scheme. Inga was also being connected to Angola and Namibia and could reach SA.

Eskom had been especially active in Africa through Rotek's involvement in plant refurbishment and technical projects



Minerals and Energy Minister Penuell Maduna ... 467 390 connections made last year



INEVITABLE *Felix Kani, SADC's chief economist, speaks at the conference hosted by the European Commission and the Euro Chamber of Commerce in association with Business Report*

PHOTO SELWYN TAIT

SADC currency 'inevitable'

CT(BR)5/2/99 (279A)

Reserve Bank to increase holdings

JAMES LAMONT

Johannesburg — Globalisation would make a single regional currency and a central bank for the 14 member states of the Southern African Development Community (SADC) an inevitability, Felix Kani, the chief economist of the SADC secretariat, said yesterday.

Speaking at a conference on the implications for southern Africa of the euro, the new European single currency, Kani said the secretariat would conduct a programme to sensitise member states to the introduction of a regional currency.

"These ideas may be politically sensitive but they will become inevitable as the world becomes more globalised," he said. "There is the political will ... We are going to put this on the policy agenda. In the coming months this will be a priority area for discussion."

A rand zone exists within the Southern African Customs Union of South Africa, Namibia, Lesotho and Swaziland. A franc zone also exists among francophone countries in West Africa It is now tied to the euro since the launch of the European currency on January 1.

Kani said globalisation would lead the SADC to go beyond current trade liberalisation measures towards the harmonisation of macroeconomic policies, fiscal policy and the creation of a single southern African central bank.

"The introduction of the euro gives us an example; something to look forward to," he said. "The advantages of having a single currency because of convergence criteria, fiscal and monetary policies and faster growth can only be a good start for SADC."

Michael Laidler, the European Commission's ambassador to Pretoria, warned against the SADC's following the same steps the European Union had taken to monetary union because of differing political and economic backgrounds.

"No magic blueprint is available," he said. "It would be wrong to impose monetary union in southern Africa. There has to be a certain kinetic energy and frankly there is a lot to be done (here) before we can speak about convergence criteria."

The Reserve Bank would increase its holdings in euros as it built up its reserves, James Cross, the deputy governor of the Bank, said yesterday.

"At the Reserve Bank we will look at investing some of our reserves in euros," he said. A large amount of South Africa's liabilities are dollar denominated.

Cross also said that South Africa could achieve gross domestic product growth of 5 percent "within the foreseeable future given that we have taken the pain with adjustment".

Slow steps to SADC unity

(279A)

POLITICAL CORRESPONDENT

The importance of South Africa's relations with its partners in the Southern African Development Community was emphasised in President Mandela's address.

Renegotiation of the Southern African Customs Union and the progress towards an SADC free-trade area, although seemingly slow, were making meaningful and sustainable progress, he said.

"These firm steps towards integration are part of the renewal of our continent, an African Renaissance campaign which is growing to become a continental movement."

Fundamental to the success of this rebirth was rooting out the causes of conflict on the continent.

Mr Mandela criticised the United Nations role in Angola. "We ask ourselves ... whether the UN approach has been what is required."

On the intervention in Lesotho, he said there was "no doubt" the SADC initiative had created the space for Lesotho's leaders to find a peaceful resolution to their differences.

ARG 5/2/99

Tough on crime

The Government is considering tightening justice laws to swing the advantage back in the favour of law enforcers, President Mandela confirmed in Parliament today.

Consideration had to be given to tightening up areas of legislation in the way that had been done with bail and mandatory sentences.

"It does not help for the police to do their work and for the justice system to be efficient, if criminals will subvert investigations and prosecution by violent and foul means," he said. – Political Correspondent

CP 712199

UN statistics chief on visit to SA

(279A)

By CP CORRESPONDENT.

THE director of the statistics division of the United Nations, Dr Hamann Herbamann, is in South Africa to launch a project on the harmonisation of methods and techniques of conducting population censuses in Southern African Development Community (SADC) countries.

The launch will feature a strategy meeting of directors of national statistical offices of SADC countries and will be followed by a workshop.

Eight of the SADC countries are scheduled to take a population census in the 1999-2002 period.

Tanzania will hold its census in 1999, Zambia in 2000 and Botswana, Namibia, South Africa and Seychelles in 2001, and Angola and Zimbabwe in 2002.

SADC census directors held a seminar in Pretoria last year on the capability of the region to conduct censuses.

SADC free trade talks go into top gear

BD 8/2/99 (279A)

Participants are ready to begin dismantling trade barriers, writes associate editor **John Dludlu**

BUSINESSMEN in the Southern African Development Community have come closer than ever to prospects of tariff-free intra-SADC trade, as talks among constituent governments to create a free trade area move into top gear.

The process of creating a free trade zone in the SADC, launched in 1996, received a major boost in the last round of meeting of the trade negotiating forum when all 11 participants indicated their readiness to begin dismantling tariffs and other trade barriers.

Fudzai Pamacheche, the principal economist at the SADC, says all countries have now tabled either preliminary or opening offers. Mozambique and Tanzania have draft offers.

Attempts by Zimbabwe to have the talks deferred by a few weeks were rejected by the SADC, signalling a fresh sense of urgency by negotiators to meet the June deadline they set. It is envisaged the free trade agreement, which looks set to exclude the Democratic Republic of Congo, Angola and the Seychelles, will come into effect next January.

The implementation of the free trade area, strengthening the SADC economic integration, will enable businessmen to move their goods freely within the bloc as tariff barriers fall, notably in SA and Zimbabwe, the two industrialised economies in the southern African region.

As a partner in the protocol, Zimbabwe will have to reverse last year's tariff increases which, in some cases, were as high as 100%. Zimbabwean officials have said the reversals could be as much as 30%.

Perceptions are that SA's expanding trade surplus with its neighbours — 7:1 in some cases — derives from Pretoria's protectionist policies. In recognition of the unsustainable imbalance, SA is offering to scrap tariffs in five years, while its partners in the Southern African Customs Union will do so in seven years.

Crucially, businessmen can look forward to the governments removing non-tariff barriers to trade. Pamacheche believes this aspect is the more tricky one as such barriers spring up continuously.

However, lists containing non-tariff barriers have already been drawn up by members. A discussion paper on how they can be eliminated is being prepared by the SADC trade unit in Tanzania.

In another process aimed at facilitating intra-SADC trade, estimated at 24% to 25%, the SADC central bank governors are working on ways of speeding up payment systems. This should help address the mutual mistrust among the SADC members on the question of supplying orders on time.

Pamacheche says the SADC is working towards the harmonisation of standards — a move that could lead to a SADC "seal of approval" being slapped on all exports as a quality control measure. Mistrust can also be addressed by intra-SADC trade missions that would increase businessmen's knowledge.

The free trade plan should encourage economies of scale that could be a springboard for competitive SADC-wide industries.

The creation of a free trade zone in the SADC would make the region's tiny economies attractive to foreign investors.

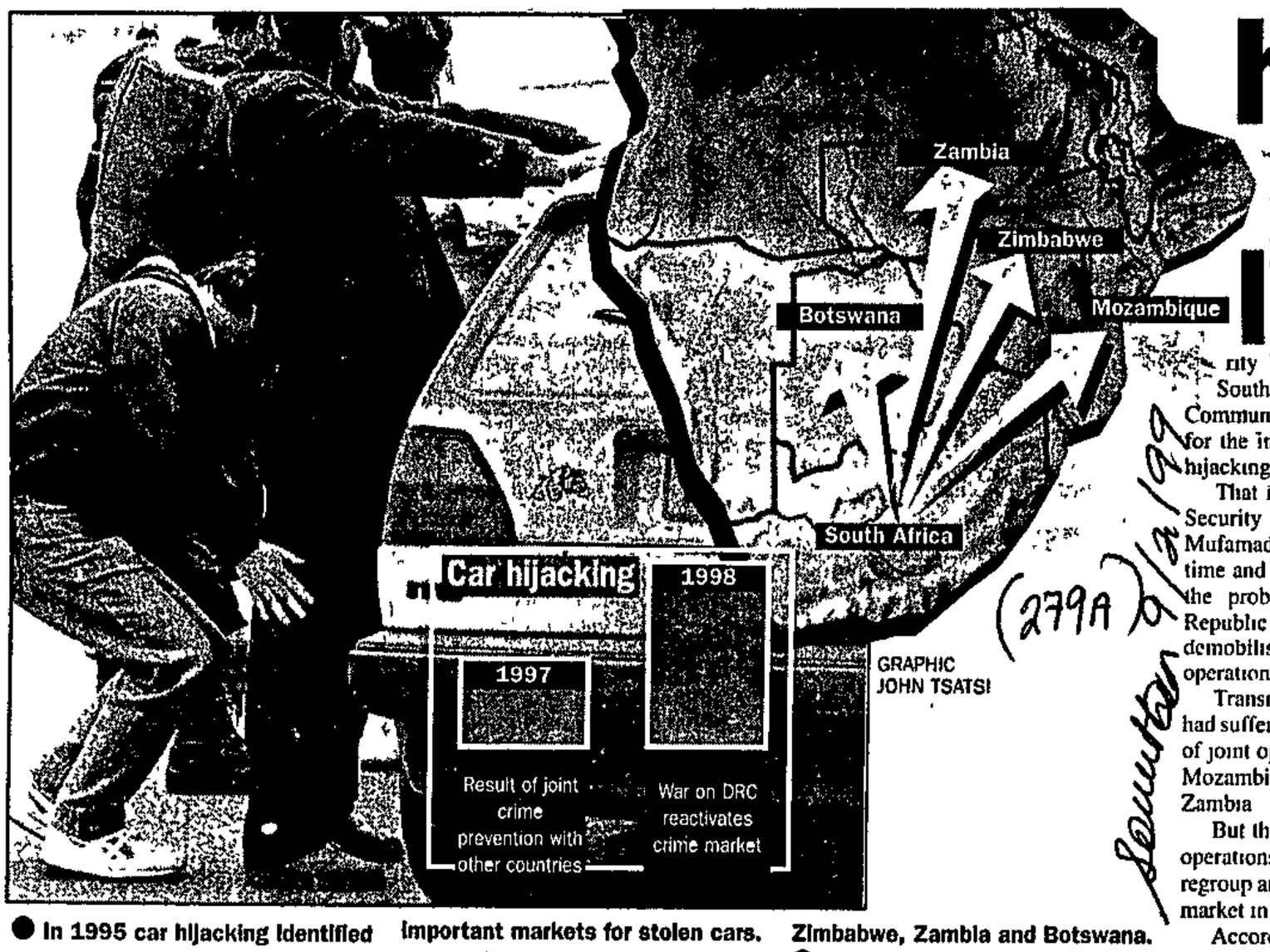
Trade linkages with former colonial masters such as the European Union's (EU's) trade and aid accord with African, Caribbean and Pacific bloc countries — the Lomé Convention — should further improve chances of the SADC members attracting investors from EU states. The convention gives exports from SADC tariff concessions into the EU.

The realisation of the SADC free trade dream would almost certainly revive talk in Washington of a free-trade arrangement with the SADC.

However, removing trade barriers will not lead to the doubling of intra-SADC trade overnight. Governments will have to tackle problems of underdeveloped industrial sectors which severely constrain some economies.

The shortage of foreign exchange, as well as poor transport links, also need the urgent attention of policy makers if the fruits of free trade are to be realised.

'War is to blame for rise in car hijackings'



By Jimmy Seepe

INSTABILITY in the region and the consequent absence of cooperation on matters of common security between members of the Southern African Development Community was largely to blame for the increase in incidents of car hijacking in South Africa

That is according to Safety and Security Minister Mr Sydney Mufamadi, who told *Sowetan* that time and energy directed at solving the problems in the Democratic Republic of Congo has effectively demobilised joint crime combating operations in the region

Transnational crime syndicates had suffered a major blow as a result of joint operations by police in SA, Mozambique, Zimbabwe and Zambia

But the discontinuation of these operations had allowed criminals to regroup and reactivate the stolen car market in the region

According to the latest police statistics, the number of car hijackings increased to 11 550 in 1998 after stabilising the year before

Cooperation between police in the region succeeded in recovering about 1 600 cars during 1997, 80 percent of which were stolen in South Africa

Mufamadi also scoffed at scepticism from within the Institute for Security Studies over crime trends projected by the South African Police Service

The institute was quoted as questioning a theory that crime levels peak in the early stages of transitions to democracy and then stabilise before declining

Stabilisation of crime levels after 1994 gave credibility to the police's latest theory However, the increase in the number of car hijackings in 1998 goes against the expected decline. This prompted the Institute for Security Studies to question events

Mufamadi, however, says the assumption made when trends are predicted is that variables affecting crime levels will remain the same.

"In this instance, the stabilisation and eventual decline in the number of incidents of car hijacking is dependent on continuing regional stability and a sustained joint crime combating campaign throughout Southern Africa

"With conflict in the DRC, Lesotho and Angola, this crucial variable has changed dramatically," Mufamadi argues

An increase in crime, which has a cross-border element to it therefore must be expected, he adds

"There should be no reason for pessimism What we need to do is redirect our energies to recreate conditions of relative stability in the region

"One of the positive spinoffs will be a decline in levels of cross-border crime" Mufamadi said

Releasing police statistics this week, Mufamadi said recent crime statistics indicate that seven of the most 20 serious crimes such as murder, common assault and fraud, have decreased when compared with same period over the last four years.

The minister said the most worrying aspect of the latest crime figures was that while many of the trends were stable, short-term increases were recorded

Heartening

He said this applied particularly to the case of aggravated robbery, which includes hijacking

"While it is heartening that murder continues to decline, there is cause for concern over the increase of some other categories of crime," he said

The number of murders per 100 000 people stood at 52 in the first eleven months of last year. This was down from a rate of 53,1 in 1997, 56,7 in 1996 59,8 in 1995 and 62,1 in 1994

But there were short-term increases, which saw housebreaking rising from a rate of 542.8 in the first eleven months of 1997 to 567,2 last year, and robbery from 114 to 131,6

The hijacking of cars between January and November in 1997 increased from 29,1 per 100 000 of the population to 32,7 in the same period last year, and that of trucks from 9,4 to 12,6.

Attempted murder was also stable at a rate of 64 in 1994 and 62,7 last year.

Increases were reported in four crime categories over the past five years, including unarmed robbery and housebreaking

(279A) 9/2/1999 Sowetan

- **In 1995 car hijacking identified as a one of the priority crimes in South Africa.**
- **Despite huge resources deployed in the battle against the crime, the number of hijackings continue to rise.**
- **Police analysis identified neighbouring countries as important markets for stolen cars. In fact, 80 percent of cars stolen in South Africa were found to have been sold in countries to the north.**
- **The South African Police Service initiate a joint crime combating operation with counterparts in Mozambique, Zimbabwe, Zambia and Botswana.**
- **In 1997 this operation yielded encouraging result as more than 1 600 stolen vehicles were recovered.**
- **Regional cooperation came to standstill as war broke out in the DRC. Crime syndicates reactivated the stolen car market.**

Negotiators' face tough task

Export processing zones potentially divisive factor in tariff-conscious SADC

John Dludlu

A BATTLE lies ahead for Southern African Development Community negotiators over the potentially divisive issue of whether or not production from export processing zones (EPZs) should be included in the planned SADC free trade area. Several leading stakeholders in SA labour and business organisations have expressed vehement opposition to the idea of granting preferential treatment to items produced in EPZs as the SADC moves towards the creation of a free trade area

The SADC's efforts to dismantle all tariff and nontariff barriers to intraregional trade coincide with the establishment of EPZs, selected spots in a country where a range of incentives — including duty-free importation of fabric and inputs — are given to support export-orientated production.

Apart from agreeing to common rules of origin, the scrapping of nontariff trade barriers and the institutional framework, the issue of EPZ production in a SADC free trade deal represents a potential headache for negotiators

Fudzai Pamacheche, principal economist at the SADC secretariat in Botswana, confirmed yesterday the fate of EPZ production in the SADC free trade area had yet to be resolved

However, it was unlikely that the EPZ problem — it has been on the agenda of the trade negotiating forum, the body of the SADC technocrats for some time — would be discussed at the next round of talks in Pretoria this month

He said some of the SADC's 11 countries taking part in the talks wanted products manufactured within these zones to benefit from duty-free and other concessions that would come with free trade

However, Cunningham Ngcukana, general secretary of the National Council of Trade Unions (Nactu), lashed out yesterday at the idea of including EPZ products in the mooted SADC free trade regime

"We do not accept that goods that are produced under extreme conditions, where workers' rights are trampled upon, should be included (in the free trade arrangement)," he said

In certain EPZs, the normal labour law dispensation, including some workers' rights, do not apply

The Textile Federation and Clothing Federation gave a thumbs down to the suggestion of including EPZ products in the SADC free trade regime, warning it could distort production patterns in the region

Paul Theron, executive director at Clofed, said EPZs should not be included in the list of those items traded freely within the SADC as their production was assisted by export incentives

Brian Brink, Texfed executive director, said inclusion of EPZs in the SADC free trade arrangement would cause damage in the trading bloc By definition, EPZ production is destined for export, and not the domestic market If the SADC became a free trade area, the bloc would qualify as a domestic market, goes the argument against including EPZ production for preferential treatment

Henk Campher, Nactu's representative at the National Economic, Development and Labour Council, said labour's objection to the EPZs stemmed in part from the fact that it was an outdated economic policy Labour would like the SA negotiators to push for the inclusion of a clause guaranteeing the protection of labour rights within the SADC's trade dispensation, Campher said

Pamacheche said the SADC was consulting widely on how products from EPZs were treated in other regional integration arrangements in the world.

SADC to play peacekeeping role

Stephen Laufer (a79A)

CAPE TOWN — A major Southern African Development Community (SADC) peacekeeping exercise which has been on ice since the organisation's intervention in Lesotho last year is to go ahead in April, SA National Defence Force chief Gen Siphiwe Nyanda said yesterday.

Indications are that the exercise, dubbed Blue Crane, will involve representatives from all SADC armies, including Lesotho.

Speaking at a parliamentary briefing, Nyanda was not specific on whether forces from the Democratic Republic of Congo and Angola, involved in wars in their own countries, would participate.

Defence Minister Joe Modise said he hoped contracts for investment packages with Germany, Italy, Sweden, and the UK could be signed by May or June.

Modise said the Saudi Arabian government had put a major military acquisition programme — in which SA companies were regarded as front runners — on hold because of financial constraints.

Some reports say the Saudis are under pressure to buy a US artillery system for political reasons, although it has not performed as well as the SA-made G-6 self-propelled artillery system.

BD 10/2/199

Regional development is a first priority

Erwin says free trade in SADC won't hurt jobs

ET(BE) 11/2/99 (7H) (279A)

LYNDA LOXTON
PARLIAMENTARY CORRESPONDENT

Cape Town — The impact of a free trade area within the Southern African Development Community (SADC) on jobs in South Africa would be minuscule compared to the impact of a continued decline of regional economies, Alec Erwin, the trade and industry minister, said yesterday.

Briefing the national assembly's portfolio committee on trade and industry, Erwin said the aim should be to improve the competitiveness and efficiency of regional economies through the free trade area by promoting production and building capacity.

This called for "bold and innovative moves" rather than fears that free trade could affect jobs in South Africa.

He said it was unlikely that South Africa and its neighbours would be able to even out the flow of trade between them for some time. Some states were, in fact, buying more from South Africa now than at any time in the past.

"The bigger concern is that our neighbours are getting larger and larger trade deficits as a whole and this is generating problems for them," he said.

"Our difficulty would be that if this situation were to continue and they do not get foreign investors, their macro-economic position becomes problematic.

"Of greater concern is the exact composition of these deficits. The fear that we have is that we are seeing a continuous de-industrialisation process in our neighbours such as Zimbabwe and Zambia."

This was largely due to the inappropriate tariff protection policies imposed on them by the International Monetary Fund.

"This process of de-industrialisation cannot be to our benefit," Erwin said.

For example, South Africa was helping countries such as Mozambique and Tanzania to improve their industrial output, which it would buy from them.

The government was also holding talks with local retail chains who were active in the SADC to work out ways in which they could buy goods from the region.

Instability in Angola and the Democratic Republic of the Congo had increased the need for action, while the Zimbabwean economy had been badly affected by its need to raise tariffs for revenue purposes.

Mfundo Nkuhlu, the director in charge of the SADC trade negotiations, said that so far only 11 of the 14 SADC states had indicated that they would take part in the trade talks, which would focus on chemicals, wood and paper in the next round later this month.

US will assist in SADC peacekeeping exercise

BD 11/4/99 (279A)

Planes will be provided to transport troops to Northern Cape

CAPE TOWN — The US would transport troops from cash-strapped southern African countries to participate in the Operation Blue Crane peacekeeping exercise, which is scheduled for April in the Northern Cape, Defence Minister Joe Modise said yesterday.

He was speaking after 45-minute talks with visiting US Defence Secretary William Cohen, who was on a three-day official visit to SA.

About 4 000 troops from SADC's 14-member states are expected to participate in the exercise, which was postponed last year following SA's intervention in neighbouring Lesotho.

The Americans would provide two C130 cargo planes to "help bring some of the countries that cannot bring their members to SA", Modise said. The US would also help create a simulation centre for the training of peacekeepers.

Modise said he and Cohen had "extensive discussions" on an African peacekeeping force, but emphasised that SA was operating within the Southern African Development Community and not in isolation on the question.

Modise praised the US for its "very valuable" support to African countries.

Cohen, referring to the conflicts in Angola and the Democratic Republic of the Congo, said Modise had spent a "good deal of time" outlining the problems in both countries to him. "We both agreed diplomacy is the only solution."

Modise said it was no secret that Unita rebel leader Jonas Savimbi and his top officers had visited SA for four days, where attempts were made to persuade them to embrace a peaceful resolution.

"We will not tire. We will make another effort to get them to sit around a table and resolve the situation." The same applied to the Congo.

Earlier, Cohen and Modise were presented with two draft manuals, the product of a year's work by a combined US and SA working group on environmental security.

The manuals — on the conversion of military bases in SA and military training-range management — would be finalised for worldwide use, Cohen said.

Military staff were preparing to host an international conference on range management later this year.

Cohen, who received a 19-gun salute during a military parade at Cape Town's castle on Tuesday morning, later had lunch with members of Parliament's joint committee on defence, and was to meet Deputy President Thabo Mbeki yesterday afternoon.

He plans to visit Robben Island today. — Sapa.

SADC stock exchanges link

(279A)

Sowetan 23/2/99.

STOCK exchange leaders in the Southern African Development Community who met in Johannesburg at the weekend have resolved to speed up the linking of their trading, clearing and settlement systems

Johannesburg Stock Exchange director of marketing, research and development, Darrell Till, said the ultimate aim of SADC's committee of stock exchanges was to build the region's market into a world contender

"Stock exchanges in the SADC region have grown fast and are taking an increasing role in the economic development of their countries

"The committee has been meeting every three months since early 1997 and is harmonising operations and regulations and speeding development and strategy for the region," Till said.

He said two stock exchanges, Namibia and Johannesburg, had put links on line last November, with wider investigations into linking their central depositories and other systems to begin immediately.

Mauritius already had a central depository, while Johannesburg and Tanzania planned to make theirs operational in the next few months – bringing paperless trading to their markets

Botswana, Lesotho, Malawi, Zimbabwe and Zambia were planning to use the Mauritian central depository system

Regional exchanges which still used manual trading systems such as the floor, call-over or central order matching office all had plans to computerise their trading.

Investigations

"The committee agreed that the end result would be that all the region's markets should be accessible to traders through the same desktop screen. Investigations are starting into connectivity to frame future automation of the individual exchanges," he said.

The exchanges also reported on the successful process of harmonising listing requirements across the region. All exchanges had substantially revised their regulations into a similar pattern based upon 13 agreed principles and in line with international requirements.

There was agreement on the need to take steps to ensure that all stockbroker staff in the region takes the same entry-level examinations set by the British-based Securities Institute, while recommendations on developing bond markets across the region were prepared.

SADC regional integration moves closer

By Malcolm Ray (279A)

THE regional integration of member countries in the Southern African Development Community edged closer to fruition yesterday

The ratification of the SADC protocol on education and training by the National Assembly in Parliament adds South Africa to the list of six SADC countries that have already given integration the go-ahead.

Of the 12 SADC countries, 11 signed the much-vaunted 1997 Regional Treaty which binds member countries to the development of a regional community

In his speech to Parliament, Education Minister Sibusiso Bengu said the protocol had the potential to "establish a legal and institutional framework to facilitate regional integration in specific priority areas of education, training, research and development"

He said the objective of the protocol was "to achieve the harmonisation and standardisation of the education and training systems in the region within a 20-year period"

"We have the complex and challenging mission of building a community of politically stable and economically strong nations able to compete in the marketplace," Bengu said

He said the "chronic under-investment in education and training infrastructure in SADC countries will be overcome by sharing resources including new technologies of learning and education"

He described the terms of the protocol as "visionary but prudent, and consistent with South Africa's Constitution, domestic policies and laws"

He added that the "ratification and eventual adoption of the protocol can only help reconstruct and develop the region's human resource capacity"

However, opposition parties were divided on the issue While the Pan Africanist Congress and the Inkatha Freedom Party unequivocally supported the ratification of the protocol, the Democratic Party expressed strong reservations. The DP cautioned against 'prematurely entering into an agreement"

Two more countries in SADC will have to ratify the protocol before it becomes effective and legally binding

'SA must develop region's peoples'

Saw 24/2/99 (279A)

Cape Town – As a new and strong democracy, South Africa had a particular obligation to help reconstruct human resource capacity in the Southern African Development Community region, Education Minister Sibusiso Bengu said yesterday.

He was urging the National Assembly to ratify an agreement that would pave the way for standardisation of education and training systems in the region.

Bengu said the agreement also aimed to empower SADC governments to meet their mission of building a community of politically stable and economically strong nations, able to serve their people's needs and successfully compete in the world marketplace.

Inadequate access to educational services remained a challenge for the region, and chronic under-investment in education and training infrastructure – including new technologies – worsened the situation.



Sibusiso Bengu ... seeks harmony in education.

Learning programmes and labour market demands were poorly matched, and specialist training carried high unit costs.

The HIV/Aids pandemic took a heavy toll on the most productive and skilled categories of the workforce, including teachers and pupils.

Bengu said South Africa had a particular obligation to help reconstruct and develop the region's human resource capacity, "not least because this country squandered wealth and blood in the wars for white supremacy, minority rule and control of strategic resources that devastated this region for so long."

So far, six of the 11 signatory countries have ratified the SADC Protocol on Education and Training, signed by 11 of the then-12 SADC heads of state, including President Nelson Mandela, at their summit in Blantyre, Malawi, in September 1997. – Sapa

Customs union partners' payout leaps 28%

BD 25/2/99 (279A)

John Dludlu

SA's Southern African Customs Union partners are set to receive a payout of about R7,2bn this year — a 28% jump on the previous year's payout — from the union's common revenue pool, according to figures from government

However, this year's payout may be the last generous one as pressure to overhaul the revenue-sharing formula is increasing Apart from the fact that governments in the union want a draft agreement including a new revenue-sharing formula by April, SA businesses have criticised the current arrangement as unfair

SA, which administers the kitty, including revenue from import tariffs and excise duties, gets the residue of the proceeds of the pool, while the other signatories have first claim to the spoils.

Michael McDonald, Steel and Engineering Federation of SA economics division head, said yesterday· "It is curious that we are paying out more than we collected. What encouragement are we giving to (customs and excise) to collect more if all will go out anyway?"

SA's partners are entitled to compensation for the price-raising effects, industrial polarisation and lack of fiscal discretion that comes with joining the union.

SA Chamber of Business economic policy director Ben van Rensburg said it was time to ask "if we still owe them (SA's neighbours) compensation".

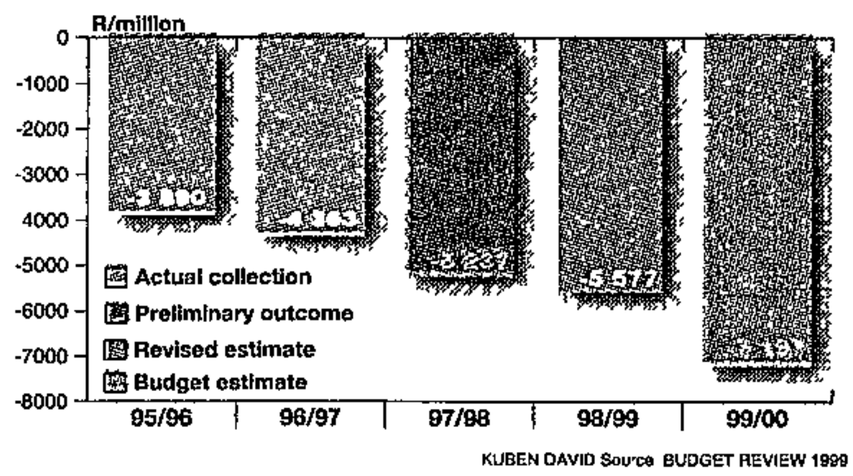
Business concern is expected to be raised at the trade and industry chamber meeting of the National Economic, Development and Labour Council today.

Van Rensburg feels compensation for SA's partners has been higher than the disadvantages incurred as members of the trading arrangement "It is unhealthy . . if you are just extending a system created by apartheid," he said.

A business source said the system was outrageous since the funds — in effect subsidising SA's neighbours — were desperately required to "build our own" infrastructure.

A government official agreed last night that the formula was "unsustainable because of the built-in compensation element But the official denied fiscal transfers were being made from Pretoria to the other signatories of the union He pointed out that the pool currently contained more than R10bn. SA's neighbours were guaranteed more than 15% of the pool

Payments to SA's customs union partners



KUBEN DAVID Source BUDGET REVIEW 1999

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Swaziland army may finally (279A) come of age in SADC ventures

Joint peacekeeping missions will shake the isolationist mindset, writes **James Hall** in Mbabane

BD 25/2/99

WITH participation in Southern African Development Community (SADC) peacekeeping missions imminent, Swaziland's army may finally find a mission to justify its existence

For Swaziland, which sees itself as an island of tranquillity in a sea of regional conflict, joint military ventures with its neighbours will profoundly shake the tribal society's isolationist mindset

Since its establishment, the Umbutfo Defence Force — an "umbutfo" is a traditional Swazi warrior — has struggled to find a purpose Prior to the kingdom's independence, the British colonial authority dismissed requests for a Swazi army with the wry rejoinder, "Who are you going to fight?" Even today, in the event of conflict, the armies of neighbouring SA and Mozambique are considered incontestable

Until the prospect of joint SADC peacekeeping missions is realised, the Umbutfo Defence Force remains essentially an internal security force, chasing cattle rustlers and car thieves along the borders, presenting a show of force in towns during national worker stayaways, and providing protection for King Mswati III.

Late last year military advisers from the UK, assisted by Angolans and Americans, held a company commanders' course at the Mbuluzi barracks. At the passing out ceremony, chief instructor Lt-Col Heathcliff Russell declared the Swazi officers "fit and capable" of commanding SADC ventures

The next step comes in April at Lutlua in SA, where a joint SADC training exercise will take place US army instructors are in Swaziland working with soldiers in preparation for the exercise Army spokesman Capt Dumisani Masuku says the political will exists to commit Swazi troops to SADC peacekeeping missions

The kingdom is not unfamiliar with foreign armed conflict. During the Second World War, Swazi men were drafted from farms and the traditional regiments to join British forces in North Africa. Though not permitted to carry weapons, the Swazis distinguished themselves in "smoke patrols" that raced across the beach at Anzio before the arrival of Allied troops, and threw blinding smoke pots into German machine gun nests

The nation's outlawed political parties are critical of the army, which with the police enforces a ban on political demonstrations Economists have viewed the army as little more than an employment agency for young men who might otherwise form an "army" of another kind disenchanted, unemployed and susceptible to political activism

Virtually every detail of army organisation is considered classified information An army spokesman will not divulge the number of soldiers, though a source puts them at "not more than 5 000"

Government critic Jan Sithole, president of the Swaziland Federation Trade Unions, condemns such secrecy "SA intelligence knows everything about our army. In Maputo, they know how much equipment we have Only the Swazi people are kept in the dark "

Parliament is not permitted to debate the army budget, and is not given relevant information to do so MPs are told this part of the national budget it "off limits"

But in a small kingdom of less than 1-million subjects, few secrets last long Everyone seems to know the new army headquarters building at Bethany stands unoccupied because the army chief, Brig-Gen Fonono Dube, wants his office situated on the palace premises at Lozitha. "He wants to be seen as being close to the king, and indispensable," says a local journalist

When assault rifles were stolen from the Mbabana barracks on Christmas Day, the army tried to forestall scandal by mounting an "internal investigation" which has not been heard from since But Swazis soon learned the weapons theft was an inside job, and the guns were being improperly stored in a dilapidated food pantry

An officer scoffs at suggestions that any of this will affect the army's efficacy as an SADC fighting force "SADC military secrets will not be kept in the kitchen pantry," he assures

Big stick to back the soft words (279A)

SA will back foreign policy in Africa with military means if need be

Star 2/1/99

The year 1999 will see South Africa take a far more determined role in regional peacekeeping, as **CHARLENE SMITH** discovered during an in-depth interview with Deputy Defence Minister Ronnie Kasrils





South African troops will be deployed in the Democratic Republic of Congo if the forces in the DRC do not pull back from the brink and understand the need to negotiate, according to Deputy Minister of Defence Ronnie Kasrils.

However, this week, the third round of talks in Lusaka, Zambia, to end the five-month-old civil war were postponed. And Uganda's President Yoweri Museveni, who is supporting rebels in the DRC, met with Libyan President Muammar Gaddafi, hours after his opponent, DRC President Laurent Kabila, also held talks with the Libyan leader.

At the same time, fighting intensified in Angola as Unita defied United Nations calls for it to end conflict and stick to a 1994 peace agreement. The Angolan government, which is also assisting Kabila in the DRC, is determined finally to oust Unita leader Jonas Savimbi, who for two decades has smuggled diamonds, sabotaged oilfields, and opposed a peaceful return to democracy in Angola.

Every major government in southern Africa, except Mozambique and Botswana (which is shielding Caprivi secessionists in Namibia) currently has soldiers involved in peacekeeping efforts within the continent. Even Zambia has peacekeeping forces in Angola and Sierra Leone – which has also seen a dramatic escalation in conflict.

In an interview, Kasrils said of the fighting in central Africa: "We are concerned by the escalation in hostilities. If the situation becomes worse, then we will need to reinforce soft words with military means – but in concert with any Southern African De-

are standing behind the democratic flag to make the government confident of its fighting forces for the first time.

Now that they have united behind the new dispensation, will the forces who call themselves the greatest on the continent unite behind Africa?

That is the test SA will face soon.

Kasrils pointed out that, for some of these reasons, those who have opposed the recent R30-billion tenders for new military equipment, ranging from corvettes to fighter jets, have been shortsighted.

"It would be wonderful if we could live in a world where we could leave our windows open and doors unlocked and trust everyone, but we don't. The constitution says we must have a defence force capable of protecting our sovereignty.

"We dare not believe that conflict will never appear on our doorstep. We see what is happening in our own region – particularly the Congo, where there are already something like eight African countries embroiled militarily.

"The DRC can explode, Swaziland is unstable, Lesotho needs to be nurtured, there's tension between Namibia and Botswana, the situation in Angola is grave, Mozambique is still trying to recover from appalling war damage, the situation in Zambia is shaky, and Zimbabwe is facing internal discontent – we could be faced with waves of refugees and other problems," Kasrils explained.

He added said that after Joe and Defence Minister Joe Modise had their first application for new equipment turned down by the Cabinet in 1995, they looked more closely at the issue of counter-trade. "What counter-trade means is that you don't buy ships off the shelf. For example, we say we want four corvettes but don't have the infrastructure to build the hulls – so they do that, but we get them to buy our steel and material and then put in finishings, fit-

ing in central Africa: "We are concerned by the escalation in hostilities. If the situation becomes worse, then we will need to reinforce soft words with military means – but in concert with any Southern African Development Community (SADC) decision."

Kasrils added. "Our national security is based on collective security with our neighbours and regional co-operation. We don't want to be regarded as a bully with a big stick, (but rather) talk softly, treat neighbours with dignity but have the means to reinforce foreign policy."

He said South Africa agreed with SADC policy that refused to allow governments to be overthrown by military coups – this led to SA's intervention in Lesotho in August, and saw SA lose eight young soldiers and spend more than R30-million.

"But," Kasrils noted, "the DRC is much more complicated. Lesotho was within our belly. With the DRC, we've been trying to stress negotiation and the building of a broad-based democracy, to avoid the deployment of our troops. The conflict in the DRC carries the threat of an implosion involving the continent. Our efforts at diplomacy have placed us in a good position to be an honest broker, even though Kabila has shown annoyance with us.

"But it might be that we need to deploy forces there, not like in Lesotho, where we took part in a military intervention, but rather in a peacekeeping role. We don't see peace enforcement which would involve us in combat. We would keep peace – if need be, to keep adversarial forces apart,



ANNOYED: President Laurent Kabila has spurned SA's efforts to bring about peace in the DRC

provide law and order, and have contingents preventing hostilities to promote talks. Any negotiations process will need a neutral third party."

Kasrils said he saw "peace enforcement" happening "only if the situation collapses and SADC rushes troops in to prevent the total collapse of the country and bring about a peacekeeping, negotiations situation".

But the situation is complicated by a number of factors. For a start, Kabila's government was the product of an armed insurrection against longtime dictator Mobutu Sese Seko, and then ignored the bulk of the participants in the insurrection. And he was not democratically elected.



WAR-TORN CONTINENT: These Democratic Republic of Congo soldiers have been engaged in a lengthy conflict with rebels trying to overthrow the government of Laurent Kabila. Ronnie Kasrils (inset) is concerned about the escalation of the fighting in central Africa, and says SA might feel compelled to deploy forces there as peacekeepers

Hot spots in which South Africa could become involved

See shaded areas on map below

COMORES – Militias are fighting for the return of the island of Anjouan to France.

CONGO-BRAZZAVILLE – Ongoing conflict under the strong-arm leadership of Denis Sassou-Nguesso and plots by ousted president Pascal Lissouba to overthrow the new government.

IVORY COAST – Six people died and 27 were injured this week during a bloody confrontation between Ivorian and Ghanaian fishermen in Sassandra, western Ivory Coast. Two thousand Ghanaians living in the area have taken refuge at a local mission station.

GUINEA-BISSAU – Togolese soldiers have been deployed to Guinea-Bissau as part of the west African peace-monitoring force, Ecomog. Conflict began in June after President Joao Bernardo Vieira dismissed the army chief, on allegations of supplying arms to rebels fighting for the secession of southern Senegal's Casamance region.

NAMIBIA – More than 800 Namibians have sought asylum in Botswana since a recent flare-up of secessionist tension in Caprivi.

SIERRA LEONE – UN secretary-general Kofi Annan has condemned the upsurge in rebel violence in Sierra Leone. He said the removal of an elected government by the use of force was unacceptable. In March 1998, Nigerian-led Ecomog forces helped to restore the government of elected president Ahmad Tejan Kabbah, following his overthrow in May 1997 by the Johnny Paul Koroma-led junta. Remnants of the junta and allies from the Liberian-backed Revolutionary United Front have recently attacked areas near the capital, Freetown, and have been killing and mutilating civilians in the countryside. Fighting is intense between the rebels and Ecomog and the civil defence force known as Kamajors. A meeting of regional foreign ministers in the Ivory Coast this week to find peaceful solutions was criticised because the rebels were not invited.

SOMALIA – At least 60 people died and 150 were injured in fighting between two clans over jobs with a Swedish relief agency in the south-western town of Sakow.

UGANDA – Lord's Resistance Army rebels this week abducted 18 people from a camp for displaced people in the north.

But what of South Africa's role as the champion of negotiations? SA has not strayed from that path, but a negotiations climate also requires a level of political sophistication, stability and a desire for the goodwill of the populace of a nation that has yet to be displayed in the central African mayhem. The war can be allowed to drag on – eroding investor confidence in the region as a whole, seeing huge refugee outflows and destabilisation in general through gun-runners and smugglers, or regional superpowers could take a risk and move to quell the war.

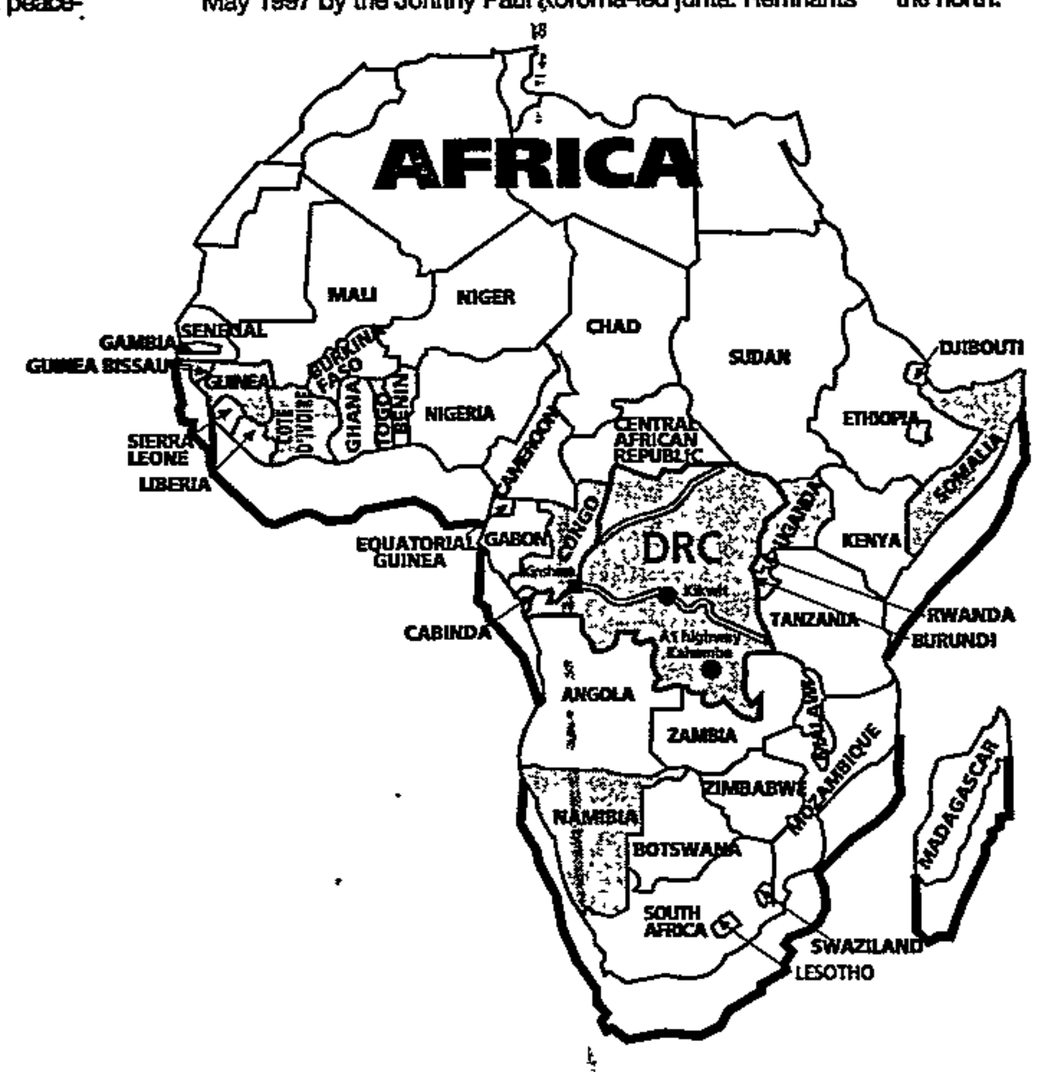
The UN Security Council, which met twice in December to discuss the deteriorating situations in the DRC, Angola and Sierra Leone, has become increasingly angry in its expressions against the conflict. It has peacekeepers marooned in Angola as war saps the remnants of new life, including a burgeoning informal economy, from that country.

A hindrance to peace in the DRC is disunity within rebel ranks. The main rebel force fighting Kabila is the Congolese Rally for Democracy (RCD), led by Professor Ernest Wamba dia Wamba. Wamba's position has been challenged by Jean-Pierre Bemba, and by a new splinter group, RCD-Renovated, formed in Belgium late last year and led by Degratius Bugera, part of the RCD's main rebel leadership in Goma.

The leadership of RCD-Renovated includes Michel Chibwabwa, who grew up in Burundi, Bwana Kabwe; and King Mulumba, a newspaper publisher.

And one of the DRC's backers, Angola, is renewing its attempts to quash the rebel army Unita, after President José Eduardo dos Santos called at the MPLA congress on December 4 for Unita to be subdued by military action.

Similar calls were made two months earlier at SADC defence meetings. Fierce fighting is raging in diamond-rich Lunda Norte, Bie and Huambo provinces. Accusations abound that weapons have been sold



to Unita in exchange for diamonds, by many of the same agents who propped up Unita under SA's apartheid government, using Zambia and the leaky Namibian border as conduits.

By November, according to London-based *Africa Analysis*, "Papa Philippe", a Belgian diamond buyer for Antwerp-based diamond trader Glasol, who had for years been based in Luzamba, Angola, under the protection of Unita, moved to Kisangani in north-eastern DRC. *Africa Analysis* says Philippe is now buying diamonds from rebel forces in the DRC. "The Kisangani connection gives Unita a fresh outlet for marketing its own diamonds ... all the stones will be registered as coming from Congo."

It is unlikely at this stage that SA will go into Angola, although, as a member of SADC, it, with the rest of the nations in the Community, has given tentative approval to such a move if necessary.

What is important is that the SA National Defence Force showed during the Lesotho incursion that it has become a united army. Over the past four years, Kasrils noted, "seven previously adversarial forces had overcome tremendous tensions" to become a reliable fighting machine.

"The unity of the defence force was sealed in the blood of those who fell in Lesotho. Those who died were black and white, Xhosa, Zulu, Sotho, Tswana, English and Afrikaans. Those deaths symbolised the unity of a defence force which, from different backgrounds, were all fighting under one flag for one country," he added. "We proved we have a defence force that is loyal, courageous and can be relied upon."

There were other small but important gains: Kasrils, who had previously had harsh words about 44 Parachute Brigade in Bloemfontein when it attempted to commemorate the battle of Cassinga (when a Swapo refugee camp was obliterated by South African security forces in May 1979), attended six of the eight funerals of those who died in combat in Lesotho.

The Parabats, whose men were killed in Lesotho, were sufficiently touched to create a new position within their ranks. In November, Kasrils became "godfather" to 44 Parachute Brigade.

Colonel John Brooks, chief of staff of 44 Parabats, said: "We have never before had anyone looking after us from the civilian community – we were not well liked. But after the Lesotho operation, Deputy Minister Kasrils attended the funerals of our deceased soldiers, and a friendship built up. He did so much for us. Previous ministers did not do so much – they rarely attended funerals. He has put in a heck of an effort. We wanted to make him part of the airborne family."

SANDF sergeant-majors also made Kasrils honorary sergeant-major-general of the SA Army. What these honours probably mean is that, although there are many people in the SANDF who are still unhappy with democratic change, enough want four corvettes but don't have the infrastructure to build the hulls – so they do that, but we get them to buy our steel and material and then put in finishings, fittings and communications in South Africa, so that we benefit.

"Our defence industry is collapsing: we want to revive it and ensure it can compete in the international market. Counter-trade will act as a spur to our economy and boost joint ventures in everything from steel mills to motor production and components, power transformation, gold jewellery production, high tech, and agricultural exports.

"In gold, as an example, we have shown interest in an Italian helicopter, but have said that part of the deal is an investment into gold jewellery manufacturing. We may be the world's biggest producer of gold, but it all goes to Italy, where they manufacture it into jewellery – we need to do more beneficiation," Kasrils said.

"Without security you cannot develop. We live in a tough world where you have to have the means to defend achievements, and not allow them to be threatened and destroyed.

"The Romans had a maxim: 'If you want peace, prepare for war'. I find that a little belligerent, but there is a lot of truth to it. I would rather say: If you want peace, develop your country and be able to defend your achievements. In other words, it is not guns for butter, but development and defence."

And if Africa wants an economic renaissance, it will first have to eradicate the warmongers and the corrupt.



FEELING THE HEAT. Jonas Savimbi's Unita is involved in fierce fighting in Angola's diamond-rich areas

Amid all the conflict, there were several positive developments in Africa last year.

For example, the East African Co-operation Secretariat has prepared 300 000 east African passports for citizens of Uganda, Kenya and Tanzania to allow them to travel freely around the region, settle and do business for six months without entry visa requirements.

And west Africa has made significant progress towards a single currency. East Africa is moving in the same direction, and South African Trade and Industry Minister Alec Erwin has told SADC it will have to consider a currency union if it is to make the most of its plans for a free-trade area.

Strong growth likely for most SADC states

John Dludlu

SA's partners in the Southern African Development Community (SADC) are set to record higher rates of gross domestic product (GDP) growth of about 4% to 5% this year, which will make Pretoria and two strife-torn SADC countries envious.

Kenneth Kotelo, an economist at the Pretoria-based Africa Institute, yesterday gave a thumbs down to growth prospects for the economies of the Democratic Republic of Congo and Angola.

The Standard Bank Group's economic division says the newly restarted civil war in Angola has overshadowed economic issues. The division ranks the Angolan economy as "critical" and business opportunities as poor.

Both Angola and Congo are also unlikely to participate in the tariff liberalisation programme being negotiated within the SADC, another factor which could further undermine their attractiveness to investors.

The SA Chamber of Business predicts 1,5% GDP growth in SA.

Kotelo's optimistic predictions seem to echo positive sentiment expressed recently by the United Nations Conference on Trade and Development (Unctad) which believes Africa "has much more growth potential than is commonly believed". However, Unctad warns that the continent, whose growth peaked at 4,6% in 1996 before dropping to 3,3% in 1997, needs fresh policies, institutional reform and swift resolution of the debt problem to fully exploit its growth potential.

Unctad, which is chaired by SA, expects Africa's growth to be around 3,7% for last year.

Thanks to the minimal volumes of trade with Asian economies, the SADC countries, except SA, will be least affected by the economic turmoil in east Asia, Kotelo said.

Last September's political crisis in Lesotho, which led to massive destruction of property, is also unlikely to affect seriously Lesotho's growth potential which Kotelo predicts to be in the region of 4%.

This is because the bulk of the Lesotho economy does not rely on government's functioning, he said.

A worst-case scenario could be 3,5% economic expansion.

He is particularly upbeat about Mozambique, which has been growing rapidly, saying that it could outstrip his average forecast of 5% as the newly announced investment and infrastructure projects get under way.

The Standard Bank economic division notes Mozambique's economic growth levels continue to be strong, with GDP growth in the first six months of last year estimated at 10%.

Total investment in Mozambique for 1997 amounted to $1,8bn.

Investment commitments stand at $6bn, spanning tourism, manufacturing and gas, the division said.

Though confident that SADC economic policies were moving in the right direction, Kotelo is concerned that investor sentiment could suffer as a result of the conflict spots in the region.

This year could see an acceleration of privatisation initiatives. "One cannot lament (prospects of) the state losing its economic muscle," Kotelo said.

While Zimbabwe has rolled back some trade liberalisation measures, by hiking import duties, the threat of more SADC countries raising trade barriers is not that high, Kotelo said.

BD 7/1/99

(279A)

Instability stunts southern Africa's ability to attract foreign investment

BD 12/11/99 (279A) ~~271.6~~

SUB-Saharan African stock markets will struggle to attract much needed foreign investment in the year ahead, but better economic prospects could underpin growth in a number of key markets, analysts say.

Despite being generally insulated from the turbulence which swept emerging markets last year, most major African stock markets suffered losses as they strained under the added burden of domestic economic and political instability.

Because of their diminutive stature among the more established markets, they draw only local and specialist interest, which provides a buffer from heavier portfolio flows, but deprives them of liquidity which could help them thrive.

"The major characteristic of Africa is that it remains outside the mainstream," said James Graham-Maw, global portfolio manager at Foreign & Colonial Emerging Markets in London.

"These markets are not characterised by the ebb and flow you see in the more established markets."

Those who were prepared to invest in Africa last year were burnt by the economic and political instability which is still endemic on the continent.

According to Investec Securities, stock markets in Kenya and Zimbabwe — the principal economies in the region, excluding SA — posted losses of 4,1% and 56,3% respectively last year in dollar terms.

Kenya's economy has struggled over the past year, while Zimbabwe faces growing opposition to President Robert Mugabe.

In Zambia, where investors cite the lack of progress on privatisation as a major deterrent to foreign investment, the market shed 54,6% last year in dollar terms. Zambia's bourse has a market capitalisation down at $280m.

"In general, Africa's stock markets remained insulated from events in the outside world, with the most important drivers of their performance remaining domestic economic and political actions," said London-based Investec.

But it notes that the reliance on foreign capital for stock market performance could have negative consequences when external events caused a reduction in funds allocated to Africa.

"It is this possibility which could cause 1999 as a whole, to be rather disappointing," it said.

On the domestic front, analysts expect the pall of economic gloom which was cast across much of the region last year, to begin to lift this year, primarily because good rains will benefit the agro-based economies and because of stable commodity prices.

"We see inflows improving this year, said Christopher Hartland-Peel, head of equity research at Standard Bank London.

"We don't see a deterioration in terms of trade this year as we saw last year. We see a stabilisation in commodity prices . and there have also been good rains," he said.

This should provide the continent with improved growth prospects

"Superimpose upon that falling interest rates and lower inflation in some of the countries and that is where the improvements on the stock market will come from this year," Hartland-Peel said.

Analysts expect that one of the safe bets this year will be Kenya, where interest rates have fallen dramatically and there is the prospect of a pick up in economic growth.

"Almost everything that could go wrong has gone wrong for this country as a combination of natural disasters and political incompetence has driven foreigners away, but in the process they have left the (Nairobi Stock Exchange) as one of the cheapest sources of good quality assets in the world," Investec said.

Zimbabwe, which was similarly battered by devastating economic and political news could also be a good bet this year, provided an expected change of government takes place.

Other "safe havens" this year could be Botswana and Mauritius, which are both viewed as politically and economically stable. Botswana and Mauritius, with market capitalisations of $700m and $1,8bn respectively, registered gains of 6,7% and 13,8% last year in dollar terms.

"Mauritius and Botswana both had good performances last year. Whether they will perform similarly is questionable but it doesn't mean the quality of stocks in those countries is going to decline," said Karin Schoeman at Standard.

In west Africa, analysts say Ghana is difficult to predict because its stock market is perceived as expensive although the country is expected to register strong economic growth this year.

Nigeria, which is being swept by political change, could also provide positive returns, Schoeman said.

"Things are moving in the right direction and only a matter of time before you are going to see more serious interest in Nigeria," she said —Reuter.

SADC to meet on tariff-free trade

BD 25/11/99 (279A)

John Dludlu

NEGOTIATORS from 11 member states of the Southern African Development Community meet in Harare today to resume ambitious talks aimed at creating tariff-free trade in the SADC in eight years.

Sources said the focus of today's week-long meeting of the SADC's trade negotiating forum, the body of negotiators, will be on the opening negotiating position by Zimbabwe.

Eight SADC members, including SA and its partners in the Southern African Customs Union, have tabled their offers, but Zimbabwe, the SADC's second most industrialised economy, has yet to do so.

Eddie Cross, the chairman of the confederation of the Zimbabwean industries' industrial associations, said at the weekend the Zimbabwean offer had just been completed. "It will be hot," he said.

Efforts to get the meeting postponed for two weeks to allow Harare time to finalise its position, were rejected by the SADC, Cross said.

The SADC stance has been interpreted as signalling the organisation's determination to meet the June deadline set for the conclusion of the negotiations. "The main complaint in the ministers' council has been the (slow) pace of the trade talks," one source said.

Leaked draft proposals have suggested Harare is to ask SA to agree to reciprocal duty-free trade in at least three sectors — clothing, textiles and footwear. While SA is not seeking market access from fellow SADC partners, its customs union partners, Botswana, Lesotho, Namibia and Swaziland, are.

Mfundo Nkuhlu, the chief director for Africa trade relations at the trade and industry department, said yesterday all participating countries — except for the Democratic Republic of the Congo, Angola and the Seychelles — were expected to have their positions on the table this week. "On the basis of these (offers), we will begin discussing chapters for immediate liberalisation," he said.

The agenda included SADC rules of origin and the identification of non-tariff barriers to trade in the SADC that would have to be dismantled alongside import tariffs.

Members were expected to present positions on whether products produced in export processing zones should be included in the list of those qualifying for tariff-free trade in the SADC.

Cross said it looked like at least four sectors items — sugar, cereal, meat and milk — would be dealt with in special protocols because their production was heavily subsidised elsewhere in the world.

He said the agri-business sector had suggested the SADC should begin building a common external tariff system or a customs union.

It is envisaged that the three non-participating countries would join the free trade plan at a later stage.

CROSS-BORDER TRADE *Many 'exports' shown to be a scam to evade SA's 14% VAT*

SADC trade sleuths uncover strange customs

CT(BE) 25/1/99 (279A)

TERRY BELL

Maseru — Estimates of cigarette consumption in Lesotho based on imports from South Africa have taken a sharp tumble this month According to unofficial figures compiled by South African trade officials last year, the number of cigarettes exported by South Africa to Lesotho suggested that every man, woman and child in the small mountain kingdom smoked an average of nearly 400 cigarettes a day

> *Supposedly exported goods had never left the warehouse in Johannesburg*

This was one of the more blatant examples of round-tripping to avoid South Africa's 14 percent value-added tax (VAT).

According to customs officials in both Lesotho and Swaziland, most of the goods, ranging from cigarettes to clothing, textiles and liquor, never crossed the border.

"Some of these people would just drive by car to the border and present their clearance certificates, get them stamped, and then drive back again," said a senior trade official.

The supposedly exported goods never even left the warehouse in Johannesburg.

According to several sources, many of these goods ended up on the burgeoning informal market.

But much, if not all, of this seems now to have been stopped by a combination of the point-of-entry VAT rule and tighter border controls. On the Swaziland border, for example, three of the nine points of entry are no longer available for customs clearance.

Because of the growing trade in curios and handicrafts, VAT has also been extended to these items.

"Anyone importing into South Africa curios valued at more than R1 200 can expect to pay VAT," said a spokesman for the South African high commission in Mbabane.

"The object is obviously not to penalise legitimate tourists"

It was for this reason, as well as monitoring difficulties, that no steps had been taken to charge VAT on tanksful of petrol taken out of Swaziland, where fuel is some 30c a litre cheaper than across the border.

South African border farmers and residents of border towns who regularly fill up in Swaziland will therefore remain immune from VAT for the time being.

In cases of substantial imports, the South African Revenue Service offers a deferred payment system for the VAT owing. This has apparently defused earlier protests from legitimate importers concerned that the new regime would result in cash flow problems.

Beyond a vague "many millions", both customs and trade officials were reluctant to put a figure on the amount lost annually to the South African fiscus as a result of previous round-tripping.

Meanwhile, by the time the Southern African Development Community (SADC) free trade area agreement is scheduled to be signed in June, Swaziland plans to launch a major campaign to win long-term investment.

The campaign, to be spearheaded by the recently established Swaziland Investment Promotion Authority (SIPA) promises incentives "as good as any in the region", said SIPA acting general manager Joe Beirne.

Negotiations were still under way between government and a SIPA team led by chief executive Sishayi Nxumalo to finalise details of the incentives.

These, Beirne agreed, would be a case of "what you see is what you get".

This means the existing system, which gives the minister of finance the right to grant additional, unmarketable and usually undisclosed incentives in excess of the advertised five-year tax holiday, would have to be scrapped.

> *Swaziland plans to launch a major campaign to win long-term investment*

But the five-year tax break is also likely to be either scrapped or severely modified, together with the 15 percent withholding tax now applicable to new investors.

"We will be looking for long-term investors," said Beirne, who also noted that greenfields ventures were usually unlikely to see any profit for at least the first two years.

With Swaziland generally recognised as having, next to Mozambique, perhaps the best economic potential in the region, SIPA executives are confident their campaign will have "a lot of impact" throughout the SADC and beyond.

But Beirne admitted that the authority, which nominally came into being in May last year, had been slow to get off the ground.

It has only now recruited staff and moved into permanent offices with a substantial budget to call on. The SIPA initiative will seek not only to attract new industry to this mountain kingdom, but also to encourage further downstream investment in the highly efficient Sappi- and Mondi-dominated timber industry.

"There are also beneficiation possibilities in the sugar sector," said Beirne.

The developments are being monitored closely by the trade officials of other SADC countries.

"Swaziland has great advantages and has been very much undersold," said one.

Strengthening SADC tops US's sub-Saharan agenda

BD 26/11/99 (2794)

Regional blocs serve as catalyst for broader liberalisation, says Congressional report

Simon Barber

WASHINGTON — Strengthening the Southern African Development Community (SADC) and other regional blocs tops the agenda for this year laid out in the latest Comprehensive US Trade and Development Policy toward sub-Saharan Africa submitted to Congress by the Clinton administration.

The report, circulated last week, is the fourth in an annual series ordered by Congress in 1994 to focus the White House, with its perceived bias towards talk rather than action, on Africa's integration into the global economy.

Concrete goals the administration has set itself include the completion this year of "trade and investment framework agreements" with the SADC and the West African Economic and Monetary Union.

The agreements, which elsewhere have been precursors to full free trade pacts, would establish "councils on trade and investment", chaired by the US trade representative and the economic and trade ministers of bloc members and designed to permit "a structured dialogue on trade, intellectual property and investment issues".

The administration would also use the councils to encourage greater African participation in the World Trade Organisation — another key goal for the year — and to address African concerns about the effect of the organisation's agreements on their economies.

In addition, the councils would give the US a forum to press for "core labour standards" to assuage the politically potent concerns of US trade unions about competition from cheap, "exploited" foreign workers.

Trade agreements are simultaneously being negotiated with Ghana and SA and sought with others. The SA agreement is expected to be signed at next month's meeting of the US-SA Binational Commission in Cape Town.

The administration believes that in Africa, regional free-trade groupings will serve as a "catalyst" for broader liberalisation and will help attract investors otherwise deterred by Africa's small, fragmented markets.

However, with the exception of the West African union, whose members already share a single central bank and common currency and are on track to establish a customs union by the start of next year, the "ambitious goals" of SADC and other groupings have been hampered by "political and economic instability", the report notes.

The administration is trying to use the US generalised system of preferences (GSP), under which selected products of beneficiary countries may enter the US duty free, to prod those members of SADC who have not ratified their group's trade protocol to do so quickly.

GSP rules-of-origin generally limit the extension of duty-free treatment to goods of which at least 35% of the value has been added in the exporting country. Under new rules, a product with less than 35% of its value added in Botswana could, for example, enter the US duty-free if the rest of the required value was added in Mauritius, Tanzania, Zimbabwe or some combination thereof.

However, only countries that have signed the SADC trade protocol — that is, the above four — are eligible to receive this "cumulation" benefit.

US wants 'institution' with SADC

BD 28/11/99 (279A)

Simon Barber

WASHINGTON — In an effort to coordinate policy on issues ranging from trade to regional security, the US wants to create an "institution" akin to the US-SA binational commission with the Southern Africa Development Community (SADC).

The first meeting of the forum is tentatively scheduled for April 14-15 in Gaborone, launching what is hoped will become an annual event.

In a briefing of SADC ambassadors this week, Whitney Schneidman, deputy assistant secretary of state for Africa, foresaw the forum consisting of three working groups.

One would focus on trade, including negotiation of a trade and investment framework agreement between the US and SADC as a whole, supplementing the bilateral pact the US and SA are expected to sign next March. These treaties historically have been precursors to comprehensive free trade agreements.

A "social transborder working group" would cover drug trafficking, small arms proliferations, demining, preparedness for natural disasters and environmental concerns.

The third group would be "a critical roundtable where we could discuss regional issues of mutual interest", Schneidman said.

"We believe the forum can become an important institution ... particularly accelerating Africa's integration into the global economy ... which we think makes good sense from the American commercial and economic point of view."

The forum will differ from the US-SA commission in that it will not be chaired by officials as senior as Vice-President Al Gore and Deputy President Thabo Mbeki.

"We are now in the process of identifying participants," Schneidman said. "Clearly it's going to be senior-level officials from the state department, the US Trade Representative's office, the US Agency for International Development, the Pentagon, the departments of agriculture and transportation and the White House national AIDS office".

Nancy Walker, head of the defence department's office of African affairs, said it would be "an opportunity to get to know each other and demystify what the Pentagon does".

Plans to hold the first meeting, a broader US-Africa economic cooperation forum, last month were derailed in part because of anger among African diplomats here that they had not been consulted.

Avgold

	Dec Quarter	Sep Quarter	% change
Production (kg)	5 656	5 054	12
Revenue (R/kg)	57 928	59 852	-3
Cash cost (R/kg)	44 335	50 244	-12
Profit (Rm)	19	-6	417
Eps (c)	5	-1	600

SA milling industry under threat from new tariffs

Louise Cook

PRETORIA — Proposals by the Board on Tariffs and Trade on a new tariff structure for imported flour could wipe out SA's R4bn a year milling industry as well as the milling sectors of Southern African Development Community (SADC) countries, says the National Chamber of Milling.

This was revealed after a special investigation into the EU's Common Agricultural Policy, the chamber said. The investigation by some of Europe's top former milling executives backed by the EU's official journals showed that on the face of it, the EU was reducing subsidies on wheat and flour but in reality could raise them in terms of hidden clauses negotiated with the World Trade Organisation.

National Chamber of Milling CEO Jannie de Villiers said if the board ignored the findings of the investigation it would be "disastrous" for SA and other SADC countries who had none of these cushions and had greater transport and financing costs. "It is not the fact that the board wants to downphase the tariff to zero and set up antidumping and countervailing duties that is of concern, but their pace of tariff reduction compared to that of the EU is far too fast for a developing region like SADC."

"The EU's tariffs on imported flour and wheat are far higher than those of SA. In addition, there is a system of roll-over subsidies that only came to light from our investigation. The EU can fall back on the roll-overs system and wipe out opposition at any time."

The EU's high tariffs and roll-over subsidy system coupled with an unrealistically rapid tariff reduction policy of smaller trade partners put EU member states in a position to play for time to stage "hostile take-overs" of third world markets.

An EU grain trade investigator warned in a report to the chamber: "The European milling industry retains sufficient margin in its internal sales revenue (domestic market) to survive on marginal costs for a considerable portion of its third country exports."

A source said the board planned to have the current 50% fixed tariff on imported flour adjusted to a tariff equal to the tariff on imported wheat (which varies according to a formula linked to global prices), multiplied by 1,5 plus a percentage. The percentage would kick in at 40% and reduce to zero over five years.

SA's zero tariff on wheat and 50% on flour pales in significance to the EU's wheat tariff of 73% and 183% flour tariff.

The tariffs and trade board was not available for comment yesterday, but was believed to have its proposed new imported flour tariff structure ready for submission.

BD 28/11/99

CT(BR) 6/4/99

Pretoria proposes new Sacu formula

(279A)

Comesa's exports still rising

PETER FABRICIUS

Johannesburg — South Africa has formally proposed a new revenue-sharing formula to stabilise the cash inflow from customs tariffs of its regional partner countries in the Southern African Customs Union (Sacu).

The other countries are Botswana, Namibia, Lesotho and Swaziland (the BNLS countries).

In the new formula, recently approved by the South African Cabinet and submitted last week to a meeting of the Customs Union Task Team, which is reforming Sacu, each country's share of the common customs revenue pool will be based on its share of imports from other Sacu countries.

This will favour the poorer BNLS countries over South Africa, as they all import most of their goods from South Africa, which does not import a great deal from them. Details of the new formula are not being made public yet.

Sifiso Ngwenya, the director for southern Africa in the South African department of trade and industry, said that the initial reaction of the other countries had been "promising", but that they had to consult with their governments before giving a formal response

Ngwenya said the new formula would help to compensate the BNLS countries for their trade imbalances with South Africa. The main rationale had been to try to ensure stability of revenue income for these countries, some of which were highly dependent on the customs revenue pool.

For Lesotho and Swaziland, this income from the customs pools usually represents about half of all government revenue in any year

Under the present revenue-sharing formula, the share of the common revenue pool that goes to each BNLS country is based, not only on its share of imports from other Sacu countries, but also on its share of imports from outside Sacu and of total excisable production in Sacu

This formula has led to a declining share of revenue for the BNLS countries because of the increasing predominance of South African imports and production, necessitating complicated compensatory mechanisms to increase the BNLS countries' share of revenue

Because the formula is based on a more constant factor — the BNLS countries' share of imports from within Sacu — it is hoped that it will simplify the calculation of their revenue share

The formula also excludes excise duties from the common revenue pool because these duties are levied on domestic production and are therefore considered a domestic issue.

Ngwenya said no progress had been made at last week's Customs Union Task Team meeting towards agreement on new and more democratic institutions to administer the customs union. — Independent Foreign Service

FRED CHELA

Lusaka — Exports from the Common Market for Eastern and Southern Africa (Comesa) to the world market were estimated at $23,97 billion last year against imports of $38,8 billion, the grouping said at the weekend.

Observers said trade would probably increase this year. Though the Comesa secretariat was still collating trade figures for 1998, the organisation had amply demonstrated its integrated regional trading prowess, they said.

Erastus Mwencha, Comesa's secretary-general, said internal trade was worth $4,2 billion and external trade $62,8 billion, making Comesa, with a population of about 380 million, the biggest trading bloc in Africa.

"With the donor community embracing the Comesa potential," Mwencha said, "there will be more economic integration in the region"

In a related development, Zimbabwe has ratified the Comesa Treaty 25 years after signing it. It has become the 18th of 21 signatories to do so.

Angola, Namibia and Swaziland have not ratified the treaty yet. Mwencha said they would do so when practical.

Tirivafi Kangai, Zimbabwe's high commissioner to Zambia, said Zimbabwe valued Comesa's activities highly. Since becoming an active Comesa member, Mwencha said, Zimbabwe, has cut tariffs by 80 percent

SA, Botswana in talks about SADC troops stationed in Lesotho

Maseru – High-level talks between South African and Botswana defence ministers and Lesotho Prime Minister Pakalitha Mosisili concerning Southern African Development Community troops in Lesotho opened in Maseru yesterday.

Japhet Ndlovu, SA's high commissioner to Lesotho, said the South African delegation was headed by Defence Minister Joe Modise. He was accompanied by Deputy Foreign Minister Aziz Pahad and the commander of the SA National Defence Force, General Siphiwe Nyanda. The Botswana delegation was led by Defence Minister Ian Khama and the Assistant Chief of Staff in the Botswana Defence Force, Major-General Bakoena Oitsile.

The Lesotho government sought SADC military intervention in September to deal with lawlessness after a mutiny in the Lesotho Defence Force.

SADC deployed a military task force consisting of troops of the SANDF and the Botswana Defence Force on September 22 to help restore law and order.

South Africa brokered the establishment of an interim political authority consisting of representatives of all 12 political parties that took part in last year's general election in Lesotho. The authority is now engaged in work to facilitate the holding of elections next year.

The continued presence of the SADC troops in Lesotho hampered the functioning of the interim political authority, which demanded the withdrawal of the SADC troops as a prerequisite to carry out its mandate. With peace having returned to Lesotho, it is believed that the need for the SADC troops to be withdrawn will be foremost on the agenda. – Sapa

Star 10/4/99

(279A)

SADC resolution on productivity

MBABANE — The four-day Southern African Development Community (SADC) labour sector meeting of ministers, employers and workers ended in Swaziland at the weekend with a resolution on the improvement of productivity throughout the region.

The meeting also adopted a report calling on member countries which had not yet done so to ratify the International Labour Organisation's convention on the safe use of chemicals. Most had not yet ratified the convention due to its stringent demands enabling only the region's advanced countries to comply — Sapa.

US delegation to meet SADC states

(279A) Sowetan 12/4/99

By McKeed Kotlolo

A 90-MEMBER delegation comprising Unites States government representatives and businesspeople is to meet with high-level officials of the Southern African Development Community in Botswana this week

The two-day US-SADC Forum scheduled for Gaborone, Botswana, on Wednesday and Thursday is the first of its kind.

A media release by the US Information Service in Pretoria said the American delegation would be led by the highest-ranking economic affairs official in the state department, secretary of state for economic affairs Mr Stuart Eizenstat

It stated that the delegation would include representatives of the departments of transportation, commerce, defence, agriculture, justice, treasury, national security council, US trade representative's office and the US agency for international development.

According to the USIS, the objectives of the Forum "will be to build a deeper cooperation and engagement between the SADC member states and the United States".

It will also promote regional integration efforts already under way and "help to reconcile US policy towards the region with the needs of the emerging Southern African community of nations".

Economic development

The investment and economic development will be the focus of the forum, and participants will discuss US investments in SADC countries, transportation, trade, agriculture and infrastructure.

Among issues to be discussed by working groups will be small-arms trafficking, Aids, narcotics control and law enforcement.

Real power is economic

SADC about to launch free trade

(279A)

By Shadrack Mashalaba

THE first leg for partial implementation of a free trade agreement between the countries of the Southern African Development Community (SADC) will come into effect early next year, the trade and industry ministry announced yesterday

Chief director for Africa trade relations Mfundo Nkuhlu said in Johannesburg that although there were still outstanding issues, the agreement on the partial implementation next year would help the resolution of these issues.

He was addressing a media briefing during the start of a two-day conference entitled "SADC Free Trade Area Opportunities and Challenges for Women in Southern Africa".

He said negotiations with those countries committed to the establishment of a free trade area would continue despite the non-participation of countries such as Angola, the Democratic Republic of Congo and Seychelles.

These countries would later find themselves in a disadvantaged bargaining position, he said.

Trade and industry Deputy Minister Phumzile Mlambo–Ngcuka said the conference was a platform for women to reflect on their role.

Mlambo–Ngcuka said the signing of a regional trade protocol was the most critical instrument for the future of the region

The conference, organised by DTI in conjunction with German company, Frederich–Ebert Stiftung, is intended to give women a chance to set priorities for themselves in the future.

In his keynote address, Minister of Finance Trevor Manuel said the issue of development was much broader than just increasing income "but includes development of human capital, particularly that of women".

Manuel said the SADC region was still faced with issues such as a lack of food, paying jobs and security as well as poor health care

"The burden of poverty falls disproportionately on women This is a basis to find our way out of the quagmire.

"We need to develop policy that tilts towards development of the poor, to ensure economic growth and sustainability," he said

He said the African continent was not keeping pace with global growth and was growing at half the rate of other developing countries.

Meanwhile, Sapa quoted South Africa's Reserve Bank Governor Chris Stals as saying that the SADC governors were working towards exchange control liberalisation and the eventual financial integration of the region.

. Stals told a meeting of SADC central bankers in Mbabane at the weekend that the governors were also engaged in the development and harmonisation of their information technology as well as their clearing and settlement systems

The meeting was attended by 14 governors, including King Mswati III and Swaziland's prime minister Sibusiso Dlamini.

Sowetan 13/7/99

Manuel champions impoverished women

John Dludlu

FINANCE Minister Trevor Manuel has challenged governments in southern Africa to draw up policies that pass on economic benefits to social groupings such as women who bear the brunt of the burden of impoverishment.

Manuel made the call yesterday at a conference, organised by the trade and industry department, to evaluate the effect on women of the proposed free trade area in the Southern African Development Community (SADC). Eleven of the SADC's 14 member states are negotiating a free trade area to be implemented in January

As Africa's share of world trade and investment flows declined, women were bearing the brunt of the burden of impoverishment, said Manuel, who called on the region to break its reliance on commodities, and focus on manufacturing.

He appealed for more intra-SADC trade. Arrangements such as the Lomé convention, which linked Africa and the European Union (EU) in a long-term trade and aid relationship, had failed to raise African exports to the EU. Africa's exports had declined in spite of concessions.

Manuel criticised the duplication of roles by a plethora of regional trading organisations that had overlapping membership. While reluctant to say which should be ditched, Deputy Trade and Industry Minister Phumzile Mlambo-Ngcuka said government's human resources were stretched too thinly for officials to participate in all these bodies.

Manuel criticised the region's textile and clothing manufacturers — most of which he said were inefficient — for going to war with each other in the face of rampant smuggling of cheap imports.

Other speakers said the SADC's protocol was not "gender sensitive". Pramilla Patten, a lawyer from Mauritius, urged women not to be satisfied with the creation of more institutions that pledged support for their cause. Instead, women should insist on measurable targets and performance indicators.

Trade and industry director-general Zavareh Rustomjee challenged delegates to identify the gender implications of the importation of second-hand garments. He also said the customs union had drafted a strategy aimed at making the region the leading sugar producer within a decade.



Independent economic consultant Beatrice Gakuba addresses a conference on the implications for women of the SADC's mooted free trade area. Picture TREVOR SAMSON

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SADC countries want our visits

(279A) Star 13/4/99

By Winnie Graham

South Africans are great travellers but the decline of the rand has played havoc with their plans to see the world.

How many, after all, can afford to travel abroad with the pound and the dollar as strong as they are and the rand as shaky?

On the other hand, why not tour Africa?

Zimbabwe, Botswana and Namibia already feature strongly in the travel arrangements of some, but not many South Africans go further north.

They don't know what to expect and the rumours about "third world conditions" are often a major deterrent.

Now Retosa (the Regional Tourism Organisation of Southern Africa) – the tourism arm of the SADC (the Southern African Development Community) – has embarked on a project to encourage people within the region to visit each other's countries.

The organisation is intent on publicising the tourist attractions north of the border – in all 14 SADC countries.

Retosa's Francis Mfune (a Malawian) recently accompanied a media group on an eight-day visit to Malawi and Tanzania. The group met top tourist officials, visited some of the main beauty spots and stopped to see top hotels and lodges.

The journalists travelled by air and minibus (over good roads and bad) and found that fine hotels and lodges are not restricted to South Africa.

The countries of Africa have a great deal to offer. Malawi, in particular, is an inexpensive destination.

There are problems, however. The roads in Tanzania, for instance, need attention and South Africans still need visas (surely a preliminary that the respective governments can now dispense with).

Also, would-be holidaymakers need to take foreign currency. Unlike most other SADC countries, it is difficult to exchange rands in Dar es Salaam. These, however, are minor irritants. The pros far outweigh the cons.

So, if you are thinking of exploring new destinations, look north. Tourism, the "industry of peace", is seen as an important means of earning foreign exchange, creating jobs and building bridges between the peoples of southern Africa. The SADC countries have put out the welcome mat and are waiting for visitors.

SA warms to regional trade strategy

BD 14/4/99 (279A)

John Dludlu

SA HAS dispatched a team of trade technocrats to Mauritius as part of a bid to create a long-term strategy for the clothing and textile sectors in the Southern African Development Community (SADC)

Mfundo Nkuhlu, chief director for African trade relations at the trade and industry department, said yesterday that the strategy was intended to underpin the growth of the two industries

It is one of several sectoral agreements Pretoria sees as building blocks in the SADC's plan to free trade in eight years Others will be in sugar and cotton

Yesterday's mission to Mauritius, following an earlier one to Zimbabwe, is the clearest indication that SA is warming to the idea of creating reciprocal tariff-free trade in clothing, textile and footwear that was first raised by Zimbabwe.

The inclusion of Mauritius, a significant textile and clothing player in the SADC, reflects Pretoria's attempt to build a competitive regional industry.

When Zimbabwe's proposal to the SADC trade talks first leaked out, it drew a thumbs-down from SA labour and clothing and textile federations

However, Nkuhlu said yesterday the SADC's talks in the trade negotiating forum and the Zimbabwean proposal were not at "cross purposes".

Trade and Industry Minister Alec Erwin was consulting internal stakeholders ahead of a meeting with the Zimbabwean government SA Clothing and Textile Workers' Union general secretary Jabu Ngcobo said yesterday the union would hold talks with Erwin tomorrow

The union's reservations about duty-free trade in clothing and textiles arose from concerns that smuggling of cheap imports from outside the SADC could destroy jobs in the region However, Nkuhlu said proposals on tighter rules of origin in these sectors were being discussed.

Nkuhlu said clothing and textiles' future depended on the extent to which the region's industries were prepared to restructure themselves and focus on competitive niche lines.

Governments in the region would support these efforts with supply-side measures, he said, stressing that tariff protection would eventually go.

Another round of SADC talks on these sectors is scheduled for next month

Separately , Deputy Trade and Industry Minister Phumzile Mlambo-Ngcuka said there was a need to build a "value chain" in the region's textile industry. Such a chain would draw on the production strengths of SADC members For example, Mozambique's cotton could be woven in Zimbabwe and SA entrepreneurs would package and label the finished garments.

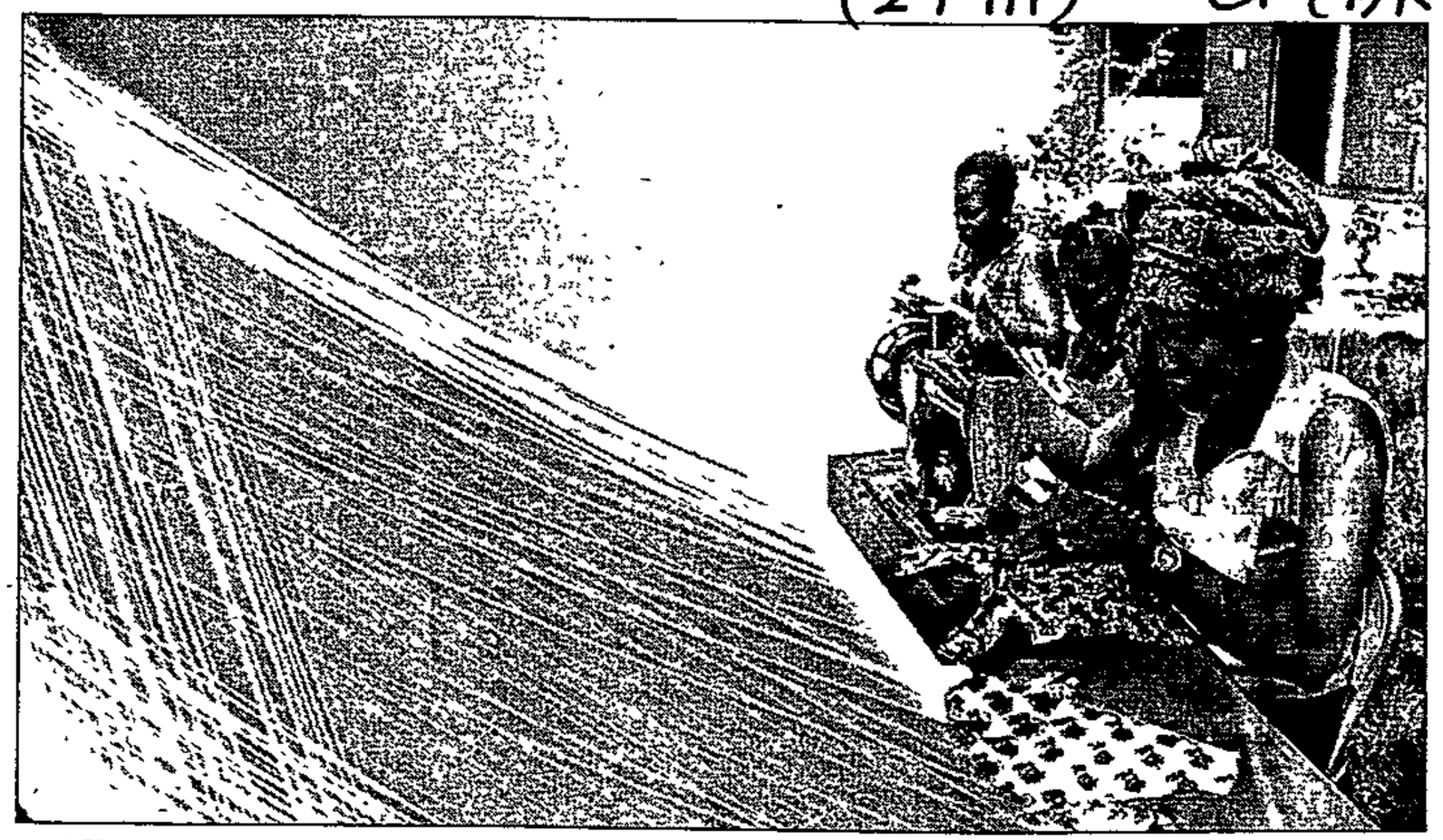
SA business was initially reported to be less keen on the duty-free offer than government However, in a sign of a growing consensus, Paul Theron, executive director at the Clothing Federation, said the federation was against a "European Union-type" approach. This approach focused on tariff reduction without looking at production arrangements.

SADC FREE TRADE

Women stand to lose, or gain, the most

(279A) CT (BR) 14/4/99

BONTLE HEADBUSH



Of all the speakers at the trade and industry department's conference this week on the opportunities and challenges faced by women in terms of the Southern African Development Community (SADC) free trade agreement, Beatrice Gakuba, a Rwandan trader, was by far the most hard-hitting.

"It's time that we stopped having these conferences complaining about the lot of women, and women actually took the initiative upon themselves to create their own identity in the SADC negotiation process," said Gakuba.

Many of the speakers acknowledged that, although the implementation of a free trade area would strengthen economic integration between the SADC countries, it would also have an adverse effect on some industries, especially those coming from a background of stiff tariff protection, such as the textile and clothing industries.

What underscored the need for a gendered approach to the SADC trade negotiations was that the majority of the workers in the clothing, textile and leather industries are women. But these sectors are highly exposed to external competition.

Connie September, the vice-president of Cosatu and a conference speaker, said: "Women bear the brunt of job losses in these industries as a result of trade liberalisation."

Women constituted 51 percent of those who lost jobs in the leather and footwear sector and 76 percent in the clothing and textile sectors, said September.

"Clearly measures need to be put in place to cushion these adverse effects of trade liberalisation."

The SADC free trade protocol was signed by the respective heads of government of the SADC in 1996.

This protocol provides for the establishment of a free trade area over eight years, the elimination of tariff and non-tariff barriers to trade, the linkage of trade liberalisation to industrial strategies and other areas of sectoral co-operation, and co-operation in trade facilitation and customs administration.

Negotiations leading to the eventual adoption and ratification of this protocol are still under way.

Those who benefit most from trade liberalisation are those who have a comparative advantage in the production of certain goods, as liberalisation leads to the expansion of production by the most competitive producers while uncompetitive ones risk being eliminated. The countries with the larger economies and most resources, therefore, would benefit most from a free trade agreement.

The trade balance between 13 of the SADC states is skewed six to one in favour of South Africa. The challenge for regional policy makers, therefore, lies in developing mechanisms to avoid such negative consequences. This raises a need for programmes that will provide women in particular with the skills and capital to compete in various sectors.

Since trade liberalisation not only includes dismantling tariff barriers but also providing supply-side measures to strengthen and expand productivity, there is an opportunity for the empowerment of women through the agreement.

Mfundo Nkuhlu, the chief director of African trade relations at the department of trade and industry, acknowledged that women in the region, as a result of their predominance in the clothing and textile industries, might be adversely affected by trade liberalisation, but said it was possible for them to ensure their interests were protected by taking part in the negotiation process.

He said the agreement should not be seen as a "zero-sum game", as it had many positive aspects.

These included the sustainability of the South African economy through the development of the region, as mass impoverishment of the surrounding countries could only be an impediment to its growth.

Economic development of the southern African region, which has a potential market of 140 million people, would also lead to increased demand in this market, attracting investors, which would also inevitably lead to growth.

Most important, though, was the fact that a regional response to globalisation would provide the individual southern African countries with the leverage necessary to compete on a global scale.

Nkuhlu argued that this suggested that the free trade agreement should rather be seen as a game in which there could be many winners, especially if all the players were to participate to ensure its success.

September suggested that a way in which women could ensure they too were victorious would be through an impact analysis, which would evaluate the likely effect on jobs, poverty and inequality of the free trade agreement.

One potential drawback for women is that they wield limited political power in many SADC countries. They may not have the high profile required to protect their interests in what will no doubt be long and complicated negotiations over the next five years.

The drawn-out negotiations between South Africa and the European Union, which were only concluded as a gift to President Nelson Mandela, shows how much goodwill is required when nations' interests are threatened.

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Deal will force SA to cut local tariffs

SADC fears EU dumping after free trade pact

(279A) ET(BR) 16/4/99

MICHAEL WANG

Gaborone – The free trade pact between South Africa and the European Union (EU) would make the efforts of the Southern African Development Community (SADC) to liberalise trade in the region much harder, the SADC said yesterday.

Kaire Mbuende, the SADC's executive secretary, said EU exports of grain, dairy and livestock threatened to wipe out vast chunks of the region's agriculture sector, which employs 70 percent of the region's workers but produces only 12 percent of its output of $176 billion.

Last month's trade pact will phase out tariffs and duties on more than 90 percent of goods and services between South Africa and the EU, worth $19 billion.

"The dumping of cheap beef and dairy products ... is our fear," said Mbuende. "There is greater capacity in Europe ... to produce, and we cannot compete."

The trade accord is supposed to engage only South Africa and the EU but, said Mbuende, "each truck (from South Africa) can't be checked, (so) you are definitely going to have a wider circulation of duty-free European products (in the region)".

But Mbuende said the pact would give some benefits, specifically in speeding up trade reforms.

By lowering its duties on EU goods and services, South Africa is obliged to offer identical preferences to the other 13 member states of SADC because of the most favoured nation clause in the SADC's charter.

"South Africa can't have higher tariffs with SADC member states than with the EU," said Mbuende.

By compelling Pretoria to slash duties and tariffs on SADC goods, the organisation will achieve a significant breakthrough in a trade protocol among member states, which observers see as vital to promoting the SADC as a credible trading bloc.

The SADC has been trying to reach agreement on the protocol since 1996. Eleven nations have signed it, but only five have ratified it. South Africa, by far the economic powerhouse of the group, wants to clarify some issues such as tariff levels before asking parliament for ratification.

The SADC has set a deadline of July 1 to achieve ratification of two-thirds of the member states, or another three signatures, before the protocol comes into force.

Observers say that is unrealistic, but Mbuende disagrees. "The delay really is more based on the fear of the unknown as opposed to actual differences. There is a realisation, as much as there could be wavering, that none of our economies can be integrated into the world economy on its own and survive."

Intra-SADC trade in 1996 was $8,76 billion, one-fifth of member countries' trade. – Dow Jones

Customs union may miss own deadline

John Dludlu (279A)

An interim deal could allow officials to iron out the wrinkles later

OFFICIALS from the Southern African Customs Union are battling to forge a "substantial" agreement on a revamped customs union as signs grow that they will not meet the end-April deadline for a new accord.

As the deadline set by ministers draws nearer, officials say that the most logical way to proceed is to present the trade, agricultural and finance ministers with a "substantial agreement" instead of a finalised accord. This approach would allow officials to continue working beyond April to iron out differences.

An official from the union — which includes SA, Botswana, Lesotho, Namibia and Swaziland — said yesterday that much agreement had already been achieved on an alternative formula of sharing customs revenue and on the institutional framework to govern the accord

On the issue of a revenue-sharing formula, "further work" was needed on how to deal practically with the excise duties, he said.

Though it has been agreed that excise duties will be excluded from the common revenue customs, negotiators have yet to agree on how exactly this function is devolved to signatory governments. For example, some countries' excise duties are levied in SA.

However, some key principles of the new formula had already been agreed to.

Finding an acceptable formula has always been a sensitive issue given the fact that SA's partners depend largely on trade taxes for government revenue.

The official also said work had been done on the institutional set-up that would manage the union's common external tariff system.

The official, who said the talks on the institutional system had reached a "delicate" stage, indicated that a report would soon be drafted for consideration by ministers.

SA, which manages the union at present, is sceptical of establishing a large and costly institutional dispensation, whereas its partners want a more meaningful say in the running of the new agreement.

The official said there was recognition of the need for a "broadly" run customs union. However, this would have to be an efficient union capable of delivery.

BD 21/4/99

REST OF

SADC in move to build US trade ties

(279A)

Bid to give Clinton power to fast-track agreements

BD 22/4/99

John Dludlu and Patrick Wadula

THE Southern African Development Community and the US have agreed to "explore seriously" the negotiation of a SADC-US trade and investment framework agreement

This emerged at the recent inaugural US-SADC forum in Botswana as the US administration battles to get Congress to grant President Bill Clinton special powers to negotiate trade deals with partners

The recent free trade agreement between the European Union (EU) and SA appears to have strengthened calls for the renewal of "fast-track authority", which grants him such powers.

Stuart Eizenstat, the US under-secretary of state for business, economic and agricultural affairs, said the US would like to keep its option to negotiate free trade arrangements with other countries.

Though the US has expressed interest in negotiating a free trade deal with the SADC, Eizenstat noted that the bloc's integration process was still lagging that of west African countries in the Ecowas grouping.

At the forum, the US also pledged to assist SADC members that benefit from preferential access to US markets to make better use of the generalised scheme of preferences (GSP). The SADC wants more predictability and certainty on the GSP.

Delegates, who will meet again in Washington, decided to establish a US-SADC business council to partner governments in expanding trade and investment. The US has such a forum with SA.

Eizenstat pointed out that there was no inconsistency between bilateral relations and multilateral co-operation. SADC members that benefit from nonreciprocal EU trade concessions under the Lomé Convention, called on the US to support a waiver for a "sufficiently long transitional period" in phasing out the preferences.

Eizenstat said at the weekend that there was "real agreement" on the conditions for attracting foreign direct investment These included fighting corruption, treating companies in a non-discriminatory manner, and ensuring rule of law "They (companies) don't want tax holidays ... they just want to know that when they invest, it means you have good governance, and contracts will not be changed midstream," he said.

The US has offered to set up an international law enforcement academy in Southern Africa to train police officers and be a forum for law enforcement agencies in the region. The SADC and the US agreed to "tighten enforcement of UN sanctions" against Angola's Unita rebels.

EU deal may cost SA's neighbours billions

BD 22/4/99 (279A) (754)

Louise Cook and John Dludlu

PRETORIA — The newly concluded free trade deal between SA and the European Union (EU) may cost Pretoria's Southern African Customs Union partners as much as R3,5bn in revenue losses a year, says an article in the April 23 Financial Mail.

Answering questions at a function called to celebrate the conclusion of the trade, development and co-operation deal, Trade and Industry Minister Alec Erwin said the two partners would share the burden.

The article is based on a yet-to-be-published impact study carried out by the consultants White House & Associates for the SA Foundation.

The piece says SA's customs union partners — Botswana, Lesotho, Namibia and Swaziland — could suffer revenue declines of between R1,9bn and R3,5bn a year when import tariffs on EU goods are removed thanks to the free trade deal. Of all the work that has been published on the revenue impact of the deal, the R3,5bn is by far the highest estimate.

Erwin conceded that the customs union countries faced potential revenue losses, but did not give out the exact amount He said SA and the EU would share the costs.

"It is a complex and fairly contentious issue. We will have to talk about it," he said.

SA's neighbours are so reliant on the income from the common customs revenue pool that some receive as much as 50% of their central government revenue from this source.

The draft EU-SA agreement says "special attention will be given to providing support for the adjustment effort occasioned" by the deal in southern Africa, especially in the customs union. SA and the EU have yet to spell out how they intend to handle this. Both sides have been cautious not to talk about fiscal transfers.

Erwin praised the EU for its commitment to SA by forging the "fundamental link" between the two regions. He said negotiations had been difficult, but they gave SA negotiators an opportunity to learn a "tremendous" amount about intricate international trade issues and the SA trade environment.

Referring to the impact of the deal on Southern African Development Community countries, Erwin, backed by German ambassador Harald Ganns, allayed fears of diminished trade to those countries due to the trade deal between SA and the EU.

Erwin said: "Careful examination showed that the agreement will also be good for the region. There could be a degree of trade displacement, but this will be dealt with through protection clauses to prevent any damage."

SA/EU TRADE DEAL

THE WEDDING'S OVER. NOW IT'S TRADE FOR BETTER, FOR WORSE

Competition clause will stack odds against SA companies

Now that the dust has settled on the tortuous process of striking a deal between SA and the EU on a free-trade pact, it's time to calculate the gains and losses for this country and the region.

Trade experts point out that pinning down a final deal proved difficult— it took more than four years — because there was so much at stake for both sides. The EU is SA's largest trading partner; in 1997, it accounted for 35% of total trade with the Southern African Customs Union (Sacu), which SA dominates. In addition, the EU allowed the inclusion of agriculture, the first time it had done so in a bilateral free-trade agreement (FTA).

Judging from the squeals of pain from southern European farmers and the extent of lobbying by Pretoria in the final months of negotiations, most people could have been led to believe the impact of the FTA would be immediate and dramatic.

Not so. At least not in the short term, since close to 60% of SA's exports (agricultural and non-agricultural) to the EU were already entering the EU substantially duty free However, the longer-term impact is bound to be profound, particularly on the region. And the effects will be both negative and positive.

So argues the business lobby group, the SA Foundation, in the first comprehensive study on the potential effect of the FTA on SA and its southern African trading partners. The foundation's report is based on research by White House and Associates, a consulting group specialising in trade.

"It would be imprudent to expect too much from the new FTA," the foundation says. "The initial impact is likely to be limited, as significant sections of trade between the two parties are already substantially duty free." But over time, the FTA could turn out to be a "positive sum game", because local exporters "will have greater access to the European market, producers and consumers will pay less for imported capital and consumer goods and the SA economy generally will become more competitive"

The foundation argues that since 97% of SA's non-agricultural exports will enter the EU duty free within three years, the impact on the manufacturing sector will be positive, since better access will lead to higher exports to the EU. But local manufacturers are unlikely to benefit from cheaper imports since most manufacturing inputs bought in the EU, such as machinery, mechanical appliances and electrical equipment and chemicals, are substantially duty free.

The report points out that, under commitments to the World Trade Organisation — the internationally-agreed regime for trade liberalisation — SA's import duties on machinery and mechanical equipment have been reduced from between 5% and 8% in 1994 to 1% and 4% in 1999. Duties on chemicals have come down to between 1% and zero. But, says the report, some consumer products will enter SA more cheaply, including cosmetics, soaps, and a range of "white goods" such as fridges, microwaves and TV sets. "The liberalisation of duties should make these goods markedly cheaper for SA consumers," it says Though it "remains to be seen whether these will be passed on to the consumer"

But the price of cheaper goods for consumers, if it happens, could be job losses in white goods assembly plants.

"SA, like many developing countries, structured its tariff regime to encourage import substitution in the form of value-added processes such as local assembly. One consequence of the tariff liberalisation could thus be an increase in the importation of already-assembled goods."

The foundation identifies other potential losers, such as farmers, since under the deal SA will have to provide duty-free access to 95% of its agricultural imports from the EU over a 10-year period, while roughly 25% of SA's agricultural production will not benefit from the accord at all

The report points out that 53% of SA's total exports of vegetable products are sold in the EU. Import duties on SA's agricultural goods remain a "major barrier" while the subsidies to EU farmers under the Common Agricultural Policy (CAP), which amounted to US$40bn last year, "continue to make it difficult for SA products to compete in the European market".

The FTA is likely to hurt local manufacturers of processed fruits and vegetables, as the deal provides duty-free access for EU producers into the SA market. The foundation also warns that the odds are stacked against SA companies in a clause on competition, which seeks to ensure that dominant market positions are avoided or dismantled. "A closer look at this provision would indicate that it could be a little one-sided," it says, pointing out that SA companies could not apply the clause in "any meaningful way" while the EU could use it to "effectively muscle into local markets". But those most likely to be hurt by the new trade regime are SA's partners in Sacu — Botswana, Namibia, Lesotho and Swaziland.

Estimates suggest that the four countries could suffer declines in revenue of up to 15% — R1,9bn to R3,5bn a year — as a result of lower duties on EU goods, as well as the fact that EU goods will enjoy an ever greater share of the SACU import market, thereby reducing the levels of import duty gained on non-EU goods.

The foundation says fears among members of the Southern African Development Community that SADC imports to SA will suffer as the EU takes advantage of preferential terms denied to SADC members are well-founded. It urges SA and southern African countries not to ignore or resist the changes, but to "embrace" them It says companies should utilise the opportunities offered by the deal.

Caroline Southey



SA CUSTOMS UNION TRADE, 1997

Region	Imports from Rm	Exports to Rm	Total trade Rm	% of total trade
European Union	54 649,1	41 102,4	95 751,5	35
Asia	40 859,01	28 215,25	69 074,3	25
Nafta	18 130,2	9 073,7	27 203,9	10
SADC	2 775,2	15 885,7	18 660,9	7
Other Europe	3 367,6	4 181,2	7 548,8	3
Other Africa	2 086,3	4 403,6	6 489,9	2
Mercosur (incl Chile)	3 035,9	2 270,5	5 306,4	2
Oceania	3 536,97	1 855,89	5 392,9	2
Other	1 467,7	36 826,0	38 293,7	14
SA TRADE TOTAL	129 907,9	143 814,3	273 722,2	

*R34bn in unallocated category

SOURCE: SA FOUNDATION

Bid to solve vexed trade barrier issue

(279A) (BD)

Michael Hartnack

BD 23/4/99

HARARE — A three-memberdelegation from SA's clothing, textile and leatherware industry has arrived in Harare for further talks on the vexed issue of trade barriers under the SA-Zimbabwe "most favoured nation" bilateral pact and the Southern African Development Community (SADC) trade protocol.

"We are hoping the delegation will go back to SA and make a positive recommendation to Trade and Industry Minister Alec Erwin," said Eddie Cross, chairman of the industries' committee of the Confederation of Zimbabwean Industries.

Both Zimbabwe and SA recognise their clothing, textile and leatherware industries as "sensitive areas" which may need special exemptions under the SADC protocol. Zimbabwe has never been satisfied with tariff and quota levels granted under the 1964 bilateral protocol which lapsed, effectively, in 1992 causing the loss of more than 20 000 jobs here.

Former confederation leaders Jonee Blanchfield and Simba Makoni have warned of a "trade war" over the three-to-one trade imbalance in favour of SA.

Economist John Robertson said yesterday that SA unions had overreacted to the threat from Zimbabwe, which had never occupied more than 2% of the SA market. "Every time we devalue a bit more, and the exchange rate moves in our favour, they build up a claim that we are dumping, that we are making goods and selling them below production costs. It might be below SA production costs but now ours," said Robertson.

However, Jabu Ngcobo, general secretary of the SA Clothing and Textile Workers' Union, reportedly told the state-run Herald newspaper: "We oppose the free trade proposal Zimbabwe is suggesting." He said it would "worsen the problem of illegal imports which are wiping out jobs here", estimating that R1bn in clothing and textiles was smuggled into SA each year.

--Dispelling stereotypes a hurdle to future growth

SADC-US forum rekindles African fears of trade bullies

(279A) CT(BR)23/4/99

LEWIS MACHIPISA

Gaborone – Changing America's views on Africa and vice versa presents the biggest challenge to boosting trade between the two regions.

"Africa has a bad image back home in the US of starving and famine," noted Stuart Eizenstat, the US undersecretary of state for economic, business and agricultural affairs

"We will try to change this view," said Eizenstat, who attended a four-day forum between the US and the Southern African Development Community (SADC) in Gaborone, Botswana's capital The forum, held between April 13 and 16, aimed to promote trade between the SADC and the US.

In the eyes of many Africans, trade is affected by the image of the US as "a bully, former slave trader and plunderer of the Third World's resources"

The forum has rekindled fears about the American businesses monopolising the African market. With their weak bases, African companies are ill equipped to withstand competition from companies in the world's strongest economy.

While virtually every other African trade minister at the forum supported the American initiative, one African diplomat said: "One has to be very careful when dealing with the US as they are not known for having friends but interests."

Eizenstat dismissed the remark as unfounded "We had some of the same concerns 10 years ago about the Japanese coming into the US Some feared that they would take over US companies.

"But you will never have a disproportionate amount of foreign investment in a country relative to domestic investment. There will always be more indigenous companies than foreign companies. Domestic companies will actually be strengthened by foreign investment," he said.

According to Eizenstat, US companies would need partners to navigate domestic markets Once in Africa, they would "provide the transfer of technology, good management skills and know-how that will enrich the domestic economy."

Americans feel they have not pursued the African market as aggressively as the French and the British, former colonial powers. Africa currently accounts for 1 percent of all US exports and 2 percent of all imports.

US investors are now looking beyond their main trading partners in Africa, namely, Gabon, Nigeria, South Africa and Angola.

While African countries would like to have as many foreign investors as possible, offering them preferential treatment remains a contentious issue.

Eizenstat said US businesses were ready to invest in Africa, particularly in the SADC, Africa's fastest-growing region, but only if they were treated like local companies where there was "good governance, transparency and rule of law is respected"

He said. "What that means is that if SADC countries want investment they will have to put that as well because no company wants to come in and be treated in a discriminatory fashion."

Kaire Mbuende, the SADC executive secretary, disagreed: "That really is not discrimination because there are third rules as to how you would give preferences to the companies.

"It is very important to give preferences to companies for specific social and political objectives This should not be construed to be discrimination against foreign companies."

Already, the contentious US-powered Africa Growth and Opportunity Act (Agoa), which was passed to boost trade and investment with Africa, has been dismissed in non-governmental organisation (NGO) circles as offering little in the way of African growth.

It is accused of focusing predominately on American opportunity

NGOs widely regard the Agoa as a new form of colonisation, through which the US will provide preferential trade regimes only to countries that toe its line.

Defending the act, Eizenstat said. "Today's American companies bring the best global business practices; that is concern for safety, good wages, environmental protection ... US companies are not a threat but a tremendous benefit."

According to the US, Agoa would expand by about 50 percent the number of African products acceptable for duty-free treatment under the country's generalised system of preferences. – Sapa-IPS

Manuel aide to head SADC unit

BD 3/6/99 (279A)

John Dludlu

GOVERNMENT has appointed an aide to Finance Minister Trevor Manuel to head the Southern African Development Community's (SADC's) finance and investment co-ordinating unit, a move likely to provide fresh impetus to the unit

Maria Ramos, the finance director-general, said in Cairo, Egypt, last week that Logan Wort, Manuel's press secretary, would take his new position as director of the Pretoria-based SADC unit within the finance department from the beginning of next month.

Ramos said the unit, one of two co-ordinated by SA, would remain as a directorate This followed recent speculation that the unit would be upgraded into a chief directorate.

Wort replaces Bongi Kunene Kunene, who launched the unit three years ago, has since taken up a two-year job in Washington as an adviser to one of the World Bank's executive directors.

Before taking up his position as Manuel's spokesman — though in an acting capacity — Wort, who holds a master's degree in public administration, was the finance department's director of parliamentary services Before that he served as spokesman for Ebrahim Rasool in the Western Cape cabinet until a government shake-up in the province

Observers in the region say one of Wort's immediate challenges would be to inject a new momentum in the unit which has suffered a lethargy since Kunene's departure An analyst said Wort would have to speed up the finalisation of the SADC finance and investment protocol The protocol seeks to create a centrepiece of co-operation by the region's 14-member states in the fields of macroeconomics and finance sectors

Manuel, who chairs the SADC council of finance ministers, has expressed concern at the slow pace in the development of the protocol. In a recent interview he said a protocol, a legal instrument of regional co-operation, would not mean much if it was not underpinned by integration policies.

Some countries want a broad protocol, while others want a series of memorandums that would provide building blocks to an overall protocol. Manuel believes that the finance and investment sector is capable of more work

The unit is responsible for the harmonisation of the SADC's macroeconomics and financial sectors' policies. It co-ordinates the work of the committees of the SADC central bank governors, and stock exchanges Considerable progress has been made by the committees

The bourses' committee has drawn up proposals to enable SADC companies to seek dual listings in the region as well as to harmonise listings requirements, using the London and Johannesburg Stock Exchanges' rules books as the basis

SADC negotiators set to miss deadline

John Dludlu

NEGOTIATORS from the Southern African Development Community are set to miss this month's self-imposed deadline to conclude talks on the creation of the SADC's free trade area, a move that could cast doubts on the region's integration efforts.

However, most technocrats canvassed yesterday believe it is still possible to begin implementing the free trade area by next January, depending on the progress made in the coming months

Fudzai Pamacheche, principal economist at the SADC's secretariat in Botswana, conceded yesterday that negotiators would miss this month's deadline because of a number of key difficulties encountered by negotiators.

Some of these issues would have to be discussed at next month's trade and industry ministerial meeting, Pamacheche said.

This emerged as the trade negotiating forum, the SADC's negotiating body, is preparing to meet in Zambia next week to review the progress made to date. The forum would discuss outstanding issues.

Problem areas relate to clothing and textiles, footwear, cars, the sugar protocol, the fate of products produced in export processing zones, rules of origin, and certain agricultural products.

Most free trade arrangements exclude items produced in export processing zones, or special economic zones, from preferential tariff treatment This is because these products are produced by firms that receive special incentives — say tax-free inputs and a waiver of labour laws — that are not available to other economic operators.

SADC economies have a number of such zones. An official said the Lusaka meeting, one of several this year, would provide an opportunity to reinvigorate the talks with a view to concluding them this year.

Officials from the Southern African Customs Union — SA, Botswana, Lesotho, Namibia and Swaziland — have now revised their union's entire position, a move that could translate into a breakthrough in the free trade talks.

Thanks to SA's inclusion, the union, one of the long-standing and functional trade integration schemes in Africa, runs a huge trade surplus with the other signatories of the SADC treaty.

In a bid to reduce this imbalance, the union has offered to open its market to imports from the rest of the SADC earlier than the eight-year time scale set for the creation of the free trade area

Analysts watching the region have warned that the delay in the free trade pact could damage the credibility of the region's integration efforts.

BD 4/6/99

(279A)

For the benefit of all

(279A) (287)

South Africa's trade agreement with the EU compels it to help in the development of its poorer neighbours, writes Labour reporter **Mzwakhe Hlangani**

FRESH from its success in winning the right to a lucrative European preferential trade agreement, South Africa is now gearing up for its next task – the economic and infrastructural development of the region

South Africa is surrounded by a sea of poverty in the region, says Herbert Mkize, senior labour movement negotiator in the National Economic Development and Labour Council's (Nedlac) trade policy chamber

He believes the benefits derived from South Africa's agreements with the European Union must be stretched out for the benefit of the region

Mkize adds: "It is a harsh reality that can't be chased away, but should be addressed through sensible policies."

Business South Africa's chief representative in Nedlac's trade policy chamber, Michael McDonald, agrees that building the economic base of the Southern African Development Community (SADC) is imperative.

Although most countries in the region are not developed industrially, some possess a highly viable agricultural base and adequate markets in textile and clothing

But to assist the growth of the region's economy, it is crucial to restore the balance in trade relations with neighbouring countries This will encourage regional development.

The southward drift of millions of poverty-stricken, unemployed people to South Africa from neighbouring countries is a major crisis

But this may soon change – even without a free trade agreement in the region

"Relocating businesses (from South Africa) will happen with or without the SADC free trade agreement, for businesses are attracted by low manufacturing labour costs," McDonald says

Wages in the South African manufacturing industries are much higher than in the rest of the SADC countries, making South Africa uncompetitive, he says

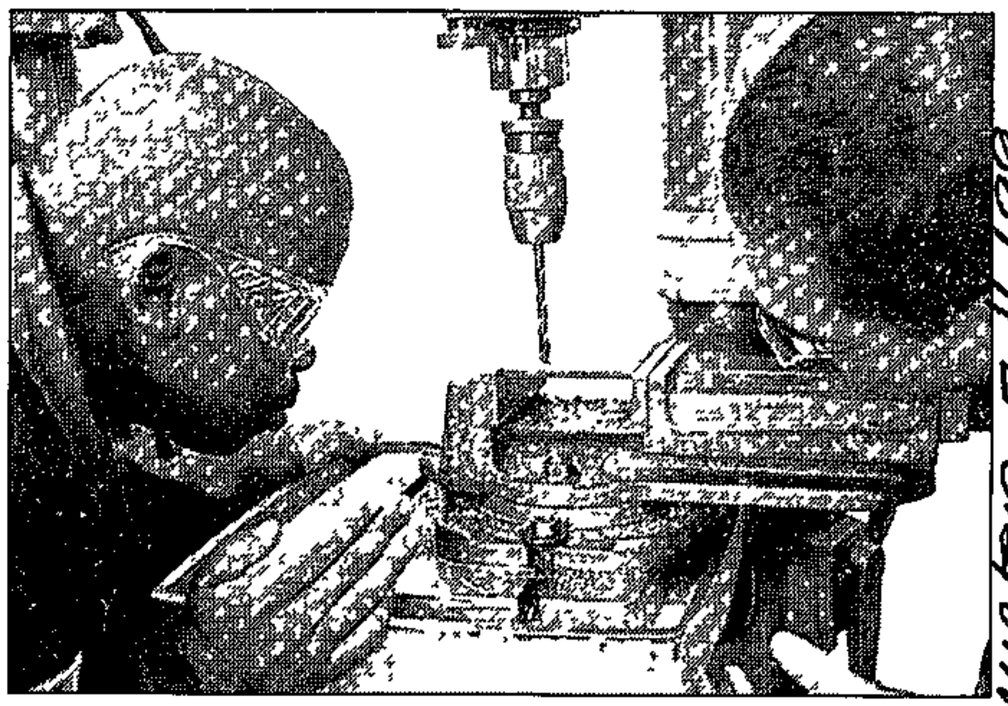
As wages are the largest single component of the expenditure of a business, moving its operations to those countries with much cheaper manufacturing labour costs is a solution

Mkize frowns at the mention of cheap labour but tactfully points out that most companies will not suddenly relocate their business elsewhere in the region when there is one common market.

"There are appallingly low labour standards in countries such as Swaziland, Zimbambwe and many others, who violate all International Labour Organisation conventions," he says.

Precisely because of this, he believes, it is now time for South Africa to ensure the region begins to move towards a common labour market system.

"We have already begun discussions on developing a regional economic development labour council that will be a replica of Nedlac," says Mkize "Looking at socio-economic issues in the region has gained momentum with the aim of reaching consensus on formulating policies that will be commensurate with the changing trade environment"



Technicians receive training on a lathe at a skills development course in Pelindaba near Pretoria.

PIC: PAUL VELASCO

Mkize also calls for restructuring of the region's industrial policies to harmonise them – "not in a big bang approach, but incrementally"

Those economic sectors that will be more sensitive to free trade must first be identified

Though falling short of advocating minimum wages for the whole region, the labour movement's attitude towards the free trade agreement lists socio-economic clauses and labour standards as its main priorities

"Our version of the socio-economic clause is not one calling for the region to have a minimum wage nor pronouncing on detailed working conditions," Mkize says "But we call for an enabling environment for labour to resist exploitation and the right to collective bargaining.

"On the basis of their own organisational strengths, unions should determine working conditions and labour standards, depending on the economic strengths of the country"

Also of immediate concern to the labour movement is to ensure that the Southern African Trade Union Council and the Organisation of African Trade Unity develop greater coherence.

These organisations must also launch pilot structures to deal with the problem of the skewed level of development of trade unionism in the region

For its part, South Africa's labour movement will strive to share and pool their resources with their union counterparts within SADC in order to deal effectively with major challenges

Mkize adds: "South African-based companies and transnationals with their head offices or origins here must agree to the extension of collective bargaining agreements to cover all workers within SADC"

Uniform working conditions must be considered in the region, he urges, so that what employers pay in South Africa is paid on a *pro rata* basis to workers in other countries, depending on their economic strengths

The Southern Africa region remains one of the poorest today in terms of world trade – which has climbed to R25 trillion a day – because it trades mainly in commodities.

All developing countries are currently "in a terrible state" because the prices of commodities have declined to their lowest point in more than 20 years, says McDonald

SA cannot rely on manufacturing to create jobs "We have to look at other areas like the service industry, with tourism offering the best potential in South Africa"

McDonald says training the workforce and industries is necessary in the region Converting raw materials into valuable products is essential to economic development and this cannot be done without the right skills. He says the skills of workers in the region must at least be brought up to the level of workers in South Africa

The SADC agreement will be implemented over eight years, with South Africa opening its borders to trade quicker than some of the other countries in the region.

Zimbambwe, Angola, Mauritius and the Democratic Republic of Congo, for instance, have not yet met all the requirements demanded by the SADC agreement

SADC textile trade agreement unlikely to meet its deadline

(279A)

SHIRLEY JONES
KWAZULU NATAL EDITOR

Durban – Any hope of developing the textile and clothing industries in the Southern African Development Community (SADC) through a properly structured free trade agreement was dashed by the direction of negotiations, Brian Brink, the executive director of the Textile Federation, warned last week.

Brink said the targeted completion date of June 30 for the SADC free trade agreement appeared ambitious, dictated by political pressures with scant regard to economic feasibility.

He said there was an urgent need for a common external tariff for the SADC, and strictly applied rules of origin similar to those governing the Lomé agreement.

These rules maximised benefaction and industrial development in the trade bloc and strictly enforced customs laws.

"Without these three foundation blocks, an SADC free trade agreement would be exploited by unintended beneficiaries from the East, with the frail industrial structure within the SADC countries being decimated."

He said the opening trade offers from the SADC member states were cause for concern.

Malawi's opening offer proposed reducing the duty on 80 percent of goods by year eight of the agreement.

It allowed for no reduction on textile and clothing duties, leaving "no scope to explore textile pipeline rationalisation and advantages with Malawi".

The offer from Mauritius was to reduce the duty on 70 percent of its tariff items to zero by the eighth year of the agreement.

"However, Mauritius is a clothing export processing zone with zero duties on raw materials such as yarns and fabrics.

"It will seriously damage the local clothing industry and indirectly the South African textile industry."

Other countries such as Tanzania, Zambia and Zimbabwe refused to reduce duties.

ET(BR) 7/6/99

Single currency for Southern Africa? (279A)

LUSAKA – The Common Market for Eastern and Southern Africa (Comesa) is exploring ways of creating an economic union within the sub-region to foster more economic cooperation and make economic integration easier, it was reported yesterday.

Comesa advisor for regional economic integration Mark Pearson told reporters at the weekend that a committee comprising monetary and fiscal experts would be appointed soon to work towards creating an economic union and eventually, one common currency on the pattern of the European Union (EU) monetary policy.

The primary Comesa objective was to stabilise the macro-economic environment in all member states and to harmonise other monetary regulations before implementing this long-term realisation of an economic union and one common currency programme.

Pearson was quoted as saying there was great need to test the success of optimal currency areas, citing the Eastern African block countries (Kenya, Tanzania and Uganda) which had attained advanced economic integration and almost practising currency convertibility on the open market.

Pearson said Comesa was currently concentrating on trade and investment, but wanted to make it easier for businesses to operate within the region Comesa was currently putting in place the "African Guarantee Facility" to offer both commercial and political risks for any business operating within the Comesa region.

Nevertheless, the common currency aspect had several hitches to be overcome, primarily due to the fragile economies of most Comesa member states where inflation was playing havoc on economic reforms.

Pearson suggested that Comesa countries diversify and drift away from the dependency on one or two commodities for export receipts susceptible and vulnerable to external shocks, citing Zambia's dependency on copper as a classic example.

Tumbling copper prices on the international markets impacted negatively on the Zambian economy, hence the need for diversification in order to buttress the external shocks, he said – *Sapa and DPA*

January 1992

Regional integration faces hurdles

BD 10/6/99 (279A)

Few steps are expected to reduce trade barriers between Kenya, Uganda and Tanzania this year

NAIROBI — East Africa needs to put the region's crumbling infrastructure — as well as rampant corruption — at the top of its agenda when its three finance ministers present their budgets today, business leaders say.

Ministers from Kenya, Uganda and Tanzania will read their budgets on the same day for a second successive year as a gesture towards regional integration, but few concrete measures are expected to reduce trade barriers this year despite plans to create a common market in the future.

Instead, the governments are being urged first to address the problems that are holding East Africa back and putting off foreign investors.

"The roads are in a pathetic state of repair, the (Kenyan) port (of Mombasa) is not efficient, there is no railway transport to write home about," said Chris Kirubi, chairman of the Kenya Association of Manufacturers. "All these issues require addressing."

"If people can't be guaranteed a clean power supply and a clean telephone line, why should they invest?" asked Nikhil Hira at consultants Deloitte and Touche in Nairobi.

Hira said an increase in armed robberies in the Kenyan capital as well as a culture of corruption were also turning investors off the region.

"This is not a conducive environment if you have to grease that many palms," he said.

"But if these things are addressed, I can see this region being the region of the future, at least in Africa."

The three presidents are scheduled to sign a treaty in July paving the way for a common market in East Africa, but their ambitious plans are already running into trouble.

At a meeting in the Tanzanian town of Arusha last month, officials decided to delay the implementation of the free trade area for a year, until July 2000, and even then to allow Uganda and Tanzania to impose a 10% surcharge on Kenyan goods for a further four years.

Ugandan and Tanzanian industrialists say they are not yet ready for stiff competition from Kenyan goods, which already dominate regional trade.

"We are committed to regional integration, but you realise that Kenyan manufacturers are well ahead of our own, and we have no plans of crippling our industry," Ugandan Finance Minister Gerald Sendaula said. "That is why we have to slowly seek coexistence."

Ravi Chande of the Confederation of Tanzanian Industries says his government needs to improve infrastructure, reduce power tariffs and cut taxes before businesses can compete regionally.

"There are certain transaction costs to doing business here," he said. "We need to ensure all players in the three countries are playing on the same playing field, and that is something that takes a bit of time."

Ugandan and Tanzanian finance ministers will have to fill big holes in their respective budgets when tariffs are eventually removed, a fact that Hira says will seriously delay the onset of a free trade zone.

"Import duty is a pretty substantial proportion of revenues in Uganda, for example," he said. "Without it, how is its budget going to work?." — Reuter.

Importance of fishing industries is recognised

(279A)

SANTOS VIRGILIO

CTBR) 11/6/99

Dar es Salaam – The importance of marine fishing to the Southern African Development Community (SADC) has been underlined by the latest report from the community's fisheries unit.

The industry earned the region between $600 million and $700 million in exports in 1997 and about 180 000 people earned their living from it.

Fishing accounts for about one-fifth of total exports from Namibia and 50 percent from Mozambique

In Mauritius the fisheries are "one of the pillars of the national economy, so it is a sector which has to be given careful consideration", says SK Pateher, the acting secretary of the fisheries ministry.

Up to 90 percent of the total catches of SADC coastal states are landed in Angola, Namibia and South Africa.

Namibia is the largest fishing nation of the SADC with 510 000 tons in 1997, and exports worth up to $362 million, but it has the lowest consumption of fish at 7kg per person each year.

South Africa catches a total of 400 000 tons, with Angola next with 242 000 tons.

The SADC fisheries unit says there must be more exchange of technical information and cooperation in technology, research and training.

"The fishing nations want to build an interaction which allows them to know what strategy should be developed to the sector," said Pateher. – Africa Information Afrique/Independent Foreign Service

AFRICAN

The June deadline comes, and goes, as players worry over sensitive products

SADC negotiations deadlocked

ET (BR) 14/6/99 20 (279B)

ANTHONY MUKWITA

Lusaka – Trade negotiators from the Southern African Development Community (SADC) countries, meeting in Lusaka last week, failed to meet their deadline for agreeing on a regional free trade area

They have been meeting intensively for a week every month this year in an effort to conclude the free trade area negotiations by this month But they could not reach agreement on Friday and are not scheduled to meet again this month.

Sources close to the talks said there was little movement made by the 11 participating countries on reducing tariffs.

Countries in the Southern African Customs Union (Sacu) were not satisfied that imports "dumped" in the SADC area from places such as Europe would not take advantage of the SADC free trade zone to find their way into the Sacu area, said the sources

The Sacu countries – South Africa, Botswana, Namibia, Lesotho and Swaziland – had asked for more time to consider reducing tariffs on selected products considered "sensitive", said Abraham Pallangyo, an adviser at the SADC industry and trade co-ordination division

He said most of the reservations over the reduction of tariffs had derived from Sacu members

However, Sacu sources pointed out that the other countries had also neglected to make substantial offers to reduce tariffs after being asked to do so at previous meetings of the group.

"The Sacu people want to be given at least three to seven years before they can reduce tariffs on what are called sensitive products," Pallangyo pointed out.

The sensitive products and industries in question are textiles and clothing, motor vehicles and components, sugar, dairy and most other agricultural products.

Pallangyo said the Sacu countries wanted more stringent rules of origin to be enforced before agreeing to open up their markets to these sensitive products. – Independent Foreign Service

SADC free trade plans suffer setback

15/6/99 (2799) B/D

'Reclusive giant' SA accused of protecting its patch

John Dludlu

PLANS to cobble a free trade agreement in the Southern African Development Community (SADC) have suffered a serious setback, following failure by negotiators to resolve differences on clothing and textiles.

The differences are threatening to lead to a trade war between the region's two leading economies and could further derail the plan to remove tariffs in the region.

Eddie Cross, chairman of industrial associations within the Confederation of Zimbabwean Industries, said last night Zimbabwean representatives at the talks had petitioned for a ministerial meeting between Zimbabwe and SA over the latest deadlock.

SADC negotiators, who have already missed a self-imposed deadline to agree terms of the free trade deal this month, clashed last week over the "rules of origin" in the clothing and textile sectors. Rules of origin, which serve as a passport for goods, are important in ensuring that the free trade deal buoys economic development in the SADC.

The differences relate to a proposal for a tighter regime to govern the rules of origin which was tabled by the Southern African Customs Union — SA, Botswana, Lesotho, Namibia and Swaziland. This bloc has proposed a two-stage beneficiation process in these sectors. In other words, both the conversion of raw materials into fabric and the conversion of fabric into clothing must happen in the SADC.

Sifiso Ngwenya, director responsible for the SADC at the trade and industry department, confirmed the talks had deadlocked and that negotiators were consulting with capitals.

He said the rest of the SADC, most of whom were importing raw materials from southeast Asia, were opposed to the union's proposals.

The other SADC states want to continue importing as they feel SA's materials are expensive. Ngwenya ascribes the high costs to low volumes and believes unit costs will be reduced as volumes increase.

Cross said Zimbabwe was extremely disappointed and unhappy with the union's proposal — on rules of origin and sensitive sectors. He said the union's stance really reflected SA's position.

"We have spoken (to SA's partners in the union), they are unhappy", he said. "We have referred (rules of origin) to the (SADC) council of (trade) ministers", he said, pointing out that he had hoped this political route could be avoided.

He said SA had changed its position. "Instead of showing economic leadership, we find a reclusive giant (SA) that is trying to protect its patch," he said, warning that this stance would exacerbate political tensions in the region.

If SA's position was not revised, Zimbabwe would have to review its position about "getting into bed with SA".

Cross warned that punitive tariffs could be erected against Pretoria by members of the wider Common Market for Eastern and Southern Africa, of which many SADC states were members.

Swazi deal cost SA sugar R297m

CT(BR) 18/6/99 SUGAR 279A

SHIRLEY JONES
KWAZULU NATAL EDITOR

Durban – The agreement between the South African and Swazi sugar industries had cost the local producers R297 million, Bruce Galloway, the chairman of the South African Cane Growers' Association, said at yesterday's annual general meeting

"Sales of Swazi sugar in the South African Customs Union (Sacu) have increased by 200 000 tons since 1990-91. The result is that South African producers have to export this additional tonnage on to a volatile world market.

"In terms of ... ruling prices, this represents a loss of approximately R297 million. For growers, this converts into a reduction of our sucrose price by R65 per ton," Galloway said.

He said, however, that the agreement limited future Swazi access in relation to growth in Sacu demand. "This will prevent the continued erosion of our share of the Sacu market."

Galloway said the local sugar industry's problems did not end with Swaziland. Increasing amounts of Zimbabwean sugar in local markets were beginning to have a material impact on domestic sales

"Zimbabwe is not a member of Sacu, but by way of a bilateral trade agreement (has) access to our markets without being exposed to the protection embodied in the concept of a customs union," he said

Sales of Swazi sugar in the Sacu have increased by 200 000 tons since 1990-91

Galloway said, however, that the greatest problem was illegal imports of Zimbabwean sugar. Considerable effort was being directed at stemming the flow and bringing the perpetrators to book.

The price of sugar from Zimbabwe had plummeted with the devaluation of its dollar to about half the price of South African sugar.

He said the world market price, which was about $0,12 a pound in December 1997, seemed to have found a stable range recently of $0,10 to $0,13 a pound. It had been totally undermined by the Asian financial crisis and exacerbated by the continued expansion of Brazilian production, he said.

IN BRIEF

SADC supports democracy

SOUTHERN Africa had made great strides in promoting democracy through the holding of free and fair elections and would stay on that path, Botswanan President Festus Mogae said at the weekend.

He was speaking at the opening of the Southern African Development Community conference on strengthening and consolidating democracy in the SADC through the electoral process. (279A)

Mogae cited successful elections in Malawi and SA, coming elections in three other SADC countries, and the voluntary retirement of two presidents as examples of the SADC member states' commitment to democracy. — Sapa. BD 22/6/99

Wool body joins Free State union

THE executive of the Free State Agricultural Union has unanimously agreed to permit the affiliation of Wool SA as representative of a group of Free State wool producers, union president Pieter Gous said in Bloemfontein yesterday.

SA faces 'bitter trade war' with neighbours

(279A) Sowetan 21/6/99

By David Mageria

SOUTH Africa faces a bitter trade war with its Common Market for Eastern and Southern Africa (Comesa) neighbours over its aggressive sale of products on the continent while closing its own market, a Kenyan minister said.

Trade minister Joseph Kamotho told Reuters in an interview on Thursday that the 21-member Comesa would block South Africa from trading in the region or introduce punitive tariffs until Pretoria reformed and opened up its market to its neighbours.

Since the fall of apartheid, South African products have glided across Africa, while partly benefiting from government farm and export subsidies.

But some of the countries in which the goods compete have high raw material taxes and other production inefficiencies that put unit costs above the price of imports.

"We are looking at October 31 2000 when Comesa establishes a free trade (regime), then we can act as a block," Kamotho said.

Before that date, individual states such as Kenya are enacting punitive and retaliatory tariffs that clearly target South Africa. That was inspired by South Africa's refusal to change its hardline protectionist stance, Kamotho said.

Ugandan finance minister Gerald Sendaula said last month: "What we really hate is the flow of goods being one-sided. People using your market as a dumping ground. We love fair trade. They send their stuff here, they allow ours there."

Comesa's restructured external tariffs will deny South Africa the huge export markets of Egypt, Kenya and Zimbabwe, Kamotho said.

The Comesa nations have a combined population of 380 million people and its imports were valued at R232,8 billion in 1998.

Comesa general secretary Erastus Mencha said last month that South Africa's trade practices remained deeply unfair and states in the region would be forced to seek measures to force fair play.

Kamotho said South Africa has been feigning poverty to maintain a closed market. "But who is poorer?" he asked.

Kamotho said South Africa was reluctant to sign a bilateral trade protocol with Kenya which would have ironed out the mess. Kenya will send a trade attaché to its mission in Pretoria next month to try to speed up the ongoing trade negotiations.

A trade counsellor at the South African high commission in Nairobi denied reluctance on South Africa's part, saying any negotiations of that nature usually took time.

Kamotho said South African companies that had set up base in Kenya had failed to help the trade balance between the two countries because on insisting on sourcing raw material from back home.

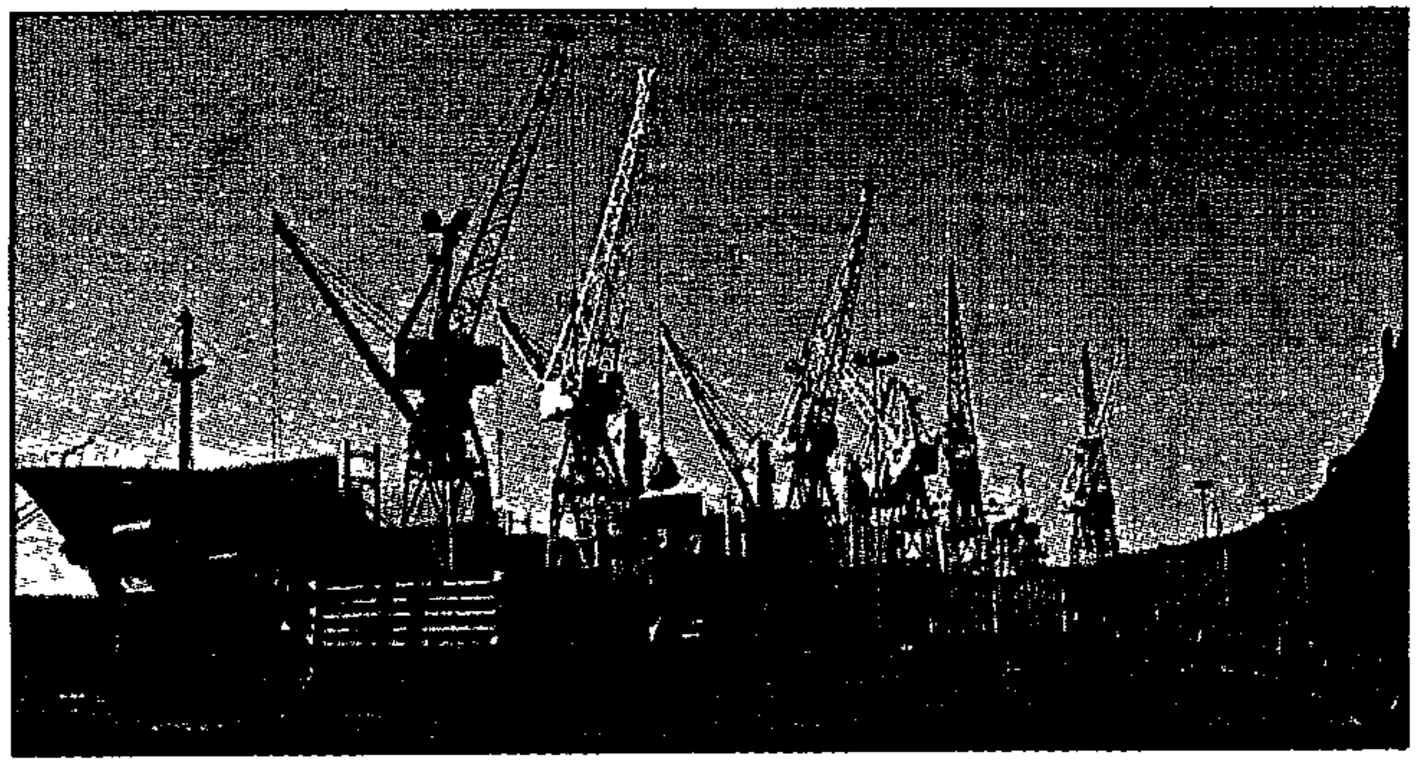
He cited a fast food franchise that imported beef for its burgers and a brewer that got its barley from South Africa.

Kenya imported goods worth 1 128 billion rand from South Africa while exporting products worth R75,72 million to South Africa, in 1998.

Kenya increased its special suspended duty on barley by 10 percent to 25 percent. Retaliatory taxes were not stated.

Analysts said protectionist measures could boomerang. "It can only work as a measure of last resort.

"Potential investors will be unwilling to set up shop in a region in the middle of a trade war," said Charles Muchene, country leader of PricewaterhouseCoopers. — *Reuters*



A train of cargo carriages stand by while a crane unloads the cargo at the container docks in the Durban Harbour. PIC: PICTURE-NET

Region prepares to ratify creation of new world court

BD 24/6/99 ('279A)

Jonny Steinberg

SOUTHERN African Development Community (SADC) delegates will meet in Pretoria early next month to prepare to ratify the creation of an International Criminal Court to try war crimes, genocide and crimes against humanity

The treaty to establish the court was adopted at a United Nations (UN) conference in Rome last July in a difficult and acrimonious process which saw the US pitted against its partners in the UN's security council

Having failed to win a clause in the treaty which would tie the new court's investigations to security council approval, the US refused to sign the treaty, and so too did India, China, Israel, Bahrain, Qatar and Vietnam.

The court will be established once the statute drafted in Rome last year is ratified by 60 countries It will be based in the Hague and staffed by a team of independent prosecutors

The SA justice department's Rwela Mira said yesterday there was unanimous agreement among SADC member states that the statute should be ratified

"The bulk of the discussion will be about the sorts of domestic legislative changes required in member states to implement the international statute," Mira said "As far as SA is concerned, we will probably have to amend the Defence Act, to make provision for the statute's definition of war crimes "

Two question marks hang over the new court. While the signatories of the treaty have agreed on the definition of genocide, war crimes and crimes against humanity, UN member states are divided about the definition of "illegal aggression" in the statute.

"The majority of western democracies, led by Germany, are pushing for an extremely narrow definition of aggression, defined as the annexation or occupation of another sovereign state," Mira said

"Most developing countries, including SA, want a definition that includes acts within national borders. That is the reality of aggression in the current period. It is seldom as simple as one sovereign state attacking another."

Mira said the five permanent members of the security council were all reluctant to endorse the broad definition of aggression as it threatened the council's role in determining whether an act is both aggressive and a threat to international security.

Another grey area is the status of treaty signatories' domestic amnesty agreements, which indemnify war criminals against prosecution "The court's prosecutors must respect national authorities' decisions, unless regimes are simply using national laws to shield wrongdoers," Mira said.

Mines curbing investment

(279A)

ARG 29/6/99

Gaborone – There are still between 10-million and 15-million landmines in the ground in southern Africa and another 30-million in arsenals around the world, a meeting of the Southern African Development Community de-mining committee was told.

Opening the one-day meeting yesterday, Felix Kani said: "A landmine costs $3 (R18), but it costs $1 300 (R7 800) to clear it. One de-mining machine costs $1,25-million (R7,5-million) and it takes about seven years to clear 10 minefields."

In spite of a European Union grant of two-million Euros (R12,6-million), "not one co-operating partner has the resources to fund a programme to remove the mines," Mr Kani said.

"We need to look to co-operation between the members of our region."

Potential investors were being frightened away. A member of one group that visited an agricultural project in Zambia had stepped on a mine and been killed, he said.

National programmes to clear the mines were being pursued in 12 of the 14 SADC member states, but not in Angola or the Congo. – Sapa

Most of SADC's population scratch

(279A) M+G 4-10/6/99

Ian Clayton

Out of a population of 180-million in the Southern Africa Development Community (SADC), only one in 10 has a job in the formal sector and only about 20% of the economically active population have jobs, a Norwegian researcher, Liv Tørres, has established.

This gives an unemployment rate of nearly 80% in the SADC countries, excluding Angola, the Democratic Republic of Congo and the Seychelles — and would be even higher if those countries were included.

Tørres also found that only about 40% of those in formal sector employment are organised. Those without formal sector jobs are "unemployed or struggle to find means of survival in the informal sector of subsistence farming.

"To have a job or not has become a 'to be or not to be', in countries with few, or no, safety nets," she says. "At the same time, a large portion of those within the formal sector labour market earn less than poverty wages. Child labour, HIV, labour migration, low skills levels, tenant labour systems and poverty within the labour market pose further political and economic challenges for the SADC countries and for regional intégration."

Tørres reaches these conclusions in a study called *Labour Markets in Southern Africa*, which has been published by the Oslo-based Fafo Institute for Applied Social Science.

She says the poverty development trend in Southern Africa has to be reversed and economic growth is without doubt the most powerful weapon in the fight for higher living standards.

"Yet, as important for poverty eradication as well as economic development, although often underestimated, is the distribution of income and wealth.

"The benefits of growth for the poor may be eroded if the distribution of income worsens, which might also undermine the incentives for growth-inducing economic reforms."

Southern Africa is challenged by a lack of growth in the formal sector, huge wealth disparities and labour market segmentation reinforcing the social cleavages in society at large. Large majorities are employed in subsistence farming in the rural areas and in informal activities in the urban areas.

However, she warns that the level of existing statistics and updated information about Southern Africa is very poor and this has to be improved to be able to make informed policy decisions.

"Southern Africa needs to exit from the circle of low-paid labour, unemployment/informal/subsistence sector survival strategies and low education and skills levels.

"Lack of education and low skills levels are hereditary; illiterates are thrown into survival strategies, which neither build further skills levels for themselves nor for their children.

"In order to exit from these bad circles, regional strategies are needed, but future regional strategies that are based on informed knowledge about the characteristics, sector and occupational composition, skills levels, and migration patterns of the current labour markets. A regional information and resource centre is long overdue."

Tørres says the economic problems of Southern Africa can to some extent be attributed to the fact that the countries in the region have been locked into roles as exporters of either raw materials or crops.

These countries have inherited from colonial times a low-skilled workforce and extremely divided labour markets in which highly paid skills and resources have to be imported from outside. Several of these countries have also inherited, developed or got stuck in "enclave economics", in which they remain fully dependent upon the production and export of raw materials and/or raw crops.

P.T.O.

a living from the soil

Southern Africa became increasingly marginalised in the world economy through the 1970s and 1980s, and the economies of the region became progressively under greater control of and dependent upon the World Bank and the International Monetary Fund and their structural adjustment programmes. By the mid-1990s, the region's debt was estimated at between $150-billion and $180-billion — between R9 000-billion and R12 000-billion.

The overall growth rate for the African continent stood at 3,7% in 1995, up from 1,9% in 1994, and during the 1990s, three Southern African countries have exceeded 8%, namely Lesotho, Mauritius and Uganda.

However, poverty rates in sub-Saharan Africa are increasing. Greater poverty as well as Aids and unrest have also contributed to the worsening of human development indicators. Already 44% of Mozambicans, 38% of Malawians and 39% of Angolans do not expect to see the age of 40

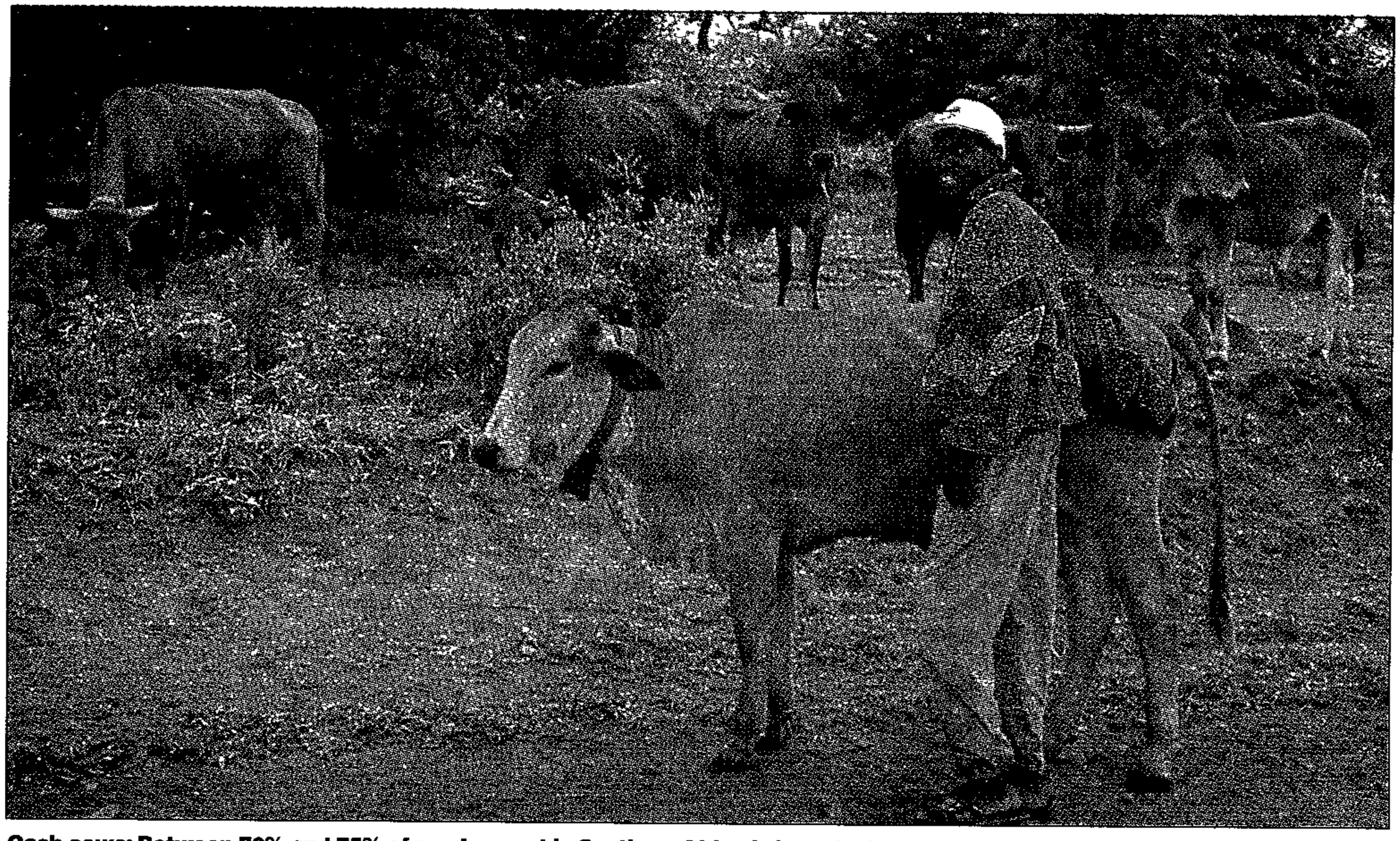
In the SADC countries, excluding Angola, Congo and the Seychelles, the economically active population stands at 50 7272 610 but only 11 104 405 have formal employment.

Agriculture is clearly the most important sector of employment as well as the most important contributor to the gross domestic product, with 70% to 75% of employment in Southern Africa being in agriculture.

Tørres also says that since independence, the size and scope of governments in Southern Africa have expanded enormously. The public sector continues to increase and in some countries, such as Botswana, more rapidly than private sector employment.

An urgent priority is to rebuild state effectiveness through an overhaul of public institutions, a reassertion of the rule of law and credible checks on the abuse of state power.

There are also an estimated 16-million children between 10 and 14 working in sub-Saharan Africa. Most countries do not have data on the number of child labourers but sectoral studies indicate that the number is high.



Cash cows: Between 70% and 75% of employment in Southern Africa is in agriculture

Tørres concluded that for many millions of people in Southern Africa, the lessons of unemployment are carried over into daily struggles for survival

"The future of democracy depends upon economic growth and the distribution of income and wealth, which is generated by the labour market. The future of democracy depends upon the degree to which labour market institutions manage to create and enforce legitimacy for the democratic institutions, to moderate economic expectations and to build a co-operative rather than a confrontational approach towards the government," she says.

Southern African military pact may be in offing

(279A)

Christof Maletsky

WINDHOEK — SA Defence Minister Patrick Lekota has called for a regional military effort to protect southern African countries from armed foreign aggression.

Lekota, who was speaking after meeting his Namibian counterpart Erkki Nghimtina this week, said it was no longer appropriate for countries to have an ad hoc response to threats of national sovereignty in the region.

Lekota recently met Zimbabwean Defence Minister Movan Mohachi in Zimbabwe, and comments after the meeting suggested the encounter had been conciliatory.

This comes at a time when the Southern African Development Community's ministers of defence and security are discussing guidelines on safeguarding democracy and stability in the region.

"Without an instrument that provides guidelines to protect legitimate governments in the region from foreign armed aggression, peace cannot be guaranteed," Lekota said after meeting Nghimtina.

He said the culture of democracy would not, however, be compromised in the name of the collective regional military approach "and people will be allowed to elect their own governments".

Such a pact should be in place before the next summit of southern African heads of state, said Lekota.

BD 2/9/99

EU to offer SA's neighbours aid to cushion blow of free trade pact

CT(BR) 3/9/99 (279A)

JOHN FRASER

Johannesburg – The European Union (EU) would offer substantial additional aid to South Africa's customs union partners to shield them from the impact of the country's Free Trade Area (FTA) accord with the EU, Philip Lowe, the EU Commission's director of development, said yesterday

The FTA accord comes into force from January 2000.

Lowe was speaking at a conference on the impact of the FTA hosted by the South African Institute for International Affairs.

The conference heard that Botswana, Swaziland, Namibia and Lesotho, South Africa's partners in the free trade zone of the Southern African Customs Union (Sacu), stood to lose customs revenue as a result of the EU accord. These countries depend heavily on their large share of the pooled revenue from tariffs on European goods

Lesotho and Swaziland, which each derive over 40 percent of their total government revenue from Sacu tariffs, will be particularly hard hit when the accord takes effect



PEEVED *Neil van Heerden of the South Africa Foundation*

"We have promised budgetary support to these Sacu countries" Lowe said. "At the beginning of next year .. if they are serious about the consequences of (the) agreement .. they will be in a position to present proposals for extra help"

He said the EU had underspent its development aid budget in recent years. It should be able to find extra resources from existing funds.

The trade pact will be signed on October 11 in the presence of President Thabo Mbeki and Martti Ahtisaari, the Finnish president, whose country holds the EU presidency.

But Neil van Heerden of the South African Foundation complained that Pretoria had not been fast enough in providing details to the business community. "This probably explains why, in the case of the impact on business, there is a dearth of serious analysis and ... much speculation," he said.

The department of trade and industry will publish the full text of the FTA on its website next month. It has offered to respond to queries before then.

Van Heerden said European firms would find it easier to challenge mergers inside South Africa, "while it is feared South African companies will be less successful .. when their interests are threatened in the EU.

"There is serious concern about the capacity of our customs ... to police the agreement, which could be used by third parties to gain preferential access to our markets," he said.

SA 'determined' to forge regional pact

ANDRÉ KOOPMAN
POLITICAL CORRESPONDENT (279A)

DEFENCE Minister Patrick Lekota said South Africa was determined to establish a defence pact in the region and that he has held meetings with the defence ministers of Zimbabwe and Namibia, who are also intent on moving speedily ahead.

The defence pact would guarantee the internal stability of each member country and groups of countries and enable it to act against any external threat.

"I am busy with visits to South African Development Community (SADC) member states," said Lekota. We are determined to speed up the process — at the end of which we believe the SADC heads of state will move to sign a defence and security agreement or protocol."

Such a pact would undermine the potential for conflict among any of the SADC states and, more important, would set at ease those investors who had capital assets in the region, he said

Investors would know that "assets of any one of the SADC countries are not only secured by that country ... but secured by the collective mind of SADC countries"

Potential investors would be more eager to invest in the region, "knowing that long-term stability is assured by a pact of this nature".

Lekota said Zimbabwe and Namibia were keen on speeding up the process and that he was preparing for a "critical" meeting in Swaziland next week to discuss the establishment of the protocol.

Asked whether such a pact would not serve to prop up illegitimate regimes, Lekota said this was a critical issue under examination but that the pact would seek to promote a culture of human rights and democracy.

The minister also announced that South Africa would be sending one soldier to form part of a 30-strong group of military liaison officers being sent to the Democratic Republic of Congo under the auspices of the United Nations.

CT 3/9/99

Trade ministers agree to WTO challenge

BD 6/9/99 (74) (279A)

Moses Mlangeni

SOUTHERN African trade ministers, including SA's Alec Erwin, agreed in Cape Town last week to challenge developed countries to undergo "far reaching" structural adjustments if Africa's development issues were to be addressed decisively.

"Such restructuring requires reducing a range of protective and support measures to inefficient 'grandfather' industries and sectors in industrial economies," the ministers said

This call formed part of their agreed negotiating objectives ahead of the third World Trade Organisation (WTO) ministerial conference in Seattle in November.

The ministers also agreed the new negotiations must be based on a balanced agenda accommodating the concerns and interests of the regions' member states.

Other African states are to be informed about the region's common objectives in a meeting of African trade ministers scheduled for later this month.

Member states of the Southern African Development Community (SADC), the ministers said, possessed comparative advantages in various areas, but required the WTO to relocate production and investment to the region.

"Structural adjustment in the developed world would boost production and trade in SADC and other developing countries.

"It would also promote industrialisation and development, enhance South-South trade and provide an impetus to a new round of global economic growth", the ministers said.

SADC ministers said the multilateral trade negotiations presented a significant opportunity to integrate the regional economy into the global trading system in a more sustainable and beneficial manner.

Economic moves could benefit SADC

(279A)

By Mongwadi Madiseng

ECONOMIC integration in the Southern African Development Community (SADC) – with South Africa playing a leading role – could be one of the steps towards creating a better environment for increased market participation.

This was said by Johannesburg Stock Exchange (JSE) president Russell Loubser in Johannesburg last week.

He said merging SADC's stock markets could be of great advantage to all member states. The JSE already has a cooperation arrangement with the Namibian Stock Exchange (NSE).

Although stock market relations with the NSE were still not significant because of current exchange controls, such a partnership could in the long run assist both countries

With regard to the development of small to medium enterprises (SMEs), the JSE had launched an internet-based system in April, to match seekers and providers of start-up capital, called the Emerging Enterprise Zone (EEZ).

Fhazel Johennesse, EEZ system administrator, said EEZ was established to focus on smaller companies and organisations that needed to increase their business activities

"It is a forum where SMEs can raise capital to expand their operations and brings together investors and aspiring entrepreneurs, who need to build stronger relations," he said.

Johennesse urged previously disadvantaged individuals and organisations to take advantage of this.

The subscription costs R250 for a period of six months, during which time the SME has the opportunity of being matched with capital providers. These could be institutions or organisations, such as private equity funds, banks, investment companies or non-governmental organisations.

TRANSPORT *Air shipping firm calls for Maputo to lose sector's regional chairmanship*

Mozambique 'defies SADC transport protocol'

CT(BR)9/9/99 (218) (279A)

PAUL FAUVET



Maputo – TTA, the privatised Mozambican air transport company, claimed earlier this week that its government should lose the chairmanship of the Southern African Development Corporation (SADC) transport sector because it was in violation of SADC transport and communications protocol

TTA was exasperated by the government's refusal to grant it any routes for regular flights, and by the continued monopoly of Mozambique Airlines (LAM), over the main domestic routes

TTA said this was in flagrant contradiction not only of the SADC protocol, but also of a set of regulations on civil aviation that the government issued in August 1998.

The SADC protocol envisaged the gradual liberalisation of the civil aviation sector. But there had been no liberalisation in Mozambican skies, complained Antonio Alves Gomes, the TTA spokesman.

The government had so far not permitted any competitor to challenge LAM, which was still effectively state-owned

Gomes said TTA would contact the representative of the Southern African Transport and Communications Commission (SATCC), the transport sector of SADC

TTA was informing other SADC members "about what has happened to us in Mozambique"

"If necessary, we will campaign to have the leadership of SATCC taken away from the Mozambican government, and the SATCC office moved from Maputo," said Gomes.

He claimed that South Africa already wanted to take the SADC transport sector away from Mozambique

At the latest SADC meeting "the South African minister pointed out that the air transport market is completely liberalised in South Africa, and asked why Mozambique, which chairs SATCC, is not doing likewise", he said

TTA was privatised in 1997. The buyers were a consortium formed by JV Consultores (a company owned by former co-operation minister Jacinto Veloso), the Mozambique Aero Club, private light aircraft companies STA and Asas de Mocambique, and five individual TTA technicians The state retained a minority shareholding of 10 percent in the new TTA.

Gomes said when the consortium purchased TTA, it did so in the belief that it was buying all the rights TTA possessed, notably the authorisation to run regular and non-regular domestic and international flights.

"That's what we bought from the state," said Gomes

"That was the value of the company, not its physical assets which were just 10 old and damaged planes, only two of which were operational."

A year earlier, in 1996, the government had adopted a transport policy which spoke of liberalising road, sea and air transport. It stressed the principles of the free market and of competition.

But that same year a cabinet resolution was passed on privatising LAM. This spoke about giving guarantees to a "strategic partner" who would buy up the LAM assets.

EU hopes for SADC trade talks by 2005

CT(BR)16/9/99 2 AA.

BONTLE HEADBUSH

Johannesburg – The European Union (EU) said yesterday it hoped to begin negotiations for a free trade agreement with the Southern African Development Community (SADC) within the next five years.

Michael Laidler, the ambassador of the European Commission in South Africa, said the EU planned to renew the Lomé agreement. The agreement would be valid for at least another 10 years.

"Under the Lomé agreement, we have a non-reciprocal arrangement with the southern African ACP (African, Caribbean and Pacific) countries, and we won't be able to continue justifying this, so we are looking to conclude a reciprocal free-trade agreement with the region," said Laidler.

This principle of non-reciprocity embodied by the Lomé agreement allowed for a majority of the southern African ACP exports to enter the EU duty free in unlimited quantities, but the SADC countries could charge customs duties on EU products that they imported.

A free trade agreement between the EU and the SADC-ACP countries would end this preferential trade arrangement.

Laidler said the EU would probably base the envisaged deal on the free trade agreement being negotiated among SADC members. The deadline for the implementation of the free trade area is scheduled January 1 next year.

"We can start implementing the agreement once we have concluded it, even if it's within five years because it won't be necessary for us to maintain the terms of that post-Lomé agreement for its entire 10-year lifespan," he said.

SADC secretary tackles ministers' criticism

(279A)
CT (BR) 31/8/99

TABBY MOYO

Windhoek – Kaire Mbuende, the executive secretary of the Southern African Development Community (SADC) who has been under pressure to vacate the position at the end of this year, this week dismissed allegations that he was arrogant and incompetent.

Mbuende, a former Namibian deputy minister, said some SADC-member countries, spearheaded by South Africa, had long been plotting his removal from the position. He confirmed having long-standing "professional differences" with Alec Erwin, the trade and industry minister

"I was not asked to step down either in writing or verbally," he said "I opted to leave because of the (deteriorating) relationship with the council of ministers.

"The environment was that if I had remained serving the organisation I would not have the support of those member countries that were meant to facilitate my performance.

"If there were charges of incompetence, then I would expect people to specify what these charges are."

Criticism of Mbuende has been rife since 1996. He has been accused of disregarding the SADC council of ministers and was said to have considered himself as a head of state.

Erwin, who has championed the SADC ministers' call for Mbuende to go, said at a recently concluded summit in Maputo: "We have not been particularly impressed (by the performance of the secretariat)."

Erwin said efficiency within the SADC secretariat was non-existent

Mozambican President Joaquim Chissano, the incoming SADC chairman, said at the close of the SADC summit that Mbuende had "humbly and boldly" proposed that he be replaced after a "friendly discussion" with the heads.

He also confirmed uneasiness in the relationship between Mbuende and the majority of members of the SADC's council of ministers.

But Mbuende quashed these claims. "I am not arrogant. I am principled. I have not perfected the art of opportunism." – Independent Foreign Service

SADC products often cheaper

(279A) BD 20/9/99

Ignorance sometimes the reason for the trade imbalance between SA and its northern neighbours

Justin Palmer

TRADE between SA and its northern neighbours is heavily skewed in SA's favour — this imbalance is largely attributed to SA's relatively advanced economy and its diversified industrial base.

Exporters from the Southern African Development Community (SADC), however, accuse SA of having high tariffs that serve as a barrier to trade. Research conducted by SA importers highlights another reason. Simply put, it comes down to ignorance.

The SA business community is just not aware of the products on offer within the SADC. The result is that SA imports many products from faraway places that it could obtain at a better price from its neighbours.

One of these products is fish. In 1998 SA imported R415m worth of fish and fish products, but only about R33m (or 8%) of this total came from SADC countries. This is not to say that these countries lack the goods.

Last year, SADC countries — including Madagascar, but excluding SA Customs Union countries — exported more than R1bn worth of fish and fish products to the rest of the world.

Madagascar and Mozambique, for example, were selling high-quality prawns to the European Union, while many SA importers were sourcing prawns, at a high price, from Australia.

If SA importers were alerted to these supply opportunities, the R33m figure might have been greatly increased.

To do the job of educating, the International Trade Centre (ITC), a United Nations agency, has launched a three-year sub-regional trade expansion programme focused on southern Africa.

Apart from the fish sector, four other product sectors were identified by the ITC as having potential. The potential exists because of the overlaps between what SA imports from the world and what SADC states export to the world. The four other sectors are: wood and wood products, textiles, exotic food and beverages and building materials.

The accusation of high tariffs still looms, but Liz Whitehouse, a trade research specialist from Whitehouse & Associates, points out that this is a misperception as SA actually has the lowest tariff levels within SADC.

Whitehouse says SA importers will probably be surprised at how competitive products from other African states are. She also highlights the considerable savings that can be derived from reduced transport costs.

To exploit the fish sector, buyer-seller meetings are to be held in Cape Town on October 13 and 14. Exporters from Mozambique, Tanzania, Mauritius, Madagascar, Angola, Namibia, Seychelles and Zambia will be given the opportunity to meet with SA importers.

Previous meetings of this nature have proved highly successful. During 1996 and 1997, three buyer-seller meetings covering the food and beverage sector were held during which R300m worth of deals were reported to have been negotiated.

SADC pushes for uniformity

Sowetan 21/9/99 (27@a)

CONSULTATIONS to get Southern African states to act in cohesion when dealing with conflicts in the region got under way in Pretoria yesterday

It took the form of a meeting between Swaziland foreign minister Albert Shabangu, Defence Minister Mosiuoa Lekota, and Zimbabwean defence minister Moven Mahatchi.

Shabangu told journalists afterwards "Eventually we must have a protocol that will govern our reaction to situations that require intervention, peacekeeping or peace enforcement."

It was hoped that all members of the Southern African Development Community (SADC) would endorse such a protocol, he said.

Shabangu chairs the interstate defence and security committee (IDSC) of SADC The regional body resolved in Maputo, Mozambique, last month that its structure dealing with defence, security and political matters should be reviewed

Yesterday's meeting was the beginning of a consultative process on the matter, Shabangu said

He said shortcomings in the present structure had to be addressed to overcome communication problems

The liberation era in the region was over, and it was time to consolidate political freedom with a view to economic development. To achieve this, a collective approach to defence was required

"It's a difficult area, but one that we as a region must think and talk about. We have conflicts and we need institutions and structures to deal with them," Shabangu said.

"If we don't have those, the danger of disunity is already at our front door We have to have collective action, and we have to have predictable action"

Shabangu said consultations with other SADC members would continue in preparation for a conference next month of ministers responsible for politics, defence and security.

It was too early to predict when the protocol would be ready

"We hope there will be some progress, and that we will have something substantial when we report back to the heads of state," Shabangu said – *Sapa*

Interest in SADC financial network grows, says Tito

(279A) CT (BR) 22/9/99

BONTLE HEADBUSH

Johannesburg – Other Southern African Development Community (SADC) central banks had shown an interest in implementing a common payment, clearing and settlement system, Tito Mboweni, the governor of the Reserve Bank, said yesterday

The system would ensure quick and efficient financial transfers between SADC countries once there was free trade within the region.

He said "Mauritius has already decided it is feasible to implement the South African Multiple Option Settlement system, in line with its goal of real time gross settlement."

The Committee of SADC Central Bank Governors aims to encourage closer co-operation among central banks with regard to monetary policy, money and capital markets, and international financial relations and training.

Mboweni said the committee was also working towards establishing a regional economic bloc that would contribute towards the creation of a free trade area by 2004

Negotiations for a free trade area, which began last year, would lead to the elimination of most duties on imported goods from other SADC countries and the creation of 5 million jobs The economies of scale would enable the region to increase its competitiveness in the global arena

Mboweni said the committee had also analysed exchange controls in each of the SADC countries with a view to eventually removing them.

He said the trade relationship between South Africa and the rest of the region was a fairly reciprocal one



AT THE HELM *Tito Mboweni is pushing for greater financial integration in the SADC* PHOTO CAROLINE SUZMAN

BUSINESS DAY, Wednesday, September 22 1999 15

REST OF AFRICA

Southern Africa opens fire on illegal arms

BD 22/9/99 (279A)

Chilombo Mwondela, James Hall, Michael Hartnack and Prof Malema

MOST southern African countries already have strict legislation — or are planning new curbs — governing arms control following a proliferation of illegal arms from war zones

Zambia is seeing more crime with the influx of armed refugees through its Congolese and Angolan borders. The United Nations High Commission For Refugees reports that in some rural districts AK-47 rifles brought by refugees are being used by locals for poaching

Bernard Mayonda, the Lusaka city police chief, blames the rise in crime in urban areas on the influx of refugees, the proliferation of illegal weapons and rising unemployment

Legal controls in Zambia are strict. The Firearms Act of 1970 regulates the issuance of firearms licences and controls the import and export of guns Few people apart from police officers may carry firearms and most weapons are purchased for hunting purposes

Breaking firearm laws in Zambia can lead to a prison sentence of 15 years

Zimbabwe has some of the strictest gun control laws in the world, but a low level of violent crime despite unprecedented levels of economic distress Illegal possession of arms of war carries a maximum life jail sentence.

Farmers are permitted non-automatic weapons for hunting or controlling problem animals. Accidentally shooting crop thieves leads to a heavy prison sentence for culpable homicide.

Botswana is to keep tabs on the increasing use of illicit light arms in robberies by exercising stringent firearms controls. Assistant police commissioner Kenny Kapinga said although licensing was strict, police were worried by the frequency with which firearms were being used to commit crime in the country Most of the arms which were intercepted by police came from SA.

Kapinga said police were monitoring flights into Maun, 915km from the capital, Gaborone, which were refuelling there before dispatching arms into the central African states.

In Swaziland the highly effective Anti-Poaching Act curtails the use of semi-automatic weapons However, any Swazi citizen may apply for a gun licence at the local police station.

There is no organised gun control organisation to lobby parliament, the commissioner of police or the justice ministry.

SADC stops Mugabe's organ abuse

(279A) M+G 17-22/9/99

Howard Barrell



Reined in: Robert Mugabe came under pressure from Thabo Mbeki and other SADC leaders. PHOTO: AP

Southern African states reined in Zimbabwean President Robert Mugabe's aggressive regional foreign policy under an undisclosed agreement between heads of state at their summit in Maputo last month.

Under pressure from other leaders of the Southern African Development Community (SADC), Mugabe agreed that he would not act in the name of the SADC's Organ on Politics, Defence and Security without first consulting President Thabo Mbeki of South Africa, President Joaquim Chissano of Mozambique and President Sam Nujoma of Namibia. The three presidents are, respectively, the past, present and future chairs of the SADC.

This agreement, which was kept out of the communiqué at the end of the Maputo summit, appears to have ended Mugabe's use of the organ as an instrument of his own foreign policy His manipulation of the organ had severely strained relations between Zimbabwe, on one hand, and particularly South Africa, Mozambique and Zambia, on the other, over the past three years.

The status of the organ has been the subject of a long-standing dispute. Although SADC states agreed in 1996 to set up an organ on politics, defence and security, they have never been able to agree its mandate or a legal framework for it. A draft protocol for the organ, drawn up in 1997, was never ratified by SADC member states.

But Mugabe, who was to be its initial chair, behaved as if the organ was operational. He retained its chair, and purported at various stages to speak and take decisions on behalf of the SADC on delicate matters such as the wars in Angola and the Democratic Republic of Congo. Various attempts to get him to stop failed.

What the Maputo summit did was to indulge Mugabe by agreeing, in the words of the communiqué, that "the Organ on Defence, Politics and Security should continue to operate and be chaired by President Mugabe of Zimbabwe".

But the other SADC heads of state put a six-month deadline on this and required Mugabe to consult Mbeki, Chissano and Nujoma before purporting to do anything in the organ's name, according to well-placed sources. This requirement and the six-month deadline were, however, diplomatically left out of the script of the communiqué.

The summit also decided that "the Council of Ministers should review the operations of all SADC institutions, including the Organ on Defence, Politics and Security", and report back within six months. Other SADC member states are determined that any political and security arm of the SADC which may arise out of these consultations should be clearly and firmly tied in to the economic bloc's procedures in a way that makes it impossible for any single head of state to act alone in its name in future.

Observers see this as one motivation behind the increase in talk from South African Minister of Defence Mosioua Lekota about the need for a regional defence or security pact.

On his return to Zimbabwe after the Maputo summit, the Zimbabwe government presented Mugabe's retention of the chair of the organ on politics, defence and security as a victory for him.

Vital SADC trade deal in the works

(279A)

Sowetan 23/9/99

SOUTH African Members of Parliament were asked yesterday to ratify a ground-breaking regional free trade deal so it can come into effect at the start of the new millennium

"Our objective is to implement the free trade agreement on January 1 2000," Mr Sifiso Ngwenya, the director of Southern African trade relations, said during a joint sitting of four parliamentary committees

The deal, tabled in Parliament earlier this month, covers the nearly R18 billion of trade between South Africa and 13 members of the Southern African Development Community

Under the agreement South Africa, Botswana, Lesotho, Namibia and Swaziland, which together form the Southern African Customs Union (SACU), will drop import tariffs to zero within five years

The other SADC members – Mauritius, Tanzania, Zimbabwe, Malawi, Mozambique, Zambia, the Democratic Republic of Congo, Angola and the Seychelles – will phase out their tariffs on SACU imports over eight years

With regard to South Africa's trade with the SADC countries, the current balance of trade is heavily biased in favour of this country

South African imports from the SADC jumped sharply to R2,2 billion last year from just R611 million in 1990 Exports from South Africa to the other SADC members have surged to R15,6 billion or 11 percent of total exports from R3,5 billion

Ngwenya said the loss in terms of customs revenue to South Africa would be negligible at up to R150 million a year based on 1998 figures

He noted that, in contrast to South Africa's trade with the rest of the world, which remained heavily orientated to primary goods and gold, most of the country's business with the SADC was in manufactured products like machinery and food

"It is the long-term objective of South Africa to move towards exporting more manufactured products and reducing its reliance on primary product exports," Ngwenya said

He said South Africa's future lay in the development of the entire sub-Saharan region which would generate jobs in this country and take more of its exports as it grew

Economic growth in the region would also reduce the flow of people seeking work in South Africa as they increasingly found jobs in their countries – *Reuters*

SADC chiefs meet to plan peace

(279A)

Sowetan 23/9/99

MBABANE – A two-day meeting of Southern African defence and security chiefs opened in Swaziland yesterday with calls for a revised regional defence and security protocol to help end conflicts

Swaziland's Foreign Affairs Minister Albert Shabangu challenged military and intelligence commanders from the 14-nation Southern African Development Community (SADC) to help shape a new defence agreement to contain wars in the region

The commanders met to discuss conflicts in the region and measures to contain them Officials said wars in Angola and the Democratic Republic of the Congo, which threaten stability in Africa, would dominate the talks

"The SADC needs a protocol, backed by all member states, guide members on how to react and prevent conflicts and to guide them on conflict resolution," Shabangu said

He said a draft document on a new SADC defence and security organ was being discussed and ministers would meet in five weeks to finalise it

"The draft document is circulating and we'll need input on how SADC can best respond to conflicts," Shabangu said

The minister said conflicts were a threat to economic development and growth "Development can only flourish if peace and stability are prevailing"

Shabangu said a cease-fire agreement to end the war in the Congo had brought hope and challenges to devise strategies to enable it to last.

The truce was signed on July 10 by six African governments and the deal was endorsed by a fractured rebel group on August 31

Mediator and Zambian President Frederick Chiluba appealed to the UN Security Council on Tuesday to send a peacekeeping force to the DRC to help implement the accord ending the year-long conflict. – *Reuters*

SADC free trade pact 'on track'

(279A)

VERA VON LIERES

Cape Town – The Southern African Development Community (SADC) free trade agreement, which aims to drop import tariffs to zero within five years, was firmly on its way to being implemented in the new millennium, Sifiso Ngwenya, director of African Trade Relations, said in parliament yesterday (BR) 23/9/99

"We are confident of the implementation date of January 1 2000 of the SADC trade protocol agreement," Ngwenya told a joint sitting of four parliamentary committees CT.

The intention was to implement the regional free trade deal at the same time as the drawn-out South African-European Union (EU) trade, development and co operation agreement, which was also on the verge of being ratified

Both free trade area deals negotiated with the SADC and the EU are expected to be ratified in parliament in October

Ngwenya said investment flows between South Africa and other SADC members came to R17 billion between 1995 and 1997

Under the agreement, members of the Southern African Customs Union (South Africa, Botswana, Lesotho, Namibia and Swaziland), would bring down import tariffs to zero within five years.

Other members of SADC would phase out tariffs over eight years with Mauritius and Zimbabwe liberalising from the third or fourth year The least developed countries would liberalise from the seventh year onwards

In the short to medium term tariff liberalisation was unlikely to change dramatically increased trade flows between South Africa and SADC countries, Ngwenya said.

South Africa was currently at the forefront of regional trade, with imports from the SADC soaring to R2,2 billion last year from R611 million in 1990. Exports from South Africa ballooned to R15,6 billion from R3,5 billion.

Free trade deal for southern Africa on the cards

■ Deal by end of 1999 on SADC duty-free area ■ Eight years to eliminate tariffs ■ SA will lose R150-m revenue

(74) (279A) ARG 23/09/99

CHARLES PHAHLANE
PARLIAMENTARY BUREAU

The beginning of the new millennium could herald free trade in southern Africa, with a trade protocol signed by the end of this year, Parliament has heard.

The Department of Trade and Industry (DTI) said yesterday negotiations were nearing completion on a trade protocol that would create a duty-free area in the South African Development Community (SADC) in eight years.

A final meeting to ratify the protocol would be held next month, followed by ministerial meeting to iron out outstanding issues. Parliament would then ratify the protocol before implementing it next January

The trade protocol would be achieved through the elimination of tariff and non-tariff trade barriers subject to general exceptions. The protocol would not lead to a substantial loss to South Africa, as imports from the region were 2%, or R2,2-billion, of total imports. South Africa sent R15,6-billion, 11%, of its exports to the region.

It had been estimated that South Africa would lose up to R150-million in revenue from the removal of SADC tariffs South Africa, with the South African Customs Union (Sacu) would remove tariffs on 69% of its goods on January 1 A further 28% of tariffs would be removed over five years. Another 3% was classified as "sensitive". This included the sugar industry, meaning it would not be liberalised.

The non-tariff barriers included "rules of origin", that is goods imported in the region on a duty-free basis should originate from the SADC countries The other barrier was that of quality assurance.

Sifiso Ngwenya, DTI director for South African trade relations in the SADC, said a memorandum of understanding setting out the framework for co-operation in raising standards in the region would be signed by the SADC council of ministers in January.

Areas of disagreement included product-specific rules of origin for clothing, textiles and footwear. There were also differentiated tariff offers from non-Sacu SADC countries. There was one offer for South Africa and another for Sacu members Botswana, Lesotho, Namibia and Lesotho (BNLS) and Mozambique. It was felt that the BNLS countries did not have economies comparable with South Africa's in strength. Therefore they would be unfairly prejudiced if they were to open up their economies faster than other regional countries that had comparable economies.

South Africa would not experience a flood of goods in the short to medium term because of the low levels of imports from the region, structural constraints to expanding output and SADC imports constituting only 0,25% of domestic consumption, Mr Ngwenya said.

SADC-US in (279A)

R12-m deal for cooperation

Saturday 29/9/99

GABORONE – The United States and the Southern African Development Community signed a R12 million cooperation deal yesterday to promote American investment in the region.

The agreement, and a similar deal signed earlier this month, are part of US president Bill Clinton's initiative to promote US commercial links with Africa. Clinton visited Botswana in March last year.

Signing for the southern African states, SADC deputy executive secretary Mr Prega Ramsamy said the money would fund efforts to increase investment in southern Africa, assess the impact of HIV-Aids and combat its further growth, and develop capacities to manage the environment in SADC member states.

"It is disturbing to note that SADC continues to attract low levels of foreign direct investment compared with other regions of the world," Ramsamy said.

The agreement would fund a trade advisor to SADC to provide analysis and assistance with the speedy implementation of the SADC trade protocol and a programme to help SADC member states develop legislation to attract investors to the region.

The protocol provides for a Southern Africa Free Trade Area within eight years. Eight of the original 12 signatories have to ratify before the protocol can be implemented.

Seven, including Botswana, Lesotho, Malawi, Mauritius, Namibia, Tanzania and Zimbabwe, have ratified the protocol. South Africa should ratify by mid-November.

"The protocol went before the South African Parliament in August," Ramsamy said.

"The process should take six to eight weeks."

Zambia, Swaziland and Mozambique were also close to ratifying the protocol.

Delays in ratification were criticised by potential US investors and US trade officials at a first US-SADC forum to develop trade and investment in Gaborone in May.

The forum was headed by US under-secretary of state for economic affairs Mr Stuart Eizenstat and it is to become an annual event.

Signing for the US were US special representative to SADC and US ambassador to Botswana Mr Robert Kreuger and USAID regional director Mr Edward Spriggs.

Kreuger stressed the importance of the regional market to the further development of the region.

"The small size of the economies of the member states of SADC means that major investors are unlikely to address one country only," he said.

"They have to look at the region. The SADC countries can do so much more together than they can do separately."

The agreement comes less than two weeks after the US granted SADC about R92,11 million in development assistance. – *Sapa*

US pledges R12-m trade aid to SADC

(279A)

THE United States has pledged R12 million to southern Africa to develop trade and monitor the Aids epidemic and environment, a Southern African Development Community (SADC) official said yesterday

Representatives of the 14-nation SADC and Washington signed an agreement on Tuesday on the funds at the regional body's headquarters in Gaborone, Botswana, the spokesman told AFP

The agreement covers priorities identified at talks in April between the US and SADC

It commits the US to funding experts to advise SADC on the free trade protocol which aims to reduce trade tariffs between southern African countries within eight years of being adopted

The protocol has been ratified by seven countries and needs one more ratification before it is put into action Certain tariff reductions will start from January

Two weeks ago, the US pledged about R90,74 million to SADC to facilitate the free trade agreement and help countries manage their natural resources and improve agriculture and livestock production – *Sapa-AFP*

Beeld 30/9/94

Spotlight on economic growth in the SADC

(279A)

question 9/7/99

By Mongwadi Madiseng

ECONOMIC growth and stability in Southern African Development Community countries will be one of the issues to be tackled at the Southern Africa Economic Summit 1999.

The ninth annual event will be held from July 4 to 6 at the International Convention Centre in Durban. It is collaborated by the World Economic Forum (WEF) in cooperation with SADC member states.

According to WEF director Frederic Sicre the summit, with the theme Responsible Leadership for Stability, Action and Growth, will reflect on the responsibilities and actions of all stakeholders in the region.

He said the Government, business and labour would have to work together in building solid SADC market opportunities, while at the same time preparing the region for global competitiveness.

"Our programme is currently developing into a business-driven agenda and with the presence of a new South African government, our aims and objectives of encouraging stability and economic cooperation in Southern Africa will be clearly facilitated," added Sicre.

He said these dates would enable new Cabinet members to fully participate, thereby providing them with an opportunity of interacting with the international business community and their SADC counterparts.

Expected participation

With expected participation of more than 800 political and business leaders from the region, Europe, the United States and the Far East, the summit will engage all the leaders in an unparalleled, interactive workshop atmosphere to determine programmes of action to ensure economic growth.

BD 2/7/99

Erwin calls on SA neighbours to industrialise

Patrick Wadula (74) (279A)

TRADE and industry minister Alec Erwin called on SA's neighbours to begin their industrialisation and grow their economies to alleviate the huge trade imbalance.

Speaking at the Mozambique Development Forum '99 organised by Global Pacific & Partners in Johannesburg yesterday, Erwin said it was not possible for SA to achieve a manufacturing economy without the economic development of its neighbours.

African and the Southern African Development Community (SADC) countries accounted for a large proportion of SA's manufacturing exports.

"It is in our interests that our neighbours begin to industrialise and grow," he said. Areas of focus should include agro-processing.

Erwin said with the SA-European Union agreement coming to fruition, and the SADC trade protocol materialising by next year, SA could reduce its tariff levels.

Erwin said the Maputo and Beira corridors were examples in which SA and Mozambique had worked together.

Cross border initiatives were essential for countries like Mozambique. The projects would help uplift the country. Erwin urged SA investors eyeing Mozambique to assist in building the manufacturing and industrial capacity.

He said both the government of SA and Mozambique had recently reached an agreement on how to draw up a blueprint for the gas pipeline in Mozambique.

"We think prospects in Mozambique are very considerable. Within a decade we will see a well-developed Mozambique," he said.

This type of work between governments was the only way to get development going in the SADC and the whole of Africa.



Trade and Industry Minister Alec Erwin, at Mozambique Development Forum '99 yesterday, called for an increase in cross-border initiatives between SA and its neighbouring countries to stimulate economic growth in the southern African region.

Regional growth plan in pipeline (279A)

BD 5/7/99

Growing trade imbalances a stumbling block

Jonathan Katzenellenbogen and Sapa

DURBAN — SA will soon present a major five-year integrated regional development plan to the Southern African Development Community (SADC).

The plan would cover economic infrastructure, human resources and entrepreneurial development, President Thabo Mbeki said at the World Economic Forum southern African summit meeting in Durban yesterday.

He apologised to the SADC that the plan — being prepared in response to an agreement reached with World Bank president Jim Wolfensohn last year to align the bank's activities, making them consistent with regional plans — had taken longer than intended, but said it would be delivered as soon as possible.

Trade and Industry Minister Alec Erwin said a major problem was the growing trade imbalances between member states While cross-border initiatives between SADC countries had increased, it would be impossible for all member countries to implement such an agreement-at-the same time as they all had different economies and trade tariffs. Some aspects of the deal could nevertheless be implemented by 2000.

The meeting, which seeks to look at longer-term regional economic issues, takes place against a background of continued conflict in Congo and Angola. Mbeki said the region was determined to take up the challenges of growth and development, globalisation, and to overcome social problems such as HIV and AIDS, land mines and corruption. Nevertheless, "we also need to form an all-weather partnership with the rest of the international community which will significantly improve our chances of success", he said.

He lashed out at the UK for announcing its intention to cut its gold reserves "This has threatened the viability of various gold mines and created a potentially disastrous effect on our economies. We do not believe it can be correct that we seek to solve one problem by creating another focused on undermining our efforts at strengthening our growth and development capacities."

Earlier Finance Minister Trevor Manuel criticised Group of Seven (G-7) developed countries over gold sales and their approach to debt relief. The proposed sale of 10-million ounces by the International Monetary Fund would be disastrous in the wake of pending sales by the Bank of England and France, and Switzerland's decision to delink its currency from gold, he said.

Government ministers are not expected to announce any major initiatives in Durban, partly in deference to the diplomatic sensitivities of other SADC countries. But regional integration is high on the agenda of the three-day meeting which brings together about 850 business leaders and state officials, including the presidents of Zambia and Mozambique, the king of Swaziland, the prime minister of Namibia and the deputy president of Botswana.

Some of the issues, particularly aligning macroeconomic policies, will be taken up by SADC finance ministers and officials in Maseru on Thursday.

New body will boost dialogue (132)

Reneé Grawitzky

GOVERNMENT, labour, business and community representatives from 30 countries meeting in Mauritius agreed at the weekend to form an international association of economic and social councils

The aim is to strengthen social and economic dialogue.

The agreement comes against the background of a contribution by labour department director-general Sipho Pityana at the recent labour law conference in Durban. He questioned how tripartite structures were being managed.

The formation of an international association was endorsed by delegates at the 6th international meeting of economic and social councils in Mauritius

National Economic Development and Labour Council (Nedlac) acting executive director Wendy Dobson said the association would promote an continuing dialogue between economic and social councils around the world She said Nedlac and its Mauritian counterpart would engage with countries in the Southern African Development Community (279A)

SA was appointed to the board of the new association

BD 5/7/99

R2,1bn US trade boost for region

ARG 6/7/99

Investments targeted at development

(1) (279A)

Durban – A US federal body promoting business in developing countries today announced that it would soon launch a R2,1-billion fund to develop infrastructure in sub-Saharan Africa.

Overseas Private Investment Corporation (Opic) president George Munoz said the fund would be launched soon in Washington.

"It is the largest fund of the 26 funds we now have," hesaid on the second day of the Southern African economic summit here.

It was expected that the fund would create more than 7 000 jobs.

Referring to the outcry over proposed gold sell-offs to fund debt relief for developing countries, he said: "It (the fund) will not require any sale of gold by Opic."

Sources said the investment projects – designed for the development of trade infrastructure in the region – were targeted at manufacturing, food processing and transport.

Opic is a US federal agency which promotes business links in developing countries.

It has programmes in 140 countries, providing assistance for setting up new businesses and expanding opportunities for US investors through loans, equity, and insuring investments against a wide spread of political risk.

The aim of the agency is to improve US competitiveness, create American jobs and increase US exports.

US Deputy Secretary of Commerce Robert Mallett was quoted in an interview last week as saying the US had its eye firmly on Africa and South Africa in particular.

About 850 delegates – far more than had been anticipated – are attending the summit in Durban.

Emphasising the theme of responsible leadership in the region, the three-day summit has brought state and business leaders together in a workshop atmosphere to determine priorities and a course of action to ensure economic growth.

Delegates have been at pains to emphasise that the conference is not just a public relations exercise, but that concrete steps should and will be taken to ensure and enhance greater economic development and co-operation among the 14-member Southern African Development Community. – Sapa

Customs posts draw complaints

BD 6/7/99 (279A) (221A)

Christof Maletsky

WINDHOEK — Customs posts on the TransKalahari Highway are causing travellers problems.

As a result, most truckers, hunters and visitors from Gauteng are travelling to Windhoek and the Namibian coast on longer routes through Ariamsvlei in southern Namibia.

The TransKalahari — running from Walvis Bay in the west via Windhoek and Gaborone to Gauteng — was hailed as a landmark for economic integration in southern Africa when it was officially opened last March.

However, Namibians and South Africans are unhappy with the way the Botswana customs and traffic authorities handle Botswana's section of the highway.

They complain that vehicles face costly delays at the customs posts, time-consuming searches of cargo, high road-user fees and roadblocks manned by bogus traffic officers

The highway was expected to provide a more economical route for imports to and exports from the Gauteng area through Walvis Bay's port.

It had already cut the turnaround time of vessels going to Durban from Europe or the US east coast by four to five days.

Increased use of the port was touted as a way to generate more revenue and create new jobs, but the expected trade volumes have not materialised, even though other SA ports are considered slow and congested

The Namibian business community feels it has yet to reap the fruits of the highway, which reduces the distance to Gauteng by about 500km

Namibian President Sam Nujoma said at the highway inauguration that the reduction in transport costs was likely to boost the marketability of the region's resources and products, cutting the cost of imports such as foodstuffs, building materials and agricultural products

Walvis Bay Chamber of Commerce chairman George Friedrich said some problems have been minimised and a lot changed in terms of the attitude of the Botswana officials. Yet the damage had already been done and more needed to be done to get people back on the route.

Cereal shortage is no disaster, says SADC

CT (PR) 6/7/99 (279A)

FROM SAPA

Gaborone – A shortfall in cereal crops of 2 million tons in the Southern African Development Community (SADC) region was no cause for alarm, the SADC said yesterday.

"The incessant rains of the 1998-99 agricultural season and the following dry spell have led to the prospects of reduced crop production," the SADC said in a statement after a meeting of member states' agriculture ministers.

A estimated deficit of 2 million tons "is no cause for alarm, since it includes nominal strategic reserve requirements Some countries will, however, have to import maize and wheat "

The committee of SADC ministers for food, agriculture and natural resources met at SADC headquarters in Gaborone on Friday.

They announced the Hub, an initiative to facilitate regional co-operation to improve food security and rural development This includes improved co-operation with the European Union (EU) and moves to combat heartwater disease and control tick infestations.

"The Hub would be the missing link between the SADC regional and national food security programmes," the statement said.

Officially called the SADC food security and rural development hub, it "will facilitate the implementation of food security and rural development programmes ... through capacity-building and resource mobilisation at both local and regional levels", the ministers said.

A donors' conference to start the implementation of the Hub is to be convened on July 23 in Harare.

Efforts are under way to improve international co-operation in agriculture between the SADC, other regional bodies and the EU particularly.

SADC and EU agriculture ministers have agreed to engage in regular specialist dialogue, involving not only their governments but also farmers' unions and "non-state actors"

Food deficit forecast

GABORONE — A shortfall in cereal crops of two million tons in the Southern African Development Community region was no cause for alarm, the SADC said following a meeting of agriculture ministers of member states in Gaborone yesterday.

"The incessant rains of the 1989/99 agricultural season and the following dry spell have led to the prospects of reduced crop," the SADC said

"This is no cause for alarm since it includes nominal strategic reserve requirements Some countries will however have to import maize and wheat."

The ministers also announced an initiative to improve food security and rural development, including trade in agricultural products, improved co-operation with the European Union and moves to combat heartwater disease and control tick infestations —Sapa.

(279A) BD 6/7/99

SADC urged to integrate

BD 6/7/99 (279A)

Jonathan Katzenellenbogen

A SENIOR US official and international business leaders have told SADC leaders that the process of regional integration is moving too slowly.

The criticisms, which came at the southern African summit meeting of the World Economic Forum in Durban, were rejected as unfair by a number of SADC government ministers.

US Deputy Secretary of Commerce Robert Mallet said he saw a lack of urgency to move forward in the region. He warned that the global economy had arrived and that there was no time to work out how participate. Unless there was clear progress on integration, Mallet said, the region would be unable to attract direct investment.

Mallet said more support from the major industrialised nations could be expected only if regional integration proceeded with more vigour, and if the SADC was able to meet the region's security needs and had common trade and tax policies.

"We cannot remain ... standing in the morass saying it is difficult to move because this is southern Africa. This is one of the most developed areas in Africa. If it does not move, the financial community will write off the continent and that is a concern," Mallet said at a plenary session attended by more than 800 businessmen and officials.

Trade and Industry Minister Alec Erwin conceded that more investment would come into the region with integration. However, high debt levels raised the level of risk for investors, restricting investment. "Group of Seven (industrialised nations) caution on debt was criminal," he said.

Later Mallet conceded that the markets had not caught up with the reforms taking place in the region. His unusually forthright remarks, which he said he did not intend to be rude, delivered a tough message: that integration had to be injected with greater political will and that donors might have tired of supporting failing states that would have more viability in a regional environment with greater critical mass.

His remarks coincided with an announcement by the US government's Overseas Private Investment Corporation that it was supporting five southern African projects worth about $40m. Last month the agency, which offered political risk insurance and project finance to US-linked investments, launched a $350m fund for sub-Saharan infrastructure development.

Concern over political will behind integration emerged at a brainstorming session. One proposal that came out of the session involved the private sector taking the pace forward Another called for a regional development and integration plan that would involve putting up certain sectors for privatisation.

In a public display of regional integration, President Thabo Mbeki, Mozambican President Joachim Chissano and Swaziland's King Mswati signed an agreement to launch the Lebombo initiative. The initiative is an effort to stimulate ecotourism in the three countries along a corridor extending from northern KwaZulu-Natal through Swaziland and into southern Mozambique. Over the next few months the three governments will try to raise tourism investment of about R1bn. The protocol covers the responsibilities of each state and the management of the effort, which is one of the government's major spatial development initiatives. Part of this initiative involves efforts to control malaria and co-ordination of times at which borders are opened.

Africa profitable: Page 3
Comment: Page 11

SA takes tough line on SADC trade

John Dludlu

SA, WHICH chairs the Southern African Development Community (SADC), has tabled "detailed" proposals on rules of origin to underpin the planned free trade area and is refusing to change them.

SADC trade negotiators meet today in Botswana to try and finalise the bloc's most ambitious deal ahead of next week's ministerial meeting in Botswana.

Mfundo Nkuhlu, the SA chief director for Africa trade relations, said yesterday Pretoria would strengthen its string of bilateral relations if the SADC free trade talks failed to yield desired results.

He said weaker rules, which were apparently preferred by some SADC states, were a recipe for disaster.

At the heart of the dispute is a proposal from the Southern African customs union that seeks to tighten rules of origin governing trade in the SADC. In terms of this plan, SADC members would for example have to agree to "substantial" transformation of raw materials in the clothing and textile sectors.

Tighter rules of origin would help keep jobs in the SADC.

Some SADC members, notably Zimbabwe and Mauritius — both significant players in the textile and clothing sectors — see the union's insistence as a protectionist ploy by SA to protect domestic employment.

A Mauritian official recently warned that SA's insistence on tighter rules of origin would undermine directives of SADC heads of state who signed the document.

Nkuhlu defended the union's position saying the SADC free trade protocol signed in 1996 was always meant to be a framework that would be elaborated during detailed trade negotiations.

Nkuhlu was confident this week's session would result in a breakthrough. Other SADC partners however said a revision of the proposals by SA and its union partners — Lesotho, Namibia, Swaziland and Botswana — was the key to the solution.

Lax rules of origin could easily lead to the proliferation of "fly-by-night" operations that moved around the region chasing incentives.

Nkuhlu said the union's proposal was not unreasonable: it was similar to the rules of origin applied by most SADC countries in trade with the European Union within the Lomé Convention.

Though Nkuhlu stressed the importance of the trading bloc saying the SADC should not be allowed to peter out into insignificance, he said SA would have no choice but to strengthen its bilateral trade accords should the SADC talks fail.

Failure to agree on the SADC trade deal and to negotiate this hurdle, could exacerbate anti-SA feelings in the region. It could also worsen tensions between Pretoria and SADC members who are also members of the Common Market for Eastern and Southern Africa.

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Manuel pooh-poohs a common currency

ET(BR) 7/7/99 (279A)

MADELEINE WACKERNAGEL

Durban – Trevor Manuel, the minister of finance, yesterday dismissed calls for a common currency within the Southern African Development Community (SADC), saying such a move was less important now than minimising transaction costs

"We do not have sufficient macroeconomic convergence at this stage to warrant a move towards a common currency," he said at the SADC conference of the World Economic Forum. "If we overreach ourselves, we will pay a heavy price."

Referring to last year's currency crisis, Manuel said: "We've read a great deal about how the rand suffered; imagine how much more, then, the Zimbabwe dollar was hit Unless we deal with these issues, we are not going to create an environment whereby we will stimulate economic growth in the region."

Peter Fabricius reports that Kaire Mbuende, the SADC secretary-general, waxed enthusiastic about the possibility of a common monetary area and a common currency.

It was quite feasible to envisage a common monetary area in the SADC "within our lifetimes", he said: But it would have to start with the harmonisation of monetary policies.

Mbuende said harmonisation was already well advanced. Already four countries in the region had formed a common monetary area (CMA) – South Africa, Namibia, Lesotho and Swaziland.

Although Botswana had pulled out of the CMA because of disagreements over who should set monetary policy, its currency, the pula, was pegged to the rand to the extent of about 35 percent. So it was following virtually the same monetary policy.

Mozambique's and Malawi's currencies were closely tied to the rand, and those of Zimbabwe and Zambia were also heavily influenced by the rand, leaving only Tanzania and Angola outside the rand's sphere of influence.

Former finance minister Chris Liebenberg, now the chairman of Nedcor, agreed with Manuel that a common currency was not feasible at this stage.

"If one looks at the European Union, you first had the free movement of goods, capital and people before a common currency was developed Europe also had the Maastricht Treaty about 10 years before the euro was launched. We don't even have that. A lot of things have to be done first."

A common stock market, on the other hand, was feasible, said Russell Loubser, the executive director of the JSE.

"We need to develop a regional master plan," he said "Technically, such a regional exchange is possible, as we have demonstrated with the tie-up between the Namibian and Johannesburg exchanges

"Regional markets must continue to develop," he added, "but not at the expense of liquidity."

The region must concentrate on securing local investment first. "Charity begins at home, and if we are seen to be investing in the region, foreign investment will follow"

But first, exchange controls had to go, while harmonious industrial relations and a fair regulatory environment were also important to attract foreign investment, he said.

SADC free trade area 'is close'

PETER FABRICIUS

Durban – Southern African Development Community (SADC) trade ministers were expected to nail down an elusive free trade area agreement at a meeting in Botswana next week, Kaire Mbuende, the secretary-general, said yesterday.

"Negotiations are almost complete and only a few issues are still outstanding," Mbuende told the World Economic Forum southern African summit

Agreement still had to be reached on reducing tariffs for clothing and textiles, vehicles and sugar. SADC members considered these products sensitive and special agreements would have to be signed.

Unlike the bulk of trade, where tariffs are to be phased out in automatic annual steps before the free trade area begins in 2005, the special agreements would allow for differing timetables that would be reviewed regularly

Mbuende said the SADC trade ministers had almost reached a clothing and textiles agreement, probably the most difficult area in the negotiations. The outstanding issue concerned preventing countries outside the SADC exploiting a regional free trade area to avoid incurring duties.

At the SADC trade talks last month, South Africa and Zimbabwe clashed over this issue. South Africa insisted that clothing imported into the country from other SADC countries could not be part of the free trade area if it was made with cloth manufactured outside the region. South Africa was accused of trying to protect its own textile industry by forcing member countries to buy its cloth.
– Independent Foreign Service

'Faltering' SADC has little to offer, says DP

(279A)

SA should rather form an alliance with Indian Ocean Rim partners

Farouk Chothia

CAPE TOWN — SA should consider "backing away" from the Southern African Development Community (SADC) in favour of a new alliance with Indian Ocean Rim (IOR) partners, the Democratic Party's (DP) trade and industry spokesman, Nigel Bruce, said yesterday.

Bruce's comments followed the southern African summit meeting of the World Economic Forum in Durban, which ended on Tuesday.

He also lashed out at Trade and Industry Minister Alec Erwin for saying that the Group of Seven industrialised nations' caution on debt was "criminal". Erwin's remarks, coming as President Thabo Mbeki was trying to form an international committee to promote fixed foreign capital investment in SA, was "at best, tactless; at worse, irresponsible", Bruce said.

He said that an IOR alliance would make it possible for SA to engage with other world trade blocs on a more solid and equitable basis, than the alliance with "faltering and inconsequential" regional economies allowed.

"You do not become rich by trading with poor countries that refuse to implement sensible economic reforms on the spurious grounds that their people will suffer, when those same countries show hardly any concern for basic human rights," Bruce said.

US Deputy Commerce Secretary Richard Mallett's warning that regional integration was moving too slow was valid, he said. In fact, Zimbabwe — the second largest economy in the region — was moving away from integration.

"Zimbabwe was a partner SA could do without," Bruce said.

SA should also distance itself from the Lomé convention, which was "no more than a European Union aid programme", he said.

"That association is the kiss of death to foreign fixed capital investment, other than those with an eye to exploiting aid flows for personal political gain," Bruce said.

SA should seek trade partners whose economies were moving in the same direction as its own. These were to be found around the Indian Ocean rim, he said.

SADC CONFERENCE

WEF art thou, Renaissance?

ET(BR) 8/7/99 (279A)

MADELEINE WACKERNAGEL



The World Economic Forum (WEF) prides itself on having set the stage for the Damascene conversion of Nelson Mandela in 1991 when for the first time, then President FW de Klerk, Mangosuthu Buthelezi and Mandela shared a platform at the Davos conference After listening to the world's political and business leaders, so the story goes, Mandela changed sides, and ANC economic policy moved from being pro-nationalisation to quite the opposite

This year's annual Southern African conference of the forum in Durban reinforced that agenda. Nobody questioned the direction of economic policy, only the pace of implementation

Business and political leaders were unanimous in their quest for speedier integration As Finance Minister Trevor Manuel said, the way forward was convergence of trade, monetary and fiscal policies to attract investment to every country in the Southern African Development Community (SADC), not beggar thy neighbour tactics.

And South Africa, while often accused of behaving like a new "economic colonial power" in the region, had to kick-start the process. Bold decisions needed to be taken – quickly – to remove economic barriers to cross-border investment to boost growth across the SADC and rest of Africa

The only question, said Manuel, was one of speed "If you want an omelette, you have to break the egg We can no longer afford to ask how much longer before we deal with it, the lives of our people are at stake "

His words were echoed by Klaus Schwab, the president of the WEF, who referred to Mercosur, the Latin American grouping of Uruguay, Paraguay, Argentina and Brazil, as an example of how to build a regional power.

"The word that comes to mind at this conference is impatience There is a new urgency to the integration process. Look at Mercosur – five years ago it was a word nobody knew

"In the global economy regional strength is paramount," Schwab said.

Comparisons with the European Union were premature, however. As Chris Liebenberg, the chairman of Nedcor and former finance minister, pointed out, Europe had the Maastricht Treaty ten years before monetary union, and "we don't even have that. A lot of things have to be done before such a step can be considered," he said

The political will for closer convergence, including a common currency, was also in doubt Economically, too, the region was severely skewed.

Indeed, President Thabo Mbeki questioned South Africa's ability to lead, although at the same session Dikgang Moseneke, the managing director of Nail and co-chairman of the summit, insisted that South Africa should take on the mantle of leadership because it had the most robust capabilities in the region.

A first step would be to hasten the pace of dropping trade barriers among regional partners.

Alec Erwin, the trade and industry minister, was optimistic that the free trade agreement would be settled soon, telling reporters at the forum that implementation was on track for January next year

But he was less sanguine about South Africa's position because trade imbalances had increased dramatically in the past few years. However, he said, "judging by the level of noise we're now experiencing, and by how the temperature and tempers are rising, we must be very close to a deal".

High-level meetings of business and political leaders would enhance the process

And there have been success stories – obvious examples being the Mozal aluminium smelter project between South Africa and Mozambique and the Maputo Corridor development.

However, on the other hand, there were problems of competing resources For instance, in power generation, Eskom head Reuel Khoza pointed out that countries within the region still preferred to build their own power stations rather than buy cheaper electricity from Eskom because of the fear of South Africa as an "economic colonial power".

Overcoming such narrow national interests is imperative if the region as a whole is to grow. Edward Kaufman, the vice-president of Salomon Smith Barney (recently taken over by Citigroup), suggested that to dispel fears of a South African "takeover" a unified multinational agency, possibly under UN auspices, should be set up.

Too often regional organisations work against one another – and the SADC itself was born out of regional opposition to the apartheid regime So not only policies but organisational structures had to be harmonised

The theme of the three-day conference was Responsible Leadership for Stability, Action and Growth The outcome a markedly greater consensus between politicians and business people that the time for waiting was over

While the arguments at the WEF conference in Harare two years ago centred on direction of economic policy, with privatisation, for instance, still a dirty word, this year's conference sought solutions to economic problems

The sense of urgency was real, particularly with the gold price crisis hitting not only South Africa but other countries in the region when they could least afford it

All of Africa had to speak with one voice on issues such as gold As Bernard Swanepoel, the chief executive of Harmony Gold Mining, said of the proposed gold sale by the International Monetary Fund "If this is how you want to help us, please don't help us "

But politicians alone cannot do the trick Robert Mallett, the US deputy secretary of commerce said: "Investors more readily believe each other because they have the same bottom-line interests" – more so than if a cabinet minister goes to Washington to plead a country's case

And, as Mallett pointed out, while the "pace of political and economic reform has been rapid in the 1990s, the news has not yet caught up with the investment community When Africans begin to believe in Africa we'll see a rise in foreign direct investment By themselves the countries are very small, but as a region potentially powerful."

Africa, he said, had an image problem, and it was incumbent on us to create the enabling environment to lure investors

"Choose whatever aspect you like, be it privatisation, standardisation of policy, tariffs – but do it."

Mbeki's vision of an African Renaissance is an idea whose time has come, a necessity, not just an opportunity, as Kaufman put it

SADC hopes for a debt-free era

SOUTHERN Africa hopes to celebrate the new millennium free from conflict and the burden of debt that has contributed to making it one of the poorest regions in the world.

Southern African Development Community (SADC) executive secretary Kaire Mbuende said the region wanted its estimated R300 to R450 billion debt slate wiped clean by the G7 club of the world's richest nations.

"Most of the debt is owed to governments and multi-lateral institutions. Our preferred option is a complete write-off," Mbuende told a news conference yesterday at the World Economic Forum's Southern African summit in Durban.

The G7 last month adopted an initiative to forgive R390,65 billion in Third World debt. But poor nations have voiced concerns at the strict terms of qualification and at the sale of 10 million ounces of International Monetary Fund gold to help pay for the plan.

"Fixed direct investment is the only hope for the region but foreign direct investment will only go where there is domestic investment – it's a chicken and egg situation," Mbuende said.

Conflict has also exerted a disastrous brake on foreign investment and the SADC placed an end to the wars in the Democratic Republic of the Congo and Angola at the top of its priorities. – *Reuters*

SADC trade not the best for SA – DP

SOUTH Africa should consider an alliance with the Indian Ocean Rim instead of the Southern African Development Community, the Democratic Party said yesterday.

South Africa's engagement with its southern African neighbours was "faltering and inconsequential". An alliance with the IOR would enable a more solid and equal engagement with other world trade blocks, DP spokesman, Nigel Bruce, said.

"You do not become rich by trading with poor countries that refuse to implement sensible economic reforms on the spurious grounds that their people will suffer, when those same countries show hardly any concern themselves for basic human rights," he said.

The country's trade policy was patently being held hostage to the romantic musing of President Thabo Mbeki over an African renaissance.

"That is not the road to prosperity," Bruce said.

Zimbabwe, the second largest economy in the region, was moving rapidly away from regional integration, impoverishing its own people with inevitable certainty, Bruce said.

Of South Africa's total trade, 35 percent was with Europe, and that figure was growing, while only seven percent was with SADC countries and two percent with the rest of Africa. South Africa should seek other trade partners whose economies were moving in the same direction as its own, Bruce said. – *Sapa*

Sowetan 8/9/99 (279A)

By

Customs chief 'forced to quit' over scam

BD 12/7/99 (279A) 297 (74) (197)

John Dludlu and Christof Maletsky

GOVERNMENT has uncovered a scam involving SA and Namibian textile firms' abuse of an export incentive believed to have cost the Southern African Customs Union at least R50m in revenue.

In Namibia, where the duty credit certificate scheme is widely used, speculation is that customs director Samson Kaulinge, the chairman of the interministerial committee set up to vet duty credit certificate applications, has been forced to quit over the scam. More junior officials have also left. However, Finance Minister Nangolo Mbumba has denied that Kaulinge's departure is linked to fraudulent use of the scheme.

The scheme, launched in 1994, was designed to encourage international competitiveness in the clothing and textile industry. Manufacturers may, on the basis of export performance, claim rebates of up to 30% of the value of exports to noncustoms union members. The scheme, to be phased out by 2002, also allows manufacturers to diversify their range in the domestic market.

Kerryn House, a director for clothing and textiles at the SA trade and industry department, confirmed that investigators discovered discrepancies between the value and volume of exports and duty credit certificates.

In one case, a small Namibian firm claimed credit for exports amounting to more than SA's total textile exports.

However, House stressed that the bulk of abuse was found in Namibia. In SA the discrepancies were minimal because of strict monitoring by customs.

House said it was difficult to quantify the scale of the abuse, but government sources suggested it amounted to about R50m, translating into a loss of import revenue for the customs union's revenue pool.

The investigating committee found that most import duty rebates awarded to Namibian clothing companies were given irregularly. It recommended to the finance minister that Kaulinge be charged with misconduct, government officials said in Windhoek. Though most abuse involved inflating export figures, benefits from certificates received under dubious circumstances in Namibia were shared with SA firms.

SA sources say it is still possible to take action against government officials who colluded with the private sector.

The trade and industry department's Mfundo Nkuhlu said workshops had been held with Namibia's authorities to try to minimise incentive abuse.

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Malawi joins in Mtwara development project

(279A)
DD 14/7/99

BLANTYRE — Malawi has joined three neighbours in a multimillion-dollar venture, known as the Mtwara development corridor, to boost trade and investment in countries in the region.

Negotiations on the corridor, which also involves Tanzania, Zambia and Mozambique, began last November and the four have already begun working on developing the Mtwara corridor from the Tanzanian side.

The corridor is deemed to have the potential for trade and investment through inter-linking trade routes while at the same time improving the lives of the local people

The project involves improving the port of Mtwara on the Indian ocean in Tanzania and the roads and telecommunications network in the region.

Mtwara is well positioned, touching the northern region of Malawi, northern Mozambique, southern Tanzania and eastern Zambia Most of these areas are the four countries' least developed.

Mozambican Prime Minister Pascal Mocumbi said at a meeting in Pemba, Mozambique that in his country alone more than 5-million people stood to get jobs created by the project.

Tourism — with its much-needed foreign exchange — is also seen as a potential investment area, since the Mtwara corridor when fully exploited will have good roads and hotels

However, the private sector, which is at the hub of economic development in the region, has been viewing the project with pessimism.

"We need all governments to be involved (but) the problem of such big projects is the lack of follow-up on the part of governments," said Mark Katsonga Phiri, chairman for the Malawi Chamber of Commerce and Industry "Governments have to be involved in infrastructure projects such as roads."

He said the private sector was eagerly waiting for politicians to finish discussing the small print under which the private sector is to facilitate the project.

The idea is that the private sector helps governments raise capital and refurbishes the infrastructure such as the road and rail networks, transport and communications.

Donor countries, notably those of the European Union, have indicated interest in funding.

The Mtwara Development Corridor is being developed within the framework of the Southern African Development Community (SADC).

SADC comprises Tanzania, Zambia, Angola, Mozambique, Malawi, Swaziland, Lesotho, Namibia, Botswana, Mauritius, SA, the Democratic Republic of Congo, Zimbabwe and the Seychelles.

While some members are eager to reach next year's zero tariffs deadline, others — notably Tanzania — fear that wholesale abolition of tariffs will stifle the growth of domestic industry.

Analysts say developing trade corridors like the Mtwara project is the best way forward, as in most countries in the region the infrastructure is poor.

—Sapa-DP.

SADC free trade protocol faces just one more hurdle

ET (MR) 14/7/99 (279A)

BARRY BAXTER

Gaborone – The phased reduction of tariffs between the 14 Southern African Development Community (SADC) countries was expected to be implemented from the start of the new millennium, officials said yesterday.

Officials planning for a meeting today in Gaborone of the SADC trade ministers were confident the regional trade protocol would finally be ratified either at the meeting or at an SADC summit in August.

This would clear the way for tariffs on at least 60 percent of goods traded between member states to be abolished by January 1 next year The protocol seeks to establish a tariff-free zone within eight years of its signing in Maseru during August 1996.

Two-thirds of the original 12 signatories have to ratify the document before the SADC secretariat can start the process of implementation The governments of Botswana, Tanzania, Zimbabwe, Namibia and Mauritius have already done so. Malawi and South Africa are likely to.

"My country will ratify it before the summit," a Malawian official predicted on Monday. Kito Segwai, the SADC secretariat spokesman, said South Africa would follow suit.

Negotiator Chungu Mwila of the SADC secretariat said ministers were under pressure to deliver, and today would be decisive.

But he warned there might be a final compromise on implementation. "This is the real world The crunch of the matter is that some of the countries were trying to hang on to some tariffs even in non-sensitive categories." – Sapa

SA pledge to bring new impetus to economic integration

Developments at last week's special summit of the World Economic Forum in Durban have made it abundantly clear that South Africa must get its house in order and start playing the economic leadership role in the Southern African region, demanded from the dominating country in regional economic blocs all over the world, writes ***Simba Makunike,*** *business editor of City Press, after attending the summit*

CP 11/7/99 (279A)

THE pledge by the South African government to ratify the South African Development Community Trade Protocol for implementation at the beginning of next year is set to bring new impetus to the economic integration of the region.

Addressing the Southern Africa Economic Summit in Durban last week, President Thabo Mbeki apologised to the region for having taken so long to ratify the agreement and promised to pursue trade policies that will help develop neighbouring economies during his tenure

At the summit it became clear that after successfully concluding trade agreements with the United States and the European Union, South Africa must now turn its attention to its neighbours and help address the economic woes bedevilling this region.

In doing so, it must not shy away from sitting at the helm of integration.

History has shown that all successful regional groupings revolve around a regional superpower – this despite protestations of equality.

South Africa is the biggest economy in the region and holds the key to a free-trade area within SADC

Its economy is relatively sound and 12 times bigger than that of its neighbours put together

It is politically stable and it has a strong financial sector

All these attributes put it in a better position to quicken the pace of integration.

The calls for a common stock market – similar to the one that already exists between South Africa and Namibia – the scrapping of visas, the creation of a common currency or a pool of currencies as raised at the summit, needs further debate and a firm timetable.

The region, endowed with diverse natural and human resources, has not been able to live up to its expectations for numerous reasons.

The bulk of the countries in the region have had their infrastructures and economies mismanaged, shattered by civil war and sabotaged by the former white South African and Rhodesian regimes

But despite these seemingly insurmountable setbacks, there is a lot of scope for a regional approach to development.

Their fragile situation has been worsened by a regime of high tariffs put in place by the De Klerk government as a last-ditch effort to protect local industries from outside competition. These tariffs have made the South African market virtually impenetrable and widened the trade imbalance to nearly five to one Tariffs will have to go down significantly if the free-trade area is to become a reality.

Understandably, a reduction in these tariffs will not come cheap and without repercussions and side effects Jobs will be lost and a lot of marginal operations currently sustained by the protective tariffs will close down in the short term.

But it is a bullet South Africa has to bite.

In the long term, South African companies will be more competitive and neighbouring economies will be strengthened by the 40-million-strong market when these walls are brought down.

The R1-billion Lubombo Spatial Development Initiative (aimed at stimulating eco-tourism in SA, Swaziland and Mozambique) signed at the summit, is a step in the right direction. According to Mbeki, similar initiatives are being explored with Zimbabwe and other countries in the region.

South Africa, he said, will shortly be presenting a five-year integrated regional development plan to its SADC partners covering a variety of areas, including economic infrastructure, human resources and entrepreneurial development.

There is also tremendous logic in a regional approach to fighting crime, removal of landmines, unemployment, poverty, corruption and the AIDS pandemic – said to have infected 12 percent of the region

The cultures of the region are so intertwined it is virtually impossible for individual countries to solve these socio-economic problems singularly.

The free movement of people that came with majority rule in the region has made it impossible to rely only on national efforts to combat these socio-economic ills.



REGIONAL VISION ... President Thabo Mbeki at the Southern African Economic Summit promised to pursue trade policies to develop neighbouring countries

These social problems have created a negative perception of the region and the continent, resulting in less foreign direct investment.

US Deputy Secretary of Commerce, Robert Mallet, who also addressed the summit, put it more succinctly "If regional integration proceeded with more vigour and if SADC was able to meet the security needs of the region, and if it met common trade and tax policies, then there would be greater support from G7 countries. But we are a long way from that in the region."

Mallet also said. "We cannot remain in this posture of standing in the morass, saying it is difficult to move because this is Southern Africa. This is one of the most developed areas in Africa, if it does not move, the financial community will write off the continent."

South Africa must take the initiative, lead the region and help create an enabling environment for economic development. On their part, the other regional countries should also take up the challenge and move forward in partnership

Sadly, the bulk of the region's heads of state missed the forum and so did not hear first hand that the public and private sectors want them to quicken the pace of delivery and integration Only Presidents Mbeki, Joachim Chissano of Mozambique and King Mswati attended the summit.

Trade officials thrash out plan

TRADE officials from the 14-member states of the Southern African Development Community were due to meet in Gaborone yesterday to thrash out a regional free trade plan in advance of a trade ministers' meeting tomorrow.

SADC chief economist, Chingo Mwila, said the meeting in the Botswana capital was to focus on the issue of tariff barriers.

A diplomat said at the weekend that while agreement had been reached on services, tariffs on such items as vehicles, footwear and processed foodstuffs had still to be finalised.

"The member states are agreed on the main principles, but what are remaining are the finer points," the diplomat said. – *Sapa-AFP*

(279A) Sowetan 13/7/99

African Sky seals $100m agreement with Comesa

(279A)CT(BR)15/7/99

NCABA HLOPHE

Johannesburg – African Sky Communications, a Gauteng-based Canadian company, had formalised an agreement with the Common Market for Eastern and Southern Africa (Comesa) worth more than $100 million to establish teletrade centres throughout the 21 member countries in Africa, the company said yesterday.

Teletrade centres would be a satellite-based communications system that would be used to propagate telecommunications services mostly to rural areas in the Comesa member countries.

The agreement had also been formalised with the Federation of National Association of Women in Business in Eastern and Southern Africa.

Comesa had in turn acquired a 10 percent stake in African Sky Communications to facilitate the granting of telecommunications licences and support the centres in member countries.

The first phase of the project, worth $8 million, had already started and would be completed in the next 18 months.

Harry Corrigan, the chief executive officer of African Sky, said: "Teletrade centres will be established predominantly in rural and peri-urban areas, with a small percentages being in urban areas."

The first centres would be established in Mozambique then expanded to Zambia, Tanzania and Kenya before other Comesa countries.

"The purpose of the initiatives is to facilitate the elimination of poverty to create employment and to provide sophisticated healthcare, telemedicine and distance learning throughout the continent," Corrigan said.

V-Sat Systems Africa had been contracted to supply and maintain the telecommunications network for African Sky.

Gold sales will hurt SADC

(214) (279A) BD 16/7/99

The reason for the move is as much banks being overstocked as it is debt relief

GABORONE — Currencies in 10 of the 14 Southern African Development Community countries will come under pressure as a result of the Bank of England and International Monetary Fund (IMF) gold sales, Standard Chartered Bank predicts in its latest African Market View.

StanChart also says that overstocking of gold by the banks, not only the funding of African debt relief, is behind the sales and asks if gold is in a terminal decline.

"With hopes that the Bank of England might stop further auctions diminished, stopping the IMF sales might stem the slide. But only the prospect of rising inflation would address the structural imbalance that points to long term gold weakness."

The Bank's sales have brought gold down to its lowest price for 20 years and the proposed IMF sales are predicted to pull it even lower, down to $235.

The SA Chamber of Mines says 40% of SA's gold will be mined unprofitably if the price drops below $250.

Many countries receive a boost to their exchequers from remittances from their nationals working in the SA mines. The closure of many high cost mines now appears imminent and about 80 000 mineworkers face retrenchment.

StanChart says the following countries are at risk: SA, Swaziland, Lesotho, Namibia, Mozambique, Botswana, Malawi, Tanzania, Zambia and Zimbabwe.

"The need for SA to maintain regional competitiveness could see sympathetic depreciations in all those currencies."

Many regional currencies are underpinned by the SA rand and other currencies, notably the Botswana pula, pegged to it to encourage trade.

The proposed sales of gold by the IMF to fund African debt relief have caught the headlines but StanChart points out that the world's central banks hold up to a third of the gold ever mined, roughly, equivalent to about 10 years worth of world mine supply at today's production capacity levels. —Sapa.

Gold sales will devastate SADC countries

CT(AR) 16/7/99 (279A)

FROM SAPA

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StanChart said South Africa, Swaziland, Lesotho, Namibia, Mozambique, Botswana, Malawi, Tanzania, Zambia and Zimbabwe are all at risk

"The need for South Africa to maintain regional competitiveness could see sympathetic depreciations in all those currencies," the bank said.

"Calls by the South African National Union of Mineworkers for the government to weaken the rand in order to keep mines competitive could result in a policy response that would inevitably signal rand softness."

The proposed sales of gold by the IMF to fund African debt relief have caught the headlines, but StanChart points out the world's central banks hold up to a third of the gold ever mined.

That the IMF sales might harm the heavily indebted countries which they were supposed to help is an argument not with-

Zim wants troops in Angola

M+G 16-22/7/99 (5) (279A)

Howard Barrell

Zimbabwe will be pressuring South Africa and other countries in the region to agree to use military force to back peace efforts in Angola when leaders of the Southern African Development Community (SADC) hold a summit in Maputo next month

"There has to be general consensus within SADC on a military commitment shared by all countries," a senior Zimbabwean official told the United Nations's news agency, IRIN, on Wednesday. He claimed there was "a very strong indication" that the necessary "political will" for this would exist at the Maputo summit.

The official said last week's ceasefire agreement for the Democratic Republic of Congo, which was agreed to by neighbouring states, represented "a new vision for peacekeeping in Africa", which should be extended to the Angolan context. He added: "When we [Zimbabwe] talk of underwriting an Angolan settlement, it is not just in moral terms, but in physical terms."

Earlier this year, Zimbabwean President Robert Mugabe, his Namibian counterpart Sam Nujoma and Congo's embattled self-proclaimed head of state, Laurent Kabila, met in the Angolan capital, Luanda, and formed an alliance with President José Eduardo dos Santos against Unita. The heads of state resolved to use "all possible measures" to help Dos Santos's Angolan government.

So far "all possible measures" has excluded Zimbabwean and Namibian military involvement because they already have thousands of troops in Congo propping up Kabila's regime.

But a major thrust of Zimbabwean regional policy over the past few years has been to try to corral other SADC states — particularly South Africa, the most powerful state in the 14-nation grouping — into getting involved militarily on the side of Kabila in Congo and Dos Santos's government in Angola. South Africa has been assiduously avoiding this.

The Zimbabwean official's statement is seen as an attempt by Mugabe's government to turn up the pressure on South Africa ahead of the Maputo summit.

The head of Early Warning at the Institute of Security Studies in Pretoria, Richard Cornwell, said: "All the indications are that the South African Department of Foreign Affairs is understandably reluctant to fall into the kind of regional entrapment being suggested by Zimbabwe.

"To proclaim success for the DRC [Congo] ceasefire, as the Zimbabwe official did, is entirely premature. And to talk about resolving the Angolan war easily is simply wishful thinking," Cornwell added

Senior South African government officials, who spoke to the *Mail & Guardian* on condition of anonymity this week, dismissed the Zimbabwean official's suggestion that a willingness was developing among SADC member states to deploy military forces in Angola to back up a new peace initiative there.

"It is pie in the sky," said one senior official. "I don't want to rule it out entirely But I am not aware of any discussions on the issue."

The South African sources said they had the impression that the Zimbabwean official's statement was an attempt by the Mugabe government to claim as its own any success in Congo — if indeed the ceasefire was implemented.



Working together: Angolan President José Eduardo dos Santos (right), with Zimbabwean President Robert Mugabe and Namibian President Sam Nujoma. PHOTOGRAPH: AP

"Basically, Zimbabwe wants to be able to come out of its military involvement in the DRC [Congo] smelling of roses, and then to advocate the same thing in Angola It is part of an ongoing quest for prestige," said a South African official.

Underlying the official's comments is Zimbabwe's ongoing rivalry with South Africa, particularly acutely felt in the case of Mugabe. For 14 years before the birth of democracy in South Africa in 1994, Zimbabwe was the unofficial political leader of most states in the region. Since then, however, its government has been smarting at South Africa's predominance.

Much of this rivalry has been played out in a dispute over the status of a SADC body called the Organ on Politics, Defence and Security. The organ was originally chaired by Mugabe, and he continues to convene meetings ostensibly held under its auspices despite the fact that South Africa and most other SADC countries consider the organ to have been suspended. The Luanda meeting earlier this year, for example, at which Mugabe, Nujoma and Kabila met with Dos Santos, was, as far as Mugabe was concerned, a meeting of the suspended organ.

Divided heart of Africa, PAGE 16

African Sky aims at Comesa

BD 19/7/99 (279A)

Patrick Wadula

AFRICAN Sky Communications, a Gauteng-based company which is listed on a Canadian stock exchange, plans to invest $100m in the next five years on telecommunications and teletrade centres in Africa.

This follows the recent agreement between the company, the Common Market for Eastern and Southern Africa (Comesa) and the Federation of National Association of Women in Business on joint telecommunications development in Comesa member countries.

African Sky says its telecommunications networks on the continent will be maintained by Cortec subsidiary V-Sat.

One of the services African Sky Communications will provide is telemedicines through teletrade centres.

Comesa acquired a 10% shareholding in African Sky Communications to facilitate the granting of telecommunication licences and to promote and support centres in its member countries.

African Sky's Harry Corrigan says this will be of particular value in rural areas where many communities do not have access to hospitals or specialised health care.

"We will implement video broadcasting for telemedicine use which will enable specialists from John Hopkins Hospital in the USA to examine patients in rural Africa with images such as X-rays and ultrasound," he says.

Corrigan says telemedicine has the ability to improve health care in the Comesa region by reducing patients' travelling time, improving consultations, educating and training local health care workers and improving rural preventative programmes.

He says that the more rural health care is decentralised and administered efficiently, the less patients will depend on costly infrastructures like hospitals.

Dar es Salaam and Mombasa old rivals

East African ports rely on privatisation

CT (BR) 20/7/99 (279A)

JOE KHAMISI

Dar es Salaam – Faced with mounting problems of competition, bad management and battered infrastructure, east Africa's two major ports, Dar es Salaam in Tanzania and Mombasa in Kenya, are working towards privatising some of their key services in efforts to remain viable in an increasingly competitive regional shipping sector.

Port officials in both countries are also wary of growing competition coming from southern African ports and believe privatisation is the only way out.

In Tanzania, five potential private sector investors have been shortlisted. They will be required to collect and submit their bidding documents by September, according to John Rubambe, the executive chairman of the Presidential Parastatal Sector Reform Commission.

'The port of Mombasa is useless if there are no funds, thus the need to privatise'

The bid is for the leasing and operating of the container terminal of the Tanzania Harbours Corporation for a period of 10 years. The lessee will be required to market the container terminal and develop the facility to enable it to keep pace with demand and competition from neighbours.

"It is the policy of the government to convert its port facilities operations to private operators, to the greatest extent possible, in order to ensure economic efficiency, promote growth in traffic and provide opportunities for the transfer of technology and management skills to Tanzanians," Rubambe said.

In Kenya, commercialisation of Mombasa's deepwater port has elicited threats of demonstrations and civil disobedience from workers fearful of losing jobs, despite the fact the government says it has no funds to run the port.

"The port of Mombasa is a natural creation and can be useless if there are no funds to run it, thus the need to privatise it so that foreign investors can make it effective by pouring in money," Phares Kuindwa, the head of the civil service and cabinet secretary, said last weekend as opposition to the plan mounted.

The privatisation of the Mombasa port will include almost all key services such as the container terminal, dockyards, the maritime training school and ferry services as well as transport and staff housing.

However, the government said last week the commercialisation exercise would not involve outright sale of its "waterfront assets, phasing out or dissolution of the state-operated firm.

"The Kenya Ports Authority will continue to exist as the parastatal responsible for port assets and their administration," it said.

The government said the commercialisation would be managed transparently and subject to open bidding after speculators had formed a company to purchase the port services.

Dar es Salaam and Mombasa are arch-competitors for the lucrative markets of such landlocked nations as Uganda, Rwanda and Congo. In particular, both want to control Uganda, whose gross domestic product rose to close to 8 percent last year.

On June 28, Lenny Mwangola, the managing director of the Kenyan ports body, told Vincent Biruta, the visiting Rwanda minister for works, transport and communications, that Kenya was prepared to enter into fresh negotiations on the volume of Rwandese cargo passing through Mombasa.

While President Yoweri Museveni prefers Mombasa because of its proximity, the lure of cheap tariffs from Tanzania is slowly shifting Ugandan traffic through Dar es Salaam.

Presently, Mombasa is still on top, handling 1 million tons of Ugandan goods, while Tanzania is trailing with 100 000 tons. – Independent Foreign Service

East African countries disagree on trading bloc

BD 21/7/99 (279A)

The signing of a treaty to create a common market has been postponed

Reuter
and John Dludlu

DAR ES SALAAM — Kenya, Uganda and Tanzania have failed to agree on the details of a proposed regional trading bloc and the signing of a treaty has been postponed, according to a Tanzanian official

The East African Community Treaty aims to create a common market between the three countries, followed by monetary union and ultimately a political federation

The treaty was due to be signed by heads of state on July 30

"There are consultations going on on a number of outstanding issues and for sure the treaty will not be signed on the 30th," said Joshua Opanga, head of the East African co-operation unit in Tanzania's ministry of foreign affairs

Tanzania and Uganda have expressed concern that the quick introduction of a zero internal tariff and a common external tariff would lead to a flood of products into their markets from Kenya, which dominates trade in the region

The same issue led to the acrimonious collapse of the first East African Community in 1977, with Tanzania and Uganda complaining that wealthier Kenya disproportionately benefited from the bloc

A second draft of the East African Community Treaty has proposed a staggered introduction of tariffs, the details of which — along with other issues related to trade and labour movements — would be signed in separate protocols, officials said

"There are a number of issues still sticking out related to trade matters and there is no point in signing a treaty if there are big gaps," Opanga said

A new date for the signing would be set when ministers concerned with regional co-operation meet in the northern Tanzanian town of Arusha on Friday

The hurdles encountered in east Africa came a week after another African trading bloc, the SA-led Southern African Development Community (SADC), failed to resolve key sticking points in the plan to create an SADC free trade area within eight years

Key obstacles in the SADC trade negotiations include rules of origin and nontariff barriers to trade, as well as details regarding tariff reduction schedules.

The SADC trade and industry ministers have decided to meet in a special session in Pretoria next month to reach a deal.

Eleven of the SADC's 14 members — SA, Botswana, Lesotho, Namibia, Swaziland, Zambia, Malawi, Zimbabwe, Mauritius, Mozambique and Tanzania — are hoping to begin dismantling tariffs and other trade barriers next January to bolster intraregional trade. Three SADC members — Angola, the Seychelles and the Democratic Republic of Congo — are not participating in the present talks. It is envisaged that they will join at a later stage.

African countries, characterised by tiny economies, are under pressure to integrate their economies in a bid to improve their attractiveness to foreign investors.

Robert Mallet, a senior US government official, recently warned the SADC that the slow pace of integration could see the region dropping from the agenda of foreign investors. It is envisaged that the regional African trading blocs would provide the basis for the creation of the African economic community.

(279A)

SADC drags heels in gender development

CT (BR) 22/7/99

FROM SAPA-IPS

Lilongwe - While women's participation in politics and decision-making bodies is improving in several southern African countries, rights campaigners say women are still concentrated in professions traditionally reserved for women.

Governments in the region agreed to increase women's participation in decision-making when they signed the Southern Africa Development Community (SADC) declaration on gender and development in 1997.

Apart from ensuring that women will make up 30 percent of the decision-makers in all political and other key institutions by 2005, the declaration also urges governments to expand women's access to, and control over, productive assets like land, livestock, credit and modern technology.

The declaration, signed by the SADC heads of state, was in keeping with agreements made at the Fourth World Conference on Women held in Beijing in 1995, calling for the integration of gender perspectives in all policies and programmes.

A recent edition of the SADC gender monitor says women are still invisible in key decision-making financial institutions, the judiciary, parastatals and the private sector. "Equal representation in these strategic institutions will not only reflect an accurate composition of society, but also ensure that women's interests are considered in all decision-making processes," it says.

Stella Makanya, a Zimbabwean activist, says: "There is a lot of rhetoric in many countries in the sub-region, which at times blinds people to inaction."

A series of studies and recent international conferences have indicated the serious social and economic costs to society of excluding women from key decision-making institutions.

"It is basically a question of mindsets. We (women's and rights groups) should perfect our lobbying and advocacy skills, and work with these institutions through their structures," says Makanya. "We know we are contesting for space and no one will give us that on a silver platter."

African women and men can work together to close the gender gap. "We fought colonialism. We fought apartheid. We should be committed to fight inequality."

According to the 1998 SADC human development report, South Africa leads the region in closing the gender gap, with women occupying 38 percent of Cabinet portfolios. At the other end of the scale is Malawi, where women occupy only two of the 22 Cabinet posts.

(279A)

Employers, unions unite on SA tariffs

(184) (197)

Renee Grawitzky (74)

CLOTHING and textile employers and labour have joined forces to put pressure on government to review bilateral agreements with southern African countries and to look at tariff restructuring ahead of the World Trade Organisation talks in November

The joint initiative was agreed to at a meeting this week between the SA Clothing and Textile Workers Union, the Clothing Federation of SA and the Textile Federation of SA.

It comes against a background of rising job losses and a growing crisis in the clothing and textile industries, as customs is ineffective in stemming illegal imports

Employers and labour say they are frustrated by the way the industry's plight is disregarded by government. Since 1996 more than 20 000 jobs have been lost in the clothing industry alone.

The parties agreed to submit a joint memorandum to Trade and Industry Minister Alec Erwin and Finance Minister Trevor Manuel, asking them to hold an urgent meeting to discuss government's trade policy and retrenchments in the two industries

Both the union and employer bodies believe that before a Southern African Development Community (SADC) free trade agreement is concluded, safeguards should be put in place such as adequate customs control, common external tariffs and the withdrawal of preferential trade agreements

TRADE *SA commissioner says talks will only take place under auspices of SADC protocol*

Bilateral agreement with Zimbabwe ruled out

(74) (279A) (362) ET(PR) 23/7/99

BERNARD MANDIZVIDZA

Harare – Jeremiah Ndou, the South African high commissioner to Zimbabwe, yesterday officially ruled out the possibility of a new bilateral trade agreement with Zimbabwe.

He said all trade concessions to be negotiated in future would be under the auspices of trade protocol of the 14 nation Southern Africa Development Community (SADC)

His sentiments have incensed business leaders here.

Nhlahla Masuku, the president of the Zimbabwe National Chamber of Commerce (ZNCC), said while it had become obvious that South Africa was not interested in a new bilateral trade agreement, it had not demonstrated any interest or commitment, and nor would it, in expeditiously concluding the SADC trade protocol.

Ndou said that, contrary to a widely held view, the 1964 bilateral trade agreement between Zimbabwe and South Africa, which had expired in 1992, was still in force and only some provisions had been changed.

"The 1964 trade agreement has not expired, and a new trade agreement is not going to be concluded. The new South African government made this clear to Zimbabwe in 1995-96 when negotiations commenced to reinstate the eroded preferences under the 1964 agreement.

"In 1997, South Africa reinstated some of these preferences to the same marginal preference levels prior to 1992," Ndou said.

He said Zimbabwe had continued to complain and had requested that the product range under the 1964 agreement be increased substantially

The country had also submitted a proposal for a reciprocal duty-free and quota system in textiles and clothing.

"South Africa sincerely considered and exhausted all options to accommodate Zimbabwe's requests for a better trade deal, and, about two months ago, informally told Zimbabwe the only way it could be done was in the multilateral context of the SADC trade protocol," Ndou said.

A new bilateral agreement with Zimbabwe would thus be in conflict with South Africa's obligations in respect to the SADC trade protocol.

The SADC trade protocol, which South Africa has not ratified, is expected to become effective in January next year. It provides that although preferential agreements may be maintained, they should not impede the objectives of the protocol, which seeks to create a regional free trade zone over eight years.

Ndou's announcement will put to rest persistent attempts by Zimbabwe to push for a bilateral agreement and shift the focus on urging South Africa to quickly ratify the regional protocol. – Independent Foreign Service



EXPORT ASH *A trader samples leaves from bags of tobacco in a warehouse in Zimbabwe, where the crop is the biggest foreign exchange earner and the one major product in the country's trade arsenal*

SADC to tackle local govt

BD 27/7/99

(279A)

Xolani Xundu

REGIONAL co-operation on issues affecting local authorities will top the agenda of the Southern African Development Community (SADC) local government conference to be held at the Civic Theatre in Johannesburg from tomorrow

Provincial Affairs and Local Government Minister Sydney Mufamadi said yesterday the conference came at a critical time when many SADC member states were undergoing major local government restructuring.

"Local government is increasingly given responsibility to regenerate local economies, build and maintain infrastructure for improved service delivery, in spite of financial crises, declines in regional economies, massive job losses and increasing poverty in the region," he said

The conference, "Towards co-operation on local government matters in the SADC region an African renaissance initiative", would create an opportunity for SADC countries to exchange experiences and develop common strategies to engage with these challenges at regional level

Delegations led by 14 local government ministers from the region would have to find mechanisms to co-operate on local government development and constitutional frameworks, infrastructure investment, sustainable service delivery, local economic development, development planning and disaster management

Mufamadi said his ministry would launch a new policy framework on municipal international relations for SA The policy would regulate municipalities in their international engagements and had already been approved by cabinet

The conference would also launch a regional local government information centre based in Zimbabwe. The initiative had the support of the Commonwealth local government forum and was aimed at connecting the region on common local government issues.



Sydney Mufamadi ... his ministry will launch a new policy framework

"Many SADC countries have been experiencing various forms of governance. We will share the best practices and come up with a common pool of experience to make sure we have a region that is better governed," he said.

One post-colonial legacy to befall Africa was a number of conflicts that erupted in the continent, Mufamadi said.

"Conflicts are not as a result of quarrels between states, but quarrels that come from within states This is a matter that requires urgent attention if we are to be a region that is peaceful"

Mufamadi said that deliberations and information sharing at the conference would take place "with this in mind" The renewal of good governance should be the flagship of the African renaissance when the continent entered the new millennium.

President Thabo Mbeki will address the three-day conference on Thursday. SADC secretary-general Kaire Mbuende, International Union of Local Authorities president Col Patrick Ngandwe, African Union of Local Authorities president Patric Namawar Wanyeraw, and his secretary-general, Charles Katiza, will also be attending.

Sacob slams Govt over free trade deal

(74) (279A)

Sowetan 28/7/99

Sowetan Business Reporter and ECN

THE South African Chamber of Business has criticised the Government's plan to enter into a free trade agreement with neighbouring countries before certain "fundamentals" are in place

In a statement Sacob chief executive Kevin Wakeford said his organisation recognised and supported the importance of economic integration with other Southern African Development Community (SADC) countries.

However, he said, they questioned the "soundness" of ratifying a free trade agreement without effective customs and border control systems vital to contain potential abuse and fraud Sacob said the process had largely been politically driven.

Wakeford said many problems were already being experienced within the existing South African Customs Union (Sacu).

Sacu is made up of Botswana, Swaziland, Lesotho, Namibia and South Africa

He said defects in the systems were demonstrated by South Africa's "apparent inability" to upgrade and strengthen its own border control systems and to ensure that the present Sacu agreement was honoured.

Wakeford said there were several areas of concern which required attention. These included the enforcement of rules of origin and product standards and the establishment of dispute settlement mechanisms to deal with irregularities.

Wakeford also criticised the low levels of cooperation with Sacu partners when dealing with sensitive imports and the central reporting of import permits.

Wakeford said Sacob would present a memorandum to government laying out the concerns of business and the need to strengthen the enforcement of the free trade area.

He said unless the Government grasped the "seriousness" of the potentially negative effects of a premature free trade agreement, South Africa's "already brittle" business fabric could be undermined.

Tanzania may leave Comesa

BD 28/7/99 (279A)

John Dludlu

AN ANNOUNCEMENT that Tanzania may terminate its membership of the Common Market for Eastern and Southern Africa and concentrate on the Southern African Development Community could trigger a withdrawal by other Comesa members, an SADC official warned.

Responding to signals that Tanzania — one of several SADC members which is also a Comesa member — is considering pulling out of the Lusaka-headquartered Comesa, ST Kokerai, the legal officer at the SADC secretariat, said last night Dar-es-Salaam's move was a recognition of better benefits the organisation was reaping from the SADC, including the attraction of duty-free trade in the SADC next year.

He mentioned the advantages as including trade preferences resulting from bilateral accords.

Friday's announcement of Tanzania's intended withdrawal, made by Trade Minister Iddi Simba, also showed member states were no longer prepared to foot the bill for dual membership.

In the run-up to the implementation of an SADC plan to remove barriers on intra-regional trade, other SADC members were expected to choose between the two organisations — a question that both blocs' leaderships had hitherto not addressed adequately. "I can see Zambia following," said Kokerai

Two other members — Lesotho and Mozambique — have already withdrawn from Comesa, citing the expenses of dual membership.

However, Sindiso Ngwenya, Comesa's deputy secretary, sought to play down the impact of the announcement. Simba's announcement, made in parliament, is understood to have been followed by a clarification from another department, pointing out withdrawal was being considered.

Ngwenya said he welcomed member states debating the benefits of membership of Comesa as the deadline for a free trade area drew closer. Comesa is planning a free trade area in October 2000, while the SADC states begin lowering tariff and other trade barriers over eight years from January.

Simba said the move to withdraw was prompted by the planned reduction by 90% of tariffs in Comesa.

Ngwenya said Comesa had commissioned studies to assess the impact of the planned free trade area on industrial competitiveness and the loss of revenue for the state.

The Tanzanian announcements were designed to prepare public opinion in the region, said sources. "Indications (of a pullout) are there," said a Tanzanian official

The moves by Tanzania reflect the shaky nature of the understanding between the two organisations aimed at resolving tension caused by the overlapping membership and project duplication.

At the height of tension in the early 1990s the SADC preferred that members should choose one organisation.

This was soon ditched in favour of a heads of state summit to resolve the dispute. But the summit never occurred, although both organisations now claim to have good relations.

Zimbabwe sugar exports hurt SA's regional sales

(3) SUGAR (74) (279A)

Nicola Jenvey

DURBAN — Zimbabwean sugar sales into the five-nation Southern African Customs Union are hitting SA sales following the bilateral agreement reached last year, SA Sugar Association chairman Don MacLeod said yesterday.

Addressing the annual meeting, he said local sugar sales have come under pressure from an embattled economy and higher Zimbabwean exports to the customs union, particularly since there was evidence of illegal imports.

This was despite the local industry achieving a record 2,6-million tons of sugar for the 1998-99 season.

Not giving figures, MacLeod said "considerable efforts" were being made to stem the flow and limit the negative effect of these activities on SA's sales. The customs union includes SA, Swaziland, Namibia, Lesotho and Botswana.

During the season SA exported a record 1,4-million tons of sugar to 28 countries. Raw sugar was mainly exported to Far East markets and the Middle East. Major refined sugar markets were East Africa, Iran and Mauritius.

MacLeod said the 1999-2000 season would be "a difficult one" for the industry given the low world prices, a static local market and less favourable summer growing conditions. The smaller crop, estimated at 2,4-million tons, will mean lower incomes for both the growing and milling sectors.

MacLeod said the policy document drawn up by the trade and industry department indicated that it supported the continuation of a tariff and single export marketing channel "as long as the world sugar market remained significantly distorted".

The tariffs and trade board is reviewing the current tariff and formula. "It is important to the industry that their decision provides enough protection from dumping by sugar exporting countries as a result of (the) current low world sugar prices," he said.

Industry analysts have said the board may want to change the highly protected industry's structure and reduce barriers.

MacLeod reiterated the importance of a sugar protocol in the 14-nation Southern African Development Community (SADC) where a free trade agreement was being negotiated.

He said until US and Europe Union "sugar regimes" were dismantled, the community should continue to benefit from preferential trade agreements under the Lomé Convention and an SADC sugar protocol should be in place.

Council 'has teaching role'

BD 29/7/99 (279A)

Xolani Xundu

LOCAL government officials should not see rules as their prime reference, but as an opportunity to assist communities to use their productive energies, Southern African Development Community (SADC) spokesman Joao Ndlovu said yesterday.

Ndlovu was speaking on behalf of his secretary-general, Kaire Mbuende, to delegates on behalf of from 14 SADC countries during the organisation's local government conference in Johannesburg.

The core need was behaviour freely negotiated according to the rules of a particular community. "Local governments needs to be like a kindergarten teacher who introduces communication symbols to an infant," he said.

Local government should be distinguished from local administration which concerned with law enforcement.

Ndlovu said countries in the region needed to combine their energies to achieve a better quality of life for their peoples. The organisation also needed to be owned and managed by the people for it to be consistent with the true aspirations of the region.

Decentralisation had the merit of empowering people and of stimulating local energies. It would also generate new ideas required to revitalise central governments.

"Decentralisation builds a vibrant civil society ... and enables speedy decisions on local development matters," said Ndlovu. This left central governments to devote their energies to macro-economic policies and grand strategies.

The SADC experience with the decentralisation system had its pros and cons. It presented an opportunity for ownership and engagement but it was restrictive.

The organisation needed to develop regional co-operation in matters of local governance.

Ndlovu said people believed the region had surplus manpower and was endowed with immeasurable natural resources, but it was stricken by unemployment.

This reflected weak or non-existent links between urban and rural municipalities, while the cities' attracted people from rural areas.

Local government should be a bottom-up approach to policy making and economic planning.

Even though SADC states had local government ministries, there was not a regional forum for sharing experience and information.

"This is a bottleneck of regional integration efforts. The success of the SADC trade protocol and free trade area is dependent upon active participation of local entrepreneurial community," he said.

Women needed to be represented in local and national policy making structures as they were the majority of the SADC population.

Ndlovu said disaster management, promotion of small enterprises, promotion of inter-city co-operation in the region and the collection of tax revenue as priorities for local government.

Poverty alleviation vital for regional security — Selebi

Stephen Laufer (279A)

POVERTY alleviation and the closing of income gaps between the "haves" and the "have nots" lie at the heart of sustainable human security, which is a key aspect of overall peace and stability in southern Africa, foreign affairs director-general Jackie Selebi said yesterday.

At a seminar on the regional challenge for the SA Army, Selebi said a failure to address pervasive poverty, underdevelopment, ethnic strife, enforced population movements and environmental degradation would make the long-term security of national states in southern Africa unattainable. The collective security of the region could be achieved only if viable, open, democratic and outward-looking states were the norm.

Besides securing national borders and internal law and order, states in southern Africa must "create and deepen democratic practices and respect for universal human rights and freedoms". Promoting the welfare of their citizens, they "must create enabling environments for the attainment of economic development and trade and exchange with the outside world".

The region had consistently seen the absence of conflict and the attainment of economic justice and social harmony as "one big indivisible challenge". The Southern African Development Community free trade treaty, due to come into force early next year, would give a boost to the quest for economic prosperity, helping to ensure the region's integration into the world economy.

Warning against delusions, Selebi said the region's security challenges were "many and complex". There were no quick fixes and no easy answers.

Angola and the Democratic Republic of Congo continued to give cause for concern. SA and other countries in the region could not isolate themselves from the crises in those countries but had to assist in creating peaceful and stable conditions as an element of their own national wellbeing.

SA's policy in southern Africa was not the result of mere enlightenment or pragmatism, but sprang from recognition of the fact that "our destiny as a nation is irrevocably tied with the destiny of our region and Africa at large", Selebi said "if they win, we win — if they fail, we fail".

Peacemaking in the region was "an arduous and long process", Selebi said.

SA had consistently emphasised not just the military dimensions of conflicts, "the result of which may be to forever rush in armies", but sought to deal with the political, social, cultural, and environmental issues behind conflicts.

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...from other countries, were actually being carried out.

Region lags far behind in delivery of social services

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A visiting UN expert has found cause for concern, writes Xolani Xundu

THE delivery of social services in southern African countries is lagging far behind, says a United Nations (UN) expert

David Kithakye, adviser to the UN centre for human settlement, told delegates at the Southern African Development Community (SADC) local government conference in Johannesburg the region faced severe underinvestment and continuous loss of valuable assets.

Road conditions, sanitation, water systems, drainage, energy, telecommunications and railways left much to be desired. With few exceptions, the bulk of infrastructure was being provided directly by households, the private sector and the community.

"People have taken it upon themselves to provide services because of local government failure," said Kithakye. Insufficient data for planning and investment in decision making were among challenges facing the region.

Haphazard planning and investment in infrastructure were prevalent. They were prompted by political motives and a need to respond to emergencies and epidemics, or were donor driven.

The region, like most of Africa, had more than 60% of its population living in rural settlements. Although it was desirable to stem the flow to urban areas, the reality was that urban populations would go on growing, he said.

The challenge was to strike a balance between investing in infrastructure in economically declining rural areas and in the fast growing urban areas.

In the region, Kithakye said, the issue of governance and especially good governance required critical consideration and a clear understanding of what should be done at each level of government and in each country

The UN's global campaign on urban governance would promote good governance through clusters which linked operational and normative activities, focusing on, among other things, urban management, urban environment and urban safety.

"Good governance is not to be taken to be a requirement of the western world. Governance is being used increasingly to refer to the process of government and, more broadly, to the way in which a society manages its collective interests," he said.

Local governments were responsible for effecting policy, but not in all nations in the region. "In many cases, it is a big brother and small brother approach," he said.

SA's government was one in the region which had tried to explicitly outline the role of local government in policy implementation. In most other countries, local governments were considered almost as recipients. Central governments still considered it their responsibility to provide services to communities, said Kithakye.

A lot of resources were spent on supervising and controlling local governments. Local government inspectorate sections within national governments were tasked with controlling the way local authorities conducted business.

"A solution to this situation is to clearly define and learn to respect the agreed roles and responsibilities of each level," he said.

The relationship between central and local government had to be complementary and supportive.

Zimbabwe's local government system in the 1980s and part of the '90s was a good example of a healthy relationship between central and local bodies. Local governments, rural and urban, grew to great levels of competence to raise revenue and deliver services. They maintained a relationship with the centre which provided support needed.

In 1997, Namibia prepared a decentralisation programme which took into account all issues tied to relationships between central and local governments.

Mozambique also went the same route, but the problem of lack of capacity was one of the greatest challenges of the local government reform and indeed of decentralisation anywhere, Kithakye said.

Decentralisation did not mean discontinuing central government responsibility to local government, nor did it threaten the centre.

He said all levels had a role to play in development. Local government should be responsible for matters at local level, should have both the authority and resources to enable them to effectively address the issues, and should develop capacity to competently deliver the required infrastructure.

Central government should provide guidance and support and not control local governments.

The region also faced economic realities like inadequate resources, poor resource management and local economic development initiatives which most councils did not co-ordinate.

Civil strife was also destroying large investment in infrastructure, he said.

The region was challenged to take note of the effects of globalisation. A new form of global governance had to be developed. The SADC, as a grouping of nations, would have to define its position in globalisation and examine members' readiness and vulnerability.

