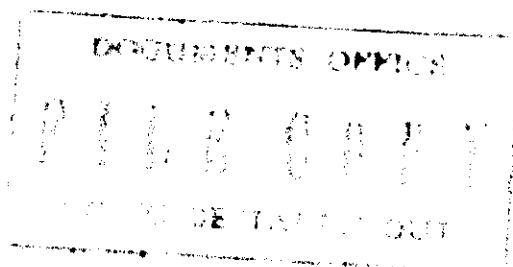




**UNITED NATIONS
ECONOMIC AND SOCIAL COUNCIL**



Distr.
LIMITED

F/ECA/TRADE/94
15 Sept. 1987

Original: ENGLISH

UNITED NATIONS ECONOMIC
COMMISSION FOR AFRICA

Meeting of the UN Inter-Agency
Task Force

Lusaka/Harare, 16-19 November 1987

PROSPECTS FOR RECOVERY
AND DEVELOPMENT IN SOUTHERN AFRICA

A Note by the ECA Secretariat

I. INTRODUCTION

1. The geographical location of some African countries 1/ and their proximity to South Africa has resulted in the emergence of a peculiar, political, social and economic inter-relationship which dates back to the colonial era. Historically, most of these countries had developed considerable dependence on South Africa for transport and communications and trade links with the rest of the world. Economically, these countries also developed ties with South Africa through bilateral trade arrangements, customs union, free trade arrangements, and movements of labour. The countries and peoples of the Southern African subregion share a number of common experiences, natural affinities and a political environment that all combine to make solidarity and co-operation among the countries both necessary and inevitable. Six countries of the nine countries of the subregion are landlocked thus having to depend for links to the sea on either the other three countries in the area (Angola, Mozambique and Tanzania) or on South Africa. Further few of the economies of the countries do have individually a large enough market, a fully diversified based or an adequate range of resources needed for development. Yet, for the subregion as a whole these factors become more feasible.

2. Following the attainment of independence by these countries, and the mounting pressure on the South African regime to dismantle apartheid and grant majority rule to the black populations, the nature of these relationships has changed considerably. The South African regime has resorted to various policies of destabilization of the countries of this subregion which include direct

1/ The countries are Angola, Botswana, Lesotho, Malawi, Mozambique, (Namibia) Swaziland, Tanzania, Zambia and Zimbabwe.

military interventions; the support of dissidents and bandits against the African governments; economic and transport blockades, trade embargoes and divestment; and political destabilization through propaganda and financing of clandestine political parties.

3. This paper examines the main features of South Africa's destabilization policy against the Southern African States and the social, political and economic consequences of that policy. It also examines the measures adopted by the states to cope with such destabilization as well as the prospects for recovery, growth and development against that policy.

II. STRUCTURE AND PERFORMANCE OF THE SOUTHERN AFRICAN ECONOMIES

(a) Overall Growth Indicators

4. In line with the general trends in most of Africa, the Southern African Countries experienced a significant slow down in economic growth in the period 1980-1986 although, admittedly, the degree of deceleration in growth varied from country to country. With the exception of Botswana, which is estimated to have recorded, a growth in GDP at 1980 constant prices (local currency) of 10.3 per cent, all the other countries had very sluggish growth in many cases, well below the growth in population. Indeed, two of the countries (Angola and Mozambique) had actual declines in GDP while Lesotho, Tanzania and Zambia had a growth rate of GDP between 1980 and 1986. In Table 1, the basic economic indicators show that the

countries of the subregion have significant variations in populations, land mass area as well as the level of GNP per capita. The subregion contains countries with very small populations of less than a million and countries with relatively large populations of over 20 million. Similarly the size of countries varies from very small countries like Swaziland and Lesotho to the large land masses of Angola. GNP per capita also varies from a low level of about US\$200 to a level of nearly US\$1000.

Table I: Basic Indicators of the Southern African Economies

	Population mid-1984 millions	Area '000 sq. km.	GDP US\$m 1984	GNP per head \$ 1984
Angola	9.9	1,247	5,700 <u>b/</u>	...
Botswana	1.0	600	990	960
Lesotho	1.5	30	360 <u>a/</u>	530
Malawi	6.8	118	1,090	130
Mozambique	13.4	802	4,465 <u>b/</u>	...
Swaziland	0.7	17	700
Tanzania	21.5	945	4,410 <u>a/</u>	210
Zambia	6.4	753	2,640	470
Zimbabwe	8.1	391	4,580	760

Notes: a/ 1983 b/ 1981

Source: SADCC - Investment in Production.

5. The structure of the Gross Domestic Product (GDP) of the countries of Southern Africa shows significant variations. (see Table 2). The share of agriculture in total GDP at 1980 constant factor cost varies from a very low level of only 2.4 per cent in Botswana in 1986 to a high level of nearly 50 per cent in Tanzania in the same year. Conversely, mining and manufacturing industries account for a very large proportion of GDP of over 30 per cent in countries like Botswana, Mozambique, Swaziland, Zambia and Zimbabwe while these sectors contribute only about 13 per cent of GDP in Tanzania. Thus in general, in the Southern Africa subregion there are agricultural economies like Malawi and Tanzania, mineral-led economies like Botswana and Zambia and the more relatively industrialized economies such as Zimbabwe. The importance of the services sectors in GDP is, however, more uniform accounting, in 1986, for about 40 per cent or over in most of the countries except Angola, Botswana and Mozambique.

6. The structure of GDP expenditure shows that many of the Southern African economies have a very high share of total consumption in total GDP. For example, in 1986 four of the nine economies of Southern Africa recorded a level of total consumption which exceeded the total GDP thus implying a negative rate of domestic savings. Total consumption as a share of GDP in 1986 was 233.1 per cent in Lesotho, 108.4 per cent in Mozambique, 109.1 in Swaziland and 106.8 per cent in Tanzania. The other economies show a more moderate consumption rate ranging from the low level of 49.5 per cent in Botswana to 85.4 per cent in Malawi. Of the total consumption, government expenditure has had a relatively stable share averaging around 20 per cent of GDP for most of the countries.

7. Capital formation as a proportion of GDP shows wide variations among the different economies. The lowest investment rates are recorded by Angola (6.2 per cent of GDP in 1986), Mozambique (6.7 per cent) and Zimbabwe (12.9 per cent). Botswana, Malawi and Tanzania have recorded moderate investments averaging around 20-25 per cent of GDP in the 1980-1986. On the other hand, Lesotho, Swaziland and Zambia have had high rates of capital formation averaging over 30 per cent of GDP between 1980 and 1986. The cases of Lesotho and Swaziland are peculiar in that as a proportion of GDP both total consumption and capital formation are high. This is, to a large extent due to the importance of migrant remittances from South Africa to these countries, a fact which tends to make Gross National Product (GNP) very large relative to the Gross Domestic Product (GDP). Indeed, a realistic structural analysis of these economies should take GNP as the base rather than GDP.

8. At 1980 constant prices, exports as a proportion of GDP are relatively high except for Lesotho, Malawi, Mozambique and Tanzania whose share of exports in total GDP in 1986 was only 26.4 per cent, 8.4 per cent and 16.0 per cent respectively. The share of exports for the other countries was, in 1986, in the range of 30-50 per cent for Angola, Zambia and Zimbabwe and over 60 per cent for Swaziland and Botswana. It must, however, be stressed that this structure has greatly been influenced by the persistent decline in export commodity prices such that in current prices, the share of exports in total GDP for most of the Southern African economies is much lower than indicated by the 1980 constant prices. In terms of net exports at 1980 constant prices all the countries of the subregion with the notable exception of Botswana show a significant deficit. As a percentage of GDP the proportion of the deficit between exports and imports in 1986 ranged between 3 per cent for Malawi to a high of 180 per cent for Lesotho.

Table 2: Structure of GDP of the Southern African Countries 1980-1986 (per cent)

		GDP at 1980 constant factor cost			Expenditure of GDP at 1980 constant prices					
		Agri- culture	Industry	Services	Govt. Cons.	Private Cons.	Invest- ment	Ex- ports	Im- ports	
1. Angola	80	43.9	29.5	26.6	21.3	48.3	9.6	51.5	29.7	
	83	44.1	28.4	27.5	22.3	49.6	7.8	47.4	27.1	
	86	44.8	29.0	26.2	20.1	46.3	6.2	48.9	21.6	66.4
2. Botswana	80	13.9	48.5	37.6	20.1	50.1	41.5	51.0	63.6	
	83	12.0	53.6	34.4	19.7	38.9	21.7	75.5	55.4	
	86	9.4	62.7	28.9	16.5	33.0	14.0	95.1	58.7	49.5
3. Lesotho	80	23.1	24.4	50.5	28.5	138.6	39.8	19.9	126.3	
	83	21.0	18.0	61.0	27.5	155.7	49.9	16.9	144.1	
	86	20.9	20.1	58.9	39.9	193.2	46.6	26.4	206.2	
4. Malawi	80	37.6	21.2	41.2	19.5	69.5	25.0	25.1	39.2	
	83	37.9	21.1	41.0	15.6	65.7	22.8	27.1	31.2	
	86	38.0	20.4	41.6	14.5	70.9	17.9	26.4	29.7	84.9
5. Mozambique	80	40.5	43.2	16.2	15.3	84.3	16.4	15.0	31.0	
	83	39.1	42.6	18.3	20.9	88.5	8.9	10.0	28.2	
	86	44.7	36.2	19.1	21.7	86.7	6.7	8.4	23.5	108.4
6. Swazi.	80	25.6	31.7	43.2	22.3	67.4	36.9	61.2	87.8	
	83	25.3	31.7	42.9	23.0	79.8	29.3	61.7	93.7	
	86	25.7	31.3	43.0	24.6	84.5	25.4	60.9	95.4	109.5
7. Tanzania	80	44.4	17.0	38.6	12.7	78.0	22.5	13.2	26.5	
	83	46.4	13.7	39.9	12.7	78.3	18.9	16.5	26.4	
	86	47.1	12.9	40.0	16.0	90.8	21.4	16.0	44.2	106.8
8. Zambia	80	15.3	42.2	42.5	25.5	55.2	23.3	41.4	45.4	
	83	14.7	42.5	42.8	15.9	40.6	34.4	27.1	18.0	
	86	17.5	39.7	42.8	19.8	43.0	31.7	32.9	27.4	62.8
9. Zimbabwe	80	14.2	38.6	44.2	19.7	67.7	15.7	30.3	33.3	
	83	13.3	36.7	50.0	22.5	70.5	11.3	28.5	32.9	
	86	17.3	34.9	47.8	18.1	56.7	12.9	44.4	32.2	74.8

Source: ECA Secretariat.

(b) The State of Food and Agriculture in Southern Africa

9. Food and agriculture is the mainstay of the economies of Southern Africa. The economies are generally dualistic in nature with a large number of them being rural, dominated by the agricultural sector. Over 78.5 per cent of the economically active population in 1985 was engaged in the agriculture sector or on average, 8 out of 10 people. Per capita incomes and the living standards of the rural masses are low' and each country therefore faces natural and structural barriers to achieving sustained growth and development.

10. The agricultural sector is an important contributor to GDP while the largest proportion of their foreign exchange earnings derives from the exports of this sector. In those countries where mining is not a dominant sector, agriculture contributed about 60 per cent of total foreign exchange earnings during the period 1980-86. The implication and the role of this sector in any effort for long-term transformation of the currently structurally dependent economies is therefore pretty obvious. The sector must be considered by these Governments to be the base of their economies in the years to come. In this connection, it is worth mentioning that in both LPA and APPER agriculture is given pre-eminence in a belated recognition of its leading role in Africa's quest for development.

11. The sector of food, agriculture and the agricultural natural resources base, provides food for rapidly growing populations. The sector provides employment for the majority of people in the face of stagnating or declining industrial and services sectors. 2/ A dynamic

2/ It is to be remembered that today, many industrial plants in Africa are operating at only 20-40 per cent of their installed capacity. The African manufacturing sector has been characterized by a relatively small indigenous entrepreneurial element in it; few linkages to domestic resources or to rural demand; and has tended to be capital-intensive, based largely on imported raw materials. The non-agricultural sectors can only support a very small percentage of the population in terms of employment, the overwhelming burden is therefore left to the agricultural sector to support.

and broad-based agriculture will ensure the creation of effective demand and an expanding rural market for products and services produced by the non-agricultural sectors and ultimately an increase in employment in these sectors. In addition, the sector must not only earn foreign exchange, but in the process, it must also enable countries to save these scarce resources through increased domestic production and cutting down on food imports; thereby releasing these resources for further investment and development. The improvement of the rural sector will also result in the reduction of rural-urban migration. Whatever changes that take place in this sector therefore, tend to have major repercussions on overall economic growth and development. Accordingly, it is now (belated) realized that Africa's economic crisis is essentially a crisis of food and agricultural production. Hence, agriculture and the agro-based sectors form, at least for now, the main basis for Africa's recovery and long-term overall economic growth and development.

12. As in the rest of Africa, the sector has failed to feed and ~~clothe~~ the Southern African people. Despite mounting financial indebtedness, countries are forced to spend large sums of their limited foreign exchange to import foodstuffs, some of them Africa's own staples which could be produced domestically. Net food and agriculture production seriously declined during the period 1971-84, which was below population growth rates for all the countries.

Table 3: Agricultural Growth

Country	Net Agric.Prod. Growth rate		Agric. Exp.(Defl.) Value)growth rate		Net Food Prod. Growth rate		Growth rate of productivity			
	1971-80	1980-84	1971-80	1980-84	1971-80	1980-84	Labour		Land	
Angola	-4.23	-0.10	-13.53	-10.10	0.36	0.38	-5.86	-0.94	-4.17	-0.5
Botswana	-3.51	0.96	- 2.47	10.20	-3.55	0.97	-3.68	-1.00	-2.52	3.4
Lesotho	0.37	-0.31	- 8.64	2.44	0.85	-0.27	-0.40	-1.41	3.34	-1.3
Malawi	2.38	2.90	1.52	8.29	1.51	2.49	0.75	1.00	1.76	3.5
Mozambique	-0.98	-1.69	-18.14	-13.95	-0.48	-1.30	-2.75	-2.15	-1.20	-1.7
Swaziland	4.28	2.76	4.28	- 4.41	3.48	3.33	3.46	1.71	2.43	14.1
Tanzania	4.11	-1.17	- 3.37	- 0.00	5.79	-0.33	2.33	-3.60	3.73	-2.1
Zambia	2.80	1.84	-11.99	10.98	2.83	1.40	1.47	0.05	2.62	-0.0
Zimbabwe	2.61	-3.72	- 3.56	3.16	1.44	-6.98	0.59	-5.45	1.83	-9.7

Source: FAO, The State of Food and Agriculture, Rome, 1985.

13. The terms of trade for both exports and imports were also quite disastrous for most of the countries of the sub-region. The purchasing power of their agricultural exports declined every year while food imports increased nearly 5 per cent per annum during 1980-84. Consequently, in the 1970s and early 1980-s, GDP for most countries failed to grow. In the case of Angola and Mozambique these growth rates were negative throughout. Zambia and Zimbabwe whose agriculture's share in GDP is below 20 per cent, experienced some growth, in particular Zimbabwe.

(c) Survey of other critical economic sectors

(i) Transport and Communications

14. Transport and communication is one of the sectors accorded the highest priority by the countries of the Southern Africa subregion due to (a) the high number of land locked countries in the subregion (5 countries out of 9), (b) the dependence with South Africa as regards the transport and communications network.

(ii) Energy Development and Consumption

15. The Southern African countries as a whole have a well developed energy sector, and there are abundant energy resources for future expansion. Indeed, as a group, the countries of the subregion are net energy exporters. The variety of energy resources for the subregion include oil and gas, coal, hydro-power, fuel wood and other renewable sources of energy. Estimates of reserves show that the subregion has total proven exploitable reserves of about 55,000 million

tons of coal, 250 million tons of oil and 280 billion cubic metres of natural gas and a hydro-electric potential of 39,000 MW. It must, however, be stressed that the energy potential varies greatly among the countries of the subregion and that, hitherto, trade in energy among the countries has been marginal being limited mainly to electricity exchange between Zambia and Zimbabwe.

16. The structure of energy consumption shows that traditional fuels, especially fuelwood, account for about 80 per cent of total energy consumption in the region. For commercial energy consumption, there has been a structural shift away from oil such that presently, in the eight oil-importing countries of the region, the oil bill is lower than 1980. This, however, has been accompanied by an increased reliance on electricity - involving increasing electricity imports from South Africa for Botswana, Lesotho, Swaziland and Mozambique. The growth in consumption of coal has been very slow amounting to only about 4.2 million tons used mainly in thermal plants, coke production and in mining activities.

17. The production of commercial energy in the subregion is summarized in Table 4. But in interpreting the figures, it should be kept in mind that production of commercial energy is highly uneven among the countries of subregion. For example, Angola is the only country that produces oil.

Table 4: Production of commercial energy in Southern Africa 1984 and 1985

	1984	1985
<u>Primary energy</u>		
Coal (million tons)	4.2	4.2
Crude oil (million tons)	10.2	11.4
Natural gas (billion m ³)	2/4	n.a.
hydropower (TWh)	15.5	15.6
<u>Secondary energy</u>		
oil products (million tons)	2.3	2.4
thermal power (TWh)	2.4	3.2

(iii) The Mining Sector

18. Southern Africa is well endowed with mineral resources. Indeed, some of the countries (Botswana, Zambia and Zimbabwe depend very significantly on the mining sector. The most important minerals in the areas include copper, gold, diamonds, asbestos, chromium cobalt, zinc, nickel, iron-ore and limestone. The mineral sector in most of the countries is mainly involved in the extraction of mineral raw materials or unprocessed metals for export. The structural decline in world demand for many of the minerals of the Southern African countries has resulted in a general downward trend for mineral production in these countries. The most important production trends are summarised in Table 5 below.

Table 5: Some major mineral production in Southern African countries

Mineral	Year					% Change 1980/1983
	1976	1980	1981	1982	1983	
ZA-Copper ('000 mt)	713	610	555	584	574	-5.9
ZA-Zinc('000 ton)	37	32	33	39	39	+21.9
ZA-Cobalt (mt)	1,620	3,300	2,560	2,440	2,400	-27.3
ZW-Asbestos('000 ton)	281	250	247	194	153	-38.8
ZW-Chrome Ore('000 ton)	863	553	536	431	431	-22.1
ZW-Copper('000 ton)	41	27	24	24	20	-25.9
ZW-Nickel(Ton)	14	15.0	13.0	13.3	9.9	-34.0
ZW-Iron Ore ('000 ton)	1,350	1,620	1,100	837	924	-43.0
BO-Diamonds ('000 Carats)	..	5,161	4,960	7,768	10,731	+110.4
ZW-Gold ('000fine oz)	387	367	371	426	453	+23.4

(1) ZA - Zambia, ZW - Zimbabwe, BO - Botswana

(2) mt - metric tons

Sources: Central Statistical Office, Lusaka
Central Statistical Office, Harare
Ministry of Finance and Development Planning, Gaborone

(vi) Industry and Manufacturing

19. The manufacturing sector in most of the countries of the subregion is relatively small. Only in Swaziland and Zimbabwe is the share of manufacturing in total GDP over 20 per cent. The sector as a whole is characterised by some processing of mineral and agricultural raw materials along with light industries producing goods such as cement, paints, pharmaceuticals, tyres, batteries, radios, bicycles, motor assembling, textiles, footwear, etc.

20. The manufacturing sector has been affected by a number of constraints. The shortage of foreign exchange, has adversely curtailed imports of inputs such that some of the industries have had to operate at much below their installed capacity. This constraint is likely to remain acute given the generally high import content of many manufacturing industries in the subregion. The negative impact on destabilisation and aggression has been a key factor in the underdevelopment of the industrial sector especially in countries like Mozambique and Angola. In a number of cases industrial capacities and their supporting infrastructures have been physically destroyed. In other cases transport bottlenecks caused by the destabilisation have created an inevitable process of slow-down and disruption in manufacturing activities. To these factors must be added the problems of the smallness of the market and the generally inadequate investments in industrial activities.

(v) Trade and Finance

21. With respect to trade, it must be acknowledged that all the countries of Southern Africa are dependent especially on external trade. Primary commodity exports still constitute a major portion

of total exports of most of the countries. In other cases, a whole range of consumption intermediate capital goods including food, have to be imported. Indeed, it is in the areas of trade and trade routes that the region's dependence on South Africa is most demonstrable.

22. Despite the relative importance of foreign trade and perhaps because of its preponderance, most countries in the area face critical difficulties as regards their balance of payments position; despite the suppression of import demand in recent years most Southern African countries face deficits on their current accounts of the balance of payments. This, in addition, to the fragile environment has inevitably escalated the size of external debts. The debt servicing burden of subregion is estimated to be, on the average, more than 60 per cent of GNP.

23. With regard to development finance and resource mobilization, the overall situation is poor. During the period 1980-1986, the fiscal performance of the countries of Southern Africa has on the whole been poor. Botswana has been the only country during the period to realise an overall budget surplus over the entire period owing mainly to the buoyancy in revenue, in line with the expansion of the economy coupled with a remarkable prudence in expenditure expansion. In other countries, the collapse of the world commodity prices and the inability to effectively control government expenditures have implied a chronic budget deficit.

24. It has to be stressed that given the importance of external resource inflows in many of the countries of the subregion, the trend of stagnant development assistance, in real terms, has compounded the problems of unbalanced government budgets. Of particular import in this respect has been the effect that the scarcity of domestic and external resources has had on government development programmes. Since in a number of case governments had to borrow to merely finance the recurrent expenditures, there has been an appreciable decline in the proportion of government investment expenditures in total investment outlay.

III. MAIN FEATURES OF SOUTH AFRICA'S DESTABILIZATION POLICY

(a) The Nature of Stabilization

25. South Africa's destabilization policy on the economies of Southern African countries can be classified in three broad areas covering the military political economic and social aspects. The critical factor of the policy is the weakness and dependence of the Southern African countries on South Africa. The degree of structural economic openness, the geographical proximity with a very strong South African economy and the historical ties with the metropolitan centres have all resulted in a pervasive degree of economic dependence like for most of the African countries. The countries of Southern Africa are dependent on the outside world for the supply of goods, the markets for their exports, capital, skills and technology. However, for the Southern African countries there are several unique and peculiar types of dependence but for purposes of this paper only trade the infrastructure and the disposal of the unskilled labour of some of the countries are highlighted. It is on these unique patterns of dependence that focus needs to be put in an effort to find workable and durable approaches to the economic liberation of the subregion especially from the throngs of South Africa.

(i) Trade dependence

26. The dependence of the economies of the South African countries is clearly illustrated by the high proportion of exports and imports in total GDP. Countries like Angola, Botswana and Swaziland have shares of exports to GDP that have exceeded 50 per cent since 1980. The share of exports in total GDP was over 25 per cent in 1986 for Lesotho, Malawi, Zambia and Zimbabwe. Only Mozambique and Tanzania have a share of exports in total GDP of less than 20 per cent. Similarly, the share of imports is very high, with Angola, Mozambique and Zambia and Zimbabwe recording, in 1986, a share of imports ranging from 20 per cent to 35 per cent while all the other countries had a share of well over 40 per cent.

27. While the above structural dependence on trade is a general feature in Africa it should be noted that for the Southern African countries there is an additional aspect of dependence on South Africa. South Africa is an important

source of imports for many of the countries in the subregion accounting for 30 per cent of total imports. This import dependence has shown a tendency to decline except for Malawi. In addition to the volume of trade with South Africa, there is a critical dependence of transporting the merchandise through the South African transport network as outlined below.

(ii) Transport and Communications Dependence

28. One of the most significant forms of dependence of the Southern African countries in the transport and communications sector. The landlocked countries in the subregion use South African roads, railways and ports for overseas trade. In addition to this, the destabilising policies of South Africa tend to disrupt the railway networks of even the non-land locked countries like Mozambique. A further aspect of dependence relates to the activities of freight forwarding firms which are controlled by South African companies. Also, the dominant position of South Africa means that it is the major centre for technological services, acquisition of spare parts and other servicing of transport machinery. Air transport between the region and other countries is also heavily dependent on connections within South Africa particularly Johannesburg. Fortunately, telecommunications services are not presently as dependent on South Africa as in the early 1980s when most of the telecommunications from or to the region had to be routed via South Africa.

(iii) Dependence on other sectors

29. Among the other sectors the major area of dependence relates to employment of labour force in South Africa from neighbouring states. As shown in Table 7 below the number of migrant workers from the region in South Africa has remained quite significant at over a quarter of a million. Given the fact that most of the economies of the region cannot easily absorb their migrant labour force, the situation is very serious. In the other sectors, the dependence on South Africa is reflected in the imports of electricity.

Table 7: Distribution of workers from independent African countries in South Africa

	1980	1981	1982	1983
Angola	291	69	128	68
Botswana	29,200	29,169	26,262	25,967
Lesotho	140,746	150,422	140,719	145,787
Malawi	32,319	30,602	27,558	28,622
Mozambique	36,424	59,391	52,323	61,210
Swaziland	19,853	13,417	13,659	15,773
Zambia	918	727	787	713
Zimbabwe	10,377	16,965	11,332	7,742
Other	33,102	996	2,512	5,105*
Total	287,230	301,758	282,272	292,935

Source: "Recent Trends and Prospects of Black Migration to S.Africa" by Flor de Vlotter, International Labour Organization Working Paper, January 1985.

(b) Main Elements of Destabilization

30. The racist minority government of the Republic of South Africa (RSA) conducts acts of destabilization against the countries of the Southern African region members of the Southern African Development Co-ordination Conference (SADCC) because of (a) the SADCC countries' opposition to the government of the RSA concerning its illegal military occupation of Namibia and the apartheid system of government in the RSA both of which are internationally acknowledged as unjust; (b) its belief that the SADCC countries which are nearest to the RSA harbour and support Namibian and South Africa liberation movements; and (c) its military and economic might together with the support that the racist government of the RSA derives from some powerful countries and institutions outside the African region to frustrate liberation efforts in the continent.

*Includes Namibia from 1983

31. Destabilization of Southern African countries by the government of the RSA is characterised by (a) direct military aggression by South African forces against liberation movements and some neighbouring countries, (b) indirect military aggression by South African backed insurgents against some independent African States, (c) direct and indirect economic sabotage of the Southern African countries and (d) direct and indirect political and social interference against the Southern African countries.

(i) Direct and Indirect Military Intervention

32. Direct and indirect military aggression by the forces of the RSA is most seriously being directed against Angola, Mozambique and Namibia. This takes basically two forms. First South Africa repeatedly crosses into Angola, Botswana, Mozambique, Zimbabwe and Zambia on the pretext that it is in 'hot pursuit' of freedom fighters. In this context, large areas of these countries continue to be used as battle-fields between government forces and South African forces. Secondly, South Africa backs bandits, rebels and dissident elements in the Southern African States. For instance, in Mozambique the South African-backed RENAMO rebels engage in constant battles with Mozambique government forces. In the case of Angola, South Africa openly supports UNITA forces against the sovereign state. Moreover, sporadic direct and indirect military aggressions together with continuous threats of such aggressions to other countries of the SADC region by South African regime are a regular feature of the relations in this area.

(ii) Economic Destabilization

33. Economic destabilization by the RSA and their collaborators on Southern African States takes many forms. These include: the continuing plunder of Namibian mineral and other resources, the progressive reduction by the government of the RSA of migratory labour (miners and farm workers) from neighbouring independent African States, the high surcharge on transit goods through South Africa, divestment and withdrawal of resources to South Africa by large transnational corporations which support that regime, the massive reduction of

Mozambican railway-port traffic for goods originating from or destined to South Africa: the destruction of productive facilities such as land transport facilities, factories, mines, farms, powerlines of some independent African countries. Trade embargoes are also frequently adopted by South Africa against the Front-Line States.

(iii) Political Destabilization

34. Political (and social) destabilization by the racist government of the RSA and their agents against Southern African countries is evidenced by: the political support by South Africa of one financial grants to political opponents of some African governments; hostile racist propaganda by official organs of the South African regime against independent African States; the continued derogatory practices by the government of South Africa against its own black populations; and the threat to the security and lives of the political leaders in the independent states.

(c) The Cost and Impact of Destabilization

35. The impact of destabilization by the government of the RSA on Southern African countries has had serious economic, social and political facts. The actual cost is not readily known but in 1985, SADCC secretariat estimated that its members, more than US\$10 billion annually as a result of destabilization. The fact is that most of the countries within SADCC have invested heavily on defence and security at the expense of economic productive sectors such as agriculture and industry. For several years there has been critical loss of production of goods and services in some of these countries resulting from the destruction of existing productive capacities. Declining production in turn has caused rapidly falling export earnings and widespread shortages of essential commodities in some of the affected countries. Furthermore despite of attractive investment policies by some of the Southern African countries, threats to peace, security and stability have acted as disincentives to foreign private investment in some cases. The same foreign investment disincentives are even hitting the Republic of South Africa itself where major transnational corporations are gradually pulling out of the country because of the effects of the apartheid system being practiced there.

36. In the social field, the massive population displacements in some of the countries of Southern Africa resulting from disturbances caused by South African backed insurgents, repatriation of migratory labour by the government of the Republic

and the movement of native South Africans to 'homelands'. These population displacements have caused serious loss of property, disruption of families, widespread unemployment conditions, lack of essential supplies, untold human suffering and death, and even led to serious emergency conditions in some areas.

37. Politically, the South African government's destabilization against Southern African countries has created conflicts between the Organization of African Unity (OAU) and some members of the international community which support the racist government of South Africa and refuse to bring an end to the system of Apartheid in the Republic of South Africa. It is also known that some of the industrialized countries support the government of South Africa and its collaborators by assisting the rebel movements fighting legitimate governments of independent African States.

38. In another political sphere, the South African government and its allies maintain that Namibia's independence has to be tied to the withdrawal of Cuban troops from Angola. However, the OAU and many members of the international community maintain that the legitimate government of Angola has the sovereign right to seek assistance from wherever it chooses for its internal security and development. Thus the OAU and the international community continue to call upon the South African government to put an end to its illegal occupation and administration of Namibia according to United Nations Security Council resolutions. The refusal of the government of South Africa to comply with the resolutions of the United Nations on Namibia has not only prevented the people of the country from self-determination, freedom and national independence, but has also posed a serious threat to national sovereignty of Angola and is therefore a permanent danger to peace in the Southern African region.

39. Likewise those fighting for the end of the ~~Apartheid~~ system of government within the Republic of South Africa have met with brutal reactions from the racist government including police and military actions, detentions and prevention from political organization. The turmoil within South Africa has continued to have spillover effects on neighbouring African countries where the racist South African government's agents conduct regular attacks on suspected Southern African freedom fighters. South African backed rebels sabotage development efforts of neighbouring States. All these deplorable actions by the racist South African regime undermine peace and security in the Southern African region.

40. The cost of destabilization by the racist regime on Southern African countries could be based on such factors as: the resources placed at the disposal of military and security forces of the countries to institute measures which would

counter/prevent (in the case of the other affected countries of the region) destabilization the loss of productive capacity (both existing and potential)

associated with destabilization operations both within the Republic of South Africa and the Other affected countries; and the suffering of millions of innocent citizens both within South Africa and the SADCC countries affected by destabilization.

IV. MEASURES TO DEAL WITH DESTABILIZATION

41. The destabilization of the Southern African States, as shown in the previous section, takes many different forms. Therefore, in addressing this problem, various responses to destabilization policy of South Africa have been attempted at different levels (national, subregional, regional and international). The common element in these measures is the recognition that the destabilisation policies of South Africa has put extra strains on the economies of the countries of the South African Subregion; and that the economic recovery and growth of these countries are being frustrated by such destabilization. The effects of these policies resulted in the huge loss of human life and livestock, the destruction of property, the disruption of economic production and transport and communications facilities. Many people have been displaced as refugees. These factors have made it difficult for the countries of the subregion to emerge from the economic crisis that affects the continent as a whole but which has hit particularly hard this part of Africa. It is in order to initiate the recovery of their economies and counter the negative effects of South Africa destabilisation policies, the countries of the subregion have taken new initiatives at different levels to deal with the situation.

(a) Measures taken at the national level

42. For the front-line States, the destabilization of their economies by South Africa is almost a daily occurrence. The response of each country against this has been varied according to the type and intensity of the destabilization. In general, all the countries have taken measures designed to increase food production with a view to attaining the food self-sufficiency. Priority is given to Agriculture and Food production as indicated in the United Nations Programme of Action for African Economic Recovery and Development. The measures include price incentives to farmers, provision of farming implements such as seeds and fertilizers and allocation of land to farmers displaced by the South African military intervention. He also strived to improve the marketing of agricultural products through the re-organisation of marketing boards to make them more responsive to a self-reliant oriented pattern of

production. There is also a clear commitment in the subregion to rationalise parastatal organizations in order to increase their efficiency and turn them into self-financing profit making organizations. In this connection greater autonomy has been given to the management of public enterprises to more efficient according to the principles of sound business management. Public investment has also been reappraised and reoriented with the efficient use of resources as the main criterion guiding the investment. Some countries such as Swaziland, Zambia, Zimbabwe and Botswana have codes of investment giving incentives to private investors.

43. On the institutional side all countries have taken measures towards strengthening their planning machinery with a view to enhancing the overall economic management of the country. The preparation of National Accounts has been improved and a proper recording and monitoring of the countries external indebtedness was established. In addition some countries like Zambia have strived to develop their statistical capacity with a view to monitoring the impact and effectiveness of the policies and programmes implemented.

44. Within the context of the strengthening of the production base, efforts for the diversification of the economy have been undertaken with special emphasis put on the industrial sector in order to transform the economies from their presently dominant primary sector towards the development of a modern industrial based towards the processing of agricultural and mineral products to alleviate the dependence of the countries on South Africa. The industrial and agricultural policies and programmes implemented in the countries have had a major job creation component. Countries have also recently concentrated their efforts on the promotion of labour intensive investments with a view to ensuring maximum participation of the population in the development process and creating new employment opportunities in order to reverse present heavy migration of workers from the subregion to South Africa.

45. In order to ensure the success of these labour intensive investments, the countries of the subregion have intensified their efforts to improve and expand technical and vocational training to produce much needed skilled manpower commensurate with the development approach the countries have recently taken. Programmes and policies geared towards the improvement of health infrastructure have also been undertaken. Virtually all the countries of the subregion are implementing programmes for rehabilitation of refugees and this has put considerable pressure on the already meagre financial resources of the countries. The provision of housing, education and jobs to the never ending stream of refugees that the countries of the subregion have to contend with is a very big burden that the countries are coping with great difficulties. The permanent state of war that is imposed on the countries of the subregion has forced them to allocate a considerable portion of their national budgets to military expenditures with a view to defending themselves against the repeated military aggressions from South Africa and this inevitably decreases the resources available for development purposes.

46. In the field of transport and communications efforts are being made at the national level in order to link up the road or rail networks of the landlocked countries with the coastal countries of Mozambique, Angola and Tanzania. Efforts are also being made to improve air transport facilities and telecommunications networks within the countries as well as with other countries of the subregion (excluding South Africa) are being made. In the field of transport and communications one country, Lesotho, is in a particularly difficult situation because of its geographical position inside South Africa.

47. In the field of trade and finance, Botswana, Lesotho and Swaziland, which are part of the South African customs union, are striving to diversify their trade channels within the Preferential Trade Area as well as with overseas partners. Credit facilities for financing of production and trade have been made available with a view to developing and facilitating both the production of basic commodities as well as their distribution around the countries. Agricultural credit is also made available for the exports of certain commodities to neighbouring countries. The countries have also introduced new foreign exchange allocation mechanisms, the liberalisation of imports, pricing policies and interest rates.

(b) At Subregional Level

48. At the subregional level, the countries have made considerable advances to respond to the destabilization policy by South Africa. Two subregional institutions have been assisting their Southern African member States in counteracting the destabilization policy of South Africa and reducing their structural dependence especially on South Africa.

1. The Southern African Development Co-ordination Conference

49. The Southern African Development Co-ordination Conference (SADCC) was established in April 1980 directly to respond to the destabilization policy by South Africa. Its membership includes Angola, Botswana, Lesotho, Malawi, Mozambique, Swaziland, the United Republic of Tanzania, Zambia and Zimbabwe. From its creation, it has been handling the twin issues of integrated development in the subregion and reduction of dependence on South Africa. Its objectives are to achieve the following: reduction of economic dependence on the Republic of South Africa; the forging of links to create a genuine and equitable regional integration; the mobilization resources to promote the implementation of national, interstate and regional projects; and concerted action to secure international co-operation within the framework of a strategy for economic liberation.

50. Confronted by the problem of a big diversity of member States, with different priorities, SADCC has chosen a decentralized structure, with co-ordination of sectoral development at subregional level by one of the member States. At the outset, the SADCC Programme of Action emphasized the development and rehabilitation of the subregion's physical infrastructure, mainly the transport and communications network. This was a response against South Africa's strategy which compels its neighbour countries to use its own transport network for their exports by sabotaging any transport systems used by SADCC member countries as a means of diverting their transport away from South Africa. Consequently, the main component of SADCC Programmes has been directed towards public sector investment and SADCC tried to mobilize as much official

development assistance as possible in order to secure the necessary funding for the implementation of its projects.

51. The development of the subregion's infrastructure will remain a priority for SADCC. Several «transport corridors» are being developed as alternate trade routes away from South Africa. However, SADCC is aware that this development is meaningless unless it serves the productive and commercial sectors. Additionally, it became evident that it was essential to modify the subregion's trade patterns if one wanted to reduce dependence on South Africa (SADCC's total trade with South Africa was estimated in 1984 at seven times higher than intra-SADCC trade).

52. Therefore SADCC recently started to give more importance to the stimulation of intra-subregional trade and the increase of production of goods and services in the subregion. Its trade Programme has four main elements:

(i) a system of direct trade measures and bilateral trade agreements such as multi-annual purchase agreements, counter purchase, preferential import licencing; (ii) the exchange of trade preferences among member States, which will take into account their existing obligations; (iii) supplementary financial mechanisms for intra-SADCC trade in order to ease the constraints arising from foreign exchange difficulties. In this regard consideration is being given to the establishment of a Regional Export Credit Facility and national Export Refinancing Revolving Funds in those member States where they are needed; and (iv) a trade promotion programme.*

53. Among the productive sectors, food and agriculture remains a high priority. Food security is the main component of the sectoral development programme (60% of the projects total cost for agriculture). However, projects total cost for the industrial sector are estimated higher still. By mid-1986, 34% of the necessary funding was secured and 6% under negotiation. A financing gap of 60% (US\$3.190) was still to fill.

*SADCC - 1985-1986 Annual Progress Report.

54. In 1985, SADCC Sector Coordinators were requested to adjust their programmes, where necessary, to incorporate any APPER priority area which may not already appear as part of SADCC Programme of Action. Priority areas were actually broadly coincident. An important new initiative taken by SADCC was the formulation of five-year sectoral strategies. The point to stress is that unless the SADCC Programme of Action is urgently implemented, member States will suffer more economic hardship due to intensified destabilisation measures taken by South Africa.

2. The Preferential Trade Area

55. The Preferential Trade Area for Eastern and Southern Africa (PTA) came into operation on July 1, 1984. Its objective is to promote social and economic development of its member States through economic co-operation particularly in the field of trade and customs. From the outset, the PTA gave special consideration to the case of three countries, Botswana, Lesotho and Swaziland, (BLS) which are members of the Southern African Customs Union (SACU) and the Rand Monetary area. It was decided that temporary halt on the application of some articles of the Treaty should be granted.

56. In October 1984, the Inaugural Meeting of the BLS Committee was held to consider the proposals of a plan of action for the implementation of the protocol relating to the unique situation of B.L.S. countries vis-à-vis South Africa. The objective of this Protocol are to ensure the economic restructuring of BLS States and the reduction of their dependence on South Africa without dislocation or fundamental disturbances to their economies; to contribute to their harmonious socio-economic development and to the expansion of their trade with other PTA member States; and to obtain from financial institutions a preferential treatment to programmes and projects involving BLS States.

57. The PTA is also conscious of the efforts of South Africa's destabilization policy on the economies of member States. Specific measures are being implemented in all major sectors including trade and transport to ensure less reliance on South Africa. More in December 1986, the PTA Authority adopted the programme of economic sanctions against South Africa recommended by the Council of Ministers. In order to avoid any duplication of efforts, the Authority recommended that the implementation of this programme be co-ordinated and harmonised with comparable programmes of the OAU and the Non-Aligned Movement.

3. The Front-line States

58. In terms of subregional perspectives, the measures taken to deal with South Africa's destabilization policy have centred on political and other forms of support to the Front Line States (Angola, Mozambique, Zambia, Zimbabwe, Botswana and Tanzania). These Front-Line States have emerged as a force to put pressure on the South African Regime to dismantle Apartheid and to grant majority rule to the black populations.

(c) At the Regional Level

59. Africa's Priority Programme for Economic Recovery 1986-1990 has laid down measures to be adopted at the regional level to deal with South Africa's destabilizing policy against the Front-Line States. This called inter alia for measures to be adopted to increase the flow of resources to the Front-Line States by the African Development Bank Group. Countries also adopted a decision aimed at assisting the Southern African States to meet the heavy costs of destabilization.

(d) Measures taken at the International Level

60. Some industrialized countries as well as multilateral institutions have taken positive steps to increase their financial support and technical assistance to the Southern African States, as a means of assisting them to cope with destabilization. Economic sanctions against South Africa have been considered in various forums as a means of persuading that regime to abandon its Apartheid policy. Assistance also includes in strengthening the industrial and manufacturing bases of the countries concerned as well as in manpower development and training and in resource management. The UN Centre Against Apartheid also acts as a pressure group

V. PROSPECTS FOR RECOVERY AND DEVELOPMENT IN SOUTHERN AFRICA

61. As has been noted in the preceding analysis, the economies of Southern Africa depend largely on agriculture and minerals. As a long-term strategy, these countries, in line with the rest of Africa, have in line with APPER, selected agriculture as the priority area, to be developed side by side with other sectors in support of agriculture (industry, transport and communications, trade and finance and natural resources). Human resources development and drought and desertification are also areas given priority in Africa's recovery programme. ^{1/} In this context, agricultural production including food constitutes the centrepiece of any recovery programme for the Southern African economies.

62. As a basis for more detailed analysis it is essential to mention that the recovery programme for the Southern African countries should be envisioned against the effort to remove the endogenous and exogenous factors which generally hinder any recovery efforts. These include: (a) the drought that very seriously affected the majority of the countries during the early part of the 1980's; (b) the adverse world economic environment particularly as regards the collapse in commodity prices and weak demand for the primary commodity exports; (c) external transport difficulties that have tended to disrupt the flow of exports and urgently needed imports of intermediate goods; (d) a general decline in the rate of investments as a result of stringent budget measures; and (e) the problems associated with mobilization of domestic and external resources and the management of external debt.

(a) Constraints to Recovery in Agricultural Development

63. The African history has been a turbulent one where the African societies have had to weather many storms and cope with some of the most harsh situations, arising from external factors as well as internal strife and conflicts. Apart from slavery and forced migration, countries have suffered colonialism, apartheid and recently the acts of destabilisation in Southern Africa.

^{1/} Africa's Priority Programme for Economic Recovery (1986-1990).

64. Meanwhile, and perhaps as a consequence of the past history, there have been few advances in the technology of food production and food security. Food and agricultural productivity has failed to keep pace with demand. There is therefore a serious innovation gap in African agriculture. The enormous gap that exists between available knowledge of improved technology and actual practice in Africa has meant that Africa still countries to have the lowest average yield in almost all the major crops. Increase in production has therefore come largely from expansion in the area under cultivation rather than increased yields per unit of land and labour used for livestock and arable farming.

65. The inadequacies and the unsatisfactory nature of both economy-wide and agricultural structural domestic policies have also been a major factor constraining agricultural development. These policies have evolved in such a manner as to discourage growth of agricultural output and incomes of the rural sector in general. An inefficient macro-economic framework has led to the exploitation and neglect of the agricultural sector and rural areas. The organizational, structurally continues to distort the development of this sector. The agrarian structure and land use policies have usually been inconsistent with the interests of the peasant farmer, who still dominates the agricultural scene in these countries. There is therefore hardly any country which has yet, in real terms, succeeded in removing the structures that impede the development of the traditional subsistence-oriented small farmer.

66. Another long-term problem is the widening supply gap (food production-population imbalance). This imbalance is increasing the pressure on food supplies and the agricultural natural base, which includes fisheries, forestry (and fuelwood), and grazing land for both livestock and wildlife. Assuming a 2 percent increase in per capita income and an income elasticity of demand for agricultural produce of 0.7 percent, and given the current growth rate of population of about 3.1 percent, efforts to close the gap must aim at not less than 4.5 percent growth in agricultural production.

67. Quite apart from the underdevelopment of basic resources of the subregion, (unutilized, underutilized or misused), including land, labour, water, etc., there is also the question establishing an institutional framework which is truly

development-oriented; institutions and infrastructures which encourage rather than discourage farmers to adopt and implement improved farming practices.

68. The unfavourable international climate, as a factor, must also be mentioned as an important impediment to progress; and South Africa's policy of destabilization and dominance remains a real threat to normal and orderly development programmes in the subregion. In addition to loss of life, there is displacement of a large number of people, disrupting agricultural production while causing serious physical destruction. Furthermore, the lack of technical, managerial and financial resources in most of the countries inhibits the achievement of desired goals.

(b) Reconstruction and Transformation for Recovery and Development

69. The economic potential of these countries holds out vast promise for their people. The subregion (more than 90 percent of it in the warm tropics) is well favoured with natural resources; indeed the countries are collectively well endowed with basic resources of land, human resources, water for food and agricultural production (crops, livestock, forestry, fisheries and wildlife), marine resources and mountains. Tables 8 and 9 below detail out the land and irrigation potentials for the nine countries. The subregion has one of the best river networks in Africa, and contains some of the best arable and ranching land in the continent.

Table 8: AGRICULTURE LAND USE AND INVENTORY, 1983
(in 1000 ha.)

Country	Total Land Potential	Total Land Use	% of Use/Potential
Angola	77,308	4,500	6.00
Botswana	1,677	1,360	81.10
Lesotho	345	292	84.64
Malawi	4,119	2,529	61.40
Mozambique	41,434	5,599	13.51
Swaziland	857	218	25.44
Tanzania	36,596	9,213	25.17
Zambia	51,081	5,280	10.34
Zimbabwe	15,910	4,079	25.64
Total	229,327	33,070	14.42

Source : Computed from AT2000 Computer Print-outs.
Global Programming System, FAO, Rome, 13 July 1987.

70. The human and physical potential of Africa in general and the subregion in particular, in the agricultural field is recognized to be very large. Out of a total potential land of 229.33 million ha. only just over 14 percent is actually being used in the subregion as a whole. However, for some countries like Botswana, Lesotho and Malawi most of the land had already been brought under cultivation by 1983. But others like Angola, Mozambique and Zambia the actual utilization of their potential land was below average (14%) for the subregion, giving very low per capita of cultivated land. About 20 percent of the total land area of which 229.33 million ha. of potential land forms a part, is at present considered unsuitable for agricultural use at the present level of technology, including irrigation technology. Irrigated agriculture is still small in the nine countries.

71. As indicated (Table 9) only 330,000 hectares (about 7.7 per cent of total potential) was under irrigation in 1983. Only Swaziland and Zimbabwe have made some strides. The potential to increase irrigated agriculture in the subregion is therefore considered immense.

Table 9: IRRIGATED LAND USE AND POTENTIAL, 1983
(in 1000 ha)

	Total Use	Reserve	Total Potential	Total Use/Total Potential %
Angola	0	1500	1500	0
Botswana	3	197	200	1.5
Lesotho	0	50	50	0
Malawi	28	202	230	12.17
Mozambique	-	-	-	-
Swaziland	51	49	100	51.00
Tanzania	100	1500	1600	6.25
Zimbabwe	130	170	300	43.33
Zambia	18	282	300	6.00
Total	330	3950	4280	7.71

Source: Ibid. as in Table 8

72. The above potential is however, constrained by financial problems and low capability in project design and management. As far as livestock production is concerned, here, too, productivities are low due mainly to poor husbandry practices, especially breeding and management, and animal diseases. Fishery resources are also large in the subregion - oceans and inland waters. Exploitation by the countries of the subregion has been quite low. Fisheries, forests and wildlife have vast production potential. But the exploitation of these natural resources has been on an ad-hoc basis. There is little regulated harvesting of these resources while applied research to raise the productivity of the natural resource base in general is also quite minimum.

73. The nine countries could therefore be self-sufficient in food: beef from Botswana, Tanzania and Zimbabwe; maize from Malawi, Zambia and Zimbabwe; fish from the two oceans, rivers and lakes; sugar from Swaziland and others. The region also holds vast potential for cotton, fruits, cocoa, groundnuts, coffee, cashewnuts, sisal and tobacco. And agro-industries based on these commodities should present a good opportunity for growth and development. The above potential can be realized provided that countries apply the existing and new technologies and implement farmer-oriented policies. The case of Asia is instructive where the success of new technologies and appropriate farm policies has shown this to be feasible.

74. The present crisis is part of a general agrarian crisis which has resulted in malnutrition and impoverishment thereby pushing these countries into more food dependency on the external world including South Africa. The challenge is therefore to take actions that make lasting advances toward long-term goals and prevent future needs for meeting emergencies and rehabilitation as well as making countries better prepared for emergency and destabilization situations. In order to break away from these shackles and place Southern Africa firmly on the path towards sustainable development and framework for a more self-reliant and economically integrated subregion, the Governments of these countries must make fundamental reforms in their development strategies in favour of the lead sector: the food, agriculture and the natural resource base sector.

75. The most important and most urgent among these reforms is the need for increased attention to be given by Governments to long-term research by biological, physical and socio-economic scientists on developing sustainable production

systems for food and cash crops, fisheries, forestry and wildlife. The countries must rectify the present situation of low level of farmer-acceptable agricultural technology and innovation. They must strengthen agricultural research and the development and application of indigenous capacity for agricultural technology and innovation which is compatible with the subregion's farming systems with emphasis on the staple crops and livestock. For the time being, labour-intensive technology will appear to be the most ideal, especially if countries are to find alternative solutions to the migrant labour system, given the uncertainty of future of the South African labour market, and the possibility of abrupt closure of this market by South Africa. ^{1/} Since there is a long gestation period from the inception of research to the release of new technology, the average time being about ten years; and since it takes 10-15 years of training and experience beyond high school to develop a research scientist, there is an urgent need for long-term investment programmes to be undertaken now. This is a major obstacle to improvement in productivity in the near future. Technological stagnation has direct relationship with declining agricultural productivity, frequently aggravated by drought and other natural factors. The shortage of innovators and managers is a great barrier in the initiating and carrying out new enterprises, the introduction of new and appropriate technologies and in breaking up with previous patterns of development. Zimbabwe's sustained investments in research on hybrid maize, is largely responsible for the improvement in maize production in the subregion.

76. Secondly, there is need for large and continuing public and private investment in the agricultural and rural sector which must continue to absorb the majority of the labour of the countries concerned. The public policies must squarely address the issues of agricultural reforms and investment programmes which are consistent with the interests of the majority of the farmers. Agricultural reforms are needed now, since the basic structural variables (population, urbanization, developments

^{1/} A separate study has previously been undertaken for the Southern African Labour Commission (SALC) with the title: "Report on Alternatives to Migratory Labour System in Supplier Countries of Southern Africa with Special Reference to Agriculture.", Addis Ababa, Oct. 1984. It is available in the Joint ECA/FAO Agriculture Division.

in non-agricultural sectors, trends in agricultural export market, destabilization etc.) are undergoing rapid changes. The new-comers to the labour force in the year 2000 are already born and an employment crisis is already emerging. Agricultural and industrial planners should therefore closely co-operate in formulating policies and programmes geared towards increased agricultural growth rates and productive employment opportunities throughout the rural economy.

77. Thirdly, the development, rehabilitation and conservation of the natural resource base is most urgent. The crisis that the African countries are presently experiencing is also a crisis of sustainability i.e. the depletion of Africa's resources - problems of soil, forest and rangeland degradation. The improvement, in natural resources management, and proper planning in their use is crucial if sustained and future productive utilization is to be assured. The major cause of deforestation in the subregion is the requirement for fuelwood. This phenomenon of cutting trees for firewood and charcoal is bound to continue as long as there is no alternative source of energy. There is need therefore, for concrete policy decisions with respect to energy development.

78. Fourthly, one basic reason for the failure of most countries to develop their agricultural capabilities lies not only in the inadequacy of clear policies, but also in the lack of effective institutions which can translate and implement decisions. Institution-building and support are strategically important in the development of agriculture; and in seeking to improve these institutions and services it will be necessary to identify first the basic constraints facing the small farmer including land reforms. Only in this way can these institutions be relevant to the real needs of the farmer, doing away with an inefficient and costly institutional structure. Physical and social infrastructure that service agriculture can also have a positive or negative impact on food and agriculture development since they, too, can induce or discourage farmers to increase production. The physical infrastructure include delivery systems for agricultural produce and inputs, innovative and incentive structures, rehabilitation of agro-industries, transport systems, storage and irrigation systems. Among the social infrastructures to be developed and improved are the rural amenities.

(c) Revitalization of Other Sectors in Support of Agriculture

79. While South Africa has a clear and definite strategy of total destabilization and total economic domination, the countries of the subregion only seem to be reacting to these measures, and then only on a voluntary basis. A contingency plan is needed from the African side, including the strengthening of inter-country co-operation, and urgent economic integration among SADCC/PTA countries, each of which is individually quite small. Because of low productivity, inadequate transport facilities, and foreign exchange constraints, among others, intra-SADCC trade is extremely small (about 5 percent of total imports in 1982). Trade with South Africa, on the other hand is much higher, accounting for 7 percent of their total exports and about 30 percent of their imports. In the field of agriculture, the area of food security has considerable potential for subregional co-operation in agriculture among these countries. This implies co-operation in the field of research and technology development, joint development of the subregion's natural resource base (land reclamation, river and lake basins, irrigation etc.) and the development of human resources and manpower exchanges. Since food security also means maximum stability in the flow of food supplies to where its needed and also its accessibility, enhanced inter-country trade will be essential. Other areas where economic and technical co-operation could lead to the recovery of these countries include agro-industries e.g. processing, and the production and supply of agricultural inputs (fertilizers, pesticides, improved seed varieties and animals, agricultural tools and machinery). The constant threat from South Africa in this sense is an opportunity and a blessing - it has provided impetus to continue and renew efforts at alternative subregional co-operation. This ought to be pursued vigorously.

80. Development policy formulation and overall planning should recognize and reflect the strong linkage between the agricultural sector and the other sectors of the economies of these countries. The following major sectors in support of agriculture areas should be highlighted:

(i) Industry and manufacturing

81. Industrialization has mainly been based on concepts of industrialized countries. The countries of the subregion will therefore need to review and re-orientate their current industrialization policies in order to adjust further industrial development to their natural resource base and potential:

- Agricultural input industries: The subregion possesses raw materials for fertilizers and agricultural chemicals. An efficient inputs industry will also produce agricultural tools/machinery and equipment necessary to improve working methods.
- Processing industries: Agricultural products to be processed will include meat, fruits, sugar, hides and skins, wood, cotton and textiles in general.
- Simple agricultural capital goods industries: e.g. hoes, and ploughs. Such industries will create employment and incomes while saving exchange. Will form a basis for further industrialization.
- Spare-parts industries: Countries should determine which spares are in greatest need before establishing such industries.

(ii) Science and Technology

82. This is basic for industry and manufacturing as well as for the development of the food and agriculture sector (improved agricultural inputs, techniques, environment conservation, research in African staples etc.)

(iii) Transport and communications:

- Development and improvement of roads and railways networks, water and air transportation for movement of people and goods.
- Information flow from one sector to another and among countries.

(iv) Trade and finance

83. The trading activities in a certain number of the countries of the subregion are heavily directed towards South Africa. All the countries in the Subregion, like those in the rest of Africa, derive most of their foreign exchange earnings

from the exports of primary commodities which they then use to import manufactured goods required for their development. South Africa provides in certain cases up to 90 percent of the import needs of some countries and runs huge trade surplus in its trading transactions with its neighbours. The South African Customs Union serves to maintain the prevailing situation which is largely in favour of South Africa. The diversification of production based on the principle of comparative advantage and the reorientation of trade within the framework of the existing subregional economic organizations such as the PTA and SADCC are the only options open to the countries to reduce their dependence on South Africa. However for the new reorientation of trade towards greater trading transactions among the countries of the Southern African subregion, the products, their quality, prices, distribution, etc... ought to be competitive in order to replace those normally supplied by South Africa. Although the establishment of this new trade pattern is quite possible it is not feasible in the immediate future and should be carefully planned and carried out over a relatively long period of time of say 20 years or so. The long period of time required is warranted by the strong and in certain cases compulsory trading ties that link the economies of some countries of the subregion to that of South Africa and the resistance of the present South African government to such change which will progressively weaken its economy.

84. The Rand Monetary Area to which some countries of the subregion belong is, like the South African Customs Union, another factor especially designed to maintain the dependence of the member countries on South Africa in the fields of money and finance which has to be dismantled and replaced by the adherence by the countries concerned to the existing clearing and payments arrangement of the PTA as a first step. Such a step will in fact be very much in line with the reorientation of trade within the PTA and SADCC and will facilitate the financing of intra-subregional trade.

85. The presently heavy investment of South African capital in some countries of the subregion and the control by South Africa of large sectors of the economy will have to change but this will only be possible if investments from other sources

are forthcoming to replace the South African capital. Indeed, the reduction of dependence of the economies of the subregion on the South African economy will require huge resources which will have to come largely from outside the region and will require a long period of time to materialize.

86. The basic conclusion is that experience shows that all efforts of the countries of the subregion including those in the field of trade and finance, to free themselves from dependence on South Africa will be difficult to achieve if the South African government is not deterred from undertaking its frequent military incursions in its neighbouring countries and stopping the assistance it extends to various rebel groups in the subregion which disrupt trade and other economic activities. These military activities have devastating effects on the economies of the countries and frustrate any efforts towards economic recovery and development of trade in the subregion.

(v) Human resources development

87. A definite strategy of accelerated manpower/human resources development is of critical importance to the recovery prospects. This should aim at developing adequate technical and managerial capabilities to support the programmes for economic and social development; to develop, adopt, assimilate and apply technologies relevant to African farming needs; and to develop manpower in the industry and other sectors including agricultural scientists.

(vi) Energy sector:

88. Prospects in the development of energy are enormous in Southern Africa and the potentials for the contribution of energy to economic recovery are very promising. The main sources of energy are: wood-fuel, hydropower and fossil fuel. There are immense potentials, but little development has taken place. The sun and wind are other sources of energy for which further research will be needed to develop appropriate technologies with a view to tapping this potential. Trade in energy should be envisioned as part of the recovery process.

VI. SUMMARY OF CONCLUSIONS AND RECOMMENDATIONS

89. From the preceding brief analysis the general conclusion is that taking into account the huge natural and mineral resources of the Southern African States and their commitment to development, the prospects for recovery and growth are bright and hopeful. Some of the countries are already implementing structural adjustment programmes and economic policy reforms that will lay firm foundations for such recovery. However, the destabilization of their economies by the South African regime, poses a serious threat to the efforts towards recovery. Consequently, within the framework of APPER and UN-PAAERD, and the framework for accelerated growth, three major factors emerge which need to be taken into account:

(a) South Africa's destabilization policy has resulted in destruction of property, livestock and transport and communication infrastructure. There are also losses of huge sums of money through increased military expenditure for defence, and reconstruction of the war-torn areas of the countries.

(b) As a result of this destabilization, economic development prospects are less predictable. Therefore, there is increased uncertainty in the economic policies of the countries to the extent that none of these countries can fully protect or insulate themselves from attacks from South Africa. In fact some of them are in a permanent state of war or emergency requiring the deployment of large contingents of military personnel to safeguard the territorial integrity. The prospects for economic recovery and growth grow deemer with the passage of time and unless the international community steps up its economic, financial and military aid to these countries, the economic prosperity of these countries will be frustrated.

90. Economic recovery of the Southern African States is possible even within the destabilization environment provided certain actions are undertaken. The approach is to devise a comprehensive package involving all major economic sectors with agriculture its appex. The importance of increasing the productivity of agriculture lies in the fact that nearly 80 per cent of the population and

labour force in the Southern African countries are dependent on agriculture for employment and income; and the urban sector depends on this sector for food, industrial raw materials and labour force.

91. Two important elements need emphasising - First there is the need to improve agriculture's performance and productivity in the subregion. Secondly, food security and food-self sufficiency must be the centre of any programmes for economic recovery. The natural resources needed for rapid growth in agriculture exist; what is required is a structural adjustment that both corrects the inter-sectoral terms of trade while at the same time providing a successful policy of agricultural innovation.

92. It is therefore recommended that in the field of agriculture the following be undertaken: (a) Policies geared towards the improvement of the efficiency and labour absorption capacity of this critical sector. These would include reforms of institutions such as land tenure systems; development and application of simple irrigation technologies; adoption of labour-intensive production and processing techniques; development, through locally-adopted research, and introduction of crops with forward-linkages which encourage processing industries; and the development and dissemination of output-augmenting agricultural input as outlined above; (b) The small family farm must be regarded as the model for agricultural policy on agrarian structures for at least the next generation. The admissible role of the State and State farms which is important in some countries, is in the production of improved seed and breeding cattle, tasks which may prove impossible for the small farmer to undertake; and (c) The rate at which trees are being cut has resulted in acute depletion of fuelwood species, loss of genetic base and severe soil erosion and environmental degradation. For the conservation of the ecosystem, it is recommended that a policy of re-afforestation be consciously and seriously undertaken, the natural resource base including soil characteristics be studied, as well as alternative energy sources, other than firewood and charcoal.

93. In the field of infrastructure, especially transport and communications, the development of internal networks, inter-country linkages and the «transport corridors» must be given increased support and financing both in terms of the domestic resources allocation as well as funding from bilateral and multilateral sources from the industrialized countries. These programmes should focus on specific activities aimed at counteracting the destabilization policy of the South African regime. Inter-State transport linkages are important not only for economic co-operation in general but would also support programmes for attaining regional food security and self-sufficiency.

94. Related to agricultural productivity is the problems of trade in commodities and raw materials. Since a number of countries in the subregion depend on a few primary commodities and minerals for a large portion of export earnings, the performance in those commodities directly affects the level of foreign exchange available to support the recovery programmes. In this respect, it is impossible to envisage an integrated programme for commodities for the Southern African States outside the existing international programmes. However, increasing agricultural and mineral processing is the key to any recovery efforts of the countries. Therefore, international support should concentrated on manufacturing and diversification of the products for exports so as to increase the value added and hence export earnings. New demand and supply studies for minerals and other natural resources should be conducted both within the context of PTA and SADCC as well as on a regional basis to determining the market potentials for processing goods.

95. The development of natural resources including minerals and energy is a critical area for the economic recovery of Southern African States. Several of the countries in this subregion have vast amounts of natural resources and energy for development. This area is most prone to destabilization by South Africa through the transnational corporations which support that regime. The TNCs can frustrate the recovery programme through divestment, transfer of capital, technical and managerial skills and withhold of appropriate technology. A new programme of assistance should envisage developing local capabilities to develop the natural resources as an important and integral part of the recovery programme.

96. Drought and desertification seriously affects some of the countries (Botswana and Mozambique). In addition to the destabilization of their economies, the countries have to cope with natural calamities. Therefore, these countries require a special programme of assistance to enable them to attain any meaningful degree of economic recovery and growth.

97. The development of domestic and intra-African trade offers alternative trade channels (imports and exports) and is an essential aspect of any measures to counteract the destabilization policy of South Africa. Trade will continue to be the «engine for growth» and recovery of the member States and there is the need to link the increased agricultural and manufacturing capabilities of the subregion with trade facilities so as not to aggravate the already serious «excess» capacity situation. The countries must also learn to consume what they produce and not to depend on South Africa for goods which can be produced domestically. The PTA and SADCC offer adequate institutional machinery for trade among the Southern African States. However, these institutions need to be strengthened and fully made use of by the member States. Their capacities for monitoring and evaluating the economic recovery programmes should be strengthened by channelling more resources from the international community.

98. The management and availability of domestic and external resources for development constitutes one of the most serious constraints in the economic recovery programmes of the Southern African States. This is compounded by serious external debt servicing problems facing these countries. While one or two countries receive adequate resource inflows from ODA and multilateral institutions, any assistance for development including debt servicing. For APPER alone the countries of Southern Africa required about \$15,250 million over the five year period of which external resources pledged or available amount to \$3,317.14 million leaving an enormous resource gap of \$4,044.9 million. In addition, the countries would require between \$12,000 - \$15,000 million dollars annually to offset the cost of destabilization. Consequently, any assistance for economic recovery of the countries should consist in assisting the countries to adopt more efficient systems to mobilize and manage domestic and external resources, including debt management. The international community should also make special efforts to channel more resources on concessional terms to this area paying attention to the special needs of the land-locked as well as the least developed countries.