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**TOWARDS SOCIO-ECONOMIC DEVELOPMENT OF DEMOCRATIC SOUTH AFRICA:
ECA'S ROLE IN PERSPECTIVE**

I. INTRODUCTION

1. Since 1990, dramatic changes have been taking place in South Africa, leading to a radical transformation of the political and social order, with far-reaching economic and political implications for South Africa itself, the neighbouring countries in Southern Africa and Africa as a whole. There is broad agreement that a stable transition to political democracy, based on an atmosphere of peace and reconciliation, is one of the important preconditions for sustainable development. In view of these important developments, the Economic Commission for Africa, has been focusing special attention on the unfolding situation with a view to collaborating with the international community in assisting the new South Africa in areas where the Commission has accumulated experience and expertise in the last three decades.

2. This paper is divided into five sections. After the introductory section, the second section examines the development problematique facing post-apartheid South Africa, particularly the political, economic and social dimensions and how these interplay to pose a difficult set of development problems for the post-apartheid government. It deals with the main features of the South African economy, including economic policy requirements for a stable political and economic transition and the central question whether post-apartheid South Africa can combine structural adjustment with re-distribution, recovery and growth. The third section concerns prospects of integration of South Africa first, with the countries of Southern Africa and second, with the rest of Africa. The fourth concerns the role of ECA and looks at possible areas in which ECA has accumulated expertise and experience over the last three decades which could be placed at the service of the new South Africa in the general context of international assistance to that country. Section five concludes the paper with a brief summary of the main issues that have been highlighted.

II. MAIN FEATURES OF SOUTH AFRICAN DEVELOPMENT CHALLENGES

3. The main features of the political economy of the transition in South Africa may be summarized as follows:

(a) The business cycle is in its longest downward curve since World War II. The declining GDP growth (about -0.5%) in 1990 and 1991 continued in 1992 but modest growth was recorded in 1993;

(b) Long-term investment is weak;

(c) Unemployment can only be eased if a GDP growth of at least 4 to 5 per cent a year is achieved;

(d) The manufacturing sector has failed to create significant employment;

(e) The highly protected South African companies have difficulty in competing in export markets;
and

(f) African contractors and entrepreneurs find it difficult to break into the vertically integrated production structures of the big mining and finance companies.

4. On the macroeconomic side, the following trends can be observed:

(a) A fiscal deficit of 4.7 per cent of GDP in 1991/92 which was projected to increase to about 6 per cent in 1992/93. So far, deficits have been financed from the domestic capital market at negative real interest rates;

(b) South Africa has a current account surplus of 2.5 per cent of GDP;

(c) Overall investment rate is 17.8 per cent of GDP of which private investment rate is 12.1 per cent), compared with over 25 per cent in the 1980s;

(d) External debt is less than 17 per cent of GDP, with domestic debt being 38 per cent of GDP; and

(e) The inflation rate is in the range of 13-15 per cent.

5. What conclusions of a policy nature can be drawn from these figures? Can South Africa simultaneously pursue political liberalization and economic liberalization? Can South Africa pursue a programme of structural adjustment with growth and redistribution?

6. One important conclusion is that there is limited scope for "kick-starting" the economy into a quick recovery by using expansionary fiscal policy to stimulate domestic demand. If this strategy is adopted, capital will become a constraint before any recovery can start. Thus the scope for a consumption-led recovery is limited. Revival of economic growth will, therefore, depend on revival of domestic investment which fell substantially in the mid- 1980s because of financial sanctions and political shocks. This, in turn, will depend (as the experience of Chile and Mexico suggests) on a stable economic environment that will signal a credible transition. Depreciation of the exchange rate and a tight fiscal policy should also encourage private investment and strengthen macroeconomic stability. Pursuit of these policies will no doubt smooth the transition but will have a greater impact if it is accompanied by steady export growth.

7. What then, about African concerns about broadening the ownership of the means of production, redressing the imbalance in the provision of public services and creating employment in the black population? Some possibilities exist regarding the ownership of the means of production, although international experience suggests that nationalization is not the best course. Clearly, innovative measures would have to be taken to broaden ownership.

8. The absence, or very low quality, of public services available to much of the population is a problem of macroeconomic significance. Spending on public services for the black population and for infrastructure in neglected areas would need to be increased substantially. However, only a portion of this increase can come from higher growth as the South African economy begins to recover. Much will have to be done at the expense of other priorities, with increased user charges on those that can afford it, or increased taxes. The main point here is that public spending devoid of a sound macroeconomic framework can become self-defeating and could lead to a bad combination of higher inflation, lower investment and external finance and debt problems and, ultimately, to lower growth.

9. The high expectations among the poor and deprived areas for improved provision and access to social services and creation of new employment opportunities for (non-whites) will clearly create pressure for increasing public expenditure. Already, redistributive expenditures in social services were given emphasis in the 1991 budget. However, it must be noted that in the 1991-1992 fiscal year, the deficit exceeded its programmed target of 2.8 per cent of GDP. Thus, while redistribution can be increased through further reallocation of government expenditure through cuts-in, for example, net expenditure on white education, a post-apartheid government may have to consider rebalancing the deficit through increased revenue.

10. With regard to the employment aspect, it must be noted that whereas in the 1960s, over 80 per cent of new entrants to the labour force were absorbed into wage employment, this has fallen to less than 10 per cent in recent years. Accompanied by a shift in employment away from agriculture, overall employment growth has

declined since 1970. Hence, the imbalance in the last 20 years, between black labour supply and the ability of the economy to provide employment. Since 1985, white unemployment has increased significantly. The estimated unemployment rate is 20 per cent, with a higher rate among black South Africans. This is not only a serious waste of South Africa's resources but is also a major source of the current social unrest. In a post-apartheid South Africa, therefore, employment generation should be accorded very high priority. This problem could be addressed, in the short to medium term, through special employment programmes. In order to avoid subsidizing existing businesses and to encourage labour-intensive work, such schemes should be located in areas where there is substantial labour surplus and directed to infrastructural and maintenance works in neglected regions, including the townships. Job-related skills training for black school leavers should also be a part of this programme.

Implications for Southern Africa

11. The Southern African subregion comprises about 90 million people living in an area of 6 million km². Their languages and cultures differ and political power in the region is divided between 11 independent governments. All the countries in the subregion are characterized by very high rates of population and urban growth, although the average population density is below world average and the African average. The subregion is rich in mineral resources, although these are unevenly distributed. The northern and eastern parts of the subregion have great agricultural potential and most of the population in the area depend on agriculture for their livelihood.

12. With this mosaic of States at different levels of development, it is difficult to generalize. Some countries like Botswana, Swaziland and Zimbabwe did well economically in the 1980s; others have faced serious difficulties. The 1992 drought had a devastating impact on the whole subregion. The persistence of war in Angola has prevented that country from attaining its full potential. The peace process in Mozambique augurs well for the restoration of conditions conducive to rapid recovery and development. Namibia's abundant mineral reserves and rich fisheries are expected to form the basis of that country's future prospects, but post-independence popular expectations are pressing very hard on limited financial resources.

13. A cause contributing to the under-performance of the Southern African economy, in spite of its potential, is the political conflict between the 10 members of the Southern African Development Community (SADC) and the Republic of South Africa. One of SADC's objectives is: "the reduction of economic dependence in particular, but not only, on the Republic of South Africa". Another objective is "a commitment to complete the struggle for genuine political independence in Namibia and ultimately, in South Africa". One may ask: why this political effort at economic separation in view of the following facts:

(a) South Africa contains only 40 per cent of the subregion's population but accounts for 80 per cent or more of its GNP, electricity generated, steel and cement produced, tractors and motor vehicles in use. It harvests more than 50 per cent of the subregion's maize, about 90 per cent of its wheat and supplies 70 per cent of the meat;

(b) In 1987, the average GNP per capita of the SADC States (excluding Angola) was US\$238 compared to \$1,800 for South Africa. Higher income levels and greater job opportunities attract thousands of workers from the subregion to South Africa. In 1986, about 400,000 workers were officially employed, a larger number illegally;

(c) In 1984, the value of the Southern African Development Coordination Conference's (SADCC) trade with South Africa was four times as high as that of intra-SADCC trade. About 70 per cent of the region's

trade volume (excluding South Africa's) passes through South Africa. In 1986/1987, 16 per cent of SADCC's total import traffic originated in South Africa which, in turn, was the destination of 35 per cent of its total export traffic. The recent shipments and rail transport of drought relief to the SADCC countries through South Africa clearly illustrates this dependence;

(d) SADCC estimates that 62 per cent of its air passengers travelling on SADCC carriers use Jan Smuts airport near Johannesburg. In 1988/1987, only 15 per cent of outgoing telecommunications traffic from Botswana, Malawi, the United Republic of Tanzania, Zambia and Zimbabwe went to other SADCC countries, compared to 42 per cent going to South Africa and 93 per cent to the rest of the world;

(e) South Africa's total trade with Southern Africa was R6 billion in 1987. Its non-bank investments in the subregion were R3.4 billion in 1988;

(f) South Africa's railways and harbours not only convey a substantial part of its neighbours' overseas goods traffic but also help to keep their railways operating by hiring out locomotives and wagons, by undertaking specialized repair work and by providing technical assistance to them. South African Airways plays a similar role;

(g) With regard to agriculture, notwithstanding political differences, there is active intra-regional cooperation in animal health. South Africa's renowned Veterinary Research Institute outside Pretoria provides diagnostic services and vaccines to many countries in Southern Africa, where livestock is affected by pests and diseases;

(h) South Africa's sophisticated technical and research services in agriculture, forestry, fishing, building, road and other construction, engineering, water and energy, education and training are relevant to the problems of Southern Africa, and students from those countries come to study in South Africa; and

(i) The fact that South Africa and neighbouring Botswana and Namibia have few surface water resources while others like Lesotho and Zimbabwe are well-endowed, provides an opportunity for cross-border water and hydro-power supply schemes, e.g. the huge Cabora Bassa hydro-electricity scheme in Mozambique can supply about 1,400 MW to South Africa, but because of war there has been no power supply since 1983. Also, Lesotho, through the Lesotho Highlands Water Supply Project, has signed an agreement with South Africa that will secure the water supplies of South Africa's industrial heartland for the next 50 years or more. The project, when completed in 2017 will deliver up to 2.2 billion cm³ of water to South Africa.

14. With regard to power, there are proposals to build a power grid to link all of Southern Africa up to the Inga dam on the Zaire river. The South African National Electricity Authority (ESKOM) now supplies power to Lesotho, Swaziland, Botswana, Maputo and southern Mozambique.

15. In view of these facts, perhaps both SADC and South Africa could agree on a strategy to foster mutual economic integration in the region that will benefit all members. At this stage, however, a full economic or customs union does not appear feasible. The main economic benefit of a customs union derives from the creation of large markets for each others industrial goods so that members of the union can increase their output and sales of other products while increasing their imports from their neighbours in other products. This, however, assumes that prior to the union, member States were competing with one another in most products in each other's markets. This is not the case in Southern Africa, and the creation of a customs union now will only favour South African industries in the rest of the Union against third countries for this reason. The South

African Customs Union (SACU) between South Africa, Botswana, Lesotho and Swaziland has built in compensatory mechanisms.

16. In the medium to long-term, a common market should be established for the region but it must be carefully developed in phases, perhaps starting with specific trade policy arrangements between South Africa and its neighbours within the context of SADC but with different or modified objectives. But for this to happen (and going back to the earlier analysis of the South African economy in transition), a stronger South African economy with a faster growth is necessary and essential. Such a scenario would consist of a sound macroeconomic framework, a stronger export base for both South Africa and the SADC countries and the deployment of South African capital, technology and management in the subregion. This is already taking place in Botswana and Namibia.

17. From the evidence available, and provided South Africa can undertake sustainable structural adjustment and stop the export of its domestic savings into capital flight thus enabling the private industrial sector to use those savings for productive purposes, South Africa could have the resource capacity for the scenario encompassing the whole subregion outlined above. The SADC countries, in turn, should revise their strategy, as they are now doing, from confrontation and delinking to cooperation and integration. It is on the basis of democracy and strong export-oriented economies in South Africa itself and in the subregion as a whole that a rational and strong basis for collective security, development and regional economic integration in Southern Africa can be developed.

III. PROSPECTS OF INTEGRATION OF SOUTH AFRICA WITH THE REST OF AFRICA

18. While a new South Africa will no doubt be preoccupied with domestic economic and social issues and, more immediately, with the neighbouring countries in Southern Africa, there is no doubt that the emergence of this new power in the region will have important implications for the existing economic and power relations in the region, particularly for the direction of economic relations in the short and medium term. Hopefully, as race will no longer be a significant factor in the conduct of politics and diplomacy in the region, intra-regional trade and development issues, including the eventual development of a common market, will begin to take centre stage.

19. As indicated earlier in this paper, an export-led growth strategy could lead a new South Africa to pursue a vigorous export strategy in Africa, competing aggressively against all comers, including African firms on a similar export drive. Apart from its network of economic relations with the Southern African countries, South Africa has been developing economic relations with countries outside the SADC area. As can be seen from tables 1 and 2, these ties, while not as extensive, are growing and could be significantly expanded, particularly in products where South Africa is deficient, energy for example. At present, some of the most rapid increases in trade outside Southern Africa have been with Kenya, Nigeria and Egypt.

20. These economic relations are reflected, inter alia, in growing involvement by South African firms in contracts and projects in other African countries and some modest investments. Table 1 provides details of South African trade with African countries other than members of SACU, while table 2 shows imports from South Africa as a percentage of total imports of selected African countries.

Table 1. South African trade with African countries,
(other than SACU members), 1990 (in Rand)

Country	Imports from	Exports to
Algeria	123,848	-
Angola	59,468	49,551,612
Benin	-	3,670,483
Burkina Faso	27,673	958,796
Burundi	11,953	5,790,828
Cameroon	1,667,216	2,708,591
Cape Verde	102,234	618,358
Central African Republic	243,789	647,926
Chad	1,985,550	-
Comoros	242,626	21,128,458
Congo	15,379,463	6,437,744
Côte d'Ivoire	44,153,097	48,669,221
Djibouti	-	-
Egypt	6,656,893	41,664,854
Ethiopia	258,384	1,138,214
Gabon	8,263,484	7,569,719
Gambia	-	3,318
Ghana	1,248,962	245,075
Guinea	93,972	119,876
Guinea-Bissau	3,724	-
Kenya	10,875,843	9,901,995
Liberia	215,898	10,420,772
Libyan Arab Jamahariya	6,060	1,853,366
Madagascar	1,346,381	51,530,887
Malawi	81,130,403	378,309,147
Mali	247,329	402,118
Mauritania	26,608	11,453
Mauritius	14,278,800	301,220,691
Morocco	4,978,793	55,017,928
Mozambique	30,388,199	432,150,639
Niger	229,744	1,591,101
Nigeria	3,24,848	961,099
Reunion	380,09	127,746,147
Rwanda	890,871	386,471
Sao Tome and Principe	23,379	4,573,471

Country	Imports from	Exports to
Senegal	200,243	2,767,112
Seychelles	305,081	45,362,072
Sierra Leone	67,459	500,163
Somalia	71,192	4,605,799
St. Helena	97,927	40,739,065
Sudan	256,245	2,648,055
Tanzania	2,580,027	10,319,255
Togo	10,688,917	7,331,488
Tunisia	72,734	1,170,836
Uganda	90,060	2,150,126
Zaire	21,790,090	452,904,793
Zambia	6,581,576	494,349,679
Zimbabwe	441,552,819	1,061,801,255
Total	713,320,271	4,068,632,756

Source: Finansies en Tegniek, 4/10/1991

Table 2. Imports from South Africa as percentage of total imports of selected African countries and groups of countries, 1990

	Total imports (\$ million)	Import growth (%)		Imports from South Africa (value \$ million)(% of total)	
		1965-1980	1980-1990		
Non-SACU SADC countries					
Angola	1,200	-	-	19.1	1.6
Malawi	576	3.3%	0.7%	146.1	25.4
Mozambique (1989)	680	-	0.4%	166.8	24.5
Tanzania	935	1.6%	-0.5%	3.9	0.4
Zambia	873	8.5%	-1.0%	190.8	21.9
Zimbabwe	1,851	-7.4%		410.0	22.1
Sub-total	16,115			936.7	15.3
Other PTA countries					
Burundi	235	3.3	-1.9%	2.2	0.9
Ethiopia	1,081	-0.9%	4.2%	0.4	>0.1
Kenya	2,124	2.4%	1.6%	4.0	0.2
Mauritius	1,616	5.2%	11.2%	116.3	7.2
Rwanda	279	5.1	11.4%	0.1	>0.1
Somalia	360	4.4%	-4.3%	1.8	0.5
Sudan	600	2.3%	-8.3%	1.0	0.2
Uganda	458	-5.3%	3.2%	0.8	0.2

	Total imports	Import growth (%)		Imports from South Africa (value \$ million)(% of total)	
		1965-1980	1980-1990		
Sub-total	(5,521 million)			126.6	1.9
Other Central/Southern African countries					
Central African Republic	170	-4.8%	6.1%	0.2	0.1
Congo	570	0.6%	-3.1%	2.5	0.4
Gabon	760	9.5	-1.8%	2.9	0.4
Madagascar	480	-0.4%	-0.4%	19.9	4.1
Zaire	888	-2.9	-4.0%	190.8	21.5
Sub-total	2,868			216.3	7.5
West African countries					
Burkina Faso	480	5.7%	1.0%	2.2	0.5
Benin	483			1.4	0.3
Cameroon	1,300	5.6%	-3.3%	1.0	>0.1
Chad	450	-	-	>0.1	>0.1
Cote d'Ivoire	2,100	7.6%	-1.2%	18.8	0.9
Ghana	1,199	-1.4%	-0.1%	>0.1	>0.1
Guinea (1989)	465	-	-	>0.1	>0.1
Liberia	450	1.5%	-2.2%	0.6	0.1
Mali	640	4.4%	6.7%	0.1	>0.1
Mauritania	248	6.3%	-5.1%	>0.1	>0.1
Niger	230	6.6%	-8.8%	0.6	0.3
Nigeria	5,688	14.6%	-15.1%	0.3	>0.1
Senegal	1,620	4.1%	4.6%	1.1	>0.1
Sierra Leone	146	-4.6%	-2.3%	0.2	0.1
Togo	700	8.5%	1.4%	2.8	0.4
Sub-total	16,199			29.5	0.2
North African countries					
Algeria	10,433	13.0%	-4.6%	>0.1	>0.1
Egypt	10,340	3.6%	-1.7%	16.1	0.2
Libyan Arab Jamahiriya	3,976	11.7%	-10.4%	0.7	>0.1
Morocco	6,918	6.5%	2.9%	21.2	0.3
Tunisia	5,471	10.4%	1.1%	0.5	>0.1
Sub-total	37,138			38.6	0.1
Total	69,073			1,347.7	1.95

Source: Finansies en Tegniek, 4/10/1991; World Bank, World Development Reports 1991 and 1992, Table 14.

21. These increasing interactions point, in the first place, to the possibility of democratic South Africa establishing a presence as a trading partner across the continent. Secondly, the tables raise the issue of the potential contribution which closer relations between democratic South Africa and the rest of Africa could make to African development. Finally, from the point of view of the other African countries, the figures point clearly to the fact that in order to sustain trade flows, there is need to redress the trade imbalance in the medium to long term through actions such as increased efforts to source imports from African countries which South Africa is currently obtaining from outside the region. Energy (petroleum) stands out as one of such major imports. Possibilities also exist for increasing the flow of South African direct investments in productive sectors in the African economies which should boost these countries capacity to export to both South Africa and the rest of the world.

IV. THE ROLE OF ECA

22. As the regional arm of the United Nations in Africa entrusted with the task of promoting economic and social development in the region, ECA has the strengths and comparative advantages which could be exploited in meeting the challenges of South Africa's transition to democracy, as well as reintegration of democratic South Africa into the rest of Africa. These include, for example, the accumulated experience in articulating development strategies for Africa, building institutional capacities for development management and providing technical assistance to member States and their intergovernmental organizations.

23. Significantly, too, ECA has over the years established a comprehensive intergovernmental machinery which can provide a useful forum for interaction between African countries and democratic South Africa in different areas of economic problem-solving, as well as serving as a conduit for South Africa to learn from the experience of African countries with development management and vice-versa. Among ECA-sponsored institutions and subregional organizations is the Lusaka-based (MULPOC), which has already been undertaking a number of activities which bear on the economic and social situation in South Africa through the work programme of the Southern African Labour Commission (SALC).

23. Besides, ECA's analytical capacities based on a multisectoral approach to solution of Africa's complex and interlocking development problems can be of considerable advantage in meeting the problem of South Africa's transition to democracy. This approach, which involves multiple partners, will be particularly pertinent to post-apartheid South Africa. The existence of the ECA Multidisciplinary Regional Advisory Group (ECA-MRAG), composed of senior experts with a wide spectrum of professional expertise and wealth of experience in provision of technical advisory services and group training from a multidisciplinary perspective, can be of assistance in cooperating with the international community to assist in South Africa's development process. The regular interactions of the members of MRAG with the resident representatives of multilateral financial and development institutions, such as the World Bank, the International Monetary Fund (IMF), the European Union Delegation and specialized agencies, operating at the country level can contribute to the building up of a basic consensus between ECA and these organisations on development orientations in South Africa. The exchange of views and ideas, data, information, technical studies and reports, sharing of experience and expertise in the various efforts towards socio-economic reforms will enable ECA and these institutions to focus on emerging issues in South Africa and issues of common interest.

24. It is within this context that ECA and the international community can provide assistance to the new democratic government in South Africa, particularly in key problem areas detailed in the subsequent paragraphs.

25. Given the development problems in South Africa, the priority areas which are strategically relevant to social transformation in the transition period are public service positions which will play a major role in

restructuring the existing central and local government structures. These include central government services such as economic and fiscal management and local government administration. Social services administration and management could also be an area of interest to both ECA and the South African authorities.

26. Besides, there is the need for development of strategies during the transition in such areas as institutions and organizations which will start to displace the institutional order and social structures constructed under apartheid, thereby assisting transformation. Hence, the need for trained personnel capable of managing such institutions and organizations. Furthermore, it will also be necessary to accompany targeted institutional support with training and bursary programmes according to carefully defined guidelines, with particular emphasis on supporting the development of predominantly African institutions and organizations.

27. ECA, as part of the international effort to assist democratic South Africa to overcome the legacy of apartheid, can design and implement programmes aimed at meeting the priority needs of the transition period. In this respect, a programme for a restructuring of the civil service with a view to creating unitary structures to meet the needs of a multi-racial South African can be initiated.

28. Using its accumulated experience in public administration, ECA, in collaboration with the Association of African Public Administration and Management (AAPAM) and African Training and Research Centre in Administration for Development (CAFRAD), could initiate senior policy seminars for national leaders and the top echelons of the South African civil service to focus attention on the challenges facing the new government, and the role of public officials.

29. To enable new entrants to the public service to acquire new skills, ECA, in cooperation with the African Governments concerned, can attach the new recruits to appropriate institutions outside South Africa for periods ranging from one to three months. In this respect, the support and cooperation of member States of the Commission will be critical to the success of the scheme.

30. With regard to women in development, ECA has over two decades of experience which can be put at the disposal of democratic South Africa in addressing gender issues with a view to achieving the advancement of women in South Africa's public administration.

31. It will be necessary for ECA to ensure that its technical cooperation in South Africa is carefully targeted at national capacity building. Capacity building of South Africans - both black and white - in both public and private sectors - is crucial.

32. The prospects of reintegrating democratic South Africa into Africa in the medium and long term, has important implications for the work of ECA.

33. The role of ECA is twofold: first, to concentrate on Southern Africa where, as stated above, there already exist strong commercial and economic ties between South Africa and the countries of the subregion; and subsequently, to collaborate in the development of relevant strategies and policies for promotion of trade and transport links between South Africa and the rest of the continent.

34. ECA envisages greater collaboration with the Organization of African Unity, African Development Bank, Preferential Trade Area/COMESA and SADC in developing strategies to support the integration of South Africa into the Southern African economy, to help facilitate the process of reintegrating South Africa into the rest of the continent.

35. Attention will continue to be focused on rationalization and restructuring of the institutional arrangements governing the integration process in the Southern African subregion, namely PTA/COMESA and SADC, and SACU - so that they can function as a single economic community that will give economic integration in the subregion a clear sense of direction and purpose. Hence ECA's strong support for the ongoing special study and the work of the Joint ad hoc Ministerial Committee on the harmonization and coordination of the activities of PTA/COMESA and SADC.

36. With regard to South Africa and the rest of the continent, policies need to be developed to ensure that:

(a) South Africa's relations developed with African countries (outside the subregion) are themselves placed on a mutually beneficial and sustainable basis; and

(b) These relations reinforce the development of a programme of equitable and mutually beneficial cooperation and integration in a post-apartheid Southern Africa as a step towards the broader continental economic unity envisaged in the Abuja Treaty.

37. A priority concern for ECA is the need to study the impact of democratic South Africa's reintegration into the continent on the process of regionalism in Africa. How, for example, will South Africa influence the shape of regional cooperation in the future? This implies consideration of regional cooperation structures not just in SADC, SACU or PTA/COMESA context, but also possible indirect consequences for ECOWAS and ECCAS. What will the implications of South Africa's joining the African Economic Community be, for other African countries?

38. Undoubtedly, reintegration of democratic South Africa into the rest of Africa provides a large scope of activity for ECA, which would be required to help develop strategies, initiate studies and formulate policies for the promotion of mutually beneficial relations between South Africa, and Africa with a view to:

(a) Increasing the potential for economic development on the African continent and revitalizing the African economies, especially in the areas of food, health, education, water and human resource development;

(b) Promoting throughout the continent basic human rights, democratization and participating forms of development;

(c) Strengthening civil society and the institutional social and cultural framework for development; and finally,

(d) Enhancing Africa's standing in the international community. Much, however, would depend upon the political will of South Africa and the African States themselves. ECA's role would be essentially catalytic and advisory.

V. CONCLUSION

39. South Africa's political transition to democracy will present wide-ranging challenges not only to the country and its citizens but also the Southern African subregion, the African continent and the international community. As democracy will not be sustained without sustainable economic growth and development, ECA can collaborate with the international agencies, especially the Joint OAU/ECA/ADB Secretariat in initiating programmes aimed at meeting the challenges of South African transition to democracy. The transition to democracy has also raised the prospect of democratic South Africa's reintegration into the Southern African

subregion and subsequently the African continent. Using its comparative strengths and advantages, ECA can again collaborate with Africa's continental institutions and the specialized agencies operating in Africa in confronting the challenges of cooperation between South Africa and the rest of the continent.