SOUTH AFRICA, SOUTHERN AFRICA AND EUROPEAN DEVELOPMENT AID

by

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submitted in accordance with the requirements of the degree of

MASTER OF ARTS

in the subject

INTERNATIONAL POLITICS

at the

UNIVERSITY OF SOUTH AFRICA

Academic Year 1995

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Acknowledgments

During the course of this study, many people have kindly given their time, in various ways, to help me complete it. I am indebted to and thank everyone. I hope that they will all regard this work as worthwhile and time well spent.

There are some specific people I feel I should mention for their special contribution, as they offered me not only their skill and experience but also their friendship. The way they are going to be named does by no means refer to an order of importance.

My deep and sincere gratitude to Ros Thomas, for playing such an important role in my professional, academic and personal life.

I would like to thank Joseph Diescho for his precious guidance and assistance at a time when the likelihood that this work could be abandoned was stronger than its chances of survival.

I am very thankful to Erich Leistner for having encouraged me throughout these years. All the time I was away from South Africa, his sympathy has been as important as his much prized knowledge in keeping me in touch with the reality I was trying to write about. I would also like to express my thanks to the Africa Institute of South Africa and the staff members, as their assistance and courtesy made a difference in my South African stays.

I am grateful to an outstanding "field worker", Faizel Ismail, whose assistance and perspective provided the work with a right dose of vitality. In particular, it is thanks to Ros, Faizel and Mfundo Nkuhlu that I eventually believed this work could be useful somehow.

Last but not least, I would like to record the contribution of the Department of Political Sciences in posing a 'challenge' on my way: the completion of the work in conformity with its requests meant an important time of apprenticeship and marked the beginning of a long journey. It was more than notching up an academic score, as the road home has never been longer nor so dear.

A special thank you to Felicity Leys, her editing has been crucial in making this work readable to non-Italian eyes.

I feel indebted to all the friends who accompanied me during my South African 'migrations'. Their opinions, moral and logistic support have played a focal role.

Finally, I would like to apologise for the errors and omissions that could be found in this thesis. Africa entails a whole universe and, notwithstanding my feelings for the continent and its people, the picture drawn in this work is produced by an outsider's eye.

Lastly, I will always cherish my family for its unconditioned encouragement and understanding.
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<th>Abbreviation</th>
<th>Description</th>
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<tbody>
<tr>
<td>AASM</td>
<td>African Associated States and Madagascar</td>
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<td>ACP</td>
<td>African, Caribbean and Pacific countries</td>
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<td>ADB</td>
<td>African Development Bank</td>
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<td>ANC</td>
<td>African National Congress</td>
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<td>AZAPO</td>
<td>Azanian People's Organisation</td>
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<tr>
<td>BLNS</td>
<td>Botswana, Lesotho, Namibia and Swaziland</td>
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<tr>
<td>CFA</td>
<td>The 'common franc area', a grouping of West African nations that share a common currency whose value is tied to the French franc.</td>
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<td>CMA</td>
<td>Common Monetary Area, defined by the MMA between South Africa, Lesotho, Namibia and Swaziland.</td>
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<td>CONSAS</td>
<td>Constellation of Southern African States</td>
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<tr>
<td>CODESA</td>
<td>Convention for a Democratic South Africa</td>
</tr>
<tr>
<td>COMESA</td>
<td>Common Market for Eastern and Southern Africa (to be ratified).</td>
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<tr>
<td>DAC</td>
<td>Development Assistance Committee</td>
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<tr>
<td>ECA</td>
<td>Economic Commission for Africa</td>
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<td>ECHO</td>
<td>European Community Humanitarian Office</td>
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<tr>
<td>ECSC</td>
<td>European Community for Steel and Coal</td>
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<tr>
<td>EC</td>
<td>European Community</td>
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<tr>
<td>ECU</td>
<td>European Currency Unit</td>
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<tr>
<td>EDF</td>
<td>European Development Fund</td>
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<tr>
<td>EEC</td>
<td>European Economic Community</td>
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<tr>
<td>EIB</td>
<td>European Investment Bank</td>
</tr>
<tr>
<td>EURATOM</td>
<td>European Atomic Energy Community</td>
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<tr>
<td>EU</td>
<td>European Union.</td>
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<tr>
<td>FLS</td>
<td>Front-Line States</td>
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<tr>
<td>GATT</td>
<td>General Agreement on Trade and Tariffs (now given new institutional form as the World Trade Organization).</td>
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<tr>
<td>GSP</td>
<td>General System of Preferences, an instrument for preferential access to the EU markets.</td>
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<tr>
<td>ICP</td>
<td>International Cooperation Partners</td>
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<tr>
<td>IDAC</td>
<td>International Development Assistance Community</td>
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<tr>
<td>IDCC</td>
<td>International Development Co-operation Committee</td>
</tr>
<tr>
<td>IMF</td>
<td>International Monetary Fund</td>
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<tr>
<td>MECU</td>
<td>Million ECU</td>
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<tr>
<td>MFN</td>
<td>Most favoured nation, a base principle of GATT, denoting the equal treatment of trading partners.</td>
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MMA : Multilateral Monetary Agreement.
NAFTA : North American Free Trade Area.
NIEO : New International Economic Order
NIP : National Indicative Programme
OAU : Organization of African Unity.
OCTs : Overseas Countries and Territories (P.T.O.M.)
ODA : Overseas Development Assistance
OECD : Organisation for Economic Co-operation and Development
OEEC : Organisation for European Economic Co-operation
PAC : Pan Africanist Congress
PTA : Preferential Trade Area for Eastern and Southern Africa
P.T.O.M. : Pays et Territoires d'Outre Mer (OCTs)
RDP : Reconstruction and Development Programme
RENAO : Resistencia Nacional de Mocambique
RMA : Rand Monetary Area, superseded by the CMA.
RIP : Regional Indicative Programme
SACC : South African Council of Churches
SACOB : South African Chamber of Business
SACU : Southern African Customs Union.
SADC : Southern African Development Community, formerly SADCC, Southern African Development Coordination Conference.
SAPs : Structural Adjustment Programmes
SARB : South African Reserve Bank.
SECOSAF : Secretariat for Multilateral Co-operation in Southern Africa
SWAPO : South-West Africa People's Organisation
UN : United Nations
UNCTAD : UN Conference on Trade and Development
UNITA : União Nacional para Independencia Total de Angola
WB : World Bank
WCED : World Commission on Environment and Development
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Foreword

Tons of inks and pages have been spent discussing development. This study spends some more. However, this research has not been carried out to add to existing literature, but to pay a tribute to all who sincerely believe in helping people to live better in their own countries according to their own values.

Development means so many things. Yet, beyond all the theories, the programmes, the critics and the motivations, nothing will ever do enough justice to those who with love and dedication tried to make it happen.

Development is one of the few things left in this world that cannot be bought but conquered.

Africa docet.
CHAPTER I

INTRODUCTION: THE RESEARCH OBJECTIVE AND THEORETICAL OVERVIEW

This chapter provides the framework for the thesis, starting with a presentation of the problem which this study aims to address. This is followed by an outline of the main purpose and hypothesis of the research. The concomitant features and sequence of the thesis are subsequently explained. The chapter ends with a description of the methodology and a review of the literature used to set the theoretical framework.

1.1 The problem and its setting

For over three decades, the European Union has pursued a policy of providing technical and financial aid to Africa. However, this aid has not had the desired effect of "developing prosperity"\(^1\) in the recipient African countries, as social and economic conditions on the continent continue to deteriorate.

The Southern African countries' economic stagnation represents an example of how European development aid, aimed at achieving "comprehensive, self-reliant and self-sustaining development"\(^2\), did not achieve its objectives.

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\(^1\) Preamble of the Treaty establishing the European Economic Community.

The question which must be asked, is why Southern Africa is showing such a poor record in overcoming poverty, despite the region's vast potential and the European Union's long-standing commitment to development co-operation programmes.

The answer to this question lies with both international and regional circumstances. Firstly, there is an ever increasing disparity between North and South, due to the fact that "the South remains economically linked mainly to the market economy countries of the North - both a legacy of the colonial past sustained by the North's economic strength and a consequence of the development strategies sometimes adopted in the South".3

Secondly, in Southern Africa, a further element adds to the dynamics of the North-South relations, in that the role played by South African domestic and regional policy had a major influence on foreign aid to the Southern African Development Community.

Thirdly, the political contrast (due to apartheid) between South Africa and its neighbours was an impediment to South Africa's inclusion in regional development programmes. Nonetheless, the condemnation of apartheid by the Front-Line States and SADC, one aspect of a complex regional reality, did not prevent the implementation of actual co-operation between the latter and Pretoria - a co-operation that foreign aid never took into account. In short, South Africa's racial policies overshadowed its potential economic role in the region and its economic power was seen only as a destabilising factor, jeopardising its neighbours and their economies.

Now that South Africa is fully part of the region, it is obvious that the regional co-operation scheme between the European Union and the regional states needs to be revised. This background would provide the starting point to address the problem of achieving sustainable development in Southern Africa.

1.2 Aim of the thesis

This study aims to show and present evidence that European aid to SADC has not achieved the desired level of development. The thesis identifies as one of the main reasons the fact that the South African issue was overpoliticized to the detriment of an effective development strategy in the whole region.

In this regard, the study argues that the development approach adopted has had a very limited effectiveness because it was based on a fictitious bilateral relationship between the European Union and SADC, a fiction that arose because South Africa could not be ignored completely.

It is further argued that the European Union's co-operation programmes in Southern Africa cannot help the beneficiaries to achieve a sustainable development unless there is a re-adjustment of the present development approach which entails a re-organisation of the co-operation scheme in the region.

Thus, the study intends to point out the complexity of the subject and proposes an alternative approach based on trilateral co-operation. This
recommendation is made in the light of the unsatisfactory outcomes of hitherto existing strategies seen in the incongruency between the resources spent and the results of the aid given.

Existing works on the topic have not given adequate attention to the possibility of a state acting as intermediary in the flow of aid from First to Third world. Available literature on European development co-operation with SADC refers to general theories of development in Africa and tends to describe a bilateral relation between donors and recipients in which South Africa is excluded or otherwise not considered as a 'sui generis' actor.

The reality however is that in Southern Africa the donors-recipients relationship is more than just a bilateral interplay between First and Third world. South Africa, as a hybrid of these two worlds, is an important player in the game.

The study seeks to propose a new way of looking at the donors-recipients equation by proposing that South Africa be viewed as a conduit between developed and developing countries. After all, it is not only more developed than its neighbours, but also more closely linked to the global economy.
1.3 Hypothesis

The hypothesis of the research is that development aid by Europe to Southern Africa failed mainly because on an official level donors sided politically with SADC countries against South Africa without due consideration to the latter's actual relations with the region. The official strategy was one of exclusion, but in reality, there was a great deal of unofficial involvement with South Africa, both by the EU and SADC countries. By overplaying South Africa's negative role in an official capacity, the European Union underestimated both South Africa's positive involvement and overlooked SADC individual countries' own failures.

1.4 Terminology and definitions

The terminology and definitions used in this study are represented by the following italicised words, the scope of which are outlined below.

With respect to the European Union, different abbreviations are used due to the transformations undergone by this organisation over the years: the European Economic Community (EEC) is the term valid from 1958 to 1965, in 1965 the three Communities, i.e. EEC, European Community for Steel and Coal (ECSC) and the European Atomic Energy Community (EURATOM) merged and thus the term European Community (EC) is used from the period 1965 to 1993. In January 1994, the EC was transformed into the European Union (EU) and hence when reference in this study is
made to the overall European initiatives, the most recent abbreviation, *EU*, will be used.

*Southern Africa* is the geographical area including Angola, Botswana, Lesotho, Malawi, Mozambique, Namibia, South Africa, Swaziland, Tanzania, Zambia and Zimbabwe. The political dichotomy which characterised this region meant that South Africa (prior to the establishment of a multiracial democracy) was not considered part of the Southern African grouping. Nevertheless, its use throughout the study is made in a way that indicates when it excludes South Africa from the rest of the region. The region is in fact referred to as a whole when the study deals with the *Southern African Development Coordination Conference (SADCC)*, which was established in 1980 but excluded South Africa. In August 1992, SADCC's transformation into the *Southern African Development Community (SADC)* preceded South Africa's entry into the organisation in August 1994. Hence, in order to distinguish the *SADC* which includes South Africa from the previous one, the abbreviation *SADC* is used alone when it excludes South Africa and when it includes South Africa, it is accompanied by adjectives such as 'more inclusive'.

The co-operation between the European Union and SADC originates in the Convention of Lomé between Europe and the *African, Caribbean and Pacific states (ACP)*, where the term *Africa* refers to sub-Saharan Africa excluding the North African states. It is to be considered that, despite South Africa's membership in SADC, it is not in the ACP grouping and its inclusion is presently under discussion.
South Africa's status in the Lomé Convention is directly related to the wider area of foreign aid and development co-operation, in the sense that the EU-ACP agreement is addressed to Third World countries and South Africa is not unanimously considered as part of the Third World.

The term 'Third World' refers to those countries which are not among the Western industrialised nations - the 'First World' - nor among the industrialised socialist countries - the 'Second World'. It includes 'the South', 'the underdeveloped' and 'developing' countries, the 'peripheral' and 'semi-peripheral' countries, the 'non-industrialised' and 'semi-industrialised' countries.

The available literature on foreign aid and development in the Third World is very broad and encompasses different definitions.

In his "Principles of development aid", Erik Hawkins points out that "it is useful to seek out a definition that will provide an objective and measurable concept. The semantic difficulties stem from the fact that aid may be identified in terms of the motivations behind it, or, in a more objective way, through an examination of the manner in which assistance is made available".

"Foreign aid", namely the Official Development Assistance (ODA) from the North to the South, "is the total flow of financial and other resources to developing countries".

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These resources are provided by countries which are the original sources of aid, the donors, to those receiving it, the recipients, with the aim of promoting development. In this study, development refers to the process of promoting an overall improvement of people's living conditions, not only from a purely economic perspective, but also according to the notion that such a process "enables human beings to realise their potential, build self-confidence, and lead lives of dignity and fulfilment".

*Development co-operation* indicates a strategy undertaken by donor and recipient to implement development programmes according to a relationship of more equal footing and interdependence.

In proposing the reformulation of a co-operation formula, the present study emphasises the importance of *sustainable development*. The World Commission on Environment and Development (WCED) defines sustainable development as "a process of change in which the exploitation of resources, the direction of investments, the orientation of technological development and institutional change are all in harmony and enhance both current and future potential to meet human needs and aspirations". *Sustainability* is also one of the fundamental characteristics of the development projects with regard to the donors' and recipients' respective roles. It means that that which is started with external help must gradually be run by the beneficiaries alone. As indicated in the literature review, the debate on sustainable development constitutes an emerging theory on development.

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7 Hawkins, op. cit., ibidem.
Finally, a development co-operation policy is loosely defined as a device or means which provides the basis for the creation of a development scheme and, with respect to Southern Africa, a trilateral co-operation scheme would be the result of a development policy jointly implemented by the EU, South Africa and its neighbouring countries, as represented by the present SADC or as single entities.

1.5 Time frame

The time frame covered in this study spans from the late fifties to the present day. It is mostly concerned with events from the early eighties onwards although the analysis touches on the origin of European aid policy to Africa, inaugurated in the post-Second World War period when some European states still maintained colonial rule in their African dependencies. In fact, a review of the history of the European Union's relations with Southern Africa is important with respect to the implementation of any future regional policy by the former. A new co-operation strategy in the region should be based on knowledge of all aspects, past and present. Past experiences and the evaluation of previous collaboration all contribute to the drawing up of a trilateral co-operation plan concerning the European Union, South Africa and SADC, especially after South Africa's membership.
1.6 Sequence of the thesis

The first chapter introduces the parameters of the study, presenting the research framework, the problem it aims to address and an outline of the main theme throughout the study. It presents the literature review which constitutes the theoretical framework of the thesis.

The second chapter chronicles the evolution of the European Union's relations with SADC, going back to the origin of the present Convention of Association which was negotiated between the African States and the EEC at the time of the Treaty of Rome of 1957.

The evolution of this relationship, which over the past thirty years was transformed from an agreement between colonial metropoles and dependent territories to an equal partnership between sovereign states, is examined through the Conventions of Yaoundé and Lomé. From 1958 to 1990, the Convention was updated every five years and gradually extended to include the present 47 African associates. Among these, SADC is the largest recipient of European development aid under Lomé III and IV, due to special funding made available to the region "in favour of the victims of apartheid". As a consequence of the major changes which occurred after South Africa's entry into SADC in 1994, the operational framework of the regional development co-operation has become obsolete. In this respect, the second chapter looks at the European development instruments as provided by the general ACP-EU Convention, focusing in particular on the

policy of assistance in favour of SADC, in order to lay the foundation for the new co-operation approach proposed in the last chapter.

The third chapter describes the nature of the Southern African relations as a central feature in the framework of the European regional policy in as far as these relations have been affected by SADC's past conflict with Pretoria. The chapter begins by outlining South Africa's relationship with its neighbouring states, SADCC's (as it was then known) origins, objectives and activities up until its recent transformation into SADC. Such a review is necessary in order to understand both what motivated a substantial allocation of development funds by Western donors and why the intended goals could not be achieved. The chapter expands upon South Africa's role in the region, in order to justify the assumption that South Africa's entry into SADC institutionalises 'de jure' what existed 'de facto'. Such a review provides the context in which Brussels established and implemented its regional development policy as well as its South African policy.

The fourth chapter describes, specifically, the European Union's relations with South Africa. The overview of the Western World's attitude towards South Africa introduces what was called the 'twin track policy' endorsed to hasten the dismantling of apartheid. This policy encompasses both the positive and restrictive measures which evolved into the Special Programme on South Africa. European relations with South Africa, from the adoption of the Code of Conduct of 1977 to the latest developments in 1995, are presented as a preliminary step before proposing a restructuring of the EU's development policy in South and Southern Africa.
The threads of the hypothesis interspersed throughout the study are drawn together in the fifth chapter, where the relevant factors for a new development approach in the region are analysed. The theoretical as well as practical forms of economic integration and co-operation are reviewed, both at the regional and international level. This review sets the conceptual framework for considering the Lomé Convention and South Africa's Reconstruction and Development Programme as a suitable base for a new development strategy for Southern Africa. The recapitulation of the main international programmes of aid is illustrated by a presentation of the theoretical background of the strategies endorsed. The numerous development agendas reflect a conflicting relationship between donors' and Africa's views on the choice of a sound development approach. After all, the Convention of Lomé entails some degree of convergence between Europe and its African partners. In particular, the new EU-South African partnership offers an unprecedented opportunity to revitalise the regional development strategy.

In the sixth chapter it is proposed that, as a result of the new regional circumstances, the EU, South Africa and Southern African states implement a strategy based on trilateral co-operation. The structure of this new approach is described in order to point out its alternative nature with respect to the traditional North-South relationship. The overview of South Africa's and Europe's common concern for Africa closes the chapter and lays the foundation for evaluating the pragmatism of the trilateral approach envisaged.
1.7 Methodology

This study deals with international politics and, more specifically, international aid and co-operation. The bulk of this study concerns issues that are still in the process of being shaped and the empirical component of the content is larger than its theoretical one.

Despite its theoretical limitation, the study operates from the premise that practice precedes theory. In the words of Fawcett and Down "the influence of theory on practice is slow to occur because a theory and its related findings do not tell clinicians what to do"13.

In this respect, the study employs the principle of pragmatic adequacy, which means that the findings of the thesis are "related to a particular area of practice for which a theory is sought"14. In other words, although the findings of the work do not flow from a water-tight theory, they could be useful in practice.

The thesis satisfies the requirements for both exploratory research (or formulative research) and descriptive research, which refer to "studies developed from an operational point of view and based on empirical research"15.

In this context, the identification of a new development approach is set, on the one hand, against an historical background built upon the description of the relations between the Southern African states, between the latter and the European Union and between the European Union and South

14 Ibidem
15 Kothari, C.R., Research Methodology: methods and techniques, Willey, New Dehli, 1985, p.50
Africa. On the other hand, the exploration of issues which are still in the process of being defined, allows one to carry out the analysis of current affairs necessary to recommend the development approach itself.

The strength of the study lies in the empirical research. Interviews with relevant players and appropriate interlocutors, as well as conferences and workshops attended by the author in Southern Africa and in Europe form the raw material of the study. This has allowed the study to be continuously up-dated.

1.8 Theoretical framework

The theoretical framework of this study evolved out of literature concerning North-South relations, more specifically in the context of development theories.

Most development literature regarding Africa and development evolves around the changing relations between the former coloniser and colonised. This dichotomy influenced the theoretical debate on development throughout its evolution. In this context, the notion of development was seen to be the domain of the coloniser and not of the colonised. The European countries, the former colonisers, were modern, the very centre of development whereas the African countries were seen to be in need of development along with the guidance of their former colonisers. Europe was regarded as modern therefore developed.
This idea in turn led to another dichotomy between that which was modern and that which was traditional: modern was good and valued in Western societies and traditional, by definition not modern, then consisted of mostly "undesirable" factors albeit by default.

This discourse culminated in what became known as the modernisation theory. According to Valenzuela "Modernisation literature assumes that the values, institutions and patterns of action of traditional society are both an expression of and a cause of underdevelopment and are main obstacles to modernisation". Modernisation theorists concluded that "attitudes and values in developing countries, in contrast to developed countries, are such that individuals behave in ways that are economically irrational or non-rational".

The modernisation theory was seen by its main critics as an oversimplified model of development, lacking adequate historical input and structural perspective. They saw as one of the theory's weakness its "encapsulating economic growth in simplistic notions about the displacement of 'traditional' values systems and institutions by 'modern' ones".

Modernisation, as a theory of development, was later countered by the theory of underdevelopment in the 1960s, which became known as dependency or 'dependencia', as it was popularly described. It originated with the work of a number of academics and development economists concerned with the continuing economic failure of peripheral Latin American countries.

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17 Ibidem.
in relation to the centre, the developed metropoles of the North. The 'dependencia' theory was later embraced by Africanist scholars in their attempt to explain the plight of Africa under similar conditions as those in Latin America. The thrust of the theory was to dismiss the hypothesis that a lack of development was caused by a deficiency in appropriate modernising values and that industrial countries could be of positive benefit to the Third World. Instead the latter's massive and persistent poverty is, as Frank argues "a reflection of political and economic dependency from the advanced countries" 19.

It ought to be pointed out however, that the modernisation and dependency theories were formulated in the 1950s and early 1960s as attempts to offer explanations for the poverty of the former colonies, which became known as Third World countries after World War II20.

Despite the fact that dependency dismissed the linear notion of modernisation, both these theories sought to answer similar questions, namely, what was development and how was it achieved. Each identified a complex process which would lead "from the undesirable underdeveloped condition to the desirable one"21.

Modernists blame internal causes for underdevelopment, whereas dependency theorists blamed external factors. These differences are the result of their differing ideological orientations.

20 Ibidem, p. 54. Lack of development is seen as a condition prior to development, characterizing poor countries that were consequently indicated as 'underdeveloped'.
21 Webster, op. cit., p. 191.
The process of development was seen by the modernists as leading to a Western liberal democracy, whereas it was seen by dependentists as leading to a socialist state\textsuperscript{22}. 

In other words, these two schools of thought represent the ideological positions of capitalism and socialism, respectively\textsuperscript{23}. This ideological schism was further reflected in the post World War II division of the Northern hemisphere into the Western and Eastern blocks.

As these theories were being bandied about both in the debate and the policy of development, the Africans were fighting for freedom and self-rule and the African stance on development issues supported decolonisation.

In the 1950s and 1960s, the relevant ideological discourses in Africa were expressed by anti-colonial nationalism and the struggle for independence with socialist undertones.

Freedom, sovereignty and independence were the goals common to all African territories. Theory and ideology were of secondary importance to African leaders at this stage. Hence, the first Ghanaian President, Kwame Nkrumah, popularised the dictum: "Seek ye first the political independence and the rest will be added unto it"\textsuperscript{24}. It was only later that he pronounced an anti-capitalist stance and stated that "Capitalism is too complicated a system for a newly independent nation" and that socialism would be a better option\textsuperscript{25}.

\textsuperscript{22} Webster, A., op. cit.
\textsuperscript{23} Webster, A., op. cit., p. 84 et ss. Dependency theory, of which Andre Gunder Frank is one of the main representative, originated in the neo-Marxist school.
Furthermore, capitalism was seen as synonymous with colonialism and exploitation - the very causes of African underdevelopment. After the attainment of political independence, the new African leaders adopted the ideology known as African socialism.

As more and more African countries gained their political independence, the need arose for a collective strategy "to foster a common attitude to local and world problems which will ensure that problems peculiar to Africa will receive (sic) the attention which they have not had for so long".

Furthermore, the creation of the United Nations after World War II brought a different perspective to the relations between North and South. With the adoption of UN policy to assist colonial territories to gain their autonomy, the international community was faced with the challenge of eliminating the disparities and inequalities between the developed and underdeveloped areas of the world.

It is in this context that development aid was conceived - that the developed members of the international community had a responsibility to fight against and eventually overcome underdevelopment of Third World countries.

The very first kind of aid provided by the 'developers' was known as technical assistance, based on the assumption that "the disparity between developed and developing countries could be eliminated through largely

27 Nkrumah, K., I speak of freedom, op. cit.
technical measures by which knowledge would be transferred from the former to the latter"\textsuperscript{29}. As a result, Western culture, institutions and technology started to be transplanted in the Third World.

This approach continued to reflect the colonial theory that "imbalance between industrialised and underdeveloped societies was due to differences considered as natural as the geographical and morphological diversity"\textsuperscript{30}.

This logic could not however survive in the newly established political environment. The Organisation of African Unity (OAU), established in 1963 and inspired by the principles of Pan-africanism\textsuperscript{31}, forcefully brought to the international fore the complexity of the issue of the South.

Technical assistance was considered by its critics as inappropriate to foster development, as it did not allow the beneficiaries to modify their position of dependency on the Western countries\textsuperscript{32}.

In 1960 the UN inaugurated the first 'development decade', during which a special effort was devoted to economic aid to the Third World. A new strategy of economic co-operation was conceived to correct the deficiencies of technical assistance.

\textsuperscript{31} Tevoedjre, A., \textit{Pan-africanism in action: an account of the UAM}, Centre for International Affairs, Harvard University, Boston, 1965. On the concept of Pan-africanism.
The term co-operation emphasises a relation based on equality and collaboration between "aid-donors and recipients that are on the same level, each of them acting according to mutual interests and priorities".  

It can be argued that the conceptualisation of economic co-operation arises from Rostow's theory on linear development, where economic growth is seen as the result of a universal process.

Throughout the 1960s and 1970s, economic co-operation was pursued as one of the main objectives of the industrialised countries' foreign policies towards the underdeveloped countries.

The Organisation for Economic Co-operation and Development (OECD) review on development co-operation noted that "the basic proposition of international co-operation for development was that pre-industrial and relatively stagnant economies could be launched on a course of dynamic economic and social transformation". It also considered that "the process undergone by the northern market economies starting mainly in the nineteenth century was believed to be possible in many underdeveloped

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35 In the 1950s, only a few number of Western countries had elaborated a development programme, i.e. the United States, Great Britain, Portugal and the EEC members, then consisting of Belgium, France, The Netherlands, Luxembourg, Italy and West Germany. In the years between 1960 and 1963 the majority of Western states started the policy of international co-operation and established an administrative structure for its implementation. In 1960 OECD set up its Development Assistance Committee (DAC) and in the following years, most of the present specialised international agencies, both within the UN and the World Bank (established in 1944 by the Conference of Bretton Woods as the International Bank for Reconstruction and Development) were created.
36 OECD, Twenty-five years of development co-operation. A review, op. cit., pp. 3 et ss.
countries through organised effort reinforced by external resources and advice"37.

The perception of the success of the Marshall Plan in Europe contributed to the belief that capital transfer and industrialisation were the gateways to economic growth in Africa too.

Thus, the North-South economic co-operation reduced the concept of development to purely economic criteria, without considering the multidimensional nature of the development issue and the fundamental diversity between European and African realities. More specifically, economic co-operation overlooked two vital aspects: the lack of cultural homogeneity between donors and recipients and, as Leistner points out, "the fact that in post-war Europe the task was not development but reconstruction" 38. On the other hand, as Gavin Williams warns

African nationalists appealed to international agencies and the governments of industrial societies to fund development projects. Development was both the object of, and an instrument in, the battle to gain and maintain power domestically as well as to strengthen their sovereignty internationally39.

Most African governments associated development with industrial growth. Hence they encouraged foreign and local investments in industry

37 Ibidem
through protective policies that caused "a dangerous isolation of the local economies from the world system".

The Executive-Secretary of the Economic Commission for Africa (ECA), Adedeji, wrote: "the African economy is the most open and the most exposed economy in the world, overly dependent on external trade, foreign technology and expertise".

At the end of the 1970s, Africa's marginalisation had increased, despite the large scale of resources made available through economic cooperation. The failure of two decades of aid undermined one of the fundamental assumptions of economic cooperation, namely that the countries of the North, by virtue of their wealth and level of modernisation, were in a position to assist with the advancement of the South and to help it become like the North.

Towards the end of the 1970s, the challenge was to reform existing North-South relationships, through comprehensive negotiations on global economy. Under these circumstances, the idea of a New International Economic Order (NIEO) was formulated. The NIEO, described as "an effort to compensate for structural weaknesses of the developing countries", is mainly characterised by the latter's demands of a more equitable international economic system.

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The alternatives to the African crisis were based on two sets of proposals: the OAU Lagos Plan of Action and the World Bank's Accelerated Development in Sub-Saharan Africa.

Although moving beyond the atmosphere of confrontation that had characterised the debate between modernists and dependentists, these two proposals reflected the same dichotomy. Ravenhill describes it as follows:

the OAU followed a typical dependency approach in asserting that the origins of the current malaise lay outside the control of African leaders. The World Bank, on the other hand, placed the primary blame on the performance of African governments and heavily discounted the role of exogenous factors.43

The OAU's attack on the World Bank plan was motivated by the fact that "the recommended approach is to make Africa more dependent on the external market for its agricultural and mineral products and for its essential factor inputs" and considered it "contrary to the principles of self-reliant and self-sustaining development of the Lagos Plan of Action."44

Despite Africa's determination to break the links of dependency, fiscal policies and development strategies depended on the approval of the World Bank and the International Monetary Fund that "have taken over the colonial states' mandate to develop the underdeveloped economies in Africa."45

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43 Ibidem, p. 3.
45 Williams, G., op. cit., p. 5.
strategy elaborated by the World Bank and the IMF to pursue the political economic adjustment within the African countries, implemented through Structural Adjustment Programmes (SAPs), is, as recognised during an important international forum, "more or less mandatory, because external support and debt relief will not be forthcoming unless predetermined specific actions are agreed on and are seen to be genuinely undertaken". In as much as there is recognition of the need for adjustment in Africa, research findings on the effectiveness and impact of the SAPs, remain controversial. Aid recipients perceive themselves "obliged to follow development policies under the dictates of the international financial institutions".

During the last decade, literature on development has been more and more concerned with the question of finding a way to lead the countries of the South out of the current crisis. The theoretical debate concentrated on how to integrate the upper-tier developing countries into the international system. Development research moved towards the 'theories of practice' or 'theories on implementation' whose objectives are "to systematise development action in order to achieve the most favourable results."

Examples of theories of practice are trickle-down benefit, sectoral development and growth-with-equity. Hence, the emergence of the concept of sustainable development represents a paradigm shift in the whole theoretical and pragmatic approach to development.

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47 The Report of the South, op. cit., p. 79.

48 Toye, J., Do development studies have a core?, IDS Bulletin 11. no 3, 1980
The current strategy of development co-operation, adopted by the donor countries at the beginning of the 1980s, expresses the need to re-orient development interventions according to the principle of sustainability.

Development co-operation can be described as an attempt to implement aid policies according to the view expressed by the South Commission as follows: "the countries of the South will have to rely increasingly on their exertions" to achieve "a self-reliant and people-centred development"49. The Commission also indicated that single country's specific aid programmes as well as regional co-operation, both in the context of a North-South and a South-South co-operation, could be the solution for relaunching Africa's development. As Bade Onimode recalls, "the issue of regional co-operation and integration is addressed in the Lagos Plan of Action as the central strategy for the structural transformation in the African economies"50.

In this complex picture, one of the most significant examples of aid agreement and practice based on regional co-operation is the Lomé Convention. Dating back to the late 1950s, it still regulates the development co-operation between the EU and the sub-Saharan African countries. The agreement, which is a significant model of an extended co-operation scheme between North and South, has been the subject of numerous development studies. The theoretical issues raised in the debate on Lomé are related to the two main themes that ran throughout the literature concerning the North-South development relations: modernisation and dependency.

49 The Report of the South Commission, op. cit., p. 79.
On the one hand, Lomé has been described as "a neo-colonialist attempt by Europe to control the economies of Africa, recognising the basic dependency of its underdeveloped signatories" despite Europe's proclaimed task to assist them in achieving economic independence\(^{51}\). On the other hand, this collaboration - covering issues like trade and cultural exchanges, technical and financial co-operation and investments - has followed an original approach towards constructing "special relationships with the continent's former colonial powers, even if it has not brought the benefits anticipated"\(^{52}\).

To overcome this dichotomy, Rubin warns that "we need to ask what can be done within such arrangement to best grapple with the global issue of development"\(^{53}\).

In reference to the EU-SADC co-operation, encapsulated in the framework of Lomé, the poor results obtained thus far have been explained by analysts of the Convention in the framework of paradigms concerning the entire aid and development relationship between Europe and Africa.

Compared to the conventional aid practice, the donor-recipient relation in Southern Africa is more than just a bilateral equation. The EU development co-operation with SADC was aimed above all at the reduction of regional economic dependency on South Africa\(^{54}\).

\(^{51}\) Arnold, G., op. cit., p. 33.
\(^{54}\) Commission of the European Communities, Assistance to Front-Line States and SADCC Member States, Special Programme for Southern Africa, Brussels, 1988.
With this aim at the forefront, an original region to region cooperation approach has been brought about in the North-South dialogue. This approach could in fact represent a functional answer to Rubin's question, i.e. to help solve the problem of harmonising both the strategies and the interests of developed and developing countries.

Referring to the EU's future relations with the more inclusive SADC, Livi commented

By channelling development aid according to the priorities indicated by a regional common body (SADC), the EU cooperation strategy supports regionalism, that has repeatedly been indicated by African theorists as the most appropriate approach to achieve 'collective self-reliance' and to facilitate Africa's participation in the dynamics of the global international relations.55

This approach based on regionalism has not achieved the desired self-reliance.

As shown in the above literature review, there is a lack of unanimity regarding the causes for the crisis in Africa. However, the writings on conflict in Southern Africa generally attribute the responsibility for the region's underdevelopment to destabilisation activities by South Africa. Ohlson and Stedman can be quoted in this respect, stating that

South Africa's system of apartheid and its brutal and multi-prolonged attempt to dominate the surrounding region was

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seen as the main factor in producing conflict in Southern Africa (....) Conflict, insecurity and underdevelopment are inextricably interlinked in Southern Africa\(^\text{56}\).

The EU-SADC co-operation up to the early 1990s is driven by the need to isolate South Africa as a result of the destabilisation controversy. Despite the development experience of the previous decades, the planners of the EU-SADC development approach did not take into account the numerous recommendations on development strategy policies, for example, those advanced by the theories of practice.

For as the theories of practice maintain, "development actions need to be systematised in order to achieve the most favourable results"\(^\text{57}\).

Theorists dealing with the EU-SADC co-operation do not explore the compatibility of development policies, goals and their feasibility in the co-operation strategy adopted by the EU and SADC. A strategy which has in fact increased the Southern African countries' dependency on the donors as well as their vulnerability. Hveem emphasises

If SADCC countries are not only highly dependent on, but even receive economic resources from, one or very few sources, there is a concentration of their external alternatives that represents another potential vulnerability\(^\text{58}\).


\(^{57}\) Williams, Gavin, op. cit.

\(^{58}\) Hveem, Helge, op. cit., p. 32.
In this respect, the vast school of thought in favour of sanctions against South Africa, to which Hveem belongs, supported the opinion that SADC's vulnerability "would be greater the more the alternative relationship does not oppose the Republic of South Africa politically."\(^{59}\)

On the other hand, the EU opposition to South Africa has been considered part of the Cold War strategy. The EU aid to Southern Africa during the years of the East/West rivalry is explained by Webster's argument that the co-operation between North and South was in the West's interests "to show countries pushing for economic independence that sustained development was possible under the Western wing."\(^{60}\)

In the second half of the 1980s, the collapse of the communist system in the Soviet Union and Eastern Europe changed the entire dynamics of international relations. In Southern Africa, the beginning of the post-Cold War period has had far-reaching political repercussions that culminated in the establishment of a multiracial government in South Africa. These momentous political events led to the normalisation of the Republic's relations at both the regional and international level, that in 1994 materialised in South Africa's entry in SADC and in the opening of negotiations between Pretoria and the EU.

These changes have considerable consequences for the whole Southern African region, as they create the foundation for a sustainable development strategy rooted in a completely new approach to regional co-operation and aid relations.

\(^{59}\) Ibidem, p. 32.  
\(^{60}\) Webster, A., op. cit., p. 49.
In the light of the literature reviewed, it is plausible to maintain that there is not yet sufficient material analysing the particular nature of South Africa's position in the co-operation between the EU and Southern Africa.

The description of South Africa as the region's "engine of growth" and "powerhouse"\(^61\), in fact, does not address the issue of its role in the development approach adopted by SADC's most important source of aid, the EU.

The co-existence of First and Third World elements within the South African borders makes this country an outstanding semi-peripheral area, that could act as conduit between the developed North and the underdeveloped South. In this new capacity, South Africa could bridge the gap between the different cultural and economic levels existing between the donors and the Southern African states. The new South Africa could facilitate and expedite the process of regional integration through the adoption of a novel approach. South Africa's role would be original with respect to two main positions: the neo-classical theories of economic integration and the developed/underdeveloped dichotomy that has characterised the history of the North-South development relationship.

Accepting Hawkin's view that "the ineffectivity of aid is also a result of looking at the donor and recipient sides separately"\(^62\), South Africa's potential role in harmonising features of traditional cultures with modern civilisation, both domestically and regionally, would lead to a greater effectiveness of aid schemes.

\(^{61}\) Numerous authors have referred to South Africa as the region's engine of growth and powerhouse; cf, for example, Leistner, E., *South Africa. Gateway to Sub-Saharan Africa*, Africa Institute of South Africa, Pretoria, July, 1991 passim.

\(^{62}\) Hawkin, E.K., op. cit., p. 23.
Extending Zartman's contention that "between an independence that is impossible and an interdependence that is dangerous, middle solutions have to be found"\textsuperscript{63}, South Africa could be the missing link in the search for an endogenous solution to the issue of sustainable development in Southern Africa.

CHAPTER II

THE EVOLUTION OF EUROPEAN DEVELOPMENT AID TO SOUTHERN AFRICA

2.1 Introduction

This chapter chronicles the evolution of the European Union's relations with the Southern African Development Community, SADC. It goes back to the origin of the present Convention of Association, negotiated between the African States and the EEC at the time of the Treaty of Rome of 1957.

This history of the evolution of European development aid does not refer to the relations between individual African and European countries, but specifically to the means through which the European Union implemented the policy of development assistance with its African partners.

The evolution of this relationship, transformed over the past thirty years from an agreement between colonial metropoles and dependent territories to an equal partnership between sovereign states, is examined through the Conventions of Yaoundé and Lomé. From 1958 to 1990, the Convention has been updated every five years and gradually extended to include the present 70 associates, 47 of which are African countries.

Among these, the Southern African countries, through the Southern African Development Co-operation Conference (SADCC), have been the largest recipients of European development aid under Lomé III and IV, due
to the financial allocations aimed at supporting the organisation in its efforts to reduce economic dependence on South Africa.

The EU policy was best summarised by Holland, when he said "the Community supports SADCC as the avenue for freeing the regional states from South African economic hegemony".

The historical overview of the evolution of European development aid is aimed at showing that within the framework of development cooperation between the European and underdeveloped countries, EU-SADC relations have always been 'special' because of the political situation in Southern Africa.

The review includes an illustration of the technical instruments made available through the EU-ACP scheme in order to show the evolution of EU's policy in Third World countries and, above all, its peculiarities with respect to the Southern African region.

2.2 The origin of the European development policy in Sub-Saharan Africa

The European development policy in Sub-Saharan Africa was formulated after the Second World War. It originated as part of the efforts to unite continental Europe after the conflict.

At that time various institutions were created in order to reduce the cultural, social and economic differences among European countries. The

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1 Holland, M., The European Community and South Africa. European Political Cooperation under strain, Pinter Publisher, London, 1988, p.25.
establishment of the Organisation for European Economic Co-operation (OEEC), now OECD\textsuperscript{2}, in 1948 was followed one year later by the formation of the Council of Europe.

The inclusion of the overseas colonial dependent territories in plans for a European union was recommended for the first time by the Council of Europe, on the basis that some European states, notably Belgium, France, Italy and the Netherlands still maintained colonial ties with some African countries. In 1954, when the negotiations for the establishment of the European Communities were at an early stage, the Council declared

The politics of the European integration have as corollary, in the interest of a common prosperity, the co-operation among the Council of Europe member metropolis and overseas territories, be these two already interrelated or not\textsuperscript{3}.

As summarised by Rubin in his analysis of the origin of Western development assistance to underdeveloped countries, the European programme on Africa "would surely not exist in its present form were it not


\textsuperscript{3} Council of Europe, Consultative Assembly Report, \textit{Africa's Development}, Strasbourg, October 1957. The document, also known as the 'Strasbourg Plan', includes five recommendations:

i) a global socio-economic development plan for Africa; ii) the liberalisation of trade exchanges on the two continents and between them; iii) market organisation and price stabilisation of raw materials; iv) intensification of investments and of private and public capital flows towards Africa; v) a common effort in the field of technical assistance.
for the long-standing relationships based on a history of close political, economic, and cultural ties with the existing or former colonial territories"4.

Hence, in 1957 when three European Communities were established through the Treaty of Rome5, the issue of associating the African colonial territories was raised during the negotiations between Belgium, France, Italy, Luxembourg, the Netherlands and West Germany.

2.2.1 Historical origin of the Euro-African association

The colonial ties linking some EEC's member states to the continent and the Treaty of Rome constitute the historical roots of the Association between the Europe and sub-Saharan Africa.

Since all EEC members, except West Germany and Luxembourg, had colonies situated mainly in Africa, proposals were put forward in the Treaty of Rome negotiations concerning the future of relations between the European states and their African colonial territories.

A proposal concerning a system of co-operation among the states of Europe and Africa was presented for the first time by France who "brought

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5 European Community Treaties, Text of the EC Treaty, European Communities Official Publication Office, Luxembourg - Brussels, 1987. The three communities were the European Economic Community (EEC), the European Atomic Energy Community (EURATOM) and the European Coal and Steel Community (ECSC)
up the colonial question, insisting that European economic integration would be possible only if it made provisions for the European colonies overseas.\textsuperscript{6}

The proposal was rejected because of lack of unanimity among the EEC members, who saw France's proposal as "a return to the economic and political burdens of the colonial system", which would have resulted in the other European states having to sustain her colonial responsibilities. This point was enlarged upon by Cousté, who explains why the inclusion of the African territories in the Treaty of Rome was a particularly delicate issue for France. The French Overseas Territories and Countries, known as "Pays et Territories d'Outre Mer", P.T.O.M., included a vast empire, located in West, Equatorial and Central Africa.\textsuperscript{8}

The economies of the P.T.O.M. were inseparably tied to France through a system of preferential trade, commercial subsidies, expatriate personnel and investments, and on the whole they were wholly dependent on the metropolis. "The expenditure for the P.T.O.M." points out Cousté, "weakens France economically.\textsuperscript{9} He continues the analysis stating that since France paid higher preferential prices for her overseas supplies, the establishment of a EEC custom union excluding the colonies would have seriously affected the French economy vis-à-vis the other EEC members,

\textsuperscript{7} Ibidem, p.7.
\textsuperscript{8} Lister, M., \textit{The European Community and the Developing World}, University of York, pub. by Avebury, 1988, p. 4. In the French constitution of 1946, the African dependent territories were no more referred to as colonies, but P.T.O.M.
\textsuperscript{9} Cousté, P.B., \textit{L'association des Pays d'Outre Mer à la Communauté Économique Européenne}, Paris, 1959, abstracts.
who followed usual trade patterns to regulate their import-export relations with developing countries.

Given the above, "the principle of 'associating' the overseas territories in the Common Market was in practice imposed by France"\(^\text{10}\). Faced with French demand for association being a prerequisite for her entry to the Community itself, the European Five reacted in different ways\(^\text{11}\).

Belgium aligned with France and also Luxembourg reacted positively towards the association project. The Netherlands, despite their colonial possessions, were not particularly concerned about including the colonial territories in the Community. West Germany was interested in improving its political and economic relations with the developing countries, with which it maintained a large trade\(^\text{12}\). Italy, with her mandate in Somalia, was prepared to consider an association regime for the African territories.

France succeeded in eliciting some degree of understanding among the Six, by stressing the humanitarian content of her proposal. With the establishment of the special external tariff for the associates, France offered

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\(^{11}\) Ibidem, chapt. I, passim. During the preparatory stage of the negotiations to establish the EEC, France did not raise the question of associating the territories. Firstly, the French government itself had not decided exactly which territories to include and more time was needed to formulate a specific policy proposal on the issue. Secondly, France allowed negotiations to progress to the point where a fundamental economic formula made it possible to create some kind of protectionism for her territories' economic weakness.

\(^{12}\) Cassese, A., *Le Relazioni Internazionali della CEE*, in *La Comunità Internazionale*, Luglio 1960, N. 3, passim. West Germany's position in the Post-Second World War period was notably delicate and Bonn did not want to support any suggestion of neocolonialism.
to share the exclusivity of her colonial market and investment area with the European partners, within the framework of a preferential trading zone\textsuperscript{13}.

Eventually, the European governments "made the decision that the (their) national interest is served by assistance to overseas countries with which there have been historic political ties"\textsuperscript{14}. The acknowledgement of the existence of a mutual interest, for the African as well as for the European states, led to the association of the EEC with its members' African colonial territories.

### 2.2.2 The EEC Treaty and the Association of Overseas Countries and Territories

The results of the negotiations that followed France's proposal and which ended with the signature of the Treaty of Rome are reflected in the Preamble and in Part IV of the same treaty.

The Preamble recognises 'the intent of confirming the solidarity which binds Europe and overseas countries and the will of granting the development of their prosperity in accordance with the principles of the Charter of the United Nations\textsuperscript{15}.'

\textsuperscript{13} Treaty of Rome, Art. 133, 1958. It is to be noted that the Association gave France a solution to the problem of being concurrently in the Franc Monetary Area and in the EEC, as she could not afford possible isolation from the rest of Europe.

\textsuperscript{14} Rubin, S., J., op. cit., p. 43.

\textsuperscript{15} Cf. Zartman, W., op. cit.
Part IV provides the institutional framework for the Association between the EEC and 25 Overseas Countries and Territories\textsuperscript{16}:

"The basic principle of the association was that the rules which were adopted to regulate the relations between the colonies and their metropole be extended to apply to the relations between the colonies and the EEC as a whole"\textsuperscript{17}.

Furthermore, since the Treaty of Rome was designed for the integration of geographically contiguous states with equally developed economies, Part IV set out the legal framework for overcoming the problem of derogating to the Treaty, establishing the status of 'associate' as a form of incomplete membership in the EEC\textsuperscript{18}.

The rules regulating the relations between the EEC and the African dependent territories are set in Part IV and in the 'Implementing Convention',

\textsuperscript{16} Art. 131, Part IV, EEC Treaty. This article refers to the Annex IV, which lists the associated countries. The 25 African territories, the majority of which were French territories, are the following:
- French West Africa including: Senegal, Sudan, Guinea, the Ivory Coast, Dahomey, Mauritania, Niger and Upper Volta;
- French Equatorial Africa including: Middle Congo, Ubangi-Shari, Chad and Gabon;
- St. Pierre and Miquelon, the Comores Archipelago, Madagascar and dependencies, French Somalia, New Caledonia and dependencies, the French settlements in Oceania, the Southern and Antarctic Territories;
- The Autonomous republic of Togoland;
- The French Trusteeship Territory in Cameroon;
- The Belgian Congo and Ruanda-Urundi;
- The Italian Trusteeship Territory of Somalia;
- Netherlands New Guinea.


\textsuperscript{18} European Communities Treaty, op. cit. The association provided the overseas African colonies with a legal status between member and "Third state", where "Third state" refers to all those parties which are external in respect of the Association established within the EEC Treaty. This means that the associate is not bound to the EEC institutions by the same kind of duties as the member state, therefore it cannot enjoy the same rights, i.e. no representation in the supreme bodies, or, if present, no right to vote.
which was appended to the Treaty. These rules covered three aspects: development aid, trade and free right of establishment.

Part IV governs the latter two issues, whereas the Implementing Convention concerns the EEC assistance aimed at "the promotion of social and economic development of those countries and territories".

The Association provisions of Part IV consists of six articles, from 131 to 136.

Article 131 refers to the "special relations between the non-European countries and territories and Belgium, France, Italy and the Netherlands" and explains that the Association is aimed at promoting the economic and social development of the associates "in order to lead them to the economic, social and cultural development to which they aspire".

Article 132 sets the guiding principle of multilateral reciprocity, indicates the financial and commercial aspects of Association, the right of free establishment and of free movement of labour.

Article 133 is more specific, as it sets the provisions for the abolition of custom duties on the imports and for the progressive construction of a single tariff among the EEC members and the associated states. This article is concerned with the main procedures of the trade between the European Community and the African associates and a safeguard clause that could be

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19 Treaty of Rome, Implementing Convention relating to the Association with the Community of the Overseas Countries and Territories.
20 Ibidem. The 'right of establishment' provides for freedom of establishment of EEC companies in the associates' territory on an equal footing with local companies.
21 Ibidem, Art. 1.
23 Ibidem, Art. 132. Multilateral reciprocity is applied to the reciprocal trade on the basis of same treatment. The significance of these latter paragraphs is not only economic, but also political, since all of six European states could from now on penetrate those territories that before were the sole preserve of French enterprises.
invoked by the associated territories in order to protect their new industries from outside competition\textsuperscript{24}.

To this end, they could apply the Common External Tariff - CET, which is a tariff established to give a preference to the Associates' imports in the European market, whereas there was no reciprocity for the EEC members' goods.

This difference in the observance of duties motivated the content of Article 134, which act as a safeguard to the EEC states, since it enables them to appeal to the Commission when a third country's import into an Associate member country is detrimental to the trade of a European member's goods in that same market\textsuperscript{25}.

Finally, Article 135 refers to subsequent conventions to regulate the free movement of labour among the Member states and the Associates, whereas Article 136 provides for the establishment of an Implementing Convention to "determine the particulars and formulate procedures of the association of the countries and territories with the Community"\textsuperscript{26}.

The above articles were valid for an unlimited period and provided the basis for the renewal of the Association in the years that followed.

From the Treaty of Rome, via the Yaoundé agreements, up to the present Lomé Convention, an increasing number of sub-Saharan and European countries adhered to the Association, which represents the "fulcrum of Euro-African post-colonial relations"\textsuperscript{27}.

\textsuperscript{24} Ibidem, Art. 133
\textsuperscript{25} Ibidem, Art. 134
\textsuperscript{26} Ibidem, Artt. 135-136.
2.3 The post-colonial Euro-African relationship

The Convention of Association was created to last for only five years, until 1962. The EEC Council of Ministers was empowered, before the five years elapsed, "to determine the provisions to be made for a further period".28

As pointed out by Lister, "this procedure did not call for any consultation with the African associates".29 The reason for such a unilateral procedure was due to the fact that the association was designed for political dependent territories with no decision making power. However, by the time the convention expired, the associates were becoming independent.

The question to be addressed was whether independence would mean the end of association or not. In 1961, the Council of Ministers declared:

(...) the gaining of independence by an associated country does not necessarily mean the end of the regime of Association to the Community. This regime persists if the country of new independence shows the will and the Community does not raise objections.30

EEC Commissioner Lemaignen's review of the renewal of the Convention shows that the EEC Commission's position on the validity of the association was in accordance with the wishes of the associates.31

29 Lister, M., op. cit., p. 20.
On the African side, as more countries gained independence, they expressed the wish to maintain their privileged relationship with the EEC. "Not only were they willing to fulfil the terms of the first association, they wanted to extend the arrangements for a further five years"\(^{32}\).

As a result, it was decided to create an institutional framework in order to discuss the conditions for the renewal of the association and in 1961 the negotiations between the EEC and the African states started in Strasbourg\(^{33}\). For the first time in the history of Euro-African relationship, the Europeans and their former African colonies set up a joint decision making process. In so doing, the unequal relation between metropole and former colonies started to be transformed into a partnership. Eventually, the renewal of the Convention strengthened the ties between Europe and Africa, surviving not only the wave of liberation struggles but also the opposition of those who saw the association as expression of neocolonialism, as illustrated in the following section.

### 2.3.1 The European-African Conventions in the context of the North-South dialogue

In the vast debate concerning the meaning of the association between the EEC and the African countries, it has been noted that "in the context of the relationship between the European and the African associates, the basic principles and contents of the Association represent the invariable, whereas

\(^{32}\) Lister, M., op. cit., p. 29-30.

\(^{33}\) The representatives of the European Assembly and of the AASM met in Strasbourg to discuss four main issues: (a) political and institutional forms of co-operation, (b) technical and cultural assistance, (c) economic problems and (d) a development fund.
the variable element was the attitudes of the Africans"\textsuperscript{34}. The inclusion of the African point of view changed the dynamics of the Association from one which was Eurocentric to one which reflected the concerns of the Africans themselves.

As discussed above, the Association began as a colonial powers' unilateral initiative, based on a non-egalitarian relationship. Gradually, with the former colonies' independence, this relationship evolved into an international agreement between sovereign states.

There are numerous differing opinions regarding the motivations behind the renewal of the association. Before presenting a brief exposition of some of the most popular stances, it seems appropriate to concur with Lister's point:

the Community wished to maintain a position of influence in the colonies and former colonies; the Associates wished to avoid the uncertainties of absolute independence. They were reluctant to venture into the international political system without any economic or political support from Europe\textsuperscript{35}.

Another important factor to consider up-front is that theoretical issues concerning the Association relate to the vast and complex domain of the North-South relations. As explained in Chapter One, the Euro-African Association has been described as "a neo-colonialist attempt by Europe to control the economies of Africa, recognising the basic dependency of its underdeveloped signatories" despite Europe's proclaimed task to assist them

\textsuperscript{34} Svensson, V., op. cit., p.21.
\textsuperscript{35} Lister, M., op. cit., p.30.
in achieving economic independence\textsuperscript{36}. On the other hand, this collaboration - covering issues like trade and cultural exchanges, technical and financial co-operation and investments - has followed an original approach towards constructing "special relationships with the continent's former colonial powers"\textsuperscript{37}.

The African countries themselves held no unanimous views on the Association. The main distinction between pro- and anti-European links is expressed by the opposing views of outstanding African leaders. The Senegalese leader Leopold Sédar Senghor and Ivory Coast's Houphouet-Boigny on the one hand and Ghana's Nkrumah, on the other, represent, respectively, the advocates and the opponents of the idea of 'Eurafrica'\textsuperscript{38}.

The critics of the association strongly rejected the validity of the 'Eurafrica' theory. As Lister puts it "in Nkrumah's view the Yaoundé association was neo-colonialism in practice"\textsuperscript{39}. For instance, Nkrumah denounced the multilateral character of the Euro-African association that "rationalised the division of Africa into economic zones based upon Europe"\textsuperscript{40} and described it as a new system of 'collective colonialism'\textsuperscript{41}.

On the other hand, the pro-European position consisted of Senghor's and Houphouët-Boigny's assertions that Africa could develop only in symbiosis with Europe. This belief, as formulated by Senghor, assumes that

\textsuperscript{36} Arnold, G., op. cit., p. 33.
\textsuperscript{37} Ravenhill, J., op. cit., p. 87.
\textsuperscript{38} On the theory of 'Eurafrica', ref. to Lister, op. cit., chapt. I and VI, passim; Svensson, op. cit. passim. The concept of 'Eurafrica' has been used, since the fifties, as the codeword for a European-African alliance based on economic complementarity.
\textsuperscript{39} Lister, M., op. cit. p. 208.
\textsuperscript{40} Nkrumah, K., Neo-Colonialism: The Last Stage of Imperialism, Heinemann, London, 1965, Introduction.
\textsuperscript{41} Quoted from Gruhn, I.V., The Lomé Convention: inching towards interdependence, International Organization, Spring 1976, p.244.
Africans and Europeans "shall go back to the sources of African-Negro and European civilisation in order to grasp what is essential in both their spirit"\textsuperscript{42}. Senghor remarked that the creation of "new forms and institutions - cultural, political, social and economic - suited the possibility for African emotionality and European rationality to enrich each other"\textsuperscript{43}.

Drawing from Houphouët-Boigny's assumption of a growing interdependency, the idea was that the African countries could only prosper if they took part in the developing network of reciprocal relations on the basis of specialisation\textsuperscript{44}.

Once we have put forth our full effort of heart and spirit and intellect, once we have achieved this inner revolution, the rest will be given to us in addition- that is to say, the capital, the technicians and the techniques.\textsuperscript{45}

The eventual continuation of the Association can be seen as the result of the advancement of the idea of economic complementarity as a rationale for the Euro-African relationship.

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\textsuperscript{43} Ibidem.

\textsuperscript{44} Ibidem. Quotation by Houphouët-Boigny

\textsuperscript{45} Ibidem
2.3.2 The Yaoundé Conventions

Yaoundé I and II are set in a period of transformation from colonial to post-colonial Euro-African relations, marked by the dissolution of African non-alignment and recognition of the inevitability of dependency upon Europe. Such a transformation is well exposed by the following statement made at the time of the renegotiations of Yaoundé in 1969.

A quarter of a century after the end of the Second World War the old pattern of the European control over and concern for Africa has been shattered. African independence has strikingly altered political relationship (sic). Both parties to the former relationship are in a transitional period of searching for their own solutions to the problems and have as yet only a most unclear idea as to the lines along which future relationships between the two areas should evolve. It is a period of convalescence and confusion following colonialism. In time, Africa might become for Europe just another region of the world, and vice versa. But a far more likely outcome is that the influence of history and geography added to other factors will produce some patterns of special relationships.46

The first Yaoundé Convention was signed in July 1963 between the EEC and the African Associated States and Madagascar, AASM. These being: Upper Volta (Burkina Faso), Burundi, Cameroon, Chad, Central Africa, Congo-Brazzaville, Ivory Coast, Dahomey (Benin), Gabon, Madagascar, Mali, Mauritania, Niger, Rwanda, Senegal, Somalia and Togo.

The Convention was valid for five years, until July 1969, when it was renewed for another five years. Hence the second Convention of Yaoundé came into force in 1970 and expired in 1975.

The Convention of Association signed in Yaoundé provided the commercial framework for financial and technical co-operation, which was essential to the success of the development policy. The Convention is divided into five titles:

I. trade exchanges between AASM and EC
II. financial and technical co-operation
III. freedom of establishment, services, payments and capital movements
IV. institutions
V. general provisions

The Conventions of Yaoundé primarily referred to economic and, to a lesser extent, social development. Indeed, they provided the commercial framework for financial and technical co-operation, necessary for the improvement of the low-income affiliates' terms of trade and their chances for economic growth. According to numerous economists who have analysed the Convention, the value of terms of trade is by no means undisputed and has served as a basis for many policy recommendations by UN Conference for Trade And Development (UNCTAD)\(^47\)

What is important to emphasise, without detailed analysis of the content of the two agreements, is that both Conventions contributed to the gradual reinforcement of the structure of Association between the African

and the EC countries\textsuperscript{48}, giving a new insight to the North-South dialogue as a whole.

Firstly, because they are the result of the first international negotiations of the new independent African states, that acted together as one single group. Secondly, the African associates were represented in joint institutions with the EC for the first time. Previously the status of associate/colony did not allow representatives to be accredited. This was made possible by the establishment of new mixed institutions, such as the Council of Association, the Association Committee, the Euro-African Parliamentary Conference, the Court of Arbitration and a Secretariat\textsuperscript{49}. Furthermore permanent diplomatic missions were established in Brussels by the Associates.

In this respect, the Yaoundé Conventions had a positive effect on the African setting as they stimulated a co-operation among the African associates, who were obliged to act as a collective group.

\textsuperscript{48} Chapter I, p.5. After 1965 the EEC is referred to as the EC.
\textsuperscript{49} The \textit{Council of Association} was to meet annually in order to survey the general operation of the Convention and to establish the general guidelines for technical and financial co-operation (see Article 27 of the Convention). The Council was composed of the six member states and the EEC Commission on the one hand and of the governments of the Associates on the other. The votes required in order to reach decisions, both in the Council and in its assisting Committee, were two: one on the Six side and one for the Eighteen AASM countries. The \textit{Parliamentary Conference} was a joint body of members of the European Parliament and representatives of the Associates' Parliaments. It met once a year and, in addition, received the report of the Council. The \textit{Court of Arbitration}'s function was to settle disputes on the interpretation or application of the Convention if the Council failed to reach a political understanding. Its President was appointed by the Council and the four members were nominated: two by the EEC Council of Ministers and two by the Associates. In reality, this Court never operated. The Secretariat assisted both the Council and the Committee.
On the whole, Yaoundé was the result of a compromise, which tried to address the interests of the various parties involved. For Africa, the unquestionable advantage was the link between its developing markets and the European Common Market, where the Associates' goods enjoyed preferential treatment.

As far as the EC was concerned, the Conventions met the European strategic as well as economic interests in taking part in the development of the African countries at a time when the process of independence in Africa was undermining the European influence on the continent. In the context of the Cold War, regionalisation was seen as the strategy that the EC adopted because, as outlined by Lister, "it needed an associated bloc or sphere of influence to play a significant role in world affairs", both vis-à-vis the USSR and the USA.\(^{50}\)

Another school of thought suggests however, that the "idea that Lomé should lead to the formation of a new alliance which would be in the position to compete with the super powers ought to be resisted".\(^{51}\) In this respect, Lomé can be regarded as a step away from geographical regionalism, as unlike Yaoundé, it includes Caribbean and Pacific countries, as illustrated in the next section.

\(^{50}\) Lister, M., op. cit., p.193.

\(^{51}\) Svensson, V., op. cit., p.42.
2.4 From Association to partnership: the Lomé Conventions

In 1975 the Yaoundé Convention was replaced by a more comprehensive co-operation agreement that was signed in Lomé by a larger number of states.

In 1973, while the negotiations regarding the United Kingdom's accession to the EC were still under way, discussions on the inclusion of Commonwealth countries had already started. The positive outcomes of both these negotiations resulted in the Convention of Lomé encompassing nine EC member states and 46 countries of Africa, the Caribbean and the Pacific, (ACP). In 1977 the ACP countries increased from 52 up to the present 70 members, as listed in Table 1.

Lomé marked the transition from a EC-AASM association to a EC-ACP development co-operation. This change reflects the new character of the bilateral relationship, which followed the elaboration of the 'Principles of Addis Ababa'.

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52 Faber, G., The European Community and Development Co-operation, Van Gorcum, Assen, The Netherlands, 1982, chapter II. In January 1973, Great Britain, Denmark and Ireland became full members of the European Community, bringing its members to nine.

53 In 1975, the ACP grouping consisted of 46 countries, the original 18 AAMS, 21 of the Commonwealth Less Developed Countries and seven other African countries:
- Africa: Botswana, Equatorial Guinea, Ethiopia, Gambia, Ghana, Guinea Bissau, Kenya, Lesotho, Liberia, Malawi, Nigeria, Sierra Leone, Sudan, Swaziland.
- Caribbean: Bahamas, Barbados, Grenada, Guyana, Jamaica, Trinidad and Tobago;
- Pacific: Fiji, Tonga and Western Samoa.
In 1977, 8 other countries joined the ACP: Cape Verde, Comores Islands, Papua New Guinea, Sao Tomé and Principe, Seychelles and Suriname.


<table>
<thead>
<tr>
<th>AFRICA</th>
<th>CARIBBEAN</th>
<th>PACIFIC</th>
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<tbody>
<tr>
<td>1 Angola</td>
<td>41 Swaziland</td>
<td>63 Fiji</td>
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<td>2 Benin</td>
<td>42 Tanzania</td>
<td>64 Kiribati</td>
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<td>3 Botswana</td>
<td>43 Togo</td>
<td>65 Papua New Guinea</td>
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<td>4 Burkina Faso</td>
<td>44 Uganda</td>
<td>66 Solomon islands</td>
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<tr>
<td>5 Burundi</td>
<td>45 Zaire</td>
<td>67 Tonga</td>
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<td>6 Cameroon</td>
<td>46 Zambia</td>
<td>68 Tuvalu</td>
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<td>7 Cape Verde</td>
<td>47 Zimbabwe</td>
<td>69 Vanuatu</td>
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<td>8 Central African Republic</td>
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<td>9 Chad</td>
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<td>10 Comoros</td>
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<td>11 Congo</td>
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<td>12 Djibouti</td>
<td>48 Antigua and Barbuda</td>
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<td>13 Equatorial Guinea</td>
<td>49 Bahamas</td>
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<td>14 Eritrea</td>
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<td>15 Ethiopia</td>
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<td>16 Gabon</td>
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<td>17 Gambia</td>
<td>53 Dominican Republic</td>
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<td>18 Ghana</td>
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<td>19 Guinea</td>
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<td>20 Guinea Bissau</td>
<td>56 Haiti</td>
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<td>21 Ivory Coast</td>
<td>57 Jamaica</td>
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<td>22 Kenya</td>
<td>58 Saint Christopher &amp;</td>
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<td>23 Lesotho</td>
<td>Nevis</td>
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<td>24 Liberia</td>
<td>59 Saint Vincent &amp;</td>
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<td>25 Madagascar</td>
<td>The Grenadis</td>
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<td>26 Malawi</td>
<td>60 Saint Lucia</td>
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<td>27 Mali</td>
<td>61 Suriname</td>
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<td>28 Mauritius</td>
<td>62 Trinidad &amp; Tobago</td>
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<td>32 Niger</td>
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<td>33 Nigeria</td>
<td>63 Fiji</td>
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<td>34 Rwanda</td>
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<td>35 Sao Tomé Principe</td>
<td>64 Kiribati</td>
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<td>36 Senegal</td>
<td>65 Papua New Guinea</td>
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<td>37 Seychelles</td>
<td>66 Solomon islands</td>
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<td>38 Sierra Leone</td>
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<td>39 Somalia</td>
<td>68 Tuvalu</td>
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<td>40 Sudan</td>
<td>69 Vanuatu</td>
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<tr>
<td>41 Swaziland</td>
<td></td>
<td>70 Western Samoa</td>
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</tbody>
</table>
2.4 1. The institutions

In order to update its framework to reflect the extension of the agreement, the Lomé Convention operated an institutional restructuring programme. This re-adjustment was not a significant transformation, as Lister indicates "the Yaoundé joint institutions were transposed into the Lomé context"\(^{56}\), and renamed as follows:

- the ACP-EU Council of Ministers, is the supreme body with decision making powers on questions of ACP-EU co-operation as well as intra ACP matters. Member states are represented at ministerial level.

- the ACP-EU Committee of Ambassadors (based in Brussels), monitors the ACP-EU co-operation and supervises the implementation of the Convention. It has powers delegated to it by the Council of Ministers.

- the ACP-EU Joint Assembly, consists of representatives from each ACP state and an equal number of members from the EU Parliament.

- the ACP-EU General Secretariat (based in Brussels) coordinates the activities of the ACP institutions.

2.4.2 Lomé innovations

The structure of the Lomé Convention was similar to the Yaoundé ones, but covered a larger number of sectors: trade co-operation, export earnings scheme from commodities, industrial co-operation, financial and

\(^{56}\) Lister, M., op. cit., p.96.
technical assistance, freedom of establishment, payments and capital, institutions.

Lomé's wider content emphasised the EC's commitment to "safeguarding the interests of the ACP States", that is shown by a change from seeking mutual benefits to benefits specifically for the ACP countries\(^7\). This new direction resulted in the following essential features\(^8\):

- it is a contract negotiated between equal partners, that enables the associated countries to plan their economies by using specific instruments.

- it is non-aligned in that it respects each partner's freedom to choose its economic system, political model and economic model. It embraces countries represented by governments of varying political tendencies.

- it combines a whole range of co-operation instruments to be used according to each country's own priorities.

The above features constituted the thrust of the new relationship between the EC and the ACP States, not only in the first Lomé agreement of 1975 but also in all the following conventions. Despite the numerous resemblances, Lomé I and II are characterised by a predominantly commercial content, whereas Lomé III and IV place a greater emphasis on the socio-political aspects of development, with a shift from a strategy of economic assistance to one of development co-operation. As a parallel development to the changing objectives, different measures were

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\(^7\) Par. 2.2.2 Art. 132. The introduction of the principle of non-reciprocity is one of the major innovations with respect to the past.

established by the Lomé Convention to implement development strategies in favour of the EC’s underdeveloped partners.

2.5 Instruments of EU-ACP co-operation

Through the elaboration and re-adjustment of the various instruments of co-operation established by the Convention of Lomé, it has been possible to adapt it to the changing circumstances that have characterised the North-South relations in the past decades. As is well-known, from 1975 to 1990, the Convention has been renewed every five years, up to the present Lomé IV, in force until the year 2000.

The EU assistance to ACP countries is provided through a variety of forms, consisting of a trade and an aid component. The instruments of financial and technical co-operation made available can be broken down into two broad categories:

- Programme aid
- Non-programme aid

The difference between these two categories is that programme aid consists of a fixed level of financial resources made available to ACP countries individually and regionally on a multi-annual basis, through the European Development Fund (EDF), whereas non-programme aid is not fixed up-front.
The measures for financial and technical co-operation date back to the very first Convention of Association of 1962, such as the EDF and the European Investment Bank (EIB). They both provide financial and technical support for the implementation of development projects, but the EDF is concerned exclusively with EU-ACP co-operation, whereas the EIB allocates funds to EU, ACP and Mediterranean countries.

It should be noted that the nature of the EU-ACP co-operation instruments proves that the requests presented in the previously-mentioned Principles of Addis Ababa were taken into account over the course of the years. For example, Stabex and Sysmin, with respect to the principle of free and assured access to EC markets for all African products with the guarantee of stable, equitable and remunerative prices for their main products in order to increase their exports earnings; EDF, for the facilitation of regional integration through financial, technical and industrial co-operation\textsuperscript{59}.

2.5.1 The European Development Fund

The Fund was established by the first Implementing Convention in 1958 with the aim of financing projects and programmes in the associated countries\textsuperscript{60}. It falls under the category of Programme Aid and consists of all EU member states' financial contributions. It is administered by the EU Commission.

\textsuperscript{59} Djamson, E.C., op. cit.

\textsuperscript{60} Para. 2.3. It was initially called Development Fund for the Overseas Countries and Territories.
The Fund is renewed every five years within the Convention's financial protocol. Since 1958, there have been seven successive funds, each backing up (until 1990) a five year convention. Since Lomé IV will run for 10 years (1990-2000), the seventh EDF has been divided into two parts, the first one runs up to 1995 and the second one to the year 2000. As the table shows, the fund has been steadily growing:

Table 2 - EDF allocation under Lomé I, II, III, IV

<table>
<thead>
<tr>
<th>EDF allocation</th>
<th>Million ECU</th>
</tr>
</thead>
<tbody>
<tr>
<td>EDF IV (Lomé I)</td>
<td>3 072</td>
</tr>
<tr>
<td>EDF V (Lomé II)</td>
<td>4 724</td>
</tr>
<tr>
<td>EDF VI (Lomé III)</td>
<td>7 400</td>
</tr>
<tr>
<td>EDF VII (Lomé IV- I° half)</td>
<td>10 800</td>
</tr>
</tbody>
</table>

EDF allocations are aimed at funding the programmes selected by individual ACP countries according to the priorities and the economic strategies set in their National Indicative Programme (NIP) or Regional Indicative Programme (RIP). Each ACP country or region is allocated a fixed amount at the start of each Convention for the funding of civil works, material and equipment supplies, technical assistance, training, facilitated imports\(^6^1\).

The remainder is used for circumstantial assistance, e.g. structural adjustment support, emergency aid or refugee aid, Stabex transfers, Sysmin

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loans. Each Fund provides grants, which represent the bulk of financial aid, as well as loans, and is supplemented by loans from the EIB.

### Table 3 - EDF Sectoral Distribution

<table>
<thead>
<tr>
<th>EDF SECTORS</th>
<th>REGIONAL AID (RIP)</th>
<th>FOOD AID</th>
<th>NIP's</th>
<th>ECHO63</th>
</tr>
</thead>
</table>

#### 2.5.2 The European Investment Bank

The European Investment Bank finances loans, subsidies on loans and risk capital to EU, ACP and Mediterranean countries, Central and Eastern Europe. It is endowed with capital subscribed by the Union member states. Project appraisal is conducted directly by the EIB with respect to production projects or action programmes in industry, including agricultural processing, mining, tourism, energy, transport, telecommunications.

In providing loans the EIB takes into account the economic and financial situation of the ACP country concerned, in order to have assurances that the debt can be served. The recipient has to offer suitable forms of security or guarantees.

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62 Para 2.5.2
63 Par. 2.4.2. ECHO was established in 1992.
64 EIB loans’ interest rate is cheaper than commercial loans’ one.
2.5.3 Non-programme aid

Non-programme aid is the type of assistance that is not allocated up-front, but according to specific circumstances. The procedures for allocation are based on the relevant provisions of the Convention, relating to six main instruments:

- Trade development
- Stabex
- Sysmin
- Structural adjustment support
- Emergency aid
- Humanitarian aid

Emergency and humanitarian aid represent an innovation with respect to the past. After the introduction of 'Cultural and social co-operation' in Lomé III, there had been a growing concern on the development of human resources. Indeed, emergency and humanitarian aid are the basic components for the protection of people in need, mostly victims of both natural and manmade disasters.

In 1992, the European Community Humanitarian Office (ECHO) was set up specifically for managing humanitarian aid and providing assistance to victims, such as refugees and displaced people.

The structural adjustment dimension was included with the consideration that in implementing development projects, programming cannot be separated by a general economic adjustment.
2.5.3.1 Trade development

The bulk of the trade benefits of the Lomé Convention is represented by the principle of non-reciprocity, according to which concessions made by the EU in favour of exports from the ACP countries do not need to be reciprocated.

The main components of the trade benefits are those derived from qualified duty and quota-free access to the EU market and from the application of the cumulative provisions of the rule of origin\textsuperscript{65}.

Qualified duty and quota-free access allow the vast majority of products originating in the ACP States to enter the EU duty-free and in unlimited quantities on the basis of the above-mentioned principle of non-reciprocity. This means that the ACP is not required to apply reciprocal treatment to EU exports, upon which duties are charged. Special arrangements exist for products of particular importance to some ACP countries, such as bananas, sugar and beef\textsuperscript{66}.

It is very important to note that the facilities made available through the cumulation provisions have not been utilised by the ACP. This is a major weakness of ACP countries that have shown an inability to maximise on the cumulation and, as a consequence, still remain exporters of primary product to the European market\textsuperscript{67}.

\textsuperscript{65} Lomé IV, Text of the Convention, Part Three, Title I, passim.
\textsuperscript{66} Ibidem. In the specific protocols, the Union agrees to buy a fixed quantity of the relevant products at a guaranteed price.
\textsuperscript{67} SADC/EU Joint Document. As discussed in the last chapter, this is a central issue in the present negotiation of South Africa accession to Lomé
The issue of industrialisation is related to trade development. In order to promote a more prosperous distribution of industry throughout the ACP and close the gap between the industrialisation of the North and the underdevelopment of the South, the Convention introduced an Industrial Cooperation Board and a Centre for Industrial Development. These structures, like the dispositions in favour of industrialisation and technology transfer, were aimed at developing the ACP industrial infrastructures. In addition, specific mechanisms were set up to support this policy with further devices to protect and increase the ACP exports.

2.5.3.2 Stabex

Stabex - the system for stabilisation of export earnings from agricultural commodities - was first introduced in Lomé I with the objective of providing funds to ACP countries to cover shortfalls in earnings brought about by fluctuations in prices or output of agricultural products exported to EU countries. It was aimed at eliminating or alleviating the destabilising effects of sharp fluctuations in commodity prices after the oil crisis of 1973.²

² Cf. Martin, G., *African-European Economic Relations under the Lomé Convention: Commodities and Scheme of Stabilization of Export Earnings*, in *African Studies review*, V. 27, N. 3, September 1984, pp.41-66. Stabex emerged within the framework of the North-South dialogue on a possible New International Economic Order - NIEO. Furthermore, it shows the European countries' awareness of their dependence on raw materials imported from the ACP states particularly after the oil crisis of 1973 when the EC members saw the real possibility of an OPEC cartel situation being repeated.
The eligibility criteria for assistance is that the individual agricultural commodity affected should account for at least 5% of total export earnings to all destinations. Stabex assistance is in the form of grants and the recipient is required to give an account of what is done with the aid funds.

2.5.3.3 Sysmin

Sysmin is a mechanism established with Lomé II to assist ACP states dependent on mining exports to Europe. It was created to remedy the effects of serious disruptions affecting the mining sector, after an ACP request to include mineral products in Stabex was rejected. The difference between the Stabex and Sysmin mechanism is that Sysmin aid is not automatically granted when the income deriving from mineral exports falls. Unlike Stabex, the funds allocated by Sysmin are not meant to compensate the country for its loss of income, but have to be directed at the financing of ACP proposed programs and projects, aimed at empowering the export of the specific mineral toward the EU. Furthermore, Sysmin aid also involves co-finance by other donors, for example World Bank, African Development Bank and EIB.

The products covered by Sysmin are copper and cobalt, phosphates, manganese, bauxite and aluminium, tin, iron ore and uranium. A country can apply for Sysmin assistance if the relevant products have represented more
than 15% of their total exports for 4 years or 20% or more of their export earnings from all mining products\textsuperscript{69}.

2.5.4 Regional co-operation

Regional co-operation is a device established by Lomé to improve the collaboration among developing neighbouring states in order to optimise the utilisation of development assistance through regional programmes\textsuperscript{70}. It is aimed at fostering an increased co-ordination in furtherance of sectoral policies, in other words at 'correcting sectorial imbalances' by creating an economic integration among the aid recipients in the same geographical area.

In this respect, the EU co-operation with SADC was conceived as a commitment to a more effective assistance, based on a fundamental reconsideration of the philosophical approach to development co-operation. This approach pursues economic objectives while simultaneously emphasising the rational management of the resources. It recognises the multi-dimensional interdependent relationship both between donors and recipients and between the recipients themselves.

Regional co-operation is based on regional programming, meaning that a greater confidence is placed in the capacity of the beneficiaries to cooperate with each other and carry out joint development operations where

\textsuperscript{69} The Courier, \textit{Lomé IV}, op. cit. For the least developed countries, the percentage fixed in the two cases is 10\% and 12\%, respectively.

\textsuperscript{70} See para. 2.5.1
such an approach is more advantageous than individual project implementation. Within the EDF, the National Indicative Programmes have been instituted parallel to the regional programmes to underline the complementary nature of national and regional operations. Furthermore, regional co-operation stimulates a constructive involvement of the individual states in the identification of sub-regional priorities.

In this context, the EU assistance to SADC set up a regional decision making process that represents a contribution to capacity-building regarding the management of Southern African affairs. On the other hand, the highly political content of the EU support to the organisation has also affected its organisational ability to implement a policy conducive to regional development.

2.6 European development co-operation in Southern Africa

The links between the EC and the Southern African states were consolidated after SADC establishment in 1980\textsuperscript{71}, which gave the Southern African countries a distinct character with respect to the wider ACP grouping. The association of the Southern African states with the European Community took place in the period from 1975 to 1990.

The European development co-operation with SADC\textsuperscript{72} is one of the most interesting examples of region-to-region co-operation, as it goes

\textsuperscript{71} See Chapter III
\textsuperscript{72} In the present section, we are referring to SADC before South Africa's entry.
beyond the common need to help a group of developing countries improve their socio-economic conditions.

This co-operation represents the EU's commitment to the struggle against apartheid and distinguishes the development strategy implemented in Southern Africa from the general aid mechanism set up within the Lomé convention.

In order to understand the rationale behind the EU aid to SADC, it is necessary to outline the background of the North-South dialogue in the early 1980s.

The EC concern to meet its associated partners' requests was justified by two main factors. Firstly, Lomé was seen by the developing countries as nothing more than a neo-colonialist subterfuge, for despite the policies implemented to foster development in Third World countries, no real success had been obtained by the mid 1970s.

Secondly, it is to be remembered that Lomé I came into being at a time when the Southern African countries of the ACP grouping, were committed to the struggle for liberation. In 1974 the Portuguese coup brought independence for Angola and Mozambique, whereas Rhodesia, South-West Africa and South Africa were still under white rule. In this context, the EU development co-operation in Southern Africa became a political vehicle to prove how seriously Europe repudiated its own colonial past once and for all. Hence, the EU responded to SADC's appeal to

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73 Chapter II. Tanzania, Zambia, Botswana, Angola and Mozambique were grouped together as Front Line States and later the grouping included Lesotho, Swaziland and Zimbabwe.
oppose South Africa's apartheid and economic dominance, by endorsing Southern Africa's economic and moral goals.

Therefore, EU development strategy in the region was specifically designed to assist the Southern African countries to reduce "their economic dependence on the outside world, particularly on the Republic of South Africa, the dominant economic power in the region"\(^7\).

The allocation of EU resources was driven by the belief that dependence on South Africa was inimical to regional development both because of apartheid and for more general economic reasons.

As a result, the EU development approach was not based on a strategy that optimised the utilisation of the available resources. An optimisation would have been possible only through the adoption of a neutral stance by the Union. Instead, the EU played the role of 'Godfather' in SADC's opposition to South Africa. Such a strategic stance had direct repercussion on the outcome of the EU aid to the region, as this stance was based on a fictitious paradigm. The fiction arises from the politically correct but unrealistic determination to ignore South Africa, despite its numerous "unofficial" links with the EU member states as well as with its neighbours.

2.6.1 The EU aid programme for SADC

SADC is the EU's largest aid recipient among the ACP countries, as it enjoys the aid instruments made available by the Lomé Convention and a

\(^7\) Commission of the European Communities, *Southern Africa and the European Community*, op. cit., p. 11.
special budget-line, specifically introduced for the region. In 1988, on the initiative of the European Parliament, a new budget was in fact established to fund regional programmes in Southern Africa, in addition to the existing technical and financial instruments of the EU development assistance.

This new budget was entitled "Assistance to Front Line States and SADCC Member States", designed primarily "to counter the activities of destabilisation by South Africa"75.

This special allocation formalises the perception that warfare in the region was mainly attributed to South Africa's attempts "to consolidate apartheid and the country's economic hold on the Southern African region by unsettling and thereby weakening its nearest opponents, the Front Line States"76.

As shown in the following table, at the end of Lomé III, some 3,300 MECU had been transferred to Southern Africa, which means that since 1975 the EU has provided over 40% of its total development assistance to the region77. The EU contribution to SADC has been constantly raised until 1990. Over the first 18 years of implementation of the Convention, from 1975 to 1993, the Union committed 5000 MECU to the region, accounting for two thirds of the organisation's financial co-operation.

In 1991, it was decided to decrease the amount allocated to the region under Lomé IV from 141 MECU to 121 MECU.

76 Commission of the European Communities, Southern Africa and the European Community, op. cit., p. 49. The problem of South Africa's involvement in the region are examined in Chapter III.
The explanation provided for such a decision is that during the preceding period SADC failed to utilise all its available aid.

Table 4 - EU financial assistance to the SADC States (1975-1993)

<table>
<thead>
<tr>
<th>INSTRUMENTS</th>
<th>Lomé I</th>
<th>Lomé II</th>
<th>Lomé III</th>
<th>Lomé IV</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>National Programmes</td>
<td>267.5</td>
<td>371.7</td>
<td>824.6</td>
<td>905.6</td>
<td>2369.4</td>
</tr>
<tr>
<td>Regional Programmes</td>
<td>30</td>
<td>70</td>
<td>141</td>
<td>121</td>
<td>362</td>
</tr>
<tr>
<td>EIB loans</td>
<td>66.1</td>
<td>152.9</td>
<td>201.2</td>
<td>230.1</td>
<td>650.3</td>
</tr>
<tr>
<td>Interest rate subsidies</td>
<td>6.2</td>
<td>17.4</td>
<td>19.2</td>
<td>21.7</td>
<td>64.5</td>
</tr>
<tr>
<td>on EIB loans</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Stabex</td>
<td>33.9</td>
<td>35.1</td>
<td>56.4</td>
<td>68.1</td>
<td>193.5</td>
</tr>
<tr>
<td>Sysmin</td>
<td>-</td>
<td>82.3</td>
<td>21.6</td>
<td>100</td>
<td>203.9</td>
</tr>
<tr>
<td>Emergency &amp; refugee aid</td>
<td>44.5</td>
<td>33</td>
<td>86.5</td>
<td>83</td>
<td>247</td>
</tr>
<tr>
<td>Food aid</td>
<td>81.7</td>
<td>147.5</td>
<td>246.4</td>
<td>250.9</td>
<td>726.5</td>
</tr>
<tr>
<td>Other assistance</td>
<td>51</td>
<td>68.7</td>
<td>47.2</td>
<td>41.5</td>
<td>208.4</td>
</tr>
<tr>
<td>Total</td>
<td>580.9</td>
<td>978.6</td>
<td>1644.1</td>
<td>1821.9</td>
<td>5025.5</td>
</tr>
<tr>
<td>Grand Total</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>5025.5</td>
</tr>
</tbody>
</table>


Given the fact that, in the same period, the Community's funds allocation to South Africa - that benefits of a separate programme of assistance introduced in 1986\textsuperscript{78} started to increase, it is realistic to maintain that development assistance to the region cannot be treated separately. This is particularly important when taking into account the fact that SADC is the largest EU recipient, whereas South Africa is its largest single recipient.

\textsuperscript{78} Chapter IV, para 4.4.2.1
2.7 Conclusion

The chapter reviewed the evolution of the Euro-African conventions, described as the most significative example of aid agreement in the complex dynamics of the North-South relations.

Despite the mechanisms established to foster development in the continent, through the agreements of association and co-operation, the per capita GNP recorded are some of the lowest in the world. As a result, the effectiveness of the EU's development policy in sub-Saharan Africa has given rise to much criticism.

It is doubtful whether the guiding principles of the Community varied from altruism under the Treaty of Rome, to a desire for mutual benefits under the Yaoundé system, back to a more altruistic interest in ACP development under Lomé. However, these changing principles did reflect development strategies.\(^79\)

The above observation highlights that although the action conducted by the Union through the Convention's instruments remains relatively limited, the type of assistance set up by the Euro-African association has been in the vanguard in furthering development co-operation between First and Third World.

\(^79\) Lister, M., op. cit., p. 59
Since the first convention of association in 1958, considerable progress has been made in the Euro-African relationship. Firstly, as it reflects the transition from a non-egalitarian model of relations to an international agreement between sovereign states. Secondly, because through a variety of co-operation instruments, the Convention has continuously been updated in order to adapt it to the changing circumstances that have characterised the North-South relations over the past decades.

On the whole, the continuation of the links with the former colonial powers introduced a completely new approach in the global framework of the North-South relations. Despite the deficiencies, the conventions provided the African states with a common institutional background to negotiate as a single group not only with Europe but also in other international forums which constituted a tangible advance in Africa's politico-economic circumstances. In so doing, they got accustomed to reaching common decisions, although all they had in common was underdevelopment, lack of skills and poverty.

As Stevens points out, the Lomé Convention can indeed be regarded as an attempt "to break out of the impasse created in the global negotiations between industrialised and developing countries to establish a regional arrangement that would incorporate a number of the items of the new international economic order agenda"\(^80\).

Through four renewals, the Convention grew not only in membership but also in content, despite some critics that labelled it as a

\(^80\) Stevens, Christopher, The Lomé Convention, in Region-to-region co-operation between Developed and Developing countries, op. cit., p. 77.
'neo-colonialist subterfuge'\textsuperscript{81}. Indeed this criticism has affected the Community's development policy in Southern Africa. Despite the region's vast potential and the EU financial assistance, the European development strategy in the region did not achieve significant results in its attempt to break SADC's links with South Africa. "The difficulty in realising this objective lies in the fact that South Africa exerts virtually unassailable economic superiority over its regional neighbours"\textsuperscript{82}.

As discussed in the last part of the chapter, a major limitation of the Convention's effectiveness in the region was its political content. By establishing an anti-apartheid strategy to assist SADC, the EU development assistance in Southern Africa was overpoliticised. The struggle against white-ruled South Africa became a vehicle to show the European commitment to an anti-colonialist approach in the North-South relations debate.

As the following chapters are going to show, until the early 1990s, the political situation in Southern Africa was one of the factors that impeded a re-orientation of the EU development policy in the region. In this respect, South Africa's entry in SADC offers an opportunity to update the EU's regional strategy and also represents a promising prospect for the Euro-African co-operation as a whole.

\textsuperscript{81} Galtung, \textit{A Superpower in the making}, London, 1973, p. 73. The 1960s criticism of the association has been reproduced in the work of various authors in the 1970s and 1980s.

\textsuperscript{82} Ibidem, p. 22.
CHAPTER III

THE NATURE OF SOUTHERN AFRICAN RELATIONS

3.1 Introduction

This chapter is concerned with the nature of Southern African relations, with particular reference to the SADC's past conflict with Pretoria and how this has affected European regional policy. The major elements of this contrasting relationship illustrate the variety of causes that have impeded actual growth in the region.

Firstly, South Africa's relationship with its neighbouring states is examined, in order to illustrate how the political contrast overshadowed South Africa's potential economic role in the region. Its economic power was in fact seen as a destabilising factor which by jeopardising its neighbours' stability, hindered their economic growth. Apartheid was indicated as the main cause for the region's disruption.

The analysis then focuses on SADC and its evolution from the previous Southern African Development Co-ordination Conference (SADCC). Such a review aims to show that, due to the region's economic interdependence and heterogeneity, the causes of underdevelopment could not be removed as long as South Africa was excluded from regional integration programmes. Ultimately, the economic interdependence between South and Southern Africa and the existence of common regional bodies, such as SACU and CMA, show that South Africa's entry into SADC
institutionalised 'de jure' what existed 'de facto' prior to the establishment of a non-racial government.

3.2 Historical background to South Africa's relations with Southern Africa

The following section focuses on the history of Southern African relations from the mid 1970s to the early 1990s, showing the complex interaction between economic and security interests originating in the individual players' search for political and economic stability.

At the outset it is important to note that the situation in Southern Africa reflected on a smaller scale, the political climate which characterised the years of the Cold War, when the balance of power between the East and the West depended on a strategy of deterrence. In Legum's analysis of the international dimension of Southern Africa's crisis, he offers a broad view of the region as a peripheral area of confrontation between the Western powers and the Soviet allies in the wider context of the strategic division of spheres of influence.

The Southern African states needed external assistance in their struggle to liberate the continent's last colonies and to fighting South Africa's apartheid government. This led to a diplomatic co-operation between African countries with the West, on the one hand, as well as the Eastern block, on

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the other. In this respect, both Legum and Sommerville agree on the African states' role in causing international involvement in the region.

As Legum puts it "The African leaders decision to collaborate with the West reflect their understanding that only the Western government had the power and the authority to intervene successfully in South Africa and Rhodesia". Conversely, Sommerville points out that

Without Southern African movements or leaders seeking for international support for their struggles, there would have been no opportunity for the Soviet Union to have become involved in the national, regional and international politics of Southern Africa.

Furthermore, as Mills explains, South Africa formed a 'cordon sanitaire' "in the view of a world divided between communists and anti-communists".

3.2.1 Security through deterrence

South Africa's regional policy in the 1970s and 80s is hence characterised by a 'détente' phase, "intended to bring stability to the area through prevention of the spread of further radicalism and ensuing chaos,

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3 Ibidem, p. xix
5 Mills, G., The History of Regional Integrative Attempts: The Way Forward, in South Africa in the Global Economy, Mills G., Begg A. and Van Nieuwkerk A. (eds.), SAILA, Johannesburg, 1995, p. 222. This political stand was an inheritance from the 1940's and 50's political strategy of building a defence alliance with the West.
thereby maintaining the security interests (of South Africa)"6. After the Portuguese coup in 1974, the independence of Angola and Mozambique, followed by the constitution of a self-declared Marxist government in Maputo and the eruption of civil war in both countries, South Africa became seriously concerned about the country's growing isolation7. Against the trend of other regional events, such as the collapse of the Rhodesian peace-initiative and South Africa's intervention in Angola in 1975-76, Pretoria's perception of threat increased8.

The presence of Soviet, East European and Cuban forces in Southern Africa countries strengthened South Africa's fears that the region was becoming Moscow's satellite and that the country was threatened by a 'red encirclement'9. After the imposition of the UN arms embargo in 1977, South Africa became convinced that the West would not have supported its defence effort against the communist 'total onslaught'10.

8 Ibidem. In 1975, under Vorser's government, South Africa's attempt to mediate in the Rhodesian negotiations also ended up in a failure and South Africa withdrew its defence force from the country. In 1976, South Africa's Angolan campaign, during which the SADF almost conquered Luanda, also ended with the withdrawal of its troops.
10 Ibidem, p. 10. This expression was formulated under Botha's government to indicate the global communist offensive targeted to destroy the political and social order in South Africa.
In 1978, President Botha adopted a 'total strategy' aimed at creating domestic security through regional stability\textsuperscript{11}. This policy became known as 'destabilisation', to indicate the political, military and economic initiatives endorsed to ensure South Africa's security at the regional and domestic level\textsuperscript{12}.

The total strategy was meant as a defence against the communist infiltration from its neighbouring territories, where guerilla war was being carried out by the liberation movements\textsuperscript{13}. These guerillas were actively supported by the Front-Line States (FLS) - Angola, Mozambique, Zambia, Botswana, Tanzania, Lesotho, Swaziland and, after having achieved independence, Zimbabwe - in pursuit of their commitment to the liberation of white-ruled Rhodesia, South-West Africa and South Africa\textsuperscript{14}. As a counter-strategy, South Africa's provided assistance to Mozambique's Resistencia Nacional de Mocambique (RENAMO), to Angola's União para Independência Total de Angola (UNITA) and led raids against the South-

\textsuperscript{11} Geldenhuys, D., Diplomacy of Isolation: South African Foreign Policy making, SAIIA, Johannesburg, 1984, p. 140-41. This strategy reflected the 'hard' line of Pretoria's foreign policy and was adopted to protect the reformist trend from domestic as well as outside threats. Opposition to SA government came not only from the anti-apartheid movements, but also from the Conservatives who were against the programme of reforms initiated by President Botha.


\textsuperscript{13} Jaster, R., South Africa's Narrowing Security Options, op. cit. Guerrilla war was supported by the supply of weapons and military training to African guerrillas by different parties at regional as well as international levels.

\textsuperscript{14} Geldenhuys, D. and Gutteridge, W., Instability and Conflict in Southern Africa: South Africa's Regional Role in Regional Security, Institute for the Study of Conflict, London, n. 148. The FLS, a grouping established in 1975, supported anti-apartheid and liberation movements with logistic help, with a modest financial aid and great rhetorical incitement. From the bases established in their territories, guerrilla attacks were launched against the Republic.
West Africa People's Organisation (SWAPO) and South Africa's African National Congress bases in the neighbouring states.

Given the above, South Africa's détente strategy has been interpreted in different ways. As Geldenhuys pointed out "what for a target state constitutes destabilisation, may for the 'offending' state represent no more than the legitimate protection of its national interests". Yet, to borrow Du Pisani's remark, "the concept of 'national interest' had but limited theoretical and practical utility".

Besides the variety of interpretations, it is to be remembered that non-coercive instruments, also formed part of Pretoria's policy. The search for regional security was expressed by political and economic initiatives aimed at promoting regional co-operation.

3.2.2 South Africa's attempts at regional peaceful coexistence

At the end of the 1970s, South Africa's search for regional stability was reflected in a policy aimed at establishing institutional links with its neighbours. Both the proposal for a regional economic community and the policy of bilateral agreements were guided by the need to "not merely

17 Geldenhuys, D., *Diplomacy of Isolation: South African Foreign Policy making*, op. cit., pp. 64 et ss. On the 'soft line' component of South Africa's policy and the division between 'verkrampte' and 'verligte'.
18 On South Africa's integrative attempts before SADCC's formation, see Mills, op. cit., pp. 216-22.
expand existing economic ties, but also develop a common approach in the security and political fields\textsuperscript{19}.

In 1979, South Africa made a proposal to establish an organisation for regional co-operation, the \textit{Constellation of Southern African States}, CONSAS\textsuperscript{20}. It was addressed to Botswana, Lesotho, Swaziland, Namibia, Rhodesia and the two independent homelands, Transkei and Bophuthatswana.

The initiative failed to materialise, due to the refusal of the regional states to open a formal relation with Pretoria and to recognise the status of South West Africa and of the homelands\textsuperscript{21}. Moreover, it must be taken into account that Botswana, Lesotho and Swaziland, the BLS, already belonged to two organisations in which South Africa was also a member, such as SACU and CMA, whereas the rest of the region was not willing to further the existing economic ties with the Republic\textsuperscript{22}.

After the failure of CONSAS, Pretoria's need to pursue regional stability increased and its policy of negotiation with the neighbouring states intensified\textsuperscript{23}. As a result, in 1982 and 1984 bilateral agreements on security were signed with Mozambique and Swaziland, respectively.

\textsuperscript{20} Ibidem.
\textsuperscript{21} Halbach, A. \textit{The South African Homelands and its Consequences: an Evaluation of Separate Development}, Institute for Economic Research, Munich. In 1985, CONSAS was implemented on a small scale with the establishment of a Secretariat for Multilateral Co-operation in Southern Africa (SECOSAF) between South Africa, Transkei, Venda and Ciskei.
\textsuperscript{22} On the existing economic ties, see para. 3.6; CMA and SACU are reviewed in para. 3.10.1 and 3.10.2
\textsuperscript{23} Geldenhuys, D., \textit{The Destabilisation Controversy: An Analysis of a High-Risk Foreign Policy Option for South Africa}, op. cit. It is to be considered that from 1980 onwards, ANC and SWAPO attacks on South Africa and Namibia increased. South Africa responded with raids against the organisations' bases mainly in the territories of
In 1988, in the wake of the repercussions that the political events in USSR had in Southern Africa, this diplomacy aimed at creating a network of regional agreements culminated in the negotiations that led to the withdrawal of Soviet, Cuban and South African troops from Angola and foreshadowed Namibia's independence two years later.

3.3 Southern Africa's strategy of economic development

Despite the attempts to establish better relations with the region, South Africa did not succeed in changing its neighbours' perception that its regional policy jeopardised their political and economic independence. In the words of Barber and Barratt, "The overriding aim of South African governments was the preservation of a white controlled state, although the means employed to maintain white power and identity changed as the challenges increased."

CONSAS' design was read as a further expression of the Republic's will to dominate over the region. As some analysts pointed out

South Africa sought to increase the security and wealth of the Republic by surrounding her with dependent territories which

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Mozambique and Angola. Lesotho, Botswana, Zimbabwe and Zambia were also involved.

24 Somerville, op. cit. On Namibia
would put political stability as well as economic and technical co-operation high on her list of priorities26.

In 1980, as shown in the following section, the Southern African independent states established the Southern African Development Co-ordination Conference (SADCC), with the objective of removing all existing links with Pretoria. SADCC's member states embarked upon a strategy of economic liberation, guided by the belief that "they would have reduced their historic dependence on South Africa by 'delinking' from South Africa"27.

The above remark shows that political consideration prevailed over pragmatism, presuming that regional development could be achieved excluding South Africa. Yet, as Green and Thompson explained, in Southern Africa the separation of political-economic goals, strategies and tactics from those more narrowly related to security and power is artificial even at an analytical level28.

This view is supported by Mandaza, who deemed it was imperative to transform into action our common recognition that SADCC and national liberation struggles are two sectors of a single front. Only by harmonising our actions can both SADCC and

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the Liberation Movements realise our common cherished goals29.

However, the Western countries, "who wished to draw the region closer to the West"30 encouraged this programme, which was seen as a kind of Marshall Plan for the region31.

In consideration of the above, the following analysis is going to concentrate on the evolution of SADCC up to its transformation to the Southern African Development Community (SADC) in 1992.

3.4 From SADCC to SADC: an overview of Southern Africa's metamorphosis

The Southern African Development Co-ordination Conference (SADCC) was brought into existence in 1980 as an initiative of the Front-Line States' governments32. Based on the Declaration of Lusaka, SADCC was formally established by Angola, Botswana, Mozambique, Tanzania, Tanzania,

30 Ibidem, p.8
Zambia, Malawi, Lesotho and Swaziland. Zimbabwe, which gained independence shortly after SADCC establishment, joined the organisation in that same year. In 1989, when South West Africa gained independence and became Namibia, it joined SADCC and SADCC's membership increased to ten.

As stated in the "Programme of Action", SADCC's founding objectives were: reduction of economic dependence, particularly, but not solely, on the Republic of South Africa; forging of links to create a genuine and equitable regional integration; mobilisation of resources to promote the implementation of national, interstate and regional policies; concerted action to secure international co-operation within the framework of the strategy for economic liberation.

SADCC's strategy for the achievement of the above objectives was revised in 1992, when a Treaty was signed for the establishment of the Southern African Development Community, that converted the old SADCC "from a co-ordinating conference to a community." With the conclusion of the Treaty, SADC was formalised in terms of international law and its

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34 Ibidem.

structure was re-organized in view of the possible inclusion of a non-racial South Africa\textsuperscript{36}.

As highlighted in the 1992 theme document, 'SADCC: Towards Regional Integration', this transformation provided the institutional framework for adopting a new approach to regional integration, in recognition of the fact that the traditional policy of regional co-operation was inadequate in a post-apartheid context\textsuperscript{37}.

3.4.1 SADC's re-organisation

As an overview of existing literature shows, SADC's transformation is an institutional response to the changing circumstances, through which the organisation sought to strike a balance between the informality and flexibility of the old SADCC and a desire to acquire the necessary clout to move faster and more determined towards the goal of regional integration\textsuperscript{38}.

For the achievement of its goals, SADC maintained both the previous institutional and operational structures. SADC's institutions consist of a 'Summit of Heads of State (or Government)', meeting once a year; a 'Council

\textsuperscript{36} Leistner, E., \textit{SADCC into SADC - what does it mean?}, in \textit{SA Foundation Review}, Vol 18, n. 11, Nov. 1992. The Treaty provided the organisation with a legal personality, meaning that SADC may act on behalf of its member states.

\textsuperscript{37} SADCC, 'SADC: Towards Regional Integration', January 1992

of Ministers who approve projects to be included in the regional programme of development; a 'Standing Committee of Officials' who screen projects prepared by 'Sectoral Coordinators' sometimes working in collaboration with aid-funded experts; a 'Secretariat' responsible for overall co-ordination of programme execution and liaison among the different SADC institutions and 'Sectoral Committees and Commissions', appointed by the Standing Committee to draw-up sectoral development programmes. The above institutions are responsible for SADC activities which are implemented according to a model of sectoral co-operation inherited from the previous structure.

As shown in Table 5, SADC continues to operate according to a sectoral division of functions among its member states, the difference is that "while the old SADCC concentrated on intensifying co-operation, mostly by coordinating activities of member states, the new mission calls for deeper integration". Each member is responsible for a different sector of activity, according to the view that "sectoral co-operation is a workable option to yield resource mobilisation and to facilitate regional integration".

39 Two Sectoral Commissions have been established: the Southern African Transport and Telecommunications Commission, SATCC, and the Southern African Centre for Agricultural Research, SACCAR.
41 Ibidem.
Table 5 - SADC sectors and co-ordinating countries

<table>
<thead>
<tr>
<th>Sector</th>
<th>Coordinating Country</th>
</tr>
</thead>
<tbody>
<tr>
<td>Energy</td>
<td>Angola</td>
</tr>
<tr>
<td>Trade and Industry</td>
<td>Tanzania</td>
</tr>
<tr>
<td>Food, Agriculture and natural resources</td>
<td>Zimbabwe</td>
</tr>
<tr>
<td>Transport and Communication</td>
<td>Mozambique</td>
</tr>
<tr>
<td>Culture and Information</td>
<td>Mozambique</td>
</tr>
<tr>
<td>Mining</td>
<td>Zambia</td>
</tr>
<tr>
<td>Human Resources Development</td>
<td>Swaziland</td>
</tr>
<tr>
<td>Labour</td>
<td>Zambia</td>
</tr>
<tr>
<td>Tourism</td>
<td>Lesotho</td>
</tr>
<tr>
<td>Finance and Investment (I)</td>
<td>South Africa</td>
</tr>
<tr>
<td>Sub-sectors (Food, Agriculture and Natural Resources)</td>
<td></td>
</tr>
<tr>
<td>Agricultural Research and Training</td>
<td>Botswana</td>
</tr>
<tr>
<td>Food security</td>
<td>Zimbabwe</td>
</tr>
<tr>
<td>Forestries, Fisheries and Wildlife</td>
<td>Malawi</td>
</tr>
<tr>
<td>Livestock Production and Animal Disease Control</td>
<td>Botswana</td>
</tr>
<tr>
<td>Environment and Land management</td>
<td>Lesotho</td>
</tr>
<tr>
<td>Marine Fisheries</td>
<td>Namibia</td>
</tr>
</tbody>
</table>

The acuteness of the contradiction underlying regional integration that excluded South Africa was brought into the open by SADC that in 1993 declared "membership of democratic South Africa in SADC will give a major boost to efforts already underway to promote regional integration and co-operation in Southern Africa". Ultimately, South Africa's membership

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in SADC highlighted the varying degrees of Southern Africa's interdependence.

3.4.2 Implications of South Africa's membership in SADC

In August 1994, South Africa became SADC's eleventh member. Its entry into the organisation laid the foundation for the implementation of a closer economic and political co-operation between SADC's member states. South Africa's membership is a pre-requisite for the harmonisation of the regional countries macroeconomic policies. As SADC observed

South Africa's accession will facilitate the process of multilateral negotiations aimed at restructuring the existing unbalanced regional relations (...) In particular new opportunities could arise in co-ordinating initiatives in various areas at regional level; unhindered flow of capital, labour and technological resources to productive activities in the region; further consolidation of the regional market and mobilisation of financial resources for natural and human resources development in the region as a whole.

Given the above, it can be argued that SADC transformation was necessary to formalise the existing links with Pretoria as well as to provide the organisation with an institutional framework suitable for restructuring the regional relations in a post-apartheid Southern Africa. As discussed further

on in the study, in the wake of the international and regional changes of the early 1990s, Southern Africa is in the process of re-organising its development strategy. As Tostensen remarked

Originally SADCC was set up as a loose association of states with a common denominator. The member states were otherwise very heterogeneous in terms of economic size, political systems, foreign orientation and internal policies, and cultural characteristics44.

The following section is dedicated to a review of the Southern Africa economic context. Whilst South Africa's economic development and potential are an asset for the region and Africa as a whole, the heterogeneity between SADC members' levels of development could compromise the achievement of balanced growth in the region.

3.5 Southern Africa's economic profile

The numerous links between South Africa and Southern Africa represent a fundamental component of Southern African relations. It is noteworthy that the acute imbalances characterising the region are inherent to structural differences typical of less developed and more advanced economic systems. Looking at the international agencies' classification of the Southern African states, the economic profile shows the heterogeneity in the

levels of national income within members of the same regional groupings, not only vis-à-vis South Africa\textsuperscript{45}.

Using the World Bank World Development Report 1994 classification, in Southern Africa there is one upper middle-income country (South Africa), four lower-income countries (Angola, Botswana, Namibia, Swaziland) and six low-income countries (Lesotho, Malawi, Mozambique, Tanzania, Zambia and Zimbabwe)\textsuperscript{46}. Of these, at least four are considered "severely indebted low-income countries" (Angola, Mozambique, Tanzania and Zambia), two are "moderately indebted" (Malawi and Zimbabwe). This means that in the SADC context, only one is a developed country (South Africa), four are least developed countries (Lesotho, Tanzania, Zambia, Malawi) and the rest developing. A further distinction arises in respect to five of SADC's members that are in SACU. According to GATT classification, among SACU members one of them (South Africa) is classified as developed country; three are developing countries (Botswana, Swaziland, Namibia) and one is a least developed country (Lesotho).

South Africa, with 30\% of the region's population and 18\% of its land area, contributes 76.7\% of the regional GDP and has a GDP per capita four times the regional average\textsuperscript{47}.

The review of the regional economic interdependence offers additional elements for assessing whether the 'old' SADC's programme of

\textsuperscript{45} For the criteria used for the classification, see Van Arkadie, B., \textit{Special Arrangements for the least developed countries}, in Kiljunen, op. cit., pp. 65-7.

\textsuperscript{46} World Bank, \textit{World Development Report}, 1994. The four lower-middle income countries have a GNP per capita of US$675 to US$8,356; the six low-income countries' GNP per capita is less than US$675 in 1992.

'delinking' the region from South Africa and extra-regional forces can be regarded as feasible.

3.6 Economic interdependence

At the outset, it needs to be said that the South Africa-Southern Africa economic relationship is highly unbalanced in South Africa's favour. Before the establishment of a non-racial government in South Africa, this asymmetry was attributed to South Africa's wish to dominate the region.

Because of the political contrast, the economic interdependence between South Africa and the region was deliberately ignored or considered an obstacle to the region's development. This view is reflected in SADC observation that "thirteen years after SADC's establishment, South Africa has stronger economic relations with the rest of the region than the SADC countries have among themselves"48.

The overview of these relations emphasises that South Africa has a valuable contribution to make in post-apartheid programmes of regional development.

3.6.1 Trade relations

In analysing South Africa's foreign trade relations it is to be taken into account that, due to the political situation especially for the period 1986-1991, data are sparse and unreliable. Because of sanctions, both South Africa and its trading partners withheld information. The reluctance to reveal the extent of trade led to the situation where "the unreported trade may be of a size comparable to the recorded trade"49. As a result and because much of this trade was conducted via third countries50, the statistics on the various dealings with the Republic do not reflect the actual volume of exchanges within the region.

South Africa serves as trading partner to most of Africa, not only with respect to merchandise. It produces one quarter of the total GNP of the continent and 60% of its electricity; it has one third of the total length of rail track and one half of total irrigation land in Southern Africa 51. In the field of education, South Africa counts for 67% of teachers and lecturers in the

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50 Leistner, E., South Africa. Gateway to Sub-Saharan Africa, op. cit.
region and two thirds of all Africa's university students are studying either there or in Egypt\textsuperscript{52}.

Regarding trade exchanges, it is interesting to look at data referring to South Africa’s merchandise trade with Africa in 1985, during a period of sharp political contrast with the continent and also the last year of data release. As can be seen in Table 6, the size of trade was quite large.

With respect to its neighbours, South Africa is SADC countries major trading partner. Table 7 and 8 show the proportion of South African foreign trade conducted with the SADC group. In 1990 it had again reached the level attained in 1970 after declining between 1974-84\textsuperscript{53}.

\textsuperscript{52} Ibidem.

## Table 6 - South Africa's merchandise trade with Africa*
Percentage of exports & imports, 1985

<table>
<thead>
<tr>
<th>Commodity group</th>
<th>Export to Africa</th>
<th>Imports from Africa</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>% of total X</td>
<td>% of total M</td>
</tr>
<tr>
<td>1 Animal &amp; animal products</td>
<td>13.2</td>
<td>7.2</td>
</tr>
<tr>
<td>2 Vegetable products</td>
<td>11.4</td>
<td>8.3</td>
</tr>
<tr>
<td>3 Animal &amp; vegetable fats &amp; oils</td>
<td>22.6</td>
<td>1.5</td>
</tr>
<tr>
<td>4 Prepared foodstuffs</td>
<td>9.9</td>
<td>18.1</td>
</tr>
<tr>
<td>5 Mineral products</td>
<td>5.7</td>
<td>4.1</td>
</tr>
<tr>
<td>6 Chemical &amp; chemical products</td>
<td>28.2</td>
<td>0.4</td>
</tr>
<tr>
<td>7 Plastics, resins &amp; rubber products</td>
<td>45.8</td>
<td>0.3</td>
</tr>
<tr>
<td>8 Hides, skins &amp; leather</td>
<td>0.6</td>
<td>13.8</td>
</tr>
<tr>
<td>9 Wood &amp; wood products</td>
<td>13.1</td>
<td>18.3</td>
</tr>
<tr>
<td>10 Pulp, paper &amp; paperboard</td>
<td>7.7</td>
<td>0.8</td>
</tr>
<tr>
<td>11 Textiles</td>
<td>5</td>
<td>10.7</td>
</tr>
<tr>
<td>12 Footwear &amp; millinery</td>
<td>44.7</td>
<td>4.3</td>
</tr>
<tr>
<td>13 Non-metallic products</td>
<td>33.2</td>
<td>0.5</td>
</tr>
<tr>
<td>14 Gems &amp; jewellery</td>
<td>0.1</td>
<td>14.7</td>
</tr>
<tr>
<td>15 Base metals &amp; base products</td>
<td>6.4</td>
<td>4.5</td>
</tr>
<tr>
<td>16 Machinery</td>
<td>35.9</td>
<td>0.3</td>
</tr>
<tr>
<td>17 Vehicles &amp; transport equipment</td>
<td>26.6</td>
<td>0.3</td>
</tr>
<tr>
<td>18 Optical &amp; other instruments</td>
<td>18.2</td>
<td>0.4</td>
</tr>
<tr>
<td>19 Musical instruments</td>
<td>/</td>
<td>/</td>
</tr>
<tr>
<td>20 Miscellaneous manufacture</td>
<td>14</td>
<td>2.1</td>
</tr>
<tr>
<td>21 Work of art</td>
<td>0.1</td>
<td>2.2</td>
</tr>
<tr>
<td>22 Unclassified</td>
<td>0.1</td>
<td>0.1</td>
</tr>
</tbody>
</table>

(*) Excluding trade with the Southern African Custom Union

### Table 7 - South Africa's Foreign Trade, 1990*

<table>
<thead>
<tr>
<th>Country</th>
<th>Imports</th>
<th>Exports</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>SACU</td>
<td>1 440</td>
<td>8 861</td>
<td>10 301</td>
</tr>
<tr>
<td>Rest of SADC (6 countries)</td>
<td>563</td>
<td>2 426</td>
<td>2 988</td>
</tr>
<tr>
<td>Rest of PTA (10 countries)</td>
<td>27</td>
<td>349</td>
<td>377</td>
</tr>
<tr>
<td>Rest of Africa (excl. SADC/PTA)</td>
<td>123</td>
<td>1 294</td>
<td>1 418</td>
</tr>
<tr>
<td>Africa (excl. SADC/PTA)</td>
<td>2 153</td>
<td>12 930</td>
<td>15 084</td>
</tr>
<tr>
<td>Total all countries</td>
<td>44 125</td>
<td>60 929</td>
<td>105 054</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>% of total</th>
<th>SACU as % of total</th>
<th>SADC as % of total</th>
<th>Africa as % of total</th>
</tr>
</thead>
<tbody>
<tr>
<td>SACU</td>
<td>3.3</td>
<td>4.5</td>
<td>4.9</td>
</tr>
<tr>
<td>SADC &amp; SADC as % of total</td>
<td>14.5</td>
<td>18.5</td>
<td>21.2</td>
</tr>
<tr>
<td>Africa as % of total</td>
<td>9.8</td>
<td>12.6</td>
<td>13.3</td>
</tr>
</tbody>
</table>


### Table 8 - South African Trade with Southern Africa, 1992*

<table>
<thead>
<tr>
<th>Country</th>
<th>Exports</th>
<th>Imports</th>
<th>Total</th>
<th>Ratio X/M</th>
</tr>
</thead>
<tbody>
<tr>
<td>Botswana</td>
<td>4 284.6</td>
<td>496.1</td>
<td>4 780.7</td>
<td>8.6</td>
</tr>
<tr>
<td>Lesotho</td>
<td>2 541.0</td>
<td>152.8</td>
<td>2 693.8</td>
<td>16.6</td>
</tr>
<tr>
<td>Namibia</td>
<td>3 873.2</td>
<td>734.6</td>
<td>4 607.8</td>
<td>5.3</td>
</tr>
<tr>
<td>Swaziland</td>
<td>2 233.8</td>
<td>804.1(a)</td>
<td>3 037.9</td>
<td>2.8</td>
</tr>
<tr>
<td>SACU</td>
<td>12 932.6</td>
<td>2 187.6</td>
<td>15 120.2</td>
<td>5.9</td>
</tr>
<tr>
<td>Angola</td>
<td>365.2</td>
<td>-</td>
<td>365.2</td>
<td>100.0</td>
</tr>
<tr>
<td>Malawi</td>
<td>698.0</td>
<td>134.0</td>
<td>832.0</td>
<td>5.2</td>
</tr>
<tr>
<td>Mozambique</td>
<td>678.2</td>
<td>51.0</td>
<td>729.2</td>
<td>13.3</td>
</tr>
<tr>
<td>Tanzania</td>
<td>27.7</td>
<td>10.3</td>
<td>38.0</td>
<td>2.7</td>
</tr>
<tr>
<td>Zambia</td>
<td>1 112.2</td>
<td>44.6</td>
<td>1 156.8</td>
<td>24.9</td>
</tr>
<tr>
<td>Zimbabwe</td>
<td>1 553.4</td>
<td>762.6</td>
<td>2 316.0</td>
<td>2.0</td>
</tr>
<tr>
<td>Non-SACU</td>
<td>4 434.7</td>
<td>1 002.5</td>
<td>5 437.2</td>
<td>4.4</td>
</tr>
<tr>
<td>Total SADC</td>
<td>17 367.3</td>
<td>3 190.1</td>
<td>20 557.4</td>
<td>5.4</td>
</tr>
<tr>
<td>SACU %</td>
<td>74.5</td>
<td>68.6</td>
<td>73.6</td>
<td></td>
</tr>
</tbody>
</table>

Note: (a) 1991 figure.
Source: South African Reserve Bank, Pretoria

In the same period, foreign trade flows of Lesotho, Swaziland, Zimbabwe and Namibia were heavily oriented towards South Africa. This is especially so with respect to their imports and this applies to Botswana and Malawi too, whereas for Zambia and Mozambique, South Africa is the second most important supplier\textsuperscript{54}. Access to the South African market is particularly important for its neighbours' manufactured products such as textiles and furniture, for which there are no alternative viable markets. Some items are notably known to be exported in large quantities: agrochemicals, pharmaceutical products, petroleum products, machinery and equipment, spare parts, building materials, clothing, food and a whole variety of consumer goods\textsuperscript{55}.

Trade with SADC countries excluding South Africa was zero in the case of Namibia and insignificant for Angola, Lesotho, Swaziland and Tanzania, whereas it was most significant for Malawi and Zimbabwe. If South Africa is excluded, the value of intra-SADC trade amounts to less than 4 per cent of the total trade of SADC countries. Instead, the latter's trade with South Africa increased from 16.8 per cent of total SADC foreign trade in 1970 to 23.1 per cent in 1984.

The proportion of South Africa's foreign trade conducted with SADC countries declined by almost 50 per cent between 1970-84\textsuperscript{56}.

It is to be considered that the South African communication and transport system serves most of SADC countries in their import-export trade

\textsuperscript{54} Ibidem.

\textsuperscript{55} Leistner, E., \textit{South Africa. Gateway to sub-Saharan Africa}, op. cit.

\textsuperscript{56} Ibidem, p. 19. The decrease was from 12 per cent to 6.5 per cent.
outside Africa, as six of them are landlocked and the existing regional routes
need to be repaired and upgraded.

Table 9 shows the presence of South African enterprises in the
neighbouring countries in 1985.

Table 9 - Subsidiaries of major South African firms in Southern Africa

<table>
<thead>
<tr>
<th>COUNTRY</th>
<th>SECTORS</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Agribusiness</td>
</tr>
<tr>
<td>Botswana</td>
<td>2</td>
</tr>
<tr>
<td>Lesotho</td>
<td>2</td>
</tr>
<tr>
<td>Swaziland</td>
<td>5</td>
</tr>
<tr>
<td>Namibia</td>
<td>45</td>
</tr>
<tr>
<td>Mozambique</td>
<td>0</td>
</tr>
<tr>
<td>Zimbabwe</td>
<td>1</td>
</tr>
<tr>
<td>Zambia</td>
<td>0</td>
</tr>
<tr>
<td>Malawi</td>
<td>0</td>
</tr>
<tr>
<td>Total</td>
<td>88</td>
</tr>
</tbody>
</table>


In 1988, a mere three years later, South African investments in
Africa, particularly in the Southern region, totalled R 4 billion. Considering
the importance of foreign currencies for the debt ridden countries of
Southern Africa, the South African enterprises are hardly replaceable. As
concerns credit facilities, in October 1985 short term credit from South
Africa to Africa was R80 million and long term credit R200 million. Also in countries with strong economies like Zimbabwe, five of its top ten industries are controlled by or associated with South African companies.

A brief overview of migrant labour provides a further example of the varying levels of regional interdependence.

3.6.2 **Regional migrant labour**

Labour is a significant example of the complex interaction between the South African economic system and its regional peripheries. Major movements of workers take place from Mozambique, Namibia, Lesotho, Botswana and Swaziland, followed by Malawi and Zimbabwe. These countries are characterised by high poverty, a large rural sector and scarcity of job opportunities. Migrant labour to South Africa has always been a sensitive issue. As SADC pointed out "The centuries old system of migrant labour in Southern Africa poses serious policy challenges for the member states". The earnings remitted home by migrant workers contribute substantially to the income and the foreign exchange earnings of

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58 Maasdorp, G., *The Southern African Development Coordination Conference, in South Africa*, op. cit., p. 91. Zimbabwe benefits substantially from a preferential trade agreement concerning the export of sophisticated goods such as radios to SA.


the home countries\textsuperscript{61}. The Chamber of Mines estimates that over R1 billion goes to these countries, whereas there are no available figures on the amount of remittances taken or sent home through banks, post offices or in the form of goods\textsuperscript{62}. After the establishment of a non-racial government in South Africa, the level of migrant workers has been increasing and it is realistic to expect the endorsement of restrictive measures by Pretoria\textsuperscript{63}. In the context of its domestic economic constraints, South Africa cannot afford "the spectre of millions of migrants flocking to the relatively greener pastures of its economy"\textsuperscript{64}. In this respect, migrant labour is a significant example of the possibility that, as Du Pisani warned, "the end of apartheid may paradoxically also inflict new costs upon the region"\textsuperscript{65}.

\textsuperscript{61} Leistner, E., \textit{Labour Migration}, in \textit{South Africa in Southern Africa}, op. cit., pp. 112-120. In estimating the overall earnings and advantages deriving from working in South Africa, it is important to consider that food, housing and medical care are guaranteed beside the monthly wage.

\textsuperscript{62} Ibidem. A calculation can be made taking as an indicator the so called 'compulsory deferred pay'. The compulsory deferred pay is that portion of the worker's wage which has to be paid out in their own countries and which represents a very important source of income for the sending state. In 1985, these remittances amounted to R116 million for Lesotho, R83 million for Mozambique, R28 million for Malawi. The voluntary deferred pay to other countries amounted to R87 million plus the R135 million remitted through the TEBA's (The Employment Bureau of Africa Limited) field remittance system and R22 million in other payments, which gives a total amount of R471 million to the country of origin.

\textsuperscript{63} Ibidem. After the formation of the National Union for Mineworkers in 1982, the unionists in South Africa started to exert pressure to reduce the presence of foreign workers in the country. As a result, in 1986, different law measures were introduced to assure more stability to the industrial sector with respect to the flow of migrant labour

\textsuperscript{64} Du Pisani, A., op. cit., p.67.

\textsuperscript{65} Ibidem
3.7 Major obstacles to Southern African economic growth

There appear to be two sets of obstacles hindering Southern Africa's pursuit of its collective economic growth, due to interacting economic and political features. From the survey carried out, it emerges that it is not sufficient to attribute the anomalous dynamics of the intraregional relations only to the contrast with South Africa. On various occasions, regional players as well as the community of foreign donors and investors pointed out a number of other reasons for this. As noted on the occasion of OECD's 1994 meeting on Southern Africa

The economies of these states are in a bad state indeed, being incidental consequences of what is primarily a political crisis. The critical political climate, both at the regional and domestic level, is at the very origin of the slow (or absent) economic development that has led to the present diffused unemployment and poverty66.

In its 1995 consultative conference, SADC emphasised that in order to promote regional integration, it is necessary

to create measures that include the removal of existing political and economic barriers; macro-economic convergence and stability; poverty alleviation; stimulation of the private

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sector, convertibility of SADC currencies; the establishment of a new sector on 'Politics, Democracy and Security'.

Given the above, SADC countries will have to implement a closer cooperation both at the political and economic level, in order to distribute the benefits of undergoing development efforts. As Coetzee outlined, the task of creating the conditions for economic revival is a political one, based on the adoption of a balanced approach between efficiency and equity considerations.

The political framework is of crucial importance, especially if sustained economic growth is to be achieved. Sound macroeconomic policies and healthy balance of payments are required for restoring international confidence and creating the environment for private investment.

From this, it can be seen that the re-orientation of the regional development strategy entails structural problems to be addressed both politically and economically.

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69 Ibidem, p. 4.
3.8 Structural underdevelopment

Southern Africa has been in a state of deepening economic stagnation since the 1970s and 1980s and its dependence on external sources has increased\(^70\). Along with the aim of addressing the macroeconomic causes underlying its structural underdevelopment, SADC 1995 Theme Document recommended the co-ordination of structural adjustment policies\(^71\) and addresses the organisations' main setbacks, that the following section is going to briefly overview.

Table 10 - Real GDP and population growth rates of SADCC countries

<table>
<thead>
<tr>
<th>Country</th>
<th>Real GDP Growth %</th>
<th>1960-89</th>
<th>Population growth</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>1965-80</td>
<td></td>
<td>1965-80</td>
</tr>
<tr>
<td>Botswana</td>
<td>13.9</td>
<td>11.3</td>
<td>3.5</td>
</tr>
<tr>
<td>Lesotho</td>
<td>6.8</td>
<td>3.7</td>
<td>2.3</td>
</tr>
<tr>
<td>Malawi</td>
<td>5.5</td>
<td>2.7</td>
<td>2.9</td>
</tr>
<tr>
<td>Mozambique</td>
<td>-</td>
<td>1.4</td>
<td>2.5</td>
</tr>
<tr>
<td>Namibia</td>
<td>-</td>
<td>0.4</td>
<td>2.4</td>
</tr>
<tr>
<td>Tanzania</td>
<td>3.9</td>
<td>2.6</td>
<td>2.9</td>
</tr>
<tr>
<td>Zambia</td>
<td>2</td>
<td>0.8</td>
<td>3</td>
</tr>
<tr>
<td>Zimbabwe</td>
<td>5</td>
<td>2.7</td>
<td>3.1</td>
</tr>
</tbody>
</table>

Source: World Development Report, 1991 (Figures not available for Angola and Swaziland)


\(^{71}\) SADC 1995 Theme Document, op. cit., pp. 7 et ss. on the overall constraints. On structural adjustment programmes (SAPs) see Van der Hoeven, op. cit. SAPs consists in a package of economic policy reforms adopted by developing countries as a condition of receiving IMF or WB loans. They are implemented in countries where there is an unfavourable climate for investment and economic growth.
It is to be said that standards of living are declining, with population growth rate outstripping economic growth rate.

Hawkins, however, expressed the opinion that the region's poor export performance, coupled with a low capacity to import, is chiefly responsible for the overall negative economic performance. The economic take-off is hindered by declining terms of trade, worsened by a chronic shortage of foreign exchange, low levels of production and investments.

Moreover, it can be said that the present structural underdevelopment is the result of endogenous and exogenous factors. As extensively discussed by Van der Hoeven, the regional economic systems are still affected by the distortions of the past, when the colonial system had structured their economies according to the export oriented model, on the basis of which the colonies exported raw materials and imported manufactured goods. As a result, these countries are totally reliant on primary exports for their foreign exchange earnings and due to the declining values of their goods in the international market, their exports generate ever decreasing quantities of exchange. On the whole, this situation has led to the massive problem of non-performing loans and debt service.

At the same time, the present economic underdevelopment has been nurtured by the one-party political system common to almost all SADC's member states. The low level of economic development reflects that African ruling elites have regarded social development as the prerogative of a few,

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73 Van der Hoeven, op. cit, Part One, passim, pp. 17-52.
giving rise to a lack of pluralism visible in the low participation of the people in the political process. Referring to a restrictive attitude common to many African leaders, Nyerere commented

The best intentioned governments too readily act as if people had no ideas of their own. This is quite wrong...people do know what their basic needs are...if they have sufficient freedom they can be relied upon to determine their own priorities for development\textsuperscript{74}.

3.8.1 The political framework

Southern Africa has lived in the shadow of regional political conflicts and poor domestic political management. On the whole, SADC's member states' political attitude is characterised by a general aversion towards any form of loss of sovereignty in both domestic and regional affairs. "The region's heads of state have shown reluctance to share power within their own nations, indeed even to allow political opposition to exist, let alone the principle of regional co-operation"\textsuperscript{75}. As put by Obasanjo\textsuperscript{76}

socio-economic development is burdened by frequent violations of human rights from one-party and one-man dictatorships leading to poor and ineffective governance, lack

\textsuperscript{74} Ravenhill, J., op. cit., p.61
\textsuperscript{75} Leistner, E., Designing the framework for a Southern African Development Community, in Africa Insight, Vol. 22, n.1, 1992, p.6. The analysis noted that "there is not a single example in that ten year period where any of those countries set aside self interest and acted in regional interest"
\textsuperscript{76} Obasanjo, Olusegun Africa and Regional Co-operation, op. cit., p. 17.
of accountability and disregard for the rule of law, ridden with denial of rights and justice to minorities leading to internal and regional conflicts, excessive expenditure on the military and widespread famine, malnourishment, environmental degradation, uncontrolled population growth and abject poverty.

The absence of political freedom is identified as one of the most serious obstacles to development, as a lack of public accountability and a narrow base of decision-making, prevent people from participating in the development process. This situation is echoed in SADC's recognition that "the low level of involvement of people in the political process and governance" hinder development and growth in the region77.

Taking into account the importance of the role of consensus and participation78, aid donors introduced the concept of 'good governance' into their development strategy. This means that assistance is provided to "promote transparent and accountable institutions, the rule of law, democratisation and sound public and private sector development" as "they reinforce each other"79.

It is to be noted that the relation between aid and the protection of the private sector lies not only in the need to protect democratic principles, but also in the link between the impact of development programmes and investments. Thus far, the absence of the private sector in policy-planning, due to the above mentioned lack of pluralism, has discouraged foreign

77 SADC 1995 Theme Document, op. cit. p.27.
78 The Report of the Commission of the South, op. cit., p. 116
79 OECD-DAC, Development Challenges and the Role of Aid in Southern Africa, op. cit., p. 5
investors who do not trust a system where there is no form of investment protection.

3.8.2 The institutional framework

The improvement of SADC's institutional framework is central to political transparency and to solving problems concerning the mismanagement of regional and international resources. SADC has cited its weak institutional capacity as one of the primary causes of underdevelopment. Its repercussions are visible in the low levels of interstatal co-ordination and in the organisation's scarce capacity to promote actual integration among its individual members' productive sectors. In this respect, SADC has been criticised for its 'national chauvinism' that as Weimer pointed out, is reflected in a general "lack of will and of capacity to translate the logic of regional planning into domestic political planning".

The distortions at the institutional level compromised the effectiveness of sectoral co-operation, a co-operation that had originally been adopted as a cost-saving strategy to avoid the institution of a brand new central bureaucracy.

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80 SADC 1995 Theme Document, op. cit., p. 27.
3.8.3 SADC's reliance on foreign assistance

As a result of the above situation, SADC has not been able to optimise the available foreign aid. Paradoxically, despite the large flow of foreign aid to SADC, its reliance on external support increased. As discussed in the previous chapter, SADC became EU's largest recipient among the ACP grouping. While European aid accounts for two-thirds of the total foreign assistance, Overseas Development Assistance (ODA) represents 90% of SADC's finances. The lack of management vis-à-vis this aid led to an under-utilisation of the available ODA\(^2\). Moreover, because of the absence of an effective central body with co-ordinating power, SADC and its member states have played a very limited role in project implementation, although the Lomé mechanisms of National and Regional Indicative Programmes provide the framework for the recipient's active participation in aid management\(^3\).

In this context, it is to be expected that some frictions could arise between SADC and South Africa with respect to the issue of co-ordinating interventions with International Cooperating Partners (ICP). On the one hand, SA's approach is contrary to the view that foreign assistance to SADC must be expanded\(^4\), as it sees ODA as a temporary binding measure and not a permanent solution to underdevelopment\(^5\). As discussed in the fifth

\(^{82}\) Club de Bruxelles, *The future of the relations between the European Community and Southern Africa*, Brussels, 1993, p. 54. The reduction of the EU amount allocated to SADCC, reduced from 141 to 121 MECU, was due to the fact that SADCC failed to use all the aid made available to it.

\(^{83}\) Chapter II, para 2.5.4. See also Chapter V, para. 5.5

\(^{84}\) *SADCC in the 1990s: A Common Responsibility*, Study by AWEPPAA & African-European Institute, Amsterdam, January 1990

chapter, South Africa aims to utilise ODA according to a scheme which would lead to sustainable development through a gradually decreasing ICP involvement\textsuperscript{86}. On the other hand, SADC has called for the ICP "to support democratic South Africa and (...) at the same time to increase assistance to SADC" as necessary "if further polarisation and marginalisation in regional development is to be avoided"\textsuperscript{87}. This indicates SADC's wariness that, in a post-apartheid context, the aid quota to the organisation could be further reduced. As the OECD Development Assistance Committee remarked, in the past the substantial fund allocation to the region was "strongly motivated by the need to support the anti-apartheid stance of SADC"\textsuperscript{88}.

SADC's initiative in the process of up-dating its strategy is the first step in the active role, it is to play in securing a balanced distribution of development aid to its member states.

3.9 SADC towards a post-apartheid regional strategy

The historical, institutional and operational review presented previously shows that from being "the symbol and tangible embodiment of the political economy of Southern African liberation"\textsuperscript{89}, SADC has now adopted a more genuine economic rationale. As the EU pointed out

\textsuperscript{86} Chater V, para 5.8.2
\textsuperscript{87} SADC 1994 Annual Report, p. 37.
\textsuperscript{88} OECD-DAC, \textit{Development Challenges and the Role of Aid in Southern Africa}, op. cit., p.5.
\textsuperscript{89} Green \& Thompson, in Johnson and Martin (eds.), op. cit., p. 360.
(referring to South Africa's membership), now "SADC can be freer to concentrate on economic problems"90.

In its 1995 theme document, the organisation reviewed the past shortcomings and developed a pragmatic approach based on the recognition that sustainable growth can be achieved only through a balanced development within the region, to be pursued through the correction of the existing distortions91. In SADC's new approach, a central issue is the mobilisation of regional resources to promote the implementation of national, interstate and regional policies, with the aim of removing the identified obstacles to growth92.

A major barrier has fallen with the abolition of apartheid. After all, South Africa's accession to the organisation of necessity facilitates the elaboration of more pragmatic plans of action. It also requires a more objective evaluation of the regional constraints, both of which stimulate the endorsement of effective economic policies. As The Economist warned

The SADCC governments hope future South African investment may speed their growth. But the dearth of such investment in the past was not mainly the result of apartheid: for straightforward business reasons, nobody else wanted to invest in SADCC either.93

South Africa - thanks to its level of development - is in the position to influence the pace of regional co-operation. Despite the diversity existing

90 EU, Southern Africa and the EC, op. cit., p. 50.
91 SADC, 1995 Theme Document, op. cit.
92 Ibidem.
in the respective levels of development, SADC's member states can still restructure the regional relations in a mutually beneficial manner, maximising the experiences of the past.

In this respect, whilst the fifth chapter will concentrate on the framework of a post-apartheid formula for development, the following closing section presents the two other forms of economic interaction in the region, namely SACU and CMA. Since SACU and CMA are composed of some of SADC's members, these two regional arrangements could potentially be integrated with SADC to form the core of SADC's post-apartheid structure.

3.10 Economic integration schemes in Southern Africa

The Southern African organisations for the implementation of joint regional action are: the Southern African Development Community (SADC), the Southern African Customs Union (SACU) and the Common Monetary Area (CMA). A fourth grouping is the Preferential Trade Area (PTA), now called the Common Market of Eastern and Southern Africa countries (COMESA). However, it does not fall in the ambit of the present study, firstly as it covers a geographic area beyond Southern Africa and secondly, because, unlike SADC, it cannot be regarded as a single collective recipient of EU development aid.94

94 All PTA countries are EU recipients within the ACP grouping, but there is no specific EU budget-line for PTA as such. Furthermore, since this organisation is based on a traditional market-integration scheme, it is not viewed as a suitable option for re-organising the development strategy in Southern Africa.
SACU and CMA are two long-standing arrangements based on the market integration model\textsuperscript{95}. Their potential role is emphasised by negotiations presently held with a view to re-orientating Southern Africa's development approach. Concurring with the ADB study regarding a new approach to regional integration in Southern Africa, SADC highlighted SACU's role,

The heterogeneity of member states in economic performance, institutional structures and capacities to implement integration are such that the process requires a multi-speed approach (...). The countries of the Southern African Customs Union (SACU) may be interested in moving in a common market while remaining within SADC.\textsuperscript{96}

3.10.1 The Southern African Customs Union

The Southern African Customs Union is a free trade area comprised of South Africa, Botswana, Lesotho, Swaziland and since 1990, Namibia (BLSN)\textsuperscript{97}. Its origins date back to the end of the last century, when a customs union was established between the territories that presently make


\textsuperscript{96} SADC 1995 Theme Document, op. cit., p. 2.

up South Africa. In 1910 it was extended to the British administered High Commission Territories, which are now known as BLS.

The present SACU agreement came into force in 1969, after the independence of the BLS countries and provides for the continuance of the customs union arrangements that have been in operation since 1910. Its aim is to encourage development in the BLSN as well as the diversification of their economies. SACU set out to achieve this through the implementation of free trade, based on the interchange of goods and application of the same tariffs and regulations to goods imported from outside the customs area.

The main provisions of the agreement relate to reciprocal duties, arrangements for admission of goods from one territory to another and collection of duties from other territories. Along with the aim of the agreement, the member states established a Common External Tariff (CET) and a revenue-sharing formula.

The durability of the SACU agreement depends on the ongoing negotiations between its members. Despite the fact that the Union is not seen as completely satisfactory by any party, it has been in place for nearly a

98 Maasdorp, G., The Southern African Customs Union, in South Africa, in Southern Africa, op. cit., pp. 32 et ss. It was in 1889 that for the first time a Customs Union Convention was established between the Cape Colony and the Orange Free State. Swaziland was part of the Transvaal custom area from 1884 to 1904, when it joined the above-mentioned Convention.

99 Ibidem. In 1910 the Union of South Africa was formed and in that year it signed a Customs Union Agreement with the High Commission Territories. When Botswana (Bechuanaland Protectorate) and Lesotho (Basutoland) became independent in 1966 and 1968 respectively, SACU was formally established as it still is.

100 SACU Agreement, Preamble.

101 Ibidem, Art. 4 and 14. According to the revenue sharing formula, each SACU member receives its annual share of the grouping's revenue. South Africa's share is defined on the residual basis after the BLSN countries have been allocated their share.
quarter of century and its re-negotiation reflects the fact the agreement is going to be maintained\(^\text{102}\).

3.10.2 **Common Monetary Area**

The trade facilities established by SACU are supported through those provided by the Common Monetary Area (CMA), which operates through the Multilateral Monetary Arrangement (MMA), concluded in March 1992.

The CMA between South Africa, Lesotho and Swaziland was renewed in 1986 as a continuance of the previous Rand Monetary Union (RMU)\(^\text{103}\). Botswana withdrew from the grouping in 1974, while Namibia entered the agreement after its independence\(^\text{104}\).

The MMA operates in tandem with SACU and regulates currencies and banking-related issues, providing for a common exchange rate and free flows of capital among its members\(^\text{105}\). It should be taken into consideration that if the agreement terminates, South Africa's partners would need to replace the present backing that their currencies get from the rand through the support of other monetary institutions\(^\text{106}\). It is to be noted that monetary

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\(^\text{103}\) See Goedhuys, D.W., *The Common Monetary Area*, in *South Africa in Southern Africa*, op. cit., pp. 55 et ss. The first Customs Union Agreement was signed in 1969.

\(^\text{104}\) Ibidem. Botswana withdrew from the RMA in 1974, its economy being less dependent on South Africa than those of Lesotho and Swaziland. In that same year a central national bank was set up, the Bank of Botswana, with its own currency, the pula. As far as Namibia is concerned, the agreement provided for the use of the South African Rand until the Namibian Dollar was introduced.

\(^\text{105}\) Ibidem. Parity is maintained between the members' currencies, although each country may change its rate unilaterally.

union, as a form of special economic integration, could contribute to the co-
ordination of the fiscal and monetary policies in SADC envisaged regional re-organisation.

3.11 Conclusion

This chapter focused on the main features of the relations between the Southern African States and South Africa.

The presentation of SADC from its origin to its recent transformation contributed to draw a comprehensive picture of the complex regional dynamics, characterised by the conflicting relations with Pretoria. It has been shown that the implementation of a genuine co-operation within the region was hindered by political constraints and not only by the contrast between South Africa and its neighbours. From the various themes reviewed in the chapter, it emerges that there are a number of different reasons for the region’s structural underdevelopment and, thus, blaming South Africa’s policy and economic dominance is an oversimplification.

World Economy in the 1990s, Cape Town, 1993. The amount of circulating money is backed by a deposit in the South African Reserve Bank, that manages gold and foreign exchange reserves of the other members. In case of termination of the agreement, the rand balances of Lesotho, Swaziland and Namibia at the South African Reserve Bank are to be repaid partly in rand and partly in foreign exchange in the same proportion that the Bank's domestic assets bear to its foreign assets.


ASSET, Scenario for a subcontinent, Conference held in Mbabane, 13-15 March 1991. The conference, which brought together important personalities in the region, was organised to evaluate the opportunities for economic growth in Southern Africa.
South Africa's membership in SADC represents an opportunity to ultimately endorse a pragmatic regional strategy that benefits the regional economic interdependence and optimises the available resources. SADC itself noted that "one of the major shortcomings of the organisation has been its inability to mobilise significant levels of the region's own resources for the implementation of its projects and programmes". Furthermore, it has been pointed out that SADC's inability to manage foreign aid is also one of the causes that has impeded the achievement of the organisation's self-sufficiency.

This chapter constitutes the framework within which the European Union allocated substantial development funds to SADC and as examined in the next chapter, developed its policy towards South Africa. The analysis carried out also provides the background to the important elements in the adoption of a post-apartheid development strategy, discussed in chapter Five and Six.

There was a general acknowledgement was openly made of SADCC's failure and of the need to promote a full collaboration with South Africa.

109 SADC, Review of the 1995 Consultative Conference, Note from the Secretariat, Lilongwe, Malawi, 5/2/95
CHAPTER IV
EUROPEAN RELATIONS WITH SOUTH AFRICA

4.1 Introduction

This chapter examines the relations between the European Union and South Africa. It reviews the main events which have characterised the evolution of the European South African policy from the 1970s to the latest developments in 1995.

Prior to the re-opening of dialogue with Pretoria, the EU was aligned with the international community's strategy of isolating South Africa. The 1990s witnessed a transition in treating South Africa from 'pariah' to 'partner'. In 1994 official institutional contacts between the EU and South Africa were re-established, marking the beginning of a new era not only for the EU-SA relationship but also for Southern Africa as a whole.

The importance of the normalisation of the EU-SA relations is emphasised by Holland, when he remarks that

To fully appreciate the changed nature of community's relations with South Africa, it is necessary to remind ourselves of the 'abnormal' relations that existed from 1977-1991. In fact, the EU has never had 'normal' relations with the Republic.

1 Holland, M., From Pariah to Partner: relations with the EU, in From Pariah to Partner: South Africa's international relations from 1990 to 1994. South Africa Institute of International Affairs, Johannesburg, 1993, p. 128.
2 Ibidem, p. 129.
The 'abnormal' nature of the EU-SA relations is due to an intrinsic contradiction characterising the European anti-apartheid policy, a contradiction reflected by the EU's policy on South and Southern Africa.

As shown in the previous chapter, the political contrast between South Africa and its neighbours was an impediment to South Africa's inclusion in regional development programmes. Such a contrast had a major influence not only on foreign aid but also on the overall EU policy towards South Africa.

The following analysis explores the extent to which South Africa was actually isolated by the European Community, to show that despite the political rhetoric, the European (as well as the Southern African) states maintained their links with South Africa.

It can be argued that the EU's South Africa strategy was characterised by a dual nature, due to the incongruency between its objectives and the measures adopted to achieve them. "The purpose of the Community's policy (the removal of apartheid) and the mechanism for that policy raised a fundamental question. Could the chosen policy mechanism fulfil the stated policy aim?"3.

In order to answer this question, the impact of the EU policy is assessed within the framework of the different historical phases of the EU-SA relations. The analysis distinguishes three main periods in the evolution of the Union's policy towards South Africa: the origin and background of the EC's opposition to apartheid (1973-1985), the 'twin track policy' (1985-1993), the post-apartheid initiatives (1993-1995).

3 Holland, M., *The European Community and South Africa. European Co-operation under strain*, op. cit., p. 35.
On the basis of such a review, it seems that the EU's policy was constantly contradictory. Firstly, the discrepancy originates in the co-existence of Europe's political opposition to apartheid and the need to protect both its economic and strategic interests in the country. Secondly, sanctions impeded the economic growth actually needed to improve the living conditions of the most disadvantaged groups. Thirdly, in the transitional period, the strategy adopted by the Community to contribute to a "peaceful, irreversible and profound" transition to a non-racial South Africa gives rise to additional contradiction.

Within the context of South Africa's new domestic circumstances and of its entry into various African organisations, the reformulation of the European Union's policy towards South Africa has become imperative.

The last section of the chapter is dedicated to the very recent improvements in the European Union's relations with Pretoria. One of the first results of the reopened dialogue was the conclusion of a temporary agreement of co-operation, which laid the foundation for the ongoing negotiation of a more global agreement. The definitions of the terms and conditions of the bilateral co-operation is not an easy task. The question to be addressed is to what extent the Republic should be ranked as a developing country, taking into consideration the repercussions that this decision will have not only on the content of the EU-SA agreement, but also on SADC and other African countries.

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Indeed, the risk is that the EU formula will entail once again a contradiction that could jeopardise the implementation of an adequate strategy to foster a balanced development in Southern Africa.

4.2. The background to the relations between the European Community and South Africa

For more than three centuries, South Africa has been strictly linked to Europe, initially through colonialism and, with independence, through political, economic and cultural ties. In the middle of the twentieth century, the intensity of these links gradually diminished.

The deterioration of South African relations with the international community, in fact, dates back to a relatively recent period, as specific measures against South Africa were adopted by the United Nations in the early 1960s, twenty years after the introduction of the apartheid legislation.

The historical framework of the EC strategy to hasten the dismantling of apartheid legislation originates in the UN South African policy. At the end of the Second World War, the Union of South Africa was fully integrated in the international community and, represented at the San

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Francisco Conference by its Prime Minister, Jan Smuts, participated in preparing the draft of the United Nations Charter together with the other victorious powers.

The South African policy towards Non-Whites started to be a matter for discussion and criticism in 1946. The South African isolation started at the beginning of the 1950s, when, to coincide with the post-World War Two process of decolonisation, Pretoria underwent "an increasing attack in the UN from the newly independent African states".

As a consequence of the former colonies' UN membership, the critics against White colonialism became louder, while in South Africa the number of constitutional laws regarding racial separation increased. In this respect, Mill explained Verwoerd's policy of separate development as originating in "The acknowledgement that it (South Africa) had to adjust to new realities in the continent coupled with the need to offset Pretoria's growing international isolation".

Despite the increased opposition to apartheid, South Africa still played an important role in the United Nations until the 1960s, when the

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6 Muller, C.F.J.(ed.), 500 Years. A History of South Africa, op. cit. This criticism came from the newly independent states and not yet from the Western countries, which still had many colonial territories. Chapter 20 describes in detail that, at the very beginning of the controversy, India protested about how Indians were treated in South Africa. We cannot however go further in this area, in order not to neglect our main focus. See, for example, Barber, J., and Barrat, J., South Africa's Foreign Policy, Cambridge. CUP, 1990; Leiss, A.C., Apartheid and United Nations collective measures: an analysis, New York, 1965.


8 Chapter I, pp. 15 et ss

9 Lugan, op. cit., p. 217 onwards. In 1948, following the victory of the Herenigde National Party, United National Party, and Malan's election to the presidency of the South African Union, the apartheid legislation was given new impetus.

10 Mills, op. cit., p. 218.
Sharpeville shootings seriously affected Pretoria's relations with the West. In 1961, the Union of South Africa became a Republic, breaking away from the British Crown. In response to the Commonwealth's request to choose between the maintenance of apartheid and Commonwealth membership, South Africa withdrew.\textsuperscript{11}

Furthermore, the "Namibian question" relating to the independence of South-West Africa was an area of hostility between South Africa and the international community.\textsuperscript{12}

In the 1970s and '80s the Republic was isolated from international politics to such an extent that in the 1980s, the UN and the individual governments, particularly in the West, finally inaugurated the policy of sanctions.\textsuperscript{13}

In 1990, the new State President, F.W. De Klerk, started the reforms that led to the unbanning of political organisations, the release of political prisoners, the removal of restrictions on individual activities and the lifting

\textsuperscript{11} Muller, C.F.J., op. cit., chapters 20 & 21. As a result of the referendum of October 5th 1960, on May 31st 1961 South Africa became a Republic outside the British monarchy. The Governor General was replaced by the State President and the British monetary system abolished. Independence was declared already in 1926, when the Balfour Declaration stated that Britain and its dominions enjoyed equal status. Nevertheless, South Africans were British subjects until 1949, when the South African Citizenship Act - N°44/1949 - provided for their own citizenship; the Union Jack and the British anthem were abolished under Strijdom in 1957.


\textsuperscript{13} Lugan, op. cit., chapter 12. It is noteworthy that the policy of sanctions against South Africa was embarked upon at a time when the South African government was introducing some important changes. In 1984 a new constitution came into force in South Africa introducing the tricameral system for Whites, Coloureds and Indians respectively. It meant that non-Whites could enter the cabinet. Blacks were not included as the Botha's government still considered the bantustans as proper political structures for representation. After 1985, other apartheid provisions were gradually removed.
of the State of Emergency. This process culminated in the 1994 multiracial elections that determined the end of South Africa's international isolation. The subsequent establishment of the Government of National Unity, GNU, officially reintroduced the country to the ranks of the United Nations.

4.2.1 The origin of European Community's policy on South Africa

The individual EC member states have numerous links with the country, historical, cultural and economic. The complex net of relations makes the formulation of the EC's South Africa policy problematic, as these relations are influenced by "sometimes competing, mix of national economic and political factors, global security, as well as moral objections to institutionalised racism" 14. As the following analysis will show, the Community countries' extensive interests in South Africa explain their reluctance to sacrifice their ties with the Republic, when faced with the need to endorse an anti-apartheid policy in the 1970s.

Besides the Afrikaner and British people, the South African white community includes other Europeans, who amount to 44.5% of total immigrants. There are large Portuguese, German and Greek communities, followed by the French and the Italian ones, as shown in Table 2.

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Table 11 - Population of South Africa, 1993

<table>
<thead>
<tr>
<th>Group</th>
<th>Numbers</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Black</td>
<td>29,773,738</td>
<td>75,8</td>
</tr>
<tr>
<td>Coloured</td>
<td>3,381,125</td>
<td>8,6</td>
</tr>
<tr>
<td>Asian</td>
<td>1,013,273</td>
<td>2,5</td>
</tr>
<tr>
<td>White</td>
<td>5,136,896</td>
<td>13,1</td>
</tr>
<tr>
<td>Total</td>
<td>39,305,032</td>
<td>100</td>
</tr>
</tbody>
</table>

Source: Development Bank of Southern Africa

Table 12 - Whites' linguistic groups, 1993

<table>
<thead>
<tr>
<th>Whites' linguistic group</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Afrikaans</td>
<td>57,5</td>
</tr>
<tr>
<td>English</td>
<td>38,7</td>
</tr>
<tr>
<td>Dutch</td>
<td>0,8</td>
</tr>
<tr>
<td>French</td>
<td>0,1</td>
</tr>
<tr>
<td>German</td>
<td>0,7</td>
</tr>
<tr>
<td>Greek</td>
<td>0,3</td>
</tr>
<tr>
<td>Italian</td>
<td>0,2</td>
</tr>
<tr>
<td>Portuguese</td>
<td>0,8</td>
</tr>
<tr>
<td>Other</td>
<td>0,7</td>
</tr>
</tbody>
</table>

Source: Central Statistics Service, Pretoria, South Africa

These people are perfectly integrated in the country's social structure as well as in its productive sector, where they are either normally employed or, as in many cases, run business activities on their own.
The majority have both South African and their country of origin's passports, hence the cultural and economic links with their respective nations are very strong\textsuperscript{15}. It would be too simplistic to state that the EC policy is a reflection of economic ties only, even though, as Austin remarks, "South Africa disturbs the conscience of Western nations, but it also lines their pockets"\textsuperscript{16}. As a consequence of the variety of existing interests, no official stance was expressed against South Africa and bilateral relations remained a predominant feature.

The EC South African policy began to develop formally only after Great Britain entered the EC in 1973. Then, a transition took place from a bilateral British-South African relationship to a Community-wide one, as "the existing British policy was adopted, adapted and applied to the EC context"\textsuperscript{17}.

Pressed by a strong international indignation against Pretoria, the establishment of precise guidelines to address the apartheid question became indispensable in the framework of the EC-ACP Association\textsuperscript{18}. Indeed, the lack of a valid EC policy to fight apartheid seriously undermined the Europeans' credibility in the eyes of the black African states. Especially as the Front-Line States' membership in the Convention of Lomé had established a closer relation between the EC and Southern Africa and the political

\textsuperscript{15} This information results from interviews that the author held with EU member states' officers in South Africa, June 1995.


\textsuperscript{17} Holland, M., op. cit., p. 29.

\textsuperscript{18} Chapter II, para 2.6
contrast between the regional states and South Africa could not be ignored.\(^{19}\)

As a response to the anti-apartheid criticism that increased in Europe after the Soweto shootings in 1976, Steve Biko's death in 1977 and the South African campaign in Angola, the EC adopted a Code of Conduct establishing some guidelines for European companies operating in South Africa\(^{20}\). Although a formal policy of opposition to apartheid was elaborated only in 1985, the stand-still in the EC South African policy between 1977 and 1985 outlines the importance of European economic interests in South Africa.

The exploration of the role of the economic ties between South Africa and the European states will be presented in the following paragraphs, in order to explain the reluctance of the EC members to work out an adequate strategy to fight apartheid. It seems in fact that the EC anti-apartheid measures were mainly a political solution to answer the criticism of European involvement in South Africa.

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\(^{19}\) Chapter III, passim.

\(^{20}\) See para 4.4.1
4.3 The role of economic ties

The European Community member states have always maintained stable economic ties with South Africa, strengthened by strong historical links and, as indicated previously, by the presence of a large number of Europeans in the country. Undoubtedly, the scope of the existing economic ties was a deterrent to the establishment of an effective policy to oppose the South African government. It should be noted that the European states and the European Community have always been extremely important partners for South Africa, representing a major market for its exports.

Because of sanctions, data between 1986-1991 do not contain detailed trade statistics, hence information on trade flows are incomplete and unreliable. Available figures do not refer to South Africa only, as they include the BLS grouping and, before its independence, Namibia. As a result of a number of factors, including shipments through third countries, it is difficult to quantify the extent of the South African trade exchange with Europe. However, it is important to be aware of such data's inaccuracy as it could lead to an exaggeration of South Africa's commercial importance.

The available information shows the size of the EU-South African economic relations and looking at trade figures, we can more clearly understand why the member states might have applied more persuasive measures towards South Africa, in order to give effectiveness to sanctions. The variations which occurred in respect of the single EC countries' share of the South African market can be seen in the tables below:
Table 13 - EC Member States' Trade with the RSA, 1975-1980
(Imports = M, Exports = X, in 1000 ECUs)

<table>
<thead>
<tr>
<th>Country</th>
<th>1975</th>
<th></th>
<th>1976</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>X</td>
<td>M</td>
<td>X</td>
<td>M</td>
</tr>
<tr>
<td>Germany</td>
<td>716,585</td>
<td>1,122,122</td>
<td>800,705</td>
<td>1,118,399</td>
</tr>
<tr>
<td>France</td>
<td>231,928</td>
<td>347,755</td>
<td>287,674</td>
<td>440,453</td>
</tr>
<tr>
<td>Italy</td>
<td>443,097</td>
<td>273,882</td>
<td>616,107</td>
<td>241,521</td>
</tr>
<tr>
<td>Netherlands</td>
<td>58,153</td>
<td>176,249</td>
<td>88,095</td>
<td>171,305</td>
</tr>
<tr>
<td>Belgium &amp; Lux</td>
<td>181,196</td>
<td>118,726</td>
<td>222,641</td>
<td>102,055</td>
</tr>
<tr>
<td>G.B.</td>
<td>789,462</td>
<td>1,228,910</td>
<td>990,200</td>
<td>989,904</td>
</tr>
<tr>
<td>Ireland</td>
<td>11,066</td>
<td>12,552</td>
<td>13,784</td>
<td>8,964</td>
</tr>
<tr>
<td>Denmark</td>
<td>11,167</td>
<td>25,677</td>
<td>17,091</td>
<td>24,185</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>1977</th>
<th></th>
<th>1978</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>X</td>
<td>M</td>
<td>X</td>
<td>M</td>
</tr>
<tr>
<td>Germany</td>
<td>929,579</td>
<td>981,046</td>
<td>902,042</td>
<td>1,205,834</td>
</tr>
<tr>
<td>France</td>
<td>430,937</td>
<td>435,521</td>
<td>578,826</td>
<td>474,484</td>
</tr>
<tr>
<td>Italy</td>
<td>728,695</td>
<td>229,490</td>
<td>834,361</td>
<td>245,303</td>
</tr>
<tr>
<td>Netherlands</td>
<td>107,518</td>
<td>127,386</td>
<td>145,811</td>
<td>134,648</td>
</tr>
<tr>
<td>Belgium &amp; Lux</td>
<td>1,244,539</td>
<td>117,601</td>
<td>1,502,385</td>
<td>114,165</td>
</tr>
<tr>
<td>G.B.</td>
<td>3,154,568</td>
<td>889,453</td>
<td>3,365,431</td>
<td>1,005,507</td>
</tr>
<tr>
<td>Ireland</td>
<td>11,997</td>
<td>9,229</td>
<td>10,094</td>
<td>10,803</td>
</tr>
<tr>
<td>Denmark</td>
<td>24,131</td>
<td>19,772</td>
<td>30,586</td>
<td>20,690</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>1979</th>
<th></th>
<th>1980</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>X</td>
<td>M</td>
<td>X</td>
<td>M</td>
</tr>
<tr>
<td>Germany</td>
<td>1,395,066</td>
<td>1,248,926</td>
<td>1,818,472</td>
<td>1,820,326</td>
</tr>
<tr>
<td>France</td>
<td>677,987</td>
<td>385,892</td>
<td>855,330</td>
<td>694,472</td>
</tr>
<tr>
<td>Italy</td>
<td>1,223,716</td>
<td>235,478</td>
<td>1,061,022</td>
<td>427,013</td>
</tr>
<tr>
<td>Netherlands</td>
<td>180,780</td>
<td>154,556</td>
<td>134,464</td>
<td>189,003</td>
</tr>
<tr>
<td>Belgium &amp; Lux</td>
<td>1,652,279</td>
<td>125,399</td>
<td>1,816,264</td>
<td>182,377</td>
</tr>
<tr>
<td>G.B.</td>
<td>1,760,394</td>
<td>1,102,782</td>
<td>1,326,242</td>
<td>1,671,275</td>
</tr>
<tr>
<td>Ireland</td>
<td>11,482</td>
<td>12,444</td>
<td>10,539</td>
<td>16,299</td>
</tr>
<tr>
<td>Denmark</td>
<td>62,489</td>
<td>24,083</td>
<td>97,054</td>
<td>41,263</td>
</tr>
</tbody>
</table>

(*) Source: Eurostat, Statistics on Foreign Trade, 1981
### Table 14 - South African Imports and exports by country, percentage 1977-1980

<table>
<thead>
<tr>
<th>RSA imports by country</th>
<th>1977</th>
<th>1980</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>%</td>
<td>%</td>
</tr>
<tr>
<td>UK</td>
<td>12,3</td>
<td>12,1</td>
</tr>
<tr>
<td>Germany</td>
<td>13,5</td>
<td>12,9</td>
</tr>
<tr>
<td>Italy</td>
<td>3,1</td>
<td>3,1</td>
</tr>
<tr>
<td>France</td>
<td>3,5</td>
<td>3,8</td>
</tr>
<tr>
<td>Netherlands</td>
<td>1,7</td>
<td>1,4</td>
</tr>
<tr>
<td>Belgium</td>
<td>1,5</td>
<td>1,2</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>RSA exports by country</th>
<th>1977</th>
<th>1980</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>%</td>
<td>%</td>
</tr>
<tr>
<td>UK</td>
<td>21,1</td>
<td>12,6</td>
</tr>
<tr>
<td>Germany</td>
<td>6,4</td>
<td>6,7</td>
</tr>
<tr>
<td>Italy</td>
<td>2,4</td>
<td>4,0</td>
</tr>
<tr>
<td>France</td>
<td>3,6</td>
<td>4,3</td>
</tr>
<tr>
<td>Netherlands</td>
<td>2,3</td>
<td>2,5</td>
</tr>
<tr>
<td>Belgium</td>
<td>2,9</td>
<td>3,1</td>
</tr>
</tbody>
</table>


### Table 15 - South Africa's Major European Supplier Countries, 1986-1989 (in million US$)

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Germany</td>
<td>162,0</td>
<td>212,2</td>
<td>277,6</td>
<td>271,5</td>
</tr>
<tr>
<td>UK</td>
<td>104,0</td>
<td>129,7</td>
<td>159,8</td>
<td>142,1</td>
</tr>
<tr>
<td>Italy</td>
<td>29,0</td>
<td>37,9</td>
<td>52,3</td>
<td>51,9</td>
</tr>
<tr>
<td>France</td>
<td>34,0</td>
<td>38,8</td>
<td>48,4</td>
<td>46,8</td>
</tr>
<tr>
<td>Belgium &amp; Luxemburg</td>
<td>17,0</td>
<td>22,8</td>
<td>30,7</td>
<td>32,1</td>
</tr>
<tr>
<td>Netherlands</td>
<td>21,0</td>
<td>24,0</td>
<td>27,9</td>
<td>24,7</td>
</tr>
<tr>
<td>Spain</td>
<td>7,5</td>
<td>8,2</td>
<td>12,1</td>
<td>10,5</td>
</tr>
</tbody>
</table>

Source: *Italian Institute of Foreign Trade- Annual Report, ICE, Johannesburg, 1989*
Table 16 - South Africa's Major European Customers, 1986-1989 (in million US$)

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Italy</td>
<td>159.0</td>
<td>148.8</td>
<td>181.7</td>
<td>220.3</td>
</tr>
<tr>
<td>Germany</td>
<td>91.0</td>
<td>93.4</td>
<td>143.9</td>
<td>141.7</td>
</tr>
<tr>
<td>UK</td>
<td>101.0</td>
<td>90.7</td>
<td>121.3</td>
<td>121.2</td>
</tr>
<tr>
<td>France</td>
<td>40.0</td>
<td>48.4</td>
<td>59.0</td>
<td>62.9</td>
</tr>
<tr>
<td>Belgium &amp; Luxemburg</td>
<td>30.0</td>
<td>32.1</td>
<td>46.9</td>
<td>56.7</td>
</tr>
<tr>
<td>Spain</td>
<td>23.0</td>
<td>26.4</td>
<td>31.9</td>
<td>39.7</td>
</tr>
<tr>
<td>Netherlands</td>
<td>20.0</td>
<td>9.8</td>
<td>11.3</td>
<td>16.2</td>
</tr>
</tbody>
</table>

Source: Italian Institute of Foreign Trade- Annual Report, ICE, Johannesburg, 1989

Table 17 - EC Imports from South Africa for each member state January-May 1990 (in 1000 ECUs)

<table>
<thead>
<tr>
<th>Country</th>
<th>ECU (000)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Italy</td>
<td>935.275</td>
</tr>
<tr>
<td>UK</td>
<td>659.476</td>
</tr>
<tr>
<td>Germany</td>
<td>568.104</td>
</tr>
<tr>
<td>Belgium &amp; Luxemburg</td>
<td>483.267</td>
</tr>
<tr>
<td>France</td>
<td>233.900</td>
</tr>
<tr>
<td>Spain</td>
<td>130.129</td>
</tr>
<tr>
<td>Netherlands</td>
<td>113.731</td>
</tr>
<tr>
<td>Portugal</td>
<td>53.747</td>
</tr>
<tr>
<td>Greece</td>
<td>21.195</td>
</tr>
<tr>
<td>Ireland</td>
<td>3.965</td>
</tr>
<tr>
<td>Denmark</td>
<td>180</td>
</tr>
</tbody>
</table>

Source: Information on exchanges between South Africa and the EC, Directorate General I, EC Commission
Table 18 - EC Exports to South Africa for each member state, January-May 1990 (in 1000 ECUs)

<table>
<thead>
<tr>
<th>Country</th>
<th>ECU (000)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Germany</td>
<td>1.077.104</td>
</tr>
<tr>
<td>UK</td>
<td>652.117</td>
</tr>
<tr>
<td>Italy</td>
<td>227.354</td>
</tr>
<tr>
<td>France</td>
<td>190.666</td>
</tr>
<tr>
<td>Belgium &amp; Luxemburg</td>
<td>127.861</td>
</tr>
<tr>
<td>Netherlands</td>
<td>113.687</td>
</tr>
<tr>
<td>Spain</td>
<td>35.446</td>
</tr>
<tr>
<td>Portugal</td>
<td>12.960</td>
</tr>
<tr>
<td>Ireland</td>
<td>12.138</td>
</tr>
<tr>
<td>Denmark</td>
<td>5.510</td>
</tr>
<tr>
<td>Greece</td>
<td>1.212</td>
</tr>
</tbody>
</table>

Source: Information on exchanges between South Africa and the EC, Directorate General I, EC Commission

In the years 1978-1979, there was a decrease in the EC's share of South African exports, which fell by 8% and by 10% in 1979-1980\(^{21}\).

Ten years later, in 1990, EC exports to South Africa showed a further decrease of 8.5%, when compared to 1989 (See Table 18).

On the whole, South Africa was more reliant on trade with the EC both for import and export markets. Although South Africa represented a small percentage of the EC countries' foreign trade, its importance lies in the type of products traded.

4.3.1 The European dependency on South African minerals

South Africa is one of the world's leading producers of a wide range of minerals and metals. The country has been and still is a major supplier to the West, for products such as gold, platinum, vanadium, uranium, manganese, chrome, etc\textsuperscript{22}. Many of these products are used in steel making, in electronics and in the defence industry.

Table 19 - South Africa's role in world mineral supply, 1987*

<table>
<thead>
<tr>
<th>Products</th>
<th>% of total World production</th>
</tr>
</thead>
<tbody>
<tr>
<td>Vanadium</td>
<td>54</td>
</tr>
<tr>
<td>Manganese metal</td>
<td>48</td>
</tr>
<tr>
<td>Aluminio-silicates</td>
<td>42</td>
</tr>
<tr>
<td>Vermiculite</td>
<td>42</td>
</tr>
<tr>
<td>Gold (metal)</td>
<td>35</td>
</tr>
<tr>
<td>Chrome ore</td>
<td>31</td>
</tr>
<tr>
<td>Ferrochronium</td>
<td>31</td>
</tr>
<tr>
<td>Platinum</td>
<td>21</td>
</tr>
<tr>
<td>Zirconium minerals</td>
<td>17</td>
</tr>
<tr>
<td>Manganese ore</td>
<td>13</td>
</tr>
<tr>
<td>Titanium</td>
<td>12</td>
</tr>
<tr>
<td>Antinomy</td>
<td>11</td>
</tr>
<tr>
<td>Diamonds</td>
<td>10</td>
</tr>
<tr>
<td>Ferromanganese</td>
<td>9</td>
</tr>
<tr>
<td>Fluorspar</td>
<td>7</td>
</tr>
<tr>
<td>Silicon</td>
<td>5</td>
</tr>
<tr>
<td>Coal</td>
<td>5</td>
</tr>
<tr>
<td>Asbestos</td>
<td>3</td>
</tr>
<tr>
<td>Uranium</td>
<td>not available</td>
</tr>
</tbody>
</table>

Source: IBRD South African Trade Profile (*In order of % of total world production)

\textsuperscript{22} European Commission, \textit{The European Community in Southern Africa}, European Information, DE 32, Brussels, 1981, p.14. South Africa's share of world reserves did not change very much during the years: in 1980 it was 45.8% of manganese ore deposits, 34.8% of chromite, 48.9% of vanadium and between 43 and 61% for platinum.
The general trend regarding trade between the EC and South Africa consists mainly of exports of South African raw materials and imports of European vehicles, machinery and chemical products. Table 20 shows a list of main EC imports of South African products referring to a period preceding the endorsement of sanctions by the Community. A trade analysis of commercial exchanges between South Africa and the EC denotes that, in the years between 1985 and the early 1990s, the trade flow as well as items traded remained almost unchanged.

Table 20 - Main EC imports of South African products, 1985

<table>
<thead>
<tr>
<th>Product</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gold Diamonds</td>
</tr>
<tr>
<td>Metal ores</td>
</tr>
<tr>
<td>Minerals Coal Iron &amp; steel</td>
</tr>
<tr>
<td>Fruit &amp; vegetables</td>
</tr>
<tr>
<td>Wool, animals hairs</td>
</tr>
<tr>
<td>Copper Chemicals</td>
</tr>
<tr>
<td>Ferro-alloys</td>
</tr>
<tr>
<td>Krugerrands</td>
</tr>
</tbody>
</table>

Source: Information on exchanges between South Africa and the EEC, Directorate General I, EEC Commission (in Holland, ECP, p 56)

The above products are also abundant in other African states which could have supplied the industrialised nations during the period of sanctions.

---

23 To obtain a picture of the commercial framework of the EU-SA relations, see Stevens, C., Trade Policy reform in South Africa, Draft Report prepared by the Institute of Development Studies, University of Sussex, April 1995.
against South Africa; but they lacked the infrastructure necessary to mining activities. Thus, considering the circumstances of most African states, South African supplies to Europe were never interrupted.

In addition to South Africa, the Soviet Union and Eastern Europe are also important producers of minerals, but at the time of the Cold War they could not be considered as suppliers.

The EC's dependency on South African minerals has been a subject of great debate during the years of the sanctions policy. For in spite of the condemnation of apartheid, it was not worthwhile for the EC member states to interrupt their long-standing links with Pretoria. As Holland remarks "the often-cited essential interest for the EC maintaining relations with South Africa is the latter's position as a leading supplier of specific minerals"24. Furthermore, in the light of strategic considerations, South Africa's alignment with the West was particularly important during the years of the Cold War.

4.3.2 South Africa's strategic importance

South Africa's geographic and economic features make it a country of great strategic importance. The political position of South Africa gained particular emphasis during the period of the Cold War, when, as discussed in Chapter Three, geographic spheres of influence were key-elements for the maintenance of the balance of power between West and East in Africa.

24 Holland, M., op. cit., p. 61.
In this respect, the USSR was perceived as a menace both for political and economic reasons. As a maritime power, it extended its control to the shores of the Indian Ocean, with military bases in Ethiopia and Mozambique. This presence emphasised the Cape sea route's strategic importance, since the European oil and raw material supplies transit round the Cape.

In view of factors such as the increasing influence of the Soviet socialist doctrine in numerous African countries, the Soviet and Cuban presence in Angola, the Soviet assistance to Mozambique and to Black revolutionary movements, among which the ANC, it was important both for the West and the South Africa government to maintain the status quo in South Africa, as it secured surveillance on Soviet expansionism in the whole of Southern Africa.

In Chapter Three, Pretoria's search for stability has been exposed in the light of what was perceived to be a 'red threat', that generated a siege mentality among the South African rulers. Nonetheless, the South African government was not the only one to feel threatened, since many Western countries were keen to avoid the risk of Soviet infiltration in the richest African country and a further consolidation of its presence in the continent. Therefore, the European pressure in favour of domestic reforms in South

---

25 The military base in the Dahlac Islands, in the Red Sea opposite to the Eritrean coastline, was maintained by Mengistu with the support of the Soviet Union. Its transfer to the Israelis pre-empted the Arab states' assistance to the Eritrean People Liberation Front, EPLF, in the war of independence against Mengistu's dictatorship.

26 South African Foundation, The South African Foundation News, Vol. 9, N. 3, March 1983, p.2. In 1980, 32 super tankers rounded the Cape every day in order to supply Europe with 80% of its oil supplies. In 1981 the European Parliament adopted a resolution on the surveillance and protection of the routes to the countries of the EC, which included the Cape route.

27 Chapter III, par. 3.2.1
Africa can only be seen as partially genuine. Nevertheless, it was regarded as such by the South African government28 and, in response to the increasing international criticism Pretoria tightened its security policy, since the loss of Western support increased white South Africa's perception of internal and external threats29.

The above background is to be taken into account when analysing the EC policy towards South Africa, for it affected to a very large extent its effective opposition to apartheid.

4.4 The EC's opposition to apartheid

From the mid-1970s, when it first became closely involved in Southern Africa, to the mid-1980s, the EC's opposition to apartheid was expressed in several ways: by introduction in 1977 of a Code of Conduct, by public statements of condemnation, by the endorsement of the 'twin track' policy, which entailed both sanctions and constructive engagement.

Furthermore, in response to the outbreak of popular unrest in South Africa in 1984-1985, culminating in the imposition of a state of emergency, the EC defined a 'Special Programme for the Victims of Apartheid', implemented within the framework of the 'twin track' policy.

Despite the mid-80s policy of sanctions, the EC endorsed a strategy characterised by a strong dichotomy: the political condemnation of apartheid

28 Chapter III, p. 3.2
had to be combined with the continuance of economic ties with South Africa. This dichotomy poses a question on the nature of the EC policy: "genuine repugnance for the system of apartheid or a realpolitik concern with economic interests and strategic mineral dependency?"  

In the attempt to provide an answer, the following section is going to illustrate the components of the EC's anti-apartheid policy.

4.4.1 The EC Code of Conduct

On 20 September 1977 the European Community adopted a 'Code of Conduct for Companies with Interests in South Africa' - hereafter referred to as the EC Code -, where 'to have interests', stands either for having subsidiaries or for being relevant shareholders of a company based in the country.

The EC Code was adopted by the EC Foreign Ministers in the form of a recommendation, thus it was not compulsory. It was to be enforced by the individual member states with the aim of contributing to peaceful socio-political change in South Africa, by codifying the labour relations practices of their national companies towards the black employees in the country.

The Code dealt with two main issues: the conclusion of agreements with Black trade unions, in order to guarantee the workers' rights, and the non-utilisation of migrant labour. Companies were asked 'to abolish any

30 Holland, op. cit., p. 49.
31 EC Code of Conduct, Section Two, on 'Migrant Labour'. A definition of 'migrant' worker is not given, therefore no distinction is made for foreign migrants and indigenous migrants from inside South Africa and the homelands.
practice of segregation' both on and off the job. On the basis of the principle 'equal pay for equal work' a minimum level of wage was recommended, with the adoption of training practices, fringe benefits and job advancement for Black workers\textsuperscript{32}.

The non-compulsory nature of the Code did not help an effective observance by the European companies, having had very little impact\textsuperscript{33}.

In 1985, in response to the need to align it with the EC's 'twin track' policy, the Code was revised, even though no fundamental changes were effected\textsuperscript{34}. The procedures set a wider scope of joint action, establishing that the Twelve's representatives in South Africa would meet annually to assess the actual impact of the Code\textsuperscript{35}.

Despite its revision, the main deficiencies were not corrected. First of all, because of its non-compulsory nature, the Code contributed only partly to removing the labour abuses that existed in South Africa in the middle of the Seventies, as its improvement was concerned mostly with the 'petty

\textsuperscript{32} Holland, M., Disinvestment, Sanctions and the European Community's Code of Conduct in South Africa, in Africa Affairs, Vol. 88, N. 353, October 1989, p.259-547. The average salary was indicated to be at least 50 per cent above the minimum level needed to satisfy the basic needs of an employee and his family'.

\textsuperscript{33} Ibidem. The preparation of an annual report and the implementation of monitoring activities were established to control the application of the Code. The annual report from each company was to be submitted to the respective national government which edited a summary national report. The single reports were jointly supervised by the EC Council of Ministers that produced the EC general report, the sole EC joint act.

\textsuperscript{34} Ibidem. The average salary was fixed at a new level and more emphasis was given to the promotion of black advancement through training and social assistance, such as insurance schemes, pensions, recreational facilities, subsidised transport and education. A great innovation concerned private black enterprise, as the Code recommended 'to encourage the setting up and the expansion of black business'.

\textsuperscript{35} EC Code of Conduct, 1985. The firms' progress reports were to be submitted, domestically, to their respective parliaments, whereas at the Community level, to the European Parliament and to the Social and Economic Committee, even if the formal power to act on the report remained with the Council of Ministers. The joint report would be public.
apartheid' legislation and affected less than 100,000 out of an economically active black workforce of approximately ten million\textsuperscript{36}.

Secondly, the programmes envisaged by the Code were quite expensive for the companies which, after the adoption of sanctions, experienced many difficulties in remaining commercially competitive. Furthermore, the Code's capability of reaching its goals was definitively undermined by the EC call for disinvestment that, coupled with the restrictions imposed on new investments in South Africa, forced numerous companies to leave the country.

In this context, the Code was criticised as a sort of loop-hole to divert criticism from the EC's weakness in dealing with the apartheid question. The origin of the 'twin track' policy emanates from within this framework.

4.4.2 The 'twin track' policy

In September 1985, following the declaration of a nation-wide State of Emergency in South Africa, the EC Foreign Ministers adopted a 'twin track' policy, named after its content that entailed a package of so called "restrictive measures" and "positive measures".

\textsuperscript{36} Hanlon, Joseph & Omond, Roger, The Sanctions Handbook: For or against South Africa?, Penguin Books, 1987. The voluntary nature of the Code is attributed to the EC member states' belief that the apartheid legislation 'per se' was an issue under South African domestic jurisdiction, hence the Code could not exert actual interference.
It was designed to hasten the total abolition of apartheid through external economic, diplomatic and moral pressure combined with active support for the process of peaceful change within the country\textsuperscript{37}.

The restrictive measures included:

- an embargo of the export of arms and paramilitary equipment to the RSA;
- a refusal to cooperate in the military field;
- a recall of military attachés accredited to the RSA, and refusal to grant accreditation to military attachés from the RSA;
- a discouragement of cultural and scientific agreements except where they contributed towards the ending of apartheid or had no possible role in supporting it and a freezing of official contacts and international agreements in the sporting and security spheres;
- a cessation of oil export to the RSA;
- a cessation of the exports of sensitive equipment destined for the police and armed forces of the RSA;
- a prohibition of all new collaboration in the nuclear sector.

On 16 September 1986, a separate package of measures was adopted by the EC Council of Ministers: ban on new investments, suspension of imports of Krugerrands, suspension of imports of iron and steel products.

\textsuperscript{37} European Union, \textit{Southern Africa and the European Union}, op. cit. p. 48
The positive measures were designed to assist:

- non-violent anti-apartheid organisations, in particular the churches,
- the education of the non-white community, including grants for university studies,
- to promote awareness of the EC programme among European citizens in South Africa,
- to intensify contacts with the non-white community, in a variety of sectors.

The most important of the positive measures, that also included the above revision of the Code of Conduct of 1977, was the decision to implement a Special Programme in favour of the victims of apartheid within South Africa.

4.4.2.1 The Special Programme, 1986-1991

"The Special Programme is the largest European Community programme of this kind and constitutes the biggest single overseas development assistance programme in South Africa".

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39 Ibidem. Foreward. It is to be noted that this is the first EC official document concerning its new policy towards South Africa. It covers the period from 1975 to 1993.
The Special Programme was promoted by EC development Ministers in 1985 and launched in The Hague European Council summit of June 1986, as part of the positive measures. In 1991, a second phase of the Programme was approved up to 1993.

The Programme provided support to local organisations without going through the institutional channels and local authorities.

After extensive consultations between the European Commission and South African church leaders, it was decided that financial assistance was to be channelled through four non-racial and non-governmental bodies, namely:

1. the South African Council of Churches, SACC;
2. the Southern African Catholic Bishops' Conference (SABCC);
3. the Kagiso Trust;
4. the Trade Unions.

From 1986 to 1991, 402 projects were approved, for a total funding of 130.7 million ECU (495 million Rand) in three broad areas, namely training and education, the humanitarian and social sectors and legal assistance.

The criteria for the approval of a project proposal were agreed jointly between the EC Commission and its South African partners, whereas the final decision of allocation lay with the Commission itself. No project was

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40 Non-paper document, collected in Brussels in June 1991, in the directorate General VIII, Commission of the European Communities. For this specific part of the programme, the EC made available 400,000 ECU (1 million Rand). These funds were also directed at supporting the return programme of some 40,000 exiled persons, a program started in 1992 under the coordination of the UN High Commissioner for Refugees.

41 Projects were then submitted to the EC for funding through European NGOs with experience in South Africa or, in the case of trade union projects, belonging to the...
eligible if it supported political organisations' activities and the approval is
given on the basis of 'positive' and 'negative' guidelines.

**Positive guidelines** recommended that all the projects approved and
supported should subscribe and promote: i) the concept of non-racialism, ii)
the general ideal of uniting people of different cultural, racial and ethnic
backgrounds, iii) democratic practices, which should enjoy the support of
the communities in which they are based, iv) the maximum participation of
the target population, in order to obtain its co-operation.

On the other hand, **negative guidelines** provided that no support
would be given to: i) South African governmental programmes, ii)
programmes which are sponsored by the South African government in
health care, social welfare, etc, iii) programmes or organisations initiated,
organised or controlled by homeland governments or in Transkei, Ciskei,
Bophuthatswana or Venda, iv) political organisations.

Despite the declared apolitical nature of the Special Programme, it
was highly criticised both in Europe and in South Africa, because of the lack
of control on the actual employment of the funds. This control was in fact
impossible under the circumstances characterising the EC's anti-apartheid
policy, which was only updated in 1991, when the Special Programme
ended. Before dealing with its extension up to 1993, the analysis looks at the
major shortcomings of the above policy, in order to evaluate its actual
impact on the South African transition to a multiracial society.

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*International Confederation of Free Trade Unions, ICFTU. The EC competent body for projects approval and funds allocation was the Commission, i.e. the Directorate General for Development Co-operation, DG VIII.*
4.5 The impact of anti-apartheid policy

As shown in the first part of the chapter, the 'twin track' approach was based on a restrictive policy aimed at opposing the South African government while also implementing a programme of assistance in favour of the victims of apartheid. As a result of sanctions, which were simultaneously implemented, the financial support provided to the disadvantaged in South Africa had a limited effect with respect to the economic growth actually needed.\(^42\)

When looking at this dual mechanism, it seems appropriate to concur with Holland's argument that European policy towards South Africa was characterised by a discrepancy between its ultimate task - to hasten the abolition of apartheid and assist the South African people - and the strategy adopted to achieve it.\(^43\)

A review of existing literature on South Africa's role within the Western strategic and economic security\(^44\) shows a second kind of contradiction emanating from the co-existence of Europe's political condemnation of apartheid and the protection of its own interests in the country.

The result is an incongruent strategy set up to respond to the public by supporting anti-apartheid organisations and endorsing sanctions, without

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\(^{43}\) Holland, M., *The European Community and South Africa*, op. cit., chapter II passim.

actually severing economic ties with Pretoria. In this respect, it is important to bear in mind that not all the anti-apartheid organisations considered sanctions to be a valid vehicle of pressure on the South African government, despite the undoubted urgency of abolishing the apartheid legislation.

Different political groupings perceived sanctions as a retarding factor in expanding growth, admonishing that South Africa's wealthy sector would only be affected by sanctions down the line, whereas their consequences would be almost immediate on the poorest. In the words of Suzman, "the best hope for South Africa lies in the economic advancement of the Blacks. Anything that retards the economic advancement of Blacks is counterproductive."\(^{45}\)

Among sanctions supporters, important organisations, such as the ANC, the Pan Africanist Congress, PAC, the Azanian People's Organisation, AZAPO and the above-mentioned South African Council of Churches (SACC), backed sanctions throughout the electoral campaign, maintaining that all those against sanctions were automatically providing support to apartheid\(^{46}\). Thus, when in early 1991, the EC decided to update its restrictive policy in the wake of South Africa's political transformation, Mandela had a very negative reaction, because the decision was made "before the ANC changed its indications on this regard"\(^ {47}\).


\(^{47}\) *The Star*, 11/02/92. Quotation from interview with Mandela.
Indeed, the maintenance of sanctions clashed with the need to contribute to a peaceful political transition, as discussed hereunder.

4.5.1 The role of sanctions

In the present study, the issue of sanctions is going to be taken into account only with the purpose of assessing their effectiveness in the framework of the European strategy. Initially adopted to hasten the end of apartheid, sanctions were maintained by the EC even during South Africa's political transition. In the spectrum of differing views on the effectiveness of sanctions, the EC is among those who believed in the conducive role of sanctions. As explained by Holland in one of the most analytical studies on the subject

Advocates of sanctions argue that the likelihood of political change in South Africa is consequential on the ability of sanctions to have a significantly detrimental effect on the South African economy. Consequently, to bring about the end of apartheid, the most effective sanctions possible have to be adopted\(^{48}\).

The present analysis aims to point out that the role of sanctions ought to be evaluated with respect to their impact. Despite the validity of Schmidt's position that "sanctions are a means of weakening the South

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\(^{48}\) Holland, M., *The European Community and South Africa*, op. cit., p. 158.
African economy"\textsuperscript{49}, it does not appear to be possible to concur with the opinion that "a set of economic sanctions directed against white South Africa does not devastate non-white South Africans" as remarked by Becker\textsuperscript{50}.

The effects caused by the restrictive measures, delayed the improvement of general social conditions, with repercussions on the economy as a whole and with a very negative impact on the disadvantaged\textsuperscript{51}.

According to Jenkins, "financial sanctions, such as the ban on new investments, on exports and the withdrawal of the existing credit lines, led to the cessation of capital inflows with a consequent decline in the volume of domestic production, fall of capital productivity and decrease in the employment level"\textsuperscript{52}. As a result, the amount spent on 'social responsibility' programmes, especially education and housing was reduced\textsuperscript{53}.

The main effects produced by sanctions can be summarised as follows:


\textsuperscript{51} Hanlon, J. and Omond, R, op. cit. Passim. The effectiveness of sanctions can be calculated according to some basic requirements which must be met in order for sanctions to achieve their purpose and impact. In the South African case, many of these requirements were lacking and the impact or effect was different from that which was expected. Indeed, this is a subject of debate in the relevant literature.

\textsuperscript{52} Jenkins, C., Disinvestments: Implications for the South African Economy, Durban, Economic Research Unit, University of Natal, Durban, 1986, p. 145.

\textsuperscript{53} Community's restrictive measures towards South Africa, in Europa, n. 15, June 1990, Agency Europe SA, Brussels. After the withdrawal of the existing credit lines of some foreign banks to South African ones, the national Monetary Authorities proclaimed a foreign debt "standstill". Fortunately, the surplus in the current account of the balance of payments allowed South Africa to repay its foreign creditors.
reduction of the per-capita real income, due to the diminished purchasing power of the Rand and the subsequent generalised increase in the consumers' costs\textsuperscript{54},

reduction of the per-capita income generating potential, due to a reduced availability of savings,

repercussions of the deteriorating economic situation on social security,

Nevertheless, once the long-awaited political reforms had started, the EC's member states decided to maintain the pressure on the South African authorities in order to promote the profound and irreversible changes and to reconsider it when there is clear evidence that these changes have been obtained\textsuperscript{55}.

Furthermore, as remarked by the European Council of Ministers, "the objective (for maintaining sanctions) remains the achievement through peaceful means of a democratic and multiracial system in South Africa"\textsuperscript{56}.

Given the negative effects of sanctions, it is reasonable to doubt the congruency between the policy of sanctions and the objective of assisting the country in a "peaceful, irreversible and profound" transition\textsuperscript{57}. Indeed,

\textsuperscript{54} International Campaign Against Banking on Apartheid, End Loans to Southern Africa, \textit{Newsletter}, N° 4. The value of the Rand declined by more than a half, compared to the US$ or to the European ECU, since the beginning of the Eighties.

\textsuperscript{55} Ibidem.


\textsuperscript{57} European Parliament, \textit{Resolution on South Africa}, 13/6/1991. UN and EC declarations recalled the OAU's Harare Declaration of October 1989, according to which five conditions had to be met before sanctions could be uplifted: the unbanning of the prohibited political organisations; release of political prisoners; removal of restrictions on individual activities; lifting of the State of Emergency; the repeal of the security and apartheid legislation.
the deteriorating economic conditions and the subsequent political disorder in the years between the end of the 1980s and beginning of the 1990s could have seriously jeopardised the success of the negotiations. The contradictions inherent in the aim of the EC policy and sanctions far outweigh their compatibility. The ambiguity of the role of sanctions within the European policy is emphasised by the fact that in December 1989, their maintenance was depicted as supporting "the process which can lead rapidly to the cessation of violence on all sides and to a dialogue between the parties". One year later, the restrictive measures were removed due to quite different motivations.

4.5.2 The removal of restrictive measures

In December 1990, the EC Council of Ministers decided to lift the ban on new investments, in order "to contribute to combating unemployment and to improving the economic and social situation in South Africa, and to encourage the movement underway aimed at the complete abolition of apartheid".

This declaration recognises that the restrictive policy did not help the dialogue between the opposing political parties, and thus did not

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58 Shortly after the unbanning of political organisations on February 2, 1990, opposing parties gave vent to the harshest eruption of political unrest ever experienced in the country. This was mainly due to the political intolerance among those organisations, whose supporters had grown up in a culture of violence and thus responded with violence to the chance of competing openly for the first time.

59 Ibidem.

60 Council of Europe, Declaration on South Africa, 14-15/12/1990.
contribute to the securing of 'irreversible and profound change'. If one acknowledges that the viability of a democratic society is strictly linked to investment opportunities, then sanctions are an impediment to promote steady economic growth and social stability. "It is far more important to persuade investors of the viability of the society that will result from transition than to score debating points in the campaign for or against sanctions". This means that sanctions are seen as an obstacle to economic development which, even in these days, is a fundamental feature for successful political transition in South Africa.

As previously discussed, the boycott had negative repercussions especially on the most disadvantaged social classes, such as the Blacks and the poor. Given that apartheid was the domination of the white minority over the other population groups, the chances of an economically weak majority somehow gaining sufficient negotiating power was very unlikely, unless it was obtained through violence.

Growing rivalry among warring Black factions was to be seen "both as a struggle for power as well as a need to get a quick access to the economic levers of the state in order to finally accede to an unracial social welfare".

The removal of sanctions, which was carried out between April 1991 and the end of 1993, was important for the advancement of the reform process, especially with respect to the concern that De Klerk was giving

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61 Ibidem.
62 Scott, T., The Diplomacy of Liberation: the ANC in defence of sanctions, in From Pariah to Participant, op. cit. In this respect, it is to be pointed out that the existence of different ethnic as well as political groups was not clear to the majority of the Europeans who were generally convinced of the undisputed leadership of Nelson Mandela in the whole country.
"too much too fast while South Africa was being left to its destiny"63.

It is worthwhile noting that sanctions met the EC's need to gain consensus from those political groupings considered to be most dangerous for the safeguarding of European interests in the country. Throughout the transitional period, much attention was paid to the ANC by the EC member states, who wanted to shed the accusation of being economically advantaged through the existence of the apartheid system. However, they also deemed it necessary that the ANC abandoned its marxist dialectic in view of the fact that it was expected to become South Africa's major ruling party64.

In this respect, the contradiction underlying the EC assistance to a quasi-communist movement can be interpreted as the need to support any party which would assure democratic rules and, most of all, endorse a free market policy once in the government.

Since the level of violence remained the major threat to the democratisation process, the EC undertook a broad programme to promote the transition towards representational democracy in South Africa.

63 The Star, South Africa's deadly culture is thriving, 26/6/90.
64 ANC, A better life for All, Department of Information & Publicity, Johannesburg, 1993. The document, that is a forerunner to the Reconstruction and Development Programme, shows the party's abandonment of extremist positions. On the contrary, the South African Communist Party maintained a very vigorous position on traditionally marxist issues, such as the armed struggle and land redistribution. The SACP, officially re-established in January 1991, ran in the April 1994 elections and - as the Pan Africanist Congress, which got 1.6% of the votes - won no seats at all in the National Assembly.
4.6 EC assistance towards SA's transition

Given the above and in consideration of the progress made by the reform process in South Africa, in 1991, the EC approved a second phase of the Special Programme to run until 1993. Its primary objective was to assist the transition to a "peaceful, stable, non racial and prosperous South Africa".\footnote{Ibidem. Introduction.}

In response to the new domestic situation, the second Special Programme was re-orientated. The political nature of the assistance took on a more developmental focus, meaning that the development debate started to be removed from "the partisan party-political conflict".\footnote{The Community Special Programme in Favour of the Victims of Apartheid, op. cit. The new focus led to a transformation from a series of broadly related projects towards a sector-based development programme.} Re-orientation was complemented by a substantial increase in the Programme's budget. During the first phase of the Programme, all funds were administered by a distinctive partnership of South African Non Governmental Organisations, in the second one, the funds were managed by a EC Programme Coordination Office established in Pretoria in 1991.

From 1986 to 1993, a total amount of 336 MECU (1,7 billion South African Rand) has been committed to South Africa, through the Special Programme. Of these fundings, 90 MECU (341 million Rand) were allocated in 1993, whereas the budget for 1994 amounts to 110 MECU.
Table 21 - Sectors of the EC's assistance in the Special Programme and budget distribution, 1986-1993

<table>
<thead>
<tr>
<th>Sector</th>
<th>%</th>
<th>MECU</th>
</tr>
</thead>
<tbody>
<tr>
<td>Training &amp; Education</td>
<td>44.3</td>
<td>148</td>
</tr>
<tr>
<td>Rural Development</td>
<td>22.4</td>
<td>16</td>
</tr>
<tr>
<td>Health</td>
<td>4.8</td>
<td>15</td>
</tr>
<tr>
<td>Community development</td>
<td>4.5</td>
<td>15</td>
</tr>
<tr>
<td>Housing</td>
<td>4.2</td>
<td>14</td>
</tr>
<tr>
<td>Good government (1)</td>
<td>8.7</td>
<td>29</td>
</tr>
<tr>
<td>Others</td>
<td>11</td>
<td>37</td>
</tr>
</tbody>
</table>

(1) Projects included in this category are those for the protection of human rights and for the voters' educational programme.

As shown in the table, both Programmes were aimed at providing assistance to the most disadvantaged people through multisectorial projects countrywide.

**Education** is considered a major priority together with training in the contribution to human resource development, also in view of the democratic government’s economic constraints in this important area.

For the **health** sector, the EC's programme foresees the development of a unified national health system based on the principles of accessibility, equality, affordability and efficiency. The number of **rural and agricultural interventions** has become very pronounced since the focus on development
has been shifted; the aim is to reduce the dependency on urban-based earnings and enable rural people and their communities to become productive.

The community development sector is focused on urban development and local government, through assistance to youth, micro-enterprises and trade unions. The housing issue is consequently the infrastructural aspect to be improved.

The wording 'good government' indicates the assistance provided to human rights-related projects supplemented with support for the promotion of democratisation within the community itself and the transition from "resistance to development oriented structures" 67.

At the end of 1993, the Council of Ministers announced a package of measures to support the transition in South Africa. This support entailed:

- assistance for the implementation of the South African first non-racial poll through the provision of a Voter Education Programme aimed at supporting the process of voters' registration and education;
- assistance to the Independent Electoral Commission (IEC) in monitoring the free and fair implementation of the elections through the deployment of 320 EU observers.

Altogether, the EU's contribution to South Africa is the biggest of any single overseas aid donor in the country, with 535 projects and

67 Ibidem. p. 66. See also Chapter III, par. 3.8.1
programmes implemented. Its support to the transitional process represents
the prelude to the EU-SA post-apartheid relations.

4.7 Towards EU-SA post-apartheid relations

The re-orientation of the EU-South African policy, which culminated
in the opening of official negotiations for an extensive bilateral agreement, is
expressed by a set of measures endorsed just before the first multiracial
elections in South Africa. These were followed, in the early months of
1995, by the formulation of a new framework for EU relations with the
Government of National Unity (GNU), based on the following basic
guidelines:

- to create a coherent global and stable framework for the EU relations
  with South Africa in a long term perspective;
- to enable South Africa to play a role of "powerhouse" for economic
development and regional co-operation in Southern Africa to the benefit
of ACP countries in that region and beyond;
- to take account of the dualism in the South African economy and society.

69 EU Council of Ministers, Decision on EU South Africa's post-apartheid policy, 18/4/1994. This package entailed the establishment of the EPRD and the extension of financial and commercial supportive provisions to South Africa (GSP, ECIP, EIB loans)
70 EU Council of Ministers, Outcome of proceedings by the Southern Africa Working Party, 4 April 1995, Confidential document
The above strategy guides all the EU initiatives since the elections and "responds to key aspects of the GNU's plans for economic growth and export oriented policies, sustainable economic development, social upliftment and business confidence"\textsuperscript{71}.

The illustration of the EU-SA temporary agreement of co-operation and the "European Programme for Reconstruction and Development" (EPRD) is preceded by the review of the factors that, at the institutional level, characterised the EU-South African co-operation before 1994.

4.7.1 Re-organisation of the institutional framework

Formal links between the EU and South Africa only date back to January 1994, when an official delegation to represent the Union in the country was established in Pretoria.

The absence of official representation in the country corresponded to the lack of a Community procedure to deal with South African affairs\textsuperscript{72}. The lack of institutional links and of a formalised procedure had direct repercussions on the implementation of an effective policy in the country, and can be regarded as one of the limits of the anti-apartheid policy. From the very beginning, in fact, the adoption of a South African policy by Europe

\textsuperscript{71} EU, Address by Professor Joao De Pinheiro to Eurochambers of Commerce, Johannesburg, 11/5/95

\textsuperscript{72} Holland, \textit{From Pariah to......}, op. cit. Representation with South Africa was carried out either by the EC member state holding the presidency or, occasionally, through the 'Troika', whereas on the South African side, a mission attached to the EC has been in operation in Brussels since 1973. The Commission's Directorate General for External Relations, DG I, and for Development Co-operation, DG VIII, are in charge of supervising and managing the programmes concerning SA.
shows, as Holland points out, "a lack of uniform and vigorous application".73

Firstly, all EC anti-apartheid measures were affected by the lack of co-ordination among the EC institutions, i.e. Commission, Parliament and Council of Ministers, and by the heterogeneity of the acts endorsed, e.g. regulations, decisions and statements74. As a result, the application of the above acts was neither compulsory nor subject to a joint monitoring. This left the EC with no real power vis-à-vis the large degree of discretion of the individual member states' action.

Secondly, the absence of any form of EU representation in the country impeded the direct management of the assistance provided from 1986 to 1991. Hence, it was practically impossible to co-ordinate the allocation of funds and to control their actual employment, as shown by the following observation:

The four organisations, especially the SACC and the SABCC, were financing the organising of actions which are nearly exclusive (sic) political. They include legal aid, education programmes closely related to revolutionary aims and campaigns for 'civil disobedience'75.

73 Ibidem, p. 35.
74 EC Treaty. The Communities' acts are, in descending order: regulations, directives, decisions, recommendations and opinions. Only regulations and directives are binding.
75 Die Welt, 19 March 1988, quoting an abstract from Crisis News, SACC bulletin.
Moreover, according to SACC, "revolution is not only permissible but obligatory for those Christians who see it as the only effective and far-reaching way to make love for all people, a reality"\(^{76}\)

When in 1987, suspicious EC member states questioned the procedures, the South African recipient channels threatened to withdraw from the scheme!\(^{77}\). Instead, a joint management of the programme in favour of the victims of apartheid could have offered protection to its beneficiaries from possible interference by the South African government\(^{78}\).

After the establishment of a multiracial government, the procedure for the EU development aid to South Africa is to be set anew.

### 4.7.2 The Interim Agreement of Co-operation

In October 1994, following the Conference of Berlin\(^{79}\), the EU and the South African government signed an 'ad interim' agreement of co-

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\(^{76}\) Ibidem

\(^{77}\) *Front File, The Kagiso Trust and the EEC*, Southern Africa Brief, November 1988, Vol. 2, n. 15. The eventual utilisation of funds was not unknown, as strict confidentiality covered applicants and recipients of assistance.

\(^{78}\) *EC Commission, Non-paper document*, Brussels, June 1991. In 1987, the Kagiso Trust offices in Johannesburg were raided by South African security police. All documents on the EC's funding programme were seized, with consequent imprisonment of Kagiso Trust members.

\(^{79}\) In September 1994, the EU/Southern Africa Ministerial Conference, held in Berlin, was attended by delegations from the SADC and EU member countries, also with the participation of the applicants to the EU, Finland, Norway, Austria and Sweden, and of the ACP Secretary General and the European Investment Bank. It concerned the re-organisation of the EU relations with SADC after South Africa's membership.
operation, with the aim "to cover the time gap from the elections of April to the definition of a more global agreement".80

Consisting of nine articles, the agreement deals with general principles on human rights, socio-economic development, implementation of co-operation on the basis of respective sectors of activity. Furthermore, it sets out a mutual commitment to set up co-operation in all areas within the spheres of competence of each party.

In reference to the regional approach, the agreement establishes that it does not "involve dispositions in contradiction to the existing agreements between the Southern African States". Instead, it wants to serve as "a means to develop their co-operation in harmony with intraregional co-operation in Southern Africa and to promote the regional interests".81

4.7.3 The European Programme for Reconstruction and Development, (EPRD)

In 1995, in accordance with the Interim Agreement's dispositions on aid, the Special Programme has been renamed "European Programme for Reconstruction and Development", (EPRD), in South Africa.

The EPRD continues to support development co-operation activities in South Africa, taking into account the GNU's Reconstruction and

Development Programme (RDP) \(^{82}\) and in response to the overall objective of bridging the poverty gap in the country.

The ERDP, as the previous Special Programme, is financed by a special EU budget line, that allocates 500 MECU (2.4 billion Rand\(^{83}\)) for project implementation for the period 1995-1999, corresponding to a commitment of 125 MECU per year\(^ {84}\). The Programme is focused on the following sectors:

- Training and education
- Health
- Rural development
- Urban development
- Economic co-operation, trade and investment promotion, support for Small, Medium and Micro Enterprises (SMMEs)
- Promotion of good governance and democratisation

It should be noted that for the first time since the establishment of the EU co-operation policy with South Africa, the EPRD provides for the direct allocation of aid to the South African government. Because of the previous political situation, the European financial assistance was subject to 'ad hoc' restrictions\(^ {85}\) set by the 'twin track' strategy.

\(^{82}\) The RDP is the Government's White Paper tabled in the South African Parliament on 15/11/94. On South Africa's underdevelopment, see Chapter V, para 5.8.1.

\(^{83}\) At the current exchange rate 1 ECU = 4.9 ZAR

\(^{84}\) EU Commission, European Programme for Reconstruction and Development (EPRD), Budget Line B7-5070

\(^{85}\) Par. 4.4.2.1, on the Special Programme's 'negative guidelines'. Assistance could be channelled exclusively to non governmental actors
4.8 EU-SA negotiations towards future co-operation

The EU proposal to negotiate a bilateral agreement with South Africa is a follow-up from the conclusion of the Interim Agreement in October 1994. On the basis of the above agreement the Commission presented a proposal to the Council of Ministers in March 1995 for negotiating a new framework of relations with South Africa.

In June 1995, the Council provided the Commission with a mandate to conduct direct negotiations with the Republic of South Africa, concerning the latter's request for the closest arrangement next to full inclusion in the Lomé Convention.86

4.8.1 The EU 'twin track' approach

The 'twin track' approach, which reflects a continuity in the EU's South African policy, originated in the EU recognition of the dualistic nature of South Africa, characterised by the coexistence of Western World standards and Third World's features.

Despite the fact that South Africa is the largest EU aid recipient, with a total of 625 MECU, the EU does not consider it eligible for the status of ACP membership. In fact, since South Africa is not classified as a

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86 The procedure to formalise the results of the negotiations into a formal agreement is very long. After a first phase of the negotiations the draft of the agreement needs to be approved by the Council of Ministers. After that it goes back for the discussion of possible amendments. For the eventual ratification, the Commission must be authorised by the Council. The latter is informed about the progress of the negotiations through periodic reports by the 'Committee 113'.
developing country, full inclusion in the Lomé Convention has been excluded.

This aspect is extensively dealt with in Chapter Five, nevertheless it should be considered that the EU South African budget which amounts to a total of 625 MECU, is far in excess of the allocation that could be made within the European Development Fund (EDF). It is also interesting to note that, during the period 1990-95, Nigeria, the first largest EDF beneficiary, received a total of 355 MECU, followed by Ethiopia and Eritrea with 225 MECU.

4.8.2 The bilateral agreement

Given this background, the Commission mandate proposes that the agreement be articulated on a Protocol and a Trade Agreement.

The Protocol to the Lomé Convention regulating the terms and conditions of South Africa's partial accession to the Convention. The Protocol does not cover the areas listed hereafter, for which different arrangements have been proposed, such as:

- **Financial co-operation:** South Africa is not eligible for fund disbursements for development co-operation interventions under the

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87 Friedrich Ebert Stiftung, *South Africa and the Lomé Convention*, February 1995. Chapter Five is going to deal extensively with the question of the form of South Africa's association to Lomé, as this aspect concerns both to the very nature of South Africa and related matters of regional integration.

88 The ACP and the EU agreed to include a “hook clause” that provides in the Lomé IV bis agreement - which reflects the results of the mid-term review of Lomé -, in order to allow South Africa's accession to Lomé without individual ratification by the existing members of the Convention.
The European Development Fund (EDF). This fund consists of those financial resources which Lomé allocates to National Indicative Programmes as well as to regional programmes, whereas EU's budget-line for cooperation with South Africa is a separate fund, altogether\textsuperscript{89}. South Africa's participation in the implementation of regional programmes cannot be funded by the EDF but rather within the EPRD budget, however the right to tender for EDF financed contracts is also extended to South African companies.

- **Commercial co-operation**: regarding access to the EU market, South African products can be included in the cumulative provisions of the rules of origin, according to specific percentages yet to be established.
- **Structural adjustment interventions**: South Africa will not be eligible for structural adjustment support, but will be granted direct access to the European Investment Bank (EIB).
- **Sysmin and Stabex funding**: South Africa will be excluded from Sysmin and Stabex assistance. These two instruments are intended to protect ACP mining and agricultural products in situations where foreign exchange losses in ACP exports can occur.

The **Trade Agreement** will provide regulations for the sectors and products excluded from the Protocol. It will be a selective agreement, negotiated sector-by-sector and product-by-product, aimed at the establishment of a Free Trade Area (FTA) realised through asymmetrical concessions. The latter will guarantee free access to the respective markets according to an

\textsuperscript{89} The EU's budget-line for cooperation with South Africa is the "European Reconstruction and Development Programme" (ERDP)
asymmetric calendar. This means no tariffs will be applied on South African goods whereas EU goods will enter in South Africa duty free only after 10/15/20 years.

In consideration of its implications for third parties, i.e. the ACP states, SADC and SACU countries, the conclusion of a Lomé-type agreement can be regarded as the most suitable option to ensure compatibility with existing treaties\textsuperscript{90}. Indeed, the harmonisation of EU-South African relations with the wider EU-SADC co-operation, through the mechanics of the Lomé Convention, represents a prerequisite to achieve a balanced development in Southern and sub-Saharan Africa.

4.9 Conclusion

The review of past relations between the European Union and South Africa has focused on the solutions adopted to oppose the policy of apartheid. The evolution of the EU-SA relations has been explained according to certain historical periods and a number of problems have been exposed in the attempt to evaluate to what extent the chosen European mechanism was instrumental and significant to the anti-apartheid strategy.

Because of the necessity to protect its variety of interests, "the EU developed abnormal relations with South Africa, based on unique policy instruments"\textsuperscript{91}. The latter have been discussed and the relative effects have

\textsuperscript{90} See Chapter V for the interrelation between EU-SA agreement and the region.

\textsuperscript{91} Holland, M., \textit{The EC and South Africa}, op. cit., p. 31.
been evaluated, in order to show the duality of the Community's objectives and the incongruency of the anti-apartheid measures endorsed.

Focusing on the dichotomy of the EC-South African policy, the review concurs with Holland's remark that "while political co-operation has never precluded bilateral action, there is a hypothetical threshold over which both credibility and efficacy of the common strategy are negatively correlated"\textsuperscript{92}.

In order to assess how the EC responded to the multifaceted challenge posed by South Africa, the major flows in its South African policy have been outlined. Besides the institutional deficiencies - lack of representation in South Africa, fragmentation of competencies within the Community itself, inappropriate mechanisms for policy implementation and monitoring - the approach followed had a diluted impact because of its very dual nature. Borrowing an example from mathematics, where the result of the difference between positive and negative is equal to nought, it can be argued that the highly political content of the 'twin track' strategy eventually neutralised the effects of its aid component. Eventually, sanctions hurt the very people that they were meant to liberate and increased the economic gap between South Africa and the international community.

The resulting contradiction is that the economically isolated South Africa became the EU's largest aid recipient. The need to oppose apartheid first and then the need to correct its consequences gave rise to a 'sui generis' form of EU development co-operation.

\textsuperscript{92} Ibidem, p.160.
The European Community's *Special Programme on South Africa* was in fact an 'ad hoc' instrument to deal with a state that was a 'pariah' in the framework of the EU assistance to Southern Africa. As discussed in chapter II, the EU support of SADC was channelled through the Lomé Convention, "with two objectives: economic independence for the less developed Southern African countries; and the removal of apartheid"93.

Despite the establishment of a non-racial government, South Africa is still excluded from the Convention. The re-orientation of the EU-SA relations, thus, reflects the past requirement to treat South Africa as a 'special partner'.

In pointing out that "South Africa is a special case that deserves the best possible arrangement we can offer for future relations"94, the EU Commissioner responsible for External Relations with ACP and South Africa, emphasises continuity in the EU-South African policy, based on South Africa's unique position in the political, economic and development domain. Nevertheless, with the need for continuity, a contradiction rises again, concerning the complementarity between the EU commitment to increase development aid to South Africa without classifying it as a developing country. Considering the fact that the reformulation of the EU-SA relations has direct implications for Southern Africa as a whole, the bilateral agreement will have to be negotiated in the light of a new cooperation not only between the EU and South Africa, but also for the whole region.

93 Ibidem, p. 20
94 EU, Address by Professor Joao De Pinheiro to Eurochambers of Commerce, Johannesburg, 11/5/95
Chapter Five will therefore concentrate on those factors which need to be taken into account when establishing the most suitable framework for regional co-operation.
CHAPTER V

INTEGRATION AND CO-OPERATION IN SOUTHERN AFRICA: THE FRAMEWORK OF A NEW APPROACH FOR REGIONAL DEVELOPMENT

5.1 Introduction

The threads of the hypothesis drawn throughout the study are pulled together in this chapter. As such, the chapter will present the relevant factors to be taken into account in re-organising a post-apartheid EU's development strategy for Southern Africa. This review is a necessary background for presenting the trilateral co-operation model in the next chapter. Since this approach envisages a regional strategy, it requires an introduction based on an analysis of both theoretical and practical forms of economic co-operation and integration at a regional and international level. Following upon the previous chapters, this chapter sets the conceptual framework for considering the Lomé Convention and South Africa's Reconstruction and Development Programme as setting a suitable basis for a new development strategy for Southern Africa.

No theory should be transplanted from one region to another without adaptation. This premise is applicable in the Southern African context. The chapter points out that both the governments and the EU member states are faced by the challenge of adopting a pragmatic solution that boosts the benefits of the region's economic ties with South Africa and, at the same time, reduces the risks for the less developed countries of living next door to a far larger neighbour.
The chapter examines international assistance and the interdependence existing between adjustment programmes and strategies of economic co-operation and integration. It emphasises the need for harmonising existing approaches and compares the programmes of the multilateral financial institutions to those of Lomé. It concludes that the EU-ACP Convention results in closer alignment with Africa's views on development. Through its forms of regional co-operation, the Convention seems in fact to respond to Bade Onimode's call to the international community to

allow the African countries to design their own recovery-with-transformation programmes rather than imposing IMF-World Bank orthodox structural adjustment programmes on them¹.

After discussing the importance of policy harmonisation at the general level, the closing part of the chapter focuses on other factors to be taken into account in Southern Africa. It assesses the need for balanced development in the region and considers South Africa's role in promoting regional growth. In this respect, various aspects are highlighted to show the importance of co-ordinating the EU's development policy on South and Southern Africa by providing assistance to the former's Reconstruction and Development Programme. Given the contribution that both Brussels and Pretoria can make to the region, the implications of the EU-SA agreement for Southern Africa are briefly analysed and a recommendation made that these negotiations are taken into account, as central to the issue of development in Southern Africa.

5.2 The concepts of regional integration and co-operation

Any discussion of regional integration and co-operation in Southern Africa needs to be preceded by an illustration of the conceptual models at the base of existing regional schemes.

A study of the literature on regional economic integration shows a whole spectrum of definitions, which have given rise to some overlapping between different theoretical models. Some writers have noted that the reason for this overlap is the fact that to date, no acceptable theory of integration has yet been developed. Despite the variety of contexts within which the term is found, it is generally agreed that integration is a multidimensional phenomenon.

Robson points out that 'integration' can be used to denote "a state of affairs or a process involving the combination of separate economies into larger economic regions". Robson's definition encapsulates the essence of the most popular works dealing with integration, such as those by Bela Balassa and Tibergen, for example. The former defined economic integration as a process that entails different stages to gradually remove discrimination between economic units. To paraphrase Tibergen, integration is aimed at the creation of an equitable and functioning joint market that eliminates the various forms of discrimination between national economies.

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3 Ibidem, p. 447.


Some authors have argued that an additional aspect to be taken into account is the indiscriminatory use of the concept regional integration with that of co-operation. Robert Davies warns that

at the outset it is necessary to distinguish the concept economic integration from the other two concepts with which it is often used interchangeably: co-operation and co-ordination.

'Co-ordination' refers to cases where policies, strategies or regulations are harmonised to bring them into line with other partners, not necessarily belonging to the same geographical area. Thus, co-ordination can apply to both integration and co-operation. The latter, as defined by Davies, is

a much more open ended concept referring to a range of situations in which individual countries act together for mutual benefit. It includes situations in which countries share or make available to each other resources, technology or expertise, collaborate in joint projects or act together in external economic relations.

In line with Davies, Jacqueline Matthews considers economic co-operation as the context within which joint initiatives are implemented. Balassa argues that the distinction between integration and co-operation shows that co-operation includes all those measures designed to harmonise economic policies and to lessen discrimination, whereas integration remains

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8 Ibidem.
9 Davies, op. cit., p. 12.
comprises only those measures related to the suppression of various forms of discrimination\textsuperscript{11}.

\subsection*{5.2.1 Theories of regional economic integration}

An extensive literature on economic integration exists\textsuperscript{12}, but only the main aspects of the relevant theory will be outlined in an attempt to relate past and present efforts at economic integration and co-operation in Southern Africa. The analysis therefore concentrates on the three main models: market integration, development integration and functional/neo-functional integration\textsuperscript{13}. These three models of regional economic integration have been selected in line with Tom Ostegaard's observation that, considering the variety of approaches to international integration\textsuperscript{14}, "a division into three categories facilitates theoretical discussion"\textsuperscript{15}.

In his analysis of approaches to regional integration in the Southern African context, Davies describes market integration and development integration as the paradigms "underlying the various proposals for integration programmes in the region"\textsuperscript{16}. On the other hand, he remarks that an alternative integration strategy "lies in the overall direction of the

\begin{thebibliography}{9}

\bibitem{11} Balassa, B., op. cit.
\bibitem{12} See bibliography in Stewart, J.B., Options for Regional Integration or Cooperation in Post-Apartheid Southern Africa, University of Stellenbosch, South Africa, 1994.
\bibitem{13} The functionalist and neo-functionalist theory can be distinguished into two different schools of thought. Nonetheless, since the present analysis is aimed at presenting the most relevant models for regional integration in Southern Africa, the theory is looked at as a unit.
\bibitem{14} Dougherty, J.E. & Pfaltzgraff, Contending theories of international relations: a comprehensive survey op. cit., pp.431 et ss. The main approaches to integration are functionalism, federalism, pluralism and neo-functionalism.
\bibitem{15} Ostergaard, T., Classical models of regional integration - what relevance for Southern Africa?, in op. cit., p. 29.
\bibitem{16} Davies, op. cit., p.13.
\end{thebibliography}
basic concerns and thrust of the neo-functional and development integration approaches"\(^\text{17}\).

The following pages give a brief overview of the characteristics of the above models of regional integration.

5.2.1.1 The market integration approach

The market integration approach "views integration as a process in which tariff and non-tariff barriers to trade between co-operating partners are progressively removed and in which the external trade regimes are harmonised"\(^\text{18}\). This approach reflects the classical theory on integration, that developed from the 'customs union' theory\(^\text{19}\). Integration is understood as involving the creation of different arrangements according to a linear succession.

A free trade area is the first step, during which countries remove trade barriers between themselves and retain their own tariffs towards trade with the rest of the world. A preferential trade area goes a stage further: member countries charge each other lower tariffs than those applicable to non-members, but custom duties are still levied on imports from other members. A custom union implies the removal of all trade barriers and adoption of a common set of external barriers. A common market lies one rung higher in the ladder, as goods and all factors of production move freely within the market and an harmonisation of national policies is also

\(^{17}\) Ibidem, p. 14.
\(^{18}\) Ibidem.
\(^{19}\) Ostegaard, op. cit., p. 29.
envisaged. Finally, a full union is one in which political institutions of member countries are unified or federated\textsuperscript{20}.

This approach has been subject to criticism, the bulk of which can be summarised by Ostegaard's view that assumptions of the market integration model "do not apply in the advanced market economies, on the basis of which the theory was developed, and they apply even less in the underdeveloped economies of Africa"\textsuperscript{21}.

5.2.1.2 The development integration approach

The development integration approach was developed in response to the shortcomings of traditional customs union theory. It is informed by the view that a different and more appropriate approach is required from market integration in Third World regions, where underdeveloped production structures and infrastructural deficiencies constitute major impediments to regional trade. This approach proposes functional integration or integration through project co-operation, aimed at promoting co-operation and interdependence among the regional partners\textsuperscript{22}. In support of this approach, SADC 1992 theme document concluded that "the Development Integration approach, providing for investment, production and market or trade integration, is appropriate for SADC, and that it should be accorded priority

\textsuperscript{20} These forms of integration are described according to the above features in various authors. See Davies, op. cit; Matthews, op. cit.; Leistner, \textit{South Africa's options for future relations with Southern Africa and the European Community}, op. cit.


\textsuperscript{22} Davies, op. cit., p.13.
in the overall integrative framework"\textsuperscript{23}. While the development integration approach embraces a functionalist component, it essentially requires some form of harmonisation of development strategies at a regional level\textsuperscript{24}.

However, Blumenfeld has observed that Southern Africa is neither politically nor technically sufficiently mature to permit the level of harmonisation necessary for enhancing regional strategies\textsuperscript{25}. The reader is referred to Chapter Three for further elaboration of this point\textsuperscript{26}.

Considering the practical problems of implementation bedevilling this model, some authors have appealed to the validity of the functional/neo-functional approach\textsuperscript{27}.


c\textsuperscript{.2.1.3} Functional and neo-functional integration

The functionalist school offers some interesting solutions to overcome problems of strong nationalism and the high valuation of national sovereignty which characterises the African state\textsuperscript{28}. For the purpose of the present analysis it is sufficient to point out the relevant features of both functional and neo-functional approaches. The characteristics of each school of thought will not be explored. These have been adequately dealt with by numerous writers to whom the reader is referred\textsuperscript{29}. Both the functionalists

\begin{itemize}
\item \textsuperscript{23} SADC, \textit{Towards Economic Integration}..., op. cit.
\item \textsuperscript{24} Davies, op. cit., p.13.
\item \textsuperscript{26} Chapter III, para 3.7.
\item \textsuperscript{27} Ostegaard, op. cit., p. 39.
\item \textsuperscript{28} Chapter III, para 3.8 et ss.
\end{itemize}
and the neo-functionalists hold the view that international co-operation should be initiated in technical or basic functional areas, in order to overcome problems deriving from elements of ideology. As Haarlov has pointed out, this model "has an advantage over the market integration and development integration models because its sector-by-sector approach minimises the problem of costs and benefits distribution among member states." Two additional positive features of this approach are that it circumvents the problems of supranational institutions and envisages the involvement of international organisations to administer common tasks with member states.

This third model of integration offers some valid elements for the approach proposed in this study. Both functionalism and neo-functionalism conceive the inclusion of international actors in the regional process of integration and, as the next chapter shows, trilateral co-operation which associates regional players with the European Union. Second, the sector-by-sector approach resembles SADC's sectoral co-operation strategy as well as South Africa's regional policy. Finally, the functionalist and neo-functionalist schools offer in essence a flexible approach to integration. This is more suited to Southern Africa's heterogeneity, discussed in the third chapter, which requires an option that is better suited to the 'multi-speed' and 'variable geometry' strategy recommended by both the ADB and SADC.

30 Ostegaard, op. cit., p. 40.
31 Haarlov as quoted in Ostegaard, op. cit., pp. 40-41.
32 Stewart, op. cit., pp. 52 et ss.
33 See paragraph on 'South Africa's approach to development', 5.8.2.
34 African Development Bank, Integration in Southern Africa, Vol. 1, 1993, pp. 306-7; SADC 1995 Theme Document, op. cit., p.2. Variable geometry is a jargon for a formal multilateral arrangement that treats different partners according to their specific circumstances.
5.3 A new framework for integration in Southern Africa

The dismal experience with integration in Southern Africa and the changes which have occurred in the region have made it necessary to find a new and pragmatic framework for regional integration. A review of existing literature on the most desirable economic strategy for development in Southern Africa shows the existence of a theoretical dilemma on whether such strategy should be focused on integration or on co-operation. Leistner remarked, "co-operation formalises relations between countries without impairing the participants' national decision making"\(^{35}\), whereas integration implies some forms of limitation to national sovereignty.

However, the formidable political and economic problems facing Southern African countries suggest that a great deal of pragmatism is imperative. In this respect, it is argued that the issue is not concerned with the choice of one theoretical paradigm as opposed to the other. Rather, a combination of both strategies is called for.

A realistic regional policy for Southern Africa does not demand a choice in principle. It will have to encompass both (integration and co-operation), with due regard to their proper roles and demands\(^{36}\).

Echoing the above view, Davies recommended that no theory should be transplanted in the regional context without adaptation:

\(^{35}\) Leistner, G.M.E., *South Africa's options for future relations with Southern Africa and the European Community*, op. cit.

\(^{36}\) Ibidem.

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The evident failure of several previous projects based on the market integration, the neo-functional or development integration approaches has given rise to a perception that some development and modification of these approaches is essential to take account of weaknesses demonstrated in past practice

Several authors have proposed that integration is a more complex process than co-operation. Thus Oden remarks, "experience demonstrates that regional integration is inherently complicated. For a number of reasons, it is particularly difficult in Southern Africa".

In light of the political and economic constraints characterising past attempts at co-operation and integration in Southern Africa and given the changed circumstances in the region, the challenge lies in adopting a workable solution to regional development that reduces the risks for the less developed countries of living next door to a far larger neighbour and, at the same time, boosts the benefits of the region's economic ties with South Africa. Hence, co-operation combined with integration seems to be more suitable for Southern Africa. In Langhammers' view

while integration aims at removing internal barriers to trade in goods, services and factors movements, economic co-operation includes concerted action to lessen discrimination in certain areas of common interest and to economise on scarce supra-nationally mobile resources

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37 Davies, R., Approaches to regional integration in......, op. cit., p. 15.
39 Langhammer, R.J., Integration 'through the market': high costs and risks of failure, in The Courier, n. 142, November-December 1993, p. 58.
These are therefore complementary strategies. As discussed in the third chapter, the overall dynamics of co-operation and integration in the region has been distorted by the political tension between South Africa and its neighbours.

However, since South Africa's economic pre-eminence over the region has outlived apartheid, the question to be addressed is that of how to ensure balanced growth and an equitable distribution of benefits between the countries of the region. Leistner comments that

irrespective of South Africa's domestic policies and the pigmentation of its rulers, the weaker neighbouring countries will always resent the hegemony of the economically pre-eminent power and, notably, any semblance of political pressure through economic means\(^{40}\).

Given the above, Mytelka's pronouncement on the characteristics of a successful model for economic co-operation seems to be particularly appropriate for Southern Africa:

a major factor enhancing the viability and durability of integrative systems within the developing world is the capacity of the system to maximise the potential for immediate gains and to minimise the conflicts arising from excessive sacrifices\(^{41}\).

In support of this theory, the ADB has underscored that in consideration of the importance of gains distribution for Southern Africa's

\(^{40}\) Leistner, E., *South Africa's regional role: some policy considerations*, in *South Africa in Southern Africa*, op. cit., p. 27.

overall welfare "a regional policy will be required that would ensure that all
countries register net gain as a result of co-operative and progressive
integration"42. Moreover, the ADB has also indicated the necessity of new
thinking in the elaboration of a new integration strategy for Southern Africa:

An appropriate co-operation strategy for Southern Africa
must have, as its starting point, not only the crucially
significant political changes taking place in South Africa, but
also the rethinking that is taking place throughout the world
on the appropriate role of regional economic integration itself.
This rethinking does not supplant the analysis that has
underpinned previous and current initiatives for economic
integration in Africa and its subregions. Instead, in important
respect, it usefully supplements it43.

This leads the discussion to consideration of the international community's
approach to development and the manner in which it has supported the process
of regional economic co-operation and integration in Africa.

5.4 International initiatives in favour of economic integration in Africa

International initiatives in support of economic integration in Africa
provide the background to the EU's development approach in Southern Africa.
The theoretical framework for foreign aid to Africa is to be found in a number
of development agendas adopted through the years. Much of the debate on the
direction of Africa's future has been conducted around proposals forwarded by

43 Ibidem.
the OAU, the UN and the World Bank. These discussions were informed by the negotiations of a New International Economic Order (NIEO), which took place between 1974 and 1979, "with the aim of negotiating changes in the global economic system in order to make it more equitable and more supportive of development".

The NIEO took as a premise the recognition that Africa's marginalisation had been increasing, despite the large scale of resources made available through technical assistance and economic co-operation in the 1960s and 1970s. As a reaction, different strategies were elaborated expressing different positions on development approaches. These strategies set out the parameters of the debate in the evolution of the North-South dialogue on Africa's development.

In addition to these studies and declarations, the ADB Study on Economic Integration in Southern Africa represents the latest theoretical formulation applicable to the field of our concern.

Given the importance of the issues contained in these agendas, it would be tempting to explore and analyse the content of each approach. However, this is not in the purpose of this chapter and such analysis would detract from the

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45 UN General Assembly, Declaration and Programme of Action on the establishment of a New International Economic Order, 1974. As reported in the Report of the South, op. cit., p. 216. In selecting these agendas, the study refers to the works of authors such as Onimode, Bade, Ravenhill, Arnold and others listed in the Bibliography.

46 See Chapter I, par. 1.8.

47 Ibidem
main focus. It is sufficient to bear in mind that the positions expressed by the multinational institutions provide the theoretical basis of development aid.

They are characterised by a dichotomy that originates in opposite views on development strategies expressed by Africa, on the one hand, and by multilateral financial institutions, on the other. They are explained in the light of two main threads coursing through the development literature during the 1980s. These two schools of thought are discussed by Kahn in a recent review. The first school attributes the causes of Africa's crisis to endogenous factors, whereas, the other school, expressing the 'African view', emphasises exogenous factors, although there was some recognition that "the roots of the crisis are fundamentally structural, requiring structural transformation".

In order to correct African countries' distortions, multilateral financial institutions conceived the Structural Adjustment Programmes (SAPs), seen by Africa as evidence that Western policies for adjustment displace rather than support, Africa's initiatives: "Though the multinational financial institutions maintain that they have been offering substantial assistance for recovery in Africa, its inadequacy is apparent."

The adequacy of adjustment policies in Africa has been a widely debated issue since the first time they were formulated in the World Bank Berg's Report (Agenda on Accelerated Development in Sub-Saharan Africa). While the goals of these programmes are desirable, there is now a growing

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50 Van der Hoeven, R., and Van der Kraaij, F., (eds.), Structural Adjustment and Beyond, op. cit., passim. The Agenda on Accelerated Development in Sub-Saharan Africa is commonly referred to as the Berg's Report.
concern about "the need to take the regional dimension into account when structural adjustment programmes and policies are being formulated"51.

5.4.1 Interdependence between adjustment programmes and regional economic integration and co-operation

As explained in the first chapter, the strategy elaborated by the World Bank and the IMF to pursue political economic adjustment within the African countries is represented by Structural Adjustment Programmes (SAPs)52. Critics argue that SAPs do not correspond to nor take into account the objectives elaborated in the Lagos Plan of Action53. The ADB Study on Economic Integration in Southern Africa for example points out

Since the adoption of the Lagos Plan of Action in 1980, Africa's effort to achieve fundamental socio-economic restructuring have met only limited success. ...Under these circumstances, it is imperative that the ongoing structural adjustment operations should continue to be pursued with strong commitment; but they should concurrently be combined with intensified efforts towards regional co-operation and integration54.

51 UNCTAD, Scope and features of the subregional, regional and interregional components of development assistance programmes of the donor community, op. cit., p. 27.
52 Onimode, Bade, The IMF, the WB and the Africa debt. The economic impact, op. cit.. The accomplishment of the SAPs' goals is based on the following requirements: removal of import quotas, improvement of export incentives, reform of the budget or the tax system, improvement of the financial performance of the public enterprise, revision of agricultural pricing, revision of public investment priorities, revision of industrial incentives, increase in public enterprise efficiency, improvement of marketing and other support for agriculture
53 Ibidem.
54 The ADB Study on Economic Integration in Southern Africa., op. cit.
Emphasising the interdependence between economic integration and structural adjustment and the implications of such interdependence in Southern Africa, the ADB has unequivocally claimed that

Adjustment, however rigorously pursued, is unlikely to have any significant positive impact on growth and development in the absence of more substantial progress with regional integration.\textsuperscript{55}

Until relatively recently, regional integration was seen by the World Bank and the IMF as "at best, an irrelevance and, at worst, a diversion from the fundamental goal of lowering tariffs towards the world at large"\textsuperscript{56}. As Davies notes the Structural Adjustments Programmes adopted by a succession of African countries at the behest of the Bank and the Fund, were partly premised on a view that the fundamental requirement as far as a country's external economic relations was concerned was to undertake unilateral trade reform aimed at opening up the domestic economy and integrate it more closely with the world economy.\textsuperscript{57}

In its 1991 study on integration in Sub-Saharan Africa, the World Bank eventually conceded that regional integration was an important component of adjustment.\textsuperscript{58} However, this change of strategy is not yet clear, since the UN, in a 1995 Report referring to the World Bank and the IMF, has expressed the view that

The Bretton Woods institutions should reassess their policy in order to avoid social hardships, integrate poverty alleviation

\textsuperscript{55} Ibidem.
\textsuperscript{56} Davies, \textit{Approaches to regional integration.}, op. cit. p. 13.
\textsuperscript{57} Ibidem.
measures and encourage the elaboration of home-grown economic reforms. Furthermore, these programmes will bear fruit only if there is support from the donor community based on partnership. 59

The UN Conference on Trade and Development (UNCTAD), on the other hand, indicated the Lomé Convention as one of the most “systematic programmes” in favour of regional co-operation 60. The following section will show how the EU approach to development reflects a different form of assistance to developing countries, notwithstanding some resemblance to other multilateral institutions.

5.5 EU development approach vis-à-vis the World Bank and IMF programmes

A comparison of the multilateral financial institutions and the EU programmes reveals that the latter’s approach, through the Lomé Convention seems to be more aligned with Africa’s views on development. This statement is true of both the EU support for regional integration as well as its partnership approach to aid, which is contrary to the “top-down” approach of the other multilateral institutions. In respect of integration and adjustment, the EU included a structural adjustment component in the Lomé Convention as a means of encouraging “the integration of markets by reducing distortions and opening up the economies concerned” 61.

59 UN Economic and Social Council, Development of Africa, including the implementation of the UN New Agenda for Development of Africa in the 1990s, Conclusive Report, Geneva, 3-6 July 1995.
61 Ibidem.
Towards the end of the 1980s, the EC started to reassess the adequacy of adjustment programmes in view of their impact on co-operation and integration efforts in developing countries. In line with the ADB, the EU has pointed out the importance of identifying "the right conditions for making both these aspects of co-operation - economic integration and structural adjustment - mutually reinforcing". Moreover, the convergence of these two components, through co-ordination of macroeconomic and sectoral policies is seen as one of the pre-conditions for achieving harmonisation and integration.

The main thing is to adopt a pragmatic, flexible and gradual approach: not to harmonise for the sake of harmonisation but to work towards greater harmonisation in some key areas with a view to achieving rational and consistent integration.

In 1990, the EU had already formulated a commitment in this direction in the Lomé IV Convention, stating that "the Community and the ACP States shall give special importance and high priority to regional co-operation and integration".

The above analysis sets the framework for further examination of the Lomé Convention, complementing and strengthening the information provided in chapter Two. On this basis, it is now possible to explain why the EU-ACP Convention can be regarded as a viable alternative for Africa in respect of the development initiatives of other international aid institutions.

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63 Ibidem.
64 Lomé IV, in The Courier, n. 120, March-April 1990, artt. 7 and 156, p. 69.
5.5.1 **The Convention of Lomé: assistance to integration through partnership**

The Convention of Lomé, which epitomises the most comprehensive North-South co-operation arrangement, is a form of co-operation between Europe and the ACP countries to establish a more equitable international economic system within the framework of the New International Economic Order (NIEO)\(^{65}\). Development co-operation analysts argue that the strategies to pursue a NIEO have been adopted mainly upon the approval of the World Bank and the IMF, despite the formulation of different approaches by other actors\(^{66}\). In this context, Stevens observed that

The Lomé Convention appeared to offer an opportunity for a group of industrialised and developing countries to break out of the impasse created in the global negotiations to establish a regional arrangement that would incorporate a number of the items on the NIEO agenda\(^ {67}\).

The EU development approach is guided by the principle of partnership. Its strategy is informed by a co-operation system based on the conclusion of 'framework agreements' with different regions of the Third World\(^ {68}\). These agreements have been described as a 'pyramid of privilege' where those at the top receive more favourable treatment than those at the base. According to Stevens, this "pyramid" is composed of four models. At

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66 Williams, G., op. cit., pp. 5 et ss.
68 Stevens, ibidem, op. cit., p. 78. In recognition of the centrality of trade to the developing countries for their social and economic development, these agreements establish a variety of measures to facilitate the access to the European market to products of developing countries.
the base there is the Generalised System of Preferences (GSP)\textsuperscript{69}, followed by bilateral association agreements and by the Super GSP\textsuperscript{70}.

\textbf{Diagram 1 - THE PYRAMID OF PRIVILEGE}


\textsuperscript{69} See Glossary.
\textsuperscript{70} Stevens, op. cit., p. 92. The Super GSP is a form of improved GSP that provides access to developing countries' products under terms that are as favourable as those under Lomé.)
The ACP countries, through Lomé (by inference this includes Southern Africa, through SADC) are at the top of this pyramid. The Lomé agreement represents a unique form of region-to-region co-operation, expressed in particular by the National and the Regional Indicative Programmes. These programmes represent a departure from the IMF's and World Bank's SAPs. Lomé has conceived the above programmes for allocating funds on the basis of joint planning and taking into account the recipients' specific needs. The SAPs, on the other hand, are "a static package of economic policy reforms" based on standard terms and conditions.

In this context, Lomé National and Regional Programmes not only represent a model of full partnership with Africa but also reflect the principle that while, on the one hand, Africa's development is primarily the responsibility of Africans, on the other, development problems have to be sorted out by Africa with the help of the donors agencies. These concepts are central to the achievement of self-sustainability.

These ideas underlie South Africa's Reconstruction and Development Programme (RDP), in its approach to development aid and for this reason, Lomé and the RDP could be the starting points for harmonising development policies in Southern Africa.

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71 Kiljunen, K., op. cit. Region-to region co-operation is a form of co-operation whereby a group of industrialised countries and a group of developing countries set up joint initiatives aimed at the latter's development and tailored on the specific needs of each actor.

72 Chapter II, para 2.5 et ss.

73 Van der Hoeven, op. cit. p. 43. The observance of the WB's and IMF's terms is a condition for obtaining loans, that are structured on fixed loan conditionalities, providing the programmes with a widely criticised 'familiar resemblance'.

74 On Africans' role in solving their own problems, see also Van Heerden, NP, South Africa and Africa: the New Diplomacy, ISSUP Bulletin, 4/90, pp. 1-11.
5.6 The harmonisation of development policies in Southern Africa

The limited success obtained by development programmes following three decades of North-South co-operation and conflicting relations, has brought the realisation that harmonisation of development by donors and recipients is imperative.

A review of existing literature and an examination of past experience reveals that, in order to achieve results in implementing development programmes and projects, the formula adopted must be elaborated in accordance with basic guidelines. As a general rule, international assistance should be structured in a way that integrates the recipients' own development plans so as to ensure both viability and sustainability of regional and international development strategies. The EC-ACP Council of Ministers established that

the achievement of development co-operation objectives demands a differentiated approach which has regard both to the effectiveness of their (developing countries) development efforts and to the economic, social, cultural and political development of the country or region to which it belongs.\(^75\)

On the whole, this divergence of positions between African and external actors on development strategies emphasises the need for convergence, as so far no comprehensive strategy has been elaborated that combines these two approaches. Onimode pointed out that "each time Africa prepares a recovery or development programme, the World Bank produces a counterprogramme."\(^76\)


\(^{76}\) Onimode, Bade, op. cit. pp. 21
In this context, Lomé appears to be the only example of close partnership between the African and the industrialised countries that shows this type of convergence in approach. Through its support for regionalism and joint planning, the Convention meets one of the basic tenets of a workable co-operation. Its mechanism, in fact, pays adequate attention to the gains emanating from implementing collective strategies and this is important, considering that

Even if a strategy is beneficial from the point of view of the donor, taken together, it may not be successful (or survive) if the single recipients are not convinced about the national gains accruing to them.\(^77\)

The third chapter pointed out that external assistance plays a fundamental role in Southern Africa's development efforts. Given this dependence on external actors, which is unlikely to diminish, a post-apartheid strategy conducive to economic growth should incorporate the harmonisation of the donors' and the Southern African states' policies. As SADC affirmed

The International Cooperation Partners of SADC (ICP) are urged to support the Framework for Regional Relations and Co-operation Post-Apartheid, as an integral part of the process of regional integration in Southern Africa.\(^78\)

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In post-apartheid Southern Africa, regional co-operation and development aid also needs to be co-ordinated. This is necessary to maximise the results of a regional strategy and of external support. Thus, the need for policy co-ordination and harmonisation becomes imperative.

Through policy harmonisation, external assistance can better address the region's political, social and economic development needs, in pursuit of balanced and sustainable growth in Southern Africa. Before focusing on the implications of such an assumption about EU co-operation with South and Southern Africa, it is necessary to highlight further elements which require consideration in re-orientating development co-operation in the region.

5.7 Balanced development in Southern Africa

Chapter Three illustrated the nature and the causes of Southern Africa's heterogeneity. Because South Africa's GDP which is four times the combined GDPs of the ten other countries in Southern Africa, there are potential gains as well as risks for the Southern African states from closer economic links with South Africa.

This section looks at polarisation and diffusion of economic growth as two possible side-effects to be taken into account in the re-orientation of the present approach to regional development. The extent to which regional development is affected by the polarising effects of the South African economy is a long-debated issue. The two main schools of thought on the topic express opposite opinions. They reflect the traditional dichotomy

80 See Africa's Role Model, in The Economist, 12/8/95, p. 11.
between the modernisation or diffusionist paradigm and the dependency paradigm.

The dependency theorists warned against polarisation viewed as the concentration of all economic activity in South Africa, as a consequence of its economic predominance over its neighbours. Dependentists interpret the relationship between South Africa and its neighbours in the light of the traditional division between North and South, in which South Africa is seen as a middle power or semi-peripheral state\(^{81}\). Following this line, Seidman argues that, as a sub-imperial power, South Africa seeks to turn Southern Africa into a kind of neo-colonial fiefdom\(^{82}\).

According to the modernisation theory, South Africa's economic superiority can radiate growth to the surrounding region, encouraging the emergence of industries and the process of development in its neighbouring countries. As a result of a 'trickle-down' effect, the growth of the South African economy would spread to the other countries in the region.

As can be seen, the debate concerns the general context of relations between a strong economic centre and weak surrounding states. However, in the light of the complexities characterising the Southern African region, both viewpoints can be regarded as applicable. As Davies observes

The current pattern of economic interaction between South Africa and the rest of Southern Africa has always been profoundly influenced by the overall accumulation or growth path of the South African economy... Apart from producing acute domestic inequalities and an extreme vulnerability, ... this growth path also had a major impact on the shape of the

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trade relations that emerged between South Africa and the rest of the region.

Leistner, on the other hand, comments on the effects experienced by South Africa's neighbours as a result of their interaction with the modern South African economy.

For the SADCC countries outside the Southern African Custom Union, the polarisation effects appear to be of minor importance and to be outweighed by the trickling-down effects (sic), notably the ready availability of essential commodities and services at competitive prices and South Africa's technological know-how and research facilities as well as the fact that many multinational corporations operate in the region which would not be there but for the comparatively large South African market.

In the light of Southern Africa's heterogeneity, the challenge in choosing the best option for an alternative regional strategy is to find the most appropriate way to bridge the present asymmetries and reduce the risk of polarisation in the region. This can be obtained through a restructuring of the existing regional groupings in Southern Africa. As discussed in Chapter Three, SADC, SACU and CMA could be utilised in a new formula for regional development. Despite the fact that these arrangements are based on models of either sectoral co-operation or trade integration or both, none of them, as they stand, represent a viable option for future successful cooperation. Member states claim that SACU and CMA are 'inequitable' as they...

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83 Davies, in Oden, op. cit.
favour South Africa. Yet, the ongoing renegotiations of SACU renewal and the applications for accession by non-members implicitly indicate that these arrangements provide benefits and that it should not be disbanded.

5.8 Southern Africa between multilateralism and regionalism

Both regional and international circumstances suggest that the endorsement of a programme promoting a closer regional integration is one of the few viable options left to Southern Africa to avoid the risk of marginalisation. As a result of the changes in the international environment during the 1980s, the agenda for regional interaction will have to be restructured so as to incorporate a mechanism that allows the Southern African states to operate as a bloc.

At present, two new trends characterise international relations - namely globalism or multilateralism and regionalism - Davies points out...
that they have led to "significant modifications in the paradigms most likely to inform efforts to promote integration in Southern Africa" 91. In Maasdorp's view, the globalisation of the world economic relations as well as the formation of regional trading blocs have given renewed impetus to trade integration in Southern Africa 92.

Despite the risk that "regionalism reduces the motivation for and commitment to multilateralism" 93, it can still be regarded as a viable alternative for the Southern African countries, (excluding South Africa) not to be marginalised in the globalisation of world relations. Moreover, in view of the fact that "regionalism breaks down economic nationalism and increases awareness of economic interdependence" 94, it endorses a regional co-operation formula that comprises the relatively well developed South African economy and the less diversified economies around it. Within this framework, it is advisable that Southern Africa builds upon existing institutions, namely SADC, SACU and CMA, assisted by the regional orientation present in the donor community's current development strategy. This approach finds approval with the UN Standing Committee on Economic Co-operation among Developing Countries (ECDC) which highlighted the importance of "incorporating a regional dimension into future development strategies, by reviewing development assistance programmes through a 'regional lens'" 95.

In this context, the demands of the European Union that South Africa plays a leading role in establishing closer economic ties in the region...
are significant in two respects. On the one hand, these expectations reflect the perception that the Republic is a pivotal actor in improving present attempts at regionalism, on the other hand, they are based on the consideration that South Africa is linked to the global economy while the other countries of the region are peripheral to it. On reflection, this stance of the EU is derived from the diffusionist paradigm of development based on the view that "the functioning of the South African economy promotes rather than impedes economic development in the region"\textsuperscript{96}. An important aspect of this has been emphasised by SADC:

SADC does not expect that the country will play the role of 'engine', 'locomotive' or 'powerhouse' of development of the whole Region. Notions of South Africa being the 'saviour' of the Region need to be examined in the context of the realistic assessment of the state and the performance of the South African economy\textsuperscript{97}.

However, the envisaged role of South Africa in restructuring regional relations on an equitable basis will be influenced by the dualistic nature of its economy which has implications for its relations with both the region and Brussels.

\textsuperscript{96} Declaration of Berlin, EU-SADC Ministerial Conference, Closing Statement, 5-6/9/94.
\textsuperscript{97} SADC Annual Report 1994, p. 33.
5.8.1 South Africa's position in regional development

At the outset, it is to be remembered that South Africa, as discussed in Chapter Four, is a 'sui generis' aid recipient. Not only because of its dualistic nature, but also because it is the first recipient to have elaborated its own approach to domestic and regional development. The Republic's official position on development issues reflects the RDP approach, which is the base for its position relating to development as a whole. The RDP entails a commitment to integrated development within South Africa as well as to balanced development in the Southern African region.

Domestically, the need to pursue equilibrium originates in the fact that whilst the establishment of the Government of National Unity has ended apartheid at the political level, the disfunctions that the latter generated at the social and economic level remain. This has created a situation where although in per capita income terms, South Africa is classified as a middle income country, the life conditions of the majority of its black population are such to give it many of the characteristics of a developing country.

According to a 1992 publication commissioned by the Economic Policy study Group:

many of the low income countries outperform South Africa in terms of health and other social development criteria. For

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98 This position was illustrated by Naidoo, J., Development of Africa, Statement to the United Nations Economic and Social Council, Geneva, 5 July 1995.

99 World Bank, Development Report 1994, op. cit. See par. 3.5. Amongst the ACP countries which are above South Africa in per capita GNP terms are: Mauritius, $2,700; Botswana, $2,790; St Lucia, $2,920; Trinidad and Tobago, $3,940; St Kitts and Nevis, $3,990; Surinam, $4,280; Gabon, $4,450; In addition the Seychelles, Antinqua and Barbuda, Barbados and the Bahamas all have a per capita income of above $5,000.
instance South African life expectancy is far lower than that of other countries in its category and worse than many much poorer countries.\textsuperscript{100}

It was estimated that the white per capita income in South Africa is about $6,000 and the black per capita income is $600\textsuperscript{101}. According to the 1994 World Bank Development Report, South Africa's per capita GNP is $2,670. The above figures show that South Africa's classification as a middle income country is by no means indicative of the general economic and social situation of the vast majority of black South Africans.

In evaluating South Africa's contribution to regional programmes, SADC pointed out the implications of the country's massive socio-economic disparities:

The political dispensation and economic realities of the immediate post-apartheid period in South Africa may impose constraints, not only on policies designed to address the domestic socio-economic reconstruction agenda, but also on the country's meaningful participation in the restructuring of regional relations on an equitable basis after apartheid.\textsuperscript{102}

In re-organising its development policy in respect of Southern Africa, it is advisable that the EU take into account South Africa's approach in addressing its domestic and regional concerns. Further, South Africa's position on the role of international assistance provides a new approach to building an alternative strategy for co-operation.

\textsuperscript{101} Ibidem
\textsuperscript{102} SADC Annual Report 1994, p. 33
5.8.2 South Africa's approach to development

At the 1995 UN Conference on Development in Africa, South Africa confirmed its official stance on development issues as being the one reflected in the RDP\(^{103}\).

On the whole, South Africa's present strategy for development consists of a step-by-step procedure, consonant with the needs, constraints and possibilities of its domestic situation as well as those of the region. This strategy can be described as an application of a functional model of cooperation and integration both at the regional as well as the international level.

As concerns South Africa's relations with the community of international donors, an International Development Co-operation Committee (IDCC) was set up in September 1994 by the Government of National Unity, with the aim of optimising the use of international assistance through the co-ordination of foreign aid\(^{104}\). The rationale underlying this policy is informed by the belief that assistance must be programmable and part of the national budget in order for development to be sustainable\(^{105}\).

South Africa believes that Overseas Development Assistance (ODA) flows are a temporary bridging measure to assist Africa out of its present crisis and should be used not as a permanent measure, but as a catalyst to self-sustaining

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\(^{104}\) The IDCC is composed of representatives of the State President's Office (RDP), Department of Foreign Affairs, Department of Trade and Industry, Department of Public Expense, Reserve Bank, under the direction of the Department of Finance. It has a linking function between the South African administrative institutions and the International Development Assistance Community (IDAC).

\(^{105}\) On the concept of sustainability see World Commission on Environment and Development, *Our common future*, Oxford University Press, passim.
development and foreign direct investment as envisaged in South Africa's RDP\textsuperscript{106}

In expressing alignment with the more general strategy endorsed by the UN-ECA African Alternative Framework to Structural Adjustment Programmes for Socio-Economic Recovery and Transformation (AAF-SAP), Naidoo indicated that ODA should be more effectively used not only by the recipients but also by the donors, adding "to the diversification of priorities determined by African countries themselves"\textsuperscript{107}. In addition, "taking cognisance of the close interdependence of economic and political processes within and between the countries of Southern Africa"\textsuperscript{108}, the South African government has called upon international aid and trade partners to provide support to regional co-operation and integration in Southern Africa within the framework of the institutions and programmes existing between the countries concerned.

At the regional level, Pretoria's wariness of international as well as regional expectations on its contribution to Southern Africa's growth is reflected in the approach followed to negotiate with its neighbours. Its Southern African policy unfolds through a parallel process that adopts co-operation or integration tactics according to the specific sector for which joint action is to be undertaken\textsuperscript{109}. In so doing, no commitment is made to grandiose and economically impractical designs even if politically accepted.

\textsuperscript{106} Naidoo, J., Development of Africa, quoted above. The document is a summary of conclusions and does not indicate the page numbers.

\textsuperscript{107} Ibidem.

\textsuperscript{108} Ibidem.

\textsuperscript{109} Ibidem. The statement addresses the problem of co-operation and integration, explaining that so far co-operation concerns sectors like for example energy, transport, telecommunication, water resources, whereas integration is carried out in sectors like finance and trade. Policy co-ordination in infrastructure and investment is an additional way to implement joint actions and pursue a balanced regional development.
by the other states. This sector-by-sector approach seems to be an appropriate response to the regional concern about South Africa's hegemony.

5.9 Towards a co-ordinated strategy of regional development

Given the importance attributed by the Southern African states to reducing their present economic heterogeneity, and considering the EU and South Africa's commitment to regional development, the co-ordination of their respective roles should drive the re-orientation of the EU-Southern African development co-operation policy as a whole. Such co-ordination is important for a sound strategy aimed at reducing the differences between levels of development in Southern Africa. In light of Southern Africa's call for more equitable regional development and bearing in mind the ongoing EU-SA negotiations for South Africa's qualified membership of the Convention, Lomé can be regarded as a valid framework for setting a new formula for co-operation between the EU and Southern Africa. However, if Lomé is to provide a successful instrument for the economic, social and political development of sub-Saharan Africa, then it is essential that the question of South Africa's relationship to the Lomé Convention be resolved.

In this respect, the EU-SA agreement plays a crucial role in the adoption of an integrated approach to development co-operation in the region. As pointed out by the few existing studies on the regional impact of South Africa's association with the EU, while South Africa's qualified

110 South Africa and the Lomé Convention, op. cit., p.3
111 Stevens, C., Kennan, J. and Ketley, R., EC trade preferences..., op. cit., passim; Friedrich Ebert Stiftung, op. cit.
membership in Lomé would enhance regional development and integration, on the other hand, the EU’s proposal for a free trade agreement with South Africa contradicts the EU’s recognition that "the bilateral (EU-SA) negotiations need to be reconciled with South Africa’s commitments in the context of both SACU and SADC"112.

In this context, one of the major questions to be addressed is whether the current EU strategy reflects its member states’ commitment to assist Southern Africa to achieve balanced development through integration. Indeed, the EU-Southern African Foreign Ministers’ Declaration at Berlin in September 1994 acknowledged the importance of locating future SA-EU relations in the wider context of region-to-region co-operation113. Yet, the EU mandate to negotiate a bilateral agreement with South Africa only partly accommodates harmonisation concerns, as a separate trade protocol entail some risk of increasing the region’s present economic heterogeneity114.

In this regard, there is a perception within the EU that South Africa’s reluctance to accept a free trade agreement is because of its desire to be ranked as a developing country. South Africa for its part accepts the importance of the role of the EU in reducing the divergence in the levels of development in the region and is concerned that a free trade agreement with the EU will result in the opposite effect. This explains the South African government’s view that it is necessary "to consolidate the EU-SA ties in such a way to assist the economic and industrial development of the entire region"115.

113 EU/SADC Ministerial Conference, Closing Statement, Berlin, op. cit., passim.
114 European Research Office, provisional draft of the study on Future EU-SA relations, May 1995, p. 1.
5.9.1 The regional dimension of new EU-South African relations

Given the above, the regional dimension of the EU-South African relations appears of crucial relevance in re-orientating the whole EU post-apartheid co-operation strategy. As discussed previously, South Africa's dualistic nature, with the juxtaposition of developed and underdeveloped features, makes it a unique partner in the context of EU relations with other African countries. The EU believes that an active South African role is indispensable if the region is to have any hope for meaningful economic progress. Both the EU 'twin track' approach and Programme for Reconstruction and Development (EPRD) show that South Africa's social, economic and political stability is central to regional stability and development\(^\text{116}\). At the same time, these initiatives also reflect European uncertainty about South Africa's future stability and economic health, given the fact that the country faces "huge socio-economic problems arising from unemployment and demands for housing, education and health care for the impoverished masses"\(^\text{117}\).

Given the above, EU policy should address two interrelated issues. The first one concerns the inclusion in the bilateral agreement of measures that would assist South Africa to play the expected pivotal role in uplifting the region's economy. As SADC has itself affirmed: "South Africa could not hope to grow and develop while the rest of the region is stagnated (sic)"\(^\text{118}\).

\(^{116}\) Chapter IV, par. 4.7.3
\(^{118}\) SADC Annual Report 1994, p. 33
Second, the EU should ensure that whatever actions are taken, they do not raise barriers between South Africa and its neighbours.

The EU's Southern African policy should reflect consistency and congruency between the content of the bilateral agreement with South Africa and the policy adopted to promote the material well-being of the region as a whole. These are fundamental aspects to hasten sustainable development and achieve a balanced growth in Southern Africa.

5.10 Conclusion

Southern Africa is characterised by a high level of economic heterogeneity. Regional integration is desirable in order to reduce these disparities. Yet, integration is a complex process, as both theory and practice have shown. In light of the analysis carried out throughout the chapter, cooperation, both at regional and international level, can be seen as an intermediate strategy to narrow the current economic gap and eventually facilitate a higher degree of economic integration. The form of regional cooperation and integration needs to be carefully chosen and tailored to meet Southern Africa's circumstances. It has been pointed out that a workable option is one which moulds the most suitable features of the present schemes for regional relations with development strategies.

The difficulties evident in past attempts at integrating the region's economies are to be taken into account not only by the regional players, but also by the international actors involved in assisting the region in pursuing its objectives. As concerns the EU, in particular, it faces the challenge of
elaborating a viable co-operation formula for Southern Africa, one which incorporates the EU, South Africa's and Southern Africa's strategies.

The above analysis has shown that the Lomé Convention, the RDP and existing forms of regionalism can constitute the framework for harmonising present approaches to development in Southern Africa. Moreover, the proposed EU agreement with South Africa needs to take on board a joint regional strategy that will benefit the whole region\textsuperscript{119}.

In this context, the development model proposed in the next chapter represents a viable approach, as it is the result of the convergence between the dynamics of regional integration and international co-operation.

\textsuperscript{119} Incisa di Camerana, M., \textit{Statement on Regional Co-operation} by the Head of the Italian delegation at the above mentioned Conference of Mbabane.
CHAPTER VI

TRILATERAL CO-OPERATION AS A NEW STRATEGY OF DEVELOPMENT IN SOUTHERN AFRICA

6.1 Introduction

The chapter begins with a description of trilateral co-operation envisaged to be a pragmatic attempt to go beyond the traditional North/South dichotomy. Such an approach is presented as a possible option for the EU's development strategy in Southern Africa. 'Trilateral' refers to the co-operation between three parties, namely the European Union, South Africa and the rest of the Southern African states¹.

This chapter is to be viewed as an extension of the previous one, which in its conclusion pointed out the importance of an EU-SA agreement in the overall re-orientation of a post-apartheid development policy in the region. Thus the trilateral strategy is presented as a new form of co-operation reflecting the importance of South Africa's position as regards the EU relations with Southern Africa, in line with EU Council of Ministers' statement that

the new EU South African policy is aimed at enabling South Africa to play a role of 'powerhouse' for economic

¹ In this chapter we refer to SADC as the present EU collective recipient, receiving funds through the Lomé regional programme. The possible replacement of SADC with a new regional organisation would not affect the rationale of the trilateral scheme.
development and regional co-operation in Southern Africa to the benefit of the ACP countries in that region and beyond².

However, it should be noticed that while the EU articulates the idea of South Africa as being the region's "engine of growth" and "powerhouse", it does not address the issue of how such a role can be played.

In accordance with the negotiating directives of the EU-SA agreement "to promote economic co-operation in the Southern African region to contribute to its harmonious and sustainable economic and social development"³, the European Union strategy must take care not to generate a contrast between external and endogenous approaches to development. This aspect is dealt with in the chapter, when the analysis dwells on how the trilateral articulation of the relations can harmonise the interests of each party involved in the co-operation.

As shown throughout the study, despite Southern Africa's vast potential and the EU's long-standing commitment to regional development, a combination of regional and international circumstances has led to the present economic stagnation. Among the factors highlighted in the previous chapters, the incongruency which has characterised the EU's South and Southern African strategy has been identified as one of the impediments to an effective development strategy. The EU's renewed commitment to "give

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² EU Council, Outcome of proceedings by the Southern Africa Working Party, 4/4/95
³ Draft of the Negotiating Directives for an Agreement for Trade and Co-operation between the European Community and the Republic of South Africa and a Protocol to the Lomé Convention covering the terms and conditions of the South African accession to the Convention, Preamble.
moral and practical support to SADC in its development has already given rise to the question on what motivates this support. An answer is provided at the end of the chapter, through an overview of South Africa's and Europe's common concern for Africa.

6.2 A new EU approach as an alternative to the North/South dichotomy

In proposing this new approach a departure point is represented by Europe's assumption that South Africa is to Black Africa what the North is to the South in the global context. This consideration is central to building a strategy that finally overcomes the developed/underdeveloped dichotomy underlying the history of the North-South development relationship.

Thus far, any attempt to endorse a workable model of development in Southern Africa has been handicapped by the limits inherent in dichotomies in general. As Black points out

Most dichotomies coincide to some degree with what might be labelled First World and Third World perspectives. Such a division, however, fails to account for the fact that Third World elites often adopt First World perspectives, and that a

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4 Kinkel, Klaus, Opening Address on the occasion of the Conference of the Foreign Ministers of the European Union and the Member States of SADC, Berlin, Germany, 5-6/9/95.

5 On contrasting views relating these issue see Van Nieuwkerk, A., Big or Small, Open or Closed? A Survey of Views on Regional Integration, in Mills, op. cit., pp. 251. According to one school of thought, the EU new initiatives represent a breakthrough; whereas for the other one, the EU strategy is a public relations exercise, to reassure the Southern African countries that the EU is still interested in regional developments.

great many scholars and practitioners of development from
the First World choose to identify with the nonelites (sic) of
the Third World.7

All the hallmarks of a Third World region are present within Southern
Africa. As demonstrated in the previous chapter, the co-existence of First
and Third World elements within the South African borders makes this
country an outstanding semi-peripheral area, that could bridge the gap
between the different economic levels existing between the donor countries
and the Southern African states, without neglecting their cultural
heterogeneity. In line with Tevoedjre's thought that

co-operation will be easier between countries with similar
potentials, having identical characteristics and the same types
of problems (...) It is therefore essential to encourage
horizontal exchanges in lieu of pyramidal relations8

the approach envisaged, in which South Africa acts as conduit between the
developed North and the underdeveloped South, represents a way to link the
cooperation relationship along horizontal and pyramidal lines. In so doing,
the distance between North and South could be reduced.

The following section turns now to the illustration of the trilateral
cooperation approach and its effect on a balanced development in Southern
Africa.

8 Tevoedjre, A., Africa: the search for alternative forms of co-operation, in The
and Bugembe, P. (eds.), Frank Cass, p. 752. Horizontal relations are those between
countries of the South, whereas pyramidal refers to the North-South ones.
6.3 Trilateral co-operation

Trilateral co-operation is the solution envisaged for the re-orientation of the European assistance to Southern Africa with the aim of achieving a sustainable growth in the region. The trilateral model can be regarded as a new pragmatic strategy of development co-operation between North and South. It is new in the sense that it provides a departure from the traditional North-South relationship and introduces an innovative rationale in the classical First World/Third World co-operation paradigm, by proposing that South Africa acts as intermediary in the flow of aid from the EU to its Southern Africa developing partners.

While the above scheme brings in an intermediary, as additional component in the pattern of aid flow, it is in no way contradictory to the development strategy followed thus far. At present, development assistance is routed through multilateral or bilateral channels and is referred to as multilateral or bilateral aid. The kind of co-operation envisaged in this new model entails a third category, as illustrated in the following model:

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9 It should be noticed that according to the eventual results of the EU-SA negotiations, concerning the conclusion of a bilateral agreement for trade and aid co-operation, this approach could be adopted also for other African ACP countries. This possibility would not change the trilateral nature of the scheme proposed.

10 Hawkins, E.K., op. cit., p. 100. Multilateral and bilateral aid is a concept that refers to the way assistance is provided by the donors. Multilateral aid refers to the resources made available by individual donors and channeled via multilateral agencies to the recipient country, whereas bilateral aid refers to flows that go directly from the donor government to the recipient one.

11 The EU is considered as an individual donor.
• **Categories of Aid:**

I. *Bilateral aid* - EU ⇝ individual SADC member states

II. *Multilateral aid* - EU ⇝ SADC

III. *Trilateral aid* - EU ⇝ South Africa ⇝ other SADC member states

The above categorisation expresses the nature of the approach, which has been elaborated without a corresponding theory but in accordance with a method of 'pragmatic adequacy'\(^\text{\textsuperscript{12}}\).

At the outset, it is to be pointed out that this model represents a recommendation and not a prescription of the pattern to be followed, bearing in mind Black's observation that "the empirical problems encountered in any attempt to move models and theories of development from the drawing board to a real-world testing ground are myriad"\(^\text{\textsuperscript{13}}\). In accordance with the theory of practice, trilateral co-operation is to be viewed rather as an attempt to systematise development action in order to correct the economic polarisation both within the region and between the region and the world economy.

6.3.1 **Main features of the trilateral approach**

The trilateral approach is aimed at co-ordinating the EU and regional countries' development initiatives within the context of integration and co-

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\(^{12}\) Fawcett & Downs, op. cit., p. 66. As explained in chapter I, the concept 'pragmatic adequacy' means that the findings of the thesis - on which the model is based - "are related to an area of practice for which a theory is sought".

operation activities carried out in Southern Africa. At present, EU development co-operation in Southern Africa operates on two parallel levels:

1. bilateral co-operation between EU and SADC without South Africa
2. bilateral co-operation between EU and South Africa

The new approach proposes to bring the above two types of co-operation together into one single strategy, in which South Africa would act as a conduit for aid between Europe and Southern Africa. This means that the new co-operation would be centred on the trilateral articulation of the relations between the donor, i.e. the EU countries, the recipients, i.e. Southern Africa's developing countries, and a third player, i.e. South Africa that ranks between the status of donor and recipient.

Because of its dual economy, South Africa will still be a EU aid recipient. Yet, by virtue of its developed features, the Republic could act as a donor as well. The introduction of such a 'sui generis' player in the donor/recipient relationship, which is capable of understanding both sides, puts South Africa in the unique position of being able to facilitate the achievement of long-term development goals. This approach would have a direct impact on the pursuit of sustainable growth in Southern Africa. Sustainability, in this respect, depends to a large degree on the equal distribution of gains as well as of responsibilities among participants in the co-operation scheme. In fact, such a trilateral co-operation would not only yield significantly positive gains in terms of resources optimisation, but also

14 Chapter V, para 5.7
generate a great deal of commitment from each party involved in the co-operation. As Oteiza describes the relation between co-operation and 'auto-responsibility' 15:

Co-operation is first and foremost a reciprocal commitment between two peoples, aimed at pooling together their energies and resources to achieve their legitimate aspirations (...). Consequently, each party should have full responsibility over his actions. Each should be able to mobilise without hindrance his people and resources in a manner best suited to his needs.

In trilateral co-operation, each party involved should participate in the project according to its actual capacity and resource availability, calculated using a preliminary joint assessment during which single respective roles and competencies are established. From project elaboration to its conclusion, each player would make sure that their own resources would be utilised in the best possible manner. This mechanism would be positive in two respects. On the one hand, with regard to the donors, it would alleviate their financial burdens, diminishing what Onimode referred to as perception of 'aid fatigue' 16. On the other hand, as concerns intraregional relations, trilateral co-operation could help to diminish the concern that Southern African countries have of being dominated by South Africa. In this respect, the implementation of co-ordinated EU-SA joint interventions in Southern Africa could be seen as a safeguard. The envisaged approach, due to the

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16 Onimode, Bade, op. cit., p. 148.
gearing in place, could prevent aspirations of domination and possible obstacles raised by national interests, be it from Pretoria or any other country in the region. As discussed in Chapter Five, the economic heterogeneity as well as the asymmetrical levels of development between the Southern African states could be diminished through the harmonisation of development policies in the region. Trilateral co-operation works in this regard, as regional development programmes would be implemented by each player in cooperation with and according to that which was previously agreed with the other partners. Therefore, the risks of one state dominating the others or endorsing damaging policies for the rest of the region would be reduced too.

On the whole, this strategy is instrumental to the realisation of the political, economic and technical conditions necessary to implement a development co-operation that is mutually beneficial to all parties involved.

6.4 **Trilateral co-operation as a mutually beneficial strategy**

Trilateral co-operation could facilitate and expedite the process of regional integration and improve EU co-operation with the region as a whole. This approach actively contributes to development co-operation in

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17 See Chapter III, para 3.8.1, p. 101
18 Lewis, S. R., Jr, Economic Realities and Prospects for Trade, Investment and Growth in Southern Africa, in Africa Insight, Vol. 24, n. 4, 1994, pp. 245-49. Zimbabwe in the years after independence can be seen as an example of protectionistic policies implemented to the detriment of the other regional states, e.g. agreements with its neighbours were abrogated, its goods dumped on regional markets and exports from regional trading partners prevented.
Southern Africa and also lays the foundation for a mutually beneficial development strategy, based on the optimisation of the overall utilisation of the resources. It is to be considered that a rational utilisation of the resources is a pre-requisite to guaranteeing mutual satisfaction on the donors' and recipients' side, as it has a direct influence on both technical and political aspects of the interventions.

Technical feasibility is central to the sustainability of development programmes. In the trilateral approach, it would result from a new convergence between Southern Africa's own plans of development and the EU initiatives. By joining South Africa's and Europe's know-how and skills, the trilateral scheme offers an opportunity to correct the shortcomings experienced so far. As previously discussed, the EU decreased the amount allocated to SADC because of the under-utilisation of facilities made available to the region under Lomé IV\(^\text{19}\).

As Tevoedjre remarks, because of the fact that Third World countries are neither capable of evaluating their own potential nor skilled enough to propose a counter-strategy for their own development\(^\text{20}\), foreign models were imposed with no success in the African reality. South Africa's targeted participation in EU supportive mechanisms would diminish such a risk. This assumption is made in line with Tevoedjre's view that

The challenge of a genuine partnership, attentive to the demands of the societies concerned, founded on negotiation

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and respect of reciprocal interests shall be taken up. A number of prerequisites must be fulfilled before a positive and loyal dialogue can begin: the countries of the Third World should be capable of sharing the knowledge required for an accurate evaluation of their potential.\[^{21}\]

Given the above, the trilateral strategy would ensure that each party participates in development programmes in accordance with its potential, in order to minimise the possible negative repercussions of an imperfect relationship between industrialised and developing countries.

On the basis of joint planning aimed at optimising the available resources, the trilateral approach would also give rise to a system of checks and balances between donors and beneficiaries. This mechanism would have a positive effect on both the technical and political feasibility of the interventions. In this respect, the following section is dedicated to the review of the existing programmes which could be regarded as suitable options for structuring the trilateral co-operation.

6.4.1 Potential instruments for the implementation of the trilateral strategy

The elements for building a new partnership between SADC countries, the EU and South Africa are already in existence. Nevertheless, what is needed is the establishment of a common platform to launch joint initiatives, based on the principles of mutual benefits aimed at increasing the

\[^{21}\] Ibidem.
regional impact of the interventions. Thus, it is recommended that the EU co-ordinates the existing programmes in favour of both South and Southern Africa in order to reassure the Southern African countries that the bilateral co-operation with Pretoria has a regional perspective.

EU instruments used in supporting trilateral co-operation are offered by Lomé programmable and unprogrammable assistance, in the framework of aid and supportive commercial measures. Joint interventions could be implemented in infrastructure, trade and financial sectors, the use of loans provided by the European Investment Bank (EIB), grants by the European Development Fund (EDF), and facilities in favour of market access, such as the cumulative provisions under the rules of origin.

As concerns the utilisation of EIB loans, South Africa gained access to this lending facility in 1994. It should be pointed out that these funds are being under-utilised as financial institutions are using them to pay off existing debts and not for development tasks. It should be noted that the possibility of South Africa emerging as an engine of growth within the region depends also on its access to and use of international financial instruments. As discussed in chapter Four, South Africa is not eligible for fund disbursements for development co-operation interventions under the EDF, which means that at present the country's participation in the implementation of regional

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22 Chapter II, para 2.5 et ss.
23 Lomé IV, Art, 168, relating the cumulation provisions in the rules of origin.; see Chapter II, para 2.5.3.1
24 Chapter IV, para 4.7
25 Attie van Zyl, Head Financial Analysis Centre, DBSA. It is to be remembered that the convenience of such operations lies in the fact that these loans offer a rate which is slightly cheaper than the commercial one.
programmes is only possible if funds from within its own EPRD budget are utilised\textsuperscript{27}.

The cumulative provisions under the rules of origin are to be regarded as central to the issue of South Africa's contribution to revitalising the economy "of the ACP countries in that region and beyond\textsuperscript{28}. In the light of the key-role that these dispositions play in assuring duty-free access for ACP exports to the European market, their extension to South Africa is crucial to enhance the region's structural change. Indeed, South Africa's inclusion in the rules of origin would not only increase value added content to SADC-ACP production, but also ensure that the Republic plays a constructive role in Southern Africa's economic growth.

Further facilities identified for the endorsement of joint initiatives concern the industrial, small and medium enterprises sectors. They are a EU financial instrument to promote the formation of EU-SA joint ventures, European Community Investment Partners (ECIP)\textsuperscript{29} and the services available through the EU-ACP Industrial Co-operation Board and a Centre for Industrial Development\textsuperscript{30}. However, their utilisation is limited as ECIP excludes the ACP whereas the latter two exclude South Africa. In view of a new trilateral partnership, the above measures ought to be extended to all parties. It is recommended that such an extension is operated also taking into

\textsuperscript{27} Chapter IV, par. 4.8.2
\textsuperscript{28} EU Council, Outcome of proceeding by the Southern Africa Working Party, 4/4/95
\textsuperscript{29} EC Commission, European Community Investment Partners - ECIP. A user's guide, DG I-K-3. This instrument, made available to South Africa in 1995, offers financial support to the creation of joint ventures in the developing countries of Asia, Latin America and Mediterranean. South Africa is the first sub-Saharan country to benefit from it.
\textsuperscript{30} Chapter II, par. 2.5.3.1
account South Africa's Regional Industrial Location Strategy of recent elaboration\textsuperscript{31}.

As can be seen, interventions could be carried out in different areas, such as human resource development, trade integration, supply creation and capacity expansion through improved levels of production, technology, etc.

Ultimately, such a joint platform would represent a precious contribution to pursue balanced relations between trade and aid.

6.5 The harmonisation of trade and aid

The impact of the EU Southern African strategy on the harmonisation of trade and aid is particularly important in two main respects. On the one hand, because of the extensively discussed concern about South Africa's domination over the region. On the other, trade and aid are two pivotal measures of reducing the disparity between North and South. In the wake of an overall reduction of foreign aid to Third World countries\textsuperscript{32} and of an increasing marginalisation of weak economic systems, it is imperative that development co-operation is implemented in such a way that it ensures a balance between aid and trade. As Naidoo points out

\begin{itemize}
\item \textsuperscript{31} Thomas, R.H., Centre for Policy & Information, Development Bank of Southern Africa. The Regional Industrial Location Strategy is a South African study which has been recently launched to identify industries with comparative and competitive advantage to enhance export trade in the Southern African countries.
\item \textsuperscript{32} World Bank, Report on Development 1994. A decline of 0.8 per cent a year in real income per head is a worrying figure, considering a net real transfer to Sub-Saharan Africa averaging more than $10 billion a year between 1980 and 1992.
\end{itemize}
The trends in trade strategies of some of the developed countries and the growing recourse to the creation of powerful trade blocs contradicts their insistence on free trade policies in the poorest countries and exacerbates trade imbalances and global inequalities.\textsuperscript{33}

It has been argued that "what poor countries need more than anything, more than outside advice, more than aid, more than foreign investment, is trade". However, the numerous risks entailed in market-driven initiatives in developing countries can be reduced only through the adoption of a sound development co-operation strategy. The latter can work as a security valve which balances the pressure generated by the need for fast economic growth.

Moreover, sustainable development by its very nature should eventually reduce the amount of foreign aid and ultimately 'only' act as a catalyst for the flow of resources for economic growth. In this regard, the position endorsed by South Africa on self-sustainability and development is indicative of the wider stance of the South, when stating that "The international community is compelled to support a strategy that places our destiny squarely in our hands".\textsuperscript{35}

Under the present circumstances, the EU co-operation strategy in Southern Africa is potentially geared to meet the challenge of achieving a more balanced development not only in the region, but also between the

\textsuperscript{33} Naidoo, J., \textit{Development of Africa}, op. cit.
\textsuperscript{34} Africa's role model, in \textit{The Economist}, op. cit., p. 11.
\textsuperscript{35} Naidoo, J., \textit{Development of Africa}, op. cit.
industrialised European countries and their African partners as a group. This view is supported by the OECD acknowledgement that

The challenges in Southern Africa present all development partners with a need and an opportunity to address the issue of aid effectiveness, resource flows, policy dialogue and aid co-ordination.  

In this context, it is advisable that the EU South African policy reflects an effective convergence with its development strategy for the whole region, in order to facilitate South Africa's role of 'powerhouse'. The result would be an unprecedented co-operation model that, through the co-ordination of donors' and recipients' policies, ultimately harmonises the respective efforts in the pursuit of a balanced and sustainable development.

6.6 Africa: a common concern for Europe and South Africa

The improvement of the living conditions in the African continent is a priority for the African governments, but it is also a major concern for Europe. In Livi's words

Europe cannot get disinvolved from Africa's destiny. For the European Community, its relationship with Third World countries are of primary importance. Historical, geographical,

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economic and strategic reasons make Africa a great pre-occupation for Europe\(^{37}\).

South Africa, as part of the continent, is also very concerned about Africa's future. As Nelson Mandela declared,

South Africa cannot escape its African destiny. If we do not devote our energies to this continent, we too could fall victim to the forces that have brought ruins to its various parts\(^{38}\).

Given the above, the existence of a common interest between Brussels and Pretoria can hardly be disputed. The difference is that Africa's development is one of the numerous objectives of the EU's foreign policy, while for South Africa, as Thabo Mbeki remarked, "its foreign policy begins with Southern Africa"\(^{39}\). The similarity lies in the fact that both can play an active role in re-orientating the regional development strategy.

South Africa and the EU also have something else in common, in respect of the criticism by a number of African as well as Western authors who underlined the existence of both a South African and European responsibility to Africa\(^{40}\). According to these views, imputations of


\(^{40}\) See for example Onimode, B., p. 149; Mills, G., op. cit., pp. 214 et ss. These convergence of EU-SA responsibilities in Africa is referred, on the one hand, to the emphasis on apartheid as the source of all woes in Southern Africa and, on the other, to Western responsibility for exploitation of the continent's resources in the past.
colonialism and economic predominance could apply with almost no
distinction to both players.

Yet, on various occasions, South African representatives remarked that
"it is in the interests of all of us that Africa should be a prosperous continent.
After all, it is better to have a prosperous man for a neighbour than a beggar.
You cannot trade with a beggar"41.

On the European side, as stated by the President of the EU Council,
"Economic co-operation, both in Southern Africa itself, as well as between
our two regions, is the cornerstone of political stability - something of capital
concern to us"42.

The above stances strengthen the validity of the principle that both
South Africa and Europe cannot hope to be an 'island of prosperity in a sea
of misery'43.

The EU has repeatedly emphasised South Africa’s role in Africa,
pointing out that the country’s level of development is far above all the other
countries on the continent. Moreover, the EU believes that South Africa’s
well advanced position in the global economy with respect to its
neighbouring states offers them the opportunity of achieving a more balanced
growth. As previously discussed, however, current EU development co-
operation in the region consists of two distinct programmes - the one within
Lomé in favour of SADC (without South Africa) and the EPRD. In spite of
the fact that South Africa’s membership of the Lomé Convention is

41 Mills, G., p. 219-20. Quotation by South African Foreign Minister, Hilgard Muller,
42 Kinkel, K., Conference of Berlin, quoted above.
43 Mills, ibidem, p. 220.
considered “good for South Africa, good for the ACP and good for the Lomé Convention”, since it will add “an important new dimension and impetus” to the EU co-operation with sub-Saharan Africa\(^4\), no official view has been formulated so far on the structuring of a co-ordinated EU’s South and Southern African strategy.

6.7 Conclusion

In light of the many factors analysed, it seems obvious that Pretoria and Brussels should implement a joint strategy of development in Southern Africa. Such a strategy is conducive to balanced and sustainable growth in the region. The model of trilateral co-operation envisaged could constitute a guarantee for a mutually beneficial development strategy rooted in pragmatic co-operation and integration policies between countries of the South as well as between North and South. Because of its practical features and of its underlying philosophy, such an approach has the potential to resolve the long-disputed question on the role of European development aid to the continent.

Against the above background, trilateral co-operation has been presented as an attempt to strike a balance between rhetoric and reality as well as between the constraints of the past and the opportunities of the future.

\(^4\) Statement of the Commissioner Pinheiro at the occasion of the opening of the negotiations between the EU and South Africa regarding a long term framework for co-operation, Brussels, 30/6/95.
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