

NKOMATI : ONE YEAR LATER  
(WITH A NOTE ON SOUTH AFRICA'S TRADE WITH AFRICA)

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This paper is based on an address given to the South African Institute of Race Relations by Miss Sally Gallagher, who has spent five or six months of every year during the last decade travelling in Africa promoting two-way trade with South Africa. She argues that it is imperative that the security situation in Mozambique be improved in order to preserve the Nkomati Accord signed between Mozambique and South Africa on 16 March 1984.

The man in the street in Mozambique had expected the accord to lead to the immediate inflow of food and other consumer goods from South Africa, while the Mozambican government had looked to the "wiping out" of the rebel Renamo movement. On the South African side the government saw the accord mainly from a security point of view, while local businessmen believed they were about to make profitable deals. The Mozambican security situation has deteriorated steadily in the first year after the accord was signed and people in Mozambique find it difficult to understand why Renamo cannot be stopped by South Africa from crossing the border into Mozambique.

Miss Gallagher stresses the importance of Maputo harbour, both for Mozambique and for exports from South Africa's Pretoria/Witwatersrand/Vereeniging (PWV) area. There is still international interest in investing in Mozambique and last year Mozambique drew up an internationally acceptable code to ensure protection for foreign investors.

Looking beyond Mozambique to South African trade with Africa, Miss Gallagher says that every country on the continent has purchased South African goods at least once in the last five years, whether "officially" or "unofficially". There is, however, a serious imbalance in South Africa's trade with Africa. Central banks in African states are issuing warnings that South Africa must find ways and means of buying from these countries as well as selling to them. African states do not want only one-off deals in which they sell to South Africa during times of drought but not when it has rained. In other words, they want reliable trading partners.

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The importance with which Mozambique views the Nkomati Accord was highlighted by the fact that President Samora Machel, in his new year message, singled out four events of great significance during 1984 - one of which was the signing of the Accord. He said:

"The signing of the Nkomati non-aggression and good neighbourliness Accord with South Africa on March 16 was the culmination of a long and complex process of negotiation. The Accord was "unarguably a vital element that secures our independence, territorial integrity, and national sovereignty."

What then has happened to lead to the many statements from Mozambique's side that "One year after the signing of the agreement there is very little to celebrate?"

Let's go back to 16th March 1984: What were the expectations?

On the Mozambican side the government looked to the wiping out, and I repeat the wiping out, of the MNR, or Renamo. The Mozambican government, being sincere in its own intentions, believed that the signing would immediately result in the MNR's major source of supply through, or from, South Africa being cut, with the MNR's resultant decline and ultimate demise. The Mozambican man in the street, while accepting that the MNR's activities would be affected, had somewhat different expectations. On Saturday 17 March 1984 the masses were actually expecting trucks to begin rolling in by road and rail, aeroplanes to be flying in, and ships to be docking in Maputo - all these originating from South Africa, and all bringing food and a wide range of exotic consumer goods, and thus hope to the country. In other words, the Mozambican peoples expected critical food shortages to become a thing of the past immediately.

On the South African side, as I saw it, our government obviously tended to think mainly of the security aspects, and of most importance, the fact that the ANC would lose its base in Mozambique, with only a token presence left in Maputo.

Every South African businessman, of course, had immediate dollar signs in front of his eyes - from our largest South African international group to our smallest one-man import/export agency. Each and every one believed that they were about to make huge profitable deals. My phone rang day and night, not only at the office but also at home. I was, in fact, forced to go incommunicado.

Apart from South African businessmen, we in the private sector, and I believe the public sector as well, were also inundated with telephone calls, telexes, letters, and even unannounced visits from all over the world. All these people, organisations and even government bodies, believed that they too could jump on the Nkomati bandwagon and make a few bucks' profit. And they also all believed that the only way to make it was through South Africa in co-operation with South African companies.

We should not forget that the Mozambican and South African governments both had definite opposition, not only in their respective countries but even within actual government circles, to the signing of the Nkomati Accord:

- \* On the Mozambique side, there was a faction that saw the Accord as a defeat and as a dire contradiction of their political ideology. This faction would prefer Mozambique to be a hard-core Marxist state and, no matter what the consequences, would rather have nothing to do with the so-called racist regime of South Africa, even to the extent of closing the border between us.
- \* On the South African side, we have an element that saw the Accord as the end of all that they and their families have, as they put it, "fought for" over the years, namely, white supremacy. They loathed the fact that South Africa was signing an Accord not only with blacks, but, even worse, with black communists.

That was the situation at the time the Accord was signed. We now come to a year later: what has happened?

The economic and security situations in Mozambique have worsened month by month and the country's economy could be said to be at its lowest point ever. Not only Mozambique, but all her front-line state colleagues, are totally frustrated at the apparent inability to end the violence being perpetrated by the MNR. This led to the many statements that South Africa was not honouring its obligations in terms of the Accord. It must, however, be mentioned that, while Mozambique and South Africa are obliged to ensure that their territories are not used to harbour elements dedicated to subversion and the violent overthrow of each other's authority, the Accord does not state or require that South Africa be responsible for getting rid of insurrection in Mozambique itself. Despite this, South Africa has attempted to have the situation resolved by bringing Mozambique and the MNR to the negotiating table. These endeavours are, I believe, to be applauded.

However, many people in Mozambique believe that the MNR's demands are impossible for the legitimate Mozambican government to accept. The non-fulfillment of Mozambican security expectations has led to bitterness in Mozambique.

For a couple of months prior to the recent anniversary of the signing of the Accord, there seemed to be a great deal of speculation as to whether or not it would hold. Then on 14th March this year, the South African minister of foreign affairs, Mr Pik Botha, headed an official South African delegation to Maputo. The leader of the Mozambican team was the minister of security, Colonel Sergio Viera. Upon Mr Botha's return home, headline banners here proclaimed "Nkomati upheld."

But on the Mozambican side there were no such headlines, the news media preferring to make only short sober reports of the visit. I searched the Mozambican newspaper on 16th March and found it interesting that there was not a sentence in the whole paper referring to the anniversary of the Accord. Nor was there any comment about it on the local radio station.

This is a particularly important point. Unfulfilled expectations can lead to instability and security problems. This has, I believe, been one of the major difficulties that the Accord has had to face and must still desperately try to overcome: the euphoric expectations on the part of all. Both governments, naturally proud of their great achievement in having signed the Accord, went out of their way to fan the excitement and enthusiasm. To the news media it was a field day: not only was Mozambique, a black frontline state, signing an Accord with a "white racist South Africa", but South Africa, which sees a Red or Communist behind every tree, was signing an Accord with a "self-proclaimed black Marxist state".

In fact, the euphoria was such that no one could be allowed to say anything negative about the Accord. Even on the Mozambican/South African trade situation we, for instance, tried several times to at least give warnings that, while the signing of the Accord was a marvellous achievement all round, it would actually make very little, if any, difference where South Africa's trade with Mozambique or, for that matter, the rest of Africa was concerned. Because of the state of the world economy at that time, the crippling drought we in Southern Africa had all been experiencing, and the security problems (which no one in his right mind could expect to be resolved overnight), the countries of southern and central Africa had less foreign exchange available than they had had for many years, with little hope of any dramatic improvement.

During December 1984 the Mozambican minister in the presidency for economic affairs, Mr Jacinto Velosa, said the violations of the Nkomati Accord were being investigated in the light of apparent continued support for the MNR by people or bodies inside South Africa. He added: "We are convinced that the South African government is fulfilling the Nkomati Accord and is making efforts so that it is fulfilled. But it is possible that it is having some difficulties." It is extremely important, Mr Velosa added, that the solution of the security problem - which he said was "the principal aspect of the Accord at this stage" - took priority over all other aspects of the Accord. These other aspects would be adversely affected by the non-resolution of the security problem. Instability prevents a certain type of traditional economic relationship between Mozambique and South Africa being put into practice," Mr Velosa said. He added that he was sure that these difficulties could be overcome, but he warned that there was the risk of seeing a gradual cooling off of the Nkomati Accord or even a freezing thereof. He stressed, however, that governments, organisations, and individuals who understand its strategic nature should work to prevent the Accord dying a slow death.

The security problem then escalated and December 1984 and January 1985 were in fact the worst months for atrocities, murders, and the sabotage of rail and power links. President Machel told a rally that there should be no mistake about it, "South Africa is the key to the problem, and this is why we signed the Nkomati Accord." A comment frequently made in Mozambique will convey an idea of feelings in that country:

"Yes, your border (ie the South African border) is big, but before the Nkomati Accord, when the ANC were passing across, they were always caught by your security police. Why cannot they catch these bandits that are crossing now?"

Following the government-to-government talks in March this year, there is actually some hope on the Mozambican side that the situation will improve, particularly in the south of the country. These hopes are based on the fact that United States advisers and representatives are in the country and apparently concentrating their efforts in the south. Even more important is the anticipation of increased support from South Africa, following recent actions regarding the restrictions of airspace and better border control.

What then needs to be done during this second most critical year of the Nkomati Accord if there is not, as Mr Velosa warned, to be a gradual cooling off or even freezing thereof?

To many Mozambicans it is actually quite simple: they need to be shown that the position with regard to South Africa is an improvement. As I've said earlier, however, the situation in Mozambique has never been worse. And Mozambicans are saying: "Against South Africa or with South Africa, it is the same thing."

Although the Nkomati Accord did not cover economic or financial assistance as such, South Africa has certainly been making definite endeavours to assist. It must, however, be remembered that South Africa has no hoards of cash to give by way of free aid. Nevertheless, various projects have been discussed, and some even implemented, by South African companies. The proviso in both Mozambique and South Africa has been that such projects must be foreign exchange generating projects, in order that they can ultimately pay for themselves. As far as South African involvement in the reorganisation or rehabilitation of Maputo/Matola harbour is concerned, for example, part of the harbour fees payable by port users in foreign exchange will be used for repayment purposes.

This, of course, is a particularly important project for us in the P.W.V. area. If we are to remain competitive in our export markets world-wide it is essential, with ever-increasing transport costs, that we be able to utilise our nearest port for both imports and exports - and our closest port linked by rail is, of course, Maputo.

A year after Nkomati investors from all over the world still have an interest in Mozambique. Among the reasons for this are:

- \* the fact that both governments have publicly stated that Nkomati continues
- \* it is conceivable that Mozambique - as an SADCC member with three major ports (Maputo, Beira, and Nacala), several smaller ones, and rail links to South Africa, Swaziland, Zimbabwe, and Malawi in particular - could become a major distribution centre for the SADCC as a whole
- \* the possibility for non-South African investors to supply products from their investments in Mozambique to the large South African market at competitive prices (possibly using a preferential duty tariff that could perhaps be negotiated)
- \* for South African investors there is, of course, the possibility of being able to supply further goods that have been manufactured with a South African involvement to what are termed "hostile markets".

It is worth recalling here that, during 1984, Mozambique went out of her way to have an internationally acceptable code of investment drawn up to ensure protection for foreign investments.

There is one thing, however, that is holding back full implementation of projects already begun, as well as the commencement of projects which are lying ready having finalised feasibility study stage and which even have financing available, and that is the poor security situation. No company, whether South African, American, British or from anywhere else, can consider sending personnel into the country to work on projects that are outside of Maputo or Beira - as most are - as it has not been possible to guarantee their personal safety, let alone the viability of the project itself.

So it is absolutely imperative that the Mozambican security problem is resolved.

What is happening with regard to South Africa's trading situation with Africa?

South African exporters, have two distinct export markets on the continent, including the East Coast Islands:

- \* official exports, ie. exports to those ten countries outside our customs union that trade with us openly (Comores, Ivory Coast, Malawi, Mauritius, Mozambique, Reunion, Seychelles, Zaire, Zambia, and Zimbabwe)
- \* unofficial exports, ie. exports to those countries that are vehement in their so-called boycott of us, with the South African origin of the goods having to be camouflaged.

Where the latter are concerned, there is not a country on the continent that has not purchased South African origin goods at least once over the last five years. In fact, it should be noted here that there are very few countries indeed in the entire world that do not trade with South Africa either directly or indirectly. It is, therefore, rather interesting that pressure is always exerted on developing southern African states to lessen and/or cease their trade with South Africa. Trade really remains a case of supply and demand. If you have a reasonable quality product required by another country, with competitive price and quick delivery, well, you are going to sell that product to that particular country despite any political barriers. There is unfortunately a rather large imbalance in trade in South Africa's favour where southern and central Africa are concerned. There are basically two reasons for this:

- \* fewer products at competitive prices are available in other African states, especially when one takes transport costs into account, a difficulty which is increased when political factors are also considered
- \* most products available from the southern/central African region are agricultural. South Africans, of course, are blessed (or otherwise) with 21 control boards and entrepreneurship suffers somewhat as not one seed, or leaf, etc. can be bought or sold without wading through a sea of bureaucracy. We should not forget that our neighbours and near neighbours do not want one-off deals of supplying to South Africa in years of drought and then, when our rains arrive, no sales to us. They would rather withhold and have smaller, steady, and ongoing business where their agricultural produce is concerned. In other words, they need reliable trading partners.

We will have to look into this imbalance of trade with Africa very carefully in the foreseeable future as it is a very unhealthy situation. Already, in several countries, I hear the comment from the reserve or central banks that they are seeing growing imbalances in their trade with South Africa, and that at any moment they will only be buying from us and selling nothing in return. This is a definite warning to us from Africa to find solutions and ways and means of buying from them.

The alarming deterioration in the balance-of-payments situations in the rest of Africa, and the resultant critical foreign exchange shortage, has resulted in drastic cutbacks in Africa's purchasing power. This has forced African states to seek more and more aid, soft loans, special financing facilities, and the like. Since South Africa is not in a position to offer much in the way of such facilities, and since it is not our country's policy to give handouts, our exports to Africa dropped steadily since we broke the R1 billion barrier during 1980.

Towards the end of last year, however, things began to swing around. Aid programmes are being cut back or, at best, held at the same levels; soft loans are in short supply and, most important of all, repayment times have arrived. Thus Africa is in a position to utilise what little foreign exchange she has available to purchase emergency goods on a guaranteed payment basis, instead of using such monies as part payments. Delivery periods then again begin to become important to our neighbours and near-neighbours.



The result, as we have seen in the last six months or so, is that our official exports to Africa, ie. to those African states that trade with us openly, have suddenly begun to increase. Over and above this, information from both Africa and the rest of the world indicates that our exports to African states that supposedly do not trade with us for ideological reasons, have increased during the last few months by as much as 20%.

In the first place this is because of the condition of the Rand. But a second factor, which is of great importance, is there has been so much publicity over the last few years each time another country is caught out in the supposedly scandalous situation of trading with South Africa or, even worse, receiving private or public sector delegations from South Africa, that it has all become rather old hat and commonplace. As a result, the so-called hostile African states are becoming more and more prepared to take the chance of dealing with us, believing - and quite rightly too - that trading and communicating with South Africa has resulted in noticeable benefits to African states that trade with us officially on the basis that "business is business".

A third consideration is that many African states today are at the stage of development that South Africa was some 20 years ago. This is of great advantage to South African businessmen because there are a lot of people in this country who well remember our technologies of 20 years ago. These people are able to give practical advice to Africa about the ways and means of overcoming problems, implementing technologies, training people, and so on.

Another interesting result of the continent's deteriorating financial situation is that African states are becoming more and more involved in the field of barter. There is, however, a problem: barter refers to a fair exchange of commodities. South Africa has a far wider variety of commodities to offer than can be offered by the rest of Africa combined. While we can barter with commodities such as maize, fertilizer, meat, and even manufactured and consumer goods, what can Africa give us? Although this may sound like a rhetorical question it will have to be answered.

To summarise: South Africa, for simple obvious geographic proximity reasons, is the natural trading partner of southern/central Africa. Our exporters do not have to use the east and west coast African ports, which not only have port handling difficulties but also security problems along the rail routes.

We are able to utilise our own rail and road links. So our trade situation remains as it was, in that South Africa continues to be a major supplier to southern/central Africa.

Where the future of our trading situation with Africa is concerned, whether it be by straightforward buying, or selling, or barter, or whatever, the whole situation hinges, and will continue to hinge, upon the region's resolving its security problems. One can but hope that many of the peoples of southern Africa believe in and will thus work towards ensuring that southern African peace initiatives, such as Nkomati, do indeed succeed. Without peace and security in the region no southern African country whatsoever, including South Africa, is going to be able to really develop either its economy or its peoples as it wishes or desires.

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