South African economic interests in the South Atlantic Ocean

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Our paper addresses itself to the South African economic interests in the South Atlantic Ocean. It concentrates on the South African economic interests in the Southern African and beyond the region throughout the African continent. It addresses itself also to factors characterising the South African economy. This is important for it enables us to understand why South Africa has made Southern Africa its concentrated field in advancing, maintaining and expanding its economic interests externally. South Africa's position on the South-South relations is characterised by its active participation in calling for restructuring of the international economic system, international trade, the United Nations particulalry its Security Council for the countries of the South to be permanent members of the Security Council, the International Monetary Fund and the World Bank, changing the position of Africa within the international division of labour and the international system and demanding that the North opens its markets for their penetration by the manufactured products of the South. To achieve these objectives, it has

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entered into alliances with some regional powers such as Nigeria, Egypt, Brazil and India. Despite this, South Africa has been concentrating on the Southern African region and the African continent in advancing its economic and trade interests.

The South African economy is characterised by the fact that it is highly open. Export earnings are mainly derived from the limited number of products of its agricultural and mining sectors. While its agricultural and mining sectors have a high propensity to export and a low propensity to import, its manufacturing sector has a low propensity to export and a high propensity to import. The relationship between its agricultural and mining sectors, on one hand, and its manufacturing sector, on the other hand, is that of disarticulation. Trade is concentrated between South Africa and its senior trading partners or countries of the centre of capitalism. Primary products which South Africa exports to its trading partners are cheap while manufactured products, which it imports from its trading partners, are expensive. There are fluctuations in demand and prices of its primary products. The transnational corporations of its trading partners occupy the dominant position in its international economic relations. The position which it occupies within the international division of labour is that of the source of cheap raw materials, market of the expensive manufactured products, reserve of cheap labour and outlet for the export of capital. These factors are essentially the same factors characterising the economy of other dependent capitalist countries.

It is necessary to briefly discuss a dialectical and organic solidarity and unity between South Africa and the countries of the centre of capitalism within the international capitalist system. South Africa, as a country dominated by imperialism, is a country whose internal primary economic contradiction is dominated and exploited by the countries of the centre of capitalism to satisfy the needs, demands and exigencies of their national social, political and economic relations. The concrete analysis of the dynamics of the expansion of capital or of the laws of motion of capital in South Africa requires the study of a double dialectical process, namely, on one level, the dialectical relationship between production and circulation processes within the capitalist mode of production, and, on the other level, the dialectical relationship between the dominated capitalist structure of South Africa and the dominant capitalist structure of the centre of capitalism. Dependent development phase of capitalism in South Africa and independent development phase of capitalism in the centre of capitalism constitute their dialectical and organic solidarity and unity within the international capitalist system. They are the socio-historical outcomes of the capital accumulation process on an international scale.

The starting points from which to identify the laws of motion of capital in the centre-periphery structural relationship are imperative for the concrete understanding of double dialectical process of the expansion of capital in South Africa. These starting points are:

(1) The unity of the process of capital accumulation on a world scale, which is characterized by necessary and contradictory relationships between production and circulation;
(2) The heterogeneity of structures conceptualised as socially and sectorally articulated centers and socially and sectorally disarticulated peripheries; and
(3) The dominance among structures that moulds the external necessities of the periphery into possibilities for the center to overcome its barriers to accumulation and growth.[1]

1. Alain DE JANVRY, The Agrarian Question and Reformism in Latin America, Baltimore, Johns Hopkins University Press, 1982, p. 26.

The starting points from which to identify the laws of motion of capital in the centre-periphery structural relationship enable us to proceed to:

(1) Identify the contradictions that arise in the process of accumulation in socially and sectorally articulated structures that characterize, in an abstract sense, the economies of the center;
(2) Similarly identify the contradictions that arise in the process of accumulation in socially and sectorally disarticulated structures that characterize the economies of the periphery;
(3) Explore the mechanism of surplus transfer between periphery and center; and
(4) Identify the laws of motion in the dialectical unity composed of dominant articulated centers and dominated disarticulated peripheries[2].

In this process of solidarity and unity between the centre of capitalism and the periphery of capitalism, through its domination and exploitation of the internal primary economic contradiction of the periphery, the centre is enabled to counteract or overcome the tendency of the rate of profit to fall, to contain crises of capitalism and to prolong the life of capitalism on an international scale primarily within itself.

The South African state in pursuing its economic interests externally is attempting to accumulate resources to satisfy the social, political and economic needs, demands and exigencies of the South Africa people. The primacy of the internal factors over the external factors is of strategic importance as far as the issue of South Africa pursuing its economic interests in the South Atlantic zone is concerned. The importance of the primacy of

2. Ibid.

the internal factors over the external factors in the advanced of South Africa's economic interests can best be understood if we come to grips with the reality that: *"The fact that the majority of South Africans have long been denied a better standard of living has been the outcome, not of the economy's international links, but of the domestic policies which have been pursued, including the policies for managing these links and for generating and distributing their benefits. Equally, whether these international links can now be employed to better effect will again depend in large measure on the country's own willingness and ability to extract maximum benefit from them"*[3].

Trade relationship between South Africa and its senior trading partners[4] is based on the unequal exchange of commodities. It involves the exchange of products produced at a low level of technology by South Africa with products produced at higher level of technology by its trading partners. While the products of South Africa are sold to its trading partners at prices of production lower than their value, those of its senior trading partners are sold to South Africa at prices of production higher than their value. In their trade relations with South Africa, its senior trading partners make additional profit at its expense. This is one of the key reasons why South Africa demands that the countries of the North should open their market for their penetration by the manufactured products of the countries of the South and that the international trade should be restructured in favour of the South.

As South Africa expands its exports of primary products, the prices of its primary products become increasingly more cheaper,

3. JESMOND BLUMENFRED, "The International Dimension," in Robert Schrire (editor), *Wealth or Poverty? Critical Choices for South Africa, Cape Town:* Oxford University Press, 1992, p. 75.

4. By South Africa's senior trading partners, we mean countries of the centre of capitalism.

while the prices of the manufactured products it imports from its senior trading partners become increasingly more expensive. Terms of trade between South Africa and its trading partners have been increasingly in favour of its trading partners. This is the case given the fact that prices of its primary products have not only been declining in relative terms and sometimes in absolute terms, but have also been fluctuating crucially from year to year. The fluctuations in the prices of its primary products are subject to the speculation on the world markets. For South Africa to embark upon the programme of action crucially against the interests of its senior trading partners who are major buyers of its primary products, the fluctuations in the prices of its products will be subject not only to the speculation on the markets, but also to the actions of their buyers deciding where to buy products not only on the economic grounds, but also on the political grounds.

What the future holds for South Africa depends on two factors. One is the primary factor which is internal to South Africa. The other factor is the secondary factor which is external to South Africa. The future of South Africa depends primarily either on the fundamental resolution or on the management of the internal primary economic contradiction. The South African economic transformation process depends primarily on the fundamental resolution of the internal primary economic contradiction and secondarily on the repercussions that this resolution will have on the international balance of forces. These repercussions will affect the response of the external forces primarily the imperialist powers to the social, political and economic transformation process in South Africa. The success of this transformation will primarily be the result of the manner in which it confronts and resolves the social, political and economic inequalities. The dynamics of transformation will lead inevitably to South Africa's confrontation with its senior trading partners, particularly their leader, the United States of America.

The reality that the South African manufacturing industry is not internationally competitive and that the manufacturing industry has been dependent on the mining and agricultural sectors has led to concerted efforts on the further concentrated development of the manufacturing industry. If South Africa is to be able to effectively maintain or sustain the material basis of its expanded reproduction of capital, it has to solve the structural problem of its economy, namely, the uncompetitive nature of its manufacturing industry on the world markets. It means that it has to transform its manufacturing industry from being a major liability in the balance of payments terms or as a major net consumer of foreign exchange into being a major exporter or as a major net earner of foreign exchange. The struggle to transform the South African manufacturing industry into internationally competitive industry has been the national task articulated by the past and present political leaders of South Africa. President Thabo Mbeki articulated this task as follows: "*You are aware of the fact that a central objective of our policy is and has been the expansion and modernisation of the manufacturing sector of our economy and the shifting of our export mix in favour of manufactured goods. Given our strong resource base, this must mean, among other things, that we add value to the resources we produce, so that we supply highly sophisticated intermediate products to the world industrial economy*"[5].

The problem of South Africa in transforming its manufacturing industry from being a major liability in the balance of payments terms into being a major exporter so as to be able to effectively maintain the material basis of its expanded reproduction of capital has been compounded by the fact that the manu-

5. Keynote Address of the President of the African National Congress, Comrade Thabo Mbeki, to the National General Council of the African National Congress, Port Elizabeth, 12 July 2000.

facturing industry has been neither able to make a sufficient breakthrough into external export markets nor generate internal production of capital goods. Far from making a breakthrough into external export markets, it has become more and more vulnerable to foreign competition on its internal market. The South African manufacturing industry has become less and lesser internationally competitive. There is no evidence that it will become internationally competitive in the immediate future. It is agreed that its international competitiveness will decrease in the immediate future. According to the 1995 World Competitiveness Report of the International Institute of Management Development, in "every new report on international competitiveness", the South African manufacturing industry "has fared worse than in the previous one", the "opinion-makers and executive management" in South Africa in the executive opinion survey included in the 1995 World Competitiveness Report "believe" or are "convinced" that it "will not improve its international competitiveness in the immediate future" and that its international "competitiveness will drop further."[6]

From the first year that South Africa was included in the international competitiveness rank it was clear that its manufacturing industry was not able to compete on the world markets. In subsequent years, the message was the same that its manufacturing industry was not internationally competitive. South Africa slipped back seven places from 35th in 1994 to 43rd in 1995 when seven countries were added to the list of countries measured by the International Institute of Management Development. The 1995 World Competitiveness Report confirmed South Africa's inability to compete internationally and the reality that it was becoming less and lesser competitive each

6. F&T Weekly, "Opinion-makers Convinced South Africa cannot Compete," October 27, 1995, p. 21.

year. On May 26th, 1996 the International Institute of Management Development released its tenth World Competitiveness Report. Only 46 countries were measured. South Africa slipped one place to 44th position out of 46 countries on the list.[7] The International Institute of Management, in its World Competitiveness Yearbook, published in June 1997, shows that South Africa has "slid" to 45th place, second to last country among the 46 countries included in the international competitiveness rank. Russia lags behind in the last 46th place in the international competitiveness rank.[8] International competitiveness of the South African manufacturing industry dropped further in 1999 and 2000.

South Africa, a junior partner in the international capitalist system, does not and cannot effectively compete in the multilateral export markets for manufactured products. The multilateral export markets for manufactured products are characterised by the intensified competition, in which the leading transnational corporations of the centre are dominant. It does not and cannot effectively penetrate the internal markets of its senior trading partners for its manufactured products. This stems from the fact that its manufacturing industry has been crucially developed and expanded through the assistance of the transnational corporations of the centre which produce for the internal markets of their countries and for the internal markets of other countries. It stems from the fact that the internal markets of the centre are extremely well-protected from

7. Christo VOLSCHENK and John SPIRA, "South Africa third (from) bottom in world competitiveness rank," *The Star*, Business Report (28 May 1996), p. 1. And Christo VOLSCHENK, "On the Sidelines," *The Star*, Business Report (28 May 1996), p. 4.

8. Marcia KLEIN, "South Africa runs out of fuel in race to become competitive," *Sunday Times*, Business Times (30 March 1997), p. 1.

effective penetration by the manufactured products of the periphery and from South Africa's critical dependence on the transnational corporations of the centre for the advanced science-based production methods for the operation of its economy and its manufacturing sector. South Africa's concentrated efforts to penetrate the internal markets of other African countries has been constrained and limited by the fact that these markets are small and by the fact that the transnational corporations of the centre and of other countries of the periphery also contest them.

South Africa has been to a certain extent successful in its intensified programme of action to find markets for its manufactured products in its neighbouring countries. Its advantages it has been enjoying over other countries of outside Southern Africa in Southern Africa, such as lower transportation costs and shorter delivery times, its relatively developed transport and communication networks and the position it occupied in its colonial period as the relay station, staging post and regional nerve centre of imperialism in its struggle for the maintenance and expansion of its interests in Southern Africa are some of the factors behind this success. This success has been affected in the negative by efforts of some Southern African countries to buy manufactured products from the relatively cheaper corporate suppliers of the centre. These suppliers can and do produce manufactured products of high quality more cheaply because of their monopoly on research and development and advanced science-based production methods. They have effective access to small and large markets on the international scale which the South African manufacturing companies do not have. Their monopoly on research and development and advanced technology enables them to have effective competitive advantage and to command higher prices for their products on the world markets. It enables them to dominate and maintain their domination of the world markets.

Leadership in research and development and the resultant advanced technological, information, management, marketing and transportation techniques or advanced science-based production methods assures the leading imperialist transnational corporations a dominant, effective competitive leverage on the multilateral export markets for manufactured products which South African corporations do not have. These production methods are monopolised and guarded by the transnational corporations of the centre at higher levels of control and accumulation in the centre of capitalism. They are the key links in the chain of the multilateral imperialist tactics for the acquisition of raw materials and accumulation of capital on an international scale. The production process of the South African economy needs these methods for its own operation. South Africa attracts advanced technology through joint ventures, licenses, patents and other means with the transnational corporations of the centre for the operation of the production process of its economy. In the process of attracting these methods through joint ventures, licences, patents and other means for the operation of the integrated production process of its economy, South Africa's forced integration into international capitalist system which it has been serving as its dominated part increases.

The technological dependence of the South African economy on its senior trading partners has been compounding the problem South Africa is facing in its trade relations with its trading partners. As a result of its crucial dependence on advanced science-based production methods and goods like oil and chemicals, South Africa faced an excess of imports over exports even during its periods of booms or prosperity. This dependence means that its periods of booms require the importation of the substantial amounts of expensive and sophisticated advanced science-production methods. The fact that these imports exceed exports is such that it places a crucial pressure on the current account of the balance of payments. The balance of payments constraint has a crucial impact on the economy even during periods of booms. It impels South Africa to deal with excessive rise in imports through restrictive monetary and fiscal policies. The weakness of South Africa's international trading position has been a crucial factor helping to make the balance of payments a constraint on the expansion of its economy.

The South African capital is structurally and constantly required and compelled to increase its external expansion or its penetration of the internal markets of other countries. It has to participate in the exploitation of labour, resources and markets of other countries in order to make profit sufficient to compensate for the tendency of the rate of profit to fall and to exchange its products, particularly mineral, agricultural and manufactured products on the world markets in order to maintain the material basis for the expanded reproduction of total social capital internally. It is structurally essential for the South African capital to have access to labour, resources and markets of other countries if the restructuring of capital and the socio-economic programmes necessary for the survival of South African capitalism are to be carried out. The South African capital has no choice, but to further integrate itself into the international capitalist system in order to have a share in the opportunities for the expansion and accumulation of capital throughout the world. This programme of action is necessary for the survival of the South African capitalism. The reality that the national territory of any capitalist nation cannot serve as the sole site for the expansion and accumulation of capital has intensified reliance of the capitalist countries on the process of the external expansion and transactions. South Africa is not and cannot be an exception to this reality.

The call for the export-led growth programme or for the South African manufacturing industry to be internationally competitive to be the cornerstone of the South African economy is a response to the problem of the international uncompetitive nature of the South African manufacturing industry and its consequences.

I. South Africa economic interests in the southern africa region and throughout the african continent

South African companies are increasingly dominating key economic sectors such as mining, insurance, offshore exploration, electricity, banking, telecommunications, computers, and construction in some other African countries. They are threatening countries of the centre of capitalism as major economic and trading partners of other African countries as a growing number and various businesses strive for export opportunities in other African countries.

There are various reasons, which enable South Africa to increase its economic and trade penetration into other African countries. These reasons are the fact that:

- The cost of transporting its products to other African countries is less than from the centre of capitalism and other parts of the world as distances are shorter. Freight costs are generally lower which means that South Africa has a great cost advantage over its non-African competitors;
- South African products are more tailored to African conditions and in many cases are more versatile and durable;
- South African companies are likely to make lasting investments as they are part of the African continent and their plans are thus more long-term;
- South African companies have expertise and some products are not widely available in some other African countries;

- South African companies more understand the socio-political and economic environment of African countries better.[9]

The South African Department of Trade and Industry has been playing a key role in fostering exports markets for the South African companies. It has established sectoral export councils, which conduct research to find out where there might be opportunities which South African companies, can take advantage of. The sectors covered by these councils are capital equipment, plastics, cosmetics, steel fabricators, stainless steel, flowers, clothing and textiles. The Department of Trade and Industry is presently initiating councils for automotive, electromechanical, wire, aluminium, furniture, footwear, jewellery, pharmaceuticals, leather and fertilisers.

As a means to counter the risks faced by the South African exporters of products into other African countries, the Department of Trade and Industry has introduced financial assistance schemes such as the Export Credit Reinsurance Scheme, the Export Credit Guarantee Scheme and Guarantees to banks for finance made available to small and medium enterprises which want to export, and the Export Finance Scheme.

The Export Credit Reinsurance Scheme makes provision for insurance cover against political and transfer risks and commercial and insolvency risks. During the year April 1998 to the end of March 1999, exports to the value of $2.1 billion were insured. The Export Credit Guarantee Scheme is provided for the supply of capital goods and/or the execution of capital works for foreign buyers who require medium-term to long-term credit.

9. "Export boom: the links between South Africa and the rest of the continent are growing daily", *Business in Africa*, vol. 8, No. 1, February 2000, p. 33.

The Export Finance Scheme is provided by the Department of Trade and Industry in conjunction with the Industrial Development Corporation and participating South African banks. It enables exporters to offer internationally competitive interest rates on payment terms denominated in the United States dollars.

South Africa's trade with other Southern African countries is likely to increase with the trade integration envisaged by the Southern African Development Community free trade protocol. Zimbabwe is the largest market for South African exports. It is followed by Mozambique, Zambia, Malawi, Angola and Mauritius. On the import side, Zimbabwe is the most important source of imports. It is followed by Malawi, Mozambique and Zambia.

During the 1990-1998 period, trade increased substantially. Imports from other Southern African countries increased from less than one percent of total imports to more than two percent. South Africa's exports of its products and services into other Southern African countries are worth about R10 billion more than its SADC imports. The increase of exports from South Africa to other countries increased from five percent of total exports to eleven percent. Exports are mostly from high value-added sectors such as minerals and base metals, chemicals, machinery, transport equipment and food and beverages. The types of business from South Africa into other African countries range across provision of computer technology and back up services, mining, explosives, manufacturing, oil and gas exploration, machines, engine and railway parts, electricity, telecommunications, food and beverages.[10]

10. "Export boom: the links between South Africa and the rest of the continent are growing daily", *Business in Africa*, vol. 8, No. 1, February 2000, pp. 33-5, and *South Africa: The Journal of Trade, Industry and Investment, Second Quarter,* 2000, pp. 49-53.

II. South Africa's southern economic regional policy

South Africa's Southern African regional policy was articulated in 1994 on the following bases:

- In the long run, sustainable reconstruction and development in South Africa requires sustainable reconstruction and development in Southern Africa as a whole;
- South Africa must negotiate with other Southern African countries to forge equitable and mutual beneficial programme of increasing Cupertino, co-ordination and integration appropriate to the conditions of Southern Africa;
- The current trade relationship between South Africa and other Southern African countries is unbalanced, as other Southern African countries import from South Africa exceed exports to South Africa by five to one: South Africa, in consultation and co-operation with other Southern African countries must develop policies to ensure a more balance and balanced trade relationship between itself and its neighbours;
- South Africa must develop the capacity of other Southern African countries to export manufactured products to the South African national market. It should in consultation with other countries in the region encourage and promote industrial development throughout the region in economic subsectors such as mineral benefication, auto components and textiles;
- South Africa should also encourage the development of joint, mutually beneficial projects to develop Southern Africa's water resources, electricity and energy supply, transport, and agricultural and food production; South Africa should encourage technical co-operation with other Southern African countries to enhance the development of expertise

> in the region in areas such as agricultural research and development, environmental monitoring and protection, health and other research areas.[11]

South Africa has been implementing this policy. It has undertaken projects with other countries in the region. Some of these projects are the Lesotho Highlands Development Project undertaken by Lesotho and South Africa and the Maputo Corridor initiative. The Lesotho Highlands Development Project is of crucial important to the operation of the South African economy particularly in its Gauteng province. The supply of water from this project to South Africa is important not only to the South African economy, but also to its security. South Africa is one of countries which is characterised by the shortage of water.

The following factors have been constraints to regional economic co-operation and integration in Southern Africa:

The process of vertical links between the economies of Southern African countries and the economies of the centre of capitalism: Economies of Southern African countries are dependent and disarticulated economies. They produce primary products (mineral raw materials) mainly for export to the centre of capitalism. Their manufacturing sector depends on the centre of capitalism for advanced technology for its operation. The manufacturing industry of other Southern African countries is less developed and it cannot effectively compete with the manufacturing industry of South Africa. More and more nationals of other countries in the region buy manufactured products in South Africa. It is more vulnerable to the South African manu-

11. Sipho BUTHELEZI, "South Africa in Africa, Apart or Within?: South Africa's Regional Policy in Southern Africa", *Journal of Development Economics for Southern Africa*, vol. 1, No. 1, September - December 1997, pp. 11-2.

facturing industry in its national market. The consequence is that terms of trade between South Africa and its neighbours remain unequal and in favour of South Africa.

Southern African countries mainly trade with the centre: They have less trade relationship among themselves. They compete among themselves in selling their primary products to the centre. The centre of capitalism constitutes serious markets for their primary products.

Southern African countries are characterised by the entrenched economic and trade dependence on the centre of capitalism: They receive financial and technical assistance from the centre. With exception of South Africa, Zimbabwe and Botswana, the region consists of the poorest countries. Their economies are weak and underdeveloped. This is the negative factors in terms of their economic, trade and investment power relations with South Africa.

The process of unequal or uneven development between Southern African countries. South Africa is relatively more developed than other countries in the region.

The reality that South Africa is relatively more developed than all other countries in the region and for defence and expansion of its economic interests in the region has led it to embark upon a programme of managing and resolving these regional unequal economic and trade power relations in its contribution towards regional economic co-operation and integration.

South Africa has been striving to restructure its economic and trade relations with other Southern African countries through:

- The creation of an asymmetrical free trade arrangement in Southern Africa;
- The recognition of variable speed in the dismantling of barriers to trade;
- The linkage of regional trade development to industrial

restructuring and the promotion of new investment in infrastructure;
- The strengthening of customs control, monitoring and administration;
- Co-operation at sectoral level, for example, water, energy, eco-tourism, transport and ports; and
- Assistance to the less developed countries as part of its UNCTAD commitments and obligations.[12]

III. South Africa and Zimbabwe

The reality that South Africa has been embarking upon a programme of managing and resolving unequal economic and trade power relations with its neighbours is supported by its bilateral engagement with Zimbabwe in its contribution towards regional economic and trade co-operation and integration.

South Africa has been having meetings with Zimbabwe as a means to improve and consolidate its economic and trade relations with Zimbabwe. As results of these meetings, the quotas of the items in the trade agreement have been increased and the tariffs have been reduced. They have been negotiating the increase of the quotas and the lowering of tariffs. As a result of their agreement in 1999, the situation in the textile and clothing industry has changed substantially. Zimbabwe's exports to South Africa have increased. The clothing industry in Bulawayo and Harare has increased a number of its workers and increased

12. Basis for Negotiation for a Trade and Development Agreement between the Republic of South Africa and the European Union, Appendix 111, in Rachel Houghton (editor), Trading on Development: South Africa's Relations with the European Union, Johannesburg: Foundation for Global Dialogue and Friedrich Ebert Stiftung, 1997, pp. 174-5.

the number of its shifts. This is the result of the greater demand of textiles.

South Africa and Zimbabwe, at the meeting in Pretoria on 2 September 1999, agreed on ten projects. Two of these projects are in tourism. One project covers the Kruger National Park (South Africa), Gonarezhou (Zimbabwe), and Banhine (Mozambique). The project will be along the Okavango River and the Victoria Falls. The other project is on transport. This project will help Zimbabwe to open up the main railway to Zambia and the Democratic Republic of Congo, to improve its road and the railway to Beira in order for Zimbabwe to take more traffic. Zimbabwe, together with South Africa, is going to explore large quantities of gas at Lupane. The two countries are going to have a joint project, which will take the gas to Bulawayo and Kwe Kwe, and from these places to Gauteng in South Africa.[13]

> The future of South Africa depends primarily either on the fundamental resolution or on the management of the internal primary economic contradiction.

IV. Towards the conclusion

Southern Africa occupies the strategic position within South Africa's foreign economic policy. Its economic interests in Southern Africa are guided by solidarity and unity or linkages between its national economy and the economies of its neighbours. As

13. Nathan SHAMUYARIRA, Secretary for Information and Publicity of the Zimbabwe African National Union – Patriotic Front, "No trade war with South Africa: Interview," *Southern Africa Political and Economic Monthly*, vol. 13, No. 7, April 2000, p. 7.

markets for products of its manufacturing industry which is internationally not competitive, sources of raw materials and agricultural products, outlets for export of its capital and reserves for cheap labour particularly in the mining and agricultural sectors of its economy, the growth of its economy is interlinked with the growth of the economies of its neighbours. South Africa's efforts to ensure that the region is economically prosperous and politically stable serve its economic interests externally in other countries in the region and also internally in South Africa. Interlinkages between the South African and economy and economies of its neighbours are articulated by South Africa in its official documents. South Africa maintains that "for South Africa to promote the interests of the SADC region or the Africa continent" is an "issue" which presents an "opportunity" for the South African national interests, its commitment to the socio-economic development of the Southern African region and the African continent, that Africa is "a priority" in terms of its foreign policy, that its "promotion of economic development of the Southern African region is of paramount importance as the economies of the countries in the region are intertwined to such an extent that, for South Africa to believe that it could enter a prosperous future in isolation without taking neighbouring countries with her, would be unrealistic and hazardous," and that it strives "to engage the industrial world in development in Southern Africa with the objective of enhancing the fullest possible development of its human and natural resources by combing foreign capital with" its "own expertise."[14] This position has been articulated variously by officials of the South African State. It is the recognition of the reality that prosperous and industrialising Southern

14. Department of Foreign Affairs of South Africa, South African Foreign Policy: Discussion Document, July 1996.

African region and the African continent will constitute the expansion of its exports and that they will gain added importance as markets for its products.

V. Conclusion

Developments characterising South Africa's struggle for securing, maintenaining and expanding its economic and trade interests have their causes in the process of capital accumulation in South Africa. For South Africa, the process of capital accumulation requires the expansion of exports, particularly markets for manufactured products outside the countries of the centre of capitalism where protectionist measures make it difficult for the countries of the periphery of capitalism to effectively penetrate the internal markets of the centre of capitalism with their manufactured products.

The penetration of the South African economic interests into other African countries and other countries in the South Atlantic should be explained taking into consideration the centre-periphery power relations perspective which enables us to view the process of the South African capital accumulation as subordinate to the process of capital accumulation in the centre of capitalism. The South African capital competes for markets for manufactured products and labour, sources of raw materials and outlets for export of capital in the South Atlantic. Despite the crucial presence of foreign capital in South Africa, South Africa serves as more than the staging post, relay station and nerve centre for foreign capital in Southern Africa. South Africa's large internal market and the process uneven economic development in Southern Africa in which South Africa is relatively more developed than other countries of Southern Africa helps to give South Africa a leverage over competing companies in Southern Africa.

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