# Southern African Development Community (SADC) Seeks to Accelerate Industrialization Amid Challenges in Mining and Energy

Swaziland summit discusses economic crises in the sub-continent

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*A one day Extraordinary Summit of Heads of State and Government within the Southern African Development Community (SADC) was held on March 18 at the Mandvulo Grand Hall inthe Kingdom of Swaziland. Three days prior to the summit a gathering of the Council of Ministers of the region convened.*

*The summit adopted the Report of the Ministerial Task Force on Regional Economic Integration drafted two years earlier. This program would foster coordinated efforts in this regard through 2063.*

A communique issued at the conclusion of the meeting said: "Summit approved the resolutions of the Strategic Ministerial Retreat on the Regional Integration, which was held on 12th – 14th March 2017 under the theme: 'The SADC we want.' The Retreat was to take stock of what SADC has achieved since its establishment in 1980, the challenges it was facing and what needed to be done to accelerate the pace and level of the SADC integration agenda. In this regard, the Summit noted the recommendations of the Ministerial Retreat and directed the Secretariat to develop an implementation plan and roadmap of the Conclusions of the Strategic Ministerial Retreat for its consideration in August 2017." (sadc.int/files, March 18)

In the opening address King Mswati III emphasized the necessity for regional member-states to engage in a strategic approach aimed at realizing economic development for people in Southern Africa. The Monarch said "If we join hands as member states in the implementation of various development projects, I am sure unemployment and poverty will go down in our countries."

The SADC was formed 37 years ago as the Southern African Development Coordinating Conference (SADCC) during the escalating struggle against white-minority rule in Namibia and South Africa. The apartheid regime through its military and economic dominance of the sub-continent sought to strangle genuine economic development by regional states in an effort to halt the-then forward trajectory of the national liberation struggles and their supporters throughout the region. In 1992, during a meeting in the newly-independent Republic of Namibia, the regional body changed its name to the Southern African Development Community (SADC).

Recent challenges emanates from the decline in commodity prices, the shortage of foreign exchange, slowing international investment and the profound impact of El Nino, rendering agricultural production and economic growth at a standstill. The continued reliance on revenue garnered through the export of agricultural products and strategic minerals seriously hampers the capacity for regional integration and industrialization.

Zimbabwe, the Diamond Sector and Lingering Sanctions

President Robert Mugabe of the Republic of Zimbabwe was in attendance at the summit in Swaziland. The former SADC chair endorsed the regional integration program which was initiated under his leadership two years ago.

Zimbabwe Minister of Industry and Commerce Mike Bimha was quoted in The Sunday Mail (March 19) saying the plan would prove to be a positive step in the march towards industrialization throughout the nations of the 14-member organization. Bimha recalled:

> "Just to take you back to 2015 when there was a special summit here in Harare when the Heads of State and Government approved the industrialization strategy and roadmap for SADC. And at last year's SADC summit in Swaziland, Secretariat was tasked to look into implementation of that strategy and roadmap and also look into the costed action plan; in simple words, it means coming up with a budget. For the first 15 years the action plan looks at a budget of about US$112 million; now that is more on the focus on activities that have to be done at regional levels."

This country still reeling from the compounded effects of nearly two decades of economic sanctions and an unprecedented drought, also was forced during February 2016 to close down its diamond mining facilities. Unsatisfied with the operations of the mines which were co-managed with foreign firms, the government announced the establishment of a Zimbabwe Diamond Consolidated Company to reorganize the sector.

Another article in the March 19 Sunday Mail notes:

> "Zimbabwe's diamond sector has received the much needed boost after Government struck a resumption of operations agreement with some companies in Chiadzwa that had earlier blocked Zimbabwe Diamond Consolidated Company (ZCDC) mining activities through court action. Diamond production at Chiadzwa had plummeted to an all-time low as production at the three mines owned by Anjin, Jinan and Mbada stopped after the firms contested Government's consolidation plan."

Zambia Copper Mines Lose Energy Stifling Investment

The profitability of the mining industry in Zambia is being severely curtailed by the decline in the power generating resources inside the country. Zambia over the last few years has experienced serious shortfalls in the energy generating sector. ZESCO, the state-owned national energy agency, has been forced to ration power to consumers within the mining sector and across the board.

Nathan Chishimba, the President of the Chamber of Mines, emphasized that despite several appeals to corporate firms to invest in the energy sector, they have refused due to their inability to reap substantial profits. Consequently, ZESCO imposed tariffs on the mine owners which they have contested in the courts.

ZESCO claims that the mine owners owe the state utilities agency $US276 million in arrears. The firms are questioning whether the assessments are lawful. A decision could determine the short term direction of the mining sector. Zambia is a leading producer of strategic minerals in Africa and the world.

In a recent article by Jeff Kapembwa, he reports:

> "The mining companies in Zambia consume over 50 percent of the 2,317 megawatts of power generated in the country. The country is second only to the Democratic Republic of Congo in red metal production in Africa, and among the top 10 copper producers in the world. Last year, Zambia rose to seventh position from an initial ninth top global producer, having mined 708,000 tones as at August, with DR Congo having mined 850,000 tones, according to Invest News." (March 20)

The drought is also a key factor in the lack of power generation. Rolling black outs have extended for as long as 12 hours in one day.

These difficulties would place limitation on the ability to increase industrial capacity nationally as well as on a regional level.

South African Recession Impedes Regional Growth and Integration

The Republic of South Africa, the most industrialized state in the region, is still undergoing an economic recession. The decline in the price of minerals and the employment contractions within the extractive sector has prompted the loss of value in the national currency, the rand.

Negative economic growth rates are prompting the African National Congress (ANC) government to threaten radical reforms including the increase in taxes for the wealthy and the seizure of white-owned agricultural lands without compensation.

Opposition political parties are attempting to discredit the ANC government which is also dealing with divisions over the direction of governmental and economic policy.  As long as South Africa remains in recession the entire SADC region will not be able to effectively launch its comprehensive industrialization and integration plans.

Comprehensive Approach Needed to Tackle Economic Crises

Therefore there is a need to consolidate the approaches to the economic impediments to regional growth and integration. These efforts cannot be viewed independently of the broader international divisions of economic power and labor production.

Dependency upon the demands for primary and secondary industrial products by the western capitalist states can no longer be relied upon as an engine for development. Demand must be generated throughout the region and the continent as a whole.

Agricultural production and equitable economic distribution must be a cornerstone of this regional program. A common currency and joint regional economic planning should be implemented in order to address the shortfalls in energy generation and job creation.

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