

Introduction

This volume includes some of the papers presented at the Inaugural Conference of the Institute for Social and Economic Studies (IESE), which took place on 19 September 2007, in Maputo. The articles contained in this volume were selected from the panel on “Southern Africa”. The topics of the Conference, on “Challenges for social and economic research in Mozambique”, and of the panels were broad and dependent on papers submitted. Hence, the current selection of papers does not necessarily address a common problematic in a consistent manner, or follow a common approach, and the sequence of articles in this collection does reflect any hierarchy. Not all the articles are about Mozambique, nor are those that discuss Mozambique exclusively applicable to this country. But all of them are relevant for the development debate in Mozambique.

Four of the six articles have a common thread, which is the role played by the patterns of economic accumulation and social and political transformation in South Africa in shaping regional relations and challenges, opportunities and patterns of regional development. The remaining two articles focus on two different issues, the role of India and China and the challenges posed by the negotiations with the European Union relating to the Economic Partnership Agreements (EPAs).

In “*The development of South Africa’s chemical industry and the implications for chemical sector development in Southern Africa*”, Zavareh Rustomjee analyses the evolution of the South African chemical industry using an analytical framework of industrial sector/value chain linkages, agencies, corporate and industrial strategies and political economy. South Africa’s industrialisation has been usefully inter-

preted using the concept of a Minerals-Energy Complex (MEC). The concept considers the interaction of a set of distinct sectors around mining, energy and energy-intensive productive activities which have acted to shape the country's industrialisation. The MEC concept also views this process as part of a system of accumulation which has involved, shaped and has been shaped by, the interaction of various public and private interests in and around the specific sector and sub-sector components of the economy. South Africa's relatively diversified chemical industry developed over a period of more than a century. Using the MEC analytical framework, the paper analyses the growth path that the sector's development followed.

South Africa's chemicals industry is diverse and made up of a number of sub-sectors which are interlinked with each other (value chain) and also with other sectors of the economy (input-output relationship).

Institutions and agencies, both private and public, have acted in various ways and at different times to shape the trajectory of the chemical sector's development. Different sub-sectors have developed over different time frames. Industrial policy has, at various times, acted positively on the growth of the South African chemical sector. The instruments used have included import tariffs, transport and logistics pricing, the provision of industrial financing and incentives and direct state creation of industries. Strong elements of economic planning have underpinned the post-war growth of South Africa's chemical industry, particularly the upstream segments.

Import tariffs played a powerful role in supporting emerging chemical industries in South Africa, in both upstream and downstream segments. Industry financing, through the IDC in particular, has been an important support for segments of the chemical sector, particularly the capital intensive segments. The IDC, more often in partnership with private industries, was the vehicle through which the state created new chemical industries and sub-sectors and through which chemical sector restructuring was affected.

The policy implications that flow from this for other countries seeking to expand their chemical sector include the analytical framework of linkages, agencies and political economy that underpins the MEC approach. The specific characteristics and linkages between any individual country's chemical value chains will be different, but this is a good pointer to the potential and the challenges that exist and, in partic-

ular, how corporate and industrial strategies may seek to build on the linkages between the chemical sector and other economic sectors.

“Mobility, migration and trade: interactive flows between Durban and Southern Mozambique”, by Simão Nhambi and Jeremy Grest, investigates how well the numerous, but uncounted, Mozambicans living and working in Durban manage to integrate themselves, economically and socially, into the life of that city, and how long distance traders travelling regularly to and from Mozambique use networks created by earlier migrants. The research is based on a survey of existing published material, combined with in-depth interviews with 10 key informants, and a survey sample of 50 migrants living and working in Durban. Additionally, 25 households in Maputo, Gaza and Inhambane provinces were interviewed, as well as 25 Mozambican cross-border traders in Durban markets. Information was obtained about the flows of people, goods and resources, both cultural and economic, between these two areas. The research aimed to build a profile of the migrants, the strategies employed to insert themselves into the host society, the significance of their activities for families in Mozambique, and the effectiveness of the states on both sides of the frontier in regulating, facilitating or controlling the movement of migrants. The research uses some of the literature on the state and trans-national migration, the informal economy and migration, and the role of economic and social networks to ask questions about the appropriateness of current state policies towards foreign migrants in South Africa.

“Borderlands and Spatial Development Initiatives – the impact of regional integration initiatives in a Southern African cross-border region: the Maputo Development Corridor”, by Monty Roodt, is an attempt to examine the Maputo Development Corridor (MDC) within the context of regional integration between South Africa and Mozambique. It does so by briefly outlining the concept of “borderlands” and why Mpumalanga and Maputo provinces do not conform to international trends as typical borderland areas. This leads to a discussion of the MDC as a Spatial Development Initiative (SDI) and the socio-economic and political circumstances that contribute to the particular type of development occurring within the sub-region. Further sections show that the role-players involved in the development of the corridor have succeeded in creating a number of initiatives, mainly in the areas of construction, transport and resource processing, but have not really succeeded in stimulating the development of small and medium enterprises with the concomitant job creation associated with this sector.

Darlene Miller's article, "*New regional expectations and South African retail investment in Mozambique*", closes the series on South Africa and the relationship with the region. In Mozambique, Shoprite's arrival was an event. The store was swamped with people crushing its designer-tiled entrance to gain access to the store. Much fanfare, hype and local town gossip had preceded this event. On the day itself, celebrities were in attendance and a public rally was held at the Center. Of the two major newspapers in the country, both ran front-page coverage of Shoprite's opening. Months after the event, debates continued to rage in the newspapers and amongst Mozambicans about the benefits and disadvantages to Maputo and Mozambique of this new South African arrival. Local traders complained that the special privileges given to Shoprite by the state and the local municipality give Shoprite an unfair advantage. Consumers said they appreciated not having to go to "mosquito-ridden" markets for their groceries. About two years later a huge public furore erupted in Maputo. The agent of consumer modernisation in Mozambique, Shoprite, was caught dumping expired foodstuffs on the shelves in its new Shoprite store in Maputo. The reaction to this discovery was loud and contentious. Maputo consumers asked whether South Africans thought they could be sold rotten wares. Was this to be the *African Renaissance* declared by the South African president: South Africa using the region as its backyard for dumping?

This account illustrates the advent of a new regional moment in Southern Africa. When South Africa turned the corner from apartheid, a breath of expectation was inhaled in the rest of the continent. Post-Apartheid regionalism and regional integration in the 1990s, however, came to Southern Africa flying the neo-liberal flag of foreign investment. With democratic change came fresh attention to South Africa's role in Africa. Following the global example, regionalism became an important political and economic strategy. Out of this re-evaluation, *regional integration* emerged as the dominant approach to regionalism, both in Southern Africa and other regions of the world. Neo-liberal regionalism and neo-liberal regional integration mean that regions should be capital-catchment areas. But different political approaches to both regional integration and regionalism are possible. The politics of regions are shaped by legacies, official lies and new realities. It is the new realities that are the focus here, shaped as they are by old legacies, and the expansion of the South African retail multinational, Shoprite, into Mozambique, highlighted both past and present regional contradictions. While expectations for the continent were high, the reality

that has unfolded in the wake of post-Apartheid regionalism has brought new tensions to light.

Daniel Alvarenga, Johanna Jansson and Sanusha Naidu, all at the Centre for Chinese Studies of the University of Stellenbosh, describe, in *“China and India in Africa: an analysis of unfolding relations”*, the political and economic intricacies of China and India’s unfolding parallel engagement of Africa. The two Asian powers are revolutionising the strategies used by economic and diplomatic stakeholders on the African continent while riding the current wave of change in the power relations within the international political economy. The article favours the argument that China and India’s presence on the African continent constitutes a response to the current general fluidity in the international political landscape, and offers less support for the view of a new scramble for Africa. Trade is up, investments are up, diplomatic visits and dialogues are up and the implications are vast. China and India retain a distinct *modus operandi* in their engagement, encouraged by their unique place in the dynamics of the global political economy, an engagement which is best understood through the mechanics of complex interdependence and constituency-economics. The analysis of these unfolding relations concludes that Africa is now at an economic and diplomatic crossroads in which broad strategic choices have to be made, a set of decisions which will significantly determine the ultimate nature of the engagements.

Finally, Richard Kamidza, in *“Can SADC-EU trade negotiations unblock development and regional integration”*, seeks to discuss the negotiations between the EU and the Southern African Development Community (SADC) configuration, which comprises Angola, Botswana, Lesotho, Mozambique, Namibia, Swaziland and Tanzania. The SADC-EPA negotiations were launched on 8 July 2004 in Windhoek, Namibia. Until March 2007, South Africa had an observer status in the negotiations. While the EPA negotiations assume a win-win-game, the negotiating parties are unequal in both economic and political terms. The EU is largely strong, enlarged, powerful and united on the one hand, while the SADC group is hugely weak, poor and fragmented on the other. The parties have also huge disparities in their socio-economic and political conditions. The on-going process remains complex without clear outcomes, and is set to fortify Europe’s vertical links with the SADC-EPA group. The EPA process does not take into account developmental differences between Europe and the region, and within Southern Africa itself. This not only impacts

negatively on the industrial development of the SADC-EPA economies, but also frustrates and/or disrupts regional integration that has all along been bankrolled by the same partner. The EPA negotiations and outcomes have introduced challenges, fears and implications to regional integration and economic development which Kamidza's paper seeks to address.

*Luis de Brito, Carlos Castel-Branco,
Sérgio Chichava and António Francisco*