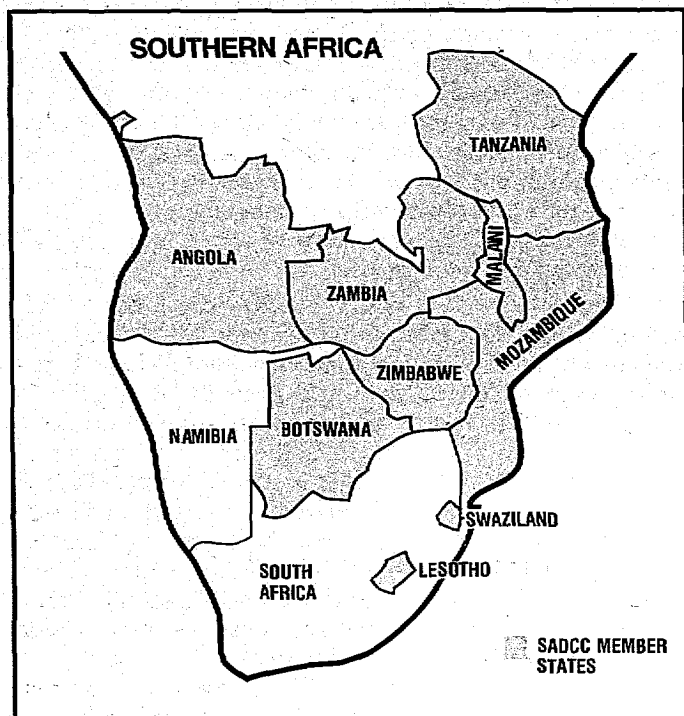


The sanctions dilemma

dependent black states taking their political and economic cues from Pretoria. SADCC was established with the twin goal of reducing the dependence of its members on South Africa and promoting regional economic cooperation. Most observers agree that SADCC has succeeded in the



latter — raising nearly \$2.5 billion for regional development projects — but has been frustrated in the former. South Africa, by concentrating its attacks on SADCC's national trade routes through Angola and Mozambique, has forced SADCC's six landlocked members to rely even more heavily on the transport corridors through South Africa. The destabilization program has cost enormous human suffering in the member states, the suspension of many development efforts, and the near devastation of Angola and Mozambique. For SADCC's seventy million people, no less than for South Africa's blacks, apartheid is the single obstacle to their development. "Constructive engagement" distorted this essential insight by treating southern Africa as an arena of East-West conflict, at the expense of confronting apartheid itself. This approach implied a dramatic — a propagandist — overstatement of the impact of Soviet bloc programs, which are small in comparison to the economic, political and military involvement of Western nations.

For Canada, the next year offers an important opportunity. As a friend of the seven Commonwealth countries in SADCC, with good relations with Angola and Mozambique, and close links with the two main economic actors — the US and Britain — Canada is well placed to help construct new international policies toward South Africa.

Canada and Southern Africa

In early 1984 CIDA announced a major program of aid to SADCC, pledging a five-year program of \$125 mil-

lion for regional projects, over and above existing bilateral aid programs. The SADCC aid is concentrated in transport, communications, energy and agriculture. It also opened the door for Canadian aid to Angola and Mozambique through SADCC.

Canadian aid to southern Africa is rising fast. The full measure of this will not be felt until the SADCC regional projects come on stream in 1987. Even so, annual Canadian aid has climbed over the past two years from around \$85 million to around \$125 million, an almost 50 percent increase. With the decline in South African trade, and the invitation to Canadian companies to participate in offshore oil development in Angola the medium term could see the SADCC region overtake South Africa as an economic partner.

Canada has run a trade deficit with South Africa since 1971, with combined trade climbing to a peak of \$641 million in 1981. By 1984 there had been a steep decline with combined trade only \$424 million (see Table 1). This downward trend is likely to continue as several major imports into Canada are already, or soon will be, removed by federal, provincial or individual consumer "boycotts" of South African goods. Canadian exports to South Africa are more stable, but the trend remains downward, prompted principally by the credit squeeze and foreign exchange crisis in South Africa. In the first six months of 1985 exports fell by over 20 percent from the same period a year earlier.

The closer political identification of Canadian policy with that of the frontline states is mirrored by this underlying shift in economic priorities. The SADCC region will increasingly become the locus of Canadian trade and aid in southern Africa at the expense of South Africa itself. Combined with Canadian disinvestment in South Africa — on

Table 1

Canadian Trade with South Africa		
	Imports (\$ millions)	Exports (\$ millions)
1981	402	239
1982	214	219
1983	194	166
1984	222	202
1985 (6 months)	93	77

economic grounds — this will diminish the influence of the traditionally strong corporate lobby sympathetic to the South Africa government.

The signs are that Canadian companies with investments and markets in South Africa will continue to press Ottawa to reverse its South African policies. Canadian trade is not only profitable, but South Africa represents one of the few countries in Africa where trade does not require aid support. However, since South Africa only accounts for a fraction of overall Canadian exports, political factors are likely to remain uppermost in Canadian