

**The Maputo Corridor:
Politics and Pragmatic
Development
In Southern Africa**

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ABSTRACT

The Maputo Corridor is the most significant development project undertaken by the South African government since 1994. The Corridor is an extremely complex project, bringing together a variety of actors from South Africa, Mozambique, and beyond. The project includes the rehabilitation and upgrading of major transport and communications infrastructure between Witbank and Maputo, institutional reform to expedite border-crossing, and incentives for labour-intensive investment in the areas adjacent to the Corridor. The Maputo Corridor is also the first build-operate-transfer highway in the region.

The Maputo Corridor is a valid and fascinating subject for political inquiry because it provides insight into the new South African government's priorities and ideological stance. Research on the Corridor also contributes to our understanding of political power structures in the region. The primary goal of this dissertation was to come to an understanding of why and how the Maputo Corridor developed. Research was designed to test popular hypotheses from the South African media. These hypotheses were (1) that the Corridor was designed to isolate Gauteng from potential transport-based blackmail by the IFP and (2) that the Corridor was sponsored and directed by the leaders of Mpumalanga Province.

This dissertation is composed of four main sections. First, the historical context of the Corridor starting in the 19th century is investigated. Repetitive historical themes with relevance for the present are identified. Second, the leaders and managers of the corridor project are pinpointed. Third, strategic motivations for the corridor in the current political environment are studied. The fourth part consists of an investigation of the means used to implement the Corridor. Several sources of information were used. These sources included in-depth interviews with the Corridor's stakeholders, primary documentation, and secondary published sources.

The conclusion of the research was that a revitalised transport corridor was virtually inevitable given the region's geography, history, and recent political developments. However, the Maputo Corridor includes much more than simple transport development, it is a holistic regional development strategy. The impetus for this strategy came from the Department of Transport. While representatives of Mpumalanga played prominent roles in the Corridor's development, they were far less influential than had originally been presumed. The initial phase of the project's implementation has been largely successful. This success is the result of careful co-ordination of a wide variety of actors. This co-operation and co-ordination was fostered through functional, intergovernmental teams of civil servants. The Maputo is a successful example of a new paradigm of development in Southern Africa - that of intergovernmental co-operation and private-public sector partnership.

I . Table of Contents

| | |
|---|-----------|
| I. TABLE OF CONTENTS | I |
| II. ACRONYMS & ABBREVIATIONS..... | III |
| III. HISTORICAL TIMELINE OF THE MAPUTO CORRIDOR | IV |
| 1. INTRODUCTION..... | 1 |
| 1.1 WHAT ARE DEVELOPMENT CORRIDORS?..... | 2 |
| 1.2 DEFINITION OF THE MAPUTO DEVELOPMENT CORRIDOR..... | 4 |
| 1.3 WHY STUDY THE POLITICS OF THE MAPUTO DEVELOPMENT CORRIDOR? | 6 |
| 1.4 METHODOLOGY | 8 |
| 2. HISTORY OF THE MAPUTO CORRIDOR..... | 11 |
| 2.1 EARLY RECOGNITION OF THE BAY’S POTENTIAL AND BROKEN PROMISES | 12 |
| 2.2 RAILS TO THE RAND: RAILROAD CONSTRUCTION BOOMS | 14 |
| 2.3 THE BRITISH, THE GERMANS, THE BOERS, AND DELAGOA BAY | 17 |
| 2.4 THE ANGLO-BOER WAR | 20 |
| 2.5 A ROCKY PATCH: SOUTH AFRICA AND MOZAMBIQUE IN THE EARLY 20 TH CENTURY..... | 21 |
| 2.6 NEGOTIATIONS CONTINUE: PORTUGAL BECOMES INDECISIVE | 25 |
| 2.7 THE APPEARANCE OF STABILITY AND GROWTH..... | 27 |
| 2.8 SOUTH AFRICA WINS, RHODESIA LOSES: MOZAMBICAN INDEPENDENCE..... | 29 |
| 2.9 MOZAMBIQUE LOSES: RENAMO AND SOUTH AFRICA ON THE OFFENSIVE | 31 |
| 2.10 CONCLUSION..... | 34 |
| 3. LEADERS OF THE MAPUTO DEVELOPMENT CORRIDOR | 35 |
| 3.1 ASSUMPTIONS: MPUMALANGA GETS GREAT PRESS | 35 |
| 3.2 ORIGIN OF THE CORRIDOR CONCEPT..... | 37 |
| 3.3 POLITICAL LEADERSHIP | 38 |
| 3.4 MOVERS, SHAKERS, AND WORKHORSES: MANAGEMENT OF THE CORRIDOR | 39 |
| 3.5 CONCLUSION..... | 42 |
| 4. STRATEGIC MOTIVATIONS FOR THE CORRIDOR | 43 |
| 4.1 REGIONAL IMPLICATIONS OF THE CORRIDOR..... | 43 |
| 4.1.1 <i>Repayment Time: South Africa Atones for its Past</i> | 44 |
| 4.1.2 <i>Growing the Neighbourhood</i> | 45 |
| 4.1.3 <i>Mozambique’s Regional Strategy</i> | 46 |
| 4.2 DOMESTIC SOUTH AFRICAN STRATEGY AND THE MAPUTO CORRIDOR..... | 47 |
| 4.2.1 <i>Other More Plausible Motivations for the Corridor?</i> | 49 |
| 4.2.2 <i>Domestic Strategy and the Maputo Corridor: Mozambique</i> | 50 |
| 4.3 CONCLUSION..... | 51 |
| 5. THE IMPLEMENTATION OF THE MAPUTO CORRIDOR | 53 |
| 5.1 AN EFFICIENT CHAIN OF COMMAND..... | 53 |
| 5.2 CO-OPERATION AND CO-ORDINATION..... | 56 |
| 5.2.1 <i>Functional Co-operation</i> | 56 |
| 5.2.2 <i>Intergovernmental Co-operation</i> | 57 |
| 5.2.2.1 <i>The Central Government and Mpumalanga</i> | 58 |
| 5.2.2.2 <i>Mpumalanga and its Neighbours</i> | 58 |
| 5.2.2.3 <i>South Africa Gets a Taste of Regional Sensitivities</i> | 59 |
| 5.2.2.4 <i>Mozambique Fears South Africa</i> | 61 |
| 5.2.2.5 <i>Government and the Private Sector</i> | 63 |
| 5.2.2.6 <i>Government and International Financial Institutions</i> | 65 |
| 5.3 CONCLUSION..... | 66 |

| | |
|--|------------|
| 6. CONCLUSION..... | 67 |
| 7. FIGURES..... | 72 |
| 7.1 FIGURE ONE: RESEARCH DESIGN..... | 72 |
| 7.2 FIGURE TWO: A HYPOTHETICAL SIMPLE ACCESS CORRIDOR..... | 73 |
| 7.3 FIGURE THREE: THE NATIONAL PHYSICAL DEVELOPMENT PLAN (1975)..... | 74 |
| 7.4 FIGURE FOUR: A HYPOTHETICAL HYBRID DEVELOPMENT CORRIDOR..... | 75 |
| 7.5 FIGURE FIVE: GEOGRAPHICAL DEFINITION OF THE MAPUTO CORRIDOR..... | 76 |
| 7.6 FIGURE SIX: TSETSE FLY INFESTATION IN THE LOW VELD..... | 77 |
| 7.7 FIGURE SEVEN: THE BOER WAR..... | 78 |
| 7.8 FIGURE EIGHT: RAIL TRAFFIC IN THE EARLY 20 TH CENTURY..... | 79 |
| 7.9 FIGURE NINE: LOURENÇO MARQUES IN THE EARLY 20 TH CENTURY..... | 80 |
| 7.10 FIGURE TEN: MOZAMBIQUE DURING THE SECOND WORLD WAR..... | 81 |
| 7.11 FIGURE ELEVEN: ORGANISATION OF THE CORRIDOR IMPLEMENTATION..... | 82 |
| 8. INTERVIEW TRANSCRIPTIONS..... | 83 |
| 8.1 INTERVIEW WITH GEORGE JAMIESON – 27 MAY 1997..... | 83 |
| 8.2 INTERVIEW WITH JOE MAGAGULA -- 28 MAY 1997..... | 89 |
| 8.3 INTERVIEW WITH COLEMAN NYATHI -- 29 MAY 1997..... | 94 |
| 8.4 INTERVIEW WITH KARIN PEARCE -- 27 MAY 1997..... | 100 |
| 8.5 INTERVIEW WITH FRANCISCA SOARES -- 30 MAY 1997..... | 109 |
| 9. WORKS CITED..... | 113 |

ii. ACRONYMS & ABBREVIATIONS

| | |
|-------|---|
| ANC | African National Congress |
| BCG | Beira Corridor Group |
| BOT | Build-Operate-Transfer |
| CBD | Central Business District |
| CFLM | Caminhos de Ferro de Lourenço Marques |
| CFM | Caminhos de Ferro de Moçambique |
| DBSA | Development Bank of Southern Africa |
| DTI | Department of Trade and Industry |
| ICC | Interim Coordinating Committee |
| IFP | Inkatha Freedom Party |
| IMF | International Monetary Fund |
| KZN | KwaZulu-Natal |
| MCC | Maputo Corridor Company |
| MDC | Maputo Development Corridor |
| MNR | Renamo |
| NPDP | National Physical Development Plan |
| NZASM | Nederlands-Zuid Afrikaansche Spoorweg Maatschapij |
| RDP | Reconstruction and Development Programme |
| RSA | Republic of South Africa |
| SA | South Africa |
| SADC | Southern African Development Community |
| SADCC | Southern African Development Coordinating Committee |
| SAR | South African Republic |
| SATCC | Southern African Transport Coordinating Committee |
| SCMB | Standard Corporate Merchant Bank |
| TRAC | Trans African Concessions |
| UCT | University of Cape Town |
| USAID | United States Agency for International Development |

iii. Historical Timeline of the Maputo Corridor

Early History

| | |
|------------------|--|
| 1837 | Louis Trichardt treks to Delagoa Bay. |
| 1842 | Johann Smellekamp sails into Delagoa Bay. |
| August 1858 | South African Republic and Portugal recognise each other. |
| 26 June 1860 | First train in South Africa -- steam train from Durban to the Point 1.87 miles. |
| 1867 | Discovery of diamonds near Kimberley. |
| 1868 | President Pretorius attempts to annex part of Mozambique. |
| July 1869 | New Treaty signed between SAR and Portugal. |
| 1871 | "Matola" Road constructed to Lourenço Marques. |
| 1873 | Free trade pact signed between Portugal and SAR. |
| 1875 | French President McMahon decides in favour of Portugal's sovereignty over Delagoa Bay. President T.F. Burgers travels to Europe to raise capital for a railway. |
| 1876 | Nellmapius' new road opens to Pilgrim's Rest. |
| 1877 | UK annexes South African Republic. |
| May 1879 | UK and Portugal sign Lourenço Marques Treaty. |
| 1881 | South African Republic regains sovereignty. |
| June 1886 | Discovery of Witwatersrand gold fields. |
| December 1891 | Sivewright Agreement extends Cape line to Rand. |
| 1893 | Cape -- Johannesburg line completed. |
| January 1895 | Lourenço Marques connected via Ressano Garcia to Transvaal. |
| December 1895 | Durban -- Johannesburg line opens to traffic. |
| 1898 | Secret Anglo-German Agreement. |
| April 1901 | Mozambican labour recruitment recommences. |
| December 1901 | <i>Modus Vivendi</i> signed. |
| 1924 | Pact government formed. |
| April 1909 | Lourenço Marques Convention signed. |
| 1928 | Mozambique Convention signed. |
| 1955 | Limpopo line opens. |
| 1962 | Frelimo founded in Dar es Salaam. |
| 1964 | Lourenço Marques -- Goba, Swaziland line opens. |
| 1965 | Rhodesian Unilateral Declaration of Independence. |
| 1973 | Zambia closes border with Rhodesia until 1978. |
| pre 1975 | Over 200,000 South Africans travel to Mozambique annually. |
| 7 September 1974 | Portuguese sign Lusaka Protocols. |
| 25 June 1975 | Mozambique achieves independence. |
| 1976 | Richards Bay and Saldanha ports come on line. |
| March 1976 | Mozambique closes border with Rhodesia. |
| 1980 | Zimbabwe achieves independence and border with Mozambique is re-opened. |
| 1 April 1980 | SADCC founded in Lusaka? |
| June 1980 | SADCC makes its first effort to rehabilitate Mozambican ports (10 year project @ US\$10 billion). |
| 1982 | Ruth First assassinated in Maputo. SADF Commandos destroy Beira oil storage depot. |
| 16 March 1984 | Nkomati Accords signed. |
| 1987 | Mozambique launches Economic Recovery Plan. |
| 4 October 1992 | General Peace Agreement for Mozambique signed in Rome. |
| 1990 | Opposition parties unbanned in South Africa; dissidents freed. |
| 1993 | The African Development Bank releases a report on the prospects for regional co-operation in Southern |

Africa; infrastructure development is highlighted, private sector participation suggested.

NINETEEN NINETY-FOUR

April South Africa appoints John Sunde as first ambassador to Mozambique.

Mid April Passenger train service between Johannesburg and Maputo is restored.

15 July Joe Modise and Matthews Phosa go to Mozambique for talks.

20 July Mandela visits Maputo to sign an agreement on security, trade, and the Cahora Bassa hydroelectric scheme. Agreement sets up bi-national commission.

Late July Cross-Border Committee established (drug- and arms smuggling, stock theft).
Mozambican troops loot goods train 25 km west of Maputo -- all train service suspended.

August Passenger service to Maputo reintroduced.

September Premier Matthews Phosa declares a road from Middelburg to Maputo a priority.

NINETEEN NINETY-FIVE

General CFM rejects US\$25 million from USAID for severance packages. With 15,000 employees, CFM is Mozambique's largest employer.
1 800 tons of USAID grain stolen "losses of the magnitude suffered in the recent deliveries of USAID-financed maize are clearly so large that they must have required a high degree of organisational planning." further shipments suspended.

January Phosa meets governor of Mozambique's Gaza province to discuss border security, agriculture and infrastructure.

July Ketso Gordhan (transportation D-G) officially announces the Maputo Corridor project.

August Manuel, Maharaj and Sigcau fly to Mozambique to finalise details of multimodal transportation agreement including corridor development.
Maharaj introduces concept of "development corridor" for first time at super-cabinet meeting.

September Discussions held between Northern Province and Gaza Province with goal of a Kruger Park border post. A Road through Kruger Park is proposed.
Environmental Affairs and Tourism Minister Dawie DeVilliers condemns idea of Kruger Park road, as it would exacerbate problems with poaching, migration, and crime.

October South Africa's two largest coal exporters express grave doubts that port of Maputo could adequately service their needs.

NINETEEN NINETY-SIX

7 February Phosa calls on investors to join in infrastructure funding.

20 February Maputo Development Corridor launch showcase trip to Maputo runs into problems. (Maharaj, Gordhan, and Phosa present)

15 March Rennies, P&O and CFM invest in Maputo container terminal. Goal: increase 12,000 containers/year at present to 100,000 containers/year in four years.

19 March Mpumalanga's first private sector investors' conference held - focus on Maputo Corridor.

| | |
|-----------------|--|
| Late March | Government calls for tenders in road and rail upgrading project (expected to be awarded in first week of June). |
| April | MDC "launched" with support of Mandela in Maputo. |
| 4 April | Mozambican businessmen seek protection from South Africa - demand for government guarantee of a portion of building contracts. |
| 22 April | Matthews Phosa presents plans to include Swaziland and Botswana in Maputo Corridor. "We are looking at creating a direct transport link straight through Swaziland from northern KwaZulu-Natal to serve as a second feeder for the harbour [at Maputo]." |
| May | Police stationed every 500m to 2 km along N4 in Mozambique. KwaZulu-Natal, Mozambique, and Swaziland agree on N2 expansion. |
| 2-3 May | Nzo chairs first sitting of South Africa-Mozambique co-operation commission. |
| 6-7 May | Maputo Corridor Investment Conference. Goal: Mandela) Maximise private sector participation. 500 potential investors at conference. Transnet and CFM sign a declaration of intent to upgrade rail link between Ressano Garcia and Maputo. |
| 9 May | Renamo accuses Frelimo of going ahead with MDC without consultation of other parties. |
| 3rd week in May | Three day Frelimo party congress. Frelimo reverses its stand on privatisation. |
| June | Mpumalanga releases its strategic plan. Joe Magagula holds talks with KZN Premier Mdlalose on Maputo Development Corridor |
| 28 June | Joe Magagula envisions super-corridor from the Atlantic to the Indian Ocean to Cape Town. |
| end of June | Tenders for N4 extended until last day of June. |
| first week July | SA Infrastructure Fund launched by SCMB. First of its kind in Africa. |
| 27 July | Framework accord signed by Maharaj and Muxanga compromising three agreements. Maputo Corridor Company established. |
| July/August | European promotional roadshow for Maputo Corridor. |
| 14 August | DTI earmarks \$5bn of investments in Maputo Corridor |
| 20 August | Mozambican and Zimbabwean foreign ministers meet and pledge to deepen co-operation. |
| September | Transportation white paper released, revolutionising the role of government in transport provision. |
| 5 September | Two consortiums short-listed for N4 |
| 6 September | Meeting of UK-South Africa trade association -- Maharaj says, "a cost-effective, efficient transport system could substantially lower the cost of trade." |
| 17 September | Final N4 bids to be submitted in early October (winner to be announced in late October and construction is set to begin in January) |
| 29 September | Maharaj and Muxanga meet in Maputo |
| October | UK delegation arrives to assess investment potential of Maputo Corridor. |
| 30 October | Swazi government signs Memorandum of Co-operation to join in Maputo Corridor. |
| 22 November | Head of Grinaker Construction estimates cost of toll road at R3 billion, not R600 million. |
| December | Plans to privatise port of Maputo announced. 70% private shareholding expected; bidding in 1997. Tenders for rail rehabilitation in Mozambique to be ready. |
| Late 1996 | N4 toll road awarded to Trans African Concessions. |

NINETEEN NINETY-SEVEN

- 13 January Ketso Gordhan announces that national roads agency to be in place by April of 1998 with responsibility for national roads network and all Build-Operate-Transfer roads.
- 17 February Maharaj meets Wolfensohn in Maputo. World Bank recognition called "groundbreaking" as the Bank usually only lends to governments and not to regions.
- 17 March Investec and Nedbank appointed as leaders for organising R700m local debt.
- 18 March Thabo Mbeki opens first major toll road financed by private sector. N1 between Warmbaths and Pietersburg is a "precursor of a whole generation of projects" -- Maharaj.
- 18 June The Industrial Development Corporation selects Maputo as the site of its iron reduction plant, nixing plans to build it in Phalaborwa.
- 23 July CFM releases a report calling for the leasing of its rail lines to domestic and foreign companies.
- 29 October Three companies are short-listed for the N4 "platinum" toll road in the Northwest Province.
- Late October Government shelves plans for the "Wild Coast Toll Road," similar to the Maputo Corridor Toll Road. The project would not be economically viable.
- Early November Fish River/Wild Coast Spatial Development Initiative Investors' Conference held.
- 20 November Phosa attends SADC conference and discusses migration and other issues of regional cooperation.
- 18 December Preferred bidder to be announced for Maputo Port management contract.
- April 1998 Contract for rehabilitation of the Port of Maputo expected to be awarded.
- May 1998 Lubombo Spatial Development Initiative (South Africa, Mozambique, and Swaziland) launched by three heads of state.

1. Introduction

The Maputo Development Corridor is a major infrastructure and development project that will tie Southern Mozambique to South Africa's Mpumalanga, Gauteng, and Northern Provinces. The Corridor is an intricate web of private- and public-sector investment between Witbank and Maputo. The Corridor's many actors include the private sector, international financial institutions, and the governments of South Africa, Mpumalanga, the Northern Province, and Mozambique. The Maputo Corridor comprises: new infrastructure investment in ports, rail, and roads; institutional reform at the border crossing; and promotion of the region to private sector investors through a number of investment incentives. The Maputo Corridor is the most prominent of a number of Spatial Development Initiativesⁱ(SDIs) promoted by the South African government.

Economic development is one of the primary tasks of any government. Development policy is almost always controversial, but it is particularly contentious in post-Apartheid South Africa. Despite some policies clearly bearing the neo-liberal stamp,ⁱⁱ there is no single accepted paradigm for development. The ANC seems to vacillate between neo-liberal and socialist thinking in its development policy. The governing coalition includes everyone from Marxists to free-marketeters. Since the Maputo Corridor is the largest new development project undertaken to date, a case study of the Corridor would provide clues about the ANC's ideological stance. Such a study would be particularly enlightening in terms of understanding the ANC's economic policy, South Africa's unique brand of federalism, and South Africa -- Mozambique relations.

This paper will investigate three factors that contributed to the implementation and development of the Maputo Corridor. First, the importance of the historical legacy of transport relations between South Africa and Mozambique will be studied.ⁱⁱⁱ The precedent for the Maputo Corridor was set over one hundred years ago, when the Reef was linked via rail to Lourenço Marques. A number of recurrent themes emerge from the history of this route, also known as the "Oosterlijn," which have important implications for current policy-formation.

ⁱSpatial Development Initiatives are regional development schemes that include both infrastructure upgrading and incentives for investment. There are a number of SDIs across South Africa. SDIs are promoted by South Africa's Departments of Transportation and Trade and Industry.

ⁱⁱFor example, the Growth, Employment, and Redistribution plan largely adheres to the principles of neo-liberalism as expressed by international financial institutions.

ⁱⁱⁱThe historical legacy is the history of South Africa -- Mozambique relations and how this impacts policy formation at present.

Second, the role of leadership will be investigated. Understanding who is in control of policy is essential, because leaders have the power to influence policy in a variety of ways. It is not uncommon for leaders to influence policy to their own benefit. Identification of the leaders of the Maputo Corridor will contribute to our understanding of the motivations for the Corridor.

Third, the domestic and regional strategies of Frelimo and the ANC and how these strategies contributed to the Corridor development will be discussed. Within South Africa, the Corridor may be one means of protecting the economic heartland of Gauteng from potential blackmail from KwaZulu-Natal. Regionally,^{iv} the Corridor is one facet of a strategy to create a more integrated and prosperous neighbourhood. In addition, the Maputo Corridor fits neatly into Frelimo's economic and regional strategies.

It was hypothesised that these three factors – history, leadership, and strategic motivations, affected the implementation of the Maputo Corridor. To more fully understand the impact of these factors, the implementation process, or the way the concept of a development corridor was transformed into bricks and mortar, will be discussed (see figure one).

1.1 What are Development Corridors?

Development corridors take many forms. In South Africa alone, there are planned corridors that never leave one city (Soweto - CBD), corridors that entail primarily new infrastructure (East London - Butterworth), and corridors that entail very little new infrastructure but are attempts to attract private investment to a particular area. All development corridors are essentially composed of the area around a major route in which development is, or potentially could be, concentrated.¹ According to the Maputo Development Corridor Interim Coordinating Committee Technical Team, development corridors

are almost always assigned to that linear geographic area bisected by an existing or potential infrastructure route 'spine.' Such infrastructure enables access to points at both ends of, and within, the corridor, and is usually the critical link spurring development along the corridor. Often, investments in upgrading or constructing new spine highways, rail lines, canals, gas/oil pipelines, or communications infrastructure are made to enhance opportunities within the corridor.²

In short, corridors are linear areas identified for accelerated infrastructure/development funding, where incentives for new investment are provided.

^{iv}Regional policy is South African or Mozambican foreign policy involving the SADC region.

The Interim Coordinating Committee distinguishes between three types of development corridors:

First, *development promotion corridors* are corridors envisioned with the idea of attracting investment of one particular type or another.³ These corridors aim to take advantage of agglomeration and scale economies.^v For example, by linking existing or proposed biotechnology facilities, universities, and hospitals with a development promotion corridor, new investment could be attracted as an area is recognised as a place of research excellence. A development promotion corridor allows for more effective marketing of a particular region to potential investors. New infrastructure is not always needed for a development promotion corridor. Although not technically corridors, the research triangle area in North Carolina and Fairfax County, Virginia are examples of this type of initiative.

Second, *heritage corridors* attempt to promote the development of an area's natural or historic resources, while conserving the area's unique attributes. In the US, heritage corridors are promoted by the National Park Service in order to encourage holistic development of scattered natural attractions or historical sites.^{vi} Infrastructure improvements in these corridors must proceed with care in order to avoid negatively impacting the surrounding area.⁴

The third type of development corridor is the *access corridor*. Access corridors' primary objective is to facilitate access between production and export facilities or between production facilities and sources of power. However, an access corridor also creates opportunities along its entire length by improving transportation to existing human and natural resources. The Sao Paulo - Buenos Aires corridor is likely the largest example of this type of project. This corridor is a co-operative venture between three countries spanning 2,100 kilometres from end to end. When completed, the road will cut transport costs by 50% and delivery time by over 90%.⁵

Southern Africa's experience with development corridors is limited largely to *simple access corridors*, all of which were built during the colonial era. Simple access corridors provide for the movement of goods between point A, usually a mineral extraction area or industrial centre and point B, a port. Development along the route of the corridor is not emphasised, and if it takes place at all, is concentrated around a

^vAgglomeration economies mean that spatial clustering firms of a similar type (such as in Silicon Valley) increases their efficiency, innovation, and competitiveness. Scale economies are efficiencies which increase as firm or plant size increases. A development promotion corridor would provide opportunity for scale economies by improving transport, effectively increasing a given plant's market area. By clustering similar firms spatially, a development promotion corridor would achieve agglomeration economies.

limited number of intermodal nodes^{vii} (see figure two). Examples of such corridors are the Limpopo (Harare - Maputo), Benguela (Shaba - Benguela), Nacala (Malawi - Nacala), and Beira (Harare - Beira). These transport corridors were the focus of much attention and investment during the SADCC years.^{viii} Southern African examples of other types of development corridors are limited. The N1 between Johannesburg and Pretoria has grown organically into a sort of development promotion corridor.⁶ However, the driving force behind this high-tech corridor is largely the collapse of central business districts in Gauteng.^{ix}

In South Africa, the concept of development corridors emerged in the 1975 National Physical Development Plan (NPDP). The plan identified a number of development axes (see figure three). However, the lack of sufficient investment incentives and the absence of a support and promotion system meant that little developed along these routes.⁷ Ironically, much of South Africa's experience relevant to the Maputo Development Corridor comes from the Apartheid homeland system. In order to make the homelands more self-sufficient and to bolster the political and economic arguments behind separate development, the industrial decentralisation program was launched. The government, along with the Development Bank of Southern Africa (DBSA), provided incentives for investors to locate new investments in homeland areas.⁸ The program had mixed success; similar incentives are used to attract companies to the Maputo Corridor area. The primary difference is that the Corridor's development potential is far greater than that of any of the former homelands.

1.2 Definition of the Maputo Development Corridor

The Maputo Development Corridor (MDC) is one of a number of *spatial development initiatives* (SDIs) promoted by South Africa's Departments of Transport and Trade and Industry. SDIs are multifaceted projects aimed at encouraging economic growth and enhancing South

^{vi} The Colonial Parkway, linking Jamestown, Williamsburg, and Yorktown in Virginia, is an example of this type of corridor.

^{vii} An intermodal node is a location where an individual or goods can change from one mode of transport to another. Examples of intermodal nodes are ports, railway stations, and airports. Atlanta is an oft-cited example of how an intermodal node can become a major city.

^{viii} see Tortensen, Arne. Dependence and Collective Self-reliance in Southern Africa: the Case of SADCC (Uppsala: Scandinavian Institute of African Studies, 1982).

^{ix} Gauteng has emerged as a single metropolis covering a large area with low-density clusters of malls, residential subdivisions, office developments and entertainment complexes linked by a system of highways. As such, Gauteng closely resembles American 'new cities.' According to Robert Fishman, "the basic unit of the new city is not the street measured in blocks, but the "growth corridor" stretching 50 to 100 miles." The N1 is Gauteng's growth corridor. For a comprehensive analysis of American urban trends see Fishman, Robert. (1990) "America's New City," The Wilson Quarterly, 14, pp. 24-48.

Africa's international competitiveness through infrastructure development. The Maputo Development Corridor is a hybrid corridor, comprising attributes of several types of development corridors.

The Corridor is designed to facilitate access. Transport between the endpoints and various intermodal nodes is improved through infrastructure upgrading. A new highway and improved rail links should speed transport and reduce costs. This aspect of the project is similar to Southern Africa's simple access corridors.

Certain sections, such as Northern KwaZulu-Natal and the sub-corridor to Xai-Xai, are to be developed as a type of heritage corridor. Sensitive and appropriate development should encourage tourism and appreciation of the natural surroundings. Prior to 1975, over 200,000 South Africans followed to N4 to holidays in Mozambique annually.⁹ A newly renovated N4 combined with peace in Mozambique should encourage the return of tourists, who will follow the heritage corridors up and down the coast.

In addition, a variety of instruments are designed to facilitate development *along the length* of the corridor. Inducements are provided for investment and government will provide accelerated development funds for the areas adjacent to the corridor. In this aspect the Maputo Corridor is similar to development promotion corridors and to the industrial decentralisation schemes of the past. Investment in the corridor area is promoted by the central governments of South Africa and Mozambique, the Mpumalanga government, and a dedicated Maputo Corridor Company.

The Maputo Corridor has its roots in the region's simple access corridors, experience garnered from separate development, and international development experience. Together these initiatives are anticipated to stimulate economic growth in the area between Gauteng, Maputo, and Northern Natal. Benefits from the Corridor are expected to accrue at the end points as well as to the areas adjacent to the infrastructure (see figure four).

The Maputo Corridor is composed of a primary corridor and a secondary corridor. The primary corridor comprises rail, road, and telecommunications links between Witbank and Maputo. The primary corridor also includes the main urban centres along the route. The secondary corridor area consists of the administratively definable areas immediately adjacent to the primary corridor. In practice, this is the area which receives attention in terms of new investment and accelerated RDP funding. The secondary corridor is composed of the bordering magisterial districts. This demarcation is useful for statistical purposes.

The corridor also includes three *tertiary resource nodes and feeder links*.^{*} These are: a link to Ponta do Ouro to facilitate tourist development with Northern KwaZulu-Natal; a link from Middelburg to Steelport; and a link to the petrochemical cluster in Secunda. In addition there are two sub-corridors, one to Phalaborwa and Tzaneen in the Northern Province and another to Xai-Xai in Mozambique (see figure five).¹⁰

The corridor includes five major projects: the N4 toll road between Witbank and Maputo; upgrading of rail service between Komatipoort and Maputo; improvement and dredging to the Port of Maputo; restructuring the border post to allow more efficient movement of people and goods; and new telecommunications infrastructure connecting South Africa and Mozambique.

1.3 Why Study the Politics of the Maputo Development Corridor?

The politics of development are almost always contentious. Any policy decision favours some groups in society over others. Policy can favour old people over younger people, companies over workers or vice versa. In South Africa, business and labour fought endlessly over the new Labour Relations Act. Each group hoped to use its influence to create conditions favourable to their own interests. Every new development initiative will experience such a struggle as different groups compete for benefits. This behaviour is also known as rent-seeking.

The politics surrounding transportation development can be particularly quarrelsome as the benefits of transport networks are spatially concentrated.^{*i} A new road will only affect those individuals and companies which it passes. For example, the choice to route the N1 via Bloemfontein rather than Kimberley is profitable for individuals and businesses in Bloemfontein. To secure such benefits, different regions often compete for limited infrastructure capital. This competition can become especially fierce in countries with limited infrastructure budgets like South Africa.

The stakes in new transport infrastructure are high; by making one or another region more accessible to the national or world markets, this region becomes relatively privileged. New transport infrastructure changes the spatial distribution of opportunity, demand, and supply. An

^{*}Tertiary resource nodes and feeder links are essentially improved infrastructure links to areas that offer existing or potential economic opportunity and are in proximity to, but not part of, the axis between Witbank and Maputo (roughly along the N4).

^{*i}Access to a transportation network means that an individual or firm's market is larger than without such access. This allows opportunities for

area with access to a larger market has opportunities for specialisation and trade that an isolated area lacks. An area bypassed by transport and communications networks is virtually guaranteed to languish in poverty. Brittany, the Tennessee Valley, and parts of the Eastern Cape are excellent examples of this phenomenon.

Not only can infrastructure make or break a region's development plans, the allocation of new infrastructure can be an indication of political power. Infrastructure provision usually follows power. Research on the allocation of new infrastructure can contribute to our understanding of political power structures in Southern Africa. For example, Gbadolite, the home town of ex-Zairian President Mobutu, was the only part of Zaire with adequate and functional infrastructure.¹¹ This holds true in South Africa. The fact that rural farmers were electrified at great expense while urban township residents remained in darkness was an indication of the relative political power of these groups under Apartheid.

But the Maputo Corridor is not just about opening hitherto isolated areas to the world market. It is about maintaining Gauteng's access to the sea. Gauteng's major export routes (Durban and Richards Bay) traverse territory under the control of the potentially secessionist Inkatha Freedom Party (IFP). External control over an inland country or region's access to the sea has serious political, military, and economic consequences for that area. External control entails the loss of some sovereignty and independence. Control over Gauteng's two major transport routes provides the opportunity for the IFP to apply pressure to the central government. The Maputo Development Corridor may be part of a strategy to mitigate this situation.

The politics of the Maputo Corridor are interesting primarily because of the insights they provide into government policy. The Maputo Corridor allows us to better understand ANC policy both domestically and regionally. The corridor provides clues as to the operation of federalism in the new South Africa because it is the shared responsibility of the central and provincial governments. The division of responsibilities in the project is one example of how power is allocated in South Africa's nascent federal system. The Corridor gives us an idea of where the government stands in its economic and development policy. Is the ANC still the socialist party of the 1960s or does it now more closely resemble Thatcher's Tories? The Maputo Corridor provides insight into the ANC's agenda for the Southern African region. The Corridor is the most concrete indication yet of the ANC's intentions towards the country's neighbours. Of all the cross-border

specialisation, growth, and development. The greater the distance from a transportation network, the more difficult it is to access the market.

projects in Southern Africa, the Maputo Corridor is the largest and most progressed.

The Maputo Corridor project also provides insight into Frelimo policy. Frelimo's economic policy has made an abrupt about-face; onetime central planners are now courting foreign investors. The Corridor also contributes to an understanding of Mozambique's policy towards its neighbours in Southern Africa.

1.4 Methodology

After the choice of the Maputo Development Corridor as a research topic, questions of research methodology loomed large. The current state of methodological pluralism in the discipline demanded that I critically assess different approaches before coming to terms with a particular method.^{xii}

First, I asked myself a number of questions about the research. What was my institutional and social context? What were my expectations and how would they influence my research? What impact did I intend the research to have? How would I ensure reliability? What sources would be the most useful?

This exercise resulted in my adoption of a hybrid methodology, however largely in accordance with the neo-realist school, where I felt most comfortable. First, I decided to study the Johannesburg -- Maputo transport route from an historical perspective. The emphasis of the historical section would be to identify recurrent historical themes with relevance for the present. I decided to avoid a technocratic paper full of statistics; much writing on Southern African corridors from the 1980s was pursued in this manner, ignoring capabilities and motivations, and these studies seemed overly optimistic and generally unreliable.

This juncture called for the formation of a research question. The question that would guide my research was, "What are the major factors contributing to the development of the Maputo Development Corridor?" A list of potential contributing factors was compiled. This was subsequently narrowed to three, which would be the focus of my research (see figure one).

The historical legacy of the region was one of the factors hypothesised to contribute to the Corridor's development. Policy-makers' understanding of a symbiotic relationship between South Africa

^{xii}I was helped greatly in this endeavour by Richard Griggs of UCT's Department of Environmental and Geographical Sciences.

and Southern Mozambique in the 1950s, 60s, and 70s encouraged them to attempt to reinvigorate that relationship.

Leadership was expected to leave its stamp on the implementation of the Corridor. Leaders were expected to come from areas likely to benefit from the Corridor. According to newspaper articles, Mpumalanga was taking the lead in the Corridor's development, as would be expected.

African National Congress and Frelimo strategy^{xiii} was expected to contribute to the development Corridor. For the South Africans, the Corridor would concurrently cement ties with neighbouring states and insulate Gauteng from any potential transport blockages. For the Mozambicans, the Corridor would underscore the Economic Recovery Programme and would pay to rehabilitate major infrastructure.^{xiv} For both countries, long-term strategic objectives were a primary motivation for the Corridor.

These hypotheses were formed based on information from written sources: newspaper articles, magazine articles, and journal articles (listed in descending order of importance). In order to check the accuracy of these published reports and of my hypotheses, I decided to interview those involved directly with the implementation of the Maputo Corridor.

Interviews were requested with a number of individuals identified from press reports. Initially, letters requesting interviews were sent out to: Joe Magagula, Director of Strategic Planning, Province of Mpumalanga; Paul Jourdan, Director of Special Projects, Department of Trade and Industry, Ketso Gordhan, Director-General, Department of Transport; Alec Erwin, Minister of Trade and Industry; Matthews Phosa, Premier of Mpumalanga; and Mac Maharaj, Minister of Transport.

After regular contact with the relevant offices, interviews were scheduled for the final week of May with the following individuals: Karin Pearce, Director of Special Projects at the Department of Transport; George Jamieson of the TRAC Consortium with the N4 contract; Benedito Nassone, Economic Affairs, Embassy of Mozambique in Pretoria; Dr. A. Zacarias, Professor of International Relations, Witwatersrand University; Joe Magagula; Coleman Nyathi, Director, Department of Economic Affairs and Gaming, Province of Mpumalanga; and Francisca Soares, Director of Planning at Mozambique's Department of Transport.^{xv}

^{xiii}Strategy is understood to mean a plan of action or policy in line with long-term political objectives.

^{xiv}The Maputo Corridor is the product of both South African and Mozambican policy. However, an assumption was made that South Africa was the leading partner. In addition, I chose to focus on South Africa due to my access to source materials, language barriers, and other practical requirements. Frelimo policy will be addressed, but not to the same degree as ANC policy.

^{xv}All interviews were successfully concluded, except for the interviews with Nassone and Zacarias which were cancelled due to transportation problems.

Since the subjects of the interviews were a small number of important politicians and civil servants, relatively unstructured and in-depth interviews were envisioned. As far as possible consistency was maintained. I strove to arrive ten minutes prior to the interviews and a jacket and tie were worn. Each interview started with a brief introduction and an explanation of the purpose of my research. A question list was drawn up prior to each interview. To avoid biasing my interview subjects, open-ended questions were asked.

The interviews were structured with three goals in mind. The first was to gain a working knowledge of how the Corridor was implemented. The second goal was to understand the power structures behind the Corridor, to ascertain who was in charge of the development, and to clarify the relationship between Mpumalanga and the central government. Interviewees were asked about their role in the Corridor and about their perception of the leading figures in the development. The third goal was to understand how the Corridor served as an indicator of the ANC and Frelimo's policies. The interviews were recorded and transcribed.

The result of my work is this paper, which seeks to analyse and discuss several factors that influence the implementation of the Maputo Corridor. In order to check the accuracy of my research and to have an impact on the policy process, copies of the paper were sent to the research subjects. They were requested to provide criticism of and commentary on the research.

2. History of the Maputo Corridor

A number of recurrent themes emerge from the history of South Africa's relations with Mozambique. (1) The strategic significanceⁱ of Delagoa Bay was recognised in the early 1800s, but was only realised with the construction of a railroad at the end of the century. Even during twenty years of virtual warfare between South Africa and Mozambique the strategic significance of Southern Mozambique remained undiminished. The geographic logic of the link between Africa's largest agglomeration of economic activity (Johannesburg) and its closest port (Maputo) is undeniable. The Maputo Corridor project is an attempt to reclaim the region's potential for peaceful purposes.

Several of these themes are problematic. (2) Fear of foreign domination has driven both Portuguese and Mozambican policy for centuries. This concern was not unjustified. During the 19th and early 20th centuries, South Africans tried to annex parts of Southern Mozambique repeatedly. More recently, South Africa was implicated in the devastation of Mozambique through terrorism and guerrilla warfare. At several points in history, constructive relations were nearly scuttled by Portuguese or Mozambican anxiety about the potential for foreign domination of Southern Mozambique.

(3) Concerns about efficiency in Mozambique surface repeatedly in the history of transport relations. South African complaints about Portuguese management of the port and railway started soon after the railway's completion, and were a regular feature of the next 90 years. This is particularly true of the period after 1975, when the port and rail system's efficiency nose-dived. Simply returning to pre-independence efficiency will be a challenge.

(4) Finally, competition and periodic skirmishes between different provinces in South Africa (primarily the Transvaal, Natal, and the Cape) came close to spoiling relations between South Africa and Mozambique at a number of junctures in the early part of this century.

Policy-makers must be aware of the restraints placed on policy-formation by past decisions and must understand how their world-view is shaped by the history of the Southern African region. The following work is an attempt to create an accessible and useful introduction to

ⁱThe strategic significance of Southern Mozambique is defined as the military and economic importance of the region to Portugal, the United Kingdom, Germany, South Africa or Mozambique.

the history of the Maputo Corridor for policy-makers, academics, and interested individuals.

2.1 Early Recognition Of The Bay's Potential And Broken Promises

Early contact between the Afrikaner residents of the Transvaal and the Portuguese was the result of the proximity of Delagoa Bay to the Eastern Transvaal and the Afrikaners' long-standing desire to rid themselves of dependence on the British. An independent supply route would be the key to greater autonomy and independence for the Afrikaners. In addition, an alternative route would make good business sense. The cost of trading via British South African ports was high due to transport levies and customs duties. Competition from another route would cut transport costs.

As early as 1837, Hendrik Potgieter recognised the strategic importance of Delagoa Bay. Characterised as "the most restless of Voortrekkers," Potgieter was the first to champion the cause of linking the Transvaal with Southern Mozambique.¹ The difficulty of realising Potgieter's dream was demonstrated one year later by Louis Trichardt when he travelled to Delagoa Bay during an exploratory mission. Although Delagoa Bay was not far from the Eastern Highveld, Trichardt only reached the Bay after contracting the malaria and sleeping sickness that were endemic to the region. His oxen and horses were plagued by tsetse flies.² Transport through the area remained impractical and most contact and trade between the Boers and the outside world continued to proceed via Natal and the Cape.ⁱⁱ

Five years later Johann Smellekamp, a Dutch Trader, was refused landing rights at Port Natal. His ship, the *Brazilia*, was loaded with cargo destined for the estimated 15,000 Boers in the interior. Smellekamp decided to sail up the coast to Delagoa Bay where he might be able to trade with the Boers. He hoped to establish a trading post and was warmly welcomed by the governor of Lourenço Marques. However, metropolitan Portugal feared losing control over the Bay. Smellekamp's operation could have given the Boers a toehold in Southern Mozambique. Smellekamp was refused the right to settle.³

Despite this inauspicious beginning, there was no shortage of visionaries with plans for roads to Delagoa Bay. These plans were the result of two motivations: personal profit for the developers, and the Boers' recognition of their precarious position encircled by the

ⁱⁱ Early maps show the area East of the Lebombo mountains as uninhabited due to Tsetse fly infestation. See figure six.

British. The Volksraad authorised the construction of a road to Delagoa Bay in the 1840s. However, Portuguese authorities, fearing British reprisals, refused permission for the road.⁴ All plans came to naught until August 1858, when the Portuguese government and the South African Republic signed several treaties. The parties recognised each other, established borders, outlawed the slave trade, agreed to build a road, and signed a mutual defence treaty.⁵

A decade passed, and no action was taken to construct the road. A frustrated President Pretorius attempted to secure free access to the ocean for the Transvaal by annexing a strip of land two miles wide on the banks of the Maputo River from the border to Delagoa Bay. Pressure from the Cape, Natal, and Portugal forced him to withdraw his claim, and it was recognised that the sea would have to be reached with the co-operation of Lisbon. A new treaty was signed between the South African Republic and Portugal on July 19, 1869, covering roughly the same issues as the 1858 treaties.⁶

Finally, in January 1871 work began on a road from Delagoa Bay to the South African Republic via Northern Swaziland. The road was hastily completed and it was nicknamed the "Matola" after a river it crossed. A company was formed to transport goods along the Matola, but relatively inefficient human porters had to be used as mules succumbed to tsetse flies.⁷ It would not be until the arrival of rail in this part Southern Africa that the Delagoa Bay route would become truly workable.

Despite these technical obstacles, another road was built to connect the Republic with the Bay. A.H. Nellmapius, an associate of Paul Kruger, opened his road to Pilgrim's Rest early in 1876. This road facilitated trade because it connected with a more efficient network of roads inland, because of lower customs duties, and because of the lower cost of sea transport to Lourenço Marques.⁸

The treaty of 1869 and the flurry of road construction between the South African Republic and Delagoa Bay represented a threat to the British regional policy of containing the Boers. The British attempted to close this outlet for the Transvaal by claiming a portion of Southern Mozambique based on the assertion that it had not been effectively occupied by the Portuguese. Following an acrimonious exchange of positions, Portugal and the UK submitted their claims to arbitration by the French President in 1872 and the issue was settled in Portugal's favour three years later.⁹ British heavy-handedness made bedfellows out of Portuguese administration in Lourenço Marques and the Boers; a free trade pact was signed in 1873.¹⁰

By the 1870s, the pattern of relations in the region was already established. Britain, the regional heavyweight, was feared by both the Boers and the Portuguese. The Transvaalers sought closer ties with Delagoa Bay to safeguard their independence. The Portuguese were cautious about deepening their relationship with the Boer republic for fear that the British might seize one of their most valued colonial possessions. The new roads that were constructed were of limited use due to technical difficulties. Only rail transport would make the route economically viable, and neither the Transvaal nor the Portuguese had the capital for such a major undertaking.

2.2 Rails to the Rand: Railroad Construction Booms

A number of speculators, politicians, and adventurers promoted the idea of a rail line linking the Transvaal with Delagoa Bay. In the 1870s several abortive attempts were even made at constructing the line. However, the economic rationale behind these plans was weak; commerce with the interior hardly justified construction of a railway. Another obstacle was the corruption and inefficiency of the Transvaal government. Successive Transvaal governments simply lacked the capacity to implement such a project. The situation was not helped by strong opposition to railways by a large number of Burgers.¹¹ It was only with the discovery of gold on the Witwatersrand in the 1880s that a railway became truly viable. The 1890s were characterised by intense competition between the railways of the Cape, Natal, and Mozambique to reach the Rand.

The idea of a railway linking Lourenço Marques with the Transvaal was first and probably most actively promoted by W.O. Forsman, Portuguese Consul to the South African Republic during the 1870s. This idea caught the imagination of President T.F. Burgers who travelled to Europe in 1875 to raise capital for the railway.¹² Shortly before his trip, a number of South American governments defaulted on loans to major European finance houses, and the banks were hesitant to loan money to developing countries. In addition to this hurdle, the proposed railway line had never been surveyed, and there were strong doubts that there would ever be enough traffic to pay for the infrastructure.

Regardless, Burgers was able to obtain a project loan in Amsterdam. The loan amounted to £80,000. By the time he secured the loan, President Burgers had *already* spent £117,000 on the project, including the purchase of a luxurious presidential carriage. The plan was a dismal failure. Construction materials worth £90 000 were seized

to repay debt, the railway construction crew was immediately sent from Lourenço Marques back to Holland, and the citizens of the SA Republic were unwilling to pay the 30s per farm railway tax.¹³ Any other plans for a railway were postponed after this disastrous experience.

In 1877 the UK annexed the South African Republic and the British administration, with their new perspective in the Transvaal, became ardent supporters of the Lourenço Marques railway. However, this initiative was temporarily halted by constituents in Natal and the Cape who felt that their interests were being undermined. Despite this opposition, negotiations between Portugal and the UK began in early 1878, and by December an agreement had been concluded that appeared to pave the way for a Transvaal-Mozambique railway.¹⁴ The Lourenço Marques Treaty was signed between the UK and Portugal in May 1879. Meanwhile, opposition to British rule mounted in the Transvaal and the Cape. By the end of 1880 the Transvaal was in open revolt. Unable to control the Boers, the British returned the Transvaal to Afrikaner control in 1881.¹⁵

The newly-independent Transvaal and Portugal dusted off plans to construct a railway. To avoid possible British interference, the Lebombo route, via Swaziland, was abandoned and a new route surveyed. A private concession for the Mozambican section was obtained by Edward McMurdo, an American adventurer and swindler. There were some irregularities in the awarding of the concession, and the concessionaire was allowed to set rates on the route independently. This was contrary both to common practice and Portuguese law.¹⁶ McMurdo quickly started construction on the line. However, the reality of his construction did not live up to expectations and four years and fifty-two poorly-built miles of railway later, the Portuguese cancelled the concession and nationalised the line as the CFLM (Caminhos de Ferro de Lourenço Marques).¹⁷

Construction of the "Oosterlijn"ⁱⁱⁱ was a dirty and dangerous undertaking. A wild frontier mentality prevailed. So many workers succumbed to malaria, that "every sleeper on the line hid a corpse" became a common saying. Conditions for African workers were particularly bad.¹⁸ Tsetse flies prevented the use of oxen; lions along the route developed a taste for the donkeys that replaced the oxen.¹⁹ Trains transporting pay to railway workers were held up on a number of occasions.²⁰

ⁱⁱⁱ "Oosterlijn" is the name commonly used to refer to the route between the Reef and Delagoa Bay in the late 19th Century.

A variety of rough and tumble Europeans were imported to work on the line. Workers formed several rival gangs; the most notorious of which was the "Irish Brigade." Every weekend they would return to Lourenço Marques to drink, whore, and wreck havoc. The locals lived in fear; the Irish Brigade were even responsible for the deaths of a few policemen. Their headquarters was a run-down hotel in the centre of town. The police blundered a raid on the hotel, and all of the Irishmen escaped. In retaliation, they destroyed a Portuguese gunship in the harbour before dispersing, never to be seen again.²¹

Kruger gave a concession for the Transvaal section of the line to the Dutch firm Maarschalk. However, financiers were unwilling to provide money because of the myriad of risks the project faced. Several years passed without any prospects for funding, and in desperation the Transvaal approached the Cape with a request for a customs union and a railway extension. This request was summarily denied.²² Finally, in 1887 the Berliner Handelsgesellschaft floated the Nederlands Zuid Afrikansche Spoorweg Maatschapij (NZASM). The company had the right to build all railways in the Transvaal, and could set rates up to a maximum established by the Volksraad.²³

The competition between different railways to reach the Rand was intense. In mid 1891 the Oosterlijn project ran into difficulties when it became impossible for the Transvaal to secure further loans. Abandoning plans to have the Oosterlijn as the first link between Johannesburg and the sea, the Transvaal once again asked the Cape for a railway extension. This time the Cape government agreed and the Sivewright Agreement (December 1891) between the Transvaal government and the Cape led to the extension of the Cape's Bloemfontein line to Johannesburg.²⁴

Between 1891 and 1892, perceptions of the Transvaal's economic future were considerably improved and the government took this opportunity to secure a loan of £2 million for the completion of the Oosterlijn. Construction proceeded on both the Cape and Lourenço Marques lines. On New Year's Day 1893 the Cape-Johannesburg railway was officially opened.²⁵ Concurrent negotiations between the Transvaal and Natal were progressing, albeit slowly. It took until February 1894 for an agreement to be reached. The agreement included a provision (Article XVIII) that guaranteed Durban and Delagoa Bay each no less than one-third but no more than one-half of traffic to Johannesburg and Pretoria.²⁶

The two sections of the line to Lourenço Marques met 56 miles from Pretoria on 20 October 1894. The route was opened to traffic on 1

January 1895, but the official opening was delayed until July when the Portuguese governor was available.²⁷ Competition for traffic ensued and in April 1895 the Cape convened a regional railway conference to bring some order to the transport sector. The delegates from the Cape, Mozambique, and the Transvaal were unable to come to any significant agreements and the transport rate war continued.²⁸

The original agreement between the Cape and Transvaal allowed the Cape to set tariffs through to Johannesburg. This allowed the Cape to consistently charge lower rates than those on the Oosterlijn. When the agreement lapsed, the NZASM raised rates on its section of the Cape line. The Cape Railways stopped using the NZASM section altogether and transferred its cargo to ox wagons when it reached the Transvaal. In response, Kruger closed the border at Viljoens and Zand Drifts. The Cape government and Colonial Office complained and Kruger re-opened the border to avoid the possibility of war.²⁹

Finally, in December of 1895 the railway from Johannesburg to Durban was opened. The regional transport situation gradually normalised. By 1898 the Cape, Natal and Mozambique all carried roughly equal shares of the Reef's traffic.³⁰

The late 1800s was a period of intense and rapid development in Southern Africa. The discovery of diamonds in Kimberley and gold in the Transvaal fundamentally changed the economy and would have a profound impact on the politics of the region. New-found wealth and optimism made the construction of rail lines feasible.^{iv} Within one decade the Rand was linked with three major ports in Natal, the Cape and Mozambique. However, this was also an era of heightened hostilities between the South African Republic and the British. The transport rate war that followed the completion of the rail lines was just one indication of a troubled future for the region.

2.3 The British, the Germans, the Boers, and Delagoa Bay

Portugal's weak hold over her colonies provided for much speculation over the future of Southern Mozambique. Prior to 1869, the British negotiated the right of "first refusal" for Delagoa Bay. This meant that Britain would have the right to refuse any potential purchaser of the Bay.³¹ With the signing of the Lourenço Marques Treaty

^{iv}For example, in 1873 the Cape Colony had 64 miles of railways. In 1885 there were 1,498 miles of railways in the Cape, resulting primarily from the discovery of diamonds (The Selborne Memorandum: A Review of Mutual Relations of the British South African Colonies in 1907, with an introduction by Basil Williams (London: Oxford University Press, 1925) 48.

(1879), the UK was at least two steps ahead of her European adversaries in the race to control the potentially lucrative Bay.³² However, the involvement of a German finance house in NZASM (1887) set rumours in motion regarding German intentions for the area. Germany did in fact have an interest in Northern Mozambique, adjacent to German East Africa. However, it seems that the only serious competitors for Delagoa Bay were the British and the Afrikaners. Both the UK and the Transvaal attempted to purchase the Bay from the Portuguese repeatedly in the final years of the century.³³ None of these plans came to fruition.

Portugal's administration of her colonies seemed increasingly chaotic in the 1890s. It became clear that the Portuguese were unable to control the interior of their African possessions and financial weakness had forced Portugal to abandon the gold standard. The British feared that the precedent set by the piecemeal dismemberment of China might be duplicated in Portugal's overseas possessions.³⁴

During this period, Britain had three main strategic objectives in Southern Africa.^v First, Britain's control over her empire rested supremacy on the seas. The Cape of Good Hope was a potential choke point and for this reason, it was necessary to maintain naval superiority in the area. Portugal's control over Delagoa Bay was not threatening due to the weak state of Portuguese affairs. However, if the Bay fell into the hands of another colonial power it would be disastrous for British prestige and power. Control of Delagoa Bay was thought to have profound implications for the United Kingdom's position throughout Southern Africa in terms of strategy, geopolitics, economics and prestige.³⁵ Britain feared a rival power would establish a naval base in the "finest harbour in South Africa."³⁶

Second, British policy called for containing the Boers. They were seen as unpredictable and they imperilled Rhodes' Cape to Cairo dreams. Particularly after the discovery of gold on the Rand, the British felt that it was in their interest to maintain leverage provided by a transport monopoly over the Afrikaners. Any significant foreign power's presence in Lourenço Marques would mean more independence for the Transvaal and reduced control over the Reef's gold. Specifically, the British feared that a closer alliance between Germany and the Transvaal would undermine their power in the region.³⁷ The Colonial Office believed that when Germany "thinks the time has come, she can at any moment pick a quarrel with Portugal and seize Delagoa Bay: and then we

^vFor the purposes of this section, British strategy is seen as the means (political, economic, and military) used to pursue their world-wide and regional objectives.

should then have the alternative of war with Germany or being booted out of South Africa."³⁸

Third, the United Kingdom needed to safeguard the interests of the Cape and Natal. The colonies' financial situations were precarious, and it was imperative that railway traffic was maintained sufficient to repay their debts. The British Colonial and Foreign Offices spent much of the 1890s foiling any attempts to develop Delagoa Bay.³⁹ British strategic and economic interests in the Cape and Natal dictated that the Bay remain undeveloped. "The transformation of Delagoa Bay from a being a sleepy backwater with inefficiently run port and communications facilities into a real rival to Durban, East London, Port Elizabeth, and Cape Town would have damaged the commercial interests of Natal and the Cape Colony."⁴⁰ If the majority of the Transvaal's trade passed through Mozambique, the lack of customs revenue and transit duties would likely result in financial ruin for the two colonies. British investments in transport infrastructure in South Africa amounted to £22-million and sufficient traffic was needed to make the investment pay off.⁴¹ Rhodes explained in a speech at Cape House in 1886, "If the Delagoa Bay Railway is carried out, the real union of South Africa will be indefinitely deferred."⁴²

Foreign control over the Bay itself was not Britain's only fear. At this time it was believed that the Portuguese government would be forced by financial crisis to put the CFLM up for sale. The British understood that if the railway were to pass into Transvaal, German, or French hands it would have a deleterious effect on their interests in Southern Africa. Non-British control over the CFLM would give the Transvaal virtual independence from Britain and would spell the death knell of the plan for a united British South Africa.⁴³

The British government clearly saw Lourenço Marques as the key to South Africa. "It is worth risking a good deal to get hold of Delagoa Bay, for once we hold that, South Africa must be British."⁴⁴ For this reason negotiations were initiated with Portugal with the goal of putting the CFLM under British control. Waning British influence in the region caused alarm in Berlin; Britain and Germany came to a secret agreement, settling their differences over Mozambique. The Anglo-German Agreement of 30 August 1898 stipulated that in the event of the collapse of the Portuguese empire, the UK would gain control over Southern Mozambique and Delagoa Bay. Germany in return would gain control over sections of Angola, Northern Mozambique, and East Timor. Until the envisioned disintegration of the Portuguese empire, the two powers would co-operate to maintain the status quo.⁴⁵

In the waning years of the 19th Century, Britain worked hard to keep Delagoa Bay and the CFLM under Portuguese or British control. Diplomatic efforts succeeded in keeping the port out of foreign hands, thus securing the whole of Southern Africa as a zone of British influence. The British felt this secured their control over the destiny of the Afrikaner republics. However, relations between the British and the South African Republic were coming to a head.

2.4 The Anglo-Boer War

A number of factors contributed to the Anglo-Boer War. Britain's fear of losing its dominant position in Delagoa Bay undoubtedly added to a preoccupation about losing control of an increasingly wealthy and independent Transvaal. The strategic and military potential of Delagoa Bay had long been recognised, but it was only during preparations for the war that the real military significance of the Lourenço Marques line was realised. British power surrounded the Transvaal on all sides except the border with Mozambique (see figure seven).

Friction between Britain and the Transvaal had reached a fever pitch by the late 1890s. The large purchase of weapons by the Transvaal appeared threatening to the British. One official from the Colonial Office remarked that "it is quite clear that the Boers have arms and ammunition enough to shoot down all the armies of Europe."⁴⁶ Ships and men at the Royal Navy's Simonstown base were on call to defend Delagoa Bay from a Boer military onslaught.⁴⁷

The role played by the Lourenço Marques route in bringing about the war is generally seen as minimal. However, recent research by Peter Henshaw re-evaluates British motives in the Anglo-Boer war. Henshaw's research shows that strategic concerns at Delagoa Bay played a more significant role in causing the war than has ever been recognised. The Anglo-German agreement of 1898 contained a loophole allowing German involvement in Delagoa Bay, which could have given the Transvaal an unacceptable degree of independence. The discovery of this loophole led to some alarm on the part of the British Colonial Office, and this in turn may have set the war in motion.⁴⁸ Henshaw's work must be viewed cautiously. While it is true that strategic concerns at Delagoa Bay may have played a much more significant role in initiating the war than previously recognised, they can still not be seen as a major causal factor.

As in the United States during the civil war, rail proved an important variable in the Anglo-Boer War. Men and materiel could be

transported with much greater speed and ease by rail. The British used their trains successfully to bring soldiers and supplies into the interior. Boer commandos made a habit of raiding the British trains. As British forces neared Pretoria, the capital of the Republic was moved to Machadodorp in 1900. Later the capital moved to Nelspruit. Ultimately, President Kruger fled to Portuguese territory via the Oosterlijn.^{49vi}

During the war, gold mining in Johannesburg came to a virtual standstill. The return of thousands of workers to Mozambique and the cessation of transport on the Lourenço Marques export route had serious, however short-lived implications for the Mozambican political economy.⁵⁰ The Portuguese governor-general claimed that the virtual stoppage of trade was ruining Lourenço Marques and its port.⁵¹ The Portuguese were eager to get the arteries of commerce back in operation. During the war Boer commandos had dynamited several sections of the Oosterlijn to prevent the British from using it.⁵² The railway was left in a state between disrepair and devastation.⁵³

The Anglo-Boer War led to a short-term postponement of any new development along the route between Johannesburg and Lourenço Marques. However, the war proved to be only a temporary setback. Traffic on the Lourenço Marques line grew rapidly at the turn of the century and caused rapid development in Southern Mozambique. Some numbers should illustrate the implications. In 1891 36,564 passengers were carried on the Lourenço Marques line. This figure rose to 81,403 at the time of the outbreak of the Boer war and reached nearly 126,000 in 1909. Cargo on the line rose from 28,192 tons in 1891 to 638,294 tons in 1909. The value of the port's commerce rose from 1,656 contos in 1892 to 19,247 contos in 1900 -- accounting for virtually one-half of the domestic product of Mozambique in that year.⁵⁴

2.5 A Rocky Patch: South Africa and Mozambique in the Early 20th Century

The first decade of the 20th Century would witness the establishment of the formal legal arrangement that would govern the South African -- Mozambican relationship for the rest of the century. In the aftermath of the war, new agreements had to be reached on transportation, customs, and labour migration. Negotiation of these issues was time-consuming and frustrating for all involved. The

^{vi}Kruger wasn't the only one to flee using this route. Winston Churchill escaped prisoner of war camp by following the railway (Van Onselen, *Lennox: Head of Steel*. (Howard Timmins: Cape Town, 1962), 99).

greatest impediment to successful negotiations was the inability of the Cape, Natal, and the Transvaal to agree on anything. The South Africans fought endlessly among themselves. What would ultimately emerge from these negotiations was a barter relationship, where South Africa got labour in return for transport development in Mozambique.

The new Transvaal administration, under Sir Alfred Milner, wanted to get the mines humming in as short a time as possible.⁵⁵ The prosperity of the entire region depended on the extraction of diamonds and gold. Milner needed to secure the necessary supply of African labourers for the mines. Prior to the war, large numbers of Mozambicans had formed the backbone of the labour force on the Reef. As early as 1887, one-half of the able-bodied male population of Maputo province was working in South Africa.⁵⁶ Milner's task was to re-establish this relationship. Recruitment of Mozambicans for the Reef recommenced in April 1901. Milner was also able to reinstate the pre-war agreement that allowed customs officials from the Transvaal to verify goods bound for South Africa. In return for this concession, Sir Milner promised to encourage the revival of commerce at the Port of Lourenço Marques.⁵⁷

For practical reasons the new Transvaal government continued to favour the route to Delagoa Bay. The route was shorter, and in most cases cheaper than the Cape or Natal routes. In addition, the Transvaal government profited more from traffic on the Lourenço Marques route than on the Durban or Cape routes.^{vii} The Transvaal government received over £5 for one ton of normal cargo shipped via Delagoa Bay, and only £3 for one ton of similar goods shipped from Natal.⁵⁸

The Portuguese were determined to maintain Mozambique's profitable relationship with South Africa, but in the post-war dispensation, they feared that Lourenço Marques would be sidelined by Cape and Natal ports. Ruth First explains.

To the Transvaal Republic with no outlet to the sea, Lourenço Marques had been an indispensable outlet, but its importance and value might have declined dramatically once the Transvaal had been defeated, for both the British colonial administration and the Union which was formed in 1910, controlled a unified economy and transport system.⁵⁹

^{vii} The NZASM and the Transvaal government received payment based on the type of goods shipped and on the length of NZASM track covered. On the Lourenço Marques route, trains travelled 341 miles along NZASM track. In comparison, trains covered only 178 miles and 49 miles of NZASM track on the Natal and Cape routes, respectively. The Transvaal government earned significantly more on traffic to Lourenço Marques than on traffic to any other port. (The Selborne Memorandum: A Review of Mutual Relations of the British South African Colonies in 1907, with an introduction by Basil Williams (London: Oxford University Press, 1925) 54).

The Portuguese held one trump card. Mozambique was "the only possible source from which labour could at that period be bought."⁶⁰ In December 1901, the Portuguese halted labour migration to South Africa.⁶¹

At the negotiations that followed, there was a determination to increase involvement in the operation and administration port by the British. Corruption at the Port was a major headache for British and South African firms.⁶² However, the need to rebuild the Transvaal (and thus the need for Mozambican labour) was more pressing.

The draft *modus vivendi* provided for a return to the status quo antebellum situation of tariff-free access for Mozambican manufactured and agricultural products to the Transvaal in return for allowing the Chamber of Mines to recruit labour in Southern Mozambique. The pre-war division of traffic between the Cape, Natal, and Mozambique was maintained. The agreement would remain in force for ten years or until replaced by a formal convention.⁶³ The *modus vivendi* reinforced perceptions that Transvaal mining interests had taken precedence over other economic and political interests in South Africa. Despite the obvious interest that the Cape and Natal had in the outcome of the negotiations, they were not consulted. Natal's governor was informed of the provisions of agreement five days after its signing. Copies of the *modus vivendi* were forwarded to the coastal colonies only in 1902.⁶⁴

The negotiation of the *modus vivendi* unleashed a storm of protest. Natal had labour problems of its own and wished to secure a portion of Mozambique's migrant labour. Natal's governor, Sir Henry McCallum, asked Milner to intercede on behalf of Natal on the labour issue. As both colonies were competing for the same pool of labour, it should come as no surprise that this assistance was not forthcoming. Farmers, particularly sugar planters, were also unhappy. Not only were they unable to recruit labour in Mozambique, but they now had to compete with duty-free Mozambican sugar imports.⁶⁵

Transport and customs issues were becoming major sources of friction between the various colonies. The British had just fought a war to unify South Africa and that very unity was threatened by these disputes. In March 1903 Milner convened an inter-colonial conference in Bloemfontein. The four colonies, plus Southern Rhodesia and Mozambique were represented. The conference dealt with two issues, rail tariffs and customs. Any attempt to remove Mozambique's favoured position resulted in threats to discontinue labour recruitment. The status quo prevailed. Article XXII of the resulting agreement specifically guaranteed Mozambique's preferential access to the Transvaal market.⁶⁶

The early years of the century saw a gradual but clear trend with Lourenço Marques attracting an ever increasing share of traffic to Johannesburg and surrounds (see figure eight). At the turn of the century, one-quarter to one-half of Johannesburg's traffic was shipped via Mozambique. That figure exceeded 50% by 1905 and Lourenço Marques accounted for two-thirds of Johannesburg traffic by 1910.⁷⁴ Lourenço Marques' raison d'être was its role as a port for the Rand. The focal point of the entire city was its port. The port's pivotal role can be clearly seen on maps of the era (see figure nine).

2.6 Negotiations Continue: Portugal Becomes Indecisive

In the period following 1910, the South Africans (with their new constitution) began to handle negotiations with other countries more successfully. Disputes between the four colonies slowly receded. During the same time frame, Portugal's government became increasingly less effective. Governmental instability and administrative incompetence caused many problems for Mozambique and South Africa.

Portuguese weakness meant that Southern Mozambique remained an attractive target for South African empire builders. Complaints of gross maladministration on the Mozambican leg of the route to Lourenço Marques led to calls for the port and railway to come under South African control. Jan Smuts, however, had more than just control of the railway in mind. Smuts wanted to incorporate a section of Southern Mozambique into the Union. His plans were foiled in 1917, when the British imperial war cabinet refused to pressure Portugal into surrendering Delagoa Bay.⁷⁵

One year later, the Union requested some minor changes in the convention, particularly in cargo handling. Chaos prevailed in Lisbon and this prevented any effective response on the part of the Portuguese. The instability of the republic period in Portugal was clearly reflected in the politics of Mozambique. Between 1910 and 1928, Mozambique had 13 different heads of government.⁷⁶ By 1921, the impatient Union government took a different tack in negotiations and began to survey sites in Northern Natal for a new port. It was hoped that this scare tactic would draw the Portuguese back to negotiations. The tactic worked; financiers were utterly unwilling to underwrite any new loans to Mozambique with its major source of revenue in question. This threat apparently drove the Portuguese to the negotiating table.

In 1922 the Portuguese finally agreed to enter into negotiations to revise the Lourenço Marques Convention of 1909. Portuguese

negotiators immediately ruled out any closer political ties between Mozambique and South Africa. South Africa insisted on the formation of a new joint management, with South African control, for the Port of Lourenço Marques and CFLM. The board would be independent of both governments and would be run on a commercial basis.⁷⁷

Despite some sympathy for binational port and rail management in Lourenço Marques, the administration in Lisbon would hear nothing of the sort. Any apparent weakening of Portuguese power in the region would be unacceptable, as it would "wound national sentiment." Centuries of imperial decline made this an extremely sensitive issue. Manuel Camacho, then Portuguese High Commissioner in Mozambique, took the lead in negotiations.⁷⁸ Camacho took a hard line, demanding for example, the completion of the Goba line and construction of an additional line to Rhodesia.⁷⁹ Neither side was willing to compromise.

In the absence of any progress, Part I of the 1909 convention was extended by Camacho and the British Ambassador to Lisbon on 31 March 1923. This allowed continued labour recruitment under the terms of the old agreement. In rapid succession, both the Portuguese and South African governments fell. Negotiations would have to wait until the dust cleared.⁸⁰

In South Africa, the Pact government came into power in the wake of the Rand Revolt on a "civilised labour" manifesto. J.B. Herzog of the National Party (one-half of the Pact government formed in 1924) attacked what was the very *raison d'être* of Mozambique-South Africa relations -- migrant African labour. The new government claimed that dependence on imported labour reduced the demand for white workers. In the new dispensation, employers were encouraged to employ whites rather than blacks whenever possible. The South African Labour Department saw the conclusion of migrant labour within four to six years as an essential part of the "civilised labour" policy. The Chamber of Mines, however, was thoroughly opposed to this policy.⁸¹

The Portuguese gave notice of the imminent cancellation of Part I of the 1909 Convention. Progress was surprisingly rapid and in mid-May 1928 agreement had been reached on most matters. Lourenço Marques was guaranteed 50-55% of the Rand's traffic, and use of the port was to be encouraged by a statutory board.⁸² Administration of the Port remained wholly in Mozambican hands. In fact, the port was nationalised in 1929.⁸³ Both nations gave each other most favoured nation status, and a

list of products to pass between the countries without duty was compiled.

The legal and institutional framework for the South Africa - Mozambique relationship was established during first three decades of this century. Negotiations between the two countries were interminable, frustrating, and often fruitless. The chaotic situation in Lourenço Marques and Lisbon scuttled virtually any possibility of productive talks in the 1920s. All in all, it took nearly 30 years to come to a workable agreement.

2.7 The Appearance of Stability and Growth

The 1928 Convention proved to be long-lived. Only minor adjustments were made in the following years. The period between the 1930s and 1970s was a time of unparalleled growth and stability in Mozambique. Despite periodic labour unrest centred on the Port of Lourenço Marques, trade increased.

In 1932 Salazar became Prime Minister of Portugal and in the following years he consolidated his hold on power. He would remain head of government until 1968. Salazar centralised most functions of government; the colonies were largely administered from Lisbon. The world-wide depression reduced traffic through the port. In 1933 port officials and handling companies reduced workers' wages by 10-30%. Workers walked off their jobs, and the government's response was decisive. The police locked the workers into the port and forced them to unload ships.⁸⁴

Portugal stayed out of World War Two and the era proved to be one of close co-operation between South Africa and Mozambique. The Portuguese administration was sympathetic to the allied cause. The Port of Lourenço Marques was an essential export route for war materiel. In addition, the war effort and the conscription of South African men dramatically increased South Africa's demand for Mozambican labour.⁸⁵ Britain's focus on Mozambique as a provider of transport for South Africa and Rhodesia is clear in War Department maps of the era (see figure ten).

In the post-war era, while most European colonial powers were carefully disengaging themselves from their colonial possessions, Portugal took another route, stepping up involvement in Mozambique and Angola. Between 1937 and 1957 emigration from Portugal increased five-fold.⁸⁶ Development budgets ballooned and with the assistance of US Marshall Plan money, roads, railways, harbours, and airports were

built.⁸⁷ The Limpopo line was completed in 1955, linking Lourenço Marques with Rhodesia. By 1973, Mozambican ports handled a large portion of regional traffic -- 1/5 of South African, 2/3 of Rhodesian, 1/2 of Swazi, and all of Malawian. Lourenço Marques was the largest port in Southern Africa.⁸⁸

The Mozambican economy began to diversify. New facilities were established for manufacturing textiles, paper, pulp, matches, fertiliser, beer, cement, soap, tiles, sugar, and sisal.⁸⁹ Despite these developments, Mozambique continued to have a significant trade deficit, particularly with Portugal. This situation was compensated for by income from South Africa. Mozambique earned significant revenue from three sources during this period: tourism (mostly from Rhodesia and South Africa); migrant workers' remittances;^{viii} and the transshipment of goods.⁹⁰ Traffic at the Port of Lourenço Marques increased from 4 million tons in 1955 to 14 million tons in 1970.⁹¹

However, at the same time the port was a focal point of conflict between the government and its opponents. In 1947 a bitter strike by stevedores spread to neighbouring plantations. Discontent simmered just under the surface and resulted in an abortive uprising in Lourenço Marques in the following year. In 1950 and 1957 major strikes closed down the docks at the port. During the 1950s, a nascent feeling of Mozambican nationhood grew. When workers felt their grievances were not being adequately considered in 1963, a strike hit the ports of Lourenço Marques, Beira, and Nacala simultaneously.⁹²

Frelimo was founded in 1962 in Dar es Salaam and guerrilla activity became a serious threat to Portuguese rule in Mozambique, particularly in the North. The advent of the liberation struggle dramatically changed the political economy of transport in the region. In the early 1970s the Portuguese embarked on a major road building project, prompted by their counterinsurgency needs.⁹³ To bolster its position, Portugal attempted to involve South Africa in its war. The construction of the Cahorra Bassa hydroelectric scheme in the Tete Province is a clear example of this strategy. The dam and power lines were situated strategically, and would increase South Africa's interest in the area.⁹⁴

The South Africans assisted Portugal, but at the same time began to reduce their dependence on Mozambique in the event of a Frelimo take-over. In 1963 the Lourenço Marques Convention was modified, reducing

^{viii}In the 1960s and 1970s the majority of all foreign workers on South Africa's mines were Mozambicans. Between 1970 and 1974 more Mozambicans were employed on

Mozambique's guaranteed share of Reef traffic to 40%. In 1969 all guarantees of traffic to Mozambique were dropped.⁹⁵ By the mid-1970s South Africa planned to be free of any dependence on Mozambican transportation. The South African government embarked on an ambitious harbour and port construction programme. Richard's Bay was envisioned as a large-scale port for the export of coal, one of Maputo's major commodities. South African traffic on the Lourenço Marques line dropped from 6.2 million tons in 1973 to 4.4 million tonnes at independence.⁹⁶

When proponents of the Maputo Corridor talk of a "golden age" of transport in Mozambique, they are generally referring to the period between World War Two and the early 1970s. Despite periodic labour unrest and a growing independence movement, the Portuguese were able to make significant investments in transport, communication, and industry. "At no time in Mozambique's colonial history was the tempo of commerce and industry so accelerated as the last twenty years of Portuguese rule."⁹⁷ This rapid growth would contrast sharply with the next twenty years.

2.8 South Africa wins, Rhodesia loses: Mozambican Independence

The cost of empire was great for Portugal, measured either in terms of money or lives. After many years of colonial wars the military had had enough of fighting and took power in Lisbon. The coup d'état led to the Portugal's capitulating to all of Frelimo's demands in the Lusaka Protocols on 7 September 1974.⁹⁸ The Portuguese retreated from their colonies with unseemly haste. On June 25, 1975 Mozambique achieved independence and Frelimo took power.⁹⁹

In the following years, 90% of the Portuguese population of Mozambique departed. Mozambique was left with a very poor endowment of human capital -- six economists, two agronomists, and fewer than 1,000 high school graduates. Of 350 railroad engineers in Mozambique in 1975, just one was black. Presumably most of the rest left; the railways were severely impacted by the lack of skilled personnel.¹⁰⁰ Ironically, the accession of a revolutionary African government in Maputo resulted in closer co-operation in transportation between South Africa and Mozambique in the short-term. Political considerations aside, revenue from the Ressano Garcia line was essential to the Mozambican economy. The departure of skilled personnel necessitated the importation of South African port and railway personnel to fill the gap. South Africa's

the mines than South Africans (Hanlon, Joseph. Beggar Your Neighbours (London: Catholic Institute for International Affairs, 1986) 133).

long-standing demands for more control over port management had finally been fulfilled. The Frelimo government even took special care to guard the line from Renamo^{ix} attack, so important was the revenue from transshipment.¹⁰¹

Salisbury was not as lucky; traffic from Rhodesia was not quite so important to Mozambique as South African traffic, and the Smith regime seemed less entrenched than Apartheid seemed in South Africa. Mozambique took an important political stand in March 1976 by closing its border to traffic with Rhodesia, forgoing a significant source of income. The border closure had great implications for Rhodesia as well. Wholly reliant on South Africa for imports and exports, Rhodesia's dependence on its Southern neighbour increased. New rail links had to be constructed to accommodate the increased traffic. Political subservience was guaranteed by geography and infrastructure.¹⁰²

In response to Mozambican independence, the Rhodesians established, trained, and armed Renamo, which included a mix of Rhodesians, disenfranchised Portuguese settlers, and a small number of domestic African opponents of the Frelimo government.¹⁰³ The Rhodesians feared that independence would lead to the use of Mozambican territory for ZANU and ZAPU bases. Their fears were warranted, and Frelimo welcomed the Zimbabweans. Initially, Renamo's activities were confined to areas adjacent to Rhodesia. This served Rhodesian interests by keeping ZANU/ZAPU bases out of the area. In retaliation for the border closure, Rhodesia sent Renamo into Mozambique to repeatedly burn villages, disrupt railroad and highway traffic and raid re-education camps.¹⁰⁴

The new South African ports of Richard's Bay and Saldanha came on line in 1976.¹⁰⁵ While these new ports were built from scratch, older ports were upgraded, making South Africa self-sufficient and increasing capacity to handle exports from other Southern African states.¹⁰⁶ Port development, in conjunction with destabilisation in Angola and Mozambique could fundamentally reorient the structure of trade in the region. All imports and exports to land-locked countries would have to be transhipped via South Africa's ports and roads. South Africa would wield immense power over its neighbours.

^{ix} Resistência Nacional Moçambicana.

2.9 Mozambique Loses: Renamo and South Africa on the Offensive

As if offering a foretaste of independence, Frelimo sabotaged railway lines in the Tete Province, and severed the Beira line repeatedly in 1974.¹⁰⁷ Mozambique was so dependent on transport revenue and the routes to the coast were so vulnerable to attack, that the railways proved near irresistible targets. Attacks on communications infrastructure were a very effective means of sending messages both to Lisbon and to the outside world. Protecting these routes proved to be arduous and expensive. The tactic pioneered by Frelimo would become a hallmark of the next 20 years of conflict.

In the 1980s, the South African government implemented the "total strategy" in defence of Apartheid. The relationship between Pretoria and Maputo, which had been strained since independence, took a decided turn for the worse. South Africa began to use its military muscle and that of its surrogates to attack Mozambique, and in particular its transport and communications infrastructure, with great fury.

The independence of Zimbabwe and the founding of SADCC in 1980 was threatening to the white-minority government in Pretoria. South Africa responded with its military force and economic power. In January 1981, South Africa sent a commando raid on Maputo. For two weeks in March, South Africa maintained a railway embargo on Mozambique. A similar embargo on Botswana and Zimbabwe lasted for three months. Over the next year, South African cargo destined for Maputo was drastically reduced. Particularly hard hit were high value goods that were profitable for the port. Maputo was left exporting low value and low-profit coal.¹⁰⁸

Direct South African aggression became a regular feature of regional affairs. In 1981 South African troops crossed the border at Ponta do Ouro. The SADF also attacked Beira directly three times that year.¹⁰⁹ The following year Ruth First was assassinated by letter bomb in her office at Eduardo Mondlane University in Maputo. Beira's oil storage depot, which supplied much of Zimbabwe's petroleum needs, was destroyed by South African commandos in December 1982.¹¹⁰ In another major attack, South African jets bombed Maputo's suburbs of Matola and Liberdade with fragmentation grenades. A number of civilians were killed in the attacks.¹¹¹

Direct aggression was only part of South Africa's campaign to destabilise Mozambique. After Zimbabwean independence, Pretoria took over as Renamo's primary backer. Renamo's pirate radio station moved to Pietersburg and training camps were established in the Eastern Transvaal.¹¹² Renamo was able to increase the scope and scale of its operations until it was active throughout Mozambique. The Beira

Corridor was closed from 21 September until 3 October 1980. Soon, Renamo was regularly attacking and sabotaging rail, road, and pipeline links between Mozambique, Malawi, and Zimbabwe. Renamo's publicity office claimed that 123 acts of railway sabotage were committed in 1982; a total of 57 trains were destroyed.¹¹³ By 1984 the lines connecting Beira and Malawi, Nacala and Malawi, and Maputo and Zimbabwe were severed.¹¹⁴

South African military pressure and the dire economic situation brought Frelimo to the negotiating table. A series of discussions resulted in the signing of the Nkomati Accords on 16 March 1984. South Africa was concerned about the use of Mozambican territory as a staging ground for ANC operations. The accords compelled the signatories not to support armed insurrection in each other's countries. The ANC was unceremoniously ejected from Mozambique. Both parties also pledged mutual co-operation on a number of fields, including the re-establishment of Maputo as a significant port for the Transvaal's exports.¹¹⁵

At the time of the Nkomati Accords, Frelimo was making a change from an ideologically-driven liberation movement to a pragmatic governing party. South African aggression and central planning had taken their toll on the economy and the government was desperate. In 1984 Mozambique joined the IMF and World Bank, and adopted a Private Investment Code to attract foreign investment. In May 1985 the government abandoned wage and price controls and appealed to Portuguese businessmen to return. In 1987 Mozambique imposed the IMF approved Economic Recovery Programme.¹¹⁶ Despite these and other changes, the war raged on and actually intensified, particularly in the South.

Both South Africa and Zimbabwe became involved in protecting corridors in Mozambique. By 1985, 7,000 Zimbabwean soldiers, fully 17% of Zimbabwe's armed forces were stationed in Mozambique. The Beira Corridor had been turned into a virtual Zimbabwean province. South Africa's involvement in the Maputo Corridor was similar, although much less elaborate than Zimbabwe's activity to the North. South Africa and Mozambique established a joint operations centre at the border in April 1985; this strategy was ineffective.¹¹⁷

The security situation throughout Mozambique continued to deteriorate. In 1985 a Western diplomat explained that, "the MNR (Renamo) operate at will. A year ago you could drive to South Africa and back in a day. Now you cannot go at all."¹¹⁸ The *Economist* reported that, "Beira is working at less than 1/2 its capacity. The bigger port at Maputo, the capital, is handling no more than 1/5 of its former

traffic. There is fighting almost every day on the outskirts of Maputo."¹¹⁹ The Director of the Port of Maputo explained that the railway to South Africa was only operational 33% of the time and to Swaziland the route was only open 38% of the time.¹²⁰

A diplomatic row erupted in October 1986 when evidence came to light that the South Africans were continuing their support of Renamo. In turn, South Africa accused Mozambique of contravening the Nkomati Accord by supporting the ANC. South Africa ceased labour recruitment in Mozambique; Frelimo signed an agreement with the German Democratic Republic sending thousands of Mozambican mine workers to toil in this "socialist brother country."¹²¹

By the late 1980s, a once proud railway was in shambles. The Maputo rail line was full of inefficiencies. Train control at CFM was archaic and prone to sabotage. CFM operated shorter trains than the South African standard, cutting shipments in two, causing delays in port while the first half of a shipment awaited the rest. Customs and immigration facilities were bureaucratic and slow. In addition, each return trip was delayed for approximately one hour when CFM crews purchased food at the nearby cafe for profitable resale in Maputo.¹²²

Despite such problems, the pace of the war was slowing. CFM and the Port of Maputo were paralysed by a number of strikes in 1990-1991 over pay demands and wage arrears going back three years. Strikes were one sign of returning normalcy in Mozambique. International mediation efforts eventually paid off and negotiations between Frelimo and Renamo resulted in the signing of the General Peace Agreement for Mozambique in Rome on 4 October 1992.¹²³ The demobilisation process proved to be slow-going and difficult at times, although ultimately successful. Groups of bandits, ex-government soldiers, government soldiers, and Renamo forces were intermittently destructive.¹²⁴

Despite these problems, travel within Mozambique gradually became safer. On 25 March 1993 the Limpopo Corridor opened to traffic for the first time in nine years. Rehabilitation continued and traffic volumes improved throughout Mozambique. South Africa and Mozambique extended full recognition to one another, and respective trade missions became embassies.¹²⁵

Meanwhile, negotiations on a new dispensation in South Africa were under progress. The ANC, PAC and Communist Party were unbanned and political prisoners were released. The movements in exile returned to negotiate a new constitution. April 1994 was set aside as for South Africa's first democratic election.

The 1980s were a decade of active underdevelopment in Mozambique. The destruction of Mozambique's infrastructure facilitated the regional aims of South Africa and the impoverishment of Mozambique. The final decade of minority rule proved costly to South Africa's neighbours. Fortunately, the 1990s brought an end to civil war in both countries. With democracy just around the corner, the countries were poised to re-establish a closer and more constructive relationship.

2.10 Conclusion

The 1990s provides the opportunity to return to the boom days of the 1960s. A number of South African and Mozambican politicians and civil servants pursued this goal. Their conception of the Corridor and its potential is based on a particular understanding of the past. The past provides reason for hope. After all, Lourenço Marques was once Southern Africa's busiest port. For many years, South Africa -- Mozambique co-operation was very successful.

However, there are also a variety of caveats and concerns that emerge from the region's history. (1) Southern Mozambique's economic and military significance has long been recognised. For this reason, the Portuguese and Mozambicans have been understandably fearful of their powerful neighbour's intentions. Mozambique's capital and its most important city is only an hour's drive from the border with South Africa. Mozambique's fear of South Africa kept the two countries at arm's length for many years. (2) Disputes between South Africa's provinces also emerge as one of the Oosterlijn's greatest obstacles during the first decades of the century. With opposition parties governing the Western Cape and KwaZulu-Natal, such problems might recur if the benefits of infrastructure development are not spread widely. (3) Finally, South Africans have been concerned with efficiency at Mozambique's ports and railways for over one century. It would be naive to expect this situation to change overnight.

3. Leaders of the Maputo Development Corridor

Strong leadership is one of the three hypothesised factors that impacted the Maputo Development Corridor. It is clear that those in leadership positions have the power to affect the outcome of an initiative. Leaders can direct the benefits of a project to whomever they choose. It is particularly important to determine if a particular initiative fulfils national or parochial or subnational priorities. A project's motivations can only be reliably understood in light of its leadership. Thus, the identification of leaders is an essential first step to understanding why the Maputo Corridor is a policy priority. Based on the distribution of benefits, it was assumed that the beneficiaries, primarily the Province of Mpumalanga, would be the driving force behind the project within South Africa. Press coverage reinforced this perception. According to several newspaper accounts, the Corridor appeared to be directed from Nelspruit. However project stakeholders downplayed the role of Mpumalanga in interviews. Press reports and the impressions of stakeholders were strikingly different.

3.1 Assumptions: Mpumalanga Gets Great Press

If everything proceeds according to plan, the Maputo Corridor will be a boon for Mpumalanga. New industries should spring up taking advantage of investment incentives, cheap transportation, natural resources, and plenty of electric power. The province should secure a large percentage of economic spin-offs worth R16-billion, and the Corridor is projected to boost the province's gross geographic product by 13% by the year 2010.¹ Assuming self-interest on the part of government officials, it was hypothesised that the representatives of Mpumalanga would play a leading role in the development.

The impression that Mpumalanga was the leading force behind the Corridor was reinforced by reports in the press, which highlighted the role of Mpumalanga officials in the development. Press accounts of the Maputo Corridor made it appear as if a fleet-footed provincial administration in Nelspruit had recognised the potential of a corridor between Maputo and Gauteng, convinced the national government to give approval, and then began to implement the project.

An April 1996 interview in *African Business* gives an indication of press coverage. In the interview, Phosa takes full credit for the Maputo Corridor. "It's my baby. I recognised the potential, did some

homework on it and took it to Madiba [Nelson Mandela]. He said to me 'don't just talk. Get it moving, speak to Chissano.'" Soon afterwards, Phosa was putting a plan together with the governors of Mozambique's Gaza and Maputo provinces. "In a short time the dream was a billion rand project." At the end of the article, the interviewer concludes, "Phosa had the foresight to see that the corridor is the best way to build up Mpumalanga's economic muscle..."² In August 1996, *Finance Week* added to Phosa's reputation as the Corridor's leader -- "Mpumalanga is its [the Maputo Corridor's] birthplace. Its architect in chief is Matthews Phosa."³

Matthews Phosa was clearly involved in the development of the Maputo Corridor. Phosa recognised the importance of improved neighbourly relations early on. He understood the need to work in conjunction with bordering Mozambican provinces. He promoted cross-border projects shortly after his swearing-in. Phosa's initial development plans for Mpumalanga (dating from mid-1994) included a new road directly linking Middelburg with Maputo harbour.⁴ Early in 1995 Phosa met with Mr. E. Numaio, Governor of Mozambique's Gaza Province. Tourism and joint infrastructure projects were discussed.⁵ Some time later, the Eastern Transvaal signed "sister agreements" with Mozambique's Gaza and Maputo provinces. After the Investors' Conference in May 1996, both Botswana and Swaziland expressed an interest in greater involvement in the Maputo Corridor. Initially, it was Matthews Phosa who went to both countries to consolidate support for a greater corridor including Botswana, Swaziland, and Namibia.

Phosa also took part in cross-border negotiations on a national level far more than any other premier. He was a regular member of national delegations to Mozambique when matters pertaining to his province were discussed. In July 1994, Phosa became the first Premier to travel abroad with an official delegation. He and Defence Minister Joe Modise travelled to Maputo for talks on cross-border crime with the Mozambican government.⁶ In July 1995, when the Ministers of Trade and Industry, Public Enterprises, and Transport made a pilgrimage to Maputo to iron out final details of a multimodal transport agreement, Matthews Phosa was present. The agreement had serious implications for Mpumalanga. It included an understanding that the N4 between Gauteng and Maputo would be upgraded. Provisions were included for: dredging Maputo harbour; promoting shipping, aviation, and rail transport; and co-ordinating tourist development. The participants also discussed a second road from Phalaborwa to Maputo and security on the Maputo --

Komatipoort road.⁷ While his influence at these negotiations is unknown, his very presence has some significance.

Extensive media attention seemed to corroborate the initial assumption of a Mpumalanga- and Phosa-led corridor. It is evident that Phosa played a role and had some influence in facilitating the Maputo Corridor. But was he at the helm or was he simply the Corridor's most boisterous cheerleader?

3.2 Origin of the Corridor Concept

Sorting out paternity of the Corridor is extremely difficult. The Maputo Corridor is a prominent and popular project, and it is often hailed as a success. Any number of people involved in the Corridor claim that they originated the concept. The press gave the most attention to Phosa's claims of originating the idea. But if you go to the Department of Transport, you'll hear an entirely different story.

What really got it going was from the Department of Transport, our Director-General, Ketso, went to inspect roads or something in the Kruger Park. For some reason or another, he was in that area and getting to the border realised how close the sea was and how close Maputo was. He came back and said 'this is ridiculous, we've got to do something about this'. So, discussions began between our ministry and the Ministry of Transport in Mozambique. So, that's really how it started.⁸

Everyone puts himself or herself at the centre of their own conception of history. The identity of the individual who came up with the idea of a corridor is impossible to pinpoint, but it is actually inconsequential. Given the geography and history of the area, a revitalised transport corridor, at very least, was inevitable. After all, the Maputo Corridor is the shortest route to the sea. Even at the height of tensions between South Africa and Mozambique, South Africa was involved to some degree in the maintenance of the Ressano Garcia line.⁹ Some cargo continued to travel along the route even at the most difficult of times.

It is likely that several people came up with the idea of a renewed corridor concurrently. Many prominent members of the new government were well acquainted with Mozambique from years of exile there. Mac Maharaj, Paul Jourdan, and Matthews Phosa spent a significant amount of time in Mozambique during the armed struggle. What is of greater import is the source of the relatively novel concept of the hybrid *development corridor*. Apparently this concept originated in the Department of Transport and was readied in time to be presented

to the cabinet in August 1995.¹⁰ The proposal for a hybrid development corridor was accepted by the cabinet and thereafter the Maputo Corridor took shape.

3.3 Political Leadership

Political leadership¹ played an important role in the development of the Corridor. According to Karin Pearce, "You have to have high level and consistent political support for these initiatives [corridors] otherwise they don't succeed."¹¹ High-ranking politicians from the national government, the Mpumalanga provincial government, and the Mozambican government gave the project their blessing from the earliest stages. Both Mandela and Chissano attended the Investors' Conference in May 1996. When the final agreement on the N4 was signed in Maputo, Thabo Mbeki and his Mozambican counterpart were both present.¹²

The priority that politicians accorded the Maputo Corridor provided a sense of mission and discouraged petty bickering and turf battles. In interviews, many of the Corridor's key players referred to the role of political leadership. According to Karin Pearce, "...if you have good 'A' political leadership and 'B' managerial people at the top of your structure, then the quality of what gets done lower down is much better."¹³ In contrast, lack of full political support was clearly a problem for the Beira Corridor.¹⁴ Bitter infighting has characterised the Beira Corridor Group from its inception. The project's stakeholders had difficulty reaching necessary compromises. Karin Pearce adds that one of the problems inherent in the Beira Corridor was that the Corridor was run entirely by a private company -- "there was no government buy in."¹⁵ A commitment from government could have served as a strong incentive to compromise.

All the politicians involved -- Mandela, Mbeki, Phosa, Manuel, Maharaj, Erwin, Chissano, Sicgau, and others used their positions to publicise and promote the Corridor to international investors. "If the President or Deputy President or any minister goes anywhere to address investment in South Africa, they must talk about corridors. That is a major part."¹⁶ High-level political support reassures potential investors. A commitment from political leaders ensures that bureaucratic and administrative obstacles to investment will be

¹Political leadership is defined as the role played by elected officials. This includes everything above the level of Director-General. Director-General and down is considered civil service.

overcome. International exposure should result in a net gain of investment, ensuring that the Corridor is not simply a zero-sum game, attracting investments to the Corridor region that would have otherwise been made in other parts of South Africa.

In addition to their aforementioned roles, politicians made one more important contribution to the Corridor. Political leaders had the restraint not to intervene in the process once it had been initiated and responsibility had been delegated to civil servants in various government departments. Throughout the world, many development projects with great potential are ruined by political interference. According to World Bank research on rapidly growing economies, *technocratic isolation* - the ability of leading civil servants "to formulate and implement policies in keeping with politically formulated national goals with a minimum of lobbying for special favours from politicians and interest groups" is the foremost institutional trait that allows successful policy implementation.¹⁷ In interviews, relevant civil servants gave the impression that they were fully in control of the process.

The only political leaders who involved themselves in the specifics of the project were the Ministers of Transport, Maharaj and Muxanga. George Jamieson, of the TRAC Consortium, observed the ministers at work. "From what I saw and listened and heard...the Minister of Transport for South Africa and Mozambique and the Director-Generals really pushed the project."¹⁸ However, Maharaj and Muxanga's role was that of departmental manager, rather than representing any particular constituency. By avoiding political interference, the project was expedited and potential conflict regarding the distribution of benefits of the Corridor were avoided.

3.4 Movers, Shakers, and Workhorses: Management of the Corridor

One of the primary goals of research was to identify the leaders of the Maputo Corridor -- essentially finding out who was in charge. It is essential to know who is in control of implementation, as this is the first step towards understanding the motivations for the project. To ascertain this, the number of press references to individuals involved in the Corridor were compiled. The most commonly cited individuals in South African newspaper and magazine articles on the Maputo Corridor from the beginning of 1995 until the end of 1996 were Mac Maharaj, Minister of Transport, and Matthews Phosa, Premier of Mpumalanga Province. In addition to being quoted in articles about the Corridor, both were the subject of a number of interviews and profiles. Also

appearing frequently were: Ketso Gordhan, Department of Transport Director-General; Paulo Muxanga, Mozambican Minister of Transport; Nazir Alli, Department of Transport Director of Roads; Joe Magagula, Mpumalanga Director of Strategic Planning; Karin Pearce, Department of Transport Director of Special Projects; Paul Jourdan, Department of Trade and Industry Director of Special Projects; and Francisca Soares, Mozambique's Director of Planning for the Ministry of Transport and Communications.¹¹

The interview process was used to check the accuracy of press reports on the Corridor. Interview subjects were asked to name the "visionaries and workhorses" behind the Maputo Development Corridor. Contrary to expectations, only Mpumalanga officials mentioned Matthews Phosa or other provincial officials. According to interviews, it appears that the Mpumalanga government played a less prominent role than was portrayed in the press. This is understandable. As the primary beneficiaries of the Corridor, Mpumalanga had the most to gain from publicising the project. The Mpumalanga government was the Maputo Corridor's loudest cheerleader, but they were not actually in charge.

In addition, Mpumalanga gets more press coverage overall than most other provinces. South African media organisations dedicate a disproportionate amount of time and space to politics in Mpumalanga. Extensive coverage of events in Mpumalanga may be due to the Province's successful media and publicity machine. Joe Magagula explains, "We are fortunate that most of the things have been said very loudly in the media. We have good publicity."¹⁹

Transport Minister Maharaj and Ketso Gordhan, Department of Transport Director-General, received the most recognition from their peers in interviews. Gordhan is one of the two project co-ordinators for South Africa. Both Maharaj and Gordhan are enthusiastic about the project. "The South Africans want to charge ahead with the project, not least because Transport Minister Mac Maharaj and Director General Gordhan have made it [the Corridor] a crusade."²⁰

¹¹A number of other individuals were mentioned in the press in association with the Corridor with less frequency. These include: President Mandela of South Africa; President Chissano of Mozambique; Rusty Evans, Director-General, Department of Foreign Affairs; Pascal Mocumbi, Prime Minister of Mozambique; Trevor Manuel, Minister of Finance; Stella Sicgau, Minister of Public Enterprises; Dawie De Villiers, ex-Minister of Environmental Affairs and Tourism; Mario Dimande, President of Caminhos de Ferro de Moçambique; Roberto White, Mozambican Minister of Public Works; Paulo Auade, Director of the Port of Maputo; Alec Erwin, Minister of Trade and Industry; Katherine Marshall, World Bank Southern Africa Director; Roberto Chaves, the World Bank's representative in Mozambique; Mangosuthu Buthelezi, Minister of Home Affairs; Winton Cobbs, SpoorNet International Rail Manager; and James Wolfensohn, World Bank President.

Nazir Alli, Department of Transport director of roads, was also mentioned frequently. Jamieson, by the nature of his position negotiating for the N4 contract, had close contact with Alli. "As far as the personalities are concerned, Nazir actually ran it, he drove it, negotiated...even more than his counterpart in Mozambique, Nazir really led the way...Nazir chaired most of the meetings, negotiated directly with us, stuck with us through all hours of the night putting the whole thing together."²¹ However, one important caveat needs to be made. Alli was in charge of road construction at the Department of Transport, and the N4 was the first part of the Corridor project to be implemented. Alli will not be as prominently involved in other Corridor projects.

The name of Paul Jourdan, Director of Special Projects for the Department of Trade and Industry, came up repeatedly in interviews. Jourdan is one of two project co-ordinators on the South African side. "The joint interim team directing the project includes people such as Paul Jourdan, an ANC member who lived in exile in Mozambique for nine years. Jourdan, who has a PhD in political economy and is special adviser on the Corridor project for the Department of Trade and Industry, has the determination of a missionary. One recent day started with a 6.30 am meeting in Johannesburg, then back to his office in Pretoria in time for a 9am session."²²

Karin Pearce, Director of Special Projects at the Department of Transport; Roberto White, Mozambican Minister of Public Works and Housing; Paulo Muxanga, Mozambican Minister of Transport; and Antonio Pinto, from Mozambique's Ministry of Foreign Affairs were all recognised by their peers.

The difference between newspaper reports and the impressions of participants in the implementation process is striking. Newspaper reports tended to focus on the role of Matthews Phosa and Mac Maharaj. The role of civil servants in Nelspruit, such as Coleman Nyathi and Joe Magagula, was also highlighted. These people were the project's most vociferous publicists, but were not necessarily in charge of the Corridor. Publicity is essential for the success of a development project dependent on attracting investment. However, during the interview process it became clear that the Maputo Corridor was actually directed from the offices of civil servants in Pretoria, and to a lesser extent, Maputo. The real movers and shakers in the Maputo Corridor were undoubtedly Mac Maharaj, Ketso Gordhan, Paul Jourdan, and Karin Pearce.

3.5 Conclusion

Identifying the leaders of the Maputo Corridor was an important step to understanding the motivations for the project. Individuals who control policy formation and implementation have the opportunity to shape the world. It is important to identify these individuals and to understand their motives. A number of individuals left their stamp on the Corridor. Respected politicians gave the project their full support from the outset. Mandela, Mbeki, Chissano, and Phosa have actively promoted the project both in Southern Africa and overseas. But political leaders kept their hands off the project itself and left implementation to civil servants.

Research started with assumptions of the Corridor's leadership that were based on press reports and the distribution of the benefits of the project. These assumptions proved to be spurious. Mpumalanga, believed to be leading the project, clearly played a secondary, albeit important role. The Mpumalanga government carried the torch in terms of publicising the Corridor both inside and outside of South Africa. The central government's Departments of Transport and Trade and Industry are clearly the driving force behind the Corridor. Civil servants in Pretoria, particularly in the Departments of Transport and Trade and Industry are the managers and implementers of the project.

4. Strategic Motivations for the Corridor

Every major development project has a variety of motivations -- economic, social, political, or strategic. Brazil's new capital city of Brasilia, for example, was constructed for a number of reasons. The location would spur transport and economic development in the interior; it would help to integrate the native American community into wider Brazilian society; and it would represent a break with the colonial past and a belief in Brazil's future. The most successful development projects are economically viable while concurrently fulfilling strategic objectives.¹ The Maputo Development Corridor is undoubtedly a viable infrastructure project with sufficient economic rationale. The willingness of the private sector to take the risk of financing the N4 is a clear indication of the Corridor's viability.

However, the Corridor also fits neatly into the ANC's long term vision for the South and Southern Africa. In the region,ⁱⁱ the Corridor is part of the ANC's strategy to reconstruct Southern Africa. Closer to home, the Maputo Corridor could help to fulfil the ANC's implicit and explicit long-term domestic objectives. Implicitly, the central government could limit the Inkatha Freedom Party's leverage by providing Gauteng with additional transport alternatives. But the Maputo Corridor also fits in with the ANC's stated economic strategy -- the Growth, Employment, and Redistribution plan. In addition, the Corridor fits neatly into Frelimo strategy to rebuild Mozambique and to reintegrate Mozambique into the region's transport network.

4.1 Regional Implications of the Corridor

After decades of conflict, peace came to much of Southern Africa in the 1990s. Mozambique moved slowly, but successfully from the Rome General Peace Agreement to democratic elections. South Africa's transition from minority rule to democracy began with Nelson Mandela's release from prison in 1990 and reached its fruition in the April 1994 elections.¹ Peace provided the opportunity to refashion regional

¹An economically viable infrastructure project is one that could theoretically pay for itself by user fees, whether or not they are actually collected. Strategic objectives are long-term goals of great import. These would include the preservation of the state, borders, or the achievement of a certain level of economic development.

ⁱⁱ"Region" refers to Southern Africa, including South Africa, the BNLS states, Zimbabwe, Zambia, Angola, Mozambique, and the Shaba region of the Democratic Republic of Congo.

relations. Democracy demanded a re-evaluation of South Africa's regional priorities. South Africa now had the occasion and the will to transform itself from regional bully to amiable big brother. The ANC prioritised improved and constructive relations with other Southern African states. The ANC has two primary regional priorities: repaying its debt to allies and the creation of a conducive environment for shared economic growth.

4.1.1 Repayment Time: South Africa Atones for its Past

The African National Congress needs to repay the neighbouring countries that gave it refuge during its years in exile. Old allies from the liberation struggle are accorded a special relationship by the ANC government. This policy has been contentious, particularly in the cases of Cuba and Iran. Many of the ANC's most ardent supporters were other African countries, particularly the members of the Southern African Development Coordination Conference (SADCC). Mozambique was one of the ANC's foremost regional backers. Prior to the Nkomati Accords, the ANC was allowed to operate freely in Mozambique. Even after the Accords, the Mozambican government gave the liberation movement their full moral support. For this reason, the ANC recognises Mozambique's contribution to its success.

The new government has inherited South Africa's moral obligation to help reconstruct the states where it wrecked havoc in years past. Joe Magagula, Mpumalanga's Director of Strategic Planning, explained this responsibility. "South Africa has been partly responsible for the destruction in Mozambique and the political responsibility lies here, whether it was the ANC or the National Party, somehow or another somebody was involved in destroying Mozambique, by either hiding in Mozambique or by attacking Mozambique."²

Of all the front line states,ⁱⁱⁱ only Angola and Mozambique were invaded by South African troops. South Africa also bankrolled destructive revolutionary movements in both countries.^{iv} But Mozambique arguably bore the brunt of South African aggression. Maputo's proximity to South Africa and the presence of ANC leaders made it an irresistible target. White-ruled South Africa's policy of destabilising its neighbours dovetailed neatly with the government's pursuit of the ANC in neighbouring countries.³ For example Ruth First, an anti-Apartheid

ⁱⁱⁱThe Front Line States were the majority-ruled states of Southern Africa that opposed Apartheid.

^{iv}Unita in Angola and Renamo in Mozambique

activist and head of the African Studies Centre at Eduardo Mondlane University in Maputo was assassinated by a letter bomb in the winter of 1982.⁴ This destructive cat-and-mouse game was played out in several regional countries, but nowhere with more intensity than in Mozambique. As such, South Africa's obligation to reconstruct its neighbours is set to begin in Mozambique.

4.1.2 Growing the Neighbourhood.

In order to realise its post-Apartheid potential, South Africa needs a prosperous and peaceful neighbourhood. There are a number of problems caused by the asymmetrical economic development of Southern Africa.

Low incomes in most of Southern Africa mean that the region cannot be viewed as a large-scale potential export market for South Africa. Exports form a central part of the ANC's economic strategy. A primary tenet of the Growth, Employment and Redistribution strategy is to boost manufactured exports, creating jobs for the unemployed. There are economic opportunities on the subcontinent, but widespread poverty means that Southern Africa is limited in terms market potential. The SADC countries, aside from South Africa, have a market smaller than that of Belgium.⁵

More alarming is the fact that the current level of trade between South Africa and its neighbours is unsustainable in the long term. The trade balance is tilted dramatically in South Africa's favour; South Africa's exports to Southern Africa far exceed its imports. Unless regional countries start producing and exporting goods and services, they will not be able to continue to afford South Africa's products. For example, Mozambique pays for its consumption of South African goods largely with money from foreign donors. A more affluent Southern Africa would be a ready market for South Africa's manufactured exports and would be able to pay for them.

In addition, the regional disparity of wealth means that migration from neighbouring states is virtually uncontrollable. South Africa is experiencing a major influx of refugees from other parts of the subcontinent. Coleman Nyathi, Head of Mpumalanga's Department of Economic Affairs and Gaming explained that "...we have a lot of pressure from these people crossing the border in masses and masses trying to enter South Africa. They are prepared to be eaten by crocodiles, crossing the river to come here...They have to brave that because the

situation is so serious and desperate that it is really a choice of that or death."⁶ Illegal immigration is straining social services and is restricting the ANC's ability to provide a better life for the majority of the population. Growth in neighbouring countries would clearly relieve some of the pressure on South Africa from illegal immigration.

Furthermore, an economically stagnant region would be prone to instability and unrest. Peace in the region has resulted in rising expectations on the part of Southern Africans. Citizens now expect their governments to deliver. If these expectations remain unfulfilled, discontent could translate into renewed political instability.⁷ Instability in the region would clearly spell the end of Mbeki's "African Renaissance." In addition, it would entail further costs to South Africa in terms of migration, peace-keeping, and investor perceptions.

The Maputo Corridor is one facet of a strategy to create an environment conducive to economic growth and political stability in the region. "Expanding Maputo forms part of an overall regional industrial and development policy. If we do not develop regionally and create jobs elsewhere at the same time as in South Africa, controlling illegal immigration becomes difficult."⁸ South Africa's belief in balanced and co-operative regional development is thus a result of various selfish and altruistic motives. South Africa's regional policy resembles that of the United States with NAFTA or the European Union with its Euro-Mediterranean project. The ANC's objectives of repaying past debts and revitalising the region's economies come together in South African policy towards Mozambique, which includes the Maputo Corridor.

4.1.3 Mozambique's Regional Strategy

Mozambique is truly a country that is blessed by geography. "Of all Africa's 'outlet' countries, she [Mozambique] is the most strategically placed: because of the length of her coastline, the quality and size of her harbours, and the number of countries whose outlets to the sea she controls."⁹ Mozambique's 1,560 mile Indian Ocean coastline offers a variety of economic opportunities.¹⁰ Not least of which is control over the export routes of Malawi, Zimbabwe, Zambia, and to a lesser extent, Botswana and Swaziland. Reconstruction of Mozambique is essential to the well-being of Southern Africa as a whole.

The Maputo Corridor fits clearly into Frelimo's strategy for the region. Mozambique has always had a service- and transport- oriented economy. Frelimo's policy since independence has been to maintain or

improve its links with the landlocked states to the West (with the exception of the blockade of Ian Smith's Rhodesia). Mozambique played a key role in SADCC and one of SADCC's major goals was to decrease reliance on South Africa's transportation infrastructure by revitalising and making use of Mozambique's transport capacity via Maputo, Beira, and Nacala. It is no coincidence that Maputo was chosen as the headquarters for the Southern African Transport & Communications Commission (SATCC).¹¹

However for the first 20 years of independence, Mozambique's ambitions of serving as the heart of an integrated regional transportation network were frustrated by civil war. The end of the war provides opportunity for Mozambique to realise its potential as a transport provider. The Maputo Corridor is the largest and most rapidly developing of Mozambique's Corridor projects, which also include the Nacala and Beira Corridors.

4.2 Domestic South African Strategy and the Maputo Corridor

The Maputo Development Corridor helps to concurrently fulfil a number of objectives. It is clearly part of a strategy to stimulate the economy and to provide jobs. However, the spatial distribution of benefits has led to some speculation that other motives are involved. Most of the benefits of the Maputo Corridor will accrue to Mpumalanga. Mpumalanga is widely seen as a loyal and responsible ANC-led province and, as such, deserves to be rewarded. In addition, there have been a number of reports in the press attributing the Maputo Corridor to the ANC's fears of a restive and possibly secessionist KwaZulu-Natal. Observers prone to conspiracy theories purport that the Maputo Corridor is the result of a strategy to isolate the Inkatha Freedom Party (IFP) and to secure South Africa's industrial heartland.

Gauteng is Southern Africa's largest economic agglomeration and Gauteng's most important ports, Richards Bay and Durban, are both located in KwaZulu-Natal. KwaZulu-Natal is run by the sometime-belligerent IFP. "With his support base centred on KwaZulu-Natal, he [Mangosuthu Buthelezi] has a potential stranglehold over the country's economic heartland. For the industrial and commercial conurbation of Gauteng, the N3 highway between Van Reenen's Pass and the harbours of Durban and Richards Bay is the main supply line, the jugular."¹²

Of the leading figures involved in the Corridor, only Joe Magagula would discuss this aspect of the development.

...the basis of my argument is that if KwaZulu-Natal and Durban and Richards Bay are the key points for export and import and we have this kind of violence going on in KwaZulu-Natal, the South African economy as a whole is going to be affected nationally, internationally. To allow South Africa to participate competitively in global markets you definitely need to position yourself strategically in terms of those outlets. One of the key things is for us to look for an alternative harbour. Particularly for the provinces up here, you cannot rely on East London, Port Elizabeth, or Cape Town...¹³

While it is true that a successfully implemented Maputo Corridor will cause Durban to lose its virtual monopoly on Gauteng's exports, it is impossible for Maputo to replace the Natal ports in the event of a blockade or other emergency. In 1996, Maputo only handled 3.5 million tons of goods, compared with Durban's 27 million and Richards Bay's 80 million tons.¹⁴ Even at its current theoretical capacity of 14 million tons, Maputo's transit volumes pale in comparison with those of the Natal ports.

Other problems with conspiracy arguments abound. Maputo's harbour is currently only 7.4 metres deep, and after dredging will only reach a depth of 9.4 metres. This compares poorly with Durban, which is 12.9 metres deep and Richards Bay, which is 12.8 metres deep.¹⁵ Even after rehabilitation and dredging, Maputo's coal terminal will only be able to accommodate 80,000 ton ships. 150,000 ton ships are the preferred means for shipping bulk coal and they are currently served by the Richards Bay Coal Terminal.¹⁶ Maputo is, in all aspects, an inadequate replacement for Durban and, or Richards Bay. However, in conjunction with other South African and regional ports, it could possibly act as an "emergency lifeline" for the industrial heartland.¹⁷ While securing the heartland may have been a marginal motivation for the Corridor, it cannot realistically be seen as a primary motivation for the project.

In stark contrast to the brouhaha that surrounded the Oosterlijn in the early 20th century, protests against the Maputo Development Corridor from other provinces are virtually absent. The Maputo Corridor is essentially a concentration of infrastructure and RDP funding. One would expect some dissent based on the fact that the capital expended on transport infrastructure in Mpumalanga and Mozambique could easily be spent in other provinces.

Quiet domestic consensus on the Maputo Corridor can be explained by the broad geographic spread of development funds. The MDC is only one of a number of Spatial Development Initiatives (SDI). In fact, every province has at least part of an SDI envisioned for it.¹⁸ The Western Cape has the West Coast Corridor, the Eastern Cape has several

corridors in the former homeland areas, and KwaZulu-Natal is part of the Maputo Corridor and has other projects running from Pietermaritzburg to Richards Bay. Even the Northern Cape, the Northwest and the Free State are due to benefit from development corridors.¹⁹

Another consideration is that there is very little excess capacity in the South African port system. Exports are growing strongly and all the ports are taxed. Mike Schüssler, an economist at Transnet, predicted total exports would increase by over 20% in 1996 and 17% in 1997.²⁰ Durban, Gauteng's primary port, is at capacity.

In order to handle current and expected traffic growth, port expansion is taking place at all of South Africa's seven commercial ports. Durban and Richards Bay, likely the most prone to dissent, are both expanding. The Port of Durban is getting a new R500-million container terminal and is likely to expand onto the existing airport site once the city's airport moves to La Mercy.²¹ Richards Bay is getting a new dry-dock, a new coal export terminal, and a liquid bulk storage facility.²² The Eastern Cape is getting a major new port at Coega, near Port Elizabeth, and the Western Cape's Saldanha Port is also being expanded.²³ In fact, in 1997 Transnet approved a record capital budget of R1.5 billion for 1997/98.²⁴ This situation contrasts with the situation at the beginning of the century, when excess capacity predominated and the need to repay debt obligations was pressing.

4.2.1 Other More Plausible Motivations for the Corridor?

The Maputo Development Corridor clearly is aimed at fulfilling a number of objectives. It *should* cement ties with the rest of the subcontinent. The addition of another port to the South African system *should* give the South Africa flexibility to deal with any number of eventualities, including potential secession or unrest in KwaZulu-Natal.

However, other motivations for the Corridor are clearly present. Pragmatic and less divisive motivations are more plausible than any conspiracy theory. The Maputo Corridor dovetails with the government's goals as expounded in the GEAR strategy and the Reconstruction and Development Programme. Karin Pearce stresses that "...the overall goal, not only of the Maputo Corridor, but of all the SDIs, is to deliver sustainable jobs."²⁵ It should be emphasised that the Maputo Corridor is only one of several regional "spatial development initiatives" across the country. Each SDI has, at its core, the goal of creating the conditions necessary for sustained and equitable economic growth, based on regional comparative advantage.

Different regions have different potential for future economic growth. This potential can be seen as the difference between the opportunities on offer and the extent to which these are currently exploited. It must be understood that this is a relatively short-term view; in the long term, human ingenuity is the only limit on economic opportunity. The larger the extent of unexploited opportunity, the bigger a "bang for a buck" the government will get for its investment in infrastructure. In KwaZulu-Natal, for example, there is a great deal of opportunity provided by climate, the population, and geomorphology. However, much of this opportunity is currently exploited, KwaZulu-Natal has an excellent network of roads, railways, airports, and two major sea ports.

By contrast, the Maputo Corridor region is full of unexploited economic opportunity. Not only is the region the closest link between Gauteng and the sea, but it boasts a variety of opportunities that would remain unexploited without cheaper and more efficient transport. As Karin Pearce explains, "The corridor concept works quite well in the case of the Maputo Corridor because you have an existing wealth of industry and economic activity on one end and you have a port with enormous potential at the other. And in between the two you have a range of economic potential which is really quite diverse and quite phenomenal."²⁶

The geographic and economic logic of the Maputo Corridor is highly convincing; there is a great deal of potential along the Corridor route. There are opportunities in mining, electricity production, forestry, heavy and light industry, and agriculture. The region covered by the Maputo Corridor has the greatest potential of any of South Africa's regions. This is largely because political considerations prevented the development of the Eastern Transvaal starting in the mid 1970s. It should come as no surprise that the government should concentrate its attention first on the Maputo Corridor.

4.2.2 Domestic Strategy and the Maputo Corridor: Mozambique

Similar pragmatic motivations drive policy in Mozambique. Starting in the mid-1980s, the exigencies of a war-ravaged economy and the collapse of the Soviet Union have forced Frelimo to moderate its economic policy. Despite periodic bouts of hesitation, Frelimo has moved steadily from ideological central planning to a pragmatic mindset encouraging foreign investment and market mechanisms.²⁷ According to Coleman Nyathi, the Mozambican government has "...turned around very fast.

They realised they have been successful in stopping the war, but it will all depend now on whether they can create jobs for those people."²⁸

Francisca Soares underscored the government's new perspective by explaining that the primary goals of the Maputo Corridor are "to maintain and create new jobs" and "to minimise the negative impacts on investment."²⁹ The Mozambican government unabashedly courted investors at the May 1996 Maputo Corridor conference held in Maputo.

But consensus on economic policy is far from complete. Less than a month after the conference, the Frelimo Party Conference called for a reversal in policy, safeguarding the government's monopoly in banking, insurance, air transport, ports, railways, energy, water and communications.³⁰ The decision caused major jitters among investors, but the threat was never carried out. Francisca Soares explained the difficulty inherent in a major policy reorientation. "I think it is a complete change which in fact is not easy because this is a change of the people also. And we are talking of the same people who have been working and living in colonial times. We have been living with central planning -- we are the same people! And we are in a new situation and it's a very short time."³¹ If successful, the positive experience of the Maputo Corridor is likely to encourage Frelimo to continue with investor- and market-friendly policies.

A long-standing domestic concern is that the Maputo Corridor may exacerbate the wealth differential between Southern and Northern Mozambique. Historically, most development was undertaken in the far South, with minor, primarily agricultural investments made in the central and Northern areas. Assertions that Frelimo favours the South have been raised regularly since 1975. The Maputo Corridor may generate dissent, particularly in the North.

4.3 Conclusion

The Maputo Corridor is part of the ANC's strategy to achieve its long-term goals. These goals include: a prosperous, peaceful, and growing Southern Africa; and a politically stable and unified South Africa with outward-oriented economic growth providing opportunity for all citizens. In the region, the Corridor is one facet of an attempt to improve relations, repay past debts, and reinvigorate the economies Southern Africa. Domestically, some observers see the Corridor as part of a strategy to disempower the IFP and to isolate Gauteng from any transport-related economic shocks. While the Corridor may achieve these ends, it also fits into a more pragmatic and less conflictual strategy -

- job creation and economic growth. The Maputo Corridor also converges with Frelimo's long-term objectives. Frelimo's desire to re-establish Mozambique as a regional transport provider is clearly served by the Corridor. The Maputo Corridor also serves domestic Mozambican interests by attracting foreign investment and creating conditions favourable to further economic growth.

5. The Implementation of the Maputo Corridor

The first stages of the implementation⁴ of the Maputo Corridor have been characterised by speed, a high degree of consensus, and efficiency. This is primarily the result of two characteristics of the implementation process. The first is that the implementing structure has been kept relatively lean, with a clear and orderly chain of command, but with ample delegation of responsibility. The second characteristic is that there has been a great deal of co-operation and co-ordination, facilitated by regular meetings of functional teams. There is close co-operation between different departments within the same government, close co-operation between different governments, and close co-operation between government and the private sector. A balance was struck successfully between these two characteristics. It must be noted that the implementation of the Maputo Corridor will be a long-term process, and this analysis is based solely on this early information.

5.1 An Efficient Chain of Command

The Maputo Corridor project was remarkably free of open rivalries, turf battles and discord during its development. To a large degree this is due to the clear demarcation of roles and the delegation of responsibilities between different groups and levels of government (see figure eleven). Each country has a ministerial committee or sub-cabinet, composed of relevant ministers. In South Africa, this includes the ministers of Transport, Trade and Industry, Home and Foreign Affairs, and other ministers when their portfolio is pertinent to the issue under discussion. The parallel structure in Mozambique includes ministers of Public Works and Housing, Transport, Foreign Affairs and Co-operation, and others when called for.¹

Answerable to the sub-cabinets is the Interim Coordinating Committee (ICC). The ICC is where the management and implementation of the Corridor takes place. The ICC is composed of the national co-ordinators (Ketso Gordhan and Paul Jourdan in South Africa, Francisca Soares and Antonio Pinto in Mozambique) and representatives from a variety of other departments. The ICC is responsible for the development of major transport and communications infrastructure between Witbank and Maputo (including the N4, rail, the Port of Maputo,

⁴The implementation process is the means by which the concept of a Maputo Corridor is turned into the reality of a development and infrastructure project.

telecommunications, and the border post). Its mandate includes "assessing socio-economic conditions, appraising development potentials, and identifying key actions required to facilitate development" along the Corridor.² The ICC appears to receive adequate resources to fulfil its mandate. To June 1997, approximately R4-million was spent on the project by the South African government alone.³ The ICC has a dedicated technical team, composed of specialists from a number of fields. The technical team undertook detailed economic, geographic, demographic, and engineering studies of the region and drew up the specifications for the Corridor that were presented to the investment community in May 1996.

Mpumalanga Province plays an important support role. "...although the provinces are not technically part of this structure, the provinces are a really critical part, particularly on the South African side of this initiative."⁴ This support role is facilitated by a corridor sub-cabinet, similar to the structure in the central government. Mpumalanga's focus is on the provision of services and smaller-scale infrastructure (drinking water, sewage, secondary and tertiary roads, etc.), particularly in the *secondary corridor* area. The *secondary corridor* is composed of the administratively definable area adjacent to the primary corridor. "...we therefore concentrate on the periphery, the areas that are more far away from the Corridor and that cannot benefit directly."⁵ So there is a spatial differentiation between the role of the central government, with provincial responsibilities more pronounced as distance increases from the Corridor route itself.

The province is responsible for a number of programmes that support the central government's role in the primary corridor. The provincial administration identified a number of secondary issues in the province for which it has responsibility. Coleman Nyathi explained that there are "...primary issues, which involve liaising with the national government. And there are secondary issues which are those of a developmental nature that the province has to fulfil and we've got project managers for that. Within that we have sub-programmes: SMMEs, environment, local government, agriculture."⁶ When Nyathi was asked if the Corridor was "organised along federal lines; [with] certain things designated as central government responsibilities and other things as...", he responded with a determined "Exactly."⁷ There is a differentiation of responsibilities between different levels of government. Where overlap occurs, consultation takes place regularly.

The province's most important responsibility is to attract investment. This responsibility is shared between the central and provincial governments, but local areas have a clear incentive to court

investors. Mpumalanga is in the process of establishing a "one-stop investment centre."⁸ This should direct potential investors towards ideal industrial locations and is aimed at facilitating all aspects of the investment process. "Mpumalanga province is remarkable in that they have really...taken ownership of the initiative. They have established all sorts of mechanisms and things that enable investors to feel very comfortable and to have access to the information they need..."⁹

As the focus of the Maputo Corridor moves from establishing the necessary infrastructure to attracting the investment that will create the jobs that will bring social benefits, the role of the province is set to increase. Coleman Nyathi explained this role. "We see that it is our role to promote investment via the Maputo Development Corridor, to co-ordinate any effort to build a database for this region in terms of introducing availability of data for those wanting to invest."¹⁰ The fact that the province's responsibility is to attract investment largely accounts for its high profile in the press. The more publicity the Corridor gets, the larger the benefit likely for Mpumalanga. Other provinces, specifically the Northern Province, are involved and share the same responsibilities as Mpumalanga. However, the Northern Province has not expended as much effort on the Corridor as Mpumalanga has.

Extraneous parties were deliberately left out. For example, Zimbabwe and Swaziland were initially not involved, even though they would be impacted by the Corridor. This simple design helped expedite the Corridor, but it didn't make any friends in neighbouring countries. Despite a long history of multilateral action on issues such as regional transportation development, Mozambique and South Africa initially set out on their own. This was deliberate; the Southern African Transport Coordinating Conference's past success was very limited and there was a desire to avoid past mistakes.

An orderly chain of command was essential to efficiently implementing the Maputo Corridor. Conflict between different levels of government was avoided by delegating different responsibilities to the different levels of government. Major transport infrastructure is the responsibility of the central government. The provincial government is responsible for smaller infrastructure and for attracting investment to the secondary corridor area.

5.2 Co-operation and Co-ordination

However, the implementation process is not entirely a top-down. The other primary reason for the successful implementation of the Corridor is extensive co-operation between different stakeholders. It is through face-to-face meetings that co-operation and co-ordination are fostered. When asked what the most important aspect of the development is, leading figures consistently referred to co-operative, team-oriented interaction. Francisca Soares explained the working environment of the Corridor project, "I think it was really people committed and involved, working day and night...we found there's good co-operation between both countries."¹¹ There are four types of co-operation that characterise the Maputo Corridor.

First, interdepartmental, functional co-operation within the same government is instrumental in getting all the relevant experts involved in the project.

Second, there is a significant amount of co-ordination of activities between the different governments involved (primarily Mpumalanga and the South African and Mozambican central governments).

Third, the Corridor's implementation is characterised by a high level of co-operation between government and the private sector; it was envisioned essentially as a partnership between the two parties.

Finally, the project could not have come to fruition without a new understanding between Mozambique, South Africa, and international financial institutions.

5.2.1 Functional Co-operation

When working on the same project, it is often the case that individuals from different departments perceive themselves as in competition. This results in an inefficient and uneasy relationship. Interdepartmental communication languishes on individuals' desks and misunderstandings are prone to arise. Bringing relevant individuals from different departments and putting them on a functional team helps to avoid these sorts of problems. All three governments (South Africa, Mpumalanga, and Mozambique) have functional structures which bring relevant ministers and civil servants from a variety of departments together on a regular basis. This ensures that they are all focused on the same goal and that problems can be resolved expeditiously whenever they arise.

In Mpumalanga, interdepartmental work is facilitated through the provincial sub-cabinet responsible for the Corridor which meets at least

monthly.¹² Joe Magagula described the situation; "I would say to you that the fact that we don't have a lot of turf battles, and the fact that people seem to be co-operating in terms of learning and there is nobody who is claiming to be knowing more than others...everybody relies on others to succeed."¹³ This type of atmosphere is fostered by functional teams.

Functional co-operation in the South African and the Mozambican governments is facilitated by both ministerial committees and the Interim Coordinating Committee. Decisions in these structures are reached by consultation and consensus, obviating the need for lengthy interdepartmental communications. The logic of this approach was explained by Francisca Soares, "...this is a multisectoral project, it's not only transport. We've got a committee which involves technicians from agriculture, industry, public works, planning, and finance."¹⁴

Having all interested and relevant parties around one table is a clear factor accounting for the initial success of the Corridor. Decisions can be expedited and implementation of these decisions is more certain than if the decisions were made in isolation. Lack of co-operation and consultation was one reason for the failure of the Oosterlijn in the early 20th Century. Groups likely to dissent were excluded from negotiations in order to achieve consensus, but the resulting agreements could never be implemented because of the earlier exclusion of these groups.

5.2.2 Intergovernmental Co-operation

Functional co-operation within governments would have not been sufficient to implement the Corridor. The project would never have come to fruition without close co-operation between the South Africa, Mpumalangan, and Mozambican governments. It was imperative that the relationship between the various governments involved in the Corridor developed along co-operative and not competitive lines. Communication and regular contact are the primary tools used to facilitate this relationship. There are monthly meetings between the South African central government and the government of Mpumalanga. South African and Mozambican civil servants also meet at least once a month and as often as several times a week. Regular consultation is necessary to avoid any unnecessary misunderstandings.

5.2.2.1 The Central Government and Mpumalanga

Karin Pearce explained the priority that the central government accorded to establishing a good working relationship with the provinces. It's "...very important for us to consolidate a good working relationship and ensure that the capacity of the provinces is capable of handling the opportunity that is there..."¹⁵ The provinces (with the exception of the Free State) are new structures and (with the exception of the Western Cape) are governed by parties with little or no government experience. The central government has made provincial capacity-building one of the priorities of the Maputo Corridor.

Communication between the different levels of government is essential to maintaining a productive relationship. "The way we structured this was that no matter what level of government you talk to about this, the same message is given. We established our co-ordinating structures with the provinces to ensure precisely that. So even if a person who wants to know about the road is in Nelspruit and decides to go and see Coleman Nyathi, he can tell them the very same story that I can tell and Nazir can tell."¹⁶ Representatives of provincial and central governments meet on a monthly basis to remedy any problems.¹⁷

Despite these efforts, co-ordination between the provincial and central governments did not go off without any hitches. According to George Jamieson, when he met the Mpumalangans, "...they were really very badly informed about what was going on and they were, I believe a little bit upset because they'd been left out..."¹⁸ Joe Magagula also referred to this problem, "In the main there's good co-operation between the department and ourselves... [but] what seems to be happening is that as this project becomes more practical and implemented, the Department of Transport tends to distance themselves. In fact, they tend not to consult more and they tend to do a lot of things above our heads."¹⁹ Despite an emphasis on shared understandings of the development, there are intermittent misunderstandings. But the relationship between the central government and Mpumalanga seems on the whole to have been amicable and co-operative.

5.2.2.2 Mpumalanga and its Neighbours

Mpumalanga has also maintained a co-operative relationship with its neighbours. Initial plans called for two roughly parallel corridors running through Mpumalanga and the Northern Province. This road would have had to traverse the Kruger Park; the plans caused a great uproar particularly among environmentalists and in the tourist industry.

Ultimately, the plan for the Northern Province's road to Maputo was scrapped. The Northern Province was integrated into the Maputo Corridor via a sub-corridor to Phalaborwa and Tzaneen (see figure five). Spurned ambitions for a separate corridor could be a major ingredient in an antagonistic relationship. Despite this potential for conflict, the Northern Province -- Mpumalanga relationship seems to be productive. "It [the relationship] is co-operative. It is a very close one because our corridor technical committees meet once a month. In a number of areas we have joint studies, for example for the environmental impact assessment...There is great co-operation."²⁰ Mpumalanga and the Northern Province work together, sharing many of the same responsibilities. Gauteng, despite its position as a likely beneficiary of the Corridor, remains entirely outside of consultation. Coleman Nyathi explained, "At this stage, I must say that they [Gauteng] are a silent partner."

Reports of Mpumalanga's contact with Mozambique are mixed. Once again, press accounts and personal accounts differ markedly. A *Cape Times* article from August 1996 gave the impression of intimate co-operation. "We never expected that we would work so closely and so well together," said Magagula. "We even sit in on each other's planning and strategy meetings, so it is working very well." The two governments are reported to refer investors to each other on a daily basis.²¹ However, contrary to the *Cape Times'* assertions, Francisca Soares explained that her contact with the Mpumalanga government was very limited. They were present at a number of bilateral meetings, but they were very much in the background. She suggested that officials from Gaza and Maputo Provinces might have had more contact with them.²²

5.2.2.3 South Africa Gets a Taste of Regional Sensitivities

South Africa is slowly re-establishing commercial, diplomatic, and cultural ties with other countries on the continent and subcontinent. The Maputo Development Corridor is one aspect of a strategy to stitch Southern Africa back together. However, while reasserting its leading rôle in the region, South Africa managed to upset its neighbours. Some Southern African states felt that South Africa was pursuing its own interests with little regard for their well-being. Others feared that they would be left behind in the rush to establish the Maputo Development Corridor.

In terms of infrastructure there are a number of projects that are aimed at reconnecting South Africa with the subcontinent. In late 1995 Mac Maharaj suggested that a number of roads leading into other sub-

Saharan African countries be upgraded in order to facilitate trade, tourism and other interaction. The Maputo Corridor and the upgrading of the N4 emerged as the fastest developing and most prominent of these initiatives.²³ Henceforth, the N4 was the Department of Transport's number one regional priority.

Speed was a priority in the Corridor's development, and the implementing structure was kept as simple as possible in order to facilitate efficient decision-making. Unnecessary consultation would be avoided whenever possible. This meant that the Corridor would be developed as a bilateral project. This approach was successful in expediting development. However, the bilateral nature of the project caused problems with other states in the region who felt they were being left out.

...Swaziland and Zimbabwe and Namibia complained bitterly...both Mozambique and ourselves took the position that we are focusing on something which has economic rationale...For Swaziland, Maputo port is an important alternate route to Richards Bay, but economically there is no rationale for having a trilateral or quadrilateral Maputo Corridor...So they [neighbouring countries] have been...brought in on specific structures. But we didn't need to get an agreement with Swaziland about the N4. We didn't need an agreement with Swaziland about the port.²⁴

In the process of developing the Maputo Corridor, South Africa was accused of reverting to its old hegemonic, self-interested ways. In this regard, the means employed in implementing the Corridor were a failure. The impression of a hegemonic South Africa was the result of the fact that the Corridor was an expedited project with limited consultation, the fact that most planning took place in Pretoria, and because of the fact that the road upgrade was initiated before the rail upgrade. The rail network in Southern Mozambique is more comprehensive than the road network. As the body responsible for rail and port upgrading, the Maputo Corridor Company (MCC) will be a more representative body. It is expected to have shareholding from interests in Mozambique, South Africa, Swaziland, and Zimbabwe.²⁵ Nonetheless, the port and rail rehabilitation could not have proceeded first because it entailed many more contentious issues, and as such, required consultation with a variety of stakeholders (IFIs, trade unions, CFM, etc).

Regional sensitivities were perhaps more pronounced than expected. Throughout the project's existence there has been a growing recognition that South Africa needs the support of other countries in the region. The government has worked hard to dispel notions that the Maputo Corridor would benefit South Africa with little consideration for its

neighbours. "We are working on it under the auspices that it is a regional project. It goes beyond our province because, for instance, without these regional countries supporting it, it would not be a success."²⁶

Corridor proponents, like Matthews Phosa, stress its regional benefits. Phosa took the time to fly to Botswana and Swaziland after the Investors' Conference in 1996 to placate their fears of being left behind. The road linking Botswana with the N4 to Maputo was highlighted as the next priority project.²⁷ In addition, Namibia's plans for promoting Walvis Bay were integrated into the Maputo Corridor. The resulting vision was of a greater Walvis Bay - Maputo Corridor bisecting the subcontinent with an axis running through its economic heart -- Gauteng.

The Maputo Corridor is clearly a significant part of South Africa's strategy to promote co-operative regional development. Apartheid is gone, but South Africa is still the giant of the region. The South African economy is more than four times the size of its SADC neighbours combined.²⁸ As such, South Africa still has a dominant role to play in the region. Implementation of the Maputo Corridor brought South African officials face to face with national sensitivities in neighbouring countries. These sensitivities were, at times, offended in neighbouring states. The Maputo Corridor was South Africa's first serious experience with regional co-operation on any significant scale and it proved to be a learning experience.

5.2.2.4 Mozambique Fears South Africa

South Africa also upset the Mozambicans from time to time. Old fears of South African domination always lurked in the shadows. Mozambique's "fear of economic and political domination sits deep, rooted in a century of migrant labour dependent on the Witwatersrand mines, ingrained by Botha's imposition of the Nkomati Accord, and drenched in blood by years of covert South African Defence Force action."²⁹ This anxiety was highlighted by the fact that many of South Africa's current demands are the same demands that were made from the 1920s onwards.

Like the Portuguese once were, Mozambicans are highly sensitive about foreign domination. An executive from a Mozambican consulting firm explained that when the South Africans began negotiations for the Maputo Corridor "they were very paternalistic and domineering."³⁰ In an interview, a Mozambican official betrayed her sensitivity about being

"forced" to reform by South Africa and the World Bank. "I don't think I was forced to do anything!! I couldn't do anything by force, I'm sure. Myself, I was not forced to do anything!"³¹ South Africans and Mozambicans had to learn how to work together after 20 years of conflict.

Aspects of the Maputo Corridor perceived to impinge on national sovereignty are clearly most difficult to negotiate with Maputo. The border is a case in point. For a country that receives 60% of its GDP in foreign aid, the border is one of the few places that the government can clearly demonstrate sovereignty.³² The emotional impact of relinquishing any control over the border, particularly for a country with a long history of submission, cannot be quantified. Negotiations on re-engineering the border post proceeded at a snail's pace. The one-stop border post is probably the most contentious and the most important part of the Maputo Development Corridor.

Aside from emotional issues, the countries' work cultures are very different. "...the countries are quite different. The organisations, from the government side, are also different. The means, and this is very important, the means are very different also."³³ These profound differences mean there was always a great potential for conflict. Despite these problems, the South African and Mozambican governments have been able to come to an understanding; progress is being made.

It must have been trying at times for the South Africans working with the Mozambicans. According to a high-ranking South African official, "...there are serious inefficiencies, there are serious capacity problems, there's no question about that."³⁴ Even the Mozambicans will, at times, admit their weaknesses. Francisca Soares, one of two project directors for the Mozambican government explains, "It was interesting. I think it was a different experience from my side to work with South Africa. I think for them to work with Mozambique was another experience."³⁵

Thanks to regular consultation, small disagreements between South Africa and Mozambique never seem to have escalated. The joint South African -- Mozambican composition of the interministerial committee and the Interim Coordinating Committee help to defuse any conflict. Regular intergovernmental contact ensures that the project is tackled in a co-operative manner and that misunderstandings are kept to a minimum.

From the earliest stages of the Corridor, the two countries strove to create and maintain a single perspective on the development. Regular contact bred trust, allowing a single perspective to emerge, and a good working relationship flourished. George Jamieson described the

relationship he observed between South African and Mozambican officials. "His [Alli's] counterpart in Mozambique supported him, especially on the Mozambican aspects he advised him on what would be acceptable, the right ways of doing it...a very good team atmosphere."³⁶ Karin Pearce also referred to the contribution of close bi-national co-operation to the development. For Pearce, the single greatest achievement of the Corridor has been the ability of the two governments to "pull together and pull it off."³⁷

One only needs to look North to understand how misunderstandings can mushroom and frustrate development. The Beira Corridor Group (BCG), which aims to follow the Maputo Corridor's lead in promoting corridor development, is composed of interested parties from Malawi, the Democratic Republic of Congo (formerly Zaire), Zambia, Zimbabwe, and Mozambique. When planning an investors' conference for 1996, the BCG spent five very unproductive months squabbling over the question of whether the venue should be in Mozambique or Zimbabwe. They ultimately decided on Harare.³⁸ Despite great potential for the Beira route, the development's pace is slothful. In contrast, the Mozambican government first discussed the Maputo Corridor in a ministerial meeting in August 1995. By May 1996, the Investors' Conference was held and plans for the Corridor were well underway.³⁹

5.2.2.5 Government and the Private Sector

The Maputo Corridor represents a new era of co-operation and partnership between the governments of the region and the private sector. The whole project is based on a new understanding of the respective roles of the private and public sectors. In Mozambique, the collapse of the economy due to war and central planning resulted in a re-evaluation of the role of private enterprise. Frelimo changed from a dogmatic Communist party to a party willing to work with the private sector if it would benefit the people. The ANC also made a dramatic turn around between 1990 and 1996. An abrupt about-face was made from Charterist policies to the neo-liberal Growth, Employment, and Redistribution strategy. At a 1993 conference on transport, Carl Niehaus explained the ANC's perspective. "A future democratic government should define transport as an essential service rather than as a profit generating business...we therefore feel that the running and continuation of the industry should be with the state..."⁴⁰ The ANC now sees the government's role as creating an enabling environment in which

free enterprise can thrive. However, the fruits of new growth must go to the previously disadvantaged.

In terms of actual infrastructure, co-operation between the government and private enterprise is unprecedented in the region. The N4 is Southern Africa's first Build-Operate-Transfer project. The railway and port are set to be privately managed in what was until recently a one-party Marxist state. The TRAC Consortium's George Jamieson explained how the government gave their full support to TRAC's work. "They [the government] have given us all of their support and through the negotiation stage we have had very good co-operation from the Department of Transport."⁴¹ From an international perspective, this public-private infrastructure partnership is in line with current trends.ⁱⁱ

But what is truly ground-breaking is the precedent that the Maputo Corridor sets for government's relationship with the private sector as a whole. The Corridor started with a recognition that the government could not provide South Africans with an improved standard of living without the co-operation of the private sector. Given the size of the domestic South African market, exports were seen as the best means to achieve economic growth. The entire corridor was planned in consultation with the private sector with the goal of increasing South African exports and industrial competitiveness. In order to create jobs, the road would have to attract investment, and to do this it would have to respond to the needs of potential investors.

The government's objective was economic growth, and infrastructure was seen as a means to achieve that growth. Simply building a road between two points does not mean that growth will occur between the two. Infrastructure will only facilitate growth and investment if it is approached in a holistic manner. All of the concerns of investors need to be taken into account. For this reason, the business community was approached during the initial planning stages. Karin Pearce described how this process progressed. "What we did, very early on in this project, is go and speak to all the private sector people in this area, particularly the bigger companies and to say to them, 'look, if Maputo Port was able to handle 14 million tons a year, and if it had good management, and everything was working, would you use the port? And the answer was unanimous, 'Of course we would'."⁴²

ⁱⁱ For an in-depth study of contemporary trends in infrastructure development, see World Bank. World Development Report 1994: Infrastructure for Development, (New York: Oxford University Press: 1994).

The Departments of Transport and Trade and Industry have held discussions with companies like Sappi, Alusaf, and Gencor to encourage investment in the Corridor region in fields such as mining, manufacturing, tourism, conservation, construction, trade, transport, and finance.⁴³ The programmes that make up the Maputo corridor -- the road, rail, and port upgrades, and the new border post specifically respond to the concerns expressed by potential investors.

5.2.2.6 Government and International Financial Institutions

The Maputo Corridor resulted in closer co-operation between the governments of the region and international financial institutions, such as the World Bank. Mozambique is highly indebted and has a long history of clashes with the World Bank. Transportation has been a particular bone of contention. CFM is one of Mozambique's largest employers and restructuring it could result in a severe political backlash. In the early 1990s, the World Bank insisted on privatisation of some transport services which Maputo wholeheartedly opposed. Karin Pearce explains how the two sides moderated their platforms and pragmatism prevailed.

...the rehabilitation is one of the conditions for further tranches of loans. So, I think the starting point for Mozambique on this was very negative in the sense that it was placed as a precondition for further tranches of funding to be released. When we began the Maputo Corridor, we brought it in under the umbrella of the Maputo Corridor because it's so important for the success of the corridor and we've managed between the World Bank, Mozambique and South Africa to develop a working relationship and understanding around how to deal with the very difficult issue of restructuring of CFM. I think we've reached a point where there's far less antagonism and a lot greater understanding in this respect, but it hasn't been easy.⁴⁴

South Africa worked as a moderating influence on both parties. Nonetheless, the alacrity with which the Mozambicans changed from a combative mindset to a pragmatic and largely free-market outlook is astounding. The government's co-operative approach is described by Francisca Soares, "We are trying to find the best way to deal with each financier, according to their interest and our interest."⁴⁵ Contact and co-operation between the World Bank, South Africa and Mozambique is essential to the long-run viability of the project. At present, future funding from the World Bank seems likely.

economists, engineers, and geologists to complete. In addition, the Corridor is still in its earliest stages; it would be premature to declare success or failure until the project is up and running in the next century. The research contained in this paper is simply an examination of the history of, and the motivations for the Maputo Corridor and a study of the means chosen to turn the dream into a reality.

Three factors were identified that were likely to impact the Maputo Corridor and how it was implemented. These were: the history of the transport route; the leadership of the Corridor; and the strategic motivations for the project. Each factor was investigated thoroughly and its impact on the Corridor's implementation was discussed.

History of the Transport Route

The history of the Johannesburg -- Lourenço Marques route is perhaps one of the most convincing arguments bolstering the Maputo Development Corridor. For decades, the Lourenço Marques route was a virtual case study of how two countries could benefit symbiotically from transport co-operation. From the end of World War Two until independence in 1975, the relationship between Portugal and South Africa was one of growing technical and political co-operation. South Africa got an outlet for exports, cheap labour for the mines, and sandy, tropical beaches for holidays. In return, Mozambique got money from transshipment and tourism. This is the period most often referred to by proponents of the Maputo Corridor.

But history also provides a cautionary tale. Maputo's strategic location near Johannesburg, just across the border with the region's best natural port, made the city a virtually irresistible target for South Africans as early as the late 1800s. Repeated attempts at annexation or control have left Mozambicans with an understandable degree of suspicion towards South African intentions. Twenty years of South African support for violent insurrection in Mozambique have done nothing to improve the situation. This leaves a very weak foundation on which to build a new understanding.

In addition, the relationship between South Africa and Portugal in the first part of this century provides a clear counter-example to the period between 1945 and 1975. Internal problems in Portugal and South Africa prevented further development of the Maputo route. Disputes between the Cape, Natal, and the Transvaal over transport issues caused several decades worth of delays in bilateral negotiations and threatened to derail South African union. Regional and provincial identities have

become subsumed to a greater national identity over the last ninety years in South Africa. However, there is still great potential for conflict particularly since different parties control the Western Cape, KwaZulu-Natal, and **Gauteng**.

It is also important to recognise that inefficiency preceded CFM's statist and socialist management techniques by many decades. South Africans have been troubled by inefficiency in Mozambique's ports and railways since the earliest days of co-operation. Today, privatisation is promoted as a panacea for inefficiency and corruption. Privatisation should help the situation, but it will be a long time before Mozambique's ports and railway can be viewed as efficient.

Leaders

The second factor which would likely impact the Maputo Development Corridor was the project's leadership. Leaders of any initiative have the power to leave their stamp on it. The vast majority of benefits from the Corridor should go to businesses and residents in Mpumalanga. Assuming that government officials will work in the interest of their own constituents, it was believed that the government of Mpumalanga was at the project's helm, or at least very influential. It was assumed that they had used their popularity within the ANC to extract a disproportionate share of funding for economic development. This assumption was reinforced by the glowing portrayal of Mpumalanga's leaders in a number of press reports on the Corridor. Mpumalanga officials were often referred to as the Corridor's "architects" or "leaders."

Interviews with Corridor stakeholders were envisioned as additional evidence that would corroborate or falsify the assumed leadership of Mpumalanga officials. A completely different perspective on the project's leadership emerged from these interviews. Politicians at the highest levels played a significant role by giving the project their blessing, leading to a sense of mission and dedication on the part of individuals implementing the Corridor. High-level political commitment discouraged bickering. Prominent politicians also expended a significant amount of effort publicising the Corridor and reassuring international investors. But politicians, having defined broad objectives, left the actual implementation of the Corridor to "technocrats" -- civil servants in relevant departments in Pretoria and Maputo. It was these civil servants who actually managed and implemented the Corridor.

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Provincial governments were involved in support roles -- secondary infrastructure, local issues, and attracting investors to their jurisdictions. Mpumalanga's success in promoting investment along its stretch of the Corridor accounts for the province's high profile in the press.

Strategic Motivations

There are a variety of strategic motivations for the Maputo Development Corridor. These motivations are compelling enough to make the Maputo Corridor a high priority in both Mozambique and South Africa. For South Africa, the Maputo Corridor is one facet of a strategy to stabilise and unify Southern Africa. The Maputo Corridor will create economic opportunity in Mozambique and discourage unrestrained cross-border migration.

Domestically, some observers have seen the Corridor as part of a strategy to disempower the IFP and give Gauteng transport independence. This may have been a marginal motivation, but there are many more plausible motives, primarily the fact that the Corridor encourages export-oriented growth. Ports across South Africa, from Saldanha to Richards Bay, are undergoing unprecedented upgrading and development. The Port of Maputo is just one of many ports that are undergoing modernisation and renovation.

Frelimo's strategic objectives similarly provide fertile ground for the Corridor. Mozambique would like to re-establish itself as a regional provider of transport services and tourism. The Maputo, Beira, and Nacala corridors provide a means to achieve this goal. The corridors also fit neatly into Mozambique's Economic Recovery Programme, a liberal economic strategy to attract foreign investment and create opportunity for Mozambicans.

Implementation of the Corridor

Each of the three aforementioned factors affected the Maputo Corridor and how it was implemented. Initial accounts of the Corridor have largely emphasised the speed and success with which the first parts of the project were assembled. One important aspect of the research was an attempt to identify the institutional characteristics that accounted for this early success.

The first characteristic was the project's clear and efficient chain of command. In South Africa, the project's responsibilities were divided along the lines of that nation's system of devolved federalism. The most important tasks were reserved for the central government

departments of Transport and Trade and Industry. Secondary, but still important tasks were reserved for the provinces through which the Corridor passed. Thus, all parties could simultaneously work on different aspects of the Corridor and point with pride to their contribution.

The second characteristic was the high level of functional co-operation that the Corridor entailed. Although the Departments of Trade and Industry and Transport took the lead, other departments were always involved and present when decisions were made. This obviated the need for lengthy inter-departmental communiqués, or the need to renegotiate aspects of the Corridor at a later date. Functional, inter-departmental teams also predominated in the Mpumalanga and Mozambican governments.

The third characteristic contributing to an efficient implementation was a high level of co-operation between different stakeholders. Different governments met regularly to iron out any misunderstandings. The potential for such misunderstandings is not to be underestimated; they nearly caused the collapse of a parallel effort in Beira. But perhaps most important was the fact that the Maputo Corridor represented a new era of government-private sector co-operation in Southern Africa. The project was predicated on in-depth and regular consultations with potential investors. This ensured that the project holistically tackled investors' concerns, thus virtually guaranteeing that the Corridor would achieve its goals of turning infrastructure development into economic opportunity and jobs.

Figure One:
Research design

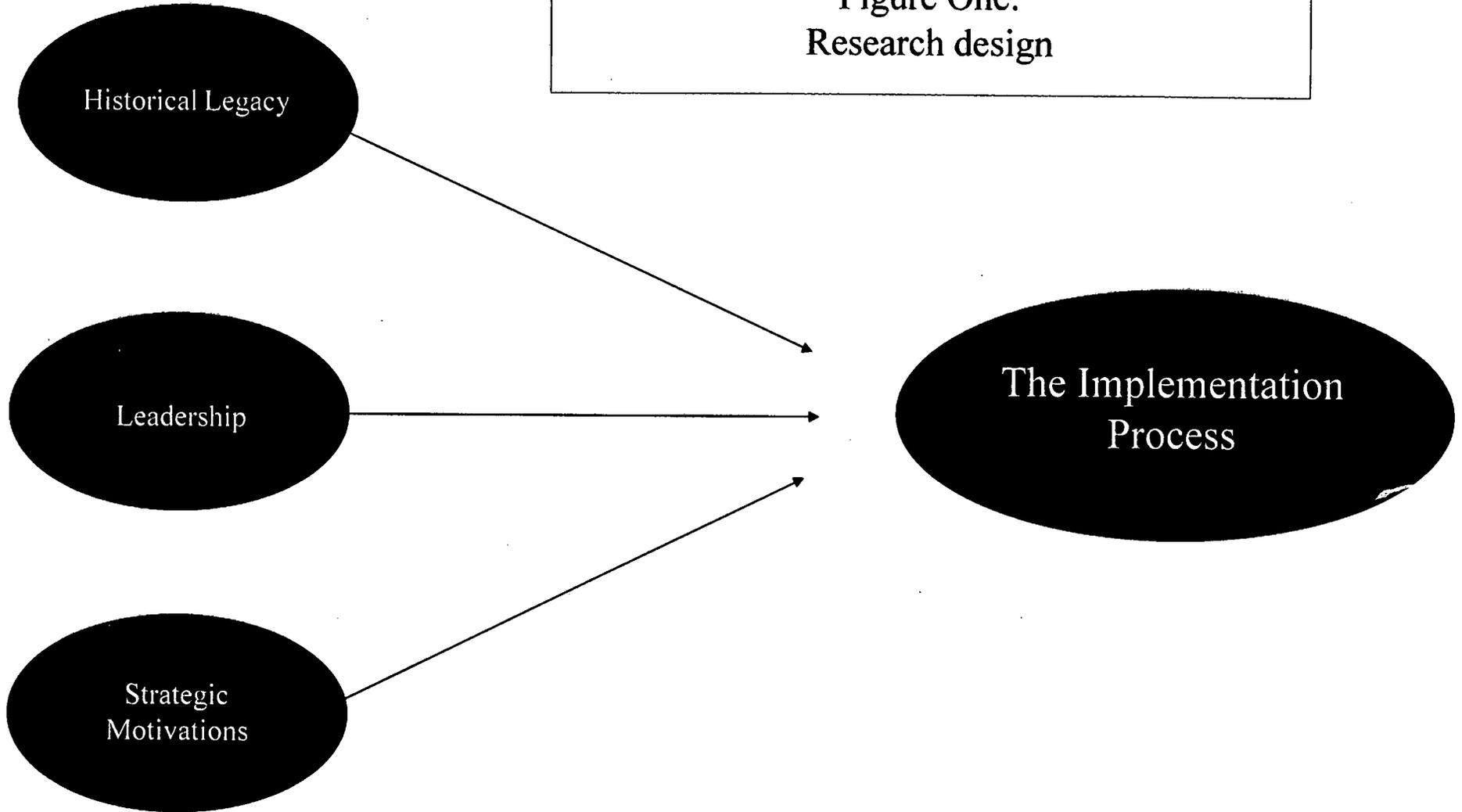


Figure Two: A Hypothetical Simple Access Corridor

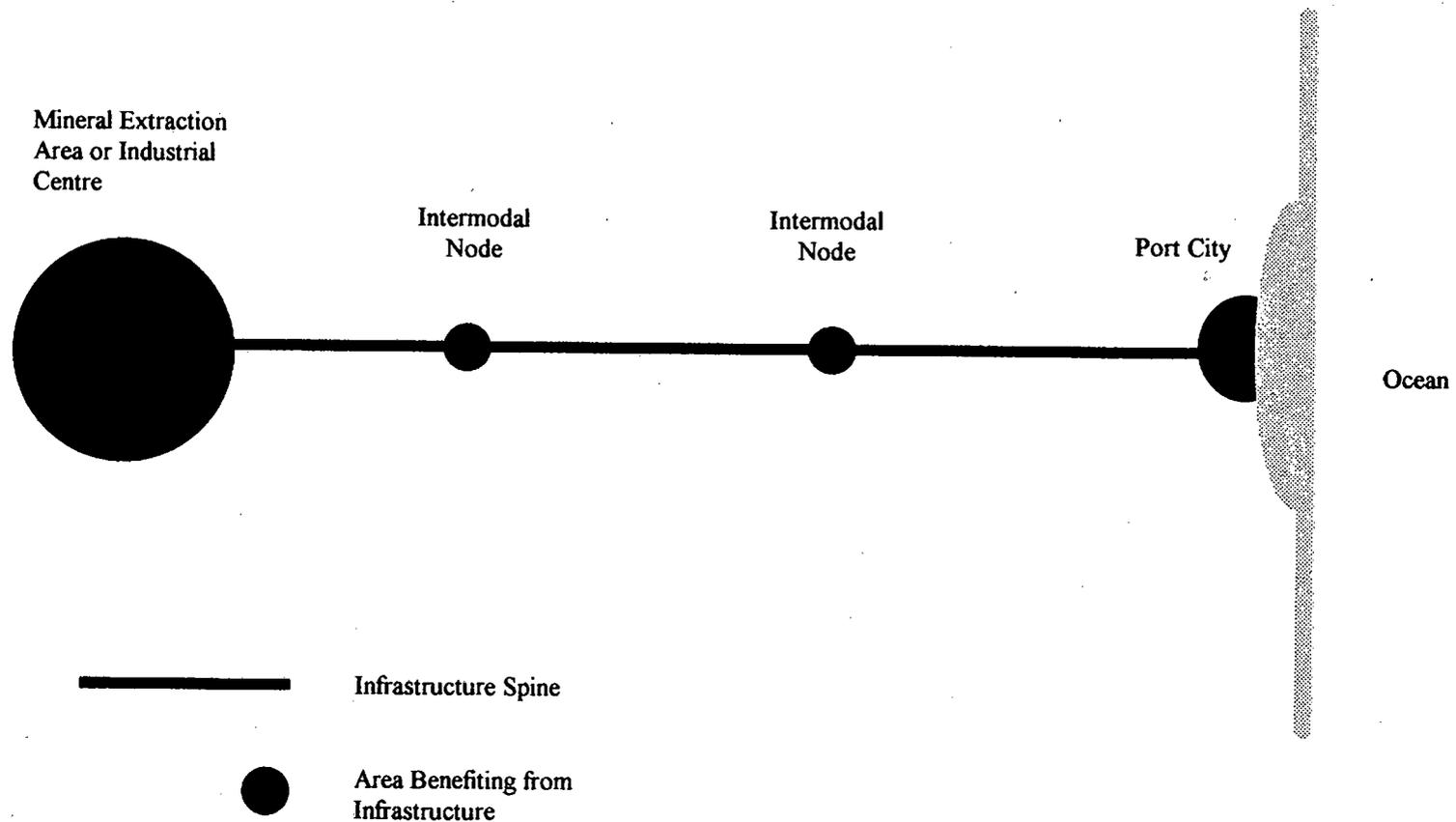


Figure Three: The 1975 National Physical Development Plan

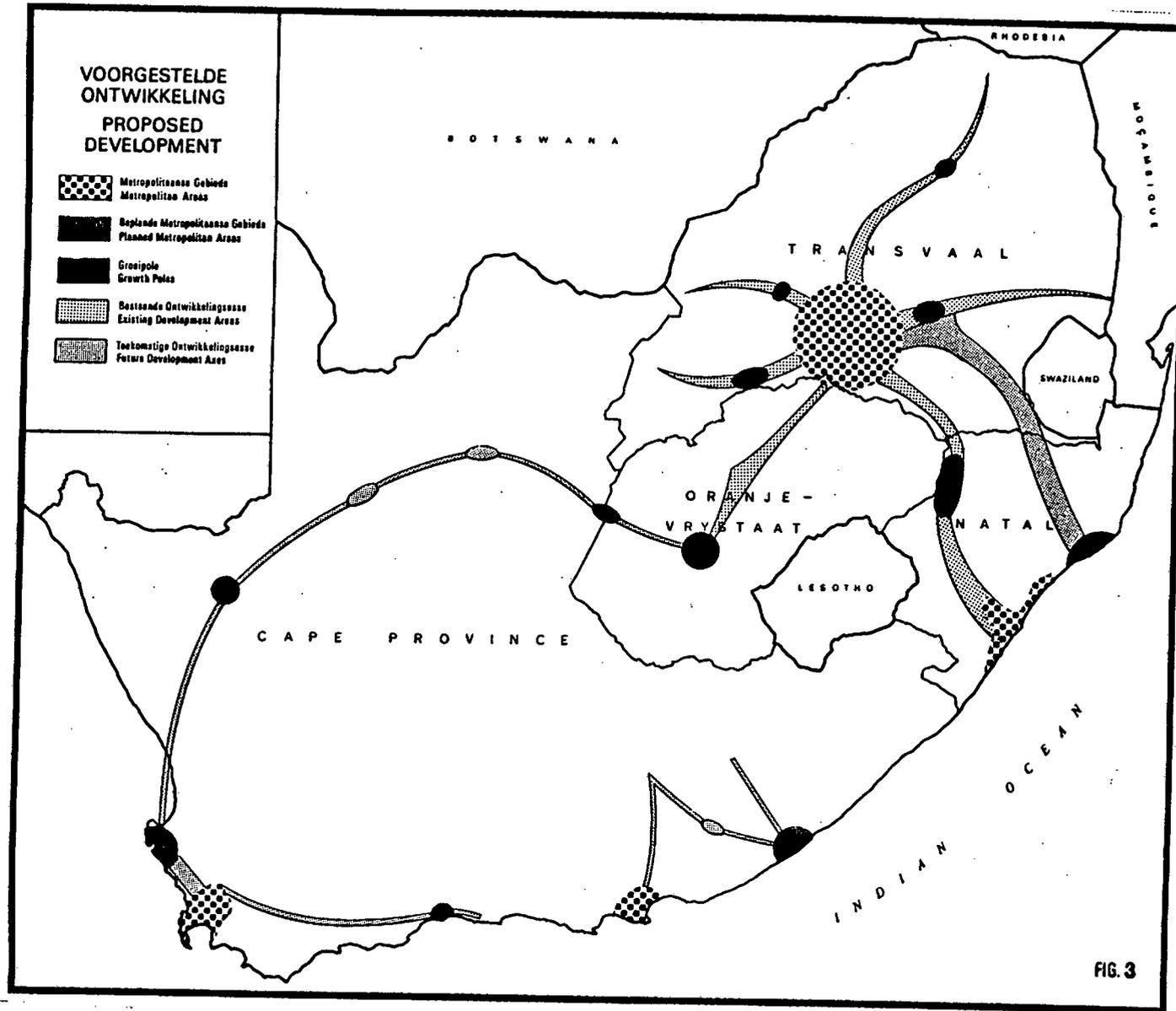


FIG. 3

Source: Department of Planning. Development Atlas (Pretoria: 1976)

Figure Four: A Hypothetical Hybrid Development Corridor

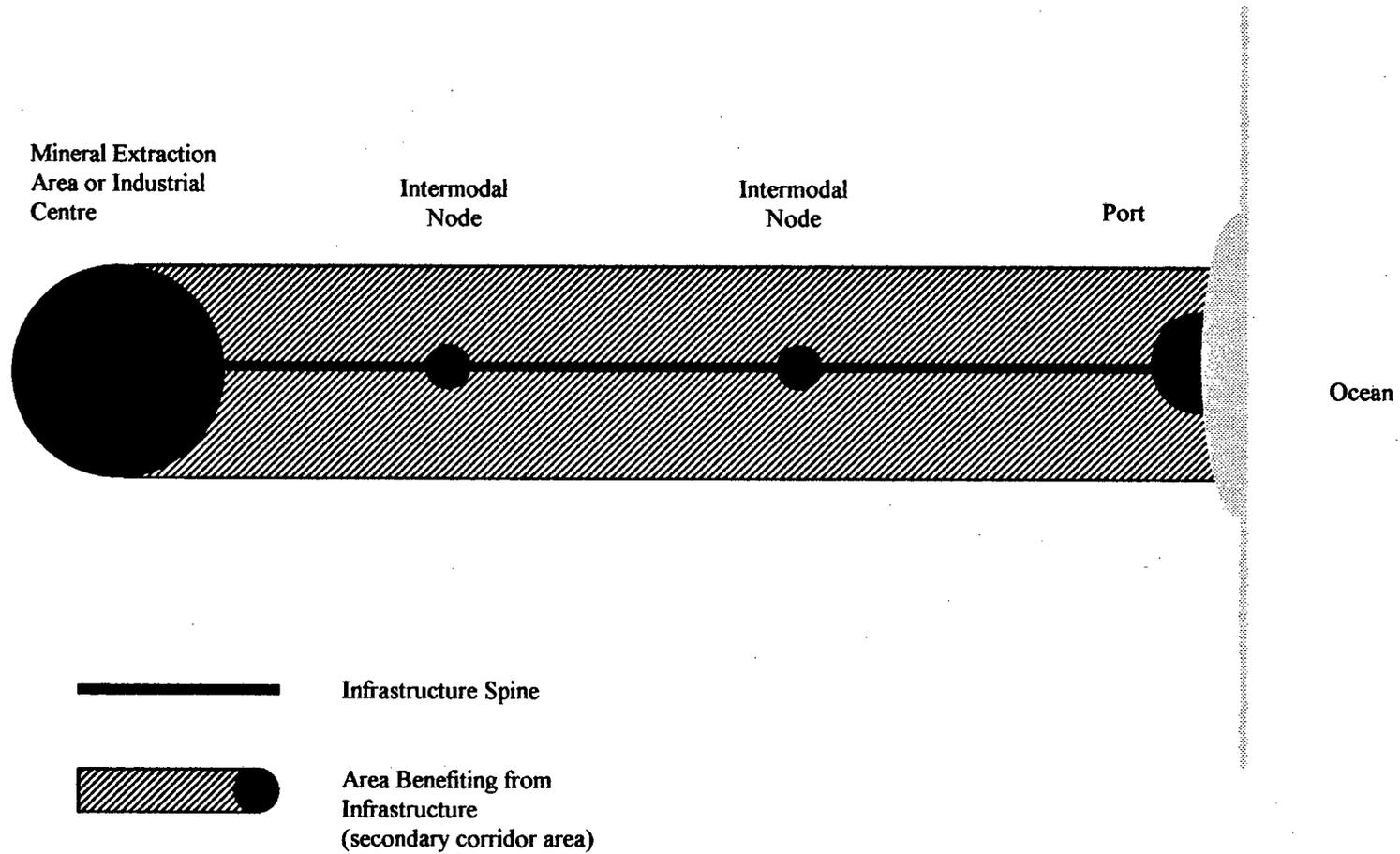
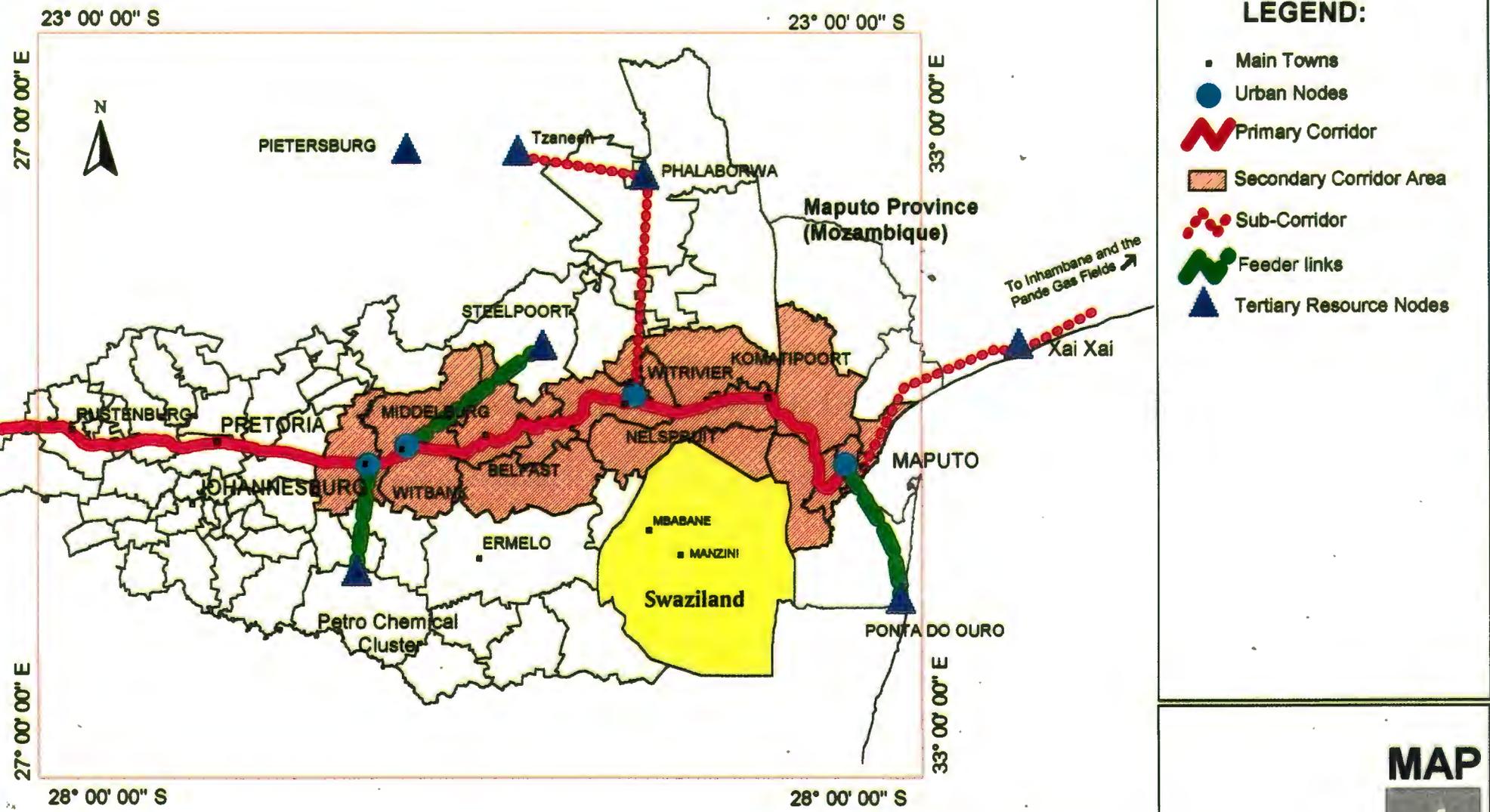


Figure Five:

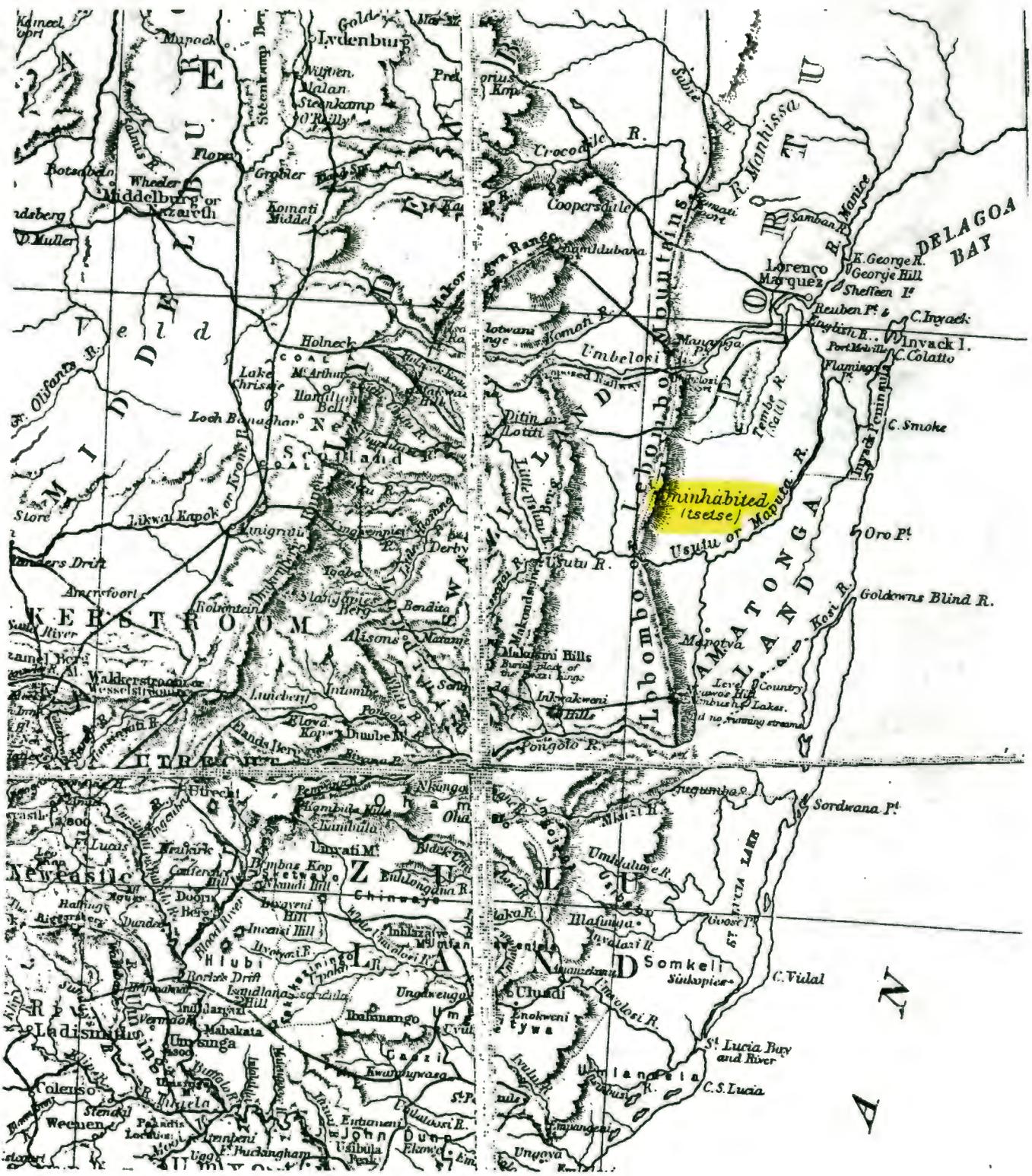
Maputo Development Corridor Geographical Definition



Source: Technical Team to the ICC. Maputo Development Corridor: A Development Perspective, April 1996. Scale: 1: 3 500 000

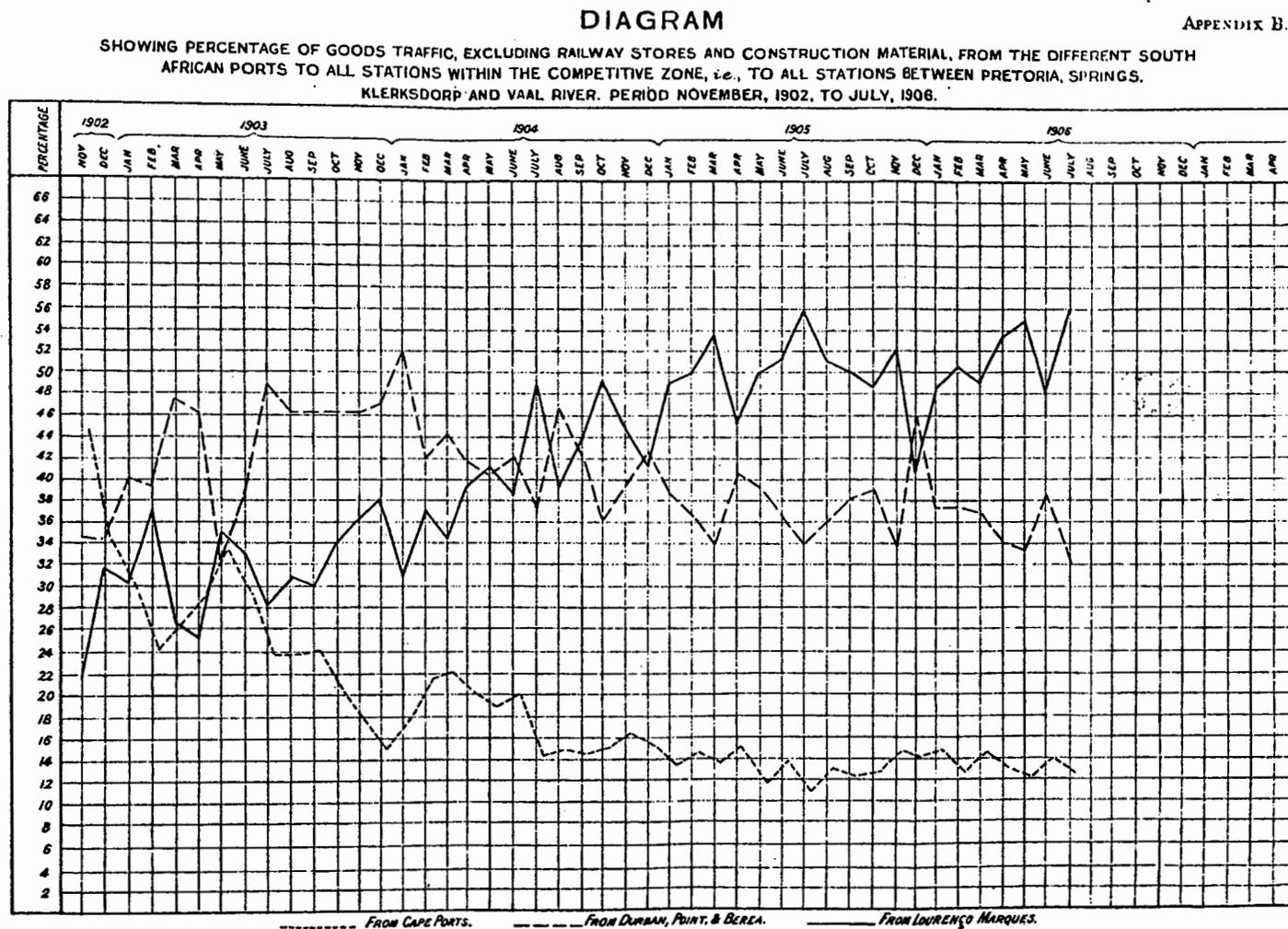
Projection: Geographic

Figure Six: Tsetse Fly Infestation in the Low Veld



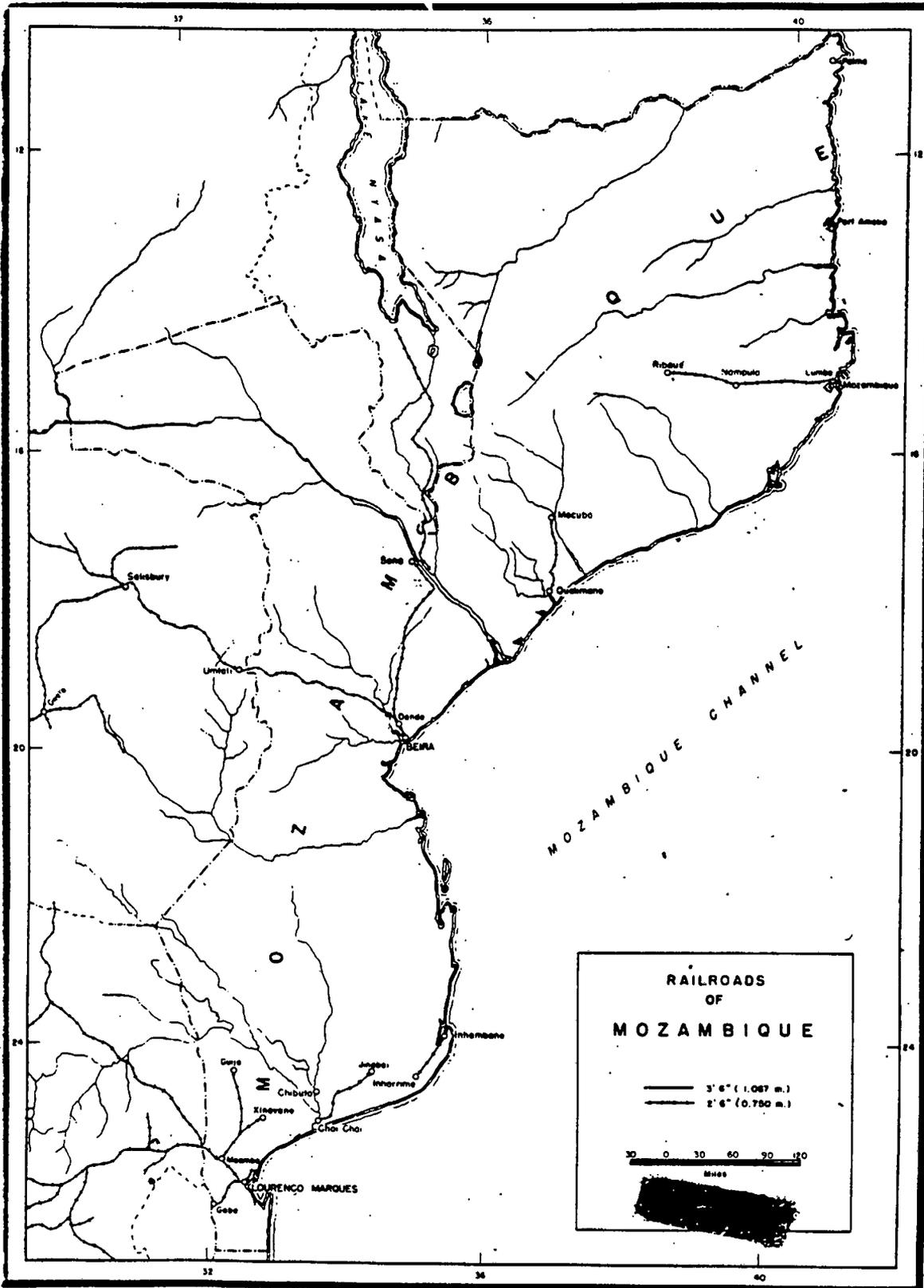
Source: New and Revised Map of South Africa (J.C. Juta: Cape Town, 1882)

Figure Eight: Rail Traffic in Southern Africa in the Early 20th Century



Source: The Selborne Memorandum: A Review of Mutual Relations of the British South African Colonies in 1907, with an introduction by Basil Williams (London: Oxford University Press, 1925).

Figure Ten: Mozambique During the Second World War



MOZAMBIQUE, 1947

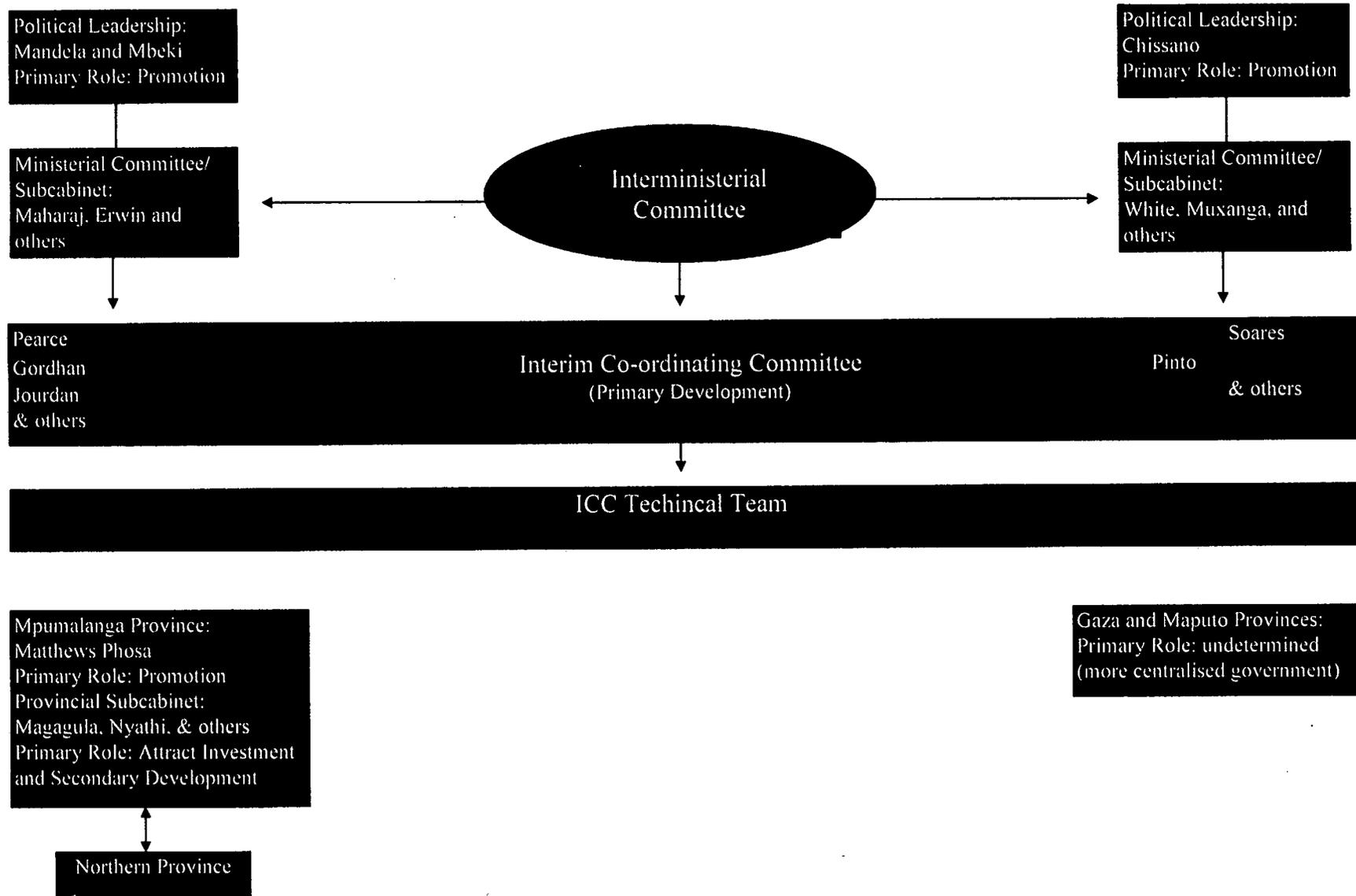
BOARD OF ECONOMIC WARFARE, BLOCKADE AND SUPPLY BRANCH

DRAWN IN GEOGRAPHY DIVISION, O.S.S.
MAP NO 820, AUGUST 5, 1942

23118

Source: "Railroads of Mozambique" (Board of Economic Warfare: London, 1942)

Figure 11: Maputo Corridor Implementation Structure



8. Interview Transcriptions

8.1 Interview with George Jamieson – 27 May 1997

LPM: I'll tell you a bit about me and what I'm doing.

GJ: Yes.

LPM: Right now I'm at UCT and I'm in the second year of a masters program in African politics. I'm doing a case study of the Maputo Corridor for my dissertation. I'm studying a number of different factors in the Maputo Corridor, some of the are strategic and deal with the ANC's objectives in South Africa and in Southern Africa, some of them are more practical and deal with how things are actually functioning ...(unclear)... I'd be interested to see the people you actually worked with through the tendering process and people you had contact with in government and what they have to say. To begin with, could you tell me a little about the TRAC Consortium - what are they, what you are and what you do?

GJ: The TRAC... it started at the beginning... before, at the tender stage we put together a consortium of three companies which is Basil Read, Bouyges...

LPM: The French company...

GJ: The French company, and Stocks and Stocks. With a shareholding of 30% Basil Read, 30% Bouyges, which effectively because Bouyges owns a majority share of Basil Read...you know, a 60% block, and 40% to Stocks & Stocks. That effectively was what is called our sponsors - the people who had to put the project together and make it work and fund the whole thing. I mean it's hugely expensive funding the tender process to the point where institutions - banks, etc. commit money.

LPM: Now, so there were delays in the tendering process. How did that affect you?

GJ: I think there might have been delays up to the point of issuing the document. But from the point of issuing the document to now we certainly haven't experienced any delays. It's been running at what normally...in fact what we've experienced, and they've done projects BOT world-wide, the programme is way ahead of what is normally experienced world-wide. Where we are now is at least six months ahead of a typical project.

LPM: And that comparison, is that with other projects in the third world or in general all over?

GJ: Yes, from that side the political support and commitment have been excellent. In other words, the government has been really keen to push this project. And really, they've given us all of their support and through the negotiation stage we have had very good co-operation from the Department of Transport.

LPM: What sort of goals is the government pursuing, ultimately, in this project? Are they interested in benefiting Mpumalanga, Gauteng, or...?

GJ: It's difficult. Officially I don't know. I can tell you what my thinking is...

LPM: It's nice to speak with somebody who is not from the government.

GJ: The Maputo Corridor is... they're obviously trying to stimulate social and economic growth in Mpumalanga. That's the immediate objective, but I think there's a broader objective of trying to bring in all the Southern African states. Because I know that the next toll road that seems to be on the list, that's gaining a lot of popularity with the government, is the extension of the N4 to Botswana. So, effectively you'll be tying Botswana...connected to Maputo... there's a kind of bringing together of all these Southern African states. But the corridor is one

thing- the road that were building is just a part of that. And the Department [of Transport] is looking at toll roads all over the country because they believe in the user pays principle.

LPM: Build, operate, transfer is relatively new in South Africa, has it gone off pretty much without a hitch so far, or?

GJ: Yes. Up to now there hasn't been a true BOT. They're obviously toll roads in this country and there's toll roads on the N1 that's called a BOT, but in fact the revenue stream is guaranteed by the government. The N4 project is the first project that is totally privately financed, without any guarantees from the government.

LPM: Now is the government providing any portion of the construction costs?

GJ: They supplied the road... which we will take over and improve, build new sections and give it back to them in thirty years time. But obviously we control it during that time...

LPM: Now part of the construction is in Mozambique. How were the Mozambican officials actually involved in...?

GJ: The government, well, our client, TRAC's client is what's called the Implementing Authority, which is 50% Department of Transport and 50% DNEP, which is the equivalent of DOT in Mozambique. So, it's a joint venture between the two. Their requirements and the DOT's requirements were put together to form a contract specification and a Mozambican specification that applies throughout the length of the road.

LPM: And do they seem to be getting along and co-operating?

GJ: Very well, extremely well. I've spent a lot of time in Mozambique...there are three or four of our guys driving the route today and last week we had two or three people driving. So it's...we spend a lot of time talking to officials and getting information and stuff because we're still in the preliminary stages and need a lot of information.

LPM: Now you're in contact with Mozambican officials, how's that been so far in comparison with South African officials? Have you had any problems with language, etc?

GJ: We're dealing with the director and the assistant director. Generally very good. They're records obviously not as good as in South Africa. (interview interrupted by telephone call) Whatever they have they've certainly given to us and they're very co-operative, working extremely well with us.

LPM: So they're satisfactory...

GJ: Yes, you go there and talk to people that are directly related to the project. There's a lot of interest and people are keen to get involved with the project just from grass roots to senior ministers.

LPM: So it's a popular project?

GJ: Extremely.

LPM: In fact, I'm heading out to Maputo later this week, I'm very excited. I haven't been to Mozambique yet. It's supposed to be really beautiful.

GJ: I never went there 20 years ago before the war - it must have been spectacular then. But even now, although it's extremely run down, it's still got a special atmosphere which you can't quite put your finger on. I think it's got a huge potential, Maputo itself.

LPM: In terms of tourism?

GJ: Tourism, yes, it's coming off such a low base. Even the year or eighteen months that I've been going down there it's really improved 100%, 200 percent during that time period.

LPM: That's very good to hear. I've got a tour guide for Lourenço Marques from 1973 and I'm taking that along with my current tour guide and comparing them. It's good to hear that progress is being made.

GJ: The government's also, the people making decisions, I think have got out of that socialist type of thinking and they're really thinking of attracting money and trying to develop the country from, I wouldn't call it a wholly capitalist type of attitude but it's certainly trying to bring a lot of industry.

LPM: Within the constraints of the world system, if you want to call it that.

GJ: But trying to distribute everything they have...trying to get the economy stimulated and from that people hopefully get work and trying to lift the whole population that way. But if you look at the country, it's amazing. Maputo itself is a small little part of the country, but I suppose they have to start somewhere.

LPM: Apparently the North is totally different...

GJ: Totally different.

LPM: Now, the Port of Maputo has a mixed reputation and I was wondering if you had any impressions on that.

GJ: From my information the Maputo Corridor, or the Maputo Port is coming out to tender in the next coming months. I believe in that there's a provision for a private operation of the port. So, although it's extremely unclear at the moment. Maybe in the last two or three weeks it has started to get clearer, but certainly two months ago it was difficult to get answers, but the guys are slowly getting their act together. So, maybe even by this stage there's some clearer thinking (unclear).

LPM: I guess Paolo Auade, who is head of the port, I'm looking to speak with him. In fact, I'd be interested in any contacts that you could provide of people in Maputo who might be co-operative and knowledgeable. Now, to get back to personalities and things...Who were the people that drove the idea and who were the people that started it - the politicians as well as the visionaries?

GJ: It's difficult, our direct contact is with Nazir, Chief Director of Roads and he drove it, he literally led the whole way. His boss, Ketso Gordhan, the DG, he did exactly the same. I mean I went to see him and...I never actually physically spoke to him apart from that we went through adjudication at meetings with Ketso Gordhan and Mac Maharaj on the South African side and on the Mozambican side their equivalents. From what I saw and listened and heard that level, in other words the Minister of Transport for South Africa and Mozambique and the Directors General really pushed the project. As far as the personalities are concerned, Nazir actually ran it, he drove it, negotiated...even more so than his counterpart in Mozambique, Nazir really led the way. His counterpart in Mozambique supported him, especially on the Mozambican aspects he advised him on what would be acceptable, the right ways of doing it. But Nazir chaired most of the meetings, negotiated directly with us, stuck through all hours of the night putting the whole thing together. So, it was real...

LPM: So he was dedicated?

GJ: Extremely dedicated to the project. But he's got a team of local directors, two directors who were involved in supporting him throughout and the assistant director in Mozambique also attended all the meetings - a very good team atmosphere.

LPM: Now, all of these meetings, were they held in Pretoria?

GJ: We had some here and some in Maputo... we tried to share it. It tended, towards the end it was mostly held here in Pretoria because there were banks and lawyers and financial guys. There were meetings of 15-20 people on a daily basis so it would have been very expensive to sit in Maputo to do that. But every second week, there was a co-ordination progress meeting and that was held alternately here and in Mozambique. That summarised the last few weeks' activities certainly the major decisions were made in those meetings.

LPM: Those biweekly or progress meetings, were generally chaired by Nazir?

GJ: They alternated, the Pretoria one was Nazir and the Maputo one was (unclear).

LPM: Have you had any contact with the people from Mpumalanga, either from their department of Strategic Planning or politicians from Mpumalanga? Were they involved?

GJ: The only people that I've spoken to is Coleman Nyathi, who is the MEC for economic affairs and tourism and the other one is a guy called Joe Magagula. He's the president's planner for strategic planning, I think.

LPM: Yes, he's the Director of the Mpumalanga Department of Strategic Planning.

GJ: So those are the two I presently have contact with. What has happened is (and that's why I said that Karin's shot down to Nelspruit) up to now we haven't had any specific contact with Mpumalanga, and the main reason was that we were in the tender process. We were negotiating with effectively the national government through the Department of Transport. The Department of Transport actually requested that they deal with Mpumalanga up to this stage. Now we're getting to a stage where we'll have to and deal directly with them. But it will be on a level of a technical side, there's a question of what they want and everything. We'll be going through a full environmental impact study, public participation of interested and affected parties...then we'll start talking to all the local people. But

My personal involvement was with Coleman Nyathi and Joe Magagula.

LPM: What sort of impressions did you get from them?

GJ: Their biggest problem was, and I was surprised the first time I met them that they were really very badly informed about what was going on, and they were I believe a little bit upset because they'd been left out of the...and they wanted meetings with ourselves and we had a couple of meetings. From our side we didn't want to get involved in the politics. The central government has got to sort it out at that sort of level. We don't mind from a technical side going and talking to...the politics of it is not our business.

LPM: I know for example, with the Beira Corridor users group, they were going to have a big conference and they fought for about six months whether or not the conference would be in Beira or Zimbabwe. And it went on and off for about six months between the governments, a sort of cold war.

GJ: Driving it from the Mozambican side you've got Roberto White, The Minister of Interior I think or Public Works. I've met him a couple of times and I think he's a very hands on sort of guy, a very practical and pragmatic sort of guy...really positive.

LPM: Now, there has been some concern expressed on the Mozambican side that the benefits of this project are going disproportionately, in terms of construction and things like that, to foreign companies, have you found any resentment toward South African business?

GJ: What we have done is we have committed them, in the document, to supplying or offering 30% of the construction work to local Mozambican companies.

LPM: And you've got this all lined up?

GJ: We have them effectively lined up. There's a huge capacity problem, which has still got to be tested. They're all small scale and they...it's the last 20 years of history that has made them that way. It's not their fault. It's no fault of theirs. It's just the way things happened and they're not emerging businesses. I mean they're not like in South Africa where there's obviously been certain groups that could not do business because of the way politics were. In Mozambique there are companies that have been in operation for 20 years or longer but

because of the history of the war and things like that they just haven't managed to grow. They have a very good core capacity and expertise, but they can only perform small work. What we're looking at is trying to let them grow, give them capital to buy equipment and stuff like that so they can tackle bigger work. But it's a...and they admit it themselves, that they'll struggle to meet their commitments. But we're working on that.

LPM: You were talking about funding coming from Stocks & Stocks and Basil Read during the tendering process, where's your funding coming from currently?

GJ: We're funding it internally, yes.

LPM: And the actual construction budget?

GJ: The process, sticking to the timetable, the tender documents were out this time last year. The initial tender went in at the end of May, till the end of June. There were three tenders submitted. Then there were two left and there was a sort of negotiation with the two in parallel through a question and answer session in writing and questions were asked base on our original submission. We had to answer it and then gradually...

LPM: Was the session open, was it transparent?

GJ: Extremely transparent, obviously we didn't know what questions were being asked of our competitors - we would have loved to have known, but we didn't. They obviously didn't know what questions we were being asked and the process was fair, we believe. Where Nazir picked this process up from, I'm not sure but it worked extremely well. For those four months of committing us to a certain level. At that point the decision was made to chose a preferred tender. From that point they'd only be negotiating with one person. And that happened at the beginning of December. We then went into a six month, sorry a four months tender process where we were the preferred...it was a very direct negotiation, around a table putting proposals on the table - it was real direct negotiation to a point where we actually signed a concession contract and all the annexes. That's the point where we are now. We now have six months to do preliminary design and then give a fixed price, turnkey design and construct - let me go back one step. What we're doing now is we're splitting TRAC, well not TRAC, but we're splitting the consortium we had during the tender process into a tender company, TRAC, a registered company, and a registered concessionaire, and a construction joint venture called SBB, which is Stocks, Basil, Bouyges. The construction joint venture will do a design and price it and the supply TRAC with the turnkey...in other words, in one figure we need X amount of rands to do the first three year phase.

LPM: Costs changed drastically in terms of estimates by the government. I know we're talking about six hundred million approximately, is that in the same area that you're expecting?

GJ: I don't know the basis of where that six hundred came from, it's unknown to us. We asked them and they said they weren't sure where it came from either - certainly the Department of Transport because we have been through that. They have tested a lot of our costing through their databanks and previous projects, so our price has been tested. I don't know where that original six hundred came from.

LPM: Is the TRAC consortium interested in other projects affiliated with the Maputo Corridor, or is it simply the N4 road and that's it?

GJ: Just the N4, at this stage. Just the six month development stage is a huge task, and we can achieve it in November, which is our target date. That will be financial close. Effectively the bank signs the cheque. If we can meet that date, we will have broken all BOT records world-wide.

LPM: What sort of regulation, once the road is in operation in terms of tolls, etc, is going to be in operation? How are they going to regulate your income and everything?

GJ: The tolls are set; it was obviously one of the factors they used to choose the tenderer. Those tolls are effectively fixed, based on a tender price and a package of finance and from that we produce our revenues, produced through tolls. Those tolls are set. The way they get escalated is set out in the document and is based on CPI and various things. There is a provision to increase or decrease above or below CPI.

LPM: The news coming out of America on the Dulles extension toll road...it fell apart - the traffic projections were way off the mark.

GJ: Traffic, the concession company, what it does and it's standard practice for all BOTs is it has to lay off its risk. So, TRAC is isolated, except for traffic. Traffic is the one single biggest risk. We employed our own traffic consultants, local traffic consultants. And the lenders employed a UK traffic consultant that audited and is busy doing additional investigations to look at the traffic. Our financial model is based on their calculations, but Dulles is a typical example. I think there's an alternate route that people prefer to use. Certain assumptions were made and it hasn't happened.

LPM: The government is looking at getting rid of the law that says you have to have alternate non-tolled routes.

GJ: Gone.

LPM: It's already gone, well that's good to hear.

GJ: Although the N4 is a difficult road because there are many entrances to the road and many exits off the road. And we can only toll certain places. People can still use a portion of the road and not pay toll. We've got to live with that.

LPM: There are going to be three toll plazas, are there?

GJ: There are probably...it hasn't been finalised yet...five along the whole route. Three are in South Africa and two in Mozambique.

LPM: That sounds very good. In fact, I think I have what I need. You've been most helpful. Thank you very much.

8.2 Interview with Joe Magagula -- 28 May 1997

LPM: I'm going to start by explaining a bit of what I am doing here. I'm a master's student at UCT, finishing off my second year and doing my dissertation on the Maputo Corridor, which I'm moving back to Washington, DC in a think tank in African politics at the Center for Strategic and International Studies. What I'm interested in is interviewing a lot of the individuals involved with the Maputo Corridor. I'm speaking with Coleman Nyathi tomorrow and I'm heading down to Maputo tomorrow, and I've just come from Pretoria. I'm going to start with some more general questions and move to more specific things. In terms of your position, what do you see as the goals of the Maputo Corridor?

JM: You see I've been very busy... ok. One was, firstly the understanding was that Mpumalanga has a very good potential for development and that before the war in Mozambique 40% of the exports from South Africa used to go through the Mozambican channel, this corridor. The other thing is that South Africa has been partly responsible for the destruction in Mozambique and the political responsibility lies here, whether it was the ANC or the National Party, somehow or another somebody was involved in destroying Mozambique, by either hiding in Mozambique or by attacking Mozambique. The other thing is that Mpumalanga at the moment is experiencing a lot of influx by people coming from either Mozambique or Swaziland, and Mpumalanga cannot sustain it under these circumstances. We also looked at the economic analysis and activities of the province and said the best way to promote development, would be to promote and encourage the implementation of this corridor. The aim of the corridor is to alleviate poverty in Mozambique and Mpumalanga and to create stability and sustainability in terms of investment and economic development. And therefore to promote exports, making South African companies more competitive. That was the aim, but underlining that is to develop the broad transport infrastructure for the country.

LPM: You mentioned that part of the reason for the Maputo Corridor is to make up for many years of involvement and destruction in Mozambique. How does this corridor fit into the ANC's or South Africa's or Mpumalanga's you can chose one perspective...the view of Southern Africa and the role that Nelspruit, for example, plays in Southern Africa?

JM: You see, the Nelspruit as it stands now, in particular, in this corridor. Let me tell you that we have people that are exporting their products through Cape Town. There are people in Botswana who are exporting through Cape Town and there are people in Middleburg here, who are exporting through Richards Bay, which is about 100 kilometres (unclear). Now, Botswana, for instance, Mozambique is nearer even than Walvis Bay in Namibia. So, this will be a focal point in attracting exports and through-transport from Southern Zimbabwe, Botswana, and this area. Basically it links the regional sphere. Also, is to promote one of the biggest industries, tourism, with the centre of tourist attraction being the Kruger National Park. You have a situation where you can make this a centre for attraction, where the park can be made a destination and from this you can go on and on. You can go to Zimbabwe and Victoria Falls, you can go to Botswana gaming, whatever.

LPM: The new airport is part of that?

JM: The new airport is part of that. Mpumalanga, Nelspruit for example is the capital of Mpumalanga. More than half of the population of Mpumalanga stays in this... and in terms of infrastructure development, the areas mostly affected are around Nelspruit, the former (unclear) area, the former homeland. So, to us this is in terms of job creation, in terms of human resource development, this makes a lot of sense. It

fits into our growth and development strategy in terms of promotion of the economic activities of Mpumalanga.

LPM: RDP projects seem to play a role in the Maputo Corridor, as well as simply transport infrastructure. What is the relationship between the two and what is the role of ..

JM: The government used the corridor as a catalyst for social projects. We are saying, 'government will facilitate and create a better environment for investors to invest'. Take for example, if an investor wants to put an investment in a particular area, and it happens not to be supported by certain infrastructure like roads, water, so on. Government will put in money to fast track that. It will ensure that the infrastructure is provided so that the investment is sustainable. If you have a company that says 'Look, we're going to have an industry here and we're going to build houses for our employees there and all that, but there's no provision of bulk water infrastructure, electricity or'... government would then ensure that .

LPM: Not just to the factory, but to people working in the factory.

JM: Yeah, at the end of the day, the government must provide those services. The other important factor is that at the end of the day, the government does not have money. The basis of investment in economic development and activities taking place in the corridor, we are hoping to discuss with stakeholders, those who are going to invest to donate or maybe to contribute to a development type fund for the province. Your compensation, what business have you done, can you please assist. So, we are going all out to ensure that. But also, it assists government in terms of prioritisation of its scarce resources because what we are going to do is we are not putting in money in the corridor, that money, because we expect the private sector will ...we therefore concentrate the periphery, the areas that are more far away from the corridor that cannot benefit directly.

LPM: Physically more far away?

JM: Exactly, you then give them... economic development for our people, it's a lot because you expect that once you have the road, you will then have people who want to invest. And therefore you will get employment. And it will be competitive for people to engage in export business. In that process you have got social upliftment of people in terms of skills in terms of ..

LPM: Human capital development.

JM: Exactly. So..

LPM: Because the road could, just bypass an area, the area in that area is not particularly attractive for investment, there could be a lot of people there who don't earn a lot of money but they might not have any skills, are all of these programmes oriented towards providing a whole...

JM: For instance, we are saying to the people that are going to construct the road now, that they don't employ people in Witbank and let these people work throughout into Mozambique. Where they pass, they employ people around that area. They will be trained. Again, you have subcontracting, contracting from small industries and enterprises to do the same thing. That is a spin-off that people will benefit from.

LPM: There are a lot of reports from a lot of people who were involved in the corridor. I was wondering who the leading figures are, the visionaries, as well as the workhorses.

JM: This idea, of the corridor, generated from this office, the premier made an announcement that we need to develop the corridor, and export.

LPM: That was in, what, late 1994?

JM: '94, yeah. On the basis of that, we made a start by looking at two investor studies and from there we put in this vision. We therefore work together, we brought in the Department of Transport, and finally came along with this concept of (unclear). That talks about the corridor

development. Let me just show you the...This is, you know, it gave us the overview, the strategy, the vision, the objective. This was produced for the May '96 conference. From here, we have done a lot of planning. You see at the time, this corridor from the province...was...managed... from my office. But we have seen.. it is now more of implementation of industrial development, it has gone to economic affairs. Because you set up the structure and you set up the vision but we're participating in the national structure. So, the project has left mainly nationally by the Department of Transport, which certain structures linking up with Mozambican counterparts on transport. Then you have the provinces, and that's what I'm talking about, you have Maputo Province in Mozambique, and also Swaziland is involved. So, in this province we also have monthly meetings to monitor and evaluate the implementation and development along the corridor.

LPM: The people involved in those meetings are...

JM: Different departments, and from different departments in the province.

LPM: What is your experience with the central government and the Department of Transportation? and stresses?

JM: Yeah, it should be expected in any project of this magnitude, that you can't have harmony all the time 100%. In the main, there's good co-operation between the department and ourselves, particularly in the first stages of this project. What seems to be happening is that as this project becomes more practical and is implemented, the Department of Transportation tends to distance themselves. In fact, they tend not to consult more and they tend to do a lot of things above our heads. But we have expressed this concern to them. There are the sort of tensions...maybe now that it means money, then people don't need you. But, this is the only problem, we are still in control and I think we have made the point to them that the implementation takes place in the province and ...

LPM: From here on, when actual investments are being made along the corridor, they will be coming through offices in the province.

JM: Yeah.

LPM: Now you're role, as an individual, are you a catalyst, or a manager...

JM: I'm managing the secondary development on the corridor. I'm responsible for everything the province needs to initiate, to the projects to co-ordinate. Right now, I'm reporting to Coleman Nyathi but I'm responsible to monitor the implementation of this project and to co-ordinate all the departments.

LPM: So, you co-ordinate all of the people from different offices as well.

JM: Yes.

LPM: So far you've had contact with people in the Maputo Province, what are your impressions of the Mozambicans and how do they work?

JM: Very undemocratic, don't involve people. People are complaining. I have a meeting with other NGOs from Mozambique, professional people who once worked with government who are complaining they don't know anything about this project. They are hearing things are going to happen, but they don't know anything. You've got this -- (points at document)

LPM: Yeah, but I don't have this..

JM: These are talking about investments and overview, these are the kind of things that are happening.

LPM: But what I should do is take this to donate to UCT's government publications Department. I know for a fact that they do not have this. OK, so there's a problem in Mozambique in terms of transparency and...

JM: And involvement of stakeholders outside government, even from within government departments themselves. And there have been complaints (unclear)

LPM: Do you think that's a legacy of the central planning of the past.

JM: Yeah, Mozambican structures from national departments are not so strong... Their provinces also.

LPM: Now, what's interesting for me in South Africa, given the history of the ANC and the UDF, that everything goes through a lot of consultation...sometimes too much consultation. Your relationship with the Northern Province, for a time there was a plan for a road to go through the Kruger Park from the Northern Province...

JM: That has fizzled out with the understanding that you cannot destroy the Kruger Park, that you cannot allow big traffic to pass through there, it's not on. They have accepted to move through this way. We are building a sub-corridor through to the Northern Province.

LPM: The contact through Botswana, is that expected to go through the Northern Province?

JM: No, through the Northwest coming via Pretoria to the N4, yes via Rustenburg.

LPM: There's been the briefest mention in the press about people from KwaZulu-Natal being concerned about this development.

JM: I was also asked on television. At the time I was asked, there was a lot of violence in KwaZulu-Natal, and I think the basis of my argument is that if KwaZulu-Natal and Durban and Richards Bay are the key points for export and import and we have this kind of violence going on in KwaZulu-Natal, the South African economy as a whole is going to be affected nationally, internationally and to allow South Africa to participate competitively in global markets you definitely need to position yourself strategically in terms of those outlets. One of the key things is for us to look for an alternative harbour. Particularly for the provinces up here, you cannot rely on East London, Port Elizabeth, or Cape Town. Now you can't leave a place that is 250 kilometres from Nelspruit, Maputo and...ridiculous. We have said that and in KwaZulu-Natal, in Durban the harbour is not that much fully developed, in terms of congestion. There are a lot of delays and storage capacity...it actually calls on us to find an alternative. Now, to generate an alternative harbour instead being viewed as negative to Durban and Richards Bay is actually positive in the sense that it adds value. It is not taking anything away from them. It is actually (unclear) for the economy of the country. It was actually this understanding that...in fact we have proposed to Natal that they can extend the N2 through Swaziland and come through to Maputo and the Kruger National Park for tourism purposes. KwaZulu-Natal is mainly a tourist province and they would argue that tourists would like to drive through...we are saying that's a better way to tour. On the basis of that we called them in, they accepted, they agreed finally, we work with them. Initially it was problematic.

LPM: In your opinion, what so far, has been the greatest success of this project and what is your greatest concern?

JM: The greatest success is co-operation between three governments, which has never happened before. South Africa, Swaziland, Mozambique. In implementing a project of this magnitude and the experience that has been accumulated by the officials from this major project. Today, for the first time you have a situation where the government initiates and the private sector follows. That has been very significant.

LPM: It's interesting that Mpumalanga, like many of the provinces, is entirely new. There is obviously a lot of learning going on. A lot of things seem to go right in Mpumalanga in terms of housing and delivery and things is the administration particularly lucky or particularly dedicated?

JM: I would say to you that the fact that we don't have a lot of turf battles, and the fact that people seem to be co-operating in terms of learning and there is nobody who is claiming to be knowing more than

others, therefore there seems to be (unclear) at doing things. Because everybody relies on the other to succeed. That has been the good aspect of the transition.

LPM: So, if you had something like the Free State with Lekota, that could have been a terrible thing.

JM: Yes, the quite...it has been giving us...although, we are no longer that good, there's no administration...We are fortunate that most of the things have been said very loudly in the media. We have good publicity.

LPM: There's some bad publicity now...

JM: Exactly....I think that was a very good success, especially now that the construction finally is going to be awarded for the toll road.

LPM: Any concerns?

JM: My major concern is that you still have the old approach by big business to still roll things and to do things as they were and not bring in economic development for previously disadvantaged communities. There are a lot of under carpet dealings that are still taking place, it's unfortunate. And there's no employment really created, sustainable, so far. People in the rural areas really don't see any significant development.

LPM: It's important for them and important for the ANC...

JM: I'm saying that it's too early...

LPM: Although, I hear that the tender went out as the world's fastest build, operate, and transfer project. Thank you for your time...

8.3 Interview with Coleman Nyathi -- 29 May 1997

CN: So you are from?

LPM: I'm originally from New York and I came in 1994 to Durban and I worked in the elections. I decided eventually to come back and I'm studying at UCT, doing my masters in African politics and I'm writing my dissertation, it should be finished by September, on the Maputo-Mpumalanga Development Corridor. So, I'm on a research trip. I'm going to spend a week here and I started in Pretoria and Johannesburg and spoke to parties there and I'm slowly moving towards Maputo. Tomorrow I'll have a couple of interviews there.

CN: So, you are a student in Cape Town. My secretary is making some copies of documents for you.

LPM: That's always very helpful; I need everything I can get. The way the interview is going to run is that I'm going to move from more general to more specific questions. In general, from your perspective, what do you see as the goals of the Maputo Corridor?

CN: The goals are mainly to promote regional economic development because the Maputo Corridor is not only for Mpumalanga province, it's also for Mozambique. It's also for the benefit of the economies of Southern Zimbabwe, Botswana. The provinces which can benefit through here are Gauteng, the North West, and the Northern Province. So, KwaZulu Natal and Swaziland will all benefit from the corridor. So, it is really a corridor which is going to improve infrastructure development in this region as well as already what is happening is bringing in major turnkey projects as investment.

LPM: The infrastructure is the key to attracting the investment. And the investment is that primarily coming from abroad or from within South Africa?

CN: Well, wherever it is coming from, our job is to say, 'look here is a potential opportunity.'

LPM: And as this has developed, how has the relationship developed between the Northern Province and Mpumalanga? is it co-operative?

CN: It is co-operative. It is a very close one because our corridor technical committees meet once a month. And in a number of areas we have joint studies, for example for the environmental impact assessment we are doing a joint study between the Northern Province and ourselves which means we are doing a study along the main corridor and along the sub-corridor in the Northern Province. There is great co-operation.

LPM: Now, Gauteng is one of the provinces most likely to benefit from this project, what is their involvement or are they a silent partner?

CN: At this stage I must say that they are a silent partner, but their private sector is very active, because you must understand that TRAC is based in Gauteng, the ones that won the tender for the road. So, there is an interest. We foresee a situation where some companies, for strategic reasons are going to locate, probably re-locate in Mpumalanga in order to be close to the port, especially export oriented companies, industries. But at the same time if you remember in the 70s, Maputo Port served 40% of imports and exports from South Africa (mostly from Gauteng) but now it's only around 5%. And it makes a lot of sense that this is the shortest route to the sea and every company wants to maximise profits... they will use this corridor.

LPM: What is the greatest stumbling block between your position right now and the successful implementation of this programme?

CN: There are a number of blockages. One of these, which is the greatest challenge is that the whole Maputo Development Corridor is based on the successful development of the port and harbour. And up to now, the concession for the project has not been done. The road concession has been completed. And to us those things are

complementary, you can have a road but this road will be running to nowhere. To me that is a critical success factor, the highest one of all the factors we have at the moment. Because the people that come say, 'fine you've got the concession for the road, the port, is it working? Can we start rolling now?' And the disadvantage is at the moment that the port depth cannot get any bigger, it can only take about 39000 tons, which is quite little, very small. We expect that we can one day have ships that can carry 6000 containers coming to offload in Maputo so they can come one time and offload once for the whole region. So, that is the critical factor.

LPM: Now P&O has started a joint venture where they're going to renovate and upgrade the container terminal at the Port of Maputo. Now is that part of this?

CN: That is part of the exercise, but officially the Mozambican government is still to appoint a concessionaire who is going to do that. But what is happening is that the most critical factor is that the port will have to be privately managed, privately run and managed. Because from past experience, you know...when some of the countries in the region tried to isolate South Africa to send goods through Maputo some of it disappeared and was not traced, because there is a lot of pilferage there. There's no technology...system that you use. If you talk telecommunications, there's no telecommunications, there's no cellphones, you have difficulty.

LPM: It's interesting to hear, as South Africa has difficulties of its own with privatisation or the restructuring of state assets, and do you foresee this whole process as being, are they dedicated as they are coming from a much more centrally planned background?

CN: That is a very good question. What is happening apparently is that the Mozambicans, you can sympathise with them, they are coming from 17 years of war, 17 years they've had no development. No development.

LPM: Has it gone backwards?

CN: Yeah, in fact you've gone backwards. Now they own 100% of the land and almost 100% of every building that is in Mozambique. And suddenly you come and say 'you need to revert to private enterprise, you need to change your laws and facilitate title deed'. They are going through the process. They haven't got legislation yet, but they are working on it.

LPM: You get a long term lease...

CN: Yes, it's a lease system. They are working on it and by July they will have actual legislation. And for more than economic development, it's there to attract investment, they need that. We think that they have gone a very long way in that they have managed come to that sense to say they accept that principle, they will do it. So, there are some good aspects that are taking place. I think they have turned around very fast. They realised they have been successful in stopping the war, but it will all depend now on whether they can create jobs for those people. That's why we have a lot of pressure from these people crossing the border in masses and masses trying to enter South Africa. They are prepared to be eaten by crocodiles, crossing the river to come here, by the lions in the Kruger Park. They have to brave that, because the situation is so serious and desperate that it is really a choice of that or death.

LPM: I've heard from people who've gone to Mozambique, and travelled extensively, that if you're on the coast it's ok. because people can eat fish. But some people who live inland are so incredibly poor, more so than the people on the coast because they can't farm with the mines. To get to another thing, What is your role, individually, in the whole process? Are you managing the corridor or?

CN: Yes, I am actually the project manager for the Mpumalanga government. We have a provincial corridor technical team, of which I am the chairperson. To put it shortly I am the project manager (unclear).

My role is more extensive. We see that it is our role to promote investment, via the Maputo Development corridor, to co-ordinate any effort to build a database for this region in terms of introducing availability of data for those wanting to invest. We need to be able to say to people wanting to invest, 'Yes you can locate your plant there but this place, you can't locate there. That area, environmentally, is unsafe for that plant. We need those studies. We need also those studies that say in our province here where are our industrial areas that have been designated so that when people come we tell them, 'look if you want to do textiles maybe its better for you to locate in Ermelo because there is wool there, or if you want to do furniture the Lowveld is better because the forestry is there. So, my role really is quite (unclear) because I have to have to speak about the corridor, I also have to disseminate as much information about the corridor as possible to wherever. In fact, the corridor is the single most important project in Africa...

LPM: The biggest infrastructure development of its kind...

CN: Exactly. So it is not a small thing. What we are doing at the moment is we, I am also through my committee facilitating a number of studies on environmental assessment and capacity building with local authorities along the corridor and taking the SMMEs on board into this project so that they can also meaningfully gain and also looking at agricultural projects that are going to benefit and impact on the corridor. So, all the stakeholders who we have to take on board and show that they also...

LPM: It's a consultative process...

CN: Yes, yes, yes.

LPM: You opened relatively recently a 'one stop investment centre'. How's that working?

CN: In fact, we are still setting up that. We have just invited nominations for board members.

LPM: Who are the other individuals, the other workhorses and visionaries involved in the project? Both on the provincial side and in the central government.

CN: On a monthly basis we meet with, see we have our own meeting here as a provincial cabinet. We have identified sub-programmes in the province. Sub-programme one primary issues, which involve liaising with national government, and there are secondary issues which are those of development nature that the province has to fulfil and we've got project managers for that. Within that we have sub-programmes: SMMEs, environment, local government, agriculture...

LPM: So this is organised along federal lines; certain things are designated as central government responsibilities and other things as

CN: Exactly.

LPM: Who is the actual person who came up with the idea and how did it evolve from there?

CN: It becomes a bit of problem because (unclear) I'm told that there are some people talking about this around 1890s. Some people were already talking about this development to take gold out of the country...

LPM: 1894, President Kruger

CN: That's right, but obviously now you cannot credit them because it's whose done the job that we credit. This idea came apparently came from my premier. My premier said,....you know we were based in Mozambique during the struggle and we saw how that country was actually devastated, mainly by the former South Africa regime.

LPM: So, Matthews Phosa was in Mozambique?

CN: Yes, yes. So, he took the idea to the president and said, 'president ,what can you do?' And then the president delegated it to Mac Maharaj. To be quite honest with you if you go and talk to Mac, Mac

will tell you that it was his idea. He will not tell you where it came from because it is confidential, you know...how the project evolved. In fact, if you go to the president he will tell you...but in any case the president always likes to say it's not important who it came from.

LPM: It was a logical idea and someone would have come up with it...

CN: In any case that is why we take a lot of pride, why the premier takes a lot of pride in it. We moved right through from the conception of this idea and now it turned out in fact that in the whole world there has never been a project of this magnitude except. Only two that cross borders, this one and the one that links Malaysia and Singapore. Only, but the rest of them, corridors, are in one country.

LPM: How has the working relationship developed between the central government departments and the provincial administration here?

CN: We have a very good relationship; every month we meet with the Department of Transport. Some of the departments at national level, they have come on board this project at a later stage because now, at national level they have a sub-cabinet that deals with the corridor, with what they call spatial development. They have a subcabinet committee now. In our own province, we have similarly, a structure like that. The relationship is very good, because one this is an SDI of great magnitude, of all the SDIs that are in South Africa at the moment. You can see already there are billions and billions of potential investments in the pipeline because of the nature of this project. There is a lot of interest, world-wide. If the President or Deputy President or any minister goes anywhere to address investment in South Africa they must talk about corridors. That is a major part.

LPM: So, when Trevor Manuel goes abroad...

CN: Yeah!

LPM: The corridor seems to be going along very well, is that because of...or how can you assess the efficiency or efficacy of the Mpumalanga provincial government? In terms of the fact that it is a new, entirely new administration since 1994. Have there been teething problems or has it gone smoothly?

Is better than other provinces, or worse than other provinces?

CN: It's not been easy because there has been the situation where the province has had to amalgamate three former administrations. There was the TPA, there was the (unclear) Homeland government, there is the KwaNdebele Homeland government. So, they've had to put them all together. That has been the greatest challenge I think to get the administration together.

LPM: That of course has led to things like the driver's licence...

CN: That is the issue; to a large extent the homeland thrived on corruption. That's how they thrived. There was no way that you could justify the existence of those structures at that particular time. Some of them you'll find that in the homelands there was nothing ever developed, not a single thing. Just for Pretoria to be able to control the situation through a certain structure...to say you've got your own traditional leaders, but economically nothing would happen. So, that has been the greatest challenge, to marry the former administrations together. Some of these things that are happening is whilst marrying these administrations we inherited the people from the same. We did not look for new people. They automatically they became employees of Mpumalanga Province. So, whatever they had been doing before...

LPM: You can't fire them, can you?

CN: Well, under the constitution...the constitution says they become employees of the government. So, their service, emanating from wherever, still continues. So, in other ways they still continued doing what they were doing for the reason that nobody could uncover them and say 'look you are not supposed to do this' because they are still there.

LPM: That's a terrible situation in terms of managing an administration. I was actually very impressed with the Transport Department in Pretoria, that they were very dynamic yet they still suffer the same constraints. How does the Maputo Corridor fit into the ANC's vision for South Africa and Southern Africa as a whole?

CN: Well, it fits in very well because the ANC government actually makes this project possible and is very strongly advocating regional development context. We, in the province are not working in this project, this Mpumalanga-Maputo Project. We are working on it under the auspices that it is a regional project. It goes beyond our province because for instance, without these regional countries supporting it, it would not be a success. Without other provinces supporting it, outside of Mpumalanga, it would not be a success. That is the reality. It fits in very well with the government's goal that we must try to ensure that the economies around South Africa develop to the same level... Our economy here is bigger than the economy of Zimbabwe, it's bigger than the Mozambican economy.

LPM: It's four times larger than all of the rest of SADC.

CN: So what we are trying to do for instance, our exports to Mozambique right now. We're exporting to the tune of more than 20 billion Rand, you know and Mozambique is only exporting less than 100 million Rand. We need to assist them and companies like Alusaf are going to locate there trying to ensure that they set up factories there and that these factories are going to benefit Mozambique's economy. Some of them are going to export or re-export... Now their hydroelectric project is going to start exporting electricity to us. They're going to start exporting gas this way. That is what we want because it is going to improve the trading situation between our countries.

LPM: It's part of the whole move from a hegemonic relationship to one more among equals and more co-operative.

CN: Exactly, that is the point. If you look at what's happening with our negotiations with Zimbabwe... trading partners in the region. It's fair to open up to their products, though in reality it will also affect us in the domestic market.

LPM: In textiles, for example.

CN: Yes, textiles is a typical example. Our unions, they say, 'who took the jobs? Somebody outside South Africa or a South African?' that kind of. We've got to get beyond that and think regionally. Mozambique's economy is not the fault of the Mozambicans, it's the fault of the Portuguese. When the Portuguese were there, everything came out of Portugal. The reality is that they never developed any industry there. You see, I've got a document for you here. This document is a very good document; it gives you a perspective of the Maputo Development Corridor. It gives you the concept of corridors and the key development elements of this corridor: the geographical definition of the corridor.... (reads index)... so it's a very good document.

LPM: That's very good to have.

CN: This has got sectoral overviews and projects, per sector... We believe that we are part of the corridor. We are 50/50 with Mozambique, we are partners. Right now we have just set up the company, the Maputo Corridor Company. The Managing Director is going to come from Mozambique and the Deputy Managing Director from South Africa.

LPM: How's your contact so far with Mozambique?

CN: Very good. Very good. It's just that there are certain elements which are affected by the fact that we are at different levels of development and other aspects. Even the decision-making process is different. (unclear) or else, I have got certain responsibilities where I can make a decision. And if I make a mistake, I make a mistake for the province. Whereas in Mozambique, even one minister cannot make a decision. He's got to go to a council of ministers where everything has

to be approved. (unclear) He might propose at that meeting that 'No, we're not going to discuss that today and the thing stays there for six months. So, that is where the differences lie.

LPM: Great, that just about...

CN: My time is going really.

LPM: Thank you for all of your help

CN: Yeah, sure...

8.4 Interview with Karin Pearce -- 27 May 1997

LPM: How was Nelspruit yesterday, was it nice?

KP: Oh, it was fine. Terrible weather but it was ok.

LPM: It was awful here, but I'm sure that you heard.

KP: I hit the storm on my way back.

LPM: I did too, both ways on the N1. This trip is wonderful because I'm getting to experience all sorts of things first-hand. I have been in South Africa since 1994 but I took the train up to Johannesburg, which was wonderful...

KP: That's brave.

LPM: Yeah, but at UCT I know lots of students who actually take the train and I always thought it was a bit iffy, especially in second class, but actually it was brilliant. I didn't take anything of value with me and it was a really interesting mix of people. We had one Cape Town, what I, for lack of a better word would call a 'bergie' with his bottle of Virginia wine and two construction workers and it was very nice. And one British tourist. It was fun. Let's get down to business. I'll start out with some more general questions and we'll move to more specific things. I'd be interested in what the goals, the ultimate goals of the Maputo Corridor Project are. If you could list some of the things...

KP: I think the overall goal, not only of the Maputo Corridor, but of all the SDIs, is to deliver sustainable jobs. That is the ultimate objective it's really quite simple. And the strategy is investment, new investment. Now in the case of the Maputo Corridor, new investment requires that the infrastructure be rehabilitated to become far more efficient. The corridor concept works quite well in the case of the Maputo Corridor because you have an existing wealth of industry and economic activity on one end and you have a port with enormous potential on the other. And in between the two you have a range of economic potential which is really quite diverse and quite phenomenal. So, the first phase of the Maputo Corridor is about rehabilitation of infrastructure. And in terms of that there are four major infrastructure projects that have been identified by Mozambique and South Africa at the outset. The first is obviously the toll road and that's quite an interesting project, but I'll come back to why that's interesting later.

LPM: I was speaking with George Jamieson this morning. It was very interesting and instructive.

KP: The next is obviously the rehabilitation of the port...the rehabilitation of the rail essentially for the corridor's purposes initially we were only talking about Ressano Garcia to Maputo. On the Mozambican side, the whole Southern Mozambique railway is intricately bound up with the Port of Maputo. So, rail rehabilitation is including not only the Ressano Garcia line, but also the line to Zimbabwe and the line to Swaziland. The fourth is the border post at Komatipoort/Ressano Garcia, which is a major blockage at the moment. Just to go back to cover a little bit of the approach to infrastructure...the approach by government on all of the SDIs, not just Maputo is to maximise the kind of leverage you can get on limited state resources from the private sector. And because of the economic viability of this corridor, it's obvious that the private sector should become involved in planning the infrastructure. The toll road is a single project across the two countries and entirely financed by the TRAC Consortium. What is quite interesting about it is normally on a BOT project you would... there's a (unclear) of capital expenditure at the beginning when construction takes place and then it sort of tails

off during the period of the concession. But in this one the capital expenditure is phased throughout the period of the concession.

LPM: So, is the initial road going to be, wait, I know that, it's going to be a two lane road, but does it provide for the expansion of the road over the period of the concession. Is that what you...

KP: It provides for expansion and it also provides for re-routing of the road in areas like Nelspruit where there's excessive congestion and once a certain level of traffic is reached going through Nelspruit they would have to take the road around Nelspruit. So it's quite innovative in that sense. The structuring of the project is a joint implementing authority between the two countries. Also quite new...so that's the road. Most people know a great deal about the road. I don't really want to talk too much about it. On the port and rail, the Mozambican government also decided to approach those as joint ventures and on each of those they are going to put out 51% of the joint venture to the private sector. Now those adverts for port and rail should be going out this week if they are not already out. On the port they are looking essentially for a partner in a joint venture that would deal with rehabilitation of infrastructure in the port. The joint venture company would also handle management and operation of the port. Now some of the terminals of the port have already been privatised and those are privatised under a concession. Those concessions would eventually fall under this new holding company -- the joint venture. But there's substantially more that the terminals that needs to be rehabilitated, particularly intermodal facilities, the whole sort of structure and of quality the quayside which has been quite badly affected. And then, of course, dredging. The dredging cannot be included in the advert of the port concession the dredging has been treated separately. But I think there is a growing realisation in Mozambique that without getting the dredging sorted out you can do what you like at the port, nothing's going to happen. So I think there's a bit of a move to possible include the dredging in the concession.

LPM: So is this concession likely to satisfy donors, like USAID that have had quite a poor working relationship with the port of Maputo.

KP: In fact the whole plan to rehabilitate the port and the rail was started through the World Bank programme in Mozambique. In fact, the rehabilitation is one of the conditions for further tranches of loans. So, I think the starting point for Mozambique on this was very negative in the sense that it was placed as a precondition for further tranches of funding to be released. When we began the Maputo Corridor, we brought it in under the umbrella of the Maputo Corridor because it's so important for the success of the corridor and we've managed between the World Bank, Mozambique, and South Africa to develop a working relationship and understanding around how to deal with the very difficult issue of restructuring of CFM. and I think we've reached a point where there's far less antagonism and a lot greater understanding in this respect, but it hasn't been easy. So, that's the port. I think the conservative estimate of what's required in the rehabilitation is around 60 million US dollars.

LPM: So, is Portnet likely to be involved in bidding or this process?

KP: There is a provision in the structure of the joint venture that the remaining...CFM would retain 33% of the shares and instead of contributing equity they would contribute their assets. There's a remaining 16% which has been left open for neighbouring operators. Portnet has, until now, not expressed an interest in being involved in the port. I think they have their hands full in South Africa right now. But Spoornet has been very active with Mozambique on the rail and they may well have an interest in the port. I'm not sure. They entered into an interim agreement with Mozambique on interim upgrading of the rail facilities on the Ressaano Garcia line and really that would be to

improve the condition of the assets that would be put up on offer to a concessionaire.

LPM: To make them more attractive.

KP: Ja, on the rail we're really talking about fixing up the line.

LPM: The roadway will actually be shortened, is that correct?

KP: The road will be shortened because there will be a new alignment, a new road that will be built, essentially the road will follow the rail. But it's going to be rehabilitating the line, rolling stock, and things like signalling equipment and the marshalling yard. At the moment there are fairly serious intermodal problems.

LPM: Ja, I've read some stories about that. When the Maputo Corridor came up, what sort of models are you following or are you blazing entirely new ground with it?

KP: Not really. I think there are many examples of corridors around the world but what seems to be most evident from those is that you can't create corridors where there's no inherent economic opportunity. Because there the corridor concept really doesn't work. If you take the corridor concept to its fullest possibility there must be some economic rationale. Building a road between A and B doesn't mean that there will be investment or that there will be growth. In the case of the Maputo Corridor there is an enormous depth not only scope of economic opportunity that really hasn't been expanded on. And a lot of that economic opportunity, particularly on the South African side, has been constrained by high transportation costs to export markets. The prospects of having access to Maputo Port opens up a lot of opportunities. For Mozambique the war is the obvious reason for the absence of economic opportunity. But because the focus is around the Port of Maputo, the possibilities for the beneficiation of raw materials and manufacturing for export are much better in Mozambique than anywhere else because of proximity to the port.

LPM: Marginal opportunities for the extraction of minerals would be taken advantage of...

KP: Absolutely.

LPM: One of my concerns about the corridor is where the emphasis is really on the endpoints or is it on the middle because...it is interesting in that it's commonly referred to as a development corridor and it is an RDP project and it does include some social investment as well as transport infrastructure. Or is it just a road that will go through areas with a lot of potential?

KP: I think that the concept of this corridor can best be explained by looking at this map. Given that the ultimate objective is sustainable jobs, new investment and sustainability is going to rely on our ability to compete in international markets. Previously we have focused on import substitution. And the new economic strategy very clearly concentrates on the global context. What that borne in mine, from the Port of Maputo, there is a very rich catchment area that goes all the way to Gauteng of economic existing economic activity and new opportunity. The spatial definition of the corridor is in terms of economic opportunity. It is not defined in planning terms -- this is the boundary, you know. You have for example a sub-corridor which goes up into the Northern Province and the rationale for that is that you have agriculture and mining here and here and you need to ensure infrastructure and getting these goods to port is good, so there's a subcorridor. The infrastructure follows economic rationale and is not in and of itself, which is I think something that irritates the planners beyond belief. And you have a feeder from Secunda, which is a petrochemical cluster and you have Middleburg, which is a steel cluster. These tie in to the corridor.

LPM: SASOL's new investment, is that clearly tied to the new infrastructure or is it random that they announced that?

KP: No, it's not random at all. I think there are two things that can be seen to have some bearing on that. The one is the cluster strategy which is in addition to Spatial Development Initiatives another led of the GEAR strategy. And clusters are really about how one gets the downstream industry around key regional going. And clearly there are enormous potentials around petrochemicals. And once you get downstream, particularly in medium size enterprises, and clearly those could be produced for export markets not only domestic...

LPM: And they're more labour intensive than the actual...

KP: Ja, the cluster strategy focuses clearly on this area and the petrochemical cluster but the viability of the downstream is very much tied in with global competitiveness. And so, location and proximity to the Port of Maputo become quite important. What you'll find is that many of the industries in the corridor are not exporting via Maputo at the moment. What we did, very early on in this project, is go and speak to all the private sector people in this area, particularly the bigger companies and to say to them, 'look if Maputo Port was able to handle 14 million tons a year, and if it had good management, and everything was working, would you use the port?'. And the answer was unanimous, 'of course we would'. There are a lot of people who are trying to assess the viability of this concept. It's too soon, the infrastructure projects are not even in.

LPM: One of the worst things I've ever heard about this was that many of the Eastern Transvaal fruit growers are actually exporting by Cape Town and it actually takes less time to get a carriage back from Cape Town than from Maputo

KP: This is true.

LPM: There's a lot of improvement to be made.

KP: Absolutely. And one of the most significant difficulties there is the border post. There we are putting in a single facilities that both countries can share and the complex will be a one stop facility, similar to that which is between Canada and the United States. It'll have drive-through facilities and planning for that design is going on now. We're trying to get an agreement signed and in place...

LPM: That's a first in Africa.

KP: Yes. So, I think that particularly in the agriculture sector there's enormous room for growth and in the agri-processing industry. Because most of the stuff going out of Cape Town is going in its low value form, there's no value added here. And we certainly want to encourage that.

LPM: Now another thing that I'm very much interested in is the actual personalities involved and how they work together. I was wondering if you could identify the individuals who are either both the visionaries and the workhorses and how they interacted.

KP: Well I think that the... well a lot of people claim they gave birth to the corridor concept. In fact it may be true that people have been talking about this for a long time. What really got it going was from the Department of Transport, our Director General, Ketso, went to inspect roads or something in the Kruger Park. For some reason or another, he was in that area and getting to the border realised how close the sea was and how close Maputo was. He came back and said, 'this is ridiculous, we've got to do something about this.' So discussions began between our ministry and the Ministry of Transport in Mozambique. So that's really how it started. There's been a great deal of interaction between ministers, there's been a great deal of interaction between people like Ketso and the Mozambican officials. And then Trade and Industry has been very much involved on the South African side. Because of the nature of very big private sector investments are planned within the corridor. And to try to make sure that the obstacles to those investments are removed. Institutionally, there is an interministerial committee which is composed of my minister and Minister

Muxanga in Mozambique. But other ministers are brought in for example Trade and Industry or Roads in Mozambique, depending on the issue and the project. And below that you have a co-ordinating committee which is really Ketso and Paul Jourdan from Trade and Industry together with our Mozambican counterparts. My role in this has been really a workhorse role, not really a thinking role, in managing the project from the South African side. Then we also have on both sides a technical team, in Mozambique we had to really establish that capacity. They didn't have that sort of capacity. So we assisted them to establish that capacity using Mozambican people and training them and using consultants who are Mozambican, and so on. And on our side we basically used our development finance institutions, the DBSA, IDC, CSIR which is not a finance institution, but a lot of technical computer type stuff. So that's the sort of overall structure. So although the provinces are not technically part of that structure, the provinces are a really critical part, on the South African side particularly of this initiative. Because the investments that take place in South Africa don't take place in Pretoria they happen in local areas and that's been very important for us to consolidate a good working relationship and ensure that the capacity of the provinces is capable of handling the opportunity that is there, and taking it forward. So we have a programme in the Northern Province and Mpumalanga which is really focused around tourism, agriculture, and developing your small, micro and medium enterprises to be able to take advantage of some of the bigger investments that are going to take place. And that's quite an important part of the programme, it's often overlooked.

LPM: Now, Mpumalanga recently established what they called a 'one stop investment shop'. Is it part of the whole project.

KP: Mpumalanga province is remarkable in that they have really taken the initiative and taken ownership of the initiative. They have established all sorts of mechanisms and things that enable investors to feel very comfortable and to have access to the information they need and so on.

LPM: In your contact with the Mpumalanga officials, do you find that they are any more or any less capable than other provinces or are they particularly competent at what they do? Does that have anything to do with it?

KP: I think that the one very significant difference, and I think that this applies not only to the provincial level but even at national level, is that if you have good 'A' political leadership and 'B' managerial people at the top of your structure, then the quality of what gets done lower down is much better. And Mpumalanga is certainly a case in point. You have very clear political leadership. You have very clear strategic sense in that province and even if you're dealing with somebody who may not necessarily be adequately skilled, dealing with their particular job, that overriding sense of what needs to be done, what's ok. what's not ok., that's clearly entrenched in Mpumalanga. And I've been dealing with a lot of the different offices on the SDI programme and one thing about Mpumalanga that stands out amongst the other provinces...

LPM: They seem relatively successful in terms of delivery of other projects, housing and things like that.

KP: Yeah, they are they are very much focused around delivery. There are, of course, people who like to plan endlessly everywhere, but I think that the overriding strategic direction is certainly getting people into delivery sooner than anywhere else. Also, there isn't really any political contestation, which makes a big difference, a fair amount of hegemony there.

LPM: There have been some minor rumblings about the distribution of benefits of the Maputo Corridor between different provinces. They're very minor and below the surface, and I'm thinking actually of KwaZulu

Natal and suddenly in June 1996 there was reporting of a 'super-corridor' that went right down to Richards Bay from Maputo. Did that have anything at all to do with that?

KP: The one thing that is absolutely cast in stone in the SDI programme is that there are no political projects. All of the SDIs are based on economic rationale; there's absolutely... People were saying 'oh, we're taking away traffic from Durban and Richards Bay and Cape Town and that's bad and giving it to another country. And that's nonsense, because economically it makes a lot more sense for people to export through Maputo if it's closer.

LEM: And is it also true that, barring new capacity coming on line, that Richards Bay and Durban are close to capacity?

KP: Look, I think the debate between Durban and Richards Bay, for us, is not a debate. It's the mentality that exists in ports. 'This is our port and we're the centre of the universe.' And we have basically, the approach that we have taken is that the port must develop to the capacity which suits it. What is it going to handle? What is its economic hinterland, if you like. What is it best suited to do? Well, Richards Bay is a very deep port and there's an enormous amount of space and scope for growth, spatially, at Richards Bay. Durban is pretty much more or less at capacity. There are a few things that can be done to restructure the port, land uses and so on that will increase the capacity of the port. There's also a fair amount of opportunity on the existing airport site, once the airport moves. So there are prospects for Durban to expand as a port. And they are limited by the fact that it's not a deep port. If it wants to take in Panamax type vessels, it's going to have to build a new port entirely. And our projections are that it's not worth creating that sort of capacity in Durban, because it's almost at its limit. Richards Bay needs to be developed much faster than what's happening, because of the depth and the enormous scope for growth. It's also serviced by fairly good infrastructure already, so you don't need new roads and rail and all that stuff. So, there's an economic rationale to why things should be done. I think that people at local level generally tend to have very local perspectives of things. And it's a problem that we encounter on all SDIs and it takes about six months to a year to get everybody looking outward and not looking inward.

LEM: I remember that clearly from my experience. I worked in New York State and New York State is a very large area and the northern area goes all the way up to Canada and it's very rural and the Southern area includes America's largest city. You get an enormous amount of tension between downstaters and upstaters in the state assembly and senate in all the committees. In fact the elections often ride on that divide. So, the orientation of the connection between Maputo and KwaZulu-Natal, is that oriented towards tourism and things like that?

KP: There is ...let me get the document.

LEM: I would also be interested in any spare documents you might have...

KP: This is a little bit out of date and some of these maps have been altered. I think you're more interested in conceptual things. This shows the Lebombo, which is this one, and you get Richards Bay and Durban. If you look at this overall map here, you can see that the N2, existing national road goes up to Richards Bay and goes up to Swaziland. There's an existing road in Swaziland that goes up to (unclear) and then it goes across to Maputo. All of this is existing road. That is really your commercial route, your link between these two ports, Swaziland and Maputo Port. This area has been completely neglected in terms of investment, but there are lots of people who live here, particularly on the South African side. And the potential here is really tourism. So the Lebombo initiative is about building a complete through road from Hluhluwe, all the way to Ponta Do Ouro and up to Maputo. And that will basically open up all of this area to tourism. There's also a fairly

rich agricultural area here. So we're also looking at agriculture in selected places, and this agriculture is really agriculture for export so we're not looking at sugar and that...This road is not the commercial route and it's quite important to make that point or environmentalists get very upset if you don't.

LPM: I was recently on holiday in the Transkei and I realised how poor the roads there really are. It's quite a shock. From the United States one of the first things you notice is that the roads are excellent. My car in America actually fell into a pothole in New York that destroyed the car and I wasn't able to get any money from the City of New York. But how does this corridor compare, what are the differences between this corridor and Beira? It's very different, it's from a different era, and was part of the old SADCC.

KP: I think that an assessment of Beira. It's difficult to do an objective assessment of Beira, because the success of that corridor has been completely undermined by the war, so one doesn't have a sense of what might have been if there hadn't been a war in Mozambique. In the SADCC context, a corridor, even if it is only a transportation corridor, is absolutely vital to Zimbabwe and even to Malawi, although there are some difficulties of access, physically, to Beira. So, aside from anything else, the transportation linkage is absolutely critical. The economic success of the corridor is very difficult to assess. Because there are lots of industries that should locate in the corridor for export or import purposes, they haven't located there for obvious reasons. But there is a growing excitement in the private sector. JCI for example, are over the moon about this. The other important thing about Beira, and it's often misunderstood a lot. People think that Beira is in competition with Maputo, and Nacala and whatever else. The economic catchment areas of these corridors are completely separate. And in fact, developing Beira will enhance the development of the Maputo Corridor in the sense that it will open up an entire area of coastline in Mozambique between Beira and Maputo and that's really important. Those areas between the two ports are really completely without anything. So these two corridors, developing almost parallel to each other, enable enormous opportunities between them for tourism, agriculture, whatever; smaller towns developing into more substantial nodes. So, Beira is definitely viable, to assess Beira based on past performance is not appropriate. One of the things that we're doing on the Maputo Corridor which is now being applied in Beira, which didn't happen before. Beira was conceived and structured entirely as a private sector initiative. They set up a private company to run the corridor. There was no government buy-in. Government said 'that's a good idea, go ahead.'

LPM: The port, was a problem...

KP: Of course it was all tied in to that. The difference is that for the Maputo Corridor, this is a government initiative. Government's role is to facilitate investment in this initiative. So it's a partnership. We didn't go out and say we are doing this whether the private sector likes it or not. We went out and said to the private sector, 'what do you think of this?' And I think that that's the big difference. You have to have high level and consistent political support for these initiatives otherwise they don't succeed. And in Beira's case, I think that's what...if there is anything that can be picked up on, over and above the war, a factor why it hasn't sort of flourished, is that factor. What has now happened is that there is political buy-in and there is, both from Zimbabwe and Mozambique, government commitment to make sure that it works. And that is going to be the most significant difference. The economic rationale is there, there's no question about it.

LPM: Now the Maputo Corridor, it appears to be basically a bilateral thing and any sort of involvement is an afterthought.

KP: Look, Swaziland, and Zimbabwe and Namibia complained bitterly. They said, 'this is something that impacts us in a major way and we're not involved. And both Mozambique and ourselves took the position that we are focusing on something which has economic rationale. Swaziland is our neighbour. What would Swaziland bring? nothing.

LPM: I guess they don't use the Goba route too much...

KP: For Swaziland Maputo port is an important alternate route to Richards Bay but economically there is no rationale for having a trilateral, or quadrilateral Maputo Corridor. So they have been brought in on the rail, port, and Corridor Company which we are about to set up and will facilitate investment and so on. So they will be brought in on specific structures. But we didn't need to get an agreement with Swaziland about the N4. We didn't need an agreement with Swaziland about the port...

LPM: One of the things we spoke about this morning was that it seems that the structure of decision making within this initiative is very organised in comparison with other initiatives, is this the case?

KP: The way we structured this was that no matter what level of government you talk to about this, the same message is given. We established our co-ordinating structures with the provinces to ensure precisely that. So even if a person who wants to know about the road is in Nelspruit and decides to go and see Coleman Nyathi, he can tell them the very same story that I can tell and Nazir can tell. And we paid a lot of attention to ensuring that communication and information flowed properly, because that can just kill an initiative. When somebody wants to deal with somebody where the initiative is and nobody there knows anything about the initiative. So we paid a lot of attention to that.

LPM: Your contact with the Mozambican government, in terms of the joint tendering process, what are your impressions of the government officials in Mozambique and their capacity?

KP: I get asked this all the time and it's an unfair question to ask in the sense that you could make a general assessment and say that, 'Well, the capacity of the Mozambican government is zero because there are no skills or there's no this or that.' But if you look at this project, the toll road is a project worth more than a billion Rand. Structuring a joint implementing authority is not an easy situation where you have two completely different systems of government in operation. The way that Mozambique operates and the way that South Africa operates are two completely different systems. And yet, in just over a year the concession contract has been awarded and signed. So, you can have this general impression of Mozambique and there are serious inefficiencies, there are serious capacity problems, there's no question about that. But when you have commitment to an initiative, then those kinds of problems are much less of a problem. The difficulty for investors is that on one hand Mozambique is faced with this very serious problem of having to reconstruct their economy and that's infrastructure and a whole range of things. They're moving from one system of government to another system of government. That's a whole other set of legislative issues that they have to deal with. On the other hand they have a wealth of economic potential, and they have to respond to that appropriately. So, they are being pulled in five million different directions. And they have some very, very serious priorities which they absolutely have to address. Now, the investors are not interested in that. The investor is interested in saying, 'This is what I want to do, I want that piece of land, where's the infrastructure, etc.' and it's extremely frustrating for investors. Understandably so. If one is standing back and doing an assessment one has to take into account the kind of problems and priorities that the Mozambican government is facing. There is a very, very high level of commitment to this initiative. There's also a very high level of commitment to ensuring investment occurs. So, one really must assess in the broader scheme of

things rather than saying well, 'I met an investor who had to pay five bribes before an approval was at the end of the tunnel.' That happens, and it will continue to happen until such a time as the government has been able to establish the bare bones of what really needs to be established to build from there. And what I always say to investors is, 'It's wrong, there shouldn't be corruption, but there is corruption, how do you deal with it?' You've got to sustain the pressure. You've got to keep pressurising government to say we cannot do business like this. Because that 's the only way it's going to change. It's not going to change from within. It think that one needs to be quite realistic in assessing the capacity, because you can write it off and there would be sufficient evidence to do so, but I don't think that's at all constructive and I don't think it's realistic either.

LPM: So, you can work around that and improve it in the long term.

KP: Absolutely

LPM: What so far has been the greatest success and what so far is your greatest concern about the development?

KP: Well look, obviously the delivery of the toll road contract is the greatest success that everybody can recognise and identify with. But from a government perspective the greatest success has been the ability of our two governments to pull together and pull it off. We have spent probably about four million Rand on this project from the government side, getting it together, getting the appraisals done, meeting, whatever. And the value of investment that is going to flow from this effort is worth several billion and to me that is the success of the project. I have no doubt that when the port is operational, and it will be by the end of the year the concession contract will be in place, when the roads are finished, and the border post is built. And they all will happen in the next 18 months -- there's no question about that.

LPM: So the general date for everything to be up and running is 1998?

KP: 1998. Absolutely, and there's no question about that. Once those things are in there is no question that people will invest. There are enormous opportunities just waiting. The fact that Alusaf is willing to invest so much in a smelter at this stage is really a clear sign of the kind of potential we are looking at. For me, the success of the manner in which government has dealt with it, and I think that that's different. If you look at other corridor attempts in Africa, that's the biggest difference. We have succeeded in creating an effective partnership with the private sector, not just on the road.

LPM: Thank you. This has been very interesting...

8.5 Interview with Francisca Soares -- 30 May 1997

LPM: So, I've spoken to people in the central government, for example Karin Pearce. I've spoken to people involved in the TRAC Consortium, I've spoken to people from the TRAC Consortium and now, I'd like to get a perspective from this side. You're in an entirely different position from any of the people on the South African side. So, I'd just like start with some general questions on corridors and maybe we'll get down to some specifics. I was wondering how much time you have, half an hour perhaps?

FS: Half and hour, an hour, forty five minutes....

LPM: Great, great, great. Now, for Mozambique, what are the goals of the corridor development?

FS: We have designed the same perspective as South Africa; we are talking a development perspective, but of course you have to understand that there are many issues. Between South Africa and Mozambique there is a very old connection on the business point of view. When we are talking of Port of Maputo, when we are talking of trade, it is a very old connection even in colonial times.

LPM: It goes back to 1894...

FS: Out of the service of transport the migration was another issue or connection. So, there is a link, naturally. And we know that for the (unclear) for this region, the Maputo Corridor, the Port of Maputo is a natural port...

LPM: geographically logical.

FS: geographical. Of course what we intend to do is give another level of service for the Port of Maputo. And accessibility is one of the key questions of the Port of Maputo. But we have defined the four key goals for this project. Probably you know already what goals we have defined.

LPM: The official goals are...certainly development and jobs and things like that...

FS: To maintain and create new jobs. To minimise the negative impacts on investment...

LPM: Is this related to or is it one part of your economic recovery programme?

FS: No, in our official programme, we consider the corridors. It's not only the Maputo Corridor, but Maputo, Beira, and Nacala. It's part of the government's policy -- the programme for the five year...and Maputo got the conditions for improving immediately, to start to develop. We defined the key projects. You probably know by the information what are the five key projects. It's the port, railways, toll road, the dredging, and telecommunications.

LPM: The Maputo Corridor was particularly ripe to start right away because of South Africa's interest. How is the port changing? The port has a mixed reputation. There was a problem with USAID a while ago they stopped their relationship with the Port of Maputo for a period of time. There should be a tender going out later this week for private management. Is that going according to schedule?

FS: There is a project for revitalisation...of course this is an issue which (unclear). I think it's planned. I don't know if it's really this week, but it's planned to be in place.

LPM: The port really is the cornerstone of the development. You can have a beautiful railway, wonderful telephones and nothing will happen unless things are working at the port. But there are changes taking place at the port and you can see it.

FS: This is a process and you have to understand this is a process. We cannot change everything in a moment. It is a process which involves people also. And the war, it was yesterday. We have had a very short

time to move and to change completely everything and to give another image.

LPM: I must say that I'm surprised at how much has changed and how much has improved in Maputo. I expected it to be much worse than it is now. I've been speaking with people in the city and it sounds as if things are changing quite rapidly. It seems that some things are going very well. How has it affected you, working in the government, the change from central planning to more interactive role with market and with capitalists investing?

FS: I think it is a complete change which in fact is not easy because this is a change of the people also. and we are talking of the same people who have been working and living in colonial times. We have been living with central planning -- we are the same people! And now we are in an new situation and it's a very short time. It's not easy if you're a human being and you're talking of the changes. I think we are requiring a lot of the people. The level of co-operation...international counterparts and all of these things which we needed to adequate...all of the things we needed in order to operate also.

LPM: I think one of the hardest things in government to do, is for an individual that had control over a particular situation, to step back and let other people take control of that situation. That's like the move from central planning to a more mixed economy. It's very difficult for people to give up that power. So, what is your relationship with international funders, like the World Bank? Are they happy with what's going on in the Maputo Corridor, are they satisfied?

FS: I think this is not the best question for me. I can give only my feeling. The best answers you can get from the financiers. But, from our point of view, I think we are together. This is a new process. The Maputo Development Corridor, as such, is a kind of new project of co-ordination. This involves different other projects and it's new. I think it's a process, but I don't foresee any problems. We are trying to find the best way to deal with each financier, according to their interest and our interest. But it is a process because we have to identify what we want and if they are also interested...

LPM: So, you weren't forced into this. It was not like South Africans and donors came along and said, 'Well we really want to do this' and Mozambicans were brought along?

FS: Look, I was involved from the beginning with this project on a technical level. I don't think I was forced to do anything!! I couldn't do anything by force, I'm sure. Myself, I was not forced to do anything!

LPM: There are always a lot of arguments that I have to work with that governments in Africa don't have options and don't choices and are forced into situations where they would rather not be. Now, you've been working for a long time with the South Africans. What individuals in South Africa have you been working with and what is your impression of them?

FS: My counterparts in the Department of Transport, Ketso Gordhan, Paul Jourdan, Karin Pearce, of course the co-ordinator was Mac Maharaj. It was interesting. I think it was a different experience from my side it was to work with South Africa. I think for them to work with Mozambique it was another experience. We...the countries are quite different. The organisations, from the government side, are also different. The means, and this is very important, the means are different also. The capabilities probably on a level where we are talking of qualified people and technicians also are different. Let me just explain. It's easy, for example, for them to contract a company to do a special job. In our case, we have to do that work ourselves. Of course the company that is specialised is different from the one group that has to do everything. So this is a completely different experience. So in this situation we can (unclear) different time, they can get another item of

work other than me. This is just an example, for you to understand. But for me it was very interesting to work with them and trying to follow in such a different context and such a different situation. There's a lot of difference between the countries and the counterparts to achieve an objective, because we have launched the Maputo Corridor, we have investors conference, now we have got the first big project which is the toll road, this is in a very short time. We talked for the first time in a ministerial meeting on the Maputo Corridor in August 1995.

LPM: So, August '95 was the first ministerial meeting.

FS: Yes, regarding this. We are in 1997 and the fifth month we've got the toll road -- all in a very short period.

LPM: I hear that it's faster than similar projects in India, Malaysia, and other countries. It's amazing that given the constraints that government has, both in Mozambique and in South Africa to get the job accomplished so rapidly.

FS: I think it was really people committed and involved, working day and night if you will, we found there's good co-operation between both countries.

LPM: Have you had any contact at all with individuals from Mpumalanga?

FS: We have been in the same meetings together. But we are at the central level, dealing with the central level dealing with central level. But there is (unclear) involved with Mpumalanga, as well as our province, Maputo. We've got some experience with them, but..

LPM: Now that the Maputo Corridor, it's large and growing in terms of its ramifications. Not only is it going to Zimbabwe, South Africa, and Swaziland but there are plans for a new or improved road to KwaZulu-Natal. How will that change the relationship between KwaZulu-Natal and Mozambique?

FS: Sorry, I didn't get that...

LPM: Sure, there's this road contemplated between Ponta do Ouro to KwaZulu-Natal along the coast. I was wondering how that would change Southern Mozambique and KwaZulu-Natal.

FS: A part of the transport infrastructure, tourism is one of the sectors which we think that this project will be increasing. Probably also... if we get the infrastructure in place we expect there will be coming various other activities. Tourism is one, industry is probably one, agriculture and all the other activities related and which will be suitable when we have got the infrastructure and transportation.

LPM: One of South Africa's big concerns has been the border post and how that's changing. They are building a single integrated facility. How is that going to change the way in which customs is processed. Is it going to be computerised, will there be new training -- how will that change?

FS: That is a technical speciality, but what I can tell you is this, that the border post is a crucial project with which we are dealing right now. And all this is migration, customs, foreign affairs, public works are involved. There is a committee to work on it and we expect to achieve the objective, because one is to facilitate cargo and passengers and we expect some changes on it but they are still working on the technical point of view, the agreements is...this is a one-stop facility. We have no experience, there are few experiences in the world also. We are dealing with that issue.

LPM: There is a special committee of all the ministers involved.

FS: Yes, with internal affairs also.

LPM: One of the things that surprised me about the Maputo Development is that there is very little fighting over territory. A lot of ministers from different departments and a lot of different department heads and directors-general work together. In South Africa, Trade and Industry, and Transport for example work very closely together as opposed to

fighting over the project. So, your role in particular. Are you the manager from this side for the Maputo Corridor?

FS: No, I am not the manager. In the beginning, when they were talking about 1995, the government had to identify two co-ordinators for each side. And it was Paul Jourdan as well as Ketso Gordhan from the South African side and me and Antonio Pinto from international affairs. We had been nominated to be part of that with South Africans to discuss. So, we represent, from a technical point of view, the co-ordinators, but not the managers necessarily. You've probably heard of the company that will be put in place. This does not mean that I will be the manager of this company. That is another story; I am involved as a co-ordinator.

LPM: From the technical side...

FS: Not just for transport this is a multisectoral project, it's not only transport. We've got a committee which involves technicians from agriculture, industry, public works, planning and finance. So we co-ordinate this committee.

LPM: How has this development, one last thing, although maybe I should be asking someone else, how has this changed your relationship with Swaziland and Zimbabwe? Has it been as close of a working relationship or what has their role been?

FS: It was started as a bilateral...project. However, it is regional also. The negotiations are starting between this initiative within both countries, Mozambique and South Africa. Of course, we have contact with the other countries in the region and we expect to get participation for the company from other countries in the region who are also interested in the project. The involvement of the private sector, not only from the region, but international also.

LPM: So, the corridor company's participation will be very broad.

FS: The company will be the participation of South Africa, Mozambique, governments of the region interested in the corridor, and the private sector.

LPM: Now, how does this development...How is this different or similar to what's going on in Beira right now? Or what's been going on in the Beira Corridor for a while?

FS: The Beira Corridor has another co-ordinator. I am not the co-ordinator of the Beira Corridor, but I think they are also working on that.

LPM: That actually pretty much answers my questions...thank you very much.

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