The regional rampage

*Are South African companies the Americans of SADC? **Console Tleane** gives some insights out of the research for his forthcoming book The Great Trek North: the Expansion of South African Media and ICT Companies into the SADC Region.*

A decade after the resolution of its political impasse there is evidence that South Africa has evolved into a dominant regional power. South African companies were quick to invest in the region, and media and information communications technology companies have not missed the opportunity.

The most visible of these is the satellite television distributor Multichoice. All countries in the region subscribe to satellite television and radio mainly through Multichoice. The other visible and rapidly expanding entity (also in terms of influence and ambition) is SABC Africa.

SABC Africa's intention to become the continent's only 24-hour news channel that many African countries will subscribe to (through their national broadcasters) was announced at the 2005 Highway Africa conference by its head, Phil Molefe.

Another area in which South African companies are becoming more dominant, and at times even adopting somewhat aggressive tactics, is the mobile telephony market.

Vodacom and MTN are about to annex the entire region. Vodacom, which is part-owned by the SA national operator Telkom, has operations in the Democratic Republic of Congo, Lesotho, Mozambique and Tanzania. MTN, which is linked to Johnnic Communications, has operations in Mauritius, Swaziland, and Zambia.

The Internet market is gradually coming under the control of two giants, M-Web, owned by the Naspers Group, and UUNET SA, a first-tier provider wholly owned by UUNET Technologies, wholly owned by MCI in Fairfax, Virginia, US.

Since 1994 South Africa has also become the launch-pad for North American and European companies that seek to set-up operations in the continent.

This might be due largely to its well-established financial system, advanced transport system, state-of-the-art communications system, plush residential areas for expatriate company executives, and a relatively conducive political and economic climate for doing business.

In the print sector an interesting scene is unfolding which might see a neck-for-neck competition between Media24 and Johnnic Communications. Both companies have announced their intentions to expand into the continent.

Johnnic has a dedicated Africa division. Already some of its products, like the *Sunday Times*, are widely sold in the region. Similarly, Media24 is very active, especially in the magazine sector. Botswana, Lesotho, Namibia and Swaziland get the Media24 magazines *True Love*, *Drum* and *You.*

The strategy adopted by these two companies seems to be that of buying into existing businesses. What is disturbing is that in one case in Tanzania, Media24 is understood to be involved in an attempt to force the government to relax ownership and control laws.

The last category that South African companies have earmarked for aggressive expansion is the fixed-line telephony and satellite markets. In August the outgoing chief executive officer of Telkom, Sizwe Nxasana, announced that the company was going to expand directly into the African market. In the past Telkom has only been active in so far as offering services to incumbent operators in different countries.

> There were some commentators who, even before the 1994 political resolution, spoke sceptically about the prospects of the new South Africa aiding the region and taking it out of the misery of the post-Cold War decline.
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> Writing in the once influential and authoritative *Southern African Political and Economic Monthly* Ibbo Mandaza warned against the new South Africa developing a sub-imperialist project.
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> And in 1992, academic Robert Davies developed a three-scenario vista for the new South Africa.
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> 1. A "South Africa first" attitude adopted by both the new state and capital.
> 2. "Regional integration under South African hegemony."
> 3. "Non-hegemonic regional integration".

The state-owned satellite communications distributor Sentech, has also made known its intention to exploit the African market. Both companies cite low tele-density on the continent as offering huge market opportunities.

While the backward state of communications infrastructure and services in the region offers attractive market opportunities, there is growing anger on the ground from politicians and incumbent businesses through to economic justice activists against what is perceived as South Africa's "total annexation" of the region.

Indeed, apart from the media and ICT sector, South Africa's dominance in some countries is frightening. Cairo Street in Lusaka, Zambia, should be renamed Johannesburg Street, judging by the number of South African retailers dominating it!

Annexation

But how did it come about that South Africa was able to annex the entire region so quickly after 1994? There are a number of factors involved.

- The first one is that South Africa brought into the SADC fold a highly-developed, even if unequal, economy. The mining boom of the late 19th century, the development of a transport infrastructure, and eventually international isolation because of apartheid, led to an advanced inward-looking economic development whose captains were eager to expand their investments after the demise of apartheid.
- Also, South Africa's re-entry into the SADC fold came at the time when neoliberal globalisation was gaining a firm grip on the region, and the world. The region's economies had to open up, resulting in dominant global players, including South Africa, moving in.
- The second factor is that in most African countries there is simply a lack of capital to invest in new ventures. There are a number of reasons for this, one of which, as in the case of the Democratic Republic of Congo, is that the former dictatorships looted the country's resources.
- The third factor, is that with globalisation came forced liberalisation and privatisation. The push for liberalisation and privatisation found fertile ground in instances where the state was perceived as having only produced suppression of diverse ideas.
- But through the back door came the destruction of public services. Add to liberalisation and privatisation the non-existence of capital and the local bourgeoisie class that would ordinarily take advantage of a liberalised market. The result is an open market that can only be exploited by foreign investors. That is where South African companies have moved in.
- The fourth factor is that South African media and ICT products are perceived to be relatively free of controls that are commonplace in a number of countries. For instance, wealthier citizens in most of the countries have resorted to satellite television and audio rather than accept the crude propaganda of the state broadcasters.
- The last factor, as referred to above, is that South Africa is a gateway for other foreign companies.

As indicated earlier, there is a lot of anger, yet also helplessness, against what is clearly an increasing hold on the region by South Africa. The situation can be likened to the relationship that many developing countries have with the United States.

However, South Africa's other activities in the region, and the continent as a whole, make it increasingly difficult for other countries to "free" themselves of this control.

For instance, its enthusiastic peace-building efforts and commission of peace-keeping forces in a number of countries is something that other countries, even the stronger ones like Nigeria cannot match. Yet, as we know, there is no free lunch!

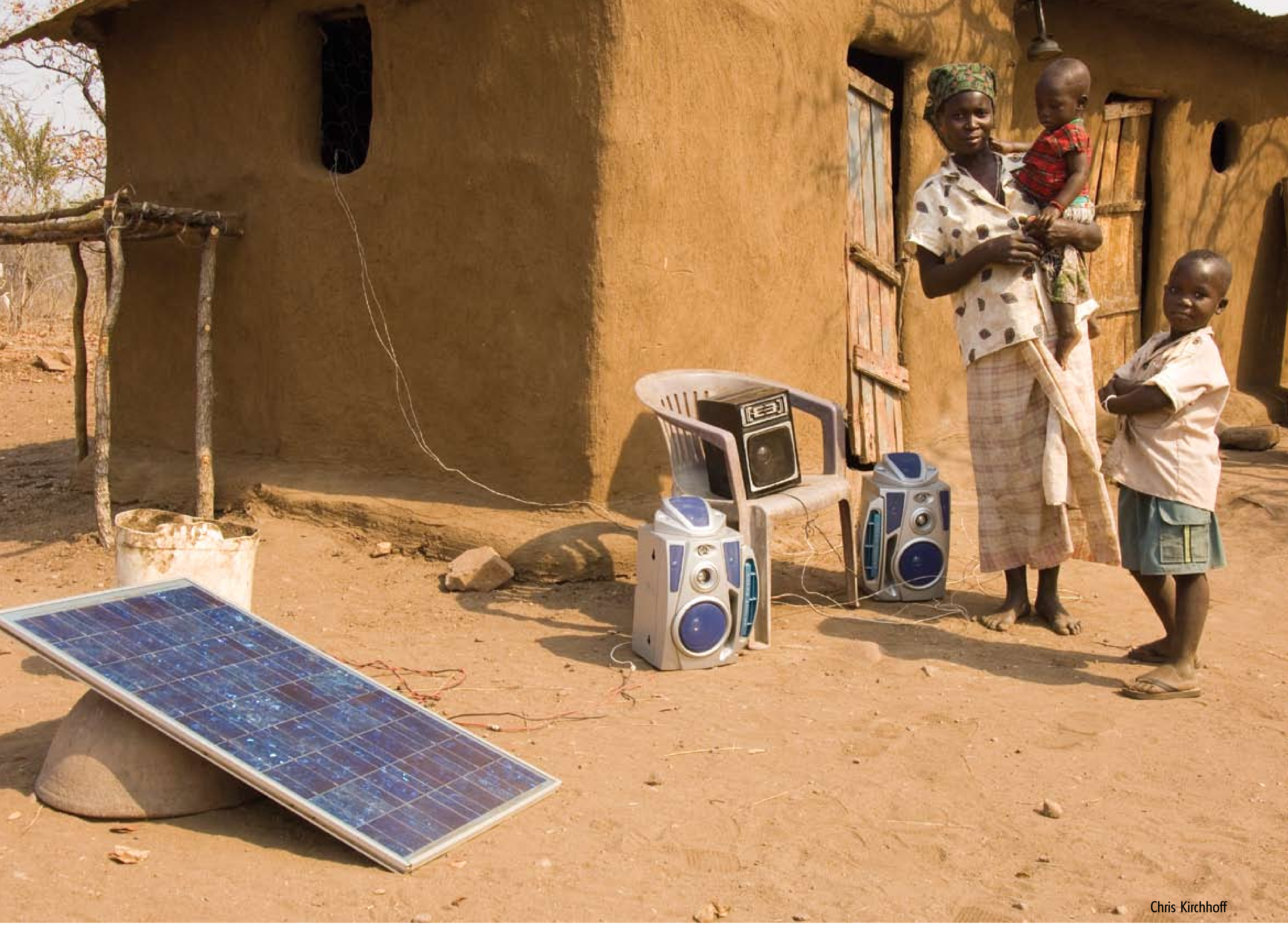
Also used effectively is the New Partnership for Africa's Development (Nepad). While viewed as a continent-wide project there are many who view this initiative as South Africa's foreign policy.

> ***"It is becoming increasingly difficult, if not impossible, to stall the predatory movement of capital."***

Consequences

For the media and ICT sector the expansion of South African companies has, or will eventually have, a number of consequences.

- Firstly, there are freedom of expression issues. While many believe that South African content is free from political interference recent experiences from elsewhere suggest the potential for this to be otherwise. Not long ago media mogul Rupert Murdoch acceded to pressure from the Chinese authorities against the publishing of a book that was critical of the Chinese government.
- In another incident, also related to China, Yahoo handed the details of a dissident journalist to the authorities. These two examples show that there is no guarantee that freedom of expression will be protected by multinational companies. There is always the consideration of appeasing their hosts so that they can continue doing business.
- The second consequence is that there is likely to



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be lack of diversity.

This takes us to the third consequence, shrinking local content. It is highly unlikely that South African companies will be interested, and more importantly invest capital, to promote local content and ensure that there is diversity. It will always be cheaper to import (read "dump") content from elsewhere into these countries.

In the ultimate analysis, the primary motive of South African companies that invest in other SADC countries will be to extract profits back to Johannesburg. As one respondent said during the author's research visits in the region: "It's simple, they take the next SAA plane to here, conclude deals and take the other plane back. The next thing, money is transferred through Stannic or Absa or FNB back to Johannesburg."

This might sound simplistic, but it says volumes about how South African expansion is viewed, and felt. From whichever angle one might want to look at it, and whichever theoretical and ideological lenses one might want to wear when analysing these developments, one thing is clear: South African media and ICT companies are heading towards domination of the regional market. Is this good or bad for the region?

Good or bad for the region?

What is clear thus far is that South African companies seem unable to contribute meaningfully to the economies, and therefore development, of their host countries.

Instead, what is evident is the rampant profit extraction. Also, as expressed by some diplomats at the 2003 SADC heads of states meeting held in Dar es Salaam, South Africa is often accused of urging its neighbours to open their markets whereas it is still reluctant to open its own.

This brings us to pose the question: 11 years after the resolution of its political problem, and its admission into SADC, how has South Africa conducted its regional affairs? Does it only care for its own interests, therefore adopting the "South Africa first" scenario as postulated by Davies?

Or, is it engaged in hegemonic regional integration? Or better still, is it engaged in non-hegemonic regional integration?

Lastly, is South Africa a sub-imperial power as Mandaza predicted, and as some contemporary observers argue?

An examination of all the evidence before us suggests that in terms of the Davies model South Africa has adopted what can be termed a combination of scenario one and two, that is, there are elements of "South Africa first" and "regional integration under South Africa's hegemony".

The emergence of this hybrid scenario is mediated by crude profit extraction on the one hand and the velvet approach such as generous spending and commitment to regional peace and stability.

It is difficult to argue against the assertion that South Africa is a sub-imperial power, no matter how weak that theory is still at the moment. There are signs that the country has adopted an extractionist, big brother attitude towards other countries in the region.

Given the above, is the situation lost?

The harsh reality is that all these developments are taking pace within a highly globalising (and neoliberal) world. It is becoming increasingly difficult, if not impossible, to stall the predatory movement of capital. There are, however, a number of interventions that the countries in the region can make. These would include:

- maintaining high ownership and control quotas for local companies;
- high local content quotas;
- maintaining vigilance with regard to labour and tax practices;
- tightening regulation and strengthening regulators to withstand foreign private capital pressure;
- promoting the independence of public broadcasters;
- adequate funding for public broadcasters; and lastly,
- a vigilant monitoring of South African investments and ensuring that they lead to real development.

There are also possibilities of pressurising some of the initiatives into serving the broader interests of the region, and the continent. One such possibility is SABC Africa and Channel Africa.

It should be possible for there to be some contestation for these two channels, which are undeniably important, at least against the backdrop of domination by the CNNs and BBCs, to begin showcasing Africa in its true form, with some form of independence from both financial and political powers. ■

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