Chapter 3
South Africa: Besieged Status, Security Deficit and Defence Industry

Introduction
South Africa was considered to be a besieged state in the international system till the end of apartheid. It was excluded by the international community from the international system as a direct result of its apartheid policies and lack of democracy. For South Africa this meant a lack of trade in arms and other items, lack of investment, and a lack of diplomatic relations. Racial discrimination was heavily ingrained in South Africa, as it was in many other countries around the world, but after World War II the international climate shifted to a certain degree and the country's policies began to be widely questioned. This coincided with the systematic enforcing of apartheid that was commenced in 1948 and would last until the election of President Nelson Mandela in 1984. The besieged status of the country was so acute that the government of the country had been effectively blacklisted as an 'apartheid regime'.

As a result of apartheid policies, South Africa faced serious problems with respect to external arms supplies which partly caused its security deficit. The UN sponsored embargo was adhered to by the US and UK from 1964. Later, France joined them. This not only deprived South Africa of arms, but also increased its feeling of insecurity substantially. As a result of the UN arms embargoes and the associated isolation of the country by most nations of the Western World, South Africa’s domestic armaments industry was re-started in the 1960s (the defence industry of the country was dismantled after the First World War).

In the years between 1962 and 1989, the arms industry grew quickly due to the government’s perception of external threats, which was sparked by regional conflicts in Angola, Namibia, Mozambique, and Zimbabwe (then Rhodesia) and led to heightened level of insecurity, as well as the UN arms embargoes. By 1965, the defence share of the
total government expenditure had increased to 7.4 per cent up from 3.2 in 1960 (Batchelor et. al 2002: 341). The voluntary UN embargo of 1964 and the mandatory 1977 embargoes forced the country to develop an indigenous arms industry as the country, among other factors, perceived an acute sense of security deficit. By 1981, the share of the military budget devoted to domestic procurement expenditure doubled to almost 50 per cent. The drive, evidently, was towards self-sufficiency. As a result, the country, which imported 70 per cent of its armaments in mid-1960s, relied on imports for only 5 per cent of its needs by the end of 1980s (Goldstein 2002: 532).

The end of apartheid and the consequent reduction in the country’s perceived security deficit led to a drastic reduction in defence expenditure. Between 1989-1990, and 1997-1998, South Africa’s defence budget declined by more than 50 per cent (Batchelor et. al 2002: 342). The reduction in defence expenditure was a direct result of the reduction in the level of insecurity, which followed the re-casting of South Africa as no longer a besieged state. The international community accepted South Africa as a member and recognized the reforms that were being carried out in the country, including granting freedom of organization to all opposition groups, and the release of political prisoners.

The 1990s and the new approach to foreign policy had a drastic impact on South Africa’s foreign relations. The fact that ‘geo-economics’ had replaced ‘geo-politics’ was evident in the flurry of trading missions sent to various countries. The De Clerk Administration took the lead in implementing its new foreign policy goals which it adopted from the African National Congress (ANC) guidelines and that went on to redefine its relations with the world. The new issues of concern in Pretoria’s foreign policy were: gaining full membership of international organisations including Western financial organisations, expansion of trading links in Africa and other regions, strengthen ties with neighbours, and strive towards a coordinated multilateral approach to development and disarmament, and to give importance to environmental and human rights issues (Evans 1996: 259). In 1994, as a result of the country’s ideological break with the past, South Africa was readmitted as a member of the international community, giving the country deliverance from its besieged status. The UN embargoes were also lifted in 1994.
The country's new status impacted the defence industry. It began a series of downsizing and rationalization. Firms started spending considerable amounts of time and money on attempts to find commercial applications for their technology and facilities. Others diversified by acquiring businesses in related civilian markets that could benefit from association with their high technological skills. There was not much state direction to the defence sector, which was left to the market forces (Botha 2003: 2).

The biggest shock to the industry was that it had lost its primary customer, the South African Defence Forces (SADF), and all kinds of government protection and lucrative subsidies. This forced it to commercialize and integrate into the global defence industry (Botha 2003: 12). As a result, by 1994, Botha claims, the South African defence industry had been reshaped into a tougher, more cost effective and consequently more competitive actor in the international arms market (Botha 2003: 2).

This chapter looks at the development of South Africa's defence industry with a view to understanding how the isolation of the country by the international community instilled a sense of being 'besieged' and led to security deficits that prompted the country to develop its defence industry. The chapter also looks at the various phases of the growth of the defence industry and concludes by looking at what caused the transformation of the South African defence industry into what it is today. It further traces the political reforms that were undertaken in South Africa in the mid 1980s and looks at how this impacted, gradually, the international community's attitude towards the country and how this in turn impacted on the country's sense of security. While political reforms in the country led to its acceptance into the international community, this concurrently led to a transformation of its defence industry; a cause-effect relationship.

**Origins of Apartheid policies in South Africa**

Apartheid (which means separateness in Afrikaans) was a system of legalized racial segregation which was enforced by the National Party government of South Africa from
1948 until 1994, when democratic elections were held in the country and Nelson Mandela came to power. It was during D. F. Malan's Premiership (1948-1954) that the legislative foundations of an apartheid society were laid. He enacted key measures such as the Prohibition of Mixed Marriages Act of 1949, the Immorality Act of 1950 (prohibiting carnal intercourse between whites and non-whites), the Population Registration Act of 1950 (which provided for the classification of every South African according to race), and the Group Areas Act of 1950 (demarcating separate residential areas for exclusive occupation by particular racial groups). Malan was also instrumental in removing the black South Africans from the voters' poll in 1956 (Geldenhuys 1984: 11).

Later, Prime Minister HF Verwoerd introduced what became known as 'grand apartheid' (or 'separate development', as per the official phrase). It was unveiled in 1959 as the Promotion of Bantu Self-Government Act and was claimed to be the racial vision for the black people of South Africa. Deon Geldenhuys writes:

This ... provided for the establishment of eight main homelands for each of the "separate national units" comprising the Union's black population. It was the first time that territorial separation was legislatively explicitly linked to ethnic separation. Through the extension of the "Bantu system of government", introduced in 1951, blacks in the homelands – as the reserves subsequently became known – would under white guardianship gradually develop into self-governing entities. If it was within the ability if the blacks to develop to "full independence" that would happen, Verwoerd envisaged (Geldenhuys 1984: 11).

The years following the enactment of the Promotion of Bantu Self-Government Act saw systematic separation and repression of the black majority in South Africa. Finally, apartheid was abolished in 1991, though it was not until 1994 that the black community was allowed to participate in elections.

South Africa: Making of a Besieged State

The international community and the newly formed United Nations did not look favourably upon the apartheid policies of South Africa. The newly independent countries,
who by then had become members of the world body, lent a great deal of activism to the
global struggle against apartheid and the new superpower, the United States, was openly
critical of South Africa’s racial policies. The international outrage against South Africa’s
policies culminated in the UN declaring apartheid a punishable crime against humanity
(International Convention on the Suppression and Punishment of the Crime of Apartheid,
General Assembly Resolution 3068 (XXVIII) of 30 November 1973). Prior to adopting
the convention, the UN General Assembly had used weaker measures, as well as
“cautiously worded “requests”, “urgings” and “invitations” to South Africa to heed to
international opinion. Since persuasion was proving to be ineffective, the General
Assembly in 1961 resorted to coercion, requesting states to consider taking “separate and
collective action” against South Africa. In November 1962 the assembly passed it first
economic sanctions against the republic. The following year the Security Council joined
the move for punitive measures against South Africa by calling for an arms embargo”
(Geldenhuys 1984: 206).

While it took time to arrive, the UN convention may be seen as merely one of many
forms of international pressure on South Africa. Other measures included “repeated
verbal denunciations and exhortations, punitive measures such as mandatory arms
embargo, and international support for organizations bent on effecting a political
transformation in the republic through violent means” (Geldenhuys 1984: 205).

The UN Security Council also passed resolutions against apartheid. On February 4, 1972,
the Security Council adopted resolution 311 (1972), condemning apartheid. The
resolution recognized the legitimacy of the struggle of the oppressed people of South
Africa, called upon South Africa to release all those imprisoned as a result of apartheid,
called upon all States to observe strictly the arms embargo against South Africa, and
urged governments and individuals to contribute to UN funds to assist victims of
apartheid.

One of the major reasons that world opinion turned against the South African regime so
radically was the Sharpeville incident in 1960. On March 21 1960 the South African
police opened fire on demonstrators who were protesting against apartheid laws killing around 69 people and injuring more than 180. This led to widespread international condemnation of apartheid and prompted an armed resistance movement to take root in the country. Geldenhuys writes that “Sharpeville reversed the trend, causing a monthly capital loss of R12 million in 1960 and early 1961. South Africa’s holdings of gold and other foreign exchange reserves plunged to their lowest level since world war II” (Geldenhuys 1990: 332). However, some other studies have pointed out that the post-Sharpeville economic setback was but a temporary one (Jones and Verhoef 2006: 22).

Direct economic repercussions of apartheid policies were experienced by South Africa again in 1976 after the Soweto Uprising. The Uprising resulted in the killing of 95 children (according to official accounts) during a protest against the imposition of a new language law. The incident initiated protests and rioting that lasted for many months and resulted in an upsurge of capital flight from the country.

While these incidents exacerbated the economic problems of the country, the South African economy had generally been the target of the many restrictions that the international community imposed on it.

By 1936, over R1000 million had been invested in South Africa, comprising 47 % of total foreign investment in Africa. A second wave of foreign investment reached South Africa with the discovery of the Orange Free State gold fields shortly after the Second World War. In 1947 alone, R 357 million was invested from abroad, but the annual amounts thereafter declined. The average annual inflow between 1947 and 1954 was R176 million, falling to only R15 million over the next four years. South Africa experienced an outflow of capital between 1959 and 1964, peaking at R152 million in 1960, the year of Sharpeville; the average annual outflow was R96 million. By 1965 the situation was reversed and over the next decade capital poured in at an impressive rate, exceeding R500 million in 1970. Net capital inflow in the first half of the 1970s averaged over R700 million per annum (Geldenhuys 1990: 388).

In the mid 1980s the international community, once again, sharply reacted to South Africa’s introduction of a new trilateral parliament in 1984 that excluded blacks:
“Foreign banks in 1985 called in their short-term loans to South Africa, leaving the country in a foreign debt crisis. Scores of foreign companies began to disinvest and the US in 1985 and 1986 imposed wide-ranging sanctions against South Africa. The European community also adopted various punitive measures in those years” (Geldenhuys 1990: 333).

Other than capital outflows, the UN and other various countries restricted trade missions to South Africa during the apartheid years. Commonwealth countries too proscribed government funding for trade missions or for participation in exhibitions and trade fares in South Africa. Such measures impacted heavily on South Africa’s economic growth as many countries desisted from trading with it. Biswas argues:

The commonwealth, the European Union and the industrialized nations like the USA, UK, Japan and Switzerland had one way or other participated in the economic sanctions. The EU banned import of South African steel and gold and prohibited new investment from members. Soon thereafter South Africa faced the crisis of substantial capital flight (3.4 per cent of GDP) despite close regulation of capital exports. According to the UN figures about half of the foreign companies once operating in South Africa liquidated their holdings. By 1988, some 25 million Rand had left the country (2007: 26).

The country’s economic situation had become uncontrollable by the end of the 1980s with other countries, financial organizations and banks refusing to do business with and in South Africa. This led to increasing capital flight, an increasing debt burden and rising inflation.

The UN also asked its member states at various points of time to impose restrictions on South Africa. A UN resolution in 1973 asked its specialized agencies and other inter-governmental organizations to remove South Africa from their membership. This call was heeded by many agencies. Since 1974 the country has also been denied participation
in the proceedings of the General Assembly (General Assembly resolution 3118 (XXVIII))

The UN’s Economic and Social Council (ECOSOC) excluded South Africa from the Economic Commission for Africa in 1963. Also, the organization of African Unity excluded South Africa from its inception in the same year, and immediately added its weight to international attempts to further isolate the country. From that point in time South Africa was excluded from virtually all the inter-African functional organizations (Geldenhuys 1990: 183). The other international organizations that excluded the country were the international telecommunications union (ITU) in 1973, the Universal Postal Union (UPU) and the International Civil Aviation Organisation (ICAO) in 1974, the World Meteorological Organization (WMO) in 1975, and the Inter-governmental Oceanographic Commission 1977. And in 1977, South Africa lost its seat on the board of governors of the International Atomic Energy Agency (IAEA) (Geldenhuys 1990: 183). The ILO, FAO, WHO, and UNCTAD also suspended South Africa from their membership and there were scarcely any official visits made by foreign ministers or dignitaries to the country.

During this phase of isolation, the diplomatic and consular representation that other countries maintained with the South African government was scant. In the words of Christopher: “Thus the pattern of South African foreign representation was highly skewed between 1948 and 1994 and not commensurate in extent with a country of its size and power” (1994: 439).

It is interesting to note that despite the international ostracism, the South African government, and to a great extent the public, remained steadfast in their belief in apartheid and its policies. Indeed, it created in them a spirit to fight back as they seemed to believe that they were being wronged by the international community. “The most vivid illustration is to be found in the general election of November 1977. The National Party

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made external – particularly US pressure- on South Africa a main plank in its election platform and its message of resistance to such interference struck a highly responsive chord, judging by its landslide victory” (Geldenhuys 1990: 117). Public opinion polls taken during this period found that white South Africans “overwhelmingly agreed that South Africa should ignore world opinion and follow its own course. External interference is not merely regarded as an undesirable nuisance, but as a threat... subsequent polls have found that South Africans have a consistently high level of threat perception” (Geldenhuys 1990: 117).

Origin and Development of South African Defence Industry

A Brief History of the South African Defence Industry

The South African defence industry was established with British aid just prior to World War II, and mainly for use in that war. Andre Wessels writes that “[i]t must be noted that, on the eve of the war, there had been, for all intents and purposes, no armaments industry in South Africa. Within a remarkable short space of time, a formidable armaments industry had been built up” (Wessels 2007).

Even as the war was raging, the country produced a substantial amount of basic weaponry for the Union Defence Force and the allied forces. While many of these war time armaments-producing facilities were eventually converted back to civilian activities, some remained for future arms production. Domestic production was insufficient and the country started importing weapons from other industrialized countries (Batchelor and Dunne 1998; Botha 2003: 1). During the 1950s and early 1960s, South Africa relied heavily on imports of arms, mainly from Britain.

In the 1960s, there was growing international opposition to apartheid and this led to South Africa’s withdrawal from the Commonwealth in 1961 and the imposition of a voluntary United Nations arms embargo in 1963. This severely limited the country’s access to international sources of arms and provided the impetus for establishing a
domestic defence industry. In 1964, the Armaments Production Board was established to control the manufacture, procurement and supply of all armaments for the South African Defence Force (SADF). This included coordinating arms production in the private sector, where almost 1000 firms were involved (Batchelor and Dunne 1998).

The arms industry grew quickly between 1961 and 1989 as the government perceived an urgent need to deter external threats to its apartheid regime. Moreover, the external military involvement of the country in conflicts such as those in Angola, Namibia, Mozambique, and Zimbabwe (then Rhodesia) also prompted it to develop a defence industry (Botha 2003: 1).

Peter Batchelor and Susan Willett divide the trajectory of the South African defence industry (of the apartheid years) into the following phases: 1961-68, 1968-77, and 1977-89. According to the authors, the first period, i.e. from 1961-68, marks the limited external assistance to South Africa’s arms requirements, policy measures towards the beginning of assembly and licensed production of weapons in the country, and the journey towards domestically produced required arms (Batchelor and Willett 1998: 29).

Apart from seeking to look for alternatives to complete import of arms, South Africa also took up the required institutional measures to accelerate domestic arms production. It also necessitated a number of changes in institutional structures for arms production, leading to the creation of the Armaments Production Board in 1964. The Board’s mandate was for the manufacture, procurement and supply of all armaments for the SADF and to encourage and coordinate arms production in private companies. By the mid-1960s nearly 1000 private-sector firms were involved in arms production (Batchelor and Willett 1998: 28-9).

Subsequently, in 1966 a Defence Council was established in order to offer advice the defence minister on military-related Research and Development (R&D) and armaments production issues. The following were the members of this council: representatives from the SADF, the council of Scientific and Industrial Research (CSIR), the Industrial
Development Cooperation (IDC), and the chairman of the state tender board, the general manager of the armaments production board and a number of private sector business leaders. This Defence Council, and the Armaments Production Board, were the initial links between the state, the military and the private sector, and they went on to provide institutional foundations, direction and focus to the domestic arms industry (Batchelor and Willett 1998: 29).

In the period between 1968 and 1977 the South African arms industry reached a critical stage of its development. During this period the arms industry's aggressive development was given an important rationale by the country's worsening internal and external security environment and the likelihood of a strengthening of the UN arms embargo (Batchelor and Willett 1998: 29).

The country consciously progressed from the importation of finished weapon systems to gaining licenses to assemble and manufacture foreign weapons, to the importation of components and technologies needed for weapons produced in South Africa. (Batchelor and Willett 1998: 29-30). For example, in 1971 an agreement was reached with French companies Dassault and Snecma that provided for the assembly and manufacture of the Mirage F-1 fighter aircraft in South Africa (Batchelor and Willett 1998: 31).

These carefully designed measures to strengthen the domestic arms allowed it to reach, according to Batchelor and Willett, stage 6 (ability to undertake complete licensed production of certain weapon systems) of the military industrialization process by early 1970s (Batchelor and Willett 1998: 31).

However, external circumstances did not allow the country to rest on its laurels. In response to the mandatory embargo of 1977, the government merged the Armaments Board and the Armaments Development and Production Corporation to form the Armaments Corporation of South Africa (Armscor) which was tasked with the responsibility for both procurement and production of armaments for the SADF (Dunne 2006: 40). Armscor itself was a component of the Department of Defence, and in addition
to managing the production of its daughter companies, supervised all of the country’s military material acquisition—whether from abroad or from private sector producers. Batchelor and Willett note that:

Increasing international opposition to apartheid and worldwide demands for a mandatory arms embargo against South Africa prompted the government to embark on a major reorganization and expansion of the arms industry during the mid-1970s. This expansion necessitated significant increases in the defence budget: it grew at an average of 10 per cent per annum between 1968 and 1977. The government decided that the procurement of armaments and control of domestic arms production would be best served by one body, and during 1975 and 1976 the armaments board and the armaments development and production cooperation were amalgamated to form the ‘new’ Armscor. With the initial share capital of 100 million rand, it assumed responsibility for the government, development and manufacture of armaments as well as overall coordination of the local arms industry (1998: 31).

The South Africa government officially acknowledged the trajectory of the country’s defence industry in the 1999 White Paper on the South African Defence Related Industries in the following words:

The imposition of the United Nations’ mandatory arms embargo against South Africa in November 1977 led to the establishment of new defence production facilities by Armscor in a drive for self-sufficiency in armaments. Armscor also became the state organisation used to break or circumvent imposed sanctions. The policy was to utilize the private sector industry wherever possible. Capabilities that already existed in the private sector, e.g. in the vehicle and electronics industries, were not duplicated. Armscor was primarily responsible for weapons systems development and integration, whereas the private sector supplied materials, components, subsystems and in many cases complete products. The major portion of South Africa’s defence related industries thus remained in the private sector (White Paper on the South African Defence Related Industries, 1999: 13).

By the time the UN mandatory arms embargo against South Africa was imposed in 1977, the country’s defence industry had already been either producing, or in the process of acquiring the know-how to produce, a wide variety of armaments (Batchelor and Willett 1998: 32). Indeed, the year 1977 saw just under five per cent of the country’s GDP being
spent on importing weapons prior to the mandatory imposition of arms embargo on the
country (Dunne and Lamb 2004: 285).

The South African arms industry, during the third period between 1977 and 1989, is
characterized by impressive expansion, primarily in response to the imposition of the UN
arms embargo and also due to the country's increasing involvement in a number of
regional conflicts. During this period, the government increased the R&D expenditure,
new R&D and production facilities were set up, and got the private sector to involve itself
in defence production as contractors, subcontractors and suppliers of military equipment
and technology (Batchelor and Willett 1998: 32).

However, the inward-looking growth of the defence industry began to experience some
 glitches in the early 1980s with increasing production costs (the rising costs of
embargoed inputs), excess capabilities and declining domestic demand (Batchelor and
Willett 1998: 33). This led to staff cuts in the arms industry and arms “exports were seen
as a solution to the problem of surplus capacity, while at the same time helping to
preserve accumulated skills and technologies” (Batchelor and Willett 1998: 33).

Batchelor and Willett write that towards the end of 1980s the South African arms
industry had reached stage 9 (independent R&D production of less sophisticated weapons
and limited R&D production of more advanced weapons), and some sectors (such as
ammunition, artillery, small arms and armoured vehicles) had even reached stage 10
(Batchelor and Willett 1998: 34). Indeed, this meant that the defence industry had
achieved a relatively high level of self-sufficiency in supplying the armed forces with
most of its equipment requirements (Batchelor and Willett 1998: 35).

South African Defence Industry under Siege

During the post-war years South Africa was integrated into the new world order and so
was its defence industry. Western states continued to sell weapons and weapon materials
to Pretoria till the world began to move against the government’s apartheid policies. In
fact, some countries went on to sell weapons to South Africa for almost two decades after the war; Britain continued to sell weapons to South Africa till South Africa withdrew from the Commonwealth. In February 1962, Britain declared that "the possibility of some arms may be used for harsh measures of repression is taken into account" when considering arms request from Pretoria" (Geldenhuys 1990: 503). The US followed suit when in August 1963 the Kennedy administration announced that the US would not sell arms to South Africa 1963, except in honouring existing contracts (Geldenhuys 1990: 503).

In this same year, 1963, the UN Security Council asked member states "to cease forthwith the sale and shipment of arms, ammunition and all types of military vehicles to south Africa" (UNSC Resolution 181). On 4 December, a second Security Council resolution (182) extended the embargo to include goods used for the manufacture or maintenance of arms in South Africa. A third and fourth resolution (190 and 191), reaffirming the call to all states to observe the arms ban, followed in June 1964. Again in 1967 the UN Security Council passed a resolution which asked all member states to stop supplying arms to South Africa.

However, given the voluntary nature of the arms embargo, many countries chose to ignore it; France and Germany continued to supply South Africa arms till 1977. This is not to say that the UN resolutions had no impact. It is important to note here that even as South Africa did manage to sidestep the world body and continue to strengthen its defence industry despite arms embargo, the embargo had a definitive impact on the growth of its defence industry.

Upon realising that the voluntary embargoes were not adversely affecting South Africa's defence industry to any great degree, and due to pressure from a variety of international actors, the Security Council in November 1977 imposed a mandatory arms embargo on South Africa (United Nations Security Council Resolution 418).
In short, the Resolution 418 reasoned that South Africa's armed attacks against neighbouring countries, and its acquisition of arms and related material, constituted a threat to the maintenance of international peace and security. Thus, a compulsory embargo that bound all countries was deemed necessary.

In the years that followed, a number of Security Council resolutions (resolutions 475/1980, 546/1984, 558/1984 and 591/1986) reaffirmed the 1977 ban.

Other restrictions imposed on South Africa relating to arms were:

- As early as 1975 the US placed a temporary ban on the shipment of highly enriched uranium to South Africa.
- Swedish legislation passed in February 1985 prevents the transfer of technology to South Africa.
- The European community in September 1985 prohibited new collaboration in the new nuclear sector with South Africa and also proscribed the exportation of 'sensitive equipment' for security purposes.
- In July 1985, the Canadian government tightened its arms embargo against South Africa by extending it to a wider range of technology products such as computers.
- The five Nordic states in October 1985 agreed on proscribing nuclear collaboration with South Africa and the sale of computer equipment to its security forces.
- The US comprehensive anti-apartheid act of October 1986 included an embargo on South African imports of nuclear material and technology and also of computers for the security forces from American suppliers.
Norway’s general trade ban against South Africa, introduced in July 1897, _inter alia_, rules out the transfer of patents and production of rights to South African concerns” (Geldenhuys 1990: 413-414).

In fact, some scholars have argued that the South Africans had started facing isolation even before the UN resolutions came. André Buys, Senior Manager of Planning at Armscor writes that, “[A]fter South Africa left the British Commonwealth of Nations and became a republic in 1961, the country became increasingly isolated from foreign weapon suppliers” (1992).

Despite the severe restrictions on its defence industry, and at whatever time it could be argued they began to force the country into isolation, South Africa managed to continually strengthen its defence industry. By the mid-1980s the Security Council was losing patience, and passed Resolution 558 on December 13, 1984. It asked member states to stop buying weapons from South Africa. On November 28, 1986, with Resolution 591 the Security Council, again, asked member states to refrain from exporting items which included aircraft, aircraft engines and parts, electronic and telecommunication equipment, computers, and four-wheel drive vehicles which might go on to strengthen the country’s military strength.

Some countries, however, continued to support the aggressive arms build-up of South Africa. While some ignored the voluntary ban, some ignored even the compulsory ban: Wrigley writes,

the voluntary ban had been more or less ignored by France, which supplied Mirage fighters and Daphne submarines, and even the mandatory ban was ignored by Israel, which helped South African engineers to update the somewhat antiquated Mirages, to develop sophisticated missiles and even to produce and test nuclear weapons. There was also some leakage of military equipment and, more importantly, of technology from the United States (Wrigley 2003: 4).
South African Defence Industry's Aggressive Search For Self-Sufficiency

If the international community, led by the UN, thought that the various restrictions and arms embargoes on it would make the South African government to buckle under pressure and that the defence industry would eventually wither away, they were completely mistaken: South Africa chose the path of confrontation and started developing their domestic defence industry aggressively.

The South African government responded to the first embargo of 1967 by promptly sending its Minister of Defence, P.W. Botha, to visit "armaments factories in Portugal and France as part of an in-depth investigation into various "models" for domestic arms production that South Africa might adopt. The French military-industrial system, with its high degree of integration between the public and private sectors, was then used as the model for South Africa's domestic defence industry (Paul Dunne, 2006: 40)."

Significantly, in 1977, Defence Minister P. W. Botha told the South African parliament that 57 per cent of South Africa's arms and military equipment came from overseas sources. In 1982 the then chairman of Armscor claimed that only 15 per cent of South Africa's defence budget was spent abroad (Batchelor and Willett 1998: 35). Batchelor and Willett mention that a "study in 1998 reported that Armscor only imported 5 per cent of its requirements, as opposed to 70 per cent before the embargo began" (1998: 35).

They also write that the country achieved self-sufficiency in arms production by way of obtaining foreign inputs that circumvented the UN arms embargos. In fact this practice was actively promoted and guided by the government. The government 'forced' the arms industry to adopt a number of covert and illegal practices in order to obtain much-needed inputs, including technology and components. Moreover, multinational companies in South Africa acted as conduits for the acquisition of foreign technology and components. Since they were dual-use technologies, they could be acquired without contravening the UN embargo. Most importantly, the government introduced various legislative measures, such as the National Supplies and Procurement Act of 1970 (amended in 1979) and the Protection of Business Act of 1978, which enabled the defence minister to order any firm
in South Africa, including foreign-owned firms, to sell or produce goods for the government (i.e., the SADF) (Batchelor and Willett 1998: 35-6).

The aggressive development of the South African defence industry was also conceived as part of a larger grand strategic approach that the country adopted for the effective defence of the country. This larger official policy/strategy was termed as the ‘total strategy’ and was part of a concerted mobilization of all available resources of the country—economic, social, political, psychological, and military—in order to effectively fight what the regime perceived as a ‘total onslaught’ from internal, regional and international forces, and to defend the apartheid system (Biswas 2007: 20).

The government, under Botha, established the ‘State Security Council’ (SSC) under which the central political decision-making process was reorganized within an increasingly powerful security apparatus. All coercive mechanisms of the state such as the police, defence forces, and intelligence offices were brought directly under government control through the SSC and the national management system. The SSC eventually became the national command centre with a mandate and network that extended into each and every part of the country. South Africa became an increasingly militarized society due to these policies (Biswas 2007: 20).

Peter Batchelor and Paul Dunne assert that factors such as the imposition of UN embargoes, South Africa’s military involvement in a number of regional conflicts, the ideological imperatives of the apartheid state, and the desire for self-sufficiency in strategic industries, including armaments, government support for import-substitution-industrialization, and the interests of private capital, particularly the lucrative nature of domestic arms production, have had defining impact on the development of the country’s defence industry (Batchelor and Dunne 1998).

Dan Henk also subscribes to this view when he writes:
After 1975 the country’s leaders increasingly were convinced of their abandonment by the West in the face of a “total onslaught” by the communist world, spearheaded by proxies in newly independent African states. This conclusion was reinforced in 1976, when the country’s disenfranchised black majority rose up in a protracted period of violent unrest. The South African government responded with a “Total National Strategy” that relied heavily on coercive state agencies to maintain security at home and intimidate enemies abroad. Local scholars described the new strategy as “[operating] at economic and ideological levels, [affecting] every area of society, and [impinging] on the lives of all South Africans (Henk 2006: 4-5).

Additional fears that have been remarked upon include a belief that the Soviet Union may pose a threat, and also that the numerically inferior white South Africans needed a strong defence industry purely on mathematical grounds (Henk 2006: 5).

Increased arms production was also necessary enable South Africa’s security forces to quell violent uprisings by the black population, which by now had become a regular affair.

Political factors such as the implementation of discriminatory and repressive apartheid policies after 1961, which led to increasing black resistance and civil unrest, forced the state to develop a domestic military production capability in order to supply the security forces (both the police and later the armed forces) with the means to maintain minority rule. The escalation militarization of the South African society during the 1970s and 1980s, as reflected in rises in military expenditure and the growing political power and influence of the military establishment, was also an important determinant of domestic arms production (Batchelor and Willett 1998: 25).

It was around this concept of total strategy that the South African arms industry evolved in the 1970s and 1980s. The defence industry proved to be increasingly adept at rapid research, production and the fielding of new technology that came from a variety of sources. While in the early apartheid years, some hardware was produced under license from European arms industries, and later modified to suit unique local requirements - there was no hesitation in “reverse-engineering” Soviet weaponry encountered in Angola.
still more was covertly transferred from foreign sources in direct violation of the UN embargoes (Henk 2006: 5).

The South Africans also found military applications for much dual-use technology not subject to embargo, including electronics, computers, and vehicle components. Dual use material from abroad significantly facilitated upgrading of South African military capabilities, as the country was able to redesign, modify and retrofit weapons with more modern technology. By the 1970s, the country’s engineers had learned do this very quickly, a unique capacity of South Africa’s defence industry that continues to the present day (Henk 2006: 9).

The apartheid-era development of the South African defence industry has been widely understood as a no-holds-barred affair. A Human Rights Watch report points out that many covert channels and transnational networks were used by the apartheid regime to smuggle in military technology for its infant defence industry. These channels were also used for South African weapons trade once domestic arms production started to exceed national requirements (HRW 2000).

**South African Arms Production 1961 - 1989**

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<tbody>
<tr>
<td>Value</td>
<td>26</td>
<td>184</td>
<td>1,705</td>
<td>2,056</td>
</tr>
</tbody>
</table>

*Values shown in millions of rand (constant 1985 prices)*


Cited in Botha, 2003
Martin Navias points out that while many states have a clandestine element associated with their arms trade, for the South African defence industry the secret component represented the core of the arms trade policy (Navias 1993). More importantly, Armscor was also given a huge secret budget by the government in order to circumvent arms sanctions. South Africa was also charged with selling its weapons to countries that were accused of human rights abuses (HRW 2000).

Julien Pretorius writes that

Armscor was in charge of delivering the means to counter perceived communist and revolutionary threats against the state. It was formed to ensure self-sufficiency in meeting South Africa's arms needs through an alliance between the state, the military and the private sector (i.e. through strengthening the military-industrial complex). Its founding statute, the Armaments Development and Production Act (Act 57 of 1968) made provision for an ambivalent relationship between Armscor and the state in an effort to subvert the UN arms embargo. Armscor was for example, registered as an independent company with its own board of directors, but the Minister of Defence exercised wide-ranging powers, such as appointing directors or approving corporate loans (Cameron Commission Report 1995: 3.2.1). Moreover, the Act defined the prerogative of Armscor in liberal terms as: "promoting and co-ordinating the development, manufacture, standardization, maintenance, acquisition, or supply of armaments... utilizing the services of any person, body or institution or any department of the state." Armscor largely succeeded to thwart the arms embargo through developing indigenous technology, producing on license as well as through reverse engineering of foreign technology (2006: 125).

Botha reemphasizes this argument saying that Armscor was set up as a statutory corporation in the terms of the Armaments Development and Production Act of to promote and co-ordinate the “development, manufacture, standardization, maintenance, acquisition, or supply of armaments... utilizing the services of any person, body or institution or any department of the state” (2003: 1). It was legally empowered to develop the armaments industry with a great deal of freedom, unconstrained by many of the bureaucratic structures and restrictions that are usually applied to a state department (Botha 2003: 1).
Paul Dunne writes that Armscor thrived from massive state investment and received privileged access to state resources including foreign exchange, R&D subsidies, and government loans. By late 1980's Armscor had, thus, emerged as one of the country's largest industrial companies with total employment of around 30,000 people (2006: 41).

The government also recruited a considerable number of foreign engineers and technicians for their defence industry, paying them high salaries and allowing them comfortable life styles. These employees remained an important feature of South Africa’s armaments industry throughout the apartheid era (Henk 2006: 9).

Under such carefully designed measures, South African arms industry was growing and strengthening quickly, from being a relatively simple one in the early 1960s to being a world class industry by late 1980s able to meet most of its domestic needs. Significantly, the local industry did not put much premium on reproducing what was already available in the world market, with more of a focus “on acquiring a capacity for upgrading, modifying and modernising existing armaments and weapons systems” (Batchelor and Dunne 1998).

Additionally, the South African defence industry started further expanding in the 1980s in response to the country's involvement in a number of regional conflicts (e.g. Namibia and Angola), which required a guaranteed supply of weapons of ever-increasing sophistication. Hence, more state-owned R&D and arms production facilities were established. The private sector also became increasingly involved in arms production, with around 2000 such firms involved in domestic arms production by 1984 (Batchelor and Dunne 1998).
Military expenditure and arms production, 1961-89

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</thead>
<tbody>
<tr>
<td>Military expenditure (m. rand, constant 1985 prices)</td>
<td>617</td>
<td>1627</td>
<td>3527</td>
<td>3546</td>
<td>4274</td>
<td>5711</td>
</tr>
<tr>
<td>Military expenditure per capita (m. rand, constant 1985 prices)</td>
<td>35</td>
<td>72</td>
<td>138</td>
<td>125</td>
<td>135</td>
<td>154</td>
</tr>
<tr>
<td>Military expenditure as share of GDP %</td>
<td>1.3</td>
<td>2.1</td>
<td>3.6</td>
<td>3.1</td>
<td>3.5</td>
<td>4.1</td>
</tr>
<tr>
<td>Military expenditure as share of government expenditure (%)</td>
<td>7.7</td>
<td>9.8</td>
<td>14.2</td>
<td>13.2</td>
<td>12.2</td>
<td>13.0</td>
</tr>
<tr>
<td>Domestic arms production (m. rand, constant 1985 prices)</td>
<td>26</td>
<td>184</td>
<td>567</td>
<td>1705</td>
<td>1386</td>
<td>2056</td>
</tr>
</tbody>
</table>

Source: Batchelor and Willett, 1998: 25

Wrigley notes that by the end of the apartheid period “local industry was producing a fairly full range of reasonably efficient weaponry. In certain areas, notably mine-protected vehicles, guided missiles and long-range artillery, it had products of world class” (Wrigley 2003: 4). According to Navias, the country had become an important
third-tier during the 1980s. He calculates that more than 50 countries have imported South African defence products (1993).

Apart from investing substantial amounts of capital, the government also employed a significant amount of skilled labour in these industries, even to the disadvantage of other sectors. It had given the necessary orders to move scarce skilled human resources away from more productive civilian uses and by 1989 nearly 2000 scientists and engineers — about 10 per cent of the total number of R&D personnel in the national economy — were employed by Armscor alone (Batchelor and Dunne 1998).

By April 1994, South Africa had become the tenth largest arms producer in the world with approximately 800 arms and arms component manufacturers employing a workforce of about 50,000 (which was 160,000 in the 1980s) (HRW 2000).

In the mid-1980s the defence industry started facing problems because of uneconomical practices, such as tooling up for short production runs and stockpiling supplies of certain items which were not readily available in South Africa, which led to huge production costs (Batchelor and Dunne 1998). This prompted the country to aggressively push for sales abroad and suddenly increased the value of the country’s arms exports: it increased by nearly 300 per cent between 1982 and 1989 (see Table below) (Batchelor and Dunne 1998).

South African arms exports, 1982 - 1989

<table>
<thead>
<tr>
<th>Year</th>
<th>Arms exports</th>
<th>Arms exports/Manf exports</th>
<th>Arms exports/Total exports</th>
</tr>
</thead>
<tbody>
<tr>
<td>1982</td>
<td>31</td>
<td>0,3%</td>
<td>0,1%</td>
</tr>
<tr>
<td>1983</td>
<td>34</td>
<td>0,3%</td>
<td>0,1%</td>
</tr>
</tbody>
</table>

85
The exports, ironically, had more takers after the 1977 mandatory embargo than prior to it. “Much of this was indigenous reformulation of older technology, but by the early 1980s South Africa had succeeded in building some weaponry that genuinely could be characterized as ‘cutting edge’. Even here, much of the technology actually originated elsewhere, but the South Africans were able to combine ideas, processes and material in innovative new ways” (Henk 2006: 14).

The Normalization of South Africa

Political reforms in late 1980s
The 1980s saw the beginning of political reforms in South Africa. There were overwhelming internal and external pressures to undertake significant changes, and when combined with economic pressures, the country had little choice but to acquiesce. International sanctions were intensified; the UN General Assembly adopted a resolution
for comprehensive mandatory sanctions against South Africa and asked the international community to impose world-wide comprehensive sanctions on the country (UN General Assembly Resolution dated 20 November 1987). This was followed by strong economic and trade restrictions. International commercial banks refused to ignore some US$14 billion in immediately payable debt, which initiated an economic crisis. There was capital flight to the tune of more than US$ 5 billion, inflation exceeded 15 per cent, and the Annual growth plummeted to about one per cent.

Furthermore, the internal resistance to apartheid was showing no respite and the international community was now determined to severely punish the regime in South Africa.

The end of the Cold War led to the end of superpower rivalry in Southern Africa. This contributed to the resolution of many regional conflicts and also positively impacted upon South Africa’s external threat perceptions, which contributed to the country’s normalization process. As a result, “South Africa withdrew its armed forces from Namibia and Angola in 1989 and embarked on an ambitious programme of diplomatic and economic outreach to African states” (Batchelor and Dunne 1998).

As is clear from the above discussion, no single factor can be identified as responsible for Pretoria’s radical policy change. As Batchelor and Willett point out, the coincidence of a host of factors was responsible: “South Africa’s transition to democracy, which started in the late 1980s and culminated with the holding of the country’s first democratic, non-racial elections in April 1994, was prompted by the interaction of a number of strategic, political and economic developments, operating at both internal and external levels” (Batchelor and Willett 1998: 49).

Under such circumstances South Africa was forced to reassess its options. It chose to ease out of its besieged status. Firstly, in 1989, Botha was replaced with Frederik de Klerk as prime minister by the National Party and an early election was called to gauge support for the new leader. The Party contested the elections of September 1989 with a proposal for a reform programme envisaging a new constitutional order with a bill of
rights and for the role of the African majority in the government. When this agenda was given mandate by the people, "President de Clerk declared his aim for a totally new and just constitutional disposition in which every inhabitant should enjoy equal rights, treatment and opportunity in every sphere of endeavour – constitutional, social and economic" (Biswas 2007: 27).

This was followed by the release of Nelson Mandela in 1990 and soon thereafter most ‘rebel’ organizations were re-legalised. Moreover, restrictions on internal political organizations, imposed under the Public Safety Act of February 1988, were also removed (Biswas 2007: 27).

The besieged status of the country finally ended when Nelson Mandela was elected the President of South Africa in 1994. From this point on, the country has undergone radical transformation of its defence, foreign and security policy and this has had defining impact on its defence industry. The next section examines the change that was brought about in the South African defence industry by the ‘normalization’ of the country, i.e., when the country was no more a besieged state.

The Normalization of South Africa’s Security and Defence Policies

Political normalization led to increased sense of security in Pretoria. As a result the country ordered its troops back home from Namibia and Angola in 1989, gave up its policy of military aggression and regional destabilization (e.g., covert support for UNITA in Angola and RENAMO in Mozambique), and started reaching out to other African states (Dunne 2006: 41).

South Africa began radically redefining its notions of security, peace and stability and embarked on an ambitions programme to turn such notions in practice. The congruent political change was reflected clearly in the outlook and reactions of the security forces. Pretorius says: “After F.W. de Klerk’s 2 February 1990 speech in which he signified a redefinition of the state based on legitimacy (and not apartheid), the SADF responded by
stressing their professional nature, a-political stance and dependence on a citizen force” (2006: 225).

‘Total strategy’ had to be revisited and fundamental changes were necessary. Keeping this mind, de Klerk initiated a series of political reforms including unbanning all opposition parties, releasing political prisoners, lifting the national state of emergency imposed in 1986, and granting indemnity to hundreds of anti-apartheid activists in exile (Batchelor and Willett 1998: 54).

The publication of various official documents and White Papers on security and defence related issues during those years of transformation is also evidence of the radical transformation that the country underwent. For example, “[t]he 1996 White Paper on National Defence, defines South Africa’s new approach to security as “an all encompassing condition in which individual citizens live in freedom, peace and safety, participate fully in the process of governance, enjoy the protection of fundamental rights, have access to resources and the basic necessities of life, and inhabit an environment which is not detrimental to their health and well being” (Willett 1998).

The African National Congress (ANC), till now an underground organization, started to air its views on national defence and security issues. It was of the opinion that national and regional security should not be understood and approached merely as a military, police and intelligence matter, but as having political, economic, social and environmental dimensions. Peacekeeping was yet another issue that was emphasized by the new regime in South Africa (Pretorius 2006).

Unlike the past, where ‘total security’ was the guiding doctrine of South African security, the new emphasis of the government was on Non-Offensive Defence (NOD). This strategic doctrine claimed to be more in keeping with the environment of détente and cooperation within the region. The new environment led the promotion of NOD as a means of providing the concept of defensive defence with an operational doctrine (Batchelor and Willett 1998: 134). The basic premise of NOD is the establishment of a
security regime within which domestic, regional and international peace and security can be guaranteed. This doctrine seeks to combine security assurances with peaceful intentions (Batchelor and Willett 1998: 134).

NOD came to mean the following:

A basic premise of NoD is the settlement of disputes by peaceful means, arms control and disarmament, confidence and security-building measures and a restructuring of armed forces towards a defensive orientation. A central tenet of this doctrine is the combination of security assurances and peaceful intentions. This implies restraint from the threat or use of force against the territorial integrity or political independence of any state. Non-offensive defence is conceptualised as "a strategy, materialised in a national posture that emphasises defensive at the expense of offensive military options". It rejects the idea that military stability is achieved through a balance of force. It argues instead that security is achieved through the non-threatening behaviour of states. The idea of replacing an offensive doctrine with non-offensive defence would help to bring South Africa’s military doctrine in line with its broader political aims of regional co-operation and confidence and security building (Willett 1998).

As pointed out earlier, South Africa went through tumultuous times in the late 1980s and early 1990s. A set of new regional and global factors and the realization that they brought to the South African leadership led up to the political normalization of the country and had, as will be shown, subsequent implications for the country’s defence industry. The election of de Klerk as the country’s president in 1989 provided further impetus to the reform moves. In the years that followed, “the Soviet Union collapsed, closing the chapter on superpower rivalry. This affected countries in Southern Africa, which had been drawn into the competition between the dominant powers. A settlement was reached in Namibia, whose transition to democracy followed in 1990. There was no longer a clear need for South Africa to maintain a strong military force” (Botha 2003: 2).

The changes in South Africa’s security environment, both at material and ideational levels, since the end of apartheid have been accompanied by a series of political and institutional changes in the defence establishment including the restructuring of the department of defence, the establishment of a civilian defence secretariat and the
formation of a parliamentary defence committee with constitutionally defined powers and functions. These radical changes went on to fundamentally alter the pattern of civil-military relations in favour of the civilian political authority, with the result that the SANDF has become increasingly marginalized (Batchelor and Willett 1998: 141).

Normalization of South African Defence Industry

South African Defence Industry in the late 1980s and early 1990s

The normalization process that happened in the country during the 1990s had a direct impact on the country’s defence industry. After Nelson Mandela was elected the new president of post-Apartheid South Africa, the country was re-admitted into the international community. The UN lifted its mandatory arms embargo in May 1994, thereby officially allowing South Africa to purchase armaments from foreign suppliers.

The South African defence industry suddenly became a normal defence industry and was thereafter subjected to the commercial and financial pressures of such an industry. There was sharp decline in domestic armament procurement expenditure which led to considerable downsizing within both the public and the private defence industrial sector.

The South African state had built up a very elaborate and robust defence industrial complex during the apartheid era. By the end of the apartheid era the country had built up an industry of “extraordinary depth and breadth of capability” which was brought about due to the United Nations arms embargos”. This also brought South Africa “a useful measure of strategic independence” (Henk 2004: 14). During the apartheid years, South Africa’s arms industry had developed into a complex and intertwined system of public and private sector producers.

During the apartheid years, South Africa’s arms industry had developed into a complex and intertwined system of public and private sector producers. Armscore and the Council for Scientific and Industrial Research (CSIR) formed the public front and by the end of
apartheid, around 3,000 private sector enterprises serviced some aspect of the industry as contractors, subcontractors or suppliers. Arms production had by now become one of the major components of the South African industry. This sector accounted for nine per cent of the country’s employment in manufacturing; Armscor alone was the 15th largest employer in the country. Arms comprised 6.6 per cent of all South African manufacturing output and 1.5 percent of the country’s gross domestic product (Henk 2004: 14).

The state’s defence budget was reduced by over 40 per cent between 1989 and 1994, and defence procurement by about 60 per cent. Defence budget cuts severely affected employment in the defence sector which fell from 150,000 in 1989 to just over 70,000 in 1993, while the share of defence R&D as a proportion of the country’s total R&D fell from 48 per cent to 18 per cent (Henk 2004: 14; Cilliers 2003: 138). Batchelor and Dunne write that R&D related to defence declined by nearly 70 per cent between 1989 and 1996 (an average of nearly 14 per cent per annum), while the share of R&D spending within the defence budget declined from nearly nine to five per cent. (Batchelor and Dunne 1998). The procurement expenditure by the SADF also was reduced by over 60 per cent in real terms between 1989 and 1993 (Batchelor and Willett 1998: 736).

In the face of such drastic defence expenditure cuts, the local military-industrial complex began to argue against further reductions, cutbacks and down-sizing. Since April 1994 the defence budget had shrunk due to budgetary constraints and other spending priorities. Under the government’s new ‘hands-off’ policy, the arms industry was forced to continue its market-driven strategy of down-sizing and restructuring in order to survive the impact of the decline in the domestic defence market. More importantly, the lifting of the UN arms embargo in 1994, and South Africa’s ‘formal’ entry into the international community, subjected the country’s arms industry to unprecedented levels of competition. This prompted it to pursue arms exports and international collaboration vigorously, with the result that the country’s defence industrial base became increasingly internationalized (Batchelor and Willett 1998: 141).
Ultimately, the South African defence industry started behaving like any other defence industry. The state stopped pumping large sums of money into it and ceased protecting it, and the industry lost its primary customer, SADF. President Nelson Mandela publicly defended his nation’s arms industry and promoted its products on overseas trips simply because the industry had to seek export opportunities in order to survive. Batchelor and Willett note that the value of arms exports grew by an impressive 160 per cent (in real terms) between 1989 and 1993, rising in that period from a mere 0.3 percent of total exports to 1.1 percent (Henk 2004: 15). As was to be expected, the new government quickly became convinced of the economic benefits of the arms trade and actively promoted it subject to quite broad policy guidelines (Batchelor and Willett 1998: 128).

**Structure of Defence budget, 1989 - 1996**

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<tbody>
<tr>
<td>Personnel</td>
<td>18,9</td>
<td>21,2</td>
<td>27,6</td>
<td>27,9</td>
<td>31,6</td>
<td>38,6</td>
<td>33,8</td>
<td>41,9</td>
</tr>
<tr>
<td>Operating</td>
<td>22,6</td>
<td>21,7</td>
<td>26,9</td>
<td>26,9</td>
<td>28,3</td>
<td>33,5</td>
<td>32,8</td>
<td>40,0</td>
</tr>
<tr>
<td>Procurement</td>
<td>58,5</td>
<td>57,1</td>
<td>45,5</td>
<td>45,2</td>
<td>40,1</td>
<td>27,9</td>
<td>33,4</td>
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<td>100</td>
<td>100</td>
<td>100</td>
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Defence budget trends, 1989 - 1996

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<tbody>
<tr>
<td>Defence budget</td>
<td>11,435</td>
<td>1,071</td>
<td>8,094</td>
<td>7</td>
<td>6,589</td>
<td>7</td>
<td>153</td>
<td>6,249</td>
</tr>
<tr>
<td>% change</td>
<td>5.5%</td>
<td>-</td>
<td>11.9%</td>
<td>19.6%</td>
<td>6.0%</td>
<td>13.4%</td>
<td>8.6%</td>
<td>-</td>
</tr>
<tr>
<td>Defence/GDP</td>
<td>4.1%</td>
<td>3.6%</td>
<td>3.0%</td>
<td>2.8%</td>
<td>2.4%</td>
<td>2.6%</td>
<td>2.2%</td>
<td>1.9%</td>
</tr>
<tr>
<td>Defence/government expenditure*</td>
<td>13.0%</td>
<td>12.4%</td>
<td>9.8%</td>
<td>8.4%</td>
<td>6.8%</td>
<td>8.1%</td>
<td>6.8%</td>
<td>5,***</td>
</tr>
</tbody>
</table>

Figures are in Rand million in constant 1990 prices.

* Defence spending as a share of total government expenditure.


Meanwhile, the South African military forces were also going through a period of transformation. By 1993 conscription of white males was abolished. Moreover, there were also large scale reductions in the SADF personnel. Batchelor and Willett point out: "Between 1989 and 1993, over 37000 SADF personnel were cut, including 28000 conscripts and 9000 permanent forcer members. The total size of the SADF's active full time personnel, including civilians, declined from c. 115000 in 1989 to c. 78000 in 1993" (1998: 70-1).
Significantly, a large number of major weapons projects were cancelled or postponed, and obsolete and surplus military equipment was sold or destroyed. The country’s nuclear weapons programme was also terminated (Batchelor and Dunne 1998). The government issued orders to close down many of the arms industry’s facilities, such as the Dorbyl shipyards in Durban, and those that remained in operation went through cycles of downsizing and rationalization (Botha 2003: 1).

The removal of official patronage from the defence industrial sector also forced some defence firms to go out of business or exit the defence market (Batchelor and Dunne 1998).

Armscor gave up its production role even though it remained the acquisition arm of the Department of Defence. Arms production, in 1992, was given to another state-owned enterprise, Denel. It inherited most of Armscor’s R&D and production facilities. This was essentially done to commercialise (and thus make it profitable) these public enterprises (Batchelor and Dunne 1998).

However, these companies were also forced to down-size. Batchelor and Willett write that almost 10000 personnel were laid off by Armscor and Denel between 1989 and 1993 (1998: 70-1). Armscor, shed about 40 per cent of its engineers and scientists (nearly 800) between 1989 and 1992, and these trends were reflected in the private sector too (Batchelor and Willett 1998: 73). Apart from large scale job losses, the withdrawal of state support led to “declining output and productivity, take-overs and mergers and the demise of a number of defence firms. Defence firms were forced to pursue a variety of supply-side adjustment strategies in order to deal with the sharply reduced domestic demand for defence goods and services” (Batchelor and Willett 1998: 84).
Defence industry employment, 1989 - 1996

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</thead>
<tbody>
<tr>
<td>Armscor/Denel</td>
<td>26348</td>
<td>23630</td>
<td>21387</td>
<td>16580</td>
<td>14914</td>
<td>14847</td>
<td>15209</td>
<td>15218</td>
</tr>
<tr>
<td>Total defence industry</td>
<td>131750</td>
<td>118750</td>
<td>106935</td>
<td>82900</td>
<td>74570</td>
<td>74235</td>
<td>76045</td>
<td>76090</td>
</tr>
<tr>
<td>Defence industry/manufacturing employment (%)</td>
<td>8,6</td>
<td>7,7</td>
<td>7,2</td>
<td>5,8</td>
<td>5,3</td>
<td>5,3</td>
<td>5,4</td>
<td>5,3</td>
</tr>
<tr>
<td>Arms industry/total employment (%)</td>
<td>2,3</td>
<td>2,1</td>
<td>1,9</td>
<td>1,5</td>
<td>1,4</td>
<td>1,4</td>
<td>1,4</td>
<td>1,3</td>
</tr>
</tbody>
</table>

Sources: Armscor; South African Reserve Bank, Quarterly Bulletin, various issues.
(Cited in Batchelor and Dunne 1998).

Batchelor and Willett write regarding the rationalization of Armscor:

Armscor's production and research facilities were rationalized, restructured and down-sized between 1989 and 1992, both in response to the defence cuts and the down-sizing of the domestic arms industry generally and in order to make them more 'commercially' oriented. The corporation also implemented a wide range of internal cost-cutting measures which resulted in over 10000 jobs being lost between 1989 and 1993 (1998: 86).

Armscor's adjustment strategy included the introduction of a competitive procurement policy emphasizing value for money, competition for contracts and fixed-price rather than cost-plus contracts. It also tried to expand its client base and started the process of
redefining the organisation’s roles and responsibilities (Batchelor and Willett 1998: 87). The company took up the challenge and started off a major advertising campaign in 1992 to increase international awareness of South Africa’s arms industry and its products.

Armscor even made proposals to the commercial market and produced civilian goods for the non-military market in order to survive after 1989. This was despite the fact that the Armaments Development and Production Act clearly prohibited Armscor from using its facilities for such purposes (Botha 2003: 2).

**Armscor’s procurement expenditure, 1990-94**

<table>
<thead>
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<tbody>
<tr>
<td>Total</td>
<td>5504</td>
<td>4202</td>
<td>3243</td>
<td>3162</td>
<td>2427</td>
</tr>
<tr>
<td>Armscor procurement* expenditure (m. rand, constant 1990 prices)</td>
<td></td>
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<td></td>
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</tr>
</tbody>
</table>

* includes procurement for the SADF, the police and other governmental departments

Source: Armscor Annual Reports, various years.

Private sector arms producers also went through a series of rationalizations, downsizing and failures due to the sudden budget cuts in the defence sector. In the private sector,

[s]ome firms pursued offensive adjustment strategies geared to maintaining or increasing their defence business. These offensive strategies included increasing arms exports, joint ventures with local or foreign defence firms and the monopolization of existing defence markets. Some firms pursued defensive adjustment strategies which involved reducing their defence business or exit from the defence market altogether, cutting staff, selling off defence operations, and diversification and
conversion. Most firms however pursued a combination of defensive and offensive adjustment strategies in order to remain in the market but to ‘shrink to fit’ or adapt to the changing defence market. At no stage between 1989 and early 1994 did the south African government initiate any public policies, such as manpower polices, science and technology policies, regional policies or industrial policies, in order to help firms to adjust (Batchelor and Willett 1998: 103).

Recall that at this point of time the UN embargoes were still in place and thus it was not possible to engage in exports easily, but still the exportation of South African-made arms was pursued tirelessly despite its limited success. Once the embargoes were lifted however, exports received enough special focus and attention to become successful.

### South African arms exports, 1990 - 1996

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<tbody>
<tr>
<td>Arms exports</td>
<td>163</td>
<td>758</td>
<td>438</td>
<td>739</td>
<td>641</td>
<td>721</td>
<td>345</td>
</tr>
<tr>
<td>% change</td>
<td>365,2</td>
<td>-42,3</td>
<td>68,8</td>
<td>-13,3</td>
<td>12,5</td>
<td>-52,1</td>
<td></td>
</tr>
<tr>
<td>Arms exports/manufactures</td>
<td>0,7</td>
<td>3,0</td>
<td>1,9</td>
<td>3,2</td>
<td>2,5</td>
<td>2,2</td>
<td>n/a</td>
</tr>
<tr>
<td>exports (%)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Arms exports/Total exports</td>
<td>0,2</td>
<td>1,1</td>
<td>0,7</td>
<td>1,1</td>
<td>0,9</td>
<td>1,0</td>
<td>n/a</td>
</tr>
</tbody>
</table>

Sources: Armscor; South African Reserve Bank, Quarterly Bulletin, various issues (cited in Batchelor and Dunne 1998).
South African arms trade, 1989-94
(figures are in m. rand in constant 1990 prices)

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<tbody>
<tr>
<td>Arms</td>
<td>2691</td>
<td>1982</td>
<td>847</td>
<td>618</td>
<td>644</td>
<td>421</td>
</tr>
<tr>
<td>imports</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>Arms</td>
<td>236</td>
<td>163</td>
<td>700</td>
<td>382</td>
<td>625</td>
<td>550</td>
</tr>
<tr>
<td>exports</td>
<td></td>
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(Source: Batchelor and Willett 1998)

This transition period was a learning experience for the arms industry; it forced them to spend considerable amounts of time and money on attempts to find commercial applications for their technology and facilities. Some diversified by acquiring businesses in related civilian markets. As a result, by 1994, the industry had “reshaped into a tougher, more cost effective and consequently more competitive actor in the international arms scene.” (Botha 2003: 2). The defence industry was scrambling to promote its exports. Pretorius quotes the then Chairman of Armscor as saying that the defence industry has to operate by the slogan “export or die” (Pretorius 2006: 154).

Denel also entered into a variety of adjustment strategies during 1992-1993. As mentioned earlier, the company was established as a state-owned industrial enterprise under the ministry of public enterprises in April 1992. While it inherited most of Armscor’s production and research facilities, as well as assets valued at 4.5 billion rand and over 15000 employees, it also received a share of Armscor’s long term liabilities (Batchelor and Willett 1998: 90).

As an organisation, Denel was faced with a declining domestic defence market from the very first day of its existence and therefore immediately began to pursue a number of adjustment strategies in order to ‘commercialise’ the erstwhile Armscor subsidiaries and to reduce its dependence upon the ever-declining domestic defence market (Batchelor and Willett 1998: 90).
Denel also increased exports of commercial products. This was one of Denel’s key offensive adjustment strategies, apart from rationalizing and consolidating operations, mergers, acquisitions and joint ventures with local and foreign defence firms (Batchelor and Willett 1998: 91-3). Some of the company’s defensive strategies had included laying-off staff, internal cost cutting, and closure of certain production facilities, diversification and conversion (Batchelor and Willett 1998: 91). Denel’s arms exports increased quite significantly between 1992 and 1993. The company exported military equipment to 37 countries in 1992 and 41 countries in 1993 and established a network of agents in 37 countries (Batchelor and Willett 1998: 93). Denel also entered initiated a number of joint ventures and strategic alliances with foreign defence and defence-related firms (Batchelor and Willett 1998: 93).

**South Africa’s Nuclear Weapons Programme**

South Africa began its nuclear weapons programme in the 1970s and 1980s and abolished it in 1990–1991. Peter Liberman argues that “changes in state sensitivity to international sanctions and norms did correlate roughly with changes (in south Africa’s) nuclear policy” (2001: 72). South Africa’s nuclear weapons programme is considered as part of its larger defence industry for the purposes of this chapter. As has been the case with the state’s defence industry in general, South Africa’s nuclear programme was also planned and promoted in order to fend off the increasing threats in faced from its external strategic environment. In Liberman’s words:

In the mid-1970s, Pretoria felt increasingly beleaguered by the collapse of Portuguese control over Angola and Mozambique (April 1974), Soviet aid to the Marxist regime in Angola (from March 1975), Cuban intervention in Angola to support the regime against South African–backed rebels (from October 1975), the election of an unsympathetic Carter administration (November 1976), a mandatory United Nations arms embargo (from November 1977), and growing Western pressure to withdraw from Namibia (from 1977) (2001: 72).

Liberman quotes Botha recalling that “the South African nuclear arsenal was developed as a ‘diplomatic weapon to defend South Africa.’” According to de Klerk, (Liberman
writes) the weapons were built to provide “a limited nuclear deterrent capability,”
necessitated by “a Soviet expansionist threat in Southern Africa, as well as prevailing
uncertainty concerning the designs of the Warsaw Pact members. The build-up of the
Cuban forces in Angola reinforced the perception that a deterrent was necessary—as did
South Africa’s relative international isolation and the fact that it could not rely on outside
assistance, should it be attacked” (Liberman, 2001: 72).

In March 1993 de Klerk admitted to the parliament that South Africa had constructed six
complete nuclear devices and one incomplete device between 1980 and 1989. He then
added that the nuclear weapons programme was abandoned in view of the normalization
of South Africa’s international relations and a changed global political situation in which
“a nuclear deterrent had become not only superfluous, but in fact an obstacle to the
development of South Africa’s international relations” (Batchelor and Willett 1998: 71).

The winding down of its nuclear programme was also due to the same reason that had
prompted the country to make its defence industry less aggressive and inward looking —
the disappearance of its besieged status. Liberman argues:

In the South African case, dismantlement followed improvements in the security
environment in key respects: the winding down of the Cold War, the removal of
Cuban troops from Angola, and the expectation that democratizing reforms would
end South Africa’s regional tensions and international isolation. This is consistent
with the security model’s weak prediction that a decline in threat may lead to

Post-Apartheid South African Defence Industry
Post-Apartheid South Africa’s foreign policy took a dramatic new doctrinal approach
under President Nelson Mandela. He declared that “human rights will be the light that
guides our foreign affairs” (Mandela 1993). Now that the guiding principles of the
country’s foreign policy were promotion of human rights, democracy, justice and
international law, international peace, Africa in the world, and economic development
through regional and international cooperation (Dlamini 2003/4: 3), the country also had
to have a fresh approach to its defence industry: One in keeping with the larger guiding principles of its foreign policy.

More importantly, apart from the fact that the country’s security apparatus was put under civilian control, the country’s military doctrine had also undergone fundamental changes:

As opposed to the apartheid-era doctrine of being able to launch counterinsurgency wars and retaliatory strikes against neighboring countries, current military doctrine emphasizes the overriding importance of national self-defence in which the South African military will be deployed internationally only under fairly restrictive circumstances, including internationally mandated peacekeeping operations, humanitarian relief exercises, and, as witnessed by South African military intervention in Lesotho in 1998, the restoration of democracy (Schraeder 2001: 231).

There was a great deal of discussion and deliberation about the country’s defence industry after Mandela was elected President and the arms embargo was lifted in 1994. The new policy towards arms production and arms exports had to be in line with the country’s new set of foreign policies. Indeed, the thinking within ANC regarding these issues had been taking place even before 1994:

For some years prior to the advent of majority rule in 1994, African National Congress (ANC) intellectuals had been debating the nature of the security establishment appropriate to a new South Africa. They now endeavoured to apply insights from academia to South Africa’s unique situation and circumstances. Despite a diversity of views, an influential group of ANC political ‘insiders’ arrived at essential agreement about the kind of military needed after 1994 (Henk 2004: 15).

The paradigm shift in the thinking on defence related issues (including the defence industry) was reflected in an approach that came to be known as ‘defence in a democracy’ (as opposed to the pre-1994 ‘total onslaught’ approach). Vrey says that “[t]his new imperative ensured that South African defence thinking and the SANDF were in equilibrium with a changing South African society and its external strategic

environment.” (Vrey 2004: 90). The 1996 Defence White paper mentioned that “[n]ational security shall be sought primarily through efforts to meet the political, economic, social and cultural rights and needs of South Africa's people and through efforts to promote and maintain regional security...South Africa shall pursue peaceful relations with other states. It will seek a high level of political, economic and military co-operation with Southern African states in particular” (White Paper on Defence 1996: 7).

Now that the country was no longer besieged, the defence industry could now purchase foreign weaponry in a non-clandestine manner and use its specialist capacities to sell abroad. The 1996 Defence White Paper made specific references to arms procurement and production:

The defence equipment required by the SANDF cannot and should not be procured exclusively from the local industry. Many complex systems cannot be produced domestically and will have to be imported”, “The defence industry must have access to international markets in order to facilitate cost-effective performance and reduce the unit costs of producing items for the SANDF”, “In circumstances of diminishing domestic defence expenditure and falling global arms sales, the industry will be encouraged to convert production capability to civilian manufacture without losing the key technological capability needed for military production (White Paper on Defence 1996: 32).

The post-1994 era of the South African defence industry may be characterized as having no orientation towards an inward looking, aggressive and nationalistic defence industry. There is today more accountability and transparency in military and security matters and there are institutions such as a civilian run Ministry of Defence and a powerful--parliamentary Defence Select Committee to see to this continues. The process of making the defence and security matters of the country more transparent was notable for the willingness that the government showed in consulting a variety of actors, both military and civilian, and in coming out with a flurry of defence White Papers.

The 1996 White Paper on National Defence laid out the broad conceptual framework for defence and security policy. “As opposed to the pre-1994 White Papers that primarily
addressed military defence and related industries, the post-1994 version extended its ambit to include eight topics which encompassed transformation, civil-military relations, the strategic environment, roles and functions, human resources, budgetary considerations, arms control and the defence industry, land and environmental issues” (Vrey 2004: 101).


The South African Defence Review was presented to Parliament in June 1997, and approved in April 1998. The Defence Review laid down some very important policy guidelines for the country’s defence industry: “South Africa should not strive for self-sufficiency in arms development, but only limited self-sufficiency in key areas, as determined during the Defence Review and the subsequent Department of Defence strategic planning process. Defence industry studies to indicate development, purchase or partnership options will be executed from time to time” (South African Defence Review 1998: 171). Also, “fair and open competition will be used as far as is practical in the procurement of armaments. This will include the invitation of foreign tenders” (South African Defence Review 1998: 172).

The White Paper on Defence Related Industries (1999), clarified the government’s new policy on support to the industries:

Public funds from the defence budget will provide support to defence related industries on those key strategic technologies and capabilities required in the defence interest. This may take place via specific items such as research and development funding or in a more general sense via trade shows, exhibitions and marketing facilitation. Public funds will not however be used for direct support to make defence related industries more competitive via direct subsidisation, although they will be able to apply to general assistance given by the DTI via its supply side measures and other industrial policy interventions which are available to all South African industries (White Paper on the South African Defence Related Industries, 1999: 30).
The Defence Secretariat of the country also participated in a number of bilateral commissions on defence matters with countries such as the People’s Republic of China, Germany, France, Italy, the UK, the US, Nigeria, Algeria, Sweden and most of the Southern African Development Community (SADC) countries. These commissions were used to promote co-operation between the defence industries of the participating countries (Botha 2003: 4).

The Cameron commission, which was set up after the Wazan debacle of September 1994\(^\text{18}\), eventually published its findings and thereafter the cabinet approved an interim arms trade control policy, in August 1995, detailing the principles and criteria governing national arms trade and transfers (HRW 2000). This was the beginning of a South African refusal, if not on all occasions, to sell weaponry on human rights grounds. What it shows is the mainstreaming of the South African arms trade and the willingness of the country to abide by accepted international norms.

South Africa’s present leadership support a sophisticated arms industry for the country as they see opportunity to pursue two objectives by doing so: limited strategic autonomy [emphasis mine]; and national economic development. (Henk 2004: 25).

The pro-defence industry lobby has also been arguing their case for a modern and strong industry as it has great developmental dividends for the country. “They argue that the defence industry is economically beneficial to the government’s socio-economic programme (the RDP), South Africa’s peacekeeping responsibilities and to security in the rest of Africa” (Pretorius 2006).

Writing in 1998, Batchelor and Willett pointed out that the private sector arms industry had also followed the path shown by the public sector industry in order to compete and

survive in a post-apartheid defence industrial environment. For the private sector, measures have included laying-off workers, down-sizing and rationalizing defence operations, selling off assets and exit from the defence market. Most of them have also continued to pursue diversification, mainly through mergers, acquisitions of civilian companies, and the purchase of civilian products or product lines. Very few of them pursued diversification through the development of civilian products based on defence products and technology, and almost none have pursued conversion at the plant or firm level (Batchelor and Willett 1998: 159).

Armscor’s offensive adjustment strategies have continued to include intensification of its international marketing campaign and opening additional overseas offices to support the domestic arms industry’s export drive. It coordinated and assisted participation in international defence exhibitions and helped to facilitate international joint ventures and alliances between South African and foreign defence firms (Batchelor and Willett 1998: 155).

There has been a substantial increase in partnering for both the private and public sector industries both at the local and international levels.

As pointed out earlier, Denel, the new public sector defence producer has been extremely pro-active in its pursuance in its strategies of diversification and conversion ever since its inception in 1992. These included

[j]oint ventures, acquisitions and/or mergers with civilian firms, the purchase of existing non-military product lines or licensing agreements, and the development of civilian products using existing defence technology and production facilities. These diversification strategies have been accompanied by significant investments in R&D and new product development, as well as a major marketing strategy to identify new (local and foreign) civilian markets (Batchelor and Dunne 1998).

In 2000 Denel selected the British Aerospace (BAE) as an international partner and South African the government was far along in negotiating the sale of a 30 per cent stake of
Denel to BAE. Other than its stake in Denel, BAE owns 20 per cent stake in Advanced Technologies Engineering, a Denel subsidiary, and 25 per cent stake in CyberSim, a South African company providing information and simulation technology to the country’s defence industry (Pretorius 2006).

Denel sold 51 per cent of one of its subsidiaries, Airmotive, to the French company, Turbomeca in 2002; it had more than 13 international partnerships at the time. Grintek, another South African firm, “sold 51 per cent of Grintron (comprising Avitronics and Grintek Communication Systems) to Saab of Sweden and Grintek Ewation is a 55:45 per cent joint venture with European Aeronautic, Defence and Space Company (EADS). EADS, in turn, is a member of the Thales group. "French in origin, Thales regards itself as a global electronics company serving the defence and security market" (Pretorius 2006).

Botha, writing about the increasing levels of international tie-ups, points out:

Denel sold 51% of Airmotive to Turbomeca of France in February 2002. The new company, Turbomeca Africa, will play an enhanced role in the maintenance of some of the Turbomeca products used in the aircraft of the SANDF. Grintek has made extensive use of joint ventures to drive its diversification into telecommunications and industrial electronics. It currently has two important joint ventures in the defence field. SAAB of Sweden holds 49% of Grintron, which specialises in the communications systems and equipment markets and electronic self-protection systems. The German ewation division of EADS holds 45% of Grintek ewation. Both companies export more than 50% of their turnover, and have been receiving increasing export orders, most of them from the European market. Alvis–OMC is 75% owned by Alvis of the UK, and 25% by DGD technologies, an empowerment group. The OMC’s product range and market allocations are fully integrated with those of Alvis, and exports stand at about 50% of turnover. Furthermore, Alvis has invested substantially in research and development facilities in the company, and is commissioning design work in South Africa. Reutech Radar Systems is 33% owned by the DAS division (Germany) of EADS. The company probably could not exist without the relationship, which combines technology on the one hand with the export of products and subsystems on the other. The product range is of such complexity and sells in such small runs that these inputs are essential to ensure the viability of the company (2003: 8).
Over the years the South African defence industry had become so closely interconnected with the western defence industries that the armaments offered by major Western firms increasingly feature state-of-the-art technology developed and built in South Africa (Henk 2004: 15).

Indeed, the relationship between European and South African defence industries is growing stronger as the years progress. The joint ventures between the two, Dunne and Lamb point out, “are significant in that they involve technology transfers and should allow South African defence firms to become part of the European Union’s global supply chains. ...European governments have been “prompted” to purchase South African defence products, despite criticism from European defence industries. Some of the preferred European suppliers also helped south African defence firms to bid for, and win, other foreign contracts” (2004: 288).

Apart from these strategies, since the 1990s the country has also been consistent with its policy of counter-trade offsets in trading relationships with external sellers. South Africa’s defence offset policies are the National Industrial Participation Programme (NIPP) managed by the Department of Trade and Industry, and the Defence Industrial Participation Programme (DIPP) managed by Armscor on behalf of the Department of Defence (Henk 2004: 23).

The Industrial Participation programme in South Africa’s defence industrial sector means “that all government and parastatal purchases or lease contracts, these include goods, equipment, or services, with an imported content equal to or exceeding US$10 million, are subject to an Industrial Participation Obligation” (McEwan: 4).

Another significant characteristic of South African industries has been a willingness to tailor defence products to the needs of specific consumers, even for limited product runs. This is true of both the private and public sectors and this emphasis on tailor-made products is backed by an arms industry that indulges in extensive subcontracting to make production faster (Henk 2004: 22). As a result “exports have grown steadily since 1994.
According to the Directorate of Conventional Arms Control, export approvals worth R1,384 million were granted in 2000, rising to R1,736 million in 2001 (nominal rand figures) (Cilliers 2003: 138).

Cilliers writes:

Some companies such as Eloptro (Denel), Grintek aviation, and Fuchs (Reunert) already export virtually their entire output. Many others, such as Alvis-OMC, Grinton (Grintek) and RDI (Reunert) do more than 50% of their business with partners abroad. Another strategy inherent to the second tier industry is an increase in partnerships between South African and international companies. For this reason, state-owned Denel sold 51% of Airmotive to Turbomeca of France in February 2002, and SAAB of Sweden holds 49% of Grintron. Denel alone had as many as 13 key international partnerships in 2002 (2003: 138).

The South African defence industry is much different today from what it was in 1989. From a state-managed defence industry with all its advantages and problems, today the industry is much smaller (compared to 1989) in terms of turnover, employment, and range of products but at the same time, its products today are competitive, are finding international markets, and turnover is growing and this is primarily because of the fact that the industry is driven by commercial concerns (Botha 2003: 12).

In other words, one could therefore say that the South African defence industry has found its new role as a global supplier of highly sophisticated products, such as components or subsystems, to first-tier customers in Europe or the USA, and of complete products to other second-tier clients (Botha 2003: 10; Dunne and Haines 2005).

Conclusion

The burden of this chapter has been to argue that the South African defence industry was reenergized, post-World War II, aggressively maintained and made self-reliant, despite stiff opposition from the international community, primarily because South Africa
perceived unprecedented levels of insecurity from the international system from the 1960s onwards. In other words, the chapter has argued that the development of the South African defence industry was not a natural one, but one that was necessitated by acute systemic constraints that made South Africa feel besieged. While the international community imposed sanctions and arms embargoes on the country as a result of the latter’s apartheid policies, South Africa sought self-sufficiency in defence capabilities in response to its isolation and considered that only a strong defence industry could give it security in a hostile environment. Thus it developed, despite wide-ranging arms embargoes and strictures by the international community, a strong, nationalistic and aggressive defence industry as part of its ‘total national strategy’.

Immense amounts of financial investments were made towards sustaining the nationalistic defence industry, best available manpower was provided to it to the detriment of other sectors of the country’s economy. Armscor was given overriding powers to develop the defence industry in an unfettered manner, and the apartheid government assisted the industry in circumventing the UN arms embargoes in order to gain foreign technology and export its weapons, and continued to do so for a long period of time from the early 1960s to the late 1980s.

The chapter has also examined the transition of the defence industry from being a nationalistic and closed one, to being an internationalized and normal industry. Again, this did not happen in isolation. The transition of the defence industry occurred only after the country felt no longer besieged, which happened as a direct result of its political normalization. Available evidence, as detailed in the chapter, shows that while various domestic and systemic factors were responsible for the normalization of its polity (moves towards political reforms), once the polity started moving towards political normalization, the international community began accepting South Africa into its fold. Acceptance back into the international community, which commenced during the late 1980s and continued through the early 1990s, made South Africa feel less besieged. As a result of a simultaneous heightened sense of security, the defence industry started becoming and behaving like any other ‘normal’ defence industry. This allowed it to
survive in a new-found environment wherein, on the one hand, it was faced to confront
the forces of the global defence industry and on the other hand, the government was no
more interested in providing patronage to the defence industry. Today, the South African
defence industry is one of the world’s primary defence industries catering to the defence
needs of a large number of buyers in the international community.