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AFRICA (SUB-SAHARA)

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AFDB REORGANIZATION, GOALS SPARK CONTROVERSY

Bank Governors Expected To Approve Expansion

Nairobi SUNDAY NATION in English 5 Jul 87 p 20

[Article by Peter Blackburn]

[Text]

Mr Babacar N'Diaye, president of the African Development Bank, sought to establish the claim that his institution is one of the most effective instruments for channelling development aid into Africa at the bank's recent annual meeting in Cairo.

The Abidjan-based bank, which includes 50 African and 25 non-African members, is poised for a great leap forward.

During the next five years, the AFDB group, which includes the soft loan affiliates, African Development Fund and Nigeria Trust Fund, plans to lend more than \$8 billion - roughly equivalent to its entire lending over the past 20 years.

The expansion in the bank's activities is based on three developments:

•The bank's governors were expected in Cairo to approve formally a 200 per cent increase in its capital. This will raise its capital to \$20.8 billion from \$6.9 billion and put it in the same league as other multilateral development banks.

•The governors also had a third round of talks concerning a substantial replenishment of the African Development Fund. Mr N'Diaye would like to double the fund's resources to \$3 billion for the three-year (1988-90) lending period in order to help meet the "critical" needs of the poorest African countries.

Mr N'Diaye looked for endorsement from the governors for a radical and controversial reorganisation recently carried

out. The changes are intended to improve the bank's efficiency and equip it for major expansion in its activities.

Mr N'Diaye described the increase in the bank's capital as "remarkable". He pointed out that, for the first time, a regional development bank has obtained the increase it requested even though it was the largest requested.

The "massive" support given by non-African countries, including the US, was, according to observers, exceptional, especially in view of their criticism of other development banks.

The huge capital increase will enable the bank to greatly expand lending and consolidate its role as an "important motor" in the drive towards African development, Mr N'Diaye said.

Observers point out, however, that the non-African countries have reduced the bank's original \$10.6 billion five-year (1987-1991) lending target to \$6.4 billion pending a mid-term review.

Although this was fiercely resisted by African members, Mr N'Diaye recognises with hindsight that the decision was, "prudent" and will help to safeguard the bank's financial ratios and two triple-A and one double-A credit ratings.

Observers point out that an astute formula enables even the poorest African countries to subscribe to the huge capital increase. Only 6.25 per cent of

the increase is paid up and this is spread over 10 years for African members.

About half the bank's African members are in arrears on previous capital subscriptions and non-African countries have insisted that voting rights should be linked to effectively paid up capital stock.

However, in order to preserve the African members' two-thirds voting majority, unsubscribed capital stock may be transferred between them.

No such problem occurs with the fund whose resources are mainly subscribed by non-African members.

In the first two funds meetings in Rome and Paris, Mr N'Diaye and his colleagues have presented the case for substantially increased aid for Africa's poorest countries in order to reverse declining per capita incomes.

The bank president has argued that these countries can absorb increased concessional aid, notably through structural adjustment and other non-project lending, to support policy reforms. Such lending would be co-ordinated with the more experienced World Bank.

Finally, Mr N'Diaye will explain to the AFDB's governors that the recent bank reorganisation was necessary to enable the institution effectively to administer the planned big expansion in lending.

In contrast with Mr Barber Conable, World Bank president, Mr N'Diaye has been criticised

for moving too fast.

"The implementation, not the principle is contested," one non-African executive director said. "It was a mistake to start with a big batch of promotions. It gives the impression the bank is full of chiefs," he added.

"For the first time, promotions have been made on merit instead of length of tenure," a close aide to Mr N'Diaye explained.

However, critics within the bank complain of arbitrariness, regional and religious bias in favour of French-speaking West Africans and Muslims, repayment of election debts and parachuting in outsiders.

The criticisms are strongly rejected by Mr N'Diaye, who points out that the reorganisation was first planned by his predecessor three years ago and executed only after detailed studies and consultation.

The reorganisation involved the creation of 48 new departments and divisions increasing the total number of "command posts," to 109. So far,

82 of the new posts have been filled, only four by outsiders. However, most of the remaining posts are likely to be filled by outsiders because of a lack of suitable internal candidates, Mr N'Diaye said.

"Appointments should be looked at in an historical perspective," Mr N'Diaye said. "Imbalances cannot be corrected overnight."

The West African share has been reduced to 38 from 46 per cent while the North African share has been increased to 18 from 9 per cent as a result of the reorganisation.

Some observers are concerned that the bank may be trying to expand both "too fast," and in "too many directions at once."

Last year, lending by the AFDB group rose 42.1 per cent to \$1.6 billion and disbursements by 26 per cent to \$672 million.

Bank lending rose 46 per cent to just over \$1 billion - the first time it has broken this barrier. Renewed borrowing by Nigeria and Algeria after an absence of

nearly 10 years was a major factor behind the big increase.

However, some observers say that more attention should be paid to the "quality," rather than "quantity" of lending and suggest that a greater development impact could be made, "with fewer dollars and more homework".

While wishing to preserve the African character of the bank, non-African countries would like to make it more efficient and encourage lending in new areas such as environmental protection.

Although they understand the African desire that the AFDB should not be a "carbon copy," of the World Bank, they are sometimes uneasy about lending policy.

For instance there is concern about the bank's recent decision to grant Zambia a \$19.2 million loan, despite the fact that it has abandoned IMF austerity programmes and limited debt repayments.

ADB To Establish Export-Import Bank

Nairobi DAILY NATION in English 10 Jul 87 p 10

[Text]

The African Development Bank (ADB) is to establish an African export-import bank soon to facilitate faster economic recovery in the continent.

The president of ADB, Mr Babacar N'Diaye, disclosed this while addressing the 10th Ecowas summit after the launching of Africa's economic recovery programme for the sub-region yesterday.

Mr N'Diaye assured the Heads of State that the ADB will henceforth rise to the challenge of African development by assisting Ecowas and other economic sub-regions achieve the aims of Africa's economic recovery programme.

He further said the bank will encourage women in member countries to contribute more effectively toward economic development.

Speaking during the launch, the chairman of Ecowas, Nigeria's President Ibrahim Babangida, said it will cost Ecowas about \$1 billion to fund the special economic recovery

programme.

President Babangida called on member countries and international financial institutions to support Ecowas in its recovery programme.

In his speech Togolese President Gnassingbe Eyadema emphasised the need for member countries to pursue vigorously the common currency being planned for Ecowas countries.

The executive secretary to the Economic Commission for Africa (ECA) Professor Adebayo Adedeji, said: "If member states of Ecowas take seriously the launching of the special economic recovery programme, then they would have begun a new economic era in West Africa." He said the Ecowas example should be emulated by other sub-regions in Africa to achieve faster continental economic advancement.

In a goodwill message to President Babangida by the chairman of the Organisation of African Unity (OAU) and President of Congo Colonel Denisse Ngueso, he told Ecowas leaders to be prepared for what he termed the "great march towards the year 2000."

/13104
CSO: 3400/309

GUINEA DISSATISFIED WITH MANO RIVER UNION

Monrovia DAILY OBSERVER in English 29 Jul 87 pp 1, 6

[Text] Guinea has expressed serious concern about what it calls the mismanagement of the affairs of the Mano River Union (MRU) by its current staff.

The Union, a sub-regional organization grouping neighboring Sierra Leone and Guinea with Liberia, is headed by Dr. Augustus F. Caine of Liberia.

An official at the Guinean Embassy in Monrovia told the Daily Observer yesterday that his government was deeply concerned about the level of inefficiency in the mismanagement of the MRU.

The Counsellor at the Embassy, Mr. Abdulaye Dore, said Guinea's dissatisfaction was not directed at getting rid of Dr. Caine as has been the negative impression, but out of fear that international donors might withdraw if the situation is not appropriately addressed.

Dr. Caine said in a recent interview with this paper that there were rumours that the Guineans wanted him to resign. But he added that this was denied when he sought an explanation from the Guinean authorities, noting, "President Conteh rebuked the Minister of International Cooperation who, as we understand, acted on his own."

Meanwhile, it has been learned that the MRU Ministerial Council meeting, which was scheduled to begin this week in Freetown, has been postponed.

The meeting, which was expected to discuss urgent financial and transitional matters, is postponed due to the Liberian Government's ban on travel by its ministers and government officials.

When contacted, Planning and Economic Affairs Minister, J. Rudolph Johnson, confirmed

that the meeting was postponed due to the ban, but that this does not reflect a change in the Liberian Government's priority with respect to its international participation.

Minister Johnson, who is the principal Liberian delegate to the Ministerial Council, reaffirmed Liberia's commitment to the principles of the MRU Charter and hoped the other countries will excuse any "temporary inconvenience" in the rescheduling of the meeting.

This paper has learned that the commissions that were to prepare the basis for the council meeting have not been able to meet because the Liberian delegation could not travel as a result of the ban on foreign travels. The Council meeting was slated for July 29 to 31.

A Guinean Embassy official denied at yesterday's interview that his country had not been able to fulfill its financial obligations to the Union, but conceded that it had not filled certain posts allotted to it in the MRU Secretariat.

Mr. Dore said his country has paid \$80,000 of its 25 per cent arrears and not \$50,000 as alleged by Dr. Caine. He added that Guinea is also screening its nationals who are to ultimately occupy the posts allotted to Guinea in the MRU Secretariat.

However, a source close to MRU cited an example that Guinea was given the budget and finance controller position at the 1985 Ministerial Council meeting but that position has not been occupied since.

The source added that during the last Ministerial meeting in Conakry, Guinea, the Council expressed concern that Guinea had not made any effort to fill the posts. Guinea is expected to take over the Secretary General post in October following the expiration of the term of Dr. Caine.

26 COUNTRIES IN ARREARS TO OAU LIBERATION FUND

Nairobi DAILY NATION in English 14 Jul 87 p 5

[Article by Otula Owuor]

[Text] Many African countries give little or no practical support to the struggle against apartheid, the OAU Secretary-General, Mr Ide Oumarou, said yesterday.

He said during the opening of the 48th session of the OAU liberation committee in Arusha, Tanzania, that 26 countries had not paid their dues to the committee for many years.

"We have produced enough resolutions and condemnations to last over two decades, yet a long list of African States are in arrears in the minimum payment to the liberation committee," Mr Oumarou said.

Racist forces cause the death of 140,000 children each year in Angola and Mozambique, and yet many African nations find excuses for maintaining direct or indirect links with the Pretoria regime, he said in a speech read on his behalf by a top official in charge of political affairs, Mr Brownson N. Dede.

The Tanzanian deputy Prime Minister and Minister for De-

fence and National Service, Mr Salim Ahmed Salim, who officially opened the conference, attacked Western nations and Japan for their sympathy for the racist regime.

United States and Britain constantly veto anti-South African resolutions while France, West Germany, and Japan abstain from voting in support of the oppressed black majority.

"Our detractors have strong cultural and economic ties with the racist Afrikaner regime," he said.

Mr Salim praised leaders in Australia, Nordic countries, Canada, and the socialist countries of Eastern Europe for their sympathy with the liberation movement.

He said the US administration's idea of constructive engagement was a disaster, while linking of Namibian independence to the withdrawal of Cuban troops from Angola was part of the half-hearted sympathy for the South African regime.

/13104

CSO: 3400/314

BRIEFS

OAU WOULD EXEMPT AFRICAN AIRLINES FROM U.S., EEC BAN--A Kenya-sponsored resolution to save African airlines from being barred in Europe and the United States has been adopted by the OAU Heads of State and Government summit in Addis Ababa, Ethiopia. The resolution was proposed at the Council of Ministers session by leader of the Kenya delegation, Dr Zachary Onyonka, the Minister for Foreign Affairs. The resolution noted that the European Economic Community and the United States had given notice to restrict as from next January subsonic aircraft not complying to new anti-noise standards. Nearly all African airlines run air craft which do not meet the new standards. The resolution requested the OAU secretary-general to intercede on behalf of OAU member states to the European Economic Community and other states intending to apply the new noise restrictions. The resolution seeks exemption for African airlines to continue the use of their affected aircraft until they are naturally phased out. [Excerpt] [Nairobi DAILY NATION in English 31 Jul 87 p 3] /13104

CSO: 3400/314

BRIEFS

CABINDA'S FORGOTTEN WAR--Cabinda is a forgotten area of a forgotten war. If the Angolan freedom fighters' struggle is far from receiving the international press coverage that the Afghans have been receiving, Cabinda's struggle has been permanently silenced. Nevertheless, it is in Cabinda that the greatest number of casualties among Cuban mercenary fighters is registered. It was in Cabinda that the Luanda authorities most rapidly lost control of the countryside, where they were finally relegated to the coastal strip. Their authority there is tacitly respected by the guerrillas due to the American oil exploration. Nevertheless, 1987 is a decisive year in the Cabinda war. At the beginning of the year the Cabinda airport was bombed. A few months later, a large sawmill was the target of a bomb threat. More recently, in mid July, the Cabinda airport tower was destroyed by a bomb blast. Having gained total control of the interior, the Cabinda freedom fighters are now concentrating on the coastal strip where the Luanda envoys are stationed along with their Cuban mercenaries. As a consequence even the Americans are beginning to be afraid. Their fear of being confused leads them to use special planes during their Cabinda-Luanda flights. They ceased to fly TAAG planes and limit themselves to using foreign aircraft. [Summary] [Lisbon TEMPO in Portuguese 6 Aug 87 p 56] /12913

ETP PASSENGERS--The Public Transport Enterprise (ETP) of this city, transported during the second quarter of the present year close to 17,500 passengers to various municipalities of the province which led to the collection of 5.457 million kwanzas. These figures are related in the Provincial Commissioner's report which estimates that the enterprise has 4 buses at its disposal that carry out 340 intermunicipal runs. During the period in question, the enterprise's truck fleet carried out 276 runs transporting 1,500 tons of cargo, earning 14, 602, 100 kwanzas. [Summary] [Luanda JORNAL DE ANGOLA in Portuguese 12 Jul 87 p 3] /12913

TAAG ACTIVITIES--The Angolan Air Lines (TAAG), through its stopover in Malanje, carried a total of 7,666 passengers from Malanje to Luanda during April and May of this year, according to a Provincial Commissioner's report. According to the report, a total of 32,688 kilograms of cargo was transported during the same period, earning 7,323,077 Kwanzas. [Summary] [Luanda JORNAL DE ANGOLA in Portuguese 12 Jul 87 p 3] /12913

BRAZIL INVESTS--Angola is to increase its oil exports to Brazil from 10,000 barrels a day to 20,000 barrels a day, according to a cooperation agreement signed in Brasilia by the Angolan State Minister Pedro Castro Van Dunem (Loy). In return Brazil will double its credit lines to Angola who will use them to take care of previous financial obligations and pay for consumer goods and spare parts. Brasilia also promised to carry out a program to rehabilitate the Angolan economy, due to be launched in 1990. Brazil is, thus, fast becoming the principal trading partner and one of the main investors in the Angolan private and public sectors. From the economic point of view, the bulk of Brazilian investment in Angola is concentrated in the construction (in conjunction with the USSR) of the Kapanda dam, considered by the Angolan authorities as being "the hub of economic development" of the nation. It will have a capacity of 520,000 kw and cost \$1 billion dollars. [Summary] [Lisbon EXPRESSO in Portuguese 8 Aug 87 p 6E] /12913

CSO: 3442/0255

PARLIAMENT DEBATES SOCIAL SECURITY AMENDMENT

Nairobi DAILY NATION in English 30 Jul 87 p 5

[Text] The National Social Security Fund has collected more than Sh11 billion, the Minister for Labour, Mr Peter Habenga Okondo, said.

He told Kenyans not to worry about the fund as most of the money lent to ailing financial institutions had been recovered. Only Sh330 million was still outstanding.

Mr Okondo said most of the money would be recovered as it had been lent to institutions now being managed by the Central Bank. However, he said, money lent to institutions such as the Rural Urban and Credit Finance Company may never be recovered.

But the Minister said this was minimal compared to the savings by workers and their employers with the fund.

Mr Okondo was replying to Members' contributions to the motion on the National Social Security Fund (Amendment) Bill, which sailed through the second reading yesterday.

The fund will now be managed by a nine-man board of trustees drawn from the private sector, the Government and workers' unions.

Mr Okondo thanked the MPs for making useful contributions to the debate. He said the members of the board would be appointed by him as he was responsible both to Parliament and the nation for managing the fund.

Members of the board would include the Permanent

Secretary in the President's Office (Administration), the Permanent Secretary (Treasury) and the Permanent Secretary for Labour.

He said employers would have two representatives and trade unions another two.

He said the managing trustees would not necessarily come from the civil service. They would be recruited from the competitive labour market.

He said the composition would not tilt the organisation to officialdom as some MPs had claimed. MPs should not be given special representation on the board as this would be discriminatory.

The Minister said the fund should not be asked to invest too heavily in housing. He said real estate is one easy way of losing money should the economy falter.

The Minister said he hoped that since the fund would now recruit its labour from the open market and not through the civil service, some of its past problems would no longer recur.

Trade union bosses were branded sellouts by the MP for Wundanyi, Mr Mashengu wa Mwachofi.

He was supporting the National Social Security Fund (Amendment) Bill.

He criticised the composition of the board.

A Nominated MP, Mr Stephen Michoma, said NSSF money should not be lent to other institutions. The money should be available whenever it was needed.

/13104

CSO: 3400/307

OPEC AID SUBJECT TO RESTRICTIONS

Nairobi DAILY NATION in English 5 Aug 87 p 10

[Text] Kenyan small-scale entrepreneurs in agricultural manufacturing and service industries have received Sh30 million from the Opec Fund for International Development. This is 30 per cent of the total Sh100 million they should receive by the end of the year.

The credit is channelled through the Kenya Commercial Bank on behalf of the Kenya Government. The bank and its subsidiaries are supposed to provide additional funds to match the loans.

The chairman of the bank, Dr Benjamin Kipkorir, told officials of the fund, led by Mr Y. S. Abdulai, that the balance would be committed by the end of this year.

The Kenya Government signed for the second Opec line of credit in December 1984. The loans provide Sh800 million for the lending scheme.

Dr Kipkorir and senior management staff of his bank have held discussions with representatives of the Opec fund in Nairobi.

Dr Kipkorir said the original objective of the fund - to develop poor countries through the petrol dollar - was being frustrated by the tedious procedures being followed to release the money.

He asked the organisation to relax some of the regulations. He said projects financed by the fund were supposed to be of shared local and foreign ownership with the foreign component being at least 50 per cent.

The bank chairman said projects in Kenya were either predominantly local or foreign owned and so failed to qualify for the Opec loans.

He said even small-scale tea and coffee farmers would not qualify for the loans as their holdings were principally locally owned.

Dr Kipkorir said the procedure in releasing the money was too lengthy and cumbersome. The document-processing method was new to the bank's staff, he said.

In response, Mr Abdulai said the fund would review the conditions to improve the approval procedure.

Those who attended the meeting from the Kenya Commercial Bank group included the chief manager of Kenya Commercial Finance Company, Mr J. V. Bosse, Mr A. S. Garama, chief manager of Savings and Loan (Kenya) Limited, and the chief marketing and credit manager, Mr P. P. Muiruri.

/13104

CSO: 3400/307

PETROLEUM REFINERY TO BE UPGRADED

Nairobi DAILY NATION in English 31 Jul 87 p 11

[Excerpt]

The Kenya Petroleum Refineries at Changamwe in Mombasa will be rehabilitated at a cost of about Sh400 million, the company's chairman, Mr J. Muriuki, says.

Mr Muriuki said on Wednesday that this would make crude processing more efficient.

He said plans for the rehabilitation were at an advanced stage and the project would get off the ground after approval by the board and the shareholders.

Mr Muriuki had called on the Coast Provincial Commissioner, Mr Simeon Mung'ala, at the provincial headquarters. He was accompanied by the company's general manager, Mr W. J. Wijfels.

He said the refinery was processing about 40,000 barrels of crude oil a day but it could process 60,000 barrels.

Processed

The rehabilitation would enable more products to be processed and create savings on crude oil imports. "It would also increase production of crude oil products," the chairman added.

Mr Muriuki said that the 24-year-old plant needed to be rehabilitated to increase efficiency in processing crude.

The refinery is jointly owned by oil marketing companies and the Government.

Mr Muriuki said the plant was processing sufficient quantities of gas and kerosene.

"The main problem has been lack of transportation to various marketing centres from the refinery," he said. He added that the refinery processed crude oil bought by the oil companies. The products are then handed over to the companies for sale.

The chairman said that the companies were short of special pressurised tanks for transporting the gas.

The Kenya Railways was also having problems in providing special tankers for fuel fuel transportation. "There is no hoarding. We are processing enough to meet the local demand," he added.

Mr Muriuki said that the refinery played a significant role in the country's economy.

The plant, he said, was the largest in East and Central Africa.

He said the firm would soon build 100 houses for its workers near the refinery. The project is expected to start next month and would cost more than Sh30 million.

/13104

CSO: 3400/308

BRIEFS

GOVERNMENT SUPPORTS RURAL ELECTRIFICATION PROGRAM--The Minister for Energy and Regional Development, Mr Nicholas Biwott, has said that the Government has contributed shs 100 million to the Kenya Power and Lighting Company to enable it to accomplish its rural electrification programme. The Minister said this on Thursday night when he addressed the employees of Mt Kenya Power and Lighting Company at a Nyeri hotel where he presented long-service and accident-free awards to 13 Kenya Power and Lighting Company employees. Mr Biwott said the Government is committed to intensifying and accelerating the programme to stimulate development in the rural areas. He told the employees who were accompanied by their relatives and friends, that the electrification programme is expected to improve the quality of life and curb urban migration. The Minister appealed to wananchi in supply areas, including Jua Kali and the small rural industries, to take full advantage of the programme. Mr Biwott expressed his deep appreciation for the company's good work throughout the country. [Text] [Nairobi KENYA TIMES in English 25 Jul 87 p 3] /13104

ITALY SIGNS \$88 MILLION LOAN AGREEMENT--The Minister for Finance, Professor George Saitoti, and the Italian Minister of State for Foreign Affairs, Mr Santuz, have signed an agreement under which Kenya will receive soft loans totalling \$88.0 million. The ceremony took place in Rome, Italy. The loans will have an interest rate of 1.5 per cent per annum, and would be repaid in 20 years. The loans will benefit the Kilimanjaro-Kajado-Machakos water project (\$47.0 million), rural telecommunications projects (40.0 million) and Kenya Cashewnut Factory rehabilitation work (\$1.0 million). Mr Santuz assured Prof Saitoti that the Italian Government would continue assisting Kenya. He said his government was considering approval and funding on grant and soft loan basis for food storage, Moi University computerisation, Mbita minor irrigation, the Rift Valley Institute of Science and Technology, fishing and cold storage, western Kenya irrigation, water provision programme, brick and tiles and 50 Nairobi city buses. [Text] [Nairobi DAILY NATION in English 18 Jul 87 p 5] /13104

UK GRANTS SH77 MILLION FOR PROJECTS--Kenya is to receive Sh77 million in grants from Britain. The money is for four separate projects and would be provided by Britain's Overseas Development Administration. The Tiwi Aquifer project gets Sh12.5m to supplement the South Coast Water Supply while the Isiolo Livestock Development gets Sh32.5m. The strategic control of armyworm project would receive Sh14.5 to implement an effective programme for limiting the spread of armyworm outbreaks and strengthen the monitoring systems. The fourth project--improved control of rinderpest--would be granted Sh19.5m to increase the control of rinderpest like diseases in Kenya. [Text] [Nairobi DAILY NATION in English 1 Aug 87 p 3] /13104

CHIEF JUSTICE CHEAPOO OUTLINES JUDICIAL REFORMS

Monrovia DAILY OBSERVER in English 28 Jul 87 pp 1, 3

[Text]

The "Cheapoo Bench", which was officially inducted into office last Friday by President Doe, has outlined seven measures, which it hopes to undertake in order to bring reform to the judicial branch of government. The bench, therefore, has appealed to the Executive and Legislative branches of government, as well as the general public, for cooperation.

"The 17th Judicial Bench will fight corruption and therefore shall not relent to see the prompt dismissal of corrupt personnel in the judiciary. Lawyers caught bribing or attempting to bribe any judiciary official and/or engaged in other gross malpractices which corrupt or tend to corrupt the judiciary for selfish gains will be brought to justice at once in accordance with the law", Chief Justice Chea Cheapoo has declared.

The Chief Justice outlined these measures in an address delivered on behalf of the Bench following their induction ceremony last Friday in the Parlours of the Executive Mansion.

He said: the "Cheapoo Bench" intends to vigorously discourage, with penalties, "the wanton and deliberate delay of cases on the part of lawyers and party litigants; for justice delayed is justice denied."

"We expect, without any exception, that all judiciary personnel will perform their duties with diligence, dedication and honesty, for failure to comply is ground for dismissal, pursuant to the law", he said.

Chief Justice Cheapoo described as a "chronic situation", the overcrowding of the Supreme Court docket with old and current cases. Therefore, he said, quick positive measures would be taken to alleviate the problem.

"One of the most important measures the Bench anticipates taking is to request a legislative enactment to institute an Appellate Court which will have final jurisdiction over certain classes of cases so as to lessen the burden of the Supreme Court", he said.

"We will legislatively abolish Criminal Court "C" and institute Civil Law Court "B" in its stead. We will order an inventory of all assets of the Judicial Branch of Government so as to be knowledgeable of what is on hand from our inception of office", the Chief Justice stated.

For its contribution to the national recovery programme, the Judiciary branch of government under the "Cheapoo Bench, has also guaranteed the business community, private individuals and the government equal protection of the law in the courts.

"Accordingly, there will be hereafter, legal, equitable, fair and expeditious disposition of cases in the Courts; for the rule of

law is the nucleus of a free enterprise society", the Chief Justice noted.

He said the task the Bench was called to perform was clear — the Judiciary must be reformed and that the administration of justice must be without fear or favour.

But in order to achieve such a goal, the Chief Justice has called on all citizens, "foreigners within our borders and peace-loving people everywhere, to join our efforts so as to cooperate together in order to facilitate the administration of transparent justice in this land".

In an earlier remark, President Doe said that it became necessary to re-constitute the Supreme Court Bench when allegations of corruption and other forms of malpractices became evident; hence the judiciary system was losing public trust and confidence.

He said the present bench was inducted "with the singular view, that justice will be done unto all"; and he reminded the Chief Justice and Associate Justices that they were called upon to serve at a crucial time when there was confidence crisis facing the court system.

The President said: "I urge you, therefore, to cultivate the virtues of honesty, sincerity and efficiency in the discharge of your duties", adding "for they are the yardstick by which your service will be measured when your term of office is passed into the pages of history".

/13104

CSO: 3400/311

ANTI-APARTHEID SOLIDARITY GROUP FORMED

Monrovia DAILY OBSERVER in English 31 Jul 87 p 3

[Text] One year after organizational activities by the Soweto Day (Solidarity) Committee, an Anti-Apartheid Solidarity Movement has been launched in Liberia. The Movement is to be known and styled as the Anti-Apartheid Commission of Liberia (ANCOL), a press release said here recently.

According to the press release, the establishment of the Commission was necessary so as to ensure consistency and solidarity endeavours of the Liberian people in the struggle against racism and apartheid in South Africa.

Meanwhile, the Commission has highlighted some of its objectives. Among them is the one that the Commission is to serve as united expression of nationally organized youth and student organizations...and to ensure that the solidarity and support of the young people, and the Liberian people in general.

Other objectives of the movement are to foster unity

among Liberian young people to campaign, educate and generate public support, and to serve as a medium for generating and managing the Liberian Youth and Students Solidarity Fund Against Racism launched on June 20, 1986 during the commemoration of the 10th anniversary of Soweto Day.

The Commission has four main governing bodies. They are the National Commission, which is the highest decision making body and the most representative expression of ANCOL; the Administrative Council that handles all administrative matters; the Secretariat which conducts daily affairs of the Commission; and an Advisory Council that provides the necessary advice to ANCOL.

Meanwhile, the Secretary-General-elect of ANCOL, Mr. P. Emmerson Harris, who is also Associate Secretary of the National Students Christian Council (NSCC), is away from the country attending a series of conferences in east and southern African countries.

While abroad, Mr. Harris is expected to meet and discuss with functionaries of the African National Congress (ANC) and other freedom fighters.

/13104
CSO: 3400/311

BRIEFS

LEC POSTPONES PRIVATIZATION PLAN--The managing director of the Liberia Electricity Corporation (LEC), Mr. Samuel N. Burnette, Jr., has disclosed that the privatization of certain service sectors of the corporation has been postponed until a detailed study of the scheme is completed. This disclosure confirms recent news reports that the security, garage and transportation services of the LEC could be contracted to private local firms as a cost-saving measure. In an executive committee meeting held at the LEC headquarters yesterday, the LEC managing director, however, disclosed that final action on the privatization scheme is pending detailed reports on the issue from the budget committee and the management internal control section, which were mandated by management to carry out an indepth study of the various ramifications of the exercise, including its cost benefit potentials. The LEC boss told the meeting that the privatization exercise would be necessary in the future to reduce the LEC's budgetary expenditure and also to derive optimum efficiency from these services as they play vital roles in the overall operations of the corporation. [Text] [Monrovia DAILY OBSERVER in English 31 Jul 87 p 8] /13104

CSO: 3400/311

MOZAMBIQUE

JOINT SOVIET, MOZAMBIKAN COMMUNIQUE

Maputo NOTICIAS in Portuguese 12 Aug 87 p 5

[Text of joint communique released on the occasion of an official visit by President Joaquim Chissano to the Soviet Union from 3 to 6 August 1987]

[Text] At the invitation of the Soviet leaders, Joaquim Alberto Chissano, president of the FRELIMO Party and of the People's Republic of Mozambique, paid an official visit of friendship to the Soviet Union from 3 to 6 August 1987.

The Mozambican chief of state and the high-level delegation of the party and government which accompanied him received a warm and enthusiastic welcome, reflecting the unbreakable bonds of friendship and solidarity that unite the peoples, parties and governments of the two countries.

Joaquim Chissano laid a wreath of flowers at Lenin's tomb and the Tomb of the Unknown Soldier at the Kremlin wall and visited various sites of historical interest in Moscow and Kiev, as well as some industrial and agricultural establishments.

During his visit, Joaquim Chissano met with Mikhail Gorbachev and Soviet-Mozambican discussions were conducted in a spirit of mutual understanding and fellowship.

Taking part in the conversations were:

Representing the Soviet Union: M.S. Gorbachev, secretary general of the CPSU Central Committee; E.A. Shevardnadze, member of the Political Bureau of the CPSU Central Committee and minister of foreign affairs; P.N. Demichev, first deputy chairman of the presidium of the USSR Supreme Soviet; N.V. Talyzin, first deputy chairman of the USSR Council of Ministers; D.T. Iazov, alternate member of the Political Bureau of the CPSU Central Committee and minister of defense; A.F. Dobrynin, secretary of the CPSU Central Committee; and N.K. Dibenko, Soviet ambassador to the People's Republic of Mozambique;

Representing Mozambique: J. Chissano, president of the FRELIMO Party and of the People's Republic of Mozambique; M. Matsinhe, member of the Political Bureau of the FRELIMO Party Central Committee, secretary of the Party Control Commission of the Central Committee and minister of security; J. Carrilho, secretary of the

FRELIMO Party Central Committee; P. Mocumbi, secretary of the FRELIMO Party Central Committee and minister of foreign affairs; A. Macamo, member of the FRELIMO Party Central Committee, member of the Permanent Commission of the People's Assembly and secretary general of the Organization of Mozambican Workers; A. Kupela, member of the FRELIMO Party Central Committee and secretary general of the Organization of Mozambican Youth; P. Odalla, member of the FRELIMO Party Central Committee and secretary of state for national defense; A. Osman, minister of finance; J. Kachamila, minister of mineral resources; J. Beirao, vice minister of education; A. Zandamela, vice minister of agriculture; F. Lukanga, chief of the Department of Socialist Countries, of the Foreign Ministry of Mozambique; and G. Sengo, ambassador of the People's Republic of Mozambique in the USSR.

The discussions permitted an exchange of views on the political, economic and social situation in the two countries, on the status of cooperation between the Soviet Union and Mozambique and on major issues of the current international situation.

Joaquim Chissano reported on the efforts undertaken in Mozambique to implement the measures recommended by the Sixth Plenary Session of the FRELIMO Party Central Committee and the 15th Session of the People's Assembly of the People's Republic of Mozambique, recommendations issued in light of the decisions of the Fourth FRELIMO Party Congress, looking to the solution of the problems confronting the Mozambican people. He particularly stressed the efforts of the Mozambican people to implement the Economic Recovery Program and, simultaneously, to eliminate the armed banditry.

Joaquim Chissano thanked the Soviet people for the support which they have given to the People's Republic of Mozambique in implementing the Economic Recovery Program, in defending their sovereignty and territorial integrity and in conducting the Emergency Program.

Mikhail Gorbachev reported on the activity of the CPSU in the practical implementation of the decisions of the plenary session of the CPSU Central Committee, held in April 1985, of the 27th CPSU Congress and of subsequent plenary sessions of the Central Committee, to reorganize and reform all areas of the life of the Soviet society. He commented on the progress of the reorganization and the results and problems. Referring to the international aspects of the reorganization, he noted that it was elevating socialism and the general strength of the forces for peace and progress to qualitatively new levels. He added that, through this reorganization, the CPSU and the Soviet people are furthering the cause of the great Socialist Revolution of October 1917, which ushered in a new era in the history of humankind.

The Soviet leader reaffirmed the constant solidarity of the Soviet Union with the struggle of the Mozambican people in defense of their sovereignty and independence and he assured continued support for the FRELIMO Party, so the struggle would be victorious.

Examining the current status of cooperation, the two parties were pleased with its development and reiterated the need to strengthen and expand this cooperation in various areas, particularly in strengthening Mozambique's defense capability.

Particular mention was made of the firm bonds between the CPSU and the FRELIMO Party, leading to the harmonious development of relations between the two peoples and governments. There was also an analysis of specific measures to increase the effectiveness of bilateral cooperation in all areas and their practical results.

The participants in the discussions enthusiastically hailed the celebration, on 31 March 1987, of the 10th anniversary of the signing of the Friendship and Cooperation Treaty between the USSR and the People's Republic of Mozambique, which formed the solid foundation for relations between the two governments.

The Soviets reiterated their firm determination to continue to lend multiform support to the peoples in struggle for their freedom and social progress, including those of the People's Republic of Mozambique.

The two parties were pleased to share similar views on the major international problems, as well as a desire to continue to work together to solve them.

Considering the serious international situation, the two parties appealed for the unity of all the forces for peace and progress in the struggle to prevent a nuclear catastrophe, to strengthen international security and to guarantee the people's inalienable rights to independent development.

Both parties stressed the role of the OAU [Organization of African Unity] as an important instrument in the African people's struggle to consolidate their political independence and in their common struggle against imperialism, colonialism, neocolonialism, racism and "apartheid."

The two parties lauded the initiative of the Movement of Nonaligned Countries to create a foundation of support for the Front Line countries and the liberation movements in southern Africa.

The two parties condemned the destabilization policy practiced by the "apartheid" regime against the Front Line countries, particularly against Mozambique and Angola, and they reiterated their support for the struggles of the South African and Namibian peoples, led, respectively, by the ANC and SWAPO.

The leaders of the two countries again condemned all the maneuvers and tricks of the racist South African regime to delay Namibia's independence, particularly the creation and utilization of puppet parties and the attempt to link Namibia's independence to the withdrawal of the internationalist Cuban troops from Angola.

The Soviet Union and Mozambique agreed that peace and stability in the zone could only be achieved by:

--An end to South Africa's direct and indirect aggression against the Front Line countries and other neighboring countries;

--The unconditional implementation of Resolution 435/78 of the United Nations Security Council;

--The elimination of the odious system of "apartheid."

Regarding the situation in the Middle East, the two leaders felt the problems should be settled through collective efforts and stressed the need for an international meeting under the aegis of the United Nations, with the participation of all the interested parties on an equal footing.

The parties said they favored the political settlement of the situation prevailing in Central America through the efforts of the countries in the region themselves, without any foreign interference or threats. In this regard, they reaffirmed their solidarity with the Nicaraguan people in the struggle to consolidate their sovereignty and independence.

The RPM and the USSR favored the peaceful solution of the problems in Southeast Asia through the establishment of dialogue among all the states in the region, based on mutual respect for their independence and territorial integrity.

The two countries emphasized the need for the immediate cessation of hostilities between Iran and Iraq and a settlement of the dispute through political discussions. The two parties voiced their support for the efforts to implement UN Security Council Resolution 598, of 20 July 1987, regarding the Iran-Iraq conflict.

The parties praised and hailed the policy of national reconciliation carried out by the Democratic Republic of Afghanistan.

They reiterated their support for the proposal of the Nonaligned countries to turn the Indian Ocean into a peaceful and denuclearized zone and favored the immediate convocation of an international conference on the Indian Ocean.

The two parties agreed to work within the United Nations in the struggle to solve the world's most important economic problems, specifically, to overcome underdevelopment and to solve the foreign debt problems of the developing countries and to create an international system of economic security.

They noted the relationship between disarmament and development, particularly the positive effect that would result from applying the financial and material means now expended on weapons to the financial and social progress of the people.

The Mozambican delegation praised the steps taken by the USSR to improve the world situation, particularly the program to eliminate nuclear weapons and other means of mass extermination. It supported the recent Soviet proposal to sign a special treaty for the elimination of Soviet and American medium-range and tactical-operational missiles in Europe and Asia, which would play a large part in alleviating international tension and reducing the risk of a nuclear catastrophe.

The two parties were deeply pleased with the success of the visit by Joaquim Chissano, president of the FRELIMO Party and of the People's Republic of Mozambique to the Soviet Union, a visit which was realized in a climate of fellowship and mutual understanding. They considered the visit to be a valuable contribution in strengthening the relations of friendship and bilateral cooperation between the Mozambican and Soviet peoples and between the FRELIMO Party and the CPSU.

Joaquim Alberto Chissano, president of the FRELIMO Party and of the People's Republic of Mozambique, expressed thanks for the warm and friendly welcome and the generous hospitality shown to him and his delegation during their stay in the Union of Soviet Socialist Republics. He invited Comrade Mikhail Sergeyevich Gorbachev, secretary general of the CPSU Central Committee, to pay an official visit of friendship to the People's Republic of Mozambique.

The invitation was gratefully accepted and the date will be set through diplomatic channels.

6362

CSO: 3442/0265d

PORTUGUESE FIRM TO HELP REHABILITATE ELECTRICAL CABLE FACTORY

Maputo NOTICIAS in Portuguese 18 Aug 87 p 3

[Article by Jean Bernardino. "Beira Electrical Cable Plant to be Rehabilitated", first paragraph is subhead]

[Text] New manufacturing techniques will be introduced and capacity will be increased to over 1,000 units annually.

Fabrica Nacional de Condutores Electricos, S.A. (Cel-Cat), a Portuguese firm, was contracted to carry out the first phase of the technical rehabilitation of Fabrica de Condutores Electricos de Mocambique (CELMOQUE). The Portuguese company will provide technical assistance, technology, and professional training and facilitate the acquisition of equipment and accessories valued at \$200,000 (about 80,000 contos). According to statements given to this newspaper in Beira by Gilberto José Faria, CELMOQUE's general manager, the project, which will be financed by as yet unnamed donors, will increase the plant's processing capacity from the current level of 490 metric tons of conducting metal annually to 1,000 metric tons.

This project is one of several planned to equip the factory, which is located in the provincial capital of Sofala, with the equipment and other means necessary to support the North Central Line, industrial, construction, agricultural and other electrification projects that have been designated top priority for the decade of the eighties and other projects now under way in Mozambique under the Economic Rehabilitation Program (PRE).

When the implementation of the agreement to be negotiated at several levels over the next few months gets under way, CELMOQUE will benefit from the introduction of new techniques for manufacturing medium- and high-voltage cable (from 3.6 to over 6 kW), multistrand overhead transmission cable and coaxial cable for radio and TV antennas.

Over the remainder of this decade, the completion of the CELMOQUE rehabilitation project will save the country hard currency that would otherwise be spent for power transmission lines, particularly for the North Central Electrification Project. over 3,000,000 contos. Indeed, this project calls for 8,000 km of 110- and 220-kV cable.

In order to handle the entire undertaking, Fabrica de Condutores Electricos de Moçambique will have to handle 4 metric kilotons of aluminum steel annually, which will require in turn a \$3 million investment to rehabilitate the plant and acquire cold-drawing equipment for manufacturing wire and cable out of copper or aluminum bars.

Following completion of the first phase of technical rehabilitation of the plant, the second phase will be begun. Preliminary second-phase negotiations for financing are already under way with UNIDO and the World Bank. In connection with the negotiations, two World Bank consultants visited CELMOQUE in early July to survey the plant's equipment and economic and financial condition.

The negotiations with Cel-Cat also cover the option of setting up a joint Portuguese-Mozambican company, which, in the opinion of CELMOQUE's general manager, "would provide more dynamic productivity at the plant," the only one of its kind in Mozambique. CELMOQUE has now been in existence for a quarter of a century.

ASDI to Guarantee Purchase of Raw Materials

Since 1979, Fabrica de Condutores Electricos de Mocambique has been receiving grants from the Swedish International Development Agency (ASDI) for the purchase of raw materials in Zimbabwe, Portugal, France, West Germany, the United Kingdom, Italy and the United Kingdom. For 1987-88, ASDI has made 2,000,000 Swedish crowns (126,000,000 contos) available to import raw materials for these two fiscal years.

According to our source, the plant imports all its raw materials. The main materials are copper wire, polyvinylchloride, strip steel, galvanized wire and various products in strip form (aluminum, paper, Melinex, carbon paper), jute and cotton.

CELMOQUE employs 126 workers and is set up to produce power transmission cable, telecommunications cable, remote-control cable, overhead wire, automotive wiring and wiring for heaters.

Speaking of the plant's current production, Manager Faria pointed out that "It is maintaining 1973 production levels. 400 metric tons a year. Since 1977, when the State took over, we have achieved some positive results, in spite of manufacturing and repair difficulties due to shortages in the national market, the lack of spare parts in general and the power crisis due to acts of sabotage."

This year's production goal is 490 metric tons of finished products. The first six months have shown a slight decline of about 20 percent, mainly because of power outages in the months of January and February, but the manager went on to say, "We think we can make up for this in the second half of the year."

Exports. Search for Markets

One of CELMOQUE's programs that deserves special consideration by the plant's management is the search for foreign markets for future sales of products made by the plant. In fact, market search methods are now being studied. participation in national and international trade shows, support from the national Chamber of Commerce and trips by trade officials to the most likely customer nations to promote our products.

According to Faria, the plant's technical rehabilitation program will greatly improve the export potential "if we take into account the fact that SADCC member countries do not make these kinds of cable," nor do many other countries in the region have similar plants, such as Burundi, Madagascar, Malawi and Swaziland. These are all potential customers for our products.

CELMOQUE is a three-time winner of the international Africa Award given by the AFRICAN TRADE REVIEW in 1980, 1982 and 1984. This award is given to companies that are outstanding for the overall quality of their products and services, high productivity, membership in company-related organizations, international standing and the broad qualifications of its personnel.

Asked by our reporter whether exporting the plant's products would affect the planned development of other national projects, CELMOQUE's manager explained that "No projects have been halted because of wire or cable shortages. The plant can sell its products to any foreign customer without jeopardizing Mozambican consumers."

The plant will also pay special attention to the Beira Corridor project, says Faria, "to be sure that wire and cable made by CELMOQUE are used" in this project and others now under way in Mozambique.

CELMOQUE will also sell its products to foreign companies operating in Mozambique for hard currency.

8844

CSO. 34420270a

NIASSA FACES FAMINE AS TRANSPORT LINKS DESTROYED

600,000 in North Affected

MB251143 Maputo in English to Southern Africa 1100 GMT 25 Aug 87

[Text] More than 600,000 Mozambicans in the northern province of Niassa are facing famine due to the systematic sabotage of communications network in the area by South Africa's MNR terrorists.

A report in today's edition of the Maputo daily NOTICIAS newspaper quotes official sources as saying that there has been no farming activity this year in Niassa because the province has been virtually cut off from nearby supply centers, such as the port of Nacala. The provincial capital, Lichinga, is practically isolated and has no link by road or railway with Nacala port, from where it would receive products of various types, including fuel and consumer goods. This grave situation has paralyzed agricultural production in five districts of Niassa and, to make things worse, there was no marketing last year of surplus production by the family sector because of the serious lack of consumer goods to exchange.

As a result, from this month until May next year, Niassa will need more than 66,000 tons of cereal and about (?22,000) tons of other foodstuffs [words indistinct] sugar and salt. In the program of emergency for Niassa province in the forthcoming farming season, some 2,000 hectares of land are to be utilized to grow maize which is the staple food for the local population.

At the same time, the authorities are studying new possible ways and means transporting products awaited at Nacala port for the province. Some international relief assistance through Mozambique's national [word indistinct] Commission for the Emergency has already started reaching parts of Niassa.

who are dependent totally on assistance from outside. They come from some areas within the district. He said there was some food produced in 1985 and 1986, but it is not sufficient to feed everybody. He said there were two groups of displaced people [as heard] due to South Africa's MNR banditry atrocities.

Niassa Province, potentially rich, is today one of the most affected in the country, because of widespread banditry.

/9604

CS0: 34000291

MOZAMBIQUE

ILE DISTRICT ADMINISTRATOR ON AGRICULTURAL RECOVERY

Maputo NOTICIAS in Portuguese 11 Aug 87 p 3

[Text] The first secretary of the Party District Committee and administrator of Ile District, Zambezia Province, recently expressed the need, within the PRE [Economic Recovery Program], to focus major attention on the relaunching of agriculture and the expansion of small agroindustrial projects and cottage industry. Martins N'Kamati said his district has great potential, with favorable prospects for the production of consumer goods and strategic export products; he stressed that the secret to a better life for the people resides in agriculture.

In fact, Ile District has excellent soil and climate conditions to grow corn, cotton, tea, beans, cassava and peanuts and for the development of cashew growing and cattle raising.

As in all the districts in the center and north of the province, the population of Ila is made up of peasants, whose subsistence is assured by farming and by their employment, as skilled manpower, in the tea enterprises in the district and in Gurue. There are two tea processing plants in the district, as well as important mineral wealth. Ile is also heavily involved in agricultural marketing, namely of peanuts, corn, cassava, butter beans and cashew nuts.

The terrorist and destabilizing activity of the armed bandits, which has been affecting the district since the end of 1982, has been limiting agricultural production to miniscule quantities that will not even meet the needs of the local population, which had never depended on supplies of grain from outside the district. The enemy action has also limited the recourse to the district's only and principal source of revenues--the tea enterprises of Socone and Gurue.

Today, large and potentially productive areas such as Mulevale, Mugulama, Lua (this last an almost unrivaled cassava producer) and the district seat itself are lacking products that they were once supplying. Thousands of people in the district are suffering today from hunger and nakedness. There are now more than 15,000 war refugees in Ile, accommodated in more than five centers.

The relaunching of agriculture in the zones that are being liberated by the FAM/FPLA [Mozambican Armed Forces / People's Forces for the Liberation of Mozambique] and the expansion of small projects are seen by the local authorities as the only way to normalize the life of the people and to alleviate the present shortages.

Since the end of last year, many areas have been recaptured by the FAM/FPLM and more than 2,000 people, mainly women and children, have been liberated from the captivity of the armed bandits in that district.

Land Distribution

In the same period, the local party and government organs initiated a program for the distribution of land for the obligatory cultivation of corn, cassava, beans and peanuts. At the same time, they have encouraged the raising of small animals and the organization of associations of tinsmiths, iron mongers, carpenters and potter's cooperatives.

The district has skilled workers with long experience in the areas of auto mechanics, millwork and carpentry. According to the first secretary of the party and administrator of Ile, many of these workers--while anxious to do their part in meeting some needs--are struggling with the shortage of tools and materials to work with.

Although the results of the strategy and the efforts that are being made have not yet been demonstrated, the local structures in the district assume that, with a certain amount of support and close supervision of the initiatives, it will be possible to improve the conditions for the refugees and to establish agricultural production. According to the first secretary of the party and administrator of Ile, the Economic Recovery Program, the general lines of which have already been divulged in that region, should focus on the consolidation and development of the initiatives in progress.

Martins N'Kamati added that, as part of the strategy for the relaunching of agriculture, priority would be given to the construction of small agricultural irrigation projects, using local resources, and to small-scale agroindustry.

6362

CS0: 3442/0265c

HORTOFRUTICOLA SELLS PRODUCE FOR LESS IN BEIRA MARKETS

Maputo NOTICIAS in Portuguese 12 Aug 87 p 8

[Text] The presence of HORTOFRUTICOLA in some districts of Beira City, through its sales posts and permanent stalls in the markets, is causing a significant reduction in the price of various types of produce.

Before July, when the company began to make itself felt in produce markets in the Sofala capital, a kilogram of tomatoes, for example, was selling at 500 meticals, cabbage at the same price and lettuce at 750 meticals. Competing with the private retail merchants, HORTOFRUTICOLA is selling tomatoes at 190 meticals per kilogram and cabbage for 180 meticals (first grade) and 150 meticals (second grade). Kale is being sold for 150 meticals at the HORTOFRUTICOLA stalls or trading posts.

Because the public was no longer buying their produce, which, at the end of the day, were being thrown in the trash cans that ring the markets, the market vendors felt obliged to reduce their prices gradually, although they are still above those charged by HORTOFRUTICOLA.

In the private stalls, tomatoes are now 300 meticals per kilogram, cabbage is 250 meticals, kale is 200 meticals, lettuce is 300 meticals and garlic is 600 meticals. Obviously, these prices have been affected by the "free market" forces at work among the various vendors. Some of them have been obliged to lower prices on products, rather than see them spoil, while the more stubborn persist, to their obvious detriment, in maintaining the higher price, even as they see their produce spoiling.

In the specific case of onions, Francisco Machate, HORTOFRUTICOLA director in Sofala Province, told this reporter that his company is processing large quantities of this product, which will only be sold to the public already dried.

Transportation Limiting Factor

"If we did not have the transportation problem, we would certainly be having greater success with the campaign, with this struggle against the high prices charged by the vendors in the stalls," Machate pointed out.

At the moment, the company has only one Toyota truck and a small open truck of the "Saviem" make; they were recently overhauled, but, with use, their mechanical condition is quite precarious.

The transportation shortage has a twofold effect on the normal activity of HORTOFRUTICOLA. On one hand, it affects the shipment of the produce from the fields to the city and, on the other hand, it markedly limits the company's ability to put up movable stalls in all 23 districts of the city of Beira, which would enable the company to compete more aggressively.

"Our trucks have no lights, so we can't pick up the produce from the warehouses at the end of the day if we are setting up temporary stalls in the districts which are farthest from the city center," explained Bastiao Tomocene, chief of the company's commercial department, when NOTICIAS contacted him.

Banana Sales Encouraging

The produce marketed by the company in the present campaign was grown in Sofala Province, unlike what has been the case in previous years, when most of the produce was acquired from neighboring Manica Province.

Director Machate told us that there had been a significant upswing in the flow of produce to the city, starting in August,

In addition to vegetables, the company is beginning to sell coconuts, at prices ranging from 75 to 100 meticals, according to size. The stall vendors, meanwhile, are charging 150 meticals apiece for the product, regardless of size.

Our reporter also learned that HORTOFRUTICOLA surpassed its sales goal for bananas by more than 20 percent in the first half of this year.

Sebastiao Tomocene told us that 120 tons of bananas were placed on the Beira market, as against the goal of 100 tons for the first 6 months of 1987.

In the course of a short tour by our reporter, several people voiced their satisfaction with the significant drop in produce prices, specifically those charged by the HORTOFRUTICOLA stalls; they said they hoped this competition would, in the immediate or near future, make prices even more affordable for the customers' pocketbooks.

"If that happens, we could breathe easier, because most of our income is now spent at the market," one woman stressed.

6362

CSU: 3442/0265e

SOFALA LIVESTOCK INDUSTRY IN TROUBLE

Maputo DOMINGO in Portuguese 9 Aug 87 p 3

[Article by Gabriel Mussavele]

[Text] The cattle herds in Sofala Province have declined considerably in recent years, owing primarily to the effects of the war, the drought and indiscriminate slaughtering. The province currently has 20,010 head of cattle, almost 19,000 hogs, 11,700 small ruminants and a number of ducks and rabbits, distributed over the family, state and private sectors.

The current supply of cattle permits production of 432,000 kilograms of beef, according to Dr Angelo Jaime, chief of Animal Husbandry Services of Sofala.

Given a population of 300,000 inhabitants in Beira City, the meat produced would supply [1.4] kilograms per person per year, or 4 grams per day.

The amount distributed is insignificant, bearing in mind that, ideally, a person should consume 40 grams of meat per day.

Reorganization of Livestock Sector

The need to provision the population of Beira City and to meet the demands of the Beira Corridor program requires a response from the Sofala livestock sector at short and medium range.

With this in mind, the Animal Husbandry Services of Sofala have designed a program to improve the supply of meat to the population of Beira City over the next few years by 50 percent, 75 percent and, finally, by 100 percent.

So a program has been initiated to raise small ruminants; very undemanding species in terms of food, they can survive under drought conditions and provide an appreciable amount of meat.

Part of the plan to revitalize the livestock sector is the recovery of the Zootechnical Station in the Muda region of Sofala Province, which will be devoted to producing improved breeders for later distribution to livestock producers.

The station will breed local species of rustic cattle, primarily suited for animal traction, and will develop improved strains of small ruminants [line of type pied]...

Another plan calls for the recovery of grazing areas by draining land, constructing flood gates, clearing brush and relocating people who are now occupying some zones reserved for cattle.

"This is a very weighty decision and will require great sacrifice of all of us, but we believe the program will be successful," said Dr Angelo Jaime.

"Sofala has excellent potential for livestock development and at one time was exporting meat from the Beira slaughterhouse. So we need to take our place again," Angelo Jaime added.

Another program was initiated this half-year for the intensive propagation of ducks and rabbits, to be raised by the family, cooperative and private sectors.

Two centers are currently functioning in Sofala Province for the reproduction of ducks and rabbits for later exploitation.

"In the future, the province will gamble on the production of small animal species, particularly hogs, which are very demanding in terms of feed," said the chief of the Provincial Animal Husbandry Services. In addition to this broad program, there will be an attempt to improve health care in all the sectors. This action will be complemented by training programs and refresher courses for veterinarians.

6362

CSO: 3442/0265a

BRIEFS

MECHANICS RECEIVE TRAINING--Seventeen employees from the Department of Prevention and Fight against Natural Calamities recently finished a course on how to repair Nissan vehicles, which were offered to our country by the Japanese Government as emergency aid. The training lasted four weeks and was conducted by a Japanese technician. During the course, the 17 workers learned maintenance techniques for the 67 trucks, which are distributed among the 10 provinces of Mozambique. The training course was coordinated by the DPCCN. [Summary] [Maputo NOTICIAS in Portuguese 10 Aug 87 p 1] /12913

GREEN LIGHT TO RED CROSS--MNR TALKS--Mozambican authorities have agreed to the establishment of "discreet contacts" between the International Committee of the Red Cross [ICRC] and Renamo, with a view to reducing or eliminating the risks taken by that organization in carrying out its relief operations. Approximately two years ago the ICRC decided to cease activities in Mozambique because the Maputo authorities were opposed to them entering into negotiations with Renamo. Following the change in attitude of the Mozambican authorities, Renamo is now notified of the routes taken by Red Cross motorized columns and planes transporting aid to the people. Taking advantage of this 'bridge' toward Renamo, the Red Cross has also taken a more active role in hostage release. [Summary] [Lisbon AFRICA CONFIDENCIAL in Portuguese 19 Jul 87 p 3] /12913

MABOR FACES LOSSES--Mabor of Mozambique registered in 1986 losses of 24 million meticaís (600,000 dollars), which are in addition to 112.5 million of the previous years. At the present time there is an underutilization of installed capacity, amortizations being the sole source of the company's finance. This has led to a drastic reduction this year, and the danger of spiraling debt which may lead to the closure of the company in 1989. [Summary] [Lisbon EXPRESSO in Portuguese 15 Aug 87 p 1-E] /12913

MEDICAL BRAIN DRAIN--Fifteen Mozambican doctors recently tried to become Portuguese residents. They were thwarted in their plans only because of difficulties relating to the State examination and the absence of an equivalency agreement between the two countries' universities. The Ministry of Health is trying to counteract the doctor flight by offering each non-specialist a supplementary monthly bonus of \$100 dollars. In the case of specialists, the subsidy is \$200 dollars. Nevertheless, many Mozambican doctors, licensed in Portugal, have left the country. The most recent emigrant has been the former director of the Maputo Central Hospital and the director of the Faculty of Medicine, Joaquim Cardoso. [Summary] [Lisbon AFRICA CONFIDENCIAL in Portuguese 19 Jul 87 p 3] /12913

NEW BEIRA-ZIMBABWE AIR LINK--The growing number of Zimbabwean businessmen travelling to Beira in recent weeks has probably had an impact in the decision by United Air, a private Zimbabwean airline, to introduce regular flights soon linking the cities of Harare, Mutara and Beira. According to Caole Brooks, the airline's manager, the flight will leave three times a week, making it possible for businessmen to arrive from and return to Zimbabwe the same day. One plane will be assigned to the run. [Text] [Maputo NOTICIAS in Portuguese 15 Aug 87 p 1] 8844

ITALIAN AID TO NACALA RAILROAD--The Executive Committee for Italian Cooperation has approved a 4.146 billion-lira (\$3.1 million) contract between the Italian Foreign Trade Ministry and Fiat-Allis. A note from the Italian Embassy in Maputo received Tuesday by AIM said that the money will be invested in the second phase of the rehabilitation of the railroad between the port of Nacala and the border with Malawi. "The Italian government, recognizing the importance of this project for the economic rehabilitation program passed by Mozambican authorities, wants to increase Italy's assistance," said the note. [Text] [Maputo NOTICIAS in Portuguese 15 Aug 87 p 1] 8844

COTTON HARVEST HAMPERED BY TRANSPORTATION PROBLEMS--The Nampula Cotton Company in Namialo (Nampula Province), is experiencing transportation problems in getting cotton to its warehouses from the areas where it is being bought. At the moment, the company is making do with only nine trucks, which are not enough to handle the province's "white gold." Atumane Sinale, head of the Supplies Department, said that a request for 18 trucks was placed with the Nampula provincial government, but only 9 were forthcoming. He further explained that some of the trucks are used by the Armed Forces guarding the locations where cotton is sold. To meet its requirements, the company needs 10 more trucks. Sinale explained that there are difficulties involved in getting to the buying points. Much cotton remains to be picked up. Another problem is a sack shortage, which forces the teams to spend two days and longer when the work could be done in one day. Sinale criticized local officials' poor organization of the farmers in getting their cotton to the designated buying points on the designated days. He added that efforts to organize the farmers were hampered by armed bandits in some areas. Sinale said that the Nampula Cotton Company has seven crews, four for the northern areas of the province and three for the southern. [Text] [Maputo NOTICIAS in Portuguese 13 Aug 87 p 8] 8844

NACALA PORT FUNCTIONING BETTER--Operations at the Port of Nacala, Nampula Province, have improved considerably in the last few months, Governor Gaspar Dzimba observed during a recent working visit to that port city. At the end of the visit, Dzimba met with officials of ANFRENA, the Transportation and Communications Ministry, the police, the Railway and other institutions which use the port of Nacala. Despite everything, as he learned at the meeting, "the port has not yet achieved the operational efficiency desired in the handling of merchandise destined for the country or the shipments destined for the 'inland' countries." An official of the Customs Service advocated conducting at least one seminar, which would provide a better understanding of the functioning of the port and would reduce the bureaucratic red tape that impedes the speedy movement of port traffic." Meanwhile, it was divulged that merchandise from the Emergency Program is due to arrive soon. Governor Gaspar Dzimba urged the Nacala port workers to be prepared to receive the shipment. In his visit to the Port of Nacala, Dzimba toured the container terminal to learn about the work being performed by the Finnish technicians. As reported on that occasion, the terminal is to be equipped with infrastructures that meet international standards and will have the capacity to handle 60,000 containers a year. After Nacala, Gaspar Dzimba went to Monapo and Namialo, where he visited important economic sectors established in those districts. [Text] [Maputo NOTICIAS in Portuguese 25 Jul 87 p 3] 6362

CSO: 3442/0265b

BUTHELEZI ANSWERS QUESTIONS ON VARIOUS ISSUES

Johannesburg FINANCIAL MAIL in English 31 Jul 87 p 47

[Interview with Chief Minister of KwaZulu Mangosuthu Buthelezi at the KwaZulu Legislative Assembly in Ulundi; date not given]

[Text]

Mangosuthu Buthelezi, Chief Minister of KwaZulu and President of Inkatha, is the leader of the country's single largest ethnic group, the Zulus. The FM interviewed him in his office at the Kwa-

Zulu Legislative Assembly in Ulundi.

FM: You speak historically of camaraderie between yourself and the ANC. Does this still exist, or is there now a tussle for status in a post-apartheid SA?

Buthelezi: Black people in general like to start bickering about who gets what trophy before they've even accomplished what they're trying to achieve.

But who rules the country after liberation should be decided by South African people of all races, democratically. I've said publicly I'm prepared to serve even under Mr Botha if he is elected by all the people, or Dr Mandela if he is elected by all the people, or anyone else. But in turn, if I am the choice of the South African people, they, too, should be prepared to serve under me. And that is the long and short of it.

For anti-apartheid organisations the horizon of political success seems to have been pushed back by two factors — the State of Emergency and the May 6 election. Would you agree?

I have always said that Mr Botha, and before him Mr Vorster, should not be tackled where they are strongest. And that is in the area of violence.

When there was escalation of violence in the last few years people jumped to the conclusion that the only thing left to do was

to kill and to bring about change through violence. It was really not on I said.

I would really pray God that there should now be a rapprochement between the forces for change. For instance, I mentioned at the Inkatha conference that for quite a while now there have been moves to try to bring about that kind of rapprochement between the UDF and Inkatha.

I think these talks are making progress. I don't want to exaggerate them. I realise Mr Gumede is in a difficult position and I think it is very tragic that certain members of the UDF, who in the main come from minority groups like the Natal Indian Congress, are the ones who don't want us as black brothers to get together.

We just have to have the common sense to realise it is in our common interests to have a coalition of some sort.

I believe this is the time for it and, in a way, the election of May 6 should have a salutary effect.

How do you explain remarks by Archie Gumede that the UDF might consider participating in the tricameral system?

I wouldn't think this possible because the UDF came about because it was opposed to the system. Unless there was a radical change of policy I couldn't see how it could participate now.

Of course there is an element of confusion. I wouldn't want to appear to denigrate them because I want to be constructive. But I would say that one must understand and sympathise with the UDF because it is a coalition by nature. It is a situation in which the right hand wouldn't know what the left was doing.

What is your view on the Dakar talks?

Well I'm always for talks. I have spoken many times with ANC. I believe in the politics of negotiation. But at the same time of course the value of any talks is something which, as an historian, I feel will be judged by history really. I don't think I'm competent to judge this.

The Indaba would appear to have foundered as a result largely of the May 6 election and opposition from Afrikaner organisations and the National Party?

That is a very complex question. You are aware of the conclusions reached by the Markinor survey (the sample survey showed majority support among all race groups in Natal for the Indaba).

So I would not say that the election reflected a judgment of the Indaba. I say this too because of the correspondence which flows onto my desk now from many Afrikaners that I don't even know — who support the Indaba.

I would also say that even some of the noises, if I may call them that, that both Mr Heunis and Mr Van der Merwe are making, don't indicate that they have dismissed the Indaba proposals.

They seem to expect further negotiation on minority protection and I'm quite open to negotiations of that kind. But these things are so finely tuned that I just don't know what more can be done to satisfy them.

Personally I would say that when you have guaranteed civil liberties of individuals then you have guaranteed the security of groups as such.

What are the prospects of resolving violence in SA?

If people like Dr Nelson Mandela and others were released, the prospects of the politics of negotiation would be enhanced. Because Dr Mandela, you will remember in

conversation with Mrs Suzman did not rule out negotiation. I mean he didn't, as it were, say that he would only negotiate about handing over of power as our brothers in the external mission of ANC in Lusaka say.

So I believe that his release would in fact enhance the chances of success.

As to the prospects of his release, your guess is as good as mine. But it is something I believe the government is bound to consider very seriously because I for one do not see how I can negotiate behind his back.

Black democracy must be unshackled. By which I mean there shouldn't be any black leaders who will not negotiate because they are not in a position to exercise their options. **So that then is your final position on the National Council?**

Correct. I don't fear anybody. I don't fear my brothers in ANC in exile, I don't fear Dr Mandela. I mean they are my brothers.

They should be present too and decide whether they want to participate. I do not want accusations levelled at me that I was doing things behind their backs. There are other black leaders who disagree with me. But that is my view.

What economic system would you like to see in a post-apartheid society?

I have been dismissed by some people as the stooge of capitalists, though I have never said that capitalism or the free enterprise system as it operates in this country is perfect.

I have always said they have exploited my people in the past. But I said that it was unfortunate that just when my people attained economic bargaining power that we should now try to dismantle or destroy the system which has given them the power. I don't see there is any other economic system that has been devised by man which has the potential for development which the free enterprise system has got.

/13104

CSO: 3400/296

DBSA CHAIRMAN DISCUSSES FUTURE ROLE IN REGION

Johannesburg FINANCIAL MAIL in English 31 Jul 87 p 89

[Interview with Simon Brand, Chairman and CE of the Development Bank of Southern Africa, date and place not indicated]

[Text]

Simon Brand is chairman and CE of the Development Bank of Southern Africa (DBSA), which had 611 projects with estimated total investment value of R5,2 billion in its project cycle to the

year end March 31, 1987. He also chairs the special working group looking into the Soweto City Council's financial problems.

FM: How do you see your future developmental role in southern Africa?

Brand: Over the next 10-15 years we foresee a broadening of political representation which will have an impact on areas like education, urban services and the provision of infrastructure. We also expect that opportunities in the private sector will become available to a broader segment of the population.

The DBSA will therefore play an expanding role in the financing of public sector infrastructure and in assisting the private sector through the funding of, for instance, small business development and the provision of guarantees for private sector investment in development.

Will this change your focus?

In the past we focused more on infrastructural and basic needs like factory buildings in developing areas. In future, small business funding should become more important, while we also see a growing role as catalyst for private sector developments.

But basic developmental areas like agriculture and technical training will remain a very high priority.

In your annual report you refer to "support for projects in non-participating neighbouring states." Could you expand?

Our constituting Articles of Agreement — signed on June 30, 1983 by SA and the TBVC states — allow us to finance development in "the less-developed areas of southern Africa." While we have been very active in the national states we are also looking, on a selective basis, at other projects. The DBSA is involved in the preliminary stages of the Lesotho Highlands Water Project (LHWP), at the request of the Lesotho government, while a few other projects in neighbouring countries are also in the pipeline.

What is the DBSA's standing vis a vis foreign banks and the World Bank?

Still quite good, although the debt standstill has blocked the situation. As soon as SA's international banking problems are resolved, I have no doubt that our good track record and essential role as a development organisation will re-open the doors. We still have good contacts with our European banking friends and mutual visits take place on a regular basis. The same applies to the World Bank, with which we are actively involved in the LHWP.

Your annual report also refers to an increased focus on urban projects.

Yes, especially in urban infrastructural and business development financing. Last year we advanced some R28m to various development corporations for small business development, while R128m was advanced for integrated urban development in all the regions. We are looking at increased project financing for local authorities in SA, while the new regional services councils are potential clients for the financing of their capital projects.

Is there any significance in the siting of your new head office at Midrand?

The new R26m HQ for the DBSA, on a 25 ha site at Midrand, should be completed by October, 1988 and will provide for our projected future staff of some 600. The TBVC governments wanted the HQ to be situated as close as possible to Johannesburg. As banker, my focus is on financing, not politics.

What is the source of your funding?

These come from four sources — share capital contributions by member governments, contributions to the bank's development fund, loans raised on local and foreign capital markets and repayment of bank loans. The biggest funding source is the SA Treasury and, to a lesser degree, the TBVC states. This year R250m will go into our development fund, which currently stands at some R920m. We will, in future, also look at the capital market, starting from a small base and then gradually building up.

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CSO: 3400/295

NEW SHIPPING LINE TO LINK DURBAN, MOZAMBICAN CITIES

Johannesburg FINANCIAL MAIL in English 31 Jul 87 p 89

[Text] A new SA shipping line, SNS Lines, which will provide regular sailings once every three weeks between SA and Mozambique, came into service on July 17. It will ply between Durban and Maputo, Beira and Quelimane.

Its single ship, the 3 667 t *Ida*, is on time charter from Genchart in Holland and can carry up to 3 300 t or 120 TEUs (20-foot equivalent unit containers).

Maputo and Beira will be regular ports of call, while calls into Quelimane, and occasionally Nacala, will be made only if there is sufficient cargo. The *Ida* has been fitted with tanks in the Cape Town drydock to carry vegetable oils, mainly cashew and coconut oil.

The three men behind SNS Lines are Leigh Walker, formerly operations director of US Lines Africa, Athol Emerton, an international broker previously involved in ship management and overland transport, and Wilfred van Stuyvesant Meijen, formerly employed by a Far East line. Stuyvesant's family trust, the Durban-based Vasem Investments, is backing the enterprise and Ace Haniel has been appointed general cargo agents.

Stuyvesant says the need for a line that

will ply up and down the east coast on a regular basis, turning at Durban, was identified by the three founding members independently.

While Walker was with US Lines he could get US food aid to Mozambique as far as Durban, but experienced difficulty in getting it to its final destination. Stuyvesant, working for the Far East line and Emerton, operating as a broker, frequently experienced similar difficulties.

SNS will not have the field entirely to itself. Some vessels belonging to members of the South and South-East African Conference Lines (Saecs), as well as a Scandinavian vessel, call at Maputo once and sometimes twice a month. But they are apparently too big to berth at any of the smaller ports at which the *Ida* will call.

Most of the cargo on offer on the route is food aid for Mozambique from the US and the EEC countries. Often it has to wait for several weeks in Durban, incurring costly demurrage.

Stuyvesant says there is no need to start a freight rate war. He is convinced that SNS will prove to be profitable.

"We are selling on reliability," he says.

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CSO: 3400/295

REQUEST FOR, DEPARTURE OF CUBAN DOCTORS

Cubans Consider Request

Lusaka TIMES OF ZAMBIA in English 4 Jul 87 p 5

[Text] Cuba is considering sending more doctors to Zambia, that country's commission of control and revision first vice-president Comrade Iser Mojena said in Livingstone yesterday.

Cde Mojena said this when he paid a courtesy call on Southern Province Member of the Central Committee Cde Felix Luputa who asked if it was possible for the Cuban government to send more doctors to the province.

"We know there are few doctors but I will transmit your request. I cannot promise that we will send them but the leadership of the party will analyse the situation and thereafter we will know what to do," Cde Mojena said.

There were nine Cuban doctors at Livingstone General Hospital and three at Choma district hospital.

Cde Mojena who was accompanied by deputy minister of trade Cde Miguel Castillo, an official of the party's committee of foreign relations African section Cde Roberto Cruz, and political secretary at Freedom House Cde Alex Singini welcomed any suggestions and criticisms that would make the Cuban doctors work better.

He said countries should develop their relationships in many fields and cited barter trade which could be used to cement ties between Zambia and Cuba.

On Southern Africa, he said many families in the sub-continent were suffering because of apartheid.

Cde Laputa said Zambia and Cuba were one. The visit clearly demonstrated the warm relationship between the two countries which were committed to fighting exploitation.

He commended Cuba for sending doctors to the province and said had it not been for their presence the hospitals would have experienced many problems.

Zambia as a Frontliner greatly appreciated the support Cuba was giving to liberation movements in Namibia and South Africa.

Doctors Quit For Personal Security Reasons

Lusaka ZAMBIA DAILY MAIL in English 29 Jul 87 p 4

[Text]

THE THOUGHT of walking for miles to a rural hospital which turns out to be no better than a clinic because there is not a doctor is very pathetic. In fact, it generates a negative reaction to modern medicine by many people who need coaxing to see doctors.

Yet that is what is happening in many hospitals which the Ministry of Health is failing to staff because of a severe shortage of doctors — a problem associated with poor working conditions offered by the government.

Yesterday Parliament heard that as a result of a shortage of doctors Mansa hospital went without any for some time last year when 12 people died.

Health Minister of State, Mr Peter Chanshi told the House that the four doctors the Ministry was lucky to recruit from Cuba and who had been posted to the hospital were forced to leave the hospital because of insecurity.

In six months the doctors were at the hospital they suffered three bur-

glaries in which they lost a lot of property. In the intervening period before the ministry was able to replace the four doctors 12 patients died.

Two specialists were later asked to do the work of four general practitioners.

It may well be that the 12 patients would have died even if the four Cuban doctors or any other doctors had been there. But that the hospital was at one time left without a doctor is bad enough to force many people to conclude that the 12 were direct victims of lack of professional medical attention.

This obviously does not speak well of our services especially since the doctors did not leave without having complained and asked for protection.

On the other hand it may be argued that there was no reason to give the Cuban doctors special treatment which other doctors at other hospitals do not get. However, the issue is about how best to retain essential and often difficult to find personnel.

And it may be asked why the Ministry of Health waited until the doctors had fled the hospital to put up the wall fence that has since been built around the hospital staff houses.

Obviously if the ministry had reacted speedily by providing protective security while building the wall fence, the doctors would have had no cause to leave the hospital.

The problem of the Cuban doctors should serve as a lesson to other government institutions. They should bear in mind that few people used to the good life in towns are keen to be transferred to rural areas.

But since it is necessary that these people should work in these areas they should not contend themselves with appeals to patriotism to serve the people. Something ought to be done to make it slightly comfortable by providing decent housing among many other special benefits for working in what are known as hardship stations.

/13104

CSO: 3400/157

KAUNDA TO SET TIGHTER STATE CONTROLS ON ECONOMY

34200035 Munich SUddeutsche ZEITUNG in German 21 Jul 87 p 3

[Article by Stefan Klein: "About-face in the Midst of Turmoil"]

[Text] Lusaka, July--Zambian President Kenneth Kaunda could not believe his ears. The advice that Quickfix Kelly, the renowned reconstruction specialist, was giving him to solve his economic problems was unheard of. "If you declare bankruptcy, you will not pay one more dollar, one more pound, one more kwacha, one more anything!" Kaunda struggled for breath. "But that is unthinkable, the loans from the World Bank and the International Monetary Fund are, well, sacred..." Kelly was not impressed. "Nonsense! That is just what their bureaucrats have talked you into believing. A private U.S. or British firm in your situation would have declared bankruptcy years ago." Kaunda was still not convinced. "The international banks and the Western governments will raise the roof." "So?", responded Quickfix Kelly, "What can they do? Hire mercenaries, perhaps? Believe me, you are even doing them a favor. Your debts are no longer repayable in any case."

This advisory chat was published by the WALL STREET JOURNAL last November may have been fictitious, but it was not all that far removed from reality--as was seen 6 months later. What Kenneth Kaunda had to tell his countrymen on 1 May was in any case nothing other than a declaration of bankruptcy. Although he did not go so far as to completely stop debt repayment, the sum that he still intended to pay in the future was more symbolic in nature. Annual foreign-exchange proceeds will first go toward covering the needs of the copper mines and the state-owned airline company as well as toward paying for imports of fuel and fertilizer. Ten percent of what remains will be used for debt repayment. This year, that will amount to US\$25 million--out of an originally due US\$500 million.

The Cooking Fat Example

Since 1 May, nothing in the southern African, landlocked country of Zambia is as it was--either economically or politically. The country has executed a dramatic change in course, the consequences of which cannot yet be predicted, for Kaunda's radio and television address did not only deal with the debt issue. The main thrust of the announcement was the break with the International Monetary Fund (IMF). The medicine that the IMF had prescribed

for the country's economy in return for billions of dollars in loans was rejected as wrong and life-threatening. From now on the old methods were to be given another chance: prices would no longer be free and determined by market forces, but would be set by the government; instead of the foreign-exchange auctions introduced by the IMF, dollar allotment by the government would be reinstated.

And why all this? Why such an about-face? At first glance it is almost incomprehensible, for the consequences of a move such as strict price controls, for example, can be seen in comparable third world countries: Goods will disappear from the stores and markets and will reappear on the black market--at much higher prices. Zambian housewives are already familiar with this experience. Take the example of cooking fat: Every household uses it, and before 1 May it was generally available--7.20 kwacha for a 3/4 liter bottle. Then the price was reduced to 5 kwacha, with the result that cooking fat is virtually nonexistent at the official price. On the black market, however, obtaining it is no problem--for 15 kwacha. The situation is said to be similar for other daily food requirements. Regarding the elimination of the foreign-exchange auction, not a few observers in Lusaka believe that it could have the same counterproductive impact.

The auction system was introduced in October 1985 and gave businessmen the opportunity to buy currency at auctions overseas for import goods. By paying for the currency in kwacha, the national currency, they were able to determine its real worth in relationship to the dollar. In practice, this led to complete decontrol of the exchange rate and thereby to an enormous devaluation--from 2.2 kwacha to the dollar to over 20. The government observed this drop with great uneasiness, but others were more inclined to see the positive effects: It suddenly became attractive to produce for export. In addition, the auctions put millions of dollars at the disposal of the Western sellers, and allowed a flow of currency into the productive sectors of the economy (with noticeable results) that was largely untouched by corruption and bureaucratic red tape.

All of a sudden new life was breathed into the processing industry, which until then was being used to 20 percent of capacity at best. Now the utilization rate rose to 50 percent. Be it be medicines, dairy products, or packing material, more was being produced again. An observer saw "a great amount of activity; something was stirring." In agriculture, too, good weather and attractive farm-product prices caused production to grow, so that last year the country could meet its own corn needs, the primary foodstuff in Zambia, for the first time in 10 years and was not dependent on imports.

Why, then, the sudden abandonment of something that had developed so positively? The answer is because that was only one, to a certain extent the best side of the development. On the other side there were grave social problems, as is almost always the case when the IMF dictates the economic program: In the wake of the devaluation, the country was sucked into the whirlpool of high prices, which drove primarily the urban proletariat to the brink of poverty. At the same time, because of the import liberalization that resulted from the IMF policy, supermarket shelves were swamped with luxury items, which delighted the upper class and embittered the poor urban classes,

who were burdened even more. Because IMF policy also always means a rigid austerity policy, government subsidies had to be revoked. Thus, the subsidies for cornmeal were eliminated in December, which caused prices to increase by 120 percent. That was too much. Riots broke out, 15 people died, and Kaunda took back the price increases under pressure from the masses.

In April, the same thing happened. This time it concerned a gasoline price increase, which was no sooner announced than it was repealed, also after demonstrations and threats by an incensed urban population. The cities, which, after all, represent 50 percent of the population, were in a turmoil, as was indicated by a series of strikes. When, as on top of everything else, the call to register for the approaching party election went almost unheard and a thing like passive resistance became noticeable, at that point if, at no other, the government and party leadership must have become aware that they had lost control over the urban masses. In this situation, observed a western diplomat, the central committee of the government unity party UNIP (United National Independence Party) came to the conclusion that "something drastic" must happen to win back the initiative and, above all, the control. Hence the spectacular break with the IMF.

That there had also been the start of something positive now no longer counted. The IMF was delivered for public condemnation as the sole whipping boy, and the accusations hurled at it were truly not negligible: It was blamed not only for the severe social disturbances, but also for having helped to maneuver Zambia into a completely hopeless debt situation. This country, said an expert, whose name and employer we unfortunately cannot mention here, "found itself in a completely impossible situation with regard to the IMF: It was forced to borrow money from commercial banks at horrendous interest rates of 20 to 25 percent in order to be able to repay the IMF loans." That could not work, "that was hopeless from the beginning." The IMF's behavior toward Zambia was like "loaning a man, who earns 10,000 dollars a year, 100,000 dollars and then telling him that he has to pay it back in 3 years."

This expert finds it "criminal" that Zambia had been loaned money under recognizably difficult repayment conditions, even though it was perfectly clear that this country would not be able to meet them. This was all the more evident as Zambia's main income source long since had ceased to gush money the way it still did in the sixties: Copper prices are miserable; they have fallen by a real 75 percent since 1973. Production is also on the decline. In the mid-seventies, it still amounted to 713,000 tons a year; last year it was only 459,000 tons. Since 90 percent of Zambia's foreign-exchange proceeds come from copper exports, it is easy to imagine how this decline accelerated the country's indebtedness, which now stands at US\$5.8 billion and is one of the highest in black Africa.

The payment due this year to the IMF alone would have been US\$400 million--with an expected copper export revenue of US\$650 million. The blame for Zambia's misery is naturally not one-sided. The rulers in Zambia sat on copper far too long, neglecting to further agriculture in time and thereby failing to develop new sources of money. Any serious attempt to address the country's problems essentially never took place, if nothing else because Kaunda, apparently for security reasons, constantly rotates his ministers.

The head of the extremely important finance office, for example, was changed 17 times in the last 20 years.

No New Commitments

Four years ago, an economic reform program was, in fact, begun with the IMF. The problem, however, was that the government did not really stand behind it and only wanted to fulfill the formal preconditions in order to get its hands on the million dollar loans from the West. "The political will to push the program through," said a western diplomat in Lusaka, "was not there." From where was it supposed to have come? The idea that the economy is not to be left to the market forces, but controlled by the government has deep roots precisely in Zambia. The party ideologues also would have followed the reforms very uneasily from the outset and would have urged Kaunda to break with the IMF. They now have reason to be content. The traditionally very powerful unions also welcomed the estrangement from the IMF. But who else?

Kaunda did not walk away from the recent events undamaged. He showed weaknesses and let riots sway his decisions. Undesirable trends are no longer blamed only on the party and the government, but increasingly also on the president. "You hear a lot of criticism of Kaunda these days," says an authority on the country, "before that was unthinkable." At the end of next year come the presidential elections. For Kaunda, that is not good timing, for by then even those, who now are still rejoicing in the expulsion of the IMF, might have noticed that this really presents no solution. Everything indicates that, as an observer says, "Zambia is faced with a phase of economic decline." Since there is somewhat of an automatic connection between the practice of IMF policy and the willingness of Western governments to provide aid, Zambia will have prepared itself for a weaker influx of money.

London has already made it known that the money it planned to make available for the currency auctions will no longer be transferred now that they have been cancelled. The World Bank will continue ongoing projects, but will make no new commitments because Zambia did not fulfil its repayment obligations in its case, either. Hard times are approaching for the troubled country, but therein may lie an opportunity as well. Now Zambia must find its own way. "The West," says a thoughtful observer in Lusaka, "believes that it can change the attitudes of these countries with millions upon millions of dollars. But it does not work that way. A country like Zambia must be convinced that it is on the right path--that is the decisive precondition for success."

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DETAILS GIVEN ON FAMINE

Famine Hits Western Province

Lusaka ZAMBIA DAILY MAIL in English 3 Aug 87 p 5

[Text] THE famine situation in Imusho in Western Province is grave and villagers have again resorted to eating wild roots to survive, Sesheke governor Colonel Justin Simpito said at the weekend.

He appealed to the Party and its government to urgently send free famine relief supplies to Sesheke because some villagers could not afford to buy mealie meal provided by the State.

He said in Livingstone that the State must also make available four — wheel — drive vehicles in order to reach remote areas that have bad roads like Imusho.

There was no adequate transport and the famine relief team relied on council vehicles which were not enough to cover Sesheke and are also in a bad state.

Col. Simpito also said the council was receiving very little supplies of mealie meal from Living-

stone because Sesheke was in Western Province.

"Everytime we go to the National Milling depot in Livingstone, we are told to go to Mongu, if we are given anything it's always very little," Col Simpito added.

The council had found it cheaper to travel to Livingstone for its mealie meal requirements, than travelling to Mongu. Sesheke needed at least 5,000 bags of mealie meal every week but the area received less.

He also attacked the Press for concentrating on the famine in Southern Province when the situation in Sesheke was more pathetic.

"Although nobody has died from hunger in Sesheke, particularly Imusho, the situation there is worse than in Southern Province. There is need to highlight the situation in Sesheke as well so that the people are assisted by donor agencies," he added.

Mealie Meal Shortage In Lusaka

Lusaka ZAMBIA DAILY MAIL in English 4 Aug 87 p 1

[Text] Lusaka has been hit by a shortage of mealie meal attributed to the nonavailability of packing materials. Most shops in the capital ran out of the commodity last week and Indeco sources said National Milling Company's major source of packing materials, Industrial Fabrics of Kabwe was not producing enough bags.

Sources said there were limited stocks of packing materials which were likely to be exhausted by the end of the week.

It was also learnt yesterday that National Milling Company ordered some packing materials from South Africa to try to alleviate the shortage in Lusaka. The Copperbelt had sufficient stocks in all shops.

The supply of breakfast mealie meal became erratic last week and only roller meal was stocked in some shops.

A Kabwe Industrial Fabrics spokesman admitted in Lusaka that the company was not getting adequate raw materials to produce bags.

He said, for instance, production of grain bags to satisfy national requirements was not possible at present because the company did not get the required 400 tonnes of kenaf from local farmers.

Currently, farmers only

supplied five per cent of the requirements. He was speaking at the company's stand at the Agricultural and Commercial Show.

Meanwhile, ZANA reports that Western Province Co-operative Union is to acquire 31,000 more empty grain bags in addition to more than 123,000 other bags which have since been distributed to all the six districts of the province.

Co-operative general manager, Cde Anang'anga Imwiko said arrangements have been made to buy and immediately collect the 31,000 grain bags from Kabwe's Industrial Fabrics.

Cde Imwiko pointed out that while primary societies in some scattered rural depots were still stocked with empty grain bags, there was need for his union to distribute 123,520 more bags to ensure the safety of the harvested crop.

Although the union had adequate storage facilities for the expected produce at Kaoma

and the other one for Namboard in Mongu, there has been a storage problem in the remote depots. The union had to improvise with wooden slabs after which maize is temporarily covered with tarpaulins for three to four months before it is moved to permanent storage.

Since maize storage needs careful handling to ensure no wastage, his office has ordered 175 additional tarpaulins from Ndola to supplement the 150 which he said are now sufficient to cover all the expected maize crop in the province this season.

Last month, Western Province Member of the Central Committee, the Litunga Ilute Yeta directed the union to ensure that it gave empty grain bags to the farmers in the area.

He was opening this year's Kaoma District Agricultural and Commercial Show. He urged the local community not to be discouraged by the drought but to work even harder and ensure that food production was increased.

Mealie Meal Too Expensive

Zambia DAILY MAIL in English 5 Aug 87 p 5

[Text] CONSUMERS in Mongu have complained bitterly against NIEC Stores for increasing the price of mealie meal from Lusaka delivered there to meet the shortfall.

A survey revealed that a 25 kilogramme bag of roller which was previously

fetching K22.85 costs K27.20.

The normal price of the 25 kg bag is K14.85. Consumers who assembled at NIEC Stores complained that the increase was exploitative and called on the Party and its government to intervene.

The area governor,

Mwanza Malambo, received the new price of 25 kg roller with great shock when he was contacted.

Although he has not yet been informed by NIEC officials how they arrived at K27.20 he said consumers were being squeezed too much.

CIVIL SERVICE PROMOTIONS TO BE BASED ON MERIT

Lusaka TIMES OF ZAMBIA in English 2 Jul 87 p 1

[Text]

THE Government has amended the law and the General Orders to ensure promotions in the civil service are based on merit and relevant qualifications instead of seniority.

This was disclosed by secretary to the Cabinet Comrade Charles Manyema when he opened a workshop for the joint task force on public service manpower policies in Lusaka yesterday.

This measure, along with others already taken, was designed to improve efficiency in the civil service and to weed out "negative elements."

"Those who sit and count years expecting a promotion have no chance any more", Cde Manyema said. The law had been amended to ensure that officers were retired for not performing well and for other disciplinary offences for not performing well and for other disciplinary offences.

"It is the indisciplined and incompetent who frustrate the efforts of the devoted and competent in the system by claiming promotion on the basis of seniority.

"Such officers give a bad name to the civil service as a whole. They make the devoted, competent officers feel he is not appreciated or that the system does not care, that the system supports the lazy and incompetent."

The service needed to be transformed into a machinery capable of implementing the economic revolution announced by President Kaunda.

"Those who sit and count the years expecting a promotion have no chance

any more."

Other measures include the retirement of officers on medical grounds and in the national interest. Others are:

● To retire officers [unless dismissed] for failure to perform their duty, for incompetence, and for any disciplinary offence;

● To retire officers on abolition of office to effect greater efficiency or economy.

"One of the strategies of the revolution in the civil service is the task force which we are launching at this workshop. It comprises three strategies."

The first strategy involves offering training to

all in-service officers from permanent secretaries downwards, especially to those in economic ministries responsible for economic or accounting processes.

In the second strategy, to be directly supervised by Cabinet, the task-force would assist the Party and Government in designing manpower policies related to a qualitative improvement of the service.

"The task force will help us to know and understand the civil service not in numbers but also in manning levels and structures compatible with efficiency."

The third strategy, already in place, entailed the pruning of negative elements.

/13104

CSO: 3400/169

YOUTH UNEMPLOYMENT SET AT 2 MILLION

Lusaka SUNDAY TIMES OF ZAMBIA in English 26 Jul 87 p 7

[Text] Over 2,000,000 youths are unemployed minister of State for Youth and Sport Comrade Reverend Ben Zulu disclosed in Kitwe yesterday.

The figure is rising at an alarming rate, he said when he opened a conference on youth training projects at Mindolo Ecumenical Foundation (MEF).

He submitted that it was not hard to find the major problems facing young people and listed a few which were being tackled by his ministry.

"Time is opportune that leaders like yourselves should spare no efforts to discuss how best to reduce youth unemployment and plan for youth development programmes," he told his audience.

Cde Zulu said from the research carried out, problematic areas had been identified as inadequate funding, poorly trained local instructors, lack of courses and inadequacy of the provision of the local education for self-employment and dependence on foreign aid.

He noted that the findings stressed the need to train youths for self-employment rather than

wage employment in both formal and informal sectors.

Cde Zulu regretted that although youth unemployment had been a national concern for a number of years the problem was far from being solved.

He reminded the gathering that it was the policy of the Party and its Government to reduce youth unemployment through skills training programmes.

Cde Zulu lauded youth agencies and church organisations for their help in solving youth unemployment.

Head of administration and finance for the foundation Cde Levy Banda who spoke on behalf of the director, said leaders should address themselves to finding solutions to youth unemployment problems.

He said to avoid unemployed youth from taking to crime for survival leaders should introduce programmes of action to benefit the ever increasing number of the youth.

/13104

CSO: 3400/161

BRIEFS

KUANDA DISCUSSES FOOD SUBSIDY REFORMS--President Kaunda will today meet with the Central Committee to discuss a package of recommendations on Zambia's new economic recovery plans to be sold to international financial institutions: The President's recommendations will be presented before the Central Committee for approval and should be announced later this week. He told BBC radio correspondent Peter Biles and a correspondent from an independent newspaper in London Karl Maier yesterday that Zambia wanted to devise a system where only the poor population would have the prices of their essential commodities subsidised. The President who said Zambia hoped to learn about the coupon system from India and Sri Lanka said either he, Prime Minister Comrade Kebby Musokotwane or Finance Minister Cde Gibson Chigaga would announce the recommendations before next weekend. Cde Kaunda who hoped donor agencies such as the (IMF) and the World Bank would support the recommendations to be examined today, said Zambia intended to continue restructuring her economy. He explained that restructuring meant recognising the weaknesses in the economy and that it was important for Zambia to find ways and means of using her own resources. Copies of the recommendations on the new programme would be sent to the financial institutions and Zambia was ready to cooperate with them should the package be supported. He said he would welcome aid from some international agencies but stressed that he would not accept being told to increase prices of products beyond the reach of the majority of Zambians. "Economic prices must be paid by those who can afford while we must find a way of subsidising for the poor." He conceded that the present system was "wrong" because both the well-to-do and the poor had their commodities subsidised. He also said Government wanted to work in these measures because some of the goods were being smuggled out "so we are also subsidising for other countries". [Excerpt] [Lusaka TIMES OF ZAMBIA in English 3 Aug 87 p 7] /13104

DETAILS ON FOOD AID--The Government has so far received K208 million from donor countries towards the K400 million operation food programme, Minister of State for National Development Commission Comrade Rabbison Chongo told Parliament yesterday. Replying to Mr Charles Nyirenda (Chasefu), Cde Chongo said out of the money raised, K105 million was in grants while the rest were loans. Among the countries that had contributed to the programme were Canada, Sweden, Norway, Britain, Finland, Italy, Denmark, the United States and the Netherlands. "Mr Speaker Sir, this has been deployed in various agricultural activities such as research, area development, crop and livestock services, fisheries development and many more. "Finally, Mr Speaker Sir, may I inform the House that the operation food programme is still going on and we are still soliciting for funds." [Excerpt] [Lusaka TIMES OF ZAMBIA in English 30 Jul 87 p 7] /13104

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